

2023 TAX CALENDAR

January 17	4th Quarter 2022 Estimate Due
April 18	FBAR Form Due
April 18	2022 1040 or Extension Due
April 18	1st Quarter 2023 Estimate Due
June 15	2nd Quarter 2023 Estimate Due
July 31	Pension Plan (Form 5500) Returns Due (calendar yr plans)
September 15	3rd Quarter 2023 Estimate Due
October 16	2022 1040 Extension Returns Due



HELPFUL TIPS FOR ISSUES AFFECTING 2023

Solar Credit – The federal credit for installing solar on your first and second homes has been extended again, this time through 2034. The credit rate will be 30% through 2032; 26% in 2033; 22% in 2034, the final year for the credit.

Business Meals – The special allowance for tax years 2021 and 2022 allowing 100% of the cost of business meals provided by restaurants to be deductible was not extended. Thus the deduction for business meals in 2023 and subsequent years will be limited to 50% of the cost.

Required Minimum Distributions (RMD) – Taxpayers are required to begin taking minimum distributions from their traditional IRAs and qualified plans once they attain the age of 72 (was 70.5 before 2020). The minimum distribution amount is determined by dividing the account's value on December 31 of the prior year by your life expectancy determined from the IRS's Uniform Lifetime table.

Charitable Deduction – The provision allowing non-itemizers to deduct \$300/\$600 of charitable contributions expired after 2021.

Clean Vehicle Credit – This credit replaces the prior plug-in electric vehicle credit, and the credit can still be as much as \$7,500 in 2023 but with new restrictive requirements. Minimum battery capacity is 7 kilowatt-hours. Qualifying vehicles must be assembled in North America; a portion of the credit is dependent upon whether the critical minerals included in the battery were extracted or processed in the U.S. or a country with a free trade agreement or recycled in North America. On top of that the manufacturer's suggested retail price cannot exceed \$80,000 for vans, SUVs, and pickups. For other vehicles the cap is \$55,000. Another restriction: no credit is allowed if the taxpayer's modified adjusted gross income (MAGI) for the credit year, or if less for the preceding tax year, exceeds \$300,000 for married individuals filing joint; \$225,000 for those filing head of household; and \$150,000 for others.

Previously Owned Clean Vehicle Credit – This new credit provides a credit up to the lesser of \$4,000 or 30% of the used vehicle's sale price. This credit is for lower income taxpayers and no credit is allowed if the taxpayer's MAGI for the credit year, or if less for the preceding tax year, exceeds \$150,000 for married individuals filing joint; \$112,500 for those filing head of household; and \$75,000 for others. The vehicle must be acquired from a dealer for a price of \$25,000 or less and be the first transfer of the vehicle since this credit was enacted.

Credit For Qualified Commercial Clean Vehicles – The Inflation Reduction Act of 2022 added a general business credit for qualified commercial clean vehicles acquired and placed in service after December 31, 2022, and before 2033. The per vehicle credit is the lesser of 15% of the vehicle's basis (30% for vehicles not powered by a gasoline or diesel engine) or the "incremental cost" of the vehicle over the cost of a comparable vehicle powered solely by a gasoline or diesel engine. The maximum credit per vehicle is \$7,500 for vehicles with gross vehicle weight ratings of less than 14,000 pounds, or \$40,000 for heavier vehicles. A qualifying vehicle must have a battery capacity of not less than 15 kilowatt hours (7 kilowatt hours for vehicles weighing less than 14,000 pounds).

Child Care Credit – The credit for 2022 and subsequent years will be substantially less than the temporary increase for 2021. The maximum expenses that can be used to compute the 2022 and subsequent years credit are \$3,000 for one qualified individual and \$6,000 for two or more qualified individuals (down from \$8,000 and \$16,000 in 2021). In addition, the credit percentage, which was

50% for 2021, returns to income specified amounts ranging from a maximum of 35% to 20% for taxpayers with AGIs more than \$43,000.

Take Advantage of a Low-Income Year – Where a taxpayer is having a low-income year, they may wish to take advantage of being in a lower tax bracket by:

- Selling appreciated stocks.
- Converting traditional IRAs to Roth IRAs.
- Taking a taxable distribution from a retirement plan (but subject to a penalty if under the age of 59.5).

Cryptocurrency Transactions – Beware! The IRS continues to have digital assets on its radar and is ramping up enforcement programs. Cryptocurrency is treated as property, and when it is sold or used, the gain or loss from the transaction must be reported in the same manner as a stock transaction. Cryptocurrency exchanges must begin reporting transactions for 2023.

Foreign Taxes Paid – If you paid or had withholding of foreign taxes during the year you have three options, including to take a tax deduction or claim a credit to make up for the double taxation. If you itemize your deductions the amount can be deducted as tax paid (not subject to the \$10,000 tax limit). The other two options are to claim a credit without filing the Form 1116 but limited to \$300 (\$600 if filing married joint) or filing a Form 1116 if the tax credit will exceed \$300 (\$600 joint). **CAUTION:** If you are a partner in a partnership or a shareholder in an S-Corporation, make the entity aware you have paid foreign taxes during the year. Those entities have special foreign income reporting requirements that include foreign income of partners and shareholders and can impact the entity's filing options.

Credit For Energy Efficient Home Modifications – This tax credit for making energy saving improvements to taxpayer's existing homes has been around since 2006. The dollar limits and credit percentages have been modified several times over the years. In addition, the credit had a lifetime credit cap which was recently \$500, and the credit rate had been reduced to 10%. Being available for 16 years with a \$500 lifetime cap had almost rendered this credit impractical. However, the Inflation Recovery Act has breathed new life into the credit by increasing the credit rate to 30% and by replacing the lifetime credit cap with an annual cap of \$1,200. That allows individuals to annually make up to \$4,000 of creditable home energy improvements. There are annual limits for certain types of improvements; for example, there is a \$600 annual credit limit for residential energy property expenditures, windows, and skylights, and \$250 for exterior doors (\$500 total for all exterior doors).

This credit is non-refundable (meaning it can only offset the current tax liability) and there is no carryover.

Credit For Building Energy Efficient Homes – This is a credit for the contractor building energy efficient homes. Prior to the law change the credit was as much as \$2,000 for site-built homes and \$1,000 or \$2,000 for manufactured homes. The Inflation Reduction Act of 2022 makes the credit available for qualified new energy efficient homes acquired before January 1, 2033. The amount of the credit is increased, and can be \$500, \$1,000, \$2,500, or \$5,000, depending on which energy efficiency requirements the home satisfies and whether the construction of the home meets the prevailing wage requirements.

Net Investment Income Surtax - For individuals there is a surtax of 3.8% of the lesser of the taxpayer's net investment income, or the excess of the taxpayer's modified AGI over a threshold amount. The threshold amounts for individuals are: \$250,000 for married filing joint filers and qualifying surviving spouses, \$125,000 for married taxpayers filing separate and \$200,000 for others. For an estate or trust, the surtax is 3.8% of the lesser of the undistributed net investment income or excess of AGI over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

\$1 LUMP SUM AT VARIOUS RATES (FUTURE VALUE OF \$1, COMPOUNDED ANNUALLY)

Interest Rate	5 Yrs	10 Yrs	15 Yrs	20 Yrs	25 Yrs	30 Yrs
2%	1.104	1.219	1.346	1.486	1.641	1.811
4	1.217	1.480	1.801	2.191	2.666	3.243
6	1.338	1.791	2.397	3.207	4.292	5.743
8	1.469	2.159	3.172	4.661	6.848	10.063
10	1.611	2.594	4.177	6.727	10.835	17.449

Example: If you invest \$10,000 at an interest rate of 6%, at the end of 30 years you will have \$57,430 (\$10,000 multiplied by 5.743).

\$1 PER YEAR AT VARIOUS RATES (FUTURE VALUE, COMPOUNDED ANNUALLY)

Interest Rate	5 Yrs	10 Yrs	15 Yrs	20 Yrs	25 Yrs	30 Yrs
2%	5.20	10.95	17.29	24.30	32.03	40.57
4	5.416	12.006	20.024	29.778	41.646	56.085
6	5.637	13.181	23.276	36.786	54.865	79.058
8	5.867	14.487	27.152	45.762	73.106	113.283
10	6.105	15.937	31.772	57.275	98.347	164.494

Example: If you put \$1,000 at the end of each year in an investment paying 6% a year compounded annually, at the end of the 30th year, you will have \$79,058 saved (\$1,000 x 79.058).

LIFE EXPECTANCY*

Current Age	Remaining Years	Current Age	Remaining Years
25	60.2	55	31.6
30	55.3	60	27.1
35	50.5	65	22.9
40	45.7	70	18.8
45	41.0	75	14.8
50	36.2	80	11.2

Assume a planned retirement age of 60. Based on average statistics, you will need to accumulate retirement assets by age 60 to last for 24.2 yrs. * Life expectancy rates based on the IRS Unisex Single Life Tables.

TAXABLE-EQUIVALENT YIELD OF MUNICIPAL BONDS BASED ON VARIOUS FEDERAL INCOME TAX BRACKETS

Tax Bracket	Tax-Free Yield									
	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	
10	2.2	2.8	3.3	3.9	4.4	5.0	5.6	6.1	6.7	
12	2.3	2.8	3.4	4.0	4.5	5.1	5.7	6.3	6.8	
22	2.6	3.2	3.8	4.5	5.1	5.8	6.4	7.1	7.7	
24	2.6	3.3	3.9	4.6	5.3	5.9	6.6	7.2	7.9	
32	2.9	3.7	4.4	5.1	5.9	6.6	7.4	8.1	8.8	
35	3.1	3.8	4.6	5.4	6.2	6.9	7.7	8.5	9.2	
37	3.2	4.0	4.8	5.6	6.3	7.1	7.9	8.7	9.5	

Example: A taxpayer in the 24% tax bracket would have to purchase a taxable investment yielding more than 3.3% to outperform a 2.5% tax-free investment.

DISCLAIMER

The information provided is an abbreviated summary of tax and financial information for the 2023 tax year and only includes law changes through December 2022. Pending or future tax legislation and regulations could alter contents of this brochure. The accuracy and completeness of this information is not guaranteed. Specific questions relating to your specific tax or financial situation should be directed to your tax and financial advisor.
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EXEMPTIONS & STANDARD DEDUCTIONS (2023)

Personal & Dependent Exemption: under the current tax law exemptions are not allowed **Standard Deduction:**

Joint SS	MS	Single	Head of Household
\$27,700	\$13,850	\$13,850	\$20,800

An additional standard deduction of \$1,500 is allowed for each married elderly (age 65 and over) or blind individual. If elderly and blind, the additional standard deduction is \$3,000. Single individuals (elderly or blind) are allowed an additional standard deduction of \$1,850, \$3,700 if both elderly & blind.

SOCIAL SECURITY (OASDI), MEDICARE & SELF-EMPLOYMENT TAXES

	Social Security OASDI*	Medicare***	Total
Employee	6.20%	1.45%	7.65%
Self-Employed**	12.40%	2.90%	15.30%

Wage base for 2022 Soc. Sec. & Self-Employment Tax: \$147,000 (\$160,200 for 2023)

Wage Base for Medicare Hospital Insurance – no limit

*Old age, survivor and disability insurance portion of social security tax.

**Self-employed individuals are allowed to take an income tax deduction for 50% of the self-employment tax.

***Add 0.9% to rate when income exceeds \$200,000 (\$250,000 for married taxpayers and \$125,000 for married taxpayers filing separatly)

SOCIAL SECURITY BENEFITS

Earnings Test – SS benefits of an individual who is under the full retirement age are reduced when earnings from working in 2022 exceed \$19,560/yr.(\$21,240 in 2023).

Maximum Earnings Benefit – The maximum retirement benefit for workers retiring in 2023 at age 66 (full retirement age): \$3,627/mo.

Taxation Thresholds – A certain % of an individual's SS benefits are taxed when his or her provisional income* exceeds certain threshold amounts:

	Up to 50% Taxed	Up to 85% Taxed
Married Joint	\$32,000 - \$44,000	Over \$44,000
Others**	\$25,000 - \$34,000	Over \$34,000

*Provisional income generally includes adjusted gross income plus nontaxable interest plus one-half of social security benefits.

CAPITAL GAINS

Special rates (capital gain rates) apply to gains attributable to sale of capital assets held for more than a year.

Capital Gain Rates: The 2017 tax reform altered the regular individual tax rates, which the capital gains rates were previously tied to and created a separate rate schedule for capital gains tax. The table below illustrates the 2023 CG tax rates by filing status and range of income within the filing status.

CG Rates	MFJ	MFS	HH	Single
Zero	0 to \$89,250	0 to \$44,625	0 to \$59,750	0 to \$44,625
15%	89,251 to 553,850	44,626 to 276,900	59,751 to 523,050	44,626 to 492,300
20%	Above 553,850	Above 276,900	Above 523,050	Above 492,300

Excluded From the 0%, 15% & 20% Rates:

Gain attributable to real property depreciation: **25% Max**

Gain attributable to collectibles & qualified small business stock: **28% Max**

Maximum Annual Net Loss Deduction: \$3,000 (\$1,500 MFS filers)

Netting Short-Term (ST) and Long-Term (LT) Gains & Losses: ST gains and losses are netted as are LT gains and losses. Then the two are netted together, with the result being either a net ST or LT gain or loss. Taxpayers, when possible, can achieve a better overall tax benefit by offsetting short-term capital gains with long-term capital losses, thus offsetting higher-taxed profits with lower-taxed losses.

LONG-TERM CARE INSURANCE DEDUCTIONS

The maximum deductible amounts of long-term care premiums are based on age and for 2023 are: **40 or Less** **41 to 50** **51-60** **61-70** **71 & Older**
\$480 \$890 \$1,790 \$4,770 \$5,960

KIDDIE TAX

Congress created the "Kiddie Tax" to stop parents from moving investments into their child's name to take advantage of the child's lower tax rates. The Kiddie Tax effectively taxes the investment income of children under age 24 in excess of \$2,300 (\$2,500 in 2023) at the parent's top marginal rate.

Parents may elect to include a child's investment income on their return if the investment income is less than \$11,500 (\$12,500 in 2023) and the child has no earned income.

TRADITIONAL IRA - MAX DEDUCTIONS & LIMITS

Maximum Contribution & Deduction for 2023: \$6,500 (\$7,500 if age 50 & older)⁽¹⁾⁽²⁾

The deduction is ratably phased out for higher income individuals who actively participate in an employer-sponsored plan and/or whose spouse is an active plan participant. Those not covered by an employer sponsored plan, are not subject to MAGI limitations. The following are the phase-out ranges based on Modified AGI:

Single (Active)	\$73,000 - \$82,999
Married (only spouse is active)	\$218,000 - \$227,999
Married (both spouses active)	\$116,000 - \$135,999
Married Separate	\$ 0 – \$9,999

Contributions must be made by the due date of the tax return, NOT including extensions. Starting with 2020, there is no longer an age restriction for making contributions.

ROTH IRA - MAX CONTRIBUTIONS & LIMITS

Maximum Contribution for 2023: \$6,500 (\$7,500 if age 50 & older)⁽¹⁾⁽²⁾

There is no tax deduction for contributions to a Roth IRA, there is no tax on qualified distributions, and the accounts benefit from tax-free accumulation. The contributions are ratably phased out for higher income individuals. The following are the phase-out ranges based on Modified AGI:

Married	\$218,000 - \$227,999
Married Separate	\$ 0 – \$9,999
Others	\$138,000 - \$152,999

Contributions must be made by the due date of the tax return, NOT including extensions.

Contributions ARE allowed regardless of age.

(1) The \$6,500 and \$7,500 limits apply to the combined Traditional and Roth IRA contributions of the individual for the year. (2) Contributions are limited to earned income.

RETIREMENT PLANS - CONTRIBUTION LIMITS

SE Defined Contribution Plans: Lesser of 25%⁽¹⁾ of compensation or \$61,000 (\$66,000 in 2023)

SEP Plans: Lesser of 25%⁽¹⁾ of compensation or \$61,000 (\$66,000 in 2023)

401(k) and 403(b) Plans Elective Deferrals: \$20,500 for 2022 (\$22,500 in 2023) Add \$7,500 if age 50+⁽²⁾⁽³⁾

SIMPLE Plans Elective Contributions: \$14,000 for 2022 (\$15,500 in 2023). Add \$3,500 if age 50+⁽⁴⁾

Defined Benefit Plans: Max annual benefit: \$245,000 in 2022 (\$265,000 in 2023)

Highly Compensated Employee Status Threshold: \$135,000 for 2022 (\$150,000 for 2023)⁽⁴⁾

Key Employee Status Threshold: \$200,000 in 2022 (\$215,000 in 2023)

- Effectively 20% of net self-employment income.
- The annual contribution to all of an employee's retirement accounts, including elective deferrals, employee contributions, employer matching, discretionary contributions and forfeiture allocations cannot exceed the lesser of 100% of compensation or \$61,000 (\$66,000 for 2023).
- Maximum compensation that can be considered in determining employer and employee contributions (employer non-elective contribution for SIMPLE Plans) is \$305,000 for 2022 (\$330,000 for 2023). See above for limits for highly compensated employees.
- Includes 5% owners and at employer's election 20% of the top paid employees.

SAVING FOR EDUCATION

National Average Annual College Costs (2022-2023)

		Tuition & Fees	Room & Board	Other Expenses	Total
Public	2-year	\$3,860	\$9,610	\$5,760	\$19,230
	4 Year In-State	\$10,940	\$12,310	\$4,690	\$27,940
	4 Year Out of State	\$28,240	\$12,310	\$4,690	\$45,240
Private	4 Year Non-Profit	\$39,400	\$14,030	\$4,140	\$57,570

Source: College Board, Trends in College Pricing

Three tax plans are provided to save funds for a child's education. Contributions to them are NOT tax deductible. The tax benefit is the account earnings accrue tax deferred and are free from tax if used for qualified education expenses.

Coverdell Account – The annual contribution limit for 2022 & 2023 is \$2,000 per student. Funds can be used not only for higher education but also for Kindergarten through grade 12. Contributions must be made by the April due date for filing the return. The contribution limit is ratably reduced to zero for Joint filers with MAGI between \$190K and \$220K and \$95K and \$110K for others.

Sec 529 Plan – The total contribution per student is only limited by the projected cost of the student's planned education. The donor's annual contribution is generally predicated on donor's gift tax issues. Generally each donor can contribute up to the annual gift tax exclusion (\$16,000 in 2022 and \$17,000 in 2023) per year without gift tax implications. In addition, the exemption amount for the next four years (\$80,000 in 2022 or \$85,000 in 2023) can be contributed at one time (generally in the earlier years to benefit from increased earnings). Funds can be used for post-secondary education, registered apprenticeship programs and up to \$10,000 per year per plan beneficiary for elementary and high school tuition (2018 through 2025). A lifetime max of \$10,000 can also be used towards student loan debt of the beneficiary and siblings of the beneficiary.

Savings Bonds – A taxpayer who pays qualified higher education expenses with redemption proceeds from Series EE or I Bonds issued after 1989 may be able to exclude the bonds' income. To qualify they must have been purchased when the individual was at least age 24 and redeemed at the time of the education expense for the taxpayer, spouse, or dependent. The income exclusion phases out for joint filers with a MAGI between \$137,800 and \$167,800 (\$91,850 and \$106,850 for others).

STANDARD MILEAGE DEDUCTIONS

These are the \$/mile rates in effect for 2022 and 2023.

	2022		2023
	Jan - June	July - Dec	
Business	\$0.585	\$0.625	\$0.655
Medical & Moving	\$0.18	\$0.22	\$0.22
Charity	\$0.14		\$0.14

PER DIEM RATES*

	High-Cost Locality	Low-Cost Locality
Meals and incidental expenses (M & IE)	\$ 74	\$ 69
Lodging and M & IE	\$ 297	\$ 204

*Reflects rates in effect since 10/1/2022, using the simplified method of determination.

SEC 179 BUSINESS ASSET EXPENSING

Each year, an amount of the cost of certain eligible personal property purchased during the year and used in the active conduct of a trade or business can be expensed. The maximum that can be expensed is \$1,080,000 for 2022 and \$1,160,000 for 2023 (half those amount for those filing married separate).

*The limit is reduced when more than \$2.7M for 2022 (\$2.89M for 2023) of qualifying property is placed into service.

BONUS DEPRECIATION

Taxpayers can elect 100% first year (bonus) depreciation for tangible business assets (except structures) acquired after September 27, 2017 and placed into service during years 2018 through 2022. For 2023 the bonus rate has been reduced to 80%.

INCOME TAX RATES – CORPORATIONS

The Tax Cuts & Jobs Act established a flat corporate tax rate of 21%.

TRUST & ESTATE INCOME TAX RATES (2023)

Taxable Income Over	But Not Over	Pay	Plus	Of the Amount Over
0	2,900	0	10%	0
2,900	10,550	290.00	24%	2,900
10,550	14,450	2,126.00	35%	10,550
14,450		3,491.00	37%	14,450

UNIFIED ESTATE & GIFT TAX SCHEDULE

The Tax Cut & Jobs Act doubled the estate and gift tax exclusion and the amount is inflation adjusted for future years.

Year	Estate Tax		Gift Tax	
	Exemption (Millions \$)	Top Tax Rate	Exemption (Millions \$)	Top Tax Rate
2020	11.580	40%	11.580	40%
2021	11.700	40%	11.700	40%
2022	12.060	40%	12.060	40%
2023	12.920	40%	12.920	40%

ANNUAL GIFT TAX EXCLUSION

Everyone is allowed an annual gift tax exclusion of \$16,000 per donee for 2022 (\$17,000 in 2023), with no limit to the number of donees. These gifts are not deductible by the giver nor are they taxable to the donee and they do not reduce the giver's lifetime exemption. Gifts more than the annual exclusion must be reported on a gift tax return but do not become taxable until the lifetime exclusion has been used up.

2023 INCOME TAX RATE SCHEDULE - INDIVIDUAL MARRIED TAXPAYERS* - JOINT/SURVIVING SPOUSE (SS)

Taxable Income Over	But Not Over	Pay	Plus	Of the Amount Over
0	22,000	0	10%	0
22,000	89,450	2,200.00	12%	22,000
89,450	190,750	10,294.00	22%	89,450
190,750	364,200	32,580.00	24%	190,750
364,200	462,500	74,208.00	32%	364,200
462,500	693,750	105,664.00	35%	462,500
693,750		186,601.50	37%	693,750

* Married separate (MS) use 1/2 of the joint dollar amounts.

SINGLE TAXPAYERS

Taxable Income Over	But Not Over	Pay	Plus	Of the Amount Over
0	11,000	0	10%	0
11,000	44,725	1,100.00	12%	11,000
44,725	95,375	5,147.00	22%	44,725
95,375	182,100	16,290.00	24%	95,375
182,100	231,250	37,104.00	32%	182,100
231,250	578,125	52,832.00	35%	231,250
578,125		174,238.25	37%	578,125

HEAD OF HOUSEHOLD

Taxable Income Over	But Not Over	Pay	Plus	Of the Amount Over
0	15,700	0	10%	0
15,700	59,850	1,570.00	12%	15,700
59,850	95,350	6,868.00	22%	59,850
95,350	182,100	14,678.00	24%	95,350
182,100	231,250	35,498.00	32%	182,100
231,250	578,100	51,226.00	35%	231,250
578,100		172,623.50	37%	578,100

ALTERNATIVE MINIMUM TAX (AMT) - INDIVIDUALS

The Tax Cuts & Jobs Act substantially increased both the AMT exemptions and the exemption phase out threshold which has significantly reduced the number of taxpayers affected by the AMT since 2018.

Tax Rate 2023	26% of AMT income to.....\$220,700* 28% of AMT income over.....\$220,700* * \$110,350 for married taxpayers filing separately	
Filing Status	Exemption Amount (Reduced as AMT income exceeds threshold amount)	Phase-Out Threshold
Joint Return	\$126,500	\$1,156,300
Single and HH	\$81,300	\$578,150
Married Separate	\$63,250	\$578,150

ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, taxpayer is required to deposit by withholding or estimated tax payments an amount equal to the lesser of:

1. 90% of current year tax liability, OR

2. One of the following amounts:

a. If the taxpayer's prior year AGI exceeds \$150,000; 110% of the prior year's tax liability.

b. Otherwise, 100% of the prior year's tax liability.

*\$75,000 for taxpayers filing married separate.