

Addendum: Annual Federal Tax Refresher Self-Study Course

Revision 1.1

The text has been updated to reflect the mid-year standard mileage rate.
Examples for QBI were updated to reflect the correct threshold amounts.

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The mileage rates referenced were updated to reflect the mid-year increase for July 1 – Dec. 31, 2022.

New Table

Standard mileage rates	2022 Jan. 1 – Jun. 30	2022 July 1 – Dec. 31
Business mileage	58.5¢	62.5¢
Medical and moving mileage	18¢	22¢
Charity	14¢	14¢

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The standard mileage rate reference was updated to reflect the mid-year increase to 62.5¢ per mile for July 1 – Dec. 31, 2022.

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The medical mileage rate reference was updated to reflect the mid-year increase to 22¢ per mile for July 1 – Dec. 31, 2022.

Date of revision: 11/22/2022

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The moving mileage rate reference was updated to reflect the mid-year increase to 22¢ per mile for July 1 – Dec. 31, 2022.

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Example 13 was updated for clarity and to correct the threshold amount used.

Alex, an attorney, files a joint return with his wife in 2022. Their taxable income consists of \$351,700 of income from his law firm. Since Alex is an attorney, an SSTB, the phase-out rule applies. Her taxable income above the threshold amount is \$11,600 (\$351,700 - \$340,100). The 20% is reduced to 17.68% which is 20% - 2.32% ($\$11,600 / \$5,000$).

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Example 18 was updated to use the correct threshold amounts for 2022.

Ray and Lisa are MFJ with modified taxable income before the QBID of \$365,000. Ray has product sales profit (not a SSTB) from his business of \$150,000. He paid wages of \$40,000.

- Step one determines CQBIA:
 - Since their TI exceeds the threshold of \$340,100, compare QBI limit \$30,000 (20% x \$150,000) to W-2/QP limit \$20,000 (50% x \$40,000).
 - Since the W-2/QP limit is less, CQBIA is \$30,000 reduced by \$1,590 $[(\$365,000 - \$340,100) / \$100,000] \times (\$30,000 - \$20,000)$ to equal \$28,410 [step one].
- Step two multiplies 20% x \$365,000 modified taxable income = \$73,000.
- Step three determines the QBID by comparing the smaller of step one or two (\$28,410) with \$73,000 and selecting the smaller = \$28,410.

Date of revision: 11/22/2022