

Chapter 1

What's New Summary

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IRS Guidance

found at:
www.irs.gov

Federal Tax Rate Schedules for Individuals

Effective 2023.					Effective 2022.				
Single Taxable Income					Single Taxable Income				
\$ 0 to 11,000	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 10,275	×	10.0%	minus	\$ 0.00 = Tax
11,001 to 44,725	×	12.0%	minus	220.00 = Tax	10,276 to 41,775	×	12.0%	minus	205.50 = Tax
44,726 to 95,375	×	22.0%	minus	4,692.50 = Tax	41,776 to 89,075	×	22.0%	minus	4,383.00 = Tax
95,376 to 182,100	×	24.0%	minus	6,600.00 = Tax	89,076 to 170,050	×	24.0%	minus	6,164.50 = Tax
182,101 to 231,250	×	32.0%	minus	21,168.00 = Tax	170,051 to 215,950	×	32.0%	minus	19,768.50 = Tax
231,251 to 578,125	×	35.0%	minus	28,105.50 = Tax	215,951 to 539,900	×	35.0%	minus	26,247.00 = Tax
578,126 and over	×	37.0%	minus	39,668.00 = Tax	539,901 and over	×	37.0%	minus	37,045.00 = Tax
MFJ or QSS Taxable Income					MFJ or QW Taxable Income				
\$ 0 to 22,000	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 20,550	×	10.0%	minus	\$ 0.00 = Tax
22,001 to 89,450	×	12.0%	minus	440.00 = Tax	20,551 to 83,550	×	12.0%	minus	411.00 = Tax
89,451 to 190,750	×	22.0%	minus	9,385.00 = Tax	83,551 to 178,150	×	22.0%	minus	8,766.00 = Tax
190,751 to 364,200	×	24.0%	minus	13,200.00 = Tax	178,151 to 340,100	×	24.0%	minus	12,329.00 = Tax
364,201 to 462,500	×	32.0%	minus	42,336.00 = Tax	340,101 to 431,900	×	32.0%	minus	39,537.00 = Tax
462,501 to 693,750	×	35.0%	minus	56,211.00 = Tax	431,901 to 647,850	×	35.0%	minus	52,494.00 = Tax
693,751 and over	×	37.0%	minus	70,086.00 = Tax	647,851 and over	×	37.0%	minus	65,451.00 = Tax
MFS Taxable Income					MFS Taxable Income				
\$ 0 to 11,000	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 10,275	×	10.0%	minus	\$ 0.00 = Tax
11,001 to 44,725	×	12.0%	minus	220.00 = Tax	10,276 to 41,775	×	12.0%	minus	205.50 = Tax
44,726 to 95,375	×	22.0%	minus	4,692.50 = Tax	41,776 to 89,075	×	22.0%	minus	4,383.00 = Tax
95,376 to 182,100	×	24.0%	minus	6,600.00 = Tax	89,076 to 170,050	×	24.0%	minus	6,164.50 = Tax
182,101 to 231,250	×	32.0%	minus	21,168.00 = Tax	170,051 to 215,950	×	32.0%	minus	19,768.50 = Tax
231,251 to 346,875	×	35.0%	minus	28,105.50 = Tax	215,951 to 323,925	×	35.0%	minus	26,247.00 = Tax
346,876 and over	×	37.0%	minus	35,043.00 = Tax	323,926 and over	×	37.0%	minus	32,725.50 = Tax
HOH Taxable Income					HOH Taxable Income				
\$ 0 to 15,700	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 14,650	×	10.0%	minus	\$ 0.00 = Tax
15,701 to 59,850	×	12.0%	minus	314.00 = Tax	14,651 to 55,900	×	12.0%	minus	293.00 = Tax
59,851 to 95,350	×	22.0%	minus	6,299.00 = Tax	55,901 to 89,050	×	22.0%	minus	5,883.00 = Tax
95,351 to 182,100	×	24.0%	minus	8,206.00 = Tax	89,051 to 170,050	×	24.0%	minus	7,664.00 = Tax
182,101 to 231,250	×	32.0%	minus	22,774.00 = Tax	170,051 to 215,950	×	32.0%	minus	21,268.00 = Tax
231,251 to 578,100	×	35.0%	minus	29,711.50 = Tax	215,951 to 539,900	×	35.0%	minus	27,746.50 = Tax
578,101 and over	×	37.0%	minus	41,273.50 = Tax	539,901 and over	×	37.0%	minus	38,544.50 = Tax
Effective 2021.					Effective 2020.				
Single Taxable Income					Single Taxable Income				
\$ 0 to 9,950	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 9,875	×	10.0%	minus	\$ 0.00 = Tax
9,951 to 40,525	×	12.0%	minus	199.00 = Tax	9,876 to 40,125	×	12.0%	minus	197.50 = Tax
40,526 to 86,375	×	22.0%	minus	4,251.50 = Tax	40,126 to 85,525	×	22.0%	minus	4,210.00 = Tax
86,376 to 164,925	×	24.0%	minus	5,979.00 = Tax	85,526 to 163,300	×	24.0%	minus	5,920.50 = Tax
164,926 to 209,425	×	32.0%	minus	19,173.00 = Tax	163,301 to 207,350	×	32.0%	minus	18,984.50 = Tax
209,426 to 523,600	×	35.0%	minus	25,455.75 = Tax	207,351 to 518,400	×	35.0%	minus	25,205.00 = Tax
523,601 and over	×	37.0%	minus	35,927.75 = Tax	518,401 and over	×	37.0%	minus	35,573.00 = Tax
MFJ or QW Taxable Income					MFJ or QW Taxable Income				
\$ 0 to 19,900	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 19,750	×	10.0%	minus	\$ 0.00 = Tax
19,901 to 81,050	×	12.0%	minus	398.00 = Tax	19,751 to 80,250	×	12.0%	minus	395.00 = Tax
81,051 to 172,750	×	22.0%	minus	8,503.00 = Tax	80,251 to 171,050	×	22.0%	minus	8,420.00 = Tax
172,751 to 329,850	×	24.0%	minus	11,958.00 = Tax	171,051 to 326,600	×	24.0%	minus	11,841.00 = Tax
329,851 to 418,850	×	32.0%	minus	38,346.00 = Tax	326,601 to 414,700	×	32.0%	minus	37,969.00 = Tax
418,851 to 628,300	×	35.0%	minus	50,911.50 = Tax	414,701 to 622,050	×	35.0%	minus	50,410.00 = Tax
628,301 and over	×	37.0%	minus	63,477.50 = Tax	622,051 and over	×	37.0%	minus	62,851.00 = Tax
MFS Taxable Income					MFS Taxable Income				
\$ 0 to 9,950	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 9,875	×	10.0%	minus	\$ 0.00 = Tax
9,951 to 40,525	×	12.0%	minus	199.00 = Tax	9,876 to 40,125	×	12.0%	minus	197.50 = Tax
40,526 to 86,375	×	22.0%	minus	4,251.50 = Tax	40,126 to 85,525	×	22.0%	minus	4,210.00 = Tax
86,376 to 164,925	×	24.0%	minus	5,979.00 = Tax	85,526 to 163,300	×	24.0%	minus	5,920.50 = Tax
164,926 to 209,425	×	32.0%	minus	19,173.00 = Tax	163,301 to 207,350	×	32.0%	minus	18,984.50 = Tax
209,426 to 314,150	×	35.0%	minus	25,455.75 = Tax	207,351 to 311,025	×	35.0%	minus	25,205.00 = Tax
314,151 and over	×	37.0%	minus	31,738.75 = Tax	311,026 and over	×	37.0%	minus	31,425.50 = Tax
HOH Taxable Income					HOH Taxable Income				
\$ 0 to 14,200	×	10.0%	minus	\$ 0.00 = Tax	\$ 0 to 14,100	×	10.0%	minus	\$ 0.00 = Tax
14,201 to 54,200	×	12.0%	minus	284.00 = Tax	14,101 to 53,700	×	12.0%	minus	282.00 = Tax
54,201 to 86,350	×	22.0%	minus	5,704.00 = Tax	53,701 to 85,500	×	22.0%	minus	5,652.00 = Tax
86,351 to 164,900	×	24.0%	minus	7,431.00 = Tax	85,501 to 163,300	×	24.0%	minus	7,362.00 = Tax
164,901 to 209,400	×	32.0%	minus	20,623.00 = Tax	163,301 to 207,350	×	32.0%	minus	20,426.00 = Tax
209,401 to 523,600	×	35.0%	minus	26,905.00 = Tax	207,351 to 518,400	×	35.0%	minus	26,646.50 = Tax
523,601 and over	×	37.0%	minus	37,377.00 = Tax	518,401 and over	×	37.0%	minus	37,014.50 = Tax

Inflation Adjusted Amounts

(Rev. Proc. 2022-38 and Notice 2022-55)

Tax Year	2023	2022	2021	2020	2019	2018		
FILING REQUIREMENTS	Filing Requirements							
	Single, under age 65	\$ 13,850	\$ 12,950	\$ 12,550	\$ 12,400	\$ 12,200	\$ 12,000	
	Single, age 65 and over	\$ 15,700	\$ 14,700	\$ 14,250	\$ 14,050	\$ 13,850	\$ 13,600	
	HOH, under age 65	\$ 20,800	\$ 19,400	\$ 18,800	\$ 18,650	\$ 18,350	\$ 18,000	
	HOH, age 65 and over	\$ 22,650	\$ 21,150	\$ 20,500	\$ 20,300	\$ 20,000	\$ 19,600	
	MFJ, both spouses under 65	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800	\$ 24,400	\$ 24,000	
	MFJ, one spouse 65 and over	\$ 29,200	\$ 27,300	\$ 26,450	\$ 26,100	\$ 25,700	\$ 25,300	
	MFJ, both spouses 65 and over	\$ 30,700	\$ 28,700	\$ 27,800	\$ 27,400	\$ 27,000	\$ 26,600	
	MFS, any age	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	
	QSS, under age 65	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800	\$ 24,400	\$ 24,000	
QSS, age 65 and over	\$ 29,200	\$ 27,300	\$ 26,450	\$ 26,100	\$ 25,700	\$ 25,300		
DEDUCTIONS	Standard Deduction							
	MFJ, QSS	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800	\$ 24,400	\$ 24,000	
	Single	\$ 13,850	\$ 12,950	\$ 12,550	\$ 12,400	\$ 12,200	\$ 12,000	
	HOH	\$ 20,800	\$ 19,400	\$ 18,800	\$ 18,650	\$ 18,350	\$ 18,000	
	MFS	\$ 13,850	\$ 12,950	\$ 12,550	\$ 12,400	\$ 12,200	\$ 12,000	
	Additional Standard Deduction for Age 65 and Over and/or Blind (Each)							
	MFJ, QSS, MFS	\$ 1,500	\$ 1,400	\$ 1,350	\$ 1,300	\$ 1,300	\$ 1,300	
	Single, HOH	\$ 1,850	\$ 1,750	\$ 1,700	\$ 1,650	\$ 1,650	\$ 1,600	
	Dependent Standard Deduction							
	The greater of:	\$ 1,250	\$ 1,150	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,050	
Or earned income plus:	\$ 400	\$ 400	\$ 350	\$ 350	\$ 350	\$ 350		
Itemized Deduction Phaseout Begins								
MFJ	n/a	n/a	n/a	n/a	n/a	n/a		
Single	n/a	n/a	n/a	n/a	n/a	n/a		
HOH	n/a	n/a	n/a	n/a	n/a	n/a		
MFS	n/a	n/a	n/a	n/a	n/a	n/a		
EXEMPTIONS	Personal Exemption Deduction							
	Qualifying relative income limit	\$ 4,700	\$ 4,400	\$ 4,300	\$ 4,300	\$ 4,200	\$ 4,150	
	Personal Exemption Deduction Phaseout Range							
	MFJ, QSS	n/a	n/a	n/a	n/a	n/a	n/a	
	Single	n/a	n/a	n/a	n/a	n/a	n/a	
	HOH	n/a	n/a	n/a	n/a	n/a	n/a	
CAPITAL GAINS & QUAL. DIV.	Maximum Capital Gains/Qualified Dividends Tax Rate Breakpoints*							
	MFJ or QSS: Maximum rate = 0%	\$ 89,250	\$ 83,350	\$ 80,800	\$ 80,000	\$ 78,750	\$ 77,200	
	MFJ or QSS: Maximum rate = 15%	\$ 553,850	\$ 517,200	\$ 501,600	\$ 496,600	\$ 488,850	\$ 479,000	
	Single: Maximum rate = 0%	\$ 44,625	\$ 41,675	\$ 40,400	\$ 40,000	\$ 39,375	\$ 38,600	
	Single: Maximum rate = 15%	\$ 492,300	\$ 459,750	\$ 445,850	\$ 441,450	\$ 434,550	\$ 425,800	
	HOH: Maximum rate = 0%	\$ 59,750	\$ 55,800	\$ 54,100	\$ 53,600	\$ 52,750	\$ 51,700	
	HOH: Maximum rate = 15%	\$ 523,050	\$ 488,500	\$ 473,750	\$ 469,050	\$ 461,700	\$ 452,400	
	MFS: Maximum rate = 0%	\$ 44,625	\$ 41,675	\$ 40,400	\$ 40,000	\$ 39,375	\$ 38,600	
	MFS: Maximum rate = 15%	\$ 276,900	\$ 258,600	\$ 250,800	\$ 248,300	\$ 244,425	\$ 239,500	
* Capital gains/qualified dividends above the 15% breakpoints are taxed at 20%, unless the 25% or 28% rate gain applies.								
BUSINESS	Standard Mileage Rate Per Mile		<i>After 6/30</i>	<i>Before 7/1</i>				
	Business ¹	65.5¢	62.5¢	58.5¢	56.0¢	57.5¢	58.0¢	54.5¢
	Medical and moving ²	22.0¢	22.0¢	18.0¢	16.0¢	17.0¢	20.0¢	18.0¢
	Charitable	14.0¢	14.0¢	14.0¢	14.0¢	14.0¢	14.0¢	14.0¢
	Depreciation	28.0¢	26.0¢	26.0¢	26.0¢	27.0¢	26.0¢	25.0¢

¹ Miscellaneous itemized deductions subject to the 2% AGI limit are no longer deductible beginning in 2018. Thus, the business standard mileage rate cannot be used to claim an itemized deduction for unreimbursed employee travel expenses. (Notice 2018-42)

² Beginning in 2018, the standard mileage rate for moving can only be used by members of the Armed Forces who move pursuant to a military order and incident to a permanent change of station. (Notice 2018-42)

BUSINESS continued on next page

Inflation Adjusted Amounts

(Rev. Proc. 2022-38 and Notice 2022-55)

Tax Year	2023	2022	2021	2020	2019	2018
BUSINESS (cont.)						
Section 179 Expense Limits						
Regular 179 limits	\$ 1,160,000	\$ 1,080,000	\$ 1,050,000	\$ 1,040,000	\$ 1,020,000	\$ 1,000,000
SUV limits	\$ 28,900	\$ 27,000	\$ 26,200	\$ 25,900	\$ 25,500	\$ 25,000
Investment phaseout begins	\$ 2,890,000	\$ 2,700,000	\$ 2,620,000	\$ 2,590,000	\$ 2,550,000	\$ 2,500,000
Educator Expenses	\$ 300	\$ 300	\$ 250	\$ 250	\$ 250	\$ 250
Daycare Providers Standard Meal and Snack Rates						
Breakfast – Continental U.S.	\$ 1.66	\$ 1.40	\$ 1.39	\$ 1.33	\$ 1.31	\$ 1.31
Lunch and Dinner (each) – Continental U.S.	\$ 3.04	\$ 2.63	\$ 2.61	\$ 2.49	\$ 2.46	\$ 2.46
Snacks (each/up to three) – Continental U.S.	\$ 0.97	\$ 0.78	\$ 0.78	\$ 0.74	\$ 0.73	\$ 0.73
Breakfast – Alaska	\$ 2.59	\$ 2.23	\$ 2.22	\$ 2.12	\$ 2.09	\$ 2.09
Lunch and Dinner (each) – Alaska	\$ 4.87	\$ 4.26	\$ 4.24	\$ 4.04	\$ 3.99	\$ 3.99
Snacks (each/up to three) – Alaska	\$ 1.52	\$ 1.27	\$ 1.26	\$ 1.20	\$ 1.19	\$ 1.19
Breakfast – Hawaii	\$ 1.91	\$ 1.63	\$ 1.62	\$ 1.54	\$ 1.53	\$ 1.52
Lunch and Dinner (each) – Hawaii	\$ 3.55	\$ 3.08	\$ 3.06	\$ 2.92	\$ 2.88	\$ 2.88
Snacks (each/up to three) – Hawaii	\$ 1.12	\$ 0.91	\$ 0.91	\$ 0.87	\$ 0.86	\$ 0.85
Standard Deduction for Meals – High Low Method (Per Day) (New rate for a year begins October 1 of the previous year)						
High cost localities	\$ 74	\$ 74	\$ 71	\$ 71	\$ 71	\$ 68
All other localities	\$ 64	\$ 64	\$ 60	\$ 60	\$ 60	\$ 57
Transportation workers	\$ 69	\$ 69	\$ 66	\$ 66	\$ 66	\$ 63
Qualified Transportation Benefits						
Commuter benefits (per month) ³	\$ 300 ³	\$ 280 ³	\$ 270 ³	\$ 270 ³	\$ 265 ³	\$ 260 ³
Parking benefits (per month) ³	\$ 300 ³	\$ 280 ³	\$ 270 ³	\$ 270 ³	\$ 265 ³	\$ 260 ³
³ The exclusion from W-2 wages still applies, but the employer is no longer allowed a deduction for the expense beginning in 2018.						
Qualified Business Income (QBI) Threshold Amounts						
MFJ	\$ 364,200	\$ 340,100	\$ 329,800	\$ 326,600	\$ 321,400	\$ 315,000
MFS	\$ 182,100	\$ 170,050	\$ 164,925	\$ 163,300	\$ 160,725	\$ 157,500
Single, HOH	\$ 182,100	\$ 170,050	\$ 164,900	\$ 163,300	\$ 160,700	\$ 157,500
Excess Business Loss Limitation						
MFJ/All other taxpayers	\$578,000/\$289,000	\$540,000/\$270,000	\$524,000/\$262,000	n/a	n/a	n/a
Gross Receipts Threshold to Use the Cash Method of Accounting						
Average receipts do not exceed:	\$29,000,000	\$ 27,000,000	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	\$ 25,000,000
401(k)/403(b) Elective Deferral Limits						
Under age 50	\$ 22,500	\$ 20,500	\$ 19,500	\$ 19,500	\$ 19,000	\$ 18,500
Age 50 and over	\$ 30,000	\$ 27,000	\$ 26,000	\$ 26,000	\$ 25,000	\$ 24,500
IRA Contribution Limits						
Under age 50	\$ 6,500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 5,500
Age 50 and over	\$ 7,500	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 6,500
IRA Deduction Phaseout Range for Active Participation in an Employer Plan						
MFJ	116,000 – 136,000	109,000 – 129,000	105,000 – 125,000	104,000 – 124,000	103,000 – 123,000	101,000 – 121,000
Single, HOH	73,000 – 83,000	68,000 – 78,000	66,000 – 76,000	65,000 – 75,000	64,000 – 74,000	63,000 – 73,000
MFS	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000
Spouse not active participant	218,000 – 228,000	204,000 – 214,000	198,000 – 208,000	196,000 – 206,000	193,000 – 203,000	189,000 – 199,000
Roth IRA Phaseout Range						
MFJ	218,000 – 228,000	204,000 – 214,000	198,000 – 208,000	196,000 – 206,000	193,000 – 203,000	189,000 – 199,000
Single, HOH	138,000 – 153,000	129,000 – 144,000	125,000 – 140,000	124,000 – 139,000	122,000 – 137,000	120,000 – 135,000
MFS	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000
SIMPLE Elective Deferral Limits						
Under age 50	\$ 15,500	\$ 14,000	\$ 13,500	\$ 13,500	\$ 13,000	\$ 12,500
Age 50 and over	\$ 19,000	\$ 17,000	\$ 16,500	\$ 16,500	\$ 16,000	\$ 15,500

RETIREMENT PLAN LIMITS continued on next page

Inflation Adjusted Amounts

(Rev. Proc. 2022-38 and Notice 2022-55)

Tax Year	2023	2022	2021	2020	2019	2018	
RETIREMENT (cont.)	Qualified Retirement Plans						
	Profit sharing/SEP limited to 25% of compensation up to:	\$ 66,000	\$ 61,000	\$ 58,000	\$ 57,000	\$ 56,000	\$ 55,000
	Defined benefit plan limits	\$ 265,000	\$ 245,000	\$ 230,000	\$ 230,000	\$ 225,000	\$ 220,000
	Compensation limits	\$ 330,000	\$ 305,000	\$ 290,000	\$ 285,000	\$ 280,000	\$ 275,000
	Nondiscrimination Rules for Fringe Benefits						
	Key employee threshold	\$ 215,000	\$ 200,000	\$ 185,000	\$ 185,000	\$ 180,000	\$ 175,000
Highly compensated	\$ 150,000	\$ 135,000	\$ 130,000	\$ 130,000	\$ 125,000	\$ 120,000	
EDUCATION TAX BENEFITS	American Opportunity Credit/Hope Credit						
	MFJ phaseout range	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000
	Single and HOH phaseout range	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000
	Hope credit 100% of the first:	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
	A.O. credit 25% of the next:	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
	Lifetime Learning Credit						
	MFJ phaseout range	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	118,000 – 138,000	116,000 – 136,000	114,000 – 134,000
	Single and HOH phaseout range	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	59,000 – 69,000	58,000 – 68,000	57,000 – 67,000
	Lifetime learning credit 20% of first:	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Student Loan Interest Deduction Phaseout Range						
	MFJ phaseout range	155,000 – 185,000	145,000 – 175,000	140,000 – 170,000	140,000 – 170,000	140,000 – 170,000	135,000 – 165,000
	Single and HOH phaseout range	75,000 – 90,000	70,000 – 85,000	70,000 – 85,000	70,000 – 85,000	70,000 – 85,000	65,000 – 80,000
	Maximum deduction is:	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
	U.S. Savings Bonds Interest Exclusion Phaseout Range						
	MFJ phaseout range	137,800 – 167,800	128,650 – 158,650	124,800 – 154,800	123,550 – 153,550	121,600 – 151,600	119,300 – 149,300
Single and HOH phaseout range	91,850 – 106,850	85,800 – 100,800	83,200 – 98,200	82,350 – 97,350	81,100 – 96,100	79,550 – 94,550	
Education Savings Accounts Phaseout Range							
MFJ	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	
All others	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	
CREDITS	Child Tax Credit						
	Maximum refundable portion	\$ 2,000	\$ 2,000	\$3,000 / \$3,600 ¹	\$ 2,000	\$ 2,000	\$ 2,000
	Maximum refundable portion	\$ 1,600	\$ 1,500	\$3,000 / \$3,600 ¹	\$ 1,400	\$ 1,400	\$ 1,400
	Child Tax Credit Phaseout Begins						
	MFJ	\$ 400,000	\$ 400,000	\$ 150,000 ²	\$ 400,000	\$ 400,000	\$ 400,000
	Single, HOH	\$ 200,000	\$ 200,000	\$75,000/\$112,500 ²	\$ 200,000	\$ 200,000	\$ 200,000
	MFS	\$ 200,000	\$ 200,000	\$ 75,000 ²	\$ 200,000	\$ 200,000	\$ 200,000
	Credit for Other Dependents						
		\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
	Earned Income Credit						
Maximum credit – 0 children	\$ 600	\$ 560	\$ 1,502	\$ 538	\$ 529	\$ 519	
Maximum credit – 1 child	\$ 3,995	\$ 3,733	\$ 3,618	\$ 3,584	\$ 3,526	\$ 3,461	
Maximum credit – 2 children	\$ 6,604	\$ 6,164	\$ 5,980	\$ 5,920	\$ 5,828	\$ 5,716	
Maximum credit – 3 children	\$ 7,430	\$ 6,935	\$ 6,728	\$ 6,660	\$ 6,557	\$ 6,431	
Income limit – 0 children	\$ 17,640	\$ 16,480	\$ 21,430	\$ 15,820	\$ 15,570	\$ 15,270	
Income limit MFJ – 0 children	\$ 24,210	\$ 22,610	\$ 27,380	\$ 21,710	\$ 21,370	\$ 20,950	
Income limit – 1 child	\$ 46,560	\$ 43,492	\$ 42,158	\$ 41,756	\$ 41,094	\$ 40,320	
Income limit MFJ – 1 child	\$ 53,120	\$ 49,622	\$ 48,108	\$ 47,646	\$ 46,884	\$ 46,010	
Income limit – 2 children	\$ 52,918	\$ 49,399	\$ 47,915	\$ 47,440	\$ 46,703	\$ 45,802	
Income limit MFJ – 2 children	\$ 59,478	\$ 55,529	\$ 53,865	\$ 53,330	\$ 52,493	\$ 51,492	
Income limit – 3 children	\$ 56,838	\$ 53,057	\$ 51,464	\$ 50,954	\$ 50,162	\$ 49,194	
Income limit MFJ – 3 children	\$ 63,398	\$ 59,187	\$ 57,414	\$ 56,844	\$ 55,952	\$ 54,884	
Investment income limit	\$ 11,000	\$ 10,300	\$ 10,000	\$ 3,650	\$ 3,600	\$ 3,500	

¹ \$3,600 applies for child who has not yet attained age 6.

² The \$400,000/\$200,000 phaseouts apply after the increased credit is phased out.

CREDITS continued on next page

Inflation Adjusted Amounts

(Rev. Proc. 2022-38 and Notice 2022-55)

Tax Year	2023	2022	2021	2020	2019	2018
CREDITS (cont.)						
Adoption Expense Credit or Exclusion						
Expense limit/special needs	\$ 15,950	\$ 14,890	\$ 14,440	\$ 14,300	\$ 14,080	\$ 13,810
AGI phaseout range	239,230 – 279,230	223,410 – 263,410	216,660 – 256,660	214,520 – 254,520	211,160 – 251,160	207,140 – 247,140
Retirement Savings Contribution Credit – Maximum AGI						
MFJ	\$ 73,000	\$ 68,000	\$ 66,000	\$ 65,000	\$ 64,000	\$ 63,000
HOH	\$ 54,750	\$ 51,000	\$ 49,500	\$ 48,750	\$ 48,000	\$ 47,250
Single	\$ 36,500	\$ 34,000	\$ 33,000	\$ 32,500	\$ 32,000	\$ 31,500
Small Employer Health Insurance Credit						
Wage phaseout range	30,700 – 61,400	28,700 – 57,400	27,800 – 55,600	27,600 – 55,200	27,100 – 54,200	26,600 – 53,200
Health Savings Account Limitations						
Self-only, under age 55	\$ 3,850	\$ 3,650	\$ 3,600	\$ 3,550	\$ 3,500	\$ 3,450
Self-only, age 55 and older	\$ 4,850	\$ 4,650	\$ 4,600	\$ 4,550	\$ 4,500	\$ 4,450
Family, under age 55	\$ 7,750	\$ 7,300	\$ 7,200	\$ 7,100	\$ 7,000	\$ 6,900
Family, age 55 and older (assumes only one spouse has an HSA)	\$ 8,750	\$ 8,300	\$ 8,200	\$ 8,100	\$ 8,000	\$ 7,900
The minimum annual deductible allowed is:						
Self-only coverage	\$ 1,500	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,350	\$ 1,350
Family coverage	\$ 3,000	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,700	\$ 2,700
The maximum annual deductible and out-of-pocket expense limit is:						
Self-only coverage	\$ 7,500	\$ 7,050	\$ 7,000	\$ 6,900	\$ 6,750	\$ 6,650
Family coverage	\$ 15,000	\$ 14,100	\$ 14,000	\$ 13,800	\$ 13,500	\$ 13,300
Archer MSA Limitations						
Self-only annual deductibles	2,650 – 3,950	2,450 – 3,700	2,400 – 3,600	2,350 – 3,550	2,350 – 3,500	2,300 – 3,450
Family annual deductibles	5,300 – 7,900	4,950 – 7,400	4,800 – 7,150	4,750 – 7,100	4,650 – 7,000	4,550 – 6,850
Annual out-of-pocket expense limits:						
Self-only coverage	\$ 5,300	\$ 4,950	\$ 4,800	\$ 4,750	\$ 4,650	\$ 4,550
Family coverage	\$ 9,650	\$ 9,050	\$ 8,750	\$ 8,650	\$ 8,550	\$ 8,400
Cafeteria Plan Health FSA Limits						
	\$ 3,050	\$ 2,850	\$ 2,750	\$ 2,750	\$ 2,700	\$ 2,650
Long-Term Care Insurance Deduction Limits for Annual Premiums						
Age 40 or less	\$ 480	\$ 450	\$ 450	\$ 430	\$ 420	\$ 420
Age 41 – 50	\$ 890	\$ 850	\$ 850	\$ 810	\$ 790	\$ 780
Age 51 – 60	\$ 1,790	\$ 1,690	\$ 1,690	\$ 1,630	\$ 1,580	\$ 1,560
Age 61 – 70	\$ 4,770	\$ 4,510	\$ 4,520	\$ 4,350	\$ 4,220	\$ 4,160
Age 71 and over	\$ 5,960	\$ 5,640	\$ 5,640	\$ 5,430	\$ 5,270	\$ 5,200
Per diem limit per day	\$ 420	\$ 390	\$ 400	\$ 380	\$ 370	\$ 360
Qualified Small Employer HRA Limits (QSEHRA)						
	\$5,850/ \$11,800 family	\$5,450/ \$11,050 family	\$5,300/ \$10,700 family	\$5,250/ \$10,600 family	\$5,150/ \$10,450 family	\$5,050/ \$10,250 family
Penalty for Not Having Minimum Essential Health Insurance Coverage						
Applicable dollar amount penalty	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 695
ESTATE AND GIFT TAX						
Estate and gift tax unified credit	\$12,920,000	\$12,060,000	\$11,700,000	\$11,580,000	\$11,400,000	\$11,180,000
Gift tax annual exclusion	\$ 17,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Gifts to non-citizen spouse	\$ 175,000	\$ 164,000	\$ 159,000	\$ 157,000	\$ 155,000	\$ 152,000
MISCELLANEOUS						
Household Employee						
Amount FICA begins (per year)	\$ 2,600	\$ 2,400	\$ 2,300	\$ 2,200	\$ 2,100	\$ 2,100
Amount FUTA begins (per quarter)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Kiddie Tax (net unearned income not subject to kiddie tax)						
Parent's return limit	\$ 12,500	\$ 11,500	\$ 11,000	\$ 11,000	\$ 11,000	\$ 10,500
Foreign Earned Income Exclusion						
	\$ 120,000	\$ 112,000	\$ 108,700	\$ 107,600	\$ 105,900	\$ 103,900
Alternative Minimum Tax Exemptions						
MFJ, QSS	\$ 126,500	\$ 118,100	\$ 114,600	\$ 113,400	\$ 111,700	\$ 109,400
Single, HOH	\$ 81,300	\$ 75,900	\$ 73,600	\$ 72,900	\$ 71,700	\$ 70,300
MFS	\$ 63,250	\$ 59,050	\$ 57,300	\$ 56,700	\$ 55,850	\$ 54,700

Social Security (SS) and Medicare Inflation Adjusted Amounts

Tax Year	2023	2022	2021	2020	2019	2018
COLA increase for SS benefits	8.7%	5.9%	1.3%	1.6%	2.8%	2.0%
Maximum earnings subject to: Social Security tax Medicare tax	\$ 160,200 No limit	\$ 147,000 No limit	\$ 142,800 No limit	\$ 137,700 No limit	\$ 132,900 No limit	\$ 128,400 No limit
Maximum Social Security Tax Employee Self-employed	\$ 9,932.40 \$ 19,864.80	\$ 9,114.00 \$ 18,228.00	\$ 8,853.60 \$ 17,707.20	\$ 8,537.40 \$ 17,074.80	\$ 8,239.80 \$ 16,479.60	\$ 7,960.80 \$ 15,921.60
Maximum Medicare Tax	No limit	No limit	No limit	No limit	No limit	No limit
Social Security Tax Rate Employee Self-employed	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%
Medicare Tax Rate Employee Self-employed	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%
Additional Medicare Tax on: Earned income above threshold Unearned income above threshold	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%
Earnings for one quarter of coverage	\$ 1,640	\$ 1,510	\$ 1,470	\$ 1,410	\$ 1,360	\$ 1,320
Earnings limit to receive full Social Security benefits:						
Under full retirement age ¹	\$ 21,240	\$ 19,560	\$ 18,960	\$ 18,240	\$ 17,640	\$ 17,040
Year of full retirement age ²	\$ 56,520	\$ 51,960	\$ 50,520	\$ 48,600	\$ 46,920	\$ 45,360
Full retirement age ³	No limit	No limit	No limit	No limit	No limit	No limit
Maximum Social Security monthly benefits at full retirement age.	\$ 3,627	\$ 3,345	\$ 3,148	\$ 3,011	\$ 2,861	\$ 2,788
¹ \$1 in benefits is withheld for every \$2 in earnings above the limit.						
² Applies only to earnings for months prior to attaining full retirement age. \$1 in benefits is withheld for every \$3 in earnings above this limit.						
³ A person attains full retirement age at:						
<ul style="list-style-type: none"> • Age 65 if born before 1938 • Age 65 and 2 months if born in 1938 • Age 65 and 4 months if born in 1939 • Age 65 and 6 months if born in 1940 • Age 65 and 8 months if born in 1941 • Age 66 and 10 months if born in 1942 • Age 66 if born in 1943 through 1954 • Age 66 and 2 months if born in 1955 • Age 66 and 4 months if born in 1956 • Age 66 and 6 months if born in 1957 • Age 66 and 8 months if born in 1958 • Age 66 and 10 months if born in 1959 • Age 67 if born after 1959 						
Medicare premiums Part A per month Part B per month (high income recipients pay a higher amount) Hospital deductible	\$ 506.00 \$ 164.90 \$ 1,600.00	\$ 499.00 \$ 170.10 \$ 1,556.00	\$ 471.00 \$ 148.50 \$ 1,484.00	\$ 458.00 \$ 144.60 \$ 1,408.00	\$ 437.00 \$ 135.50 \$ 1,364.00	\$ 422.00 \$ 134.00 \$ 1,340.00

Expiring Tax Provisions

Tax Provision	IRC §	Provision expires after
ABLE accounts – allowed to accept rollovers from 529 plans.	529A	2025
ABLE accounts – designated beneficiary can contribute additional amounts to the account and claim the saver's credit.	25B	2025
Alternative fuel excise tax credit.	6426(d)	2024
Alternative fuel vehicle refueling property credit.	30C	2032
AMT increased exemption amounts and phase-out ranges.	55(d)	2025
Bicycle commuting reimbursement exclusion repeal.	132(f)	2025
Biodiesel and renewable diesel fuels credit.	40A	2024
Bonus depreciation, other than long production period property and certain aircraft.	168(k)	2026
Bonus depreciation for long production period property and certain aircraft.	168(k)	2027
Cancellation of qualified principal residence indebtedness exclusion from gross income.	108	2025

continued on next page

Expiring Tax Provisions continued

Tax Provision	IRC §	Provision expires after
Casualty and theft loss deductible as an itemized deduction only if loss is attributable to a federally declared disaster area.	165	2025
Charitable contribution AGI limit increase from 50% to 60%.	170	2025
Child Tax Credit increase to \$2,000 and new \$500 Credit for Other Dependents.	24	2025
Credit for qualified commercial clean vehicles	45W	2032
De minimis meals, related eating facilities, and meals for the convenience of employer limit decreased from 100% to 50% (no deduction is allowed after December 31, 2025).	274(o)	2025
Educational assistance program to include student loan interest paid.	127	2025
Electric vehicle credit.	30D & 25E	2032
Employer credit for paid family and medical leave.	45S	2025
Empowerment zone tax incentives.	1391(d)	2025
Energy efficient home credit.	45L	2032
Estate and gift tax exemption amount increased to \$10 million.	2010	2025
Gambling loss limitation for professional gamblers includes all IRC section 162 business expenses.	165(d)	2025
Heavy vehicle excise tax.	4051	9/30/2028
Home mortgage interest deduction — acquisition debt limit reduced to \$750,000 and home equity debt interest not deductible.	163(h)	2025
Itemized deduction overall limitation suspended.	68	2025
Limitation on excess business loss.	461(l)	2028
Miscellaneous itemized deductions subject to the 2% AGI limit no longer deductible.	67	2025
Moving expenses deduction and moving expense reimbursement exclusion is only allowed for military members who move pursuant to a military order.	217 & 132(g)	2025
New markets tax credit.	45D	2025
Nonbusiness energy property credit. Renamed: Energy efficient home improvement credit.	25C	2032
Personal exemption suspension.	151	2025
Premium Tax Credit reduction of percentages of income used to calculate the credit.	36B	2025
Qualified business income 20% deduction.	199A	2025
Residential energy efficient property credit. Renamed: Residential Clean Energy Credit.	25D	2034
Second generation biofuel producer credit.	40(b)(6)	2024
Standard deduction increase.	63	2025
State and local property taxes plus income taxes (or sales taxes) limited to \$10,000 as itemized deductions.	164	2025
Student loan debt discharge excluded from gross income due to death or disability.	108	2025
Tax rate reduction for individuals, estates, and trusts.	1	2025
Work opportunity credit.	51	2025

What's New — Individuals

Tax Provision	New Law	Prior Law
Credits		
Premium Tax Credit See page 5-2	Effective for 2021 through 2025, the percentages used to calculate the PTC are reduced to zero for taxpayers below 200% of the federal poverty line, and up to 8.5% for those above 400% of the federal poverty line. A taxpayer with an applicable percentage of zero means the taxpayer qualifies for 100% of his/her health insurance premiums to be subsidized.	The Premium Tax Credit (PTC) is a refundable credit designed to subsidize the cost of health insurance. The PTC amount is determined based on the percentage of income the cost of premiums represents, ranging from 2% of income for those below 133% of the federal poverty line to 9.5% of income for those at 400% of the federal poverty line. Taxpayers with income above 400% of the federal poverty line do not qualify for the PTC.

What's New – Individuals

Tax Provision	New Law	Prior Law
Credits—continued		
<p>Energy Efficient Home Improvement Credit See page 5-2</p>	<p>Effective for 2023, the nonbusiness energy property credit is renamed the energy efficient home improvement credit. The credit is increased to 30% of the cost of improvements made, and replaces the lifetime limitations to the following annual limitations.</p> <ol style="list-style-type: none"> 1) In general, the combined credit for all energy efficient home improvements is limited to \$1,200 per year, except for (5) below. 2) The credit for residential energy property expenditures is limited to \$600 per year. 3) The credit for windows is limited to \$600 in the aggregate for all exterior windows and skylights. 4) The credit for doors is limited to \$250 per year for any exterior door, and \$500 in the aggregate for all exterior doors. 5) Notwithstanding paragraphs (1) and (2) above, the credit allowed for heat pumps and heat pump water heaters, biomass stoves and boilers is limited to \$2,000 per year. 6) The credit for energy audits is limited to \$150 per year. <p>Qualified energy efficiency improvements include energy efficient insulation, exterior windows, skylights, and exterior doors that meet various energy standard requirements. The new law removes roofs from the definition of building envelope components, but adds air sealing insulation to the definition of insulation material or system which reduces the heat loss or heat gain of a dwelling unit.</p>	<p>The nonbusiness energy property credit is for energy efficient improvements made to the principal residence of the taxpayer. The credit does not apply for new construction.</p> <p>The credit equals:</p> <ul style="list-style-type: none"> • 10% of the cost of exterior windows, including skylights, up to a credit limit of \$200, • 10% of the cost of exterior doors, insulation and/or systems which reduce heat gain or loss, • Up to \$300 of the cost of heat pumps, central air conditioners, and water heaters, • Up to \$150 of the cost of natural gas, propane, or oil furnaces or hot water boilers, and • Up to \$50 of the cost for qualified advanced main air-circulating fans. <p>A total lifetime combined credit limit of \$500 (including a \$200 lifetime limit for windows) applies for all tax years after 2005.</p> <p>The nonbusiness energy property credit was set to expire for tax years after 2021.</p>
<p>Residential Clean Energy Credit See page 5-3</p>	<p>The Residential Energy Efficient Property Credit is renamed the Residential Clean Energy Credit, with the applicable percentages being modified as follows.</p> <ol style="list-style-type: none"> 1) In the case of property placed in service after December 31, 2016, and before January 1, 2020, 30%, 2) In the case of property placed in service after December 31, 2019, and before January 1, 2022, 26%, 3) In the case of property placed in service after December 31, 2021, and before January 1, 2033, 30%, 4) In the case of property placed in service after December 31, 2032, and before January 1, 2034, 26%, and 5) In the case of property placed in service after December 31, 2033, and before January 1, 2035, 22%. <p>The new law replaces qualified biomass fuel property expenditures with qualified battery storage technology expenditures.</p>	<p>The residential energy efficient property credit equals the sum of the applicable percentages of:</p> <ol style="list-style-type: none"> 1) The qualified solar electric property expenditures, 2) The qualified solar water heating property expenditures, 3) The qualified fuel cell property expenditures, 4) The qualified small wind energy property expenditures, 5) The qualified geothermal heat pump property expenditures, and 6) The qualified biomass fuel property expenditures, that are made by the taxpayer during the year. <p>Applicable percentages mean:</p> <ol style="list-style-type: none"> 1) In the case of property placed in service after December 31, 2016, and before January 1, 2020, 30%, 2) In the case of property placed in service after December 31, 2019, and before January 1, 2023, 26%, and 3) In the case of property placed in service after December 31, 2022, and before January 1, 2024, 22%.
<p>Clean Vehicle Credit See page 5-5</p>	<p>The new law eliminates the phase-out rules when a manufacturer reaches its 200,000th sale and replaces it with an expiration of the credit for all vehicles placed in service after 2032. Final assembly of the vehicle must occur within North America.</p> <p>In addition to qualified electric vehicles, the credit also applies to qualified fuel cell motor vehicles.</p> <p>No credit is allowed if the taxpayer's modified AGI for the tax year or the preceding tax year exceeds:</p> <ul style="list-style-type: none"> • \$300,000 for MFJ or QSS. • \$225,000 for HOH. • \$150,000 for Single or MFS. <p>Taxpayers may use modified AGI from the year delivery of the vehicle is taken or the year before, whichever is less.</p> <p>No credit is allowed if the manufacturer's suggested retail price exceeds:</p> <ul style="list-style-type: none"> • \$80,000 in the case of a van, • \$80,000 in the case of a sport utility vehicle, • \$80,000 in the case of a pickup truck, and • \$55,000 in the case of any other vehicle. <p>The new law also provides for a reduced credit for the purchase of a previously-owned clean vehicle.</p>	<p>A taxpayer is allowed a nonrefundable tax credit for the purchase of a new qualified plug-in electric drive motor vehicle placed in service during the year. The base amount of the credit is \$2,500. This amount is increased by \$417 for each kilowatt hour of battery capacity that exceeds 5 kilowatt hours, not to exceed \$5,000. Thus the maximum credit allowed is \$7,500. The credit phases out when the manufacturer sells at least 200,000 qualifying vehicles.</p>

What's New – Individuals

<i>Tax Provision</i>	<i>New Law</i>	<i>Prior Law</i>
Credits—continued		
Alternative Fuel Refueling Property Credit See page 5-12	The new law extends the credit through the end of 2032, and increases the credit limitation for business use property to \$100,000. The new law also allows the credit for bidirectional charging equipment, such as an electric vehicle charging station that converts the DC electricity stored in the car batteries back to AC electricity to power the house in case of a power outage.	A tax credit equal to 30% of the cost of qualified property is allowed for placing in service property used to store or dispense an alternative fuel into the fuel tank of a motor vehicle propelled by the fuel, or used to recharge an electric vehicle. The credit is limited to \$30,000 for business use property or \$1,000 for personal use property (such as an electric charging station installed in the taxpayer's garage to charge the batteries of a personal use electric car). The credit was set to expire for property placed in service after 2021.

What's New – Business

<i>Tax Provision</i>	<i>New Law</i>	<i>Prior Law</i>
Deductions		
Energy Efficient Commercial Building Deduction See page 5-4	Effective for tax years beginning after December 31, 2022, the new law modifies the maximum amount of the deduction as follows. <ol style="list-style-type: none"> 1) The deduction under IRC section 179D(a) with respect to any building for any tax year shall not exceed the excess (if any) of: <ol style="list-style-type: none"> A) The product of the applicable dollar value and the square footage of the building, over B) The aggregate amount of the deductions with respect to the building for the three tax years immediately preceding such tax year. 2) The applicable dollar value shall be an amount equal to \$0.50 increased (but not above \$1.00) by \$0.02 for each percentage point by which the total annual energy and power costs for the building are certified to be reduced by a percentage greater than 25%. 3) Increased deduction amount for certain property: <ol style="list-style-type: none"> A) In the case of any property which satisfies the requirements of (B) below, the applicable dollar value is \$2.50 increased (but not above \$5.00) by \$0.10 for each percentage point by which the total annual energy and power costs for the building are certified to be reduced by a percentage greater than 25%. B) To qualify for the increased applicable dollar value in (A) above: <ol style="list-style-type: none"> i) Installation must begin prior to the date that is 60 days after the IRS publishes guidance with respect to the prevailing wage requirements and apprenticeship requirements, or ii) Installation of such property satisfies the prevailing wage requirements and apprenticeship requirements. 	Taxpayers are allowed a deduction under IRC section 179D for the cost of energy efficient commercial building property placed in service during the year. The deduction is limited to the product of \$1.80 times the square footage of the building, over the aggregate amount of the energy efficient commercial building deductions with respect to the building for all prior tax years. <p>Energy efficient commercial building property means property:</p> <ol style="list-style-type: none"> A) With respect to which depreciation (or amortization in lieu of depreciation) is allowable, B) Which is installed on or in any building which is located in the United States that meets certain energy efficient standards, C) Which is installed as part of the interior lighting systems, the heating, cooling, ventilation, and hot water systems, or the building envelope, and D) Which is certified as being installed as part of a plan designed to reduce the total annual energy and power costs with respect to the interior lighting systems, heating, cooling, ventilation, and hot water systems of the building by 50% or more in comparison to a reference building which meets certain minimum standards. <p>The deduction is similar to the Section 179 deduction that allows a business to write off the entire cost of the property placed in service in one year rather than depreciate the cost over a number of years.</p>
Taxes		
Corporate Alternative Minimum Tax (AMT)	Effective for tax years beginning in 2023, the tentative minimum tax for applicable corporations is the excess of 15% of the adjusted financial statement income for the tax year over the corporate AMT foreign tax credit for the tax year. An applicable corporation is any corporation (other than an S corporation, a regulated investment company, or a real estate investment trust) with average annual adjusted financial statement income that exceeds \$1 billion per year.	For tax years prior to 2018, C corporations were not subject to AMT unless average gross receipts were \$7.5 million or more for the prior three tax years. Under the Tax Cuts and Jobs Act (TCJA), the AMT for C corporations was repealed effective for 2018.

What's New – Business

<i>Tax Provision</i>	<i>New Law</i>	<i>Prior Law</i>
Credits		
Energy Efficient Home Credit See page 5-5	<p>The new law extends the credit to apply to energy efficient homes acquired through the end of 2032. Effective for homes acquired after December 31, 2022, the new law modifies the credit amounts and energy efficiency requirements.</p> <p>The new credit amounts are \$500, \$1,000, \$2,500, and \$5,000, depending on the level of energy savings and efficiency requirements the home meets.</p> <p>The credit amount is based on whether or not the taxpayer meets the prevailing wage requirements.</p>	<p>A general business credit is allowed under IRC section 45L for an eligible contractor that constructs a new energy efficient home that is acquired by a person from such eligible contractor for use as a residence during the tax year. The credit is equal to \$2,000 if the home has a level of annual heating and cooling energy consumption at least 50% below that of comparable homes, and \$1,000 if such consumption is at least 30% below that of comparable homes. Certain certification requirements apply in determining the level of the home's energy consumption savings.</p> <p>This credit was set to expire for homes acquired after December 31, 2021.</p>
Commercial Clean Vehicle Credit See page 5-11	<p>Effective for vehicles acquired after December 31, 2022, the new law creates a new code section under IRC section 45W called "Credit for Qualified Commercial Clean Vehicles," which is a general business credit for each qualified commercial clean vehicle placed in service by the taxpayer during the tax year. The credit can be up to 30% of the cost of the vehicle if it is not powered by an internal combustion engine, limited to \$40,000 for vehicles weighing more than 14,000 pounds.</p>	<p>Taxpayers could claim the electric vehicle credit under IRC section 30D, but there was no special credit for commercial electric vehicles.</p>
Research Credit See page 5-13	<p>Effective for tax years beginning after December 31, 2022, the new law increases the amount of the research credit that small businesses can use against their payroll tax liability to \$500,000.</p>	<p>The research credit under IRC section 41 is allowed to offset the alternative minimum tax (AMT). It also allows qualified small businesses to elect to claim a certain amount of the credit as a payroll tax credit. Qualified small businesses may elect to apply up to \$250,000 of the credit against the employer's portion of Social Security taxes. The credit against payroll taxes is an annual election made by a qualified small business. The credit is the smaller of:</p> <ul style="list-style-type: none"> • The current year research credit, • An elected amount not to exceed \$250,000, or • The general business credit carryforward for the tax year (before application of the payroll tax credit election for the tax year).

What's New – Retirement Plans

<i>Tax Provision</i>	<i>New Law</i>	<i>Prior Law</i>
Credit for Small Employer Pension Plan Startup Costs See page 6-3	<p>Effective for 2023, the 50% credit is increased to 100% for certain small employers with no more than 50 employees. Certain small employers are also allowed an additional credit for employer contributions equal to the applicable percentage of employer contributions, limited to \$1,000 per employee. The applicable percentage is 100% for year 1 and 2, 75% for year 3, 50% for year 4, 25% for year 5, and zero % for year 6 and after.</p>	<p>A general business credit is allowed that is equal to 50% of the qualified pension plan startup costs paid during the tax year. The credit is generally limited to the greater of (1) \$500, or (2) the lesser of (a) \$250 for each employee of the eligible employer who is not a highly compensated employee and who is eligible to participate in the plan, or (b) \$5,000.</p>
Saver's Match See page 6-4	<p>Effective for 2027, the credit is repealed with respect to IRA and retirement plan contributions, and replaced with a tax credit paid by the IRS as a contribution to the eligible individual's applicable retirement savings vehicle when he or she makes a qualified retirement savings contribution for the tax year. The matching contribution equals 50% of the qualified retirement savings contribution when AGI does not exceed \$41,000 for MFJ and QSS, \$30,750 for HOH, and \$20,500 for single and MFS. The credit begins to phase-out when AGI exceeds these limits, and is completely phased-out when AGI reaches \$71,000 for MFJ and QSS, \$53,250 for HOH, and \$35,500 for single and MFS. These phase-out amounts are adjusted for inflation beginning in 2028.</p>	<p>Effective for 2023, low income taxpayers are allowed a nonrefundable tax credit for contributions to an IRA or employer-sponsored retirement plan. Contributions to an ABL account by the designated beneficiary also qualify for the credit. The credit rate is 50% for AGI up to \$43,500 for MFJ, \$32,625 for HOH, and \$21,750 for all others. The credit rate is reduced to 20% when AGI is \$43,501 to \$47,500 for MFJ, \$32,626 to \$35,625 for HOH, and \$21,751 to \$23,750 for all others. The credit rate is reduced to 10% when AGI is \$47,501 to \$73,000 for MFJ, \$35,626 to \$54,750 for HOH, and \$23,751 to \$36,500 for all others. The credit is zero when AGI exceeds these limits. These limits increase each year for inflation.</p>

Retirement Plans—continued		
<p>Age for Required Beginning Date for RMDs See page 6-5</p>	<p>Effective for 2023, taxpayers are required to start taking RMDs by April 1 of the calendar year following the year in which the individual reaches age 73.</p> <p>Effective for 2033, taxpayers are required to start taking RMDs by April 1 of the calendar year following the year in which the individual reaches age 75. Thus, individuals who attain age 74 in 2033 do not need to start taking RMDs until April 1, 2035, the year after they attain age 75.</p>	<p>Prior to 2020, taxpayers were required to start taking required minimum distributions (RMDs) from qualified retirement plans and IRAs by April 1 of the calendar year following the year in which the individual reached age 70½.</p> <p>Effective for 2020, no RMDs were required.</p> <p>Effective for 2021, taxpayers were required to start taking RMDs by April 1 of the calendar year following the year in which the individual reached age 72.</p>
<p>IRA Catch-Up Limit See page 6-5</p>	<p>Effective for 2024, the \$1,000 catch-up amount will be adjusted for inflation.</p>	<p>For 2023, the inflation adjusted IRA contribution limit is \$6,500. For individuals age 50 and over, an additional \$1,000 catch-up contribution is allowed for a combined 2023 limit of \$7,500. Although the IRA contribution limit is adjusted each year for inflation, the \$1,000 catch-up contribution is not.</p>
<p>401(k) / 403(b) / SIMPLE Catch-Up Limits See page 6-6</p>	<p>Effective for 2025, the catch-up elective deferral limits are increased for eligible participants who attain ages 60, 61, 62, and 63 before the close of the tax year.</p> <p>The increased catch-up limits for 401(k) / 403(b) plans is the greater of \$10,000, or 50% more than the regular catch-up limit.</p> <p>The increased catch-up limits for SIMPLE plans is the greater of \$5,000, or 50% more than the regular catch-up limit.</p>	<p>For 2023, the inflation adjusted 401(k) / 403(b) elective deferral limit is \$22,500. For individuals age 50 and over, an additional \$7,500 catch-up contributions is allowed.</p> <p>For 2023, the inflation adjusted SIMPLE elective deferral limit is \$15,500. For individuals age 50 and over, an additional \$3,500 catch-up contribution is allowed.</p> <p>These amounts are adjusted each year for inflation.</p>
<p>Elective Deferral Limits and Employer Matching Contributions to SIMPLE Plans See page 6-8</p>	<p>Effective for 2024, an employer can choose to make non-elective contributions of a uniform percentage (for all employees) at a rate up to 10% of compensation for each employee who is eligible to participate, and who has at least \$5,000 of compensation for the year. These non-elective contributions cannot exceed \$5,000 for the year (adjusted annually for inflation).</p> <p>The elective deferral limit is also increased to 110% of the otherwise applicable elective deferral limit if the employer has no more than 25 employees who have at least \$5,000 in compensation for the year.</p> <p>Larger employers can elect to have this 110% limit apply. If they make this election, the employer's 3% match is increased to 4%, and the employer's 2% non-elective match is increased to 3%.</p>	<p>For 2023, the inflation adjusted SIMPLE elective deferral limit is \$15,500. Unless the employer chooses to make non-elective contributions, the employer must match employee elective deferrals dollar-for-dollar up to 3% of the employee's compensation for the year. If the employer chooses to make non-elective contributions on behalf of all eligible employees (including those who choose not to make elective deferrals), the employer must make contributions on behalf of each employee equal to 2% of employee compensation.</p>
<p>401(k)/403(b) Catch-Up Elective Deferrals Must Be Designated Roth Contributions See page 6-18</p>	<p>Effective for 2024, participants whose wages for the preceding year exceed \$145,000 can only make catch-up elective deferrals as designated Roth contributions. If the plan does not provide for a designated Roth option, then participants with wages exceeding \$145,000 cannot make additional catch-up elective deferrals.</p> <p>This rule does not apply to SEPs or SIMPLE plans. The \$145,000 threshold is indexed for inflation after 2024.</p>	<p>Catch-up contributions to a qualified retirement plan for participants age 50 or older can be made on a pre-tax or Roth basis (if a Roth option is permitted by the plan sponsor).</p>

~ End ~