



2

Best Tax Tips

Prepare taxes as early as possible

- · Gather all documents early
- Most are provided by January 31st
- $\,\circ\,$ File as early as possible if expecting a refund
- Identity theft issues and tax refund fraud is increasing
- Tax refunds are sent to individuals claiming to be you or me
- Filing early decreases the risk
- In cases of owing, preparing early gives you time to gather funds before filing by the deadline

Federal Tax System

- · Congress writes and passes the tax laws
- $^{\circ}\,$ The Treasury Department administers the tax law and sets collection policies
- $\,\circ\,$ The Internal Revenue Service (IRS) collects the taxes

4

Additional Taxes

State & Local Income Taxes

Sales Taxes

Property TaxesExcise Taxes

· Excise Taxes

Social Security Taxes







5

The Reporting System

Form 1040

· Most common. Allows for schedules and attachments

- Form 1040SR
- For taxpayers age 65+ with larger print and help figuring standard deductions.
- Form 1040NR
- For non-resident aliens with earned income in the US.
- Form 1040A and 1040EZ
- No longer used because the 1040 has been shortened and simplified.

7



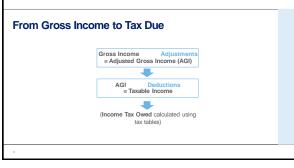
Completing a Return

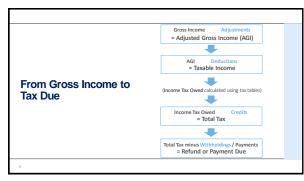
Question 1: What is your filing status?

- As a taxpayer, you fit into one of several categories of filing status, including:
- Single
- Married filling jointly
- Married filing separately
- · Head of household



- Capital gains or losses
 Taxable interest
 Rental property income
 Taxable distributions from IRAs and
 retirement plans
 S corporation and partnership income
 Trust and estate distributions
 Royalties











IRA Deductions

Roth IRA Contributions

· The Saver's Credit

· Flexible Spending Accounts (FSA)

Health Savings Accounts (HSA)



14

Adjustments to Income

 Deferred Compensation Accounts

 • 401k, 403b, some 457, TSPs

 • Up to \$19,500 (\$25,000 if age 50+)

 Traditional IRA & Roth IRA

 • Up to \$6,000 per year (\$7,000 if age 50+)

 Health Savings Accounts (HSA)

 • \$3,600 self or \$7,200 family

 • \$4,600 self or \$8,200 family if age 55+

 Flexible Spending Accounts (FSA)

 • Up to \$2,850

Tax Exempt Accounts

Earnings on these types of accounts are not counted as income so no tax is due, now or ever:

- · Roth Individual Retirement Accounts
- · Certain municipal bonds
- 529 plans (if used for education expenses)
- · Coverdell Educational Savings Accounts (if used for education expenses)
- · ABLE accounts \$15,000 a year without affecting benefits

16

Standard Or Itemized Deduction?

Tax Cuts and Jobs Act Changes

- Personal Exemption eliminated
- Standard Deduction increased
- Itemizing Deductions is still allowed, but fewer deductions are available
 Mortgage interest & points
 Property taxes
 SALT (State And Local Taxes)
 Unreimbursed medical expenses over 7.5% of AGI
 Charitable donations*
 Casually and theft losses
 Elimicated limits on total amount of interiated deductions*

- Eliminated limits on total amount of itemized deductions*

Standard Or Itemized Deduction?

2022 Standard Deduction by filing status

- SINGLE or MARRIED FILING SEPARATE \$12,950 HEAD OF HOUSEHOLD • \$19,400 MARRIED FILING JOINT or QUALIFIED WIDOW(ER)
- \$25,900

For each filer who is legally blind add $1,400^{\star}$ For each filer who is age 65+ add $1,400^{\star}$

18



Tax Credits 2022

For taxpayers with children and dependents

- Child and Dependent Care Credit
- Up to 35% qualifying expenses
- Up to \$3,000 expenses for 1 child under age 13
 Up to \$6,000 expenses for more than 1 child
- Child Tax Credit & Advance Child Tax Credit
- Up to \$2,000 for children ages 16 and under on 12/31/2022
- Advances on this credit began July 2021

20

Tax Credits 2022

Earned income credit

- Ranges from \$538 single with no dependents up to \$6,935 married with 3+ dependents
- Education Credits
- $\circ~$ American Opportunity Credit (up to \$2,500)
- Lifetime Learning Credit (up to \$2,000)
- Search IRS.gov: "am I eligible to claim an education credit"

MORE Tax Credits 2022

- Mortgage Interest Credit
- Savers Credit
- From \$200-\$2,000
 Adoption credit
- Up to \$14,890
- Premium Tax Credit
- Sometimes advanced through Affordable Care Act



22

2022 Alternative Minimum Tax

Exemption Amounts:

- Individuals: \$75,900
- Married Filing Separately: \$59,050
- Married filing jointly: \$118,100
- Qualified surviving spouse: \$114,600

23

Tax Refunds

When you file your taxes, any refund you expect can now be directed to a few different options:

- · Sent by check or direct deposit
- Direct deposited to as many as many as 3 different checking or savings accounts
- Invested (up to \$5,000) in Series I Savings Bonds

· Options can be mixed

Balance Due

If you find you have a balance due, you have some options:

- · Pay the balance due in full when filing your taxes
- · Pay as much as you can now to reduce interest and penalties
- Borrowing from a bank may be less expensive than the interest and penalties the IRS charges
- · Make a payment agreement with the IRS

For large amounts from past years, you can investigate the "offer in compromise" program with the IRS

Go to IRS.gov and search: "options for taxpayers who owe faxes"

25

Keeping Records

Records that show what you earned and what you spent

- W-2: Wages or salary
- 1099: Miscellaneous earnings · 1099-R: Retirement income or distributions
- 1099-DIV & INT: Dividend earnings
- 1099-INT: Interest income
- 1099-Q: Tuition payments
- Receipts/checks (expenses) Credit card slips (expenses)
- Appointment book/log (expense records)



Information Sources

- IRS: <u>www.irs.gov</u>
- US Dept. of Treasury: <u>www.treasury.gov</u>
- American Institute of CPAs: www.aicpa.org
- 360 Degrees of Taxes: <u>www.360taxes.org</u> Social Security Administration: www.ssa.gov

28





THANK YOU FOR PARTICIPATING!

Tax Tips

AnthemEAP