

2023 Tax Returns

At Moyer & Associates, quality is a never-ending process of understanding our clients' expectations and transforming this knowledge into services that they need. The process never halts because our clients' needs are always changing, and our firm is constantly searching to find new ways to increase client satisfaction. Our history is full of examples where we have met our clients' needs.

2023 Income Tax Rates

	Taxable Income Over	But Not Over	Tax Rate		Taxable Income Over	But Not Over	Tax Rate
SINGLE	\$0	\$11,000	10%	MARRIED/ FILING JOINTLY	\$0	\$22,000	10%
	\$11,000	\$44,725	12%		\$22,000	\$89,450	12%
	\$44,725	\$95,375	22%		\$89,450	\$190,750	22%
	\$95,375	\$182,100	24%		\$190,750	\$364,200	24%
	\$182,100	\$231,250	32%		\$364,200	\$462,500	32%
	\$231,250	\$578,125	35%		\$462,500	\$693,750	35%
	\$578,125	-	37%		\$693,750	-	37%

Health Savings Accounts

An HSA is a tax-advantaged medical savings account that allows taxpayers to use pretax money to pay medical expenses. To be eligible, a taxpayer must have a high-deductible health plan (HDHP). The participant cannot be enrolled in Medicare or be claimed as a dependent on another person's tax return. The taxpayer, that taxpayer's family, an employer, or anyone else can make contributions to HSAs. Contributions up to an annual limit are deductible as an above-the-line deduction by the taxpayer who owns the HSA. Employer contributions up to the annual limit are not included in an employee's income and are not deductible by the employee. For 2023, the contribution limit is \$3,850 for self-only coverage and \$7,750 for family coverage, which includes all other coverage. HSA-eligible individuals over 55 years old may contribute an extra \$1,000 annually. Any unused amounts can be used in later years. The taxpayer claims a current-year deduction for contributions to the HSA but does not have to currently use the funds in the account. Thus, a taxpayer can obtain the deduction while he or she has higher employment income and use the funds later upon retirement.

Ethical Concept

Our society values ethical conduct. A simple definition of good ethics is the act of doing that which is right not wrong. Doing what is right is not always that obvious. Sometimes one can be led down the unethical path by rationalizing. We at Moyer & Associates always choose to do the right thing. We have built our practice on extremely high ethical standards.

Personal Exemptions and Standard Deductions

Effective for years after 2017, **PERSONAL EXEMPTIONS** have been eliminated. These have been replaced by the higher standard deductions which are as follows:

FILING STATUS	ANNUAL	ADDITIONAL AGE 65+
Single	\$13,850	\$1,850
Married /Filing Jointly	\$27,700	\$3,000

Deduction for State and Local Taxes

Effective for years after 2017, Individuals may deduct state and local income (or sales) taxes and real and personal property taxes up to \$10,000 or (\$5,000 if married filing separately) in the aggregate.

Annual Gift Tax Exclusion

There is the annual gift tax exclusion in the amount of \$17,000.00 for 2023. Married couples can exclude up to \$34,000.00 per donee.

Qualified Business Income Deduction (QBID)

Taxpayers may generally deduct up to 20% of the qualified business income of S Corporations, partnerships and sole proprietorships, subject to limitations. This also includes Single Member LLC's

Personal Tax Credits

- **Adoption Credit**
- **Child and Dependent Care Credit** (children under 13)
- **Education Savings Accounts**
- **Adoption Expense Credit**
- **Child Tax Credit** (children under age 17)
- **Tax Credit for Qualifying Dependents** (see below)
- **Credit for the Elderly / Disabled**
- **Earned Income Tax Credit**
- **American Opportunity Tax Credit** (up to \$2,500.00 per student)
- **Foreign Tax Credit** (Federal and some States)
- **Lifetime Learning Credit** (20% of the first \$10,000.00)

The Child Tax Credit is worth up to **\$2,000** per qualifying dependent under the age of 17, of which \$1,600 of this credit could be refundable. The credit amount decreases as your adjusted gross income exceeds \$400,000 (married filing jointly) or \$200,000 (all other filers). Also a \$500 Tax Credit is available for qualified dependents other than qualifying children. There are many more personal and business credits, and we will take advantage of them where applicable.

IRA Limitations for Tax Years

	<u>2023</u>	<u>2024</u>
ROTH	6,500.00	7,000.00
Catch-up contributions	1,000.00	1,000.00
Traditional IRA	6,500.00	7,000.00
Catch-up contributions	1,000.00	1,000.00

Successful Tax Return

A successful tax return is one which is theoretically and mathematically correct, and which has taken advantage of every deduction, credit, and tax method to produce the smallest legal tax liability.

Long Term Care, Medicare, Health Insurance Premiums

All of the above insurance premiums are deemed to be health insurance premiums, and therefore, are deductible as an adjustment against adjusted gross income for a self-employed taxpayer. Health insurance includes coverage for family members and children under 27.

Some Pension Plan Limitations for 2023 & 2024

	<u>2023</u>	<u>2024</u>
401(k) / 403(b) / 501(c)	22,500.00	23,000.00
457(b) State & Local Governments	22,500.00	23,000.00
Catch-up Contributions	7,500.00	7,500.00
Simple IRA Contribution	15,500.00	16,000.00
Catch-up – Age 50 or older	3,500.00	3,500.00

Privacy Policy

Federal law requires that once a year we inform you of our Privacy Policy. We collect certain personal information about you to prepare your tax returns. This information is provided with your permission. We do not disclose any non-public information except as permitted by law or with your permission. We are trained and required to safeguard your information.

Mileage Rates for 2023

The Optional Standard Rate for Business Auto . . .	65.5
The Deductible Rate for Moving Expenses	22.0
The Rate for Medical Miles	22.0
The Charitable Mileage Rate (unchanged)	14.0

The 2024 mileage rates will be available by the end of 2023.

Depreciation

Business may elect to expense all or part of the cost of what is often referred to as Section 179 property and deduct this in the year they place the property in service. The maximum deduction for 2023 is \$1,160,000, and the phase-out threshold has been increased to \$2,890,000. The deduction applies to new property as well as used property.

Working With a Financial Consultant

There are three basic items that you should consider when working with a financial consultant, broker, or banker: (1) establish goals, (2) develop a plan, and (3) stick with it. It's of prime importance that you take the responsibility of understanding your investments and monitoring their progress.

Canceled Checks and Estimated Payments

At the time of your tax interview, bring in a summary of checks used to pay estimated Federal, State, and Local taxes. We want to be sure that you get credit for payments made, and the canceled checks become part of the package for the 2023 returns. Taxing authorities often lose track of payments made, and disallow the credit if canceled checks cannot be produced.

Social Security Taxable Wage Base

The Social Security taxable wage base is \$160,200.00 and \$168,600 for 2023 and 2024 respectively. Medicare taxable wage base (1.45%) has no limit on wages.

Continuing Education

Every year, Moyer & Associates invests time and money in continuing education to stay up to date on the regulations that can affect your tax return. Year 2023 is no exception.

Happy Holidays!

We at Moyer & Associates would like to wish you and your family a joyous holiday season and a wonderful New Year.

Call Early for Your Next Tax Appointment

Please call us early to set up your next appointment to prepare your 2023 returns. We want you to be able to secure a time that is most convenient for you.

WE ARE MORE THAN JUST TAX PREPARERS. WE EVALUATE YOUR ENTIRE FINANCIAL PICTURE.

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