

## 2023 Tax Tips and Updates:

### Federal Income Tax Rates/Brackets:

Bracket	Single	MFJ	MFS	HoH	T&E
10%	\$11,000	\$22,000	\$11,000	\$15,700	\$2,900
12%	\$44,725	\$89,450	\$44,725	\$59,850	X
22%	\$95,375	\$190,750	\$95,375	\$93,350	X
24%	\$182,100	\$364,200	\$182,100	\$182,100	\$10,550
32%	\$231,250	\$462,500	\$231,250	\$231,250	X
35%	\$578,125	\$693,750	\$346,875	\$578,100	\$14,450
37%	\$578,126+	\$693,751+	\$346,876+	\$578,101+	\$14,451+

### Long Term Capital Gains & Qualifying Dividends Tax Rate/Brackets:

Bracket	Single	MFJ	MFS	HoH	T&E
0%	\$44,625	\$89,250	\$44,625	\$59,750	\$3,000
15%	\$492,300	\$553,850	\$276,900	\$523,050	\$14,650
20%	\$492,301+	\$553,851+	\$276,901+	\$523,051+	\$14,651+

### Standard Deduction/Personal Exemption:

Filing Status	Standard Deduction	Personal Exemption
Single	\$13,850	\$0
MFJ	\$27,700	\$0
MFS	\$13,850	\$0
HoH	\$20,800	\$0
Dependent	Greater of \$1,250 or earned income + \$400	
Aged or blind	\$1,500 (\$1,850 if unmarried and not surviving spouse)	

### Inflation Reduction Act of 2022:

#### **Energy Efficient Home Improvement Credit:**

- Nonbusiness Energy Property Credit was extended through 2032
  - o Credit will be equal to 30% of the costs of all eligible home improvements made during the year
  - o The \$500 lifetime limit on the total credit amount will be replaced with a \$1,200 annual limit
    - Annual limits for specific types of qualifying improvements will be:
      - \$150 for home energy audits
      - \$250 for any exterior door (\$500 total) that meet applicable Energy Star requirements
      - \$600 for exterior windows and skylights that meet Energy star most efficient certification requirements
      - \$600 for other qualified energy property (includes central air conditioners; electric panels and certain related equipment; natural gas, propane, or oil heaters; oil furnaces; water boilers
      - \$2,000 for heat pump and heat pump water heaters; biomass stoves and boils **(THIS CATEGORY OF IMPROVEMENT IS NOT LIMITED BY THE \$1,200 ANNUAL LIMIT ON TOTAL CREDITS)**
      - Roofing will no longer qualify

## Residential Clean Energy Credit:

- Extended thru 2034
  - Amount of Credit:
    - 30% for 2023-2032
    - 26% for 2033
    - 22% for 2034
  - Credit no longer applies to biomass furnaces and water heaters (they are now covered under the Energy Efficient Home Improvement Credit)
  - Starting in 2023, the new credit will apply to battery storage technology with a capacity of at least 3 kilowatt hours

## Clean Vehicle Credits:

- Extends the Clean Vehicle Credit until the end of 2032 and creates new credits for previously-owned clean vehicles and qualified commercial clean vehicles
- Tax credits include:
  - \$7,500 for the purchase of new qualified commercial clean vehicles
  - \$40,000 for vehicles over 14,000 pounds
  - The lesser of 30% of the price of used electric vehicles or \$4,000
- Breakdown of Limitations:
  - Apply based on the manufacturer's suggest retail price of the vehicle
  - AGI Limits
    - Single or MFS → \$150,000
    - HOH → \$225,000
    - MFJ → \$300,000
- Starting in 2024, the Inflation Reduction Act establishes a mechanism that will allow car buyers to transfer the credit to dealers at the point of sale so that it can directly reduce the purchase price

## Taxes and IRS Funding:

- 15% minimum tax on corporations with over \$1 billion in revenue
- 1% excise tax on corporate share buybacks
- \$79 billion of additional funding over 10 years for IRS
- Extends the Affordable Care Act through 2025
- Allows Medicare to negotiate lower prices for some prescription drugs
  - Out-of-pocket costs for covered Medicare prescription drugs will be capped at \$2,000 per year beginning in 2025 (cap will be adjusted for inflation yearly)
- Beginning in Jan 2023, people who take insulin AND have Medicare prescription drug coverage will have their out-of-pocket cost capped at \$35 for a months supply

- Part-D adult vaccines for people with Medicare will be available at a reduced cost beginning 2023.

## **Corporate Transparency Act:**

- Effective January 1, 2024
  - Every 25% owner of an LLC, S corporation, C Corporation and Limited Liability Partnership interest must file a Beneficial Ownership Information Return with the FinCen.
  - **Existing Companies:**
    - Reporting companies created or registered to do business in the US before January 1, 2024 must file by January 1, 2025
  - **Newly Create or Registered Companies:**
    - Reporting companies created or registered to do business in the US in 2024 have 90 calendar days to file after receiving actual or public notice that their companies registration is effective.
  - Beneficial ownership information is not an annual requirement, only needs to be submitted once, unless the filer needs to update or correct information (must be updated within 30 days of a change to the beneficial ownership)
  - **Information To Report About Each Beneficial:**
    - Name
    - Date of birth
    - Address
    - Identifying Number and Issue from Non-Expired US Driver's License, Passport or Identification Document
  - **Information To Report About The Company:**
    - Business Name
    - Address
    - Tax Identification Number
  - Reporting companies created on or after January 1, 2024, are required to submit information about individuals who formed the company.
  - Non-compliance can result in high penalties.