

# 2023 Taxes

Tax filing deadline: April 15, 2024, is the tax deadline for all federal tax returns & payments.

Extension deadline: October 15, 2024, is the deadline if you request an extension (October 16, 2023, for 2022 returns).

Standard deduction increase: For tax year 2023, the standard deduction increased to \$13,850 for single filers and \$27,700 for married couples filing jointly.

Tax brackets increase: **Income tax** brackets went up in 2023 because of inflation.

# 2023 Tax Brackets: Single Filers & Married Filing Jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to \$11,000	Up to \$22,000
12%	\$11,001 to \$44,725	\$22,001 to \$89,450
22%	\$44,726 to \$95,375	\$89,451 to \$190,750
24%	\$95,376 to \$182,100	\$190,751 to \$364,200
32%	\$182,101 to \$231,250	\$364,201 to \$462,500
35%	\$231,251 to \$578,125	\$462,501 to \$693,750
37%	Over \$578,125	Over \$693,750

If your taxable income in 2022 was \$75,000, you owed \$12,117 in taxes.

But if it stayed at \$75,000 in 2023, you'll only owe \$11,807.50, a difference of over \$300.

# Long-Term Capital Gains Rates for 2023

Filing Status	0% Rate	15% Rate	20% Rate
Single	Up to \$44,625	\$44,625 to \$492,300	Over \$492,300
Head of Household	Up to \$59,750	\$59,750 to \$523,050	Over \$523,050
Married Filing Jointly	Up to \$89,250	\$89,250 to \$553,850	Over \$553,850
Married Filing Separately	Up to \$44,625	\$44,625 to \$492,300	Over \$492,300

# Standard Deduction

Filing Status	2022	2023
Single	\$12,950	\$13,850
Married Filing Jointly	\$25,900	\$27,700
Married Filing Separately	\$12,950	\$13,850
Head of Household	\$19,400	\$20,800

# **Tax Deductions & Credits**

## **Charitable Deductions**

You must itemize

The limit is 60% of your AGI (line 11)

<https://turbotax.intuit.com/personal-taxes/itsdeductible/>

## **Medical Deductions**

You must itemize.

You can deduct any medical expenses above 7.5% of your AGI.

**Business Deductions** if you are self-employed.

**State and local taxes (SALT):** The combined deduction for state and local income taxes, property taxes, and real estate taxes is capped at \$10,000.

**Mortgage interest deduction:** You can deduct your mortgage interest on up to \$750,000 of debt. The limit is \$1 million if you bought the home before Dec. 16, 2017.

## **Earned Income Tax Credit**

The EITC is a refundable credit for low to middle-income households. To qualify, a single filer with no children must have an AGI below \$17,640, while the limit for a married couple with three or more children is \$63,698. The credit ranges from \$600 to \$7430.

## **Child Tax Credit**

The CTC credits you up to \$2,000 per dependent child under the age of 17. The income limit is \$400,000 for married filing jointly and \$200,000 for all the others.

## **Child and Dependent Care Credit**

You can claim 20–35% of up to \$3,000 (\$6,000 for two or more dependents) for the cost of care. The percentage of the credit depends on your AGI.

## **Education Credits**

The American opportunity tax credit and Lifetime Learning Credit



# Changes

A 1099-K form was only required if you had more than 200 transactions in a year that totaled at least \$20,000.

Now, you'll receive a 1099-K if you receive payments for goods or services over a 3<sup>rd</sup> party network (Venmo, PayPal, Zelle, etc.) that are greater than \$600.

# Retirement Plans

## 401(k) and IRA Contribution Limits Increase

You can now contribute up to \$22,500 a year (up from \$20,500). You can also contribute an extra \$7,500 as a catch-up contribution if you're 50+.

If you have a traditional or Roth IRA, you can now contribute up to \$6,500 (up from \$6,000). If you're 50+, you can put in an additional \$1,000.

# Income Limits Increase for Roth IRA Contributions

The Roth IRA income limits have gone up.

**Single and head of household:** You can contribute up to the limit if you make less than \$138,000, a reduced amount between \$138,000 and \$153,000 (up from between \$129,000 and \$144,000), (nothing after \$153,000).

**Married filing jointly:** You can contribute up to the limit if you make less than \$218,000, a reduced amount between \$218,000 and \$228,000 (up from between \$204,000 and \$214,000), (nothing after \$228,000).

# **Deduction Limits Increase for Traditional IRA Contributions**

Phase-out limits for deducting IRA contributions are increasing.

You can take a full deduction up to the limit \$6,500 (\$7,500 if you're 50+) if you or your spouse do not participate in an employer-sponsored plan.

Single: Full deduction if income is less than \$73,000. It phases out if your income is \$83,000+

Married Filing Jointly: Full deduction if income is less than \$116,000. It phases out if your income is \$136,000+

# Required Minimum Distributions

Required minimum distributions (RMDs) are the minimum amounts you must withdraw from your retirement accounts each year. You generally must start taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you reach age 72 (73 if you reach age 72 after Dec. 31, 2022).

The Secure 2.0 Act raised the RMD starting age in two phases: to 73 beginning in 2023 and to 75 beginning in 2033.

# Estate Tax Exemption & Annual Gift Exclusion

The Estates of people who die during the tax year have an estate tax exemption of \$12.92 million in 2023.

The annual exclusion for gifts in 2023 is \$17,000.

## Income-related Monthly Adjustment Amount

Modified Adjusted Gross Income	Part B Monthly premium amount	Prescription drug coverage(MAGI) monthly premium amount
Individuals with a MAGI of less than or equal to \$97,000 Married couples with a MAGI of \$194,000 or less	2023 standard premium=\$164.90	Your plan premium
Individuals with a MAGI above \$97,000 up to \$123,000 Married couples with a MAGI above \$194, up to \$228,00	Standard premium + \$65.90	Your plan premium + \$12.20
Individuals with a MAGI above \$123,000 up to \$153,000 Married couples with a MAGI above \$246,000 up to \$306,000	Standard premium + \$164.90	Your plan premium + \$31.50
Individuals with a MAGI above \$153,000 up to \$183,000 Married couples with a MAGI above \$306,00 up to \$366,000	Standard premium + \$263.70	Your plan premium + \$50.70



# Helpful Websites

irs.gov

Turbotax.com

<https://turbotax.intuit.com/personal-taxes/itsdeductible/>