

J. William Seabrooke, CPA, P.C.

A Professional Corporation

1602 Heathrow Drive
Cumming, GA 30041



(770) 886-2922 (Office)
(770) 886-2922 (Fax-On Request)
(512) 791-5899 (Mobile)
bill@billseabrookecpa.com

Member: American Institute of Certified Public Accountants

2022 INCOME TAX RETURN INFORMATION PACKAGE

On December 17, 2017 the “Tax Cuts and Jobs Act” (TCJA) was signed in to law. The provisions of this act became effective January 1, 2018. This was the first major change to the Federal income tax laws since 1986! Most of the provisions will expire on December 31, 2025.

Please complete this “2022 Income Tax Return Information Package”. The first section is the “**Personal Data**” section for your tax return data that also includes the supplemental data that is required to identify whether or not special tax treatment may be appropriate for your tax return. The second section is the “**Financial Data**” section that provides schedules to assist us in organizing your “Income”, “Deductions”, and “Expenses” if you operated a business. The information which you provide to me in this document will reduce the time required for the preparation of your 2022 tax returns for both of us.

Although you may have submitted this same information to me in prior years, I review every line item on every page each year to identify any changes that have occurred during the current tax year, and to identify errors that may have occurred in prior tax years that may require the filing of an amended income tax return.

*****Pages 14-19 of this document will provide a brief summarization of the significant tax law changes from the “TCJA” for 2022. Please inform me if any of these changes will affect your 2022 income tax returns.*****

Your 2022 personal income tax returns are required to be filed and accepted by the taxing authorities by April 18, 2023, unless you request a six month automatic extension of the time to file. However, this automatic extension of the time to file your tax returns does not extend the April 18th deadline for the payment of all of your remaining 2022 income taxes.

I will need to have the soft copy of all returns and reports which you will have received from any third party (i.e. your investment firm, mortgage company, etc.). ALL of the data in your tax return has to agree with the data which the IRS already has. Additionally, the data in every block of a report is important and should not be ignored. For example, while a Form 1099 with an amount of \$100,000.00 in Block #1 (Gross Distribution) is important but a \$ 0.00 amount in Block 2a (Taxable Amount) is even more important!

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2022 Tax Return Questionnaire Data

Please answer the following questions. They are intended to provide information needed for your tax return preparation and to indicate where potentially more complicated reporting requirements may exist.

PERSONAL DATA:

1. How you would like to describe your occupation or profession for your tax return:

Yourself: _____

Your Husband/Wife: _____

2. Do you either of you want to contribute \$3.00 of your tax liability to the Presidential Election Campaign fund? (Will not affect your taxes or refund) () ()

Yes No

3. Names, ages, and social security number(s) of anyone whom you are claiming as a dependent:

NAME AGE SOC. SEC. #

Did all the above dependents reside with you for the entire year? () ()

Are all the above dependents unmarried? () ()

Are any of the above dependents filing their own tax return? () ()

Can any of the above dependents be claimed by any other taxpayer (s)? () ()

4. Your Date of Birth _____ Spouse Date of Birth _____

5. Your Social Security # **__(New Tax Clients Only)___** Spouse Social Security # **__(New Tax Clients Only)___**

6. Driver's License [State, #, Expiration Date] Yourself _____ Husband/Wife _____

7. Your e-mail address _____ Spouse e-mail address _____

8. Your Work Phone # _____ Spouse Work Phone # _____

9. Your Cell Phone # _____ Spouse Cell Phone _____

10. FAX Number _____ **Phone # to print on Form 1040** _____

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PERSONAL DATA (Cont'd)

11. Mailing Address: _____

12. **Electronic Filing: Yes/No** 12 b. **Direct Deposit of Refund (If Any) or Withdrawal - Yes/No**
If you answered "Yes" to the above questions, I will need the following additional information:

Five-Digit PIN for Yourself _____ Five-Digit PIN for your Wife _____

13. Name of Financial Institution _____ Checking/Savings Bank Routing # _____

Your Bank Account # for Direct Deposit _____ Date for Withdrawal _____

	<u>Yes</u>	<u>No</u>
14. Did you support anyone else (other than your children) in 2022 that you believe that you can claim as a dependent?	()	()

15. If divorced or separated, are you claiming a child as a dependent for whom you did not have custody of for the entire year?	()	()
---	-----	-----

Did you pay or receive any alimony?.....	()	()
--	-----	-----

If so, what was the total amount for 2022 \$ _____

16. Were you or your spouse age 65 or older as of 12/31/22?

You?.....	()	()
Your Spouse?.....	()	()

Income Sources:

17. Did you or your spouse have any income from any outside business interests (including rental property) in addition to your normal employment income?	()	()
--	-----	-----

18. Did you or your spouse have any income from any outside businesses interests ("Gig" work) for which you received a 1099-MISC or 1099-NEC or 1099-K?	()	()
--	-----	-----

19. Did you or your spouse receive any distributions from a pension, profit sharing, or other retirement plan during the year?	()	()
--	-----	-----

20. Did you receive any installment sale payments in 2022 that were from a sale that was completed in a prior year?	()	()
---	-----	-----

21. Did either you or your spouse receive any disability or unemployment compensation (benefits) during the year?	()	()
---	-----	-----

Total amount received in 2022: \$ _____ Received from the State of _____

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- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 22. Did you or your spouse or dependents receive any Social Security benefits? | () | () |
| 23. Did you receive any interest income from a mortgage or note you originated? | () | () |
| 24. Did you or your spouse receive any capital gains distributions from any investments or insurance plans?. If so, please provide me with the 1099-B. | () | () |
| 25. Did either you or your spouse receive any income during 2022 from any Foreign Bank Account(s) that you owned?..... | () | () |

Financial Transactions:

- | | | |
|---|-----|-----|
| 26. Did you purchase, sell, or exchange your primary (personal) residence during the previous year? | () | () |
| 27. Did you purchase or sell any other real estate during the year? . | () | () |
| 28. Did you sell any stocks, bonds, or other securities during the year? | () | () |

If “Yes” please attach all of the Schedule D and 1099-B reports from your investment firms. Note: Effective in 2005 the IRS requires all of the details for each individual transaction on Schedule D.

- | | | |
|---|-----|-----|
| 29. Were you a member of any partnership or, joint venture during the year?
..... | () | () |
| 30. Did you make any non-cash charitable contributions such as clothing, furniture, equipment or other property?..... | () | () |
| 31. Did you incur any moving or relocation expenses during the year? | () | () |
| 32. Did you incur an early withdrawal penalty in any savings accounts? | () | () |
| 33. Did you pay mortgage interest to an <u>INDIVIDUAL</u> (but not to a bank or financial institution)? | () | () |

If “Yes”, please provide their name, address, and social security #:

- | | | |
|--|-----|-----|
| 34. Did you contribute more than \$250.00 to any single charitable or religious organization?..... | () | () |
|--|-----|-----|

*** Additional details are required if **TOTAL** “Non-Cash” Charitable Contributions exceeded **\$500.00**

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- | | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| 35. Did you incur any child/dependent care expenses? | () | () |
| Amount \$ _____ Provider Name: _____ | | |
| # of Children _____ Provider SSAN/Tax ID # _____ | | |
| 36. Does anyone owe you money from a personal loan for which you
have been unable to collect? | () | () |
| 37. Please indicate the amount of any IRA contribution that either you or your
spouse made in 2022 but which was not deducted on your 2021 income tax
return. | | |
| Self: \$ _____ | | |
| Spouse: \$ _____ | | |
| Were any IRA contributions made in 2022 and prior to 4/18/22
that were not deducted on your 2021 tax return? | () | () |

Miscellaneous:

38. Have you been audited by either the IRS or a state tax agency during the
past two years?
- () ()
39. Did you make estimated tax payments (via Form 1040-ES or the EFTPS
and not Form W-2 or 1099) for tax year 2022?
- () ()
- If "Yes", what were the **actual deposit dates** and the **amounts** for each payment?
- _____
40. Did you incur theft or casualty losses not covered by insurance which
exceeded *10% of your total income*?
- () ()
41. Did you receive a state income tax refund from your 2021 state income tax
tax return? \$ _____ [1099-G] State: _____
42. 2022 Education Expenses (tuition, fees etc) [1098-T] \$ _____ & Student
Loan Interest [1098-E] \$ _____
43. *****Was everyone on your tax return covered under a health insurance program for all
of 2022? _____ If "No" or for only part of 2022, please contact me. *****

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FINANCIAL DATA

The following schedules are intended to identify the specific financial data necessary for the preparation of your 2022 income tax return.

INCOME:

W-2 Salary/ Wages: Yourself: \$ _____

Husband/Wife: \$ _____

Interest:

Received From: _____ \$ _____

Received From: _____ \$ _____

Received From: _____ \$ _____

Received From: _____ \$ _____

Received From: _____ \$ _____

Dividends:

Received From: _____ \$ _____

Received From: _____ \$ _____

Received From: _____ \$ _____

Received From: _____ \$ _____

2022 Retirement Plan "Required Minimum Distribution" (RMD) _____ \$ _____

If you are qualified under the "SECURE Act", did you make any "Qualified Charitable Distributions" or "Charitable Deductions"? \$ _____

State Income Tax Refund: State _____ \$ _____

Unemployment Compensation: State _____ \$ _____

Taxable Retirement Income: Source _____ \$ _____

***** Please provide me with copies of your W-2s, 1099s and the 12/31/22 statements from each of the financial institutions that reported the above income to the Internal Revenue Service *****

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Taxable Retirement Income (Cont'd):

Pension Income:	_____	\$ _____
IRA Distributions:	_____	\$ _____
Alimony <u>Received</u> :	_____	\$ _____
Other (Describe)	_____	\$ _____

Total Amount Received From "Economic Impact Payments" in Tax Year 2022 \$

*** Economic Impact Payments are an advance payment of the [Recovery Rebate Credit](#). Anyone who didn't receive the full amount of both Economic Impact Payments should include the amounts they received, before any offsets, when they file. Anyone who received the full amount for both Economic Impact Payments should not include any information about the advance payments when they file their tax return*** **This program ended on December 31, 2021.**

Adjustments to Gross Income:

Educator Expenses (Teachers)	\$ _____
Business Expenses for Armed Forces Reservists, performing artists or fee-basis state or local government officials	\$ _____
Alimony <u>Payments</u>	\$ _____
Health Savings Account (HSA) deductions	\$ _____
Self Employment Taxes	\$ _____
IRA or Keogh Plan Contributions	\$ _____
Student Loan Interest	\$ _____
Tuition & Fees Deductions	\$ _____
Moving Expenses	\$ _____
Self Employment Health Insurance Premiums	\$ _____
Self Employed SEP, SIMPLE & Qualified Plans	\$ _____
Penalty for Early Withdrawal of Savings	\$ _____
Domestic Production Activities	\$ _____
Archer MSA Deduction	\$ _____
Deduction for clean-fuel vehicles	\$ _____
Jury Duty pay relinquished to employer	\$ _____

*** Please provide me with copies of your Form 1098s, 1099s, and the 12/31/22 statements from each of the financial institutions that reported the above income to the Internal Revenue Service ***

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Itemized Deductions:

Medical:

Doctors, Dentists, hospitals and nursing care (net of any insurance proceeds): \$ _____

Medicines, drugs and fees paid: \$ _____

Eyeglasses and hearing aids: \$ _____

Total automobile mileage To & From medical facilities for medical care and treatments: _____

Health insurance premiums paid (excluding disability or life insurance) including Long Term Care Insurance: \$ _____

NOTE: Medical expenses that exceed 7.5% of your "Adjusted Gross Income" increase your itemized deductions. The 2022 medical mileage rate is \$.18/mile & \$.22/mile. Please provide me with the total number of miles driven for medical purposes.

General State Sales Taxes Deduction (Personal Use only – Not for your trade or business)

If you itemize your deductions and live in a state that has a state income tax, you may elect to deduct **either** the state income tax **or** the applicable states sales taxes that were paid.

Deduct State Income Taxes _____ Deduct State Sales Taxes _____

If you itemize your deductions and live in a state that does not have a state income tax you may deduct the applicable general sales taxes that you paid during the year.

Enter Your local sales tax rate _____% You have the option of deducting either 1) the actual sales tax amount from your receipts or 2) the amount from the IRS tables:

Actual Receipts Amount \$ _____ Use IRS Tables _____

If you selected "Use IRS Tables" above then you can also deduct an additional amount for the sales taxes that were paid for separate large purchases. Please enter those amounts below:

Motor Vehicles (cars, SUVs, trucks, vans, leased vehicles) \$ _____

Boats, motorcycles, motor homes, RVs, off-road vehicles \$ _____

Airplane \$ _____

Personal Residence Home Building Materials (New Homes) \$ _____

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Taxes:

Real Estate (Describe Properties): _____ \$ _____

Real Estate (Describe Properties): _____ \$ _____

State Income (State): _____ \$ _____

State Income (State): _____ \$ _____

State Disability Insurance (State): _____ \$ _____

Vehicle Ad Valorem (Non-Texas) (State): _____ \$ _____

Vehicle Ad Valorem (Non-Texas) (State): _____ \$ _____

Other Taxes (Please describe): _____ \$ _____

Interest Expense:

NOTE: The interest expense for personal loans, automobile, boat, credit cards or personal line of credit loans can not be deducted on **Schedule A**

Student Loan Interest (Please indicate Recipient)

Loan Company: _____ \$ _____

Home Mortgage Interest (Please indicate Recipient)

Mortgage Company: _____ \$ _____

Mortgage Company: _____ \$ _____

Mortgage Company: _____ \$ _____

Broker/Margin Interest Paid (Please indicate Recipient)

Investment Company: _____ \$ _____

Investment Company: _____ \$ _____

Investment Company: _____ \$ _____

*** Some borrowers may be able to deduct Mortgage Insurance Premiums paid on mortgages taken out or refinanced after 2006. A borrower who prepays premiums for later years may deduct only the premiums that relate to 2022, except for prepayments for guarantees made by the Department of Veterans Affairs or the Rural Housing Service. Only mortgage insurance contracts issued during 2007, 2008, 2009 or 2010 qualify for this new itemized deduction. ***

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Contributions (Cash):

Religious: _____ \$ _____

Religious: _____ \$ _____

Religious: _____ \$ _____

Religious: _____ \$ _____

Charitable (i.e. United Way, March of Dimes, American Red Cross, American Heart Association, etc): _____ \$ _____

Charitable (i.e. United Way, March of Dimes, American Red Cross, American Heart Association, etc): _____ \$ _____

Charitable (i.e. United Way, March of Dimes, American Red Cross, American Heart Association, etc): _____ \$ _____

Charitable (i.e. United Way, March of Dimes, American Red Cross, American Heart Association, etc): _____ \$ _____

Contributions (Non Cash):

(i.e. Goodwill Industries, Capital Area Food Bank, Salvation Army, etc)

Organization: _____ \$ _____

Organization: _____ \$ _____

Organization: _____ \$ _____

Volunteer Work: (Describe organization, mileage and expenses involved)

Organization: _____

Organization: _____

Organization: _____

Total round trip miles driven to make donations or perform volunteer work: _____

Special new rules apply for documenting charitable donations made in taxable years beginning after August 17, 2006. For most taxpayers the requirement began in 2007. **The charitable organization mileage rate for miles driven to provide charitable donations or contributions for 2022 is \$.14/mile.**

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******* Miscellaneous Itemized Deductions (No Longer Deductible Under the TCJA): *******

*****Moving Expenses (Beginning in 2018 only the U S Armed Forces can deduct these expenses):*****

Distance From Former Home to New Place of Work - _____
Distance from Former Home to Old Place of Work - _____
Transportation of Household Hoods: \$ _____
Storage Costs (new area) First 30 days only \$ _____
Travel Expenses for Taxpayers to New Location \$ _____
Lodging Expenses Enroute to New Location \$ _____
Unallowable Moving Expenses \$ _____
Total Moving Expenses \$ _____ Employer Reimbursements \$ _____
Total Driving Distance _____ # of Cars Driven _____

The 2022 military moving mileage rate is \$.18/mile. Please provide me with your total miles driven.

Moving Expenses (Cont'd):

Do Not Include the Costs for any of the following moving-related expenses:

- Any part of the purchase price of your new home.
- Car tags.
- Driver's license.
- Expenses of buying or selling a home (including closing costs, mortgage fees, and points).
- Expenses of entering into or breaking a lease.
- Home improvements to help sell your home.
- Loss on the sale of your home.
- Losses from disposing of memberships in clubs.
- Mortgage penalties.
- Pre-move house hunting expenses.
- Real estate taxes.
- Refitting of carpet and draperies.
- Return trips to your former residence.
- Security deposits (including any given up due to the move).
- Storage charges except those incurred in transit and for foreign moves.

Other Taxes:

First Time Home Buyer Credit Repayment (1/15 of 2008 credit amount) \$ _____

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Tax Credits:

Residential Energy Expenses	_____	\$ _____
Non Business Energy Property Expenses	_____	\$ _____
Adoption Expenses	_____	\$ _____
Child & Dependent Care Credit	_____	\$ _____
Child Tax Credit	_____	\$ _____
Foreign Taxes Paid Credit	_____	\$ _____
Education Credit	_____	\$ _____

RENTAL PROPERTY OWNERS

Rental Income\$ _____

Rental Expenses:

Mortgage interest\$ _____
Real estate taxes\$ _____
Property / Mortgage insurance\$ _____
Repairs\$ _____
Management fees\$ _____
Maintenance and repairs\$ _____
Utilities\$ _____
Depreciation (I will calculate)\$ _____ XXXXXX
Other (specify)\$ _____
\$ _____

The standard business mileage rate for 2022 is \$.58.5/mile for the first six months, & \$ 62.5/mile for the last six months. Please provide me with your 2022 total miles driven for your business.

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BUSINESS / PROFESSIONAL INCOME

Gross Business Income \$ _____

Reported on a Form 1099 \$ _____ Not Reported on a Form 1099 _____

Business expenses:

Advertising \$ _____

Bank service charges \$ _____

Car or truck expense \$ _____

Depreciation (I will calculate separately) \$ _____ XXXX.XX _____

Dues, publications, books, etc \$ _____

Insurance \$ _____

Interest \$ _____

Legal and other professional expense \$ _____

Office supplies and expenses \$ _____

Travel and entertainment \$ _____

Other (describe) \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

Name of Business: _____ Date First Commenced Business _____

Federal Tax Identification Number _____ State Tax Identification Number _____

State Charter Incorporation # _____ Date of Incorporation _____ Business Form _____

Business Vehicle Information:

Vehicle Make: _____ Model _____ Year _____ Date in Service _____

1/1/2022 Mileage _____ 12/31/22 Mileage _____ 2022 Business Miles _____

The standard business mileage rate for 2022 is \$.58.5/mile for the first six months, & \$ 62.5/mile for the last six months. Please provide me with your 2022 total miles driven for your business.

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The “Tax Cuts and Jobs Act” (TCJA) has made several MAJOR changes to the Federal income tax laws. However, these tax law changes may, or may not, have been implemented at the state level (if you are also required to file a state income tax return).

For most of the new Federal tax laws, while the law became effective on January 1, 2018, unless the changes are extended by the U.S. Congress, the current provisions provide for an expiration of these new tax laws on [December 31, 2025](#).

□ **2022 Federal Income Tax Bracket and Long-Term Capital Gains Rates:**

2022 Federal income tax bracket rates are: 10%, 12%, 22%, 24%, 32%, and 35%, and 37%

2022 Long-Term Capital Gains Rates – 0%, 15%, and 20%. [Rate dependent on tax bracket]

Additional Medicare Tax. Beginning in 2013, a 0.9% “Additional Medicare Tax” applies to Medicare wages, railroad retirement (RRTA) compensation, and self-employment income that are more than:

\$125,000 if married filing separately,
\$250,000 if married filing jointly, or
\$200,000 for Single, Head-of-Household, and Surviving Spouse
See Form 8959 and its instructions.

Net Investment Income Tax. Beginning in 2013, you may be subject to the Net Investment Income Tax (NIIT) surtax. The NIIT is 3.8% of **the smaller** of (a) your net investment income or (b) the excess of your modified adjusted gross income over:

\$125,000 if married filing separately,
\$250,000 if married filing jointly and Surviving Spouse
\$200,000 for Single, Head-of-Household
\$ 13,450 for Estates and Trusts

The below categories of tax rates are related and are also applicable:

- Social Security Tax on earned Income (Salaries & Wages) – 6.2% ; Medicare – 1.45%
- Backup withholding for dividends and interest - 28%
- Voluntary withholding on Social Security benefits, and Railroad Retirement (Tier 1) benefits - 7%, 10%, 15%, or 25% (at the taxpayer’s choice). No other percentages or amounts are allowed.
- Voluntary withholding on unemployment benefits - 10% No other percentages or amounts are allowed.
- Withholding rate for regular gambling winnings (such as lotteries and sweepstakes) - 25%.

The Accumulated Earnings tax and the Personal Holding Company penalty tax increased from 15% to 20% in 2013 (This is also the top long term capital gains rate for high-income taxpayers).

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Capital Gains Tax Rates for the Sales of Investments

The capital gains tax rates did not change in 2022. Therefore, the capital gains tax rates associated with long-term capital gains (investments which were owned more than one year) will usually be taxed at a maximum tax rate of 15% UNLESS you are a “high-income taxpayer” then the 20% tax rate will be used.

In 2013, the capital gains tax rate increased to 20% for “high-income taxpayers”. The same taxable income levels which are related to ordinary income will now determine which taxpayers are subject to the higher 20% capital gains rate. “High-income taxpayers” are defined as those taxpayers with a “Taxable Income” over \$539,000 for Singles, \$539,000 for Heads of Households, \$647,850 for Married Filing Jointly, and \$323,925 for Married Persons Filing Separately.

The annual maximum “Capital Loss” limitation remains at \$3,000. There is a carryover provision.

***Tax brackets & rates were increased in 2022 to adjust for high(er) economic inflation.**

Major Tax Law Changes From The “Tax Cuts and Jobs Act” include:

Limit on overall itemized deductions suspended.

You may be able to deduct more of your total itemized deductions in 2022 if your itemized deductions were limited in the past years due to the amount of your adjusted gross income. The old rule that limited the total itemized deductions for certain higher-income individuals has been suspended (it was referred to as the “Pease Limitation”).

Changes to the Standard Deduction

The standard deduction is a dollar amount that reduces the amount of income on which you are taxed and varies according to your tax return filing status.

The standard deduction reduces the income subject to taxes. The “Tax Cuts and Jobs Act” nearly doubled the standard deduction. When you elect to use the standard deduction, you can’t itemize deductions for mortgage interest, state taxes and charitable deductions on Schedule A, (“Itemized Deductions”).

For 2022, the “Standard Deduction” for each filing status is:

Single.....	\$12,950 .(up from \$12,550 in 2021)
Married filing jointly or Surviving Spouse	\$25,900 (up from \$25,100 in 2021)
Married filing separately.....	\$12,950 .(up from \$12,550 in 2021)
Head of household.....	\$19,400 (up from \$18,800 in 2021)

***The amounts above are \$1,750 higher if either you or your spouse are blind or over age 65. ***

Most taxpayers have the choice to either use the “**Standard Deduction**” or “**Itemize**”. If you qualify for the “**Standard Deduction**” and the “**Standard Deduction**” is more (higher) than your total “**Itemized Deductions**”, then you should use the “**Standard Deduction**” and you don’t need to file a Schedule A, (“**Itemized Deductions**”), with your tax return.

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bill@billseabrookecpa.com

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Deduction for personal exemptions suspended

For 2022, you no longer can claim a "Personal Exemption" deduction of \$4,300 for yourself, your spouse, or your dependents. Some tax relief was granted in the higher "Standard Deduction" amounts above.

Deduction for Medical and Dental Expenses modified.

You can deduct certain unreimbursed medical expenses that exceed 7.5 % of your 2022 "Adjusted Gross Income" (AGI).

Deduction for "State and Local Income, Sales and Property Taxes" modified (SALT).

The combined total of your deduction for a) state and local income taxes, and b) sales and property taxes is limited to a total deduction of no more than \$10,000 (\$5,000 if Married Filing Separate). Any state and local taxes that you paid above this maximum total amount cannot be deducted.

Deduction for Home Mortgage and Home Equity Interest modified and limited.

Your deduction for mortgage interest is limited to interest you paid on a loan secured by your main home or second home that you used to buy, build, or substantially improve your main home or second home.

However, if you do itemize, the interest paid on most home equity loans is not deductible unless the loan proceeds were used to buy, build, or substantially improve your main home or second home.

The "home equity" loan must be secured by the taxpayer's main home or second home (known as a qualified residence), cannot exceed the cost of the home and meet other requirements.

New dollar limit on Total Qualified Residence Loan Balance.

The date you originated your mortgage or home equity loan may also impact the amount of interest you can deduct. If your loan was originated or treated as originating on or before Dec. 15, 2017, you may deduct interest on up to \$1,000,000 (\$500,000 if you are married filing separately) in qualifying debt. If your loan originated after that date, you may only deduct interest on up to \$750,000 (\$375,000 if you are married filing separately) in qualifying debt. The limits apply to the combined amount of loans used to buy, build or substantially improve the taxpayer's main home and second home.

Limit for Charitable Contributions modified.

In 2022 the limit on charitable contributions of cash and donated property is now 60 percent of your Adjusted Gross Income (AGI) for tax year 2022.

What are the charitable contribution limits for 2022?

- Cash contributions* to a public charity in 2022, 2023, 2024, and 2025: 60% of your Adjusted Gross Income each year
- Cash contributions to a public charity after 2025: 50% of your AGI
- Contributions of short-term capital gain property to a public charity: Same as above

J. William Seabrooke, CPA, P.C.

A Professional Corporation

1602 Heathrow Drive
Cumming, GA 30041



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Deduction for Casualty and Theft Losses modified.

Net personal casualty and theft losses are deductible only to the extent they're attributable to a Federally declared disaster. Claims must include the FEMA code assigned to the disaster. See the 2022 Instructions for Form 4684, "Casualty and Theft Losses", for more information about 2021 disasters.

The loss must still exceed \$100 per casualty and the net total loss must exceed 10 percent of your AGI. In addition, you can still elect to deduct the casualty loss in the tax year immediately preceding the tax year in which you incurred the disaster loss.

However, If you do itemize, your personal casualty and theft losses must be attributed to a Federally declared disaster.

"Other Miscellaneous Itemized Deductions" Have Been Temporarily Suspended.

Effective January 1, 2018 the previous deductions for "job-related expenses" or "Other Miscellaneous Itemized Deductions" that exceeded two percent of your Adjusted Gross Income (AGI) have been temporarily suspended. This includes:

Unreimbursed Employee Expenses such as uniforms, union dues and the deduction for business-related meals, entertainment and travel,

As well as any deductions you may have previously been able to claim for Tax Return Preparation Fees and Investment Expenses, including Investment Management Fees, Safety Deposit Box Fees and Investment Expenses from "pass-through entities".

The business standard mileage rate listed in Notice 2021-03 cannot be used to claim an itemized deduction for unreimbursed employee travel expenses during the suspension.

However, If you do itemize, if your Miscellaneous Itemized Deductions previously needed to exceed two percent of your "Adjusted Gross Income" (AGI), **they are no longer deductible.**

Deduction and Exclusion for Moving Expenses Has Been Temporarily Suspended

The deduction for Moving Expenses is suspended. During the temporary suspension period, no deduction is allowed for the use of an automobile as part of a move. This suspension does not apply to members of the U.S. Armed Forces on active duty who move pursuant to a military order related to a permanent change of station.

Also, employers will include moving expense reimbursements as taxable income in the employees' wages because the new law suspends the former exclusion from income for qualified moving expense reimbursements from an employer. This suspension does not apply to members of the U.S. Armed Forces on active duty who move pursuant to a military order related to a permanent change of station as long as the expenses would qualify as a deduction if the government didn't reimburse the expense.

Unless you are a member of the U.S. military on active duty, you cannot deduct moving expenses and amounts reimbursed by an employer will be taxable income.

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Child Tax Credit and Additional Child Tax Credit

For 2022, the maximum Child Tax Credit has been decreased to \$2,000 per qualifying child. The tax credit is partially refundable! In addition, the income threshold at which the child tax credit begins to phase out \$400,000 for Married Taxpayers Filing Jointly, and \$200,000 for Heads of Households.

This means that more families with children under 18 may qualify for the higher credit.

Social Security Number required for Child Tax Credit

Beginning with Tax Year 2018, every child must have a Social Security Number issued by the Social Security Administration before the filing due date of your tax return (including extensions) if that child is claimed as a qualifying child for the Child Tax Credit or Additional Child Tax Credit. Children with an ITIN can't be claimed for either credit.

Credit for Other Dependents (New Provision)

A new tax credit of up to \$500.00 is available for each of your qualifying dependents other than children who can be claimed for the Child Tax Credit. The qualifying dependent must be a U.S. citizen, U.S. national, or U.S. resident alien. The credit is calculated with the Child Tax Credit in the form instructions.

The total of both credits is subject to a single phase out when Adjusted Gross Income (AGI) exceeds certain thresholds.

******* THIS MEANS THAT...you may be able to claim this credit if you have children age 18 or over, including college students, children with ITINs, or other older relatives in your household. *******

Repeal of the deduction for Alimony Payments

Alimony and Separate Maintenance Payments are no longer deductible for any divorce or separation agreement executed after December 31, 2018, or for any divorce or separation agreement executed on or before December 31, 2018, and modified after that date. Further, Alimony and Separate Maintenance Payments are no longer included in income based on these dates, so you won't need to report these payments on your tax return if the payments are based on a divorce or separation agreement executed or modified after December 31, 2018.

For Tax Year 2022 Divorce or Separation Agreements executed or modified after Dec 31, 2018 providing alimony will have different tax consequences. The alimony payments will not be deductible for the spouse who makes alimony payments and they will not be included in the income of the receiving spouse.

Alternative Minimum Tax (AMT) exemption amount has been increased

The AMT exemption amount has been increased to \$75,900 (\$118,100 if Married Filing Jointly or Qualifying Widow(er); \$59,050 if Married Filing Separately). The income level at which the AMT exemption begins to phase out has increased to \$539,900 for Singles and \$1,079,800 if Married Filing Jointly.

THIS MEANS THAT...fewer taxpayers will be required to pay the AMT.

See the 2022 Instructions for Form 6251, "Alternative Minimum Tax – Individuals" for more information.

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Other Important New Tax Law Provisions:

Student Loan Interest is still deductible, up to an annual maximum amount of \$2,500.00/year,

Teachers who teach at the K-12 education levels can still deduct classroom supplies and expense up to \$300.00/year, and \$600.00 if **both husband and wife are teachers**.

The Electric Car Tax Credit for “plug-in vehicles” of up to \$7,500.00/year for the first 200,000 electric cars sold by each major automobile manufacturer each year, that are specified Federal models specifications,

“529 Plan” funds can still be used, tax-free, for college expenses.

“Tuition Waivers” for graduate students for the stipends received for teaching and research assistantships remain tax-free,

Almost all taxpayers are now exempt from the “Estate Tax” threshold amount of \$12,600,000.

The 2022 Consumer Price Index adjustment/Cost of Living Adjustment (COLA) is 8.38%.

The “Individual Mandate” (penalized taxpayers who did not obtain health insurance) of the Obamacare Act has been eliminated.

For Tax Year 2022 the “previous graduated income tax rate” for corporations remains at a flat 21 per cent, regardless of the Net Income.

Homeowners can still exclude up to \$500,000 (\$250,000 if single or Married Filing Separately) of the capital gains from the sale of their personal residence. However, it must have been utilized as the principal “personal residence” for at least two of the five years prior to the sale.

RETIREMENT PLAN LIMITS

Maximum **401(k) plan** elective deferral: \$20,500 (plus \$6,500 catch-up for age 50+).

Defined benefit plan maximum benefit: \$245,000.

Defined contribution plan contribution limit: \$61,000 or 100% of compensation, whichever is less.

IRA contribution limit: \$6,000 (plus \$1,000 catch-up for age 50+).

IRA deduction phaseout: MAGI increased to \$109,000 to \$129,000 (married filing jointly); \$68,000 to \$78,000 (single taxpayers and heads of household); \$0 to \$10,000 (married filing separately); \$204,000 to \$214,000 (nonactive participant whose spouse is an active plan participant).

Roth IRA contribution limit: \$6,000 (plus \$1,000 catch-up for age 50+).

Roth IRA contribution limit phaseout (MAGI): \$204,000 to \$214,000 (married filing jointly); \$129,000 to \$144,000 (single and heads of household); \$0 to \$10,000 (married filing separately).

SEP minimum required compensation: \$650; discriminatory contribution test amount: \$305,000.

Revised and Updated: January 23, 2023