

# 2023 Standard Deductions, Exemptions and Credits

**Standard Deductions.** The standard deduction for singles and married persons filing separate returns is \$13,850, up from \$12,950 in 2022. The deduction for married couples filing jointly and surviving spouses is \$27,700, up from \$25,900 in 2022. The deduction for head of household is \$20,800, up from \$19,400 in 2022.

FILING STATUS	STANDARD DEDUCTION AMOUNT
Single	\$13,850
Married Filing Jointly & Surviving Spouse	\$27,700
Married Filing Separately	\$13,850
Head of Household	\$20,800

**Itemized Deductions.** For high-income taxpayers who itemize their deductions, the Pease limitations, named after former Representative Don Pease (D-OH), previously capped or phased out certain deductions. The Pease limitation was eliminated as of the 2018 tax year, but will return after 2025 when the Tax Jobs and Cuts Act of 2017 expires, unless Congress takes action to adjust that expiration.

**Personal Exemptions.** There will be no personal exemption amounts for 2023. The personal exemption was eliminated as of the 2018 tax year, but will return after 2025 when the Tax Jobs and Cuts Act of 2017 expires, unless Congress takes action to adjust that expiration.

## Family Related Tax Item Updates:

**Earned Income Tax Credit (EITC).** For 2023, the maximum EITC amount available is \$3,995 for taxpayers filing jointly with one child; \$6,604 for two children; \$7,430 for three or more children and \$600 for no children. Phaseouts are based on filing status and number of children and begin at \$9,800 for single taxpayers with no children and \$21,560 for single taxpayers with one or more children. Starting in 2023, the EITC is not allowed if the aggregate amount of investment income is more than \$11,000.

**Child Tax Credit.** The refundable portion of the Child Tax Credit may be as much as \$1,600 per child. A refundable credit means that you can use the credit even if you do not owe any tax.

**Kiddie Tax.** For 2023, the exemption from the kiddie tax is \$2,500, up from \$2,400 in 2022. A parent will be able to elect to include a child's income on the parent's return for 2023 if the child's income is more than \$1,250 and less than \$12,500.

**Adoption Credit.** For 2023, the credit allowed for an adoption of a child with special needs is \$15,950, and the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$15,950. Phaseouts begin with modified adjusted gross income (MAGI) in excess of \$239,230 and completely phased out with MAGI of \$279,230 or more.

Information gathered from [irs.gov](https://www.irs.gov), where you can obtain [additional information](#).

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### *Education Related Updates:*

**American Opportunity Tax Credit (AOTC).** Formerly known as the Hope Scholarship Credit, the AOTC for 2023 will be an amount equal to 100% of qualified tuition and related expenses not in excess of \$2,000 plus 25% of those expenses in excess of \$2,000 but not in excess of \$4,000. That means that the maximum AOTC allowable for 2023 is \$2,500. Income restrictions do apply and for 2023, those kick in for taxpayers with MAGI in excess of \$80,000 (\$160,000 for a joint return).

**Lifetime Learning Credit.** As with the AOTC, income restrictions apply to the Lifetime Learning Credit. For 2023, those restrictions begin with taxpayers with MAGI in excess of \$80,000 (\$160,000 for a joint return).

**Student Loan Interest Deduction.** For 2022, the maximum amount that you can take as a deduction for interest paid on student loans remains at \$2,500. Phaseouts apply for taxpayers with MAGI in excess of \$70,000 (\$145,000 for joint returns), and is completely phased out for taxpayers with MAGI of \$95,000 or more (\$175,000 or more for joint returns).

### *Health Care and Fringe Benefit Updates:*

**Flexible Spending Accounts.** The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending accounts (FSA) is \$3,050 for 2023, up from \$2,850 in 2022.

**High-Deductible Health Plans (HDHP).** For 2023, a HDHP has an annual deductible of not less than \$1,500. For family coverage, the HDHP health plan has an annual deductible of not less than \$3,000. The contribution limits for a Health Savings Account (HSA) for an individual with self-only HDHP coverage is \$3,850 (up from \$3,650 in 2022), and for individuals with family HDHP coverage is \$7,750 (up from \$7,300 in 2022).

**Qualified Transportation Fringe Benefit.** For 2023, the monthly limitation for transportation in a commuter highway vehicle and any transit pass is \$300, up from \$280 in 2022. In addition, the monthly limitation for qualified parking is also \$300, up from \$280 in 2022.

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