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Proactive Year-end Tax Planning for 2023 and Beyond

One of our main goals as holistic financial professionals is to help our clients recognize tax reduction opportunities within their investment portfolios and overall financial planning strategies. Staying current on the ever-changing tax environment is a key component to helping our clients benefit from potential tax reduction strategies.

Other than some IRS inflation adjustments, calendar year 2023 has brought limited changes in tax laws for individuals. **This report focuses on information that could be helpful for individuals in conjunction with tax planning for calendar year 2023. It also has a section that shares some of the tax laws that are currently set to sunset at the end of 2025.**

Remember, the *Tax Cuts and Jobs Act (TCJA)* enacted in 2017 brought many changes to the tax code. The *Tax Cuts and Jobs Act* included many provisions for individuals that took effect in 2018 but are currently set to expire after 2025. One big uncertainty for all taxpayers is what will happen to the tax code after 2025.

As financial professionals, we try to be proactive. The primary objective of this report is to share strategies that could be effective if considered and implemented before year-end. Please note that this report is not a substitute for using a tax professional. In addition, many states do not follow the same rules and computations as the federal income tax rules. Make sure you check with us to see what tax rates and rules apply for your state.



Income Tax Rates for 2023

For 2023 there are still seven tax rates. They are 10%, 12%, 22%, 24%, 32%, 35%, and 37%. Under current law this seven-rate structure will phase out on January 1, 2026.

Tax Rate	Single	Married/Joint & Widow(er)	Married/Separate	Head of Household
10%	\$0 to \$11,000	\$0 to \$22,000	\$0 to \$11,000	\$0 to \$15,700
12%	\$11,000 to \$44,725	\$22,000 to \$89,450	\$11,000 to \$44,725	\$15,700 to \$59,850
22%	\$44,725 to \$95,375	\$89,450 to \$190,750	\$44,725 to \$95,375	\$59,850 to \$95,350
24%	\$95,375 to \$182,100	\$190,750 to \$364,200	\$95,375 to \$182,100	\$95,350 to \$182,100
32%	\$182,100 to \$231,250	\$364,200 to \$462,500	\$182,100 to \$231,250	\$182,100 to \$231,250
35%	\$231,250 to \$578,125	\$462,500 to \$693,750	\$231,250 to \$346,875	\$231,250 to \$578,100
37%	\$578,125 or more	\$647,851 or more	\$346,875 or more	\$578,100 or more