

Here are the numbers for 2022-2023:

1) FICA & Self Employment taxes are comprised of two components:

a) Social Security (OASDI)

Maximum Earnings Subject
 Tax Rate (Employee)
 Maximum FICA Tax (Employee)
 Tax Rate (Employer)
 Maximum FICA Tax (Employer)
 Tax Rate (Self Employed)
 Maximum FICA (Self-Employed)

	2022	2023
	\$ 147,000	\$ 160,200
	6.2%	6.2%
	9,114.00	9,932.40
	6.2%	6.2%
	9,114.00	9,932.40
	12.40%	12.40%
	18,228.00	19,864.80

b) Medicare Tax

Maximum Earnings Subject
 Tax Rate (Employee)
 Maximum Medicare Tax (Employee)
 Tax Rate (Self Employed)
 Maximum Medicare (Self-Employed)

	No Ceiling	No Ceiling
	1.45%	1.45%
	No Limit	No Limit
	2.90%	2.90%
	No Limit	No Limit

2) Medicare Tax Increases for High Income Earners

Medicare wages and self-employment income in excess of \$200,000 (single), \$250,000 (MFJ), and \$125,000 (married filing separately) will be subject to an extra 0.9%

Medicare tax will only be withheld from employees' wages. Employers will not match the extra tax.

There is a Medicare tax of 3.8% on investment (unearned) income for taxpayers with (MAGI) over \$200,000 (single), \$250,000 (MFJ), and \$125,000 (married filing separately).

3) Standard Deduction

	2022	2023
Joint or Qualifying Widow(er)	25,900	27,700
Single	12,950	13,850
Head of Household	19,400	20,800
Married Filing Separately	12,950	13,850
Taxpayer Claimed as Dependent		
Additional for Elderly or Blind:		
Married	1,400	1,500
Unmarried	1,750	1,850

4) Child Tax Credit

Maximum Credit under age 6 subject to phaseouts	2,000	2,000
Maximum Credit ages 6-17 subject to phaseouts	2,000	2,000
Maximum Refundable Credit subject to phaseouts	1,500	1,600

Individuals earning up to \$75,000 per year, heads of household earning up to \$112,500 per year and joint filers earning up to \$150,000 per year receive full credit

The amount of the payments will phase out by \$50 for every \$1,000 in adjusted gross income above those thresholds.

5) Social Security Benefits Increase

5.90%	8.70%
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6) Earnings Ceiling for Social Security

Under full retirement age		
Annual Total	19,560	21,240
Monthly Average	1,630	1,770
From January 1st of the year reaching full retirement age through the month the retiree reaches full retirement age	51,960	51,960
From the first day of the first full month the retiree reaches full retirement age	No Limit	No Limit

		2022	2023
<u>7) Medicare Part B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below</u>			
<i>Individuals from:</i>	<i>Married couples from:</i>		
\$0-97,000	\$0-119,000	\$170.10	\$164.90
\$97,001-\$123,000	\$194,001-\$246,000	\$238.10	\$230.80
\$123,001-\$153,000	\$246,001-\$306,000	\$340.20	\$329.70
\$153,001-\$183,000	\$306,001-\$366,000	\$442.30	\$428.60
\$183,001-500,000	\$366,001-\$750,000	\$544.30	\$527.50
above \$500,000	above \$750,000	\$578.30	\$560.50
<u>8) PA Income Tax Rate</u>		3.07%	3.07%
<u>9) Philadelphia City Wage Tax</u>			
Residents 1/1-6/30		3.8398%	3.7500%
Residents 7/1-12/31		3.7900%	3.7900%
Non-Residents 1/1-6/30		3.4481%	3.4400%
Non-Residents 7/1-12/31		3.4400%	3.4400%
<u>10) Pennsylvania Unemployment Employee Withholding Tax</u>			
Employee Withholding Rate		.06%	.07%
Taxable Wage Base for Employer Contribution		10,000	10,000
<u>11) NJ Unemployment, Disability & Family Leave Employee Taxes</u>			
Taxable Wage Base		39,800	41,100
Unemployment Withholding (UI)		0.3825%	0.3825%
Disability Insurance withholding (DI)		0.14%	0.00%
Workforce Development (WF/SWF)		0.0425%	0.0425%
Family Leave Insurance (FLI) (Wage Base increased to \$156,800 for 2023)		0.14%	0.06%

12) Federal Unemployment Tax (FUTA)

Wages Subject
Rate
Cost for each employee earning \$7,000 or more

2022	2023
7,000	7,000
.6%(.006)	.6%(.006)
42.00	42.00

13) Federal, PA & DE Minimum Wage

Pennsylvania Minimum Wage
NJ Minimum Wage

2022	2023
\$7.25	\$7.25
\$13.00	\$14.13

14) Deduction Limits for Automobiles**Passenger car, Light Trucks, Vans and SUV's**

First year
Second year
Third year
Thereafter

19,200	20,200
18,000	19,500
10,800	11,700
6,460	6,960

15) Retirement Plans

Maximum wage eligible for Defined Contribution Plan
Maximum contribution percentage - SEP/Profit Sharing
Maximum contribution percentage - Defined Contribution

305,000	305,001
25%	25%
100%	100%

Maximum Contribution Amounts:

Defined Benefit Plan
Defined Contribution Plan
401K and 403B Plans (under age 50)
401K and 403BPlans **(age 50 and over)**
Simple Plans - Max. employee contribution (under age 50)
Simple Plans - Max. employee contribution **(age 50 and over)**

245,000	265,000
61,000	66,000
20,500	22,500
27,000	30,000
14,000	15,500
17,000	19,000

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15) Retirement Plans - continued

	2022	2023
Traditional *Deductible IRA's (under age 50)	6,000	6,500
Traditional *Deductible IRA's (age 50 and over)	7,000	7,500
<i>*AGI level at which Deductible IRA phases out if you are covered by a retirement plan:</i>		
Married Filing Jointly or qualifying widower	\$109-129,000	\$116-136,000
Single or Head of Household	\$68-78,000	\$73-83,000
Married Filing Separately	0-\$10,000	0-\$10,000
Roth IRA's (under age 50)	6,000	6,500
Roth IRA's (age 50 and over)	7,000	7,500

Generally, you can contribute to a Roth IRA if you have taxable compensation and your modified AGI is less than:

- \$228,000 in 2023 for married filing jointly or qualifying widow(er),
- \$153,000 in 2023 for single, head of household, or married filing separately
- \$10,000 for married filing separately and you lived with your spouse at any time during the year.

A married taxpayer not in a retirement plan can make a deductible IRA contribution, even if spouse is covered by a retirement plan. This phases out with with AGI from \$218,000 to \$228,000.

16) Standard Mileage Allowance - Cents per Mile

Business Use	58.5 - 62.5	65.5
Medical and Moving	18 - 22	22
Charity	14	14

17) Annual Exclusion From Gift Tax

16,000	17,000
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	<u>2022</u>	<u>2023</u>
<u>18) First Year Expense for New Equipment Purchases</u>		
Section 179	1,080,000	1,160,000
Bonus Depreciation	<u>100%</u>	<u>80%</u>

- The law has expanded the definition of section 179 property to allow the taxpayer to elect to include qualified improvements made to the interior of nonresidential real property (with some exceptions) after the date when the property was first placed in service.
- The IRS allows "bonus depreciation" for a % of the cost of an expanded list of qualified assets, but many states including PA do not.

Bonus depreciation is scheduled to be reduced to 60% in 2024, 40% in 2025, 20% in 2026 and will be eliminated in 2027

19) Capital Gain & Qualified Dividend Tax Rates

Taxpayers with AGI below \$44,625 (\$89,250 for MFJ) in 2023	<u>0%</u>	<u>0%</u>
Taxpayers with AGI from \$44,626-\$492,300 (\$89,251-\$553,850 for MFJ) in 2023	<u>15%</u>	<u>15%</u>
Taxpayers with AGI exceeding \$492,301 (\$553,851 for MFJ) in 2023	<u>20%</u>	<u>20%</u>

20) Federal Individual Income Tax Rates**2022 Married Filing Jointly:**

	<u>Over</u>	<u>But Not Over</u>
10%	0	20,550
12%	20,551	83,550
22%	83,551	178,150
24%	178,151	340,100
32%	340,101	431,900
35%	431,901	647,850
37%	647,851	and greater

2022 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	10,275
12%	10,276	41,775
22%	41,776	89,075
24%	89,076	170,050
32%	170,051	215,950
35%	215,951	539,900
37%	539,901	and greater

2023 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	22,000
12%	22,001	89,450
22%	89,451	190,750
24%	190,751	364,200
32%	364,201	462,500
35%	462,501	693,750
37%	693,751	and greater

2023 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	11,000
12%	11,001	44,725
22%	44,726	95,375
24%	95,376	182,100
32%	182,101	231,250
35%	231,251	578,125
37%	578,126	and greater