

Items of Note for 2022 Tax Returns

The 2022 tax filing season officially starts on Monday, January 23, 2023, when the IRS will begin accepting and processing 2022 tax returns. The individual tax filing deadline is currently **Tuesday, April 18, 2023.**

The **Consolidated Appropriations Act (CAA) of 2021 and the American Rescue Plan Act (ARPA) of 2021** were designed to provide economic relief to individuals and help in the recovery from impacts of the Covid-19 pandemic. Many of these provisions have expired and are no longer available for 2022 tax returns.

EXPIRED PROVISIONS

- **Recovery Rebate Credit** – Expired and cannot be claimed on your 2022 tax return.
- **Child Tax Credit** – Enhanced provisions expired and return to 2020 limitations for 2022 tax returns.
- **Child & Dependent Care Credit** – Enhanced provisions expired and return to 2020 guidelines for 2022 tax returns.
- **Earned Income Credit** – Credit returns to 2020 guidelines and limitations for 2022 tax returns.
- **Above the Line Charitable Donation** – The deduction of \$300 (\$600 for married filing jointly filers) for non-itemizers is no longer applicable for 2022 tax returns.
- **FSA for dependent care benefits** - For 2021, the maximum amount of tax-free employer-provided dependent care benefits increased to \$10,500, instead of the normal \$5,000, if employer adopts the change. This drops back down to \$5,000 for 2022 tax returns.

SOME UPDATES FOR 2022 TAX RETURNS

- **Premium Tax Credit (PTC)** - The Inflation Reduction Act of 2022 extended the PTC provisions until 2025. If you buy healthcare coverage from the ACA marketplace, this may apply to you.
- **Business Meals** – The temporary allowance of a 100% business meal deduction for food or beverage provided by a restaurant continues to be in effect through December 31, 2022. It expires for 2023.
- **Excess Business Losses** – Noncorporate taxpayers can deduct a net trade or business loss up to a maximum of \$270,000 (\$540,000 for joint returns) in 2022. Any excess loss becomes an NOL and is carried forward to future tax years.
- **Clean Vehicle Tax Credit** - If you bought a new, qualified plug-in electric vehicle (EV) in 2022, you *may* be eligible for a clean vehicle tax credit up to \$7,500 under Internal Revenue Code Section 30D. It is nonrefundable, so you can't get back more on the credit than you owe in taxes. You can't apply any excess credit to future tax years.



- **Energy Credits** – The Inflation Reduction Act of 2022 amended the federal tax credits for energy efficient home improvements and residential clean energy property.

Energy Efficient Home Improvement Credit - Through December 31, 2022, the energy efficient home improvement credit is a \$500 lifetime credit. As amended by the IRA, the energy efficient home improvement credit is increased for years after 2022, with an annual credit of generally up to \$1,200. Beginning January 1, 2023, the amount of the credit is equal to 30% of the sum of amounts paid by the taxpayer for certain qualified expenditures, including (1) qualified energy efficiency improvements installed during the year, (2) residential energy property expenditures during the year, and (3) home energy audits during the year. The credit is allowed for qualifying property placed in service on or after January 1, 2023, and before January 1, 2033.

Residential Clean Energy Property Credit - The residential clean energy property credit is a 30-percent credit for certain qualified expenditures made by a taxpayer for residential energy efficient property. The IRA extended the residential clean energy property credit through 2034, modified the applicable credit percentage rates, and added battery storage technology as an eligible expenditure. The credit applies for property placed in service after December 31, 2021, and before January 1, 2033. The credit percentage rate phases down to 26 percent for property placed in service in 2033, 22 percent for property placed in service in 2034, and no credit is available for property placed in service after December 31, 2034.

