

Canevari and McAndrews, LLP

P.O. Box 610
Carnelian Bay, CA 96140
(530) 546-4251 phone (530) 546-8492 fax



December 21, 2023

We hope that you and your family are doing well. Here is an update of some changes and issues you need to know about.

We will be sending out 2023 Tax Organizers in early January. You will receive an email notification from SafeSend when it is available, unless you have previously requested an alternate delivery method. We will not be scheduling in-person appointments. Please contact our office to schedule document drop-off/pick up or phone meetings (if needed).

Individual IRS ID Accounts: Contacting the IRS continues to be a challenge. We are encouraging individual taxpayers to set up online IRS ID accounts. For your convenience a link has been provided on our website.

CA health insurance: All California residents must have qualifying health insurance coverage unless they qualify for an exemption. Nonexempt taxpayers without coverage are subject to penalties when they file their 2023 CA tax return.

Identity Theft: Identity theft continues to be an increasing problem. Please contact our office if you receive any written correspondence from either the IRS or your resident State. Keeping your information secure is our priority.

Retirement Contribution limits

	<u>2023</u>	<u>2024</u>
Roth/Traditional IRA	\$ 6,500	\$ 7,000
Over 50	\$ 7,500	\$ 8,000
Profit Sharing/SEP	\$ 66,000	\$ 69,000
401(k)	\$ 22,500	\$ 23,000
Over 50	\$ 30,000	\$ 30,500
Simple IRA	\$ 15,500	\$ 16,000
Over 50	\$ 19,000	\$ 19,500

The deadline for funding your 2023 IRA is April 15, 2024

Health Savings Account Deduction

	<u>Single Plan</u>	<u>Family Plan</u>
2023 Contribution Limits	\$ 3,850	\$ 7,750
Over 55	\$ 4,850	\$ 8,750

The deadline for funding your 2023 HSA is April 15, 2024
Additional \$1,000 per qualifying spouse

RMD's: The age at which taxpayers must begin taking required minimum distributions is the year they turn age 73 (if you reach 72 after 12/31/22).

DELAYING FIRST RMD: Taxpayers who turn age 73 during the year can put off their first RMD until April 1st of the year after they turn age 73. Taxpayers who put off their first RMD must take two RMDs in the second year.

IRA-To-Charity: Individuals at least 70 ½ years old can exclude from gross income distributions from IRAs of up to \$100,000 that are directly transferred to a charitable organization.

Estate and Gift Tax: The annual gift tax exclusion is \$17,000 for 2023 increased to \$18,000 2024. The total lifetime estate and gift tax exclusion is \$12,920,000 for 2023 increasing to \$13,610,000 for 2024. The lifetime estate and gift tax exclusion are scheduled to revert back to \$5,000,000 (plus inflation from 2011) after December 31, 2025.

Qualified Dividends and Long-Term Capital Gains are taxed at 0%, 15% and 20%, depending on the taxpayer's taxable income. The 0% rate generally applies to the excess of long-term capital gain over any short-term capital loss to the extent that it, when added to regular taxable income, is not more than the 2023 "maximum zero amount" (\$44,625 for single, \$89,250 for married couple).

Virtual Currency: Please advise us whether you have mined, spent, bought, sold, sent, or received any virtual currencies in the last few years so we can make sure these transactions are correctly reported.

Bonus Depreciation for Business Equipment: Bonus depreciation drops to 80% for qualified assets purchased after December 31, 2022 (decreasing to 60% for 2024).

Business Capitalization Policy: We advise that you have a signed capitalization policy on file allowing you to expense assets purchased for less than \$2,500. If you would like assistance with this documentation, please contact our office.

<u>Standard Mileage Rates</u>	<u>2023</u>	<u>2024</u>
Business miles	65.5 cents/mile	67.0
Medical miles	22.0	21.0
Charitable miles	14.0	14.0

Inventory/Non-incidentals Supplies: Remember to document your business inventory as of December 31, 2023 and the cost per item to you. This is an important procedure to perform and to retain for substantiation requirements.

Nanny Tax: If you have individuals over the age of 18 who perform services in your residence their earnings may be subject to payroll taxes. For 2023, the nanny tax threshold is \$2,600 increasing to \$2,700 for 2024.

Hiring Your Children (Business): If you hire your children as employees to do legitimate work in your business, you may deduct their salaries from your business income as a business expense. If their earned income is equal to or less than the standard deduction (\$12,950) then there may be no income tax liability. This earned income also allows them to contribute to a Roth IRA.

Foreign Bank Account: You must report overseas assets for businesses as well as individuals. If you own or have authority over a foreign financial account, including a bank account, brokerage account, mutual fund, unit trust, or other types of financial accounts, you may be required to report the account annually to the Internal Revenue Service. The filing deadline for the 2023 tax year is April 15, 2024. Please inform us if this is applicable to you and we can assist you with meeting this filing requirement. Civil and criminal penalties are severe, so please do not disregard this requirement.

-FBARs are filed electronically. Instructions and registration are available at:
<http://bsaefiling.fincen.treas.gov/NoRegFBARFiler.html>

Foreign Asset Disclosure: If you have interest in other foreign financial assets, such as stocks, securities, financial instruments or contracts that have an issuer other than a U.S. person, or an interest in a foreign entity, you may be subject to additional reporting requirements. Please inform us if this is applicable to you and we can assist you with meeting this filing requirement.

Happy holidays, and we look forward to seeing you soon.

Sincerely,



Evelyn M. Canevari, CPA
evelyn@as-cpa.com



Treena McAndrews, E.A.
treena@as-cpa.com