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## How inflation impacts 2022 tax provisions: Wolters Kluwer

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By Editorial Staff    Thu, Nov 25, 2021

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With inflation rising in 2021, the tax provisions subject to automatic inflation adjustments in the Internal Revenue Code are also seeing somewhat larger adjustments for 2022 than in recent years, according to tax and accounting division at [Wolters Kluwer](#).

Congress continues to increase the number of tax provisions subject to automatic inflation adjustments. There are over 60 provisions in the Tax Code subject to inflation adjustments, and an additional set of retirement plan limits subject to a separate inflation adjustment calculation.

Taxpayers with the same income in 2022 as in 2021 will tend to experience a lower tax rate in 2022 than in 2021 due to automatic inflation adjustments. Taxpayers can use many of the inflation adjustment figures to modify their tax planning for 2022.

Some of the changes include:

**Individual tax rates.** The top of the 10% tax rate increases to \$10,275 in 2022, an increase of \$325 over 2021, as compared to an increase of \$75 from 2020 to 2021. The bottom of the 37% tax bracket will rise \$19,550 for 2022, to \$647,850, after rising \$6,250 from 2020 to 2021

**Standard deduction.** For single taxpayers, the standard deduction increases to \$12,950 in 2022, up \$400 over 2021, after increasing \$150 from 2020 to 2021. For joint filers, the standard deduction increases to \$25,900 in 2021, up \$800 over 2021, after increasing \$300 from 2020 to 2021

**Estate tax unified credit.** The estate tax unified credit for 2022 is \$12,060,000, up \$360,000 from 2021, after increasing \$120,000 from 2020 to 2021

**401(k) employee contributions.** The elective deferral limit for 401(k) plans increases to \$20,500 for 2022, up \$1,000 from 2021, after an increase of \$500 from 2020 to 2021

**IRA contribution limits.** The IRA contribution limit remains unchanged at \$6,500 between 2021 and 2022 after increasing \$500 between 2020 and 2021. (Increases to this limit are

made only in \$500 increments.) The phase-out range for deductible contributions for single filers starts at \$68,000 for 2022, up \$2,000 over 2021, after increasing \$1,000 from 2020 to 2021. The phase-out range for deductible contributions for joint filers starts at \$109,000 for 2022, up \$4,000 over 2021, after rising \$1,000 from 2020 to 2021.

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