

TAX TALK



**Accurate Tax
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Fall 2023



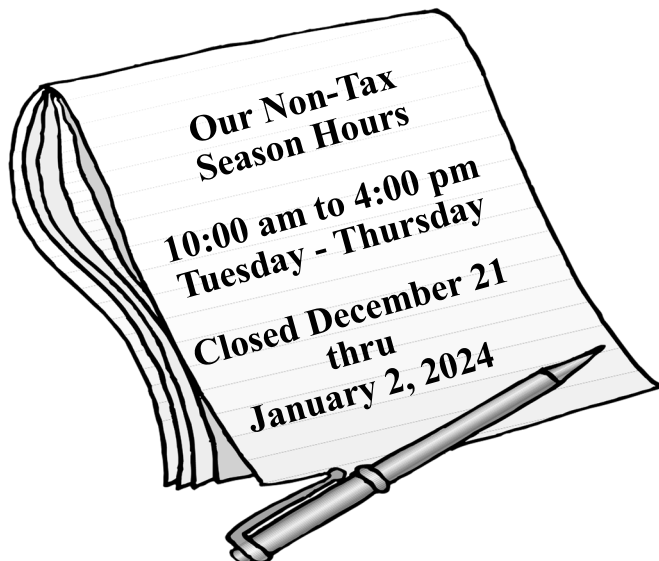
Dear Client:

It's fall already! I'm still trying to figure out where the summer went. Tax season is not that far away. We are working diligently to keep up with new laws and refresh on the old, along with updating our worksheets, and prescheduling appointments.

2024 will be a year of change for Accurate. There is no way to avoid it. You will see new faces mixed with some old faces of Accurate Tax. Some of our office staff have retired along with Jane Graf who has decided it was time to retire too. Jane's clients will be moved to Sharon, Nick, or Amanda. We have tried very hard to put Jane's clients with a preparer we thought you would be most comfortable with.

We have added Amanda Scott as a tax preparer. She has worked here for a few years, but is new to sitting with a client and interviewing. She has that same sparkle that I had when I started some 30+ years ago. I believe she will be a great asset to the office.

I hope this newsletter will keep you informed of the new laws as well as refresh old ones. All too often taxpayers wait until the year is over and miss opportunities that could reduce their tax liability. I believe in keeping our clients informed. The more you know, the less of a surprise your tax result will be. We are also here to answer your questions during our hours found below.



APPOINTMENTS

Accurate Tax will continue to preschedule tax interview appointments for most prior year clients. However, if you dropped off your information last year, you probably don't have a prescheduled appointment. If your circumstances change and you would prefer an appointment this year, please call as soon as possible to reserve a time for you.

If you would prefer to drop off your tax information, please call us and cancel your appointment and allow someone who wants an appointment the option for your time slot.

If you have moved or will be moving, be sure to let us know your new address, change of email, or change of phone number. That way you will continue to receive our newsletters, get an appointment reminder, and our most important January mailing in 2024.

If you are one that files an extension because you go where it is warm for the months it's cold here, you **MUST** call us if you would like us to file an extension for you. To have it timely filed, it needs to be filed by April 15, 2024.

**Look for our JANUARY MAILING.
It will include your necessary paperwork**



529 to a Roth?

The Secure Act 2.0 has setup a new rule allowing taxpayers to rollover amounts from their College Savings plans (529) into a Roth IRA and exclude it from income "IF" certain conditions are met.

- * You are the designated beneficiary of the account and,
- * The account must be maintained for 15 years.
- * The distribution cannot exceed the amount contributed (including earnings) in the previous 5 years.
- * You must have taxable income at least equal to the amount of the rollover.
- * The rollover cannot exceed \$35,000 over your lifetime.
- * The rollover also cannot exceed the annual Roth IRA contribution limit for the year.

Why is this important? You can use the 529 for college, but you can use the Roth for anything.



Once your child reaches 18, information regarding their education will no longer be disclosed to you without their written consent. Even if you are the one paying the college tuition. A **FERPA authorization** allows you to access all of your adult child's educational records.

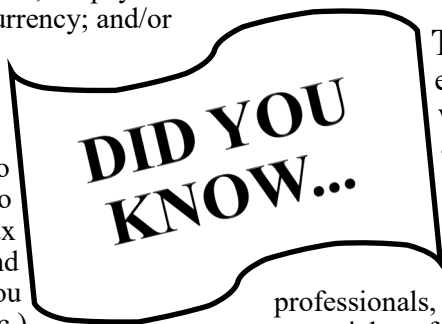
Accurate Tax will also need a "Consent to Release" if you want to pick up your child's completed tax return.

Virtual Currency: At any time during 2023, did you:



- Receive as an award, reward, or payment of property or services in cryptocurrency; and/or
- Sell, exchange, gift, or otherwise dispose of any Cryptocurrency?

That's a question we need to answer on **EVERY** tax return. If you do answer "yes", we will also need any tax reporting forms. Please download and print out any forms that may come to you electronically (Coinbase, Robinhood, etc.) to prepare your 2023 tax return.



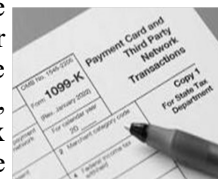
Review your retirement plan beneficiaries if you haven't done so recently. You can help avoid unintended consequences by updating beneficiary designations of your 401(k) or 403(b) plans, annuities, pensions, and IRAs to account for life changes such as marriage, divorce, or the death of a spouse or other listed beneficiary. While you're at it, review the beneficiaries listed in your will and taxable accounts. A "designated" beneficiary will get at least 10 years to take the money out. With no designated beneficiary, they usually only get 5 years.

Business owners and farmers are required to issue Form 1099 to a single recipient or business when a total amount paid during the calendar year adds up to or more than \$600. Items that need to be reported on a Form 1099 include commissions, fees, rents, veterinarian and attorney services, interest, royalties, and other compensation for services. THESE FORMS NEED TO BE ISSUED BY JANUARY 31ST OF EACH YEAR.

It is always a good idea to periodically check how much federal and state income tax you're having withheld from your paycheck. Life events such as the following can effect your bottom line:

- Marriage or divorce
- Birth of a child or adult children no longer dependents
- Starting a new job or start or stop a second job
- Unemployment Compensation
- Retirement income
- Social Security income

Throughout the year, we have been warning everyone about the new rules for 1099-K and what to expect. On November 21st, the IRS announced that they are delaying the requirement for 2023. This delay is in wake of feedback from taxpayers, payment processors, and tax professionals, and is meant to alleviate potential confusion.

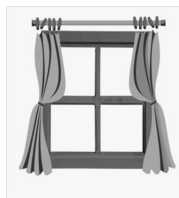


The IRS is planning for a partial delay - or "phase-in" of this rule for 2024. Currently, the IRS is planning to change the threshold to \$5,000. This rule will apply to people who sell online under Mercari, Etsy, eBay, etc. along with the users of mobile payment services.



Your annual exclusion to avoid filing a gift tax return for gifts for 2023 is \$17,000.

To get the benefit of the full 30% energy credit, put in a few new energy efficient windows by the end of the year to receive up to \$600 in credits (\$2,000 for the cost of the windows), and then put in a few more next year. That way you don't exceed the annual limit and will receive another 30% credit in 2024.



If you have a high deductible health insurance plan and an eligible HSA, you should consider making the maximum contribution available to you for 2023. If you have your own or one that you contribute to through your employer and haven't contributed the maximum, consider contributing the additional amount. You have until April to contribute, however, if done before December 31st, there's no question as to what year it belongs to..... And it's tax deductible!



Looking for a short term part time job or know someone who is?

Accurate Tax is looking for a reliable receptionist Mondays, Wednesdays and 1/2 day Saturdays—possibly some full days.

Every position at Accurate Tax is very important. We work as a team. Dependability, professionalism, client privacy, and attention to detail is a must. Some computer skills is a plus along with an opportunity to work every season.

If interested, apply in person during office hours.

The age to start taking Required Minimum Distributions (RMDs) has been increasing under different tax laws. Most recently, Secure Act 2.0 increased the age to start taking RMDs from age 72 to age 73, but only for taxpayers reaching age 72 AFTER 2022. The following chart indicates when you are or will be required to take your beginning distribution.

IF BORN Before Or During:	START RMDs After Reaching Age:
Before 7/01/1949	70 1/2
July 1, 1949 - Dec 31, 1950	72
1951 - 1959	73
1960 or Later	75