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Ken Berry, JD • Jul. 18, 2022



The Tax Blotter is a recap of recent taxation news.

Many provisions in the tax law are indexed for inflation, so they go up virtually every year. Yet there are several interesting twists and turns for taxpayers.

Expect less tax impact. Inflation is increasing so taxpayers will benefit from higher income tax brackets. But the changes won't be as pronounced as you might think. Under a little-noticed provision in the Tax Cuts and Jobs Act (TCJA), the method used to calculate inflation indexing was changed from CPI-U method to the chained CPI-U method. We'll spare you all the gory details, but this will generally result in smaller inflation adjustments.

Stick with the status quo. Even worse, some tax thresholds aren't indexed for

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\$15,000 per recipient for several years, the maximum exclusion amount was finally hiked from \$15,00 per recipient in 2021 to \$16,000 in 2022. We'll see soon whether or not another \$1,000 increase is in store for next year.

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