

2022 SUMMARY OF TAX CHANGES AND GUIDELINES

Tax Rates

There have been no changes to the tax brackets for the tax year 2023. The seven tax brackets and the tax rates remain the same. It also changes the income thresholds at which the rates apply.

- The current brackets are: 10%, 12%, 22%, 24%, 32%, 35% and 37%
- The new brackets will be: 10%, 12%, 22%, 24%, 32%, 35% and 37%

Alternative Minimum Tax Exemptions Increased

The bill also eases the burden of the individual alternative minimum tax (AMT) for 2023 by raising the income exempted to \$126,500 married filing jointly and to \$81,300 for single taxpayers, so fewer taxpayers will pay it.

Tax Relief for Individuals and Families

Increased standard deduction:

Single taxpayers will see their standard deductions jump to \$13,850 for 2023 taxes.

Married couples filing jointly will see their standard deductions jump to \$27,700 for 2023 taxes.

Taxpayers filing as heads of households will see their standard deductions jump to \$20,800 for 2023 taxes.

Child Tax Credit:

For, families with qualified children under the age of 17, the Child Tax Credit is \$2,000 per child. In addition, the amount that is refundable increases to \$1,500. The non-refundable credit for dependents other than children remains at \$500 for 2022. The income threshold at which these benefits phase out for a married couple remains at \$400,000.

Lifetime Learning Credit

For tax year 2022, the adjusted gross income amount used by joint filers to determine the reduction in the Lifetime Learning Credit is \$160,000.

Estate Tax Exclusion Increase

Estates of decedents who die during 2023 have a basic exclusion amount of \$12,920,000.

Gift Tax Exclusion

The annual exclusion for gifts is \$17,000 for calendar year 2023.

Self-employed (contractors, freelancers, sole proprietors) and small businesses remain the same:

A 20% deduction for incomes from certain type of “pass-through” entities (partnerships, S Corps, sole proprietorships), limits on expensing of interest from borrowing, small business can expense Section 179 amount of \$1,080,000 and the corporate alternative minimum tax (AMT) has been eliminated.