



HOWARD
Capital Management



2023 TAX REFERENCE GUIDE

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Personal Taxes for 2023 (2/3)

2023 Tax Rate Schedule				
Taxable income (\$)	Base amount of tax (\$)	Plus	Marginal tax rate	Of the amount over (\$)
Single				
0 to 11,000		+	10.0	
11,001 to 44,725	1,100.00	+	12.0	11,000.00
44,726 to 95,375	5,147.00	+	22.0	44,725.00
95,376 to 182,100	16,290.00	+	24.0	95,375.00
182,101 to 231,250	37,104.00	+	32.0	182,100.00
231,251 to 578,125	52,832.00	+	35.0	231,250.00
Over 578,125	174,234.25	+	37.0	578,125.00
Married filing jointly and surviving spouses				
0 to 22,000		+	10.0	
22,001 to 89,450	2,200.00	+	12.0	22,000.00
89,451 to 190,750	10,294.00	+	22.0	89,450.00
190,751 to 364,200	32,580.00	+	24.0	190,750.00
364,201 to 462,500	74,208.00	+	32.0	364,200.00
462,501 to 693,750	105,664.00	+	35.0	462,500.00
Over 693,750	186,601.00	+	37.0	693,750.00
Head of household				
0 to 15,700		+	10.0	
15,701 to 59,850	1,570.00	+	12.0	15,700.00
59,851 to 95,350	6,868.00	+	22.0	59,850.00
95,351 to 182,100	14,678.00	+	24.0	95,350.00
182,101 to 231,251	35,498.00	+	32.0	182,100.00
231,251 to 578,100	51,226.00	+	35.0	231,250.00
Over 578,100	172,623.50	+	37.0	346,875.00
Married filing separately				
0 to 11,000		+	10.0	
11,001 to 44,725	1,100.00	+	12.0	11,000.00
44,726 to 95,375	5,147.00	+	22.0	44,725.00
95,376 to 182,100	16,290.00	+	24.0	95,375.00
182,101 to 231,250	37,104.00	+	32.0	182,100.00
231,251 to 346,875	52,832.00	+	35.0	231,250.00
Over 346,875	93,300.75	+	37.0	346,875.00
Estates and trusts				
0 to 2,900		+	10.0	
2,901 to 10,550	290.00	+	24.0	2,900.00
10,551 to 14,450	2,126.00	+	35.0	10,550.00
Over 14,450	3,491.00	+	37.0	14,450.00

Standard Deductions & Child Tax Credit	
Filing status	Standard deduction
Married, filing jointly and qualifying widow(er)s	\$27,700
Single or married, filing separately	\$13,850
Head of household	\$20,800
Dependent filing own tax return	\$1,250*
Additional deductions for non-itemizers	
Blind or over 65	Add \$1,500
Blind or over 65, unmarried & not a surviving spouse	Add \$1,850
Child Tax Credit	
Credit per child under 17	\$2,000 (\$1,600 refundable)
Income phaseouts begin at AGI of:	\$400,000 joint, \$200,000 all other
Tax Rates on Long-Term Capital Gains and Qualified Dividends	
If taxable income falls below \$44,625 (single/married-filing separately), \$89,250 (joint), \$59,750 (head of household), \$3,000 (estates)	0%
If taxable income falls at or above \$44,625 (single/married-filing separately), \$89,250 (joint), \$59,750 (head of household), \$2,700 (estates)	15%
If income falls at or above \$492,300 (single), \$276,900 (married-filing separately), \$553,850 (joint), \$523,050 (head of household), \$14,650 (estates)	20%
3.8% Tax on Lesser of Net Investment Income or Excess of MAGI Over	
Married, filing jointly	\$250,000
Single	\$200,000
Married, filing separately	\$125,000
Exemption Amounts for Alternative Minimum Tax**	
Married, filing jointly or surviving spouses	\$126,500
Single	\$81,300
Married, filing separately	\$63,250
Estates and trusts	\$28,400
28% tax rate applies to income over:	
Married, filing separately	\$110,350
All others	\$220,700
Exemption amounts phase out at:	
Married, filing jointly or surviving spouses	\$1,156,300
Single and married, filing separately	\$578,150
Estates and trusts	\$94,600
Gift and Estate Tax Exclusions and Credits	
Maximum estate, gift & GST rates	40%
Estate, gift & GST exclusions	\$12,920,000
Gift tax annual exclusion	\$17,000
Exclusion on gifts to non-citizen spouse	\$175,000

Personal Taxes for 2023 (3/3)

Education Credits, Deductions, and Distributions		
Credit/Deduction/ Account	Maximum credit/ deduction/ distribution	Income phaseouts begin at AGI of:
American Opportunity Tax Credit/Hope	\$2,500 credit	\$160,000 joint \$80,000 all others
Lifetime learning credit	\$2,000 credit	\$160,000 joint \$80,000 all others
Savings bond interest tax-free if used for education	Deduction limited to amount of qualified expenses	\$137,800 joint \$91,850 all others
Coverdell	\$2,000 maximum; not deductible	\$190,000 joint \$95,000 all others
529 plan (K-12)	\$10,000 distribution	None
529 plan (Higher Ed.) †	Distribution limited to amount of qualified expenses	None

Social Security		
Benefits		
Estimated maximum monthly benefit if turning full retirement age (66) in 2023	\$3,267	
Retirement earnings exempt amounts	\$21,240 under FRA \$56,250 during year reach FRA No limit after FRA	
Tax on Social Security benefits: income brackets		
Filing status	Provisional income*	Amount of Social Security subject to tax
Married filing jointly	Under \$32,000	0
	\$32,000-\$44,000 Over \$44,000	up to 50% up to 85%
Single, head of household, qualifying widow(er), married filing separately and living apart from spouse	Under \$25,000	0
	\$25,000-\$34,000 Over \$34,000	up to 50% up to 85%
Married filing separately and living with spouse	Over 0	up to 85%
Tax (FICA)		
SS tax paid on income up to \$162,200	% withheld	Maximum tax payable
Employer pays	6.2%	\$9,932.40
Employee pays	6.2%	\$9,932.40
Self-employed pays	12.4%	\$19,864.80
Medicare tax		
Employer pays	1.45%	varies per income
Employee pays	1.45% plus 0.9% on income over \$200,000 (single) or \$250,000 (joint)	varies per income
Self-employed pays	2.90% plus 0.9% on income over \$200,000 (single) or \$250,000 (joint)	varies per income

Retirement Plan Contribution Limits	
Annual compensation used to determine contribution for most plans	\$330,000
Defined-contribution plans, basic limit	\$66,000
Defined-benefit plans, basic limit	\$265,000
401(k), 403(b), 457(b), Roth 401(k) plans elective deferrals	\$22,500
Catch-up provision for individuals 50 and over, 401(k), 403(b), 457(b), Roth 401(k) plans	\$7,500
SIMPLE plans, elective deferral limit	\$15,500
SIMPLE plans, catch-up contribution for individuals 50 and over	\$3,500

Individual Retirement Accounts			
IRA type	Contribution limit	Catch-up at 50+	Income limits
Traditional nondeductible	\$6,500	\$1,000	None
Traditional deductible	\$6,500	\$1,000	If covered by a plan: \$116,000 - \$136,000 joint, \$73,000 - \$83,000 single, HOH 0 - \$10,000 married filing separately If one spouse is covered by a plan: \$218,000 - \$228,000 joint
Roth	\$6,500	\$1,000	\$218,000 - \$228,000 joint; \$138,000 - \$153,000 single & HOH 0 - \$10,000 married filing separately
Roth conversion			No income limit

Health Savings Accounts			
Annual limit	Maximum deductible contribution	Expense limits (deductibles and co-pays)	Minimum annual deductible
Individuals	\$3,850	\$7,500	\$1,500
Families	\$7,750	\$15,000	\$3,000
Catch-up for 55 and older	\$1,000		

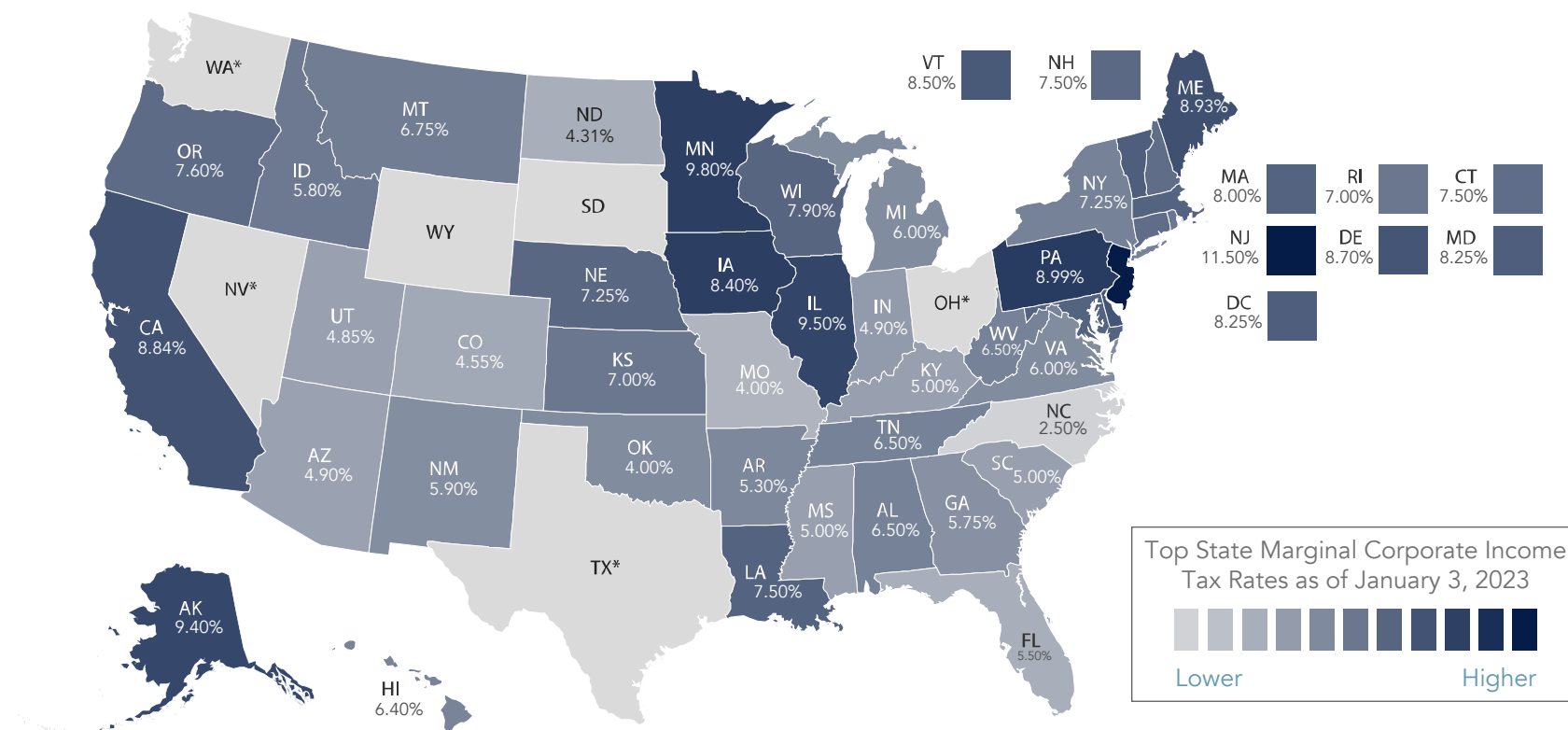
Deductibility of Long-Term Care Premiums on Qualified Policies	
Attained age before close of tax year	Amount of LTC premiums that qualify as medical expenses in 2023
40 or less	\$480
41 to 50	\$890
51 to 60	\$1,790
61 to 70	\$4,770
Over 70	\$5,960

Medicare Deductibles	
Part B deductible	\$226.00
Part A (inpatient services) deductible for first 60 days of hospitalization	\$1,600.00
Part A deductible for days 61-90 of hospitalization	\$400.00/day
Part A deductible for more than 90 days of hospitalization	\$800.00/day

Medicare Premiums			
2021 MAGI single	2021 MAGI joint	Part B Premium	Part D income adjustment
\$97,000 or less	\$194,000 or less	\$164.90	\$0
97,001-123,000	194,001-246,000	\$230.80	\$12.20
123,001-153,000	246,001-306,000	\$329.70	\$31.500
153,001-183,000	306,001-366,000	\$428.60	\$50.70
183,001-500,000	366,001-750,000	\$527.50	\$70.00
Above 500,000	Above 750,000	\$560.50	\$76.940

Corporate Tax Rates for 2023 (1/2)

Top Marginal Corporate Income Tax Rates as of January 1, 2023



Note: (*) Nevada, Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. Delaware, Tennessee, and Oregon have gross receipts taxes in addition to corporate income taxes, as do several states like Pennsylvania, Virginia, and West Virginia, which permit gross receipts taxes at the local (but not state) level.

Illinois' rate includes two separate corporate income taxes, one at a 7% rate and one at a 2.5% rate. Indiana's rate will change to 4.9% on July 1, 2021. In New Jersey, the rates indicated apply to a corporation's entire net income rather than just income over the threshold. A temporary and retroactive surcharge is in effect from 2020 to 2023, bringing the rate to 11.5% for businesses with income over \$1 million. In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and capital stock taxes. Some states also impose an alternative minimum tax and special rates on financial institutions.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax.

Tax calendar for 2023

Personal Taxes Deadline

January 17, 2023

- To pay the fourth-quarter estimated tax payment for tax year 2022

January 31, 2023

- For catching up on unpaid fourth-quarter estimated taxes without additional penalties by filing 2022 tax returns

March 1, 2023

- For farmers and fishermen to file individual income tax returns unless they paid 2021 estimated tax by January 18, 2023

April 18, 2023

- For household employers who paid \$2,400 or more in wages in 2023 to file Schedule H for Form 1040

April 18, 2023

- To file individual tax returns (Form 1040) for the tax year 2022 or to request an automatic extension (Form 4868) for an extra six months to file your return, and for payment of any tax due
- For estimated first-quarter estimated tax payments for the 2023 tax year

June 15, 2023

- For second-quarter estimated tax payments for the 2023 tax year
- For U.S. citizens living abroad to file individual tax returns or file Form 4868 for an automatic four-month extension

Sept. 15, 2023

- For third-quarter estimated tax payments for the 2023 tax year

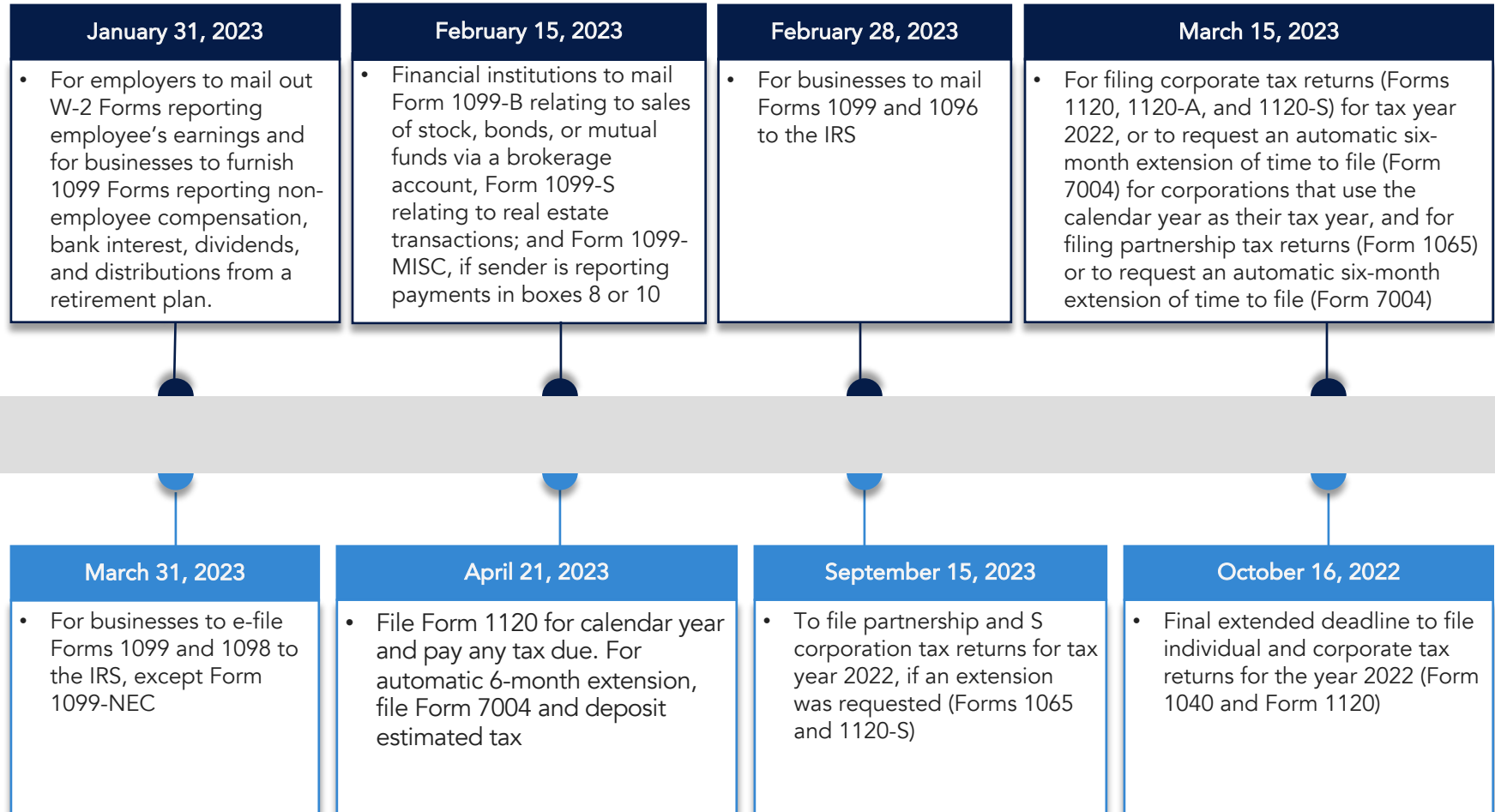
October 16, 2023

- Final extended deadline to file individual tax returns for the year 2022 (Form 1040 and Form 1120)

Source: [Federal Income Tax Deadlines 2023 by The Balance](#)

Tax calendar for 2023

Corporate Taxes Deadline



Source: [Federal Income Tax Deadlines 2023 by The Balance](#)

Changes from 2022 in personal taxes (1/2)



Some of the key highlights to remember about the 2023 individual tax structure are:

- Income tax brackets have been raised to account for inflation. While the changes are slight, if one were at the bottom of a higher tax bracket in 2021, they may have been bumped down to a lower rate for your 2022 tax.
- For 2023, the standard deduction is increasing to \$27,700 for married couples filing together and \$13,850 for single taxpayers..
- For 2023, there is higher earned income tax credit, bumping the write-off to a maximum of \$7,430 for low- to moderate-income filers. Employees can funnel \$3,050 into health flexible spending.
- The Child Care and Dependent tax credit has reverted back to what it was in 2020. Parents with one child can only claim up to 35% of a maximum of \$3,000 in qualifying expenses, for a maximum amount of \$1,050. Parents with more than one child are eligible for up 35% of up to \$6,000 in qualifying expenses, for a maximum amount of \$2,100.

Changes from 2022 in personal taxes (2/2)

Charitable Deductions for 2023

One of the biggest changes to the 2023 tax season is how much of your charitable donations you can deduct. Unfortunately, the changes take away most of the extra benefits offered in 2021 because of the pandemic. But one can still deduct qualified charitable donations made in 2022—as long as they are itemized deductions. The limit for this is 60% of adjusted gross income (AGI), which is one's total income minus other deductions already taken.

Business Deductions for 2023

If a tax filer is self-employed, there are a bunch of deductions they can claim on their tax return—including travel expenses and the home office deduction if they use part of their home for business purposes. But if one is working remotely, they won't be able to claim the home office deduction since it's reserved for self-employed people only.

Contribution Limits on Retirement Accounts

The employee deferral limit is \$22,500, up from \$20,500, and catch-up deposits for savers age 50 and older jump to \$7,500, up from \$6,500. These increases also apply to 403(b) plans, most 457 plans and Thrift Savings Plans.

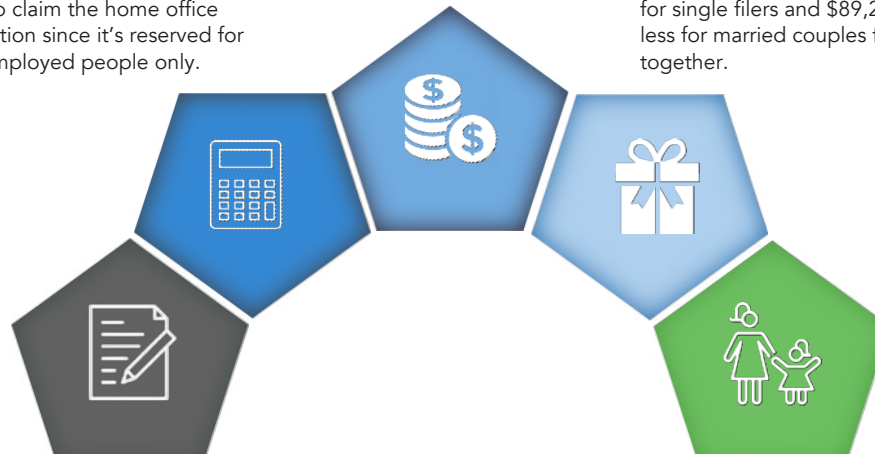
The contribution limits have also increased for IRAs, allowing savings up to \$6,500 for 2023, up from \$6,000 in 2022. While the catch-up deposit remains at \$1,000 for 2023, it will index to inflation starting in 2024.

Long Term Capital Gains

The IRS has bumped up the income thresholds for 0%, 15% and 20% long-term capital gains brackets for 2023, applying to profitable assets owned for more than one year. For 2023, one may qualify for the 0% rate with taxable income of \$44,625 or less for single filers and \$89,250 or less for married couples filing together.

Child Tax Credit*

The maximum Child Tax Credit is \$2,000 per qualifying child and is not adjusted for inflation. The refundable portion of the Child Tax Credit is adjusted for inflation and will increase from \$1,500 to \$1,600 for 2023..



2023 corporate taxes highlights

Some of the key highlights to remember about the 2023 corporate tax structure are:

- Arkansas' legislature has reduced the state's corporate income tax from 5.9 percent to 5.3 percent
- Iowa's three-bracket corporate income tax was consolidated into a two-bracket tax at the start of the year, with the top rate decreasing from 9.8 to 8.4 percent.
- New Hampshire's Business Profits Tax (the state's version of a corporate income tax) rate was lowered from 7.6 to 7.5 percent beginning in 2023 due to the enactment of HB 1221 in June 2022.
- Idaho's corporate income tax rate was reduced from 6.5 to 6.0 percent retroactive to January 1, 2022, under H0436, adopted last year.



Pennsylvania rate reduction is just the start

Due to the enactment of HB 1342 in 2022, Pennsylvania saw a rate reduction from 9.99 percent to 8.99 percent on January 1. The rate will continue to decrease by 0.5 percentage points each year until it reaches 4.99 percent at the beginning of 2031.



South Dakota and Wyoming are the outliers

South Dakota and Wyoming are the only states that levy neither a corporate income nor gross receipts tax

Source: ["State Corporate Income Tax Rates and Brackets for 2023" by Tax Foundation](#)

Disclosure

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Thank You