



# 2022 Tax Changes from the IRS

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**The IRS has announced there will be revisions to 2022's tax code. These changes will go into effect for taxpayers filing in 2023 for the previous year.**

The changes include both a rise in income tax brackets and the standard deduction to account for recent inflation. The intent behind these changes is to provide some relief to the taxpayer in next year's tax season. These revisions are the IRS' way of preventing any drastic negative effects, due to inflation, on Americans' filing results. Here is a breakdown of how the changes will look for taxpayers.

## **The standard deduction will increase, based on how one files.**

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Married couples who file jointly will receive a standard deduction of \$25,900, an increase of \$800 from 2021's tax year.

Those who file as single, or married people who file individually, will receive a standard deduction of \$12,950, an increase of \$400.

Head of households will receive a standard deduction of \$19,400, an increase of \$600.

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## **There are changes in the tax bracket.**

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“Marginal Rates: For tax year 2022, the top tax rate remains 37% for individual single taxpayers with incomes greater than \$539,900 (\$647,850 for married couples filing jointly).

The other rates are:

- 35%, for incomes over \$215,950 (\$431,900 for married couples filing jointly);
- 32% for incomes over \$170,050 (\$340,100 for married couples filing jointly);
- 24% for incomes over \$89,075 (\$178,150 for married couples filing jointly);
- 22% for incomes over \$41,775 (\$83,550 for married couples filing jointly);
- 12% for incomes over \$10,275 (\$20,550 for married couples filing jointly).
- The lowest rate is 10% for incomes of single individuals with incomes of \$10,275 or less (\$20,550 for married couples filing jointly).” (Source: IRS website)

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## **There is an increase in the possible amount of earned income tax credit.**

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For people with more than three children that are eligible, the credit is \$6,935, an increase of \$207.

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## **There have been adjustments to tax-advantaged accounts.**

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In 2022, one can contribute an extra \$1,000 in a 401(k). This can help lessen future tax bills.

For a Health Savings Account (HSA), the amount of contribution per year was raised to a maximum of \$4,950, an increase of \$150. For the family plan, the limit is \$7,400, an increase of \$250.

With these changes, taxpayers can hopefully look forward to some assistance in offsetting the effects of inflation on their tax filings.

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