

## Tax Changes For 2023 - Tax Planning

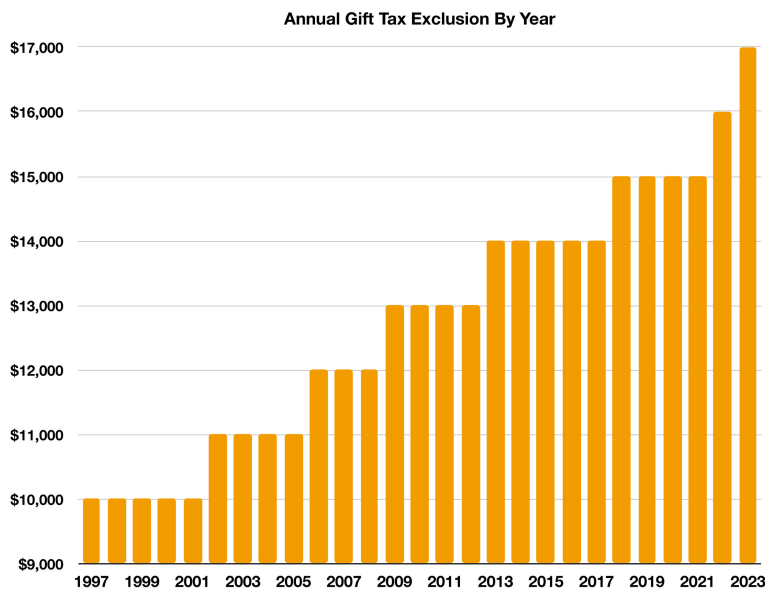
In 2022, inflation eclipsed 9% and reached 40-year highs as food and gasoline prices exhibited continuous spikes. Many consumers reported consistently feeling that their paychecks did not go as far as they used to, to which the Internal Revenue Service (IRS) has responded by implementing key changes for the tax year 2023. In 2023, inflation adjustments look to match the burdens created by inflation and the decrease in real wages exhibited in 2022.

For marginal income taxes, all rates remain the same but now higher income amounts are taxed at lower levels. For example, while the top tax rate is still 37%, it applies to any individual income greater than \$578,125 rather than the previous threshold of \$539,900. With all income tax brackets lifted higher, every taxpayer is expected to save money by paying less on each bracket of income they earn in 2023 versus 2022.

Standard deductions have increased to \$27,700 for married couples in 2023, up \$1,800 from 2022. The annual gift tax exclusion is up to \$17,000, with 2023 being the first year the exclusion will rise only one year after it was previously increased since the exclusions inception in 1997. Itemized deductions continue to have no limitation since 2018, and the estate tax exclusion amount for 2023 will be \$12,920,000, nearly \$900,000 greater than in 2022.

Taxes reflecting these changes will be filed in early 2024, yet will apply for the tax year 2023.

Sources: Internal Revenue Service



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