



Planning for 2023 Tax Year



Professional services include:

- Tax Compliance
- Audit & Assurance
- Litigation Support
- Estate & Gift
- Succession Planning
- Valuation
- IRS Representation
- Family Foundations
- Bookkeeping & Accounting

Our mission is to provide our clients with exceptional services by taking initiative to be proactive advisors. We pride ourselves in developing tailored strategies to meet the specific needs of our clients.

We have a diverse commercial and individual accounting, auditing, tax and business consulting practice.

Our partners and staff are available to meet the needs of our clients and offer to meet with owners and management periodically throughout the year to discuss plans and to consult on a broad range of financial and business topics.



Changes to Tax Law for Year 2023

In anticipation of the next tax preparation season, we hope that this newsletter will alert you to changes in the tax laws that may affect your taxes or your friends' taxes. Hopefully, this information on the latest developments and legislative outlook will help you identify areas for further discussion about ways to save taxes and accomplish your estate planning goals.

Standard Deduction Increased

For 2023, the standard deduction is \$27,700 for married individuals filing a joint return, \$20,800 for head of household, and \$13,850 for all other taxpayers. For two married people, both over 65, the standard deduction is \$30,700.

Estate Tax and Gift Tax Exemptions Increased

The annual gift exclusion increased to \$17,000 for 2023. A gift greater than this amount to any one individual requires a gift tax filing; however, there is no tax due on gifts until all cumulative amounts during your lifetime exceed the estate tax exemption, which is now \$12,920,000.

Retirement Plan Updates

The IRS has updated the tables used to calculate required minimum distributions to account for longer life expectancies. Individuals turning 73 in 2023 will be required to start taking RMDs by April 1, 2024.

Individuals can contribute up to \$6,500 to IRAs for 2023, plus \$1,000 of "catch-up" if over age 50. 401(k) contribution limits have increased to \$22,500 plus \$7,500 catch-up for over age 50.

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Executive and Family Office Accounting Services

For some businesses and family groups, a fulltime financial accounting specialist may not be practical. We provide a solution: services at your residence or corporate location tailored to meet your needs.

- **Bookkeeping** - from after-the-fact reconciliation of bank statements and recording of transactions to drafting and executing checks, tracking accounts receivable/payable, receiving payments and making deposits for our clients
- **Tax & Payroll Services** - state sales tax reporting, household and corporate payroll services including employee check, monthly reporting, and annual W-2, 1099s, 940 & 941 as well as worker compensation deposits
- **Other Services** - Property management assistance



Tax Credit Updates

Energy-Efficient Home Improvement Credit

The Energy-Efficient Home Improvement Credit is expanded for 2023 through 2032. The credit increases to 30% of the cost of certain types of insulation, boilers, air-conditioning systems, windows, and doors added to your residence. Previously the credit had a lifetime limit of \$500, but in 2023 this is replaced with varying annual limitations.

Residential Clean Energy Credit

The Residential Clean Energy Credit continues to allow for 30% credit of the cost to install qualifying energy efficient property. Starting in 2023, the credit also applies to the cost to install battery storage technology if the capacity is at least three kilowatt hours. The credit is set to reduce to 26% in 2033 and 22% for 2034 and expire in 2035.

Electric Vehicle Credit

The Electric Vehicle Credit continues to offer a credit of up to \$7,500 for new vehicle purchases and \$4,000 for used electric vehicle purchases, subject to income limitations.

Other Changes

- Bonus depreciation deduction drops from 100% to 80%
- Meal expense drops back down to 50%
- HSA contributions capped at \$3,850 for self-only plans and \$7,750 for family plans
- Kiddie tax income limit increases to \$2,500
- Standard mileage rate for 2023 is 65.5 cents per mile

This annual Tax Planning letter is being sent to you to encourage you to utilize all the opportunities the tax law provides to minimize your 2023 taxes as well as offer suggestions for longer range planning. If you are interested in a tax planning appointment, please call our office to discuss these matters further. These updates are as of November 3, 2023.