



# 2022 TAX LANDSCAPE



## **WHAT'S AHEAD FOR THE 2022 TAX YEAR?**

With 2021 behind us, a new tax landscape is on the way as you look toward your 2022 financial goals. To help you, we've compiled key items to keep in mind. Remember, the time you spend today on your tax preparations will help you more thoughtfully prepare for and oversee your financial life.

If you're concerned about owing Uncle Sam, you may be able to make some moves to lower your tax burden. While our specialty lies in wealth management, we have worked with our CPA friends to compile these tips for you. In addition, we suggest that you consult with your personal tax professional before acting on any advice in this communication. If you don't have an accounting professional, please let us know, and we can introduce you to one of our trusted partners.



## 2022 INDIVIDUAL RATES<sup>1</sup>

TAX RATES	SINGLE	MARRIED FILING SEPARATELY	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
10%	\$0 - \$10,275	\$0 - \$10,275	\$0 - \$20,550	\$0 - \$14,650
12%	\$10,276 - \$41,775	\$10,276 - \$41,775	\$20,551 - \$83,550	\$14,651 - \$55,900
22%	\$41,776 - \$89,075	\$41,776 - \$89,075	\$83,551 - \$178,150	\$55,901 - \$89,050
24%	\$89,076 - \$170,050	\$89,076 - \$170,050	\$178,151 - \$340,100	\$89,051 - \$170,050
32%	\$170,051 - \$215,950	\$170,051 - \$215,950	\$340,101 - \$431,900	\$170,051 - \$215,950
35%	\$215,951 - \$539,900	\$215,951 - \$323,925	\$431,901 - \$647,850	\$215,951 - \$539,900
37%	Over \$539,901	Over \$323,926	Over \$647,851	Over \$539,901



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## STANDARD TAX DEDUCTIONS<sup>2</sup>

Taxpayers can claim the standard tax deduction when they choose to not itemize deductions. Below are the 2022 rates:

FILING STATUS	2022	2021
Single	\$12,950	\$12,550
Married Filing Separately	\$12,950	\$12,550
Married Filing Jointly	\$25,900	\$25,100
Head of Household	\$19,400	\$18,800

## ALTERNATIVE MINIMUM TAX (AMT)

The AMT is a tax that the IRS collects so that all taxpayers pay a minimum amount each year.<sup>3</sup> Below are the exemption amounts and phaseout thresholds:

### A. Exemption Amounts<sup>4</sup>

FILING STATUS	2022	2021
Single	\$75,900	\$73,600
Married Filing Separately	\$59,050	\$57,300
Married Filing Jointly	\$118,100	\$114,600

### B. Phaseout Threshold<sup>5</sup>

FILING STATUS	2022	2021
Single	\$539,900	\$523,600
Married Filing Separately	\$539,900	\$523,600
Married Filing Jointly	\$1,079,800	\$1,047,200

## DEDUCTIONS FOR STATE AND LOCAL TAXES (SALT)<sup>6</sup>

In November 2021, The House Democrats passed a package to increase the SALT deduction: The new bill proposes boosting the cap to \$80,000 through 2030 and then dropping it back down to \$10,000 in 2031. If the change doesn't pass in the Senate, the current \$10,000 cap expires after 2025.

As a reminder, SALT deductions include the following expenses:

- State and local property taxes – this category includes taxes you pay for real estate and on other personal property, such as cars
- State and local taxes from income or sales

## MORTGAGE INTEREST DEDUCTIONS

If you itemize your deductions, you may be able to claim the Mortgage Interest Deduction. This tax benefit allows you to deduct interest that you paid on a loan for purchasing, building, or improving a residence.<sup>7</sup>

For 2021, this deduction remains the same as 2020:<sup>8</sup>

- \$750,000 cap
- \$375,000 cap for individuals who are married and file separately

## CHILD TAX CREDIT (CTC)<sup>9</sup>

The Child Tax Credit can help taxpayers by allowing them to claim a credit for any dependent children who are 17 years old and younger when the tax year is over. In 2021 a temporary increase moved the credits up to account for the COVID-19 pandemic. As of November 2021, there is a possibility this benefit, set to expire could be extended.

The temporary one-year CTC expansion:

- Maximum credit amount: \$3,000 per child ages 6-17
- Maximum credit amount: \$3,600 per child under age 6

**Please note:** For each dependent, only one parent can claim this credit on their tax return.

## 2022 DEADLINES

In 2022, you have tax deadlines to meet for both your 2021 and 2022 tax-filing needs. Remember, you can avoid penalties and fees by paying all taxes on time and submitting paperwork for any state taxes you owe. For federal tax deadlines, here are important dates to mark on your calendar:<sup>10</sup>

TAX YEAR	ACTION	REASON	DEADLINE
For 2022	Pay 2022 Estimated Quarterly Taxes	File quarterly taxes by these dates if you are self-employed or otherwise need to pay taxes on additional income.	<ul style="list-style-type: none"> <li>– April 15, 2022</li> <li>– June 15, 2022</li> <li>– September 15, 2022</li> <li>– January 17, 2023</li> </ul>
For 2021	File 2021 Taxes	You must e-file or mail your 2021 tax return by this date at midnight.	April 18, 2022
	File 2021 Taxes	The IRS lets you contribute to a ROTH or individual IRA for the 2021 tax year, up to \$6,000 (or \$7,000 if you're at least 50 years old).	April 18, 2022
	Pay Into a Health Savings Account (HSA)	If you have a high-deductible medical plan, you can contribute money into your HSA for additional tax savings.	April 18, 2022
	File an Extended Tax Return	If you filed to extend your tax deadline, you will need to file your tax return by this date.	October 17, 2022

## FORMS AND DOCUMENTS CHECKLIST

This checklist provides an overview of essential information, documents, and forms you may need to use when preparing to file your 2021 taxes.<sup>11</sup>

CATEGORY	ITEM	ACTION COMPLETED
Your Personal Information	<b>You, spouse, and dependents:</b> <ul style="list-style-type: none"> <li>– Full names</li> <li>– Social Security numbers</li> <li>– Birth dates</li> </ul>	
	<b>Last year's tax returns</b> (federal and state, if it applies)	
Income	<b>W-2 Forms</b>	
	<b>1099 Forms:</b> <ul style="list-style-type: none"> <li>– 1099-MISC: Contracted work</li> <li>– 1099-INT: Interest income</li> <li>– 1099-DIV: Dividends and distributions</li> <li>– 1099-C: Debt cancellation</li> <li>– 1099-R: Retirement accounts, including IRAs, 401(k)s, pensions, and annuities</li> <li>– 1099-S: Real estate transactions</li> <li>– SSA-1099: Social Security</li> </ul>	
Common Deductions	<b>Form 5498:</b> Retirement account contributions (IRAs)	
	<b>Self-Employment/Home Office Records:</b> All expenses, such as gas, mileage, maintenance, etc.	
	<b>Form 1098-T:</b> Educational expenses that include tuition statements and qualified, related expenses	
	<b>Medical Expenses:</b> Details for all costs you paid toward deductibles, co-pays, medications, and insurance premiums	
	<b>Homeowner Expenses:</b> <ul style="list-style-type: none"> <li>– Form 1098: Mortgage-related interest you paid</li> <li>– Form 5695: Energy-saving improvements</li> </ul>	
	<b>Charitable Contributions:</b> <ul style="list-style-type: none"> <li>– Receipts for all monetary donations</li> <li>– Descriptions and values of goods, like clothing and furniture</li> </ul>	
	<b>State, Local, and Sales Taxes:</b> These expenses include any taxes you paid for: <ul style="list-style-type: none"> <li>– State and local income taxes</li> <li>– Property taxes</li> <li>– School-related taxes</li> <li>– Sales taxes on large purchases</li> </ul>	

## WRAP UP

The tax landscape is vast and involves many items that are important to prepare for when creating your financial strategies. As you look to the 2022 tax year, we hope this paper helps you navigate necessary steps to take now.

Remember, as your dedicated team, we're here to help you with your financial planning and have strategic partnerships with tax professionals in our area. If you'd like to schedule a conversation, call us today.

Would someone you know benefit from receiving this communication? If so, call our office at to provide us with their contact information and we will be happy to send them a copy.

The content within this document does not represent legal or tax advice. Customers should consult with their legal or tax professional regarding their own unique situation.

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[1] <https://www.forbes.com/sites/markkantrowitz/2021/11/10/new-2022-irs-income-tax-brackets-and-phaseouts/?sh=4628244c7b04>

[2] <https://taxfoundation.org/2022-tax-brackets/#ctc>

[3] <https://www.investopedia.com/terms/a/alternativeminimumtax.asp>

[4] <https://www.forbes.com/sites/ashleaebeling/2021/11/10/irs-announces-2022-tax-rates-standard-deduction-amounts-and-more/?sh=30ce499a4a3a>

[5] <https://savingtoinvest.com/alternative-minimum-tax-amt-and-exemption-amounts/>

[6] <https://www.cnbc.com/2021/11/19/house-democrats-pass-package-with-80000-salt-cap-through-2030.html>

[7] <https://www.investopedia.com/terms/home-mortgage-interest.asp>

[8] <https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[9] <https://www.cnet.com/personal-finance/will-the-enhanced-child-tax-credit-continue-in-2022-heres-everything-we-know/>

[10] <https://blog.turbotax.intuit.com/tax-planning-2/save-the-tax-dates-24860/>

[11] <https://www.efile.com/irs-income-tax-return-forms-and-schedules-for-year-2021/>



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