



Numerous tax limits affecting businesses have increased for 2022

Many tax limits that affect businesses are annually indexed for inflation, and a number of them have increased for 2022. Here's a rundown of those that may be important to you and your business.

Social Security tax

The amount of an employee's earnings that is subject to Social Security tax is capped for 2022 at \$147,000 (up from \$142,800 in 2021).

Deductions

- Standard business mileage rate, per mile: 58.5 cents (up from 56 cents in 2021)
- Section 179 expensing:
 - Limit: \$1.08 million (up from \$1.05 million in 2021)
 - Phaseout: \$2.7 million (up from \$2.62 million)
- Income-based phase-out for certain limits on the Sec. 199A qualified business income deduction begins at:
 - Married filing jointly: \$340,100 (up from \$329,800 in 2021)
 - Single filers: \$170,050 (up from \$164,900)

Business meals

In 2022 and 2021, the deduction for eligible business-related food and beverage expenses provided by a restaurant is 100% (up from 50% in 2020).

Retirement plans

- Employee contributions to 401(k) plans: \$20,500 (up from \$19,500 in 2021)
- Catch-up contributions to 401(k) plans: \$6,500 (unchanged)
- Employee contributions to SIMPLEs: \$14,000 (up from \$13,500)
- Catch-up contributions to SIMPLEs: \$3,000 (unchanged)
- Combined employer/employee contributions to defined contribution plans: \$61,000 (up from \$58,000)

- Maximum compensation used to determine contributions: \$305,000 (up from \$290,000)
- Annual limit for defined benefit plans: \$245,000 (up from \$230,000)
- Compensation defining a highly compensated employee: \$135,000 (up from \$130,000)
- Compensation defining a “key” employee: \$200,000 (up from \$185,000)

Other employee benefits

- Qualified transportation fringe-benefits employee income exclusion: \$280 per month (up from \$270 per month)
- Health Savings Account contributions:
 - Individual coverage: \$3,650 (up from \$3,600)
 - Family coverage: \$7,300 (up from \$7,200)
 - Catch-up contribution: \$1,000 (unchanged)
- Health care Flexible Spending Account contributions: \$2,850 (up from \$2,750)

These are only some of the tax limits that may affect your business and additional rules may apply.