



## News and Tax Tidbits

January 2023

• PH 208 362-1633

• Email: [robin@familytaxsolutions.com](mailto:robin@familytaxsolutions.com)

• FX 208-575-1897

I am so excited for 2023, are you? Why am I excited? Well, we get to start new. New is good! And of course, I get to see all of you! The tax preparation world is evolving and many tax professionals are choosing to do all remote tax preparation. I too have that option, for anyone who is interested in uploading their documents to the secure portal at [www.familytaxsolutions.com](http://www.familytaxsolutions.com) and signing your returns electronically. HOWEVER, I will continue to have in-person appointments with all my clients as well. I hear from many of you loud and clear that this is your preference. I believe that it is up to you to do what works best. My goal is to make your tax preparation the best and most convenient experience for YOU!!!

Tax Law continues to change each year at both the federal and state level. In late December, the Secure Act 2.0 passed and was signed into law. A lot of those provisions will have future ramifications. Not all tax changes come in the form of something new. A lot of the temporary Covid related tax laws expired at the end of 2021. Don't worry! I have your back. You can depend on "not paying a penny more in taxes"!

Tax due date is on April 18, 2023 this year. Since transparency is important to me. I will be increasing my costs as well. You can expect a 20% increase overall. I will provide you with a quote if you are concerned about your fee this year. This is unavoidable due to inflation.

I look forward to another year in providing you with the same top quality tax preparation you have come to expect! Don't forget if you refer your friends or family, and they come for tax preparation, you can receive a \$20 credit on your tax preparation fees.

Best Regards, Robin Gervais  
Enrolled Agent

*Providing Year-Round Tax Preparation! Tax Planning! and Tax Resolution since 2015!*

Website: [www.familytaxsolutions.com](http://www.familytaxsolutions.com)

Secure Portal and Appointment Calendar Available

## *2022 Individual Tax Update*

### ⇒ **Standard Deduction**

- Single/Married Filing Separate—\$12,950
  - Head of Household—\$19,400
  - Married Filing Jointly/Qual Surviving Spouse—\$25,900
- Additional for over 65 or blind \$1,400 MFJ and \$1,750 Single/HH



### ⇒ **Child Tax Credit (CTC) For 2022 Reverts back to pre-2021 limits**

- Under age 17
- \$2,000 per child up to \$1,500 refundable
- Phase-outs \$200,000 S/MFS.HOH/SS \$400,000 MFJ for \$2,000 amount

### ⇒ **Earned Income Tax Credit (EITC)**

- 2021 ended the 2019 lookback rule where income from that year could increase EITC
- IRS has eased Married Filing Separate rules who didn't live with their spouse more than 6 months of the year allowing possible qualification for the credit
- Allows up to \$10,300 in investment income and still qualify for the credit

### ⇒ **Child and Dependent Care Credit (CDC) For 2022 resumes to pre-2021 limits**

- \$3,000 for one child/\$6,000 for more than one child
- 35% of Qualified Expenses maximum of \$1,050/\$2,100 and is non-refundable
- Maximum credit of \$4,000 per child up to \$8,000 for two children.
- Phase-out for Credit starts to phase out when AGI is more than \$15,000

| <b>Retirement Plans</b>  | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|--|-------------|-------------|-------------|
| Contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and federal government's Thrift Savings Plan (TSP's) | \$19,500    | \$20,500    | \$22,500    |
| Catch-up contribution limit for employees aged over 50 who participate in 401(k), 403(b), most 457 plans and TSP's                       | \$6,500     | \$6,500     | \$7,500     |
| Limit on Annual Contribution to an IRA   | \$6,000     | \$6,000     | \$6,500     |
| Catch-up on IRA Contributions for Aged 50 and over   | \$1,000     | \$1,000     | \$1,000     |

NOTE: Secure Act 2.0 allows your employer to offer small financial incentives to help boost participation in your employer retirement plan.

### ⇒ **Required Minimum Distributions (RMDs)**

- Turning 72 in 2023 and thought you had to start taking out your Required Minimum Distribution out of your retirement accounts? The newly enacted Secure Act 2.0 allows you to wait until 73 to take out your required minimum distributions

# 2022 Individual Tax Update

## ⇒ Student Loan Debt Forgiveness

- At this point, Biden's 3 part plan for student loan forgiveness is on hold
- **However, IF** you do receive a discharge of Student Loan Debt it is not taxable for 2021-2025
- Student loan payments remain on pause until June 2023
- For up-to-date information go to <https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info>

## ⇒ Charitable Contributions

- You will need to itemize on federal to receive any benefit of charitable contributions. The \$300 single/\$600 married filing joint addition to standard deduction is repealed
- Maximum allowed deduction is 60% of your Adjusted Gross Income instead of 100%
- Charitable Mileage deduction remains at 14¢ per mile

## ⇒ Energy Efficiency

- In the Home: Annual Limitations instead of lifetime limitations. \$1,200 per year.
  - ⇒ Certain Windows and Skylights \$600 Doors \$250/\$500
  - ⇒ Heat pumps, Heat pump water heaters, Biomass Stoves/Boilers \$2,000
  - ⇒ Solar credits extended through 2034
- Vehicles: Placed in service after 12-31-22 thru 12-31-2032 Two Rules Total potential credit is \$7,500
  - ⇒ \$3,750 credit if minimum percentage of minerals contained in batteries is sourced in U.S. or a country with a free trade agreement
  - ⇒ \$3,750 credit if minimum percentage of value of battery components is manufactured or assembled in North America
  - ⇒ Previous owned vehicles can qualify too if purchased after 2022. Lessor of \$4,000 credit or 30% of the sales price. Maximum price per vehicle is \$25,000.
  - ⇒ For Qualifying information go to <https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after> but be careful you may not qualify if your Modified Adjusted Gross Income is over a certain amount!

## ⇒ Miscellaneous Individual Provisions

- Mortgage Insurance Premium (MIP) deduction has EXPIRED
- Discharge of Qualified Principal Debt excluded from gross income is extended thru 2025
- Employers paying Student Loan expenses can exclude up to \$5,250 of those payments from income
- Deduction for Medical Expenses will remain at 7.5% has been made permanent
  - 2022 Medical Mileage deduction Jan 1–Jun 30 18¢ Jun 1- Dec 31 22¢
  - 2023 Medical Mileage deduction remains 22¢
- Educator Deduction is increased up to \$300 for classroom expenses. \$600 if both spouse are teachers with eligible classroom expenses





# 2022 Idaho Update

## ⇒ Idaho Individual Update

- Effective January 1, 2022, all tax rates have been decreased. Individual income tax rates now range from 1% to 6%, and the number of tax brackets has been reduced from seven to five.
- If you have filed an Idaho Tax return late and didn't receive the refund due to the 3 year statute, Idaho now allows a non-refundable credit not received within the last 10 years.
- New Business forms for Affected Business Entities paying state taxes for partners/shareholders.
- In 2023, The grocery credit will increase to \$120 per person for under 65 and \$140 for those over 65. We will have to wait until next filing season to enjoy the extra \$20.

## 2022 Business Tax Update



## ⇒ Business Meals

- 2022— Businesses can deduct 100% of Ordinary and Necessary Meals purchased at a restaurant regardless of dining-in or taking out
- 2023—Back to 50% deduction and entertainment is still not an allowable deduction

## ⇒ Standard Mileage Rate

- 2022 Split year for mileage amounts. Please have your mileage log split according to the following dates:

|                |                            |
|----------------|----------------------------|
| Jan 1- Jun 30  | 58.5 cents per mile driven |
| Jul 1 - Dec 31 | 62.5 cents per mile driven |
- 2023 65.5 cents per mile driven

## ⇒ Business Miscellaneous Provisions

- Employee Retention Credit— You have up until 2024 to claim the employee retention credit. If you are new, let's look at your situation!

## ⇒ Interest Expense

- The interest expense limitation rule is another tax rule that was temporarily suspended to help Americans during the pandemic, but it is back in force for the 2021 tax year. This rule limits taxable income to the current tax year and reduces the interest expense deduction from 50% to 30% of adjusted taxable income.

## ⇒ The new 1099-K reporting was postponed for 2022

- The IRS had anticipated 1099-K processors like Venmo, PayPal, Etsy, and any one who processes a credit card to send out forms if you had \$600 in transactions. This has been postponed. However, if your processing company sends you a 1099-K please let us address it on the return as not addressing it can cause a future notice from the IRS.

## ⇒ Secure Act creates new tax credits for helping business' with the administrative costs of creating a workplace retirement plan beginning in 2023.