

**2023 Tax Guide**

Updated: January 1, 2023



www.wm-cpa.com

(215) 675-8364

**PAYROLL**

	2023	2022
<b>FICA / MEDICARE &amp; SELF-EMPLOYMENT TAX</b>		
Taxable wages for social security / Medicare	Up to \$160,200 / All	Up to \$147,000 / All
Maximum social security / Medicare tax	\$9,932.00 / No Limit	\$9,114.00 / No Limit
Social Security / Medicare tax rate (Employee - wages under \$200K)	6.20% / 1.45%	6.20% / 1.45%
Medicare tax rate (Employee > \$200K single, \$250K MFJ, \$125K MFS)	2.35%	2.35%
Social security / Medicare tax rate (employers)	6.20% / 1.45%	6.20% / 1.45%
Social security / Medicare tax rate (self-employed - up to limits below)	12.4% / 2.9%	12.4% / 2.9%
Medicare tax rate (Self-employed > \$200K single, \$250K MFJ, \$125K MFS)	3.80%	3.80%
<b>FUTA (Federal Unemployment Tax)</b>		
Taxable wage base	\$7,000	\$7,000
Maximum contributions	\$42	\$42
Net tax rate (6% less FUTA credit reduction of 5.4% for state UI taxes paid)	0.60%	0.60%
<b>SOCIAL SECURITY EARNINGS LIMIT</b>		
Under Full Retirement Age (age 65 - 67 depending on D.O.B.)	\$21,240	\$19,560
Over Full Retirement Age	No Limit	No Limit

**FEDERAL TAX DEPOSITORY RULES:**

**MONTHLY** - If the annual accumulated tax liability is <= \$50,000 for the lookback period, deposit monthly by the 15th of the following month regardless of pay date.

**SEMI-WEEKLY** - If the annual accumulated tax liability is > \$50,000 for the lookback period and

\* payroll check date is Wed, Thur, Fri, deposit by the following **Wednesday**.

\* payroll check date is Sat, Sun, Mon or Tues, deposit by the following **Friday**.

**EXCEPTIONS:**

\* De minimis Rule - If the quarterly accumulated tax liability is less than \$2,500 for the quarter, remit the liability with the quarterly tax return.

\* \$100,000 Rule - If the accumulated tax liability is \$100,000 or more, deposit the liability on the next banking day.

**LOOKBACK PERIOD:**

Cumulative tax liability for the preceding period July 1, 2021 through June 30, 2022

**ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS):**

Tax deposits must be made through EFTPS (Electronic Federal Tax Payment System) utilizing either the Internet or telephone. This requirement applies to corporate income tax, estimated corporate income tax, employment taxes (FUTA, FICA, withholding), and excise taxes. Taxpayers are subject to a 10% penalty for failure to deposit by EFTPS. The only exception to this is if the taxpayer is remitting less than \$2,500 in employment taxes for the entire quarter.

**STATE RATES:**

	Rate
<b>PENNSYLVANIA INCOME TAX WITHHOLDING</b>	
Nonresident Withholding	3.07% > \$5,000
<b>PENNSYLVANIA UNEMPLOYMENT</b>	
Employer taxable wage base for employees	\$10,000
Employee tax w/h rate	0.07%/No Limit

**NEW JERSEY INCOME TAX WITHHOLDING**

Employee withholding rates	1.50% to 11.8%
Construction Contractor Services - Nonresidential	7.00%

**NEW JERSEY UNEMPLOYMENT**

UI/WF employee taxable wage base	\$41,100
TDI/FLI employee taxable wage base	\$156,800
Unemployment tax withholding rate for employees	
Unemployment (UI)	0.3825%
Temporary Disability (TDI)	0.0000%
Workforce Development (WF)	0.0425%
Family Leave (FLI)	0.0600%

**DELAWARE INCOME TAX WITHHOLDING**

Graduated from	2.20% to 6.60%
For annual wages paid in excess of	\$2,000

**DELAWARE UNEMPLOYMENT**

Employer taxable wage base for employees	.3% - 8.2% \$14,500
--	---------------------

	Minimum Wage Rates	w/ Tips
Federal	\$7.25	\$2.13
Pennsylvania	\$7.25	\$2.83
New Jersey	\$14.13	\$5.26
Delaware	\$11.75	\$2.23
Florida	\$11.00	\$7.98

Philadelphia Wage Tax	
Resident	3.7900%
Non-Resident	3.4400%

**NEW HIRE REPORTING:** Pennsylvania, New Jersey, Florida and Delaware require employees to report basic information about newly hired or rehired employees.

## 2023 Tax Guide

Updated: January 1, 2023



www.wm-cpa.com

(215) 675-8364

### INDIVIDUAL - RETIREMENT

	2023	2022
<b>IRA CONTRIBUTION LIMIT</b>	\$6,500	\$6,000
50 & over catch-up	\$1,000	\$1,000
<b>SIMPLE DEFERRAL LIMIT</b>	\$15,500	\$14,000
50 & over catch-up	\$3,500	\$3,000
<b>401(k) DEFERRAL LIMIT</b>	\$22,500	\$20,500
50 & over catch-up	\$7,500	\$6,500
<b>PHASE-OUT INCOME LEVELS FOR:</b>		
<b>IRA DEDUCTIBILITY (with company retirement plan)</b>		
Single / Head of Household	\$73,000 - \$83,000	\$68,000 - \$78,000
Joint	\$116,000 - \$136,000	\$109,000 - \$129,000
Joint & Spouse with no income or no plan	\$218,000 - \$228,000	\$204,000 - \$224,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
<b>ROTH IRA CONTRIBUTION ELIGIBILITY</b>		
Single/Head of Household	\$138,000 - \$153,000	\$129,000 - \$144,000
Joint	\$218,000 - \$228,000	\$204,000 - \$214,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
Rollover of regular IRA to Roth IRA	No Limit	No Limit

### BUSINESS

	2023	2022
<b>SECTION 179 DEPRECIATION</b>		
Maximum deduction limit	\$1,160,000	\$1,080,000
Phase-out threshold	\$2,890,000	\$2,700,000
<b>BONUS DEPRECIATION *</b>	80%	100%
* Extended through 2022 with 20% phase-out in 2023 - 2027		
<b>STANDARD MILEAGE RATE</b>		
Business	65.5¢	58.5¢/62.5¢
Charitable activities	14¢	14¢
Medical/Moving expense	22¢	18¢/22¢

### INDIVIDUAL - EDUCATION

	2023	2022
<b>EDUCATION CREDITS &amp; PHASE-OUT INCOME LEVELS</b>		
<b>LIFETIME LEARNING CREDIT</b>		
	\$2,000	\$2,000
Single/Head of Household	\$80,000 - \$90,000	\$80,000 - \$90,000
Joint	\$160,000 - \$180,000	\$160,000 - \$180,000
Married filing separately	N/A	N/A
<b>AMERICAN OPPORTUNITY CREDIT</b>		
	\$2,500	\$2,500
Single/Head of Household	\$80,000 - \$90,000	\$80,000 - \$90,000
Joint	\$160,000 - \$180,000	\$160,000 - \$180,000
Married filing separately	N/A	N/A

### INDIVIDUAL - OTHER

	2023	2022
<b>ESTATE TAX EXCLUSION **</b>	\$12,920,000	\$12,060,000
** The estate tax exclusion sunsets on 12/31/25 and in 2026 reverts back to \$5 million (indexed for inflation)		
<b>ANNUAL GIFT EXCLUSION</b>	\$17,000	\$16,000
<b>CHILD TAX CREDIT &amp; PHASE-OUT INCOME LEVELS</b>		
Children ages 5 and under	\$2,000	\$2,000
Children ages 6 through 17	\$2,000	\$2,000
Single/Married filing separately	\$200,000	\$200,000
Joint	\$400,000	\$400,000
Head of Household	\$200,000	\$200,000
<b>STANDARD DEDUCTION</b>		
Single/Married filing separately	\$13,850	\$12,950
Joint	\$27,700	\$25,900
Head of Household	\$20,800	\$19,400
<b>20% QBI DEDUCTION - PHASE-IN INCOME LEVELS</b>		
Single/Head of Household	\$182,100 - \$232,100	\$170,050 - \$220,050
Joint	\$364,200 - \$464,200	\$340,100 - \$440,100