



*Greetings to Clients and Friends!*

January 2024

*Tax filing season is quickly approaching. This Tax Update newsletter provides information on the tax law changes and key exemptions and deductions. Schedule your tax appointment today -Miriam Woods, Enrolled Agent*

## Key Exemptions and Deductions

### Personal Exemptions:

In 2023, there are no personal exemptions.

### Standard Deductions:

The standard deductions for those who do NOT itemize are as follows:

	<u>2023</u>	<u>2024</u>
Married Filing Joint	\$27,700	\$29,200
Head of Household	\$20,800	\$21,900
Single	\$13,850	\$14,600

### Standard Mileage Rates

The standard mileage rates for 2023 and 2024 are:

	<u>2023</u>	<u>2024</u>
Business	\$.655	\$.67
Medical	\$.22	\$.21
Charitable Work	\$.14	\$.14

### Social Security Earning Limits

The maximum amount of income subject to social security tax is \$168,600 in 2024.

Individuals under 66 can earn up to \$22,320 without losing benefits.

Individuals who turn 66 in 2024 (or full retirement age) can earn up to \$59,520

### Earned Income Credit Amounts

The 2024 maximum amount of earned income and qualify for the credit is:

\$59,899 with three children (\$66,819 if married filing joint)

\$55,768 with two children (\$62,688 if married filing joint)

49,084 with one child (\$56,004 if married filing joint)

## What's New for 2023 tax year?

### RMD Age Extension

Required minimum distributions (RMD) from retirement accounts was increased to 73 (from 72) under the SECURE 2.0 Act of 2022. Starting in 2033, the age when RMDs must start is 75. The penalty for missing the RMD deadline was 50% of the amount not taken in time. That penalty has been reduced to 25% and in some cases 10% if corrected in two years.

### Increase in Catch-Up Limits for Retirement Accounts

For those age 50 or older, retirement plan participants can contribute up to \$7,500 in 2023. After 2024, a second catch-up limitation will be \$10,000 for participants age 60, 61, 62 or 63.

### Beneficial Ownership Reporting to FinCEN

Starting January 1, 2024, many companies will be required to report information to the Financial Crimes Enforcement Network (FinCEN) or face large penalties. This is NOT a reporting to the IRS. Most corporations and LLCs are required to report however there are many exceptions. For more information, visit their website: <https://www.fincen.gov/boi>  
Note: Woods Tax & Accounting Service is NOT reporting this information for clients.

### Increase in Energy Tax Credits

The energy tax credits available for energy improvements to your home have been extended and enhanced. Installing new windows, doors, water heaters, furnaces, air conditioners, heat pumps or insulation may qualify you for a credit on your tax return. Beginning with the 2023 tax year, the credit is equal to 30% of the costs for all eligible home improvements made during the year. The annual limit of the credit is \$1200. There is also a solar tax credit.

### Clean Vehicle Credit

There is a tax credit for purchasing a clean energy vehicle. A new credit is available for previously-owned clean vehicles. The credit is up to \$4,000 or 30% of the sale price. No credit is allowed if the taxpayer's adjusted gross income for the previous year exceeds \$150,000 for married filing jointly or \$75,000 single filer.

### Schedule Your Appointment Online

Book an appointment that best fits your schedule and choose your meeting preference (in person, virtually on Zoom or by phone) at this link: <https://calendly.com/woodstaxservice/60min> You can still email, call or text to set up your appointment.

### Client Portal

Securely send your tax documents to me using my client portal, SmartVault. If you established your account last year, just upload your documents to the 2023 folder. If not, I can send you an email invite to create your portal account and upload your tax documents. Once your taxes are completed I will provide an electronic copy of your tax return in your account. Email me if you did not receive an invite, need a link to your account or have questions. Note: If you prefer, you can bring your documents in person or mail them.

# Checklist of what to bring to your tax appointment

## E-Signatures Available

Sign your tax return quickly and efficiently with an e-signature. Once your tax return has been prepared, I will request your signature via email using DocuSign. You will open the document, "sign" where prompted from any device (phone, laptop, etc). The signed document will be automatically returned to me and you will receive a copy of your tax return in your SmartVault portal account. Payments for my services may be made electronically from the emailed invoice.

If you prefer, you can sign your return in person or mail me your signed documents.

## 2024 Tax Rates

The following shows the 2024 income brackets for each tax rate.

<u>Tax Rate</u>	<u>Single</u>
10%	\$0 to \$11,600
12%	\$11,600 to \$47,150
22%	\$47,150 to \$100,525
24%	\$100,525 to \$191,950
32%	\$191,950 to \$243,725
35%	\$243,725 to \$609,350
37%	\$609,350 and up

<u>Tax Rate</u>	<u>Married Filing Joint</u>
10%	\$0 to \$23,200
12%	\$23,200 to \$94,300
22%	\$94,300 to \$201,050
24%	\$201,050 to \$383,900
32%	\$383,900 to \$487,450
35%	\$487,450 to \$731,200
37%	\$731,200 and up

<u>Tax Rate</u>	<u>Head of Household</u>
10%	\$0 to \$16,550
12%	\$16,550 to \$63,100
22%	\$63,100 to \$100,500
24%	\$100,500 to \$191,950
32%	\$191,950 to \$243,700
35%	\$243,700 to \$609,350
37%	\$609,350 and up



All returns will be electronically-filed FREE!

## Personal Information:

- Social Security numbers and birthdays for taxpayer, spouse & children
- 2022 income tax return (unless prepared by Woods Tax & Accounting Service)
- Direct Deposit information: bank account number & routing number

## Income

- All W-2 forms
- 1099-Int, -Div, -B or K-1s for investment or interest income
- 1099-G forms for unemployment income or state & local refunds received last year
- Business income and expenses: profit/loss statement
- All equipment purchases related to your business (date & cost of purchase)
- Mileage log for business miles and total mileage on vehicle
- 1099-R, Form 8606 for Payments/distributions from IRAs or retirement plans
- 1099-C forms for cancellation of debt
- SSA-1099 for Social Security Benefits received
- Rental property income and expenses: profit/loss statement
- 1099-S forms for income from sale of a property: closing papers when bought & sold
- Miscellaneous income: jury duty, gambling winnings, scholarships, etc.
- 1099-K Income from third-party payment network transactions

## Adjustments to Income

- Amount of IRA contributions
- Form 1098-E Student Loan interest paid
- Form 1098-T for tuition paid for college and cost of required materials
- Teachers: Amount of supplies provided for classroom
- HSA or MSA contributions (Health Savings Account or Medical Savings Account)
- Self-employed health insurance payment records
- Keogh, SEP, SIMPLE and other self-employed pension plans

## Deductions and Credits

- Child care costs: provider's SS# or Fed. ID# and address and amount paid
- Form 1098: Mortgage interest, private mortgage insurance (PMI), points paid
- Health Insurance Forms 1095-A, 1095-B or 1095-C received
- 2023 Taxable value of your home (for MI Homestead Property Tax Credit)
- Charitable contributions (cash, non-cash gifts, mileage)
- Energy Efficient Improvements to your primary residence

## Taxes Paid

- Real estate property tax bills showing amount assessed/paid for your property in 2023
- Amount of Michigan Sales Tax paid in 2023 if you purchased a car, boat or motorcycle
- Amount paid for auto license fees (autos, trailers, boats, etc)
- Amount of 2023 Estimated Tax Payments (Federal, State & City)
- Amount of purchases bought on Internet/ catalog (for MI Sales & Use Tax)

## Other

- Amount of rent paid in 2023, name and address of landowner
- Foreign bank account info: location, bank, account number, account value during year



707 Cherry Street • Charlotte, MI 48813

517.231.1634 Cell • 517.798.4359 Fax

miriam@woodstaxservice.com • woodstaxservice.com