



Your Checklist for Tax Preparation

These items are needed so we can prepare your taxes.

- ✓ **Income:** All W-2 Forms and 1099 Forms (self-employed).
- ✓ **Other income and losses:**
 - Gambling, prizes, royalty, and alimony paid/received.
- ✓ **Savings and investment/dividends:**
 - Interest/dividend income
 - Income – sales of stock
 - Income – other property
 - Health Savings Account
 - Cryptocurrency transactions
- ✓ **1099-R forms (retirement):**
 - Pension/IRA/annuity
- ✓ **Estimated tax payments made for Tax Year 2023:** Bring us these records.
- ✓ **Charitable donations:** Bring us your receipts or the notation amount.
- ✓ **Health Insurance - Form 1095-A:** Shows enrollment in an insurance plan through the Marketplace (Exchange).
- ✓ **Education:** 1098-E shows interest; 1098-T shows tuition/other expenses.
- ✓ **Teachers - classroom expenses:** Educators in grades K-12 qualify for a deduction up to \$300.

Federal Reporting Requirement for Businesses Set for January 1, 2024

Starting January 1, 2024, many companies (not all) will be required to report information to the U.S. Government about their beneficial owners (the persons who ultimately own or control the company). This required registration is for inclusion in a database with the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN). This registration is part of the Corporate Transparency Act passed by Congress in 2021, which was designed to identify and ferret out criminals, money launderers, and other bad actors who use companies to conceal their identities and bad deeds. This will also help minimize the burden on entities doing business in the United States. The reporting will be done online only on FinCEN's website (www.fincen.gov/boi) and should be available after January 1 (it is currently being developed). Be sure to visit this website and view the FAQ page to see if your business is exempt from this reporting requirement.



1099-K Changes – Deferred Again

The American Rescue Plan had put in place a rule for cash apps, eBay, Venmo, etc. to issue 1099-K forms to those individuals receiving greater than \$600. This rule has been pushed back for the second year to 2024. They have also raised the limit to \$5,000 for 2024 reporting.

If you do receive a 1099-K form this year, be sure to provide it to us so we can review it and report it properly to minimize income tax or determine that tax does not apply.

INDIVIDUAL TAX TOPICS: 2023 Tax Year

Itemized Deductions

- Need to total more than the Standard Deduction.
- State taxes and real estate taxes are still capped at \$10,000.
- Medical expenses that exceed 7.5% of adjusted gross income can be deducted (same as last year).
- Non-cash donations are limited to 30% of adjusted gross income if held for over one year, and cash donations are limited to 60%.

Gifting

The annual gift limit has increased to \$17,000.

Required Minimum Distribution

Individuals who turned age 73 in 2023 needed to either take their first RMD distribution in 2023 or take it by April 1, 2024 (for IRA and 401(k) accounts). If you don't need the income, you can send the money directly to a charity. While you do not get a deduction for this, it is not considered income.

Child Tax Credit - This credit is \$2,000.

Energy-Efficient Home

Improvements / Residential Clean Energy Improvements

New credits for home improvements went into effect for Tax Year 2023 and can provide you with tremendous tax benefits. If you installed a new furnace, A/C, boiler, heat pump, water heater, woodstove, windows, doors, insulation, or solar or battery storage, please be sure to provide us with copies of your invoices.

Electric or Hybrid Vehicles

If you made this type of purchase, please provide us with this invoice as well.

Two Things to Keep in Mind Throughout the Year

The Working Relationship Between You, Your Accountant, and Your Financial/Banking Advisor is an Important One

If you receive services from both an accountant and a financial/banking advisor, they both play an important role in helping you plan for your future and they often work together to help you achieve your financial goals. Be sure to inform both individuals of the services you receive from each so all can work together to help you plan for your future.



Review Your Business Status Mid-Year to Help Plan for Tax-Deductible Investments

It is beneficial to review your business status mid-year so you can then visit with your accountant before year-end to discuss any tax planning topics. There may be tax-deductible investments you should make before year-end that could affect your tax filing. These investments could include business upgrades, capital investments, or purchasing new equipment or materials.



BUSINESS TAX TOPICS: 2023 Tax Year

1099 Form - This needs to be issued to those individuals you paid at least \$600 for services or rent. You must issue these forms by January 31, 2024.

Bonus Depreciation - Bonus depreciation is starting to be phased out and only 80% of equipment can be bonus depreciation for 2023. However, Section 179 is still available to write off 100%. This can be used to expense up to \$1,160,000 of eligible property. Spending more than \$2,890,000 on qualified property will reduce this deduction.

Section 199A Deduction - Through this deduction, the Internal Revenue Code continues to offer up to a 20% deduction of income from each qualified trade or business.

2024 Wage Cap and Social Security Payroll Tax - The wage cap for Social Security Payroll Tax for Tax Year 2024 increases to \$168,600 (up from \$160,200 for tax year 2023). Employers should adjust payroll systems to account for the higher wage base for this tax and inform employees that more of their pay will be subject to payroll withholding.

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Be sure to visit our website for detailed information on articles presented in this newsletter and use it as a resource for forms, IRS alerts, tax tips, and more.

TAX YEAR 2023:

Mileage Rates

PURPOSE	RATE PER MILE
- Business	65.5 cents
- Medical - Moving for Military (member of the Armed Forces on active duty, move is due to permanent change of station)	22 cents
- Charity	14 cents

Here's who can consider deducting their mileage for business:

- Small business owners and self-employed individuals.
- Independent contractors such as rideshare drivers.
- Drivers traveling specifically for volunteer work or medical reasons.

Standard Deduction Amounts

FILING STATUS	STANDARD DEDUCTION
- Single - Married Filing Separately	\$13,850 <u>Age 65 and over:</u> \$15,700
- Head of Household	\$20,800 <u>Age 65 and over:</u> An additional \$1,850
- Married Filing Jointly - Surviving Spouses	\$27,700 <u>Age 65 and over:</u> An additional \$1,500 for each spouse
- Blind Individuals	Can add an extra \$1,500 to their standard deduction – that jumps to \$1,850 if they are unmarried and not a surviving spouse.

TAX YEAR 2023: Federal Income Tax Brackets

Rate	Unmarried Individuals (other than Surviving Spouses and HOH)	Married Filing Jointly; Surviving Spouses	Married Individuals Filing Separate Returns	Head of Household (HOH)
10%	Up to \$11,000	Up to \$22,000	Up to \$11,000	Up to \$15,700
12%	\$11,001 to \$44,725	\$22,001 to \$89,450	\$11,001 to \$44,725	\$15,701 to \$59,850
22%	\$44,726 to \$95,375	\$89,451 to \$190,750	\$44,726 to \$95,375	\$59,851 to \$95,350
24%	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,376 to \$182,100	\$95,351 to \$182,100
32%	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250	\$182,101 to \$231,250
35%	\$231,251 to \$578,125	\$462,501 to \$693,750	\$231,251 to \$346,875	\$231,251 to \$578,100
37%	Over \$578,125	Over \$693,750	Over \$346,875	Over \$578,100

Source: <https://irs.com/en/articles/2023-federal-income-tax-brackets-rates-standard-deductions>

It's important to remember that moving up into a higher tax bracket does not mean all of your income will be taxed at the higher rate. Only the money you earn within a particular bracket is subject to the corresponding tax rate.