

November Tax News

- The Employee Retention Credit has expired. Only wages paid through 3rd quarter 2021 (September 30, 2021) are eligible. The only exception is if a business is considered a recovery startup business. In that case a business is eligible to take the credit on 4th quarter wages in 2021.
 - To be a recovery startup business you need to meet the following criteria
 - Began operations after February 15th 2021
 - Had average annual gross receipts of less than \$1 million
- Reminder:
 - There is a special tax provision allows more Americans to deduct up to \$600 in donation to qualifying charities on their 2021 federal income tax return ([Code Sec. 170](#))
 - Individual tax filers, including married filing separate returns can claim a deduction of \$300
 - Married couples filing jointly can claim a deduction of \$600.
- Colorado Payroll (*Colorado Department of Labor and Employment, INFO #6B.*)
 - The COVID-19 supplemental paid sick leave requirement has expired. However, Colorado employers are subject to the regular paid sick leave requirements – took effect Jan. 1st, 2021 for companies with more than 15 employees and Jan. 1st, 2022 for companies with fewer than 15 employees.

- 2022 Qualified Retirement Plan Limitations (Notice 2021-61)

Description	2022 Limit	2021 Limit
Participant pretax contribution limit for 401(k) and 403(b) plans IRC Section 402(g)(1)	\$20,500	\$19,500
Deferral limit for deferred compensation plans of state and local governments and tax-exempts IRC Section 457(e)(15)	\$20,500	\$19,500
Dollar limitation for catch-up contributions for participants age 50 or over in 401(k), 403(b), governmental 457 plans and Simplified Employee Pensions (SEPs) IRC Section 414(v)(2)(B)(i)	\$6,500	\$6,500
Dollar limitation for catch-up for contributions for participants age 50 or over in a SIMPLE* IRA or a SIMPLE 401(k) IRC Section 414(v)(2)(B)(ii) *(Savings Incentive Match Plan for Employees of Small Employers)	\$3,000	\$3,000
Defined benefit plan limit ¹ IRC Section 415(b)(1)(A)	Lesser of \$245,000 or 100% of the participant's 3-year high compensation	Lesser of \$230,000 or 100% of the participant's 3-year high compensation
Defined contribution plan limit IRC Section 415(c)(1)(A)	Lesser of \$61,000 or 100% of participant's compensation	Lesser of \$58,000 or 100% of participant's compensation
Maximum ESOP account balance subject to a 5-year distribution period/increments for additional year IRC Section 409(o)(1)(C)(ii)	\$1,230,000/\$245,000	\$1,165,000/\$230,000
Highly compensated employee dollar threshold IRC Section 414(q)(1)(B)	\$135,000	\$130,000
Definition of key employee in a top-heavy plan — officer compensation threshold IRC Section 416(i)(1)(A)(i)	\$200,000	\$185,000

Annual limit on includible compensation for benefits and allocations ² IRC Sections 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii)	\$305,000	\$290,000
SEP employee participation floor IRC Section 408(k)(2)(C)	\$650	\$650
Simple retirement accounts contribution limit IRC Section 408(p)(2)(E)	\$14,000	\$13,500
Compensation amount of control employees for fringe benefit valuation purposes Treas. Reg. Section 1.61-21(f)(5)(i) and (iii)	\$120,000/\$245,000	\$115,000/\$235,000

- As always please remember the IRS doesn't contact people by email, text messages or social media channels to request personal or financial information. People should watch out for websites and social media attempts that request money or personal information and for schemes tied to Advanced Child Tax Credits payments, Economic Impact Payments or other tax topics.