Tax Law Update

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The U.S. tax code undergoes frequent and significant changes as competing political objectives and economic philosophies are translated into tax law, followed by new regulations and enforcement guidelines. Each state follows its own path. Result is a complex landscape we are constantly monitoring so we can provide you the best long-term strategic advice.

Expanded tax credits for residential clean energy systems (like solar panels), energy efficient home improvements (windows, doors, appliances) and electric vehicles primarily made in USA, are the main tax law changes for 2023, which are set to last approximately 10 years unless repealed.

The entire Tax Cut and Jobs Act (TCJA), which took effect on January 1, 2018, is set to expire at the end of 2025. TCJA produced dramatic tax law changes, particular in business taxes, lowering the corporate rate to 21%, liberalizing depreciation rules, and creating a new Section 199A Qualified Business Income Deduction (QBID) of up to 20% of self-employed income, most rental property income, and certain K-1 pass throughs of ordinary and rental income. Individuals received lower rates, but the $10,000 limitation on State and Local Taxes (SALT) reduces the benefits of itemized deductions. Post 2024 Presidential and Congressional elections, we will see how competing political interests for lower corporate and individual tax rates vs. maintaining expanded energy credits and improving child tax credit produce a new tax code.

The article updates: Enhanced Energy Credits, Capital Gains Tax, Net Investment Income Tax, Retirement Funding Limits, and TCJA Provisions (including updated phase outs) and provides some tax optimization strategies.

Enhanced Energy Credits

Residential Clean Energy Credit: Tax credits are expanded for 2023. Renewable energy systems such as solar panels, solar powered water heaters, wind turbines, geothermal heat pumps, and now battery storage systems with at least 3kw hours are eligible for Residential Clean Energy Credit of 30% of actual cost (net of subsidies), then drops to 26% in 2033 and 22% in 2034. We recommend you check your type of improvements against this IRS fact sheet: https://www.irs.gov/pub/taxpros/fs-2022-40.pdf

System must be installed on individual's primary or secondary residence, and owned, not leased. Separate solar credits exist for business properties. For more details on tax credits for solar systems, see Dept. of Energy Homeowner's Guide to Federal Tax for Solar Photovlaics: https://www.energy.gov/eere/solar/homeowners-guide-federal-tax-credit-solar-photovoltaics

Energy Efficient Home Improvements Credit: The tax credit for installing energy efficient improvements in your home is now bigger and better for 2023 – 2032. Credit is now 30% of the cost for certain types of windows, door, insulation, air conditioning systems, furnaces, biomass boilers and biomass stoves. The old $500 lifetime limit is gone and the new $1,200 annual limit applies. However, there is a lower annual limit of $500 in aggregate for exterior doors and $600 in aggregate for exterior windows and skylights. We recommend you check your type of improvements against this IRS fact sheet: https://www.irs.gov/pub/taxpros/fs-2022-40.pdf

IRS has requested public comment on new requirement that creates PIN number for qualified manufacturers that must be entered on tax return starting in 2025. To review or submit comments: Treasury, IRS request public comments on product identification number requirement to claim the Energy Efficient Home Improvement Credit | Internal Revenue Service

Clean Vehicle Tax Credits: Inflation Reduction Act of 2022 significantly expanded tax credits for purchasing electric vehicles (and some plug-in hybrids) and placed new thresholds on cost and requirements for North American assembly and components. For 2023 – 2032, the maximum tax credit is $7,500 for buying a new EV. However, to be eligible for the full credit, EVs put in use after April 17, 2023 must meet a critical minerals and better component rule. If only one factor is met, the credit is capped at $3,750. Qualifying vehicles will change over time. We advise you consult with your dealer (or Tesla which direct sells) and type the VIN into Department of Energy's two separate web search tools:

Alternative Fuels Data Center
https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit

Federal Tax Credits for Plug-in Electric and Fuel Cell Electric Vehicles Purchased in 2023 or After
https://fueleconomy.gov/feg/tax2023.shtml

Here is the IRS FAQ page on New Clean Vehicle Purchased in 2023 or After
https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after

Vehicle cost is limited to MSRP $55,000 for sedans and $800,00 for vans, SUVs and pickup trucks. To claim the credit, your adjusted gross income cannot exceed $300,000 for joint filers, $225,000 for HOH, and $150,000 for single.

Capital Gains Tax

Capital gains tax rates remain unchanged, but the income brackets qualifying for lower rates have been inflation adjusted upwards. Short-term capital gains are for property held under one year and are taxed at ordinary income rates (see income tax rate charts at end of this article). Long-term capital gains rates apply for holding periods over one year. Long-term rates vary by income level, with lower income taxpayers enjoying a zero percent rate on a limited portion and the wealthy paying more. The table below illustrates. Net investment income tax can apply. See rules below.

Long Term Capital Gains Tax Rates 2023

	Single	**Married Filing Jointly**	**Married Filing Separately**	**Head of Household**
Long Term Rate	Your Income	Your Income	Your Income	Your Income
0%	$0-$44,625	$0-$89,250	$0-$44,625	$0-$59,750
15%	$44,626-$492,300	$89,251-$553,850	$44,625-$276,900	$59,751-$523-050
20%	$492,301 or more	$553,851 or more	$276,901 or more	$523,051 or more

Long Term Capital Gains Tax Rates 2024

	Single	**Married Filing Jointly**	**Married Filing Separately**	**Head of Household**
Long Term Rate	Your Income	Your Income	Your Income	Your Income
0%	$0-$47,025	$0-$94,050	$0-$47,025	$0-$63,000
15%	$47,026-$518,900	$94,501-$583,750	$47,026-$291,850	$63,001-$551,350
20%	$518,901 or more	$583,751 or more	$291,851 or more	$551,351 or more

Rule Exceptions: Not all assets qualify for these rates. For example, collectables such as fine art, antiques, rare coins, and precious metals are typically tax at 28%. Qualified Small Business Stock (IRC Section 1202) provides an exemption on a portion of gain the stock you sold you sold (often half or all) with the remainder typically taxed at 28% to prevent and double tax break. Deprecation recapture on property is taxed at 25%. Note the higher 20% rate also applies to qualified dividends.

Tax minimization strategy is to try to offset capital gains with capital losses by timing sales. Additionally, if your income is down in a particular year, you may want to realize some capital gains to make use of the lower brackets.

Virtual Currency/Cryptocurrency/NFT Sales: The IRS considers sale of cryptocurrency like Bitcoin sale of property and taxes it as a capital gain. Technically, every time you spend Bitcoin or similar cryptocurrencies for goods and services you are creating a sale. For example, if you have a Coinbase account and a Swift Card attached, every time you buy something, the federal government considers it a sale subject to capital gains. It is very important to keep accurate

records as the IRS is increasing its scrutiny of the ownership, sales and transactions in virtual currencies, including Yes/No checkbox made under penalties of perjury.
The IRS may consider sale of an NFT as a sale of a collectible taxed at 28% long-term rate. IRS issued request for public comment in March 2023. See this notice for details:
IRS issues guidance, seeks comments on nonfungible tokens | Internal Revenue Service

Net Investment Income Tax

In addition to capital gains tax and income taxes on dividends and interest, there is a Net Investment Income Tax (NIIT) at a rate of 3.8% that applies to certain investment income of individuals, estates and trusts that have modified adjusted gross income above the following statutory threshold amounts:

Filing Status	**Modified AGI Threshold Amount**
Single	$200,000
Married Filing Jointly	$250,000
Married Filing Separately	$125,000
Head of Household (with qualifying person)	$200,000
Qualifying Widow(er) with dependent child	$250,000

These threshold amounts are NOT indexed for inflation.

In general, investment income subject to NIIT includes capital gains, dividends, interest, rental and royalty income, non-qualified annuities, income from businesses involved in traded of financial instruments or commodities, and businesses that are passive activities to the taxpayers. Excluded from NIIT are active income such as wages, operating income from an active trader business, K-1 with ordinary income, tax-exempt interest and Alaska Permanent Fund Dividends.

Retirement Funding Limits 2023

Traditional IRA Roth IRA	$6,500 contribution limit plus $1,000 catch up contribution if you are over age 50. Traditional IRA contributions can be limited if you or your spouse is covered by a retirement plan at work. Roth IRA contribution is subject to income limits: single and head of household $138,000 with reduced amount up to $153,000; married filing jointly $218,000 with reduced amount up to $228,000, and $0-$10,000 for married filing separately when living with spouse.
401(k), 403(b), 457(b)	$22,500 elective deferral limit plus catch up contribution of $7,500 if you are age 50 or older, allowing for $30,000 maximum if 50 or older.
Maximum Defined Contribution Limit	The overall defined contribution limit from all qualified plans is $66,000. This is most relevant to self-employed **SEP/IRA** who are funding plan based on percentage of profit up to this limit.
SIMPLE IRA	$15,500 elective deferral plus $3,500 catch up contribution if you are over age 50 with option for employer to match another $3,000.

Retirement Funding Limits 2024

Traditional IRA Roth IRA	$7,000 contribution limit plus $1,000 catch up contribution if you are over age 50. Traditional IRA contributions can be limited if you or your spouse is covered by a retirement plan at work. Roth IRA contribution is subject to income limits: single and head of household under $146,000 with reduced amount up to $161,000; married filing jointly under $230,000 with reduced amount up to $240,00,000, and $0-$10,000 for married filing separately when living with spouse.
401(k), 403(b), 457(b)	$23,000 elective deferral limit plus catch-up contribution of $7,500 if you are over age 50.
Maximum Defined Contribution Limit	The overall defined contribution limit from all qualified plans is $69,000. This is most relevant to self-employed **SEP/IRA** who are funding plan based on percentage of profit up to this limit.
SIMPLE IRA	$16,000 elective deferral plus $3,500 catch up contribution if you are over age 50 with option for employer to match another $3,000.
Catch Up Contribution Changes	For participants attaining age 60, 61, 62 or 63 for plan years beginning after 12/31/2023, catch-up contribution is $10,000 for 401(k) and 403(b) and $5,000 for SIMPLE. However, if compensation is above $145,000, that catch-up is treated as a Roth Contribution (IRS Notice 2023-62 delayed implementation until 2026).

SECURE ACT 2.0 (passed in 2022 and overrides prior SECURE Act provisions): Pushes back beginning date for required minimum distributions (RMD) from qualified plans. Individuals turning age 72 during 2023 or later will start their RMD at age 73. For those reaching age 74 after December 31, 2032, their start date is age 74. For tax years beginning after 2024, employees who are age 60-63 years old can take advantage of new catch up contribution of $10,000. Catch up contributions those earning wages over $145,000 must designate all catch up contributions to designated Roth account effective for tax years after 2023 (delayed until 2026).

SECURE ACT 2021: Raises age for Required Minimum Distribution (RMD) to 75, but this is phased in over several years from 72 to 75. Increases catch up contributions for ages 62, 63 and 64 to $10,000 for participants in 401(k) and 403(b) and $5,000 for SIMPLE. Catch up contributions indexed to inflation starting in 2023. New employer option to creating matching program to help employees pay off student loans.

SECURE Act of 2019: Raises age for Required Minimum Distributions (RMD) to 72. Repeals the 70 ½ age limit for making contributions to Traditional IRA starting in 2020. Accelerates the RMD for non-spousal inherited IRAs to not exceed 10 years. Creates some new limitations on Qualified Charitable Distributions from IRA.

Tax Optimization Considerations

Tax law changes 2018-2021 added layers of complexity that offer new, creative ways of structuring your businesses, investments and income that will require very detailed analysis to identify optimal structure. We offer Tax Restructuring Services to help guide clients through adopting the ideal business structure that lawfully minimizes taxes.

Some major tax planning challenges are:

1. Proper structuring of business income and active real estate investing to qualify for new Section 199A deduction of 20% of qualified business income. This includes assessment of benefits of being LLC vs S corporation vs C corporation from the vantage point of all taxes and deductions, including income vs. FICA tax and deductions for QBID and retirement funding. Additionally, there are partial capital gain exclusions for sale of small business C corporation that do not apply to pass through entities (Section 1202). Therefore, careful long-term planning and optimization is recommended. Non-SSTB businesses may do better as LLC than S corp due to QBID.

2. Long term planning to see if it makes sense to claim Section 179 and bonus depreciation to the limit, which could create net operating losses which can only offset 80% of future income in a particular year. In many cases, especially start-ups, it makes sense to slow down the depreciation so it is claimed more evenly across years when profit is being earned.

3. Home ownership benefits are reduced by limiting state and local tax deductions. Benefits of rental property increase with new Section 199A QBI deduction under the assumption of net income from rental activities (most rental property operate at a loss given depreciation required). As a result, some clients have asked us to analyze if it makes more sense to not own a primary residence and to concentrate their real estate holdings into rental properties instead of homes. This could produce current year tax savings, but you would forfeit capital gain exclusions of $500,000 ($250,000 if single owner).

4. If you are an employee, you are no longer able to deduct unreimbursed employee business expenses. You are better off negotiating expense reimbursement plan with employer as part of your compensation.

TCJA Summary (effective 2018-2025)

The Tax Cut and Jobs Act (TCJA) became effective in 2018 and its provisions are set to expire at the end of 2025 unless extended. Major change was new Section 199A Qualified Business Income Deduction (QBID), numerous business tax law changes and lower individual rates, limited itemized deductions, and changes to AMT making it non-applicable unless you have major capital gains. Below we summarize current state of QBID and business tax law changes.

Section 199A QBID: 20% Deduction for Pass Through Income

Section 199A Qualified Business Income Deduction (QBID) is a complex formula to provide tax relief to unincorporated business owners and investors in qualified real estate investment trusts (REITs) and partnerships by excluding up to 20% of the qualified business income from taxation. While Congress sold this as a method to provide tax relief to small business owners organized as sole proprietors, LLCs, partnerships and S corporations as a companion to lowering C corporation tax rate to 21%, the Section 199A QBID is a complicated set of calculations to limit the deduction.

Section 199A taxes different professions and industries at different tax rates. Professionals in accounting, law, medicine, brokerage, investment advising, athletics, performing arts and consulting (producing advice instead of tangible deliverables) are deemed "specialized service trade of business" (SSTB) that are subject to income phase outs presented below. Architects, engineers and real estate professionals are specifically excluded from the SSTB income limitations by statute.

Non-service businesses, such as rental property, hotels/resorts, and K-1 ordinary income from publicly traded partnerships, are subject to a wage and capital tests, which provide advantages to capital intensive businesses, including commercial real estate.

The QBID is limited by income tests for SSTB service businesses, a wage and capital test for non-service businesses, and overall limitations based on taxable income (total income less adjustments to income such as retirement contributions, less either standard deduction or itemized deductions).

1. Taxable income limits apply to specialized service trade of businesses (SSTB) claiming Section 199A QBI deduction.
   - Single/HOH/MFS filer starts phasing out at $182,100 ($191,950 in 2024) and is completely phase out at $232,100 ($241,950 for 2024).
   - Married filing jointly (MFJ) filers start phasing out at $364,200 ($383,900 in 2024) and completely phased out at $464,200 ($483,900 in 2024).
   - If taxable income is within the phaseout range, then a partial deduction is available based on wage and capital test applicable to non-service businesses.

2. Income from non-service pass through businesses is limited by your share of wages paid and unadjusted cost basis of property once your taxable income exceeds SSTB limits:
   - Taxpayer either claims 50% of employer wages paid or 25% of wages plus 2.5% of the value of qualified property purchased and compare it to 20% of the taxpayer's qualified business income. You can claim the lower amount of the adjustment.

3. Overall limitation that applies to all scenarios is that QBID cannot exceed 20% of taxable income, which is income after adjustments to income and standard or itemized deductions. Suppose taxpayer is Schedule C with $100,000 net profit, fully funds

SEP/IRA at $20,000, has self-employed health insurance premiums of $6,000, can automatically claim half self-employment tax ($7,500) and claims standard deduction of $12,950. That results in taxable income of $54,300. While 20% of QBI is $20,000, 20% of taxable income is $10,860, so you can only claim the lower amount of $10,860 as the QBID deduction. These numbers would flow a bit differently on a S corporation.

4. QBID losses carryforward so if you are self-employed or have qualified rental property that lost $10,000 in 2022 but made $15,000 in 2023, your qualified business income for 2023 decreases to $5,000 due to loss carryforward.

The 20% Section 199A QBID can be tremendous tax benefit if properly structured. If you earn $100,000 of income from pass-thru business, rental real estate or estate/trust, you are receiving a $20,000 tax deduction before the limitations listed above are applied. When multiplied against a 22% marginal tax rate, that's $4,400 in federal tax savings.

IRS regulations are still ambiguous and largely untested in certain areas. IRS Reg 107892-18 and Publication 535 Business Expenses (with new QBID section and expanded clarifications of SSTB) are the current guidance.

We can speculate on how the IRS will develop audit programs for QBID and exhibit extreme care in reporting to minimize audit risk.

Tax Planning Tips to Maximize QBID Benefits and Avoid Limitations

The S corporation is now a more powerful tax savings tool. As before, the pass-through income from an S corporation is not subject to FICA tax (15.3% for self-employed). The new 20% net qualified business income deduction of 20% has additional value (the QBI deduction amount times your marginal tax rate which is about 5 cents on the dollar for 24% marginal tax rate).

Should everyone seek to become an S corporation? Not so fast. There are a lot of rules on different entities that have unforeseen effects. Most professionals do well under S corporation. S corporation audit risk is higher because of ambiguous rule that officer-owners must pay themselves "reasonable compensation" (i.e. wages). If your company is to be sold for a large capital gain at least five years out, then a domestic C corporation is needed to qualify for Section 1202 qualified small business stock gain exclusion (can be 50% to 100% based on timing and aggregate amount). Also, a non-SSTB like real estate agent would generate more QBID as LLC (Schedule C) than S corporation, but QBI is phased out when income is too high. Planning and calculations are necessary to optimize.

Some may seek to form multiple entities to create maximum flexibility. One example could be owner of rental real estate who also performs their own property management, opportunities exist to have separate entities own the real estate who in turns hires the management company (an S-corporation that will pay W-2 wages). If your business has revenues streams from specified trade or business and non-SSTB, then you likely want to separate those income streams into separate business entities. Additionally, if you have business activities that are SSTB and others that are non-SSTB, separating them into separate legal entities is likely advisable.

If you are a real estate investor, in order to qualify you must be able to demonstrate you are actively operating a real estate business, instead of merely a passive investment, by proving you are spending substantial time actually engaged with the real estate. There are some separate rules (not fully written) that will apply to what is required for income from publicly traded REITS and partnerships to qualify.

Most of our clients with rental property, however, are probably in the passive income category but since most of those rental properties operate at a loss (after depreciation is considered) we do not see much impact on the QBI deduction. However, as always, we will be vigilant in claiming what you are legally able to.

Businesses Tax Law Changes

The TCJA made very significant changes to business taxation (including self employed income on Schedule C and K-1 and rental income on Schedule E). The CARES Act reversed some of the provisions designed to increase revenue to offset lower rates. The most significant changes in TCJA with 2020 revisions and summarized below.

Lower Corporate Tax Rate: New corporate income tax rate (C corporations) for 2018 and beyond is 21% flat tax, down from graduated rates structure with 35% top rate also served as flat rate for all qualified personal service corporations. This is designed to make the USA competitive with the rest of the world which averages 22.5%. While owner-operators of C corporations typically drain income as salary and retirement plan contributions to avoid double taxation, larger enterprises cannot do so and will substantially benefit from rate reduction. Accumulated Earnings Tax still applies to prevent businesses from hoarding income beyond the reasonable needs of the business (a complicated subject and subjective standard that will not apply to most C corporation small business owners).

Personal Tax Deduction for 20% of Pass Through Qualified Business Income: There continues to be a "below the line" (i.e. after calculation of adjusted gross income) equal to 20% of qualified business income from a pass-through entity such as a sole proprietorship, S Corp. or partnership (Section 199A detailed above).

Businesses Can Immediately Expense More Property Under New Tax Law: Under accounting standards, when businesses acquire assets, they recognize the cost over the useful life of the asset, not upon purchase. We call this depreciation and amortization. Tax law seeks to accelerate the speed of write off through **Section 179** immediate expensing and **Bonus Depreciation** rules to encourage more fixed investments. Not all states recognize federal rules.

Section 179 limit is increased to $1 million for 2018 and $2.5 million thereafter. Bonus Depreciation percentage is increased from 50% to 100% for certain qualified property acquired and placed in service after September 27, 2017 and before January 1, 2023. After 2022, the allowable bonus depreciation percentage decreases by 20 percent per year.

For bonus depreciation the "new property" requirement is removed and replaced with taxpayer's first use. Bonus depreciation applies to eligible personal property under section 1245 of tax code, generally considered movable property such as equipment and furniture. Special rules and limitations apply to vehicles. To qualify for 100 percent bonus depreciation, all of the following conditions must be met: (i) taxpayer or its predecessor did not use the property at any time before acquiring it; (ii) the taxpayer did not acquire the property from a related party; (iii) the taxpayer did not acquire the property from a component member of a controlled group of corporations; (iv) the taxpayer's basis of the used property is not figured in whole or in party by reference to the adjusted basis of the property in the hands of the seller or transferor; (v) the taxpayer's basis of the used property is not figured under the provision for deciding basis of property acquired from a decedent; and (vi) the cost of the used property eligible for bonus depreciation does not include basis of property determined by reference to the basis of other property held at any time by the taxpayer (e.g. in a like-kind exchange or involuntary conversion).

As a result of these provisions, new investments of qualified property, plant and equipment (excluding real estate) can be immediately expensed when taxpayer first use is after September 27, 2017 and before January 1, 2023.

Nonresidential Real Estate – New Rules for Qualified Improvement Property: Depreciation for real estate has several components. First you must separate out the value of land and are prohibited from depreciating land. Next, residential real estate is depreciated over 27.5 years and nonresidential real estate over 39 years. No changes in new tax law to these rules. What has changed is what qualifies for bonus depreciation (see above) and how you treat nonresidential leasehold improvements.

TCJA has new term **"Qualified Improvement Property"** which consists of improvements to interior of nonresidential real property. These improvements must have been placed in service after the building was first placed in service. Qualified improvement property excludes enlargements to the building, a building's elevators and escalators, changes the internal structural framework of the building, roofs, HVAC, fire protection systems, alarm systems and security systems. Qualified Improvement Property is generally eligible for Section 179 expensing up to $1 million and Bonus Depreciation, meaning depreciation of 100% in current year if placed in service after in 2018 and later.

Individual Tax Rates for 2023 and 2024

Tax brackets are inflation adjusted every year. Below please find two tables for 2023 and 2024 brackets and tax rates for each filing status.

Individual Tax Rates for 2023

Single Filers Individual Tax Rates 2023

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,000	10% of taxable income
12%	$11,000 to $44,725	$1,100 plus 12% of the amount over $11,000
22%	$44,726 to $95,237	$5,147 plus 22% of the amount over $44,725
24%	$95,376 to $182,100	$16,290 plus 24% of the amount over $95,375
32%	$182,101 to $231,250	$37,104 plus 32% of the amount over $182,100
35%	$231,251 to $578,125	$52,832 plus 35% of the amount over $231,250
37%	$578,126 or more	$174,238 plus 37% of the amount over $578,125

Married Filing Jointly Individual Tax Rates 2023

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $22,000	10% of taxable income
12%	$22,001 to $89,450	$2,200 plus 12% of the amount over $22,000
22%	$89,451 to $190,750	$10,294 plus 22% of the amount over $89,450
24%	$190,751 to $364,200	$32580 plus 24% of the amount over $190,750
32%	$364,201 to $462,500	$74,208 plus 32% of the amount over $364,200
35%	$462,501 to $693,750	$105,664 plus 35% of the amount over $462,500
37%	$693,751 or more	$186,602plus 37% of the amount over $693,750

Married Filing Separately Individual Tax Rates 2023

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $10,275	10% of taxable income
12%	$14,651 to $41,775	$1,028 plus 12% of the amount over $10,275
22%	$41,776 to $89,075	$4,808 plus 22% of the amount over $41,775
24%	$89,076 to $170,050	$15,214 plus 24% of the amount over $89,075
32%	$170,051 to $215,950	$34,648 plus 32% of the amount over $170,050
35%	$215,951 to $323,925	$49,336 plus 35% of the amount over $215.950
37%	$323,926 or more	$87,127 plus 37% of the amount over $323,925

House of Household Individual Tax Rates 2023

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $14,650	10% of taxable income
12%	$14,651 to $55,900	$1,465 plus 12% of the amount over $14,650
22%	$55,901 to $89,050	$6,415 plus 22% of the amount over $55,900
24%	$89,051 to $170,050	$13,708 plus 24% of the amount over $89,050
32%	$170,051 to $215,950	$33,148 plus 32% of the amount over $170,050
35%	$215,951 to $539,900	$47,836 plus 35% of the amount over $215,950
37%	$539,901 or more	$161,219 plus 37% of the amount over $539,900

Individual Tax Rates for 2024

Single Filers Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,600	10% of taxable income
12%	$11,601 to $47,150	$1,160 plus 12% of the amount over $11,600
22%	$47,151 to $100,525	$5,426 plus 22% of the amount over $47,150
24%	$100,526 to $191,950	$17,169 plus 24% of the amount over $100,525
32%	$191,951 to $243,725	$39,111 plus 32% of the amount over $191,950
35%	$243,726 to $609,350	$55,679 plus 35% of the amount over $243,725
37%	$609,351 or more	$183,647 plus 37% of the amount over $609,350

Married Filing Jointly Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $23,200	10% of taxable income
12%	$23,201 to $94,300	$2,320 plus 12% of the amount over $23,200
22%	$94,301 to $201,050	$10,852 plus 22% of the amount over $94,300
24%	$201,051 to $383,900	$34,337 plus 24% of the amount over $201,050
32%	$383,901 to $487,450	$78,221 plus 32% of the amount over $383,900
35%	$487,451 to $731,200	$111,357 plus 35% of the amount over $487,450
37%	$731,201 or more	$196,670 plus 37% of the amount over $731,200

Married Filing Separately Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,600	10% of taxable income
12%	$11,601 to $47,150	$1,160 plus 12% of the amount over $11,600
22%	$47,151 to $100,525	$5,426 plus 22% of the amount over $47,150
24%	$100,526 to $191,950	$17,169 plus 24% of the amount over $100,525
32%	$191,951 to $243,725	$39,111 plus 32% of the amount over $191,950
35%	$243,726 to $365,600	$55,679 plus 35% of the amount over $243,725
37%	$365,601 or more	$98,335 plus 37% of the amount over $365,600

House of Household Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $16,550	10% of taxable income
12%	$16,551 to $63,100	$1,655 plus 12% of the amount over $16,500
22%	$63,101 to $100,500	$7,241 plus 22% of the amount over $63,100
24%	$100,501 to $191,950	$15,469 plus 24% of the amount over $100,500
32%	$191,951 to $243,700	$37,417 plus 32% of the amount over $191,950
35%	$243,701 to $609,350	$53,977 plus 35% of the amount over $243,700
37%	$609,350 or more	$181,955 plus 37% of the amount over $609,350