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Filing season quick guide — tax year 2023

Single taxpayers

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$11,000	10%		\$0
\$11,000	\$44,725	\$1,100	12%	\$11,000
\$44,725	\$95,375	\$5,147	22%	\$44,725
\$95,375	\$182,100	\$16,290	24%	\$95,375
\$182,100	\$231,250	\$37,104	32%	\$182,100
\$231,250	\$578,125	\$52,832	35%	\$231,250
\$578,125		\$174,238.25	37%	\$578,125

Heads of household

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$15,700	10%		\$0
\$15,700	\$59,850	\$1,570	12%	\$15,700
\$59,850	\$95,350	\$6,868	22%	\$59,850
\$95,350	\$182,100	\$14,678	24%	\$95,350
\$182,100	\$231,250	\$35,498	32%	\$182,100
\$231,250	\$578,100	\$51,226	35%	\$231,250
\$578,100		\$172,623.50	37%	\$578,100

Married taxpayers filing joint returns and surviving spouses

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$22,000	10%		\$0
\$22,000	\$89,450	\$2,200	12%	\$22,000
\$89,450	\$190,750	\$10,294	22%	\$89,450
\$190,750	\$364,200	\$32,580	24%	\$190,750
\$364,200	\$462,500	\$74,208	32%	\$364,200
\$462,500	\$693,750	\$105,664	35%	\$462,500
\$693,750		\$186,601.50	37%	\$693,750

Trusts and estates

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$2,900	10%		\$0
\$2,900	\$10,550	\$290	24%	\$2,900
\$10,550	\$14,450	\$2,126	35%	\$10,550
\$14,450		\$3,491	37%	\$14,450

Married taxpayers filing separate returns

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$11,000	10%		\$0
\$11,000	\$44,725	\$1,100	12%	\$11,000
\$44,725	\$95,375	\$5,147	22%	\$44,725
\$95,375	\$182,100	\$16,290	24%	\$95,375
\$182,100	\$231,250	\$37,104	32%	\$182,100
\$231,250	\$346,875	\$52,832	35%	\$231,250
\$346,875		\$93,300.75	37%	\$346,875

Long-term capital gains rates

Filing status or entity	0% rate: Taxable income of	15% rate: Taxable income of	20% rate: Taxable income of
Married filing jointly	\$0 to \$89,250	\$89,251 to \$553,850	\$553,851 and over
Married filing separately	\$0 to \$44,625	\$44,626 to \$276,900	\$276,901 and over
Heads of household	\$0 to \$59,750	\$59,751 to \$523,050	\$523,051 and over
Single	\$0 to \$44,625	\$44,626 to \$492,300	\$492,301 and over
Trusts and estates	\$0 to \$3,000	\$3,001 to \$14,650	\$14,651 and over

NET INVESTMENT INCOME TAX

3.8% of the lesser of (1) net investment income or (2) the amount of modified adjusted gross income (MAGI) over these thresholds:

- Single: \$200,000.
- Married filing jointly and surviving spouses: \$250,000.
- Married filing separately: \$125,000.
- Heads of household: \$200,000.
- Estates and trusts: \$14,450.

SELF-EMPLOYMENT TAX

- Tax rate: 15.3% (12.4% OASDI tax plus 2.9% Medicare tax).
- Surtax: 0.9% Medicare surtax is applied to self-employment income in excess of \$200,000 (single), \$250,000 (married filing jointly), or \$125,000 (married filing separately).
- Wage base: \$160,200 of self-employment income for OASDI (maximum OASDI tax of \$19,864.80; no ceiling on Medicare tax).

KIDDIE TAX

For a child subject to the kiddie tax, the net unearned income of the child (limited to the individual's taxable income) is taxed at the parents' marginal tax rate. Net unearned income for 2023 is the portion of the child's adjusted gross income (AGI) not attributable to earned income, over the sum of (1) \$1,250 plus (2) the greater of \$1,250 or, if the child itemizes deductions, those itemized deductions directly connected to the production of the unearned income.

PERSONAL EXEMPTION

Personal exemptions are suspended from 2018 through 2025. A deemed personal exemption amount of \$4,700 is used for purposes of determining who is a "qualifying relative" under Sec. 152(d)(1)(B).

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STANDARD DEDUCTION

- Single: \$13,850.
- Married filing jointly and surviving spouses: \$27,700.
- Married filing separately: \$13,850 (\$0 if spouse itemizes deductions).
- Heads of household: \$20,800.

Additional standard deduction for age 65+ and blind taxpayers:

- Unmarried individuals other than surviving spouses: \$1,850.
- All other taxpayers: \$1,500.

Standard deduction for individuals who can be claimed as dependents: the lesser of (1) \$13,850 or (2) the greater of \$1,250 or \$400 plus the individual's earned income.

ITEMIZED DEDUCTIONS

The overall limitation on itemized deductions is suspended from 2018 through 2025. Miscellaneous itemized deductions subject to the 2%-of-AGI floor are also suspended from 2018 through 2025.

STANDARD MILEAGE RATE

- Business: 65.5 cents per mile. Business mileage is no longer deductible as an unreimbursed employee business expense except for members of a reserve component of the U.S. armed forces, state or local government officials paid on a fee basis, and certain performing artists.
- Medical and moving: 22 cents per mile. Moving mileage is deductible only by U.S. armed forces members on active duty who move pursuant to a military order and incident to a permanent change of station to whom Sec. 217(g) applies.
- Charitable services: 14 cents per mile.

For business autos for which the optional business standard mileage rate is used, the portion treated as depreciation is 28 cents per mile.

TAX CREDITS

- **Earned income:** Maximum credit depends on number of qualifying children: \$600 (none); \$3,995 (one); \$6,604 (two); \$7,430 (three or more), subject to phaseouts. The ceiling for disqualifying investment income is \$11,000.
- **Child:** The amount used to determine the amount of credit under Sec. 24 that may be refundable is \$1,600.
- **Adoption expense:** \$15,950 maximum. Phases out with MAGI between \$239,230 and \$279,230.
- **American opportunity:** \$2,500 per year maximum (100% of the first \$2,000 of qualifying expenses and 25% of the next \$2,000), with 40% of the credit refundable unless the taxpayer is a child subject to the kiddie tax. Phases out for single taxpayers with MAGI between \$80,000 and \$90,000 (\$160,000–\$180,000 for married filing jointly).
- **Lifetime learning:** 20% of up to \$10,000 of qualified tuition and related expenses. Phases out between \$80,000 and \$90,000 of MAGI for single filers and \$160,000–\$180,000 for married taxpayers filing jointly.
- **Sec. 25D residential clean energy:** 30% of amount paid for qualifying property (for qualified fuel cell property, maximum credit of \$500 for each 0.5 kilowatt of capacity).
- **Small business health insurance:** 50% of amount of nonelective contributions an eligible small employer makes on behalf of its employees for premiums for certain health insurance coverage (35% credit against payroll tax for a tax-exempt small employer). Available for two consecutive tax years. Phases out for employers with 10–25 full-time-equivalent employees and average annual wages between \$30,700 and \$61,400.

SAVER'S CREDIT APPLICABLE PERCENTAGES

AGI, married filing jointly	AGI, heads of household	AGI, all other filers	Applicable percentage
\$0 to \$43,500	\$0 to \$32,625	\$0 to \$21,750	50%
\$43,501 to \$47,500	\$32,626 to \$35,625	\$20,751 to \$23,750	20%
\$47,501 to \$73,000	\$35,626 to \$54,750	\$23,751 to \$36,500	10%

SEC. 179 AND BONUS DEPRECIATION

- Sec. 179 expense deduction: \$1,160,000, with a phaseout threshold of \$2,890,000.
- Sec. 168(k) bonus depreciation: 80% of adjusted basis of qualifying property placed in service in 2023.

RETIREMENT PLAN LIMITS

- Maximum 401(k) plan elective deferral: \$22,500 (plus \$7,500 catch-up for age 50+).
- Defined benefit plan maximum benefit: \$265,000.
- Defined contribution plan contribution limit: \$66,000 or 100% of compensation, whichever is less.
- IRA deductible contribution limit: \$6,500 (plus \$1,000 catch-up for age 50+).
- IRA deduction phaseout for active participant in a workplace retirement plan: MAGI from \$116,000 to \$136,000 (married filing jointly); \$73,000–\$83,000 (single taxpayers and heads of household); \$0–\$10,000 (married filing separately); \$218,000–\$228,000 (individual who is not an active participant in a workplace retirement plan whose spouse is an active participant in a workplace retirement plan).
- Roth IRA contribution limit: \$6,500 (plus \$1,000 catch-up for age 50+).
- Roth IRA contribution limit phaseout (MAGI): \$218,000–\$228,000 (married filing jointly); \$138,000–\$153,000 (single and heads of household); \$0–\$10,000 (married filing separately).
- SEP minimum required compensation: \$750; compensation limit for determining maximum allowable contributions by employer: \$330,000.

ESTATES AND GIFTS

- Per-donee annual gift tax exclusion: \$17,000.
- Annual exclusion for transfers to noncitizen spouse: \$175,000.
- Gift/estate tax exclusion: \$12,920,000; estate of first spouse to die may pass unused portion of exclusion to surviving spouse.

ALTERNATIVE MINIMUM TAX

Filing status or entity	AMT exemption amount	AMTI phaseout of exemption*
Married filing jointly or surviving spouses	\$126,500	\$1,156,300 to \$1,662,300
Single or heads of household	\$81,300	\$578,150 to \$903,350
Married filing separately	\$63,250	\$578,150 to \$831,150
Estates and trusts	\$28,400	\$94,600 to \$208,200

* At 25% of AMTI above phaseout threshold.