Taxland Newsletter
2022

DECEMBER ISSUE

By Tina M Chandler EA CFS

UPCOMING DEADLINES:

4TH QTR ESTIMATED TAX PAYMENTS DUE **01-16-23**
YEAR END TAX PLANNING CONTACT US BY **12-10-22**
REQUIRED MINIMUM DISTRIBUTIONS DUE BY **12-31-22**

Will 2022 Taxpayers Who Do Not Itemize Get Charitable Write Off?

On 2020 and 2021 returns, taxpayers who made cash contributions and didn’t file a Schedule A could still deduct up to $300 of their donations (up to $600 for those filing jointly in 2021) on page 1 of the 1040. This was a decision made to help encourage COVID related donations, and it expired at the end of 2021. It does not appear that this will extend into 2022..

Tax Treatment of Alimony or Separate Maintenance:

A payment is alimony or separate maintenance if all the following requirements are met:

- The spouses don't file a joint return with each other
- The payment is in cash (including checks or money orders)
- The payment is to or for a spouse or a former spouse made under a divorce or separation instrument
- The spouses aren't members of the same household when the payment is made (This requirement applies only if the spouses are legally separated under a decree of divorce or of separate maintenance.)
- There's no liability to make the payment (in cash or property) after the death of the recipient spouse
- The payment isn't treated as child support or a property settlement

Alimony Received:

If you **received** amounts that are considered taxable alimony or separate maintenance, you **must** include the amount of alimony or separate maintenance you received as income. Report alimony received on Form 1040 or Form 1040-SR.

Alimony Paid:
If you **paid** amounts that are considered taxable alimony or separate maintenance, you may deduct from income the amount of alimony or separate maintenance you paid whether or not you itemize your deductions. Deduct alimony or separate maintenance payments on Form 1040 or Form 1040-SR.

Unreported IRA Distributions:

Failure to report an IRA distribution can draw IRS attention. They utilize an underreporting system that matches data on information returns, such as Form 1099-R, with income amounts reported on individual tax returns. If there is a significant mismatch the agency will alert the taxpayer to the issue and require that the additional tax owed be paid with an additional fine. Not receiving a 1099-R will not negate the penalty, which is why it is important to report all distributions accurately on your return. If the account owner fails to withdraw the proper amount of their RMD by the applicable deadline, the amount not withdrawn is taxed at 50%.

Have You Taken Your Required Minimum Distributions For The Year?

Required Minimum Distributions (RMDs) generally are minimum amounts that a retirement plan account owner must withdraw annually starting with the year that he or she reaches 72 (70 ½ if you reach 70 ½ before January 1, 2020), if later, the year in which he or she retires. Retirement plan participants and IRA owners, including owners of SEP IRAs and SIMPLE IRAs, are responsible for taking the correct amount of RMDs on time every year from their accounts, and they face stiff penalties for failure to take RMDs.

When a retirement plan account owner or IRA owner, who dies before January 1, 2020, dies before RMDs have begun, generally, the entire amount of the owner's benefit must be distributed to the beneficiary who is an individual either (1) within 5 years of the owner's death, or (2) over the life of the beneficiary starting no later than one year following the owner's death. For defined contribution plan participants, or Individual Retirement Account owners, who died after December 31, 2019, (with a delayed effective date for certain collectively bargained plans), the SECURE Act requires the entire balance of the participant's account be distributed within ten years. There is an exception for a surviving spouse, a child who has not reached the age of majority, a disabled or chronically ill person or a person not more than ten years younger than the employee or IRA account owner. The new 10-year rule applies regardless of whether the participant dies before, on, or after, the required beginning date, now age 72.

For more information follow this link:
https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions#3