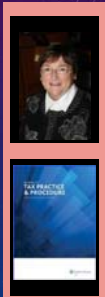




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CLAUDIA HILL, EA, MBA

- Tax Analysts' Top 10 Persons of the Year for 2011
- Nationally recognized tax professional and frequent lecturer on taxation of individuals, tax planning, and representation before IRS
- Editor-in-chief of the Wolters Kluwer Journal of Tax Practice and Procedure, co-author of CCH's Expert Treatise Tax Practice & Procedure and a frequent presenter at association and industry seminars
- Owner and principal of Tax Mam, Inc. and TMI Tax Services Group, Inc., she maintains an active tax planning, preparation and representation practice in Cupertino, CA



2

HIGHLIGHTS & QUICK TAKES

<p><u>CREDITS BACK TO 2019 LEVELS</u></p> <ul style="list-style-type: none"> • Child Tax Credit (CTC), • Earned Income Tax Credit (EITC), and • Child and Dependent Care Credit. 	<p><u>EXPECT:</u></p> <ul style="list-style-type: none"> • Smaller refunds or balances due for many families with children
---	---

Page 1

3

HIGHLIGHTS & QUICK TAKES

- No above the line charitable deduction

EXPECT:

- Clients asking to deduct the extra \$600 or \$300

Page 1

4

HIGHLIGHTS & QUICK TAKES

PREMIUM TAX CREDIT
EXPANDEDEXPECT:

- Eligibility was expanded for 2021 and 2022
- Clients Pleasantly Surprised

Page 1

5

1099-K \$600 REPORTING THRESHOLD, AGAIN

Yes, the law did change

And it may change again before being implemented

- As part of the American Rescue Plan of 2021 (ARPA), the 1099-K reporting threshold was reduced from \$20,000 to \$600.

- This week IRS is indicating enforcement of the \$600 threshold will be delayed
- But, don't be surprised if your client receives one!

Page 1

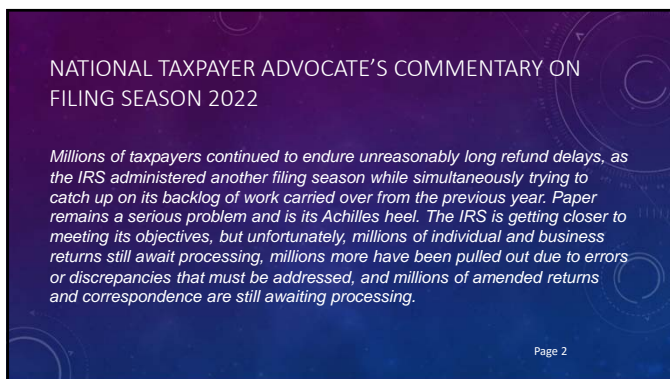
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8



9

TAX RATES STAY THE SAME – BRACKETS CHANGE

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

Page 3

10

1040 Department of the Treasury—Internal Revenue Service **2022** OMB No. 1545-0047 IRS Use Only—Do not write or stamp in this space.

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

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

Your first name and middle initial _____ Last name _____ Your social security number _____

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

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. _____ **Presidential Election Campaign**
City, town, or post office. If you have a foreign address, also complete spaces below. State _____ ZIP code _____ Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ Yes ☐ No

Foreign country name _____ Foreign province/state/county _____ Foreign postal code _____

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 for a financial interest in a digital asset? (See instructions.) ☐ Yes ☐ No

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

Age/Blindness Yes: ☐ Was born before January 2, 1958 ☐ Are blind ☐ Spouse: ☐ Was born before January 2, 1958 ☐ Is blind

Dependents (see instructions):

(i) First name	Last name	(ii) Social security number	(iii) Relationship to you	(iv) Check the box if qualifies for (see instructions):	Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here ☐

11

FILING STATUS – IT'S THE CLIENT'S CHOICE

- Joint and several tax liability
- Once you file a joint return, you can't choose to file separate returns for that year after the due date of the return

Page 4

12



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)?

Page 4

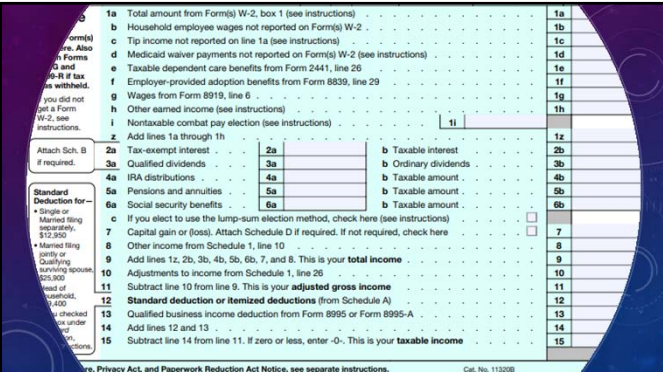
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VIRTUAL CURRENCY AND CRYPTOCURRENCY

- Virtual Currency and cryptocurrency do not have legal tender status in the U.S.
- Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account and/or a store of value
- Cryptocurrency is a type of virtual currency that utilizes cryptography to validate and secure transactions that are digitally recorded on a distributed ledger, such as a blockchain.
- Non-Fungible Tokens are newer versions of ways of holding digital assets

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1a Total amount from Form(s) W-2, box 1 (see instructions) 1a

b Household employee wages not reported on Form(s) W-2 1b

c Tip income not reported on line 1a (see instructions) 1c

d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) 1d

e Taxable dependent care benefits from Form 2441, line 26 1e

f Employer-provided adoption benefits from Form 8839, line 29 1f

g Wages from Form 9919, line 6 1g

h Other earned income (see instructions) 1h

i Nontaxable combat pay election (see instructions) 1i

z Add lines 1a through 1h 1z

2a Tax-exempt interest 2a

3a Qualified dividends 3a

4a IRA distributions 4a

5a Pensions and annuities 5a

6a Social security benefits 6a

b Taxable interest 2b

b Ordinary dividends 3b

b Taxable amount 4b

b Taxable amount 5b

b Taxable amount 6b

7 Capital gain or (loss). Attach Schedule D if required. If not required, check here 7

8 Other income from Schedule 1, line 10 8

9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** 9

10 Adjustments to income from Schedule 1, line 26 10

11 Subtract line 10 from line 9. This is your **adjusted gross income** 11

12 Standard deduction or itemized deductions (from Schedule A) 12

13 Qualified business income deduction from Form 8995 or Form 8995-A 13

14 Add lines 12 and 13 14

15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** 15

ero, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B

15

NEW LINES 1A-I

- Household employee wages
- Tip income not reported on line 1a
- Medicaid waiver payments
- Taxable dependent care benefits
- Employer provided adoption benefits
- Wages from Form 8919
- Other Earned Income

Pages 6-7

16

2022 STANDARD DEDUCTION AMOUNTS

Filing Status	2022 Standard Deduction
Single; Married Filing Separately	\$12,950
Married Filing Jointly; Qualifying Widow(er)	\$25,900
Head of Household	\$19,400

- “Who must file” rules start with the standard deduction...

Page 8-10

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SCHEDULE 1
Form 1040
Additional Income and Adjustments to Income
2022

1. Taxable interest, dividends, or effects of state and local income taxes
2a. Alimony received
3. Business income or loss (see instructions)
4. Other gains or losses (see instructions)
5. Rental real estate, royalties, partnerships, S corporations, trusts, etc. (see instructions)
6. Farm income or loss (see instructions)
7. Unemployment compensation
8. Other income
9. Net operating loss
10. Gambling
11. Cancellation of debt
12. Foreign earned income exclusion from Form 2555
13. Income from Form 8853
14. Income from Form 8859
15. Alaska Permanent Fund dividends
16. Jury duty pay
17. Prizes and awards
18. Activity not engaged in for profit income
19. Stock options
20. 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
21. Olympic and Paralympic medals and USOC prize money (see instructions)
22. Section 67(f)(2) inclusion (see instructions)
23. Section 67(f)(2) exclusion (see instructions)
24. Section 67(f)(2) exclusion business loss adjustment
25. Transfer of appreciated assets (see instructions)
26. Scholarship and fellowship grants not reported on Form 1040, line 1a or 1d
27. Nonexcludable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d
28. Pension or annuity from a nonqualified deferred compensation plan or a nonqualified section 457 plan
29. Wages earned while incarcerated
30. Other income. List type and amount
31. Total other income. Add lines 1a through 30

1,111.11

18

OMG!

- What happened to the vision of a postcard sized, simple 1040?
- Why is IRS doing this?
 - “Data Analytics”
 - Does the end justify the means?

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SOME ITEMS WERE MOVED TO SCHEDULE 1

- Scholarship & Fellowship grants
- Pensions or annuity from a nonqualified deferred compensation plan
- Wages earned while incarcerated

- Part II – adjustment...
 - No changes here

Pages 11-12

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Part II Adjustments to Income

11	Educator expenses	11
12	Certain business expenses of researchers, performing artists, and fee-based 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 ESN	
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 8i from the rental of personal property engaged in for profit	24b
c	Nonexcess amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c
d	Rehabilitation amortization and expenses	24d
e	Payment of supplemental unemployment benefits under the Trade Act of 1974	24e
f	Contributions to section 501(c)(18)(3) pension plans	24f
g	Contributions by certain chaplains to section 408(a) plans	24g
h	Alimony, fees and court costs for actions involving certain untimely discrimination claims (see instructions)	24h
i	Alimony, 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 471(a) expenses from Schedule K-1 (Form 1041)	24k
l	Other adjustments. List type and amount	24l
25	Total other adjustments. Add lines 24a through 24l	25
26	Add lines 11 through 25 and 26. These are your adjustments to income. Enter here and on Form 1040 or 1040-S, line 15, or Form 1040-NR, line 15b.	26

Worksheet: Form 1040-SS

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SCHEDULE 3
Form 1043
Additional Credits and Payments
Attach to Form 1043, 1043-SR, or 1043-NR.
Go to www.irs.gov/form1043 for instructions and the latest information.
OMB No. 1545-0047
2022
Section 301.6011-1
Form 1043, 1043-SR, or 1043-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 8809.	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 8878, line 14. See instructions.	6l
m Other nonrefundable credits. List type and amount.	6m
7 Total other nonrefundable credits. Add lines 6a through 6m.	7
8 Add lines 1 through 5 and 7. Enter here and on Form 1043, 1043-SR, or 1043-NR, line 20.	8

(continued on page 2)

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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.

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NOTE:

- Child tax credit enhancements have expired
- Credit for child and dependent care expenses are less this year
- Education Credits

Page 20

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ENERGY EFFICIENT HOME IMPROVEMENT CREDIT UNDER IRC §25C AND THE RESIDENTIAL CLEAN ENERGY PROPERTY CREDIT UNDER IRC §25D

THE FAQs ARE AVAILABLE AT:

[WWW.IRS.GOV/PUB/TAXPROS/FS-2022-40.PDF](https://www.irs.gov/pub/taxpros/fs-2022-40.pdf)

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RESIDENTIAL CLEAN ENERGY CREDITS

- For 2022 the credit percentage is increased to 30%
- Qualified expenditures include costs for site preparation, assembly, installation, piping, and wiring (IRC Sec. 25D(a)(1) – (5))
- 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.
- Review IRS factsheets <https://www.irs.gov/pub/taxpros/fs-2022-40.pdf>

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- **Practice Pointer!** Watch the dates! Phaseouts and Transition Dates apply
- Vehicles sold after 2022 will no longer be subject to a credit phaseout
- Qualifications are tricky...consult the links on page 24

Page 23-24

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PRIOR YEAR ENHANCEMENTS TO THE EIC DO NOT APPLY FOR 2022

Payments	25	Federal income tax withheld from:	
a	Form(s) W-2		25a
b	Form(s) 1099		25b
c	Other forms (see instructions)		25c
d	Add lines 25a through 25c		25d
26	2022 estimated tax payments and amount applied from 2021 return		26
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 total other payments and refundable credits		32
33	Add lines 25d, 26, and 32. These are your total payments		33

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Form 8867	Paid Preparer's Due Diligence Checklist	OMB No. 1545-0074
(Rev. November 2022)	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 (OCDC), and Head of Household (HOH) Filing Status	For tax year 20
Department of the Treasury Internal Revenue Service	To be completed by preparer and filed with Form 1040, 1040-SR, 1040-NR, 1040-PF, or 1040-SS. Go to www.irs.gov/Form8867 for instructions and the latest information.	Attachment Sequence No. 70
Preparer name shown on return	Preparer 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/OCDC ☐ AOTC ☐ HOH

Part VI Eligibility Certification

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SCHEDULE LEP (Form 1040)	Request for Change in Language Preference	OMB No. 1545-0074
(Rev. December 2022)	Attach to Form 1040, 1040-SR, 1040-NR, 1040-PF, or 1040-SS. Go to www.irs.gov/ScheduleLEP for the latest information.	Attachment Sequence No. 77A
Department of the Treasury Internal Revenue Service	Name of person making request (as shown on tax return)	Social security number of person making request
1 I would prefer to receive written communications (see instructions) from the IRS in the following language. Check only one.		
<input type="checkbox"/> 000 English <input type="checkbox"/> 001 Spanish (Español) <input type="checkbox"/> 002 Korean (한국어) <input type="checkbox"/> 003 Vietnamese (Tiếng Việt) <input type="checkbox"/> 004 Russian (Русский) <input type="checkbox"/> 005 Arabic (العربية) <input type="checkbox"/> 006 Haitian Creole (Kreyòl Ayisyen) <input type="checkbox"/> 007 Tagalog (Tagalog) <input type="checkbox"/> 008 Portuguese (Português) <input type="checkbox"/> 009 Polish (Polski) <input type="checkbox"/> 010 Farsi (فارسی)		
<input type="checkbox"/> 011 French (Français) <input type="checkbox"/> 012 Japanese (日本語) <input type="checkbox"/> 013 Gujarati (ગુજરાતી) <input type="checkbox"/> 014 Punjabi (ਪੰਜਾਬੀ) <input type="checkbox"/> 015 Khmer (ខ្មែរ) <input type="checkbox"/> 016 Urdu (اردو) <input type="checkbox"/> 017 Bengali (বাংলা) <input type="checkbox"/> 018 Italian (Italiano) <input type="checkbox"/> 019 Chinese (Traditional) (中文(繁體)) <input type="checkbox"/> 020 Chinese (Simplified) (中文(简体))		

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

Cat. No. 747142

Schedule LEP (Form 1040) (Rev. 12-2022)

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SCHEDULE A
(Form 1040)

Itemized Deductions

Go to www.irs.gov/ScheduleA for instructions and the latest information.
Attach to Form 1040 or 1040-SR.

OMB No. 1545-0048
2022
Attachment Sequence No. 07

Department of the Treasury
Internal Revenue Service

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 15.

Formally shown on Form 1040 or 1040-SR

Your social security number

- Mortgage insurance premiums no longer deductible
- Charitable contributions for non-itemizers no longer applies
- Standard mileage rates for charitable remains at 14 cents a mile; medical mileage increases to 18 cents a mile 1/1/22-6/30/22 and 22 cents a mile for 7/1/22 to 12/31/22

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SCHEDULE B
(Form 1040)

Interest and Ordinary Dividends

Go to www.irs.gov/ScheduleB for instructions and the latest information.
Attach to Form 1040 or 1040-SR.

OMB No. 1545-0016
2022
Attachment Sequence No. 08

Department of the Treasury
Internal Revenue Service

Name(s) shown on return

Your social security number

Part I
Interest

1 List name of payer. If any interest is from a self-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.

Amount

NO NEWS, NO SURPRISES...

Part II
Ordinary Dividends

5 List name of payer

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

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

Part III
Foreign Accounts and Trusts

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.

Caution: Failure to report foreign accounts or trusts on this form may result in substantial penalties. Additionally, you may be required to file Form 8878, Statement of Specified Foreign Financial Assets, and instructions.

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.

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.

7b 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.

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 706. See instructions.

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

Use by 1/1/2023

Schedule B (Form 1040) 2022

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2022 CAPITAL GAINS RATES

2022 capital gains tax rates

For taxes due in April 2023 or in October 2023 with an extension.

Tax-filing status	0% tax rate	15% tax rate	20% tax rate
Single	\$0 to \$41,675.	\$41,676 to \$459,750.	\$459,751 or more.
Married, filing jointly	\$0 to \$83,350.	\$83,351 to \$517,200.	\$517,201 or more.
Married, filing separately	\$0 to \$41,675.	\$41,676 to \$258,600.	\$258,601 or more.
Head of household	\$0 to \$55,800.	\$55,801 to \$488,500.	\$488,501 or more.

Short-term capital gains are taxed as ordinary income according to federal income tax brackets.

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IF YOU HAVE QDCG INCOME, THERE MAY BE AN ADDITIONAL 3.8% NET INVESTMENT INCOME TAX TO CONSIDER

Net Investment Income Tax (NIIT) Thresholds	
Your Filing Status	Threshold Amount
Single	\$200,000
Married Filing Jointly	\$250,000
Married Filing Separately	\$125,000
Head of Household (With Qualifying Person)	\$200,000
Qualifying Widow(er) With Dependent Child	\$250,000

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SCHEDULE A – ITEMIZED DEDUCTIONS

- TCJA SIGNIFICANTLY DECREASED THE NUMBER OF TAXPAYERS CLAIMING ITEMIZED DEDUCTIONS AND THE AVERAGE TAX SAVING FROM CLAIMING THEM.
- FOR YEAR 2022: MORTGAGE INSURANCE PREMIUMS ARE NO LONGER DEDUCTIBLE

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MEDICAL EXPENSES...DON'T OVERLOOK...

- Long-term care insurance is a medical expense (amount is age specific)
- Medicare B-C-D premiums are a medical expense
 - self-employed people can deduct medical insurances on Schedule 1
- House modifications, personal medical supplies, assisted living expenses, household medical attendants are all medical deductions
- 7.5% of AGI threshold for deductible medical expenses fixed

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SCHEDULE B – INTEREST AND ORDINARY DIVIDENDS THREE CRITERIA FOR WHEN PART III MUST BE COMPLETED

Part III		Yes	No
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	7a At any time during 2021, 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		
Caution: If required, failure to file FinCEN Form 114 may result in substantial penalties. See instructions.	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		
	b If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶		
	8 During 2021, 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		

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

OMB No. 1545-0047

Schedule B (Form 1040) 2021

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SCHEDULE C (Form 1040)		Profit or Loss From Business		OMB No. 1545-0047	
Go to www.irs.gov/schedulec for instructions and the latest information.					
Department of the Treasury Internal Revenue Service					
Attach to Form 1040, 1040-SR, 1040-SS, or 1041; partnerships must generally file Form 1065.					
Name of proprietor		Social security number (SSN)		2021	
A Principal business or profession, including product or service (see instructions)		B Enter code from instructions			
C Business name, if no separate business name, leave blank		D Employee ID number (EIN) (see instructions)			
E Business address (including suite or room no.) City, town or post office, state, and ZIP code					
F Accounting method: (F) <input type="checkbox"/> Cash (A) <input type="checkbox"/> Accrual (B) <input type="checkbox"/> Other (specify) _____					
G Did you "materially participate" in the operation of this business during 2021? If "Yes," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No					
H If you started or acquired this business during 2021, check here <input type="checkbox"/> Yes <input type="checkbox"/> No					
I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input type="checkbox"/> No					
J If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No					

- Standard mileage rate drops to 58.5 cents per mile from 1/1/2022 – 6/30/22 and 62.5 cents per mile 7/1/22 to end of year
- Business meal expense – no more 100% deductibility
- Payment Card & 3rd Party Network Transactions – what could go wrong?

Page 30

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- **CONSIDER:**
Behavioral control
Financial control
Relationship of the parties
The Voluntary Classification Settlement Program still exists – get to them before they get to your client

Worker Classification - Still an Issue

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EXCESS BUSINESS LOSS LIMITATION

- Courtesy of the TCJA
- Consider losses from Schedule C and Schedule E (Rentals and pass-throughs). (The process is deceiving and confusing...*where'd that number come from?*)

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461 **Limitation on Business Losses** (OMB No. 1545-0047)
Department of the Treasury Internal Revenue Service Attach to your tax return. Go to www.irs.gov/form461 for instructions and the latest information. **22** **64**

Form 461 (2019)

Part I Total Income/Loss Items
Use instructions if you are filing a tax return other than Form 1040 or 1040-SR.

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

Part II Adjustments for Amounts Not Attributable to Trade or Business
See instructions if you are filing a tax return other than Form 1040 or 1040-SR.

10	Enter any amounts or gain reported on lines 1 through 8 that are not attributable to a trade or business. See instructions.	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

Part III Limitation on Losses

13	If line 12 is a negative number, enter it here as a negative number. If line 12 is a positive number, enter it here as a positive number.	13
14	Add lines 9 and 13	14
15	Enter \$10,000 (or \$50,000 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 16. See instructions if you are filing a tax return other than Form 1040 or 1040-SR. If zero or greater, do not attach this form to your tax return.	16

For the Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 10458 Form 461 (2019)

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EXCESS BUSINESS LOSS LIMITATIONS

- The basis and at-risk limits, and the passive activity limits are applied before calculating the amount of any excess business loss.
- An excess business loss is the amount by which the total deductions attributable to all of your trades or businesses exceed your total gross income and gains attributable to those trades or businesses plus a threshold amount adjusted for cost of living.
- For 2022, the threshold amount is \$270,000 (\$540,000 for married taxpayers filing a joint return).

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REMINDER... CA SINGLE MEMBER LLC

A SMLLC is not subject to the annual tax and fee if the following are true:

- They did not conduct any business in California during the tax year
- Their tax year was 15 days or fewer
- If they organize, register, or file with the Secretary of State on or after January 1, 2021, and before January 1, 2024.

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Any Year That You 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.

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HOW TO COMPLETE FORM 8949, COLUMNS (F) AND (G)

- Watch for incorrect or incomplete information on Forms 1099-B...this guide will help you present it in the manner IRS is programming to look for...

When the basis is incorrect	Nominee distributions
Sale of Residence w/exclusion	QSBS
Accrued market discount; wash sales	You incurred selling expenses
Sale of collectibles	Qualified Opportunity Fund reporting

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SCHEDULE E
(Form 1040)
Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)
OMB No. 1545-0045
22
Attachment No. 13
Go to www.irs.gov/ScheduleE for instructions and the latest information.
Name 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 990 or page 2, line 43.

- Real estate professional status can provide relief from the passive activity loss limitation rules and the 3.8% net income investment tax ("NIIT"), resulting in significant tax savings.
 - If your client is really a real estate professional
- Excess business loss limitation rules are not just a Sch C issue

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SCHEDULE E (Form 1040) 2022
Attachment Sequence No. 13
Page 2
Name shown on return: _____ Your social security number: _____

Part I Income or Loss From Partnerships and S Corporations
Note: If you report a loss, receive a distribution, sharing of stock, or receive a loan repayment from an S corporation, you must check the box in column (d) on line 28 and attach the required sales completion. If you report a loss from an at-risk activity for which any amount is at risk, you must check the box in column (e) on line 28 and attach Form 8880. 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 unremitted partnership expenses? If you answered "Yes," see instructions before completing this section.

	(a) Name	(b) Enter "P" for partnership, "S" for S corporation	(c) Check if foreign partnership	(d) Check if employer contribution income is reported	(e) Check if loss reported in prior year
A					
B					
C					
D					

Passive Income and Loss		Nonpassive Income and Loss	
(a) Form 990 (required)	(b) Form 990 (required)	(c) Form 990 (required)	(d) Form 990 (required)
A		A	
B		B	
C		C	
D		D	
29a		29a	
b Totals		b Totals	
30 Add column (b) and (c) of line 29a		30	
31 Add column (d), (e), and (f) of line 29a		31	
32 Total partnership and S corporation income or loss. Combine lines 30 and 31		32	

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OBSERVATIONS ON SCHEDULE E, PART II

- Limitations on losses:
 - The basis limits
 - The at-risk limits
 - The passive activity loss limitations; and
 - The excess business loss limitations
- See Form 7203 – S Corp Shareholder Stock and Debt Basis Limitations

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K-2, K-3 FILING EXCEPTION CRITERIA
(FOREIGN TAX CREDIT ISSUE)

1. No or limited foreign activity
2. US Citizen/resident alien partners
3. Partner notification - The 2023 deadline for notification is January 15, 2023.
4. No 2022 Schedule K-3 requests by the 1-month date
 1. if a partner fails to request the Schedule K-3 by February 15, she/he can still request it after that date, and the partnership is required to provide the requested information to that partner.

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DEDUCTING LOSSES IN EXCESS
OF SHAREHOLDER'S BASIS IS
NOT A CHOICE...

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7203 S Corporation Shareholder Stock and Debt Basis Limitations

OMB No. 1545-0047

Go to www.irs.gov/Form7203 for instructions and the latest information.

Part I Shareholder Stock Basis

Part II Shareholder Debt Basis

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FORM 7203, S CORPORATION SHAREHOLDER STOCK AND DEBT BASIS LIMITATIONS

The Form 7203 has three sections, corresponding to the three sections found in the K-1 instruction worksheets:

- Shareholder stock basis computation;
- Shareholder debt basis computation (with separate sections for the amount of debt and the adjustments to debt basis); and

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FORM 7203, S CORPORATION SHAREHOLDER STOCK AND DEBT BASIS LIMITATIONS (continued)

Shareholder allowable loss and deduction items — a worksheet with five columns, with lines for specific items of loss or deduction:

- Current year deduction and losses
- Carryover amounts from the previous year;
- Allowable loss from stock basis;
- Allowable loss from debt basis; and
- Carryover amounts

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NEW RULES IN 2022 FOR FORM 1099-K ...IT'S OFF! ...IT'S ON!... IT'S OFF!

Filing Threshold drops from \$20,000 in aggregate payments and 200 transactions to solely a threshold of \$600 in aggregate payments (with no minimum transaction requirement)

FILED'S TIN	OMB NO. 1545-0205	Payment Card and Third Party Network Transactions
PAYEE'S TIN	Form 1099-K	
1a Gross amount of payment card/third party network transactions	(Rev. January 2022) For calendar year (20____)	

...But Wait! Late announcement of delay AGAIN may still unleash 1099-Ks on unsuspecting taxpayers

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RETIREMENT DISTRIBUTIONS, CONTRIBUTIONS, CHANGES

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SECURE 2.0 FROM THE 2023 CONSOLIDATED APPROPRIATIONS ACT

RMD age changes from 72 to 73 starting in 2023 and to 75 in 2033

The catch-up contribution limit has been increased for those who have attained 60, 61, 62 and 63

Beginning in 2024, the SECURE 2.0 Act eliminates RMDs for qualified employer Roth plan accounts

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SECURE 2.0 FROM THE 2023 CONSOLIDATED APPROPRIATIONS ACT

- Roth Rollover Option for 529 Plans: Beginning in 2024, in limited circumstances some people may be able to rollover a 529 plan that they have maintained for at least 15 years to a Roth IRA.
- Reduction of the 50% (I forgot to take my) RMD penalty, and well as many others
- Flexibility with hardship loans and repayments; elimination of many 10% penalties
- QLACs get a boost; \$200,000 limit rather than \$130,000 in 2022.

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RETIREMENT FUNDS ARE NOT INTENDED TO STAY IN YOUR ACCOUNT FOREVER

INHERITED IRA DISTRIBUTION RULES WEREN'T WHAT WE THOUGHT THEY WERE



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FOR TAXPAYERS SUBJECT TO THE 10-YEAR RULE SECURE ACT OF 2019 NEW INTERPRETATION...

- 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.

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WHEN THERE IS A DESIGNATED BENEFICIARY,

Spouse only

Non-spouse

No designated beneficiary
(including an estate, charity, or some trusts)

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TABLE 1
SINGLE LIFE EXPECTANCY FOR
BENEFICIARIES

Age	Life Expectancy	Age	Life Expectancy
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

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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)

Ages	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	27.2	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	24.2	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	25.5	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

TABLE II
SPOUSES ARE
MORE THAN
10 YEARS
YOUNGER

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RMD UNIFORM LIFETIME TABLE III

Table III
(Uniform Lifetime)

(For Use by:
• Unmarried Owners,
• Married Owners Whose Spouses Aren't More Than 10 Years Younger, and
• Married Owners Whose Spouses Aren't the Sole Beneficiaries of Their IRAs)

Age	Distribution Period	Age	Distribution Period
72	27.4	97	7.9
73	26.5	98	7.3
74	25.5	99	6.8
75	24.6	100	6.4
76	23.7	101	6.0
77	22.9	102	5.6
78	22.0	103	5.2
79	21.1	104	4.9
80	20.2	105	4.6
81	19.4	106	4.3
82	18.5	107	4.1
83	17.7	108	3.9
84	16.8	109	3.7
85	16.0	110	3.5
86	15.2	111	3.4
87	14.4	112	3.3
88	13.7	113	3.1
89	12.9	114	3.0
90	12.2	115	2.9
91	11.5	116	2.8
92	10.8	117	2.7
93	10.1	118	2.5
94	9.5	119	2.3
95	8.9	120 and over	2.0
96	8.4		

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USING QCDs IN LIEU OF RMDs 1099R Reporting (or not)

- A QCD as a distribution from an IRA, whose owner is at least age 70½, made directly to one or more specified charitable organizations, provided the distribution would be includible in the IRA owner's gross income if it were made to the owner instead
- A Qualified Charitable Distribution (QCD) is a direct transfer of funds from the taxpayer's IRA custodian, payable to a qualified charity
- QCDs can be counted toward satisfying the account owner's RMDs for the year, as long as certain rules are met
- A taxpayer can exclude from gross income up to \$100,000 of QCDs each year

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IRS CONFUSION ABOUT QCD'S IS A FREQUENT GENERATOR OF CP-2000 INQUIRIES

- Be sure you are correctly reporting the transaction (don't let the client "double dip")
- Be proactive: document the charities to whom the QCD was transferred in the Statements section of your tax return

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FOR YOUR CLIENTS RECEIVING PAYING FOR MEDICARE...

- MAKE MEDICARE PLANNING AN ANNUAL PART OF CLIENT TAX PLANNING
- ABOUT 7 PERCENT OF MEDICARE BENEFICIARIES PAY THE INCOME-ADJUSTED PREMIUMS

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Full Part B Coverage			
Beneficiaries who file individual tax returns with modified adjusted gross income:	Beneficiaries who file joint tax returns with modified adjusted gross income:	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
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

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YOU CAN HELP IF YOUR CLIENT'S HIGH-INCOME YEAR WAS AN ANOMALY

- 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.

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**DON'T START FILING
SEASON WITHOUT IT**
IRS Publication 5708



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

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Call Us

- Practitioner Priority Service: [866-860-4259](tel:866-860-4259)
- E-help Desk: [866-255-0654](tel:866-255-0654)
- Automated Substitute for Return (ASFR): [866-681-4271](tel:866-681-4271)
- Business Specialty Tax Line: [800-829-4933](tel:800-829-4933)
- Disaster Hotline: [866-562-5227](tel:866-562-5227)
- EFTPS Customer Service: [800-555-4477](tel:800-555-4477)
- Forms and Publications: [800-829-3676](tel:800-829-3676)
- Identity Protection Specialized Unit: [800-908-4490](tel:800-908-4490)
- Refund Hotline: [800-829-1954](tel:800-829-1954)
- Report Tax Schemes: [866-775-7474](tel:866-775-7474)
- Tax Exempt Organizations: [877-829-5500](tel:877-829-5500)
- Taxpayer Advocate: [877-777-4778](tel:877-777-4778)

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