



VITA/TCE

2022 TaxSlayer Pro Online  
Enhancements

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# Changes to TaxSlayer Pro Online

After completing this lesson, you should be able to:

1. List and describe changes to TaxSlayer Pro Online for Tax Year 2022.
2. Describe the Flip Active Preparers feature changes.
3. Access returns to be reviewed from the Group Menu.
4. Designate a custom question as year-specific.
5. Add a **Do Not Mail** watermark to printed returns.
6. List the reports added to TaxSlayer Pro Online.
7. Find decedent returns in Site Production Detail Reports.

## Flip Active Preparers Enhancement

In previous years, the administrator could mark all preparers as inactive easily using the Flip Active Status feature but needed to ensure that the administrator was not marked as active before continuing. Beginning with Tax Year 2022, TaxSlayer Pro Online will not flip the active status of the user who is logged in and flipping the active status. This prevents a user from inadvertently marking all users as inactive and interrupting access to TaxSlayer Pro Online.

To flip active status from the TaxSlayer Pro Online Welcome page, use the following steps:

1. Click the **Configuration** line.

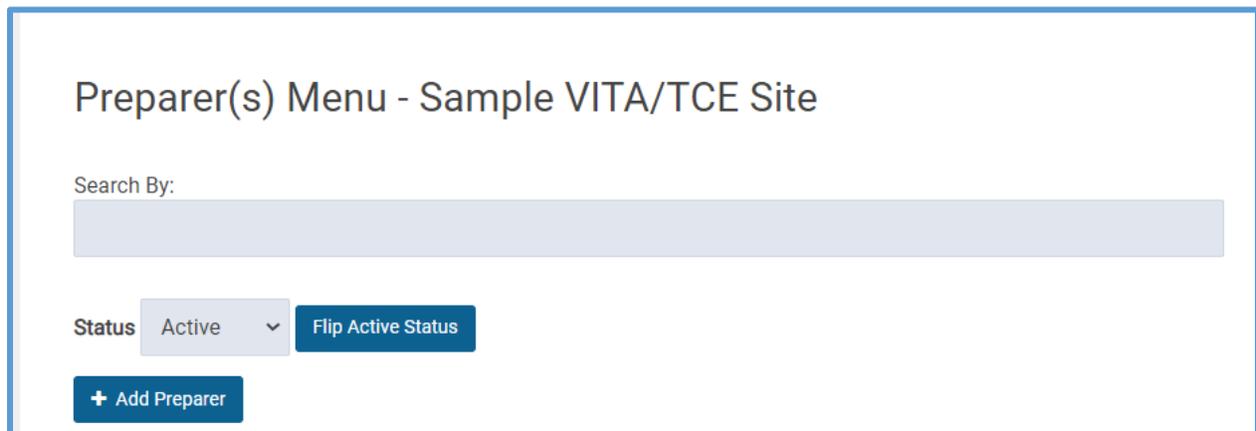
TaxSlayer Pro Online displays the **Configuration Menu**:



The screenshot shows the 'Configuration Menu - Sample VITA/TCE Site' interface. It features a list of configuration options, each with a 'Select' button. The options are: Consent Forms (Create and assign consent forms), Custom Credit (Create and edit Custom Credits), Custom Fees and Discounts (Enter and Edit Custom Fees or Discounts), ERO Setup (Enter and edit ERO Information), Fees Setup (Enter and Edit Fees), Office IP Whitelist (Manage and maintain IP Office Whitelist), Office Setup (Setup Office), and Preparer Setup (Enter and edit Preparer Information). A blue 'Return' button is located in the top right corner.

2. Click the **Preparer Setup** line.

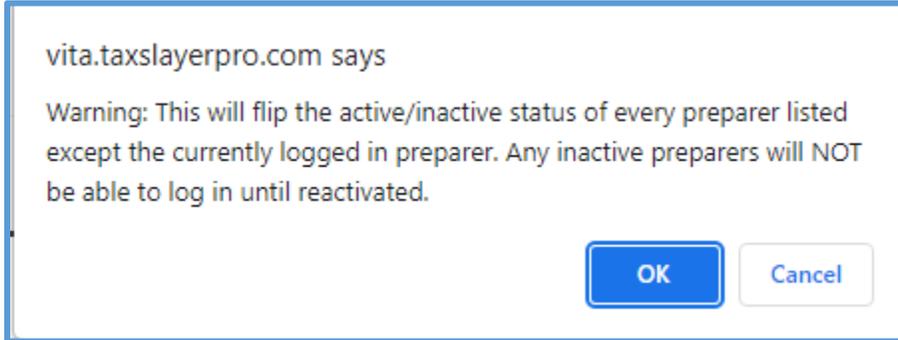
TaxSlayer Pro Online displays the **Preparer(s) Menu**:



The screenshot shows the 'Preparer(s) Menu - Sample VITA/TCE Site' interface. It includes a search bar labeled 'Search By:'. Below the search bar, there is a 'Status' dropdown menu currently set to 'Active', and a blue button labeled 'Flip Active Status'. At the bottom, there is a blue button labeled '+ Add Preparer'.

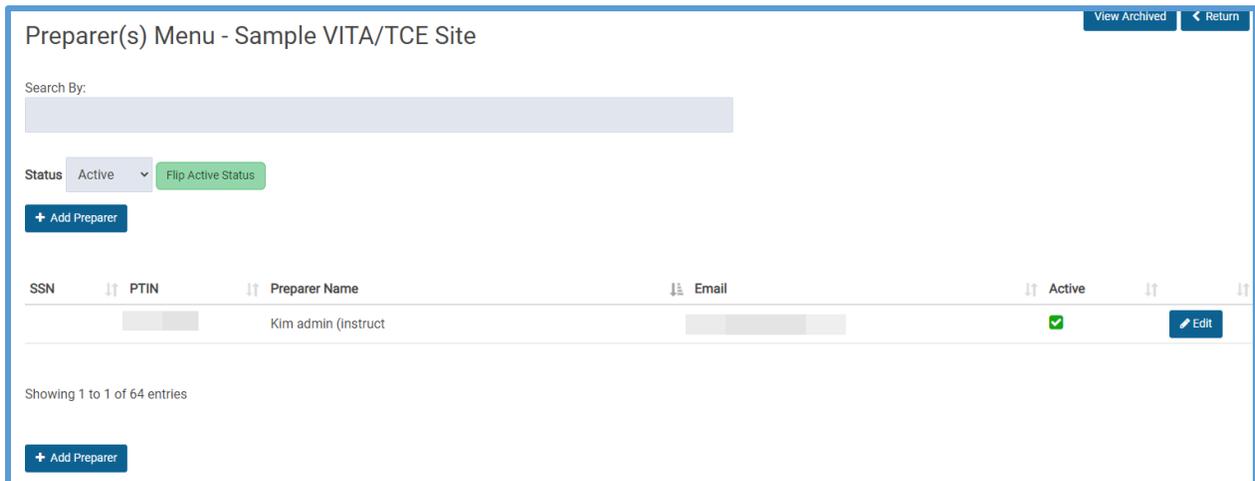
3. Click **Flip Active Status**.

TaxSlayer Pro Online displays a warning:



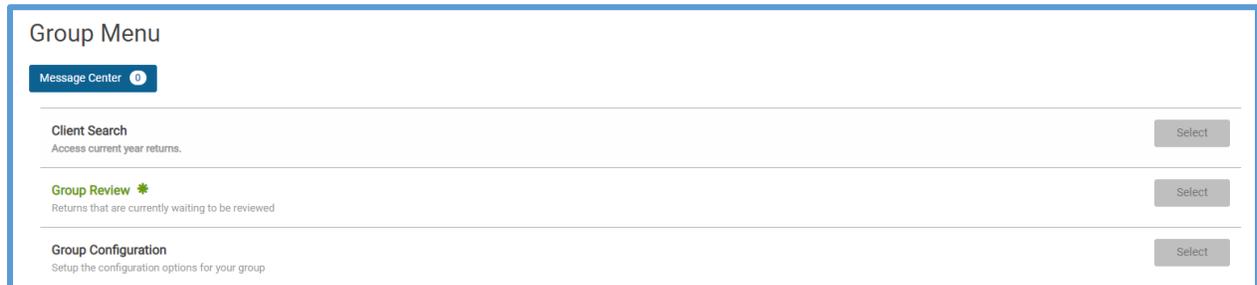
4. Click **OK**.

TaxSlayer Pro Online flips the active status for all users except the current user:



## Access Review Returns as Group

A group administrator can review returns for sites in the group. The group administrator can now see the notification that returns are waiting for review from the **Group Menu**. This prevents the group administrator from needing to log in to each site's menu to find returns that need to be reviewed.



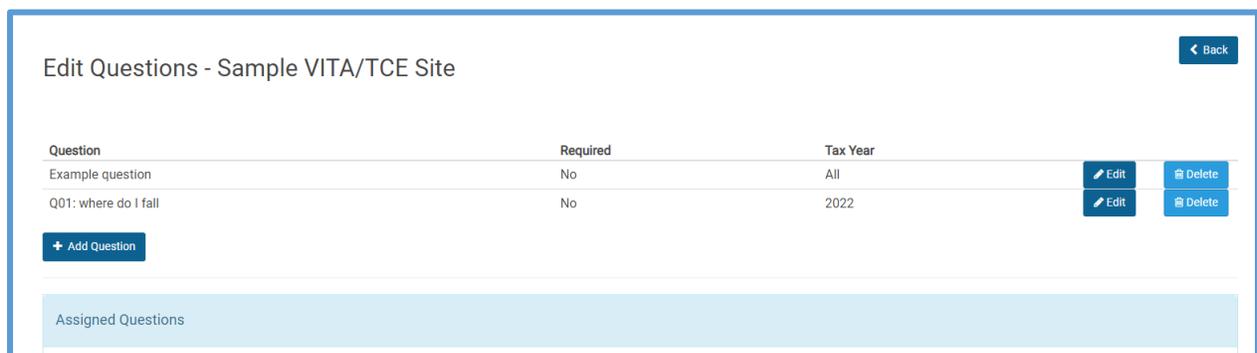
## Designate Year for Custom Questions

Beginning with the 2022 Tax Year, you can designate a custom question by the year, including designating it as applicable to all years.

TaxSlayer Pro Online defaults the year for all existing questions to **All**. To designate the year on an existing custom question, use the following steps from the **Configuration** page:

1. Click the **Question Templates** line.

TaxSlayer Pro Online displays the **Edit Questions** page:



2. Click **Edit** for the question you need to edit.

TaxSlayer Pro Online displays the **Add Question** page:

The screenshot shows the 'Add Question' interface. At the top left is the title 'Add Question' and a 'Back' button. Below the title is a 'Question' label and a large text input field containing 'Example question'. Underneath is a checkbox labeled 'Is Required'. Below that is a 'Tax Year:' label and a dropdown menu currently showing 'All'. At the bottom of the form is a section titled 'Available Answers' with a light blue header. It contains two input fields: the first has 'Yes' and the second has 'No'.

3. Select the year from the **Tax Year** drop-down list.

**Tip:** If the question is no longer applicable for 2022 and later returns, select **2021**. TaxSlayer Pro Online will not display the question for new 2022 tax returns.

4. Click **Save**.

**Note:** TaxSlayer will change all IRS-assigned questions to 2021 before the 2022 Tax Year begins.

## Add a Watermark to Printed Return Copies

Taxpayers may be confused about whether they need to mail a return to the IRS after the return has been e-filed. To prevent accidental mailing of printed copies, TaxSlayer Pro Online provides the ability to watermark a return. The watermark displays the text **File Copy Only Do Not Mail** on the printed return.

You can watermark returns based on the print set, which allows administrators to watermark file copy print sets or taxpayer copies with the watermark. To watermark returns for a print set, use the following steps from the **Configuration Menu**:

1. Click the **Print Sets** line.

TaxSlayer Pro Online displays the **Print Sets** page:

Print Sets - Sample VITA/TCE Site

+ Add Print Set

Template Name	Created By	Date Created	Set As Default	Edit	Delete
New Print Set	Sample VITA/TCE Site	9/21/2020	Set As Default	Edit	Delete
testing	Sample VITA/TCE Site	10/18/2017	Set As Default	Edit	Delete

2. Click **Edit** on the line for the print set you want to edit.

TaxSlayer Pro Online displays the **Print Set Setup** page:

Sample VITA/TCE Site Print Set Setup

+ Set Range

Print Set Name

New Print Set

Watermark Print

Search forms...

Filter by state

No.	Fed/St	Form/Schedule Name	Number of Copies
1	FD	Form AMT1116 (AMT Foreign Tax Credit)	1

3. Select the **Watermark Print** check box.

4. Click **Save**.

When a preparer prints a return using this print set, TaxSlayer Pro Online prints the watermark as shown:

Home address (number and street). If you have a P.O. box, see instructions. 123 WAY		Apt. no.	<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse	
City, town, or post office. If you have a foreign address, also complete spaces below. ATHENS		State GA	ZIP code 30606	
Foreign country name		Foreign province/state/county		Foreign postal code
<b>Digital Assets</b>	At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.)			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Someone can claim:</b>	<input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent			
<b>Spouse itemizes on a separate return or you were a dual-status alien</b>	<input type="checkbox"/>			
<b>Age/Blindness</b>	You <input type="checkbox"/> Were born before January 2, 1951 <input type="checkbox"/> Are blind		Spouse: <input type="checkbox"/> Was born before January 2, 1951 <input type="checkbox"/> Is blind	
<b>Dependents</b>	(1) First name	Last name	(2) Social security number	(3) Relationship to you
If more than four dependents, see instructions and check here . . .			(4) Check the box if qualified for (see instructions):	Child tax credit
				Credit for other dependents
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
<b>Income</b>	<b>1a</b> Total amount from Form(s) W-2 box (see instructions)			<b>1a</b> 25000
<b>Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.</b>	<b>b</b> Household employee wages not reported on Form(s) W-2			<b>1b</b>
	<b>c</b> Tax income not reported on line 1a (see instructions)			<b>1c</b>
	<b>d</b> Medicaid waiver payments not reported on Form(s) W-2 (see instructions)			<b>1d</b>
	<b>e</b> Taxable dependent care benefits from Form 2441, line 26			<b>1e</b>
	<b>f</b> Employer-provided adoption benefits from Form 8839, line 29			<b>1f</b>
	<b>g</b> Wages from Form 8919, line 6			<b>1g</b>
If you did not get a Form	<b>h</b> Other earned income (see instructions)			<b>1h</b>

# Changes to Reports

## New Reports

TaxSlayer has added two new reports for the 2022 Tax Year:

- Amended Returns Transmitted: This report displays all amended returns transmitted and includes the following details:
  - EFIN
  - Office name
  - Taxpayer last name
  - Last 4 digits of taxpayer's Social Security number
  - Preparer name
  - Return status
  - Date and time submitted
- Federal Returns Transmitted with No State: This report displays all returns transmitted without a state return and includes the following details:
  - EFIN
  - Office name
  - Taxpayer last name
  - Last 4 digits of taxpayer's Social Security number
  - Preparer name
  - Status
  - Date and time submitted

## Site Production Detail Report Change for Date of Death

For the 2022 Tax Year, TaxSlayer Pro Online made a change to the Site Production Detail Reports for both paper and electronic returns. The report now displays columns for the Taxpayer and Spouse date of death. The column displays a Y or N to show whether the date of death is present in the return.

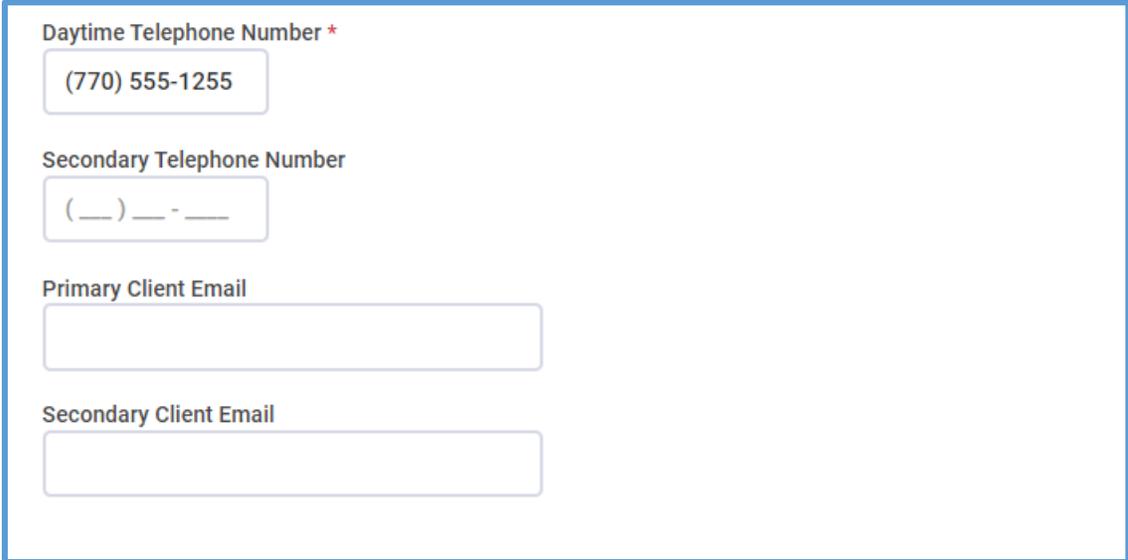
# Changes in the Return

After completing this lesson, you should be able to:

1. List and describe changes in returns for TaxSlayer Pro Online.
2. Add a taxpayer's email address in the return.
3. View a dependent's date of birth from the Dependent Summary.
4. Find an IRS rejection explanation in a tax return.
5. Verify that an explanation is entered in a Form 1040X, *Amended Return*.

## Taxpayer Email Address

The taxpayer's email address is now entered in the Personal Information section.



The screenshot displays a form with four input fields:

- Daytime Telephone Number \***: A text box containing the value "(770) 555-1255".
- Secondary Telephone Number**: A text box with a placeholder "( \_\_\_ ) \_\_\_ - \_\_\_".
- Primary Client Email**: An empty text box.
- Secondary Client Email**: An empty text box.

TaxSlayer Pro Online carries this information forward into future years with the prior year carryforward feature.

**Note:** In the future, the taxpayer email address will automatically populate in the Return Details section of the e-file information as well as in appropriate boxes when creating a Customer Portal account for the taxpayer.

## Review Dependent Date of Birth

TaxSlayer Pro Online now displays the dependent or qualifying child's date of birth in the **Dependent or Qualifying Child** summary in **Basic Information**. This allows the preparer or a reviewer to easily verify the information for accuracy:

### Dependent or Qualifying Child

+ Add a Dependent or Qualifying Child

First Name	Last Name	Social Security Number	Relationship	Date of Birth
Dependent	Taxpayer		Son	

## Reject Explanation in Tax Return

Beginning in Tax Year 2022, TaxSlayer Pro Online displays the reject code and explanation in the tax return. To find the reject explanation, navigate to the Tax Return Summary.

TaxSlayer Pro Online displays the federal or state reject code with a detailed explanation of the reject:

2021 [Help & Support](#) | [TESTING TEN FORTY X](#) - [Save & Exit](#)

### Tax Return Summary

[View/Print Return](#) | [Prior Year Comparison](#)

**REASONS FOR NO EARNED INCOME CREDIT (EIC)**

**Reject Code: R0000-905-01 (Federal)**  
Database Validation Error: Electronic Filing Identification Number (EFIN) in the Return Header must be listed in the e-File database and in accepted status. \*\*\* Additional Information: 001111 \*\*\*

[BACK](#) [Last Checkpoint](#) [CONTINUE](#)

## Verify Explanations for Amended Returns

In previous years, TaxSlayer Pro Online allowed a Form 1040, *Amended Return* to be completed without checking whether the explanation of changes is completed. Beginning this year, TaxSlayer Pro Online displays a warning in the **Warnings Concerning Your Federal Return** page when the preparer does not complete the explanation:

### Warnings Concerning Your Federal Return

 There may be an error on your federal return  
Please take a moment to review the following before you continue

There is no explanation entered for your 1040X. Select Review if you would like to enter an explanation to be submitted with your 1040X.

**REVIEW**

If TaxSlayer Pro Online displays this error, click **REVIEW** to navigate to appropriate page to add an explanation of changes to the original return.

# Changes to Optional TaxSlayer Programs

After completing this lesson, you should be able to:

1. List and describe changes to the Customer Portal.
2. Transfer documents from Scanned Documents to Customer Portal.
3. Receive a notification when the taxpayer signs a return through the Customer Portal.
4. Find a taxpayer's chat message in Customer Portal.

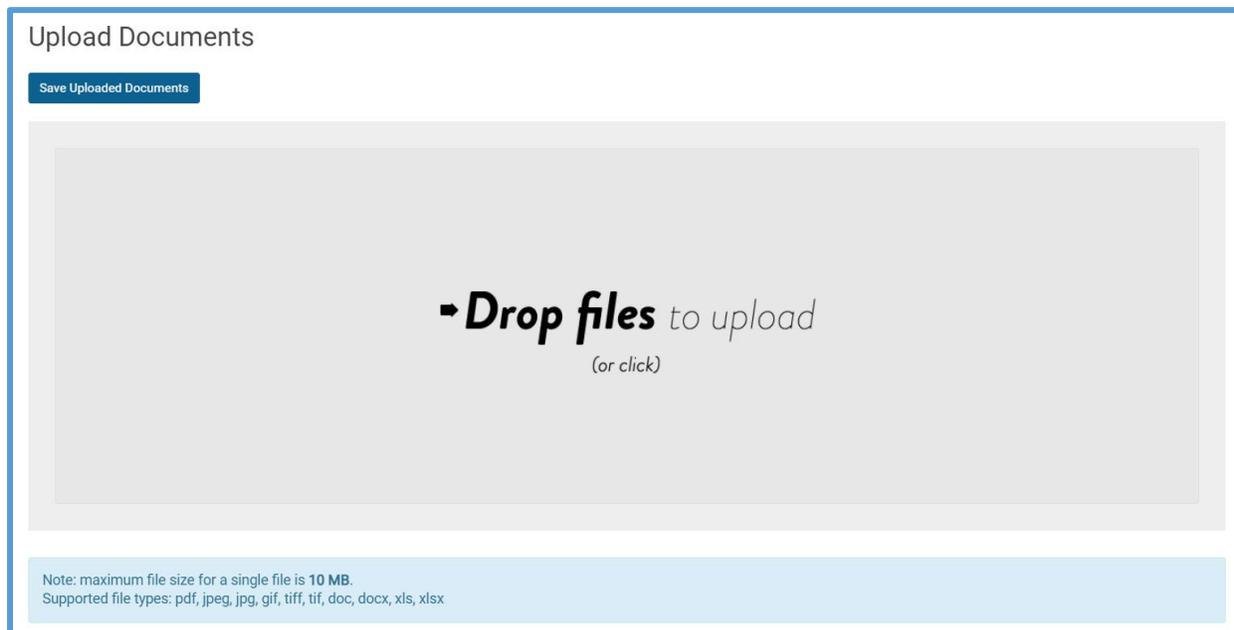
## Scanned Document Transfer to Customer Portal

Taxpayers sometimes need to access files that are not part of the tax return. For example, you may need a taxpayer to review and sign Form 1446, *Virtual VITA/TCE Taxpayer Consent*. If you use the Scanned Document program and Customer Portal, you can send those files to the taxpayer.

To add a file to a taxpayer's Customer Portal, use the following steps from the **Scanned Documents** home page:

1. Click **Upload Documents**.

TaxSlayer Pro Online displays the **Upload Documents** page:

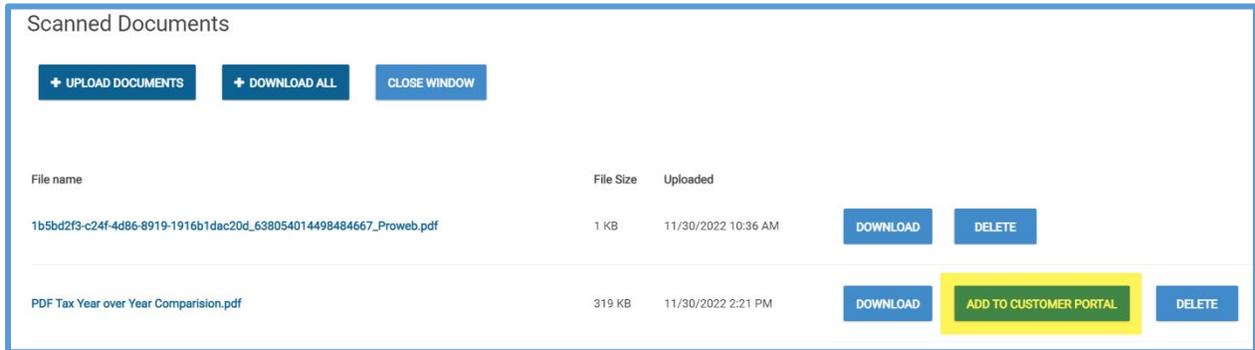


2. Do one of the following:
  - a. Drag a PDF from your desktop and drop it into the **Drop files** box.
  - b. Click the **Drop files** box, navigate to the PDF, and upload it using the Windows upload process.

TaxSlayer Pro Online displays the file in the box.

3. Click **Save Uploaded Documents**.

TaxSlayer Pro Online displays the **Scanned Documents** page with the PDFs listed. If the taxpayer has activated their Customer Portal account, the **ADD OT CUSTOMER PORTAL** button displays, as shown below:



4. Click **ADD TO CUSTOMER PORTAL**.
5. Let the taxpayer know that he or she can review and work with the document in Customer Portal.

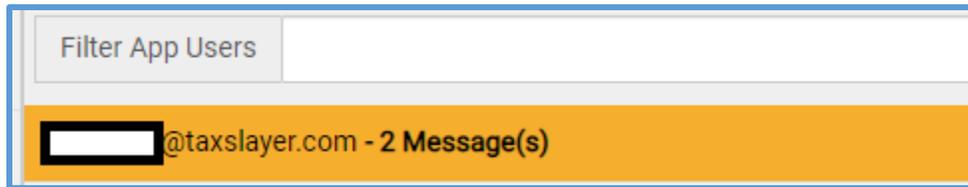
## Customer Portal Signature Notifications

For the 2022 Tax Year, TaxSlayer Pro Online displays a notification when a taxpayer signs a return through the Customer Portal. Notifications are displayed in the chat message for the user who prepared the return as well as any users who can see all returns.

To view notifications, use the following steps:

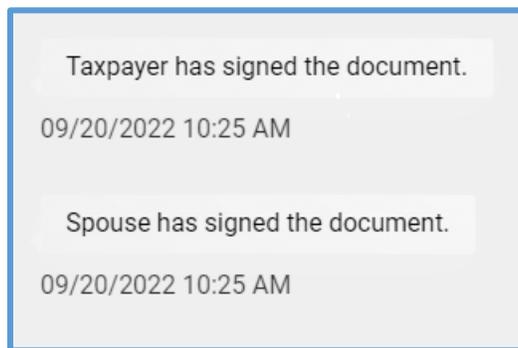
1. Log in to TaxSlayer Pro Online.

When the taxpayer signs the return, TaxSlayer Pro Online displays an unread chat message:



2. Click **Show Chat** to view the chat window.

TaxSlayer Pro Online displays a notification that the taxpayer has signed the document in the chat history:



**Note:** If the filing status on the return is married filing jointly, TaxSlayer Pro Online displays a second notification when the spouse signs the return.

## Customer Portal Chat Display

In previous years, the taxpayer chat messages displayed the taxpayer's email address. This allowed you to find the taxpayer to send a message, but you were required to know the taxpayer's email address. Beginning with the 2022 Tax Year, TaxSlayer now displays the taxpayer's last name followed by the last four digits of his or her Social Security number as the chat user name:

Filter App Users
Portal 1234
Tuesday 1234
Again 2222
Manuel 1234
Friday 1234
Ten Forty X 3333

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# Tax Provision Comparison for Tax Years

## 2020, 2021 and 2022



### Earned Income Tax Credit

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>The <b>minimum age</b> to collect EITC for a taxpayer <b>without a qualifying child is 25</b>.</p> <p>A taxpayer <b>without a qualifying child</b> must be <b>under age 65</b> to claim EITC.</p> <p>Taxpayers claiming EITC in 2020 have the option to use their <b>2019 earned income</b> to calculate the credit instead of their 2020 earned income, <b>if the 2019 amount is greater than 2020 earned income</b>.</p> <p>The maximum <b>investment income</b> that a taxpayer can receive and collect EITC is <b>\$3,650</b>.</p> <p>The maximum amount of EITC for a single taxpayer without children is <b>\$543</b> in 2020.</p> <p>The maximum income for a single filer without a qualifying child is <b>\$15,820</b>.</p> <p>Taxpayers filing MFS cannot claim the EITC.</p>	<p>In 2021 the <b>minimum age</b> for a taxpayer without a qualifying child to collect EITC is <b>19</b> unless :</p> <ul style="list-style-type: none"> <li>the taxpayer is a full-time student (<b>age 24</b>) or</li> <li>was in foster care since turning 14 or homeless at any time (<b>age 18</b>).</li> </ul> <p>For 2021 only, there is <b>no maximum age limit</b> for taxpayers to claim EITC.</p> <p>Taxpayers claiming EITC in 2021 have the option to use their <b>2019 earned income</b> to calculate the credit instead of their 2021 earned income, <b>if the 2019 amount is greater than 2021 earned income. Taxpayers cannot use 2020 earned income to claim the credit.</b></p> <p>The maximum <b>investment income</b> that a taxpayer can receive and still collect EITC is <b>\$10,000</b> which will be adjusted in future years for inflation.</p> <p>The maximum amount of EITC for a single taxpayer without children has been increased to <b>\$1,502</b> in 2021 and the maximum income for a single filer is <b>\$21,430</b>.</p> <p>Taxpayers filing MFS that are separated from their spouse and living apart for the last six months of the year may be eligible for EITC if they have a qualifying child that lived with them for at least six months out of the year.</p>	<p>The <b>minimum age</b> to collect EITC for a taxpayer <b>without a qualifying child is 25</b> which is the same as pre-2021 rules.</p> <p>A taxpayer <b>without a qualifying child</b> must be <b>under age 65</b> to claim EITC which is the same as pre-2021 rules.</p> <p>Taxpayers claiming EITC in 2022 no longer have the option to use a prior year's <b>earned income</b> to calculate the credit. Taxpayers <b>must use their 2022 earned income to claim the credit.</b></p> <p>The maximum <b>investment income</b> that a taxpayer can receive and still collect EITC is <b>\$10,300</b> which will be adjusted in future years for inflation.</p> <p>The maximum amount of EITC for a single taxpayer without children is <b>\$560</b> in 2022. This is a significantly lower amount than 2021.</p> <p>The maximum income for a single filer without a qualifying child is <b>\$16,480</b>.</p> <p>Taxpayers filing MFS that are separated from their spouse and living apart for the last six months of the year may be eligible for EITC if they have a qualifying child that lived with them for at least six months out of the year.</p>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Recovery Rebate Credit

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p><b>Advance payments were based on most recent return—2019 (or 2018).</b></p> <p><b>Maximum Credit for EIP 1 was \$1,200</b> for Taxpayer (and Spouse on joint return) and <b>\$500</b> for each child that qualifies for the Child Tax Credit (age 16 or under).</p> <p><b>Maximum Credit for EIP 2 was \$600</b> for Taxpayer (and Spouse on joint return) and <b>\$600</b> for each child on the return that qualifies for the Child Tax Credit.</p> <p>Income threshold for the credit for EIP 1 and EIP 2 was the following:</p> <ul style="list-style-type: none"> <li>• \$150,000 for MFJ or QW</li> <li>• \$112,500 for HOH</li> <li>• \$75,000 for Single or MFS</li> </ul> <p>Taxpayers with income above the threshold amounts had EIP 1 and EIP 2 reduced by an amount equal to 5% of the income above the threshold amounts.</p> <p>Taxpayers and Spouse on joint return are required to have a <b>valid Social Security Number</b> in order for <b>any member</b> of the tax family to receive the credit.</p> <p>Dependents with a valid social security number receive the credit if the Taxpayer (and Spouse on a joint return) have a valid social security number.</p>	<p><b>Advance payments were based on most recent return—2020 (or 2019).</b></p> <p><b>Maximum Credit is \$1,400</b> for all members of the tax family (Taxpayer, Spouse and any Dependent) <b>that have a valid Social Security Number.</b></p> <p>Taxpayer (and/or Spouse on a joint return) <b>can have an ITIN</b> and it does not prevent any <b>dependent with a valid Social Security Number</b> from receiving the credit.</p> <p>Income threshold to receive the maximum credit in <b>2021</b> was the following:</p> <ul style="list-style-type: none"> <li>• \$150,000 for MFJ or QW</li> <li>• \$112,500 for HOH</li> <li>• \$75,000 for Single or MFS</li> </ul> <p>Taxpayers with income above the threshold amounts will have the credit <b>reduced proportionately</b> until eliminated when income reaches the following amounts:</p> <ul style="list-style-type: none"> <li>• \$160,000 for MFJ or QW</li> <li>• \$120,000 for HOH</li> <li>• \$80,000 for Single or MFS</li> </ul> <p>Taxpayers that received an advance payment based on the information in their prior return (2020 or 2019) are <b>not required</b> to repay any excess.</p>	<p>The Recovery Rebate Credits were authorized by Congress to address the Coronavirus pandemic and were issued in 2020 and 2021.</p> <p><b>No recovery rebate credit was authorized for 2022</b> and the taxpayer <b>cannot claim any Recovery Rebate Credit on the 2022 tax return.</b></p>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Child Tax Credit—Basic Provisions

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>Child Tax Credit was <b>\$2,000</b> for each <b>qualifying child under age 17</b> that was claimed as a dependent on the tax return.</p> <p>The refundable portion of the Child Tax Credit (Additional Child Tax Credit) was up to <b>\$1,400</b> for each qualifying child.</p> <p>To receive the Additional Child Tax Credit the taxpayer had to have <b>earned income</b>.</p> <p>The refundable amount of the CTC was calculated on Schedule 8812 and it was limited to <b>15%</b> of the earned income on the return over <b>\$2,500</b>.</p> <p>Child Tax Credit was phased out if the Taxpayer's Adjusted Gross Income was more than the following:</p> <ul style="list-style-type: none"> <li>• \$400,000 for MFJ</li> <li>• \$200,000 for all other filing statuses</li> </ul> <p>For taxpayers with AGI above the threshold amounts, the credit was reduced by an amount equal to 5% for each \$1,000 of income or part thereof that exceeds the limits.</p>	<p>Child Tax Credit was a fully <b>refundable</b> credit in 2021 as long as the Taxpayer (or Spouse) had a principal place of abode in the United States (including the territories) for more than half of the year.</p> <p>The Child Tax Credit amounts for 2021 were <b>\$3,600</b> for each qualifying child <b>under age 6</b> and <b>\$3,000</b> for each qualifying child <b>over 5 and under 18</b> (ages 6 to 17).</p> <p><b>No income was required to claim the 2021 Child Tax Credit.</b></p> <p>In 2021 the Child Tax Credit was subject to two phase out provisions. First phase out reduced the credit to <b>\$2,000</b> and it occurred if the Taxpayer's Adjusted Gross Income was more than the following:</p> <ul style="list-style-type: none"> <li>• \$150,000 for MFJ</li> <li>• \$112,500 for HOH</li> <li>• \$75,000 for all other filing statuses</li> </ul> <p>Second phase out occurred when the Taxpayer's Adjusted Gross Income was more than the following:</p> <ul style="list-style-type: none"> <li>• \$400,000 for MFJ</li> <li>• \$200,000 for all other filing statuses</li> </ul> <p>For taxpayers with AGI above the second phase out amounts, the credit was reduced by an amount equal to 5% for each \$1,000 of income or part thereof that exceeds the limits.</p>	<p>Child Tax Credit is <b>\$2,000</b> for each <b>qualifying child under age 17</b> that is claimed as a dependent on the tax return. In 2022, a <b>qualifying dependent age 17 is not eligible for the CTC</b>.</p> <p>The refundable portion of the Child Tax Credit (Additional Child Tax Credit) is up to <b>\$1,500</b> for each qualifying child. The refundable amount has been increased over the 2020 amount because the refundable portion of the CTC is adjusted based on changes in the C-CPI-U Index. The total amount of the CTC (\$2,000) is not adjusted based on changes to the C-CPI-U Index.</p> <p>To receive the Additional Child Tax Credit the taxpayer must have <b>earned income</b>. <b>This is the same calculation that existed in 2020.</b></p> <p>The refundable amount is calculated on Schedule 8812 and it is limited to <b>15%</b> of the earned income on the return over <b>\$2,500</b>.</p> <p>Child Tax Credit is phased out if the Taxpayer's Adjusted Gross Income is more than the following:</p> <ul style="list-style-type: none"> <li>• \$400,000 for MFJ</li> <li>• \$200,000 for all other filing statuses</li> </ul> <p>For taxpayers with AGI above the threshold amounts, the credit is reduced by an amount equal to 5% for each \$1,000 of income or part thereof that exceeds the limits.</p>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Child Tax Credit—Advance Payments/Reconciliation

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p><b>No advance payments of the Child Tax Credit or reconciliation occurred in 2020.</b></p>	<p><b>Advance payments were based on the qualifying children claimed on the most recent return—2020 (or 2019).</b> Advance Payments started on July 15 and were made monthly thereafter on the 15th of the month. Advance payment amounts were \$300/month for each child under 6 and \$250/month for each child 6-17.</p> <p>These amounts were reconciled on the 2021 tax return, and the actual amount of the Child Tax Credit was determined by the information entered on the 2021 return.</p> <p>Taxpayer received a notice (<b>Letter 6419</b>) that reported the amount of advance payments made to the Taxpayer. These amounts were required for <b>reconciling</b> the Child Tax Credit on the 2021 tax return.</p> <p>Reconciliation/repayment relief was permitted based on the following income AGI thresholds:</p> <ul style="list-style-type: none"><li>• \$60,000 to \$120,000 for MFJ or QW</li><li>• \$50,000 to \$100,000 for HOH</li><li>• \$40,000 to \$80,000 for Single or MFS</li></ul> <p>If the Taxpayer's AGI is <b>below</b> these thresholds they were <b>not</b> required to repay any advance payments. However, if the Taxpayer's AGI was above these thresholds they would repay <b>all</b> of the advance payments. When the Taxpayer's AGI fell between the thresholds, the Taxpayer had to repay a portion of any advance payments.</p>	<p><b>No advance payments of the Child Tax Credit were made in 2022 nor will any reconciliation occur.</b></p>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Child Tax Credit—Puerto Rico

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>Residents of <b>Puerto Rico</b> could only claim the Child Tax Credit when they had <b>three of more</b> qualifying children and reported income that demonstrated they paid Social Security Taxes, Medicare and/or Self-Employment Taxes. This credit was claimed on Form 1040-PR or Form 1040-SS.</p>	<p>Residents of <b>Puerto Rico</b> and the <b>other U.S territories</b> are now subject to the <b>same eligibility requirements</b> for claiming the Child Tax Credit as Mainland taxpayers. Consistent with Mainland fliers, there was no income requirement to claim the credit for 2021.</p> <p>Puerto Rico residents and the residents of the other U.S. territories claiming the Child Tax Credit could receive <b>\$3,600</b> for each qualifying child under age 6 and <b>\$3,000</b> for each qualifying child age 6 to 17.</p> <p>Residents of <b>Puerto Rico</b> did <b>not</b> receive Advance Payment of the Child Tax Credit and had to claim the full credit in 2021. This credit was claimed on Form 1040-PR or Form 1040-SS.</p>	<p>Residents of <b>Puerto Rico</b> will claim the Child Tax Credit for each <b>qualifying child under age 17</b> that is claimed as a dependent on Form 1040-PR or 1040-SS. To receive the refundable portion of the CTC, they must reported income that demonstrated they paid Social Security Taxes, Medicare and/or Self-Employment Taxes.</p> <p>The requirement that a resident of Puerto Rico must have three or more qualifying children to claim the refundable portion of the Child Tax Credit has been eliminated.</p>

### Child Tax Credit—Taxpayers Living Abroad

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>Taxpayers Living Abroad can claim the Child Tax Credit on their return as long as they <b>do not claim the Foreign Earned Income Exclusion on Form 2555</b>.</p>	<p>Taxpayers Living Abroad <b>that did not have a principal place of abode in the United States</b> (including the U.S. territories) will be allowed to claim a Child Tax Credit of up to \$2,000 (\$1,400 refundable) under the same provisions as in 2020 if they <b>do not claim the Foreign Earned Income Exclusion on Form 2555</b>.</p>	<p>Taxpayers Living Abroad can claim the Child Tax Credit on their return as long as they <b>do not claim the Foreign Earned Income Exclusion on Form 2555</b>.</p>



## Tax Provision Comparison for Tax Years

### 2020, 2021 and 2022



### Child and Dependent Care Credit

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on the 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>Child and Dependent Care Credit was a <b>nonrefundable</b> credit. Child care or dependent care expenses were subject to the following limits:</p> <ul style="list-style-type: none"> <li>• <b>\$3,000</b> for one qualifying individual</li> <li>• <b>\$6,000</b> for more than one qualifying individual</li> </ul> <p>The credit was a percentage of the eligible child care expenses and that percentage is based on the Taxpayer's Adjusted Gross Income.</p> <p>The maximum credit of <b>35%</b> of eligible expenses is available for Taxpayers with AGI of up to <b>\$15,000</b>.</p> <p>Once AGI was <b>above \$15,000</b>, the credit is reduced by an amount equal to <b>1%</b> for each <b>\$2,000</b> of income or part thereof that exceeds \$15,000 until AGI reaches <b>\$43,000</b>. Above <b>\$43,000</b> the credit is <b>20%</b> of the eligible expenses and there is no maximum AGI limitation.</p> <p>Based on expense and AGI limitations, the maximum credit that a Taxpayer can claim is the following:</p> <ul style="list-style-type: none"> <li>• <b>\$1,050</b> for one qualifying individual (<b>\$3,000 x 35%</b>)</li> <li>• <b>\$2,100</b> for more than one qualifying individual (<b>\$6,000 x 35%</b>)</li> </ul>	<p>Child and Dependent Credit was a fully <b>refundable</b> credit in 2021 as long as the Taxpayer (or Spouse) had a principal place of abode in the United States (including the territories) for more than half of the year. Child care or dependent care expenses were limited to:</p> <ul style="list-style-type: none"> <li>• <b>\$8,000</b> for one qualifying individual</li> <li>• <b>\$16,000</b> for more than one qualifying individual</li> </ul> <p>The Credit was 50% of eligible expenses until AGI reaches <b>\$125,000</b>. The credit percentage was then reduced by <b>1%</b> for each <b>\$2,000</b> of income or part thereof that exceeded the AGI limit until AGI reaches <b>\$183,000</b>.</p> <p>Once AGI was above <b>\$183,000</b>, the credit percentage remains at 20% until AGI reaches <b>\$400,000</b>. Then the credit percentage was reduced by <b>1%</b> for each <b>\$2,000</b> of income or part thereof that exceeds <b>\$400,000</b> until AGI reaches <b>\$438,000</b>. Above <b>\$438,000</b>, there is no credit.</p> <p>Based on expense and AGI limitations, the maximum credit that a Taxpayer could claim was the following:</p> <ul style="list-style-type: none"> <li>• <b>\$4,000</b> for one qualifying individual</li> <li>• <b>\$8,000</b> for more than one qualifying individual</li> </ul> <p>For Taxpayers without a principle place of abode in the U.S. for more than six months, the Child and Dependent Care Credit was <b>not refundable</b>. However, all of the other enhanced provisions for 2021 apply including all monetary amounts.</p>	<p>Child and Dependent Care Credit is again a <b>nonrefundable</b> credit and then limitations on the credit return to 2020 provisions.</p> <p>Child care or dependent care expenses are subject in 2022 to the following limits:</p> <ul style="list-style-type: none"> <li>• <b>\$3,000</b> for one qualifying individual</li> <li>• <b>\$6,000</b> for more than one qualifying individual</li> </ul> <p>The credit is again a percentage of the eligible child care expenses and that percentage is based on the Taxpayer's Adjusted Gross Income.</p> <p>The maximum credit in 2022 is <b>35%</b> of eligible expenses for Taxpayers with AGI of up to <b>\$15,000</b>.</p> <p>Once AGI is <b>above \$15,000</b>, the credit is reduced by an amount equal to <b>1%</b> for each <b>\$2,000</b> of income or part thereof that exceeds \$15,000 until AGI reaches <b>\$43,000</b>. Above <b>\$43,000</b> the credit is <b>20%</b> of the eligible expenses and there is no maximum AGI limitation.</p> <p>Based on expense and AGI limitations, the maximum nonrefundable credit that a Taxpayer can claim in 2022 is the following:</p> <ul style="list-style-type: none"> <li>• <b>\$1,050</b> for one qualifying individual (<b>\$3,000 x 35%</b>)</li> <li>• <b>\$2,100</b> for more than one qualifying individual (<b>\$6,000 x 35%</b>)</li> </ul>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Coronavirus-Related Retirement Plan Distributions

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>The CARES Act allowed eligible participants in retirement plans to take an early distribution of up to \$100,000 during calendar year 2020 <b>without paying the 10% penalty tax</b> on withdrawals before an account owner is 59-1/2.</p> <p>This penalty free provision applied to withdrawals from IRA's and qualified retirement plans such as 401(k) plans. These distributions were designated as Coronavirus-Related Distributions.</p> <p>A Coronavirus-Related Distributions of up to \$100,000 would be recognized over three years. This was done on Form 8915-E and one third of the amount of the Coronavirus-Related Distribution was included on the 2020 tax return. The remaining amounts are reported on the 2021 and 2022 returns.</p>	<p>Retirement plan and IRA distributions that are <b>taken at any time after December 31, 2020 are not considered Coronavirus-Related Distributions.</b></p> <p><b>Only distributions taken in connection with a FEMA designated disaster will be eligible for deferral treatment in 2021.</b> No distribution from any retirement plans or IRAs for Coronavirus layoffs or illness will be deemed a qualified disaster distribution and eligible for any waiver of the 10% penalty for early withdrawal.</p> <p>The recognition of second installment of income from a 2020 Coronavirus-Related Distribution was reported on Form 8915-F in 2021.</p>	<p>No retirement plan or IRA distributions <b>taken after December 31, 2020 are not considered Coronavirus-Related Distributions.</b></p> <p>The recognition of <b>third and final</b> installment of income from a 2020 Coronavirus-Related Distribution is to be reported on Form 8915-F in 2022.</p>

### Charitable Contributions

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p>The CARES Act allowed Taxpayers that used the Standard Deduction to deduct <b>\$300 in cash contributions</b> as an <b>above the line Adjustment to Income</b>. The \$300 amount was the <b>same for all filing statutes</b>.</p> <p>The CARES Act raised the limitation on cash contributions for taxpayers that used Schedule A to deduct up to <b>100%</b> of their adjusted gross income as a charitable contribution.</p>	<p>Taxpayers that used the Standard Deduction were allowed to deduct <b>\$300 in cash contributions</b> for all filing statutes other than MFJ as a <b>below the line Deduction</b>. Taxpayers filing as MFJ and using the Standard Deduction were allowed to deduct <b>\$600</b> in cash contributions.</p> <p>For Taxpayers using Schedule A, the limitation on cash contributions remained <b>100%</b> of their adjusted gross income.</p>	<p>The Charitable Deduction for non-itemizers of \$300 (\$600 for MFJ) <b>has not been extended for 2022</b>. The only deduction for charitable contributions will be on Schedule A—Itemized Deductions.</p> <p>For Taxpayers using Schedule A, the limitation on cash contributions will be <b>60%</b> of their adjusted gross income.</p>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Other Miscellaneous Tax Provisions

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p><b>Qualified Cancelled Mortgage Debt</b>—The Consolidated Appropriations Act, reinstated the exclusion from income for cancelled mortgage debt income associated with a taxpayer’s primary residence. This exclusion was also made retroactive for tax years 2018 and 2019.</p>	<p><b>Qualified Cancelled Mortgage Debt</b>—The Consolidated Appropriations Act, extended through 2025 the exclusion from income for cancelled mortgage debt income (as reported on Form 1099-C) associated with a taxpayer’s primary residence.</p>	<p><b>Qualified Cancelled Mortgage Debt</b>—This income exclusion is reported on <b>Form 982</b>.</p>
<p><b>Meals Deduction</b>—Taxpayers can only deduct <b>50%</b> of the cost of business meals.</p>	<p><b>Meals Deduction</b>—Taxpayers can deduct <b>100%</b> of the cost of business meals that are purchased from a restaurant or are food deliveries from a restaurant or catering service.</p>	<p><b>Meals Deduction</b>—Taxpayers can <b>continue to deduct 100% of the cost of business meals</b> that were purchased from a restaurant or are food deliveries from a restaurant or catering service. <b>This provision expires in 2022.</b></p>
<p><b>Premium Tax Credit</b>—The <b>repayment requirements of Excess Advance Premium Tax are waived for 2020 only</b> as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The IRS reprocessed the tax returns from Taxpayers that had previously filed tax returns with Form 8962 that had a repayment amount.</p> <p>The Inflation Reduction Act expanded subsidies under the Affordable Care Act <b>through 2025</b>.</p>	<p><b>Premium Tax Credit</b>—Premium Tax Credits (PTC) were enhanced for Taxpayers that received unemployment and for Taxpayers with Household Income (HI) between 100% and 150% of the Federal Poverty Level (FPL) for their family size. Taxpayers with HI over 400% of the FPL are required to contribute 8.5% of their income towards their health coverage purchased through the Marketplace.</p>	<p><b>Premium Tax Credit</b>—Taxpayers with Household Income (HI) between 100% and 150% of the Federal Poverty Level (FPL) for their family size are eligible for zero-premium coverage depending on the plan selected.</p> <p>Taxpayers with Household Income (HI) over 400% of the FPL <b>will contribute 8.5%</b> of their HI towards their health coverage purchased through the Federal Marketplace or State Exchanges. The enhanced Premium Tax Credit for taxpayer that received <b>unemployment</b> no longer apply.</p>
<p><b>Educator Expense Deduction</b>—Secondary and elementary educators are allowed an adjustment to income of \$250. Married educators are each eligible for the deduction for a total of \$500.</p>	<p><b>Educator Expense Deduction</b>—Secondary and elementary educators are allowed an adjustment to income of <b>\$250</b>. Married educators are each eligible for the deduction for a total of <b>\$500</b>.</p>	<p><b>Educator Expense Deduction</b>—Secondary and elementary educators are allowed an adjustment to income of <b>\$300</b>. Married educators are each eligible for the deduction for a total of <b>\$600</b>.</p>



## Tax Provision Comparison for Tax Years 2020, 2021 and 2022



### Expiring Tax Extender Provisions

2020 Provisions—Claimed on the 2020 tax return	2021 Provisions—Claimed on 2021 tax return	2022 Provisions—Claimed on the 2022 tax return
<p><b>Form 8885—Health Coverage Tax Credit</b>—A taxpayer that was an eligible trade adjustment assistance recipient, alternative TAA recipient, reemployment TAA recipient, Pension Benefit Guaranty Corporation (PBGC) payee, or a qualifying family member, was eligible for a credit of 72.5% of their health insurance premiums. Eligible taxpayers reconciled the advance payments to any health plan provider or claimed this credit on Form 8885.</p>	<p><b>Form 8885—Health Coverage Tax Credit</b>—The Consolidated Appropriations Act which became law on December 27, 2020 extended the Health Coverage Tax Credit through 2021.</p>	<p><b>Form 8885—Health Coverage Tax Credit</b>—The Health Coverage Tax Credit <b>expired at the end of 2021</b>. The HCTC cannot be claimed for coverage months beginning in 2022 <b>unless Congress extends</b> this provision.</p> <p><b>Form 8885 is no longer available for use in 2022.</b></p>
<p><b>Private Mortgage Insurance Deduction (PMI)</b>—The deduction on Schedule A for PMI premiums was revived for 2020, 2019 and 2018 in the Further Consolidated Appropriations Act. Taxpayers were required to amend prior year returns to claim PMI in 2018 and 2019.</p>	<p><b>Private Mortgage Insurance Deduction (PMI)</b>—The deduction on Schedule A for PMI premiums as revived in the Further Consolidated Appropriations Act, 2020 allowed taxpayers to claim the deduction in 2021.</p> <p><b>This deduction was only extended through 2021.</b></p>	<p><b>Private Mortgage Insurance Deduction (PMI)</b>—The deduction for PMI <b>expired at the end of 2021</b> and will not be allowed in 2022 <b>unless Congress extends</b> this deduction.</p>
<p><b>Tuition and Fees Deduction</b>—The Tuition and Fees Deduction allowed Taxpayers to deduct up to \$4,000 from their income for qualifying tuition expenses paid for Taxpayer, Spouse or Dependents.</p>	<p><b>Tuition and Fees Deduction</b>—The Tuition and Fees Deduction <b>has been eliminated</b>. In its place the Lifetime Learning Credit income limits were expanded to match the American Opportunity Credit.</p>	<p><b>Tuition and Fees Deduction</b>—The Tuition and Fees Deduction was eliminated in 2021 and is <b>no longer available for use in 2022</b></p>
<p><b>Business Tax Extenders</b>—The Consolidated Appropriations Act, 2021 temporarily extended the following business related tax provisions through December 31, 2021:</p> <ul style="list-style-type: none"> <li>• Three-Year Depreciation for Racehorses</li> <li>• Accelerated Depreciations for Property on Indian Reservations</li> <li>• American Samoa Economic Development Credit</li> <li>• Indian Employment Tax Credit</li> <li>• Mine Rescue Team Training Credit</li> </ul>	<p><b>Business Tax Extenders</b>—The Consolidated Appropriations Act, 2021 temporarily extended the following business related tax provisions through December 31, 2021:</p> <ul style="list-style-type: none"> <li>• Three-Year Depreciation for Racehorses</li> <li>• Accelerated Depreciations for Property on Indian Reservations</li> <li>• American Samoa Economic Development Credit</li> <li>• Indian Employment Tax Credit</li> <li>• Mine Rescue Team Training Credit</li> </ul>	<p><b>Business Tax Extenders</b>—These business related tax provisions <b>expired at the end of 2021</b> and will not be allowed in 2022 <b>unless Congress extends</b> these provisions.</p>



## Inflation Reduction Act Individual Provisions



Effective Date—01/01/2023 (unless noted)

Tax Provision	Description	What to Expect
<b>Premium Tax Credit (Subsidy Extension)</b> —Under the American Rescue Plan, subsidies for taxpayers that acquired health coverage through the Federal Marketplace were enhanced but these provisions were scheduled to expire at the end of 2022. The Inflation Reduction Act extends certain of these subsidies under <b>through 2025</b> .	Taxpayers with Household Income (HI) between 100% and 150% of the Federal Poverty Level (FPL) are eligible for zero-premium coverage on select plans. Taxpayers with HI over 400% of the FPL are entitled to a PTC if the cost of the Second Lowest Cost Silver Plan in their Marketplace exceeds 8.5% of their HI.	The Premium Tax Credit will continue to be reported on Form 8962—Premium Tax Credit which is filed with Form 1040 when a taxpayer has purchased health coverage through the Federal Marketplace or State Exchanges.
<b>Residential Energy-Efficient Property Credit</b> —The Residential Energy Property Credit is claimed in <b>Part I of Form 5695—Residential Energy Credits</b> . This has been extended <b>through 2034</b> and it has been renamed the <b>Residential Clean Energy Credit</b> . Portions of the enhanced credit are <b>retroactive to the beginning of 2022</b> .	The Residential Clean Energy Credit is raised to <b>30%</b> (up from 26%) of the installation cost of solar panels or other equipment to harness renewable energy like wind, geothermal and biomass fuel. The credit will fall to 26% in 2033 and 22% in 2034. Starting in 2023, this credit will be expanded to include expenditures for <b>batteries</b> used to store the electricity generated from these systems.	It is expected that the Residential Clean Energy Credit will continue to be reported on Form 5695.  This credit is a <b>nonrefundable credit</b> but Taxpayers that have an insufficient tax liability to benefit <b>can carry forward any unused credits to future years</b> to offset future income tax liability.
<b>Nonbusiness Energy Property Credit</b> —The Nonbusiness Property Credit is claimed in <b>Part II of Form 5695—Residential Energy Credits</b> . This credit was scheduled to expire at the end of 2021, but it has been extended <b>through 2032</b> and it has been renamed the <b>Energy Efficient Home Improvement Credit</b> . This nonrefundable credit will be expanded starting in 2023 when it will have higher dollar amounts for the credit and no longer be subject to a lifetime limit.	The credit is now <b>30%</b> (up from 10%) of the amount paid for qualified energy-efficient improvements to the main home. Starting in 2023, the maximum credit will become <b>\$1,200 annually</b> (or up to \$2,000 for heat pumps and heat pump water heaters) with higher amounts allowed for items such as windows (\$600), and doors (\$250/\$500). For 2022 and earlier, the credit was subject to a \$500 lifetime maximum.	The new Energy Efficient Home Improvement Credit will continue to be reported on Form 5695 when the new provisions go into effect in 2023.  There is <b>no change</b> in the amounts or covered items to Nonbusiness Energy Property Credit for <b>2022</b> .
<b>Excess Business Loss</b> —The Section 461 limitation on business losses of noncorporate taxpayers <b>has been extended by two years (through 2028)</b> . It was previously set to expire December 31, 2026.	TCJA limited individuals from using more than \$250,000 (\$500,000 for MFJ) of business losses to offset nonbusiness income. This provision of TCJA was retroactively suspended in the CARES Act for tax years 2019 & 2020.	The Excess Business Loss will continue to be reported on <b>Form 461—Limitation on Business Loss</b> .



## Inflation Reduction Act Individual Provisions



### Effective Date—01/01/2023 (unless noted)

Tax Provision	Description	What to Expect
<p><b>Clean Vehicle Credit (New Vehicles)</b>—The Inflation Reduction Act expands and amends the \$7,500 nonrefundable Plug-in Electric Drive Motor Vehicle Credit (IRC 30D), in several ways.</p> <p>The credit is now known as the Clean Vehicle Credit and the act imposes a new requirement that a percentage of critical minerals used in the vehicle must have been extracted or processed in the United States or in a country with which the United States has a free trade agreement or recycled in North America.</p> <p>A taxpayer will only be allowed to claim this credit once in a three-year period.</p>	<p>Starting in 2023, the limitation on the number of vehicles eligible for the credit is eliminated, so electric vehicles purchased from manufacturers that previously reached their cap (Tesla, GM) will again be eligible for the credit.</p> <p>Starting in 2023, to claim the credit there are price caps on the new vehicles (\$55,000 for cars, \$80,000 for SUV's and trucks) and income limitations (\$300,000 for joint returns, \$225,000 for HOH and \$150,000 for single filers). There is also a requirement which became effective August 16, 2022, that the <b>final assembly of the vehicle must be in North America.</b></p>	<p>The new provisions of the Clean Vehicle Credit will go into effect on January 1, 2023.</p> <p>Through 2022, taxpayers will claim the credit on Form 8936 under the rules in effect before the enactment of the Inflation Reduction Act (including those involving the manufacturing caps on vehicles sold). However, if the vehicle was <b>purchased after August 15, 2022</b>, it must meet the requirement that it was assembled in North America to be eligible for the credit.</p> <p><b>Starting in 2024</b>, - the credit will be claimed at the point of sale and applied towards the cost of the vehicle. It will be considered a refundable credit and the advance payment of the credit will be reconciled on the tax return.</p> <p>The Clean Vehicle Credit will expire December 31, 2032.</p>
<p><b>Clean Vehicle Credit (Used Vehicles)</b>—The Inflation Reduction Act creates a new \$4,000 nonrefundable credit for qualified used vehicles. The used clean vehicle credit only applies to vehicles acquired by a taxpayer <b>after Dec. 31, 2022.</b></p>	<p>Qualified buyers can claim a credit of up to \$4,000. The used vehicle must be (1) at least two years old, (2) have an eligible VIN, (3) is sold through a dealer (no private sales) and (4) a credit (either new or used) was not previously claimed for the vehicle.</p> <p>To claim the credit there is a \$25,000 price cap on the used vehicles and income limitations (\$150,000 for joint returns, \$112,500 for HOH and \$75,000 for single filers).</p>	<p>The Clean Vehicle Credit for used vehicles is effective for tax years starting <b>after December 31, 2022</b> and it is anticipated that taxpayers will claim this credit at point of sale and the advance payment of the credit will be reconciled on the tax return.</p> <p>The Clean Vehicle Credit for used vehicles will also expire December 31, 2032.</p>



## Inflation Reduction Act



### Internal Revenue Service Enhanced Funding

Effective Date—01/01/2023 (unless noted)

Budget Provision	Description	What to Expect
<b>Internal Revenue Service Increased Funding</b> — Under the Inflation Reduction Act the IRS has been provided additional funding of <b>\$79,621,533,803</b> to be spent over a ten-year period.	The budget for the IRS in 2010 totaled \$12.4 Billion as compared to the 2021 IRS budget which was \$12.9 Billion, plus an additional \$765.7 Million in Supplemental COVID-19 Funding.	This increase in funding should dramatically impact the IRS in all areas of its operations.
<b>IRS Staffing Levels</b> —In 2010, total IRS staffing was 94,346. In 2021, total IRS staffing was <b>80,411</b> , a reduction of <b>14.8%</b> .	2021 IRS staffing levels as compared to 2010 have been reduced by 32.9% in Examination & Collections; 12.4% in Shared Services & Support; 27.6% in Taxpayer Assistance; 23.6% in Regulatory and 28.9% in Investigations. The IRS staffing levels increased by 22.9% in Account Services and 4.7% in Information Systems.	IRS staffing levels in all areas of its operation should increase over the next ten years with significant resources being allocated to Customer Service, Taxpayer Assistance, Technology, Enforcement and Audit Activities.
<b>Core Technology</b> —the IRS has received \$4.5 Billion for technology improvements.	The IRS has one of the oldest computer systems in the federal government and this funding is intended to modernize the IRS hardware systems and programming.	Once implemented this should allow the IRS to improve its ability to process return and analyze data. It should allow the IRS to better <b>identify returns with inconsistent or erroneous data</b> .
<b>Program Enforcement</b> —the IRS has received \$6.7 Billion to target the <b>integrity of current tax programs</b> .	The IRS and the General Accounting Office have periodically sampled the accuracy of tax returns submitted by tax preparers and self prepared by taxpayers and found that a significantly high percentage of returns prepared by both groups are not correct. This funding is designed to improve the <b>accuracy</b> of returns.	This funding should allow the IRS to increase their capacity to review and follow-up on tax returns that have indicators that something may be incorrect on the tax return. Returns with inconsistent entries such as unusual expenses for the related business code or items that appear to be estimates will subject to increase scrutiny.
<b>Enforcement Activities</b> —the IRS has received \$45.6 Billion for Audit/Enforcement.	IRS enforcement activities have decreased since 2010 as the staffing levels of revenue agents, investigators and attorneys has been reduced. This funding is designed to improve audit capabilities of the IRS which currently are at historically low levels.	This funding will allow the IRS to <b>hire enforcement staff in all areas</b> (revenue agents, investigators, attorneys). The IRS estimates that this additional funding will result in <b>\$203 Billion in additional tax revenue collected</b> over the next 10 years.



## Inflation Reduction Act Medicare Provisions



### Effective Date—01/01/2023 (unless noted)

Provision	Description	What to Expect
<b>Medicare—Insulin</b> —Medicare participants who takes insulin will have access to insulin for no more than \$35 for a month's supply.	Medicare participants taking Insulin will not pay a deductible for their covered insulin products starting in 2023.	The new rules begin January 1, 2023 for insulin covered under Medicare plans and July 1, 2023 for insulin that is used by participants through a traditional pump covered under Medicare durable equipment benefit.
<b>Medicare—Prescription Drugs</b> —Medicare will be able to negotiate directly with manufactures on costs for certain drugs starting in 2026 with the 10 most expensive drugs, 15 more in 2027 and 2028, and 20 more each year thereafter.	In 2023, Medicare will select and announce the first 10 drugs to be negotiated and the negotiated Medicare drug prices for these first 10 drugs will be available starting in 2026. These drugs must not have a generic substitute and must have been approved by the FDA a minimum of seven years prior.	The Departments of Defense and Veterans Affairs and the Indian Health Service have had the ability to negotiate drug prices for their health programs for decades.  CBO estimates that this provision will save Medicare approximately \$102 Billion over a ten year period.
<b>Prescription Drug Pricing Negotiation Noncompliance Excise Tax</b> —Starting in 2026 – A new excise tax will be imposed on drug manufacturers that fail to enter into drug pricing agreements with Medicare but still sell the drug at a lower cost in the marketplace than what Medicare is charged.	This excise tax applies to each sale made by a drug manufacture for one of the identified drugs that Medicare is permitted to negotiate a pricing agreement in the event that no agreement is reached .The tax is the difference between the average market price charged by the manufacture and Medicare's price.	CBO expects full compliance from drug companies, and no revenue will be generated from this tax.
<b>Medicare/Medicaid/CHIP—Vaccines</b> —the Act mandates coverage and lowers out-of-pocket costs for recommended vaccines	People with Medicare drug coverage will pay nothing out-of-pocket for adult vaccines recommended by the Advisory Committee on Immunization Practices (ACIP) .	The effective date for expanded vaccine coverage is <b>October 1, 2023</b> .
<b>Medicare—Out of Pocket for Prescription Drugs</b> —Medicare participants will have a \$2,000 annual out of pocket maximum for prescription drugs.	Medicare participant will also have the option to pay the \$2,000 out of pocket for prescription costs in monthly amounts spread over the year rather than all at once.	The effective date for the \$2,000 annual out of pocket for prescription dugs is January 1, 2025.



## Inflation Reduction Act Business Provisions



### Effective Date—01/01/2023 (unless noted)

Tax Provision	Description	What to Expect
<b>Alternative Corporate Minimum Tax</b> —The Inflation Reduction Act imposes a corporate alternative minimum tax equal to the excess of <b>15% of a corporation's adjusted financial statement income (AFSI)</b> over its corporate alternative minimum tax foreign tax credit.	The <b>Alternative Corporate Minimum Tax</b> applies to C Corporations that <b>average over a three year period net income in excess of \$1 billion</b> on applicable financial statements. This will impact certain publicly traded corporations that report net income to investors that is significantly higher than the taxable income reported to the IRS. It is estimated that approximately 150 corporations will be affected by this provision annually.	This tax is effective for tax years starting after December 31, 2022. It is anticipated that the IRS will have corporations subject to this tax report it on Form 1120 starting with tax year 2023.
<b>Excise Tax on Corporate Stock Buybacks</b> —The Inflation Reduction Act imposes a <b>1% tax on the fair market value</b> of stock repurchased by <b>publicly traded</b> U.S. Corporations.	The 1% excise tax applies to the net amounts paid for stock acquired from shareholders reduced by the value of any stock issued by the corporation during the year. There are various exceptions to this provision and it does not apply to any repurchases of \$1 million or less for the year.	This excise tax becomes effective January 1, 2023. It is anticipated that the IRS will have these corporations report this tax on Form 720—Quarterly Federal Excise Tax Return.
<b>Credit for Increase Research Activities (Section 41) for small business</b> —The amount specified in any election made under this subsection was increased from \$250,000 to \$500,000.	Small businesses have an election under Section 41(h) of the Internal Revenue Code to claim a credit for their research and development activities as a reduction of their payroll tax liabilities as an offset on their quarterly payroll tax filings. This new provision will allow qualified small businesses to claim up to \$500,000.	This election becomes effective January 1, 2023 and will be claimed against quarterly payroll tax liabilities.

# 2022 Tax Law Changes



## Agenda/Goals

1. Review Changes to 1040 & Schedules 1, 2 & 3
2. Review Tax Law Changes for 2022
  - New provisions in 2022
  - 2020 - 2021 changes that have been extended or modified in 2022
  - Tax Items that have been eliminated for 2022
3. Provide Overview of Inflation Reduction Act



# Resources – Tax Summary



Tax Provision Comparison for Tax Years 2020, 2021 and 2022		
Earned Income Tax Credit		
<b>2020 Provisions—Claimed on the 2020 tax return</b> <p>The maximum age to collect EITC for a taxpayer without a qualifying child is 25.</p> <p>A taxpayer without a qualifying child must be under age 25 to claim EITC.</p> <p>Taxpayers claiming EITC in 2020 have the option to use their 2020 earned income, if the 2020 amount is greater than 2021 earned income.</p> <p>The maximum investment income that a taxpayer can receive and collect EITC is \$3,000.</p> <p>The maximum income for a single taxpayer with one child is \$15,000.</p> <p>Taxpayers filing MFS cannot claim the EITC.</p>	<b>2021 Provisions—Claimed on 2021 tax return</b> <p>In 2021 the maximum age for a taxpayer without a qualifying child to collect EITC is 25 unless:</p> <ul style="list-style-type: none"><li>the taxpayer is a full-time student age 24 or younger at the time (age 24).</li><li>the taxpayer is in foster care (age 24 or younger at the time) (age 24).</li></ul> <p>For 2021 only, there is no maximum age limit for taxpayers claiming EITC in 2021 upon the option to use their 2020 earned income to calculate the credit (aged 25 or older).</p> <p>2021 earned income. If the 2021 amount is greater than 2020 earned income, taxpayers cannot use 2020 earned income to claim the credit.</p> <p>The maximum investment income that a taxpayer can receive and collect EITC is \$3,000 which will be all of their 2021 earned income.</p> <p>The maximum amount of EITC for a single taxpayer with one child has been increased to \$3,000 in 2021 and the maximum amount for a single filer is \$3,000.</p> <p>Taxpayers filing MFS that are separated from their spouse and live apart for at least six months of the year may be eligible for EITC if they have a qualifying child that lived with them for at least six months out of the year.</p>	<b>2022 Provisions—Claimed on the 2022 tax return</b> <p>The maximum age to collect EITC for a taxpayer without a qualifying child is 25.</p> <p>A taxpayer without a qualifying child must be under age 25 to claim EITC, which is the same as pre-2021 rules.</p> <p>For 2022, taxpayers claiming EITC no longer have the option to use a prior year's earned income to calculate the credit. Taxpayers must use their 2022 earned income to claim the credit.</p> <p>The maximum investment income that a taxpayer can receive and collect EITC for a single taxpayer with one child is \$3,000 in 2022. This is a significantly lower rate than in prior years for filers.</p> <p>The maximum amount of EITC for a single taxpayer with one child is \$3,000 in 2022. This is a significantly lower rate than in prior years for filers.</p> <p>The maximum income for a single filer without a qualifying child is \$15,000.</p> <p>Taxpayers filing MFS that are separated from their spouse and live apart for at least six months of the year may be eligible for EITC if they have a qualifying child that lived with them for at least six months out of the year.</p>



Tax Provision Comparison for Tax Years 2020, 2021 and 2022		
Child Tax Credit—Basic Provisions		
<b>2020 Provisions—Claimed on the 2020 tax return</b> <p>Child Tax Credit was \$2,000 for each qualifying child under age 17 that was claimed as a dependent on the tax return.</p> <p>The refundable portion of the Child Tax Credit (Additional Child Tax Credit) was up to \$1,400 for each qualifying child.</p> <p>To receive the Additional Child Tax Credit the taxpayer had to have earned income.</p> <p>The refundable amount of the CTC was calculated on Schedule 8812 and was limited to 10% of the earned income on the return over \$2,000.</p> <p>Child Tax Credit was phased out if the Taxpayer's Adjusted Gross Income was more than the following:</p> <ul style="list-style-type: none"><li>\$400,000 for MFJ</li><li>\$200,000 for all other filing statuses</li></ul> <p>For taxpayers with AGI above the threshold amounts, the credit was reduced by an amount equal to 5% for each \$1,000 of income or part thereof that exceeds the limits.</p>	<b>2021 Provisions—Claimed on 2021 tax return</b> <p>Child Tax Credit was a fully refundable credit in 2021, so long as the taxpayer (or spouse) had a principal place of abode in the United States (including the territories) for more than half of the year.</p> <p>The Child Tax Credit amounts for 2021 were \$3,000 for each qualifying child under age 6 and \$2,000 for each qualifying child over 6 and under 18 (up to 3).</p> <p>No income was required to claim the 2021 Child Tax Credit.</p> <p>In 2021 the Child Tax Credit was subject to two phase-out provisions. First, phase-out reduced the credit to \$2,000 and a second phase-out reduced the credit to \$1,500 if the Taxpayer's Adjusted Gross Income was more than the following:</p> <ul style="list-style-type: none"><li>\$200,000 for MFJ</li><li>\$123,000 for MFS</li><li>\$75,000 for all other filing statuses</li></ul> <p>Second phase-out occurred when the Taxpayer's Adjusted Gross Income was more than the following:</p> <ul style="list-style-type: none"><li>\$400,000 for MFJ</li><li>\$200,000 for all other filing statuses</li></ul> <p>For taxpayers with AGI above the threshold amounts, the credit was reduced by an amount equal to 5% for each \$1,000 of income or part thereof that exceeds the limits.</p>	<b>2022 Provisions—Claimed on the 2022 tax return</b> <p>Child Tax Credit is \$3,000 for each qualifying child under age 17 and is claimed as a dependent on the tax return. A qualifying dependent age 17 is not eligible for the CTC.</p> <p>The refundable portion of the Child Tax Credit (Additional Child Tax Credit) is up to \$1,500 for each qualifying child under age 17 and is claimed as a dependent on the tax return. The total amount of the CTC (\$3,000) is not reduced based on changes to the C-2019 rules.</p> <p>To receive the Additional Child Tax Credit the taxpayer must have earned income. This is the new calculation that started in 2022.</p> <p>The refundable amount is calculated on Schedule 8812. Income is reduced to 5% of the earned income on the return over \$2,000.</p> <p>Child Tax Credit is phased out if the Taxpayer's Adjusted Gross Income is more than the following:</p> <ul style="list-style-type: none"><li>\$400,000 for MFJ</li><li>\$200,000 for all other filing statuses</li></ul> <p>For taxpayers with AGI above the threshold amounts, the credit is reduced by an amount equal to 5% for each \$1,000 of income or part thereof that exceeds the limits.</p>



## Form 1040 and Schedules 1, 2, & 3



# 1040 (Page 1) Comparison 2021 vs. 2022

**1040** Department of the Treasury - Internal Revenue Service **2021** (OMB No. 1545-0047) (Use Only - Do not write or staple in this space.)

**U.S. Individual Income Tax Return**

**Filing Status**  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying widow(er) (QW)

**Check only one box.** If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_

Foreign country name: \_\_\_\_\_ Foreign province/state/county: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_  Yes  No

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?  Yes  No

**Standard Deduction**  Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1957  Are blind  Spouse:  Was born before January 2, 1957  Is blind

**Dependents** (see instructions) If more than four dependents, see instructions and check box

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input type="checkbox"/> Child tax credit	(5) <input type="checkbox"/> Credit for other dependents

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1
2a	Tax-exempt interest	2a
2b	Qualified dividends	2b
4a	IRA distributions	4a
5a	Pensions and annuities	5a
6a	Social security benefits	6a
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7
8	Other income from Schedule 1, line 10	8
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10	Adjustments to income from Schedule 1, line 20	10
11	Subtract line 10 from line 9. This is your adjusted gross income	11
12a	Standard deduction or itemized deductions (from Schedule A)	12a
12b	Charitable contributions if you take the standard deduction (see instructions)	12b
13	Qualified business income deduction from Form 8995 or Form 8995-A	13
14	Add lines 12c and 13	14
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2021)

Virtual Currency Question is now the Digital Assets Question

**1040** Department of the Treasury - Internal Revenue Service **2022** (OMB No. 1545-0074) (Use Only - Do not write or staple in this space.)

**U.S. Individual Income Tax Return**

**Filing Status**  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying surviving spouse (QSS)

**Check only one box.** If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_

Foreign country name: \_\_\_\_\_ Foreign province/state/county: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_  Yes  No

At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions)  Yes  No

**Deduction**  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1958  Are blind  Spouse:  Was born before January 2, 1958  Is blind

**Dependents** (see instructions) If more than four dependents, see instructions and check box

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input type="checkbox"/> Credit tax credit	(5) <input type="checkbox"/> Credit for other dependents

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a
1b	Household employee wages not reported on Form(s) W-2	1b
1c	Tip income not reported on line 1a (see instructions)	1c
1d	Medical waiver payments not reported on Form(s) W-2 (see instructions)	1d
1e	Taxable dependent care benefits from Form 2441, line 2b	1e
1f	Employer-provided adoption benefits from Form 8839, line 29	1f
1g	Wages from Form 8919, line 5	1g
1h	Other earned income (see instructions)	1h
1i	Non-taxable combat pay election (see instructions)	1i
1j	Add lines 1a through 1h	1j
2a	Tax-exempt interest	2a
2b	Qualified dividends	2b
4a	IRA distributions	4a
5a	Pensions and annuities	5a
6a	Social security benefits	6a
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7
8	Other income from Schedule 1, line 10	8
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10	Adjustments to income from Schedule 1, line 20	10
11	Subtract line 10 from line 9. This is your adjusted gross income	11
12	Standard deduction or itemized deductions (from Schedule A)	12
13	Qualified business income deduction from Form 8995 or Form 8995-A	13
14	Add lines 12 and 13	14
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2022)

## Changes to the Virtual Currency Question

**2021** – “At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any **virtual currency**?”

**2022** – At any time during 2022, did you (a) receive (**as a reward, award, or compensation**); or (b) sell, exchange, gift, or otherwise dispose of a **digital asset** (or financial interest in a **digital asset**)?”

- Digital Assets & Virtual Currency are significant concerns for the IRS!

# Digital Assets

**What is the Definition of a “Digital Asset”** – A digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value.

Types of Digital Assets are:

- **Virtual Currency** (Bitcoin, Ethereum, etc.)
- **Non-Cryptographic Currency** – gaming tokens
- **Non-Currency Digital Assets** – photos, emojis, memes



## Tax Treatment of Digital Assets

**Taxed as property – Not as currency** (No Mark to Market), which means:

- Basis is established when acquired with fiat currency (dollars, euros, etc.)
- Some type of income (loss) is recognized when virtual currency is **sold, exchanged or used as payment to acquire** any goods or services. (Just like any other property.)
- Income is also recognized when the taxpayer receives virtual currency as **payment for good or services or rewards**. (Just like any other property.)



# Income Characteristics of Digital Assets

## Digital Assets Treated as Capital Assets (Capital Gains) when –

- Trading, selling, exchanging, or spending any digital asset that you own as an investment
- Non-currency digital assets may be subject to the capital gains collectible rules



# Income Characteristics of Digital Assets

## Digital Assets Treated as Ordinary Income when –

- Receiving digital assets / virtual currency as payment for wages
- Mining
- Trading as a dealer or as part of a trade or business



# 1040 (Page 1) Comparison 2021 vs. 2022

**1040** Department of the Treasury - Internal Revenue Service **2021** (OMB No. 1545-0047) (SS) Use Only - Do not write or staple in this space.

**U.S. Individual Income Tax Return**

**Filing Status** Check only one box.  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying widow(er) (QW)  Qualifying surviving spouse (QS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_

Foreign country name: \_\_\_\_\_ Foreign province/state/country: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_  Yes  No

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?  Yes  No

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1957  Are blind  Spouse:  Was born before January 2, 1957  Is blind

**Dependents** (see instructions): If more than four dependents, see instructions and check here

Attach Form(s) if required.	1a	1b	2a	2b	3a	3b	4a	4b	5a	5b	6a	6b	7	8	9	10	11	12a	12b	13	14	15			
1	Wages, salaries, tips, etc. Attach Form(s) W-2		2a	Tax-exempt interest	2b	Taxable interest	3a	Qualified dividends	3b	Ordinary dividends	4a	IRA distributions	4b	Taxable amount	5a	Pensions and annuities	5b	Taxable amount	6a	Social security benefits	6b	Taxable amount	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	
8	Other income from Schedule 1, line 10		9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		10	Adjustments to income from Schedule 1, line 20		11	Subtract line 10 from line 9. This is your adjusted gross income		12a	Standard deduction or itemized deductions (from Schedule A)		12b	Charitable contributions if you take the standard deduction (see instructions)		13	Qualified business income deduction from Form 9965 or Form 9969-A		14	Add lines 12c and 13		15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2021)

Line 1 now has subparts to break out earned income from various sources

**1040** Department of the Treasury - Internal Revenue Service **2022** (OMB No. 1545-0074) (SS) Use Only - Do not write or staple in this space.

**U.S. Individual Income Tax Return**

**Filing Status** Check only one box.  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying surviving spouse (QS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QS box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_

Foreign country name: \_\_\_\_\_ Foreign province/state/country: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_  Yes  No

At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions)  Yes  No

**Digital Assets**

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1958  Are blind  Spouse:  Was born before January 2, 1958  Is blind

**Dependents** (see instructions): If more than four dependents, see instructions and check here

Attach Form(s) if required. Also attach Form(s) W-2 and Form 1099-INT if tax was withheld. If you did not get a Form 1099-INT, see instructions.	1a	1b	2a	2b	3a	3b	4a	4b	5a	5b	6a	6b	7	8	9	10	11	12a	12b	13	14	15			
1a	Total amount from Form(s) W-2, box 1 (see instructions)		2a	Tax-exempt interest	2b	Taxable interest	3a	Qualified dividends	3b	Ordinary dividends	4a	IRA distributions	4b	Taxable amount	5a	Pensions and annuities	5b	Taxable amount	6a	Social security benefits	6b	Taxable amount	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	
8	Other income from Schedule 1, line 10		9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		10	Adjustments to income from Schedule 1, line 20		11	Subtract line 10 from line 9. This is your adjusted gross income		12a	Standard deduction or itemized deductions (from Schedule A)		12b	Charitable contributions if you take the standard deduction (see instructions)		13	Qualified business income deduction from Form 9965 or Form 9969-A		14	Add lines 12c and 13		15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2022)

# 1040 (Page 1) Comparison 2021 vs. 2022

**1040** Department of the Treasury - Internal Revenue Service **2021** (OMB No. 1545-0047) (SS) Use Only - Do not write or staple in this space.

**U.S. Individual Income Tax Return**

**Filing Status** Check only one box.  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying widow(er) (QW)  Qualifying surviving spouse (QS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_

Foreign country name: \_\_\_\_\_ Foreign province/state/country: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_  Yes  No

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?  Yes  No

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1957  Are blind  Spouse:  Was born before January 2, 1957  Is blind

**Dependents** (see instructions): If more than four dependents, see instructions and check here

Attach Form(s) if required.	1a	1b	2a	2b	3a	3b	4a	4b	5a	5b	6a	6b	7	8	9	10	11	12a	12b	13	14	15			
1	Wages, salaries, tips, etc. Attach Form(s) W-2		2a	Tax-exempt interest	2b	Taxable interest	3a	Qualified dividends	3b	Ordinary dividends	4a	IRA distributions	4b	Taxable amount	5a	Pensions and annuities	5b	Taxable amount	6a	Social security benefits	6b	Taxable amount	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	
8	Other income from Schedule 1, line 10		9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		10	Adjustments to income from Schedule 1, line 20		11	Subtract line 10 from line 9. This is your adjusted gross income		12a	Standard deduction or itemized deductions (from Schedule A)		12b	Charitable contributions if you take the standard deduction (see instructions)		13	Qualified business income deduction from Form 9965 or Form 9969-A		14	Add lines 12c and 13		15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2021)

Line 6 has a new check box if the lump-sum method is elected for Social Security

**1040** Department of the Treasury - Internal Revenue Service **2022** (OMB No. 1545-0074) (SS) Use Only - Do not write or staple in this space.

**U.S. Individual Income Tax Return**

**Filing Status** Check only one box.  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying surviving spouse (QS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QS box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_

Foreign country name: \_\_\_\_\_ Foreign province/state/country: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_  Yes  No

At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions)  Yes  No

**Digital Assets**

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1958  Are blind  Spouse:  Was born before January 2, 1958  Is blind

**Dependents** (see instructions): If more than four dependents, see instructions and check here

Attach Form(s) if required. Also attach Form(s) W-2 and Form 1099-INT if tax was withheld. If you did not get a Form 1099-INT, see instructions.	1a	1b	2a	2b	3a	3b	4a	4b	5a	5b	6a	6b	7	8	9	10	11	12a	12b	13	14	15			
1a	Total amount from Form(s) W-2, box 1 (see instructions)		2a	Tax-exempt interest	2b	Taxable interest	3a	Qualified dividends	3b	Ordinary dividends	4a	IRA distributions	4b	Taxable amount	5a	Pensions and annuities	5b	Taxable amount	6a	Social security benefits	6b	Taxable amount	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	
8	Other income from Schedule 1, line 10		9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income		10	Adjustments to income from Schedule 1, line 20		11	Subtract line 10 from line 9. This is your adjusted gross income		12a	Standard deduction or itemized deductions (from Schedule A)		12b	Charitable contributions if you take the standard deduction (see instructions)		13	Qualified business income deduction from Form 9965 or Form 9969-A		14	Add lines 12c and 13		15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income

For Disclosures, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2022)

# 1040 (Page 1) Comparison 2021 vs. 2022

**1040** Department of the Treasury - Internal Revenue Service **2021** U.S. Individual Income Tax Return (OMB No. 1545-0047) (Use Only - Do not write or staple in this space.)

**Filing Status**  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying widow(er)  Qualifying surviving spouse (QSS)

**Check only one box.** If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street), if you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  Yes  No

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_ Foreign country name: \_\_\_\_\_ Foreign province/state/country: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency?  Yes  No

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1957  Are blind  Spouse:  Was born before January 2, 1957  Is blind

**Dependents** (see instructions) If more than four dependents, see instructions and check box 

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input type="checkbox"/> If qualifies for instructions Credit for other dependents

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1
2a	Tax-exempt interest	2a
2b	Qualified dividends	2b
2c	Ordinary dividends	2c
4a	IRA distributions	4a
4b	Taxable amount	4b
5a	Pensions and annuities	5a
5b	Taxable amount	5b
6a	Social security benefits	6a
6b	Taxable amount	6b
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7
8	Other income from Schedule 1, line 10	8
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10	Adjustments to income from Schedule 1, line 20	10
11	Subtract line 10 from line 9. This is your adjusted gross income	11
12a	Standard deduction or itemized deductions (see instructions)	12a
12b	Charitable contributions if you take the standard deduction (see instructions)	12b
13	Qualified business income deduction from Form 990-B or Form 990-E	13
14	Add lines 12c and 13	14
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2021)

Line 12 no longer has the charitable deduction for non-itemizers

**1040** Department of the Treasury - Internal Revenue Service **2022** U.S. Individual Income Tax Return (OMB No. 1545-0047) (Use Only - Do not write or staple in this space.)

**Filing Status**  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying surviving spouse (QSS)

**Check only one box.** If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

Your first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

If joint return, spouse's first name and middle initial: \_\_\_\_\_ Last name: \_\_\_\_\_ Spouse's social security number: \_\_\_\_\_

Home address (number and street), if you have a P.O. box, see instructions. Apt. no. \_\_\_\_\_ Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  Yes  No

City, town, or post office. If you have a foreign address, also complete space below. State: \_\_\_\_\_ ZIP code: \_\_\_\_\_ Foreign country name: \_\_\_\_\_ Foreign province/state/country: \_\_\_\_\_ Foreign postal code: \_\_\_\_\_

At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.)  Yes  No

**Digital Assets**  Yes  No

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1958  Are blind  Spouse:  Was born before January 2, 1958  Is blind

**Dependents** (see instructions) If more than four dependents, see instructions and check box 

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input type="checkbox"/> Credit for other dependents

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a
1b	Household employee wages not reported on Form(s) W-2	1b
1c	Tip income not reported on line 1a (see instructions)	1c
1d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d
1e	Taxable dependent care benefits from Form 2441, line 2b	1e
1f	Employer-provided adoption benefits from Form 8839, line 29	1f
1g	Wages from Form 991-B, line 9	1g
1h	Other earned income (see instructions)	1h
1i	Nontaxable combat pay (see instructions)	1i
2a	Tax-exempt interest	2a
2b	Qualified dividends	2b
2c	Ordinary dividends	2c
4a	IRA distributions	4a
4b	Taxable amount	4b
5a	Pensions and annuities	5a
5b	Taxable amount	5b
6a	Social security benefits	6a
6b	Taxable amount	6b
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7
8	Other income from Schedule 1, line 10	8
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10	Adjustments to income from Schedule 1, line 20	10
11	Subtract line 10 from line 9. This is your adjusted gross income	11
12	Standard deduction or itemized deductions (see instructions)	12
13	Qualified business income deduction from Form 990-B or Form 990-E	13
14	Add lines 12 and 13	14
15	Subtract line 14 from line 11. If zero or less, enter -0-	15

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2022)

# 1040 (Page 2) Comparison 2021 vs. 2022

Form 1040 (2021) Page 2

**Tax** (see instructions). Check if any from Form(s): 1  8814 2  4872 3 

16	Tax	16
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19
20	Amount from Schedule 3, line 8	20
21	Add lines 18 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23
24	Add lines 22 and 23. This is your total tax	24
25	Federal income tax withheld from:	25
a	Form(s) W-2	25a
b	Form(s) 1099	25b
c	Other forms (see instructions)	25c
d	Add lines 25a through 25c	25d
26	2021 estimated tax payments and amount applied from 2020 return	26
27a	Formal income credit (EIC)	27a
27b	Additional child tax credit or additional child tax credit from Schedule 8812	27b
27c	Earned income credit (EIC)	27c
27d	American opportunity credit from Form 8863, line 8	27d
27e	American opportunity credit from Form 8863, line 8	27e
27f	Recovery rebate credit. See instructions	27f
27g	Amount from Schedule 3, line 15	27g
28	Add lines 27a and 27g through 27i. These are your total other payments and refundable credits	28
29	Subtract line 28 from line 24. This is the amount you overpaid	29
30	Amount of line 24 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	30
31	Amount of line 24 you want applied to your 2022 estimated tax	31
32	Amount of line 34 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	32
33	Amount of line 34 you want applied to your 2022 estimated tax	33

**Refund**  Direct deposit?  See instructions. 

34	Account number	34
35	Routing number	35
36	Amount of line 34 you want applied to your 2022 estimated tax	36

**Amount You Owe**

37	Estimated tax penalty (see instructions)	37
----	--	----

**Third Party Designee** Do you want to allow another person to discuss this return with the IRS? See instructions.  Yes, Complete below.  No

Designee's name: \_\_\_\_\_ Phone no.: \_\_\_\_\_ Personal identification number (PIN): \_\_\_\_\_

**Sign Here** Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Taxpayer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Your occupation: \_\_\_\_\_

Spouse's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Spouse's occupation: \_\_\_\_\_

Preparer's name: \_\_\_\_\_ Date: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Preparer's occupation: \_\_\_\_\_

Form 1040 (2021)

Second Page has removed subparts to Line 27 for EITC regarding Prior Year (2019) earned income and the provisions for 19-year-olds claiming EITC

Form 1040 (2022) Page 2

**Tax and Credits**

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4872 3 <input type="checkbox"/>	16
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18
19	Child tax credit or credit for other dependents from Schedule 8812	19
20	Amount from Schedule 3, line 8	20
21	Add lines 18 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23
24	Add lines 22 and 23. This is your total tax	24

**Payments**

25	Federal income tax withheld from:	25
a	Form(s) W-2	25a
b	Form(s) 1099	25b
c	Other forms (see instructions)	25c
d	Add lines 25a through 25c	25d
26	2022 estimated tax payments and amount applied from 2021 return	26
27a	Formal income credit (EIC)	27a
27b	Additional child tax credit from Schedule 8812	27b
27c	Earned income credit (EIC)	27c
27d	American opportunity credit from Form 8863, line 8	27d
27e	American opportunity credit from Form 8863, line 8	27e
27f	Recovery rebate credit. See instructions	27f
27g	Amount from Schedule 3, line 15	27g
28	Add lines 27a and 27g through 27i. These are your total other payments and refundable credits	28
29	Subtract line 28 from line 24. This is the amount you overpaid	29
30	Amount of line 24 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	30
31	Amount of line 24 you want applied to your 2022 estimated tax	31
32	Amount of line 34 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	32
33	Amount of line 34 you want applied to your 2022 estimated tax	33

**Refund**  Direct deposit?  See instructions. 

34	Account number	34
35	Routing number	35
36	Amount of line 34 you want applied to your 2022 estimated tax	36

**Amount You Owe**

37	Estimated tax penalty (see instructions)	37
----	--	----

**Third Party Designee** Do you want to allow another person to discuss this return with the IRS? See instructions.  Yes, Complete below.  No

Designee's name: \_\_\_\_\_ Phone no.: \_\_\_\_\_ Personal identification number (PIN): \_\_\_\_\_

**Sign Here** Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Taxpayer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Your occupation: \_\_\_\_\_

Spouse's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Spouse's occupation: \_\_\_\_\_

Preparer's name: \_\_\_\_\_ Date: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Preparer's occupation: \_\_\_\_\_

Form 1040 (2022)

# 1040 (Page 2) Comparison 2021 vs. 2022

Form 1040 (2021) Page 2

16 Tax (see instructions). Check if any from Form(s) 1  8814 2  4872 3  16

17 Amount from Schedule 2, line 3 17

18 Add lines 16 and 17 18

19 Nonrefundable child tax credit or credit for other dependents from Schedule 8812 19

20 Amount from Schedule 3, line 8 20

21 Add lines 18 and 20 21

22 Subtract line 21 from line 18. If zero or less, enter -0- 22

23 Other taxes, including self-employment tax, from Schedule 2, line 21 23

24 Add lines 22 and 23. This is your total tax 24

25 Federal income tax withheld from:

a Form(s) W-2 25a

b Form(s) 1099 25b

c Other forms (see instructions) 25c

d Add lines 25a through 25c 25d

26 2021 estimated tax payments and amount applied from 2020 return 26

27a Earned income credit (EIC) 27a

Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions.

b Nonrefundable combat pay election 27b

c Other year (2018) earned income 27c

28 Refundable child tax credit or additional child tax credit from Schedule 8812 28

29 Recovery rebate credit. See instructions. 30

30 Add lines 27a and 28 through 31. These are your total other payments and refundable credits 30

31 Add lines 25d, 26, and 30. These are your total payments 31

32 If line 30 is more than line 24, subtract line 24 from line 30. This is the amount you overpaid 32

33 Amount of line 34 you want refunded to you. If Form 8888 is attached, check here 33

34 Refund 34

35a Amount of line 34 you want refunded to you. If Form 8888 is attached, check here 35a

35b Routing number 35b

35c Account number 35c

35d Type  Checking  Savings 35d

36 Amount of line 34 you want applied to your 2022 estimated tax 36

37 Amount you owe. Subtract line 33 from line 34. For details on how to pay, see instructions. 37

38 Estimated tax penalty (see instructions) 38

39 Do you want to allow another person to discuss this return with the IRS? See instructions.  Yes. Complete below.  No

40 Designee's name 40

41 Personal identification number (PIN) 41

42 Date 42

43 Your occupation 43

44 If the IRS sent you an identity protection PIN, enter it here (see instructions) 44

45 Spouse's signature, if a joint return, both must sign. 45

46 Spouse's occupation 46

47 If the IRS sent your spouse an identity protection PIN, enter it here (see instructions) 47

48 Preparer's name 48

49 Preparer's signature 49

50 Date 50

51 Preparer's PTIN 51

52 Check if self-employed 52

53 Firm's name 53

54 Firm's address 54

55 Firm's EIN 55

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information. Form 1040 (2021)

Recovery Rebate Credit is now marked as reserved for future use

Form 1040 (2022) Page 2

16 Tax (see instructions). Check if any from Form(s) 1  8814 2  4872 3  16

17 Amount from Schedule 2, line 3 17

18 Add lines 16 and 17 18

19 Child tax credit or credit for other dependents from Schedule 8812 19

20 Amount from Schedule 3, line 8 20

21 Add lines 18 and 20 21

22 Subtract line 21 from line 18. If zero or less, enter -0- 22

23 Other taxes, including self-employment tax, from Schedule 2, line 21 23

24 Add lines 22 and 23. This is your total tax 24

25 Federal income tax withheld from:

a Form(s) W-2 25a

b Form(s) 1099 25b

c Other forms (see instructions) 25c

d Add lines 25a through 25c 25d

26 2022 estimated tax payments and amount applied from 2021 return 26

27a Earned income credit (EIC) 27a

Check here if you have a qualifying child (attain 18, etc.). See instructions.

b Additional child tax credit from Schedule 8812 27b

28 American opportunity credit from Form 8863, line 8. 28

29 Reserved for future use 29

30 Amount from Schedule 3, line 10 30

31 Add lines 27, 28, 29, and 30. These are your total other payments and refundable credits 31

32 Add lines 25d, 26, and 31. These are your total payments 32

33 If line 31 is more than line 24, subtract line 24 from line 31. This is the amount you overpaid 33

34 Refund 34

35a Amount of line 34 you want refunded to you. If Form 8888 is attached, check here 35a

35b Routing number 35b

35c Account number 35c

35d Type  Checking  Savings 35d

36 Amount of line 34 you want applied to your 2022 estimated tax 36

37 Subtract line 33 from line 24. This is the amount you owe. For details on how to pay, go to [www.irs.gov/Payments](http://www.irs.gov/Payments) or see instructions. 37

38 Estimated tax penalty (see instructions) 38

39 Do you want to allow another person to discuss this return with the IRS? See instructions.  Yes. Complete below.  No

40 Designee's name 40

41 Personal identification number (PIN) 41

42 Date 42

43 Your occupation 43

44 If the IRS sent you an identity protection PIN, enter it here (see instructions) 44

45 Spouse's signature, if a joint return, both must sign. 45

46 Spouse's occupation 46

47 If the IRS sent your spouse an identity protection PIN, enter it here (see instructions) 47

48 Preparer's name 48

49 Preparer's signature 49

50 Date 50

51 Preparer's PTIN 51

52 Check if self-employed 52

53 Firm's name 53

54 Firm's address 54

55 Firm's EIN 55

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information. Form 1040 (2022)

# 1040 (Page 2) Comparison 2021 vs. 2022

Form 1040 (2021) Page 2

16 Tax (see instructions). Check if any from Form(s) 1  8814 2  4872 3  16

17 Amount from Schedule 2, line 3 17

18 Add lines 16 and 17 18

19 Nonrefundable child tax credit or credit for other dependents from Schedule 8812 19

20 Amount from Schedule 3, line 8 20

21 Add lines 18 and 20 21

22 Subtract line 21 from line 18. If zero or less, enter -0- 22

23 Other taxes, including self-employment tax, from Schedule 2, line 21 23

24 Add lines 22 and 23. This is your total tax 24

25 Federal income tax withheld from:

a Form(s) W-2 25a

b Form(s) 1099 25b

c Other forms (see instructions) 25c

d Add lines 25a through 25c 25d

26 2021 estimated tax payments and amount applied from 2020 return 26

27a Earned income credit (EIC) 27a

Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions.

b Nonrefundable combat pay election 27b

c Other year (2018) earned income 27c

28 Refundable child tax credit or additional child tax credit from Schedule 8812 28

29 Recovery rebate credit. See instructions. 30

30 Add lines 27a and 28 through 31. These are your total other payments and refundable credits 30

31 Add lines 25d, 26, and 30. These are your total payments 31

32 If line 30 is more than line 24, subtract line 24 from line 30. This is the amount you overpaid 32

33 Amount of line 34 you want refunded to you. If Form 8888 is attached, check here 33

34 Refund 34

35a Amount of line 34 you want refunded to you. If Form 8888 is attached, check here 35a

35b Routing number 35b

35c Account number 35c

35d Type  Checking  Savings 35d

36 Amount of line 34 you want applied to your 2022 estimated tax 36

37 Amount you owe. Subtract line 33 from line 34. For details on how to pay, see instructions. 37

38 Estimated tax penalty (see instructions) 38

39 Do you want to allow another person to discuss this return with the IRS? See instructions.  Yes. Complete below.  No

40 Designee's name 40

41 Personal identification number (PIN) 41

42 Date 42

43 Your occupation 43

44 If the IRS sent you an identity protection PIN, enter it here (see instructions) 44

45 Spouse's signature, if a joint return, both must sign. 45

46 Spouse's occupation 46

47 If the IRS sent your spouse an identity protection PIN, enter it here (see instructions) 47

48 Preparer's name 48

49 Preparer's signature 49

50 Date 50

51 Preparer's PTIN 51

52 Check if self-employed 52

53 Firm's name 53

54 Firm's address 54

55 Firm's EIN 55

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information. Form 1040 (2021)

Line 19 and Line 28 – addressing the Child Tax Credit and Additional Child Tax Credit revert to how they were presented in 2020

Form 1040 (2022) Page 2

16 Tax (see instructions). Check if any from Form(s) 1  8814 2  4872 3  16

17 Amount from Schedule 2, line 3 17

18 Add lines 16 and 17 18

19 Child tax credit or credit for other dependents from Schedule 8812 19

20 Amount from Schedule 3, line 8 20

21 Add lines 18 and 20 21

22 Subtract line 21 from line 18. If zero or less, enter -0- 22

23 Other taxes, including self-employment tax, from Schedule 2, line 21 23

24 Add lines 22 and 23. This is your total tax 24

25 Federal income tax withheld from:

a Form(s) W-2 25a

b Form(s) 1099 25b

c Other forms (see instructions) 25c

d Add lines 25a through 25c 25d

26 2022 estimated tax payments and amount applied from 2021 return 26

27a Earned income credit (EIC) 27a

Check here if you have a qualifying child (attain 18, etc.). See instructions.

b Additional child tax credit from Schedule 8812 27b

28 American opportunity credit from Form 8863, line 8. 28

29 Reserved for future use 29

30 Amount from Schedule 3, line 10 30

31 Add lines 27, 28, 29, and 30. These are your total other payments and refundable credits 31

32 Add lines 25d, 26, and 31. These are your total payments 32

33 If line 31 is more than line 24, subtract line 24 from line 31. This is the amount you overpaid 33

34 Refund 34

35a Amount of line 34 you want refunded to you. If Form 8888 is attached, check here 35a

35b Routing number 35b

35c Account number 35c

35d Type  Checking  Savings 35d

36 Amount of line 34 you want applied to your 2022 estimated tax 36

37 Subtract line 33 from line 24. This is the amount you owe. For details on how to pay, go to [www.irs.gov/Payments](http://www.irs.gov/Payments) or see instructions. 37

38 Estimated tax penalty (see instructions) 38

39 Do you want to allow another person to discuss this return with the IRS? See instructions.  Yes. Complete below.  No

40 Designee's name 40

41 Personal identification number (PIN) 41

42 Date 42

43 Your occupation 43

44 If the IRS sent you an identity protection PIN, enter it here (see instructions) 44

45 Spouse's signature, if a joint return, both must sign. 45

46 Spouse's occupation 46

47 If the IRS sent your spouse an identity protection PIN, enter it here (see instructions) 47

48 Preparer's name 48

49 Preparer's signature 49

50 Date 50

51 Preparer's PTIN 51

52 Check if self-employed 52

53 Firm's name 53

54 Firm's address 54

55 Firm's EIN 55

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information. Form 1040 (2022)

# Schedule 1 (page 1) Comparison 2021 vs. 2022

**SCHEDULE 1 (Form 1040) Additional Income and Adjustments to Income** OMB No. 1545-0074  
**2021** Attachment Sequence No. 01  
 Department of the Treasury Internal Revenue Service  
 Attach to Form 1040, 1040-SR, or 1040-NR.  
 Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.  
 Name(s) shown on Form 1040, 1040-SR, or 1040-NR Your social security number

**Part I Additional Income**

1	Taxable refunds, credits, or offsets of state and local income taxes	1
2a	Alimony received	2a
b	Date of original divorce or separation agreement (see instructions)	
3	Business income or (loss). Attach Schedule C	3
4	Other gains or (losses). Attach Form 4797	4
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5
6	Farm income or (loss). Attach Schedule F	6
7	Unemployment compensation	7
8	Other income:	
a	Net operating loss	8a
b	Gambling	8b
c	Cancellation of debt	8c
d	Foreign earned income exclusion from Form 2555	8d
e	Income from Form 8853	8e
f	Income from Form 8889	8f
g	Alaska Permanent Fund dividends	8g
h	Jury duty pay	8h
i	Prizes and awards	8i
j	Activity not engaged in for profit income	8j
k	Stock options	8k
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m
n	Section 951(a) inclusion (see instructions)	8n
o	Section 951(a)(1) inclusion (see instructions)	8o
p	Section 461(i) excess business loss adjustment	8p
q	Taxable distributions from an ABLI account (see instructions)	8q
r	Scholarship and fellowship grants not reported on Form W-2	8r
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t
u	Wages earned while incarcerated	8u
z	Other income. List type and amount	8z
9	Total other income. Add lines 8a through 8z	9
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10

For Paperwork Reduction Act Notice, see your tax return instructions. Schedule 1 (Form 1040) 2021

Schedule 1– Additional Income now includes income items which were previously printed on the dotted line next to Line 1, including the nontaxable amount of Medicaid Waiver Payments that were previously a subtraction on Other Income

**SCHEDULE 1 (Form 1040) Additional Income and Adjustments to Income** OMB No. 1545-0074  
**2022** Attachment Sequence No. 01  
 Department of the Treasury Internal Revenue Service  
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**Part I Additional Income**

1	Taxable refunds, credits, or offsets of state and local income taxes	1
2a	Alimony received	2a
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f	Income from Form 8889	8f
g	Alaska Permanent Fund dividends	8g
h	Jury duty pay	8h
i	Prizes and awards	8i
j	Activity not engaged in for profit income	8j
k	Stock options	8k
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m
n	Section 951(a) inclusion (see instructions)	8n
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u	Wages earned while incarcerated	8u
z	Other income. List type and amount	8z
9	Total other income. Add lines 8a through 8z	9
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2022

# Schedule 1 (page 2) Comparison 2021 vs. 2022

**Schedule 1 (Form 1040) 2021** Page 2

**Part II Adjustments to Income**

11	Educator expenses	11
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12
13	Health savings account deduction. Attach Form 8889	13
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14
15	Deductible part of self-employment tax. Attach Schedule SE	15
16	Self-employed SEP, SIMPLE, and qualified plans	16
17	Self-employed health insurance deduction	17
18	Penalty on early withdrawal of savings	18
19a	Alimony paid	19a
b	Recipient's SSN	
c	Date of original divorce or separation agreement (see instructions)	
20	IRA deduction	20
21	Student loan interest deduction	21
22	Reserved for future use	22
23	Archer MSA deduction	23
24	Other adjustments:	
a	Jury duty pay (see instructions)	24a
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8l	24c
d	Reforestation amortization and expenses	24d
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e
f	Contributions to section 501(c)(18)(D) pension plans	24f
g	Contributions by certain chaplains to section 403(b) plans	24g
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i
j	Housing deduction from Form 2555	24j
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k
z	Other adjustments. List type and amount	24z
25	Total other adjustments. Add lines 24a through 24z	25
26	Add lines 11 through 23 and 25. These are your adjustments to income. Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26

Schedule 1 (Form 1040) 2021

Page 2 remains the same as last year  
 Educator expenses have increased from \$250 to \$300 (Married educators can claim \$600)

**Schedule 1 (Form 1040) 2022** Page 2

**Part II Adjustments to Income**

11	Educator expenses	11
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12
13	Health savings account deduction. Attach Form 8889	13
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14
15	Deductible part of self-employment tax. Attach Schedule SE	15
16	Self-employed SEP, SIMPLE, and qualified plans	16
17	Self-employed health insurance deduction	17
18	Penalty on early withdrawal of savings	18
19a	Alimony paid	19a
b	Recipient's SSN	
c	Date of original divorce or separation agreement (see instructions)	
20	IRA deduction	20
21	Student loan interest deduction	21
22	Reserved for future use	22
23	Archer MSA deduction	23
24	Other adjustments:	
a	Jury duty pay (see instructions)	24a
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c
d	Reforestation amortization and expenses	24d
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e
f	Contributions to section 501(c)(18)(D) pension plans	24f
g	Contributions by certain chaplains to section 403(b) plans	24g
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i
j	Housing deduction from Form 2555	24j
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k
z	Other adjustments. List type and amount	24z
25	Total other adjustments. Add lines 24a through 24z	25
26	Add lines 11 through 23 and 25. These are your adjustments to income. Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26

Schedule 1 (Form 1040) 2022

# 2022 – Schedule 2

**SCHEDULE 2**  
(Form 1040)

**Additional Taxes**  
Attach to Form 1040, 1040-SR, or 1040-NR.  
Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074  
**2022**  
Attachment  
Sequence No. 02

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: \_\_\_\_\_ Your social security number: \_\_\_\_\_

**Part I Tax**

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

**Part II Other Taxes**

4	Self-employment tax. Attach Schedule SE	4	
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6	7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required. If not required, check here <input type="checkbox"/>	8	
9	Household employment taxes. Attach Schedule H	9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required	10	
11	Additional Medicare Tax. Attach Form 8959	11	
12	Net investment income tax. Attach Form 8960	12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares	14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	15	
16	Recapture of low-income housing credit. Attach Form 8611	16	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions. Schedule 2 (Form 1040) 2022

Schedule 2 remains the same as last year and has no changes

Schedule 2 (Form 1040) 2022 Page 2

**Part II Other Taxes (continued)**

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount:	17a	
b	Recapture of federal mortgage subsidy, if you sold your home see instructions	17b	
c	Additional tax on HSA distributions. Attach Form 8889	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i	
j	Section 72(m)(5) excess benefits tax	17j	
k	Golden parachute payments	17k	
l	Tax on accumulation distribution of trusts	17l	
m	Excise tax on insider stock compensation from an expatriated corporation	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o	
p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p	
q	Any interest from Form 8621, line 24	17q	
z	Any other taxes. List type and amount:	17z	
18	Total additional taxes. Add lines 17a through 17z	18	
19	Reserved for future use	19	
20	Section 965 net tax liability installment from Form 965-A	20	
21	Add lines 4, 7 through 16, and 18. These are your total other taxes. Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b	21	

Schedule 2 (Form 1040) 2022

# 2022 – Schedule 3

**SCHEDULE 3**  
(Form 1040)

**Additional Credits and Payments**  
Attach to Form 1040, 1040-SR, or 1040-NR.  
Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074  
**2022**  
Attachment  
Sequence No. 03

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: \_\_\_\_\_ Your social security number: \_\_\_\_\_

**Part I Nonrefundable Credits**

1	Foreign tax credit. Attach Form 1116 if required	1	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441	2	
3	Education credits from Form 8863, line 19	3	
4	Retirement savings contributions credit. Attach Form 8880	4	
5	Residential energy credits. Attach Form 5695	5	
6	Other nonrefundable credits:		
a	General business credit. Attach Form 3800	6a	
b	Credit for prior year minimum tax. Attach Form 8801	6b	
c	Adoption credit. Attach Form 8839	6c	
d	Credit for the elderly or disabled. Attach Schedule R	6d	
e	Alternative motor vehicle credit. Attach Form 8910	6e	
f	Qualified plug-in motor vehicle credit. Attach Form 8936	6f	
g	Mortgage interest credit. Attach Form 8396	6g	
h	District of Columbia first-time homebuyer credit. Attach Form 8859	6h	
i	Qualified electric vehicle credit. Attach Form 8834	6i	
j	Reserved for future use	6j	
k	Credit to holders of tax credit bonds. Attach Form 8912	6k	
l	Amount on Form 8978, line 14. See instructions	6l	
z	Other nonrefundable credits. List type and amount:	6z	
7	Total other nonrefundable credits. Add lines 6a through 6z	7	
8	Add lines 1 through 5 and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	8	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions. Schedule 3 (Form 1040) 2022

Schedule 3 remains the same as last year and has no changes

Schedule 3 (Form 1040) 2022 Page 2

**Part II Other Payments and Refundable Credits**

9	Net premium tax credit. Attach Form 8962	9	
10	Amount paid with request for extension to file (see instructions)	10	
11	Excess social security and tier 1 RRTA tax withheld	11	
12	Credit for federal tax on fuels. Attach Form 4136	12	
13	Credit for other payments or refundable credits:		
a	Form 2439	13a	
b	Credit for qualified sick and family leave wages paid in 2022 from Schedule(s) H for leave taken before April 1, 2021	13b	
c	Reserved for future use		
d	Credit for repayment of amounts included in income from earlier years	13d	
e	Reserved for future use	13e	
f	Deferred amount of net 965 tax liability (see instructions)		
g	Reserved for future use	13g	
h	Credit for qualified sick and family leave wages paid in 2022 from Schedule(s) H for leave taken after March 31, 2021, and before October 1, 2021	13h	
z	Other payments or refundable credits. List type and amount:	13z	
14	Total other payments or refundable credits. Add lines 13a through 13z	14	
15	Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31	15	

Schedule 3 (Form 1040) 2022

# Covid Relief Tax Provisions

## Covid Relief Tax Provisions

**December 27, 2020** – Consolidated Appropriations Act was signed into law, which impacted the 2020 tax return with many retroactive provisions.



# Covid Relief Tax Provisions

**December 27, 2020** – Consolidated Appropriations Act was signed into law, which impacted the 2020 tax return with many retroactive provisions.

**March 11, 2021** – American Rescue Plan was signed into law, which also retroactively impacted the 2020 tax return and created many new provisions for 2021.



# Covid Relief Tax Provisions

Many (not all) of the provisions in these Covid relief bills **expired on December 31, 2021**, and the tax code has reverted to previous tax provisions for **2022**.



# Recovery Rebate Credit

**No recovery rebate credits** were authorized in 2022 and the taxpayer cannot claim any Recovery Rebate Credit on the 2022 tax return.



# Earned Income Tax Credit – Married but Separated

Prior to the American Rescue Act, a taxpayer filing **Married Filing Separate** was **not eligible** for any Earned Income Tax Credit.



# Earned Income Tax Credit – Married but Separated

Now, married but separated taxpayers that do not file a joint return can claim the EITC if a **qualifying child** lives with the taxpayer for more than six months during the year **and** the taxpayer either:

- **Does not have the same principal residence** as their spouse for the last **six months of the year**; or
- Is **under a separation instrument** and does not live in the same household with their spouse at the **end of the year**.



# Earned Income Tax Credit – Investment Income

Taxpayers cannot claim the earned income credit when they have investment income that exceeds an annual limit.

In 2021, the investment income limitation was significantly increased to **\$10,000**.

- **This was a permanent change to EITC**, and the **\$10,000** amount is adjusted in future years based on the CPI.
- **For 2022, the investment income limitation is \$10,300**
- **For 2023, the investment income limitation is \$11,000**



# Earned Income Tax Credit – Age Requirements

The age requirements were changed for the 2021 tax year:

- **24** if the taxpayer was a **student** for at least five months of the year
- **18** if they were in **foster care any time after turning 14** or were **homeless** in any taxable year
- **19** for all other **non-student** taxpayers

There was **no upper age limit** for the credit in **2021**.



# Earned Income Tax Credit – Age Requirements

Age requirements have reverted in 2022 to previous limits.

- In 2022, a Taxpayer without a child must be **at least age 25 but under age 65** at the end of the tax year.



# Earned Income Tax Credit – Maximum Benefit

The maximum benefit for a taxpayer with no qualifying child was also increased for 2021 but will decrease in 2022.

- Maximum benefit for 2022 - **\$560** (\$1,502 in 2021)
- Maximum AGI a taxpayer could have in 2021 and still receive EITC was **\$21,430** (\$27,380 for MFJ)
- Maximum AGI a taxpayer can have in 2022 and still receive EITC - **\$16,480** (\$22,610 for MFJ)



# Earned Income Tax Credit – Prior Year Income

In **2020** and **2021**, Taxpayers could use their **2019 Earned Income** to calculate the earned income tax credit if their 2019 earned income was greater than the current (2020 or 2021) tax year amount.

- Taxpayers can no longer use any prior year earned income to calculate EITC
- **Only 2022 earned income will be used to calculate EITC this year.**



# Child Tax Credit

## Child Tax Credit – 2022

The enhanced Child Tax Credit created under the American Rescue Plan has **expired**, and the Credit **reverts** to the provisions of the Tax Cuts and Jobs Act which means:

- **No more questions on advance payments or having a “principal place of abode for more than half the year in the United States”**
- **Since there were no advance payments in 2022, there is no reconciliation on the 2022 return**

Child Tax Credit Amounts	
2021 – Child Tax Credit Amounts / Provisions	2022 – Child Tax Credit Amounts / Provisions
<b>Child Tax Credit Amount</b> <ul style="list-style-type: none"> <li>• <b>\$3,600</b> for each qualifying individual under age 6</li> <li>• <b>\$3,000</b> for each qualifying individual ages <b>6 to 17</b></li> <li>• <b>Totally Refundable</b> – no earned income requirement</li> </ul>	<b>Child Tax Credit Amount</b> <ul style="list-style-type: none"> <li>• <b>\$2,000</b> for each qualifying individual ages <b>0 to 16</b></li> <li>• <b>\$1,500</b> is refundable</li> </ul>
<b>First Phaseout – until the credit is reduced to \$2,000</b> <ul style="list-style-type: none"> <li>• AGI more than <b>\$150,000</b> for MFJ</li> <li>• AGI more than <b>\$112,500</b> for HOH</li> <li>• AGI more than <b>\$75,000</b> for all other filing statuses</li> <li>• Credit reduced by 5% for each \$1,000 of income or part thereof that exceeds the limits</li> </ul>	<b>Credit Phase-Out – Only One Phaseout in 2022</b> <ul style="list-style-type: none"> <li>• AGI more than <b>\$400,000</b> for MFJ</li> <li>• AGI more than <b>\$200,000</b> for all other filing statuses</li> <li>• Credit reduced by 5% for each \$1,000 of income or part thereof that exceeds the limits</li> </ul>
<b>Second Phaseout</b> <ul style="list-style-type: none"> <li>• AGI more than <b>\$400,000</b> for MFJ</li> <li>• AGI more than <b>\$200,000</b> for all other filing statuses</li> <li>• Credit reduced by 5% for each \$1,000 of income or part thereof that exceeds the limits</li> </ul>	<b>Refundable Credit Requirements</b> <ul style="list-style-type: none"> <li>• Must have earned income in excess of <b>\$2,500</b></li> <li>• Refundable amount is limited to 15% of the earned income over <b>\$2,500</b></li> <li>• Amount allowed will be calculated on <b>Schedule 8812</b></li> </ul>

## Child Tax Credit – 2022

Under Tax Cuts and Jobs Act, the refundable amount of the Child Tax Credit adjusts yearly in \$100 increments based on the C-CPI. (The non-refundable CTC of \$2,000 does not adjust.)

Due to inflation since 2018, the refundable amount increases this year to **\$1,500** (up from \$1,400).

*It will increase again in 2023 to \$1,600*

# Child Tax Credit – Earned Income Requirement

For 2022, the maximum refundable portion of the Child Tax Credit is **\$1,500/child** (it was \$1,400 in 2020 when this provisions was last in effect)

- The calculation is **15% of taxable earned income over \$2,500**



# Child Tax Credit – Earned Income Requirement

**Example** – Taxpayer has earned income of **\$15,000** and they claim two children ages 6 and 9 on their return. The calculation is **15% of taxable earned income over \$2,500** which is as follows:

Earned Income	\$15,000
Less	<u>2,500</u>
	\$12,500
Multiply by 15%	<u>x .15</u>
Refundable CTC	\$ 1,875



# Child Tax Credit – Puerto Rico

American Rescue Plan **permanently repealed restriction** preventing many Puerto Rican families from claiming any Child Tax Credit.

Previously, residents of Puerto Rico were required to have **three** or more **qualifying children** to claim the credit.



# Child Tax Credit – Puerto Rico

**For 2022 – residents of Puerto Rico have the same eligibility requirements for claiming the Additional Child Tax Credit as Mainland filers.**

Puerto Rico residents must file **1040-PR or 1040-SS** to claim the ACTC and have the same earned income requirements (paid Social Security Taxes, Medicare and/or SE Tax).

Puerto Rico residents have the calculation for the refundable Additional Child Tax Credit of **15% of taxable earned income over \$2,500.**



# Child & Dependent Care Credit

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## Child & Dependent Care Credit – Requirements

**There are four basic requirements for the Child and Dependent Care Credit:**

- Qualifying Person/Child (Child 12 or under or disabled child/spouse)
- Earned Income – If MFJ, both spouses must meet this requirement
- Work-Related Expenses
- Provider Information Must be Reported

Child and Dependent Care Credit	
2021 – Child Tax Credit Amounts / Provisions 100% Refundable Credit	2022 – Child Tax Credit Amounts / Provisions Non-refundable Credit
<b>Expense Limit</b> <ul style="list-style-type: none"> <li>Cannot exceed <b>\$8,000</b> for one qualifying individual</li> <li>Cannot exceed <b>\$16,000</b> for more than one qualifying individual</li> </ul>	<b>Expense Limit</b> <ul style="list-style-type: none"> <li>Cannot exceed <b>\$3,000</b> for one qualifying individual</li> <li>Cannot exceed <b>\$6,000</b> for more than one qualifying individual</li> </ul>
<b>Credit</b> <ul style="list-style-type: none"> <li><b>50%</b> of expenses</li> <li>Maximum of <b>\$4,000</b> (\$8,000 x 50%) – one dependent</li> <li>Maximum of <b>\$8,000</b> (\$16,000 x 50%) – more than one dependent</li> </ul>	<b>Credit</b> <ul style="list-style-type: none"> <li><b>35%</b> of expenses</li> <li>Maximum of <b>\$1,050</b> (\$3,000 x 35%) – one dependent</li> <li>Maximum of <b>\$2,100</b> (\$6,000 x 35%) – more than one dependent</li> </ul>
<b>Credit Phase-Out</b> <ul style="list-style-type: none"> <li>AGI more than <b>\$125,000</b></li> <li>Percentage reduced by 1% for each \$2,000 of income until reduced to 20% until AGI is \$400,000. Second phase out from \$400,000 until eliminated at <b>\$438,000</b></li> </ul>	<b>Credit Phase-Out</b> <ul style="list-style-type: none"> <li>AGI more than <b>\$15,000</b></li> <li>Percentage reduced by 1% for each \$2,000 of income until reduced to 20% for AGI greater than <b>\$43,000</b></li> </ul>

## Dependent Care Benefits

**Consolidated Appropriations Act allows any unused dependent care amounts from 2020 to be rolled over to 2021 and from 2021 to 2022.**

- Historically, unused Dependent Care funds were forfeited at year-end.
- The age limit of a child for **rolled over Dependent Care funds** is **14** in 2022.
- The age limit for a child using **non-rollover funds** is **12**.

# Dependent Care Benefits

## Requirements for Dependent Care Benefits – Flexible Spending Accounts:

- **Qualifying Person/Child** – same standard as for the Child & Dependent Care Credit
- **Earned Income** – Only the spouse with the DCAP must have earned income



Premium Tax Credit

# Premium Tax Credit - Form 8962

Part of Covid relief, the Premium Tax Credit was enhanced for 2021 and 2022. Inflation Reduction Act extends these provisions by three years (through 2025).

- Households with income **no higher than 150% of FPL** receive a subsidy of **100% of the Second Lowest Cost Silver Plan (SLCSP)**
- Households between 150% and 400% receive enhanced subsidies
- Households above 400% spend no more that **8.5%** of their Household Income if they bought the SLCSP



# Premium Tax Credit - Form 8962

The American Rescue Plan created a “special rule” regarding PTC eligibility for those who receive unemployment compensation during 2021 only.

- If someone received unemployment benefits during 2021, their Household Income was treated as being no higher than 150 percent of the FPL.
- **This provision has expired** and individuals receiving unemployment will have their Household Income calculated based on what is entered on the tax return.



# Miscellaneous Changes

## Tax Extenders

### Individual Tax Extenders – All expired as of December 31, 2021

- **Private Mortgage Insurance (PMI)** – no longer available as an itemized deduction
- **Form 8885 – Health Coverage Tax Credit** – this was a credit available to certain taxpayers who were primarily recipients of a pension benefit that was made under the Pension Benefit Guaranty Corporation

# Tax Extenders

**Business Tax Extenders (most reported on Form 3800) – All expired as of December 31, 2021**

- Accelerated Depreciations for Property on Indian Reservations
- American Samoa Economic Development Credit
- Indian Employment Tax Credit
- Mine Rescue Team Training Credit
- Three-Year Depreciation for Racehorses



# Meals Deduction

**Consolidated Appropriations Act made certain business meals 100% deductible.**

- Food and Beverages must be purchased from a restaurant and food deliveries will be deductible at 100%
- De minimis fringe benefits like in-office coffee and snacks do not fall into this category of meals and are still only 50% deductible.
- This deduction expires at the **end of 2022**.



# Charitable Deductions

The charitable deduction for Individuals taking the Standard Deduction (which in 2021 was \$600 for MFJ and \$300 for all other filing statuses) has **expired** and is not available in 2022.



# Sick Leave and Family Leave for Self-Employed

The **sick leave** and **family leave** benefits that were claimed on **Form 7202** in both 2020 and 2021 **have expired**.

- **Form 7202 is not used in 2022** and will not be available in any tax program.



# Standard Mileage Rates

## Optional Mileage Rates for 2022 – Business

- January 1 through June 30, 2022 – **58.5** cents per mile
- July 1 through December 31, 2022 – **62.5** cents per mile



# Standard Mileage Rates

## Optional Mileage Rates for 2022 – Medical

- January 1 through June 30, 2022 – **18** cents per mile
- July 1 through December 31, 2022 – **22** cents per mile



# Inflation Reduction Act

## Inflation Reduction Act

On **August 16, 2022**, the Inflation Reduction Act was enacted.

This will have **some impact** on **2022** tax returns, but **more impact** on the **2023** returns and beyond.



# Inflation Reduction Act – Topics

1. IRS Funding – Potential Impact
2. New Taxes
3. New Credits/Tax Expenditures



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## Inflation Reduction Act – IRS Funding

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# IRS Funding

The 2021 IRS operating budget was **\$12.9 Billion**, which represents a 4.3% increase over the 2010 budget of **\$12.4 Billion**.

The IRS was also given **\$765.7 Million** in COVID-19 supplemental funding, which resulted in a **total IRS budget for FY 2021 of \$13.7 Billion**.



# IRS Funding

**Inflation Reduction Act increases the IRS budget by \$79.6 Billion\* over a ten-year period.** This is approximately a **64%** annual increase over current levels.

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022 - 2031
Billions	14	5,240	4,176	5,215	6,493	7,982	9,820	11,813	14,605	21,123	79,627

\*The exact authorization in the Inflation Reduction Act is \$79,621,533,803. The difference between authorized amount and CBO projected amount shown above is due to rounding.



# IRS Funding Since 2010

IRS Staff by Function – Full-time	2010	2021	Difference
Examination and Collections	46,667	31,300	(15,367) – 32.9%
Filing and Account Services	22,877	28,114	5,237 – 22.9%
Information Systems	6,774	7,095	321 – 4.7%
Shared Services and Support	6,018	5,272	(746) – 12.4%
Taxpayer Assistance	6,361	4,605	(1,756) – 27.6%
Regulatory	1,295	989	(306) – 23.6%
Investigations	4,270	3,036	(1,234) – 28.9%
Total IRS Staff	<b>94,346</b>	<b>80,411</b>	<b>(13,935) – 14.8%</b>



# IRS Enforcement Funding

Some key funding numbers included in the IRA:

**\$6.7 Billion for Program Enforcement** – To target “the integrity of current tax programs”

**\$4.5 Billion for Core Technology** – To “modernize information technology and improve computer assisted data analytics”

**\$45.6 Billion for Audit / Enforcement** – To allow the IRS to hire enforcement staff in all areas (revenue agents, investigators, attorneys)



# IRS – Projected Revenue

Congressional Budget Office estimates of additional revenue to be collected due to IRS program and audit enforcement

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022 - 2031
Billions	0	2,919	7,794	13,459	19,024	24,351	29,552	33,743	37,553	35,315	203,710



# IRS Other Key Funding

**Some other key funding numbers included in the IRA:**

**\$3.2 Billion for Taxpayer Services** – To “improve account services, prefilling assistance, and education.”

**\$15 Million** – To “fund a task force that would study the cost and feasibility of creating a **free direct e-file program.**”



# Inflation Reduction Act – New Taxes

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## Inflation Reduction Act – New Taxes

### New Taxes or Extended Tax Provisions

1. The Excess Business Loss (“EBL”) limitations
2. Alternative Corporate Minimum Tax
3. Stock Repurchase Excise Tax
4. Prescription Drug Pricing Negotiation Noncompliance Excise Tax

# Inflation Reduction Act – New Taxes

## Excess Business Losses on Non-Corporate Taxpayers

The Excess Business Loss (“EBL”) limitation went into effect under TCJA for tax years **2018 through 2026** and is reported on **Form 461**.

EBL limits the amount of trade or business deductions that non-corporate taxpayers can use to offset nonbusiness income up to **\$250,000**, (or **\$500,000** for a joint return), with the thresholds indexed for inflation.



# Inflation Reduction Act – New Taxes

## Excess Business Losses on Non-Corporate Taxpayers.

The Excess Business Loss (“EBL”) limitation was suspended retroactively for 2018-2020 under Covid relief but will **return for 2021**.

**Inflation Reduction Act extends this tax provision by 2 years (2027 – 2028)**



# Inflation Reduction Act – New Taxes

## Alternative Corporate Minimum Tax.

Starting in with first tax year beginning in **2023**:

**C Corporations will pay a minimum tax of 15% on the income that is reported to investors.**

*This new tax is the largest revenue generator in the Inflation Reduction Act.*



# Inflation Reduction Act – New Taxes

## Alternative Corporate Minimum Tax –Requirements

1. Only applies to Corporations that report their income to investors (basically SEC regulated).
2. Have reported over a three-year period annual net income in excess of **\$1 billion** (or **\$100 million** for U.S. subsidiaries of foreign parents).
3. Tax is the difference between 15% of the adjusted financial statement income and regular tax calculated after foreign tax credits.



# Inflation Reduction Act – New Taxes

## Alternative Corporate Minimum Tax.

**368 companies** have reported annual average net income in excess \$1 billion (or \$100 million for U.S. subsidiaries of foreign based corporations) for the three-year period of 2018 – 2020.

- **241 paid more** than required 15%
- **127 paid less** than the required 15% rate (ex. – Amazon, FedEx, & Nike)

*CBO estimates that less than 150 companies will be impacted*



# Inflation Reduction Act – New Taxes

## Excise Tax on Stock Repurchases

Tax is **1% of the fair market value of the stock** repurchased by publicly traded U.S. Corporations after December 31, 2022, less any stock reissued, sold out Treasury, or repurchased to fund any corporation pension plan or stock option plans.

**This excise tax does not apply to any repurchases of \$1 million or less for the year.**



# Inflation Reduction Act – New Taxes

## Prescription Drug Pricing Negotiation Noncompliance Excise Tax

**Starting in 2026** – A new **excise tax will be imposed** on drug manufacturers that fail to enter into drug pricing agreements with Medicare but still sell the drug at a lower cost in the marketplace than what Medicare is charged.

This tax applies to **each sale made during the “noncompliance periods”** and is the difference between the average market price and Medicare’s price.

*CBO expects full compliance from drug companies, and no revenue will be generated from this tax.*



## Inflation Reduction Act – New Credits / Tax Expenditures

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# Inflation Reduction Act – New Credits

## Residential Energy Credits

The Consolidated Appropriations Act **extended** the non-refundable credits that are claimed on **Form 5695 – Residential Energy Credits**

- Residential Energy Efficiency Property Credit (Part I of Form 5695) through **2022**.
- Nonbusiness Energy Property Credit (Part I of Form 5695) through **2021**. – **This credit expired prior to passage of Inflation Reduction Act**



# Inflation Reduction Act – New Credits

## Residential Energy Credits

**Inflation Reduction Act** extended and expanded the credits currently claimed on **Form 5695 – Residential Energy Credits** through **2034**.

- Residential Energy Efficiency Property Credit is now called **Residential Clean Energy Credit**.
- Non-business Energy Property Credit is now the **Energy Efficient Property Credit**.



# Inflation Reduction Act – New Credits

## Residential Clean Energy Credit –

This is a nonrefundable credit that a taxpayer receives for installing the following systems on their properties:

- Qualifying Solar Electric Systems
- Solar Water Heating Systems
- Wind Energy
- Geothermal Heat Pumps
- Biomass Systems
- Qualified Fuel Cells



# Inflation Reduction Act – New Credits

## Residential Clean Energy Credit – Changes for 2022

The credit is now **30% (up from 26% in 2021)** of the costs of installing any of these systems.

There is **no AGI limitation**, and the amount of the credit is **not capped**, except on fuel cells which is limited to \$500 for each one-half kilowatt of capacity of the property.

Any unused credit can be **carried forward** to future years until applied against the taxpayer's income tax liability.



# Inflation Reduction Act – New Credits

## Residential Clean Energy Credit – Changes for 2023 – 2034

**Starting in 2023** – This credit will include expenditures for **Batteries** used to store the electricity generated from these energy producing systems, but it will no longer include Biomass Systems.

- **2023 – 2032** – The credit remains **30%** of the costs of installing these systems
- **2033** – The credit will be **26%**
- **2034** – The credit will be **22%**



# Inflation Reduction Act – New Credits

## Energy Efficient Property Credit – Extended for 2022 (Same Rules as 2021)

Non-refundable Credit for energy efficient improvements to the Taxpayer's Main Home.

- Maximum Lifetime Credit of **\$500**
- **10%** of the costs of various items (doors, insulation, windows, roofing)
- Subject to other limits by category (\$200 for windows, \$150 for furnaces, etc.)



# Inflation Reduction Act – New Credits

## Energy Efficient Property Credit – Changes for 2023 - 2032

Starting in **2023**, the credit will be equal to **30%** of the costs of all eligible home improvements made during the year.

The \$500 lifetime limit on the total credit amount will be replaced with a **\$1,200 annual limit**.



# Inflation Reduction Act – New Credits

## Energy Efficient Property Credit – Changes for 2023 - 2032

The annual limits for specific types of qualifying improvements will be:

- **\$150** for home energy audits
- **\$250** for any exterior door (\$500 total for all exterior doors) that meet applicable Energy Star requirements
- **\$600** for exterior windows and skylights that meet Energy Star most efficient certification requirements



# Inflation Reduction Act – New Credits

## Energy Efficient Property Credit – Changes for 2023 - 2032

The annual limits for specific types of qualifying improvements will be:

- **\$600** for other qualified energy property, including air conditioners; electric panels and water heaters and furnaces
- **\$2,000** for heat pump and heat pump water heaters, biomass stoves and boilers.
  - This category of improvement is **not limited by the \$1,200 annual limit** on total credits or the \$600 limit on qualified energy property.



# Inflation Reduction Act – New Credits

## Energy Efficient Property Credit – Changes for 2023 - 2032

**Starting in 2024** – To claim this credit the Taxpayer will need a Product Identification Number for each product and to include that information on the tax return.



# Inflation Reduction Act – New Credits

## Electric Vehicle Credit – Plug-In Vehicles

This **non-refundable credit** reported on **Form 8936** and any unused portion of the credit cannot be carried forward. This credit has been available since **2011**.

The credit starts at **\$7,500** and the amount of the credit is reduced in stages (\$3,750 - \$1,875) until 200,000 vehicles of each model are sold.

Currently no Tesla or GM and only certain Toyotas qualify for the credit, since over 200,000 of these models have been sold.



# Inflation Reduction Act – New Credits

## Electric Vehicle Credit for 2022

Effective August 16, 2022, this credit has been modified and impacts the 2022 tax return.

For vehicles sold **on or before August 16<sup>th</sup>** the requirements will remain the same as before.

For vehicles sold **after August 16<sup>th</sup>** an **additional requirement** is the **final assembly** of the vehicle must have occurred in North America, which will impact EV's coming from Germany, Japan and Korea.



# Inflation Reduction Act – New Credits

## Electric Vehicle Credit for 2023

1. The final assembly of the vehicle must occur in **North America**.
2. The 200,000 quotas have been eliminated – making models manufactured by **GM, Tesla and Toyota eligible**.
3. The credit is now limited to Taxpayers with income threshold of **\$150,000** for a single filing taxpayer, **\$225,000** for HOH and **\$300,000** for joint filers.
4. The credit is only available on vehicles with a manufacturer suggested retail price of **\$55,000** for new cars and **\$80,000** for pickup trucks, SUVs, and vans



# Inflation Reduction Act – New Credits

## Electric Vehicle Credit for 2023 – Used Vehicles

1. Used Electric Vehicles will be eligible for a credit of **30% of sales price up to a maximum of \$4,000**
2. Vehicle must be **at least two years old** and have eligible VIN.
3. Vehicle must be sold through a dealer – **no private sales**.
4. The credit is only available on vehicles sold for **\$25,000 or less**.
5. Taxpayer's **income level must be no greater than \$75,000** for single filers, \$112,500 for HOH, and \$150,000 for joint filers.
6. **No credit was previously claimed** for the vehicle's VIN



# Inflation Reduction Act – New Credits

## Electric Vehicle Credit for 2024 through 2032

1. Starting in **2024** at least **40% of the battery components** must come from North America or specified US Trading Partners. This rises to 100% by 2029.
2. The credit can be **advanced at the point of sale** and paid directly to the seller.
3. The credit will need to be reconciled on the tax return as a non-refundable credit. Any **excess advance credit will need to be repaid** (like Advance Premium Tax Credits is currently reconciled).



# Inflation Reduction Act – New Credits

## Alternative Fuel Refueling Property Credit

This nonrefundable credit is claimed on **Form 8911** and was set to expire December 31, 2021, but has been extended through **2032**.

- For **2022**, the credit is **30% of the cost of installing charging stations** up to a maximum credit of **\$30,000** for a business and **\$1,000** for home use.



# Inflation Reduction Act – New Credits

## Alternative Fuel Refueling Property Credit

This nonrefundable credit is claimed on **Form 8911** and was set to expire **December 31, 2021** but has been extended through **2032**.

- Starting in **2023**, more types of charging devices will be eligible for the credit
- Credit remains **30% of the cost of charging stations** up to a maximum credit of **\$100,000** for business and **\$1,000** for home.



# 2022 Tax Law Changes

