

MCNEELY CERTIFIED & PUBLIC ACCOUNTANTS MCNEELY P.L.L.C.

Quick Highlights for 2023 Tax Filing

Strange logic?

I wonder if, in these chaotic and stressful times, there isn't a little comfort to be found in the familiar feelings of another filing season – even if the feeling is loathing. If change causes angst, you will be relieved to know there aren't a lot of major changes – mainly inflationary updates to limits, which is proof soaring inflation exists even if some politicians want voters to think otherwise.



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Important 2024 dates

- Today** When we can begin completing 2023 tax returns
- January 29** E-file season opens
- January 31** Payroll reports, W2s, 1099s due
- March 15** Partnership and S Corp returns due
- April 15** Individual and corporate returns due
- September 16** Extended partnership and S Corp returns due
- October 15** Extended individual and corporate returns due

✓ **Friday, March 22:** The date we must have your complete information to file your individual return by April 15. Otherwise, we will have to file an extension.

Energy credits

See our enclosed charts for details about saving taxes with energy-efficient purchases.

New – business meals

✓ Actually, this is a return to the old, pre-covid rules. The deduction for qualified business meals is limited to **50%**.

Brackets and charts

You can either take itemized deductions (limited medical, limited taxes, mortgage interest, charitable deductions) or the standard deduction, whichever is higher. You can use this chart to see whether it is worth the hassle of adding up your itemized deductions.

2023 standard deduction

FILING STATUS	General	Over 65
SINGLE	13,750	15,250
MARRIED, JOINT	27,700	30,700
MARRIED, SEPARATE	13,850	15,350
HEAD OF HOUSEHOLD	20,800	22,650

2023 tax brackets based on taxable income

Your tax is based on cumulative layers at the various rates up to your total taxable income. You can use this chart to find your *marginal* tax rate – the rate of tax you pay on the last dollar earned. This helps show the value of tax savings for deductible expenses. Still, never waste a dollar to save 30 cents.

Again, the big jumps from last year are due to inflation – which is a hidden tax.

RATE	Single	Head of Household	Joint
10%	Up to 11,000	Up to 15,700	Up to 22,000
12%	To 44,725	To 59,850	To 89,450
22%	To 95,375	To 95,350	To 190,750
24%	To 182,100	To 182,100	To 364,200
32%	To 231,250	To 231,250	To 462,500
35%	To 578,125	To 578,100	To 693,750
37%	Over 578,175	Over 578,100	Over 693,750

2023 long-term capital gains and qualified dividends tax rates

Important! Assets must be held for at least a year to qualify for long-term rates.

RATE	Single	Head of Household	Joint
0	Up to 44,675	Up to 59,750	Up to 89,250
15%	To 492,301	To 523,051	To 553,851
20%	Over 492,301	Over 523,051	Over 553,851

✓ Remember the **3.8% investment income surtax** gets added on for most filers paying capital gains tax.

✓ 2023 & 2024 mileage rates

The only benefit of crazy high gas prices is the inflation-adjusted mileage rates. **Note: Whether actual expenses or mileage is deducted, total and business miles must be reported.**

YEAR	Business	Medical or Moving	Charitable
2023	.655	.22	.14
2024	.67	.21	.14

Various limits & reminders

✓ Required minimum distributions (RMD) must be taken by April 1, 2025 for the 2024 year if you turned 72 in 2023. The harsh penalty is 50%. See your financial advisor.

Important tip: If you are age 70 ½ you can pay up to \$100,000 in charitable contributions directly from your IRA. This qualified charitable distribution counts toward your RMD and is not taxable income. (You do not get to also claim an itemized deduction for the contribution.) Talk to your investment adviser.

✓ You can find a lot of information and check on your refund by setting up an **online account with the IRS.** <https://www.irs.gov/payments/your-online-account>

Paying into some retirement accounts is the main tax planning tool available after the cows get out of the barn. Funding for a prior year deduction can happen up until the April deadline.

✓ **Contribution limit for traditional and Roth IRAs is \$6,500; \$7,500 if you are 50.** Deductibility depends on whether you are covered by a retirement plan at work and income ceilings.

✓ **Contributions to a SEP-IRA is limited to the lesser of 25% of compensation or \$66,000** (which is \$264,000 in compensation).

You have until the date of filing your return or April 15, 2024 to make qualified IRA contributions for 2023.

✓ Social Security wage base is \$160,200 for 2023; \$168,600 for 2024.

✓ Remember available education tax savings:

- American Opportunity Tax Credit up to \$2,500
- Lifetime Learning Credit up to \$2,000
- Deduction for student loan interest up to \$2,500

✓ Remember to check on energy tax credits for your home improvements.

✓ Remember to include form 1095-A if you had health insurance through the marketplace. We can't e-file the return without it.

Housekeeping

Along with your organizer, if you like to use one, and your tax documents, we will need the following forms at check-in:

- Personal info
- Required engagement letter
- Required forms for claiming certain credits like the child or dependent credit.
- Form 1095-A, if applicable

Fees

Tax preparation fees are based on the time required and the complexity of the return. You can find starting point pricing on our website at <https://www.mcneelyandmcneely.com/tax-services>. Inflation has struck us, too, so our fees have gone up slightly. We are working hard to hold the line.

Sharing Information

We prefer to share information securely and confidentially through your individual client portal that is powered by Microsoft SharePoint. You will get an e-mail invite. (Please make sure we have your e-mail address if you have one.) You can download and upload files. We will, however, use mail, Fedex- whatever it takes within reason.

Procrastination target reminder

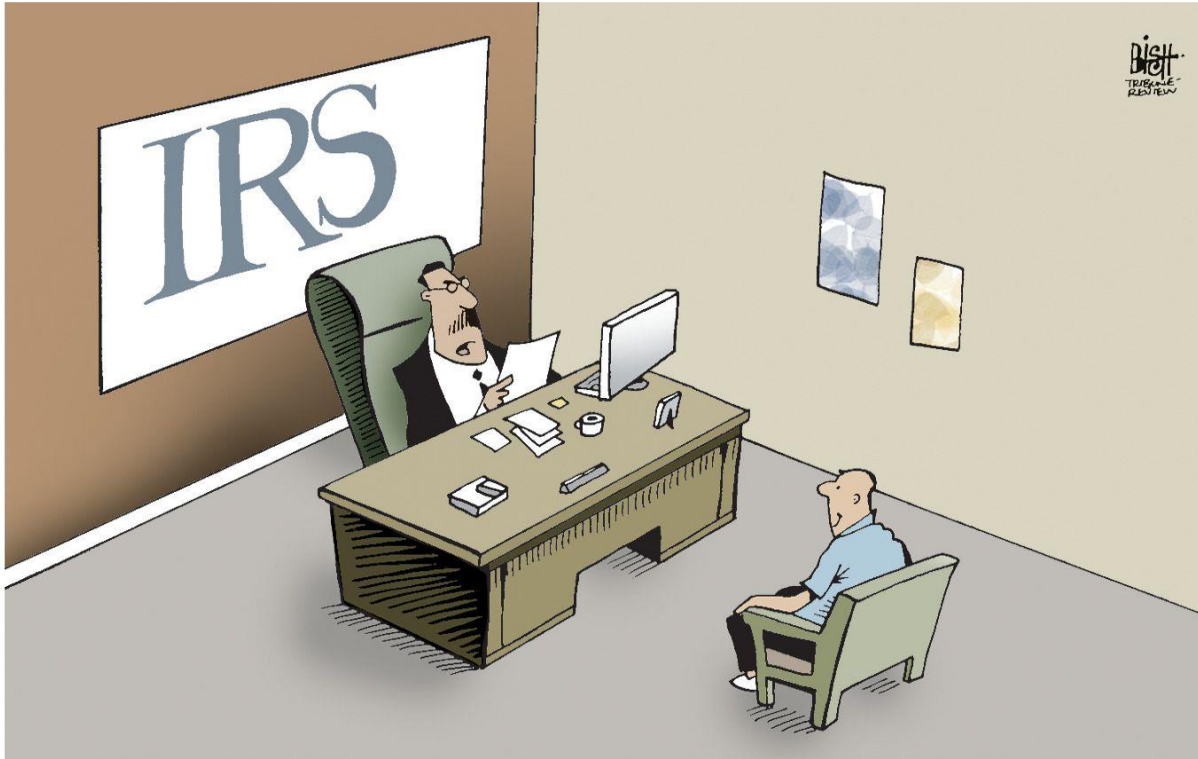
✓ We will have to file an extension if we do not have your *complete* information by Friday, March 22, 2024.

Thank you!

Thank you for the opportunity to be of service!

This is a quick intro to highlight the tax issues that impact most of us. If you need help with more complex issues, please contact us.

Have a blessed year!



IT MAY BE FUNNY TO YOU, BUT WE DO NOT CONSIDER "WHERE THE SUN DON'T SHINE" TO BE AN APPROPRIATE RESPONSE ON LINE 22

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