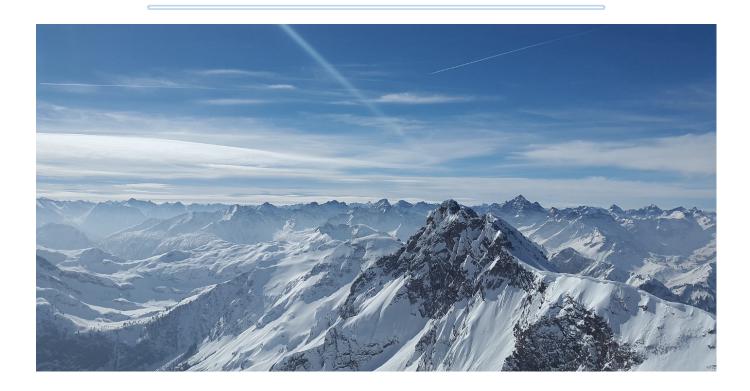


# 2022 Tax Law Updates for Americans Abroad

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Each year the IRS provides updated information related to the new tax year. Use this guide as a quick reference to the most common dates and tax provisions for American Expats.

As a reminder, every American who meets the following worldwide income thresholds **MUST** file a US tax return:

Single: \$12,950

Head of Household: \$19,400
Married Filing Jointly: \$25,900
Married Filing Separately: \$5

Self-Employed: \$400

You must file a Foreign Bank Account Report (FinCEN Report 114) if you hold the equivalent of \$10,000 at any time, across foreign accounts.



### **2022 Filing Deadlines for tax year 2021:**

- April 18th
  - US Tax Return deadline for US tax residents
  - FBAR Deadline → automatic extension available
- June 15th
  - US Tax Return deadline for Americans Abroad
- October 17th
  - US Tax Return → extended deadline
  - FBAR → extended deadline
- December 15th
  - Additional Expat extension

<u>Foreign Earned Income Exclusion (FEIE):</u> a tax benefit allowing expats to exclude some or all of their foreign income:

2021: \$108,7002022: \$112,000

Foreign Housing Exclusion: combined with the FEIE (above) and is based on your foreign location:

- 2021: See <u>Section 3</u> for housing limitations
- 2022: updated housing costs expected to be released around March 2022

**Foreign Tax Credit:** A nonrefundable tax credit for income taxes paid to a foreign government. You can optimize between using the Foreign Earned Income Exclusion and/or the Foreign Tax Credit to help reduce your US tax liability.

# **Estate & Gifting**

Annual Gift Tax Exclusion:

2021: \$15,000 per person2022: \$16,000 per person



Annual Gift Tax Exclusion for gifts to non-US citizen spouses:

2021: \$159,0002022: \$164,000

#### Estate Tax Thresholds:

2021: \$11,700,000 exclusion2022: \$12,060,000 exclusion

## **Retirement Contributions**

#### Standard Deduction:

Married filing jointly

2021: \$25,1002022: \$25,900

• Single OR Married filing separately

2021: \$12,5502022: \$12,950

Head of Household:

2021: \$18,8002022: \$19,400

# Marginal Tax Rates:

2022: Tax brackets have remained the same since 2018, the brackets are indexed annually to adjust for inflation. The top US bracket remains 37%.

### **General Updates**

Contribution limit for employees who participate in 401(k), 403(b), and most 457 plans:

- 2021: \$19,500 (or \$26,500 if you are over 50)
- 2022: \$20,500 (or \$27,000 if you are over 50)

Traditional IRA, deductions available for employees/spouses who do not have access to a qualified US plan, regardless of income

• 2021\*: \$6,000 (or \$7,000 if you are over age 50)

• 2022: \$6,000 (or \$7,000 if you are over age 50)

\*2021 contributions can be made through April 15, 2022

<sup>\*</sup> Gifts made between US citizen spouses are not taxable in any amount



# 2022 Tax Brackets for Single Filers and Married Couples Filing Jointly

ax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to \$10,275	Up to \$20,550
12%	\$10,276 to \$41,775	\$20,551 to \$83,550
22%	\$41,776 to \$89,075	\$83,551 to \$178,150
24%	\$89,076 to \$170,050	\$178,151 to \$340,100
32%	\$170,051 to \$215,950	\$340,101 to \$431,900
35%	\$215,951 to \$539,900	\$431,901 to \$647,850
37%	Over \$539,900	Over \$647,850

# 2022 Tax Brackets for Married Couples Filing Separately and Head-of-Household Filers

Tax Rate	Taxable Income (Married Filing Separately)	Taxable Income (Head of Household)
10%	Up to \$10,275	Up to \$14,650
12%	\$10,276 to \$41,775	\$14,651 to \$55,900
22%	\$41,776 to \$89,075	\$55,901 to \$89,050
24%	\$89,076 to \$170,050	\$89,051 to \$170,050
32%	\$170,051 to \$215,950	\$170,051 to \$215,950
35%	\$215,951 to \$323,925	\$215,951 to \$539,900
37%	Over \$332,925	Over \$539,900

Source: Kiplinger.com



Use this guide as a quick source for US figure changes, but please speak with your tax advisor and/or financial planner to discuss planning around your unique situation. Some of my favorite planning opportunities for Americans in Switzerland include:

- 1. Deductible Traditional IRA contribution available regardless of income, when your employer does not offer a US qualified retirement plan
- 2. Spousal gifting from a US citizen to a non-US citizen spouse
- 3. Head of Household filing status for US citizens who are married to a non-US citizen spouse and have a qualifying dependent child
- 4. Swiss treaty recognition of US qualified retirement accounts
- 5. Pillar 2 withdrawal when departing Switzerland

#### Helpful resources:

- IRS Publication 54: Tax Guide for US Citizens and Resident Aliens Abroad
- IRS FBAR Reference Guide