

BUSINESS

2021 and 2022 Corporate Tax Rate is 21% for All Income Levels

Capital Gains Tax Rate: Same as regular tax rate.

Personal Service Corporations: Same as regular tax rate.

DEPRECIATION

LUXURY VEHICLES UNDER 6,000 POUNDS

Maximum depreciation for vehicles purchased in 2021 where the additional first-year deduction does not apply:

	Light Trucks, Vans and Autos
Year placed in service	\$10,200
2nd tax year	\$16,400
3rd tax year	\$9,800
Each succeeding year	\$5,860

Maximum depreciation for vehicles purchased in 2021 where the additional first-year deduction does apply:

	Light Trucks, Vans and Autos
Year placed in service	\$18,200
2nd tax year	\$16,400
3rd tax year	\$9,800
Each succeeding year	\$5,860

Amounts are based upon 100% business use.

Section 179

Section 179 dollar limitation is \$1,050,000, (\$2,620,000 qualifying property) for 2021 and is \$1,080,000, (\$2,700,000 qualifying property) for 2022. There is a \$26,200 limitation on sport utility vehicles for 2021 and \$27,000 for 2022.

Special (Bonus) Depreciation

The allowance is 100% for qualified new and used property placed in service between September 28, 2017, and December 31, 2022. Bonus depreciation phases down 20% per year starting in 2023.

20% Qualified Business Income (QBI) Deduction

Through 2025, certain sole proprietors and owners of pass-through businesses are allowed a special deduction equal to 20% of QBI, subject to limitations. For 2021, the limitations begin to apply if taxable income exceeds \$164,900 or, if MFJ, \$329,800 (\$164,925 for married couples filing separate returns). For 2022, the limitations begin to apply if taxable income exceeds \$170,050, or, if MFJ, \$340,100 (\$170,050 for married couples filing separately).

ESTATE

2022 ESTATE AND TRUST INCOME TAX RATES

Taxable Income		Pay	+	% on Excess	Of Amount Over
Over	But Not Over				
-	\$2,750	-		10%	-
\$2,750	\$9,850	\$275		24%	\$2,750
\$9,850	\$13,450	\$1,979		35%	\$9,850
\$13,450		\$3,239		37%	\$13,450

2021 ESTATE AND TRUST INCOME TAX RATES

Taxable Income		Pay	+	% on Excess	Of Amount Over
Over	But Not Over				
-	\$2,650	-		10%	-
\$2,650	\$9,550	\$265		24%	\$2,650
\$9,550	\$13,050	\$1,921		35%	\$9,550
\$13,050		\$3,146		37%	\$13,050

Unified Credit Exemption Equivalent

2022 \$12,060,000

2021 \$11,700,000

Annual Gift Tax Exclusion for 2021 is \$15,000; \$16,000 for 2022.

GENERAL

Standard Mileage Deduction

Use	2022	2021
Business	\$0.585	\$0.56
Charitable	\$0.14	\$0.14
Medical/Moving	\$0.18	\$0.16

Per Diem Rates

High Cost Area:	Lodging	Meals	Total/Max
1/1/2021 – 9/30/2021	\$221	\$71	\$292
10/1/2021 – 9/30/2022	\$222	\$74	\$296

Low Cost Area:	Lodging	Meals	Total/Max
1/1/2021 – 9/30/2021	\$138	\$60	\$198
10/1/2021 – 9/30/2022	\$138	\$64	\$202

Health Savings Account (HSA)

	2022	2021
Family	\$7,300	\$7,200
Self	\$3,650	\$3,600

*Catch up amount for 55 and older is \$1,000

For an updated version of this guide and information on tax legislation pending in Congress that might affect 2021 or 2022 tax returns, please visit:

eidebailly.com/Tax



2021-2022 POCKET TAX GUIDE



CPAs & BUSINESS ADVISORS

Rev. 12.2021

Independent member of HLB – the global advisory and accounting network.

INDIVIDUALS

2022 INDIVIDUAL INCOME TAX RATES

Regular Tax - Married Filing Joint

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$20,550	-		10%	-
\$20,550	\$83,550	\$2,055		12%	\$20,550
\$83,550	\$178,150	\$9,615		22%	\$83,550
\$178,150	\$340,100	\$30,427		24%	\$178,150
\$340,100	\$431,900	\$69,295		32%	\$340,100
\$431,900	\$647,850	\$98,671		35%	\$431,900
\$647,850		\$174,254		37%	\$647,850

Regular Tax - Single

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$10,275	-		10%	-
\$10,275	\$41,775	\$1,028		12%	\$10,275
\$41,775	\$89,075	\$4,808		22%	\$41,775
\$89,075	\$170,050	\$15,214		24%	\$89,075
\$170,050	\$215,950	\$34,648		32%	\$170,050
\$215,950	\$539,900	\$49,336		35%	\$215,950
\$539,900		\$162,718		37%	\$539,900

2021 INDIVIDUAL INCOME TAX RATES

Regular Tax - Married Filing Joint

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$19,900	-		10%	-
\$19,900	\$81,050	\$1,990		12%	\$19,900
\$81,050	\$172,750	\$9,328		22%	\$81,050
\$172,750	\$329,850	\$29,502		24%	\$172,750
\$329,850	\$418,850	\$67,206		32%	\$329,850
\$418,850	\$628,300	\$95,686		35%	\$418,850
\$628,300		\$168,994		37%	\$628,300

Regular Tax - Single

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$9,950	-		10%	-
\$9,950	\$40,525	\$995		12%	\$9,950
\$40,525	\$86,375	\$4,664		22%	\$40,525
\$86,375	\$164,925	\$14,751		24%	\$86,375
\$164,925	\$209,425	\$33,603		32%	\$164,925
\$209,425	\$523,600	\$47,843		35%	\$209,425
\$523,600		\$157,804		37%	\$523,600

2022 Long Term Capital Gain Rates (Including Qualified Dividends)

Single		Married Filing Joint	
Tax Rate	If taxable Income is:	Tax Rate	If taxable Income is:
0%	\$0 to 41,675	0%	\$0 to 83,350
15%	\$41,676 to 459,750	15%	\$ 83,551 to 517,200
20%	\$ 459,751 or more	20%	\$ 517,201 or more

2021 Long Term Capital Gain Rates (Including Qualified Dividends)

Single		Married Filing Joint	
Tax Rate	If taxable Income is:	Tax Rate	If taxable Income is:
0%	\$0 to 40,400	0%	\$0 to 80,800
15%	\$40,401 to 445,850	15%	\$ 80,801 to 501,600
20%	\$ 445,851 or more	20%	\$ 501,601 or more

Note: 25% maximum tax rate applies on unrecaptured section 1250 gains and the 3.8% tax on net investment income remains in place.

NET INVESTMENT INCOME TAX

For tax years 2021 and 2022, a tax of 3.8% applies on the lesser of Net Investment Income or MAGI, over \$250,000 (MFJ) or \$200,000 (single).

Standard Deduction	2022	2021
Married Filing Joint	\$25,900	\$25,100
Single	\$12,950	\$12,550
Head of Household	\$19,400	\$18,800
Married Filing Separately	\$12,950	\$12,550

Additional Blind or Elderly	2022	2021
Single & HOH	\$1,750	\$1,700
Married	\$1,400	\$1,350

Claimed as a dependent by another: (if has earned income, the standard deduction is the greater of this amount or \$350 plus the earned income up to the standard deduction amount.)	\$1,150	\$1,100
--	---------	---------

ITEMIZED DEDUCTIONS DISALLOWED

Certain miscellaneous deductions subject to 2% of AGI are not deductible for 2021 and 2022, including unreimbursed employee business expense, investment expenses and hobby loss expenses. In addition, casualty and theft losses, unless in a federal designated area, are not deductible.

Child Tax Credit

For 2021, the child tax credit is temporarily increased from \$2,000 per child under age 17 to \$3,000 per child 6-17 years old and \$3,600 per child under 6 years old. For 2022, the credit is scheduled to return to the prior levels, with up to \$1,500 refundable, unless the 2021 credit amounts are extended by Congress. The credit phases out for higher income individuals. An additional credit of \$500 is available for each qualifying child for whom the credit is not otherwise available and each qualifying relative.

Kiddie Tax

Kiddie Tax applies to unearned income in excess of \$2,200 for 2021 and \$2,300 for 2022 of a child who has not reached the age of 19 as of the end of the year or who was a full-time student under the age of 24. For a child over age 17, the tax only applies to those whose earned income does not exceed half of their support.

Estimated Tax Payments

To avoid possible underpayment penalties, individuals are generally required to pay through withholding or estimated tax payments the lesser of 100% of prior year tax liability or 90% of current year tax liability.

However, taxpayers with AGI greater than \$150,000 (\$75,000 for married filing separate) in the prior year must pay the lesser of 110% of prior year tax liability or 90% of current year tax liability.

Savings Incentive Match Plan for Employees (SIMPLE)

	2022	2021
Employee Elective Contribution Limit	\$14,000	\$13,500
50 or older catch-up	\$3,000	\$3,000
Employer Matching Contribution	3% limit	3% limit
Employer non-elective contribution	2%	2%

	2022	2021
Annual Compensation Limits	\$305,000	\$290,000
401(k) Contributions	\$20,500	\$19,500
Profit Sharing Plan-Corp.*	\$61,000	\$58,000
Money Purchase Plan-Corp.*	\$61,000	\$58,000
Profit Sharing Plan-SE**	\$61,000	\$58,000
Money Purchase Plan-SE**	\$61,000	\$58,000
SEP	\$61,000	\$58,000

* \$6,500 catch-up contribution allowed for individuals age 50 and older in 2021 and 2022.
**Limited to 100% of compensation.

Plan Deduction Limitations (2021 and 2022)

	Profit Sharing	Money Purchase
Corporate	25%	25%
Self-employed (SE)	20%	20%
SEP-Corporate	25%	N/A
SEP-SE	20%	N/A

Individual Retirement Accounts

Not a participant in another plan:

Under age 50, \$6,000 contribution limit for both 2021 and 2022. Also applies to non-working spouse. For age 50 and over, limit is \$7,000.

Active participant in another plan:

Married AGI	2021	Deduction
\$0-109,000	\$0-105,000	\$6,000 limit for both years* Phase-out**
\$109,000-129,000	\$105,000-125,000	Phase-out for non-active spouse/participant
\$204,000-214,000	\$198,000-208,000	

Single AGI

2022	2021	Deduction
\$0-68,000	\$0-66,000	\$6,000 limit for both years* Phase-out
\$68,000-78,000	\$66,000-76,000	

*\$1,000 catch-up contribution for individuals age 50 and older for 2021 and 2022.
**Phase-out only for spouse who is active participant.

Roth IRA Eligibility

	AGI 2022	AGI 2021
Single/Head of Household	\$129,000-144,000	\$125,000-140,000
Married Filing Joint	\$204,000-214,000	\$198,000-208,000
Married Filing Separately	\$0-10,000	\$0-10,000
Rollover of regular IRA to ROTH IRA	No Limit	No Limit

Alternative Minimum Tax (AMT)

		MFS	Single/MFJ
Tax Rate 2022	26% up to:	\$103,050	\$206,100
	28% over:	\$103,050	\$206,100

Tax Rate 2021	26% up to:	\$99,950	\$199,900
	28% over:	\$99,950	\$199,900

Exemption	2022	Phase-out	2021	Phase-out
Single/HOH	\$75,900	\$539,600	\$73,600	\$523,600
Married/Joint	\$118,100	\$1,079,800	\$114,600	\$1,047,200

SOCIAL SECURITY INFORMATION

	2022	2021
Social Security Base	\$147,000	\$142,800
Medicare Base	unlimited	unlimited
Social Security Tax Rate	6.20%	6.20%
Medicare Tax Rate*	1.45%	1.45%
Max Social Security Tax	\$9,114.00	\$8,853.60

*Additional 0.9% Medicare tax in excess \$200,000 (\$250,000 married)

Medicare Part B Premium:	2022	2021
Per Month*	\$170.10*	\$148.50*
Per Year	\$2,041.20*	\$1,782.00*
Annual Earnings		
4 Quarters Coverage	\$6,040.00	\$5,880.00

*Larger premium for taxpayers with AGI above certain levels starting at \$176,001 for joint filers & \$88,001 for singles for 2021. (\$182,001 and \$91,001, respectively, for 2022.)

Maximum Annual Earned Income Limit:	2022	2021
Ages 62-64 (lose \$1 for \$2)	\$19,560	\$18,960
In year you reach full retirement age (lose \$1 for \$3)	\$4,330/month	\$4,210/month
Full retirement age & older	unlimited	unlimited

TAXABLE SOCIAL SECURITY BENEFITS

Social security received is taxable if AGI, plus tax-exempt interest, plus half of Social Security received exceeds these base amounts.

The taxable amount is the lesser of:

- % of the excess over the base amount
- % of benefit received

Income Levels*	50%	85%
Married filing joint	\$32,001 - 44,000	\$44,001+
Single/HOH	\$25,001 - 34,000	\$34,001+
Married filing separately & living w/spouse	\$0	\$0

*Percent of Social Security that is taxable.

EDUCATION CREDITS AND DEDUCTIONS

American Opportunity Tax Credit —Max of \$2,500 for 2021 and 2022. Based on 100% of the first \$2,000 and 25% of the next \$2,000 on qualified tuition and course materials. Phase-out for the American Opportunity Tax Credit is \$80,000-90,000 for single filer and \$160,000-180,000 for married filing joint in 2021 and 2022.

Lifetime Learning—\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2021 and 2022. The phase-out for the Lifetime the Learning Credit is the same as the American Opportunity Tax Credit.

Student Loan Interest Deduction—Deduction up to \$2,500 for 2021 and 2022. Deduction MAGI phase-out for the student loan interest deduction is \$70,000-85,000 for single/head of household (for 2021 and 2022) and \$140,000-170,000 for married filing joint for 2021; \$145,000-175,000 for married filing joint for 2022.