

Individual Taxes

The individual tax brackets for 2023 are as follows:

2023	Bracket for Income in Excess of...				
Tax Bracket	MFJ	HOH	Unmarried	MFS	Estates & Trusts
10%	\$0	\$0	\$0	\$0	
12%	\$22,000	\$15,700	\$11,000	\$11,000	
22%	\$89,450	\$59,850	\$44,725	\$44,725	
24%	\$190,750	\$95,350	\$95,375	\$95,375	\$2,900
32%	\$364,200	\$182,100	\$182,100	\$182,100	
35%	\$462,500	\$231,250	\$231,250	\$231,250	\$10,550
37%	\$693,750	\$578,100	\$578,125	\$346,875	\$14,450

Standard Deduction Changes for 2023:

Standard Deductions				
Filing Status	2022		2023	
	Standard	Blind/Age 65+	Standard	Blind/Age 65+
Married filing jointly & qualifying widow(er)s	\$25,900	\$1,400	\$27,700	\$1,500
Unmarried (other than qualifying widow(er)s or head of household)	\$13,850	\$1,750	\$13,850	\$1,850
Married filing separately	\$12,950	\$1,400	\$13,850	\$1,500
Head of household	\$19,400	\$1,750	\$20,800	\$1,850
Dependent	\$1,150 or earned income + \$400		\$1,250 or earned income + \$400	

Low Income phase out for Earned Income Credit

2023 EIC Adjusted Gross Income Limits		
Children	Married Filing Jointly	Other Than Married Filing Jointly*
3 or more qualifying children	\$63,398	\$56,838
2 qualifying children	\$59,478	\$52,918
1 qualifying child	\$53,120	\$46,560
No qualifying children	\$24,210	\$17,640

*Taxpayer's filing status cannot be married filing separate.

HSA Maximum contribution:

High Deductible Health Plan (HSA) – 2023				
Contribution, deductible, and out-of-pocket limits in an HSA high deductible health plan for a specific year depend on whether the plan provides self-only coverage or family coverage. The limits applicable to an HSA in 2023 are the following:				
Coverage Type	Minimum Deductible	Maximum Annual Out-of-Pocket*	Maximum Individual Annual Contribution	Individual Annual Catch-up Contribution
Self-only coverage	\$1,500	\$7,500	\$3,850	\$1,000
Family coverage	\$3,000	\$15,000	\$7,750	\$1,000

**The maximum out-of-pocket limit does not apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limit applies.*

ENERGY-EFFICIENT HOME IMPROVEMENT CREDIT

The IRA provision authorizing the energy-efficient home improvement credit provides a nonrefundable tax credit equal to 30% of the cost, not exceeding \$1,200 in total, for new windows, skylights, exterior doors meeting specified energy requirements, and energy audits. Effective for property placed in service **after December 31, 2021**, the credit is further limited to no more than:

- \$600 in the aggregate for windows and skylights;
- \$250 for exterior doors (\$500 in the aggregate); and
- \$150 for home energy audits.

QUALIFIED ENERGY PROPERTY CREDIT:

The IRA provision authorizing the qualified energy property credit provides a maximum aggregate credit equal to the lesser of 30% of cost or \$2,000 for heat pumps, heat pump water heaters, and biomass stoves and boilers. Additionally, it provides for a maximum credit of \$600 to cover expenditures for labor costs allocable to the preparation, assembly, or original installation of qualified energy property. It is effective for property placed in service after December 31, 2021

NEW CLEAN VEHICLE CREDIT

The provision of the IRA authorizing the nonrefundable tax credit for the purchase or lease of a new electric vehicle—a provision generally effective for vehicles placed in service after December 31, 2022 and not later than December 31, 2032—provides for a maximum tax credit of \$7,500.

Income-Based EV Tax Credit Limitations

The tax credit available with respect to an EV meeting the definition of a new clean vehicle may be limited based on the taxpayer’s modified adjusted gross income (MAGI). Pursuant to the income

limitation, no new clean vehicle tax credit is available if the taxpayer’s MAGI for the current or prior taxable year exceeds the threshold amount which is:

- \$300,000 in the case of a joint return or a surviving spouse;
- \$225,000 in the case of a head of household; and
- \$150,000 in the case of any other taxpayer

PREVIOUSLY-OWNED CLEAN VEHICLE CREDIT

The provision of the IRA authorizing the nonrefundable tax credit for the purchase of a previously-owned electric vehicle applies to the purchase of a used electric vehicle whose model year is 2 or more years earlier than the calendar year in which the taxpayer acquires it and provides for a nonrefundable tax credit not exceeding the lesser of 30% of the sale price or \$4,000. The maximum price of a previouslyowned clean vehicle on which the credit is authorized is \$25,000.

Income-Based EV Tax Credit Limitations The tax credit available with respect to an EV meeting the definition of a previously-owned clean vehicle may be limited based on the taxpayer’s modified adjusted gross income (MAGI). Pursuant to the income limitation, no previously-owned vehicle tax credit is available if the taxpayer’s MAGI for the current or prior taxable year exceeds the threshold amount which is:

- \$150,000 in the case of a joint return or a surviving spouse;
- \$112,500 in the case of a head of household; and
- \$75,000 in the case of any other taxpayer

Business Taxes

Mileage Rates

Standard Mileage Rates		
Activity	2022 Mileage Rate	2023 Mileage Rate
Eligible business use	58.5¢ - 1st half year	65.5¢
	62.5¢ - 2nd half year	
Medical or moving purposes	18¢ - 1st half year	22¢
	22¢ - 2nd half year	
Charitable purposes*	14¢	14¢
<i>*Set by statute; not subject to inflation adjustment</i>		

QBI deduction phase out:

Taxpayer's Filing Status	2023 Threshold Amount	Phase-In Range
Married filing jointly	\$364,200	\$100,000
Married filing separately	\$182,100	\$50,000
Single & head of household filers	\$182,100	\$50,000

INCREASE IN BUSINESS MEAL DEDUCTIBILITY ENDS AFTER 2022

The Consolidated Appropriations Act (CAA) provided for temporarily increased deductions for business meals. Businesses were permitted a 100% tax deduction for business meals—up from 50%—if the food or beverages were provided by a restaurant. The increased business meal deduction was available for 2021 and 2022, and the deduction returns to 50% for 2023

Tax Credits for Small Employer Plan Startup Costs

The current law provides for a three-year small business tax credit for pension plan startup costs equal to 50% of administrative costs not exceeding \$5,000 annually. The Act, for employers with 50 or fewer employees:

- Increases the percentage of administrative costs to 100%; and
- Provides an additional credit not exceeding \$1,000 per employee of a percentage of employer contributions made to certain employees' defined contribution plan accounts equaling –
 - 100% of contributions in years 1 and 2,
 - 75% of contributions in year 3,
 - 50% of contributions in year 4, and
 - 25% of contributions in year 5

2024 Inflation adjusted amounts have been released. Check out the link.

<https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024>