

BUSINESS

Depreciation

- 36-Month Assets (Straight-Line) Most software
- 3-Year Assets (200% DB) Dies, molds, small tools, certain horses, tractor units
- 5-Year Assets (200% DB)
 - Autos, computers, office machinery, taxis, buses, trucks, cattle, private aircraft, appliances, carpeting, furniture, farm equipment
- 7-Year Assets (200% DB)
 - Most manufacturing equipment, office furniture, printing equipment, oil and gas production equipment
- 15-Year Assets (150% DB)
 - Land improvements other than buildings, retail fuel outlets
- 27.5-Year Assets (Straight-Line)
 - Rental houses, apartments, low-income housing
- 39-Year Assets (Straight-Line) Nonresidential buildings

Personal Property Depreciation

Percent of Original Depreciable Basis under 200% DB Method (Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
1	33.33	20.00	14.29
2	44.45	32.00	24.49
3	14.81	19.20	17.49
4	7.41	11.52	12.49
5		11.52	8.93
6		5.76	8.92
7			8.93
8			4.46

Section 179 Expense

	2022	2021
Maximum expense election	\$1,080,000	\$ 1,050,000
Phaseout threshold	\$2,700,000	\$ 2,620,000

CORPORATE INCOME TAX RATES

2022 Tax Year

For tax years beginning after 12/31/17, the "C" corporation Federal tax rate is a flat 21%. Owners of business entities, which are not taxed as "C" corporations, are eligible for a 20% Qualified Business Income (QBI) deduction. The deduction for QBI may be limited and/or subject to phase-out, depending on the taxable income of the individual, as well as such factors as the type of business, amount of wages paid by the business, and amount of capital assets owned by the business. For income above \$329,800, the legislation phases in limits on what otherwise would be an effective marginal rate of not more than 29.6%. Personal Service Corporations — 21% flat tax rate. Capital Gains Tax Rate for "C" corporations — Same as regular rate.

STANDARD MILEAGE RATES

Use	2022	2021
Business	58.5¢ per mile	56¢ per mile
Moving	18¢ per mile*	16¢ per mile*
Medical	18¢ per mile	16¢ per mile
Charitable	14¢ per mile	14¢ per mile

*For members of the U.S. Armed Forces (or their spouse or dependents).

ESTATE AND GIFT TAXES

Estate Taxes

	2022	2021
Estate tax exemption/Unified tax credit	\$ 12,060,000	\$ 11,700,000
Top estate tax rate	40%	40%

Gift Taxes

	2022	2021
Lifetime gift tax exemption	\$ 12,060,000	\$ 11,700,000
Annual gift tax exclusion		
Gifts per person	\$ 16,000	\$ 15,000
Joint gifts by spouse	\$ 32,000	\$ 30,000
Top gift tax rate	40%	40%

2022 TRUSTS AND ESTATES

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 2,750 10%	\$ 0
\$ 2,751 – \$ 9,850	\$ 275.00 + 24%	\$ 2,750
\$ 9,851 – \$ 13,450	\$ 1,979.00 + 35%	\$ 9,850
\$ 13,451 and above	\$ 3,239.00 + 37%	\$ 13,450

LONG-TERM CARE INSURANCE

If you are:	You may deduct this much of your annual premiums	
	2022	2021
Over 70	\$ 5,640	\$ 5,640
61 to 70	\$ 4,510	\$ 4,520
51 to 60	\$ 1,690	\$ 1,690
41 to 50	\$ 850	\$ 850
40 and under	\$ 450	\$ 450

CAPITAL GAINS — 2022 & 2021

Holding Period	Top Capital Gains Rate	
	2022	2021
12 months or less	37% ¹	37% ¹
More than 12 months	20% ^{1,2}	20% ^{1,2}
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

¹ Capital gain rates may be subject to an additional 3.8% Medicare tax.

² Rate for taxpayers in the top income tax bracket. (Middle income tax brackets pay 15%.)

COVERDELL ESAs — 2022 & 2021

	2022	2021
• Contribution limit	\$ 2,000 per beneficiary	\$ 2,000 per beneficiary
• AGI phaseouts:*		
Joint filers	\$ 190,000 – \$ 220,000	\$ 190,000 – \$ 220,000
Individual filers	\$ 95,000 – \$ 110,000	\$ 95,000 – \$ 110,000

* Phaseout applies to the contributor, not the beneficiary.

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2022 TAX POCKET GUIDE



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