

# 1040 FACTFINDER 2023

## Tax Rates

2023 TAX RATE SCHEDULES	If your taxable income is:			
	Over –	But not over –	The tax is:	of the amount over –
<b>Schedule X:</b> Use if your filing status is <b>Single</b>	\$0	11,000	— + 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
<b>Schedule Y-1:</b> Use if your filing status is <b>Married Filing Jointly or Qualifying Widow(er)</b>	0	22,000	0.00 + 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
<b>Schedule Y-2:</b> Use if your filing status is <b>Married Filing Separately</b>	0	11,000	— + 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	346,875	52,832.00 + 35%	231,250
	346,875	—	93,300.75 + 37%	346,875
<b>Schedule Z:</b> Use if your filing status is <b>Head of Household</b>	0	15,700	— + 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

2023 RAPID TAX CALCULATOR	Using the tables below will yield the same tax amount as that found in the IRS tax tables and tax schedules.			
	Single	Married Filing Jointly	Married Filing Separately	Head of Household
<b>Single</b>	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 22,000 X 10% minus \$0.00 = Tax	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 15,700 X 10% minus \$0.00 = Tax
	11,001 – 44,725 X 12% minus \$220.00 = Tax	22,001 – 89,450 X 12% minus \$440.00 = Tax	11,001 – 44,725 X 12% minus \$220.00 = Tax	15,701 – 59,850 X 12% minus \$314.00 = Tax
	44,726 – 95,375 X 22% minus \$4,692.50 = Tax	89,451 – 190,750 X 22% minus \$9,385.00 = Tax	44,726 – 95,375 X 22% minus \$4,692.50 = Tax	59,851 – 95,350 X 22% minus \$6,299.00 = Tax
	95,376 – 182,100 X 24% minus \$6,600.00 = Tax	190,751 – 364,200 X 24% minus \$13,200.00 = Tax	95,376 – 182,100 X 24% minus \$6,600.00 = Tax	95,351 – 182,100 X 24% minus \$8,206.00 = Tax
	182,101 – 231,250 X 32% minus \$21,168.00 = Tax	364,201 – 462,500 X 32% minus \$42,336.00 = Tax	182,101 – 231,250 X 32% minus \$21,168.00 = Tax	182,101 – 231,250 X 32% minus \$22,774.00 = Tax
	231,251 – 578,125 X 35% minus \$28,105.50 = Tax	462,501 – 693,750 X 35% minus \$56,211.00 = Tax	231,251 – 346,875 X 35% minus \$28,105.50 = Tax	231,251 – 578,100 X 35% minus \$29,711.50 = Tax
	Over 578,125 X 37% minus \$39,668.00 = Tax	Over 693,750 X 37% minus \$70,086.00 = Tax	Over 346,875 X 37% minus \$35,043.00 = Tax	Over 578,100 X 37% minus \$41,273.50 = Tax
<b>Married Filing Jointly</b>	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 22,000 X 10% minus \$0.00 = Tax	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 15,700 X 10% minus \$0.00 = Tax
	11,001 – 44,725 X 12% minus \$220.00 = Tax	22,001 – 89,450 X 12% minus \$440.00 = Tax	11,001 – 44,725 X 12% minus \$220.00 = Tax	15,701 – 59,850 X 12% minus \$314.00 = Tax
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<b>Married Filing Separately</b>	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 22,000 X 10% minus \$0.00 = Tax	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 15,700 X 10% minus \$0.00 = Tax
	11,001 – 44,725 X 12% minus \$220.00 = Tax	22,001 – 89,450 X 12% minus \$440.00 = Tax	11,001 – 44,725 X 12% minus \$220.00 = Tax	15,701 – 59,850 X 12% minus \$314.00 = Tax
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<b>Head of Household</b>	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 22,000 X 10% minus \$0.00 = Tax	\$1 – 11,000 X 10% minus \$0.00 = Tax	\$1 – 15,700 X 10% minus \$0.00 = Tax
	11,001 – 44,725 X 12% minus \$220.00 = Tax	22,001 – 89,450 X 12% minus \$440.00 = Tax	11,001 – 44,725 X 12% minus \$220.00 = Tax	15,701 – 59,850 X 12% minus \$314.00 = Tax
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	95,376 – 182,100 X 24% minus \$6,600.00 = Tax	190,751 – 364,200 X 24% minus \$13,200.00 = Tax	95,376 – 182,100 X 24% minus \$6,600.00 = Tax	95,351 – 182,100 X 24% minus \$8,206.00 = Tax
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	Over 578,125 X 37% minus \$39,668.00 = Tax	Over 693,750 X 37% minus \$70,086.00 = Tax	Over 346,875 X 37% minus \$35,043.00 = Tax	Over 578,100 X 37% minus \$41,273.50 = Tax

NOTE: Use this chart for quick projections only. You must use the IRS tax tables for income less than \$100,000.

CAPITAL GAINS TAX RATES	
<b>Short-term (&lt; 12 months)</b>	
Taxed as ordinary income up to 37%	
NOTE: Capital assets held for less than one year and ordinary dividends.	
<b>Long-term (over 12 months)</b>	
1040 Line 7 taxable income	
<b>Single</b>	
\$1 – 44,625	0%
44,626 – 492,300	15%*
Over 492,300	20%*
<b>Married Filing Jointly</b>	
\$1 – 89,250	0%
89,251 – 553,850	15%*
Over 553,850	20%*
<b>Married Filing Separately</b>	
\$1 – 44,625	0%
44,626 – 276,900	15%*
Over 276,900	20%*
<b>Head of Household</b>	
\$1 – 59,750	0%
59,751 – 523,050	15%*
Over 523,050	20%*
Unrecaptured Section 1250 gains	25%
Collectibles	28%
Possible 3.8% Net Investment Income Tax may also apply on MAGI above \$200,000 (\$250,000 MFJ)	
NOTE: Long-term gains apply to assets owned for longer than one year. Depreciation recapture rates apply when a depreciated asset is sold. Collectibles rates apply to artwork, stamps, coins, and similar items.	
SEE IRS PUBS 550 AND 544 FOR DETAILS.	

## Filing Qualifications

FILING REQUIREMENTS		
Status	Age*	Gross Income
Single	Under 65	\$13,850
	65 and older	15,700
Married Filing Jointly**	Both under 65	27,700
	One 65 or older	29,200
Married Filing Separately	Both 65 or older	30,700
	Any age	5
Head of Household	Under 65	20,800
	65 or older	22,650
Qualifying Widow(er) with Dependent Child	Under 65	27,700
	65 or older	29,200
Gross Income: All income received in the form of money, goods, property, and services not exempt from tax, including income from sources outside the United States (even if excludable) or income from the sale of your main home. DO NOT include Social Security benefits unless married filing separately and client lived with spouse at any time during the year or one-half of your Social Security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if MFJ).		
* If you were born on 1/1/59 you are considered to be age 65 at the end of 2023.		
** If client did not live with spouse at the end of 2023 (or on the date the spouse died) and the gross income was at least \$5 you must file a return regardless of age.		
<b>Special Filing Requirements</b>		
You must also file a return for clients in the following situations:		
1. Owe special taxes (AMT, household employment taxes, Social Security & Medicare tax on unreported tips, group-term life insurance proceeds, taxes owed on health savings accounts, recapture of homebuyer credit, and additional tax on tax-favored accounts like IRAs.)		
2. Net earnings from self-employment in excess of \$400		
3. Wages of at least \$108.28 or more from a qualified organization (church) that is exempt from employer FICA tax		
4. Advance payments of the premium tax credit were made for you, your spouse, or a dependent who enrolled in coverage through the Health Insurance Marketplace. You should have received Form(s) 1095-A showing the amount of the advance payment, if any.		

DEPENDENT FILING	
<b>SINGLE DEPENDENTS: Were you either age 65 or older or blind?</b>	
<input type="checkbox"/> <b>NO</b> You must file a return if any of the following apply:	
• Your unearned income was more than \$1,250	
• Your earned income was more than \$13,850	
• The total earned and unearned income was more than the larger of \$1,250 or your earned income (up to \$13,450) plus \$400.	
<input type="checkbox"/> <b>YES</b> You must file a return if any of the following apply:	
• Your unearned income was over \$3,100 (\$4,950 if 65 or older & blind)	
• Your earned income was over \$15,700 (\$17,550 if 65 or older & blind)	
• Your gross income was more than –	
The larger of:	This amount:
\$3,100 (\$4,950 if 65 or older & blind)	Your earned income (up to \$13,500) PLUS \$2,200 (\$4,050 if 65 or older & blind)
<b>MARRIED DEPENDENTS: Were you either age 65 or older or blind?</b>	
<input type="checkbox"/> <b>NO</b> You must file a return if any of the following apply:	
• Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.	
• Your earned income was more than \$13,850	
• Your unearned income was more than \$1,250	
• The total earned and unearned income was more than the larger of \$1,250 or your earned income (up to \$13,500) plus \$400.	
<input type="checkbox"/> <b>YES</b> You must file a return if any of the following apply:	
• Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.	
• Your earned income was over \$15,350 (\$16,850 if 65 or older & blind)	
• Your unearned income was over \$2,750 (\$4,250 if 65 or older & blind)	
• Your gross income was more than –	
The larger of:	This amount:
\$2,750 (\$4,250 if 65 or older & blind)	Your earned income (up to \$13,500) PLUS \$1,850 (\$3,350 if 65 or older & blind)

FILING STATUS	
Marital Status Conditions	Filing Status
<b>Single</b>	
Never married - no dependents	S
Never married - with dependent(s) - conditions apply	HH
<b>Married</b>	
Live together (or apart) 12-31-23	MJ / MS
Separated (not legally) with dependent(s) (see below)	HH
<b>Widowed</b>	
Before 1-1-23, not remarried in 2023, no dependent(s)	S
In 2023, not remarried in 2023	MJ
Before 1-1-22, not remarried in 2023, with dependent(s)	HH / QW
Spouse died in 20, 21 or 22, not remarried 23 and:	QW
1) Eligible to file joint in year spouse died	
2) Dependent child(ren) lived with for all of 2023	
3) Paid more than 50% to maintain home for dependent(s)	
<b>Divorced / Legally Separated</b>	
No dependents	S
With dependent(s) - conditions apply	HH
<b>Separated (not legally)</b>	
Live apart 12-31-23	MJ / MS
<b>Special status if all conditions apply:</b>	
1) File separate returns	HH
2) Live apart from spouse last 6 months of 2023	
3) Paid more than 50% to maintain a home in 2023	
4) Home was main home for child(ren) for more than 6 months in 2023	
5) Claim child(ren) as dependent (or spouse claims)	



## STANDARD DEDUCTIONS

Filing Status	Amount	If over 65 or blind add:
Single	\$13,850	\$1,850
Married Filing Jointly/ Qualifying Widow(er)	27,700	1,500 ea.
Head of Household	20,800	1,850
Married Filing Separately	13,850	1,500 ea.
Individual Claimed as a Dependent	1,250	

## STANDARD MILEAGE RATES

Year	Business	Charitable	Medical	Moving
2021	56.0¢	14.0¢	16.0¢	16.0¢
2022	eff. 1/1 58.5¢	14.0¢	18.0¢	18.0¢
	eff. 7/1 62.5¢	14.0¢	22.0¢	22.0¢
2023	65.5¢	14.0¢	22.0¢	22.0¢

## FICA MEDICARE RATES

Form 1040, Pub. 15, 15-A

YEAR:	Employee		Self-Employed	
	2022	2023	2022	2023
FICA Rate (%)	6.20	6.20	12.40	12.40
Maximum FICA Wages	147,000	160,200	147,000	160,200
Maximum FICA Tax	9,114	9,932	18,228	19,865
Medicare Tax Rate (%)	1.45	1.45	2.90	2.90
Max. Medicare Wages	unlimited	unlimited	unlimited	unlimited
Max. Medicare Tax	unlimited	unlimited	unlimited	unlimited

## UNDERPAYMENT INTEREST RATES

Year	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
2021	3%	3%	3%	3%
2022	3%	4%	5%	6%
2023	7%	7%	7%	7% (est)

## HEALTH SAVINGS ACCOUNTS (HSA)

Form 969

## Qualifications:

- ☒ Must be in a qualified high deductible medical insurance plan.
- ☒ Client must not be covered under another health plan or enrolled in Medicare A or B.
- ☒ Not claimed as a dependent.
- ☒ Use for clients who are employees of a company with a qualified high deductible medical plan or for self-employed.

## Qualified High Deductible Health Plan

Type of coverage	Minimum Annual Deductible	Sum of annual deductible AND maximum out-of-pocket expenses*
Self only	\$1,500	\$7,500
Family	\$3,000	\$15,000

\* This limit does not apply if the plan uses a network of providers

## Maximum HSA Contribution Limits

Single:	\$3,850	Family:	\$7,750
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Age 55 or older: May add a catch-up amount of \$1,000

- Reduce the limits for any contributions into other Archer MSAs or other HSAs.
- Excess contribution penalty is 6%.
- If eligible for HSA during the last month of the year, is treated as eligible for every month of that year.
- HSA annual contribution limits are no longer limited to the annual deductible under the insurance plan.
- Participation in a Health Flex Spending Account (FSA) is now disregarded in determining eligibility for an HSA as long as the balance of the FSA is zero at year-end OR the individual is making a qualified HSA distribution equal to the balance in the FSA.
- Select rollover of funds into an HSA after 12/20/06 is allowed: 1) Employer one-time transfer from an employee FSA into the HSA and 2) Eligible employee one-time transfer from an IRA into their HSA.

## General Information

## AGI PHASEOUT RANGES

Description of Benefit	Married Filing Jointly / Qualifying Widow(er)	Single or Head of Household	Married Filing Separately	Internal Revenue Code Section(s)	Footnote
Adoption credit/exclusion	\$239,230-\$279,230 (\$15,950 credit)	\$239,230-\$279,230 (\$15,950 credit)	No credit	23, 137	1, 2, 5
AMT exemption	1,156,300-1,662,300	578,150-903,350	578,150-831,150	55(d)	6
Child Tax Credit	400,000-440,000	200,000-240,000	200,000-240,000	24	1, 4, 5
Dependent Care Credit	15,000-43,000	15,000-43,000	No credit	21	2
Credit for the Elderly or Disabled limits: AGI; nontaxable income	20,000; 5,000 one 25,000; 7,500 both	17,500; 5,000	12,500; 3,750	22	3
Itemized Deductions	No phaseout	No phaseout	No phaseout	68(b)	3
IRA income limit with pension coverage	116,000-136,000	73,000-83,000	0-10,000	219(g)	1, 2, 5
IRA income limit when spouse has retirement coverage	218,000-228,000	not applicable	Not applicable	219(g)(7)	1
Passive rental loss exception (\$25,000)	100,000-150,000	100,000-150,000	50,000-75,000	469(i)	1, 5
Retirement Savings Credit	43,500-73,000	21,750-36,500 single	21,750-36,500	25B	1
Rollover to Roth IRA	No limit	No limit	No limit	408A	1
Roth IRA income limit	218,000-228,000	138,000-153,000	0-10,000	408A	1
401(k)/403(b) elective deferral	22,500 (+7,500 if 50 or over)	22,500 (+7,500 if 50 or over)	22,500 (+7,500 if 50 or over)	402(g)(1), 401(k)/403(b)	2

FOOTNOTES: Information as of 6/30/23.

1. Modifications to adjusted gross income apply.
2. Increases for future years are specifically provided in the statute or via formulated cost of living and/or inflation adjustments.
3. Married individuals filing separately can claim the credit if they lived apart during the year.
4. Size of phaseout range depends on the number of qualifying children in family and excess income.
5. Special rule applies for determining marital status when spouses do not live together the entire year.
6. Phaseout applies to alternative minimum taxable income rather than adjusted gross income.

## OTHER EXCLUSIONS AND DEDUCTIONS

Gift tax exclusion	\$17,000	Kiddie tax exemption	\$2,500	Domestic employee threshold	\$2,600	Educator expense deduction	\$300
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## FILING DATES

Tax Year	2023	2024
<b>FORM 1040:</b>		
1040 Filing	4/15/24	4/15/25
1040 Ext. Form 4868 (submit by 4/15/24)	10/15/24	10/15/25
<b>FORM 1040-ES:</b>		
1st Installment Estimated Taxes	4/18/23	4/15/24
2nd Installment Estimated Taxes	6/15/23	6/17/24
3rd Installment Estimated Taxes	9/15/23	9/16/24
4th Installment Estimated Taxes	1/16/24	1/15/25

## IRS INFORMATION

Telephone			Internet	
Taxpayer Assistance	Individual	1.800.829.1040	IRS website	www.irs.gov
	Business	1.800.829.4933	IRS forms & publications	www.irs.gov/forms-instructions
Tele Tax / Auto. Refund Status		1.800.829.4477	IRS news releases	www.irs.gov/newsroom
<b>Pay Online or by Phone (debit or credit card)</b>			Tax Professionals: IRS	www.irs.gov/tax-professionals
www.Pay1040.com		1.888.658.5465	The White House	www.whitehouse.gov
www.payUSAtax.com		1.855.508.0159	Social Security Administration	www.ssa.gov
www.officialpayments.com		1.888.872.9829	Federation of Tax Administrators	www.taxadmin.org
Refund HOTLINE		1.800.829.1954	<b>Other</b>	
Taxpayer Advocate		1.877.777.4778	Make checks payable to: United States Treasury	
Practitioner Priority Service		1.866.860.4259		
IRS e-Help Desk		1.866.255.0654		

1040

FACTFINDER 2023

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## CHILD TAX CREDIT

Form 8812, Publication 972

Available credit per qualifying child:	\$2,000 per child
Qualifications:	Dependent, under age 17, AND is a) Son, daughter, stepchild, adopted/foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them wprovide more than half of own support d) Citizen or resident alien.
AGI Requirements:	Credit phaseout ranges: \$400,000 – 440,000 (Married filing jointly), \$200,000 – 240,000 (All other filing statuses)
Credit Phaseout:	The credit is reduced by \$50 for each \$1,000 (or portion thereof) of income above \$200,000 (\$400,000 for married filing jointly).
Additional Credit:	Up to \$1,600 per child is refundable. If there are three or more children, an additional refundable credit may be possible even if no tax is owed.
Other Dependent Credit:	Nonrefundable credit of up to \$500 for each eligible dependent who can't be claimed for the child tax credit.

## CHILD & DEPENDENT CARE CREDIT

Form 2441, Publication 503

Qualifying Person:	Dependent child under age 13; disabled dependent or spouse.
Credit Amount:	Maximum expenses \$3,000 (\$6,000 if two or more qualifying persons). To determine credit multiply % by qualified expenses.
Maximum Credit:	Amount: One Qualifying Individual: \$1,050 Two+ Qualifying Individuals: \$2,100 Income limit for maximum credit: \$0-\$15,000 Credit percentage: 35% of qualified expenses
Credit Phaseout:	Reduce the credit percentage by 1% for each \$2,000 (or fraction thereof) until the credit percent reaches 20%. This occurs at \$43,000.
Note:	Reduce expenses by amounts excluded from income by an employer-provided dependent care assistance program (lesser of box 10, W-2, qualified expenses, lowest spouse earned income or \$5,000). This credit may no longer be used to offset AMT.

## FILING FOR CHILDREN

You may use Form 8814 to include a child's income on a parent's return if all the following tests are met:

1. Child is under age 19 on 1/1/2024 (or under age 24 if a full-time student)
2. Required to file a 2023 tax return
3. Unearned income only (dividends and interest)
4. Gross income is less than \$12,500
5. No withholding or estimated payments for the child
6. Child does not file a joint return

**NOTE:** If Form 8814 is not filed, the child must file a tax return and include Form 8615 if under the age of 19 and there is investment income over \$2,500.

## DEPENDENT QUALIFICATIONS

### STEP 1: Qualifying Child?

- ☐ Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (i.e. grandchild or niece) AND
  - ☐ Under age 19 at end of 2023 or under 24 if a full-time student or any age if permanently and totally disabled AND
  - ☐ Did not provide more than one-half of his/her own support AND
  - ☐ Lived with the taxpayer for more than half of the year.
- Exceptions:** Divorced/separated during the year and for persons supported by two or more taxpayers.

### STEP 2: Is Qualifying Child a Dependent?

- ☐ The person must be a U.S. citizen, national, resident alien or a resident of Mexico or Canada AND
- ☐ Person is not married (exception: if spouse does not file joint return or the return is filed only to claim a refund and no tax exists for either spouse if they filed separate returns) AND
- ☐ Taxpayer cannot be claimed as a dependent on someone else's return.

### STEP 3: Qualifying Relative?

A qualifying relative may also be a dependent:

- ☐ Any person (other than a spouse) who lived in the home all year as a member of the household if the relationship did not violate local law and the criteria in STEP 1 and STEP 2 are met AND
- ☐ The person was not a qualifying child of any taxpayer for the tax year AND
- ☐ The person had gross income of less than \$4,700 for the year AND
- ☐ Taxpayer provided over half of the support for the year.

## Earned Income Credit

### EARNED INCOME CREDIT (EIC)

Schedule EIC, Pub. 596

#### TO QUALIFY ALL TESTS MUST BE MET:

1. Qualifying Child:
  - ☒ Son, daughter, stepchild, adopted/foster child, brother, sister, stepbrother, stepsister, or descendant of any of them. (i.e. grandchild, niece, nephew)
  - ☒ Under age 19 or under age 24 and full-time student by year end
  - ☒ Any age if permanently disabled
  - ☒ Did not provide more than ½ of his/her own support
  - ☒ Lived with taxpayer for more than 6 months in the US (exceptions: birth, adoption and full year for foster care)
  - ☒ Must have a valid SSN (unless child born AND died in 2023)
  - ☒ Must be younger than the person claiming the child
  - ☒ Must not have filed a joint return other than to claim a refund
2. You must have earned income
3. Earned Income and AGI for married filing jointly must each be less than:
  - \$24,210 No qualifying children (\$17,640 single)
  - \$53,120 One qualifying child (\$46,560 single)
  - \$59,478 Two qualifying children (\$52,918 single)
  - \$63,398 Three or more qualifying children (\$56,838 single)
4. Filing status must be either single, married filing jointly, head of household, or qualifying widow
5. Cannot be qualifying child of another person
6. Must usually claim the qualifying child as a dependent
7. No children? EIC is possible without children if:
  - ☒ Principle residence in U.S. for more than ½ the year
  - ☒ Age 19 or older
  - ☒ Not a dependent or qualifying child of another
  - ☒ Income less than amount listed in '3' above
8. Also no EIC if:
  - ☒ Married filing separately
  - ☒ File form 2555 or 2555-EZ
  - ☒ Investment income over \$11,000 AND no 4797 sale of business property
  - ☒ Neither spouse has SSN that allows work

### EIC PHASEOUTS (JOINT)

# Child(ren)	None	One	Two	Three +
E.I. base	\$7,840	\$11,750	\$16,510	\$16,510
E.I. phaseout begins	\$16,370	\$28,120	\$28,120	\$28,120
E.I. ends	\$24,210	\$53,120	\$59,478	\$63,398
Max Credit %	7.65%	34.00%	40.00%	45.00%
Phaseout %	7.65%	15.98%	21.06%	21.06%
Max. Credit	\$600	\$3,995	\$6,604	\$7,430

**SINGLE/HOH:** Phaseout range is typically \$6,560 lower than joint phaseouts.

**Disqualified Income:** No EIC will be allowed for taxpayers who have disqualified income over \$11,000 in 2023. Disqualified income is generally investment income (interest and dividends). See Code Section 32(i)(2). Other disqualified income includes tax-exempt interest, net passive income, individual's capital gains and non-business rents/royalties.

Rev Proc 2022-38

## Education

### EDUCATION CREDITS AND BENEFITS

Item	Education	Amount	Covered Expenses	Income Phaseout*
American Opportunity Credit (AOC)	First 4 years of post secondary	\$2,500 per yr. per student (100% 1st \$2,000 exp; 25% of next \$2,000) 40% of credit is a refundable credit	Tuition, fees, books & course materials (books & supplies); not room/board	\$160,000-180,000 Married \$80,000-90,000 Single/HOH
Lifetime Learning Credit	Unlimited number of post secondary years	\$2,000/taxpayer (family); 20% of expenses	Tuition & fees; books & supplies if paid to school, not room/board	\$160,000-180,000 Married \$80,000-90,000 Single/HOH
Coverdell ESA	Broad use; secondary; post secondary; elementary	\$2,000/student; contributions are nondeductible; earnings accrue tax free	Broad use: Tuition & fees; books, supplies, equipment & room/board if enrolled at least half-time	\$190,000-220,000 Married \$95,000-110,000 all other
Education Loan Interest	Post secondary programs	\$2,500	Qualified student loan interest	\$155,000-185,000 Married \$75,000-90,000 Single
Qualified State Tuition Programs & 529 Plans	State programs for post secondary school; Limited to K-12 tuition	Gift tax limits apply; (\$17,000 in 2023) contributions after-tax; earnings tax free if used for college; \$10,000 limit for K-12	Tuition & fees, some room/board and supplies for post secondary; limited to tuition expense for K-12	N/A
EE Savings Bonds	Post secondary	Unlimited interest exclusion	Tuition & fees; cannot be used for room, board, books and supplies	\$137,800-167,800 Married \$91,850-106,850 Single/HoH

\* The benefit is reduced as income exceeds these levels.





## RETIREMENT CONTRIBUTION CREDIT

Credit Rate	Joint	Head of Household	Single/Other
50%	0 – 43,500	0 – 32,625	0 – 21,750
20%	43,501 – 47,500	32,626 – 35,625	21,751 – 23,750
10%	47,501 – 73,000	35,626 – 54,750	23,751 – 36,500
0%	Over 73,000	Over 54,750	Over 36,500

Maximum credit: \$1,000

### Qualifications:

- At least 18 years old by year end
- Not claimed as someone else's dependent
- Not a student (see exceptions)

Clients can receive a credit for retirement contributions into qualified retirement plans. Common qualified plans include traditional IRA, Roth IRA, SEP IRA, SIMPLE, 401(k), and 403(b) plans.

**NOTE:** Rollover contributions do not qualify for the credit. Also, eligible contributions may be reduced by any recent distributions received from a retirement plan or IRA, or from an ABL account.

## RETIREMENT CONTRIBUTIONS

Publication 560

Contribution limits are the lesser of:

**SEP:** \$66,000 or 25% of participant's compensation. Generally limited to \$330,000

**SIMPLE:** Lesser of \$15,500 (+\$3,500 if 50 or over) or total compensation; no % of income limit. Compensation limit \$330,000.

**401(k):** \$22,500 (+\$7,500 if 50 or over)

### DEFINED PLANS:

**Defined Contribution Plan** \$66,000 or 100% of employee's taxable compensation. Generally limited to \$330,000 in compensation.

**Defined Benefit Plan** Amount needed to provide an annual retirement benefit no larger than the smaller of:

- ☑ \$265,000 or
- ☑ 100% of the avg. taxable compensation for the highest three consecutive years (generally not to exceed \$330,000).

**NOTE:** Compensation amount used above is after deduction of the contribution AND any self-employed tax deduction.

## ELDERLY & DISABLED CREDIT

Schedule R,  
Publication 524

Dollar limits for eligibility	Nontaxable: Social Security, pensions, retirement disability less than:	& AGI less than
<b>Single</b> (H of H or Qual. Widow) 65 or older, or under 65 and retired, disabled	\$5,000	\$17,500
<b>Married Joint</b> Both 65 or over	7,500	25,000
Both under 65, one retired / disabled	5,000	20,000
Both under 65, both retired / disabled	7,500	25,000
One 65 or older, spouse under 65 and retired / disabled	7,500	25,000
One 65 or older, other under 65 and not retired / disabled	5,000	20,000
<b>Married Separate</b> (live apart all year) 65 or older, or under 65 and retired / disabled	3,750	12,500

## SOCIAL SECURITY

Maximum earnings limits before loss of Social Security benefits:	2022	2023
Over age 65 born prior to 1939: <small>(add two months each year born after 1938 to 67 years.)</small>	No Limit	No Limit
Age < 65 – lose \$1 for every \$2 over	\$19,560	\$21,240

## QUALIFIED LONG-TERM CARE PREMIUMS

Age as of 12/31/23	Maximum Deduction
Age 40 and under	\$480 per person
41-50	890
51-60	1,790
61-70	4,770
Age 71 or older	5,960

Certain amounts paid for eligible long-term care insurance premiums are deductible as a medical expense depending on the age of your client.

## IRA OPTIONS

Publication 590

Features	Traditional IRA	Roth IRA
Annual Contribution	\$6,500 (+\$1,000 if 50 or over)	\$6,500 (+\$1,000 if 50 or over)
Contribution Deductibility	Yes	No
AGI Phaseout Begins*	\$73,000-83,000 single/HOH      \$116,000-136,000 married joint	\$138,000-153,000 single      \$218,000-228,000 married
Contribution Deadline	April 15 following year	April 15 following year
Contributions Timing	Can contribute indefinitely	Can contribute indefinitely
Earnings	Grow tax-deferred	Grow tax-free if held over 5 years
Withdrawals	Taxed as ordinary income if over age 59½	Grow tax-free if held over 5 years & over age 59½
Withdrawal Penalty	10% if under age 59½ unless for medical, health insurance if unemployed, higher education, first home up to \$10,000, disability or death.**	10% and earnings are taxed as ordinary income if under 59½ unless for first home up to \$10,000, disability or death. Withdrawals are considered contr. first, taxable earnings second.
Distributions	Mandatory at 73**	Non-mandatory
Roll Over	Yes; Taxed if rolled into Roth IRA	Yes, into most other IRAs

\*AGI phaseouts apply to those enrolled in an employer-provided retirement plan such as a 401(k). If not in such a plan, you may make a deductible contribution of up to \$6,500 (\$13,000 joint) plus the 50 or over catch-up contribution of \$1,000 to a traditional IRA at any income level provided there is income in excess of the contribution.

\*\*There is also a substantially equal distribution method of withdrawal that avoids the penalty. See IRS publications for details.

## HEALTH PREMIUM ASSISTANCE CREDIT

Form 8962

To qualify for the credit you must:

1. Purchase health insurance on a qualified Affordable Care Act health insurance exchange, AND
2. Have household income between 100% - 400% of the poverty line, AND
3. Have no acceptable coverage through an employer, AND
4. Married couples must file a joint tax return

Federal Poverty Line for 2023 (100% annual income)				% for Premium Assistance Credit		
Family size	Lower 48 states; DC	Alaska	Hawaii	Household income % of poverty line	Initial premium %	Final premium %
1	\$14,580	\$18,210	\$16,770	Up to 150%	0.00%	0.00%
2	19,720	24,640	22,680	150% up to 200%	0.00%	2.00%
3	24,860	31,070	28,590	201% up to 250%	2.00%	4.00%
4	30,000	37,500	34,500	251% up to 300%	4.00%	6.00%
5	35,140	43,930	40,410	301% up to 350%	6.00%	7.25%
6	40,280	50,360	46,320	351% up to 400%	7.25%	8.50%
7	45,420	56,790	52,230			
8	50,560	63,220	58,140			
Each add'l add	+ 5,140	+ 6,430	+ 5,910	Above 400%	8.50%	

**HOW TO USE:** The applicable percentage multiplied by a taxpayer's household income determines the taxpayer's required share of premiums for the benchmark plan.



This publication contains summary information intended for use in preparation of 2023 calendar year individual tax returns.

See IRS publications for additional information and clarification. The publisher is not engaged in rendering legal, tax or accounting advice.

**NOTE:** As of June 2023, unless noted.

#99-309

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