

EARNED INCOME TAX CREDIT

YOU MUST HAVE EARNED INCOME TO QUALIFY. EARNED INCOME IS WAGES FROM WORKING, NET INCOME FROM SELF EMPLOYMENT AND SOMETIMES INCOME FROM A PARTNERSHIP. TAXPAYERS WHO CLAIM EITC (EARNED INCOME TAX CREDIT) NAD/OR ACTC (ADDITIONAL CHILD TAX CREDIT) MOST LIKELY WILL NOT SEE THEIR FEDERAL REFUND BEFORE FEBRUARY 27TH AS THE IRS HOLDS THESE RETURNS TO DETER FRAUDULENT FILING FOR THESE CREDITS. THE ENTIRE REFUND IS HELD NOT JUST THE EITC/ACTC PORTION.

# OF CHILDREN	MAX EITC		MAX AGI (SINGLE OR HOH FILERS)		MAX AGI (MFJ FILERS)	
<u>EITHER YEAR</u>	2023	2024	2023	2024	2023	2024
ZERO (0)	\$600	\$632	\$17,640	\$18,591	\$24,210	\$25,511
ONE (1)	\$3995	\$4213	\$46,560	\$49,084	\$53,120	\$56,004
TWO (2)	\$6604	\$6960	\$52,908	\$55,768	\$59,478	\$62,688
THREE (3)	\$7430	\$7830	\$56,838	\$59,899	\$63,398	\$66,819

STANDARD DEDUCTION

<u>FILING STATUS</u>	2023	2024
SINGLE	\$13,850	\$14,600
MARRIED, FILING SEPARATE	\$13,850	\$14,600
MARRIED, FILING JOINT	\$27,700	\$29,200
HEAD OF HOUSEHOLD	\$20,800	\$21,900

INCOME TAX RATES AND TAX BRACKETS

RATE	YEAR	SINGLE	MFJ	MFS	HOH
10%	2023	\$0-\$11,000	\$0-\$22,000	\$0-\$11,000	\$0-\$15,700
	2024	\$0-\$11,600	\$0-\$23,200	\$0-\$11,600	\$0-\$16,550
12%	2023	\$11,001-\$44,725	\$22,001-\$89,450	\$11,001-\$44,725	\$15,701-\$59,850
	2024	\$11,601-\$47,150	\$23,201-\$94,300	\$11,601-\$47,150	\$16,551-\$63,100
22%	2023	\$44,726-\$95,375	\$89,451-\$190,750	\$44,726-\$95,375	\$59,851-\$95,350
	2024	\$47,151-\$100,525	\$94,301-\$201,050	\$47,151-\$100,525	\$63,101-\$100,500
24%	2023	\$95,376-\$182,100	\$190,751-\$364,200	\$95,376-\$182,100	\$95,351-\$182,100
	2024	\$100,526-\$191,950	\$201,051-\$383,900	\$100,526-\$191,950	\$100,501-\$191,950
32%	2023	\$182,101-\$231,250	\$364,201-\$462,500	\$182,101-\$231,250	\$182,101-\$231,250
	2024	\$191,951-\$243,725	\$383,901-\$487,450	\$191,951-\$243,725	\$191,951-\$243,700
35%	2023	\$231,251-\$578,125	\$462,501-\$693,750	\$231,251-\$346,875	\$231,251-\$578,100
	2024	\$243,726-\$609,350	\$487,451-\$731,200	\$243,726-\$365,600	\$243,701-\$609,350
37%	2023	\$578,126 AND UP	\$693,751 AND UP	\$346,876 AND UP	\$578,101 AND UP
	2024	\$609,351 AND UP	\$731,201 AND UP	\$365,601 AND UP	\$609,350 AND UP

WHAT'S NEW FOR INCOME TAXES

TAX RATES ON LONG TERM CAPITAL GAINS AND QUALIFIED DIVIDENDS DID NOT CHANGE FOR 2023.

HOWEVER, INCOME THRESHOLDS FOR THOSE RATES WERE ADJUSTED FOR INFLATION.

THE STANDARD DEDUCTION AND TAX BRACKETS WERE ADJUSTED FOR BOTH 2023 AND 2024 FOR INFLATION.

RESIDENTIAL CLEAN ENERGY CREDIT APPLIES TO SOLAR, WIND, GEOTHERMAL, FUEL CELL TECHNOLOGY AND

BATTERY STORAGE TECHNOLOGY. THE CREDIT IS 30% OF THE COST OF EQUIPMENT AND INSTALLATION FOR THESE SYSTEMS AND RUNS THROUGH 2032.

ENERGY EFFICIENT HOME IMPROVEMENT CREDIT HAS BEEN TOTALLY REVAMPED.

FOR 2023 THROUGH 2032 THE CREDIT INCREASES TO 30% OF THE COST OF CERTAIN TYPES OF INSULATION, BOILERS, AC SYSTEMS, WINDOWS, DOORS, ETC ADDED TO YOUR RESIDENCE. THE LIMIT FOR THE CREDIT IS NOW \$1200 ANNUALLY.

HOWEVER, THE AGGREGATE PER YEAR IS \$500 FOR EXTERIOR DOORS AND \$600 FOR EXTERIOR WINDOWS AND SKYLIGHTS. THE ANNUAL LIMIT IS \$2000 FOR A BIOMASS STOVE, HOT WATER BOILER, OR AN ELECTRIC OR NATURAL GAS HEAT PUMP. YOU CAN ALSO GET UP TO \$150 IN CREDIT FOR A HOME ENERGY AUDIT. THESE CREDITS APPLY TO YOUR PRIMARY RESIDENCE AND ANY OTHER HOME YOU USE AS A RESIDENCE.

CLEAN VEHICLE CREDIT FOR 2023 THROUGH 2032 REMAINS AT \$7500 BUT THE FACTORS FOR FIGURING THE CREDITS ARE NEW. THE CREDIT IS BASED ON CRITICAL MINERALS COMPONENTS AND BATTERY COMPONENT RULES.

1099K FORM REPORTING IS A LAW REQUIRING PAYEES RECEIVING OVER \$600 A YEAR ELECTRONICALLY FOR GOODS AND/OR SERVICES TO BE ISSUED A 1099K BY THE PAYER. THIS ACTION HAS BEEN DELAYED FOR 2023. IF YOU RECEIVE A 1099K PLEASE MAKE SURE TO BRING IT IN AS IT MUST BE REPORTED. IF NON-OF IT IS TAXABLE, WE WILL BACK IT OUT OF THE RETURN.

RETIREMENT SAVINGS CHANGES HAVE MADE RMDs BE PUSHED OFF UNTIL THE AGE OF 73. IF YOU TURNED 73 BY 12/31/23 THEN YOU MUST TAKE YOUR FIRST RMD BY 4/1/24. THE PENALTY FOR FAILURE TO TAKE AN RMD HAS BEEN REDUCED TO 25%.

OTHER CHANGES INCLUDE: ADOPTION CREDIT, KIDDIE TAX, PARKING AND TRANSPORTATION BENEFITS, STUDENT LOAN INTEREST DEDUCTION, EDUCATION BONDS, ALTERNATIVE MINIMUM TAX (AMT), TAXES FOR AMERICANS WORKING ABROAD, MILEAGE RATES, LONG TERM CARE PREMIUMS, HEALTH SAVINGS ACCOUNTS (HSA), FLEXIBLE SPENDING ACCOUNTS (FSA), DEDUCTIONS FOR THE SELF EMPLOYED, SOCIAL SECURITY TAX, ESTATE AND GIFT TAXES.

IF YOU OWN AN LLC OR ARE A MEMBER OF AN LLC, PLEASE MAKE SURE THAT WE TAKE CARE OF YOUR NEW FIN CEN REPORTING OBLIGATION FOR 2023. THIS REPORTING CAN CARRY A PENALTY OF UP TO \$10,000 IF NOT COMPLETED IN A TIMELY MANNER. IF YOU ARE AN EXISTING LLC AS OF 12/31/23 THE FINCEN REPORTING FOR THAT LLC IS DUE BY 12/31/24.

WHAT'S NEW FOR INCOME TAXES (CONTINUED)

ERC CLAIMS ARE NOT CURRENTLY BEING PROCESSED HOWEVER IF YOU ARE ELIGIBLE FOR THE ERC CREDIT FOR 2020 WE MUST SUBMIT THOSE FORMS NO LATER THAN 4/15/24. IF YOU HAVE ALREADY TALKED TO ME ABOUT LOOKING AT AND CALCULATING THE ERC FOR YOU THEN I HAVE YOU ON MY LIST! IF WE HAVEN'T TALKED ABOUT ERC CREDIT PLEASE REACH OUT ASAP SO YOU DON'T GET OVERLOOKED.

BONUS DEPRECIATION HAS STARTED TO PHASE OUT.

FOR 2023 THE AMOUNT IS \$80% THEN GOES DOWN 20% PER YEAR UNTIL IT IS PHASED OUT COMPLETELY.

WISCONSIN TAX RATES/BRAKETS HAVE ALL DECREASED FOR 2023.

ALTHOUGH WE TRY TO COVER TAX CHANGES IN THEIR ENTIRETY THESE ITEMS OFTEN GET UPDATED. THIS MATERIAL WAS COMPLETED USING THE MOST CURRENT INFORMATION AVAILABLE TO US AT THE TIME OF MAILING. WE WILL MAKE SURE THAT ANY ADDITIONAL UPDATES ARE POSTED ON OUR WEBSITE AND FACEBOOK PAGE. THIS MAILING SHOULD NOT BE CONSIDERED AS TAX LAW, TAX ADVICE, TAX PLANNING OR TAX PREPARATION. PLEASE CONSIDER THIS MAILING TO BE FOR INFORMATIONAL PURPOSES ONLY. SINCE EACH SITUATION CAN BE DIFFERENT IF YOU NEED ANY OF THE AFOREMENTIONED SERVICES PLEASE CALL AND SCHEDULE AN APPOINTMENT.

IF YOU THINK YOU MAY BE ELIGIBLE FOR

EARNED INCOME CREDIT (EIC), CHILD TAX CREDIT (CTC) OR ADDITIONAL CHILD TAX CREDIT (ACTC)

PLEASE BE AWARE OF THE FOLLOWING TIE BREAKER RULES:

SOMETIMES A CHILD CAN MEET THE RULES TO BE A QUALIFYING CHILD OF MORE THAN ONE PERSON.

IF THE CHILD IS THE QUALIFYING CHILD OF MORE THAN ONE PERSON,

ONLY ONE PERSON CAN CLAIM THE CHILD AS A QUALIFYING CHILD FOR THE FOLLOWING TAX BENEFITS:

EITC

DEPENDENCY EXEMPTION

CHILD TAX CREDIT

HEAD OF HOUSEHOLD STATUS

CHILD AND DEPENDENT CARE CREDIT

EXCLUSION FOR DEPENDENT CARE BENEFITS

THE OTHER PERSON CANNOT TAKE ANY OF THE SIX TAX BENEFITS LISTED ABOVE UNLESS THEY HAVE A DIFFERENT QUALIFYING CHILD. IF MORE THAN ONE PERSON ACTUALLY CLAIMS BENEFITS USING THE SAME CHILD, THE TIE BREAKER RULES WILL APPLY

UNDER TIE BREAKER RULES THE CHILD IS TREATED AS A QUALIFYING CHILD ONLY BY:

THE PARENTS, IF THEY FILE A JOINT RETURN

THE PARENT, IF ONLY ONE OF THE PERSONS IS THE CHILD'S PARENT

THE PERSON WITH WHOM THE CHILD LIVED LONGER DURING THE YEAR

THE PARENT WITH THE HIGHER AGI IF THE CHILD LIVED WITH EACH PARENT FOR THE SAME AMOUNT OF TIME DURING THE TAX YEAR

THE PERSON WITH THE HIGHEST AGI IF NO PARENT CAN CLAIM THE CHILD

A PERSON WITH AN AGI HIGHER THAN ANY PARENT WHO COULD CLAIM THE CHILD AS A QUALIFYING CHILD BUT DOES NOT

PLEASE MAKE SURE TO INCLUDE INFORMATION ON CHARITABLE CONTRIBUTIONS, OUT OF POCKET HEALTH PREMIUMS, OUT OF POCKET LONG TERM CARE PREMIUMS, OUT OF POCKET MEDICAL EXPENSES AND ANY OTHER ITEMIZED DEDUCTION ITEMS. YOU MAY STILL BE ELIGIBLE FOR CREDITS ON YOUR STATE TAX RETURN FOR THESE ITEMS REGARDLESS OF WHETHER YOU ARE ELIGIBLE FOR FEDERAL CREDIT.

THANK YOU FOR YOUR CONTINUED SUPPORT OF A FAMILY-OWNED LOCAL BUSINESS. YOU ARE APPRECIATED AND VALUED. WE WOULD NOT BE SUCCESSFUL WITHOUT YOU!

WE ARE AVAILABLE YEAR-ROUND TO HELP WITH YOUR BUSINESS, TAX AND CONSULTING NEEDS. PLEASE REACH OUT IF WE CAN BE OF ASSISTANCE.

SINCERELY,

TAMI L KASTEN, ABA

AND THE ENTIRE STAFF OF ACCOUNTING PLUS LLC