

2022 Tax Law Changes

Following are brief descriptions of the Tax Law changes for the 2022 tax year.

Form 1040, U.S. Tax Return

Form 1040, U.S. Individual Income Tax Return, has undergone several changes for the 2022 tax year.

Among them:

- The “Qualifying widow(er) (QW)” filing status has been renamed to “Qualifying surviving spouse (QSS).” The functionality remains the same.
- Wages lines 1a through 1z on Form 1040 and 1040-SR. This year line 1 is expanded and there are new lines 1a through 1z. Some amounts that in prior years were reported on Form 1040 and Form 1040-SR are now reported on Schedule 1.
- Standard deduction amount increased. For 2022, the standard deduction amount has been increased for all filers. The amounts are: • Single or Married filing separately—\$12,950. • Married filing jointly or Qualifying surviving spouse—\$25,900. • Head of household—\$19,400.
- A check box has been added for the “lump-sum election method” (line 6c) for social security benefits.
- Due to the expiration of ARPA (P.L. 117-2):
 - The election to claim a charitable contribution for taxpayers who do not itemize deductions has expired.
 - The election to use prior-year earned income to figure EIC has expired.
 - The Recovery Rebate Credit was not applicable for 2022.
- The childless EIC age range (25-65) has been reinstated. Additionally, 2019 earned income can no longer be used in place of current-year earned income for the purpose of calculating EIC.

Child Tax Credit

There are several Child Tax Credit changes for tax year 2022. Among them:

- The Child Tax Credit (CTC) for 2021 implemented by the American Rescue Plan Act of 2021, have expired. For tax year 2022:
- The enhanced Child Credit allowed for qualifying children under age 6 and children under age 18 has expired. The age limit for qualifying children was reverted from under 18 to under 17.
- For 2022, the initial amount of the CTC is \$2,000 for each qualifying child. The credit amount begins to phase out where modified adjusted gross income exceeds \$200,000 (\$400,000 in case of a joint return). The amount of the CTC that can be claimed as a refundable credit is limited as it was in 2020 except that the maximum Additional Child Tax Credit (ACTC) amount for each qualifying child increased to \$1,500.
- The increased age allowance for a qualifying child has expired. A child must be under age 17 at the end of 2022 to be a qualifying child.
- **Advance child tax credit payments.** Advance child tax credit payments have not been issued for 2022.

Energy Credits

Due to the passage of the Inflation Reduction Act of 2022:

- The Nonbusiness Energy Property Credit has been renamed to the Energy Efficient Home Improvement Credit. This credit has been extended to property placed in service through December 31, 2022.
- The Residential Energy Efficient Property Credit has been renamed to the Residential Clean Energy Credit. The credit rate for property placed in service from 2022 – 2033 is 30%. Screen **5695** has been updated to reflect these changes.

2022 New Jersey State Tax Law Changes

Following are brief descriptions of the Tax Law changes for the State of New Jersey for the 2022 tax year.

New Jersey has a **new Child Tax Credit** for families earning up to \$80,000 a year. The refundable credit ranges from \$100 to \$500 per child age 5 or younger for taxpayers who meet the income requirements.

The New Jersey College Affordability Act, which provides three new deductions for people who are saving or paying for college. If your 2022 gross income is \$200,000 or less, you can now deduct:

- Up to \$10,000 of contributions made to a New Jersey Better Educational Savings Trust (NJBEST) college savings account during the year;
- Up to \$2,500 of principal and interest paid on student loans during the year under the New Jersey College Loans to Assist State Students (NJCLASS) program; and/or
- Up to \$10,000 for tuition costs if you, your spouse, or your dependent enroll in, or attend, a New Jersey institution of higher education.

New Jersey has also added the New Jersey Pediatric Cancer Research Fund and the Special Olympics New Jersey Fund to the list of charitable groups to which New Jersey taxpayers can contribute.