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TAXES

IRS Announces Inflation Adjustments, Tax Brackets for 2023

The tax year 2023 adjustments released by the IRS generally apply to tax returns filed in 2024.

Oct. 19, 2022



The IRS has [released a list of inflation adjustments](#) impacting more than 60 tax provisions, including tax brackets, deductions and credits.

Among the most important provisions:

- The standard deduction for married couples filing jointly for tax year 2023 is increasing to \$27,700 up \$1,800 the prior year. For single taxpayers and married individuals filing separately, the standard deduction rises to \$13,850 for 2023, up \$900. For heads of households, the standard deduction will be \$20,800 for tax year 2023, up \$1,400 from the amount for tax year 2022. [According to Forbes](#), standard deductions—used instead of itemized deductions—are claimed by more than 85% of taxpayers.
- For 2023, the top tax rate remains 37% for individual single taxpayers with incomes greater than \$578,125 (\$693,750 for married couples filing jointly).

Other rates are:

- 35% for incomes over \$231,250 (\$462,500 for married couples filing jointly);
- 32% for incomes over \$182,100 (\$364,200 for married couples filing jointly);
- 24% for incomes over \$95,375 (\$190,750 for married couples filing jointly);
- 22% for incomes over \$44,725 (\$89,450 for married couples filing jointly);
- 12% for incomes over \$11,000 (\$22,000 for married couples filing jointly).
- The lowest rate is 10% for incomes of single individuals with incomes of \$11,000 or less (\$22,000 for married couples filing jointly).
- The Alternative Minimum Tax exemption amount for tax year 2023 is \$81,300 and begins to phase out at \$578,150 (\$126,500 for married couples filing jointly for whom the exemption begins to phase out at \$1,156,300). The 2022 exemption amount was \$75,900 and began to phase out at \$539,900 (\$118,100 for married couples filing jointly for whom the exemption began to phase out at \$1,079,800).
- The tax year 2023 maximum Earned Income Tax Credit amount is \$7,430 for qualifying taxpayers who have three or more qualifying children, up from \$6,935 for tax year 2022.
- For tax year 2023, the monthly limitation for the qualified transportation fringe benefit and the monthly limitation for qualified parking increases to \$300, up \$20 from the limit for 2022.
- For the taxable years beginning in 2023, the dollar limitation for employee salary reductions for contributions to health flexible spending arrangements increases to \$3,050. For cafeteria plans that permit the carryover of unused amounts, the

maximum carryover amount is \$610, an increase of \$40 from taxable years beginning in 2022.

[You can see more from the IRS here.](#)

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