

ESTATE TAX RATES

Estate Tax			
Estate Before Tax	Rate On Excess	Heirs' Basis	
2022	\$12,060,000	40%	Value at Death
2021	\$11,700,000	40%	Value at Death
Annual Gift Tax Exclusion			
	2022	2021	
Gifts per donee	\$16,000	\$15,000	
Joint gifts with spouse	\$32,000	\$30,000	

* The Gift Tax applicable exclusion is \$12,060,000 in 2022 and \$11,700,000 in 2021.

EMPLOYMENT TAX RATES

FICA	2022	2021
Social Security	\$147,000	\$142,800
Medicare	no limit	no limit
Self-Employment		
	2022	2021
Social Security	\$147,000	\$142,800
Medicare	no limit	no limit

STANDARD MILEAGE DEDUCTIONS

	Per Mile	
Use	2022	2021
Business	58.5¢	56¢
Charitable	14¢	14¢
Medical	18¢	16¢

HSA CONTRIBUTION LIMITS

	2022	2021
Individual	\$3,650	\$3,600
Family	\$7,300	\$7,200
Catch-Up (55 or older)	\$1,000	\$1,000

FSA CONTRIBUTION LIMITS

2022	2021
\$2,850	\$2,750

KIDDIE TAX

In 2022, a child's unearned income will be taxed at the parent's marginal tax rate. The first \$1,150 qualifies for the standard deduction, the next \$1,150 is taxed at the child's tax rate, and anything beyond \$2,300 is taxed at the parent's marginal tax rate.

CORPORATE INCOME TAX RATES

Tax rate	2022	2021
U.S.	21% flat	21% flat
NC	2.5% flat	2.5% flat

CORPORATE ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, a corporate taxpayer is required to pay estimated tax payments equal to the lesser of:

- (1) 100% of prior year tax liability*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
- (2) 100% of current year tax liability.

* Not available for corporations with a taxable income of at least \$1 million in any one of three immediately preceding tax years.

INSIDE PUBLIC ACCOUNTING TOP 300 FIRMS 2021

Let's talk about the results you're looking for. We invite you to contact us for more information and to set up a meeting. We're eager to learn about the results you're looking for and show you how we will help you achieve them.

For general inquiries, please email contact@dmj.com.

To share details on how we may contact you, scan our contact code. We'd be pleased to discuss assistance with any of the following area(s): Personal Tax Planning and Services; Business Tax Planning and Services; Auditing or Accounting Services; Specialized Industry Services.



WHO IS DMJ?

Established in 1949, DMJ & Co., PLLC is a U.S. Top 300 North Carolina accounting firm providing audit and accounting, tax planning, preparation, financial, and compliance services to corporate and individual clients with offices in the Triad, Triangle, Sandhills, and Coastal Cape Fear.

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2022 POCKET TAX GUIDE

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INDIVIDUAL INCOME TAX RATES

Regular Tax*

2022	Base Taxable Income	Tax on Base	% on Excess Over Base
Joint Return	\$ 0	\$ 0	10%
	20,550	2,055	12%
	83,550	9,615	22%
	178,150	30,427	24%
	340,100	69,295	32%
	431,900	98,671	35%
	647,850	174,254	37%

2021	Base Taxable Income	Tax on Base	% on Excess Over Base
Joint Return	\$ 0	\$ 0	10%
	19,900	1,990	12%
	81,050	9,328	22%
	172,750	29,502	24%
	329,850	67,206	32%
	418,850	95,686	35%
	628,300	168,994	37%

2021	Base Taxable Income	Tax on Base	% on Excess Over Base
Single	\$ 0	\$ 0	10%
	9,950	995	12%
	40,525	4,664	22%
	86,375	14,751	24%
	164,925	33,603	32%
	209,425	47,843	35%
	523,600	157,804	37%

In 2022, Long-Term Capital Gains are taxed based on taxable income in the following manner. Single: \$0 - \$41,675 at 0%, \$41,676 - \$459,750 at 15%, \$459,751+ at 20%. Married Filing Jointly: \$0 - \$83,350 at 0%, \$83,351 - \$172,200 at 15%, \$172,201+ at 20%. Short-Term Capital Gains are taxed at Ordinary Tax Rates.

NC INDIVIDUAL TAX RATES

2022

4.99%

2021

5.25%

NET INVESTMENT INCOME TAX

Net Investment Income Tax is a 3.8% tax on the lesser of (1) net investment income* or (2) the excess of modified adjusted gross income over the following threshold amounts:

- Single-\$200,000
- Married Filing Jointly-\$250,000
- Married Filing Separately-\$125,000

* Net investment income includes interest, dividends, rents, royalties, and gains on the disposition of property not held in an active trade or business.

SOCIAL SECURITY BENEFITS

Maximum Annual Earned Income Limit*

	2022	2021
Under full retirement age	\$19,560	\$18,960
Year of full retirement age	\$51,960	\$50,520
Thereafter	no limit	no limit

* Earned income exceeding this limit results in reduction of Social Security benefits.

TAXABLE SOCIAL SECURITY BENEFITS

Provisional Income*

% Subject to Tax

Married	Single
Over \$32,000	Over \$25,000
Over \$44,000	Over \$34,000

* Provisional income includes adjusted gross income, tax exempt interest, certain foreign source income, and one half of Social Security benefits.

ALTERNATIVE MINIMUM TAX (AMT)

Tax Rate

	2022	2021
26% up to, then 28%	\$206,100	\$199,900

Exemption Amount*

Phase Out

Filing Status

2022

2021

2022

2021

Filing Status	2022	2021	2022	2021
MFJ	\$118,100	\$114,600	\$1,079,800	\$1,047,200
Single	\$75,900	\$73,600	\$539,900	\$523,600

* Reduced as AMT income exceeds phase out base.

INDIVIDUAL ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties (if tax due with return will exceed \$1,000), taxpayer is required to deposit through withholding or estimated tax payments the lesser of:

- (1) 100% of prior year tax liability*, or
- (2) 90% of current year tax liability.

* "High income" taxpayers (i.e. those whose prior year adjusted gross income was greater than \$150,000) must pay 110% of their prior year tax liability.

RETIREMENT PLAN CONTRIBUTION LIMITS

Individual and Corporate Limitations

	2022	2021
General Deferral Limits:		
401(k)/403(b)	\$20,500	\$19,500
SIMPLE	14,000	13,500
Individual Retirement Account (IRA)*	6,000	6,000
Non-Deductible Roth IRA**	6,000	6,000

Catch-Up Contribution for Taxpayers

Age 50 and Over:	2022	2021
401(k)/403(b)	\$6,500	\$6,500
SIMPLE	3,000	3,000
IRA/Roth IRA	1,000	1,000

Compensation Limit for Benefit Calculations:

	\$305,000	\$290,000
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Overall Contribution Limits:

Per Participant	100% of compensation up to \$61,000 (2022)
Per Participant	100% of compensation up to \$58,000 (2021)
	Plus \$6,500 catch-up for age 50 and over

Overall Plan Deduction Limit

25% of eligible compensation

* May be limited if taxpayer is a participant in another plan and earns over \$66,000 (single) or \$105,000 (married filing jointly) in 2021 and \$68,000 (single) or \$109,000 (married filing jointly) in 2022.

** Roth IRA contributions may be limited if taxpayer income is over \$125,000 (single) or \$198,000 (married filing jointly) in 2021 and \$129,000 (single) or \$204,000 (married filing jointly) in 2022.

NOTE: In general, contributions must be made before filing date of tax return, not including extensions.