

**Premium
Quickfinder[®] Handbook
(2022 Tax Year)**

Post-publication Updates

Instructions: This packet contains “marked up” changes to the pages in the *Premium Quickfinder[®] Handbook* that were affected by developments after the *Handbook* was published. To update your *Handbook*, you can make the same changes in your *Handbook* or print the revised page and paste over the original page.

2022 States Quick Reference



Tab 2 Topics

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State Individual Income Tax Quick Reference Chart (2022)

State	Website	Maximum Rate	Return Due Date ¹	Resident Tax Form Number	Accepts Federal Extension?	State Extension/ Payment Voucher
Alabama	https://revenue.alabama.gov	5.00%	April 15	40	No	40V ²
Alaska	https://tax.alaska.gov	N/A—no individual income tax				
Arizona	https://azdor.gov	2.98	April 15	140	Yes	204 ³
Arkansas	www.dfa.arkansas.gov	4.90	April 15	AR1000F	Yes	AR1055-IT ⁴ / AR1000ES ⁵
California	www.ftb.ca.gov	12.30	April 15	540	No	3519 ²
Colorado	https://tax.colorado.gov	4.40	April 15	104	No	0158-I ²
Connecticut	https://portal.ct.gov/drs	6.99	April 15	CT-1040	Yes	CT-1040EXT ³
Delaware	https://revenue.delaware.gov	6.60	April 30	PIT-RES	No	PIT-EXT
District of Columbia	https://otr.cfo.dc.gov	10.75	April 15	D-40	No	FR-127
Florida	https://floridarevenue.com/taxes	N/A—no individual income tax				
Georgia	https://dor.georgia.gov	5.75	April 15	500	Yes	IT-303 ⁴ /IT-560 ⁵
Hawaii	https://tax.hawaii.gov	11.00	April 20	N-11	No	N-101A ²
Idaho	https://tax.idaho.gov	6.00	April 15	40	No	51 ²
Illinois	www2.illinois.gov/rev/	4.95	April 15	IL-1040	No	IL505-I ²
Indiana	https://in.gov/dor	3.23	April 15	IT-40	Yes	IT-9 ³

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State Individual Income Tax Quick Reference Chart (2022) (Continued)

State	Website	Maximum Rate	Return Due Date ¹	Resident Tax Form Number	Accepts Federal Extension?	State Extension/ Payment Voucher
Iowa	https://tax.iowa.gov	8.53%	April 30	IA 1040	No	IA 1040V ²
Kansas	https://ksrevenue.gov	5.70	April 15	K-40	Yes	K-40V ²
Kentucky	https://revenue.ky.gov	5.00	April 15	740	Yes	740EXT ⁴
Louisiana	https://revenue.louisiana.gov/	4.25	May 15	IT-540	No	R-2868V ^{5,9}
Maine	https://maine.gov/revenue	7.15	April 15	1040ME	No	1040EXT-ME ²
Maryland	https://marylandtaxes.gov	5.75	April 15	502	Yes	PV ⁶
Massachusetts	https://mass.gov/orgs/massachusetts-department-of-revenue	12.00	April 15	1	No	M-4868 ²
Michigan	https://michigan.gov/taxes	4.25	April 15	MI-1040	Yes	4 ²
Minnesota	https://revenue.state.mn.us	9.85	April 15	M1	No	⁹
Mississippi	https://dor.ms.gov	5.00	April 15	80-105	Yes	80-106 ²
Missouri	https://dor.mo.gov	5.30	April 15	MO-1040	Yes	MO-60 ³
Montana	https://mtrevenue.gov	6.75	April 15	2	No	Form-IT ^{5,7}
Nebraska	https://revenue.nebraska.gov	6.84	April 15	1040N	Yes	4868N ³
Nevada	https://tax.nv.gov	N/A—no individual income tax				
New Hampshire	https://revenue.nh.gov	7.60	April 15	DP-10/1040-NH	No	DP-59-A ² , BT-EXT ²
New Jersey	https://state.nj.us/treasury/taxation	10.75	April 15	NJ-1040	Yes	NJ-630 ³
New Mexico	https://tax.newmexico.gov	5.90	April 15	PIT-1	Yes	RPD-41096 ³
New York	https://tax.ny.gov	10.90	April 15	IT-201	No	IT-370
North Carolina	https://ncdor.gov	4.99	April 15	D-400	Yes	D-410
North Dakota	http://nd.gov/tax	2.90	April 15	ND-1	Yes	1014/ND-1EXT ⁵
Ohio	https://tax.ohio.gov	3.99	April 15	IT 1040	Yes	IT 40P ⁵
Oklahoma	https://oklahoma.gov/tax	4.75	April 15	511	Yes	504-I ³
Oregon	https://oregon.gov/dor	9.90	April 15	OR-40	Yes	40-V ³
Pennsylvania	https://revenue.pa.gov	3.07	April 15	PA-40	Yes	REV-276 ³
Rhode Island	www.tax.ri.gov	5.99	April 15	RI-1040	Yes	RI-4868 ³
South Carolina	https://dor.sc.gov	7.00	April 15	SC1040	Yes	SC4868 ³
South Dakota	https://dor.sd.gov	N/A—no individual income tax				
Tennessee	www.tn.gov/revenue	N/A—no individual income tax				
Texas	https://comptroller.texas.gov/	N/A—no individual income tax				
Utah	https://tax.utah.gov	4.85	April 15	TC-40	No	TC-546 ²
Vermont	https://tax.vermont.gov	8.75	April 15	IN-111	Yes	IN-151
Virginia	https://tax.virginia.gov	5.75	May 1	760	No	760IP ²
Washington	https://dor.wa.gov	N/A—no individual income tax ¹⁰				
West Virginia	https://revenue.wv.gov	6.50	April 15	IT-140	Yes	Sch L ³
Wisconsin	https://revenue.wi.gov	7.65	April 15	1	Yes	1-ES ⁸
Wyoming	http://revenue.wyo.gov	N/A—no individual income tax				

¹ See *Return due date* on Page 2-3.

² File only if tax due. If no tax due, return is extended without any action by taxpayer.

³ File if federal Form 4868 not filed or if tax due.

⁴ File if federal Form 4868 not filed.

⁵ Use to pay any tax due.

⁶ File if Form 4868 not filed and tax is due. If Form 4868 not filed and no tax due, request extension online.

⁷ Automatic extension granted if certain requirements met.

⁸ Use to remit payment if tax due. If no federal 4868 filed, attach a statement to the return.

⁹ Extension filed electronically.

¹⁰ Effective January 1, 2022, Washington imposes a 7% excise tax on individuals with sales or exchanges of long-term capital assets. Only taxpayers owing capital gains tax are required to file a capital gains tax return. Taxpayers must have capital gains in excess of \$250,000. See the *All States Quickfinder® Handbook* for more information.

GENERAL

Tab 2 is for reference purposes and is not intended to include all necessary information to prepare a state income tax return. Its purpose is to provide tax preparers with general information. More detailed information is available in the *All States Quickfinder® Handbook*. You can also use the phone numbers or website addresses provided here to obtain forms and instructions for a particular state.

Many states allow or require electronic filing of returns and/or extensions as well as electronic payment of taxes. Some states have a different due date for electronically filed returns, which is usually later than a paper filed return.

Return due date. The return due dates for filing returns shown in this tab are the statutory due dates. When the statutory due date falls on a weekend or holiday, many states extend the due date until the next working day.

Caution: Tax preparers should check the respective state's instructions to determine the return's exact due date when the statutory due date falls on a weekend or holiday. For federal tax, the 2022 Form 1040 is due on April 18, 2023.

The Quick Tax Method. Use the Quick Tax Method to calculate tax due. In the appropriate state section, find the taxpayer's taxable income bracket and multiply the taxpayer's state taxable income by the given tax rate. Next, subtract the "minus" amount to arrive at the tax due.

Example: Assume MFJ Alabama taxpayers with taxable income of \$57,500.
 $\$57,500 \times 5.0\% - \$80 = \$2,795$ Tax

ALABAMA

Website: <https://revenue.alabama.gov>

Tax assistance: 334-242-1170



2022 Quick Tax Method—For Taxable Income of:

Single, MFS, Head of Family	\$ 0 – 500	$\times 2\%$	minus	\$ 0.00 = Tax
	501 – 3,000	$\times 4\%$	minus	10.00 = Tax
	3,001 and over	$\times 5\%$	minus	40.00 = Tax
MFJ	\$ 0 – 1,000	$\times 2\%$	minus	\$ 0.00 = Tax
	1,001 – 6,000	$\times 4\%$	minus	20.00 = Tax
	6,001 and over	$\times 5\%$	minus	80.00 = Tax

Filing requirements. Residents must file if:

Filing status:	Gross income of at least:
Single.....	\$ 4,500
Head of Family	8,200
MFJ.....	11,500
MFS.....	5,750

Part-year residents must file if:

Filing status:	Gross income of at least:
Single.....	\$ 4,500 (while an Alabama resident)
Head of Family	8,200 (while an Alabama resident)
MFJ.....	11,500 (while an Alabama resident)
MFS.....	5,750 (while an Alabama resident)

Nonresidents must file if gross income is over the allowable prorated exemption. To calculate, multiply the full exemption amount

of \$3,000 for MFJ and Head of Family, or \$1,500 for Single and MFS, by the Alabama percentage of adjusted total income.

Alabama form to file:

- Resident and part-year resident: Form 40 (Alabama Individual Income Tax Return). **Note:** Part-year residents who receive Alabama-source income while a nonresident may also be required to file Form 40NR.
- Nonresident: Form 40NR (Alabama Individual Income Tax Return).

Return due date: April 15

Allowable extension. Alabama allows an automatic six-month extension without written request. If additional tax is due, file Form 40V (Individual Income Tax Payment Voucher) by the original return due date.

ALASKA

Website: <https://tax.alaska.gov>

Tax assistance: 907-269-6620

Filing requirements. The state of Alaska does not have an individual income tax.



ARIZONA

Website: <https://azdor.gov>

Tax assistance: 602-255-3381, 800-352-4090



2022 Quick Tax Method—For Taxable Income of:

Single, MFS	\$ 0 – 28,653	$\times 2.55\%$	minus	\$ 0.00 = Tax
	28,654 and over	$\times 2.98\%$	minus	123.00 = Tax
	55,616 – 166,843	$\times 4.17\%$	minus	670.00 = Tax
	166,844 – 250,000	$\times 4.50\%$	minus	1,221.00 = Tax
MFJ, HOH	\$ 0 – 57,305	$\times 2.55\%$	minus	\$ 0.00 = Tax
	57,306 and over	$\times 2.98\%$	minus	246.00 = Tax
	111,230 – 333,684	$\times 4.17\%$	minus	1,340.00 = Tax
	333,685 – 500,000	$\times 4.50\%$	minus	2,441.00 = Tax

Note: 2022 amounts not available at time of publication. Amounts shown are for 2021.

Filing requirements. Residents, part-year, and nonresidents must file if:

Filing status is:	and gross income is at least:
Single, MFS	\$ 12,950
MFJ	25,900
HOH	19,400

Arizona form to file:

- Resident: Form 140 (Resident Personal Income Tax Return).
- Part-year resident: Form 140PY (Part-Year Resident Personal Income Tax Return).
- Nonresident: Form 140NR (Nonresident Personal Income Tax Return).

Return due date: April 15

Extension form. Form 204 (Application for Filing Extension).

Allowable extension. Arizona allows up to a six-month extension if:

- Taxpayer files federal Form 4868 with the IRS or
- Taxpayer files Form 204.

Also use Form 204 to make a payment, if necessary.

ARKANSAS

Website: www.dfa.arkansas.gov

Tax assistance: 501-682-1100



2022 Quick Tax Method—For Taxable Income of:

All Filing Statuses	\$	—	—	5,099	×	0.0%	minus	\$	0.00	=	Tax
		5,100	—	10,299	×	2.0	minus		101.98	=	Tax
		10,300	—	14,699	×	3.0	minus		204.97	=	Tax
		14,700	—	24,299	×	3.4	minus		263.77	=	Tax
		24,300	—	87,000	×	4.9	minus		628.25	=	Tax
	For taxpayers with income greater than \$87,000										
	\$	—	—	4,400	×	2.0%	minus	\$	0.00	=	Tax
		4,401	—	8,800	×	4.0	minus		88.00	=	Tax
		8,801	and above		×	4.9	minus		167.20	=	Tax

Filing requirements. Residents must file if:

Marital status is:	Filing Status is:	Gross income of at least:
Single	Single	\$ 13,447
	HOH with ≤ 1 dependent	19,118
	HOH with ≥ 2 dependents	22,790
Married	MFJ with ≤ 1 dependent	\$ 22,676
	MFJ with ≥ 2 dependents	27,292
	MFS	8,870
Widowed in 2020 or 2021 and not remarried in 2022	QSS with ≤ 1 dependent	\$ 19,118
	QSS with ≥ 2 dependents	22,790

Part-year residents must file if:

Filing status is:	Taxable income is at least:
All Filing Statuses	\$1 (while an Arkansas resident)

Nonresidents must file if:

Filing status is:	Taxable income is at least:
All Filing Statuses	\$1 of Arkansas-source income

Arkansas form to file:

- Resident: Form AR1000F (Arkansas Individual Income Tax Return).
- Part-year and nonresident: Form AR1000NR (Arkansas Individual Income Tax Return).

Return due date: April 15

Extension form. Form AR1055-IT (Request for Extension of Time for Filing Income Tax Returns).

Allowable extension:

- Arkansas allows an automatic seven-month extension if federal Form 4868 is filed *or*
- File Form AR1055-IT to request an extension (to November 15).

CALIFORNIA

Website: www.ftb.ca.gov

Tax assistance: 800-852-5711



2022 Quick Tax Method—For Taxable Income of:¹

Single, Married/ RDP ² filing sep.	\$	—	—	10,099	×	1.0%	minus	\$	—	=	Tax
		10,100	—	23,942	×	2.0	minus		100.99	=	Tax
		23,943	—	37,788	×	4.0	minus		579.83	=	Tax
		37,789	—	52,455	×	6.0	minus		1,335.59	=	Tax
		52,456	—	66,295	×	8.0	minus		2,384.69	=	Tax
		66,296	—	338,639	×	9.3	minus		3,246.53	=	Tax
		338,640	—	406,364	×	10.3	minus		6,632.92	=	Tax
		406,365	—	677,275	×	11.3	minus		10,696.56	=	Tax
	677,276	and over		×	12.3	minus		17,469.31	=	Tax	
Married/ RDP filing jointly and QSS	\$	—	—	20,198	×	1.0%	minus	\$	—	=	Tax
		20,199	—	47,884	×	2.0	minus		201.98	=	Tax
		47,885	—	75,576	×	4.0	minus		1,159.66	=	Tax
		75,577	—	104,910	×	6.0	minus		2,671.18	=	Tax
		104,911	—	132,590	×	8.0	minus		4,769.38	=	Tax
		132,591	—	677,278	×	9.3	minus		6,493.05	=	Tax
		677,279	—	812,728	×	10.3	minus		13,265.83	=	Tax
		812,729	—	1,354,550	×	11.3	minus		21,393.11	=	Tax
	1,354,551	and over		×	12.3	minus		34,938.61	=	Tax	
HOH	\$	—	—	20,212	×	1.0%	minus	\$	—	=	Tax
		20,213	—	47,887	×	2.0	minus		202.12	=	Tax
		47,888	—	61,730	×	4.0	minus		1,159.86	=	Tax
		61,731	—	76,397	×	6.0	minus		2,394.46	=	Tax
		76,398	—	90,240	×	8.0	minus		3,922.40	=	Tax
		90,241	—	460,547	×	9.3	minus		5,095.52	=	Tax
		460,548	—	552,658	×	10.3	minus		9,700.99	=	Tax
		552,659	—	921,095	×	11.3	minus		15,227.57	=	Tax
		921,096	and over		×	12.3	minus		24,438.52	=	Tax

¹ Does not include the mental health services tax (1% of taxable income over \$1 million).

² Registered domestic partner.

Filing requirements. Residents, part-year, and nonresidents must file if:

Dependents:	0	1	2 or more
California gross income exceeds:			
Single or HOH under age 65	\$20,913	\$35,346	\$46,171
Single or HOH age 65 or over	27,913	38,738	47,398
Married/RDP (joint or separate) both under 65	41,830	56,263	67,088
Married/RDP (joint or separate) one taxpayer age 65 or over	48,830	59,655	68,315
Married/RDP (joint or separate) both 65 or over	55,830	66,655	75,315
QSS under age 65	N/A	35,346	46,171
QSS 65 or older	N/A	38,738	47,398
or California AGI exceeds:			
Single or HOH under age 65	\$16,730	\$31,163	\$41,988
Single or HOH age 65 or over	23,730	34,555	43,215
Married/RDP (joint or separate) both under 65	33,466	47,899	58,724
Married/RDP (joint or separate) one taxpayer age 65 or over	40,466	51,291	59,951
Married/RDP (joint or separate) both 65 or over	47,466	58,291	66,951
QSS under 65	N/A	31,163	41,988
QSS 65 or older	N/A	34,555	43,215

Dependent, any filing status, any age: Income exceeds standard deduction.

Taxpayers must also file if they owe any of the following:

- Tax on a lump-sum distribution.
- Tax on a qualified retirement plan, IRA or medical savings account.
- Tax for children under age 19 or full-time students under age 24 who have investment income greater than \$2,300.
- Alternative minimum tax.
- Recapture taxes.
- Deferred tax on certain installment obligations.
- Tax on an accumulation distribution of a trust.

California form to file:

- Resident: Form 540 (California Resident Income Tax Return).

- Nonresident and part-year resident: Form 540NR (California Nonresident or Part-Year Resident Income Tax Return).

Return due date: April 15

Allowable extension. California allows an automatic six-month extension without written request. Tax due is required to be paid with Form FTB 3519 (Payment for Automatic Extension for Individuals) or online at www.ftb.ca.gov/pay/index.html?WT.mc_id=akPayChoices by the original return due date to avoid penalties and interest.

COLORADO

Website: <https://tax.colorado.gov>

Tax assistance: 303-238-7378

2022 Tax Rate

Income tax rate 4.40%

Filing requirements. Colorado income tax return must be filed if the taxpayer is a:

- Full-year resident of Colorado, part-year resident of Colorado with taxable income while a resident or nonresident of Colorado with Colorado-source income *and*
- Is required to file a federal income tax return or has a current-year Colorado income tax liability.

Colorado form to file:

- Resident, part-year, and nonresident: Form 104 (Colorado Individual Income Tax).
- Part-year and nonresident: Form 104PN (Part-Year Resident/Nonresident Tax Calculation Schedule)—attachment to Form 104.

Return due date: April 15

Allowable extension. Colorado allows an automatic six-month extension without written request. To make a payment, use Form DR 0158-I (Extension Payment Voucher for Colorado Individual Income Tax) or pay online at www.colorado.gov/revenueonline.

CONNECTICUT

Website: <https://portal.ct.gov/drs>

Tax assistance: 860-297-5962, CT 800-382-9463

2022 Quick Tax Method—For Taxable Income of:

Single, MFS	\$ 0 – 10,000	x 3.00% ¹	minus \$ 0.00 = Tax
	10,001 – 50,000	x 5.00	minus 200.00 = Tax
	50,001 – 100,000	x 5.50	minus 450.00 = Tax
	100,001 – 200,000 ²	x 6.00	minus 950.00 = Tax
	200,001 – 250,000	x 6.50	minus 1,950.00 = Tax
	250,001 – 500,000	x 6.90	minus 2,950.00 = Tax
	500,001 and over	x 6.99	minus 3,400.00 = Tax
MFJ, QSS	\$ 0 – 20,000	x 3.00% ¹	minus \$ 0.00 = Tax
	20,001 – 100,000	x 5.00	minus 400.00 = Tax
	100,001 – 200,000	x 5.50	minus 900.00 = Tax
	200,001 – 400,000 ²	x 6.00	minus 1,900.00 = Tax
	400,001 – 500,000	x 6.50	minus 3,900.00 = Tax
	500,001 – 1,000,000	x 6.90	minus 5,900.00 = Tax
	1,000,001 and over	x 6.99	minus 6,800.00 = Tax
HOH	\$ 0 – 16,000	x 3.00% ¹	minus \$ 0.00 = Tax
	16,001 – 80,000	x 5.00	minus 320.00 = Tax
	80,001 – 160,000	x 5.50	minus 720.00 = Tax
	160,001 – 320,000 ²	x 6.00	minus 1,520.00 = Tax
	320,001 – 400,000	x 6.50	minus 3,120.00 = Tax
	400,001 – 800,000	x 6.90	minus 4,720.00 = Tax
	800,001 and over	x 6.99	minus 5,440.00 = Tax

¹ The 3% rate is phased out and amount is taxed at 5% for taxpayers with CT AGI > \$56,500 Single, \$50,250 MFS, \$78,500 HOH and \$100,500 MFJ/QSS.

² Additional tax of up to \$3,150 Single/MFS, \$4,920 HOH and \$6,300 MFJ/QSS for taxpayers with CT AGI in excess of \$200,000 Single/MFS, \$320,000 HOH and \$400,000 MFJ/QSS.

Filing requirements. Residents must file if they:

- Have Connecticut income taxes withheld,
- Made estimated or extension tax payment to Connecticut,
- Meet the gross income test (see below),
- Have a federal alternative minimum tax liability or
- Claim the Connecticut earned income tax credit.

Filing status:	Gross income exceeds:
Single.....	\$ 15,000
Filing Separately.....	12,000
HOH.....	19,000
Filing Jointly or QSS.....	24,000

Part-year residents and nonresidents must file if they meet the gross income test and have any Connecticut-source income, have Connecticut withholding or estimated payments or had a federal AMT liability.

Connecticut form to file:

- Resident: Form CT-1040 (Connecticut Resident Income Tax Return).
- Part-year and nonresident: Form CT-1040NR/PY (Connecticut Nonresident and Part-Year Resident Income Tax Return).

Return due date: April 15

Allowable extension. Connecticut allows an automatic six-month extension to file if (1) no additional tax due and a federal extension request filed with IRS or (2) the taxpayer pays his expected Connecticut income tax due using a credit card on or before the due date. If additional tax is due and paid with the extension request (or no federal extension was filed), file Form CT-1040 EXT (Application for Extension of Time to File Connecticut Income Tax Return for Individuals).

DELAWARE

Website: <https://revenue.delaware.gov>

Tax assistance: 302-577-8200

2022 Quick Tax Method—For Taxable Income of:

All Filing Statuses	\$ 0 – 2,000	x 0.00%	minus \$ 0.00 = Tax
	2,001 – 5,000	x 2.20	minus 44.00 = Tax
	5,001 – 10,000	x 3.90	minus 129.00 = Tax
	10,001 – 20,000	x 4.80	minus 219.00 = Tax
	20,001 – 25,000	x 5.20	minus 299.00 = Tax
	25,001 – 60,000	x 5.55	minus 387.50 = Tax
	60,001 and over	x 6.60	minus 1,017.51 = Tax

Filing requirements. Residents must file if:

Filing status:	Age:	Delaware AGI exceeds:
Single, MFS, HOH, CU ¹ filing separate	Under 60.....	\$ 9,400
	60 to 64.....	12,200
	65 and over or blind.....	14,700
	65 and over and blind.....	17,200
MFJ, CU ¹ filing joint	Under 60.....	\$ 15,450
	60 to 64.....	17,950
	65 and over or blind.....	20,450
	65 and over and blind.....	22,950
Dependent on another person's return	Under 60.....	\$ 5,250
	60 to 64.....	5,250
	65 and over or blind.....	7,750
	65 and over and blind.....	10,250

¹ Civil Union.

Part-year residents must file if they:

- Receive income from any source while a Delaware resident or
- Receive Delaware-source income while a Delaware nonresident.

Nonresidents must file if they receive Delaware-source income.

Delaware form to file:

- Resident: Form PIT-RES (Delaware Individual Resident Income Tax Return). Part-year residents may elect to file either a resident or a nonresident return.
- Part-year resident (unless filing as resident) and nonresident: Form PIT-NON (Delaware Individual Non-Resident Income Tax Return).

Return due date: April 30

Extension form. Form PIT-EXT (Application for Automatic Extension of Time to File Delaware Individual Income Tax Return).

Allowable extension. Delaware allows an extension to October 15 by filing Form PIT-EXT.

DISTRICT OF COLUMBIA

Website: <https://otr.cfo.dc.gov>

Tax assistance: 202-727-4829



2022 Quick Tax Method—For Taxable Income of:

All Filing Statuses	\$ 0 – 10,000 × 4.0%	minus	\$ 0.00 = Tax
	10,001 – 40,000 × 6.0	minus	200.00 = Tax
	40,001 – 60,000 × 6.5	minus	400.00 = Tax
	60,001 – 250,000 × 8.5	minus	1,600.00 = Tax
	250,001 – 500,000 × 9.25	minus	3,475.00 = Tax
	500,000 – 1,000,000 × 9.75	minus	5,975.00 = Tax
	1,000,001 and over × 10.75	minus	15,975.00 = Tax

Filing requirements. Individuals must file if:

- Resident of the District of Columbia and required to file a federal income tax return,
- Permanent residence is the District of Columbia for either part of or the full year,
- Lived in the District of Columbia for 183 days or more (even if permanent residence is elsewhere),
- Member of armed forces and home of record is the District of Columbia.

District of Columbia form to file:

- Resident and part-year resident: Form D-40 (Individual Income Tax Return).
- Nonresident: Form D-40B (Nonresident Request for Refund).

Return due date: April 15

Extension form. Form FR-127 (Extension of Time to File Income Tax Returns).

Allowable extension. Six-month extension allowed with timely filed Form FR-127 and estimated payment.

FLORIDA

Website: <https://floridarevenue.com/taxes>

Tax assistance: 850-488-6800

Filing requirements. There is no personal income tax in Florida.



GEORGIA

Website: <https://dor.georgia.gov>

Tax assistance: 877-423-6711



2022 Quick Tax Method—For Taxable Income of:

Single	\$ 0 – 750 × 1.00%	minus	\$ 0.00 = Tax
	751 – 2,250 × 2.00	minus	7.50 = Tax
	2,251 – 3,750 × 3.00	minus	30.00 = Tax
	3,751 – 5,250 × 4.00	minus	67.50 = Tax
	5,251 – 7,000 × 5.00	minus	120.00 = Tax
	7,001 and over × 5.75	minus	172.50 = Tax
MFJ, HOH, QSS	\$ 0 – 1,000 × 1.00%	minus	\$ 0.00 = Tax
	1,001 – 3,000 × 2.00	minus	10.00 = Tax
	3,001 – 5,000 × 3.00	minus	40.00 = Tax
	5,001 – 7,000 × 4.00	minus	90.00 = Tax
	7,001 – 10,000 × 5.00	minus	160.00 = Tax
	10,001 and over × 5.75	minus	235.00 = Tax
MFS	\$ 0 – 500 × 1.00%	minus	\$ 0.00 = Tax
	501 – 1,500 × 2.00	minus	5.00 = Tax
	1,501 – 2,500 × 3.00	minus	20.00 = Tax
	2,501 – 3,500 × 4.00	minus	45.00 = Tax
	3,501 – 5,000 × 5.00	minus	80.00 = Tax
	5,001 and over × 5.75	minus	117.50 = Tax

Filing requirements. Residents must file if:

- They are required to file a federal income tax return,
- They have federally exempt income subject to Georgia income tax or
- Income exceeds standard deduction and personal exemptions.

Filing status:	Age:	Income exceeds: ¹
Single, HOH, QSS	Under 65.....	\$ 8,100
	65 or older.....	9,400
MFJ	Both under 65.....	\$ 14,500
	One 65 or older.....	15,800
	Both 65 or older.....	17,100
MFS	Under 65.....	\$ 7,250
	65 or older.....	8,550

¹ Add \$1,300 for each blind taxpayer.

Part-year residents must file if required to file federal return.

Nonresidents must file if they have Georgia-source income and are required to file a federal return.

Exception: Legal residents of another state are not required to file if their only activity in Georgia is working for an employer where Georgia-source income does not exceed lesser of 5% of total income or \$5,000

Georgia form to file:

- Resident, part-year, and nonresident: Form 500 (Individual Income Tax Return).
- Part-year and nonresident: Schedule 3 (Computation of Georgia Taxable Income for Only Part-Year Residents and Nonresidents)—attachment to Form 500.

Return due date: April 15

Extension form. Form IT-303 (Application for Extension of Time for Filing State Income Tax Returns).

Allowable extension. Up to six months if taxpayer either:

- Attaches a copy of the federal extension to Georgia return *or*
- Files Form IT-303.

Pay tax due electronically via the Georgia Tax Center (<https://gtc.dor.ga.gov>) or with Form IT-560 (Individual and Fiduciary Payment Voucher).

HAWAII

Website: <https://tax.hawaii.gov>

Tax assistance: 800-222-3229, 808-587-4242



2022 Quick Tax Method—For Taxable Income of:

Single, MFS	\$	0 – 2,400	× 1.40%	minus	\$	0.00 = Tax
		2,401 – 4,800	× 3.20	minus		43.20 = Tax
		4,801 – 9,600	× 5.50	minus		153.60 = Tax
		9,601 – 14,400	× 6.40	minus		240.00 = Tax
		14,401 – 19,200	× 6.80	minus		297.60 = Tax
		19,201 – 24,000	× 7.20	minus		374.40 = Tax
		24,001 – 36,000	× 7.60	minus		470.40 = Tax
		36,001 – 48,000	× 7.90	minus		578.40 = Tax
		48,001 – 150,000	× 8.25	minus		746.40 = Tax
		150,001 – 175,000	× 9.00	minus		1,871.40 = Tax
MFJ, QSS	\$	0 – 4,800	× 1.40%	minus	\$	0.00 = Tax
		4,801 – 9,600	× 3.20	minus		86.40 = Tax
		9,601 – 19,200	× 5.50	minus		307.20 = Tax
		19,201 – 28,800	× 6.40	minus		480.00 = Tax
		28,801 – 38,400	× 6.80	minus		595.20 = Tax
		38,401 – 48,000	× 7.20	minus		748.80 = Tax
		48,001 – 72,000	× 7.60	minus		940.80 = Tax
		72,001 – 96,000	× 7.90	minus		1,156.80 = Tax
		96,001 – 300,000	× 8.25	minus		1,492.80 = Tax
		300,001 – 350,000	× 9.00	minus		3,742.80 = Tax
HOH	\$	0 – 3,600	× 1.40%	minus	\$	0.00 = Tax
		3,601 – 7,200	× 3.20	minus		64.80 = Tax
		7,201 – 14,400	× 5.50	minus		230.40 = Tax
		14,401 – 21,600	× 6.40	minus		360.00 = Tax
		21,601 – 28,800	× 6.80	minus		446.40 = Tax
		28,801 – 36,000	× 7.20	minus		561.60 = Tax
		36,001 – 54,000	× 7.60	minus		705.60 = Tax
		54,001 – 72,000	× 7.90	minus		867.60 = Tax
		72,001 – 225,000	× 8.25	minus		1,119.60 = Tax
		225,001 – 262,500	× 9.00	minus		2,807.10 = Tax
		262,501 – 300,000	× 10.00	minus		5,432.10 = Tax
		300,001 and over	× 11.00	minus		8,432.10 = Tax

Filing requirements. Residents, part-year, and nonresidents must file if:

- They are doing business in Hawaii (regardless of income) *or*
- Their gross income subject to Hawaii tax exceeds the amounts in the following table.

Filing status:	Age:	Hawaii gross income exceeds:
Single, MFS	Under 65.....	\$ 3,344
	65 or older.....	4,488
MFJ	Both under 65.....	\$ 6,688
	One 65 or older.....	7,832
	Both 65 or older.....	8,976
HOH	Under 65.....	\$ 4,356
	65 or older.....	5,500
QSS	Under 65.....	\$ 5,544
	65 or older.....	6,688
Dependent on another return	Amount of dependent's standard deduction	
Nonresident alien	Under 65.....	\$ 1,144
	65 or older.....	2,288

Nonresidents must prorate the thresholds above by a ratio of Hawaii AGI to total AGI.

Individuals must also file if they owe any of the following taxes:

- Distribution from an individual housing account (Form N-2).
- Tax from the sale of a home (Form N-103).
- Tax on lump-sum distributions (Form N-152).
- Recapture of capital goods excise tax credit (Form N-312).
- Recapture of tax credit for flood victims (Form N-338).
- Recapture of important agricultural land qualified agricultural cost tax credit (Form N-344).
- Recapture of Capital Infrastructure Tax Credit (Form N-348).
- Tax on accumulation distribution of trusts (Form N-405).
- Recapture of low-income housing tax credit (Form N-586).
- Tax from parent's election to report child's interest and dividends (Form N-814).

Hawaii form to file:

- Resident: Form N-11 (Individual Income Tax Return—Resident).
- Part-year and nonresident: Form N-15 (Individual Income Tax Return—Nonresident and Part-Year Resident).

Return due date: April 20

Allowable extension. Hawaii allows an automatic six-month extension without written request if all tax paid by original return due date. Use Form N-200V (Individual Income Tax Payment Voucher) to make a payment.

IDAHO

Website: <https://tax.idaho.gov>

Tax assistance: 800-972-7660, 208-334-7660 (Boise)



2022 Quick Tax Method—For Taxable Income of:

Single, MFS	\$	0 – 1,663	× 1.000%	minus	\$	0.00 = Tax
		1,664 – 4,993	× 3.000	minus		33.26 = Tax
		4,994 – 8,323	× 4.500	minus		108.16 = Tax
		8,324 and over	× 6.000	minus		233.00 = Tax
MFJ, HOH, QSS	\$	0 – 3,327	× 1.000%	minus	\$	0.00 = Tax
		3,328 – 9,987	× 3.000	minus		66.54 = Tax
		9,988 – 16,647	× 4.500	minus		216.35 = Tax
		16,648 and over	× 6.000	minus		466.05 = Tax

Note: 2022 amounts not available at time of publication. Amounts shown are for 2021.

Filing requirements. Residents must file if:

- They are required to file a federal income tax return (unless a federal return is only being filed to pay self-employment tax) *or*
- Gross income subject to Idaho tax exceeds the following amounts:

2022 Quick Tax Method—For Taxable Income of:					
All Filing Statuses	\$ 0 –	1,743 × 0.33%	minus	\$ 0.00 =	Tax
	1,744 –	3,486 × 0.67	minus	5.93 =	Tax
	3,487 –	6,972 × 2.25	minus	61.01 =	Tax
	6,973 –	15,687 × 4.14	minus	192.78 =	Tax
	15,688 –	26,145 × 5.63	minus	426.51 =	Tax
	26,146 –	34,860 × 5.96	minus	512.79 =	Tax
	34,861 –	52,290 × 6.25	minus	613.88 =	Tax
	52,291 –	78,435 × 7.44	minus	1,236.14 =	Tax
	78,436 and over	× 8.53	minus	2,091.08 =	Tax

Filing requirements. Residents must file if:

Filing status:	Net income is:
Single.....	More than \$ 9,000
Single (65 or older).....	More than 24,000
Other than single.....	More than 13,500
Other than single (one or both spouses 65 or older).....	More than 32,000
Dependent on another person's return.....	\$5,000 or more
Note: Net income includes income from both spouses and any pension/retirement income exclusion and any social security phase-out amount must be added back.	

Residents must also file if they are:

- In the military service with Iowa legal residence *or*
- Subject to Iowa lump-sum tax.

Nonresidents and part-year residents must file if they have Iowa-source net income of at least \$1,000 (unless their all-source net income is below the income thresholds above) or are subject to Iowa lump-sum tax or Iowa alternative minimum tax.

Iowa form to file:

- Resident, part-year, and nonresident: Form IA 1040 (Iowa Individual Income Tax Form).
- Part-year and nonresident: Form IA 126 (Iowa Nonresident and Part-Year Resident Credit Schedule)—attachment to IA 1040.

Return due date: April 30

Allowable extension. Automatic six-month extension without written request if at least 90% of tax liability is paid. Use IA 1040V (Individual Income Tax Payment Voucher) to make a tax payment.

Reciprocity agreements: Illinois. Iowa residents with Illinois wage income are only taxed in Iowa. Illinois residents with Iowa wage income are only taxed in Illinois.

KANSAS

Website: <https://ksrevenue.gov>

Tax assistance: 785-368-8222

2022 Quick Tax Method—For Taxable Income of:					
MFJ	\$ 5,001 –	30,000 × 3.10%	minus	\$ 0.00 =	Tax
	30,001 –	60,000 × 5.25	minus	645.00 =	Tax
	60,001 and over	× 5.70	minus	915.00 =	Tax
Single, HOH, MFS	\$ 2,501 –	15,000 × 3.10%	minus	\$ 0.00 =	Tax
	15,001 –	30,000 × 5.25	minus	322.50 =	Tax
	30,001 and over	× 5.70	minus	457.50 =	Tax

Filing requirements. Residents and part-year residents must file if they are required to file a federal income tax return or Kansas AGI exceeds Kansas standard deduction and exemption allowance.

Residents not required to file a federal return must file based on the following table:

Filing status:	Age:	Gross income of at least:
Single	Under 65.....	\$ 5,750
	65 or older or blind.....	6,600
	65 or older and blind.....	7,450
MFJ	Under 65 (both spouses).....	\$ 12,500
	65 or older or blind (one spouse).....	13,200
	65 or older or blind (both spouses).....	13,900
	65 or older and blind (one spouse).....	13,900
	65 or older or blind (one spouse) and 65 or older and blind (other spouse).....	14,600
	65 or older and blind (both spouses).....	15,300
HOH	Under 65.....	\$ 10,500
	65 or older or blind.....	11,350
	65 or older and blind.....	12,200
MFS	Under 65.....	\$ 6,250
	65 or older or blind.....	6,950
	65 or older and blind.....	7,650

Minor dependents must file if gross income exceeds the greater of \$500 or earned income up to \$3,000.

Nonresidents must file if they receive any Kansas-source income.

Kansas form to file:

- Resident, part-year and nonresident: Form K-40 (Kansas Individual Income Tax).
- Part-year and nonresident: Schedule S (Kansas Supplemental Schedule) Part B (Income Allocation for Nonresidents and Part-Year Residents)—attachment to Form K-40.

Return due date: April 15

Allowable extension. Kansas allows a six-month automatic extension if federal Form 4868 is filed with the IRS. Use Form K-40V (Individual Income Tax Payment Voucher) to make an extension payment of Kansas income tax. No extension is required if receiving Kansas refund.

KENTUCKY

Website: <https://revenue.ky.gov>

Tax assistance: 502-564-4581

2022 Tax Rate	
Income tax rate.....	5%

Filing requirements. Resident must file if:

- Modified gross income (MGI) exceeds the amount in *Chart A* on Page 2-9 and Kentucky AGI exceeds the amount in *Chart B* on Page 2-10.
- If the filing requirements above are not met, a return must be filed to claim a refund of the Kentucky taxes withheld.

Chart A	
Family Size	Modified gross income (MGI) is greater than:
One.....	\$ 13,590
Two.....	18,310
Three.....	23,030
Four or more.....	27,750

Maine as an employee for 12 days or less if Maine income from all sources is \$3,000 or less.

Maine form to file:

- Resident, *safe harbor* resident, part-year resident, nonresident, and nonresident alien: Form 1040ME (Maine Individual Income Tax).
- Part-year residents, *safe harbor* residents, and nonresidents file one of the following as an attachment to Form 1040ME:
 - Schedule NR (Schedule for Calculating the Nonresident Credit) or
 - Schedule NRH (Schedule for Apportionment and for Calculating the Nonresident Credit for Married Person Electing to File Single).

Return due date: April 15

Allowable extension. Maine allows an automatic six-month extension without written request. Requests for additional time to file must be submitted in writing prior to the expiration of the six-month period. The total extension period cannot exceed eight months. Use Form 1040EXT-ME (Extension Payment Voucher for Individual Income Tax) to make payments or pay tax online and eliminate the necessity of filing the form.

MARYLAND

Website: <https://marylandtaxes.gov>

Tax assistance: 410-260-7980, 800-638-2937

2022 Quick Tax Method—For Taxable Income of:

Single, MFS	\$	0 – 1,000	× 2.00%	minus	\$	0.00 = Tax
		1,001 – 2,000	× 3.00	minus	10.00 = Tax	
		2,001 – 3,000	× 4.00	minus	30.00 = Tax	
		3,001 – 100,000	× 4.75	minus	52.50 = Tax	
		100,001 – 125,000	× 5.00	minus	302.50 = Tax	
		125,001 – 150,000	× 5.25	minus	615.00 = Tax	
MFJ, HOH, QSS	\$	0 – 1,000	× 2.00%	minus	\$	0.00 = Tax
		1,001 – 2,000	× 3.00	minus	10.00 = Tax	
		2,001 – 3,000	× 4.00	minus	30.00 = Tax	
		3,001 – 150,000	× 4.75	minus	52.50 = Tax	
		150,001 – 175,000	× 5.00	minus	427.50 = Tax	
		175,001 – 225,000	× 5.25	minus	865.00 = Tax	
		225,001 – 300,000	× 5.50	minus	1,427.50 = Tax	
		300,001 and over	× 5.75	minus	2,177.50 = Tax	

Filing requirements. Residents and part-year residents must file if:

Filing status:	Age:	Maryland gross income of at least:
Single	Under 65	\$ 12,950
	65 or over	14,700
MFJ	Both under 65	\$ 25,900
	One spouse 65 or over	27,300
	Both spouses 65 or over	28,700
MFS	Any age	\$ 12,950
HOH	Under 65	\$ 19,400
	65 or over	21,150
QSS	Under 65	\$ 25,900
	65 or over	27,300

Nonresidents must file if they have Maryland-sourced income and must file a federal return because their gross income is at least equal to the threshold amounts in the table above.

Maryland form to file:

- Resident and part-year resident: Form 502 (Maryland Resident Income Tax Return).
- Nonresident: Form 505 (Maryland Nonresident Income Tax Return).
- All filers: Form PV (Personal Tax Payment Voucher for Form 502/505, Estimated Tax and Extensions).

Return due date: April 15

Allowable extension. Maryland allows a six-month extension if a federal extension is filed and no tax is due. Form PV must be filed only to make a payment. If a federal extension was not filed, an extension may be filed online at www.marylandtaxes.gov or by phone at 410-260-7829.

Reciprocity agreements. District of Columbia, Pennsylvania (certain jurisdictions), Virginia, and West Virginia residents are not required to file a Maryland return, if only source of Maryland income is wages.

MASSACHUSETTS

Website: <https://mass.gov/orgs/massachusetts-department-of-revenue>

Tax assistance: 617-887-6367, MA 800-392-6089

2022 Tax Rate

Income tax rate	5.00%
Optional tax rate	5.85%
Rate on certain investment income	12.00%

Filing requirements. Residents and part-year residents are required to file if gross income (from all sources) is more than \$8,000. Nonresidents are required to file if they receive Massachusetts-source income that exceeds the lesser of \$8,000 or the personal exemption multiplied by the ratio of Massachusetts income to total income. Personal exemptions are: \$4,400 Single or MFS, \$6,800 HOH and \$8,800 MFJ.

Massachusetts form to file:

- Resident: Form 1 (Massachusetts Resident Income Tax Return).
- Part-year and nonresident: Form 1-NR/PY (Massachusetts Nonresident/Part-Year Tax Return).

Return due date: April 15

Allowable extension. Automatic six-month extension granted if no tax due. If tax due, file Form M-4868 (Massachusetts Income Tax Extension Payment Worksheet and Voucher) to remit tax due (payments of \$5,000 or more must be made electronically).

MICHIGAN

Website: <https://michigan.gov/taxes>

Tax assistance: 517-636-4486

2022 Tax Rate

Income tax rate	4.25%
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Filing requirements. Residents, part-year, and nonresidents must file if they owe Michigan tax or their Michigan AGI exceeds their exemption allowance. Michigan taxpayers should file a Michigan return if a federal tax return was filed even if Michigan tax is not owed. This will eliminate unnecessary correspondence from the Michigan Department of Treasury. Michigan allows \$5,000 for each exemption claimed on the federal return. Additional exemptions are allowed for individuals with certain disabilities.

Dependents who are claimed on another person's return must file if AGI is over \$1,500 (single or MFS) or \$3,000 (MFJ).

Missouri form to file:

- Resident, part-year, and nonresident: Form MO-1040 (Individual Income Tax Return).
- Part-year and nonresident: Form MO-NRI (Missouri Income Percentage)—attachment to Form MO-1040. Alternatively, part-year residents can file Form MO-CR (Credit for Income Taxes Paid to Other States).

Return due date: April 15**Extension form.** Form MO-60 (Application for Extension of Time to File).**Allowable extension.** Missouri allows an automatic six-month extension if a federal extension is filed. File Form MO-60 to remit any tax due.

MONTANA

Website: <https://mtrevenue.gov>**Tax assistance:** 406-444-6900, 866-859-2254**2022 Quick Tax Method—For Taxable Income of:**

All	\$	0	–	3,300	×	1.0%	minus	\$	0.00	=	Tax
Filing		3,301	–	5,800	×	2.0	minus		33.00	=	Tax
Statuses		5,801	–	8,900	×	3.0	minus		91.00	=	Tax
		8,901	–	12,000	×	4.0	minus		180.00	=	Tax
		12,001	–	15,400	×	5.0	minus		300.00	=	Tax
		15,401	–	19,800	×	6.0	minus		454.00	=	Tax
		19,801	and over		×	6.75	minus		603.00	=	Tax

Note: Couples filing MFS calculate tax on their combined income.**Filing requirements.** Residents, part-year, and nonresidents must file if they have Montana-source income and:

Filing status:	Age:	Federal gross income (excluding unemployment compensation) is at least: ¹
Single, MFS	Under 65.....	\$ 5,090
	65 or older.....	7,800
HOH	Under 65.....	\$ 10,180
	65 or older.....	12,890
MFJ	Both under 65.....	\$ 10,180
	One spouse 65 or older.....	12,890
	Both spouses 65 or older.....	15,600

¹ Plus \$2,710 if eligible for blind exemption.**Montana form to file:**

- Resident, part-year, and nonresident: Form 2 (Montana Individual Income Tax Return).
- Part-year and nonresident: Schedule IV (Nonresident/Part-Year Resident Tax)—attachment to Form 2.

Return due date: April 15**Allowable extension.** An automatic six-month extension is granted. Form IT (Montana Individual Income Tax Payment Voucher) is used if tax is due (or payment can be made online).**Reciprocity agreements.** North Dakota. Residents of North Dakota are not required to file a Montana return if the only source of Montana income is wages.

NEBRASKA

Website: <https://revenue.nebraska.gov>**Tax assistance:** 402-471-5729, NE and IA 800-742-7474**2022 Quick Tax Method—For Taxable Income of:**

Single, MFS	\$	0	–	3,340	×	2.46%	minus	\$	0.00	=	Tax
		3,441	–	20,590	×	3.51	minus		36.12	=	Tax
		20,591	–	33,180	×	5.01	minus		344.97	=	Tax
		33,181	and over		×	6.84	minus		952.16	=	Tax
MFJ, QSS	\$	0	–	6,860	×	2.46%	minus	\$	0.00	=	Tax
		6,861	–	41,190	×	3.51	minus		72.03	=	Tax
		41,191	–	66,360	×	5.01	minus		689.88	=	Tax
		66,361	and over		×	6.84	minus		1,904.27	=	Tax
HOH	\$	0	–	6,410	×	2.46%	minus	\$	0.00	=	Tax
		6,411	–	32,950	×	3.51	minus		67.31	=	Tax
		32,951	–	49,200	×	5.01	minus		561.56	=	Tax
		49,201	and over		×	6.84	minus		1,461.92	=	Tax

Filing requirements. Residents must file if their income exceeds the following amounts: Single or MFS—\$7,350; MFJ—\$14,700; HOH—\$10,750 [add \$1,700 if age 65 or older or blind (\$1,400 if MFJ)] or have \$5,000 or more of Nebraska adjustments to federal AGI. Nonresidents and part-year with Nebraska-source income must file.**Nebraska form to file:**

- Resident, part-year, and nonresident: Form 1040N (Nebraska Individual Income Tax Return).
- Part-year and nonresident: Schedule III (Computation of Nebraska Tax for Partial-Year Residents and Nonresidents Only)—attachment to Form 1040N.

Return due date: April 15**Extension form.** Form 4868N (Nebraska Application for Automatic Extension of Time to File a Nebraska Individual Income Tax Return).**Allowable extension.** Nebraska accepts a federal extension. File Form 4868N if federal extension not granted or to make a tax payment.

NEVADA

Website: <https://tax.nv.gov>**Tax assistance:** 866-962-3707**Filing requirements.** Nevada does not have an individual income tax.

NEW HAMPSHIRE

Website: <https://revenue.nh.gov>**Tax assistance:** 603-230-5000**2022 Tax Rate**

Interest and dividend tax rate (Form DP-10).....	5.0%
Proprietor business profits tax rate (Form NH-1040).....	7.6%

Filing requirements. Residents and part-year residents must file Form DP-10 if:

Filing status:	Taxable interest and/or dividend income exceeds:
Single.....	\$ 2,400
Joint.....	4,800

Proprietors carrying on business activity within New Hampshire must file Form NH-1040 if they had gross income in excess of \$50,000 from self-employment reported on federal Schedule C; income from rental, including farm rental, reported on federal Schedule E or farm income reported on federal Schedule F. Gain or loss on assets used in one of these businesses must also be considered.

2022 NY State Quick Tax Method—For Taxable Income of:

Single, MFS	\$	0 – 8,500	× 4.00%	minus	\$ 0.00 = Tax
		8,501 – 11,700	× 4.50	minus	43.00 = Tax
		11,701 – 13,900	× 5.25	minus	130.00 = Tax
		13,901 – 80,650	× 5.50	minus	165.00 = Tax
		80,651 – 215,400	× 6.00	minus	568.00 = Tax
		215,401 – 1,077,550	× 6.85	minus	2,399.00 = Tax
		1,077,551 – 5,000,000	× 9.65	minus	32,571.00 = Tax
		5,000,001 – 25,000,000	× 10.30	minus	65,071.00 = Tax
		25,000,001 and over	× 10.90	minus	215,071.00 = Tax
MFJ, QSS	\$	0 – 17,150	× 4.00%	minus	\$ 0.00 = Tax
		17,151 – 23,600	× 4.50	minus	86.00 = Tax
		23,601 – 27,900	× 5.25	minus	263.00 = Tax
		27,901 – 161,550	× 5.50	minus	333.00 = Tax
		161,551 – 323,200	× 6.00	minus	1,140.00 = Tax
		323,201 – 2,155,350	× 6.85	minus	3,887.00 = Tax
		2,155,351 – 5,000,000	× 9.65	minus	64,237.00 = Tax
		5,000,001 – 25,000,000	× 10.30	minus	96,737.00 = Tax
		25,000,001 and over	× 10.90	minus	246,737.00 = Tax
HOH	\$	0 – 12,800	× 4.00%	minus	\$ 0.00 = Tax
		12,801 – 17,650	× 4.50	minus	64.00 = Tax
		17,651 – 20,900	× 5.25	minus	196.00 = Tax
		20,901 – 107,650	× 5.50	minus	249.00 = Tax
		107,651 – 269,300	× 6.00	minus	787.00 = Tax
		269,301 – 1,616,450	× 6.85	minus	3,076.00 = Tax
		1,616,451 – 5,000,000	× 9.65	minus	48,337.00 = Tax
		5,000,001 – 25,000,000	× 10.30	minus	80,837.00 = Tax
		25,000,001 and over	× 10.90	minus	230,837.00 = Tax

Note: If NY AGI is more than \$107,650, the graduated tax rates above are phased out.

2022 NYC Quick Tax Method—for Taxable Income of:

Single, MFS	\$	0 – 12,000	× 3.078%	minus	\$ 0.00 = Tax
		12,001 – 25,000	× 3.762	minus	82.00 = Tax
		25,001 – 50,000	× 3.819	minus	96.00 = Tax
		50,001 and over	× 3.876	minus	125.00 = Tax
MFJ, QSS	\$	0 – 21,600	× 3.078%	minus	\$ 0.00 = Tax
		21,601 – 45,000	× 3.762	minus	148.00 = Tax
		45,001 – 90,000	× 3.819	minus	173.00 = Tax
		90,001 and over	× 3.876	minus	225.00 = Tax
HOH	\$	0 – 14,400	× 3.078%	minus	\$ 0.00 = Tax
		14,401 – 30,000	× 3.762	minus	98.00 = Tax
		30,001 – 60,000	× 3.819	minus	116.00 = Tax
		60,001 and over	× 3.876	minus	150.00 = Tax

Filing requirements. Residents must file if they are:

- Required to file a federal return or
- Not required to file a federal return, but:

Federal filing status would have been:	Federal AGI plus New York additions exceeds:
Single and can be claimed as dependent on another person's return	\$ 3,100
All others.....	4,000

- To claim a refund of state or city income taxes withheld from taxpayer's pay.

- To claim any of the refundable or carryover credits available.
- Part-year and nonresidents are required to file if:

Federal filing status:	Received New York-source income and New York AGI exceeds:
Single and can be claimed as dependent on another person's return	\$ 3,100
Single and cannot be claimed as dependent on another person's return	8,000
MFJ.....	16,050
MFS	8,000
HOH.....	11,200
QSS	16,050

Part-year and nonresidents are also required to file if any of the following apply:

- They are subject to separate tax on lump-sum distributions derived from or connected to New York sources (part-year residents).
- They incurred a New York NOL without incurring a similar federal NOL.
- To claim a refund of state or city income taxes withheld from taxpayer's pay.
- To claim any of the refundable or carryover credits available.

New York form to file:

- Resident: Form IT-201 (Resident Income Tax Return).
- Part-year and nonresident: Form IT-203 (Nonresident and Part-Year Resident Income Tax Return).

Return due date: April 15

Extension form. Form IT-370 (Application for Automatic Six-Month Extension of Time to File for Individuals).

Allowable extension. To request an automatic six-month extension, file Form IT-370 and remit any tax due. A copy of the federal extension is not accepted.

NORTH CAROLINA

Website: <https://ncdor.gov>

Tax assistance: 877-252-3052



2022 Tax Rate

Income tax rate.....	4.99%
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Filing requirements. Every resident whose income for the year exceeds the amount for his filing status as shown in the following chart must file a return:

Filing status	A return is required if federal gross income exceeds
Single.....	\$ 12,750
MFJ.....	25,500
MFS if spouse does not claim itemized deductions.....	12,750
MFS if spouse claims itemized deductions.....	0
HOH.....	19,125
QSS	25,500
Nonresident alien.....	0

Note: 2022 amounts not available at time of publication. Amounts shown are for 2021.

An individual not required to file a federal income tax return but who has gross income from all sources—both inside and outside of North Carolina—that equals or exceeds the amount for his filing status shown in the chart above is required to file a North Carolina return. He must complete a federal return and attach it to his North

Carolina income tax return to show how his adjusted gross income and deductions were determined.

A part-year resident must file if his total income for the tax year exceeds the amount for his filing status shown in the chart above and he:

- Received income while a resident of North Carolina or
- Received income while a nonresident that is:
 - Attributable to ownership of any interest in real or tangible personal property in North Carolina;
 - Derived from a business, trade, profession or occupation carried on within North Carolina or
 - Derived from gambling activities in North Carolina.

A nonresident must file if his total income from all sources—both inside and outside of North Carolina—exceeds the amount for his filing status as shown in the chart above and he received income for the tax year from North Carolina sources that was:

- Attributable to ownership of any interest in real or tangible personal property in North Carolina;
- Derived from a business, trade, profession, or occupation carried on in North Carolina or
- Derived from gambling activities in North Carolina.

North Carolina form to file:

- Resident, part-year, and nonresident: Form D-400 (Individual Income Tax Return).
- Part-year and nonresidents: D-400, page 4, D-400 Schedule S (Supplement Schedule); Part D (Computation of North Carolina Taxable Income for Part-Year Residents and Nonresidents).

Return due date: April 15

Extension form. Form D-410 (Application for Extension for Filing Individual Income Tax Return).

Allowable extension. North Carolina allows an automatic six-month extension if granted a federal extension. Only file Form D-410 to make a payment or if Form 4868 was not filed.

NORTH DAKOTA

Website: <http://nd.gov/tax>

Tax assistance: 701-328-7088; 877-328-7088



2022 Quick Tax Method—For Taxable Income of:

Single	\$	0	–	41,775	×	1.10%	minus	\$	0.00	=	Tax
		41,776	–	101,050	×	2.04	minus		392.69	=	Tax
		101,051	–	210,825	×	2.27	minus		625.10	=	Tax
		210,826	–	458,350	×	2.64	minus		1,405.15	=	Tax
		458,351	and over	×	2.90	minus			2,596.86	=	Tax
MFJ, QSS	\$	0	–	67,700	×	1.10%	minus	\$	0.00	=	Tax
		69,701	–	168,450	×	2.04	minus		655.18	=	Tax
		168,451	–	256,650	×	2.27	minus		1,042.62	=	Tax
		256,651	–	458,350	×	2.64	minus		1,992.22	=	Tax
		458,351	and over	×	2.90	minus			3,183.93	=	Tax
MFS	\$	0	–	34,850	×	1.10%	minus	\$	0.00	=	Tax
		34,851	–	84,225	×	2.04	minus		327.59	=	Tax
		84,226	–	128,325	×	2.27	minus		521.31	=	Tax
		128,326	–	229,175	×	2.64	minus		996.11	=	Tax
		229,176	and over	×	2.90	minus			1,591.97	=	Tax
HOH	\$	0	–	55,900	×	1.10%	minus	\$	0.00	=	Tax
		55,901	–	144,400	×	2.04	minus		525.46	=	Tax
		144,401	–	233,750	×	2.27	minus		857.58	=	Tax
		233,751	–	458,350	×	2.64	minus		1,722.46	=	Tax
		458,351	and over	×	2.90	minus			2,914.17	=	Tax

Filing requirements. Residents must file if they are required to file a federal income tax return.

Nonresidents must file if they are required to file a federal return and received gross income from North Dakota sources. Part-year residents must file if they are required to file a federal return and received income from any source while a resident or received North Dakota-source income while a nonresident.

North Dakota form to file:

- Resident, part-year, and nonresident: Form ND-1 (Individual Income Tax Return).
- Part-year and nonresident: Schedule ND-1NR (Tax Calculation for Nonresidents and Part-Year Residents)—attachment to Form ND-1.

Return due date: April 15

Extension form. Form 101 (Application for Extension of Time to File a North Dakota Tax Return).

Allowable extension: An extension of time to file a taxpayer's federal return is recognized for North Dakota purposes. If there is no federal extension, file Form 101 to request an extension of time to file (Form 101 is not an automatic extension). Use Form ND-1EXT (Individual Extension Payment Voucher) to make a payment.

Reciprocity agreements. Minnesota and Montana. Minnesota residents are not required to file a North Dakota return if only North Dakota source of income is compensation and the taxpayer maintains a home in Minnesota and returns to the home at least once each month. Montana residents are not required to file a North Dakota return if only North Dakota source of income is wages.

OHIO

Website: <https://tax.ohio.gov>

Tax assistance: 800-282-1780



2022 Quick Tax Method—For Taxable Income of:

All Filing Statuses	\$	0	–	26,050	×	0.000%	minus	\$	0.00	=	Tax
		26,051	–	46,100	×	2.765	minus		359.59	=	Tax
		46,101	–	92,150	×	3.226	minus		572.11	=	Tax
		92,151	–	115,300	×	3.688	minus		997.85	=	Tax
		115,301	and over	×	3.990	minus			1,346.05	=	Tax

Filing requirements. Residents and part-year residents are required to file unless one of the following exceptions applies:

- Ohio AGI is less than or equal to \$0.
- The total of the taxpayer's senior citizen credit, lump-sum distribution credit and joint filing credit is equal to or exceeds his income tax liability and he is not liable for school district income tax.
- The taxpayer's exemption amount is the same as or more than his Ohio AGI.

Nonresidents are required to file if they have Ohio-sourced income.

Ohio form to file:

- Resident, part-year, and nonresident: Form IT 1040 (Individual Income Tax Return).
- Part-year and nonresidents: Schedule D (Nonresident/Part-Year Resident Credit) (Form IT 1040, page 4).

Return due date: April 15

Extension form. Ohio does not have a separate extension form.

UTAH

Website: <https://tax.utah.gov>

Tax assistance: 801-297-2200,
800-662-4335



2022 Tax Rate

Income tax rate..... 4.85%

Filing requirements. Residents and part-year residents must file if they are required to file a federal income tax return.

Nonresidents must file if they are required to file a federal income tax return and received Utah-source income.

Utah form to file:

- Resident, part-year, and nonresident: Form TC-40 (Utah Individual Income Tax Return).
- Part-year and nonresident: Form TC-40B (Non or Part-year Resident Schedule)—attachment to Form TC-40.

Return due date: April 15

Allowable extension. Utah allows an automatic six-month extension of time to file. Utah does not have an extension form. Use Form TC-546 (Individual Income Tax Prepayment Coupon) to make a payment.

VERMONT

Website: <https://tax.vermont.gov>

Tax assistance: 802-828-2505



2022 Quick Tax Method—For Taxable Income of:

Single	\$ 0 – 42,150	× 3.35%	minus \$ 0.00 = Tax
	42,151 – 102,200	× 6.60	minus 1,369.88 = Tax
	102,201 – 213,150	× 7.60	minus 2,391.88 = Tax
	213,151 and over	× 8.75	minus 4,843.10 = Tax
MFJ, QSS, CU Filing Jointly	\$ 0 – 70,450	× 3.35%	minus \$ 0.00 = Tax
	70,451 – 170,300	× 6.60	minus 2,289.63 = Tax
	170,301 – 259,500	× 7.60	minus 3,992.63 = Tax
	259,501 and over	× 8.75	minus 6,976.88 = Tax
MFS, CU Filing Separately	\$ 0 – 35,225	× 3.35%	minus \$ 0.00 = Tax
	35,226 – 85,150	× 6.60	minus 1,144.81 = Tax
	85,151 – 129,750	× 7.60	minus 1,996.31 = Tax
	129,751 and over	× 8.75	minus 3,488.44 = Tax
HOH	\$ 0 – 56,500	× 3.35%	minus \$ 0.00 = Tax
	56,501 – 145,950	× 6.60	minus 1,836.25 = Tax
	145,951 – 236,350	× 7.60	minus 3,295.75 = Tax
	236,351 and over	× 8.75	minus 6,013.78 = Tax

Filing requirements. Residents, part-year residents, and nonresidents must file if they are required to file a federal return and earn or receive:

- 1) \$100 or more of Vermont income or
- 2) \$1,000 or more of Vermont gross income as a nonresident.

Vermont form to file:

- Resident, part-year, and nonresident: Form IN-111 (Vermont Income Tax Return).
- Part-year and nonresident: Schedule IN-113 (Income Adjustment Calculations)—attachment to Form IN-111.

Return due date: April 15

Extension form. Form IN-151 (Application for Extension of Time to File Form IN-111 Vermont Individual Income Tax Return).

Allowable extension. Vermont allows an automatic six-month extension if Form IN-151 is filed by the due date of the return or taxpayer uses myVTax to file the extension.

VIRGINIA

Website: <https://tax.virginia.gov>

Tax assistance: 804-367-8031



2022 Quick Tax Method—For Taxable Income of:

All Filing Statuses	\$ 0 – 3,000	× 2.00%	minus \$ 0.00 = Tax
	3,001 – 5,000	× 3.00	minus 30.00 = Tax
	5,001 – 17,000	× 5.00	minus 130.00 = Tax
	17,001 and over	× 5.75	minus 257.50 = Tax

Filing requirements. Residents and part-year residents are required to file if:

Filing status:	Virginia AGI is at least:
Single or MFS.....	\$ 11,950
MFJ	23,900

Nonresidents are required to file if they receive any income from Virginia sources other than interest from personal savings accounts, interest or dividends from an individual stock market investment, or pension payments from a Virginia payor.

Virginia form to file:

- Resident: Form 760 (Virginia Resident Individual Income Tax Return).
- Part-year resident: Form 760PY (Virginia Part-Year Resident Income Tax Return).
- Nonresident: Form 763 (Virginia Nonresident Income Tax Return).

Return due date: May 1

Allowable extension. Virginia allows an automatic six-month extension of time to file. Ninety percent of the tax liability must be paid by the original due date for filing the return to avoid penalty. No application for extension is required. To make a payment of tentative tax by the original due date, use voucher Form 760IP.

Reciprocity agreements. The District of Columbia, Kentucky, Maryland, Pennsylvania, and West Virginia residents may be exempt from filing if their only source of Virginia income is wages subject to income tax by the resident state (or district). For residents of the District of Columbia and Kentucky, the exemption applies if the individual had no actual place of abode in Virginia during the year. The exemption applies to Maryland, Pennsylvania, and West Virginia residents if they are present in Virginia for 183 days or less during the year.

WASHINGTON

Website: <https://dor.wa.gov>

Tax assistance: 360-705-6705



Filing requirements. Washington does not have a personal income tax, **but effective January 1, 2022, it imposes a 7% excise tax on individuals with sales or exchanges of long-term capital assets. Only taxpayers owing capital gains tax are required to file a capital gains tax return. Taxpayers must have capital gains in excess of \$250,000. See the All States Quickfinder® Handbook for more information.**

WEST VIRGINIA

Website: <https://tax.wv.gov>

Tax assistance: 800-982-8297,
304-558-3333



2022 Quick Tax Method—For Taxable Income of:

MFJ, Single, HOH, QSS	\$ 0 – 9,999	× 3.0%	minus \$ 0.00	= Tax
	10,000 – 24,999	× 4.0	minus 100.00	= Tax
	25,000 – 39,999	× 4.5	minus 225.00	= Tax
	40,000 – 59,999	× 6.0	minus 825.00	= Tax
	60,000 and over	× 6.5	minus 1,125.00	= Tax
MFS	\$ 0 – 4,999	× 3.0%	minus \$ 0.00	= Tax
	5,000 – 12,499	× 4.0	minus 50.00	= Tax
	12,500 – 19,999	× 4.5	minus 112.50	= Tax
	20,000 – 29,999	× 6.0	minus 412.50	= Tax
	30,000 and over	× 6.5	minus 562.50	= Tax

Filing requirements. Residents and part-year residents are required to file if their West Virginia AGI is greater than the exemption allowance (\$2,000 per exemption or \$500 if zero exemptions were claimed) or to claim a senior citizen's tax credit.

Exception: Taxpayers age 65 or older if income is less than exemption allowance plus senior citizen modification of up to \$8,000 do not have to file.

Nonresidents are required to file if their federal AGI includes any West Virginia-source income.

West Virginia form to file:

- Resident, part-year, and nonresident: Form IT-140 (West Virginia Personal Income Tax Return).
- Part-year and nonresident: Schedule A (Nonresidents/Part-Year Residents Schedule of Income)—attachment to Form IT-140.

Return due date: April 15

Extension form. Schedule L (Application for Extension of Time to File).

Allowable extension. West Virginia allows up to a six-month extension if tax liability is paid and the taxpayer either:

- Attaches a copy of federal Form 4868 or
- Files Schedule L if tax owed or federal Form 4868 not filed.

Reciprocity agreements. Kentucky, Maryland, Ohio, Pennsylvania, and Virginia residents may file Form IT-140NRS (Special Nonresident Income Tax Return) to claim a refund if the only West Virginia income is from wages and salaries.

Note: Pennsylvania and Virginia residents qualify only if they did not spend more than 183 days within West Virginia in 2022.

WISCONSIN

Website: <https://revenue.wi.gov>

Tax assistance: 608-266-2772



2022 Quick Tax Method—For Taxable Income of:

Single, HOH	\$ 0 – 12,760	× 3.54%	minus \$ 0.00	= Tax
	12,761 – 25,520	× 4.65	minus 141.64	= Tax
	25,521 – 280,950	× 5.30	minus 307.52	= Tax
	280,951 and over	× 7.65	minus 6,909.84	= Tax
MFJ	\$ 0 – 17,010	× 3.54%	minus \$ 0.00	= Tax
	17,011 – 34,030	× 4.65	minus 188.81	= Tax
	34,031 – 374,600	× 5.30	minus 410.01	= Tax
	374,601 and over	× 7.65	minus 9,213.11	= Tax
MFS	\$ 0 – 8,510	× 3.54%	minus \$ 0.00	= Tax
	8,511 – 17,010	× 4.65	minus 94.46	= Tax
	17,011 – 187,300	× 5.30	minus 205.03	= Tax
	187,301 and over	× 7.65	minus 4,606.58	= Tax

Filing requirements. Residents must file if:

Filing status:	Age:	Gross income is at least:
Single	Under 65.....	\$ 12,490
	65 or older.....	12,740
MFJ	Under 65 (both spouses).....	\$ 23,220
	65 or older (one spouse).....	23,470
	65 or older (both spouses).....	23,720
MFS	Under 65.....	\$ 11,070
	65 or older.....	11,320
HOH	Under 65.....	\$ 15,930
	65 or older.....	16,180

Note: 2022 amounts not available at time of publication. Amounts shown are for 2021.

Residents must also file if they owe a Wisconsin penalty on an IRA, retirement plan, ABLE account, medical or health savings account or Coverdell education savings account (excess contribution).

Part-year and nonresidents must file if gross income is at least \$2,000.

Wisconsin form to file:

- Resident: Form 1, Wisconsin Income Tax.
- Part-year and nonresident: Form 1NPR (Nonresident and Part-Year Resident Wisconsin Income Tax).

Return due date: April 15

Allowable extension. Wisconsin allows an extension based on the federal extension. Use Form 1-ES to make any payments. If federal Form 4868 not filed, attach a statement to the Wisconsin tax return indicating which federal extension provision (for example, federal automatic six-month provision) the taxpayer is applying for.

Reciprocity agreements. Illinois, Indiana, Kentucky, and Michigan residents are not required to file a Wisconsin return if the only Wisconsin income is from personal services.

WYOMING

Website: <http://revenue.wyo.gov>

Tax assistance: 307-777-5200

Filing requirements. Wyoming does not have a personal income tax.



Quick Facts Data Sheet (Continued)

	2023	2022	2021	2020	2019
Business Deductions					
Section 179 deduction:					
Overall limit	\$ 1,160,000	\$ 1,080,000	\$ 1,050,000	\$ 1,040,000	\$ 1,020,000
SUV limit (per vehicle)	28,900	27,000	26,200	25,900	25,500
Qualifying property phase-out threshold	2,890,000	2,700,000	2,620,000	2,590,000	2,550,000
Depreciation limit—autos, trucks, and vans (1st year)	12,200⁴	11,200⁴	10,200⁴	10,100⁴	10,100⁴
Standard mileage allowances:					
Business	65.5¢ ⁴⁴	58.5¢/62.5¢ ¹⁰	56¢	57.5¢	58¢
Charity work	14¢	14¢	14¢	14¢	14¢
Medical/moving	22¢ ⁴⁴	18¢/22¢ ¹⁰	16¢	17¢	20¢
Qualified business income (QBI) deduction taxable income thresholds:					
MFJ	\$ 364,200	\$ 340,100	\$ 329,800	\$ 326,600	\$ 321,400
Single, HOH, QSS, or MFS	182,100	170,050	164,900 ⁵	163,300	160,700 ⁵
Excess business loss disallowance limits:					
MFJ	\$ 578,000	\$ 540,000	\$ 524,000	\$ 518,000	\$ 510,000
Single, HOH, QSS, or MFS	289,000	270,000	262,000	259,000	255,000
Health Care Deductions/Exclusions/Credits					
Health savings accounts (HSAs):					
Self-only coverage:					
Contribution limit	\$ 3,850	\$ 3,650	\$ 3,600	\$ 3,550	\$ 3,500
Plan minimum deductible	1,500	1,400	1,400	1,400	1,350
Plan out-of-pocket limit	7,500	7,050	7,000	6,900	6,750
Family coverage:					
Contribution limit	7,750	7,300	7,200	7,100	7,000
Plan minimum deductible	3,000	2,800	2,800	2,800	2,700
Plan out-of-pocket limit	15,000	14,100	14,000	13,800	13,500
Additional contribution limit—age 55 or older	1,000	1,000	1,000	1,000	1,000
Long-term care insurance—deduction limits:					
Age 40 and under	\$ 480	\$ 450	\$ 450	\$ 430	\$ 420
Age 41 – 50	890	850	850	810	790
Age 51 – 60	1,790	1,690	1,690	1,630	1,580
Age 61 – 70	4,770	4,510	4,520	4,350	4,220
Age 71 and older	5,960	5,640	5,640	5,430	5,270
Long-term care—excludible per diem	\$ 420	\$ 390	\$ 400	\$ 380	\$ 370
Medical savings accounts (MSAs):					
Self-only coverage:					
Plan minimum deductible	\$ 2,650	\$ 2,450	\$ 2,400	\$ 2,350	\$ 2,350
Plan maximum deductible	3,950	3,700	3,600	3,550	3,500
Plan out-of-pocket limit	5,300	4,950	4,800	4,750	4,650
Family coverage:					
Plan minimum deductible	5,300	4,950	4,800	4,750	4,650
Plan maximum deductible	7,900	7,400	7,150	7,100	7,000
Plan out-of-pocket limit	9,650	9,050	8,750	8,650	8,550
Health flexible spending arrangement—contribution limit	\$ 3,050	\$ 2,850	\$ 2,750	\$ 2,750	\$ 2,700
Advance payment of health insurance premium tax credit—repayment limit:⁶					
Household income < 200% of federal poverty line (FPL)	\$ 700	\$ 650	\$ 650	\$ 650	\$ 600
Household income ≥ 200% of FPL, but < 300%	1,800	1,650	1,600	1,600	1,600
Household income ≥ 300% of FPL, but < 400%	3,000	2,800	2,700	2,700	2,650
Qualified small employer HRA reimbursement limits:					
Employee only	\$ 5,850	\$ 5,450	\$ 5,300	\$ 5,250	\$ 5,150
Employee and family	11,800	11,050	10,700	10,600	10,450
Small employer health insurance credit—average wage limit	\$ 30,700	\$ 28,700	\$ 27,800	\$ 27,600	\$ 27,100
Education Tax Incentives					
Education savings accounts (ESAs) phase-out begins at AGI of:					
MFJ	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000
Single, HOH, QSS, or MFS	95,000	95,000	95,000	95,000	95,000
American opportunity credit—maximum credit (per student)	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Lifetime learning credit (LLC)—maximum credit (per return)	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Education credit phase-out begins at AGI of:					
MFJ:					
American opportunity	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
LLC	160,000	160,000	160,000	118,000	116,000
Single, HOH, or QSS:					
American opportunity	80,000	80,000	80,000	80,000	80,000
LLC	80,000	80,000	80,000	59,000	58,000
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Student loan interest deduction limit	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Student loan interest deduction phase-out begins at AGI of:					
MFJ	\$ 155,000	\$ 145,000	\$ 140,000	\$ 140,000	\$ 140,000
Single, HOH, or QSS	75,000	70,000	70,000	70,000	70,000
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Savings bonds income exclusion phase-out begins at AGI of:					
MFJ or QSS	\$ 137,800	\$ 128,650	\$ 124,800	\$ 123,550	\$ 121,600
Single or HOH	91,850	85,800	83,200	82,350	81,100
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed

Quick Facts Data Sheet (Continued)					
	2023	2022	2021	2020	2019
Tuition deduction phase-out begins at AGI of:					
MFJ	N/A ⁷	N/A ⁷	N/A ⁷	\$ 130,000	\$ 130,000
Single, HOH, or QSS	N/A ⁷	N/A ⁷	N/A ⁷	65,000	65,000
MFS	N/A ⁷	N/A ⁷	N/A ⁷	Not Allowed	Not Allowed
Additional Taxes					
AMT exemption:					
MFJ or QSS	\$ 126,500	\$ 118,100	\$ 114,600	\$ 113,400	\$ 111,700
Single or HOH	81,300	75,900	73,600	72,900	71,700
MFS	63,250	59,050	57,300	56,700	55,850
Child subject to kiddie tax—earned income plus	N/A ⁸	N/A ⁸	N/A ⁸	N/A ⁸	N/A ⁸
Net investment income tax begins at AGI of:					
MFJ or QSS	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Single or HOH	200,000	200,000	200,000	200,000	200,000
MFS	125,000	125,000	125,000	125,000	125,000
Retirement Plans					
IRA contribution limits:					
Under age 50 at year end	\$ 6,500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Age 50 or older at year end	7,500	7,000	7,000	7,000	7,000
Traditional IRA deduction phase-out begins at AGI of (taxpayer or spouse covered by employer retirement plan):					
MFJ and QSS (covered spouse)	\$ 116,000	\$ 109,000	\$ 105,000	\$ 104,000	\$ 103,000
MFJ (non-covered spouse)	218,000	204,000	198,000	196,000	193,000
Single and HOH	73,000	68,000	66,000	65,000	64,000
MFS	0	0	0	0	0
Roth IRA contribution phase-out begins at AGI of:					
MFJ or QSS	\$ 218,000	\$ 204,000	\$ 198,000	\$ 196,000	\$ 193,000
Single or HOH	138,000	129,000	125,000	124,000	122,000
MFS	0	0	0	0	0
SIMPLE IRA plan elective deferral limits:					
Under age 50 at year end	\$ 15,500	\$ 14,000	\$ 13,500	\$ 13,500	\$ 13,000
Age 50 or older at year end	19,000	17,000	16,500	16,500	16,000
401(k), 403(b), 457, and SARSEP elective deferral limits:					
Under age 50 at year end	\$ 22,500	\$ 20,500	\$ 19,500	\$ 19,500	\$ 19,000
Age 50 or older at year end	30,000	27,000	26,000	26,000	25,000
Profit-sharing plan/SEP contribution limits					
	\$ 66,000	\$ 61,000	\$ 58,000	\$ 57,000	\$ 56,000
Compensation limit (for employer contributions to profit sharing plans)					
	\$ 330,000	\$ 305,000	\$ 290,000	\$ 285,000	\$ 280,000
Defined benefit plans—annual benefit limit					
	\$ 265,000	\$ 245,000	\$ 230,000	\$ 230,000	\$ 225,000
Retirement saver's credit phased-out when AGI exceeds:					
MFJ	\$ 73,000	\$ 68,000	\$ 66,000	\$ 65,000	\$ 64,000
HOH	54,750	51,000	49,500	48,750	48,000
Single, MFS, or QSS	36,500	34,000	33,000	32,500	32,000
Key employee compensation threshold					
	\$ 215,000	\$ 200,000	\$ 185,000	\$ 185,000	\$ 180,000
Highly compensated threshold					
	\$ 150,000	\$ 135,000	\$ 130,000	\$ 130,000	\$ 125,000
Social Security					
Maximum earnings and still receive full social security benefits:					
Under full retirement age (FRA) at year-end, benefits reduced by \$1 for each \$2 earned over	\$ 21,240	\$ 19,560	\$ 18,960	\$ 18,240	\$ 17,640
Year FRA reached, benefits reduced \$1 for each \$3 earned over (months up to FRA only)	56,520	51,960	50,520	48,600	46,920
Month FRA reached and later	No Limit	No Limit	No Limit	No Limit	No Limit
Estate and Gift Taxes					
Estate and gift tax exclusion					
	\$ 12,920,000 ⁹	\$ 12,060,000 ⁹	\$ 11,700,000 ⁹	\$ 11,580,000 ⁹	\$ 11,400,000 ⁹
GST tax exemption					
	\$ 12,920,000	\$ 12,060,000	\$ 11,700,000	\$ 11,580,000	\$ 11,400,000
Gift tax annual exclusion					
	\$ 17,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 15,000

¹ The exemption deduction amount is zero; however, for other Code provisions that refer to the Section 151 exemption amount (for example, the definition of qualifying relative when determining dependents under IRC Sec. 152), the amount is \$4,700 for 2023, \$4,400 for 2022, \$4,300 for 2021, \$4,300 for 2020, and \$4,200 for 2019.

² Phaseout amount for all other filers (except MFS) is amount shown reduced by: \$6,560 (\$6,570 if no children) in 2023; \$6,130 in 2022; \$5,950 (\$4,950 if three or more children) in 2021; \$5,890 in 2020; \$5,790 (\$5,800 if no children) in 2019.

³ Increased refundable credit amounts of \$1,600 per child under age six and/or \$1,000 per child age six or over are phased out beginning at \$150,000 for MFJ/QSS, \$112,500 for HOH, and \$75,000 for Single. Refundability is determined without regard to earned income.

⁴ Add \$8,000 if special depreciation claimed.

⁵ \$164,925 for MFS (2021), \$160,725 for MFS (2019).

⁶ For single filing status, the amount is half of the amount shown. For tax years beginning in 2020, no additional income tax is imposed on advance credit payments exceeding the taxpayer's PTC.

⁷ Permanently repealed for tax years beginning after December 31, 2020.

⁸ The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) has suspended the provision limiting the exemption amount for children subject to the kiddie tax to the sum of the child's earned income plus \$8,800 for 2023 (\$8,200 for 2022) for tax years 2018–2025 [IRC Sec. 55(d)(4)(A)(iii)].

⁹ Plus the amount of any deceased spousal unused exclusion and/or any restored exclusion related to lifetime gifts to a same-sex spouse.

¹⁰ The first amount applies to 1/1/22–6/30/22 and the second amount applies to 7/1/22–12/31/22.

¹¹ Amount not available at time of publication.

Where to File 2022 Form 1040

Due Date: April 18, 2023

	Address to: <i>“Department of the Treasury Internal Revenue Service”</i>	Address to: “Internal Revenue Service”
Taxpayer lives in:	Without payment	With payment
AL, GA, NC, SC, TN	Kansas City, MO 64999-0002	P.O. Box 1214 Charlotte, NC 28201-1214
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, SD, UT, WA, WY	Ogden, UT 84201-0002	P.O. Box 802501 Cincinnati, OH 45280-2501
AZ, NM	Austin, TX 73301-0002	P.O. Box 802501 Cincinnati, OH 45280-2501
AR, CT, DC, DE, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, OK, RI, VT, VA, WV, WI	Kansas City, MO 64999-0002	P.O. Box 931000 Louisville, KY 40293-1000
PA	Kansas City, MO 64999-0002	P.O. Box 802501 Cincinnati, OH 45280-2501
FL, LA, MS, TX	Austin, TX 73301-0002	P.O. Box 1214 Charlotte, NC 28201-1214
A foreign country, U.S. possession or territory; or uses an APO or FPO address; or files Form 2555 or 4563; or is a dual-status alien. If taxpayer lives in American Samoa, Puerto Rico, Guam, U.S. Virgin Islands, or the Northern Mariana Islands, see Pub 570.	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA

Where to File Form 1040-ES for 2023

Due Dates: See *Estimated Tax Payments—Due Dates on Page 16-7 of the 1040 Quickfinder® Handbook*

Due Dates for Estimated Tax Payments Due Dates on Page 10 For the 2016-2017 Quarters

Address to: “Internal Revenue Service”		
Taxpayer lives in:	Send to:	
AL, AZ, FL, GA, LA, MS, NM, NC, SC, TN, TX	P.O. Box 1300	Charlotte, NC 28201-1300
AR, CT, DE, DC, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, OK, RI, VT, VA, WV, WI	P.O. Box 931100	Louisville, KY 40293-1100
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, PA, SD, UT, WA, WY	P.O. Box 802502	Cincinnati, OH 45280-2502
A foreign country, American Samoa, or Puerto Rico (or is excluding income under IRC Sec. 933); or uses an APO or FPO address; or files Form 2555 or 4563; or is a dual-status alien or nonpermanent resident of Guam or the U.S. Virgin Islands.	P.O. Box 1303	Charlotte, NC 28201-1303, USA
Address to: “Department of Revenue and Taxation, Government of Guam”		
Guam: Bona fide residents*	P.O. Box 23607	GMF, GU 96921
Address to: “Virgin Islands Bureau of Internal Revenue”		
U.S. Virgin Islands: Bona fide residents*	6115 Estate Smith Bay, Suite 225 St. Thomas, VI 00802	
*Bona fide residents must prepare separate vouchers for estimated income tax and self-employment tax payments. Send the income tax vouchers to the address for bona fide residents and the self-employment tax vouchers to the address for non-bona fide residents.		

Where to File Form 4868 for 2022 Return

Due Date: April 18, 2023

	Address to: <i>“Department of the Treasury, Internal Revenue Service Center”</i>	Address to: <i>“Internal Revenue Service”</i>
Taxpayer lives in:	Without payment	With payment
AL, GA, NC, SC, TN	Kansas City, MO 64999-0045	P.O. Box 1302 Charlotte, NC 28201-1302
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, SD, UT, WA, WY	Ogden, UT 84201-0045	P.O. Box 802503 Cincinnati, OH 45280-2503
AZ, NM	Austin, TX 73301-0045	P.O. Box 802503 Cincinnati, OH 45280-2503
AR, CT, DE, DC, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, OK, RI, VT, VA, WV, WI	Kansas City, MO 64999-0045	P.O. Box 931300 Louisville, KY 40293-1300
PA	Kansas City, MO 64999-0045	P.O. Box 802503 Cincinnati, OH 45280-2503
FL, LA, MS, TX	Austin, TX 73301-0045	P.O. Box 1302 Charlotte, NC 28201-1302
A foreign country, American Samoa, or Puerto Rico; or is excluding income under IRC Sec. 933; or using an APO or FPO address; or filing Form 2555 or 4563; or is a dual-status alien; or is a nonpermanent resident of Guam or the U.S. Virgin Islands.	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA
All foreign estate and trust Form 1040-NR filers	Kansas City, MO 64999-0045 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA
All other Form 1040-NR, 1040-PR, and 1040-SS filers	Austin, TX 73301-0045 USA	P.O. Box 1302 Charlotte, NC 28201-1302 USA

— End of Tab 3 —

Alimony Received

See *Alimony* on Page 13-11.

Enter amounts received as alimony or separate maintenance pursuant to a divorce or separation agreement entered into on or before December 31, 2018. Enter the month and year of the original divorce or separation agreement that relates to the alimony payment reported. If alimony payments are from more than one divorce or separation agreement, enter the month and year from the divorce or separation agreement for which the most income was received. Attach a statement listing the month and year of the other agreements.

Business Income/Loss

See Tab 6.

Other Gains/Losses

See *Sales of Business Property* on Page 7-12.

Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, etc.

See Tab 8.

Farm Income/Loss

See *Schedule F—Profit/Loss From Farming* on Page 6-16.

Unemployment Compensation

See IRS Pub. 525.

Unemployment compensation is taxable [IRC Sec. 85(a)]. Total unemployment compensation is reported to the taxpayer on Form 1099-G. If an overpayment was received and repaid during the year, subtract the repayment amount from the total and enter the result on line 7 of Form 1040, Schedule 1. Write "Repaid" and the amount repaid on the dotted line.

Repayments for prior years cannot be deducted from the benefits reported on line 7. See *Repayments of Income* on Page 5-20 for information on how to handle prior year repayments.

Other Income

Use line 8 of Form 1040, Schedule 1 to report any taxable income not reported elsewhere on the return. List the type and amount of income and, if necessary, include a statement showing the required information.

Examples of income to report:

- Income from the exercise of stock options not otherwise reported on Form 1040, line 1.
- Income from the rental of personal property if the taxpayer was not in the business of renting such property. Report expenses on line 24 of Form 1040, Schedule 1.
- Income from an activity not engaged in for profit. See *Business vs. Hobby Losses* on Page 6-10.
- Net operating loss deduction. See *Net Operating Loss (NOL)* on Page 6-13.
- Most prizes and awards.
- Olympic and Paralympic medals and USOC prize money. See Form 1040, Schedule 1 instructions.
- Jury duty pay.
- Gambling winnings. (Winnings over certain thresholds generally reported to taxpayer on Form W-2G.)
- Foreign earned income exclusion and/or the housing exclusion claimed on Form 2555, Part VIII.
- Taxable distributions from qualified tuition programs (QTPs) or Coverdell education savings accounts (ESAs). Taxable amount may be subject to 10% penalty, reported on Form 5329. See *Education Savings Accounts* on Page 13-8 and *Qualified Tuition (Section 529) Programs* on Page 13-7.

- Taxable distributions from a health savings account (see *Taxable health savings account (HSA) distributions* on Page 4-21) or an Archer MSA. Taxable distributions may also be subject to a penalty tax. See Forms 8889 and 8853.
- Deemed income from an HSA because the individual did not remain HSA-eligible during the testing period. See *Recapture* on Page 4-22.
- Reemployment trade adjustment assistance (RTAA) payments (Form 1099-G, box 5).
- Loss on certain corrective distributions of excess elective deferrals to employer retirement plans. A loss is reported as a negative amount and identified as "Loss on Excess Deferral Distribution."
- Dividends on insurance policies if they exceed the total of all net premiums paid for the contract.
- Taxable cancellation of debt income (non-business debts). See *Canceled Debt* on Page 4-4.
- Recapture of charitable contribution deductions related to donations of fractional interests in personal property or to property donations when the charity disposes of the property within three years.
- Taxable part of disaster relief payments.
- Taxable distributions from an ABL account. See *Qualified ABL Programs* on Page 13-3.
- Scholarship and fellowship grants not reported on Form W-2.
- Nontaxable amount of Medicaid waiver payment included on Form 1040, line 1a or 1d. See instructions.
- Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental Section 457 plan.
- Wages earned while incarcerated.
- Section 461(l) excess business loss adjustments.
- U.S. shareholders of controlled foreign corporations are required to report their (1) prorata share of the corporation's subpart F income under IRC Sec. 951, and (2) the global intangible low-taxed income (GILTI) in taxable income under IRC Sec. 951A. Include the amount figured on Form 8992, and attach a copy. Attach a copy of Form 5471 if applicable.
- Income and taxable reimbursements not included on any other line or schedule.

Taxable health savings account (HSA) distributions. Distributions not used for qualified medical expenses of the account beneficiary, spouse, or dependents are included in gross income and subject to a 20% penalty. Exceptions to the penalty include distributions after the beneficiary's death, disability or attainment of age 65. (Qualified medical expenses are generally the same as for itemized medical expenses. See Tab 5. *Exception:* Insurance premiums normally are not treated as a qualified medical expense for HSAs.)

All HSA distributions are reported on Form 8889 [Health Savings Accounts (HSAs)] where the taxable amount and 20% penalty, if any, are computed and carried to line 8f of Form 1040, Schedule 1; and line 17c of Form 1040, Schedule 2, respectively.


Crowdfunding. For years beginning after 2022 (tax year 2022 was a transitional year—see Notice 2023-10), the Form 1099-K filing threshold is met when the total of all payments distributed to a person is more than \$600, regardless of the number of transactions or donations. However, payment processors are not required to file Form 1099-K if the contributors to the crowdfunding campaign do not receive goods or services for their contributions. Therefore, when a payment processor distributes money raised meeting the reporting threshold (\$600), and the contributors received goods or services for their contributions, then a Form 1099-K is required to be filed. Box 1 should reflect the gross amount of the distributions made during the calendar year; however, the issuance of Form 1099-K does not automatically mean the amount reported is taxable to the recipient.

The income tax consequences depend on all the facts and circumstances and the distribution of the money raised may not be

Limits on Charitable Contributions

Increased limit. The TCJA raised the AGI percentage limitation to 60% for cash contributions to 50% charities for tax years 2018–2025. The other limits of 50%, 30%, and 20% remain unchanged.

Overall limit. An overall 50%-of-AGI limit generally applies to a taxpayer's aggregate deductible contributions (including those subject to the separate 20% or 30% limitation). However, this limit does not apply to contributions subject to the 60%-of-AGI limit or certain qualified conservation contributions (see *Qualified Conservation Contributions* on Page 5-14).

 **Practice Tip:** The deduction limit percentage for many charities is available online as part of the Tax Exempt Organization Search at <https://apps.irs.gov/app/eos/>. In addition, the IRS has ruled that individuals may rely on the IRS's online database of tax-exempt organizations for determining an organization's tax-exempt status; in the event the IRS determines that an organization ceases to qualify as tax-exempt, donations by individuals unaware of the change continue to be deductible until the IRS makes a public announcement of the change in status (Rev. Proc. 2018-32).

Up to 60%-of-AGI limit. Donation of cash to a publicly supported charity or foundation qualifying as a 50% limit organization.


Examples of 50% limit organizations: Churches, educational organizations, hospitals, medical research organizations, publicly supported organizations that receive a substantial amount of support from the general public or governmental units, private operating foundations, private nonoperating foundations that distribute 100% of the contributions to qualified charities within 2½ months after the end of the tax year, private foundations that pool contributions into a common fund and allow contributors to name the charities to receive their gifts if the income is distributed within 2½ months after the end of the tax year.

Up to 50%-of-AGI limit. Donation of property (other than capital gain property) to a publicly supported charity or foundation qualifying as a 50% limit organization.

Up to 30% of AGI limit:

- Donation of capital gain property to a 50% limit organization. Property is *capital gain property* if its sale at FMV on the date of the contribution would have resulted in long-term capital gain. **Exception:** 30% limit does not apply if donor elects to deduct only the property's cost or other basis rather than its FMV.
- Donation of cash or property (other than capital gain property) to any qualified organizations other than 50% limit organizations (includes veterans' organizations, fraternal societies, nonprofit cemeteries, certain private nonoperating foundations).

Up to 20%-of-AGI limit. Donation of capital gain property to any qualified organizations other than 50% limit organizations.

 **Practice Tip:** For multiple contributions subject to different limits, use the worksheet in Pub. 526 to compute the deduction.

Five-Year Contribution Carryforward

Contributions that exceed the AGI limit in the current year can be carried forward to each of the five succeeding years. Carryover contributions are subject to the original percentage limits in the carryover years, and are deducted after deducting allowable contributions for the current year. If there are carryovers from two or more years, use the earlier year carryover first. See *Carryover Schedule for Charitable Contributions* on Page 3-6.

Example: Laurie's AGI for 2022 is \$100,000. During 2022, she made cash contributions to her church and the American Red Cross (50% charities) of \$70,000 each (for a total of \$140,000). Laurie is entitled to deduct \$60,000 (60% of her \$100,000 AGI). The \$80,000 excess contribution has a five-year carry-forward and is treated as subject to the AGI limitation applicable in those years.


Contribution deductions disallowed due to NOL carryovers are added to the unused NOL as additional NOL and no longer treated as contributions [Reg. 1.170A-10(d)].

Standard deduction claimed. If the taxpayer claims the standard deduction in any of the carryover years (including the contribution year), the carryover amount is reduced by the amount that would have been deductible if itemizing (Reg. 1.170A-10).

Deceased spouse. Carryovers allocable to the excess contributions of a deceased spouse may only be claimed on the final return of the deceased spouse, not by the surviving spouse [Reg. 1.170A-10(d)(4)(iii)].

Qualified Conservation Contributions

The deduction for qualified conservation contributions is limited to 50% of AGI (100% of AGI for qualified farmers and ranchers) minus the deduction for all other charitable contributions [IRC Sec. 170(b)(1)(E)]. Any excess amount is carried forward 15 years.

 **Caution:** The IRS has announced that conservation easement transactions involving syndication of interests in pass-through entities and similar transactions are listed transactions (that is, presumed tax shelters) and therefore, they must be disclosed by the participants (investors) claiming a share of the charitable contribution deduction (Notices 2017-10, 2017-29, 2017-58; Ann. 2022-28; Prop. Reg. 1.6011-9). IRC Sec. 170(f)(19) and (h)(7) provide specific reporting requirements for, and deduction limitations on, qualified conservation contributions made by pass-through entities after December 29, 2022.

The disclosure is made on Form 8886 (Reportable Transaction Disclosure Statement) filed with the tax return for each year in which the taxpayer participated in a reportable transaction. In the initial year of filing Form 8886, an exact copy of the form is sent to the IRS's Office of Tax Shelter Analysis (OTSA) at the address listed in the Form 8886 instructions.

Contributions That Benefit the Taxpayer

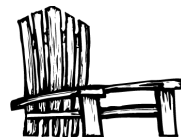
Contributions that are made partly for goods or services provided by the organization are deductible if:

- 1) The amount of the payment exceeds the FMV of goods and services received and
- 2) The donor intends to make a payment in excess of the FMV of goods and services.

Example: Anita makes a large contribution to a charity that has a history of sponsoring a dinner-dance for donors making substantial contributions. The charitable deduction is limited to amount of the donation less the FMV of the anticipated dinner-dance even if the dance takes place in the following year.

Refused benefits. A donor can claim a full deduction if all benefits are actively refused (such as checking off a refusal box on a form sent by the charity) (Rev. Rul. 67-246).


Benefits received. If the donor receives some benefit, the charity must provide a statement as to the deductible amount of the contribution. The charity must make a "good faith estimate" of the FMV of goods/services provided to the donor.



Token benefits. A donor can disregard benefits if either:


- The benefits received do not exceed the lesser of 2% of the contribution or \$117 (for 2022) or
- The gift is \$58.50 or more and the benefit received bears the charity's name or logo and has an aggregate cost not more than \$11.70 (for 2022).


the filing of Forms 1099 and if so, whether the Forms 1099 were filed. For example, payments totaling \$600 or more are made to a service provider (who is not a corporation) during the year.


 **Note:** For nonemployee compensation payments made, Form 1099-NEC (Nonemployee Compensation) is used instead of Form 1099-MISC for payments made to a payee of at least \$600.

Part I—Income

Report income consistently from year to year under the accounting method chosen on line F.


 **Line 1: Gross receipts or sales.** Enter gross receipts or sales from the business, including any taxable amounts reported on Forms 1099-K, 1099-MISC, or 1099-NEC. If the total income reported in box 1 of Form 1099-NEC received in connection with the taxpayer's trade or business is more than the amount the taxpayer reports on Schedule C, line 1, attach a statement explaining the difference. Taxpayers are not required to reconcile their gross receipts to amounts reported on Form 1099-K.


 **Law Change Alert:** Beginning with payment transactions settled after December 31, 2022 (tax year 2022 was a transitional year—see Notice 2023-10), the reporting threshold for third party settlement organizations (such as Venmo, Paypal, Etsy, and Ebay) is reduced from \$20,000 in aggregate payments and 200 transactions to solely a threshold of \$600 in aggregate payments (with no minimum transaction requirement). Only transactions for goods or services are required to be included on Form 1099-K. If applicable, taxpayers will need to separate business transactions from personal transactions reported on Form 1099-K to determine their reportable taxable income. Organized documentation and recordkeeping will be crucial to prove that transactions are not of a business nature.


 **Strategy:** If the information on Form 1099-MISC or 1099-NEC is incorrect, request a corrected copy from the payer. If the payer will not issue a corrected form, attach an explanation to the tax return. Also, although the IRS is not matching amounts reported to sole proprietors on Form 1099-K to the Schedule C, taxpayers whose amounts reported on Form 1099-K make up a higher than expected portion of gross receipts may be asked to provide additional information to the IRS.

If the business engaged in any bartering transactions, include the FMV of goods or services received. Do not include interest earned from a business bank account. Report interest income on Schedule B.

Statutory employees. See *Statutory Employees* on Page 6-13. Be sure to check the box next to line 1 of Schedule C.

 **Line 2: Returns and allowances.** Enter amounts for returned sales, rebates or allowances from the sales price.

 **Line 4: Cost of goods sold.** See instructions for *Lines 33–42* under *Part III—Cost of Goods Sold* on Page 6-5.

 **Line 6: Other income.** List business-related items including:


- Finance reserve income.
- Scrap sales.
- Bad debts recovered.
- Interest received (such as on notes and accounts receivable).
- State gasoline or fuel tax refunds received in the current tax year.
- Income from trade or business shown on Form 1099-PATR.
- Recapture of excess depreciation (including any Section 179 deduction) from Form 4797 (Sales of Business Property) when business use of listed property drops to 50% or less.
- Prizes and awards received related to the trade or business.
- Credit for federal tax paid on gasoline or other fuels claimed on the prior year Form 1040.

- Cancellation of debt (COD) income related to the sole proprietor's business. (See *Canceled Debt* on Page 4-4 for situations when COD is not taxable.)


- Other kinds of miscellaneous business income.


Part II—Expenses

Deductible business expenses must be ordinary and necessary in carrying on a trade or business (IRC Sec. 162). Certain expenses attributable to the production or acquisition of property for resale cannot be deducted currently. They must be included in inventory costs or capitalized. See instructions for *Lines 33–42* under *Part III—Cost of Goods Sold* on Page 6-5.

 **Observation:** Business expenses paid with a third-party credit card should be deductible when charged, not when the credit card bill is paid, based on IRS rulings that addressed charitable contributions and medical expenses paid by credit card (Rev Ruls. 78-38 and 78-39).


Expenses paid after close of business. If expenses incurred in prior years are paid in the current year by a cash method taxpayer, they are deductible on Schedule C even if the business has been discontinued (Rev. Rul. 67-12).


 **Line 8: Advertising.** The expenses must bear a reasonable relationship to the business activity. Advertising to influence legislation is not deductible.


 **Line 9: Car and truck expenses.** Expenses are deducted under one of the following methods:

- 1) **Actual cost.** Deduct the business-use percentage times the actual cost of operating the vehicle (gas, oil, repairs, insurance, tires, license, etc.). Show depreciation on line 13 and rent/lease payments on line 20a.
- 2) **Standard mileage.** For 2022, the business standard mileage rate is 58.5¢ per mile from January–June and 62.5¢ per mile from July–December. The standard rate includes all vehicle operating and ownership costs—except the business percentage of auto loan interest, auto personal property taxes, and business parking and tolls (these amounts can be deducted in addition to the standard mileage rate).

Information on vehicle. If any car or truck expenses are deducted, Part IV of Schedule C or Part V of Form 4562 must be completed. Use Form 4562 to answer the mileage questions only if that form is required for other reasons (such as claiming a depreciation, amortization, or Section 179 deduction). Otherwise, use Schedule C. See Tab 11 for claiming deductions for the business use of vehicles.

 **Line 10: Commissions and fees.** Deduct commissions and fees other than amounts paid for contract labor.

 **Line 11: Contract labor.** Deduct expenses paid for services performed by nonemployees. Do not include contract labor deducted elsewhere, such as on lines 17, 21, 26, or 37. If \$600 or more is paid to an individual for services performed during the year, the payer must file Forms 1099-NEC and 1096 with the IRS. A copy of Form 1099-NEC must be given to the worker (IRC Sec. 6041). See *Independent Contractors* on Page 6-11 for more information.

 **Line 12: Depletion.** A depletion deduction is allowed when a taxpayer has an economic interest in mineral property, an oil, gas or geothermal well, or standing timber.

For oil and gas properties, taxpayers can deduct the greater of cost or, if they qualify, percentage depletion for each property (well or interest). See *Depletion* on Page 12-27. See *Timber depletion* on Page 6-21 for depleting an interest in timber.

Schedule C—Principal Business or Professional Activity Codes

The six-digit codes are based on the North American Industry Classification System (NAICS).
Select the category that best describes the primary business activity. Then, select the activity that best identifies the principal source of sales or receipts.

These codes for the Principal Business or Professional Activity classify sole proprietorships by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).		Select the category that best describes your primary business activity (for example, Real Estate). Then select the activity that best identifies the principal source of your sales or receipts (for example, real estate agent). Now find the six-digit code assigned to this activity (for example, 531210, the code for offices of real estate agents and brokers) and enter it on Schedule C, line B.	
		Note. If your principal source of income is from farming activities, you should file Schedule F.	
Accommodation, Food Services, & Drinking Places Accommodation 721310 Rooming & boarding houses, dormitories, & workers' camps 721210 RV (recreational vehicle) parks & recreational camps 721100 Traveler accommodation (including hotels, motels, & bed & breakfast inns) Food Services & Drinking Places 722514 Cafeterias, grill buffets, & buffets 722410 Drinking places (alcoholic beverages) 722511 Full-service restaurants 722513 Limited-service restaurants 722515 Snack & non-alcoholic beverage bars 722300 Special food services (including food service contractors & caterers)	113000 Forestry & logging (including forest nurseries & timber tracts) 114210 Hunting & trapping Support Activities for Agriculture & Forestry 115210 Support activities for animal production (including farriers) 115110 Support activities for crop production (including cotton ginning, soil preparation, planting, & cultivating) 115310 Support activities for forestry	238170 Siding contractors 238910 Site preparation contractors 238120 Structural steel & precast concrete construction contractors 238340 Tile & terrazzo contractors 238290 Other building equipment contractors 238390 Other building finishing contractors 238190 Other foundation, structure, & building exterior contractors 238990 All other specialty trade contractors	621400 Outpatient care centers 621900 Other ambulatory health care services (including ambulance services, blood, & organ banks) Hospitals 622000 Hospitals Nursing & Residential Care Facilities 623000 Nursing & residential care facilities Social Assistance 624410 Childcare services 624200 Community food & housing, & emergency & other relief services 624100 Individual & family services 624310 Vocational rehabilitation services
Administrative & Support and Waste Management & Remediation Services Administrative & Support Services 561430 Business service centers (including private mail centers & copy shops) 561740 Carpet & upholstery cleaning services 561440 Collection agencies 561450 Credit bureaus 561410 Document preparation services 561300 Employment services 561710 Exterminating & pest control services 561210 Facilities support (management) services 561600 Investigation & security services 561720 Janitorial services 561730 Landscaping services 561110 Office administrative services 561420 Telephone call centers (including telephone answering services & telemarketing bureaus) 561500 Travel arrangement & reservation services 561490 Other business support services (including repossession services, court reporting, & stenotype services) 561790 Other services to buildings & dwellings 561900 Other support services (including packaging & labeling services, & convention & trade show organizers) Waste Management & Remediation Services 562000 Waste management & remediation services	Arts, Entertainment, & Recreation Amusement, Gambling, & Recreation Industries 713100 Amusement parks & arcades 713200 Gambling industries 713900 Other amusement & recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses) Museums, Historical Sites, & Similar Institutions 712100 Museums, historical sites, & similar institutions Performing Arts, Spectator Sports, & Related Industries 711410 Agents & managers for artists, athletes, entertainers, & other public figures 711510 Independent artists, writers, & performers 711100 Performing arts companies 711300 Promoters of performing arts, sports, & similar events 711210 Spectator sports (including professional sports clubs & racetrack operations)	Educational Services 611000 Educational services (including schools, colleges, & universities) Finance & Insurance Credit Intermediation & Related Activities 522100 Depository credit intermediation (including commercial banking, savings institutions, & credit unions) 522200 Nondepository credit intermediation (including sales financing & consumer lending) 522300 Activities related to credit intermediation (including loan brokers) Insurance Agents, Brokers, & Related Activities 524210 Insurance agencies & brokerages 524290 Other insurance related activities Securities, Commodity Contracts, & Other Financial Investments & Related Activities 523160 Commodity contracts intermediation 523150 Investment banking & securities intermediation 523210 Securities & commodity exchanges 523900 Other financial investment activities (including investment advice)	Information Publishing Industries 513000 Publishing industries Broadcasting & Content Providers & Telecommunications 516000 Broadcasting & content providers 517000 Telecommunications (including Wired, Wireless, Satellite, Cable & Other Program Distribution, Resellers, Agents, Other Telecommunications, & Internet service providers) Data Processing, Web Search Portals, & Other Information Services 518210 Computing infrastructure providers, data processing, web hosting, & related services 519200 Web search portals, libraries, archives, & other info. services Motion Picture & Sound Recording 512100 Motion picture & video industries (except video rental) 512200 Sound recording industries
Agriculture, Forestry, Hunting, & Fishing 112900 Animal production (including breeding of cats and dogs) 114110 Fishing	Construction of Buildings 236200 Nonresidential building construction 236100 Residential building construction Heavy and Civil Engineering Construction 237310 Highway, street, & bridge construction 237210 Land subdivision 237100 Utility system construction 237990 Other heavy & civil engineering construction Specialty Trade Contractors 238310 Drywall & insulation contractors 238210 Electrical contractors 238350 Finish carpentry contractors 238330 Flooring contractors 238130 Framing carpentry contractors 238150 Glass & glazing contractors 238140 Masonry contractors 238320 Painting & wall covering contractors 238220 Plumbing, heating & air-conditioning contractors 238110 Poured concrete foundation & structure contractors 238160 Roofing contractors	Health Care & Social Assistance Ambulatory Health Care Services 621610 Home health care services 621510 Medical & diagnostic laboratories 621310 Offices of chiropractors 621210 Offices of dentists 621330 Offices of mental health practitioners (except physicians) 621320 Offices of optometrists 621340 Offices of physical, occupational & speech therapists, & audiologists 621111 Offices of physicians (except mental health specialists) 621112 Offices of physicians, mental health specialists 621391 Offices of podiatrists 621399 Offices of all other miscellaneous health practitioners	334000 Computer & electronic product mfg. 335000 Electrical equipment, appliance, & component mfg. 332000 Fabricated metal product mfg. 337000 Furniture & related product mfg. 333000 Machinery mfg. 339110 Medical equipment & supplies mfg. 322000 Paper mfg. 324100 Petroleum & coal products mfg. 326000 Plastics & rubber products mfg. 331000 Primary metal mfg. 323100 Printing & related support activities 313000 Textile mills 314000 Textile product mills 336000 Transportation equipment mfg. 321000 Wood product mfg. 339900 Other miscellaneous mfg. Chemical Manufacturing 325100 Basic chemical mfg. 325500 Paint, coating, & adhesive mfg.

Note: These codes are from draft instructions. Final instructions not available at the date of publication.

Schedule C—Principal Business or Professional Activity Codes (Continued)

325300 Pesticide, fertilizer, & other agricultural chemical mfg.	811190 Other automotive repair & maintenance (including oil change & lubrication shops & car washes)	532282 Video tape & disc rental	459410 Office supplies & stationery retailers
325410 Pharmaceutical & medicine mfg.	811310 Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance	532289 Other consumer goods rental	459910 Pet & pet supplies retailers
325200 Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg.	811210 Electronic & precision equipment repair & maintenance	Religious, Grantmaking, Civic, Professional, & Similar Organizations 813000 Religious, grantmaking, civic, professional, & similar organizations	459510 Used merchandise retailers
325600 Soap, cleaning compound, & toilet preparation mfg.	811430 Footwear & leather goods repair		459990 All other miscellaneous retailers (including tobacco, candle, & trophy retailers)
325900 Other chemical product & preparation mfg.	811410 Home & garden equipment & appliance repair & maintenance	Retail Trade Building Material & Garden Equipment & Supplies Dealers 444140 Hardware retailers 444110 Home centers 444200 Lawn & garden equipment & supplies retailers 444120 Paint & wallpaper retailers 444180 Other building materials dealers	Nonstore Retailers Nonstore retailers sell all types of merchandise using such methods as Internet, mail-order catalogs, interactive television, or direct sales. These types of Retailers should select the PBA associated with their primary line of products sold. For example, establishments primarily selling prescription and non-prescription drugs, select PBA code 456110 <i>Pharmacies & Drug Retailers</i> .
Food Manufacturing 311110 Animal food mfg. 311800 Bakeries, tortilla, & dry pasta mfg. 311500 Dairy product mfg. 311400 Fruit & vegetable preserving & specialty food mfg. 311200 Grain & oilseed milling 311610 Animal slaughtering & processing 311710 Seafood product preparation & packaging 311300 Sugar & confectionery product mfg. 311900 Other food mfg. (including coffee, tea, flavorings, & seasonings)	811420 Reupholstery & furniture repair 811490 Other personal & household goods repair & maintenance		
316210 Footwear mfg. (including leather, rubber, & plastics)	Professional, Scientific, & Technical Services 541100 Legal services 541211 Offices of certified public accountants 541214 Payroll services 541213 Tax preparation services 541219 Other accounting services Architectural, Engineering, & Related Services 541310 Architectural services 541350 Building inspection services 541340 Drafting services 541330 Engineering services 541360 Geophysical surveying & mapping services 541320 Landscape architecture services 541370 Surveying & mapping (except geophysical) services 541380 Testing laboratories & services	Clothing & Accessories Retailers 458110 Clothing & clothing accessories retailers 458310 Jewelry retailers 458320 Luggage & leather goods retailers 458210 Shoe retailers Electronic & Appliance Retailers 449210 Electronics & appliance retailers (including computers) Food & Beverage Retailers 445320 Beer, wine, & liquor retailers 445250 Fish & seafood retailers 445230 Fruit & vegetable retailers 445100 Grocery & convenience retailers 445240 Meat retailers 445290 Other specialty food retailers 445132 Vending machine operators	Transportation & Warehousing 481000 Air transportation 485510 Charter bus industry 484110 General freight trucking, local 484120 General freight trucking, long distance 485210 Interurban & rural bus transportation 486000 Pipeline transportation 482110 Rail transportation 487000 Scenic & sightseeing transportation 485410 School & employee bus transportation 484200 Specialized freight trucking (including household moving vans) 485300 Taxi, limousine, & ridesharing service 485110 Urban transit systems 483000 Water transportation 485990 Other transit & ground passenger transportation 488000 Support activities for transportation (including motor vehicle towing)
316110 Leather & hide tanning & finishing 316990 Other leather & allied product mfg.			
Nonmetallic Mineral Product Manufacturing 327300 Cement & concrete product mfg. 327100 Clay product & refractory mfg. 327210 Glass & glass product mfg. 327400 Lime & gypsum product mfg. 327900 Other nonmetallic mineral product mfg.	Computer Systems Design & Related Services 541510 Computer systems design & related services Specialized Design Services 541400 Specialized design services (including interior, industrial, graphic, & fashion design) Other Professional, Scientific, & Technical Services 541800 Advertising, public relations, & related services 541600 Management, scientific, & technical consulting services 541910 Market research & public opinion polling 541920 Photographic services 541700 Scientific research & development services 541930 Translation & interpretation services 541940 Veterinary services 541990 All other professional, scientific, & technical services	Furniture & Home Furnishings Retailers 449110 Furniture retailers 449120 Home furnishings retailers Gasoline Stations & Fuel dealers 457100 Gasoline stations (including convenience stores with gas) 457210 Fuel dealers (including heating oil & liquefied petroleum) General Merchandise Retailers 455000 General merchandise retailers Health & Personal Care Retailers 456120 Cosmetics, beauty supplies, & perfume retailers 456130 Optical goods retailers 456110 Pharmacies & drug retailers 456190 Other health & personal care retailers Motor Vehicle & Parts Dealers 441300 Automotive parts, accessories, & tire retailers 441222 Boat dealers 441227 Motorcycle, ATV, & all other motor vehicle dealers 441110 New car dealers 441210 Recreational vehicle dealers (including motor home & travel trailer dealers) 441120 Used car dealers Sporting Goods, Hobby, Book, Musical Instrument & Miscellaneous Retailers 459210 Book retailers & news dealers (including newsstands) 459120 Hobby, toy, & game retailers 459140 Musical instrument & supplies retailers 459130 Sewing, needlework, & piece goods retailers 459110 Sporting goods retailers 459920 Art dealers 459310 Florists 459420 Gift, novelty, & souvenir retailers 459930 Manufactured (mobile) home dealers	Couriers & Messengers 492000 Couriers & messengers Warehousing & Storage Facilities 493100 Warehousing & storage (except leases of miniwarehouses & self-storage units) Utilities 221000 Utilities Wholesale Trade Merchant Wholesalers, Durable Goods 423200 Furniture & home furnishing 423700 Hardware, & plumbing & heating equipment & supplies 423600 Household appliances & electrical & electronic goods 423940 Jewelry, watch, precious stone, & precious metals 423300 Lumber & other construction materials 423800 Machinery, equipment, & supplies 423500 Metal & mineral (except petroleum) 423100 Motor vehicle & motor vehicle parts & supplies 423400 Professional & commercial equipment & supplies 423930 Recyclable materials 423910 Sporting & recreational goods & supplies 423920 Toy & hobby goods & supplies 423990 Other miscellaneous durable goods Merchant Wholesalers, Nondurable Goods 424300 Apparel, piece goods, & notions
Mining 212110 Coal mining 211120 Crude petroleum extraction 212200 Metal ore mining 211130 Natural gas extraction 212300 Nonmetallic mineral mining & quarrying 213110 Support activities for mining			
Other Services Personal & Laundry Services 812111 Barber shops 812112 Beauty salons 812220 Cemeteries & crematories 812310 Coin-operated laundries & drycleaners 812320 Drycleaning & laundry services (except coin-operated) (including laundry & drycleaning drop-off & pickup sites) 812210 Funeral homes & funeral services 812330 Linen & uniform supply 812113 Nail salons 812930 Parking lots & garages 812910 Pet care (except veterinary) services 812920 Photofinishing 812190 Other personal care services (including diet & weight reducing centers) 812990 All other personal services Repair & Maintenance 811120 Automotive body, paint, interior, & glass repair 811110 Automotive mechanical & electrical repair & maintenance	Real Estate & Rental & Leasing Real Estate 531100 Lessors of real estate (including miniwarehouses & self-storage units) 531210 Offices of real estate agents & brokers 531320 Offices of real estate appraisers 531310 Real estate property managers 531390 Other activities related to real estate Rental & Leasing Services 532100 Automotive equipment rental & leasing 532400 Commercial & industrial machinery & equipment rental & leasing 532210 Consumer electronics & appliances rental 532281 Formal wear & costume rental 532310 General rental centers 532283 Home health equipment rental 532284 Recreational goods rental		

Note: These codes are from draft instructions. Final instructions not available at the date of publication.

Schedule C—Principal Business or Professional Activity Codes (Continued)

424800	Beer, wine, & distilled alcoholic beverages	424910	Farm supplies	424700	Petroleum & petroleum products	Wholesale Trade Agents & Brokers
424920	Books, periodicals, & newspapers	424930	Flower, nursery stock, & florists' supplies	424940	Tobacco products & electronic cigarettes	
424600	Chemical & allied products	424400	Grocery & related products	424990	Other miscellaneous nondurable goods	999999 Unclassified establishments (unable to classify)
424210	Drugs & druggists' sundries	424950	Paint, varnish, & supplies			
424500	Farm product raw materials	424100	Paper & paper products			

Note: These codes are from draft instructions. Final instructions not available at the date of publication.

Notes

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for handwriting practice or general writing. There are no margins, text, or other markings on the page.

Advantages to Employer and Self-Employed Plans

Qualified plans, SEPs, and SIMPLEs:

- Contributions are generally tax deductible by the contributor and tax deferred for the plan participant. Earnings on contributions are tax deferred until withdrawn.
- Maximum contributions (including SEPs and SIMPLEs) are generally greater than IRAs.

SEPs and SIMPLEs:

- Easy to set up and maintain.
- Allow plan participant to choose how funds are invested as opposed to a plan administrator through employer.
- Participant is always 100% vested in the plan.

SEPs:

- No annual reporting requirements; easy to administer.
- Do not require recurring contributions.

SIMPLEs: Similar to 401(k) employee elective deferral and employer matching, without complex nondiscrimination and "top-heavy" rules.

401(k) and 403(b) plans:

- Employers allowed to match employee contributions; employee is generally fully vested sooner than with other qualified plans.
- Plan is managed by professionals.
- Easy for employees—contributions through payroll reductions.
- Certain tax-free borrowing from plan is permitted.

Exceptions to 10% Additional Tax Before Age 59½


Note: Distributions treated as a return of nondeductible contributions, distributions of excess contributions or deferrals, and distributions of excess aggregate contributions to meet nondiscrimination requirements are not subject to the 10% additional tax.

Form 5329 Number	Applies to distributions from:	Exception
01.....	Qualified plan	Distribution made to an employee after separating from service in or after the year he reaches age 55 (age 50 for qualified public safety employees).
02.....	Qualified plan or IRA	Distribution is part of a series of substantially equal periodic payments made over the life expectancy of the participant or joint lives of participant and his beneficiary.
03.....	Qualified plan or IRA	Distribution made due to total and permanent disability.
04.....	Qualified plan or IRA	Distribution made due to death.
05.....	Qualified plan or IRA	Distribution to the extent the individual's unreimbursed medical expenses exceed 7.5% of his AGI.
06.....	Qualified plan	Distribution made to an alternate payee pursuant to a qualified domestic relations order (QDRO).
07.....	IRA	Distribution to pay for health insurance premiums for certain unemployed individuals.
08.....	IRA	Distribution to the extent of the qualified higher education expenses for the year of the taxpayer, spouse, child, or grandchild.
09.....	IRA	Distribution for first-time home purchases (no home ownership in prior two years). Exception limited to \$10,000 (lifetime).
10.....	Qualified plan or IRA	Distribution due to an IRS levy on the qualified plan or IRA. The exception will not apply if funds are withdrawn to avoid a levy or to satisfy a levy on other property.
11.....	Qualified plan or IRA	Distribution to reservists while serving on active duty for at least 180 days.
12.....	Qualified plan or IRA	Distribution incorrectly indicated as early by code 1, J, or S in box 7 of Form 1099-R.
13.....	457 plan	Distribution from a Section 457 plan, which isn't from a rollover from a qualified plan.
14.....	Qualified plan	Distribution from an employer plan to an employee (1) who separated from service on or before 3/1/86, (2) who as of 3/1/86, had his entire interest in pay status under a written election providing a specific schedule for the distribution of the entire interest; and (3) whose distribution is being made under the written election.
15.....	Qualified plan	Distribution that is dividend paid with respect to stock described in IRC Sec. 404(k).
16.....	Qualified plan or IRA	Distribution from annuity contract that is allocable to investment in the contract before 8/14/82. See Pub. 575 for additional exceptions that apply to annuities.
17.....	Qualified plan	Distribution of phased retirement annuity payments to federal employees. See Pub. 721.
18.....	Qualified plan	Permissible withdrawals under IRC Sec. 414(w).
19.....	Qualified plan or IRA	Distribution for the birth or adoption of a child (up to \$5,000 per parent, per child).

Law Change Alert: The Consolidated Appropriations Act, 2023, exempts from the 10% additional tax on early distributions from qualified plans and IRAs up to \$22,000 for qualified disaster recovery distributions made within 180 days of a federally declared disaster occurring on or after January 26, 2021 [IRC Sec. 72(t)(2)(M) and (t)(11)]. Distributions are included in income ratably over a three-year period, but can be repaid within three years and not included in income.

Form 1099-R, Box 7 Distribution Codes

- 1 ▶ Early distribution, no known exception (in most cases, under age 59½).
- 2 ▶ Early distribution, exception applies (under age 59½).
- 3 ▶ Disability.
- 4 ▶ Death.
- 5 ▶ Prohibited transaction.
- 6 ▶ Section 1035 exchange (a tax-free exchange of life insurance, annuity, qualified long-term care insurance or endowment contracts).
- 7 ▶ Normal distribution.
- 8 ▶ Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2022.
- 9 ▶ Cost of current life insurance protection.
- A ▶ May be eligible for 10-year tax option (see Form 4972).
- B ▶ Designated Roth account distribution.
- C ▶ Reportable death benefits under IRC Sec. 6050Y.
- D ▶ Annuity payments from nonqualified annuities and distributions from life insurance contracts that may be subject to tax under IRC Sec. 1411.
- E ▶ Distributions under Employee Plans Compliance Resolution System (EPCRS).
- F ▶ Charitable gift annuity.
- G ▶ Direct rollover of a distribution to a qualified plan, a Section 403(b) plan, a governmental Section 457(b) plan or an IRA.
- H ▶ Direct rollover of a designated Roth account distribution to a Roth IRA.
- J ▶ Early distribution from a Roth IRA, no known exception (in most cases, under age 59½).
- K ▶ Distribution of IRA assets not having a readily available FMV.
- L ▶ Loans treated as deemed distributions.
- M ▶ Qualified plan loan offset.
- N ▶ Reclassified IRA contribution made for 2022 and reclassified in 2022.
- P ▶ Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2021.
- Q ▶ Qualified distribution from a Roth IRA.
- R ▶ Reclassified IRA contribution made for 2021 and reclassified in 2022.
- S ▶ Early distribution from a SIMPLE IRA in first two years, no known exception (under age 59½).
- T ▶ Roth IRA distribution, exception applies.
- U ▶ Dividend distribution from ESOP under Section 404(k). **Note:** This distribution is not eligible for rollover.
- W ▶ Charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements.

 **Note:** Form 8915-E was used to report any repayment of a coronavirus-related distribution and to determine the amount of any coronavirus-related distribution includible in income for the 2020 tax year. Form 8915-F is used for the 2021 tax year and beyond to report these repayments and income inclusions.

A *qualified individual* was an individual who:


- 1) Was diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (collectively, COVID-19) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act);
- 2) Has a spouse or dependent who was diagnosed with COVID-19 by such a test; or
- 3) Experiences adverse financial consequences as a result of:
 - a) The individual being quarantined, furloughed, laid off, or having work hours reduced due to COVID-19. This includes the individual being unable to work due to lack of child care due to COVID-19, or the closing or reducing hours of a business owned or operated by the individual due to COVID-19.
 - b) The individual having a reduction in pay (or self-employment income) or a job offer rescinded or start date for a job delayed due to COVID-19.
 - c) The individual's spouse or a member of the individual's household experiencing any of the same factors.

Special tax treatment is provided for a coronavirus-related distribution to a qualified individual. An exception to the 10% additional tax under IRC Sec. 72(t) is provided [including the 25% additional tax under IRC Sec. 72(t)(6) for certain distributions from SIMPLE IRAs], the distribution is allowed to be included in income ratably over three years, and the distribution will be treated as though it were paid in a direct rollover to an eligible retirement plan if the distribution is eligible for tax-free rollover treatment and is recontributed to an eligible retirement plan within the three-year period beginning on the day after the date on which the distribution was received.

Distributions Attributable to Qualified Disasters

The IRS sometimes announces relief that allows 401(k) plans and similar employer-sponsored retirement plans to make loans and hardship distributions to victims of certain disasters.

The IRS provides a disaster relief resource center for tax professionals on the IRS website at www.irs.gov/Tax-Professionals/Disaster-Relief-Resource-Center-for-Tax-Professionals. IRS Pub. 976 (Disaster Relief) has information on the disaster zones and available relief. The IRS has a disaster hotline at (866) 562-5227. Consolidated news releases and links to each specific disaster's information page are available at www.irs.gov/newsroom/tax-relief-in-disaster-situations.

 **Law Change Alert:** The Consolidated Appropriations Act, 2023, exempts from the 10% additional tax on early distributions from qualified plans and IRAs up to \$22,000 for *qualified disaster recovery distributions* made within 180 days of a federally declared disaster occurring on or after January 26, 2021 [IRC Sec. 72(t)(2)(M) and (t)(11)]. Distributions are included in income ratably over a three-year period, but can be repaid within three years and not included in income.

Hardship Distributions

Employees generally cannot withdraw funds from a 401(k) or 403(b) plan until they leave the employer or reach age 59½. However, employees may qualify to withdraw elective contributions before then if there is an immediate and heavy financial need [Reg. 1.401(k)-1(d)(3)].

An employee who receives a hardship distribution may continue to make elective contributions or employee contributions to the plan and all other plans maintained by the employer after receipt of the hardship distribution [Reg. 1.401(k)-1(d)(3)(iii)(C)].


Expenses that satisfy the immediate and heavy financial need requirement [Reg. 1.401(k)-1(d)(3)(ii)(B)]:

- Medical expenses, including expenses for the employee, spouse, dependent, or primary beneficiary under the plan.

Beginning after December 31, 2019, the amount of a taxpayer's QCD that isn't included in gross income for a tax year changed. It is reduced (but not below zero) by the excess of: (1) the total amount of IRA deductions allowed to the taxpayer for all tax years ending on or after the date he attains age 70½, over (2) the aggregate amount of such reductions for all tax years preceding the current tax year [IRC Sec. 408(d)(8)(A); Notice 2020-68].

QCDs are included in the amount reported on line 4a of Form 1040, with any taxable amount reported on line 4b. Enter "QCD" on the line next to line 4b.

If the donor owns one or more IRAs to which nondeductible contributions have been made, the taxable amounts are treated as distributed first for QCD purposes. All of the taxpayer's traditional IRAs are aggregated for this purpose.

 **Caution:** A QCD is tax-free only if the entire amount transferred to the charity would otherwise be deductible as a charitable contribution (ignoring the percentage-of-AGI limits). So, if the deductible amount would be reduced because a benefit is received in exchange, or if a deduction would not be allowable because the donor did not obtain sufficient substantiation, the exclusion is not available for any part of the amount transferred to the charity [IRC Sec. 408(d)(8)(C); Notice 2007-7].

Coronavirus-Related Distributions

A *coronavirus-related distribution* was any distribution from an eligible retirement plan made on or after January 1, 2020 and before December 31, 2020 to a *qualified individual*. Eligible retirement plans included employer plans (generally) and IRAs. The amount of aggregate distributions from all eligible retirement plans that could be treated as coronavirus-related distributions was limited to no more than \$100,000. While this type of distribution is no longer available, the coverage has been included since the repayments of these distributions can be made over a three-year period.

Social Security



Tab 14 Social Security Topics

Social Security and Medicare Highlights.....	Page 14-23
Social Security Benefits	Page 14-23
Social Security Quick Chart—Retirement Benefits (2023)	Page 14-24
Social Security Quick Chart—Family, Survivor, and Disability Benefits (2023).....	Page 14-25
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Family and Survivor Benefits	Page 14-27
Disability Benefits.....	Page 14-27
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Medigap Insurance	Page 14-30
Medicaid.....	Page 14-31
Supplemental Security Income	Page 14-31

Social Security and Medicare Highlights

	2023	2022	2021
Cost-of-living (COLA) adjustment	8.70%	5.90%	1.30%
Maximum earnings and still receive full social security benefits:			
Under full retirement age (FRA) at year-end	\$ 21,240	\$ 19,560	\$ 18,960
Year FRA reached ¹	56,520	51,960	50,520
Month FRA reached and later.....	No Limit	No Limit	No Limit
Maximum earnings subject to:			
Social security tax.....	\$ 160,200	\$ 147,000	\$ 142,800
Medicare tax	No Limit	No Limit	No Limit
Tax Rates			
Employee:			
Social security	6.20%	6.20%	6.20%
Medicare	1.45 ²	1.45 ²	1.45 ²
Employer:			
Social security	6.20%	6.20%	6.20%
Medicare	1.45	1.45	1.45
Self-Employed:			
Social security	12.40%	12.40%	12.40%
Medicare	2.90 ²	2.90 ²	2.90 ²
Earnings needed to earn one quarter of social security coverage	\$ 1,640	\$ 1,510	\$ 1,470
Medicare:			
Part A monthly premium ³	\$ 506.00	\$ 499.00	\$ 471.00
Part B monthly premium ⁴	164.90	\$ 170.10	148.50
Hospital deductible	1,600.00	\$ 1,556.00	1,484.00
Medical deductible	226.00	\$ 233.00	203.00

¹ Limit applies only to months before attaining FRA. See *Earnings May Reduce Benefits* on Page 14-26.

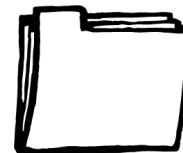
² Plus 0.9% additional Medicare tax on earned income exceeding \$200,000 (\$250,000 combined earned income if MFJ; \$125,000 if MFS).

³ Applies if less than 40 quarters of covered employment. Lower premium if 30–39 quarters of covered employment. See *Medicare Part A Premiums (2023)* on Page 14-28.

⁴ Beneficiaries with higher incomes pay a higher premium. See *Medicare Part B Premiums (2023)* on Page 14-29.

SOCIAL SECURITY BENEFITS

- 1) **Retirement.** Monthly benefits paid to retired workers as early as age 62.
- 2) **Family.** Monthly benefits paid to spouse, children (including dependent adults who have been disabled since childhood), and some ex-spouses of retired and disabled workers.
- 3) **Survivor.** Monthly benefits paid to the surviving spouse, children (including dependent adults who have been disabled since childhood), some ex-spouses, and dependent parents of a deceased worker.
- 4) **Disability.** Monthly benefits paid to workers under age 65 with a qualifying disability.
- 5) **Supplemental Security Income (SSI).** Monthly benefits to disabled adults and children who have limited income and resources and to people age 65 and older without disabilities who meet the financial limits. See *Supplemental Security Income* on Page 14-31.



Social Security Statement

An individual's social security statement is available at www.ssa.gov/myaccount. To access the statement, individuals must create a *my Social Security* account. The statement includes estimates of the individual's retirement and disability benefits, lifetime earnings according to social security's records, and the estimated social security and Medicare taxes the individual has paid.



Estimating Social Security Benefits

An estimate of social security benefits can be found on the social security statement or online at www.ssa.gov/myaccount/retire-calc.html. There are calculators that estimate potential benefit amounts using assumptions about retirement dates and different levels of future earnings. The calculators show retirement benefits as well as disability and survivor benefit amounts.

Tax on Social Security Benefits

A portion of social security benefits is taxed if income above a "base amount" (based on filing status) is received in addition to social security benefits (IRC Sec. 86). Form SSA-1099 is received each January showing the amount of benefits received in the previous year. See the *Social Security Benefits Worksheet (2022)* on Page 3-13.

Single and HOH returns. If combined income is over \$25,000 (base amount) and under \$34,001, up to 50% of benefits are taxable. If combined income is above \$34,000, up to 85% of benefits are taxable.

Joint returns. If combined income is over \$32,000 (base amount) and under \$44,001, up to 50% of benefits are taxable. If combined income is above \$44,000, up to 85% of benefits are taxable.



Married filing separate returns. If the taxpayer lived apart from his spouse all year, benefits are taxed the same as for a single person. If the taxpayer lived with his spouse at any time during the year, the base amount is \$0 and the taxpayer will generally pay tax on up to 85% of benefits regardless of income.

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Reference Materials and Worksheets



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Where to File: Business Returns Filing Addresses—2022 Returns

Note: At the time of publication, the IRS had not released the 2022 filing addresses for business returns. This information will be posted to the *Handbook Updates* section of tax.thomsonreuters.com/quickfinder when available.

Principal Business Activity Codes—Forms 1065, 1120, and 1120-S

Note: At the time of publication, the IRS had not released the 2022 principal business activity codes for business returns. This information will be posted to the *Handbook Updates* section of tax.thomsonreuters.com/quickfinder when available.

Business Quick Facts Data Sheet¹

	2023	2022	2021	2020	2019
FICA/SE Taxes					
Maximum earnings subject to tax:					
Social Security tax	\$ 160,200	\$ 147,000	\$ 142,800	\$ 137,700	\$ 132,900
Medicare tax	No Limit	No Limit	No Limit	No Limit	No Limit
Maximum tax paid by:					
Employee—Social Security	\$ 9,932.40	\$ 9,114.00	\$ 8,853.60	\$ 8,537.40	\$ 8,239.80
SE—Social Security	19,864.80	18,228.00	17,707.20	17,074.80	16,479.60
Employee or SE—Medicare	No Limit	No Limit	No Limit	No Limit	No Limit
Business Deductions					
Section 179 deduction—limit	\$ 1,160,000	\$ 1,080,000	\$ 1,050,000	\$ 1,040,000	\$ 1,020,000
Section 179 deduction—SUV limit (per vehicle)	28,900	27,000	26,200	25,900	25,500
Section 179 deduction—qualifying property phase-out threshold	2,890,000	2,700,000	2,620,000	2,590,000	2,550,000
Depreciation limit—autos, trucks, and vans (1st year with special depreciation)	20,200 ³	19,200	18,200	18,100	18,100
Depreciation limit—autos, trucks, and vans (1st year with no special depreciation)	12,200 ³	11,200	10,200	10,100	10,100
Retirement Plans					
SIMPLE IRA plan elective deferral limits:					
Under age 50 at year end	\$ 15,500	\$ 14,000	\$ 13,500	\$ 13,500	\$ 13,000
Age 50 or older at year end	19,000	17,000	16,500	16,500	16,000
401(k), 403(b), 457, and SARSEP elective deferral limits:					
Under age 50 at year end	\$ 22,500	\$ 20,500	\$ 19,500	\$ 19,500	\$ 19,000
Age 50 or older at year end	30,000	27,000	26,000	26,000	25,000
Profit-sharing plan/SEP contribution limits	66,000	61,000	58,000	57,000	56,000
Compensation limit (for employer contributions to profit-sharing plans)	330,000	305,000	290,000	285,000	280,000
Defined benefit plans—annual benefit limit	265,000	245,000	230,000	230,000	225,000
Key employee compensation threshold	215,000	200,000	185,000	185,000	180,000
Highly compensated threshold	150,000	135,000	130,000	130,000	125,000
Estate and Gift Taxes					
Estate tax exclusion	\$12,920,000 ²	\$12,060,000 ²	\$11,700,000 ²	\$11,580,000 ²	\$11,400,000 ²
Gift tax exclusion	12,920,000 ²	12,060,000 ²	11,700,000 ²	11,580,000 ²	11,400,000 ²
GST tax exemption	12,920,000	12,060,000	11,700,000	11,580,000	11,400,000
Gift tax annual exclusion	17,000	16,000	15,000	15,000	15,000

¹ See Tab 3 for an expanded *Quick Facts Data Sheet*.

² Plus the amount of any deceased spousal unused exclusion and/or any restored exclusion related to lifetime gifts to a same-sex spouse—see Tab 22

³ Amount not released by IRS at publication time; will be posted to the *Handbook Updates* section of tax.thomsonreuters.com/quickfinder when available.

Partnerships



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BASICS OF PARTNERSHIPS

Form 1065; See also IRS Pub. 541 and
Partnership Example on Page 16-16

Filing requirements. Every domestic (non-foreign) partnership that has income, deductions, and/or tax credits for the year must file a return, unless it has elected not to be treated as a partnership (see *Exclusion From Partnership Treatment* on Page 16-4) [Reg. 1.6031(a)-1].

Schedules K-2 and K-3. New for 2021, Schedule K-2 (Partners' Distributive Share Items-International) and Schedule K-3 (Partner's Share of Income, Deductions, Credits, etc.-International) replaced the boxes on Schedule K-1 related to reporting items of international tax relevance. Initially, it was thought that only a partnership with items of international relevance was required to file Schedules K-2 and K-3. However, in January 2022, the IRS released additional instructions that stated that even a partnership with no foreign owners, no foreign source income, no assets generating foreign source income, and no foreign taxes paid or accrued may still be required to file Schedules K-2 and K-3 if a partner claims a foreign tax credit or otherwise needs information from the partnership in order to complete Form 1116 [Foreign Tax Credit (Individual, Estate, or Trust)] or Form 1118 (Foreign Tax Credit-Corporations). The updated guidance effectively requires all partnerships to complete the applicable parts of Schedules K-2 and K-3 unless the partnership is certain that none of the partners will need to file Form 1116 or Form 1118. The FAQ section of the IRS website is a good source for new developments. The frequently asked questions (FAQs) for Schedules K-2 and K-3 can be found at www.irs.gov/businesses/schedules-k2-and-k3-frequently-asked-questions-forms-1065-1120s-and-8865. **2022 Partnership Instructions for Schedules K-2 and K-3 (Form 1065)**, dated December 23, 2022, provide a *domestic filing exception* and a *Form 1116 exemption exception* for filing and furnishing Schedules K-2 and K-3 for tax years beginning in 2022. Tax professionals should review the 2022 Instructions for these exceptions.

⚠️ Caution: Unless a tax professional prepares the return of every partner, they have no way of knowing if a partner will require the information reported on Schedules K-2 and K-3. Consider asking partnership clients to verify the foreign tax status of their partners to eliminate any extra tax preparation work.

Filing deadline. Returns are due by the 15th day of the third month following the close of the tax year.

Extension deadline and form number. The extended deadline is six months (Reg. 1.6081-2). For calendar year 2022 returns, the extended due date is September 15, 2023. File Form 7004 to extend the filing deadline.

Electronic filing requirements. Partnerships with more than 100 partners are required to file returns electronically. Other partnerships generally have the option to file electronically. For tax years

beginning on or after July 2, 2019, a religious or apostolic organization exempt from income tax under IRC Sec. 501(d) must file electronically. Certain returns may not be filed electronically (for example, those involving bankruptcy or pre-computed penalty and interest). If a partnership can demonstrate that hardship would result from the requirement to file electronically, a waiver may be requested by following procedures in the Form 1065 instructions.

Penalties. The statutory penalty amount for failure to file a partnership return is indexed by a cost-of-living adjustment (COLA). The COLA adjusted penalty amount for failure to file a return in 2023 is \$220 per month or part of a month per partner up to twelve months, respectively (IRC Sec. 6698; Rev. Proc. 2021-45). The penalty is assessed against the partnership. Rev. Proc. 84-35 provides relief to certain small partnerships (generally partnerships with 10 or fewer partners at all times during the year) from the penalty under IRC Sec. 6698(a) for failure to file a partnership return. The revenue procedure references the small partnership exception in IRC Sec. 6231(a)(1)(B), which was repealed by the Bipartisan Budget Act of 2015. In a Program Manager Technical Advice (PMTA 2020-01), the IRS concluded that despite the repeal of IRC Sec. 6231(a)(1)(B), Rev. Proc. 84-35 continues to apply.

Amended return. Partnerships that become aware of incorrect items of income, deductions, etc. may amend the return. Small partnerships (non BBA—see *Partnership Audit Rules* on Page 16-2) and partnerships that elect out of the centralized partnership audit regime—see *Electing out of the rules* on Page 16-2) filing electronically to amend Form 1065 and Schedules K-1 check box G(5) on page 1 of Form 1065 to indicate that it is an amended return and follow the Form 1065 instructions for statements and explanations that are required. An amended Schedule K-1 should be provided to each partner. Partnerships subject to the centralized partnership audit regime must use Form 8082 [Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR)] to file electronically. If paper returns are used to correct a previously filed partnership return, use Form 1065X [Amended Return or Administrative Adjustment Request (AAR)].

Schedule K-1 deadline. Partnerships are required to furnish a Schedule K-1 to each partner by the due date, including extensions, of the partnership tax return (Form 1065). For statements required to be furnished in 2023, a \$290 penalty, imposed with respect to each Schedule K-1 for which a failure occurs, applies for failure to furnish Schedule K-1 when due or failure to include all required information or for including incorrect information. The maximum penalty is \$3,532,500 for all such failures during a calendar year for taxpayers with average annual gross receipts for the most recent three tax years of more than \$5,000,000. For taxpayers with average annual gross receipts of \$5,000,000 or less, the maximum penalty is \$1,177,500. If the requirement to report correct information is intentionally disregarded, each \$290 penalty is increased to \$580 or, if greater, 10% of the aggregate amount of items required to be reported, and the \$1,177,500 (or \$3,532,500) maximum doesn't apply. The \$290 penalty may be reduced to \$50 or \$110 per failure, and the \$1,177,500 (or \$3,532,500) maximum penalty to \$206,000 or \$588,500 (or \$588,500 or \$1,766,000), respectively, depending on when the failure is corrected (IRC Sec. 6722; Rev. Proc. 2021-45).

Electronic Schedule K-1. Partnerships required to furnish a K-1 to a partner may provide it in an electronic format instead of on paper. The partner's affirmative consent to receive the K-1 in electronic format is one of the requirements of Rev. Proc. 2012-17 that must be met for the partnership to be treated as furnishing the K-1 timely.

Income/tax rates. Profits and losses are passed through to partners on Schedule K-1 and taxed on their individual returns.

Limited liability companies (LLCs) are created and regulated under state law. Those with more than one member are treated as partnerships for federal income tax purposes, unless an election

is made to be taxed as a corporation. LLCs generally have the same options as partnerships for electing tax treatment under check-the-box regulations. See *Limited Liability Company (LLC)* on Page 20-1 for more information.

Partnership representative. A partnership's primary representative in dealings with the IRS is its *partnership representative* (PR). The partnership must designate its PR by completing information on page 3 of Form 1065 for the tax year for which the designation applies. Designation of a PR is made separately for each tax year, and is only effective for the tax year for which it is made [Reg. 301.6223-1(a) and (c)].

The PR is not required to be a partner, and can be any person (including an individual or an entity) with a substantial presence in the U.S. A wholly-owned disregarded entity is eligible to serve as a PR, and the partnership can designate itself as its own PR. A person who is not an individual can be a PR only if an individual who meets the substantial presence test is appointed by the partnership as the sole individual through whom the PR will act. A PR meeting these requirements is an *entity partnership representative* and the individual through whom such an entity partnership representative acts is the *designated individual*. The designated individual must be appointed at the same time as the PR [Reg. 301.6223-1(b)].

The PR has the sole authority to bind the partnership and all partners. If a partnership does not designate a PR, the IRS may select any person as the PR, with certain limitations. Partnerships will need to ensure their agreements establish procedures for choosing, removing, and replacing the PR. In addition, the partnership agreement should carefully outline the duties of the representative. Consider addressing in the partnership agreement whether the:

- PR must provide partners with copies of IRS notices and inform them of the status of an audit or tax proceeding.
- Consent of a majority of the partners is needed before the PR can agree to extend the statute of limitations or settle with the IRS. (While such a provision will not limit the PR's authority in the eyes of the IRS, it may give partners recourse under state law if the PR fails to comply.)
- Partnership agreement should limit the PR's fiduciary risk through indemnity protection.

Partnership Audit Rules

For tax years beginning after 2017, the TEFRA audit procedures and the electing large partnership rules are repealed and replaced by the Bipartisan Budget Act of 2015 (BBA) *centralized partnership audit regime*. Under the current regime, any adjustment to a *partnership-related item* (any item or amount with respect to the partnership that is relevant in determining the federal income tax liability of any person, and any partner's distributive share of any such item or amount) is made at the partnership level. Any additional tax, penalty, or amount related to the tax is determined and collected at the partnership level unless the partnership elects an alternative payment process (also known as a push-out election) [IRC Secs. 6221(a), 6226, and 6241; Regs. 301.6221(a)-1, 301.6226-1, and 301.6241-6]. The IRS has launched a BBA centralized partnership audit regime website. It is intended to be a one-stop location for anything BBA-related and can be found at www.irs.gov/businesses/partnerships/bba-centralized-partnership-audit-regime.

If adjustments to partnership items are made, the partnership will be required to pay the *imputed underpayment amount*, which is generally the net of all adjustments for the reviewed year multiplied by the highest individual or corporate tax rate in effect for that year. However, the partnership can pay a lower amount if it can show that the underpayment would be lower if it were based on certain partner-level information. This could include the partners' amended returns, the tax rates applicable to specific types of partners (individuals, corporations, or tax-exempt organizations), and the type of income subject to the adjustments (IRC Sec. 6225).

Electing out of the rules. Partnerships with 100 or fewer partners can elect out of the audit rules for any tax year, in which case the partnership and its partners will be audited under the general rules

for individual taxpayers [IRC Sec. 6221(b); Reg. 301.6221(b)-1]. Generally, a partnership is treated as having 100 or fewer partners for a tax year if it is required to furnish 100 or fewer Schedules K-1. The election is available only if each of the partners is an individual, a C or S corporation, a foreign entity that would be treated as a C corporation were it domestic, the estate of a deceased partner or another person identified in future IRS guidance. The election is made annually and may be revoked only with IRS consent. Partnerships must file Form 1065, Schedule B-2 (Election Out of the Centralized Partnership Audit Regime) with their Form 1065 to make the election.

⚠️ Caution: Partnerships may assume they will be able to elect out of the audit procedures because they have 100 or fewer partners. However, the election is not available if any partner is a partnership, disregarded entity, trust, or foreign entity that would not be treated as a C corporation were it a domestic entity. (This could change if the IRS becomes convinced that expansion of the election out rules to tiered partnerships would not be overly burdensome.) Additionally, if any partner is an S corporation, the number of K-1s it must furnish to its shareholders must also be taken into account.

The IRS has issued **final** regulations that **will** allow the IRS to determine that the centralized partnership audit regime will not apply to adjustments of partnership-related items in certain limited circumstances (Reg. 301.6241-7). Specifically, the **final** regulations **will** allow the IRS to focus on a single partner or small group of partners with respect to a limited set of partnership-related items without unduly burdening the partnership and avoiding procedural concerns about the appropriate level at which such items must be examined. The **proposed** regulations also provide that IRC Sec. 6221(b) generally doesn't apply to a partnership with a QSub as a partner (~~Prop.~~ [Reg. 301.6221(b)-1]).

The partnership agreements of eligible partnerships should address whether an election out will be mandatory. In most situations, an election out will be preferable. However, partnerships looking to maintain flexibility in their partnership agreements should include provisions indicating how the decision to elect out will be made. Partnerships choosing to elect out may want to amend their agreements to prohibit the transfer of partnership interests to ineligible partners and to limit the number of partners to 100 or less.

Push-out election. Under the audit regime, a partnership must pay the imputed underpayment amount (along with penalties and interest) resulting from an IRS audit unless it makes a push-out election, which lets a partnership push an adjustment out to the reviewed year partners (IRC Sec. 6226). This shifts the liability away from the current partners to those who were partners in the year the adjusted item arose. The election must be made within 45 days of the date on which the final partnership adjustment (FPA) is mailed by the IRS. This 45-day period cannot be extended, and once made, the election may only be revoked with the consent of the IRS [IRC Sec. 6226(a)].

The IRS has issued two forms to facilitate making or revoking the push out election: Form 8988 (Election for Alternative to Payment of the Imputed Underpayment—IRC Section 6226) and Form 8989 (Request to Revoke the Election for Alternative to Payment of the Imputed Underpayment). Form 8978 (Partner's Audit Liability Under Section 6226) has also been issued for partners of partnerships that have made the push out election and are subject to audit adjustments.

Consider addressing in the partnership agreement whether the partnership representative:

- Must make a push-out election or the circumstances in which one will be made.
- Must analyze factors such as higher underpayment interest rates, self-employment tax, net investment income tax, and state and local tax implications in determining whether to make a push-out election.

If a push-out election is provided for, the partnership agreement should ensure that partners who sell their interests in the business will continue to comply with their tax obligations.

S Corporations



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BASICS OF S CORPORATIONS

Form 1120-S

Filing Requirements

Every S corporation must file a return, regardless of the amount of income or loss (IRC Sec. 6037). It must file even if it stops conducting business. Filing ends when totally dissolved.

Filing deadline. By the 15th day of the third month following the close of its tax year or date of dissolution (March 15 for calendar year S corporations).

Electronic filing of Form 1120-S is normally required for S corporations that have \$10 million or more in assets and annually file 250 or more returns of any type (including information returns such as Forms W-2 and 1099) (Reg. 301.6037-2). See Notice 2010-13 for the requirements to request a waiver.

Caution: Proposed regulations would require that any S corporation required to file Form 1120-S, regardless of the corporation's reported total assets at the end of its tax year, file that return electronically if the corporation is required to file at least 10 returns (1099s, W-2s, 1120-S, etc.) of any type during calendar years after 2021 (Prop. Reg. 301.6037-2). Tax professionals should monitor this area for future developments.

Extension deadline and form number. A six-month extension of time to file may be obtained by filing Form 7004 (Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns).

Penalties. The statutory penalty amount for failure to file an S corporation return is indexed by a cost-of-living adjustment (COLA). The COLA adjusted penalty amount for failure to file a return in 2023 is \$220 per month or part of a month per shareholder up to 12 months (IRC Sec. 6699; Rev. Proc. 2021-45). The penalty is assessed against the corporation.

If S corporation taxes are due, a late filing penalty may be imposed equal to 5% of tax owed per month, up to 25%. If the return is more than 60 days late (including extensions) a minimum penalty of the lesser of \$450 for returns required to be filed in 2023 (Rev. Proc. 2021-45) or the amount of unpaid tax applies. A late payment of tax penalty may also be imposed equal to one-half of one percent per month, up to 25% (IRC Sec. 6651).

In an IRS Program Manager Technical Advice (PMTA 2013-15) the IRS concluded that an untimely S corporation return should not be subject to both the general failure to file penalty under IRC Sec. 6651(a)(1) (which does not apply unless the S corporation owes tax) and the failure to file an S corporation return penalty under IRC Sec. 6699(a)(1) at the same time.

Additional information regarding penalties is found at *Penalties*: on Page 17-1.

Schedule K-1 deadline. S corporations must furnish a Schedule K-1 and Schedule K-3, as applicable, to each shareholder by the due date, including extensions, of the corporation tax return (Form 1120-S). This penalty is annually adjusted for inflation.

A \$290 penalty for Schedules K-1 required to be furnished in 2023 (2022 tax year filings) is imposed with respect to each Schedule K-1 for which a failure occurs. This penalty applies for failure to furnish Schedule K-1 when due, failure to include all required information, or for including incorrect information (Rev. Proc. 2021-45). The \$290 penalty may be reduced to \$50 or \$110 per failure, depending on when the failure is corrected (IRC Sec. 6722). Higher penalties apply if the failure is due to intentional disregard of the law. See IRC Sec. 6722 for details.

Reasonable cause exception. The penalties discussed here will not be imposed if the failure was due to reasonable cause (IRC Secs. 6651, 6699, and 6724).

Schedules K-2 and K-3. Schedules K-2 and K-3 were new for the 2021 tax year. These schedules replace, supplement, and clarify the reporting of certain amounts formerly reported on Schedule K, lines 14 and 17d and Schedule K-1, Part III, lines 14 and 17. The schedules assist S corporations in providing shareholders with the information necessary to complete their returns with respect to the international tax provisions of the Internal Revenue Code. For example, Schedule K-3 provides information necessary for shareholders who make an election under IRC Sec. 962 to figure their foreign tax credit on Form 1118 (Foreign Tax Credit—Corporations) and other shareholders to figure their foreign tax credit on Form 1116 [Foreign Tax Credit (Individual, Estate, or Trust)], respectively. Schedule K-2 is an extension of Form 1120-S, Schedule K, and is used to report items of international tax relevance from the operation of an S corporation. Schedule K-3 is an extension of Schedule K-1 (Form 1120-S) and is generally used to report to shareholders their share of the items reported on Schedule K-2. Shareholders must include the information reported on Schedule K-3 on their tax or information returns.

All S corporations must provide information even if they have no items of international tax relevance. In January 2022, the IRS released additional instructions to provide clarification and guidance for 2021 Schedules K-2 and K-3 (Form 1120-S). The changes relate to the section entitled "Who Must File" and address the requirement for Schedule K-2 and K-3 completion for shareholders who may need certain information from the S corporation to complete Form 1116. The additional instructions address each part of the schedules with new or amended instructions. These changes, ~~which are anticipated to be incorporated into the 2022 instructions~~, can be found at www.irs.gov/forms-pubs/changes-to-the-2021-s-corporation-instructions-for-schedules-k-2-and-k-3-form-1120-s. **2022 S Corporation Instructions for Schedules K-2 and K-3 (Form 1120-S)**, dated December 5, 2022, provide a **domestic filing exception** and a **Form 1116 exemption exception** for filing and furnishing Schedules K-2 and K-3 for tax years beginning in 2022. Tax professionals should review the 2022 Instructions for these exceptions. Penalties may apply for filing Form 1120-S without all required information or for furnishing Schedule K-3 to shareholders without all required information. See *Penalties* on Page 18-1 for more information.

Estimated tax requirements. Shareholders pay estimated tax for their individual returns. The S corporation pays estimated tax only if corporate-level taxes apply [IRC Sec. 6655(g)(4)].

C Corporation vs. S Corporation

An eligible domestic corporation can elect to be taxed as an S corporation. An S corporation generally does not pay federal income tax—its profits and losses pass through directly to shareholders. This avoids the C corporation double tax, and allows shareholders to deduct corporate losses on their individual returns.

What's New



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buybacks, and numerous environmental and green energy tax credits. The Act adds IRC Sec. 5000D, which imposes a new excise tax on sales by drug manufacturers, producers, and importers of "designated drugs" during the time that the manufacturer, etc., fails to enter into drug pricing agreements under the Social Security Act. The Act extends the current Premium Tax Credit (PTC) rules through 2025. The Act also increases the qualified small business payroll tax credit for research activities after 2022 [IRC Sec. 41(h)(4)(B) and (h)(5)(B) and IRC Sec. 3111(f)].

See the table *Inflation Reduction Act of 2022 (P. L. 117-169) Selected Tax Provisions* on Page 25-2 for a summary of selected tax provisions included in the Act.

INFLATION-ADJUSTED AMOUNTS

For a complete summary of the inflation-adjusted amounts for 2022 (plus 2023 and 2021 and prior years), see the *Quick Facts Data Sheet* on Page 3-1.

TAX LEGISLATION

CHIPS Act of 2022

On August 9, 2022, President Biden signed into law H.R. 4346, the Supreme Court Security Funding Act of 2022 (P.L. 117-167), which includes as its Division A the CHIPS Act of 2022. The CHIPS Act provides more than \$52 billion for American semiconductor research, development, and production. The CHIPS Act includes new IRC Sec. 48D, which provides a 25% advanced Investment Tax Credit (ITC) for eligible investments in semiconductor manufacturing as well as for the manufacturing of specialized tooling equipment required for the semiconductor manufacturing process. Eligible taxpayers may elect to treat the credit as a payment against tax ("direct pay") and the credit is generally available for qualifying property placed in service after December 31, 2022 for which construction begins before January 1, 2027.



Inflation Reduction Act of 2022

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376, P.L. 117-169). The Act includes a 15% corporate alternative minimum tax, a 1% excise tax on stock

Student Loan Relief

President Biden announced a three-part plan addressing student loan debt. The first part of the plan would allow \$20,000 in debt forgiveness if a taxpayer went to college on a Pell Grant, or \$10,000 for non-Pell Grant recipients. Private (non-federal) loans are not eligible for debt relief. Debt forgiveness applies only to those with adjusted gross income of less than \$125,000 (single or MFS) or \$250,000 (MFJ, HOH, or QSS) in 2020 or 2021. Dependent students' eligibility for debt forgiveness is based on their parents' income. The plan's second part is an extension of the pause on student loan repayments one final time, until December 31, 2022. The third part is a modification to the income-based repayment plan rules. The Biden administration said those with undergraduate degrees and a Pell Grant would have their repayments capped at 5% of monthly income. For more information, go to <https://studentaid.gov/debt-relief-announcement/>. At the time of publication, this website indicated that application for debt forgiveness is open, but processing of debt discharges is paused. Tax professionals should monitor this website for developments. Expanded details on the debt forgiveness part of the plan are available at <https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info>.

Consolidated Appropriations Act, 2023

On December 29, 2022, President Biden signed into law the Consolidated Appropriations Act, 2023 (P.L. 117-328). This omnibus spending bill includes the SECURE 2.0 Act of 2022, which contains many retirement provisions and a number of smaller non-retirement tax provisions. See the summary table posted to the *Handbook Updates* section of tax.thomsonreuters.com/quickfinder.

Notes
