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**GENERAL ITEMS OF INTEREST
PERTAINING TO TAX YEAR 2023**

STANDARD MILEAGE RATES ADJUSTED JULY 1, 2022

	Rates 1/1 – 12/31/23
Business Rate	62.5 cents per mile
Medical/Moving Rate	22 cents per mile
Charitable	Unchanged at 14 cents per mile

- Breaking your mileage into those timeframes will be necessary

SECURE 2.0 – passed by Congress 12/23/22

- Increases the age at which required minimum distributions must begin to age 73 (from 72 as changed in the 2019 Secure Act) This only applies to distributions beginning in 2024
- Implements higher “catch up” limits for those age 60 to 63 beginning after 2023.
- Establishes new “starter” type 401k plans with employer credits when no prior plan existed.
- Changes the enhanced saver’s credit currently available and removes the refund option
- There are many more provisions under this act that will be available in more detail in 2024

TAX FACTS:

- Charitable donations are deductible **only** if itemizing deductions
- I check every return for tax saving opportunities including filing as married filing separate.
- 1099-K forms **may** be sent to anyone receiving \$600 or more from any third-party merchant (PayPal, E-bay, Venmo, etc)
 - You **MUST** provide those forms to me (if received), with an explanation of what the payments were for
- There is no maximum age for Traditional IRA contributions. Individuals **OF ANY AGE**, with enough compensation, can make contributions to a Traditional IRA (prior to this change funding was not allowed after age 70.5)
- NYS residents potentially qualify for a Real Property Tax credit calculated on their resident income tax returns. To properly calculate the credit, I need all property tax bills paid in 2023 and amounts of all property tax rebates received.
- Penalty free retirement withdrawals for births and adoptions up to \$5,000 (for each spouse)
- Forgiveness of student loan debt from 2022 through 2025 is not includible in gross federal income.

**** BE AWARE THAT NYS IS NOT FOLLOWING MANY OF THE FEDERAL CHANGES NOTED ABOVE ****

Estate Tax and gift tax thresholds increased in 2023 to \$12.92 million and in 2024 to \$13.61million for federal exclusion purposes and \$6.580 million to \$6.94 million, respectively, for NYS exclusion purposes.

Tax Identity Theft

Tax-related identity theft occurs when someone uses another person’s Social Security Number to file a tax return and claim a fraudulent refund. If you have been notified by the IRS that you, your spouse or any dependent’s information may have been stolen, you can file a Form 14039 Identity Theft Affidavit to request a special personal identification code to use on your tax returns. The IRS will flag your account and only returns containing that unique PIN number will be accepted.

Charity

ALL deductions of any amount must have a receipt. Unsubstantiated cash donations are NOT allowable. Any single contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date given, amount of any individual contribution over \$250 and must state whether any goods or services were received in return for the contribution. All other donations paid by check or credit card should be listed with the date, charity name, amount and method of payment noted on a list. Please provide the list of your deductions with the appropriate documentation to support the amount being claimed. The ability to donate your RMD (required minimum distribution from an IRA) directly to a charitable organization was made permanent. (As permanent as tax law can be.)

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GENERAL ITEMS OF INTEREST PERTAINING TO TAX YEAR 2023 – continued

Foreign Accounts

If you have a bank or investment account, retirement account, or business interest with a value over \$10,000 in a foreign country, or a foreign business ownership (not through a mutual fund), please let me know as some special rules will apply to you. There are substantial penalties for failure to disclose these items. All earnings on these accounts are reportable on your tax return.

Mortgage Interest

For every return deducting mortgage interest, we **must obtain Form 1098** from you when you pay mortgage interest. Additionally, we must obtain refinancing closing statements for every refinance, and if you received cash from the home mortgage or refinance we must have general information on the use of the money **according to the IRS**. If you have ever refinanced your mortgage and received cash from the loan, this applies to you. Complete information will be necessary to ensure that all IRS requirements are met. REMEMBER, interest on an equity loan will generally be nondeductible if it wasn't used to buy, build or improve your residence.

Real Estate Taxes

This deduction is limited to “taxes imposed on interest in real property and levied for the general public welfare”. If there are charges for **utilities, water or sewage fees these are not deductible as real estate taxes**. All property tax bills must be provided with your tax data. Refunds or reimbursements you received from your town/school/county property taxes must be reported to me. These refunds are being sent to residents in districts that stayed under the NYS tax cap. All receipts and bills need to be submitted with your tax information.

Roth IRA Conversions

You will continue to hear from lots of “experts” this year that you need to convert your retirement accounts to Roth IRAs. While there are a number of advantages to conversions, there are an equal number of disadvantages that carry some major tax consequences. Please do not convert your accounts in 2024 without coming in to see us for an appointment to discuss both the positives and negatives.

Gifting

The amount you may give to one person in 2024 without any return filing requirements is \$18,000. You can give more than that without incurring tax, but you may have a filing requirement.

Tax Planning

I am available between May and December to meet with you for tax planning. I recommend a conversation if you anticipate any major financial changes during 2024, and even 2025, such as retirement, marriage, student loan repayment, inheritances, etc. There are opportunities for lower taxes in retirement, especially for people owning appreciated employer stock within a company retirement plan. If you are contemplating retirement and this situation applies to you, it is crucial we meet before your retirement date to discuss potential tax saving strategies.

Future Income Tax Rates & Other

I highly recommend that you set an appointment for an after-tax season “Tax Check Up” to examine withholding, tax and estate planning strategies. Due to time constraints from January 1 to April 15, I do not have enough time to address this topic with everyone during the course of tax season, but will be scheduling appointments after May 1 to review the impact of these changes. If you would like to schedule an after-tax season appointment, be sure to let me know.

There are literally hundreds of other considerations, extensions and deletions that I will consider this year while preparing your return. Because of these changes, it would be best to provide your tax information to me by at least March 1. Please rest assured that I will utilize my best resources to once again provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. Thank you again for your continued support and best wishes for a healthy, happy 2024.

Sincerely,

Beth

Beth Kissinger, CPA