



TurboTax Tax Trends Report

Executive Summary

A look back at the most recent tax year, 2022, and insights for 2023

For the full report, visit the [**TurboTax blog**](#)



About this report

Our Tax Trends Report takes a look back at tax year 2022 and provides unique, data-driven insights into finance, tax, and economic trends for consumers, analysts, policymakers, and the general public. The report provides education, insights, and calls out proactive moves people can make to improve their finances and tax outcomes for tax year 2023. TurboTax uses anonymized and aggregated data drawn from 15 million TurboTax tax returns in compliance with U.S. tax regulation requirements, sampled to better reflect the general U.S. population of tax filers rather than the TurboTax customer base.

Tax Year 2022 Look Back Report

Data Reveals Lower Refunds, Changes in Finances for Single Parents and Newly Married, and Decrease in Crypto Transactions

Our tax year 2022 lookback trend report reveals the state of American tax filers and provides interesting data insights for filers as they continue to recover and make moves following events that occurred over the last couple of years. The data provides a clear view into what happened with refunds and who received them, who saw the biggest changes in income, how self-employed and side gigs changed, and changes in crypto investing.

Continue on to get clarity and insights into what happened in tax year 2022 and what's to come.



State of Tax Filers in America

Here's what changed in tax year 2022

1

Cultural and Economic Events that Impacted Finances and Taxes

- Lower refunds
- Consumer spending
- Return to office
- Employment
- Inflation
- Income changes
- Filing status changes
- Crypto value declines

2

Tax Law/Provision Changes

- Expired Pre-COVID Relief
- Inflation adjustments
- 1099-K reporting threshold delay

Key Findings



1 REFUNDS
Fewer Refunds with the Expiration of COVID-Era Tax Breaks

2 EMPLOYMENT & SELF-EMPLOYMENT
More People are Turning to Side Gigs and Freelance Work

3 INCOME
Single Filers with a Dependent Filing Head of Household Experienced Increased Income

4 INVESTING
Decrease in Crypto Transactions as Crypto Loses Value

REFUNDS

Fewer Refunds with the Expiration of COVID-Era Tax Breaks

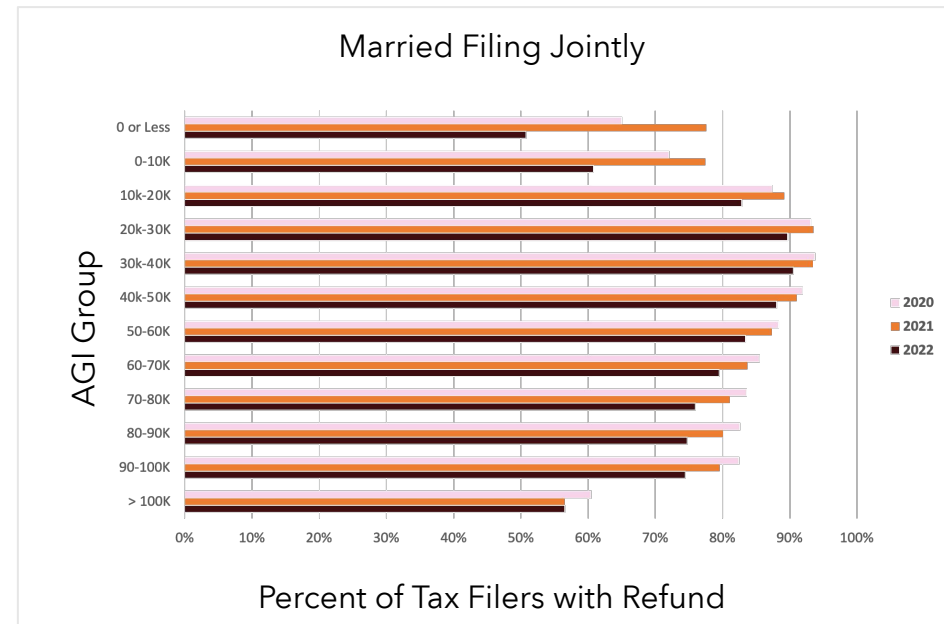
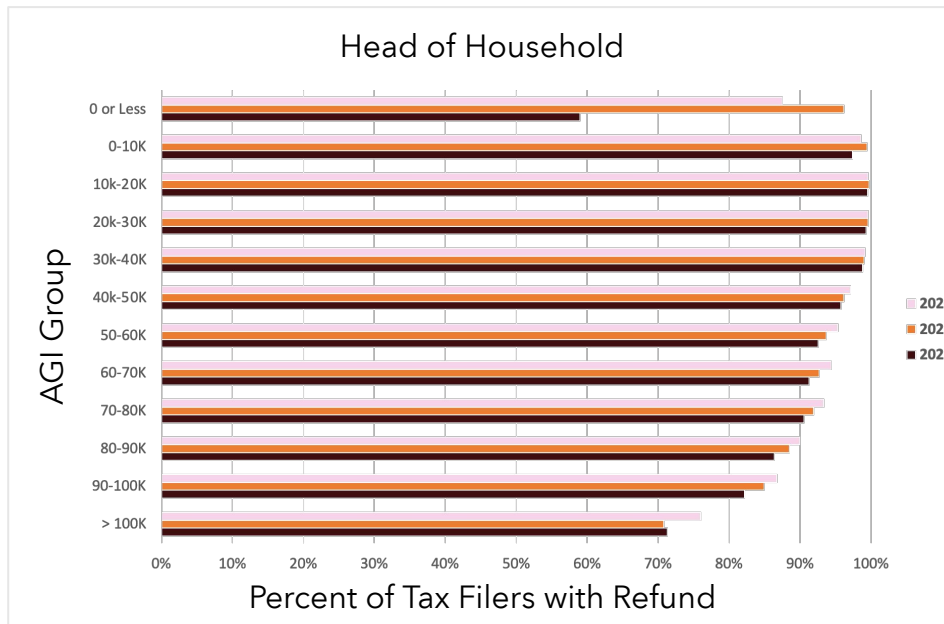
A reduction in the percentage of returns with refunds was most pronounced for low income tax filers. The number of single tax filers in the lowest income category who received a refund in tax year 2022 dropped by 22 percentage points when compared to 2021.

- For many Americans, tax refunds were boosted by COVID relief like the expanded Child Tax Credit, Child and Dependent Care Credit, and Earned Income Tax Credit during 2020 and 2021.
- The expanded COVID relief either reverted to pre-COVID provisions or went away, which had an impact on tax refunds.
- The additional boost in refunds in 2020 and 2021 helped serve as a financial safety net for many Americans.



KEY FINDINGS

Percent of Tax Filers with Refund



REFUNDS

Fewer Refunds with the Expiration of COVID-Era Tax Breaks

WHY THIS MATTERS

- Tax refunds can be the biggest paycheck people receive all year and often help them get out of debt.
- It can also often lead to increased consumer spending as people use the money to make large purchases, go on vacations, or buy things they've been putting off.
- Regardless if you receive a lower refund, it is important to understand what impacted your refund, know how to maximize your refund, know what to do with it, and any new tax laws you need to know to improve your tax outcome.

TAX IMPLICATIONS AND MOVES TO MAKE FOR TAX YEAR 2023

- Because inflation adjustments like the standard deduction were increased the most they have been in decades for tax year 2023, the inflation adjustments may help boost Americans' tax refunds in tax year 2023.
- Although COVID-Era tax breaks changed to pre-COVID amounts, tax filers should remember that many like Child Tax Credit and the Child and Dependent Care Credit are still available.
- Tax filers can also assure that they maximize their refund by making smart end of year tax moves like maximizing their retirement.

KEY FINDINGS

Changes in Employment: The Rise of Self-Employment & Side Gigs

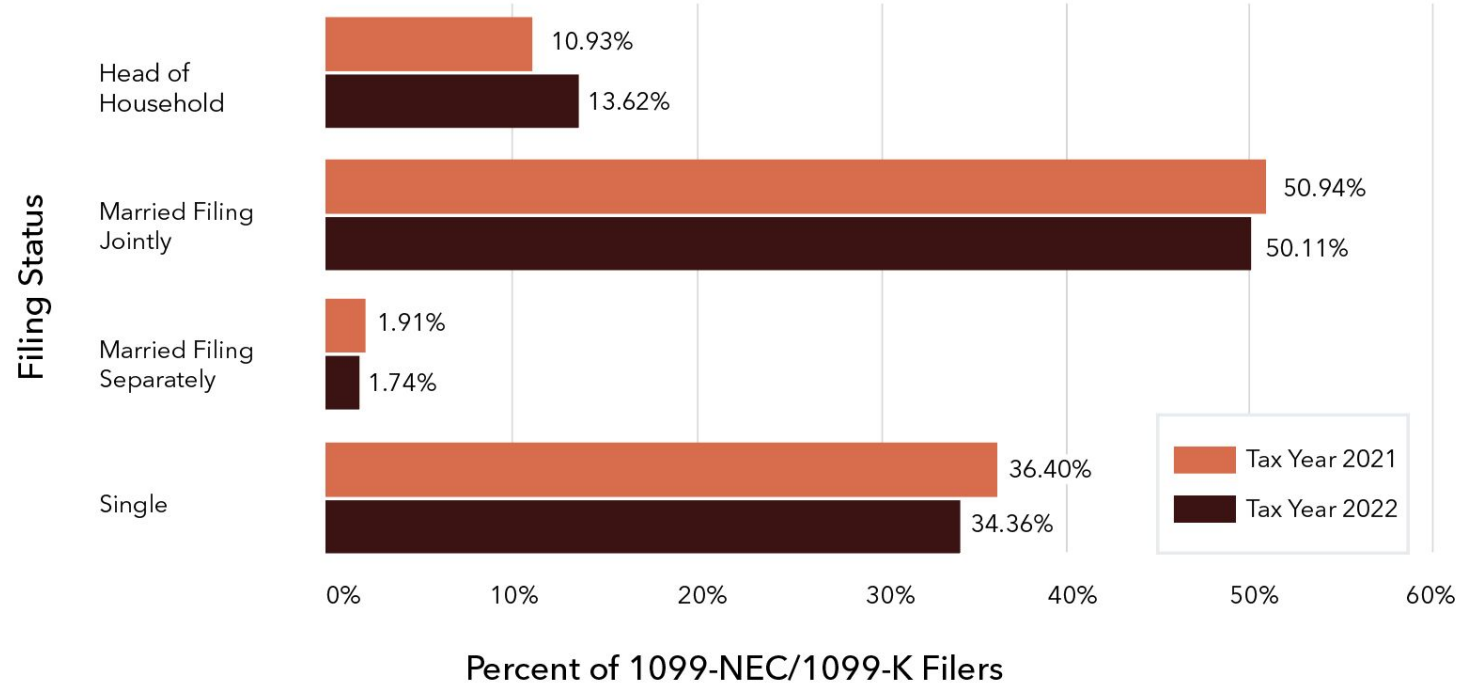
In tax year 2022, 8.1% of tax filers included either form 1099-K or 1099-NEC in their returns.

- Between tax year 2021 and tax year 2022, the percentage of tax filers with a 1099-NEC or 1099-K grew from 6.7% to 8.1%.
- More people are turning to freelance, contract, or gig work for their primary or secondary source of income. Economic downturns or job loss can lead people to take on gig work to supplement their income.
- Between tax year 2021 and tax year 2022, the distribution of tax filers with non-employee compensation decreased for Married Filing Jointly and Single tax filers and increased for Head of Household filers at a rate outpacing the overall increase in tax filers in this group.



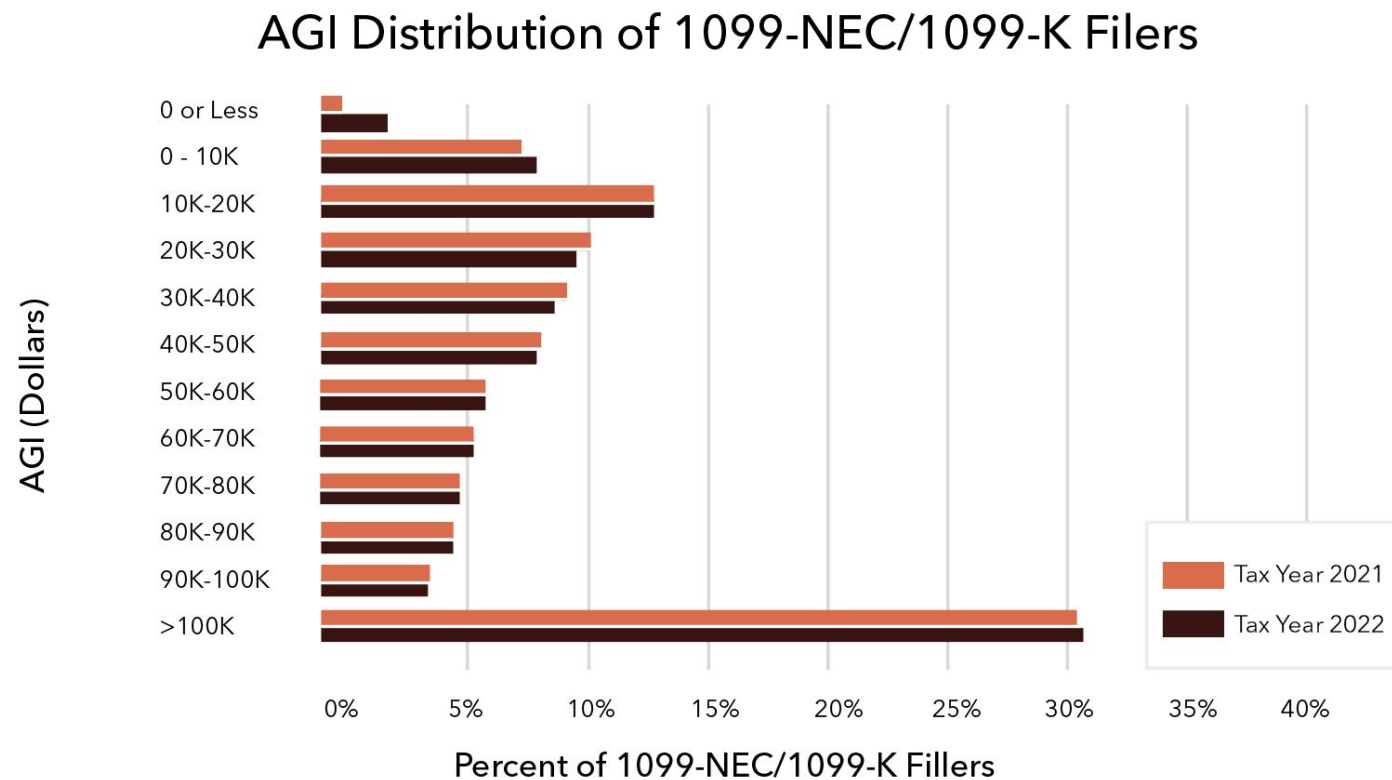
Changes in Employment: The Rise of Self-Employment & Side Gigs

Filing Status Distribution of 1099-NEC/1099-K Filers



KEY FINDINGS

Changes in Employment: The Rise of Self-Employment & Side Gigs



Changes in Employment: The Rise of Self-Employment & Side Gigs

WHY THIS MATTERS

- More Americans are receiving income from self-employment to make ends meet or they are turning their hobbies into hustles.
- It is important for them to know that self-employment income is taxed differently from employment income, but there are also money saving moves they can make.

TAX IMPLICATIONS AND MOVES TO MAKE FOR TAX YEAR 2023

- Tax filers who worked a side gig or self-employed job may receive a Form 1099-NEC or Form 1099-K reporting income instead of a W-2 like employees.
- Form 1099-NEC is issued when income is \$600 or more.
- Due to the delay announced by the IRS on November 21, 2023, people who have payments processed through third party platforms may still only receive a 1099-K form reporting their processed payments if they exceed \$20,000 and more than 200 transactions.
- Regardless of whether if self-employed or side giggers receive a Form 1099-NEC or Form 1099-K they still need to claim their [self-employment income](#), but they can benefit from deducting their business expenses.

INCOME

Single Parents' Delayed Recovery

Single parents or single filers with dependents filing as Head of Household experienced an 8.6% year-over-year increase in median AGI in tax year 2022, compared to 2.7% the prior year.

- Single parents or single filers with dependents were delayed in their ability to return to work following COVID.
- In 2021, Head of Household filers were more likely than any other group to see a decrease in AGI.
- The percentage of Head of Household filers who experienced a decrease in income dropped more than any other group in tax year 2022, indicating that recovery for this group has lagged behind.



INCOME

Single Parents' Delayed Recovery

WHY THIS MATTERS

- Services that single parents rely on, such as after-school programs, were disrupted or limited due to the pandemic.
- Even as businesses are beginning to re-open, employment for Head of Household filers was slow to recover.
- Other filing statuses saw an increase in employment activity in tax year 2021, but Head of Household filers were flat.
- The increase observed in tax year 2022 is another indicator of a delayed recovery for single parents.

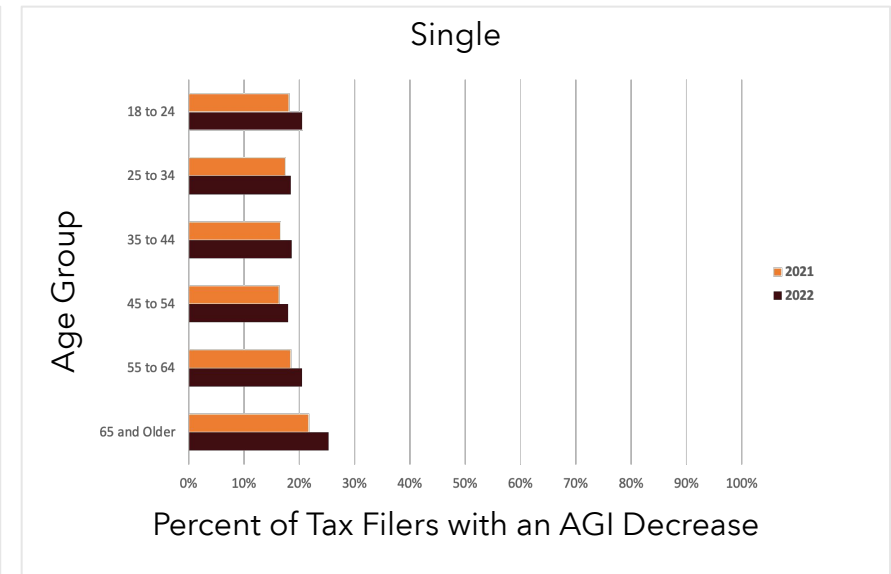
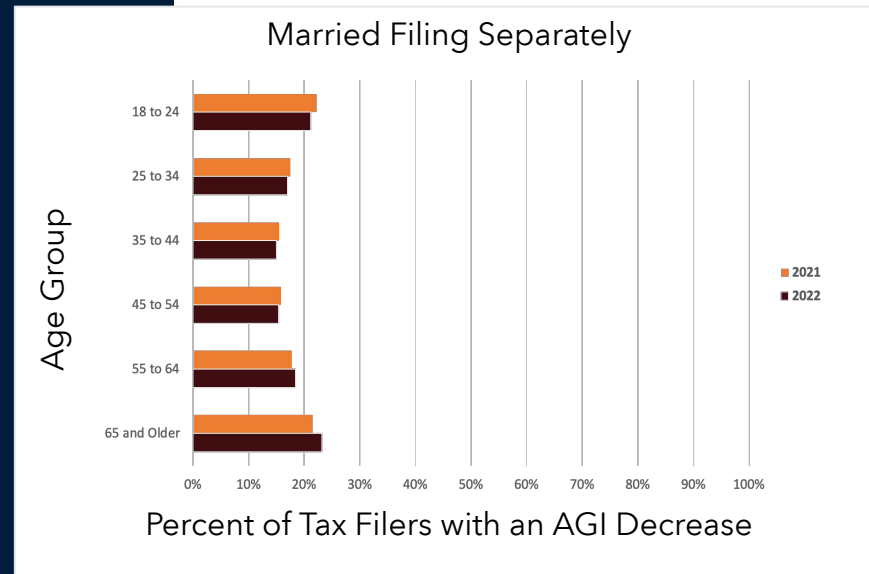
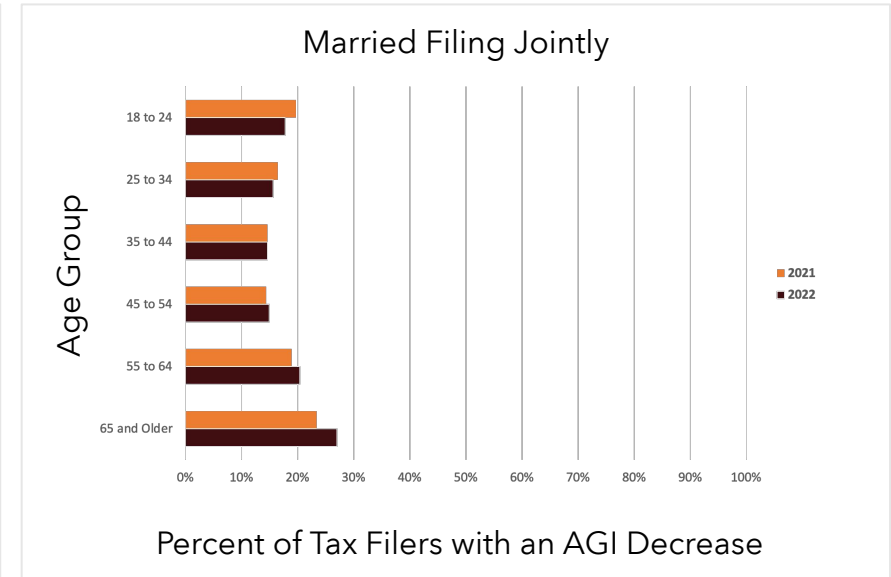
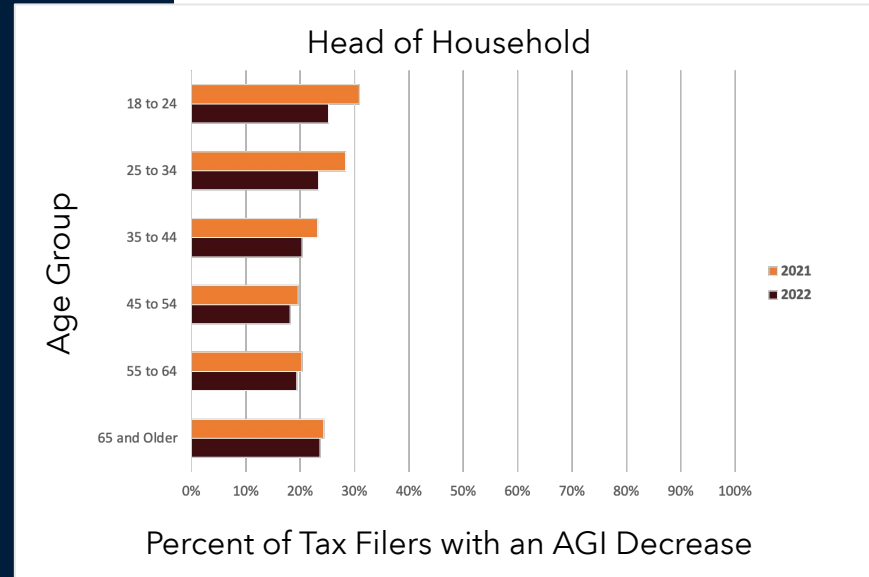
TAX IMPLICATIONS AND MOVES TO MAKE FOR TAX YEAR 2023

- With single parents and single filers with dependents seeing an 8.6% overall increase in adjusted gross income in 2022 and employment continuing, they may find that they are subject to more taxes than in tax year 2021 and years to follow, due to a mix of increased income and expiration of COVID relief provisions.
- There are additional tax benefits for those who can file as Head of Household that will improve their finances and tax outcome for tax year 2023.
- Some of the increased benefits like the standard deduction of \$20,800 and income tax brackets were adjusted for inflation at 7%, the most experienced in decades for tax year 2023.

KEY FINDINGS

INCOME Single Parents' Delayed Recovery

Percent of Tax Filers with an AGI Decrease: No Filing Status Change



KEY FINDINGS

INCOME

Navigating Taxes when Relationships Change

In tax year 2022, 87% of those who moved into the Married Filing Jointly filing status saw an AGI increase of 10% or more.

Between tax year 2021 and tax year 2022, 94.7% of tax filers included in the Tax Trends Report analysis remained in the same filing status year over year. For the 5.3% who did have a change of status, income taxes may significantly change.

Filing Status Matrix

Each cell represents a possible Tax Year 2021 to 2022 filing status combination and the percentage of total tax filers that falls into each

		Head of Household	Married Filing Jointly	Married Filing Separately	Single
Tax Year 2022	Head of Household	14%	0.2%	.09%	1.5%
	Married Filing Jointly	.3%	31%	.25%	.85%
	Married Filing Separately	.13%	.14%	1.7%	.44%
	Single	1.1%	.21%	.14%	48%
		Head of Household	Married Filing Jointly	Married Filing Separately	Single
		Tax Year 2021			

INCOME

Navigating Taxes when Relationships Change

WHY THIS MATTERS

- Transitioning from a single filer to filing jointly with a spouse (or vice versa) can affect tax outcomes.
- Depending on the combined income of the primary tax filer and spouse, tax filers may find themselves in a higher or lower tax bracket.
- In tax year 2022, 87% of those who moved into the Married Filing Jointly saw an AGI increase of 10% or more.

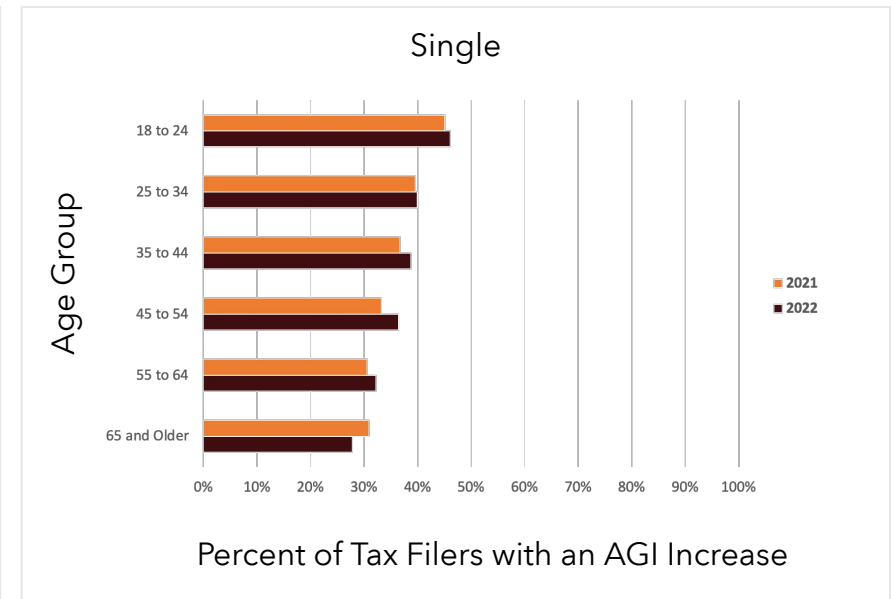
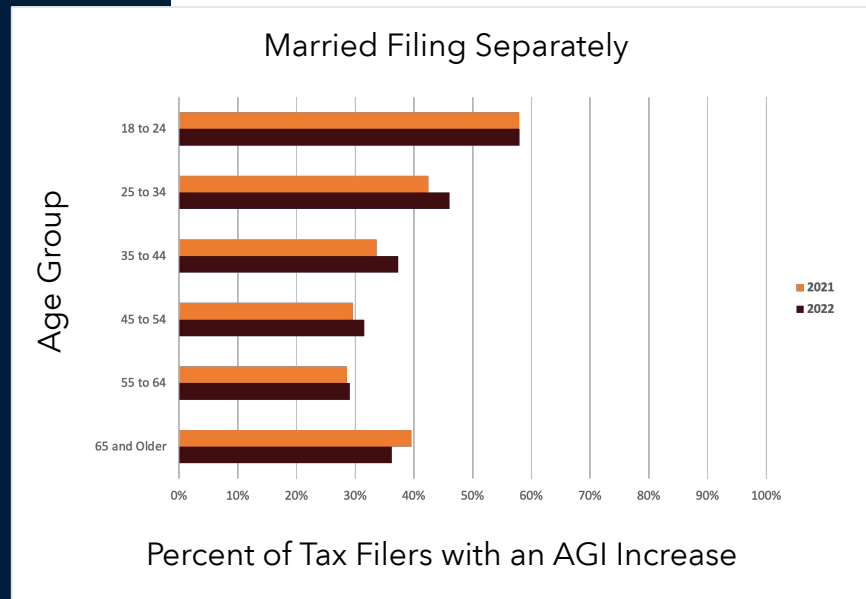
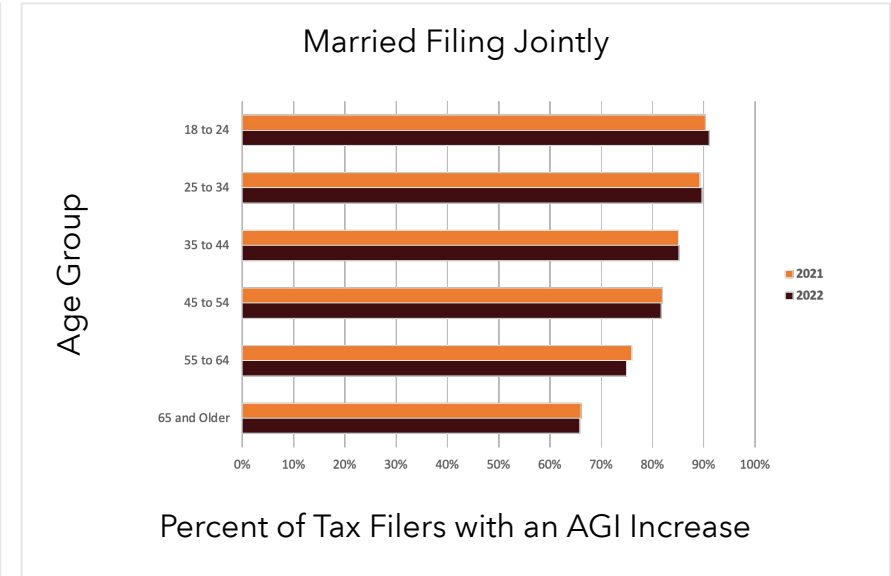
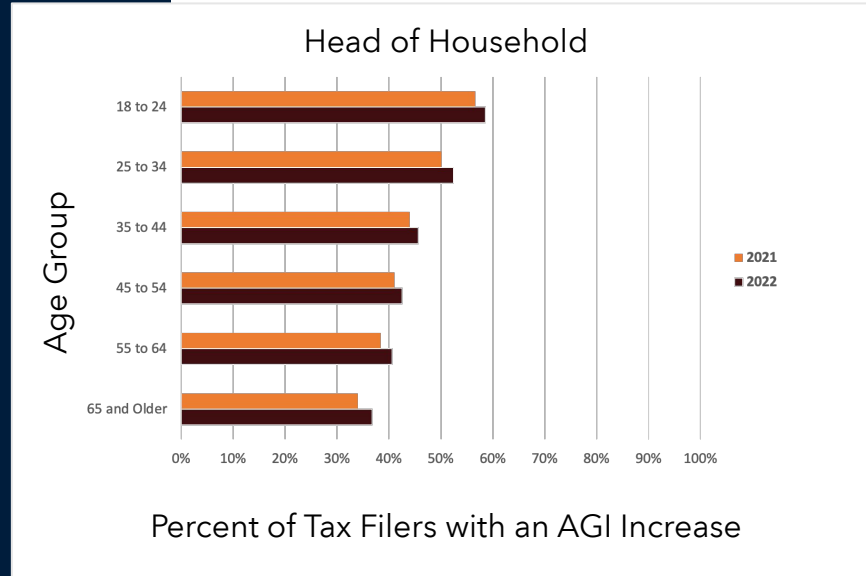
TAX IMPLICATIONS AND MOVES TO MAKE FOR TAX YEAR 2023

- Along with marital bliss, tax filers may also experience an increase in income.
- Although the increase in income can move a couple into a new tax bracket, in general married couples who file [jointly](#) experience a more favorable tax outcome overall compared to single.
- In addition, there are some tax deductions and credits that are not available when filing Married Filing Separately.

KEY FINDINGS

INCOME Navigating Taxes when Relationships Change

Percent of Tax Filers with an AGI Increase: No Filing Status Change



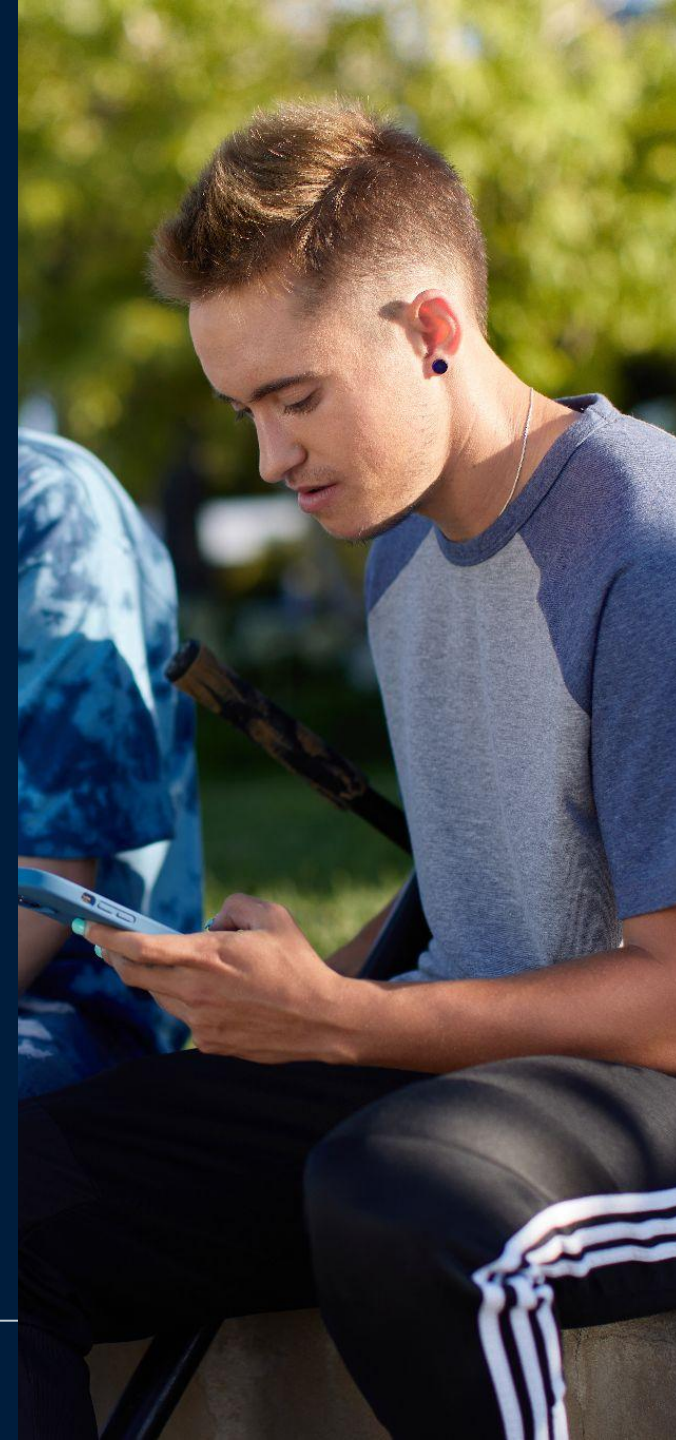
KEY FINDINGS

INVESTING

Reporting of Crypto Transactions Falls as Crypto Loses Value

In tax year 2022, 2.34% of tax filers included crypto transactions in their returns, compared to just under 3% the prior year.

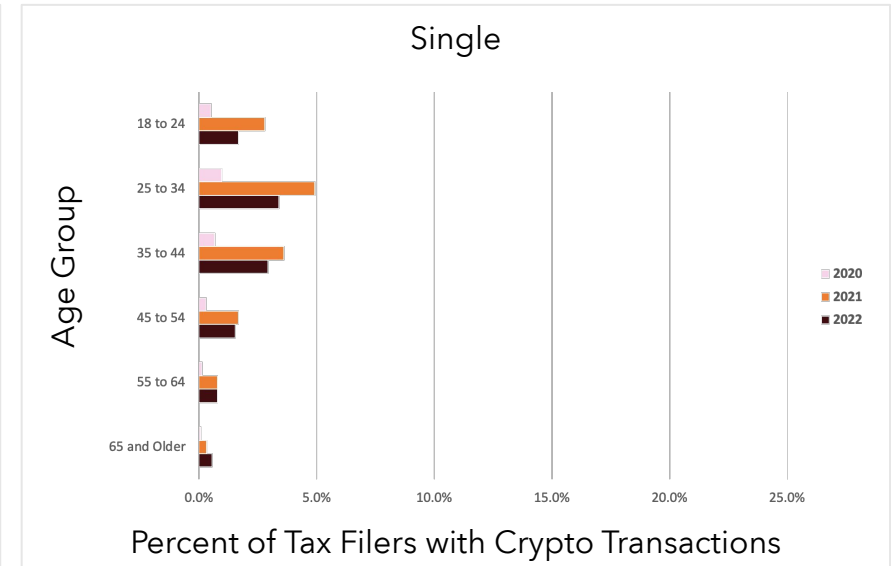
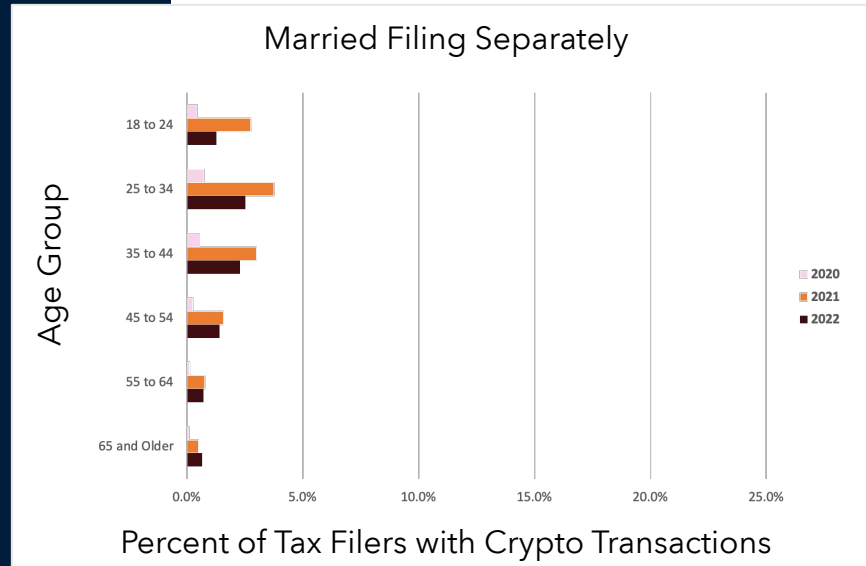
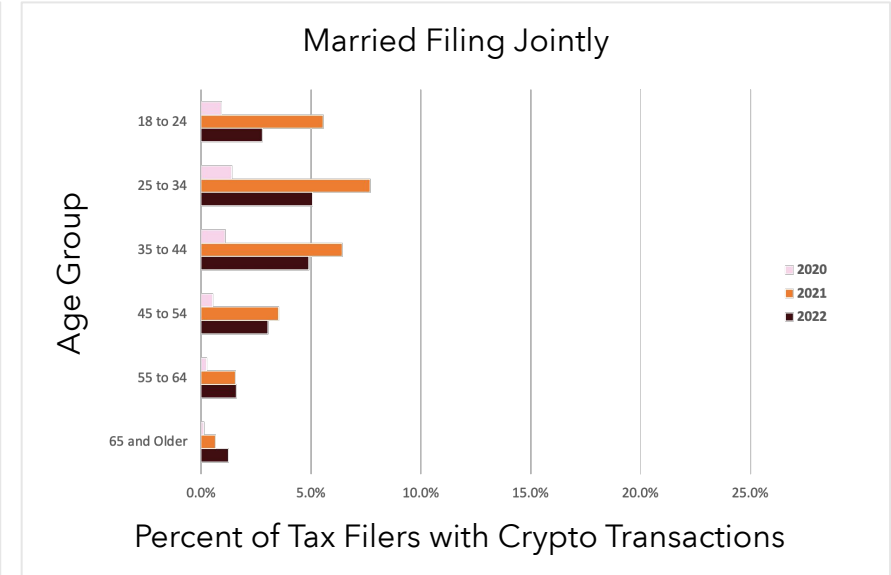
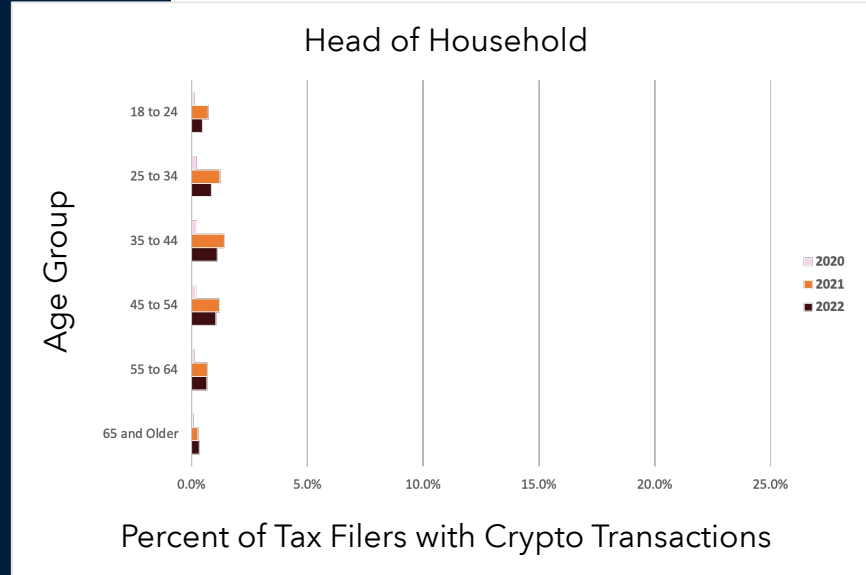
- In tax year 2021, there was a noticeable increase in reporting of crypto transactions in individual tax filings, most prominently for the 25-34 age group as a result of the rise in crypto sales.
- In tax year 2022, the percentage of tax filers reporting crypto transactions was still highest for this group, but has fallen across nearly all age groups.



KEY FINDINGS

INVESTING Reporting of Crypto Transactions Falls

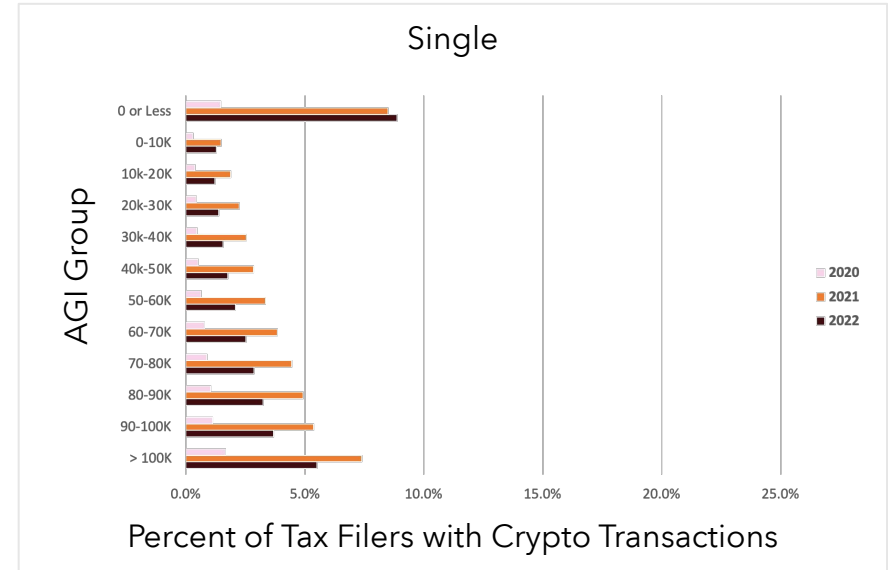
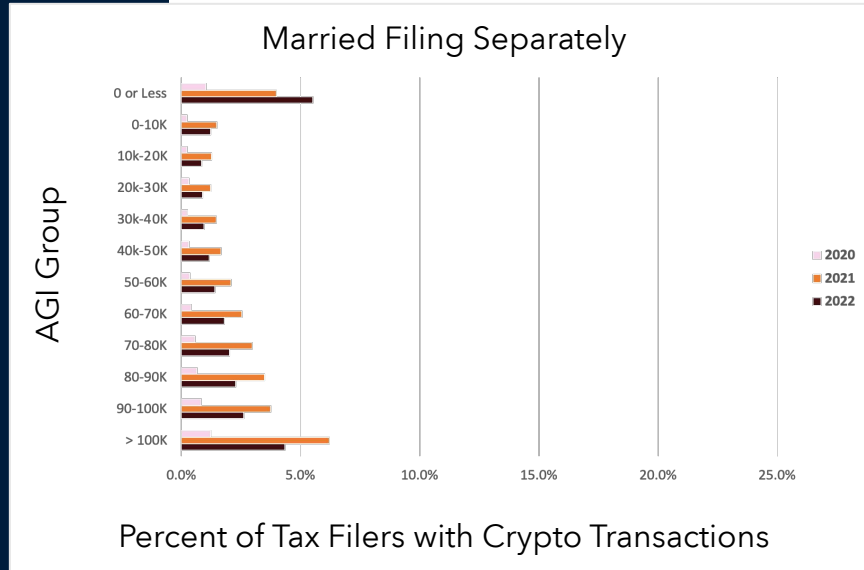
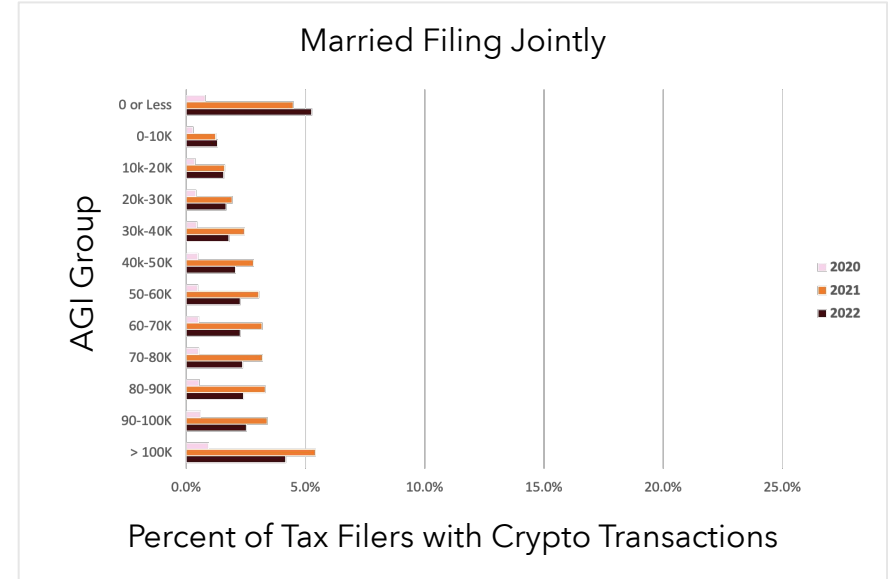
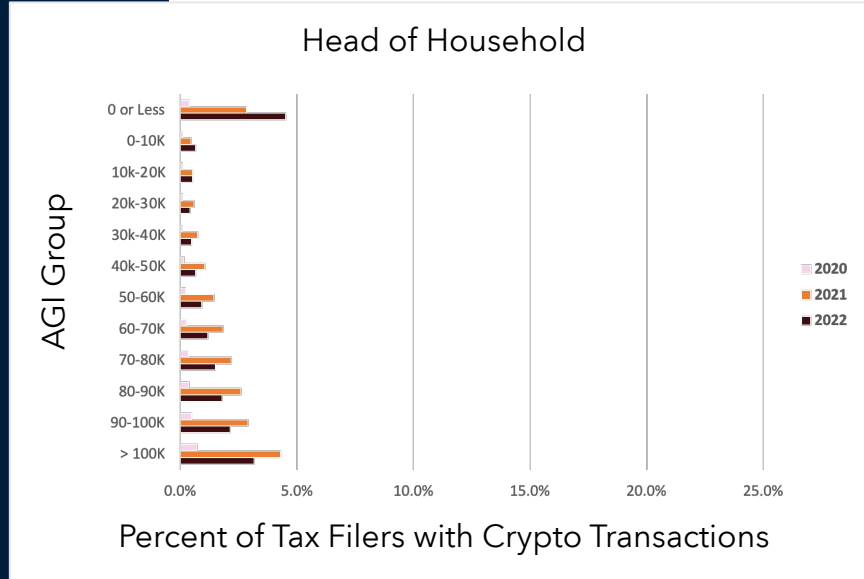
Percent of Tax Filers with Crypto Transactions (Age)



KEY FINDINGS

INVESTING Reporting of Crypto Transactions Falls

Percent of Tax Filers with Crypto Transactions (AGI)



INVESTING

Reporting of Crypto Transactions Falls as Crypto Loses Value

WHY THIS MATTERS

- While reporting of crypto transactions was down in tax year 2022, the percentage of lower income tax filers with crypto transactions included in their returns grew.
- A [2021 report](#) from the Federal Reserve found that for some, digital currencies serve as an alternative for low income individuals who lack financial access.

TAX IMPLICATIONS AND MOVES TO MAKE FOR TAX YEAR 2023

- While most investors aim to maximize gains, if they sold crypto at a loss in tax year 2023 they can offset their losses against capital gains.
- Tax filers may offset up to \$3,000 in capital losses against ordinary income like wages, saving on taxes.
- Any losses over \$3,000 can be carried forward to future tax years.
- Tax filers should also check for carryover losses from the previous tax year so they don't miss out on offsetting them on their 2023 taxes.

TurboTax is Here for You

Last tax season Intuit TurboTax processed 45 million US tax returns and \$106 billion in tax refunds. With a combination of Intuit TurboTax's 35+ years of tax expertise, network of tax pros, and Intuit's GenAI, TurboTax is able to serve all taxpayers and small businesses regardless of their tax situation and whether they want to do their taxes themselves, with help along the way or hand their taxes off to a tax expert virtually or in person.



Methodology

Findings included in this report are drawn from 15 million TurboTax anonymized accounts, sampled to match the IRS tax filer base in the United States. To ensure consistency in year-over-year comparisons, all users included have filed their taxes using TurboTax every Tax Year since 2020. All data has been anonymized and aggregated in compliance with US tax regulation requirements. [Visit the full report](#) to see a complete methodology for this data.