

## RETIREMENT/HSA PLAN CONTRIBUTION LIMITS

### Individual and Company Limitations

	2023	2022
<b>General Deferral Limits:</b>		
401(k)/403(b)/457(b)/SARSEP	\$22,500	\$20,500
SIMPLE IRA/SIMPLE 401(k)	15,500	14,000
IRA*/Roth IRA** (combined)	6,500	6,000
HSA (family)	7,750	7,300
HSA (single)	3,850	3,650
<b>Catch Up Contribution for Taxpayers</b>		
<b>Age 50 and Over:</b>		
401(k)/403(b)/457(b)/SARSEP	\$7,500	\$6,500
SIMPLE IRA	3,500	3,000
IRA/Roth IRA (combined)	1,000	1,000
<b>Age 55 and Over:</b>		
HSA contributions	\$1,000	\$1,000
<b>Compensation Limit for Benefit Calculations</b>		
	\$330,000	\$305,000

### Defined Contribution Plan Limits (Qualified Plans, SEPs, and Simple Plans):

Per Participant: 100% of compensation up to \$66,000 for 2023 and \$61,000 for 2022 (25% for SEPs).  
Maximum tax-deductible employer contribution: 25% of eligible compensation.

\* For 2023, deduction may be limited if taxpayer is a participant in another plan and earns over \$73,000 (single) or \$116,000 (married filing joint). For 2022, the earning limitations are \$68,000 (single) and \$109,000 (married filing joint).  
\*\* For 2023, contribution may be limited if income is over \$138,000 (single) or \$218,000 (married filing joint). For 2022, contribution may be limited if income is over \$129,000 (single) or \$204,000 (married filing joint).

NOTE: In general, individual contributions must be made before due date of tax return, not including extensions.

## ESTATE, GIFT AND TRUST TAX

### Exclusions and Tax Rates

Type	2023		2022	
	Basic Exclusion	Highest Rate	Basic Exclusion	Highest Rate
Estate and gift*	\$12,920,000	40%	\$12,060,000	40%
Gifts per donee	17,000	40%	16,000	40%

\* Basic exclusion also includes deceased spousal unused exclusion amount.

### Trust Income Tax Rates

	2023	2022
Highest tax rate*	37%	37%

\* Undistributed trust net investment income in excess of \$14,450 for 2023 and \$13,450 for 2022 is subject to an additional 3.8% Medicare contribution tax.

## EMPLOYMENT TAX RATES

### FICA Taxes

	2023		2022	
	Wage Base	Rate	Wage Base	Rate
Social Security	\$160,200	6.20%	\$147,000	6.20%
Medicare*	no limit	1.45%	no limit	1.45%

\* For 2023 and 2022, an additional 0.9% Medicare/hospital insurance tax is withheld on wages exceeding \$200,000.

### Self-Employment Tax

	2023		2022	
	SE Income	Rate	SE Income	Rate
Social Security	\$160,200	12.40%	\$147,000	12.40%
Medicare	no limit	2.9%	no limit	2.9%

### Unemployment Tax

	2023	
	Wage Base	Rate
Federal	\$7,000	6.0%*
Michigan	\$9,500	2.7%**

\* Subject to maximum 5.4% credit.  
\*\* Initial rate for non-construction payers.

## SECTION 179 DEDUCTION & "BONUS" DEPRECIATION

	2023	2022
Section 179 (new or used)	\$1,160,000	\$1,080,000
Bonus (new or used)	80%**	100%

\* Amount begins to phase-out when total eligible capital acquisitions exceed \$2,700,000 and \$2,890,000 for 2022 and 2023, respectively.

\*\*The deduction begins to phase-out over the following 4 years, dropping to 80% in 2023, 60% in 2024, 40% in 2025, and 20% in 2026. After 2026, bonus depreciation will no longer be available.

## STANDARD MILEAGE DEDUCTIONS

### Per Mile

	2023	7/1/22-12/31/22	1/1/22-6/30-22
Business	65.5¢	62.5¢	58.5¢
Charitable	14¢	14¢	14¢
Medical/Moving	22¢	22¢	18¢

## PER DIEM RATES

Meals and incidental expenses	\$64
Lodging	\$114

Reflects standard rates for Grand Rapids, MI through December 2023.

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This publication reflects tax laws in effect as of January 2023.

# 2023 Pocket Tax Guide

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# INDIVIDUAL INCOME TAX RATES

## Regular Tax

2023 If Taxable Income Is:	The Tax Is:
<b>Married Filing Joint/Surviving Spouses</b>	
\$1 - \$22,000	10% of taxable income
\$22,001 - \$89,450	\$2,200 plus 12% of the excess over \$22,000
\$89,451 - \$190,750	\$10,294 plus 22% of the excess over \$89,450
\$190,751 - \$364,200	\$32,580 plus 24% of the excess over \$190,750
\$364,201 - \$462,500	\$74,208 plus 32% of the excess over \$364,200
\$462,501 - \$693,750	\$105,664 plus 35% of the excess over \$462,500
Over \$693,750	\$186,601.50 plus 37% of the excess over \$693,750
<b>Single</b>	
\$1 - \$11,000	10% of taxable income
\$11,001 - \$44,725	\$1,100 plus 12% of the excess over \$11,000
\$44,726 - \$95,375	\$5,147 plus 22% of the excess over \$44,725
\$95,376 - \$182,100	\$16,290 plus 24% of the excess over \$95,375
\$182,101 - \$231,250	\$37,104 plus 32% of the excess over \$182,100
\$231,251 - \$578,125	\$52,832 plus 35% of the excess over \$231,250
Over \$578,125	\$174,238.25 plus 37% of excess over \$578,125
<b>Head of Household</b>	
\$1 - \$15,700	10% of taxable income
\$15,701 - \$59,850	\$1,570 plus 12% of the excess over \$15,700
\$59,851 - \$95,350	\$6,868 plus 22% of the excess over \$59,850
\$95,351 - \$182,100	\$14,678 plus 24% of the excess over \$95,350
\$182,101 - \$231,250	\$35,498 plus 32% of the excess over \$182,100
\$231,251 - \$578,100	\$51,226 plus 35% of the excess over \$231,250
Over \$578,100	\$172,623.50 plus 37% of the excess over \$578,100

## 2023 Tax Rate on Long-Term Capital Gains and Qualified Dividends

Taxable Income Threshold	2023
<b>Single</b>	
\$0 - \$44,625	0%
\$44,626 - \$492,300	15%
\$492,301 and up	20%
<b>Married Filing Jointly</b>	
\$0 - \$89,250	0%
\$89,251 - \$553,850	15%
\$553,851 and up	20%
<b>Head of Household</b>	
\$0 - \$59,750	0%
\$59,751 - \$523,050	15%
\$523,051 and up	20%

## Unearned Income Medicare Contribution Tax

A 3.8% Medicare contribution tax will be applied to the lesser of (a) net investment income or (b) modified adjusted gross income exceeding the following amounts:

	2023	2022
Married Filing Joint	\$250,000	\$250,000
Single/Head of Household	200,000	200,000
Married Filing Separate	125,000	125,000

## Additional .9% Medicare Tax

An additional 0.9% tax will be applied to the employee's portion of the Medicare component of payroll taxes for wages and self-employment income in excess of the following amounts:

	2023	2022
Married Filing Joint	\$250,000	\$250,000
Single/Head of Household	200,000	200,000
Married Filing Separate	125,000	125,000

## INDIVIDUALS

### Standard Deduction

	2023	2022
Married Filing Joint/Surviving Spouse	\$27,700	\$25,900
Single/Married Filing Separate	13,850	12,950
Head of Household	20,800	19,400
<b>Additional – Blind or Elderly</b>		
Single or Head of Household	\$1,850	\$1,750
Married (each)	1,500	1,400

Taxpayer is allowed to deduct the greater of standard deduction or itemized deductions.

## Qualified Business Income

Owners of S Corporations and LLCs may qualify for a 20% qualified business income deduction on their individual tax return. The deduction is limited in certain situations when taxable income exceeds the following amounts:

	2023*	2022**
Married	\$364,200	\$340,100
Married Filing Separately	182,100	170,050
Single or Head of Household	182,100	170,050

\* The limitation is fully phased in when taxable income exceeds \$464,200 for married filing jointly and \$232,100 for married filing separately, single, and head of household.

\*\* The limitation is fully phased in when taxable income exceeds \$440,100 for married filing jointly and \$220,050 for married filing separately, single and head of household.

## 2023 Itemized Deductions

**Medical:** deductible to extent expenses exceed 7.5% of AGI

**State & Local Taxes:** deduction is limited to \$10,000

**Mortgage Interest:** deduction is limited to the interest on indebtedness up to \$750,000 for homes acquired after 12/15/2017

**Charitable Contributions:** Cash contributions are limited to 60% of AGI

**2% Miscellaneous Deductions:** Suspended from 2018 through 2025

## Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$1,000), taxpayer is required to deposit through withholdings and/or estimated tax payments the lesser of:

- 100% of prior year tax liability\*, or
- 90% of current year tax liability

\* "High-income" taxpayers (i.e., those whose adjusted gross income was greater than \$150,000) must pay estimates and/or withhold equal to 110% of their prior year's tax liability for 2022 and 2023.

## Child Tax Credit

	2023*	2022*
Qualifying child under age 17 @ 12/31/22	\$2,000	↘ \$2,000

\* Subject to phase-out provisions when modified AGI exceeds \$400,000 (married filing joint) and \$200,000 (single). The individual must be someone who can claim a dependency exemption for the child.

Note: Additional nonrefundable \$500 credit available for dependents other than a qualifying child

## Alternative Minimum Tax (AMT)

	Exemption Amounts 2023*	2022**
Married Filing Joint/Surviving Spouse	\$126,500	\$118,100
Unmarried Individuals	81,300	75,900

\* Subject to phase-out provisions when AMTI exceeds \$1,156,300 (married filing joint) and \$578,150 (unmarried individuals) in 2023.

\*\* Subject to phase-out provisions when AMTI exceeds \$1,079,800 (married filing joint) and \$539,900 (unmarried individuals) in 2022.

## Tuition Credits

	2023	2022
<b>American Opportunity Credit*</b>		
Maximum credit on qualified expenses	\$2,500	\$2,500
<b>Lifetime Learning Credit**</b>		
Maximum credit on qualified expenses -		
credit equals 20% of first \$10,000 paid	\$2,000	\$2,000

\* Subject to phase-out provisions when modified AGI exceeds \$160,000 (married filing joint) and \$80,000 (single) for 2023. A portion of the credit may be refundable. The credit is available for a maximum of four years.

\*\* Subject to phase-out provisions when modified AGI exceeds \$160,000 (married filing joint) and \$80,000 (single) for 2023. Credit is available to the extent of tax liability.

## CORPORATE INCOME TAX RATE

### 2023 Regular Tax

For tax years beginning after December 31, 2017, the corporate tax rate is a flat 21% rate.

## Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$500), taxpayer is required to pay estimated tax payments equal to the lesser of:

- 100% of prior year tax liability\*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
- 100% of current year tax liability.

\*Not available for corporations with a taxable income of at least \$1 million in any one of three immediately preceding tax years.

## MICHIGAN TAXPAYERS

### Income Taxes

	2023	2022
Individual tax rate	4.25%	4.25%
Personal exemption for each taxpayer, spouse and dependent	\$5,400	\$5,000
Corporate income tax rate (C Corps only)	6.0%	6.0%