

1 What Are the Major Federal Tax Law Changes for 2023?

Much of the information presented below has been sourced from [IRS Publication 5307](https://www.irs.gov/pub/irs-pdf/p5307.pdf)¹ “Tax Reform Basics for Individuals and Families.” Inflation-adjusted changes for tax year 2023 were sourced from [IRS Revenue Procedure 2022-38](https://www.irs.gov/pub/irs-drop/rp-22-38.pdf)², issued October 18, 2022, and [IRS Revenue Notice 2022-55](https://www.irs.gov/pub/irs-drop/n-22-55.pdf)³, issued October 21, 2022.

The information below, unless otherwise noted, applies to your **2023** taxes that are due on April 15, **2024**. I think taxes should be viewed more on a looking-forward basis to promote better tax planning.

Retirement Plans: The TSP Traditional annual contribution limit increases by \$2,000 to \$22,500 and the TSP Catch-Up annual contribution limit increases by \$1,000 to \$7,500. The Roth IRA annual contribution limit increases by \$500 to \$6,500 (\$7,500 if over age 50) and phases out at \$218,000 - \$228,000 for Married Filing Jointly (MFJ). No contribution is allowed if the MFJ taxable income exceeds \$228,000. For single filers, the phase-out range is \$138,000 - \$153,000.

Required Minimum Distributions (RMDs): The *Consolidated Appropriations Act, 2023*, changes the RMD age to 73 for those who attain age 72 after December 31, 2022; and to age 75 for those who attain age 74 after December 31, 2032).

Standard Deductions for 2023:

<u>Filing Status</u>	<u>Standard Deduction</u>
Married Filing Joint Returns and Surviving Spouses	\$27,700
Heads of Households	\$20,800
Single Filers	\$13,850
Married Filing Separate	\$13,850

The IRS estimates that many taxpayers will no longer itemize their deductions. That’s especially true for taxpayers that have large state and local tax deductions. If you still choose to itemize because your itemized deductions will exceed the amounts listed above, there is no longer a limit on your itemized deductions based upon your adjusted gross income.

¹ <https://www.irs.gov/pub/irs-pdf/p5307.pdf>

² <https://www.irs.gov/pub/irs-drop/rp-22-38.pdf>

³ <https://www.irs.gov/pub/irs-drop/n-22-55.pdf>