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IRS Issues 2022 Inflation Adjustments

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The IRS recently issued the 2022 annual adjustments for numerous tax provisions that are by law to be adjusted annually. These adjustments include changes to tax brackets and standard deductions. Popular provisions that were adjusted include:

- The standard deduction for married couples filing jointly for tax year 2022 rises to \$25,900, up \$800 from the prior year. For single taxpayers and married individuals filing separately, the standard deduction rises to \$12,950 for 2022, up \$400, and for heads of households, the standard deduction will be \$19,400 for tax year 2022, up \$600.
- 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).
- The tax year 2022 maximum Earned Income Tax Credit amount is \$6,935 for qualifying taxpayers who have three or more qualifying children, up from \$6,728 for tax year 2021. The revenue procedure contains a table providing the maximum EITC amount for other categories, income thresholds and phase-outs.
- For the taxable years beginning in 2022, the dollar limitation for employee salary reductions for contributions to health flexible spending arrangements increases to \$2,850. For cafeteria plans that permit the carryover of unused amounts, the maximum carryover amount is \$570, an increase of \$20 from taxable years beginning in 2021.

- For tax year 2022, the foreign earned income exclusion is \$112,000 up from \$108,700 for tax year 2021.
- Estates of decedents who die during 2022 have a basic exclusion amount of \$12,060,000, up from a total of \$11,700,000 for estates of decedents who died in 2021.
- The annual exclusion for gifts increases to \$16,000 for calendar year 2022, up from \$15,000 for calendar year 2021.

This information and additional details can be found on the [IRS website](#).