

MAGI Deductions Guide for Stakeholders 2023

These deductions are only allowable when they belong to someone in the tax filing unit or in the household (for non-filers).

Deduction Type	Explanation of Allowable Deductions	Maximum Amount
Student Loan Interest	<p>Deduction for interest paid on student loans. Loans must have been used for qualifying educational expenses while attending an educational institution. Principle payments are not deductible.</p> <p>The loan payments must be for the individual, their spouse, or their tax dependents (for tax filers) or their children in the household (for non-filers).</p>	<p>\$2500/year</p> <p>\$208.33/month</p>
Moving Expenses for members of the Armed Forces	<p>Deductions for members of the Armed Forces on active duty and due to a permanent military order move.</p>	<p>Variable</p>
Spousal Support/Alimony	<p>Deduction for court ordered spousal support/alimony with a court order date prior to 1/1/2019. Does not include voluntary alimony payments or child support payments.</p>	<p>Variable</p>
Health Savings Account	<p>Deductions for contributions made to a pre-tax or tax-deductible health savings account designated for medical related expenses.</p> <p>Prospective limits for 2021 are \$3,650 and \$7,300, respectively.</p>	<p>Individual \$3,850/year or \$320.83/month</p> <p>Family \$7,750/year or \$645.83/month Add an additional \$1,000/year if the individual is age 55 or older</p>
Pre-Tax Retirement Account	<p>Deduction for contributions made to a pre-tax retirement account.</p> <p>Excludes the following contributions:</p> <ul style="list-style-type: none"> • Roth IRA - contributions are after-tax and are not deductible as taxes are paid up front <p>SIMPLE IRA - contributions are made pre-tax and thus, not deductible</p>	<p>Age 49 or below \$6,500/year or \$541.67/month per individual</p> <p>Age 50 or older \$7,500/year or \$650/month per individual</p>

Self-Employment Tax	Deduction for tax paid to the federal government to fund Medicare and Social Security for self-employed individuals who net more than \$400 per year or employees of churches or church organizations with income of more than \$108.28 per year.	Variable
Self-Employment Retirement Plan	Deduction for contributions made to a self-employment retirement plan including SEP, Simple, or Qualified Plan	Variable
Self-Employment Health Insurance	Deduction for contributions made to self-employment health insurance plans.	Variable
Educator Expenses	Deduction for expenses for unreimbursed educator expenses (e.g. books, supplies, and other equipment). The individual must be a licensed educator (teaching K-12 and works 900+ hours per school year).	\$300/year per educator \$25/month per educator
Penalty on Early Withdrawal of Savings	Deduction for penalty on withdrawal of funds from a certificate of deposit or other deferred interest account before maturity.	Variable
Certain Claimable Business Expenses of U.S. Reservists, Performing Artists, and Fee-Based Government Officials	Deduction for U.S. reservists, performing artists, or fee-based government employees who have expenses necessary for their job, including travel of more than 100 miles.	Variable