

# 2022 Federal Tax & Law Update

Compiled & Presented by  
Claudia Hill, EA, MBA

Tax Mam, Inc. © 2023  
20395 Pacifica Drive Suite 100  
Cupertino, CA 95014

[www.taxmam.com](http://www.taxmam.com)

## Table of Contents

Highlights & Quick Takes	1
IRS National Taxpayer Advocate's Blog: status report IRS processing	2
What's my tax bracket?	3
2022 Form 1040	4
Digital Assets question	4
How to Report Digital Assets Transactions	5
The New Line 1+	6
Note item 1e Taxable Dependent Care Benefits	
Note Item 1g Wages from Form 8919...Form 8919	
Note Item 1h Other Earned Income...	
2022 Form 1040 Lines 2-15	8
Line 6c	
Who Must File for 2022	8
Filing status – it's the client's choice	10
Schedule 1 Additional Income and Adjustments to Income	11
Student loan forgiveness not taxable	
AND...no changes to Part II	
Form 1040 Line 16-24	12
Form 8812 Credits for Qualifying Children and other Dependents	13
Schedule 2 Additional Taxes	14
Child tax credit enhancements have expired	17
Credit for child and dependent care expenses	17
Schedule 3 Additional Credits and Payments	18
Form 1116 Foreign Tax Credit	19
Form 2441 Child and Dependent Care Expenses	20
Form 8863 Education Credits	20
Form 5695 Residential Energy Credits	20
Form 8936 Qualified Plug-in Electric Drive Motor Vehicle Credit	23
Schedule 3 Part II	25
Form 1040 Lines 25-33	25
Changes to Earned Income Credit	
Form 8867 Paid Preparer's Due Diligence Checklist	26
Schedule LEP Request for Change in Language Preference	27
Schedule A Itemized Deductions	28
Schedule B Interest and Ordinary Dividends	28

Schedule B Part III Foreign Accounts and Trusts	
Schedule C Profit or Loss From Business	29
Standard Mileage Rate	
Business meal expense	
Worker Classification – Still an issue	
Excess business loss limitation	31
Schedule D Capital Gains and Losses	33
Form 8949 Sales and Other Dispositions of Capital Assets	
How to Complete Form 8949, Columns (f) and (g)	
Schedule E Supplemental Income and Loss	38
Excess business loss limitation	
Foreign Tax Credit from Pass-through Entities	
Schedule E Part II	39
Deducting losses in excess of shareholder's basis	
Shareholder Allowable Loss and Deduction Items	
Form 7203 S Corporation Shareholder Stock and Debt Basis Limit	40
New for 2022 – 1099k filing threshold	40
Secure 2.0 Retirement Distributions, Contributions, Changes	41
Inherited IRA distribution rules	42
When there is a Designated Beneficiary	
2023 Qualified Retirement Plan Amounts	
Medicare Part B Premiums for 2023	47
Creating a Written Information Security Plan for your Tax & Accounting Practice	50
Helpful Quick Takes from Drake Software	50



## Highlights & Quick Takes

1. Many tax credits have returned to pre-pandemic levels (pandemic-era and ARPA credits expired at the end of 2021)
  - Child Tax Credit (CTC),
  - Earned Income Tax Credit (EITC), and
  - Child and Dependent Care Credit.

***Prediction:*** Smaller refunds or balances due for many families with children

2. No above-the-line charitable deduction
3. Clients who purchased health insurance from the marketplace may benefit from the Premium tax credit. (Eligibility was expanded for 2021 and 2022.)
4. IRS delays implementing the 1099-K \$600 reporting threshold until 2023.  
<https://www.irs.gov/pub/irs-drop/n-2023-10.pdf>
  - *It's down, it's up, it's down...*As part of the American Rescue Plan of 2021 (ARPA), the 1099-K reporting threshold was reduced from \$20,000 to \$600. This change was originally scheduled to take effect in 2022 and would have affected platforms, businesses, and individuals this coming tax season.
5. We're still not back to April 15! File Form 1040 by April 18, 2023. The due date is April 18 because of the Emancipation Day holiday in the District of Columbia – even if you don't live in the District of Columbia
6. An omen of filing season 2023... 2022 Tax Filing: GAO End of Year Report<sup>1</sup>
  - For three years, IRS has struggled with a backlog of work. During the 2022 filing season, IRS focused on reducing its correspondence backlog, which left most phone calls from taxpayers unanswered. IRS also prioritized processing its backlog of returns from 2021, but then had more than 12 million returns from 2022 to process as of late September 2022.
  - IRS hired the staff it needed with the help of a short-term authority that speeds the hiring process. However, most of those staff started working after the filing season ended.

---

<sup>1</sup> <https://www.gao.gov/products/gao-23-105880>

## IRS National Taxpayer Advocate's Blog<sup>2</sup> status report IRS processing -

*To state the obvious, the 2022 filing season was another frustrating one for taxpayers, tax professionals, and the IRS. Because the book on the 2022 filing season is long and reads similarly to the previous couple of filing seasons in terms of delays, here is how the book's back cover summary might read:*

Millions of taxpayers continued to endure unreasonably long refund delays, as the IRS administered another filing season while simultaneously trying to catch up on its backlog of work carried over from the previous year. Paper remains a serious problem and is its Achilles heel. The IRS is getting closer to meeting its objectives, but unfortunately, millions of individual and business returns still await processing, millions more have been pulled out due to errors or discrepancies that must be addressed, and millions of amended returns and correspondence are still awaiting processing.

For some, this filing season may have felt like Groundhog Day. We will soon find out whether the upcoming filing season adds a similar chapter to this series or whether the IRS can work through its backlog, process tax returns and correspondence quickly, and answer its phone calls at a level that substantially improves the taxpayer experience during the next filing season.

*As of October 21, the IRS had about three million individual returns and north of four million business returns awaiting initial processing, as well as about two million amended individual and business returns. In total, it has over 6.3 million returns in suspense, with about two million in unpostable status, 1.1 million processing rejects, a half-million in error resolution, and nearly three million still waiting to be worked for potential identity theft. Most math errors involved reconciliation of the Recovery Rebate Credit or the Child Tax Credit, and through October 10, the IRS had sent nearly 14 million notices mostly concerning those issues.*

*...the percentage of calls the IRS answered prior to the COVID-19 pandemic was already unacceptably low, and with the high volume of calls the last couple of years, the percent of phone calls answered has plummeted even lower – around ten percent.*

---

<sup>2</sup> <https://www.taxpayeradvocate.irs.gov/news/nta-blog-update-on-irs-progress-in-working-through-its-backlog-of-paper-filed-tax-returns-and-correspondence-part-3/>

## What's my tax bracket?

### 2022 Tax Rates and Brackets

#### Single Filers and Married Couples Filing Jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to \$10,275	Up to \$20,550
12%	\$10,276 to \$41,775	\$20,551 to \$83,550
22%	\$41,776 to \$89,075	\$83,551 to \$178,150
24%	\$89,076 to \$170,050	\$178,151 to \$340,100
32%	\$170,051 to \$215,950	\$340,101 to \$431,900
35%	\$215,951 to \$539,900	\$431,901 to \$647,850
37%	Over \$539,900	Over \$647,850

### 2023 Tax Rates and Brackets

#### Single Filers and Married Couples Filing Jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to \$11,000	Up to \$22,000
12%	\$11,001 to \$44,725	\$22,001 to \$89,450
22%	\$44,726 to \$95,375	\$89,451 to \$190,750
24%	\$95,376 to \$182,100	\$190,751 to \$364,200
32%	\$182,101 to \$231,250	\$364,201 to \$462,500
35%	\$231,251 to \$578,125	\$462,501 to \$693,750
37%	Over \$578,125	Over \$693,750

**Practice Pointer!** Each year the IRS makes more than 60 annual inflation adjustments to the tax rules and filing requirements. If you want to jump ahead to the 2023 numbers, you can find them at Revenue Procedure 2022-38.<sup>3</sup>

Notably excluded from the list is the personal exemption, which remains at 0, since it was eliminated by a provision in the Tax Cuts and Jobs Act.

## 1040 FORMS

<b>Form 1040</b> Department of the Treasury—Internal Revenue Service		<b>2022</b>	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.	
<b>Filing Status</b> <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> 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.	<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.		State	ZIP code		
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 type="checkbox"/> No					
<b>Standard Deduction</b> Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien					
<b>Age/Blindness</b> You: <input type="checkbox"/> Were born before January 2, 1958 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1958 <input type="checkbox"/> Is blind					
<b>Dependents</b> (see instructions): If more than four dependents, see instructions and check here <input type="checkbox"/> (1) First name      Last name      (2) Social security number      (3) Relationship to you      (4) Check the box if qualifies for (see instructions): Child tax credit      Credit for other dependents					

## Observations:

**Digital assets - Do not leave this field blank.** The question must be answered by all taxpayers, not just taxpayers who engaged in a transaction involving digital assets.

*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)?*

**Digital assets** are any digital representations of value that are recorded on a cryptographically secured distributed ledger or any similar technology. For example, digital assets include non-fungible tokens (NFTs) and virtual currencies, such as

<sup>3</sup> <https://www.irs.gov/pub/irs-drop/rp-22-38.pdf>

cryptocurrencies and stablecoins. If a particular asset has the characteristics of a digital asset, it will be treated as a digital asset for federal income tax purposes.

For example, check “Yes” if at any time during 2022 you:

- Received digital assets as payment for property or services provided;
- Received digital assets as a result of a reward or award;
- Received new digital assets as a result of mining, staking, and similar activities;
- Received digital assets as a result of a hard fork;
- Disposed of digital assets in exchange for property or services;
- Disposed of a digital asset in exchange or trade for another digital asset;
- Sold a digital asset;
- Transferred digital assets for free (without receiving any consideration) as a bona fide gift; or .
- Otherwise disposed of any other financial interest in a digital asset.

You have a financial interest in a digital asset if you are the owner of record of a digital asset, or have an ownership stake in an account that holds one or more digital assets, including the rights and obligations to acquire a financial interest, or you own a wallet that holds digital assets.

The following actions or transactions in 2022, alone, generally don’t require you to check “Yes”:

- Holding a digital asset in a wallet or account;
- Transferring a digital asset from one wallet or account you own or control to another wallet or account that you own or control; or
- Purchasing digital assets using U.S. or other real currency, including through the use of electronic platforms such as PayPal and Venmo.

Do not leave the question unanswered. You must answer “Yes” or “No” by checking the appropriate box<sup>4</sup>.

### **How to Report Digital Assets Transactions**

If you disposed of any digital asset in 2022, that you held as a capital asset, through a sale, exchange, gift, or transfer, check “Yes” and use Form 8949 to calculate your capital gain or loss and report that gain or loss on Schedule D (Form 1040).

If you received any digital asset as compensation for services or disposed of any digital asset that you held for sale to customers in a trade or business, you must report the income as you would report other income of the same type (for example, W-2 wages on

---

<sup>4</sup> For more information visit <https://www.irs.gov/individuals/international-taxpayers/frequently-asked-questions-on-virtual-currency-transactions>

Form 1040 or 1040-SR, line 1a, or inventory or services from Schedule C or Schedule 1).

**The New Line 1 (it was only one line in 2021...)**

<b>Income</b>	<b>1a</b> Total amount from Form(s) W-2, box 1 (see instructions) . . . . .	<b>1a</b>
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	<b>b</b> Household employee wages not reported on Form(s) W-2 . . . . .	<b>1b</b>
If you did not get a Form W-2, see instructions.	<b>c</b> Tip 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>
	<b>h</b> Other earned income (see instructions) . . . . .	<b>1h</b>
	<b>i</b> Nontaxable combat pay election (see instructions) . . . . .	<b>1i</b>
	<b>z</b> Add lines 1a through 1h . . . . .	<b>1z</b>

New lines 1a through 1z on Form 1040 and 1040-SR. This year line 1 is expanded and there are new lines 1a through 1z. Some amounts that in prior years were reported on Form 1040, and amounts reported on Form 1040-SR are now reported on Schedule 1.

- Scholarship and fellowship grants are now reported on Schedule 1, line 8r.
- Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan are now reported on Schedule 1, line 8t.
- Wages earned while incarcerated are now reported on Schedule 1, line 8u.
- New line 6c on Form 1040 and 1040-SR. A checkbox was added on line 6c. Taxpayers who elect to use the lump-sum election method for their benefits will check this box.
- Nontaxable Medicaid waiver pay

**Note item 1e Taxable Dependent Care Benefits from Form 2441, Line 26**

Enter the total of your taxable dependent care benefits from Form 2441, line 26. Dependent care benefits should be shown in box 10 of your Form(s) W-2. But first complete Form 2441 to see if you can exclude part or all of the benefits.

**Practice Pointer!** Previously this item was simply added to wages, often with a statement referencing an explanation...which IRS didn't automatically read.

**Note Item 1g Wages from Form 8919...**

Use Form 8919 to figure and report your share of the uncollected social security and Medicare taxes due on your compensation if you were an employee but were treated as

an independent contractor by your employer. By filing this form, your social security earnings will be credited to your social security record<sup>5</sup>.

<b>8919</b> Form Department of the Treasury Internal Revenue Service	<b>Uncollected Social Security and Medicare Tax on Wages</b> Go to <a href="http://www.irs.gov/Form8919">www.irs.gov/Form8919</a> for the latest information. Attach to your tax return.				OMB No. 1545-0074 <b>2022</b> Attachment Sequence No. 61
Name of person who must file this form. If married, complete a separate Form 8919 for each spouse who must file this form.					Social security number
<p><b>Who must file.</b> You must file Form 8919 if <b>all</b> of the following apply.</p> <ul style="list-style-type: none"> <li>• You performed services for a firm.</li> <li>• You believe your pay from the firm wasn't for services as an independent contractor.</li> <li>• The firm didn't withhold your share of social security and Medicare taxes from your pay.</li> <li>• One of the reasons listed below under <b>Reason codes</b> applies to you.</li> </ul> <p><b>Reason codes.</b> For each firm listed below, enter in column (c) the applicable reason code for filing this form. If none of the reason codes apply to you, but you believe you should have been treated as an employee, enter reason code G, and <b>file Form SS-8 on or before the date you file your tax return.</b></p> <p><b>A</b> I filed Form SS-8 and received a determination letter stating that I am an employee of this firm.</p> <p><b>C</b> I received other correspondence from the IRS that states I am an employee.</p> <p><b>G</b> I filed Form SS-8 with the IRS and haven't received a reply.</p> <p><b>H</b> I received a Form W-2 and a Form 1099-MISC and/or 1099-NEC from this firm for 2022. The amount on Form 1099-MISC and/or 1099-NEC should have been included as wages on Form W-2. (<b>Don't file Form SS-8 if you select reason code H.</b>)</p>					
(a) Name of firm  1	(b) Firm's federal identification number <small>(see instructions)</small>	(c) Enter reason code from above.	(d) Date of IRS determination or correspondence (MM/DD/YYYY) <small>(see instructions)</small>	(e) Check if Form 1099-MISC and/or 1099-NEC was received.	(f) Total wages received with no social security or Medicare tax withholding and not reported on Form W-2

**Practice Pointer!** In prior years Filing Form 8919 was associated with filing Form SS-8 and requesting clarification...something many contract workers were afraid to do.

### Note Item 1h Other Earned Income...

The following types of income must be included in the total on line 1h.

- **Excess elective deferrals.** The amount deferred should be shown in box 12 of your Form W-2, and the “Retirement plan” box in box 13 should be checked. If the total amount you (or your spouse if filing jointly) deferred for 2022 under all plans was more than \$20,500 (excluding catch-up contributions as explained later), include the excess on line 1h. This limit is (a) \$14,000 if you have only SIMPLE plans, or (b) \$23,500 for section 403(b) plans if you qualify for the 15-year rule in Pub. 571.

<sup>5</sup> See [www.irs.gov/ICorEE](http://www.irs.gov/ICorEE) for more information on Independent Contractor or Employee status

- Disability pensions shown on Form 1099-R if you haven't reached the minimum retirement age set by your employer. But see *Insurance Premiums for Retired Public Safety Officers* in the instructions for lines 5a and 5b.
- Disability pensions received after you reach minimum retirement age and other payments shown on Form 1099-R (other than payments from a Roth, SEP, or SIMPLE IRA) are reported on lines 5a and 5b. Payments from an IRA are reported on lines 4a and 4b.
- Corrective distributions from a retirement plan shown on Form 1099-R of excess elective deferrals and excess contributions (plus earnings). But don't include distributions from an IRA\* on line 1h. Instead, report distributions from an IRA on lines 4a and 4b.

Attach Sch. B if required.	<b>2a</b>	Tax-exempt interest . . .	<b>2a</b>	b Taxable interest . . .	<b>2b</b>		
	<b>3a</b>	Qualified dividends . . .	<b>3a</b>	b Ordinary dividends . . .	<b>3b</b>		
	<b>4a</b>	IRA distributions . . .	<b>4a</b>	b Taxable amount . . .	<b>4b</b>		
	<b>5a</b>	Pensions and annuities . . .	<b>5a</b>	b Taxable amount . . .	<b>5b</b>		
	<b>6a</b>	Social security benefits . . .	<b>6a</b>	b Taxable amount . . .	<b>6b</b>		
	c If you elect to use the lump-sum election method, check here (see instructions) . . .					<input type="checkbox"/>	
	<b>7</b>	Capital gain or (loss). Attach Schedule D if required. If not required, check here . . .					<input type="checkbox"/>
	<b>8</b>	Other income from Schedule 1, line 10 . . .					<input type="checkbox"/>
	<b>9</b>	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . .					<input type="checkbox"/>
	<b>10</b>	Adjustments to income from Schedule 1, line 26 . . .					<input type="checkbox"/>
	<b>11</b>	Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . .					<input type="checkbox"/>
	<b>12</b>	Standard deduction or itemized deductions (from Schedule A) . . .					<input type="checkbox"/>
	<b>13</b>	Qualified business income deduction from Form 8995 or Form 8995-A . . .					<input type="checkbox"/>
	<b>14</b>	Add lines 12 and 13 . . .					<input type="checkbox"/>
	<b>15</b>	Subtract line 14 from line 11. If zero or less, enter -0-. This is your <b>taxable income</b> . . .					<input type="checkbox"/>

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11320B

Form 1040 (2022)

## Also new this year, Line 6c

Check the box on line 6c if you elect to use the lump-sum election method for your benefits. If any of your benefits are taxable for 2022 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount with the lump-sum election. You can elect this method if it lowers your taxable benefits.

Under the lump-sum election method, you refigure the taxable part of all your benefits for the earlier year (including the lump-sum payment) using that year's income. Then, you subtract any taxable benefits for that year that you previously reported. The remainder is the taxable part of the lump-sum payment. Add it to the taxable part of your benefits for 2021 (figured without the lump-sum payment for the earlier year). IRS provides worksheets to make these calculations in Pub 915.

**The who must file rules are tied to the standard deduction**, Line 12, which has increased for this coming year. For 2022, the standard deduction amount has been increased for all filers. Here are the most common amounts...but there are more.

- Single or Married filing separately—\$12,950
- Married filing jointly or Qualifying surviving spouse—\$25,900
- Head of household—\$19,400

**Chart A—For Most People**

<u>IF your filing status is . . .</u>	<u>AND at the end of 2022 you were* . . .</u>	<u>THEN file a return if your gross income** was at least . . .</u>
Single	under 65 65 or older	\$12,950 14,700
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$25,900 27,300 28,700
Married filing separately	any age	\$5
Head of household	under 65 65 or older	\$19,400 21,150
Qualifying surviving spouse	under 65 65 or older	\$25,900 27,300

*\*If you were born on January 1, 1958, you are considered to be age 65 at the end of 2022. (If your spouse died in 2022 or if you are preparing a return for someone who died in 2022, see Pub. 501.)*

*\*\*Gross income means all income you received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). Don't include any social security benefits unless (a) you are married filing a separate return and you lived with your spouse at any time in 2022, or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) applies, see the instructions for lines 6a and 6b to figure the taxable part of social security benefits you must include in gross income. Gross income includes gains, but not losses, reported on Form 8949 or Schedule D. Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, in figuring gross income, don't reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.*

*\*\*\*If you didn't live with your spouse at the end of 2022 (or on the date your spouse died) and your gross income was at least \$5, you must file a return regardless of your age.*

**Chart C—Other Situations When You Must File**

You must file a return if any of the conditions below apply for 2022.	
1.	You owe any special taxes, including any of the following (see the instructions for Schedule 2).
a.	Alternative minimum tax.
b.	Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account.
c.	Household employment taxes.
d.	Social security and Medicare tax on tips you didn't report to your employer or on wages you received from an employer who didn't withhold these taxes.
e.	Uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional taxes on health savings accounts.
f.	Recapture taxes.
2.	You (or your spouse if filing jointly) received health savings account, Archer MSA, or Medicare Advantage MSA distributions.
3.	You had net earnings from self-employment of at least \$400.
4.	You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.
5.	Advance payments of the premium tax credit were made for you, your spouse, or a dependent who enrolled in coverage through the Marketplace. You or whoever enrolled you should have received Form(s) 1095-A showing the amount of the advance payments.
6.	You are required to include amounts in income under section 965 or you have a net tax liability under section 965 that you are paying in installments under section 965(h) or deferred by making an election under section 965(i).

**Chart B—For Children and Other Dependents** (See *Who Qualifies as Your Dependent*, later.)

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest, ordinary dividends, and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities, and distributions of unearned income from a trust. **Earned income** includes salaries, wages, tips, professional fees, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

**Single dependents.** Were you either age 65 or older or blind?

- No.** You must file a return if **any** of the following apply.
  - Your unearned income was over \$1,150.
  - Your earned income was over \$12,950.
  - Your gross income was more than the **larger** of—
    - \$1,150, or
    - Your earned income (up to \$12,550) plus \$400.
- Yes.** You must file a return if **any** of the following apply.
  - Your unearned income was over \$2,900 (\$4,650 if 65 or older **and** blind).
  - Your earned income was over \$14,700 (\$16,450 if 65 or older **and** blind).
  - Your gross income was more than the **larger** of—
    - \$2,900 (\$4,650 if 65 or older **and** blind), or
    - Your earned income (up to \$12,550) plus \$2,150 (\$3,900 if 65 or older **and** blind).

**Married dependents.** Were you either age 65 or older or blind?

- No.** You must file a return if **any** of the following apply.
  - Your unearned income was over \$1,150.
  - Your earned income was over \$12,950.
  - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  - Your gross income was more than the **larger** of—
    - \$1,150, or
    - Your earned income (up to \$12,550) plus \$400.
- Yes.** You must file a return if **any** of the following apply.
  - Your unearned income was over \$2,550 (\$3,950 if 65 or older **and** blind).
  - Your earned income was over \$14,350 (\$15,750 if 65 or older **and** blind).
  - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  - Your gross income was more than the **larger** of—
    - \$2,550 (\$3,950 if 65 or older **and** blind), or
    - Your earned income (up to \$12,550) plus \$1,800 (\$3,200 if 65 or older **and** blind).

## Filing Status – It's the client's choice

A married couple filing jointly report their combined income and deduct their combined allowable expenses on one return. They can file a joint return even if only one had income or if they didn't live together all year. However, both persons must sign the return. Once you file a joint return, you can't choose to file separate returns for that year after the due date of the return.

Joint and several tax liability. If you file a joint return, both you and your spouse are generally responsible for the tax and interest or penalties due on the return. This means that if one spouse doesn't pay the tax due, the other may have to. Or, if one spouse doesn't report the correct tax, both spouses may be responsible for any additional taxes assessed by the IRS. You may want to file separately if:

- You believe your spouse isn't reporting all of their income, or
- You don't want to be responsible for any taxes due if your spouse doesn't have enough tax withheld or doesn't pay enough estimated tax.

SCHEDULE 1  
(Form 1040)Department of the Treasury  
Internal Revenue Service

## Additional Income and Adjustments to Income

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. 01

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 951A(a) inclusion (see instructions) . . . . .	8o
p	Section 461(l) excess business loss adjustment . . . . .	8p
q	Taxable distributions from an ABLE 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.

Cat. No. 71479F

Schedule 1 (Form 1040) 2022

Some amounts that in prior years were reported on Form 1040, and amounts reported on Form 1040-SR are now reported on Schedule 1.

- Scholarship and fellowship grants are now reported on Schedule 1, line 8r.
- Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan are now reported on Schedule 1, line 8t.
- Wages earned while incarcerated are now reported on Schedule 1, line 8u.

**Student loan forgiveness not taxable.** Student loan debt cancelled by the U.S. Department of Education pursuant to the one-time Student Debt Relief Plan announced on August 24, 2022, is not taxable for federal income tax purposes. The Student Debt Relief Plan provides up to \$20,000 in debt cancellation to eligible Pell Grant recipients and up to \$10,000 in debt cancellation to eligible non-Pell Grant recipients

**AND...no changes to Part III!**

<b>Part II Adjustments to Income</b>			
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 <b>adjustments to income</b> . Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a . . . . .	26	

<b>Tax and Credits</b>	<b>16</b>	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____	<b>16</b>
	<b>17</b>	Amount from Schedule 2, line 3	<b>17</b>
	<b>18</b>	Add lines 16 and 17	<b>18</b>
	<b>19</b>	Child tax credit or credit for other dependents from Schedule 8812	<b>19</b>
	<b>20</b>	Amount from Schedule 3, line 8	<b>20</b>
	<b>21</b>	Add lines 19 and 20	<b>21</b>
	<b>22</b>	Subtract line 21 from line 18. If zero or less, enter -0-	<b>22</b>
	<b>23</b>	Other taxes, including self-employment tax, from Schedule 2, line 21	<b>23</b>
	<b>24</b>	Add lines 22 and 23. This is your <b>total tax</b>	<b>24</b>

**SCHEDULE 8812**  
(Form 1040)

**Credits for Qualifying Children and Other Dependents**

OMB No. 1545-0074

**2022**

Attachment Sequence No. 47

Department of the Treasury  
Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to [www.irs.gov/Schedule8812](http://www.irs.gov/Schedule8812) for instructions and the latest information.

Name(s) shown on return

Your social security number

**Part I Child Tax Credit and Credit for Other Dependents**

1	Enter the amount from line 11 of your Form 1040, 1040-SR, or 1040-NR	<b>1</b>
2a	Enter income from Puerto Rico that you excluded	<b>2a</b>
b	Enter the amounts from lines 45 and 50 of your Form 2555	<b>2b</b>
c	Enter the amount from line 15 of your Form 4563	<b>2c</b>
d	Add lines 2a through 2c	<b>2d</b>
3	Add lines 1 and 2d	<b>3</b>
4	Number of qualifying children under age 17 with the required social security number	<b>4</b>
5	Multiply line 4 by \$2,000	<b>5</b>
6	Number of other dependents, including any qualifying children who are not under age 17 or who do not have the required social security number	<b>6</b>
Caution: Do not include yourself, your spouse, or anyone who is not a U.S. citizen, U.S. national, or U.S. resident alien. Also, do not include anyone you included on line 4.		
7	Multiply line 6 by \$500	<b>7</b>
8	Add lines 5 and 7	<b>8</b>
9	Enter the amount shown below for your filing status.	<b>9</b>
	• Married filing jointly—\$400,000	
	• All other filing statuses—\$200,000	
10	Subtract line 9 from line 3.	<b>10</b>
	• If zero or less, enter -0-.	
	• If more than zero and not a multiple of \$1,000, enter the next multiple of \$1,000. For example, if the result is \$425, enter \$1,000; if the result is \$1,025, enter \$2,000, etc.	
11	Multiply line 10 by 5% (0.05)	<b>11</b>
12	Is the amount on line 8 more than the amount on line 11?	<b>12</b>
	<input type="checkbox"/> <b>No. STOP.</b> You cannot take the child tax credit, credit for other dependents, or additional child tax credit. Skip Parts II-A and II-B. Enter -0- on lines 14 and 27.	
	<input type="checkbox"/> <b>Yes.</b> Subtract line 11 from line 8. Enter the result.	
13	Enter the amount from the <b>Credit Limit Worksheet A</b>	<b>13</b>
14	Enter the smaller of line 12 or 13. This is your child tax credit and credit for other dependents	<b>14</b>

Enter this amount on Form 1040, 1040-SR, or 1040-NR, line 19.

If the amount on line 12 is more than the amount on line 14, you may be able to take the **additional child tax credit** on Form 1040, 1040-SR, or 1040-NR, line 28. Complete your Form 1040, 1040-SR, or 1040-NR through line 27 (also complete Schedule 3, line 11) before completing Part II-A.

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 59761M

Schedule 8812 (Form 1040) 2022

**Part II-A Additional Child Tax Credit for All Filers**

**Caution:** If you file Form 2555, you cannot claim the additional child tax credit.

15	Check this box if you <b>do not</b> want to claim the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27	<input type="checkbox"/>
16a	Subtract line 14 from line 12. If zero, <b>stop here</b> ; you cannot take the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27	<b>16a</b>
b	Number of qualifying children under 17 with the required social security number: _____ x \$1,500. Enter the result. If zero, <b>stop here</b> ; you cannot claim the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27	<b>16b</b>
<b>TIP:</b> The number of children you use for this line is the same as the number of children you used for line 4.		
17	Enter the <b>smaller</b> of line 16a or line 16b	<b>17</b>
18a	Earned income (see instructions)	<b>18a</b>
b	Nontaxable combat pay (see instructions)	<b>18b</b>
19	Is the amount on line 18a more than \$2,500? <input type="checkbox"/> <b>No.</b> Leave line 19 blank and enter -0- on line 20. <input type="checkbox"/> <b>Yes.</b> Subtract \$2,500 from the amount on line 18a. Enter the result	<b>19</b>
20	Multiply the amount on line 19 by 15% (0.15) and enter the result Next. On line 16b, is the amount \$4,500 or more? <input type="checkbox"/> <b>No.</b> If you are a bona fide resident of Puerto Rico, go to line 21. Otherwise, skip Part II-B and enter the <b>smaller</b> of line 17 or line 20 on line 27. <input type="checkbox"/> <b>Yes.</b> If line 20 is equal to or more than line 17, skip Part II-B and enter the amount from line 17 on line 27. Otherwise, go to line 21.	<b>20</b>

**Part II-B Certain Filers Who Have Three or More Qualifying Children and Bona Fide Residents of Puerto Rico**

21	Withheld social security, Medicare, and Additional Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If your employer withheld or you paid Additional Medicare Tax or tier 1 RRTA taxes, see instructions	<b>21</b>
22	Enter the total of the amounts from Schedule 1 (Form 1040), line 15; Schedule 2 (Form 1040), line 5; Schedule 2 (Form 1040), line 6; and Schedule 2 (Form 1040), line 13	<b>22</b>
23	Add lines 21 and 22	<b>23</b>
24	<b>1040 and</b> <b>1040-SR filers:</b> Enter the total of the amounts from Form 1040 or 1040-SR, line 27, and Schedule 3 (Form 1040), line 11. <b>1040-NR filers:</b> Enter the amount from Schedule 3 (Form 1040), line 11.	<b>24</b>
25	Subtract line 24 from line 23. If zero or less, enter -0-	<b>25</b>
26	Enter the <b>larger</b> of line 20 or line 25 Next, enter the <b>smaller</b> of line 17 or line 26 on line 27.	<b>26</b>

**Part II-C Additional Child Tax Credit**

27	This is your additional child tax credit. Enter this amount on Form 1040, 1040-SR, or 1040-NR, line 28	<b>27</b>
----	--------------------------------------------------------------------------------------------------------	-----------

**SCHEDULE 2**  
(Form 1040)

Department of the Treasury  
Internal Revenue Service

**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.

Cat. No. 71478U

Schedule 2 (Form 1040) 2022

**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 <b>total other taxes</b> . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b . . . . .		21	

**Note:** Line 19 on the 2021 form had been for Additional tax from Schedule 8812, Credits for Qualifying Children and Other Dependents. The amount is now entered directly on line 19, Form 1040.

**Child tax credit enhancements have expired.** Many changes to the CTC for 2021 implemented by the American Rescue Plan Act of 2021, have expired. For tax year 2022:

- The enhanced credit allowed for qualifying children under age 6 and children under age 18 has expired. For 2022, the initial amount of the CTC is \$2,000 for each qualifying child. The credit amount begins to phase out where modified adjusted gross income exceeds \$200,000 (\$400,000 in case of a joint return). The amount of the CTC that can be claimed as a refundable credit is limited as it was in 2020 except that the maximum ACTC amount for each qualifying child increased to \$1,500.
- The increased age allowance for a qualifying child has expired. A child must be under age 17 at the end of 2022 to be a qualifying child.



**CAUTION** *If you take the child tax credit or credit for other dependents even though you aren't eligible and it is determined that your error is due to reckless or intentional disregard of the rules for these credits, you won't be allowed to take either credit or the additional child tax credit for 2 years even if you're otherwise eligible to do so. If you take the child tax credit or credit for other dependents even though you aren't eligible and it is later determined that you fraudulently took either credit, you won't be allowed to take either credit or the additional child tax credit for 10 years. You may also have to pay penalties.*

**Credit for child and dependent care expenses.** The changes to the credit for child and dependent care expenses implemented by the American Rescue Plan Act of 2021 (ARP), were not extended.

For 2022, the credit for the child and dependent care expenses is nonrefundable.

The dollar limit on qualifying expenses is \$3,000 for one qualifying person and \$6,000 for two or more qualifying persons. The maximum credit amount allowed is 35% of your employment-related expenses.

For more information, see the Instructions for Form 2441 and Pub. 503. Child tax credit and additional child tax credit.

Many changes to the child tax credit (CTC) implemented by ARP were not extended. For 2022,

- The initial credit amount of the CTC is \$2,000 for each qualifying child.
- The amount of CTC that can be claimed as a refundable credit is limited as it was in 2020, except the maximum additional child tax credit (ACTC) amount has increased to \$1,500 for each qualifying child.

- A child must be under age 17 at the end of 2022 to be a qualifying child.
- Bona fide residents of Puerto Rico are no longer required to have three or more qualifying children to be eligible to claim the ACTC. Bona fide residents of Puerto Rico may be eligible to claim the ACTC if they have one or more qualifying children.

**SCHEDULE 3**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**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 Alternative fuel vehicle refueling property credit. Attach Form 8911 . . . . .	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.

Cat. No. 71480G

Schedule 3 (Form 1040) 2022

Form <b>1116</b> Department of the Treasury Internal Revenue Service	<b>Foreign Tax Credit</b> (Individual, Estate, or Trust) Attach to Form 1040, 1040-SR, 1040-NR, 1041, or 990-T. Go to <a href="http://www.irs.gov/Form1116">www.irs.gov/Form1116</a> for instructions and the latest information.	OMB No. 1545-0121 <b>2022</b> Attachment Sequence No. <b>19</b>
Name	Identifying number as shown on page 1 of your tax return	

If you paid income tax to a foreign country or U.S. possession, you may be able to take this credit. Generally, you must complete and attach Form 1116 to do so.

**Exception.** You don't have to complete Form 1116 to take this credit if all of the following apply.

1. All of your foreign source gross income was from interest and dividends and all of that income and the foreign tax paid on it were reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1 (or substitute statement).
2. The total of your foreign taxes wasn't more than \$300 (not more than \$600 if married filing jointly).
3. You held the stock or bonds on which the dividends or interest were paid for at least 16 days and weren't obligated to pay these amounts to someone else.
4. You aren't filing Form 4563 or excluding income from sources within Puerto Rico.
5. All of your foreign taxes were:
  - a. Legally owed and not eligible for a refund or reduced tax rate under a tax treaty, and
  - b. Paid to countries that are recognized by the United States and don't support terrorism.

For more details on these requirements, see the Instructions for Form 1116.

#### Do you meet all five requirements just listed?

**Yes.** Enter on line 1 the smaller of (a) your total foreign taxes, or (b) the total of the amounts on Form 1040 or 1040-SR, line 16, and Schedule 2, line 2.

**No.** See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.

Form **2441**

Department of the Treasury  
Internal Revenue Service  
Name(s) shown on return

### Child and Dependent Care Expenses

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to [www.irs.gov/Form2441](http://www.irs.gov/Form2441) for instructions and the latest information.

OMB No. 1545-0074

**2022**  
Attachment  
Sequence No. 21

Your social security number

**A** You can't claim a credit for child and dependent care expenses if your filing status is married filing separately unless you meet the requirements listed in the instructions under *Married Persons Filing Separately*. If you meet these requirements, check this box

**B** If you or your spouse was a student or was disabled during 2022 and you're entering deemed income of \$250 or \$500 a month on Form 2441 based on the income rules listed in the instructions under *If You or Your Spouse Was a Student or Disabled*, check this box

**The changes to the credit for child and dependent care expenses** implemented by the American Rescue Plan Act of 2021 (ARP), were not extended. For 2022, the credit for the child and dependent care expenses is nonrefundable. The dollar limit on qualifying expenses is \$3,000 for one qualifying person and \$6,000 for two or more qualifying persons. The maximum credit amount allowed is 35% of your employment-related expenses.

Form **8863**

Department of the Treasury  
Internal Revenue Service  
Name(s) shown on return

### Education Credits (American Opportunity and Lifetime Learning Credits)

Attach to Form 1040 or 1040-SR.

Go to [www.irs.gov/Form8863](http://www.irs.gov/Form8863) for instructions and the latest information.

OMB No. 1545-0074

**2022**  
Attachment  
Sequence No. 50

Your social security number



Complete a separate Part III on page 2 for each student for whom you're claiming either credit before you complete Parts I and II.

**What's New?** Limits on modified adjusted gross income (MAGI). The lifetime learning credit MAGI limit increases to \$180,000 if you're married filing jointly (\$90,000 if you're filing single, head of household, or qualifying widow(er)). The American opportunity credit MAGI limits remain unchanged.

Form **5695**

Department of the Treasury  
Internal Revenue Service  
Name(s) shown on return

### Residential Energy Credits

Go to [www.irs.gov/Form5695](http://www.irs.gov/Form5695) for instructions and the latest information.

Attach to Form 1040, 1040-SR, or 1040-NR.

OMB No. 1545-0074

**2022**  
Attachment  
Sequence No. 158

Your social security number

**Part I Residential Clean Energy Credit** (See instructions before completing this part.)

**Note:** Skip lines 1 through 11 if you only have a **credit carryforward from 2021**.

The Inflation Reduction Act (IRA) of 2022 (P.L. 117-169) extended and expanded two federal income tax credits for energy-efficient home improvements. In addition, the Consolidated Appropriations Act, 2021:

1. Extends the residential energy efficient property credit to qualified biomass fuel property costs, and provides definitions in the instructions to the form.
2. Extends the 26 percent residential energy efficient property credit rate to property placed in service in 2021 and 2022.
3. Disallows the nonbusiness energy property credit for a stove which uses the burning of biomass fuel on line 22a, and we deleted the related definitions from these instructions.
4. Extends the balance of the nonbusiness energy property credit to property placed in service in 2021.

On December 22, 2022, the IRS issued new FAQs on its website that provide guidance regarding the **Energy Efficient Home Improvement Credit under IRC §25C and the Residential Clean Energy Property Credit under IRC §25D**.

The FAQs provide clarification on the credit limits, qualifying expenses, and timing for claiming the credits, and provide examples. Key points from that guidance include:

- Starting with the 2023 taxable year, property qualifying for the Energy Efficient Home Improvement Credit is generally eligible for a \$1,200 annual credit, but some property is eligible for a \$2,000 annual credit. The two categories of property can be combined to produce an annual credit of up to \$3,200;
- Roof repairs are generally not eligible for the Residential Clean Energy Property Credit, but the installation of solar shingles that serve as both roofing material and solar energy property qualify for the credit;
- Neither credit can be claimed until the year the installation of qualifying property is completed, even if the taxpayer paid for the improvements in a prior year;
- Renters who pay for qualifying improvements can claim the credits, even though they do not own the real estate upon which the qualifying property is installed; and
- Some property eligible for each of the credits is only eligible if the property is installed on a principal residence, while other eligible property can be installed on any personal use residence (such as a second home). Rules related to homes that have mixed personal and business use are also discussed.

The FAQs are available at:

[www.irs.gov/pub/taxpros/fs-2022-40.pdf](http://www.irs.gov/pub/taxpros/fs-2022-40.pdf)

**Extension and Modification of Residential Clean Energy Credit** (formerly called the residential energy efficient property credit (IRC Sec. 25D). Installations in 2020–2021, qualified for credits equaling 26% of qualified expenditures for solar electric, solar hot water, fuel cell, small wind energy, geothermal heat pump, and biomass fuel equipment. For 2022 the credit percentage is increased to 30%.

Qualified expenditures include costs for site preparation, assembly, installation, piping, and wiring for the following (IRC Sec. 25D(a)(1) – (5))

1. Qualified solar electricity generating equipment for your U.S. residence, including a vacation home.
2. Qualified solar water heating equipment for your U.S. residence, including a vacation home. To qualify for the credit, at least 50% of the energy used to heat water for the property must be generated by the solar water heating equipment. No credit is allowed for solar water heating equipment unless it is certified for performance by the nonprofit Solar Rating Certification Corporation or a comparable entity endorsed by the state in which your residence is located. Keep the certification with your tax records.
3. Qualified small wind energy equipment for a U.S. residence, including a vacation home.
4. Qualified geothermal heat pump equipment for a U.S. residence, including a vacation home.
5. Qualified fuel cell equipment for your U.S. principal residence. The maximum credit is limited to \$500 for each half kilowatt of fuel cell capacity.
6. Qualified biomass heating equipment for your U.S. residence expires after 2022. Note that this expenditure category drops off the table after 2022.

**Extension and Modification of Energy Efficient Home Improvement Credit (IRC Sec. 25C)**

For 2022 this 10% credit with a lifetime limit was only \$500. The IRA eliminates the lifetime limit and for years 2023-2032 increases the credit percentage to 30% of qualified expenditures, subject to an annual limit of \$1,200.

There are also annual credit limits of (1) \$600 for residential energy property expenditures, windows, and skylights; and (2) \$250 for any one exterior door and a total of \$500 for all exterior doors. Notwithstanding the annual credit limits, a special \$2,000 annual credit limit applies to qualified expenditures for specified heat pumps, heat pump water heaters, and biomass stoves and boilers.

Claim these credits by including Form 5695 with your client's Form 1040. Per the instructions to Form 5695, credits can only be claimed for expenditures on a "home," which can include a house, condo, co-op apartment, houseboat, mobile home, or a

manufactured home that conforms to federal manufactured home construction and safety standards.

IRS recently published a Fact Sheet of Frequently asked questions about energy efficient home improvements and residential clean energy property credits. Find it at

<https://www.irs.gov/pub/taxpros/fs-2022-40.pdf>

**Confused about the Electric Vehicle Credits for 2022 and going forward?**

The Inflation Reduction Act of 2022 (Public Law 117-169) amended the Qualified Plug-in Electric Drive Motor Vehicle Credit (IRC 30D), now known as the Clean Vehicle Credit, and added a new requirement for final assembly in North America that took effect on August 17, 2022. For more details on the credit visit the following website: <https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit>

<b>8936</b> Form 8936 (Rev. December 2022) Department of the Treasury Internal Revenue Service Name(s) shown on return	<b>Qualified Plug-in Electric Drive Motor Vehicle Credit</b> (Including Qualified Two-Wheeled Plug-in Electric Vehicles and New Clean Vehicles) Attach to your tax return. Go to <a href="http://www.irs.gov/Form8936">www.irs.gov/Form8936</a> for instructions and the latest information.	OMB No. 1545-2137 Attachment Sequence No. 69 Identifying number
<b>Note:</b> This credit is for qualified plug-in electric drive motor vehicles placed in service before 2023, qualified two-wheeled plug-in electric vehicles acquired before but placed in service in 2022, and new clean vehicles placed in service after 2022. See separate instructions for vehicle definitions and other requirements.		

**Plug-In Electric Drive Motor Vehicle Credit (IRC 30D).** The credit for these plug-in vehicles is not available for vehicles placed in service after 2022.

New clean vehicles. The credit for new clean vehicles is available for vehicles placed in service after 2022.

Two-wheeled vehicles. The credit for qualified two-wheeled plug-in electric vehicles expired for vehicles acquired after 2021. However, if you acquired the two-wheeled vehicle in 2021, but placed it in service during 2022, you may still be able to claim the credit for 2022.

New qualified fuel cell motor vehicles. The credit for these vehicles is now available under the credit for new clean vehicles for vehicles placed in service after 2022. A credit for these vehicles was formerly allowed on Form 8910, Alternative Motor Vehicle Credit.

**Practice Pointer!** Watch the dates! Phaseouts and Transition Dates apply

Phaseout ending after 2022. Toyota, Tesla, and General Motors (GM) vehicles sold after 2022 will no longer be subject to a credit phaseout.

## **New Final Assembly Requirement**

If you are interested in claiming the tax credit available under section 30D (EV credit) for purchasing a new electric vehicle after August 16, 2022 (which is the date that the Inflation Reduction Act of 2022 was enacted), a tax credit is generally available only for qualifying electric vehicles for which final assembly occurred in North America (final assembly requirement).

The Department of Energy has provided a list of Model Year 2022 and early Model Year 2023 electric vehicles at <https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit> that may meet the final assembly requirement. Because some models are built in multiple locations, there may be vehicles on the Department of Energy list that do not meet the final assembly requirement in all circumstances.

To identify the manufacture location for a specific vehicle, please search the vehicle identification number (VIN) of the vehicle on the VIN Decoder website for the National Highway Traffic Safety Administration (NHTSA). The website, including instructions, can be found at VIN Decoder <https://www.nhtsa.gov/vin-decoder>.

### **To learn more about the vehicles:**

Buying and Driving Fuel Efficient and Alternative Fuel Vehicles

<https://www.energy.gov/energysaver/buying-and-driving-fuel-efficient-and-alternative-fuel-vehicles>

and [https://afdc.energy.gov/fuels/electricity\\_benefits.html](https://afdc.energy.gov/fuels/electricity_benefits.html) which is the Alternative Fuels Data Center.

And to learn more about which vehicles qualify for which credits:

Electric Vehicle (EV) and Fuel Cell Electric Vehicle (FCEV) Tax Credit at  
<https://afdc.energy.gov/laws/409>

You'll find more information on Electric Vehicle (EV) and Fuel Cell Electric Vehicle (FCEV) Tax Credit and a link to the full list of alternative fuel vehicle incentives amended or created by the Inflation Reduction Act.

You may also need information on Specific Assembly Location Based on VIN. In addition to the list of vehicles with final assembly in North America, the build location of a particular vehicle should be confirmed by the VIN or an information label affixed to the vehicle. The U.S. Department of Transportation's NHTSA provides a VIN decoder that can be used to identify a vehicle's build plant and country of manufacture along with other details about the vehicle. <https://vpic.nhtsa.dot.gov/decoder/> %

**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	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 . . . . .	13c	
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) . . . . .	13f	
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

Note: Box 13c had been Health Coverage Tax Credit from Form 8885, it was not extended. Box 13g had been Credit for Child and Dependent Care Expenses.

<b>Payments</b>	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	
If you have a qualifying child, attach Sch. EIC.	26	2022 estimated tax payments and amount applied from 2021 return . . . . .	26	
	27	Earned income credit (EIC) . . . . .	27	
	28	Additional child tax credit from Schedule 8812 . . . . .	28	
	29	American opportunity credit from Form 8863, line 8 . . . . .	29	
	30	Reserved for future use . . . . .	30	
	31	Amount from Schedule 3, line 15 . . . . .	31	
	32	Add lines 27, 28, 29, and 31. These are your <b>total other payments and refundable credits</b> . . . . .	32	
	33	Add lines 25d, 26, and 32. These are your <b>total payments</b> . . . . .	33	

**Changes to the earned income credit (EIC).**

The enhancements for taxpayers without a qualifying child implemented by ARP don't apply for 2022. This means, to claim the EIC without a qualifying child in 2022 you must be at least age 25 but under age 65 at the end of 2022. If you are married filing a joint return, either you or your spouse must be at least age 25 but under age 65 at the end of 2022. It doesn't matter which spouse meets the age requirement, as long as one of the spouses does.

Form **8867**

(Rev. November 2022)

Department of the Treasury  
Internal Revenue Service**Paid Preparer's Due Diligence Checklist**

*Earned Income Credit (EIC), American Opportunity Tax Credit (AOTC),  
Child Tax Credit (CTC) (including the Additional Child Tax Credit (ACTC) and  
Credit for Other Dependents (ODC)), and Head of Household (HOH) Filing Status*

**To be completed by preparer and filed with Form 1040, 1040-SR, 1040-NR, 1040-PR, or 1040-SS.  
Go to [www.irs.gov/Form8867](http://www.irs.gov/Form8867) for instructions and the latest information.**

OMB No. 1545-0074

For tax year  
20 Attachment  
Sequence No. **70**

Taxpayer name(s) shown on return

Taxpayer identification number

Preparer's name

Preparer tax identification number

**Part I Due Diligence Requirements**

Please check the appropriate box for the credit(s) and/or HOH filing status claimed on the return and complete the related Parts I–V for the benefit(s) claimed (check all that apply).

EIC  CTC/ACTC/ODC  AOTC  HOH

**Part VI Eligibility Certification**

You will have complied with all due diligence requirements for claiming the applicable credit(s) and/or HOH filing status on the return of the taxpayer identified above if you:

- A. Interview the taxpayer, ask adequate questions, contemporaneously document the taxpayer's responses on the return or in your notes, review adequate information to determine if the taxpayer is eligible to claim the credit(s) and/or HOH filing status and to figure the amount(s) of the credit(s);
- B. Complete this Form 8867 truthfully and accurately and complete the actions described in this checklist for any applicable credit(s) claimed and HOH filing status, if claimed;
- C. Submit Form 8867 in the manner required; and
- D. Keep all five of the following records for 3 years from the latest of the dates specified in the Form 8867 instructions under Document Retention.
  1. A copy of this Form 8867.
  2. The applicable worksheet(s) or your own worksheet(s) for any credit(s) claimed.
  3. Copies of any documents provided by the taxpayer on which you relied to determine the taxpayer's eligibility for the credit(s) and/or HOH filing status and to figure the amount(s) of the credit(s).
  4. A record of how, when, and from whom the information used to prepare this form and the applicable worksheet(s) was obtained.
  5. A record of any additional information you relied upon, including questions you asked and the taxpayer's responses, to determine the taxpayer's eligibility for the credit(s) and/or HOH filing status and to figure the amount(s) of the credit(s).

**If you have not complied with all due diligence requirements, you may have to pay a penalty for each failure to comply related to a claim of an applicable credit or HOH filing status (see instructions for more information).**

**15** Do you certify that all of the answers on this Form 8867 are, to the best of your knowledge, true, correct, and complete?

Form **8867** (Rev. 11-2022)

**Practice Pointer!**

This checklist is a comprehensive tool to use when preparing Form 8867, *Paid Preparer's Due Diligence Checklist*, that is associated with claiming the earned income tax credit, American opportunity tax credit, child tax credit (including the additional child tax credit), the credit for other dependents and head-of-household filing status.

<b>SCHEDULE LEP (Form 1040)</b> <small>(Rev. December 2022) Department of the Treasury Internal Revenue Service</small>	<b>Request for Change in Language Preference</b>																							
		OMB No. 1545-0074																						
<small>Attach to Form 1040, 1040-SR, 1040-NR, 1040-PR, or 1040-SS. Go to <a href="http://www.irs.gov/ScheduleLEP">www.irs.gov/ScheduleLEP</a> for the latest information.</small>																								
Name of person making request (as shown on tax return)	Social security number of person making request																							
<p>1 I would prefer to receive written communications (see instructions) from the IRS in the following language. Check only one.</p> <table><tbody><tr><td><input type="checkbox"/> 000 English</td><td><input type="checkbox"/> 011 French (Français)</td></tr><tr><td><input type="checkbox"/> 001 Spanish (Español)</td><td><input type="checkbox"/> 012 Japanese (日本語)</td></tr><tr><td><input type="checkbox"/> 002 Korean (한국어)</td><td><input type="checkbox"/> 013 Gujarati (ગુજરાતી)</td></tr><tr><td><input type="checkbox"/> 003 Vietnamese (Tiếng Việt)</td><td><input type="checkbox"/> 014 Punjabi (ਪੰਜਾਬੀ)</td></tr><tr><td><input type="checkbox"/> 004 Russian (Русский)</td><td><input type="checkbox"/> 015 Khmer (ខ្មែរ)</td></tr><tr><td><input type="checkbox"/> 005 Arabic (العربي)</td><td><input type="checkbox"/> 016 Urdu (اردو)</td></tr><tr><td><input type="checkbox"/> 006 Haitian Creole (Kreyòl Ayisyen)</td><td><input type="checkbox"/> 017 Bengali (বাংলা)</td></tr><tr><td><input type="checkbox"/> 007 Tagalog (Tagalog)</td><td><input type="checkbox"/> 018 Italian (Italiano)</td></tr><tr><td><input type="checkbox"/> 008 Portuguese (Português)</td><td><input type="checkbox"/> 019 Chinese (Traditional) 中文(繁體)</td></tr><tr><td><input type="checkbox"/> 009 Polish (Polski)</td><td><input type="checkbox"/> 020 Chinese (Simplified) 中文(简体)</td></tr><tr><td><input type="checkbox"/> 010 Farsi (فارسی)</td><td></td></tr></tbody></table>			<input type="checkbox"/> 000 English	<input type="checkbox"/> 011 French (Français)	<input type="checkbox"/> 001 Spanish (Español)	<input type="checkbox"/> 012 Japanese (日本語)	<input type="checkbox"/> 002 Korean (한국어)	<input type="checkbox"/> 013 Gujarati (ગુજરાતી)	<input type="checkbox"/> 003 Vietnamese (Tiếng Việt)	<input type="checkbox"/> 014 Punjabi (ਪੰਜਾਬੀ)	<input type="checkbox"/> 004 Russian (Русский)	<input type="checkbox"/> 015 Khmer (ខ្មែរ)	<input type="checkbox"/> 005 Arabic (العربي)	<input type="checkbox"/> 016 Urdu (اردو)	<input type="checkbox"/> 006 Haitian Creole (Kreyòl Ayisyen)	<input type="checkbox"/> 017 Bengali (বাংলা)	<input type="checkbox"/> 007 Tagalog (Tagalog)	<input type="checkbox"/> 018 Italian (Italiano)	<input type="checkbox"/> 008 Portuguese (Português)	<input type="checkbox"/> 019 Chinese (Traditional) 中文(繁體)	<input type="checkbox"/> 009 Polish (Polski)	<input type="checkbox"/> 020 Chinese (Simplified) 中文(简体)	<input type="checkbox"/> 010 Farsi (فارسی)	
<input type="checkbox"/> 000 English	<input type="checkbox"/> 011 French (Français)																							
<input type="checkbox"/> 001 Spanish (Español)	<input type="checkbox"/> 012 Japanese (日本語)																							
<input type="checkbox"/> 002 Korean (한국어)	<input type="checkbox"/> 013 Gujarati (ગુજરાતી)																							
<input type="checkbox"/> 003 Vietnamese (Tiếng Việt)	<input type="checkbox"/> 014 Punjabi (ਪੰਜਾਬੀ)																							
<input type="checkbox"/> 004 Russian (Русский)	<input type="checkbox"/> 015 Khmer (ខ្មែរ)																							
<input type="checkbox"/> 005 Arabic (العربي)	<input type="checkbox"/> 016 Urdu (اردو)																							
<input type="checkbox"/> 006 Haitian Creole (Kreyòl Ayisyen)	<input type="checkbox"/> 017 Bengali (বাংলা)																							
<input type="checkbox"/> 007 Tagalog (Tagalog)	<input type="checkbox"/> 018 Italian (Italiano)																							
<input type="checkbox"/> 008 Portuguese (Português)	<input type="checkbox"/> 019 Chinese (Traditional) 中文(繁體)																							
<input type="checkbox"/> 009 Polish (Polski)	<input type="checkbox"/> 020 Chinese (Simplified) 中文(简体)																							
<input type="checkbox"/> 010 Farsi (فارسی)																								
<small>For Paperwork Reduction Act Notice, see your tax return instructions.</small>		<small>Cat. No. 74174D</small>																						
<small>Schedule LEP (Form 1040) (Rev. 12-2022)</small>																								

The IRS is committed to providing taxpayers with limited English proficiency meaningful access to information regarding their taxpayer rights and responsibilities. Use Schedule LEP to request written communications from the IRS in an alternative language.

Schedule LEP is not mandatory but can be filed with a tax return by taxpayers with limited English proficiency to indicate their language of preference for IRS-issued written communications or change their language of preference. If you e-file Schedule LEP with your tax return, don't file the paper version of this form. File Schedule LEP with your current year tax return or any subsequent year returns, but not any year prior to 2020.

<b>SCHEDULE A</b> <b>(Form 1040)</b>  Department of the Treasury Internal Revenue Service	<b>Itemized Deductions</b>  Go to <a href="http://www.irs.gov/ScheduleA">www.irs.gov/ScheduleA</a> for instructions and the latest information. Attach to Form 1040 or 1040-SR.  <b>Caution:</b> If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.	OMB No. 1545-0074  <b>2022</b> Attachment Sequence No. 07  Your social security number
Name(s) shown on Form 1040 or 1040-SR		

## Schedule A, Itemized Deductions

**Mortgage insurance premium.** The election to deduct qualified mortgage insurance premiums you paid under a mortgage insurance contract issued after December 31, 2006, in connection with a home acquisition debt that was secured by your first or second home doesn't apply for tax years beginning after December 31, 2021.

**Charitable contributions for non-itemizers.** The election to claim a charitable contribution for taxpayers who do not itemize their deductions expired December 31, 2021.

**Health coverage tax credit.** The health coverage tax credit has expired. If you are a trade adjustment assistance (TAA) recipient, and alternative TAA (ATAA) recipient, a reemployment TAA (RTAA) recipient or a Pension Benefit Guaranty Corporation (PBGC) payee, then you will no longer use Form 8885 before completing Schedule A, line 1.

**Standard mileage rates.** The standard mileage rate allowed for operating expenses for a car when you use it for medical reasons increased to 18 cents a mile for January 1 through June 30, 2022, and 22 cents a mile from July 1 through December 31, 2022. The 2022 rate for use of your vehicle to do volunteer work for certain charitable organizations remains at 14 cents a mile.

<b>SCHEDULE B</b> <b>(Form 1040)</b>  Department of the Treasury Internal Revenue Service	<b>Interest and Ordinary Dividends</b>  Go to <a href="http://www.irs.gov/ScheduleB">www.irs.gov/ScheduleB</a> for instructions and the latest information. Attach to Form 1040 or 1040-SR.	OMB No. 1545-0074  <b>2022</b> Attachment Sequence No. 08  Your social security number
Name(s) shown on return		
<b>Part I</b> <b>Interest</b>	<b>1</b> List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address:	<b>Amount</b>

**No news, no surprises...**

<b>Part II</b> <b>Ordinary Dividends</b>	<b>5</b> List name of payer:	
-------------------------------------------------	------------------------------	--

6 Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b 6

**Note:** If line 6 is over \$1,500, you must complete Part III.

The FBAR is also a tool used by the U.S. government to identify persons who may be using foreign financial accounts to circumvent U.S. law. The government can use FBAR information to identify or trace funds used for illicit purposes or to identify unreported income maintained or generated abroad.

U. S. persons maintain overseas financial accounts for a variety of legitimate reasons, including convenience and access. They must file Reports of Foreign Bank and Financial Accounts (FBAR) because foreign financial institutions may not be subject to the same reporting requirements as domestic financial institutions.

**Part III** You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Foreign Accounts and Trusts**

**Caution:** If required, failure to file FinCEN Form 114 may result in substantial penalties. Additionally, you may be required to file Form 8938, Statement of Specified Foreign Financial Assets. See instructions.

		Yes	No
7a	At any time during 2022, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
	If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements . . . . .	<input type="checkbox"/>	<input type="checkbox"/>
b	If you are required to file FinCEN Form 114, list the name(s) of the foreign country(-ies) where the financial account(s) are located:	<input type="checkbox"/>	<input type="checkbox"/>
8	During 2022, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions . . . . .	<input type="checkbox"/>	<input type="checkbox"/>

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 17146N

Schedule B (Form 1040) 2022

Those required to report their foreign accounts should file the FBAR electronically using the **Financial Crimes Enforcement Network's BSA E-Filing System**. The FBAR is due April 15. If April 15 falls on a Saturday, Sunday or legal holiday, the FBAR is due the next business day. Taxpayers should not file the FBAR with their federal individual, business, trust or estate tax returns.

This is the link to FinCEN's filing site: <https://bsaefiling.fincen.treas.gov/main.html>

<b>SCHEDULE C</b> <b>(Form 1040)</b> Department of the Treasury Internal Revenue Service		<b>Profit or Loss From Business</b> (Sole Proprietorship) Go to <a href="http://www.irs.gov/ScheduleC">www.irs.gov/ScheduleC</a> for instructions and the latest information. Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.	OMB No. 1545-0074 <b>2022</b> Attachment Sequence No. 09
Name of proprietor		Social security number (SSN)	
<b>A</b> Principal business or profession, including product or service (see instructions)		<b>B</b> Enter code from instructions _____	
<b>C</b> Business name. If no separate business name, leave blank.		<b>D</b> Employer ID number (EIN) (see instr.) _____	
<b>E</b> Business address (including suite or room no.) City, town or post office, state, and ZIP code			
<b>F</b> Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____		<b>G</b> Did you "materially participate" in the operation of this business during 2022? If "No," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>H</b> If you started or acquired this business during 2022, check here <input type="checkbox"/>		<b>I</b> Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>J</b> If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/>		<input type="checkbox"/> Yes <input type="checkbox"/> No	

**Standard mileage rate.** The business standard mileage rate from January 1, 2022, to June 30, 2022, is 58.5 cents per mile. The business standard mileage rate from July 1, 2022, to December 31, 2022, is 62.5 cents per mile

**Business meal expense.** For a limited time, business meals are 100% deductible under certain conditions.

## Worker Classification – Still an issue<sup>6</sup>

### How do you handle it when...

...your client's new sole proprietorship or partnership has several workers, but no employees? While they might pay an independent contractor and an employee for the same or similar work, there are key legal differences between the two. With an employee, the business has the right to control how the worker's services are performed.

Whether a worker is an independent contractor or an employee depends on the relationship between the worker and the business. Generally, there are three categories to consider.

- Behavioral control - Does the business control or have the right to control what the worker does and how the worker does the job?
- Financial control - Does the business direct or control the financial and business aspects of the worker's job? This includes things like how the worker is paid, whether expenses are reimbursed, who provides tools or supplies, etc.

<sup>6</sup> <https://www.irs.gov/newsroom/worker-classification-101-employee-or-independent-contractor>

- Relationship of the parties - Are there written contracts or employee benefits such as a pension plan, insurance, or vacation pay? Is the work performed a key aspect of the business?

Your client might consider getting to IRS before they get to him...

**Practice Pointer!** IRS will generally not mention this program exists during the course of an examination...

The Voluntary Classification Settlement Program<sup>7</sup> is an optional program that provides businesses with an opportunity to reclassify their workers as employees for future employment tax purposes. This program offers partial relief from federal employment taxes for eligible businesses who agree to prospectively treat their workers as employees. Businesses must meet certain eligibility requirements and apply by filing Form 8952, Application for Voluntary Classification Settlement Program (VCSP), and enter into a closing agreement with the IRS.

The VCSP allows eligible taxpayers to obtain relief similar to that currently available through the Classification Settlement Program for taxpayers under examination.

The VCSP is available for taxpayers who want to voluntarily change the prospective classification of their workers. The program applies to taxpayers who are currently treating their workers (or a class or group of workers) as independent contractors or other nonemployees and want to prospectively treat the workers as employees.

A taxpayer must have consistently treated the workers to be reclassified as independent contractors or other nonemployees, including having filed all required Forms 1099 for the workers to be reclassified under the VCSP for the previous three years to participate.

Additionally, the taxpayer cannot currently be under employment tax audit by the IRS and the taxpayer cannot be currently under audit concerning the classification of the workers by the Department of Labor or by a state government agency.

If the IRS or the Department of Labor has previously audited a taxpayer concerning the classification of the workers, the taxpayer will be eligible only if the taxpayer has complied with the results of that audit and is not currently contesting the classification in court.

### **Excess business loss limitation**

The Tax Cuts and Jobs Act limited the amount of losses from the trades or businesses of noncorporate taxpayers that the taxpayers can claim each year. Taxpayers can't

---

<sup>7</sup> <https://www.irs.gov/businesses/small-businesses-self-employed/voluntary-classification-settlement-program>

deduct an excess business loss in the current year. However, the excess business loss is treated as a net operating loss (NOL) carryover.

File Form 461 if you're a noncorporate taxpayer and your net losses from all of your trades or businesses are more than \$270,000 (\$540,000 for married taxpayers filing a joint return). A trust subject to tax under section 511 should complete Form 461 if it has a loss attributable to its trade or business of more than \$270,000.

If you report a loss on line 31 of your Schedule C (Form 1040), you may be subject to a business loss limitation. The disallowed loss resulting from the limitation will not be reflected on line 31 of your Schedule C. Instead, use Form 461 to determine the amount of your excess business loss, which will be included as income on Schedule 1 (Form 1040), line 8p. Any disallowed loss resulting from this limitation will be treated as a net operating loss that must be carried forward and deducted in a subsequent year.

The disallowance of excess business losses is effective for tax years beginning after 2020 and before 2029.

<b>461</b> Form	<b>Limitation on Business Losses</b>		OMB No. 1545-2283																																																																
Department of the Treasury Internal Revenue Service		2022 Attachment Sequence No. 64																																																																	
Name(s) shown on return		Identifying number																																																																	
<p><b>Part I Total Income/Loss Items</b> See instructions if you are filing a tax return other than Form 1040 or 1040-SR.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">1</td><td>Reserved for future use . . . . .</td><td style="width: 10%;">1</td><td style="width: 10%; background-color: #cccccc;"></td></tr> <tr><td>2</td><td>Enter amount from Schedule 1 (Form 1040), line 3 . . . . .</td><td>2</td><td></td></tr> <tr><td>3</td><td>Enter amount from Form 1040 or 1040-SR, line 7 . . . . .</td><td>3</td><td></td></tr> <tr><td>4</td><td>Enter amount from Schedule 1 (Form 1040), line 4 . . . . .</td><td>4</td><td></td></tr> <tr><td>5</td><td>Enter amount from Schedule 1 (Form 1040), line 5 . . . . .</td><td>5</td><td></td></tr> <tr><td>6</td><td>Enter amount from Schedule 1 (Form 1040), line 6 . . . . .</td><td>6</td><td></td></tr> <tr><td>7</td><td>Reserved for future use . . . . .</td><td>7</td><td style="background-color: #cccccc;"></td></tr> <tr><td>8</td><td>Enter other income, gain, or losses from a trade or business not reported on lines 1 through 7 . . . . .</td><td>8</td><td></td></tr> <tr><td>9</td><td>Combine lines 1 through 8 . . . . .</td><td>9</td><td style="background-color: #cccccc;"></td></tr> </table> <p><b>Part II Adjustment for Amounts Not Attributable to Trade or Business</b> See instructions if you are filing a tax return other than Form 1040 or 1040-SR.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">10</td><td>Enter any income or gain reported on lines 1 through 8 that is not attributable to a trade or business . . . . .</td><td style="width: 10%;">10</td><td style="width: 10%; background-color: #cccccc;"></td></tr> <tr><td>11</td><td>Enter any losses or deductions reported on lines 1 through 8 that are not attributable to a trade or business. See instructions . . . . .</td><td>11</td><td></td></tr> <tr><td>12</td><td>Subtract line 11 from line 10 . . . . .</td><td>12</td><td style="background-color: #cccccc;"></td></tr> </table> <p><b>Part III Limitation on Losses</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">13</td><td>If line 12 is a negative number, enter it here as a positive number. If line 12 is a positive number, enter it here as a negative number . . . . .</td><td style="width: 10%;">13</td><td style="width: 10%; background-color: #cccccc;"></td></tr> <tr><td>14</td><td>Add lines 9 and 13 . . . . .</td><td>14</td><td></td></tr> <tr><td>15</td><td>Enter \$270,000 (or \$540,000 if married filing jointly) . . . . .</td><td>15</td><td></td></tr> <tr><td>16</td><td>Add lines 14 and 15. If less than zero, enter the amount from line 16 as a positive number on Schedule 1 (Form 1040), line 8p. See instructions if you are filing a tax return other than a Form 1040 or 1040-SR. If zero or greater, do not attach this form to your tax return . . . . .</td><td>16</td><td style="background-color: #cccccc;"></td></tr> </table>				1	Reserved for future use . . . . .	1		2	Enter amount from Schedule 1 (Form 1040), line 3 . . . . .	2		3	Enter amount from Form 1040 or 1040-SR, line 7 . . . . .	3		4	Enter amount from Schedule 1 (Form 1040), line 4 . . . . .	4		5	Enter amount from Schedule 1 (Form 1040), line 5 . . . . .	5		6	Enter amount from Schedule 1 (Form 1040), line 6 . . . . .	6		7	Reserved for future use . . . . .	7		8	Enter other income, gain, or losses from a trade or business not reported on lines 1 through 7 . . . . .	8		9	Combine lines 1 through 8 . . . . .	9		10	Enter any income or gain reported on lines 1 through 8 that is not attributable to a trade or business . . . . .	10		11	Enter any losses or deductions reported on lines 1 through 8 that are not attributable to a trade or business. See instructions . . . . .	11		12	Subtract line 11 from line 10 . . . . .	12		13	If line 12 is a negative number, enter it here as a positive number. If line 12 is a positive number, enter it here as a negative number . . . . .	13		14	Add lines 9 and 13 . . . . .	14		15	Enter \$270,000 (or \$540,000 if married filing jointly) . . . . .	15		16	Add lines 14 and 15. If less than zero, enter the amount from line 16 as a positive number on Schedule 1 (Form 1040), line 8p. See instructions if you are filing a tax return other than a Form 1040 or 1040-SR. If zero or greater, do not attach this form to your tax return . . . . .	16	
1	Reserved for future use . . . . .	1																																																																	
2	Enter amount from Schedule 1 (Form 1040), line 3 . . . . .	2																																																																	
3	Enter amount from Form 1040 or 1040-SR, line 7 . . . . .	3																																																																	
4	Enter amount from Schedule 1 (Form 1040), line 4 . . . . .	4																																																																	
5	Enter amount from Schedule 1 (Form 1040), line 5 . . . . .	5																																																																	
6	Enter amount from Schedule 1 (Form 1040), line 6 . . . . .	6																																																																	
7	Reserved for future use . . . . .	7																																																																	
8	Enter other income, gain, or losses from a trade or business not reported on lines 1 through 7 . . . . .	8																																																																	
9	Combine lines 1 through 8 . . . . .	9																																																																	
10	Enter any income or gain reported on lines 1 through 8 that is not attributable to a trade or business . . . . .	10																																																																	
11	Enter any losses or deductions reported on lines 1 through 8 that are not attributable to a trade or business. See instructions . . . . .	11																																																																	
12	Subtract line 11 from line 10 . . . . .	12																																																																	
13	If line 12 is a negative number, enter it here as a positive number. If line 12 is a positive number, enter it here as a negative number . . . . .	13																																																																	
14	Add lines 9 and 13 . . . . .	14																																																																	
15	Enter \$270,000 (or \$540,000 if married filing jointly) . . . . .	15																																																																	
16	Add lines 14 and 15. If less than zero, enter the amount from line 16 as a positive number on Schedule 1 (Form 1040), line 8p. See instructions if you are filing a tax return other than a Form 1040 or 1040-SR. If zero or greater, do not attach this form to your tax return . . . . .	16																																																																	
For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.																																																																			
		Cat. No. 16654I	Form <b>461</b> (2022)																																																																

Excess business losses are computed without regard to any deduction allowed under section 172 or 199A and without regard to any deductions, gross income, or gains attributable to any trade or business of performing services as an employee.

## Definitions

**Excess business loss.** An excess business loss is the amount by which the total deductions (computed without regard to any deduction allowed under section 172 or 199A) from your trades or businesses are more than your total gross income or gains from your trades or businesses, plus the threshold amount. Such excess losses should be determined without regard to any deductions, gross income, or gains attributable to any trade or business of performing services of an employee.

**Threshold amount.** For 2022, the threshold amount is \$270,000 (\$540,000 for married taxpayers filing a joint return). These amounts are indexed for inflation.

**Treatment of capital gains and losses.** Losses from sales or exchanges of capital assets are not included in the calculation of the total deductions from your trades or businesses. Gains from the sales or exchanges of capital assets should not exceed the lesser of:

1. Capital gain net income limited to only gains and losses attributable to a trade or business, or
2. Capital gain net income.

**Trade or business.** An activity qualifies as a trade or business if your primary purpose for engaging in the activity is for income or profit and you're involved in the activity with continuity and regularity. The facts and circumstances of each case determine if an activity is a trade or business. The regularity of activities and transactions and the production of income are important elements. You don't need to actually make a profit to be in a trade or business as long as you have a profit motive. However, you do need to make ongoing efforts to further the interests of your business.

**Practice Pointer!** If you own an interest in a partnership or S corporation, the trade or business determination is made at that entity's level.

**SCHEDULE D**  
(Form 1040)

Department of the Treasury  
Internal Revenue Service

Name(s) shown on return

**Capital Gains and Losses**

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to [www.irs.gov/ScheduleD](http://www.irs.gov/ScheduleD) for instructions and the latest information.

Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

**2022**

Attachment  
Sequence No. 12

Your social security number

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year?  Yes  No  
If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.

- Any year that you have to report a capital asset transaction, you'll need to prepare Form 8949 before filling out Schedule D unless an exception applies. Form 8949 requires the details of each capital asset transaction.
- A QOF is any investment vehicle that is organized as either a corporation or partnership for the purpose of investing in eligible property that is located in a qualified opportunity zone.

<b>Form 8949</b>	<b>Sales and Other Dispositions of Capital Assets</b>	
Department of the Treasury Internal Revenue Service	OMB No. 1545-0074	
Go to <a href="http://www.irs.gov/Form8949">www.irs.gov/Form8949</a> for instructions and the latest information. File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.		2022 Attachment Sequence No. 12A
Name(s) shown on return	Social security number or taxpayer identification number	

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

**Part I** **Short-Term.** Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

**Note:** You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

**You must check Box A, B, or C below. Check only one box.** If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

**(A)** Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)  
 **(B)** Short-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS  
 **(C)** Short-term transactions not reported to you on Form 1099-B

Form 8949 (2022)	Attachment Sequence No. 12A	Page 2
Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side	Social security number or taxpayer identification number	

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

**Part II** **Long-Term.** Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

**Note:** You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

**You must check Box D, E, or F below. Check only one box.** If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

**(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)  
 **(E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS  
 **(F)** Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the <b>Note</b> below and see Column (e) in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). <b>See the separate instructions.</b>		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f)	(g) Amount of adjustment	

**New!** Non-grantor Trusts must also use Form 8949.

**How To Complete Form 8949, Columns (f) and (g)**

For most transactions, you don't need to complete columns (f) and (g) and can leave them blank. You may need to complete columns (f) and (g) if you got a Form 1099-B or 1099-S (or substitute statement) that is incorrect, if you are excluding or postponing a capital gain, if you have a disallowed loss, or in certain other situations. Details are in the table below. If you enter more than one code in column (f), see [More than one code](#) in the instructions for column (g) above.

IF...	THEN enter this code in column (f)...	AND...
You received a Form 1099-B (or substitute statement) and the basis shown in box 1e is incorrect	B	<ul style="list-style-type: none"> <li>If this transaction is reported on a Part I with box B checked at the top or if this transaction is reported on a Part II with box E checked at the top, enter the correct basis in column (e), and enter -0- in column (g).</li> <li>If this transaction is reported on a Part I with box A checked at the top or if this transaction is reported on a Part II with box D checked at the top, enter the basis shown on Form 1099-B (or substitute statement) in column (e), even though that basis is incorrect. Correct the error by entering an adjustment in column (g). To figure the adjustment needed, see the <a href="#">Worksheet for Basis Adjustments in Column (g)</a>, later. Also, see <a href="#">Example 4—Adjustment for incorrect basis</a> in the instructions for column (h), later.</li> </ul>
You received a Form 1099-B (or substitute statement) and the type of gain (or loss) shown in box 2 is incorrect	T	Report the transaction on the correct part of Form 8949, and enter -0- in column (g) on that part of the form if there are no adjustments needed for the transaction.
 <p>If you received a Form 1099-B (or substitute statement) with the Ordinary box in box 2 checked and the security is a taxable contingent payment debt instrument subject to the noncontingent bond method, enter code "O" for the transaction in column (f) of the appropriate part of Form 8949 and complete the <a href="#">Worksheet for Contingent Payment Debt Instrument Adjustment in Column (g)</a>, later, to figure the amount to enter in column (g).</p>		
You received a Form 1099-B or 1099-S (or substitute statement) as a nominee for the actual owner of the property	N	Report the transaction on Form 8949 as you would if you were the actual owner, but also enter any resulting gain as a negative adjustment (in parentheses) in column (g) or any resulting loss as a positive adjustment in column (g). As a result of this adjustment, the amount in column (h) should be zero. However, if you received capital gain distributions as a nominee, report them instead, as described under <i>Capital Gain Distributions</i> in the Instructions for Schedule D (Form 1040).
You sold or exchanged your main home at a gain, must report the sale or exchange on Part II of Form 8949 (as explained in <i>Sale of Your Home</i> in the Instructions for Schedule D (Form 1040)), and can exclude some or all of the gain	H	Report the sale or exchange on Form 8949 as you would if you weren't taking the exclusion. Then enter the amount of excluded (nontaxable) gain as a negative number (in parentheses) in column (g). See the example in the instructions for column (g).

**Note:** References in this exhibit in the AND... section are generally to the Form 8949 Instructions for 2022 filings.

## Worksheet for Basis Adjustments in Column (g)

1. Enter the cost or other basis shown on Form 1099-B (or substitute statement) .....	1. _____
2. Enter the correct cost or other basis .....	2. _____
3. If line 1 is larger than line 2, leave this line blank and go to line 4. If line 2 is larger than line 1, subtract line 1 from line 2. Enter the result here and in column (g) as a negative number (in parentheses) .....	3. _____
4. If line 1 is larger than line 2, subtract line 2 from line 1. Enter the result here and in column (g) as a positive number .....	4. _____

IF...	THEN enter this code in column (f)...	AND...
You received a Form 1099-B (or substitute statement) showing accrued market discount in box 1f	D	<p>Use the <a href="#">Worksheet for Accrued Market Discount Adjustment in Column (g)</a>, later, to figure the amount to enter in column (g). However:</p> <ul style="list-style-type: none"> <li>• If you received a partial payment of principal on a bond, don't use the worksheet. Instead, enter the smaller of the accrued market discount or your proceeds in column (g). Also, report it as interest on your tax return.</li> <li>• If you chose to include market discount in income currently, enter -0- in column (g). Before figuring your gain (or loss), increase your basis in the bond by the market discount you have included in income for all years. See the instructions for code B above.</li> </ul> <p>If the disposition of a market discount bond results in a loss subject to the wash sale rules, enter "W" in column (f) and follow the instructions for code W below.</p>
You sold or exchanged QSB stock and can exclude part of the gain	Q	<p>Report the sale or exchange on Form 8949 as you would if you weren't taking the exclusion and enter the amount of the exclusion as a negative number (in parentheses) in column (g). However, if the transaction is reported as an installment sale, see <i>Gain from an installment sale of QSB stock</i> in the Instructions for Schedule D (Form 1040).</p>
You can exclude all or part of your gain under the rules explained in the Schedule D instructions for DC Zone assets or qualified community assets	X	<p>Report the sale or exchange on Form 8949 as you would if you weren't taking the exclusion. Then enter the amount of the exclusion as a negative number (in parentheses) in column (g).</p>
You are electing to postpone all or part of your gain under the rules explained in the Schedule D instructions for any rollover of gain (for example, rollover of gain from QSB stock)	R	<p>Report the sale or exchange on Form 8949 as you would if you weren't making the election. Then enter the amount of postponed gain as a negative number (in parentheses) in column (g).</p>
You have a nondeductible loss from a wash sale	W	<p>Report the sale or exchange on Form 8949 and enter the amount of the nondeductible loss as a positive number in column (g). See the Schedule D instructions for more information about wash sales generally and Pub. 550 for more information on wash sales involving substantially similar stock or securities. If you received a Form 1099-B (or substitute statement) and the amount of nondeductible wash sale loss shown in box 1g is incorrect, enter the correct amount of the nondeductible loss as a positive number in column (g). If the amount of the nondeductible loss is less than the amount shown on Form 1099-B (or substitute statement), attach a statement explaining the difference. If no part of the loss is a nondeductible loss from a wash sale transaction, enter -0- in column (g).</p>
You have a nondeductible loss other than a loss indicated by code W	L	<p>Report the sale or exchange on Form 8949 and enter the amount of the nondeductible loss as a positive number in column (g). See <i>Nondeductible Losses</i> in the Instructions for Schedule D (Form 1040).</p>

IF ...	THEN enter this code in column (f) ...	AND...
You received a Form 1099-B or 1099-S (or substitute statement) for a transaction and there are selling expenses or option premiums that aren't reflected on the form or statement by an adjustment to either the proceeds or basis shown	E	Enter in column (d) the proceeds shown on the form or statement you received. Enter in column (e) any cost or other basis shown on Form 1099-B or 1099-S (or substitute statement). In column (g), enter as a negative number (in parentheses) any selling expenses and option premium that you paid (and that aren't reflected on the form or statement you received) and enter as a positive number any option premium that you received (and that isn't reflected on the form or statement you received). For more information about option premiums, see <i>Gain or Loss From Options</i> in the Instructions for Schedule D (Form 1040).
You had a loss from the sale, exchange, or worthlessness of small business (section 1244) stock and the total loss is more than the maximum amount that can be treated as an ordinary loss	S	See <i>Small Business (Section 1244) Stock</i> in the Schedule D (Form 1040) instructions.
You disposed of collectibles (see the Schedule D instructions)	C	Enter -0- in column (g). Report the disposition on Form 8949 as you would report any sale or exchange.
You report multiple transactions on a single row, as described in <a href="#">Exception 2 or Special provision for certain corporations, partnerships, securities dealers, and other qualified entities</a> under <a href="#">Exceptions to reporting each transaction on a separate row, earlier</a>	M	See <a href="#">Exception 2 and Special provision for certain corporations, partnerships, securities dealers, and other qualified entities</a> under <a href="#">Exceptions to reporting each transaction on a separate row, earlier</a> . Enter -0- in column (g) unless an adjustment is required because of another code.
You have an adjustment not explained earlier in this column	O	Enter the appropriate adjustment amount in column (g). See the instructions for column (g).
You are electing to postpone all or part of your gain under the rules explained in the Schedule D instructions for investments in QOFs	Z	See <a href="#">How To Report an Election To Defer Tax on Eligible Gain Invested in a QOF</a> , later.
You are reporting your gain from a QOF investment that you deferred in a prior tax year	Y	See <a href="#">How To Report Gain Previously Deferred in a QOF Investment</a> , later.
None of the other statements in this column apply		Leave columns (f) and (g) blank.

**If the basis shown on Form 1099-B (or substitute statement) isn't correct, do the following.**

- If the basis wasn't reported to the IRS, enter the correct basis in column (e) and enter -0- in column (g) (unless you must make an adjustment for some other reason).

You don't need to complete this worksheet.

- If the basis was reported to the IRS, enter the reported basis shown on Form 1099-B (or substitute statement) in column (e) and use this worksheet to figure the adjustment to include in column (g).

**SCHEDULE E**  
(Form 1040)

Department of the Treasury  
Internal Revenue Service

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.  
Go to [www.irs.gov/ScheduleE](http://www.irs.gov/ScheduleE) for instructions and the latest information.

OMB No. 1545-0074

**2022**  
Attachment  
Sequence No. 13

Name(s) shown on return

Your social security number

**Part I Income or Loss From Rental Real Estate and Royalties**

Note: If you are in the business of renting personal property, use **Schedule C**. See instructions. If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

**A** Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions . . . . .  Yes  No  
**B** If "Yes," did you or will you file required Form(s) 1099? . . . . .  Yes  No

**1a** Physical address of each property (street, city, state, ZIP code)

<b>A</b>				
<b>B</b>				
<b>C</b>				
<b>1b</b> Type of Property (from list below)	<b>2</b> For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.			
<b>A</b>	<b>Fair Rental Days</b>	<b>Personal Use Days</b>	<b>QJV</b>	
<b>B</b>				
<b>C</b>				

**Type of Property:**

1 Single Family Residence	3 Vacation/Short-Term Rental	5 Land	7 Self-Rental
2 Multi-Family Residence	4 Commercial	6 Royalties	8 Other (describe) _____

## Excess business loss limitation – not just a Schedule C issue

If you report a loss on line 26, 32, 37, or 39 of your Schedule E (Form 1040), you may be subject to a business loss limitation. The disallowed loss resulting from the limitation will not be reflected on line 26, 32, 37, or 39 of your Schedule E. Instead, use Form 461 to determine the amount of your excess business loss, which will be included as income on Schedule 1 (Form 1040), line 8p. Any disallowed loss resulting from this limitation will be treated as a net operating loss that must be carried forward and deducted in a subsequent year. See Form 461 and its instructions for details on the excess business loss limitation.

## Foreign Tax Credit from Pass-through Entities

In a moment of commonsense, and under intense industry pressure, the IRS has provided new exceptions to filing Schedules K-2 and K-3 for the 2022 tax year. Exceptions include: 1. No or limited foreign activity; 2. US citizen/resident alien partners, 3. Partner notification, and No 2022 Schedules K-3 requests by the 'one-month date.'

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

**Caution:** The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

**Part II Income or Loss From Partnerships and S Corporations**

**Note:** If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you **must** check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (f) on line 28 and attach **Form 6198**. See instructions.

27	Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section						<input type="checkbox"/> Yes	<input type="checkbox"/> No
28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if basis computation is required	(f) Check if any amount is not at risk		
A			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
B			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
C			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
D			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
<b>Passive Income and Loss</b>				<b>Nonpassive Income and Loss</b>				
	(g) Passive loss allowed (attach Form 8582 if required)	(h) Passive income from Schedule K-1	(i) Nonpassive loss allowed (see Schedule K-1)	(j) Section 179 expense deduction from Form 4562	(k) Nonpassive income from Schedule K-1			
A								
B								
C								
D								
29a	Totals						30	
b	Totals						31	( )
30	Add columns (h) and (k) of line 29a						30	
31	Add columns (g), (i), and (j) of line 29b.						31	( )
32	Total partnership and S corporation income or (loss). Combine lines 30 and 31						32	

**Deducting losses in excess of shareholder's basis – Not a choice**

There are potential limitations on corporate losses that you can deduct on a shareholder's return. These limitations and the order in which you must apply them are as follows:

- the basis limitations (Form 7203),
- the at-risk limitations (Form 6198),
- the passive activity loss limitations (Form 8582), and
- the excess business loss limitations (Form 461).

Form 7203 and its separate instructions are developed to replace the 3-part Worksheet for Figuring a Shareholder's Stock and Debt Basis and its related instructions formerly found in the Shareholder's Instructions for Schedule K-1 (Form 1120-S).

Form 7203 is filed by S corporation shareholders who:

- Are claiming a deduction for their share of an aggregate loss from an S corporation (including an aggregate loss not allowed last year because of basis limitations),
- Received a non-dividend distribution from an S corporation,
- Disposed of stock in an S corporation (whether or not gain is recognized), or
- Received a loan repayment from an S corporation.

## Shareholder Allowable Loss and Deduction Items

The corporate losses and other deduction items are limited to the sum of your stock and debt basis. When stock and debt basis is insufficient, and there is more than one type of loss or deduction item that reduces basis, the amounts allowed as a loss or deduction are allocated on a pro rata basis. See Regulations sections 1.1366-2(a)(4) and (5).

Loss and deductions in excess of basis are suspended and carried forward indefinitely and the character of the loss and deduction items is retained.

**Practice Pointer!** Stock basis can't be less than zero.

<b>7203</b> Form 7203 (Rev. December 2022) Department of the Treasury Internal Revenue Service		<b>S Corporation Shareholder Stock and Debt Basis Limitations</b> Attach to your tax return. Go to <a href="http://www.irs.gov/Form7203">www.irs.gov/Form7203</a> for instructions and the latest information.	OMB No. 1545-2302 Attachment Sequence No. 203
Name of shareholder		Identifying number	
<b>A</b> Name of S corporation		<b>B</b> Employer identification number	
<b>C</b> Stock block (see instructions): _____			
<b>D</b> Check applicable box(es) to indicate how stock was acquired: (1) <input type="checkbox"/> Original shareholder (2) <input type="checkbox"/> Purchased (3) <input type="checkbox"/> Inherited (4) <input type="checkbox"/> Gift (5) <input type="checkbox"/> Other: _____			
<b>E</b> Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation . . . . <input type="checkbox"/>			

**Figuring a shareholder's stock and debt basis.** See Form 7203 and its separate instructions, which have been developed to replace the 3-part Worksheet for Figuring a Shareholder's Stock and Debt Basis and its related instructions formerly found in the Shareholder's Instructions for Schedule K-1 (Form 1120-S **IRS delaying lower 1099-K reporting thresholds (12-23-22)**)

**Late-breaking news!** The IRS announced that it will delay the implementation of the American Rescue Plan Act's (ARPA's) lower \$600 per payee **1099-K filing threshold** for third-party settlement organizations (e.g., Venmo and PayPal) for payments made during the 2022 calendar year. This means the \$20,000 per payee or 200 transaction thresholds will remain in effect for payments made in 2022. (IRS Notice 2023-10)

The IRS stated that additional details on the delay will be available in the near future, along with additional information to help taxpayers and the industry. For taxpayers who may still receive a 1099-K under the ARPA lower thresholds (presumably because the payors have already programmed their reporting systems), the IRS will provide additional instructions so that taxpayers understand what they must do.

The IRS announcement is available at: [www.irs.gov/newsroom/irs-announces-delay-for-implementation-of-600-reporting-threshold-for-third-party-payment-platforms-forms-1099-k](http://www.irs.gov/newsroom/irs-announces-delay-for-implementation-of-600-reporting-threshold-for-third-party-payment-platforms-forms-1099-k)

## **Retirement Distributions, Contributions, Changes**

**Secure 2.0** – As included in the **2023 Consolidated Appropriations** enacted at the end of 2022.

- Expected to expand and increase retirement savings, especially for low-income and part-time employees
- For plan years beginning after December 31, 2024, new 401(k) and 403(b) plans must automatically enroll employees when eligible
- Increases age for Requires Minimum Distributions to 73, beginning on January 1, 2023, and to age 75 on January 1, 2033, for certain individuals. In addition, it reduces or entirely eliminates the excise tax imposed for not taking RMDs.
- Increase in catch-up contribution limits for those aged 50 or older. For 2023, the catch-up contribution amount is limited to \$7,500 for most retirement plans and is subject to inflation increases.
- SECURE 2.0 provides a second increase in the contribution amount for those aged 60, 61, 62, or 63, effective for tax years after 2024. For most plans, this “second” catch-up limitation is \$10,000, and \$5,000 for SIMPLE plans. Like the “standard” catch-up amounts, these limitations are subject to inflation adjustments.
- The annual limit on contributions to individual retirement accounts (IRAs) is increased for participants aged 50 and older. The “catch-up” limit for IRAs is \$1,000. The bill would make the IRA catch-up amount adjusted annually for inflation for tax years beginning after 2023.
- Finally, for tax years beginning after 2023, all catch-up contributions are subject to Roth (i.e., after-tax) rules, rather than only where allowed by the plan in which the individual participates.
- Penalty-free emergency withdrawals are allowed under certain circumstances.
- Penalty-free distributions are allowed for “unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses” up to \$1,000.
- Only one distribution may be made every three years or one per year if the distribution is repaid within three years.

- Penalty-free withdrawals are also allowed for small amounts for individuals who need the funds in cases of domestic abuse or terminal illness.

**And more.** Get the House Committee Briefing at

<https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/FY23%20Summary%20of%20Appropriations%20Provisions.pdf>

### **Inherited IRA distribution rules (new rules<sup>8</sup>)**

#### **Certain Required Minimum Distributions for 2021 and 2022:**

The IRS intends to provide relief to those taxpayers subject to the 10-year rule who did not take Required Minimum Distributions (RMDs) in 2021 and/or 2022 that were required to do so under proposed regulations (87 FR 10504). The Setting Every Community Up for Retirement Enhancement Act of 2019 added the requirement that, for most taxpayers, any inherited plan must be paid out on or before December 31st of the tenth calendar year following the original holder's death. These payments under proposed regulations must begin in the first calendar year following the year of the IRA owner/plan participant's death based on the life expectancy of the designated beneficiary with a final distribution in year 10. The IRS plans to issue final regulations under IRC Sec. 401(a)(9) that will apply no earlier than the 2023 distribution calendar year. Penalties won't apply for failure to take RMDs subject to these rules.

Under the relief provided in the notice, IRS essentially waives RMDs in 2021 and 2022 for inherited individual retirement accounts subject to the 2019 Secure Act's 10-year rules for inherited IRA owners, even if the decedent had started taking distributions before death.

The announcement also confirmed that the final rule will require RMDs in years one through nine for inherited IRAs where the original owner had started taking distributions before death. Inherited IRAs where the original owner had not started taking distributions, on the other hand, need not take RMDs in years one through nine, but must still take complete distribution within 10 years.

Generally, **inherited Roth IRA accounts** are subject to the same RMD requirements as inherited traditional IRA accounts. Withdrawals of contributions from an inherited Roth are tax free. Most withdrawals of earnings from an inherited Roth IRA account are also tax-free. However, withdrawals of earnings may be subject to income tax if the Roth account is less than 5-years old at the time of the withdrawal. As with regular inherited

---

<sup>8</sup> IRS Notice 2022-53.

IRAs, unless you are the spouse, you will be required to withdraw all of the money from the account within the 10-year period following the decedent's death.

**When there is a Designated Beneficiary:**

	<b>Spouse only</b>	<b>Non-spouse</b>	<b>No designated beneficiary (including an estate, charity, or some trusts)</b>
<b>IRA owner dies on or after required beginning date</b>	<p>Spouse may treat as his/her own, or Distribute over spouse's life using Table I*</p> <ul style="list-style-type: none"> <li>Use spouse's current age each year,</li> </ul> <p>or</p> <p>Distribute based on owner's age using Table I</p> <ul style="list-style-type: none"> <li>Use owner's age as of birthday in year of death</li> <li>Reduce beginning life expectancy by 1 for each subsequent year</li> <li>Can take owner's RMD for year of death</li> </ul>	<p>Distribute using Table I</p> <ul style="list-style-type: none"> <li>Use younger of 1) beneficiary's age or 2) owner's age at birthday in year of death</li> <li>Determine beneficiary's age at year-end following year of owner's death</li> <li>Use oldest age of multiple beneficiaries</li> <li>Reduce beginning life expectancy by 1 for each subsequent year</li> <li>Can take owner's RMD for year of death</li> </ul>	<p>Table I</p> <ul style="list-style-type: none"> <li>Use owner's age as of birthday in year of death</li> <li>Reduce beginning life expectancy by 1 for each subsequent year</li> <li>Can take owner's RMD for year of death</li> </ul>

<b>Table I</b> <b>(Single Life Expectancy)</b> <b>(For Use by Beneficiaries)</b>			
<b>Age</b>	<b>Life Expectancy</b>	<b>Age</b>	<b>Life Expectancy</b>
60	27.1	91	5.3
61	26.2	92	4.9
62	25.4	93	4.6
63	24.5	94	4.3
64	23.7	95	4.0
65	22.9	96	3.7
66	22.0	97	3.4
67	21.2	98	3.2
68	20.4	99	3.0
69	19.6	100	2.8
70	18.8	101	2.6
71	18.0	102	2.5
72	17.2	103	2.3
73	16.4	104	2.2
74	15.6	105	2.1
75	14.8	106	2.1
76	14.1	107	2.1
77	13.3	108	2.0
78	12.6	109	2.0
79	11.9	110	2.0
80	11.2	111	2.0
81	10.5	112	2.0
82	9.9	113	1.9
83	9.3	114	1.9
84	8.7	115	1.8
85	8.1	116	1.8
86	7.6	117	1.6
87	7.1	118	1.4
88	6.6	119	1.1
89	6.1	120+	1.0
90	5.7		

<b>IRA owner dies before required beginning date</b>	<p>Spouse may treat as her/his own;</p> <p>or</p> <p>Take entire balance by end of 5th year following year of death,</p> <p>or</p> <p>Distribute based on Table I</p> <ul style="list-style-type: none"> <li>• Use spouse's current age each year</li> <li>• Distributions do not have to begin until owner would have turned 70 1/2</li> </ul>	<p>Take entire balance by end of 5th year following year of death,</p> <p>or</p> <p>Distribute based on Table I</p> <ul style="list-style-type: none"> <li>• Use beneficiary's age at year-end following year of owner's death</li> <li>• Reduce beginning life expectancy by 1 for each subsequent year</li> </ul>	<p>Take entire balance by end of 5th year following year of death</p>
------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------

\* Table 1 - Single Life Expectancy, Appendix B, [Publication 590-B](#)

**Appendix B. (Continued)**

Ages	Table II (continued) (Joint Life and Last Survivor Expectancy) (For Use by Owners Whose Spouses Are More Than 10 Years Younger and Are the Sole Beneficiaries of Their IRAs)									
	60	61	62	63	64	65	66	67	68	69
76	28.2	27.4	26.6	25.9	25.2	24.4	23.7	23.1	22.4	21.8
77	28.0	27.3	26.5	25.7	25.0	24.3	23.5	22.9	22.2	21.5
78	27.9	27.1	26.4	25.6	24.8	24.1	23.4	22.7	22.0	21.3
79	27.8	27.0	26.2	25.5	24.7	23.9	23.2	22.5	21.8	21.1
80	27.8	26.9	26.1	25.3	24.6	23.8	23.1	22.3	21.6	20.9
81	27.7	26.9	26.0	25.2	24.5	23.7	22.9	22.2	21.5	20.7
82	27.6	26.8	26.0	25.2	24.4	23.6	22.8	22.1	21.3	20.6
83	27.5	26.7	25.9	25.1	24.3	23.5	22.7	22.0	21.2	20.5
84	27.5	26.7	25.8	25.0	24.2	23.4	22.6	21.9	21.1	20.4
85	27.4	26.6	25.8	25.0	24.1	23.3	22.6	21.8	21.0	20.3
86	27.4	26.6	25.7	24.9	24.1	23.3	22.5	21.7	20.9	20.2
87	27.4	26.5	25.7	24.9	24.0	23.2	22.4	21.6	20.9	20.1
88	27.3	26.5	25.6	24.8	24.0	23.2	22.4	21.6	20.8	20.0
89	27.3	26.4	25.6	24.8	24.0	23.1	22.3	21.5	20.7	20.0
90	27.3	26.4	25.6	24.7	23.9	23.1	22.3	21.5	20.7	19.9
91	27.3	26.4	25.6	24.7	23.9	23.1	22.3	21.5	20.7	19.9
92	27.2	26.4	25.5	24.7	23.9	23.0	22.2	21.4	20.6	19.8
93	27.2	26.4	25.5	24.7	23.8	23.0	22.2	21.4	20.6	19.8
94	27.2	26.3	25.5	24.7	23.8	23.0	22.2	21.4	20.6	19.8
95	27.2	26.3	25.5	24.6	23.8	23.0	22.2	21.4	20.6	19.7
96	27.2	26.3	25.5	24.6	23.8	23.0	22.2	21.3	20.5	19.7
97	27.2	26.3	25.5	24.6	23.8	23.0	22.1	21.3	20.5	19.7
98	27.2	26.3	25.5	24.6	23.8	22.9	22.1	21.3	20.5	19.7
99	27.2	26.3	25.4	24.6	23.8	22.9	22.1	21.3	20.5	19.7
100	27.1	26.3	25.4	24.6	23.8	22.9	22.1	21.3	20.5	19.7
101	27.1	26.3	25.4	24.6	23.8	22.9	22.1	21.3	20.5	19.7
102	27.1	26.3	25.4	24.6	23.7	22.9	22.1	21.3	20.5	19.7
103	27.1	26.3	25.4	24.6	23.7	22.9	22.1	21.3	20.5	19.6
104	27.1	26.3	25.4	24.6	23.7	22.9	22.1	21.3	20.5	19.6

**IRS Releases 2023 Qualified Retirement Plan Amounts**

The IRS has released cost-of-living adjustments affecting pension plans and other retirement-related items for tax year 2023. Some of the limits applicable to pension and other retirement plans have increased. For instance,

- the **elective deferral limit** for employees participating in 401(k), 403(b), and most 457 plans increased from \$20,500 to **\$22,500** and the limit on annual contributions to a SIMPLE plan has increased from \$14,000 to **\$15,500**.
- The **catch-up contribution limit** for employees aged 50 and over participating in 401(k), 403(b), and most 457 plans increased from \$6,500 to **\$7,500** and the limit on annual contributions to an IRA increased from \$6,000 to \$6,500, the \$1,000 IRA catch-up contribution for individuals aged 50 or over remains unchanged.
- The income ranges for determining eligibility to make deductible contributions to traditional IRAs, to contribute to Roth IRAs, and to claim the saver's credit all increased for 2023. (IRS News Release IR 2022-188 and Notice 2022-55.)

## **Medicare Part B Premiums for 2023<sup>9</sup>**

The Centers for Medicare & Medicaid Services (CMS) has announced that the standard monthly Part B premium will be \$164.90 in 2023, a decrease of \$5.20 from \$170.10 in 2022.

**Make Medicare planning an annual part of client tax planning.** Each year the Medicare Part B premium, deductible, and coinsurance rates are determined according to the Social Security Act<sup>10</sup>. Since 2007, a beneficiary's Part B monthly premium is based on his or her income. These income-related monthly adjustment amounts affect roughly 7 percent of people with Medicare Part B. The 2023 Part B total premiums for high-income beneficiaries with full Part B coverage are shown in the tables that follow.

**Certain beneficiaries will continue to pay higher premiums based on their modified adjusted gross income.** The monthly Part B premiums that include income-related adjustments for 2023 will range from \$230.80 to \$560.50, depending on the extent to which an individual beneficiary's modified adjusted gross income exceeds \$97,000 (or \$194,000 for a married couple). The highest rate applies to beneficiaries whose incomes exceed \$500,000 (or \$750,000 for a married couple). **CMS estimates that about 7 percent of Medicare beneficiaries pay the income-adjusted premiums.**

**Modified Adjusted Gross Income (AGI)** plus these, if any: untaxed foreign income, non-taxable Social Security benefits, and tax-exempt interest. For many people, MAGI

---

<sup>9</sup> <https://rrb.gov/Newsroom/NewsReleases/MedicarePartBPremiums>

<sup>10</sup> <https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly>

is identical or very close to adjusted gross income. MAGI does not include Supplemental Security Income (SSI).

Beneficiaries in Medicare Part D prescription drug coverage plans pay premiums that vary from plan to plan. Part D beneficiaries whose modified adjusted gross income exceeds the same income thresholds that apply to Part B premiums also pay a monthly adjustment amount. In 2023, the adjustment amount ranges from \$12.20 to \$76.40.

<b>Full Part B Coverage</b>			
<b>Beneficiaries who file individual tax returns with modified adjusted gross income:</b>	<b>Beneficiaries who file joint tax returns with modified adjusted gross income:</b>	<b>Income-Related Monthly Adjustment Amount</b>	<b>Total Monthly Premium Amount</b>
Less than or equal to \$97,000	Less than or equal to \$194,000	\$0.00	\$164.90
Greater than \$97,000 and less than or equal to \$123,000	Greater than \$194,000 and less than or equal to \$246,000	\$65.90	\$230.80
Greater than \$123,000 and less than or equal to \$153,000	Greater than \$246,000 and less than or equal to \$306,000	\$164.80	\$329.70
Greater than \$153,000 and less than or equal to \$183,000	Greater than \$306,000 and less than or equal to \$366,000	\$263.70	\$428.60
Greater than \$183,000 and less than \$500,000	Greater than \$366,000 and less than \$750,000	\$362.60	\$527.50
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$395.60	\$560.50

Full Part B Coverage		
Beneficiaries who are married and lived with their spouses at any time during the year, but who file separate tax returns from their spouses, with modified adjusted gross income:	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
Less than or equal to \$97,000	\$0.00	\$164.90
Greater than \$97,000 and less than \$403,000	\$362.60	\$527.50
Greater than or equal to \$403,000	\$395.60	\$560.50

**Medicare Part A** covers inpatient hospital, skilled nursing facility, hospice, inpatient rehabilitation, and some home health care services. About 99 percent of Medicare beneficiaries do not have a Part A premium since they have at least 40 quarters of Medicare-covered employment.

**What if your client's high income year was an anomaly?** If the income has gone down due to any of the following situations, and the change makes a difference in the income level SSA considers, contact them to explain that the taxpayer has new information and may need a new decision about the income-related monthly adjustment amount:

- Change to marital status, divorce or became widowed;
- Taxpayer stopped working or reduced their work hours;
- Taxpayer or spouse lost income-producing property because of a disaster or other event beyond their control;
- Taxpayer or spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan; or
- Taxpayer or spouse received a settlement from an employer or former employer because of the employer's closure, bankruptcy, or reorganization.

If any of the above applies, SSA will need to see documentation verifying the event and the reduction in income. The documentation provided should relate to the event and may include a death certificate, a letter from an employer about the retirement, or something similar.

Use Form SSA-44 Medicare Income-Related Monthly Adjustment Amount – Life-Changing Event to report a major life-changing event. If your income has gone down, you may also use Form SSA-44 to request a reduction in your income-related monthly adjustment amount. You can find Form SSA-44 online at [www.socialsecurity.gov/forms/ssa-44.pdf](http://www.socialsecurity.gov/forms/ssa-44.pdf) .

**Don't start filing season without it...**

The Gramm-Leach-Bliley Act (GLBA) is a U.S. law that requires financial institutions to protect customer data. In its implementation of the GLBA, the Federal Trade Commission (FTC) issued the Safeguards Rule to outline measures that are required to be in place to keep customer data safe. One requirement of the Safeguards Rule is implementing a WISP.

**IRS Pub 5708 Creating a Written Information Security Plan for your Tax & Accounting Practice**

This document is intended to provide sample information and to help tax professionals, particularly smaller practices, develop a Written Information Security Plan or WISP. It is not an exhaustive discussion of everything related to WISPs and it is not intended to replace your own research, to create reliance or serve as a substitute for developing your own plan based upon the specific needs and requirements of your business or firm. A written information security plan is just one part of what tax professionals need to protect their clients and themselves.

**Helpful Quick Takes from Drake Software**

Are you Ready for Filing Season?

<https://www.drakesoftware.com/content/2022-are-you-ready-for-filing-season-infographic/>

Desk Reference for Tax Year 2022

[https://www.drakesoftware.com/content/tax-year-2022-desk-reference-guide/?kme=TS&km\\_subcategory=TSOPTREACT](https://www.drakesoftware.com/content/tax-year-2022-desk-reference-guide/?kme=TS&km_subcategory=TSOPTREACT)

Drake Software, How Do Your Tax Prep Fees Stack Up? [Infographic]

<https://www.drakesoftware.com/content/drake-software-2022-how-do-your-tax-prep-fees-stack-up-infographic/>