

**MEMBERS**

AMERICAN AND PENNSYLVANIA INSTITUTES  
 OF CERTIFIED PUBLIC ACCOUNTANTS

**2023 Rates and Limitations**

| <b>Social Security / Medicare / FUTA</b>                                     | <b>2022</b>    | <b>2023</b>        |
|--|----------------|--------------------|
| Social Security tax wage base  | \$147,000      | \$160,200          |
| Social Security tax rate   | 6.2%           | 6.2%               |
| Medicare tax wage base   | No limit       | No limit           |
| Medicare tax rate  | 1.45%          | 1.45% <sup>1</sup> |
| FUTA tax wage base   | \$7,000        | \$7,000            |
| FUTA Employer tax rate   | 0.60%          | 0.60%              |
| <b>State &amp; Unemployment Rates</b>  | <b>2022</b>    | <b>2023</b>        |
| PA withholding tax rate  | 3.07%          | 3.07%              |
| PA taxable wage base, employer contributions                                 | \$10,000       | \$10,000           |
| PA UC rate, employee withholding – no wage base cap                          | 0.06%          | 0.07%              |
| <b>Qualified Retirement Plans</b>  | <b>2022</b>    | <b>2023</b>        |
| Defined benefit plan limit on benefits                                       | \$245,000      | \$265,000          |
| Maximum compensation used to determine contributions                         | \$305,000      | \$330,000          |
| Compensation defining highly compensated employee                            | \$135,000      | \$150,000          |
| Compensation defining key employee (officer)                                 | \$200,000      | \$215,000          |
| Compensation triggering Simplified Employee Pension contribution requirement | \$650          | \$750              |
| <b>Mileage Reimbursement Rates</b>   | <b>2022</b>    | <b>2023</b>        |
| Business mileage, per mile   | \$0.585/0.625* | \$0.655            |
| Charitable mileage, per mile   | \$0.14         | \$0.14             |
| Medical or moving mileage, per mile  | \$0.18/0.22*   | \$0.22             |
| <b>Business Equipment</b>  | <b>2022</b>    | <b>2023</b>        |
| Section 179 expensing limit  | \$1,080,000    | \$1,160,000        |
| Phaseout threshold for Section 179   | \$2,700,000    | \$2,890,000        |
| First-year bonus depreciation percentage                                     | 100%           | 80%                |

\*Mid-year rate change to \$0.625, effective July 1, 2022

| <b>Standard deduction</b>   | <b>2022</b> | <b>2023</b> |
|---|-------------|-------------|
| Single (and married filing separately)  | \$12,950    | \$13,850    |
| Heads of Household  | \$19,400    | \$20,800    |
| Married filing jointly  | \$25,900    | \$27,700    |
| <b>Domestic exemption</b>   | <b>2022</b> | <b>2023</b> |
| Threshold when a domestic employer must withhold and pay FICA for babysitters, house cleaners, etc. | \$2,400     | \$2,600     |
| <b>Annual gift tax exclusion</b>  | <b>2022</b> | <b>2023</b> |
| Amount you can give each recipient  | \$16,000    | \$17,000    |

### Fringe benefit limitations

|  | <b>2022</b>                                   | <b>2023</b>                                   |
|--|---|---|
| HSA contribution limit                 | \$3,650 for self-only<br>\$7,300 for families | \$3,850 for self only<br>\$7,750 for families |
| FSA contribution limit                 | \$2,850                                       | \$3,050                                       |
| Qualified transportation benefit limit | \$280/month                                   | \$300/month                                   |
| Dependent care contribution limit      | \$5,000                                       | \$5,000                                       |

### Retirement plan contribution limits for 2023

|  | <b>Regular contribution</b> | <b>Catch-up contribution<sup>2</sup></b> |
|--|-----------------------------|--|
| Traditional and Roth IRAs                          | \$6,500                     | \$1,000                                  |
| 401(k)s, 403(b)s,<br>457s and SARSEPs <sup>2</sup> | \$22,500                    | \$7,500                                  |
| SIMPLEs  | \$15,500                    | \$3,500                                  |

<sup>1</sup> An additional 0.9% Medicare Tax should be withheld on wages in excess of \$200,000 for any employee. Employers are not required to match this tax. <sup>2</sup> For taxpayers age 50 or older by the end of the tax year. <sup>3</sup> Includes Roth versions where applicable. Note: Other factors may further limit your maximum contribution.