

TAX RATES – TAX YEAR 2023

INCOME, ESTATE, AND GIFT TAX RATES TAX BRACKETS

Single Taxpayers – 2023

Taxable Income	Amount of tax
Not over \$11,000	10% of the taxable income
Over \$11,000 but not over \$44,725	\$1,100 plus 12% of the excess over \$11,000
Over \$44,725 but not over \$95,375	\$5,147 plus 22% of the excess over \$44,725
Over \$95,375 but not over \$182,100	\$16,290 plus 24% of the excess over \$95,375
Over \$182,100 but not over \$231,250	\$37,104 plus 32% of the excess over \$182,100
Over \$231,250 but not over \$578,125	\$52,832 plus 35% of the excess over \$231,250
Over \$578,125	\$174,238.25 plus 37% of the excess over \$578,125

Married Filing Jointly Taxpayers and Surviving Spouses – 2023

Taxable Income	Amount of tax
Not over \$22,000	10% of the taxable income
Over \$22,000 but not over \$89,450	\$2,200 plus 12% of the excess over \$22,000
Over \$89,450 but not over \$190,750	\$10,294 plus 22% of the excess over \$89,450
Over \$190,750 but not over \$364,200	\$32,580 plus 24% of the excess over \$190,750
Over \$364,200 but not over \$462,500	\$74,208 plus 32% of the excess over \$364,200
Over \$462,500 but not over \$693,750	\$105,664 plus 35% of the excess over \$462,500
Over \$693,750	\$186,601.50 plus 37% of the excess over \$693,750

Head of Household – 2023

Taxable Income	Amount of tax
Not over \$15,700	10% of the taxable income
Over \$15,700 but not over \$59,850	\$1,570 plus 12% of the excess over \$15,700
Over \$59,850 but not over \$95,350	\$6,868 plus 22% of the excess over \$59,850
Over \$95,350 but not over \$182,100	\$14,678 plus 24% of the excess over \$95,350
Over \$182,100 but not over \$231,250	\$35,498 plus 32% of the excess over \$182,100
Over \$231,250 but not over \$578,100	\$51,226 plus 35% of the excess over \$231,250
Over \$578,100	\$172,623.50 plus 37% of the excess over \$578,100

Married Filing Separately Taxpayers – 2023

Taxable Income	Amount of tax
Not over \$11,000	10% of the taxable income
Over \$11,000 but not over \$44,725	\$1,100 plus 12% of the excess over \$11,000
Over \$44,725 but not over \$95,375	\$5,147 plus 22% of the excess over \$44,725
Over \$95,375 but not over \$182,100	\$16,290 plus 24% of the excess over \$95,375
Over \$182,100 but not over \$231,250	\$37,104 plus 32% of the excess over \$182,100
Over \$231,250 but not over \$346,875	\$52,832 plus 35% of the excess over \$231,250
Over \$346,875	\$93,300.75 plus 37% of the excess over \$346,875

TAX RATES – TAX YEAR 2023

Estates and Trusts – 2023

Taxable Income	Amount of tax
Not over \$2,900	10% of the taxable income
Over \$2,900 but not over \$10,550	\$290 plus 24% of the excess over \$2,900
Over \$10,550 but not over \$14,450	\$2,126 plus 35% of the excess over \$10,550
Over \$14,450	\$3,491 plus 37% of the excess over \$14,450

DEDUCTIONS

Standard Deductions – 2023

Filing Status	Amount
Basic	
Single	\$13,850
Married Filing Jointly	\$27,700
Married Filing Separately	\$13,850
Head of Household	\$20,800
Additional (for age 65 or older and/or blind)	
Unmarried (including head of household)	\$1,850
Married or surviving spouse (whether or not joint return)	\$1,500

ITEMIZED DEDUCTIONS: The Pease Limitations – Now Repealed

The Pease limitations, when they were effective, reduced the value for high income taxpayers' itemized deductions. The limitations reduced the value of a taxpayer's itemized deductions by 3 percent for every dollar of taxable income above a certain threshold. The phase-out of the value of itemized deductions was capped at 80 percent of the total value of itemized deductions. The Pease Limitations was repealed by the Tax Cuts and Jobs Act (TCJA) when it was signed into law on December 22, 2017.

PERSONAL EXEMPTION

There are no Personal exemptions for the 2023 tax year.

ITEMIZED DEDUCTIONS AFTER TAX CUTS AND JOBS ACT

The Tax Cuts and Jobs Act (TCJA) brought significant changes to itemized deductions. As stated above, gone are the Pease Limitations on itemized deductions; however, the TCJA has eliminated or restricted many itemized deductions, currently effective through 2025. Additionally, the use of itemized deductions has been greatly reduced given the current standard deduction rates (set forth above). Below are the most significant itemized deduction issues following the TCJA:

- **State and Local Taxes.** Deductions for state and local real estate, personal property, and state income or sales taxes are capped at \$10,000 (\$5,000 if married filing separately).
- **Mortgage Interest.** Home mortgage interest is limited to the first \$750,000 of mortgage debt (\$350,000 if married filing separately). The interest deduction is gone for home equity loans, unless used to buy, build, or improve the home that secures the loan.

TAX RATES – TAX YEAR 2023

- **Medical and Dental Expenses.** Taxpayers can deduct only the part of their medical and dental expenses that is more than 7.5% of their adjusted gross income.
- **Charitable Contributions.** The limit on deductions for charitable contributions is 60% of adjusted gross income.
- **Miscellaneous Deductions.** Deductions for job-related expenses that exceed 2% of adjusted gross income are no longer available. The elimination of miscellaneous deductions includes deductions for unreimbursed employee expenses (including uniforms, union dues, business-related meals, entertainment, and travel), tax preparation fees, theft and personal casualty losses (except certain casualty losses occurring in federally declared disaster areas).

ADDITIONAL POPULAR CREDITS AND DEDUCTIONS FOR 2023

- **Child Tax Credit.** Offers up to \$2,000.00 tax credit per qualifying dependent child 16 or younger at end of the calendar year. Up to \$1,600.00 of the credit is potentially refundable. This tax credit is available for married persons filing jointly if their modified adjusted gross income is under \$400,000.00 (\$200,000.00 for all other taxpayers).
- **Earned Income Tax Credit.** Offers between \$600.00 to \$7,430 of refundable tax credits (subject to maximum income limits) as follows:
 - No Children – Maximum \$600 credit. Income limit is \$24,210 for joint filers (\$17,640 for single filers or head of household).
 - One Child – Maximum \$3,995 credit. Income limit is \$53,120 for joint filers (\$46,560 for single filers or head of household).
 - Two Children – Maximum \$6,604 credit. Income limit is \$59,478 for joint filers (\$52,918 for single filers or head of household).
 - Three or More Children – Maximum \$7,430 credit. Income limit is \$63,398 for joint filers (\$56,838 for single filers or head of household).
- **Student Loan Interest Deduction.** The maximum deduction for interest paid on student loans is \$2,500. The deduction is phased out for individual taxpayers between the modified adjusted gross income ranges of \$75,000-\$90,000 or more; and for married persons filing jointly between the modified adjusted gross income ranges of \$155,000 - \$185,000.

QUALIFIED BUSINESS INCOME DEDUCTION (199A DEDUCTION)

The Tax Cuts and Jobs Act initiated a qualified business income deduction that allows sole proprietors and owners of pass-through businesses to be eligible for a deduction of up to 20% for

TAX RATES – TAX YEAR 2023

qualified business income. Entities generally eligible for this deduction are sole proprietorships, partnerships, S corporations, and limited liability companies that have pass through income. This deduction only applies to “qualified business income” which is defined as the the net amount of qualified items of income, gain, deduction and loss with respect to any trade or business. In short, “qualified business income” is generally the business’s net profit. However, “qualified business income” *excludes*: Capital gains or losses, dividends, interest income, income earned outside of the U.S., and certain wage and guaranteed payments made to partners and shareholders. The qualified business income deduction is also subject to limits on the taxpayer’s total taxable income (not just business income). The table below sets forth the threshold and phased-in amounts of total taxable income for the qualified business income deduction for 2023:

Filing Status	Threshold Amount of Total Taxable Income	Phased-In Amount of Total Taxable Income
Married Filing Jointly	\$0 - \$364,200	\$464,200
Married Filing Separately	\$0 – \$182,100	\$232,100
All other Taxpayers	\$0 - \$182,100	\$232,100

ALTERNATIVE MINIMUM TAX

AMT rates (on taxable excess – i.e. alternative minimum taxable income less exemption amount)

Individual, estate, trust	28% of excess alternative minimum taxable income of \$220,700 (\$110,350 for married filing separately)
Corporation (other than exempt small corporation)	Repealed by Tax Cuts and Jobs Act

AMT EXEMPTION AMOUNTS – indexed for inflation

Single / Head of Household*	\$81,300
Married Filing Jointly / Surviving Spouse*	\$126,500
Married Filing Separately	\$63,250
Trusts and Estates	\$28,400
Corporation	N/A

The threshold and complete phaseout amounts for the AMT exemptions are as follows: For Joint Returns or Surviving spouses: \$1,156,300 - \$1,662,300. For Unmarried Individuals (other than Surviving Spouses): \$578,150 – 903,350. For Married Individuals Filing Separate Returns: \$578,150 - \$831,150. For Estates and Trust: \$94,600 - \$208,200.

2023 SELF-EMPLOYMENT TAX

FICA	Tax Base	Tax Rate
Social Security	\$160,200	12.4%
Medicare	No limit	2.9%

TAX RATES – TAX YEAR 2023

Additional Medicare Tax – The IRS implemented the Additional Medicare Tax on November 26, 2013 as added by the Affordable Care Act. The Additional Medicare Tax applies to wages, railroad retirement (RRTA) compensation, and self-employment income over a certain threshold amount received in taxable years beginning after December 31, 2012. Employers are responsible for withholding the tax on wages and RRTA compensation in certain circumstances.

- Rate: 0.9%

An individual is liable for Additional Medicare Tax if the individual's wages, compensation, or self-employment income (together with that of his or her spouse if filing a joint return) exceed the threshold amount for the individual's filing status:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separate	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying widow(er) with dependent child	\$200,000

CORPORATE TAX

Taxable Income	Amount of tax
Any amount over \$0	21% of taxable income

ESTATE AND GIFT TAX RATES*

If the amount with respect to which the tentative tax to be computed is:	The tentative tax is:
\$0 - \$10,000	18%
\$10,001 - \$20,000	20%
\$20,001 - \$40,000	22%
\$40,001 - \$60,000	24%
\$60,001 - \$80,000	26%
\$80,001 - \$100,000	28%
\$100,001 - \$150,000	30%
\$150,001 - \$250,000	32%
\$250,001 - \$500,000	34%
\$500,001 - \$750,000	37%
\$750,001 - \$1,000,000	39%
Over \$1,000,000	40%

*For 2023, the annual gift tax exclusions are: \$17,000 for an individual; \$34,000 for married electing split gifts

Combined lifetime gift tax and gross estate tax exemption for individual: \$12,920,000

GST tax exemption for individual: \$12,920,000

TAX RATES – TAX YEAR 2023

SOCIAL SECURITY TAX* – 2023 (Total FICA Rate of 15.3%)

FICA	Tax Base	Rate	Maximum Tax
Social Security (12.4% total)			
Employee's share	\$160,200	6.2%	\$9,932.4
Employer's share	\$160,200	6.2%	\$9,932.4
Medicare (2.9% total)			
Employee's share	No limit	1.45%	No limit
Employer's share	No limit	1.45%	No limit

*Self-employed individuals are responsible for the entire FICA tax rate of 15.3 percent (12.4 percent Social Security plus 2.9 percent Medicare)

STANDARD MILEAGE RATES

Business use of automobile	65.5¢ per mile
Medical or moving purposes	22¢ per mile
Charitable	14¢ per mile

2023 LIMITS FOR RETIREMENT ACCOUNTS

Account	Contribution Limit	Additional catch-up contribution for age 50 or older
401(k), 403(b) and 457	\$22,500	\$7,500
SIMPLE IRA	\$15,500	\$3,500
QRP/Keogh and SEP-IRA	Up to \$66,000	None
Individual 401(k)	Up to \$66,000	\$7,500
Traditional IRA and Roth IRA	\$6,500	\$1,000

CAPITAL GAINS

Net short-term Capital Gains (held for one year or less)	Taxed at ordinary federal income tax rates	
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Long-Term Capital Gains and Qualified Dividend Tax Table

Filing Status	Taxable Income for Zero (0%) Qualified Dividend Rate	Taxable Income for 15% Qualified Dividend Rate	Taxable Income for 20% Qualified Dividend Rate
Single	\$0 - \$44,625	\$44,625-\$492,300	Over 492,300
Married Filing Jointly	\$0 – \$89,250	\$89,250 - \$553,850	Over \$553,850
Married Filing Separately	\$0 - \$44,625	\$44,625 - \$276,900	Over \$276,900
Heads of Household	\$0 - \$59,750	\$59,750 - \$523,050	Over \$523,050

TAX RATES – TAX YEAR 2023

Additional Net Investment Income Tax – The Net Investment Income Tax is imposed by section 1411 of the Internal Revenue Code. The NIIT applies an additional 3.8% tax on unearned income which generally includes interest, dividends, royalties, nonqualified annuities, rents (and other passive activity income), capital gains from the sale of property other than that used in an active trade or business, and income from a trade or business that is a passive activity or in the business of trading financial instruments and commodities. The Net Investment Income Tax applies: to single filers whose modified AGI exceeds \$200,000 per year, and married couples filing jointly whose AGI exceeds \$250,000 per year. For married persons filing separately, the threshold amount is \$125,000.00.