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## 2023 TAX TIPS

### 2023 TAX BRACKETS

The income limits for all 2023 tax brackets and all filers will be adjusted for inflation and will be as follows:

- 35% for incomes over \$231,250 (\$462,500 for married couples filing jointly);
- 32% for incomes over \$182,100 (\$364,200 for married couples filing jointly);
- 24% for incomes over \$95,375 (\$190,750 for married couples filing jointly);
- 22% for incomes over \$44,725 (\$89,450 for married couples filing jointly);
- 12% for incomes over \$11,000 (\$22,000 for married couples filing jointly).
- 10% for incomes under \$11,000 (\$22,000 for married couples filing jointly).

The top marginal income tax rate of 37 percent will hit taxpayers with taxable income above \$539,900 for single filers and above \$693,750 for married couples filing jointly.

### RETIREMENT PLANS: 401(K) & IRA

To account for inflation and an increased cost of living, the IRS bumped up 401(k) and IRA retirement plan contribution limits for 2023.

If you contribute to a 401(k) or 403(b), you can now put in up to \$22,500 a year (up from \$20,500). You can also contribute an extra \$7,500 as a catch-up contribution if you're 50 or older.

If you have a traditional or Roth IRA, you can now contribute up to \$6,500 (up from \$6,000). If you're 50 or older, you can put in an extra \$1,000

## Minimizing Your Taxes for 2023

### For those of you filing

#### Individual Tax Returns

1. Pay January's mortgage, property tax and medical bills in December of 2023
2. The Educator Expense deduction is now \$300
3. Consider tax free investments such as Municipal bonds and other tax-free investments.
4. 401K's, IRA's and other tax sheltered investments to defer taxable income is also advisable. This can also make you eligible for the Retirement Savings Contributions Credit which could reduce tax liability up to \$2,000 depending on your filing status, income and contributions made to 401K or an IRA.
5. Donate items to non-profit organizations. Remember to get receipt for donations and list items donated and values.
6. Second mortgages and lines of credit on your home can be deducted on your tax return if money is invested in property.
7. Selling losing stocks or mutual funds would help up to \$3,000 in losses
8. Tax free saving bonds are another approach to save for college. Interest escapes taxes when used to pay college.
9. Casualty losses are deductible with federally declared disaster events.

10. If Social Security benefits were your only income, your benefits are not taxable and you do not need to file a federal income tax return. If you have other substantial income in addition to your benefits, such as wages, self-employment, and other taxable income you are required to file and report your social security benefits. You may be required to pay taxes on up to 85% of your Social Security benefits if you file a Federal tax return as an "individual" and your "combined income" exceeds \$25,000 or a joint return, and you and your spouse have "combined income" of more than \$32,000.

11. Individuals may deduct qualified contributions of up to 100 percent of their AGI.

### For those of you with

#### Businesses

1. Businesses are eligible for the 20% tax cut on profits called Qualified Business Income. Sole proprietors, S-Corp, and LLC are eligible. Total taxable income in 2023 must be under \$182,100 for single filers or \$364,200 for joint filers to qualify
2. Consider hiring your children under age 18. They can earn up to \$13,850 without being taxed.
3. Create SEP retirement plans up to \$66K through the business and lower taxes in the process.

4. Section 179 limit is \$1,160,000 in 2023. Bonus Depreciation has been extended indefinitely. You can deduct 100% of the value of qualified property in the first year.

5. The IRS allows you to use one of two methods to calculate your home office deduction. The simplified method, doesn't take your expenses into account and yields a maximum deduction of \$1500. However, the regular method does allow you to deduct a percentage of Rent or mortgage payments, Homeowners insurance or renters insurance, Property tax, Mortgage interest, Repairs, utilities, or other office expenses

6. Owner of LLC's and S-Corporations need to know what your basis is in the company. You are only allowed to deduct losses up to your basis in the business.

7. The 2023 IRS mileage rates are: 65.5 cents per mile for business purposes. 22 cents per mile for medical and moving purposes. 14 cents per mile for charitable purposes.

### For those of you with

#### Foreign Income

1. Foreign earned income exclusion is up to \$120,000 for those working out of the country 330 days or more.

### Things to bring to Appointment

- ♦ W-2's & 1099 Forms. Income from all sources including withdrawals from retirement accounts and royalties.
- ♦ Drivers license for both taxpayer and spouse. Birth Certificate and social security card for all dependents.
- ♦ Proof that dependents reside in your home.
- ♦ Child Care Expenses.
- ♦ Form 1098-T for claiming the education credit or deduction for college dependents.
- ♦ Mortgage interest and property tax statements on all property you own.
- ♦ All medical expenses paid if they exceed 7.5% of your AGI.
- ♦ All charitable contributions (Must provide proof of all contributions).
- ♦ Gains or losses on sale of real estate, stocks, business assets, and cryptocurrency
- ♦ Cancellation of debts.
- ♦ Income and expenses related to investment property.
- ♦ Contributions to all retirement plans.
- ♦ Settlement sheet if you purchased or sold a home in 2023.
- ♦ Casualty losses and thefts- Only Federal Disasters can be claimed as casualty losses.
- ♦ If working out of the country, we need the dates you are out of the country and what country you worked in and any taxes paid to that country.
- ♦ Bring Annual Summary of Crypto gain/loss sheets.

### 1099-K CHANGES

A lot more people will have to file a 1099-K in 2024, especially those who own a small business or have a side hustle. You'll receive a 1099-K form during tax season 2024 if you accept payments for goods or services over a third-party network (think Venmo, PayPal, Stripe, Square, Zelle and Cash App) that are more than \$600, even if it's just one transaction over \$600

## IMPORTANT DUE DATES TO REMEMBER

- ♦ March 15th— 1065 and 1120S returns are due. Also extension to file return late is due.
- ♦ April 15th— 1040 Series and 1120 returns are due. Also extension to file 1040's and 1120 are due.
- ♦ May 15th— 990 returns are due. Also extension to file return late is due.
- ♦ September 15th— 1120S and 1065 returns that filed for extensions are due.
- ♦ October 15th— 1040 Series and 1120 returns that filed for extensions are due.
- ♦ November 15th— 990 returns with extensions are due.

Remember the extension does not relieve you of penalties and interest associated with tax liabilities. They only relieve you from failure to file penalties and interest. Payments are due on the original due date. If you think you will owe you should make an estimated tax payment before the due date.

The IRS is penalizing businesses for returns that are not filed on time or past the extension deadline. They will abate the penalties one time. After that you must show reasonable cause as to why your return was not filed in a timely manner.

**IF YOU REQUIRE AN EXTENSION, YOU MUST CONTACT OUR OFFICE AT LEAST TWO BUSINESS DAYS BEFORE THE EXTENSION DUE DATE IN ORDER TO ENSURE YOUR EXTENSION HAS BEEN FILED AND ACCEPTED BY THE IRS.**



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## Additional Tips

- ♦ \*Cryptocurrency is treated as property such as stocks and bonds. You should have an ICO number and know what exchange is being used. There is a gain or loss on every transaction.. You should receive a statement of activity from your investment advisor.
- ♦ \*The standard deduction amount will increase to \$13,850 for individuals, \$20,800 for heads of household, and \$27,700 for married couples filing jointly and surviving spouses.
- ♦ \*Maximum Earned income credit is \$7430 with three or more qualifying children, \$6604 with two qualifying children, \$3995 with one qualifying child and \$600 with no qualifying children.
- ♦ \*Earned income and AGI must each be less than \$56,838(\$63,698 MFJ) with three or more qualifying children, \$52,918 (\$59,478 MFJ) with two qualifying children, \$46,650(\$53,120 MFJ) with one qualifying child and \$17,640 (\$24,210 MFJ) with no qualifying children to receive EIC.
- ♦ The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$22,500. Limits on contributions to traditional and Roth IRAs has also increased to \$6500.
- ♦ Student loan interest paid is a deduction up to \$2500