

# 2022 TAX REPORT FOR XXXXX XXXXX

## KEY FIGURES

Total Income:	\$229,670	Filing Status:	Married Filing Jointly	Tax Exempt Interest:	\$0
AGI:	\$226,706	Marginal Rate:	22.0%	Qualified/Ordinary Dividends:	\$11,500 / \$15,000
Deductions:	\$25,900	Average Rate:	15.0%	ST/LT Capital Gains:	\$9,000 / \$22,500
Taxable Income:	\$193,009	2023 Safe Harbor:	\$37,778	Carryforward Loss:	\$0
Total Tax:	\$34,343			Credits Claimed:	\$2,900

## MARGINAL TAX BRACKET INFORMATION

The marginal tax rate for your *ordinary income* is as follows:

Marginal Rate	Ordinary Income Threshold
10.0%	\$0 to \$20,550
12.0%	\$20,550 to \$83,550
22.0%	\$83,550 to \$178,150 <b>You: \$158,009</b>
24.0%	\$178,150 to \$340,100
32.0%	\$340,100 to \$431,900
35.0%	\$431,900 to \$647,850
37.0%	\$647,850 and above.

The marginal tax rate for your *capital gains and qualified dividends income* is as follows:

Marginal Rate	Taxable Income Threshold	Qualified Income (\$34,000 Total)
0.0%	\$0	\$0
15.0%	\$83,350 <b>You: \$193,009</b>	\$34,000
20.0%	\$517,200	\$0

## MEDICARE PART B/D PREMIUMS FOR 2024

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income\* (MAGI). Amounts below are in addition to the base premiums. Amounts are monthly.

\*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment
\$0 to \$194,000	\$0	\$0
\$194,000 to \$246,000	\$66	\$12 <b>You: \$225,706</b>
\$246,000 to \$306,000	\$165	\$32
\$306,000 to \$366,000	\$264	\$51
\$366,000 to \$750,000	\$363	\$70
\$750,000 and above.	\$396	\$76

## MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Under
Roth IRA Contribution	\$204k - \$214k	In Phaseout
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$223k - \$263k	In Phaseout

## SCHEDULE D - CAPITAL GAINS/LOSSES

The tax return listed the following sources of capital gains/losses:

### SHORT TERM

Description	Amount
Short Term Loss Carryover from 2021	\$0
Short Term Gain/Loss for 2022	\$9,000
Total Short Term Gain/Loss for 2022	\$9,000

### LONG TERM

Description	Amount
Long Term Loss Carryover from 2021	\$0
Long Term Gain/Loss for 2022	\$22,500
Total Long Term Gain/Loss for 2022	\$22,500

### TOTAL

Total Gains/Losses for 2022	\$31,500
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## SCHEDULE C INCOME SOURCES

The tax return listed the following businesses on Schedule C:

Business Name	Net Profit
	\$41,950

## SCHEDULE B INCOME SOURCES

The tax return listed the following income sources on Schedule B:

### INTEREST

Description	Amount
BANK OF AMERICA	\$250
ALLY BANK	\$500
SCHWAB	\$500

### DIVIDENDS

Description	Amount
VANGUARD	\$5,000
SCWHAB	\$10,000

## OBSERVATIONS

Income is within 10% of the threshold for the 3.8% Net Investment Income Tax (NIIT). Consider strategies to reduce taxable income and be mindful of realized capital gains.

You are in the 22.0% marginal bracket. Depending on your age and income projections, you might consider a Roth conversion.

The 2023 safe harbor for underpayment penalties is your total tax x 110%, or \$37,778. Note that the timing of your payments is also important with respect to avoiding penalties. Withholding from a paycheck or retirement account distributions are considered to have happened throughout the year, but estimated tax payments should be timed to correspond with the timing of the income earned. A tax professional should be able to help in cases where income is uneven throughout the year.

Your Modified Adjusted Gross Income (MAGI) suggests you are eligible to contribute to a Roth IRA. Note that Roth contributions must come from what the IRS calls "compensation income". The tax return does include some compensation income.

Your tax return suggests you may have business income. Depending on your circumstances, you may be able to implement a retirement plan for the business to defer taxes.

Form 8606 reports after-tax basis in at least one retirement account. This basis reduces the amount of taxable income generated from a Roth conversion or normal distribution.

you are age 50 in 2022 and thus are eligible to start making catch-up contributions to retirement accounts.

You owed additional taxes beyond any withholding or estimated tax payments. If this was due to a one-time event, you may not need to take any action. If not, consider adjusting your withholding to avoid any surprise lump sum payments due at tax time.

A portion of your retirement or annuity distributions was not taxable. This suggests some after-tax basis in the account, a rollover, or a Qualified Charitable Distribution.

Schedule C does not include any expenses on line 9, car and truck expenses. Do you use a vehicle for any business-related activities?

Review employer-provided benefits to ensure you are taking full advantage of any pre-tax options.

You converted \$25,000 from a Traditional IRA, SEP IRA, or SIMPLE IRA to a Roth IRA. Of this conversion, \$15,750 was taxable as ordinary income, as reported on Form 8606.

## NORTH CAROLINA STATE TAX HINTS

State and federal pensions excluded - If retiree had 5 years service before Aug 12, 1989

Foreign tax credit is available, but must be calculated. Frequently missed on self-prepared returns.

- NIIT = AGI + Excluded Foreign Earned Income
- Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI, Adoption Credit, Saver's Credit = AGI + Excluded Foreign Earned Income + Housing
- Roth MAGI = AGI - Taxable Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing
- Student Loan Deduction MAGI = AGI not including student loan interest + Excluded Foreign Earned Income + Housing
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing