

## HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
HSA contribution	\$3,850	\$ 7,750
HSA catch-up contribution	\$1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$1,500	\$ 3,000
Maximum HDHP out-of-pocket costs	\$7,500	\$15,000

## FLEXIBLE SPENDING ACCOUNT CONTRIBUTIONS

Health care FSA	\$3,050
Dependent care FSA	\$5,000

## RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 22,500
Contributions to defined contribution plans	\$ 66,000
Contributions to SIMPLEs	\$ 15,500
Contributions to IRAs	\$ 6,500
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 7,500
Catch-up contributions to SIMPLEs	\$ 3,500
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$330,000
Highly compensated employee threshold	\$150,000
Annual benefit for defined benefit plans	\$265,000

## LONG-TERM-CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 480
41 to 50	\$ 890
51 to 60	\$1,790
61 to 70	\$4,770
Over 70	\$5,960

## EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$21,240 per year
Pre-FRA in year you reach FRA	\$4,710 per month
FRA and after	None

## GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Exemption	Top rate
\$12,920,000	40%

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$17,000 per recipient (\$34,000 if spouses elect "split-gift" treatment).

## CORPORATE INCOME TAX RATES

C corporations and professional services corporations are taxed at a flat 21% rate.

## SECTION 199A DEDUCTION FOR OWNERS OF PASS-THROUGH ENTITIES<sup>1</sup>

20% of qualified business income.

When an owner's taxable income exceeds \$182,100 (\$364,200 for joint filers), the following limits are phased in over a \$50,000 range (\$100,000 range for joint filers):

- Deduction isn't available for income from specified service businesses.
- Deduction can't exceed the greater of the owner's share of:
  - 50% of the amount of W-2 wages paid to employees by the qualified business during the tax year, or
  - The sum of 25% of W-2 wages plus 2.5% of the cost of qualified property.

<sup>1</sup> Including sole proprietors.

## SECTION 179 EXPENSING AND BONUS DEPRECIATION

Sec. 179 expensing limit	\$1,160,000
Sec. 179 phaseout threshold	\$2,890,000
Bonus depreciation limit	80%

## DEPRECIATION CLASSES AND METHODS

Class	Method	Examples
36-month	Straight-line	Software
3-year	200% DB <sup>1</sup>	Dies, molds, small tools
5-year	200% DB <sup>1</sup>	Vehicles, computers, office equipment
7-year	200% DB <sup>1</sup>	Manufacturing equipment, office furniture
7-year	150% DB <sup>1</sup>	Farm equipment
27.5-year	Straight-line	Rental residential buildings
39-year	Straight-line	Nonresidential buildings

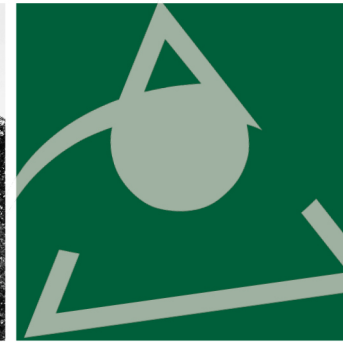
<sup>1</sup> Declining-balance.

## MACRS DEPRECIATION RATES (with half-year convention)

Year	Asset class		
	3-year	5-year	7-year
1	33.33%	20.00%	14.29%
2	44.45%	32.00%	24.49%
3	14.81%	19.20%	17.49%
4	7.41%	11.52%	12.49%
5	—	11.52%	8.93%
6	—	5.76%	8.92%
7	—	—	8.93%
8	—	—	4.46%

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# 2023



**Main Office:** Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202  
**Nassau County Office:** 1225 Franklin Avenue, Suite 325 | Garden City, NY 11530  
 p: 716.856.3428 / 800.795.6027 | [www.BrisCon.com](http://www.BrisCon.com)

## INDIVIDUAL INCOME TAX RATES<sup>1</sup>

### Single

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 11,000	10%	\$ 0
\$ 11,001 – \$ 44,725	\$ 1,100.00 + 12%	\$ 11,000
\$ 44,726 – \$ 95,375	\$ 5,147.00 + 22%	\$ 44,725
\$ 95,376 – \$182,100	\$ 16,290.00 + 24%	\$ 95,375
\$182,101 – \$231,250	\$ 37,104.00 + 32%	\$182,100
\$231,251 – \$578,125	\$ 52,832.00 + 35%	\$231,250
Over \$578,125	\$174,238.25 + 37%	\$578,125

### Head of household

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 15,700	10%	\$ 0
\$ 15,701 – \$ 59,850	\$ 1,570.00 + 12%	\$ 15,700
\$ 59,851 – \$ 95,350	\$ 6,868.00 + 22%	\$ 59,850
\$ 95,351 – \$182,100	\$ 14,678.00 + 24%	\$ 95,350
\$182,101 – \$231,250	\$ 35,498.00 + 32%	\$182,100
\$231,251 – \$578,100	\$ 51,226.00 + 35%	\$231,250
Over \$578,100	\$172,623.50 + 37%	\$578,100

### Married filing jointly

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 22,000	10%	\$ 0
\$ 22,001 – \$ 89,450	\$ 2,200.00 + 12%	\$ 22,000
\$ 89,451 – \$190,750	\$ 10,294.00 + 22%	\$ 89,450
\$190,751 – \$364,200	\$ 32,580.00 + 24%	\$190,750
\$364,201 – \$462,500	\$ 74,208.00 + 32%	\$364,200
\$462,501 – \$693,750	\$105,664.00 + 35%	\$462,500
Over \$693,750	\$186,601.50 + 37%	\$693,750

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 11,000	10%	\$ 0
\$ 11,001 – \$ 44,725	\$ 1,100.00 + 12%	\$ 11,000
\$ 44,726 – \$ 95,375	\$ 5,147.00 + 22%	\$ 44,725
\$ 95,376 – \$182,100	\$ 16,290.00 + 24%	\$ 95,375
\$182,101 – \$231,250	\$ 37,104.00 + 32%	\$182,100
\$231,251 – \$346,875	\$ 52,832.00 + 35%	\$231,250
Over \$346,875	\$ 93,300.75 + 37%	\$346,875

<sup>1</sup> These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

## FICA RATES AND ADDITIONAL MEDICARE TAX

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$160,200, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,600 or more to a household employee are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

Employers must withhold the additional Medicare tax beginning in the pay period when wages exceed \$200,000 for the calendar year, without regard to an employee's filing status.

## CAPITAL GAINS TAX RATES

Type of gain	Maximum rate <sup>1</sup>
Short-term gain (assets held 12 months or less)	37%
Long-term gain (generally assets held more than 12 months)	15% or 20% <sup>2</sup>
Long-term gain on collectibles	28%
Long-term gain attributable to certain depreciation recapture	25%
Gain on qualified small business stock held more than 5 years	14% <sup>3</sup>
Most long-term gain that would be taxed at 12% or less based on the taxpayer's ordinary-income rate	0%

<sup>1</sup> The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

<sup>2</sup> The 20% rate applies only to those with taxable income exceeding \$492,300 (singles), \$523,050 (heads of households), \$553,850 (joint filers), \$276,900 (separate filers) or \$14,650 (estates and trusts).

<sup>3</sup> Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

## ALTERNATIVE MINIMUM TAX

### Single, head of household or married filing jointly

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$220,700	26%	\$ 0
Over \$220,700	\$57,382 + 28%	\$220,700

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$110,350	26%	\$ 0
Over \$110,350	\$28,691 + 28%	\$110,350

### Exemptions

Filing status	Exemption amount
Single or head of household	\$ 81,300
Married filing jointly	\$126,500
Married filing separately	\$ 63,250

### Exemption phaseouts based on AMT income

Filing status	Income range of phaseout
Single or head of household	\$ 578,150 – \$ 903,350
Married filing jointly	\$1,156,300 – \$1,662,300
Married filing separately	\$ 578,150 – \$ 831,150

## ESTATE AND TRUST INCOME TAX RATES

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 2,900	10%	\$ 0
\$ 2,901 – \$10,550	\$ 290 + 24%	\$ 2,900
\$10,551 – \$14,450	\$2,126 + 35%	\$10,550
Over \$14,450	\$3,491 + 37%	\$14,450

### “KIDDIE” TAX

This tax generally applies to unearned income beyond \$2,500 of children under age 19, or under 24 if a full-time student. Such income is generally taxed according to the parents' marginal tax bracket.

## STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$ 13,850
Head of household	\$ 20,800
Married filing jointly or surviving spouse	\$ 27,700
Married filing separately	\$ 13,850

## ITEMIZED DEDUCTION LIMITS<sup>1</sup>

### State and local tax

Up to \$10,000 on a combined basis for property tax and either income tax or sales tax (\$5,000 for separate filers).

### Home mortgage interest

Acquisition debt of up to \$750,000. (This limit is generally for indebtedness incurred after Dec. 15, 2017; a \$1 million limit still applies to indebtedness incurred on or before that date.)

### Miscellaneous itemized deductions subject to the 2% floor

No longer deductible. (Examples include investment expenses, certain professional fees and unreimbursed employee business expenses.)

### Casualty and theft losses

No longer deductible except for losses due to an event officially declared a disaster by the President.

### Medical expenses

Unreimbursed medical expenses in excess of 7.5% of adjusted gross income are deductible.

<sup>1</sup> Additional rules and limits may affect these deductions.

## STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	65.5 cents
Medical or moving	22 cents
Charitable	14 cents

## CHILD AND EDUCATION BREAKS<sup>1</sup>

Tax break	Maximum	MAGI <sup>2</sup> phaseout range
		Single/Head of household <sup>3</sup> Married filing jointly
<b>Credit</b>		
Child	\$2,000	\$200,000–\$240,000 \$400,000–\$440,000
Adoption	\$15,950	\$239,230–\$279,230 \$239,230–\$279,230
Dependent care <sup>4</sup>	\$600	\$ 15,000–\$ 43,000 \$ 15,000–\$ 43,000
American Opportunity	\$2,500	\$ 80,000–\$ 90,000 \$160,000–\$180,000
Lifetime Learning	\$2,000	\$ 80,000–\$ 90,000 \$160,000–\$180,000
<b>Other</b>		
Student loan interest deduction	\$2,500	\$ 75,000–\$ 90,000 \$155,000–\$185,000
ESA contribution	\$2,000	\$ 95,000–\$110,000 \$190,000–\$220,000

<sup>1</sup> Assumes one child or student. Amounts may vary for more than one child or student. Other rules and limits might reduce the break.

<sup>2</sup> Modified adjusted gross income.

<sup>3</sup> These ranges also apply to married taxpayers filing separately, except that separate filers aren't eligible for the American Opportunity or Lifetime Learning credit or the student loan interest deduction.

<sup>4</sup> The phaseout is based on AGI rather than MAGI. The credit doesn't phase out altogether, but the minimum credit percentage of 20% applies to AGIs above \$43,000.