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tax breaks.

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*By Tim Grant, Pittsburgh Post-Gazette (TNS)*

The stimulus benefits that have been fattening income tax returns for the past few years are gone.

But since the stock market didn't do so well last year, investors who sold at a loss can at least expect a lower tax bill.

“It’s a silver lining to a challenging economic time—that you may have less taxes to

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folks received advances on that credit and the remaining balance came as part of their refund.

“The extra credit received in the expanded child tax credit—\$1,600 for kids under 6 and \$1,000 for kids over 6—did expire and will cause those taxpayers to have a higher tax bill for 2022,” Connolly said.

“The other big negative relates to the dependent care credit, which also drops back from \$8,000 for a family to \$2,100 for two or more kids,” she said.

Gone also is the recovery rebate for stimulus payments. People who were eligible for pandemic stimulus payments, but didn’t receive them when they came out, were also receiving them in their tax refunds.

But the good news for taxpayers who took losses in the 20% stock plunge last year is that the IRS allows deductions against those losses that could lower your tax bill—up to \$3,000 per year.

## **It’s tax season**

The official start of the new tax season starts on Monday which is when the IRS announced that it would begin accepting 2022 tax returns.

This year, the tax-filing deadline is April 18. Normally, it falls on April 15, but due to the 15th falling on a weekend and Monday, April 17, being Emancipation Day, a Washington, D.C. holiday, filers get three extra days to submit their tax returns.

Filing early is usually the best game plan. But it’s not always possible for taxpayers to file in January if they are still waiting for tax documents from mortgage companies and investment accounts, which often don’t arrive until February.

In its annual report to Congress on Jan. 11, the IRS acknowledged that taxpayers and

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The report pointed out that the IRS has failed to meet its responsibility to pay timely refunds to millions of taxpayers for three years in a row.

About 13 million individual taxpayers file paper returns. Because of processing delays, refunds for these taxpayers were generally delayed in recent years by six months or longer.

## Tax-loss harvesting

Some of the leading technology companies saw massive valuation drops in 2022—including Amazon, down 49.6%; Apple Inc., down 26.8%; and Tesla, down 65%.

Investors who sold stocks at a loss can take advantage of a strategy called tax-loss harvesting, which can help ease some of the pain.

The IRS allows taxpayers to deduct up to \$3,000 in capital gains losses per year. For losses higher than \$3,000, any unused losses in a given tax year can be rolled over to future years. The losses never expire.

“I expect a lot of financial advisors will be doing tax harvesting by the end of last year with the market being down,” said Howard Davis, president of the Davis, Davis & Associates accounting firm.

You need to have actually sold the stock in order to claim the deduction. The loss can't be written off simply because the stock is worth less than the original purchase price.

“You take the loss and buy the stock back after 31 days and hopefully the stock goes back up,” Davis said, adding that investors who repurchase the same stock within 31 days forfeit the tax break.

“The idea is to buy the stock back and still take advantage of the upside while still

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