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Rockefeller Insights

Year-End Tax Planning 2021

Year-End Tax Planning

With the end of the year rapidly approaching, it is important to have a plan to implement any strategic year-end tax planning that can still be accomplished. There are many strategies and elections that can not only help reduce current-year tax bills but can also help minimize future tax liabilities. The items listed below are some of the most effective tax planning strategies that can still be accomplished before the end of the year. For reference and convenience, the appendix to this Insight also includes charts containing the tax brackets and other important tax information for tax years 2021 and 2022.

Minimize Capital Gains

A timely review of a taxpayer's portfolio can uncover hidden tax savings. Tax loss harvesting is the process of selling underperforming investments at a loss and using those capital losses to offset taxable capital gains elsewhere in the taxpayer's portfolio. In a year when a taxpayer's capital losses outweigh their gains, the IRS will allow the taxpayer to apply up to $3,000 in net capital losses against ordinary income. Any unused capital losses can be carried forward to be used in future tax years. On top of the tax benefits of loss harvesting, the strategy can also help rebalance a portfolio that is out of alignment.

Reinvesting capital gains into a qualified opportunity zone (QOZ) fund before the end of 2021 could also give taxpayers additional tax savings. Investing in a QOZ allows a taxpayer to defer the realization of capital gains in an amount equal to the QOZ investment until 2026. Additionally, if a taxpayer invests 2021 realized gains in a QOZ fund by the end of 2021 and holds the QOZ investment until the end of 2026, the taxpayer's basis in the reinvested gain is increased by 10%, effectively excluding 10% of the initial 2021 realized gain from the taxpayer's income. This additional tax incentive would be lost if 2021 capital gains are not invested in a QOZ fund by December 31, 2021.

Annual Exclusion Gifts

For tax year 2021, the IRS permits an individual to gift up to $15,000 ($30,000 for a married couple) to an unlimited number of individuals, without the donor having to use any of his or her $11,700,000 lifetime gift exemption or paying any gift tax.

A married couple that has a taxable estate could therefore save $12,000[1] in federal estate taxes for every individual they gift $30,000 to each year. Electing to front load the funding of a 529 plan (up to $75,000 per donee or $150,000 per donee for a married couple), is another great way for taxpayers to reduce their taxable estates, without the donor having to use any of his/her lifetime gift exemption. On top of the gifted money no longer being included in the taxpayer's estate, the appreciation on those gifted assets is also not subject to estate tax in the donor's estate.

For tax year 2022, the annual exclusion amount will be increased to $16,000 per person ($32,000 for a married couple). As a result, married taxpayers could give $30,000 in December and another $32,000 in January to the same individual without any gift tax consequences.

1. Assumes a 40% federal estate tax rate and assumes no further appreciation on the gifted amount.

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Charitable Contributions

Due to the increased standard deduction ($25,100 for married couples filing jointly in 2021) and the $10,000 cap on the state and local tax deduction, taxpayers may have to be more strategic with their charitable gifting to realize any tax benefit. Depending on a taxpayer's "traditional" annual gifting and other circumstances, they may not gift enough in a given year to exceed the standard deduction. As a result, a taxpayer may get no tax benefit in that year for their charitable contributions.

As the end of the year approaches and taxpayers have a better idea of their income for the year and potentially future years, it may make sense for taxpayers to "bunch" and accelerate their charitable giving for this year, as opposed to sticking with their "traditional" yearly gifting pattern now and in the future. In addition, one special charitable gifting provision, the ability to deduct up to 100% of cash gifts directly to public charities, is scheduled to expire at the end of 2021[2].

An ideal recipient for accelerated charitable gifting is a donor-advised fund (DAF). If a taxpayer establishes a DAF, they can make a large donation to the DAF in the current year and receive the tax deduction in the current year, but the taxpayer is not forced to decide which individual charities he or she would like to benefit right away. Instead, the taxpayer can advise that the DAF make distributions to charities of his or her choosing over any number of years. Please note, however, that the 100% deductibility provision for tax year 2021 **does not apply** to cash gifts to DAFs.

Income Tax Surcharge Planning

President Biden's Build Back Better Act proposes "Surcharge(s)" on high-income individual taxpayers and non-grantor trusts, that would begin in tax year 2022. The Surcharge(s) would apply to the extent a taxpayer's modified adjusted gross income (MAGI) exceeds a certain threshold[3]. As a result, it may be advantageous for taxpayers to accelerate income, including capital gains, into 2021 to avoid the imposition of the Surcharge(s) in future years. It is notable that the Surcharge(s) would apply based on MAGI and not taxable income, as this means a taxpayer would not be able to avoid the additional tax through strategic planning with itemized deductions, such as charitable contributions.

2. Resuming in 2022, charitable deductions for cash gifts will be capped at 60% of adjusted gross income.
3. The Surcharge would be equal to 5% of the amount over $10MM of MAGI for single and married filing joint taxpayers and 5% of the amount over $200,000 of MAGI for non-grantor trusts. An additional 3% Surcharge would apply to the amount over $25MM of MAGI for single and married filing joint taxpayers and 3% of the amount over $500,000 of MAGI for non-grantor trusts.

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Retirement Plan and IRA Year-End Checklist:

Required Minimum Distributions: If you are age 72 or older, you may be required to take distributions from your retirement accounts. These distributions are known as "required minimum distributions" (RMDs) and are applicable to all employer sponsored retirement plans, including 401(k) plans, Roth 401(k) plans, 403(b) plans, 457(b) plans and profit-sharing plans. The RMD rules also apply to traditional IRAs and IRA-based plans such as SEPs and Simple IRAs. The RMD rules do not, however, apply to Roth IRAs while the owner is alive.

If a taxpayer is age 72 or older, he or she must take their RMD by December 31st of the current year or face substantial penalties. There is, however, an exception for taxpayers who turned age 72 in 2021. Such a taxpayer can delay taking their RMD until April 1, 2022, which can provide an opportunity for tax deferral if the taxpayer does not need the RMDs this year.

Qualified Charitable Distributions: Another strategic tax planning item with IRAs is a qualified charitable distribution (QCD). A QCD allows individuals to donate up to $100,000 annually to one or more charities directly from a taxable IRA, in lieu of all or a portion of their RMD (up to the $100,000 limit) being distributed to the individual. There are several tax advantages to a QCD. First, because the QCD goes directly to a charity, the amount of the QCD will not be included in and increase the taxpayer's taxable income. This may help a taxpayer remain in a lower tax bracket and avoid phase-outs and special rules based on the adjusted gross income or taxable income of the taxpayer. Additionally, depending on their state of residence, a taxpayer might not receive a state income tax benefit for charitable contributions claimed as an itemized deduction but could benefit at the state level from excluding the RMD from income all together through a QCD.

The manner in which the QCD rules are drafted by the IRS provide another tax planning opportunity for taxpayers. The QCD rules allow individuals aged 70 ½ or older to make QCDs in a given year, up to 18 months before they are required to start taking RMDs. This window could allow individuals to make QCDs and lower the value of their IRAs, which could reduce the amount of their future RMDs.

Roth Conversions:

President Biden's Build Back Better Act proposes to prohibit Roth conversions of "after-tax" dollars held in retirement accounts (both IRAs and employer-sponsored retirement plans), beginning in 2022. While it is not certain to be passed, taxpayers who have "after-tax" dollars in their traditional retirement accounts should take a fresh look at whether they should convert them to a Roth before year-end, as the choice may soon be now or never.

The Build Back Better Act would also prohibit the Roth conversion of all dollars (not just "after-tax" dollars) for high-income taxpayers, beginning in 2032. If a taxpayer is considering a Roth conversion and may be subject to the Surcharge(s) discussed above in future years, it may be advantageous to complete the Roth conversion before the end of 2021.

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Non-Grantor Trust Income Tax Planning

The income taxation of a non-grantor trust may provide another income tax planning opportunity. Non-grantor trusts reach the top tax bracket (including the imposition of the additional 3.8% net investment income tax) at a much lower threshold than individuals[4]. However, tax law provides that these trusts will generally receive a tax deduction equal to the amount of income that is distributed to the beneficiaries ("income distribution deduction").

As a result, if the trust permits discretionary distributions of income to the beneficiaries, there may be an opportunity to minimize the overall tax liability of the trust and the beneficiaries by making distributions of income to the beneficiaries. Because a non-grantor trust's MAGI (on which the Surcharge thresholds are based) is net of any income distribution deduction the trust is entitled to, this strategy may become even more advantageous if the Surcharge(s) discussed above are passed.

Of note, the IRS permits additional flexibility here by allowing a Trustee to elect to treat distributions made during the first 65 days of the current tax year as distributions made during the immediately preceding tax year[5]. For tax year 2021, a trustee will have until March 6, 2022, to decide to make distributions to beneficiaries that could be treated as distributions made during 2021 for tax purposes.

Takeaways

While the past several months have been filled with proposals to dramatically change the United States individual tax regime, in the end, it appears that 2021 year-end planning may remain relatively unchanged from the past. Of course, there could be nuance surrounding the proposed "Surcharges" and the proposed changes to the rules surrounding retirement accounts, as well as the opportunity for strategically timed QOZ investments. However, with the limited scope of the new Build Back Better bill, many conventional techniques remain relevant. If we've learned anything from the tumultuous environment of late, perhaps it is that planning early, for the right reasons, always smooths out the ride. With legislative volatility here to stay, we will do well to remember that lesson for many years to come.

As always, we encourage clients to reach out to their advisors to continue the discussion and determine if any of the strategies discussed in this piece are right for them.

4. For tax year 2021, a non-grantor trust reaches the top 37% tax bracket at $13,050 of taxable income.
5. The election is permitted under IRC Section 663(b).

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Tax Tables 2021 Edition

2021 Tax Rate Schedule

Taxable Income Over	Taxable Income Not Over	Base Amount of Tax($)	Plus	Marginal Tax Rate	Of the Amount Over ($)
Single					
$ -	$ 9,950.00	$ -	+	10%	$ -
$ 9,950.00	$ 40,525.00	$ 995.00	+	12%	$ 9,950.00
$ 40,525.00	$ 86,375.00	$ 4,664.00	+	22%	$ 40,525.00
$ 86,375.00	$ 164,925.00	$ 14,751.00	+	24%	$ 86,375.00
$ 164,925.00	$ 209,425.00	$ 33,603.00	+	32%	$ 164,925.00
$ 209,425.00	$ 523,600.00	$ 47,843.00	+	35%	$ 209,425.00
$ 523,600.00		$ 157,804.25	+	37%	$ 523,600.00
Head of Household					
$ -	$ 14,200.00	$ -	+	10%	$ -
$ 14,200.00	$ 54,200.00	$ 1,420.00	+	12%	$ 14,200.00
$ 54,200.00	$ 86,350.00	$ 6,220.00	+	22%	$ 54,200.00
$ 86,350.00	$ 164,900.00	$ 13,293.00	+	24%	$ 86,350.00
$ 164,900.00	$ 209,400.00	$ 32,145.00	+	32%	$ 164,900.00
$ 209,400.00	$ 523,600.00	$ 46,385.00	+	35%	$ 209,400.00
$ 523,600.00		$ 156,355.00	+	37%	$ 523,600.00
Married Filing Jointly and Surviving Spouses					
$ -	$ 19,900.00	$ -	+	10%	$ -
$ 19,900.00	$ 81,050.00	$ 1,990.00	+	12%	$ 19,900.00
$ 81,050.00	$ 172,750.00	$ 9,328.00	+	22%	$ 81,050.00
$ 172,750.00	$ 329,850.00	$ 29,502.00	+	24%	$ 172,750.00
$ 329,850.00	$ 418,850.00	$ 67,206.00	+	32%	$ 329,850.00
$ 418,850.00	$ 628,300.00	$ 95,686.00	+	35%	$ 418,850.00
$ 628,300.00		$ 168,993.50	+	37%	$ 628,300.00
Married Filing Separately					
$ -	$ 9,950.00	$ -	+	10%	$ -
$ 9,950.00	$ 40,525.00	$ 995.00	+	12%	$ 9,950.00
$ 40,525.00	$ 86,375.00	$ 4,664.00	+	22%	$ 40,525.00
$ 86,375.00	$ 164,925.00	$ 14,751.00	+	24%	$ 86,375.00
$ 164,925.00	$ 209,425.00	$ 33,603.00	+	32%	$ 164,925.00
$ 209,425.00	$ 314,150.00	$ 47,843.00	+	35%	$ 209,425.00
$ 314,150.00		$ 84,496.75	+	37%	$ 314,150.00
Estates and Trusts					
$ -	$ 2,650.00	$ -	+	10%	$ -
$ 2,650.00	$ 9,550.00	$ 265.00	+	24%	$ 2,650.00
$ 9,550.00	$ 13,050.00	$ 1,921.00	+	35%	$ 9,550.00
$ 13,050.00		$ 3,146.00	+	37%	$ 13,050.00

Kiddie Tax: for individuals under 17 years of age, unearned income over $2,200 for 2021 is generally taxed using the parent's marginal tax rate

Tax Rates on Long-Term Capital Gains and Qualified Dividends Taxable Income

LTCG Tax	Single Filers	Married Filing Jointly	Head of Household	Married Filing Separately
0%	$0-$40,400	$0 - $80,800	$0 - $54,100	$0 - $40,400
15%	$40,400 - $445,850	$80,800 - $501,600	$54,100 - $473,750	$40,400 - $250,800
20%	$445,850 or more	$501,600 or more	$473,750 or more	$250,800 or more

Net Investment Income Tax

3.8% tax on the lesser of: (1) Net Investment Income, or (2) MAGI in excess of $200,000 for single filers or head of households, $250,000 for married couples filing jointly, and $125,000 for married couples filing separately.

Standard Deductions & Personal Exemption

Filing Status	Standard Deduction	Personal Exemption	Phaseouts Begin at AGI of:
Single	$ 12,550.00	N/A	N/A
Head of Household	$ 18,800.00	N/A	N/A
Married Filing jointly and qualifying widow(er)s	$ 25,100.00	N/A	N/A
Married, filing separately	$ 12,550.00	N/A	N/A
Dependent filing own return	$ 1,100.00	N/A	N/A
Additional Deductions for Non-Itemizers			
Blind or over 65 Married Filing Jointly		Add $1,350	
Blind or over 65 and unmarried and not a surviving spouse		Add $1,700	

**For taxable years beginning in 2021, the standard deduction for individuals claimed as a dependent by another taxpayer cannot exceed the greater of (1) $1,100, or (2) the sum of $350 and the individual's earned income*

Alternative Minimum Tax

Filing Status	Exemption Amounts and Phaseouts
Single	$73,600 / $523,600
Married, filing jointly or surviving spouses	$114,600 / $1,047,200
Married, filing separately	$57,300 / $523,600
Estates and Trusts	$25,700 / $85,650

AMT Tax Rates	Married Filing Separately	All Others
26% tax rate applies to income at or below:	$99,950.00	$199,900.00
28% tax rate applies to income over:		

Child Tax Credit

Credit	Maximum Credit	Income Phaseouts Begin At AGI Of:
Enhanced Child Tax Credit* (as augmented by the American Rescue Plan)	$3,000 per qualifying Child (ages 6-17) $3,600 per qualifying Child (ages 5 and under)	$150,000 married filing jointly $112,500 heads of household $75,000 all others

*Subject to eligibility requirements

Gift and Estate Tax Exclusions and Credits

Gift tax annual exclusion	$15,000
Estate, gift & generation skipping tax exclusion amount (per taxpayer)	$11,700,000
Exclusion on gifts to non-citizen spouse	$159,000
Maximum estate, gift & generation skipping tax rate	40%

Charitable Giving Vehicle	Direct Giving	Private Grant Making Foundation	Charitable Gift Annuity	Charitable Remainder Trust	Charitable Lead Trust (Grantor)
Charitable Deduction Amount	Value of property transferred	Value of property transferred	Limited to value of contribution minus payments to donor	Limited to the discounted value of the property transferred to the charity in the future	Limited to present value of payments made to the charity if donor is taxed on trust income
AGI Limitation (Cash Gifts)	100%*	30%	100%*	(60% or 30% depending on named charity)	30%
AGI Limitation (Appreciated Property)	30%	20%	30%	(30% or 20% depending on named charity	20%
Value of Appreciated Property	Fair Market Value	Adjusted Basis**	Fair Market Value	Depends on Charity Named	Adjusted Basis**
Carry-Over	5 Years	5 Years	5 Years	5 Years	5 Years

** December 2020 Stimulus package extended into 2021 the provisions under the CARES Act where direct cash contributions to public charities were deductible up to 100% of AGI. Note this includes Charitable Gift Annuities but does not include cash gifts to Donor Advised Funds which remained deductible up to 60% of AGI for 2021.*
*** "Qualified Appreciated Stock" is valued at Fair Market Value*

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Tax Tables 2021 Edition

Traditional IRA Deductibility Limits

The contribution limit for Traditional IRAs is $6,000; the catch-up at age 50+ is an additional $1,000

Filing Status	Modified AGI	Contribution
Single/HOH covered by a plan	$66,000 or Less	Fully Deductible
	$66,001 - $75,999	Partially Deductible
	$76,000 or More	Not Deductible
Married Filing Jointly and spouse is covered by a plan at work	$105,000 or Less	Fully Deductible
	$105,001 - $124,999	Partially Deductible
	$125,000 or More	Not Deductible
Married Filing Jointly and spouse is not covered by a plan at work	$198,000 or Less	Fully Deductible
	$198,001 - $207,999	Partially Deductible
	$208,000 or More	Not Deductible
Married, Filing Separately	Less than $10,000	Partially Deductible
	$10,000 or More	Not Deductible

If not covered by a plan, single, HOH and married filing jointly (both spouses not covered by a plan) tax filers are able to take a full deduction on their IRA contribution *If spouses did not live together at any time during the year, their filing status is considered Single for purposes of IRA deductions.

ROTH IRA Contribution Limits

The contribution limit for ROTH IRAs is $6,000; the catch-up at age 50+ is an additional $1,000

Filing Status	Modified AGI	Max Annual Contribution
Single/HOH	$124,999 or Less	Fully Eligible
	$125,000 - $139,999	Partially Eligible
	$140,000 or More	Not Eligible
Married Filing Jointly	$197,999 or Less	Fully Eligible
	$198,000 - $207,999	Partially Eligible
	$208,000 or More	Not Eligible
Married, Filing Separately	$ -	Fully Eligible
	$0 - $9,999	Partially Eligible
	$10,000 or More	Not Eligible

Other Retirement Plans Contribution Limits

Plan Type	Contribution Limit	Catch-Up (50+)	Income Restrictions on Contributions
SEP IRA	The lesser of 25% of compensation (to a maximum of $290,000) or $58,000	N/A	No limit
SIMPLE IRA	$13,500	$3,000	No limit except for the 2% non-elective contributions capped at $290,000
Defined Benefit Plan	$230,000	N/A	Income limit defined by plan document
401(K)	$19,500	$6,500	No income limit for employee contributions. The employee compensation limit for calculating employer contributions and annual additions is $290,000
403(b), 457(b), Roth 401(k)	$19,500	$6,500	Annual contributions may not exceed annual compensation

Health Savings Accounts*

Annual Limit	Maximum Contribution
Individuals	$ 3,600.00
Families	$ 7,200.00
Catch-up for 55 and older	$ 1,000.00

*HSAs are only available for taxpayers enrolled in high-deductible health plans.

Retirement Earnings Exempt Amounts

Before FRA	$18,960
During the year in which FRA is reached	$50,520
After FRA	No Limit

Education Credits & Deductions

Credit/Deduction	Max Credit/Deduction	Income Phaseouts at AGI of:
American Opportunity Tax Credit/Hope	$2,500	$160,000 - $180,000 joint
		$80,000 - $90,000 all others
Lifetime Learning Credit	$2,000	$119,000 - $139,000 joint
		$59,000 - $69,000 all others
Savings bond interest tax-free if used for education	Deduction limited to amount of qualified expenses	$124,800 - $154,800 joint
		$83,200 - $98,200 all others

Social Security

Filing Status	Provisional Income	Amount of SS Subject to Tax
Single, HOH, qualifying widow(er), married filing separately and living apart from spouse	Under $25,000	0
	$25,000 - $34,000	Up to 50%
	Over $34,000	Up to 85%
Married Filing Jointly	Under $32,000	0
	$32,000 - $44,000	Up to 50%
	Over $44,000	Up to 85%
Married, filing separately & living w/ spouse	Over $0	Up to 85%

FICA

SS Tax Paid on Income	Percentage Withheld	Maximum Tax Payable
Employer pays	6.2%	$ 8,853.60
Employee pays	6.2%	$ 8,853.60
Self-employed pays	12.4%	$ 17,707.20

Medicare Tax

SS Tax Paid on Income	Percentage Withheld
Employer pays	1.45%
Employee pays	1.45% + 0.9% on income over $200,000 (single) or $250,000 (joint)
Self-employed pays	2.90% + 0.9% on income over $200,000 (single) or $250,000 (joint)

Reduction of Social Security Benefits Before Full Retirement Age

	Percentage of Social Security Benefits	
Age When Benefits Begin	FRA 66*	FRA 67*
62	75.0%	70.0%
63	80.0%	75.0%
64	86.7%	80.0%
65	93.3%	86.7%
66	100.0%	93.3%
67	100.0%	100.0%

*Full retirement age (FRA) determined by year of birth

Deductibility of Long-Term Care Premiums on Qualified Policies

Attained Age Before Close of Tax Year	Amount of LTC Premiums that Qualify as Medical Expenses
40 or Less	$450
41 to 50	$850
51 to 60	$1,690
61 to 70	$4,520
Over 70	$5,640

Tax Deadlines

Jan 15, 2021 - 4th quarterly estimated payments due for 2020 taxes.

Mar 6, 2021 - Last day to make income distributions from a non-grantor trust and treat them as having been made during calendar year 2020 for income tax purposes..

May 17, 2021 - Last day to make contributions for 2020 to: Roth, Traditional, HSA, Keogh or SEP (unless tax filing deadline extended). Tax filing deadline to request an extension for Oct. 15, 2021. 1st quarterly estimated tax payment due for 2021. Last day to file amended return for 2017.

Jun 15, 2021 - 2nd quarterly estimated tax payment due for 2021.

Sep15, 2021 - 3rd quarterly estimated tax payment due for 2021.

Oct 15, 2021 - Tax filing deadline for returns on extension. Last day to recharacterize a Traditional IRA or ROTH contribution from 2020 if extension was filed or tax return was filed by April 15, 2021. Last day to contribute to SEP or Keogh for 2020 if extension was filed.

Dec 31, 2021 - Last day to: 1) pay expenses for itemized deductions for 2021; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2021; 4) establish and fund a solo 401(k) for 2021; 5) complete 2021 contributions to employer sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty.

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Tax Tables 2022 Edition

2022 Tax Rate Schedule

Taxable Income Over	Taxable Income Not Over	Base Amount of Tax($)	Plus	Marginal Tax Rate	Of the Amount Over ($)
Single					
$ -	$ 10,275.00	$ -	+	10%	$ -
$ 10,275.00	$ 41,775.00	$ 1,027.50	+	12%	$ 10,275.00
$ 41,775.00	$ 89,075.00	$ 4,807.50	+	22%	$ 41,775.00
$ 89,075.00	$ 170,050.00	$ 15,213.50	+	24%	$ 89,075.00
$ 170,050.00	$ 215,950.00	$ 34,647.50	+	32%	$ 170,050.00
$ 215,950.00	$ 539,900.00	$ 49,335.50	+	35%	$ 215,950.00
$ 539,900.00		$ 162,718.00	+	37%	$ 539,900.00
Head of Household					
$ -	$ 14,650.00	$ -	+	10%	$ -
$ 14,650.00	$ 55,900.00	$ 1,465.00	+	12%	$ 14,650.00
$ 55,900.00	$ 89,050.00	$ 6,415.00	+	22%	$ 55,900.00
$ 89,050.00	$ 170,050.00	$ 13,708.00	+	24%	$ 89,050.00
$ 170,050.00	$ 215,950.00	$ 33,148.00	+	32%	$ 170,050.00
$ 215,950.00	$ 539,900.00	$ 47,836.00	+	35%	$ 215,950.00
$ 539,900.00		$ 161,218.50	+	37%	$ 539,900.00
Married Filing Jointly and Surviving Spouses					
$ -	$ 20,550.00	$ -	+	10%	$ -
$ 20,550.00	$ 83,550.00	$ 2,055.00	+	12%	$ 20,550.00
$ 83,550.00	$ 178,150.00	$ 9,615.00	+	22%	$ 83,550.00
$ 178,150.00	$ 340,100.00	$ 30,427.00	+	24%	$ 178,150.00
$ 340,100.00	$ 431,900.00	$ 69,295.00	+	32%	$ 340,100.00
$ 431,900.00	$ 647,850.00	$ 98,671.00	+	35%	$ 431,900.00
$ 647,850.00		$ 174,253.50	+	37%	$ 647,850.00
Married Filing Separately					
$ -	$ 10,275.00	$ -	+	10%	$ -
$ 10,275.00	$ 41,775.00	$ 1,027.50	+	12%	$ 10,275.00
$ 41,775.00	$ 89,075.00	$ 4,807.50	+	22%	$ 41,775.00
$ 89,075.00	$ 170,050.00	$ 15,213.50	+	24%	$ 89,075.00
$ 170,050.00	$ 215,950.00	$ 34,647.50	+	32%	$ 170,050.00
$ 215,950.00	$ 323,925.00	$ 49,335.50	+	35%	$ 215,950.00
$ 323,925.00		$ 87,126.75	+	37%	$ 323,925.00
Estates and Trusts					
$ -	$ 2,750.00	$ -	+	10%	$ -
$ 2,750.00	$ 9,850.00	$ 275.00	+	24%	$ 2,750.00
$ 9,850.00	$ 13,450.00	$ 1,979.00	+	35%	$ 9,850.00
$ 13,450.00		$ 3,239.00	+	37%	$ 13,450.00

Kiddie Tax: for individuals under 17 years of age, unearned income over $2,300 for 2022 is generally taxed using the parent's marginal tax rate

Tax Rates on Long-Term Capital Gains and Qualified Dividends Taxable Income

LTCG Tax	Single Filers	Married Filing Jointly	Head of Household	Married Filing Separately
0%	$0-$41,675	$0 - $83,350	$0 - $55,800	$0 - $41,675
15%	$41,675 - $459,750	$83,350 - $517,200	$55,800 - $488,500	$41,675 - $258,600
20%	$459,750 or more	$517,200 or more	$488,500 or more	$258,600 or more

Net Investment Income Tax

3.8% tax on the lesser of: (1) Net Investment Income, or (2) MAGI in excess of $200,000 for single filers or head of households, $250,000 for married couples filing jointly, and $125,000 for married couples filing separately.

Standard Deductions & Personal Exemption

Filing Status	Standard Deduction	Personal Exemption	Phaseouts Begin at AGI of:
Single	$ 12,950.00	N/A	N/A
Head of Household	$ 19,400.00	N/A	N/A
Married Filing jointly and qualifying widow(er)s	$ 25,900.00	N/A	N/A
Married, filing separately	$ 12,950.00	N/A	N/A
Dependent filing own return*	$ 1,150.00	N/A	N/A
Additional Deductions for Non-Itemizers			
Blind or over 65 Married Filing Jointly		Add $1,400	
Blind or over 65 and unmarried and not a surviving spouse		Add $1,750	

For taxable years beginning in 2022, the standard deduction for individuals claimed as a dependent by another taxpayer cannot exceed the greater of (1) $1,150, or (2) the sum of $400 and the individual's earned income

Alternative Minimum Tax

Filing Status	Exemption Amounts and Phaseouts
Single	$75,900 / $539,900
Married, filing jointly or surviving spouses	$118,100 / $1,079,800
Married, filing separately	$59,050 / $539,900
Estates and Trusts	$26,500/ $88,300

AMT Tax Rates	Married Filing Separately	All Others
26% tax rate applies to income at or below:	$103,050.00	$206,100.00
28% tax rate applies to income over:		

Child Tax Credit

Credit	Maximum Credit	Income Phaseouts Begin At AGI Of:
Child Tax Credit*	$2,000 per qualifying Child	$400,000 married filing jointly $200,000 all others
Enhanced Child Tax Credit* (as proposed in the Build Back Better Act)	$3,000 per qualifying Child (ages 6-17) $3,600 per qualifying Child (ages 5 and under)	$150,000 married filing jointly $112,500 heads of household $75,000 all others
*Subject to eligibility requirements		

Gift and Estate Tax Exclusions and Credits

Gift tax annual exclusion	$16,000
Estate, gift & generation skipping tax exclusion amount (per taxpayer)	$12,060,000
Exclusion on gifts to non-citizen spouse	$164,000
Maximum estate, gift & generation skipping tax rate	40%

Charitable Giving Vehicle	Direct Giving	Private Grant Making Foundation	Charitable Gift Annuity	Charitable Remainder Trust	Charitable Lead Trust (Grantor)
Charitable Deduction Amount	Value of property transferred	Value of property transferred	Limited to value of contribution minus payments to donor	Limited to the discounted value of the property transferred to the charity in the future	Limited to present value of payments made to the charity if donor is taxed on trust income
AGI Limitation (Cash Gifts)	100%*	30%	100%	(60% or 30% depending on named charity)	30%
AGI Limitation (Appreciated Property)	30%	20%	30%	(30% or 20% depending on named charity	20%
Value of Appreciated Property	Fair Market Value	Adjusted Basis*	Fair Market Value	Depends on Charity Named	Adjusted Basis*
Carry-Over	5 Years	5 Years	5 Years	5 Years	5 Years

** "Qualified Appreciated Stock" is valued at Fair Market Value*

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Tax Tables 2022 Edition

Traditional IRA Deductibility Limits

The contribution limit for Traditional IRAs is $6,000; the catch-up at age 50+ is an additional $1,000

Filing Status	Modified AGI	Contribution
Single/HOH covered by a plan	$68,000 or Less	Fully Deductible
	$68,001 - $77,999	Partially Deductible
	$78,000 or More	Not Deductible
Married Filing Jointly and spouse is covered by a plan at work	$109,000 or Less	Fully Deductible
	$109,001 - $128,999	Partially Deductible
	$129,000 or More	Not Deductible
Married Filing Jointly and spouse is not covered by a plan at work	$204,000 or Less	Fully Deductible
	$204,001 - $213,999	Partially Deductible
	$214,000 or More	Not Deductible
Married, Filing Separately	Less than $10,000	Partially Deductible
	$10,000 or More	Not Deductible

If not covered by a plan, single, HOH and married filing jointly (both spouses not covered by a plan) tax filers are able to take a full deduction on their IRA contribution *If spouses did not live together at any time during the year, their filing status is considered Single for purposes of IRA deductions.

ROTH IRA Contribution Limits

The contribution limit for ROTH IRAs is $6,000; the catch-up at age 50+ is an additional $1,000

Filing Status	Modified AGI	Max Annual Contribution
Single/HOH	$128,999 or Less	Fully Eligible
	$129,000 - $143,999	Partially Eligible
	$144,000 or More	Not Eligible
Married Filing Jointly	$203,999 or Less	Fully Eligible
	$204,000 - $213,999	Partially Eligible
	$214,000 or More	Not Eligible
Married, Filing Separately	$ -	Fully Eligible
	$0 - $9,999	Partially Eligible
	$10,000 or More	Not Eligible

Other Retirement Plans Contribution Limits

Plan Type	Contribution Limit	Catch-Up (50+)	Income Restrictions on Contributions
SEP IRA	The lesser of 25% of compensation (to a maximum of $305,000) or $61,000	N/A	No limit
SIMPLE IRA	$14,000	$3,000	No limit except for the 2% non-elective contributions capped at $305,000
Defined Benefit Plan	$245,000	N/A	Income limit defined by plan document
401(K)	$20,500	$6,500	No income limit for employee contributions. The employee compensation limit for calculating employer contributions and annual additions is $305,000
403(b), 457(b), Roth 401(k)	$20,500	$6,500	Annual contributions may not exceed annual compensation

Health Savings Accounts*

Annual Limit	Maximum Contribution
Individuals	$ 3,650.00
Families	$ 7,300.00
Catch-up for 55 and older	$ 1,000.00

*HSAs are only available for taxpayers enrolled in high-deductible health plans.

Retirement Earnings Exempt Amounts

Before FRA	$19,560
During the year in which FRA is reached	$51,960
After FRA	No Limit

Education Credits & Deductions

Credit/Deduction	Max Credit/Deduction	Income Phaseouts at AGI of:
American Opportunity Tax Credit/Hope	$2,500	$160,000 - $180,000 joint $80,000 - $90,000 all others
Lifetime Learning Credit	$2,000	$119,000 - $139,000 joint $59,000 - $69,000 all others
Savings bond interest tax-free if used for education	Deduction limited to amount of qualified expenses	$124,800 - $154,800 joint $83,200 - $98,200 all others

Social Security

Filing Status	Provisional Income	Amount of SS Subject to Tax
Single, HOH, qualifying widow(er), married filing separately and living apart from spouse	Under $25,000	0
	$25,000 - $34,000	Up to 50%
	Over $34,000	Up to 85%
Married Filing Jointly	Under $32,000	0
	$32,000 - $44,000	Up to 50%
	Over $44,000	Up to 85%
Married, filing separately & living w/ spouse	Over $0	Up to 85%

FICA

SS Tax Paid on Income	Percentage Withheld	Maximum Tax Payable
Employer pays	6.2%	$ 9,114.00
Employee pays	6.2%	$ 9,114.00
Self-employed pays	12.4%	$ 18,228.00

Medicare Tax

SS Tax Paid on Income	Percentage Withheld
Employer pays	1.45%
Employee pays	1.45% + 0.9% on income over $200,000 (single) or $250,000 (joint)
Self-employed pays	2.90% + 0.9% on income over $200,000 (single) or $250,000 (joint)

Reduction of Social Security Benefits Before Full Retirement Age

	Percentage of Social Security Benefits	
Age When Benefits Begin	FRA 66*	FRA 67*
62	75.0%	70.0%
63	80.0%	75.0%
64	86.7%	80.0%
65	93.3%	86.7%
66	100.0%	93.3%
67	100.0%	100.0%

*Full retirement age (FRA) determined by year of birth

Deductibility of Long-Term Care Premiums on Qualified Policies

Attained Age Before Close of Tax Year	Amount of LTC Premiums that Qualify as Medical Expenses
40 or Less	$450
41 to 50	$850
51 to 60	$1,690
61 to 70	$4,520
Over 70	$5,640

Tax Deadlines

Jan 18, 2022 - 4th quarterly estimated payments due for 2021 taxes.

Mar 6, 2022 - Last day to make income distributions from a non-grantor trust and treat them as having been made during calendar year 2021 for income tax purposes.

Apr 18, 2022 - Last day to make contributions for 2021 to: Roth, Traditional, HSA, Keogh or SEP (unless tax filing deadline is extended). Tax filing deadline to request an extension for Oct. 17, 2022. 1st quarterly estimated tax payment due for 2022. Last day to file amended return for 2018.

Jun 15, 2022 - 2nd quarterly estimated tax payment due for 2022.

Sep 15, 2022 - 3rd quarterly estimated tax payment due for 2022.

Oct 17, 2022 - Tax filing deadline for returns on extension. Last day to recharacterize a Traditional IRA or ROTH contribution from 2021 if extension was filed or tax return was filed by April 15, 2022. Last day to contribute to SEP or Keogh for 2021 if extension was filed.

Dec 31, 2022 - Last day to: 1) pay expenses for itemized deductions for 2022; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2022; 4) establish and fund a solo 401(k) for 2022; 5) complete 2022 contributions to employer sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty.

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