

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Payroll and Benefit Parameters Set by the IRS for 2023

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posted November 14, 2022

Each tax year, the Internal Revenue Service (IRS) designates changes in the various payroll and benefit parameters. The following will be in effect starting January 1, 2023:

Social Security Taxes

- Social Security tax earnings base is \$160,200 (up from \$147,000 in 2022)
- An additional employee-only Medicare tax of 0.9% applies to wages in excess of \$200,000 for single taxpayers and \$250,000 for married taxpayers filing jointly; however, an employer must withhold additional Medicare tax from wages paid to an individual in excess of \$200,000 in a calendar year, without regard to the individual's filing status or wages paid by another employer (no change from 2022)

Health Savings Accounts

- Minimum deductible for high-deductible health plans is \$1,500 for single coverage and \$3,000 for family coverage (up from \$1,400 and \$2,800, respectively, in 2022)
- Maximum annual out-of-pocket limit for high-deductible health plans is \$7,500 for single coverage and \$15,000 for family coverage (up from \$7,050 and \$14,100, respectively, in 2022)
- Maximum contribution to a health savings account is \$3,850 for single coverage and \$7,750 for family coverage (up from \$3,650 and \$7,300, respectively, in 2022)
- Maximum "catch-up" contribution (age 55 or over) is \$1,000 for single and family coverage (unchanged from 2022)

Flexible Spending Accounts

- Maximum pre-tax contribution to health care reimbursement flexible spending accounts is \$3,050 (up from \$2,850 in 2022)

Section 403(b) Tax-Sheltered Annuities

- Maximum amount of employee elective deferrals is \$22,500 (up from \$20,500 in 2022)
- Employees ages 50 and older—who also meet other requirements—can make up to \$7,500 in additional catch-up contributions (up from \$6,500 in 2022)

Section 457 Deferred Compensation Plans

- Maximum amount of employee elective deferrals is \$22,500 (up from \$20,500 in 2022)
- Employees ages 50 and older—who also meet other requirements—can make up to \$7,500 in additional catch-up contributions (up from \$6,500 in 2022)

Travel Expenses

- Per diem rates (or “high-low” standard) can all be found on the U.S. General Services Administration [website](#)
- The IRS has not yet announced the mileage reimbursement rate for 2023; we will provide that information once it becomes available