

2022 TAX HIGHLIGHTS

1. 2022 TAX RATE BRACKETS

The top income level of each bracket is shown below:

Filing Status	10.00%	12.00%	22.00%	24.00%	32.00%	35.00%
Married, Joint	\$ 20,550	\$ 83,550	\$ 178,150	\$ 340,100	\$ 431,900	\$ 647,850
Single	\$ 10,275	\$ 41,775	\$ 89,075	\$ 170,050	\$ 215,950	\$ 539,900
Married, Separate	\$ 10,275	\$ 41,775	\$ 89,075	\$ 170,050	\$ 215,950	\$ 323,925
Head of Household	\$ 14,650	\$ 55,900	\$ 89,050	\$ 170,050	\$ 215,950	\$ 539,900

The top tax rate, on income over the 35.0% amount, is 37%. The standard deduction rises in 2022 to \$25,900 joint; \$12,950 singles. For over 65 or blind, add \$1,750 joint.

2. **OTHER TAXES** – The tax of 3.8 % on net investment income applies if income exceeds \$250,000 joint or \$200,000 single. Also, the tax of 0.9 % of household earned income above \$200,000 (\$250,000 joint) will be added, less any amount withheld by your employer. These taxes remain in effect.
3. **CAPITAL GAINS AND QUALIFYING DIVIDENDS** – The base tax rate on long-term and income gains is 15%. If your income bracket is 15% or lower, your tax rate is 0% on most long-term capital gains under \$83,350 (joint). High Income individuals (top tax bracket of \$517,200, joint) will pay 20%, plus applicable net investment income tax (3.8%, above).
4. **KIDDIE TAX**- In 2022, the age for taxing dependent children’s investment income (over \$2,200) remains at age 18 and under, but also full-time students ages 19 to 23. The rate is reverted back to the parent’s tax rates.
5. **IRA's** - The limit on total IRA contributions increases to \$6,000 for 2022, Plus an additional \$1,000 “catch-up” contribution for individuals age 50 and over. The income limit phase-out ranges for deductibility for participants in employer plans increase to between \$68,000 and \$78,000 single and to \$109,000 to \$129,000 on a joint return. IRA contribution deductibility phases out for non-participant spouses of participants with income between \$204,000 and \$214,000
6. **SOCIAL SECURITY BENEFITS** - One-half of your Social Security benefits will be taxed if your income is over \$32,000 on a joint return; \$25,000 for others. Up to 85% of benefits are taxed if joint income is over \$44,000; \$34,000 for unmarried. Income for this purpose includes tax-exempt income and 50% of the social security benefits.
7. **STANDARD MILEAGE RATE** - The mileage rate for business use of your car in 2021 is increased to 62.5¢ per mile. Different mileage rates exist for medical purposes (22¢) and charitable purposes (14¢).
8. **EDUCATION EXPENSES** – The “American Opportunity” tuition credits of up to \$2,500 per student and/or the Lifetime Learning credit of up to \$2,000 per return for qualified higher education expenses remain in effect in 2022. These credits phase out on income between \$160,000 and \$180,000 on a joint return. **Form 1098-T from the institution will be required to claim these credits.** There is also an Illinois tax credit up to \$300 for public and non-public education expenses (tuition, book fees) for kindergarten through 12th grade, and an Illinois deduction for contributions to Illinois 529 plans up to \$20,000 (joint return). Also, up to \$2,500 of higher education loan interest is deductible when income is below \$150,000 (joint) and \$75,000 (single).
9. **CHILD TAX CREDIT** - The credit of \$2,000 for each qualifying child under age, subject to income phase-out beginning at \$400,000 on joint returns.