

Federal Income Tax Brackets & Rates

The New 2022 Federal Income Tax Brackets & Rates

Federal income tax brackets and rates for 2022 are shown below. Indexing has increased the income brackets by roughly 1% across the board.

	Single	Married, Filing Jointly or Qualifying Widow	Married Filing Separately	Head of Household	Trusts & Estates
10%	\$0 – \$10,275	\$0 – \$20,550	\$0 – \$10,275	\$0 – \$14,650	\$0 – \$2,750
12%	\$10,276 – \$41,775	\$20,551 – \$83,550	\$10,276 – \$41,775	\$14,651 – \$55,900	—
22%	\$41,776 – \$89,075	\$83,551 – \$178,150	\$41,776 – \$89,075	\$55,901 – \$89,050	—
24%	\$89,076 – \$170,050	\$178,151 – \$340,100	\$89,076 – \$170,050	\$89,051 – \$170,050	\$2,751 – \$9,850
32%	\$170,051 – \$215,950	\$340,101 – \$431,900	\$170,051 – \$215,950	\$170,051 – \$215,950	—
35%	\$215,951 – \$539,900	\$431,901 – \$647,850	\$215,951 – \$323,925	\$215,951 – \$539,900	\$9,851 – \$13,450
37%	\$539,901 or more	\$647,851 or more	\$323,926 or more	\$539,901 or more	\$13,451 or more

The New 2022 Federal Income Tax Bracket & Rates for Capital Gains

Capital gains are taxed at different rates from ordinary income. For example, while there are seven tax brackets for ordinary income, ranging from 10% to 37%, there are three for capital gains, ranging from 0% to 20%.

This is a major advantage for anyone who has substantial capital gains income. The capital gains tax rate is substantially lower than the tax rate on a comparable amount of ordinary income.

Just as is the case with the income brackets for ordinary income, the income brackets for capital gains have also increased slightly from 2021.

	Single	Married, Filing Jointly or Qualifying Widow	Married Filing Separately	Head of Household	Trusts & Estates
0%	\$0 – \$41,675	\$0 – \$83,350	\$0 – \$40,400	\$0 – \$55,800	\$0 – \$2,800
15%	\$41,676 – \$459,750	\$83,351 – \$517,200	\$40,401 – \$250,800	\$55,801 – \$488,500	\$2,801 – \$13,700
20%	\$459,751 or more	\$517,201 or more	\$250,801 or more	\$488,501 or more	\$13,701 or more

The Standard Deduction for 2022

As you probably know – or you’ll find out when you file your 2021 tax return – personal exemptions have been eliminated under the new tax law. The \$4,050 you could claim up until 2017 for yourself, your spouse and any eligible dependents is now history, although, Tax Cut and Jobs Act is set to expire after 2025, so we could see the previous rules return.

In its place, the standard deduction has roughly doubled. That will work out well for singles and couples, but it could be a negative for anyone with dependents.

And like other numbers in the tax code, the standard deduction will increase slightly for 2022. Here’s how that will look:

	2020	2021	2022
Single	\$12,400	\$12,550	\$12,950
Married, Filing Jointly	\$24,800	\$25,100	\$25,900
Head of Household	\$18,650	\$18,800	\$19,400

Other Tax Numbers Changing in 2021

199A Qualified Business Income Deduction. Having begun in the 2018 tax year, the new tax law provides small business owners with a 20% deduction against qualified business income. It's officially referred to as the Section 199A deduction, and it applies to qualified business income attributable to a business owner of a pass-through entity like an LLC or partnership.

There are income limits, which, depending on your type of business, could impact your ability to take the deduction. The income thresholds for 2019-2021 are as follows:

	2019	2020	2021	2022
Single	\$160,700	\$163,300	\$164,900	\$170,050
Married, Filing Jointly	\$321,400	\$326,600	\$329,800	\$340,100

Alternative Minimum Tax (AMT)

The AMT was created in the 1960s to impose taxes on taxpayers who claim an excessive amount of tax breaks. It provides a second set of tax rates that will be imposed if they exceed taxes as their taxable income is normally calculated.

The tax code provides an income exemption to the AMT, below which the tax will not apply. There is also an income phase-out beyond which the exemption no longer applies. Both are indexed for inflation. The income exemption figures are as follows:

	2019	2020	2021	2022
Single	\$71,700	\$72,900	\$73,600	\$75,900
Married, Filing Jointly	\$111,700	\$113,400	\$114,600	\$118,100

Retirement Contributions

A number of retirement related contribution limits changed for 2022.

Plan contributions will look like this:

- » IRAs - \$6,000 plus a \$1,000 catch-up contribution if you're 50 or older.
- » Employer sponsored plans – 401(k), 403(b), 457, TSP - \$20,500, plus a \$6,500 catch-up contribution if you're 50 or older.
- » SIMPLE IRA – \$14,000 plus a \$3,000 catch-up contribution if you're 50 or older.
- » SEP IRA – 25% of compensation or \$61,000, whichever is less.

Estate Planning

- » The lifetime gift and estate tax exemption is scheduled to increase from \$11.7 million in 2021 to \$12.06 million in 2022. The annual gift exclusion will increase from \$15,000 in 2021 to \$16,000 in 2022.

Source: IRS.gov

This information is not intended to be a substitute for specific individualized legal or tax advice. We suggest you discuss your specific legal or tax issues with a qualified advisor.

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