

# DESK REFERENCE GUIDE

## TAX YEAR 2023

How you prepare for tax season can influence how smoothly your season goes. Here are some important steps your office can take.

### Preseason Checklist

**Complete your continuing professional education.** Visit [DrakeCPE.com](https://www.drakesoftware.com/cpe) to learn about current-year tax law changes and earn CPE to renew your professional licenses.

**Register for or renew your PTIN.** A preparer tax identification number (PTIN) is required for all tax return preparers who are compensated for preparing or assisting in the preparation of a tax return. Visit [IRS.gov/Tax-Professionals/PTIN-Requirements-for-Tax-Return-Preparers](https://www.irs.gov/Tax-Professionals/PTIN-Requirements-for-Tax-Return-Preparers) to register, renew, and learn more about PTINs.

**Order tax preparation software.** Look for a software package that includes everything you need and trust. Visit [DrakeSoftware.com/Buy](https://www.drakesoftware.com/buy) to purchase, or [DrakeSoftware.com/Renew](https://www.drakesoftware.com/renew) to renew the Drake Tax® plan that is right for you.

**Verify your office equipment meets system requirements.** Verify that your hard drive has enough available space and your network is operational. Check the compatibility of your printers and scanners.

**Install and test your tax software.** Choose software that is delivered prior to tax season to give you plenty of time to test and become familiar with the program.

**Purchase office supplies.** Don't forget toner, paper, pens, and folders.

**Test printers.** Test any new setup features included in your software. Make sure bar codes are printed correctly and that you understand how to choose which forms are printed and how to print sets.

**Send organizers or letters.** Make sure clients bring the correct information to their appointments. Sending organizers is easier than ever with Drake Portals™, and producing professional letters takes just a few clicks in Drake Tax.

**Educate yourself on tax law changes.** This desk reference guide is a great introduction to tax law changes. Online research, the IRS website, and state tax departments are excellent resources as well.

**Begin preseason scheduling.** This will give you a jump-start on tax season and help early-filer clients schedule an appointment as soon as possible.

**Train your staff.** Make sure everyone understands their duties and is familiar with the software. Once tax season hits, you may not have time to review.

**Update your filing system.** If you are considering going paperless, make sure you are familiar with the steps you need to take. If you prefer paper, now is the time to shred any unnecessary paperwork to free up space.

**Establish billing amounts.** Configuring pricing in your software now will save you a lot of time later.

**Determine incentives.** If you plan to offer rebates or other incentives, make sure the process is well thought out. This will eliminate kinks in the midst of your busy season.

**Sign up with a bank if you plan to offer Bank Products.** Signing up now helps you avoid delays when it is time to process that first Bank Product. You may need to complete an application with your software vendor, too.

**Get an EFIN.** Make sure you have an active electronic filing identification number (EFIN) as soon as possible to avoid delays during tax season. To check the status or apply for an EFIN, access your e-Services account at [IRS.gov/Tax-Professionals](https://www.irs.gov/Tax-Professionals).

### Drake Software® Resources

Drake Software offers a wealth of resources to ensure you have the tools and information needed to succeed every filing season. From online tutorials to integrated tax research products, the answers you need are at your fingertips.

**Download written guides.** All written guides can be conveniently accessed at [Support.DrakeSoftware.com](https://support.drakesoftware.com). Find the basics of installation, setup, and data entry in the Quick Start Guide and convenient keyboard shortcuts in the Quick Reference Guide.

**Watch online tutorials and complete software training.** Learn the basics of Drake Software products by reviewing our [Video Tutorial Library](#), or have expert instructors teach you how to get the most out of Drake Tax at [Classroom Training events](#).

**Access award-winning tax research.** Drake Tax comes integrated with TheTaxBook®, the tax research product that has received the highest rating from CPA Practice Advisor readers since 2013. Get a special discount by adding TheTaxBook WebLibrary to your Drake Tax order; current customers can [order from their User Account](#).

**Get help when you need it.** Drake Software Support has [consistently been awarded the highest rating by customers in tax-industry surveys](#). Contact customer service representatives by phone, email, or chat, and access resources like product manuals and user forums from your User Account.

**Read the latest tax news.** Stay up to date with IRS announcements and industry developments, and download helpful infographics from [TaxingSubjects®](#), [the Drake Software blog](#).

**Expand client services.** Bank partners provide [financial service products](#) that help you serve the unbanked and provide payment options, like prepaid debit cards, direct deposit, and printed checks. Protection Plus® offers [ID theft restoration and audit assistance services](#).

# DUE DILIGENCE REQUIREMENTS FOR TAX RETURN PREPARERS



Paid preparers who file returns with the Earned Income Tax Credit (EITC), (Additional) Child Tax Credit ((A)CTC), Credit for Other Dependents (ODC), or American Opportunity Tax Credit (AOTC), as well Head of Household (HOH) returns—or claims for refunds for clients—must meet due diligence requirements. Those who fail to do so can be assessed a \$600 penalty per Rev. Proc. 2022-38 for each failure.

Requirement	As a paid tax return preparer, you must:
<p><b>Knowledge</b></p>	<ul style="list-style-type: none"> <li>• Have no knowledge that any information used to determine a client’s eligibility for a refundable credit, or the amount, is incorrect.</li> <li>• Be aware that all information given by the client, or known by you, is not absolute and that additional inquiries must be made if a reasonable and well-informed tax return preparer, knowledgeable in the law, would conclude the information is incomplete, inconsistent, or incorrect.</li> <li>• Know the law, and use your knowledge of the law, to ensure you are asking your client the right questions to gather all relevant information.</li> <li>• Document any additional questions you ask at the time of the interview, as well as your client’s answers.</li> </ul> <p>The Treasury Regulations give application examples of the knowledge requirement. Find the <a href="#">regulations and requirements for tax return preparer due diligence</a> on the Government Printing Office site.</p>
<p><b>Complete and Submit Form 8867</b></p>	<ul style="list-style-type: none"> <li>• Complete Form 8867, Paid Preparer’s Due Diligence Checklist, for each EITC, CTC/ACTC/ODC, AOTC, or HOH claim you prepare.</li> <li>• Complete the compliance checklist with due diligence requirements and information provided by your clients.</li> <li>• Submit the completed Form 8867 to the IRS with every electronic return you prepare claiming the EITC, CTC/ACTC/ODC, or AOTC, as well as every HOH return.</li> <li>• Attach the completed Form 8867 to every paper return or claim for refund you prepare for the EITC, CTC/ACTC/ODC or AOTC, as well as HOH returns, and stress to your client the importance of sending it with the return or claim for refund to the IRS.</li> </ul>
<p><b>Keep Records</b></p>	<ul style="list-style-type: none"> <li>• Keep a copy of the Form 8867 and the worksheets used to determine credits.</li> <li>• Keep a record of all additional questions you ask each client (and their answers) that would help you comply with due diligence requirements.</li> <li>• Keep copies of any documents your client gives you that you used to determine eligibility for, or the amount of, the credits.</li> <li>• Keep a record of how, when, and from whom you obtained the information used to complete the return.</li> <li>• Keep your records in either paper or electronic format, and make sure you can produce these records if the IRS asks for them.</li> <li>• Keep these records for three years from the latest date of the following that apply:             <ul style="list-style-type: none"> <li>- The original due date of the tax return. (This does not include any extension of time for filing.)</li> <li>- If you electronically file the return or claim for refund and sign it as the return preparer, the date the tax return or claim for refund is filed.</li> <li>- If the return or claim for refund is not filed electronically and you sign it as the return preparer, the date you present the tax return or claim for refund to your client for signature.</li> <li>- If you prepare part of the return or claim for refund and another preparer completes and signs the return or claim for refund, you must keep the part of the return you were responsible for completing for three years from the date you submit it to the signing tax return preparer.</li> </ul> </li> <li>• Keep these records in either paper or electronic format in a secure place to protect your client’s personal information.</li> </ul>

## 2023 MEDICAL SAVINGS ACCOUNTS (MSA)

### 2023 Annual Deductible Range

Self-only coverage	\$ 2,650 - \$ 3,950
Family coverage	\$ 5,300 - \$ 7,900

### Maximum Out-of-Pocket

Self-only coverage	\$ 5,300
Family coverage	\$ 9,650

## HEALTH SAVINGS ACCOUNT (HSA)

### 2023 Maximum Annual Contribution Limits

Self-only coverage	\$ 3,850
Family coverage	\$ 7,750

### 2023 Minimum Deductible

Self-only coverage	\$ 1,500
Family coverage	\$ 3,000

### 2023 Maximum Out-of-Pocket

Self-only coverage	\$ 7,500
Family coverage	\$ 15,000

### Catch-Up for Ages 55 - 65

Current and future years	\$ 1,000
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## ADOPTION CREDIT

Maximum credit for a child with special needs	\$ 15,950
Other adoptions and qualified expenses	Up to \$ 15,950
Modified adjusted gross income phaseout range	\$ 239,230 - \$ 279,230

## BONUS DEPRECIATION

### Assets Placed in Service

2023	80%
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## SECTION 179 EXPENSE

Expense limit	\$ 1,160,000
Phaseout threshold	\$ 2,890,000

## FICA (SS & MEDICARE) WAGE BASE

Social Security wage base	\$ 160,200
Maximum Social Security tax	\$ 9,932
Medicare wage base	No ceiling
Maximum Medicare wage tax	No ceiling

## STANDARD DEDUCTIONS

If the taxpayer's filing status is...	Base Amount	Additional Amount if Blind or Over Age 65
Single	\$13,850	\$1,850
Married Filing Jointly	\$27,700	\$1,500
Married Filing Separately	\$13,850	\$1,500
Head of Household	\$20,800	\$1,850
Qualifying Surviving Spouse	\$27,700	\$1,500
Dependent of Another	\$1,250 (or earned income + \$400)	\$1,500 (\$1,850 if Single or HOH)

## MACRS RECOVERY PERIODS

Type of Property	MACRS Recovery Period	
	General Depreciation System	Alternative Depreciation System
Computers and their peripheral equipment	5 years	5 years
Office machinery, such as: Scanners Calculators Copiers	5 years	6 years
Automobiles	5 years	5 years
Light trucks	5 years	5 years
Appliances, such as: Stoves Refrigerators	5 years	9 years
Carpets	5 years	9 years
Furniture used in rental property	5 years	9 years
Office furniture and equipment, such as: Desks Tables	7 years	10 years
Any property that does not have a class life and that has not been designated by law as being in any other class	7 years	12 years
Roads	15 years	20 years
Shrubbery	15 years	20 years
Fences	15 years	20 years
Residential rental property (buildings or structures) and structural components such as furnaces, water pipes, venting, etc.	27.5 years	30 years
Nonresidential real property	39 years	40 years

Additions and improvements, such as a new roof

The same recovery period as that of the property to which the addition or improvement is made, determined as if the property were placed in service at the same time as the addition or improvement.

See *IRS Publication 946, "How To Depreciate Property"* for more information.

## Compliments of Drake Software

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# 2023 FILING REQUIREMENTS FOR MOST TAXPAYERS

If the taxpayer's filing status is...	AND at the end of 2023 the taxpayer was...	THEN file a return if the taxpayer's gross income was at least...
Single	Under 65 65 or older	\$13,850 \$15,700
Married Filing Jointly	Under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$27,700 \$29,200 \$30,700
Married Filing Separately	Any age	\$ 5
Head of Household	Under 65 65 or older	\$20,800 \$22,650
Qualifying Surviving Spouse	Under 65 65 or older	\$27,700 \$29,200

## 2023 FILING REQUIREMENTS FOR DEPENDENTS

If either the taxpayer's parents or someone else can claim them as a dependent, use the chart above to see if the taxpayer must file a return. In this chart, unearned income includes taxable interest, ordinary dividends, and capital gain distributions. Earned income includes wages and tips, as well as taxable scholarships and fellowship grants. Gross income is the total of unearned and earned income.

### Single dependents. Was the taxpayer either age 65 or older or blind?

- Yes.** The taxpayer must file a return if any of the following apply:
  - The taxpayer's unearned income is more than \$3,100 (\$4,950 if 65 or older and blind).
  - The taxpayer's earned income is more than \$15,700 (\$17,550 if 65 or older and blind).
  - The taxpayer's gross income is more than the larger of:
    - \$ 3,100 (\$4,950 if 65 or older and blind)
    - The taxpayer's earned income (up to \$13,450), plus \$2,250 (\$4,100 if 65 or older and blind)
- No.** The taxpayer must file a return if any of the following apply:
  - The taxpayer's unearned income is more than \$1,250.
  - The taxpayer's earned income is more than \$13,850.
  - The taxpayer's gross income is more than the larger of:
    - \$1,250
    - The taxpayer's earned income (up to \$13,450), plus \$400



### Married dependents. Was the taxpayer either age 65 or older or blind?

- Yes.** The taxpayer must file a return if any of the following apply:
  - The taxpayer's unearned income is more than \$2,750 (\$4,250 if 65 or older and blind).
  - The taxpayer's earned income is more than \$15,350 (\$16,850 if 65 or older and blind).
  - The taxpayer's gross income is at least \$5 and their spouse files a separate return and itemizes deductions.
  - The taxpayer's gross income is more than the larger of:
    - \$2,750 (\$4,250 if 65 or older and blind)
    - The taxpayer's earned income (up to \$13,450), plus \$1,500 (\$3,000 if 65 or older and blind)
- No.** The taxpayer must file a return if any of the following apply:
  - The taxpayer's unearned income is more than \$1,250.
  - The taxpayer's earned income is more than \$13,850.
  - The taxpayer's gross income is at least \$5 and their spouse files a separate return and itemizes deductions.
  - The taxpayer's gross income is more than the larger of:
    - \$1,250
    - The taxpayer's earned income (up to \$13,450), plus \$400

## OTHER SITUATIONS WHEN THE TAXPAYER MUST FILE A 2023 RETURN

### The taxpayer must file a return if any of the following conditions apply for 2023.

- The taxpayer owes any special taxes, including any of the following:
  - Alternative minimum tax
  - Additional tax on a qualified plan, including an individual retirement arrangement (IRA) or other tax-favored account—but if the taxpayer is filing a return only because they owe this tax, the taxpayer can file Form 5329 by itself
  - Household employment taxes—but if the taxpayer is filing a return only because they owe this tax, the taxpayer can file Schedule H by itself
  - Social Security and Medicare tax on tips the taxpayer did not report to their employer or on wages the taxpayer received from an employer who did not withhold these taxes
  - Repayment of the First-Time Homebuyer Credit (see instructions for Form 1040 (or 1040-SR), Schedule 2, Part II)
  - Write-in taxes, including uncollected Social Security and Medicare tax, Railroad Retirement Tax Act (RRTA) tax on tips the taxpayer reported to their employer, tax on group-term life insurance, or additional taxes on Health Savings Accounts (HSAs) (see instructions for Form 1040 (or 1040-SR), Schedule 2, line 17)
  - Recapture taxes (see instructions for Form 1040 (or 1040-SR), Schedule 2, Part II)
- The taxpayer (or their spouse, if filing jointly) received HSA, Archer Medical Savings Account (MSA), or Medicare Advantage MSA distributions.
- The taxpayer had net earnings from self-employment of at least \$400.
- The taxpayer had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer Social Security and Medicare taxes.
- The taxpayer had advance payments of the Premium Tax Credit (PTC) made for them, their spouse, or a dependent who enrolled in coverage through the Health Insurance Marketplace. The taxpayer should have received Form 1095-A showing the amount of the advance payments, if any.
- The taxpayer had advance payments of the Health Coverage Tax Credit (HCTC) made for them, their spouse, or a dependent. The taxpayer, or whomever enrolled them, should have received Form 1099-H showing the amount of the advance payments.
- The taxpayer is required to file Form 965-A.

## STUDENT LOAN INTEREST DEDUCTION

Maximum interest deduction	\$ 2,500
<b>Modified Adjusted Gross Income Phaseout:</b>	
Married Filing Jointly	\$155,000 - \$185,000
Single/HOH	\$75,000 - \$90,000

## QUALIFYING CHILD FOR CHILD TAX CREDIT

A qualifying child for the purposes of the Child Tax Credit must be all of the following:

- A U.S. citizen or resident alien
- An SSN holder
- Claimed as the taxpayer's dependent on Form 1040 or 1040-SR
- Under age 17 at the end of 2023
- The taxpayer's:
  - Son, daughter, adopted child, stepchild, or descendant of any of them (for example, the taxpayer's grandchild)
  - Brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, the taxpayer's niece or nephew) for whom the taxpayer cared for as they would their own child

### Adopted Child

An adopted child is always treated as the taxpayer's own child. An adopted child includes a child placed with the taxpayer by an authorized placement agency for legal adoption, even if the adoption is not final.

## CHILD TAX CREDIT

Credit amount	\$2,000
Refundable portion	\$1,600

## QUALIFYING DEPENDENT FOR OTHER DEPENDENT CREDIT

A qualifying dependent for the Other Dependent Credit must be all of the following:

- A U.S. citizen, U.S. national, or U.S. resident alien
- An SSN, ITIN, or ATIN holder
- Claimed as the taxpayer's dependent on Form 1040 or 1040-SR

Credit Amount	\$500
Refundable Portion	\$ 0

## DEPENDENT CARE CREDIT LIMITATIONS

To determine the amount of the credit, multiply the taxpayer's work-related expenses (after applying the earned income and dollar limits) by one of the following percentages. This percentage depends on the taxpayer's adjusted gross income shown on Form 1040, 1040-SR, or 1040-NR, line 11. The following table shows the percentage to use based on adjusted gross income. The maximum amount eligible to be multiplied by these percentages is \$3,000 per child or \$6,000 per return.

If the taxpayer's adjusted gross income is:

Over	But Not Over	Percentage
\$ 0	\$ 15,000	35%
\$ 15,000	\$ 17,000	34%
\$ 17,000	\$ 19,000	33%
\$ 19,000	\$ 21,000	32%
\$ 21,000	\$ 23,000	31%
\$ 23,000	\$ 25,000	30%
\$ 25,000	\$ 27,000	29%
\$ 27,000	\$ 29,000	28%
\$ 29,000	\$ 31,000	27%
\$ 31,000	\$ 33,000	26%
\$ 33,000	\$ 35,000	25%
\$ 35,000	\$ 37,000	24%
\$ 37,000	\$ 39,000	23%
\$ 39,000	\$ 41,000	22%
\$ 41,000	\$ 43,000	21%
\$ 43,000	No limit	20%

## COMPARISON OF EDUCATION CREDITS

Lifetime Learning	American Opportunity
Up to \$2,000 per return	Up to \$2,500; up to 40% is refundable
Maximum rate is 20%	100% of first \$2,000, plus 25% of next \$2,000
Available for all years of postsecondary education and for courses to acquire or improve job skills	Available for four years of college and ONLY if the student had not completed the first four years of postsecondary education before 2023
Available for an unlimited number of years	Available ONLY for four tax years per eligible student (including any years the Hope Credit was claimed)
Student does not need to be pursuing a program leading to a degree or other recognized education credentials	Student must be pursuing a degree or other recognized education credentials
Available for one or more courses	Student must be enrolled at least half-time for at least one academic period beginning during 2023 (or the first three months of 2024 if the qualified expenses were paid in 2023)
Felony drug conviction rule does not apply	As of the end of 2023, the student had not been convicted of a felony for possession or distribution of a controlled substance

## EDUCATION CREDITS PHASEOUT

Lifetime Learning Adjusted Gross Income	Refundable American Opportunity
Married Filing Jointly	\$160,000 - \$180,000
All other filing statuses	\$ 80,000 - \$ 90,000

## SOCIAL SECURITY PAYBACK

At full retirement age or older	No limit on earnings
Under full retirement age	\$1 in benefits deducted for every \$2 taxpayer earns above \$21,240
In the year taxpayer reaches full retirement age	Benefits reduced by \$1 for every \$3 taxpayer earns above \$56,520

For people born from 1943-1954, the full retirement age is 66.

For people born in 1960 or later, the full retirement age increases each year until it reaches age 67.

# EARNED INCOME CREDIT

Single, Married Filing Separately (if qualified), Head of Household, and Qualifying Surviving Spouse	Earned Income Ranges to Receive the Maximum EIC		Maximum EIC	EIC Eliminated When Earned Income Reaches
	AT LEAST	BUT LESS THAN		
No Children	\$ 7,840	\$ 9,800	\$ 600	\$17,640
One Child	\$11,750	\$21,560	\$3,995	\$46,560
Two Children	\$16,510	\$21,560	\$6,604	\$52,918
Three or More Children	\$16,510	\$21,560	\$7,430	\$56,838

Married Filing Jointly	Earned Income Ranges to Receive the Maximum EIC		Maximum EIC	EIC Eliminated When Earned Income Reaches
	AT LEAST	BUT LESS THAN		
No Children	\$ 7,840	\$16,370	\$ 600	\$24,210
One Child	\$11,750	\$28,120	\$3,995	\$53,120
Two Children	\$16,510	\$28,120	\$6,604	\$59,478
Three or More Children	\$16,510	\$28,120	\$7,430	\$63,398

The maximum amount of investment income the taxpayer can have and still receive EIC has increased to \$11,000.

## EARNED INCOME CREDIT IN A NUTSHELL

First, the taxpayer must meet all rules in column "Part A." Second, the taxpayer must meet all rules in column "Part B" or "Part C," whichever applies.

<b>PART A</b> Rules for Everyone	<b>PART B</b> Rules if the Taxpayer Has a Qualifying Child	<b>PART C</b> Rules if the Taxpayer Does Not Have a Qualifying Child
<ul style="list-style-type: none"> <li>The taxpayer's adjusted gross income (AGI) must be less than:                             <ul style="list-style-type: none"> <li>\$17,640 (\$24,210 if Married Filing Jointly) if the taxpayer does not have a qualifying child</li> <li>\$46,560 (\$53,120 if Married Filing Jointly) if the taxpayer has one qualifying child</li> <li>\$52,918 (\$59,478 if Married Filing Jointly) if the taxpayer has two qualifying children</li> <li>\$56,838 (\$63,398 if Married Filing Jointly) if the taxpayer has three or more qualifying children</li> </ul> </li> <li>The taxpayer must have a valid Social Security Number.</li> <li>The taxpayer's filing status cannot be Married Filing Separately unless the taxpayer lived with a qualifying child for over half the year and meets the other qualifications in the next column.</li> <li>The taxpayer must be a U.S. citizen, full-year resident alien, or nonresident alien filing a Married Filing Jointly return.</li> <li>The taxpayer cannot file Form 2555 (relating to foreign earned income).</li> <li>The taxpayer's investment income must be \$11,000 or less.</li> <li>The taxpayer must have earned income.</li> </ul>	<ul style="list-style-type: none"> <li>The taxpayer's child must have a Social Security Number that is valid for employment and issued before the due date of the return (including extensions).</li> <li>The taxpayer's child must meet the relationship, age, and residency tests.</li> <li>The taxpayer's qualifying child cannot be used by more than one person to claim the EIC.</li> <li>The taxpayer cannot be a qualifying child of another taxpayer.</li> <li>If filing a Married Filing Separately return, the taxpayer must have either:                             <ul style="list-style-type: none"> <li>Lived apart from their spouse for the last six months of the tax year</li> <li>Lived apart from their spouse by the end of the tax year and also be legally separated according to state law under a written separation agreement or a decree of separate maintenance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The taxpayer must be at least age 25 but under age 65.</li> <li>The taxpayer cannot be the dependent of another person.</li> <li>The taxpayer cannot be a qualifying child of another taxpayer.</li> <li>The taxpayer must have lived in the United States more than half of the year.</li> </ul>

## EXEMPTION AMOUNTS

Personal and Dependent	\$ 0
Estate Amount*	\$600
Simple Trust*	\$300
Complex Trust*	\$100

\* Exemption not allowed in final year.



## FOREIGN EARNED INCOME

2023 Maximum exclusion \$120,000

## GIFT TAX

2023 Exclusion \$ 17,000

2023 Exclusion for gift to spouse who is not a U.S. citizen \$175,000

## 401(K) CONTRIBUTION LIMITS

2023 Maximum deferral \$ 22,500

2023 Catch-up and elective-deferral contributions \$ 30,000

## LONG-TERM CAPITAL GAINS AND QUALIFYING DIVIDENDS

Single up to	\$ 44,625	0%
Single	\$ 44,626 - \$492,300	15%
Single over	\$ 492,301+	20%
Married up to	\$ 89,250	0%
Married	\$ 89,251 - \$553,850	15%
Married over	\$ 553,851+	20%
HOH up to	\$ 59,750	0%
HOH	\$ 59,751 - \$523,050	15%
HOH over	\$ 523,051+	20%
MFS up to	\$ 44,625	0%
MFS	\$ 44,626 - \$276,900	15%
MFS over	\$ 276,901+	20%

## SAVINGS BOND/HIGHER EDUCATION EXPENSE EXCLUSION

Modified adjusted gross income phaseout range:

Married Filing Jointly \$ 137,800 - \$167,800  
All other filing statuses \$ 91,850 - \$106,850

## LONG-TERM CARE PREMIUMS

Maximum premium (per person):

Age 40 or under \$ 480  
Age 41 to 50 \$ 890  
Age 51 to 60 \$1,790  
Age 61 to 70 \$4,770  
Age 71 or over \$5,960

## ALTERNATIVE MINIMUM TAX

First \$220,700 (\$110,350 Married Filing Separately) of alternative minimum taxable income (AMTI) ..... 26%  
Over \$220,700 of alternative minimum taxable income ..... 28%



### Exemptions:

Married Filing Jointly or Qualifying Surviving Spouse ..... \$126,500  
Married Filing Separately ..... \$ 63,250  
Single or Head of Household ..... \$ 81,300  
Trusts and estates ..... \$ 28,400

### Exemption Phaseout:

25% of amount AMTI exceeds:

Filing Status	AMTI Begin Phaseout	AMTI Fully Phased Out
MFJ/Qualifying Surviving Spouse	\$1,156,300	\$1,662,300
Married Filing Separately	\$ 578,150	\$ 831,150
Single/HOH	\$ 578,150	\$ 903,350
Estates and Trusts	\$ 94,600	\$ 208,200

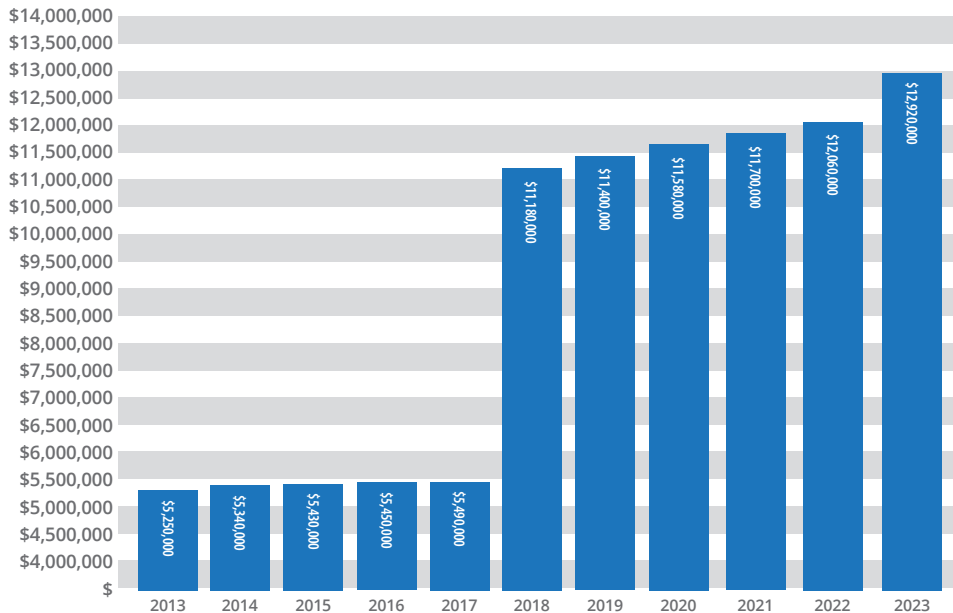
## WHERE TO DEDUCT INTEREST EXPENSE

If the taxpayer has...	THEN deduct it on...	For more information, go to...
Deductible student loan interest	Form 1040/1040-SR, Schedule 1, line 21	<a href="#">Publication 970</a>
Deductible home mortgage interest and points reported on Form 1098	Schedule A (Form 1040/1040-SR), line 8a	<a href="#">Publication 936</a>
Deductible home mortgage interest not reported on Form 1098	Schedule A (Form 1040/1040-SR), line 8b	<a href="#">Publication 936</a>
Deductible points not reported on Form 1098	Schedule A (Form 1040/1040-SR), line 8c	<a href="#">Publication 936</a>
Deductible investment interest (other than interest incurred to produce rents or royalties)	Schedule A (Form 1040/1040-SR), line 9	<a href="#">Publication 550</a>
Deductible business interest (nonfarm)	Schedule C (Form 1040/1040-SR)	<a href="#">Publication 535</a>
Deductible farm business interest	Schedule F (Form 1040/1040-SR)	<a href="#">Publications 225 and 535</a>
Deductible interest incurred to produce rents or royalties	Schedule E (Form 1040/1040-SR)	<a href="#">Publications 527 and 535</a>
Personal interest	Not deductible	

## 2023 STANDARD MILEAGE RATES

Business mileage ..... \$0.655/mile  
Charitable mileage ..... \$0.14/mile  
Medical/moving mileage ..... \$0.22/mile

## FEDERAL ESTATE EXEMPTION



## TAX RATE SCHEDULE Single

### TAXABLE INCOME:

Over	But Not Over
\$ 0	\$ 11,000
11,000	44,725
44,725	95,375
95,375	182,100
182,100	231,250
231,250	578,125
578,125	-

### TAX:

Tax	+	On Amt. Over
\$ .00	10%	\$ 0
1,100	12%	11,000
5,147	22%	44,725
16,290	24%	95,375
37,104	32%	182,100
52,832	35%	231,250
174,238.25	37%	578,125

## TAX RATE SCHEDULE Head of Household

### TAXABLE INCOME:

Over	But Not Over
\$ 0	\$ 15,700
15,700	59,850
59,850	95,350
95,350	182,100
182,100	231,250
231,250	578,100
578,100	-

### TAX:

Tax	+	On Amt. Over
\$ .00	10%	\$ 0
1,570	12%	15,700
6,868	22%	59,850
14,678	24%	95,350
35,498	32%	182,100
51,226	35%	231,250
172,623.50	37%	578,100

## TAX RATE SCHEDULE Married Filing Separately

### TAXABLE INCOME:

Over	But Not Over
\$ 0	\$ 11,000
11,000	44,725
44,725	95,375
95,375	182,100
182,100	231,250
231,250	346,875
346,875	-

### TAX:

Tax	+	On Amt. Over
\$ .00	10%	\$ 0
1,100	12%	11,000
5,147	22%	44,725
16,290	24%	95,375
37,104	32%	182,100
52,832	35%	231,250
93,300.75	37%	346,875

## TAX RATE SCHEDULES Married Filing Jointly and Qualifying Surviving Spouse

### TAXABLE INCOME:

Over	But Not Over
\$ 0	\$ 22,000
22,000	89,450
89,450	190,750
190,750	364,200
364,200	462,500
462,500	693,750
693,750	-

### TAX:

Tax	+	On Amt. Over
\$ .00	10%	\$ 0
2,200	12%	22,000
10,294	22%	89,450
32,580	24%	190,750
74,208	32%	364,200
105,664	35%	462,500
186,601.50	37%	693,750

## 2023 CORPORATE TAX RATES

The federal corporate income tax rate is 21%.

## 2023 ESTATE AND TRUST TAX RATES

### TAXABLE INCOME:

Over	But Not Over
\$ 0	\$ 2,900
2,900	10,550
10,550	14,450
14,450	-

### TAX:

Tax	+	On Amt. Over
\$ .00	10%	\$ 0
290	24%	2,900
2,126	35%	10,550
3,491	37%	14,450

## IRA CONTRIBUTION LIMITS

### Regular Contributions

2023 Maximum contribution .....\$6,500

### Catch-Up Contributions for Taxpayers 50 and Older

2023 Catch-up.....\$1,000

## PHASEOUT OF IRA DEDUCTIONS

Filing Status	AGI Begin Phaseout	AGI Fully Phased Out
Single (or Married Filing Separately and taxpayer lived apart from spouse for all of 2023)	\$ 73,000	\$ 83,000
Married Filing Jointly	\$116,000 (\$218,000 if spouse is not covered by a pension plan)	\$136,000 (\$228,000 if spouse is not covered by a pension plan)
Married Filing Separately	\$ 0	\$ 10,000
Head of Household	\$ 73,000	\$ 83,000
Qualifying Surviving Spouse	\$116,000	\$136,000



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