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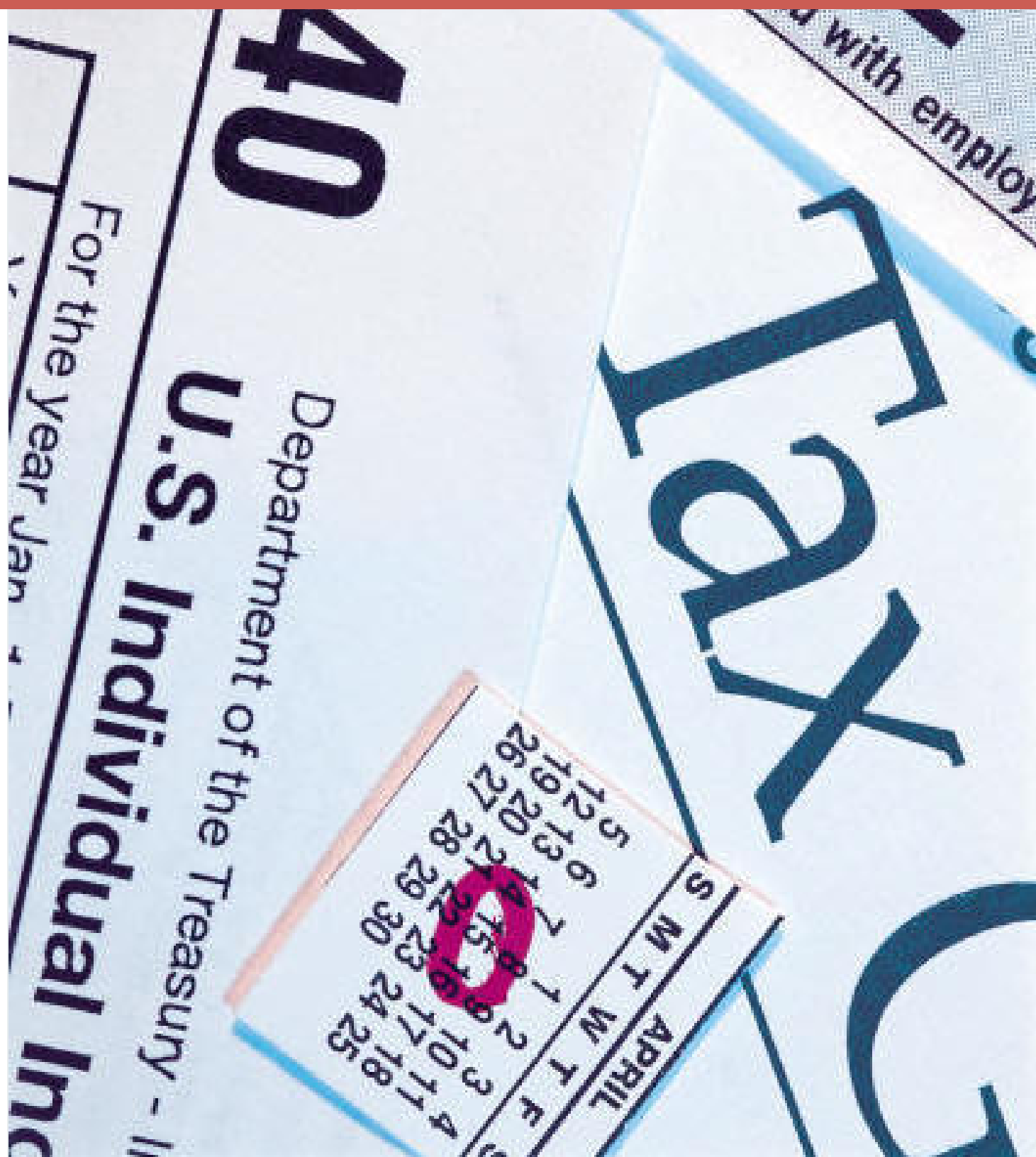
TAXES IN 2023

Certain tax credits for children and dependents have been reduced, and the charitable deduction some taxpayers took advantage of during the pandemic years is no longer so easy to claim.

Feb. 03, 2023

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The IRS began accepting tax returns in late January, and if you were hoping for a

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One possible reason a smaller tax refund or larger tax bill may be heading your way is both the child tax credit and the child and dependent care tax credit have been reduced for 2022, doing away with the increases they received from the American Rescue Plan Act of 2021.

In 2021, for instance, the child tax credit offered up to \$3,600 per qualifying child. For the 2022 tax year, the child tax credit reverts to its previous amount of up to \$2,000 per qualifying child.

The child and dependent care tax credit—which helps certain taxpayers offset the expenses of caring for children, guardians, or disabled dependents (i.e., paying for daycare, babysitters, summer camps, or other care providers)—has also been reduced. In 2021, the credit applied to qualifying care expenses of up to \$8,000 for one qualifying person or up to \$16,000 for two or more qualifying dependents. For the 2022 tax year, the credit will only apply to qualifying care expenses of up to \$3,000 for one qualifying dependent or up to \$6,000 for two or more qualifying dependents.

Charity Change

Another factor potentially impacting your tax refund or bill is that claiming a charitable deduction will be more difficult than in recent tax years. Last year, Congress granted charitable organizations and their donors a boost by allowing single donors to deduct up to \$300 for cash donations or up to \$600 for married couples filing jointly without itemizing their deductions. This deduction wasn't extended for the 2022 tax year, meaning taxpayers seeking to benefit from their charitable giving in 2022 will need to itemize their deductions. However, this can only be done if itemized deductions for the 2022 tax year exceed \$25,900 for joint filers, \$19,400 for heads of household, or \$12,950 for single filers and married couples

filing separately. For taxpayers either at least 65 years old or blind, an additional

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