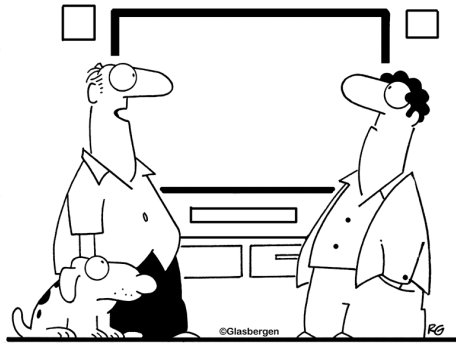


2023 GSK Updates

Happy Extension Season Summer!



"I can claim a 70-inch plasma TV as a business expense because my accountant said it's important to look at the big picture."

Glasbergen Cartoons

This is the time of year I catch up on TV I missed during this (or previous) busy seasons. I think I have a few seasons of Cheers left to go. It's always interesting how those Hollywood types work the tax system. Take West World for example. Recently, this massively popular (or so I'm told) show, among others, was removed from HBO's streaming service to aid in debt reduction efforts at the company. Reportedly they could realize the loss of its future value as part of the subscription offering. The show will still be on their servers and might even be moving to an ad-supported streaming service so it will still generate money, just not from subscribers.

This has me thinking. We have a video of Bob's new dog (Anubis II) playing in the yard. I think people would pay a lot of money per year just to see a puppy scampering around (isn't most of the internet just animal videos?) I know that I would pay

to see a video of our own mascot on repeat for at least the next 20 years. The real trick is figuring out how to put it ON a streaming service so I can immediately remove it once we have subscribers. So, I guess what I'm saying is, who wants to pay us \$20/month for access to a single dog video?

Anyways, onto some more relevant information for those of us not in the Hollywood hills:

Office Communication

As always, we are here year-round! If you want to get a head start on tax planning or your information (address, phone number, email address, etc...) changes, please reach out now to avoid any possible confusion down the road. As you can see, we are moving to more digital communication like we mentioned last year, including this summer newsletter being posted on the website and emailed out instead of hard copies.

Several of our clients are now emailing documents to us which is fine. Please make sure they are in PDF format. Sending pictures of documents does not really work that well.

Keep an eye on your email and the website for any updates. Let us know if you may be interested in engaging additional services as well, such as new LLCs, business entities or life decisions/changes that will impact filing status. It is often easier to update us on these things before we get into the tax season.

If we filed an extension for you, please make sure to send in any remaining documents ASAP. If you are unsure what is missing, give us a call.

The Upside To Inflation

Inflation is a problem in many ways, but the IRS does make some helpful adjustments, so plan accordingly. The Standard Deduction, retirement contribution limits, and other credits and deductions are increasing for 2023. If you want to plan for any of these adjustments don't hesitate to reach out to our office.

Here's a list of many of the changes we know so far (more may come out before tax filing season arrives)

	2022	2023	change
Standard deduction (single/Married filing separately)	\$12,950	\$13,850	+\$900
Standard deduction (Married filing jointly)	\$25,900	\$27,700	+\$1,800
Standard deduction (Head of Household)	\$19,400	\$20,800	+\$1,400
401(k) contribution limit	\$20,500	\$22,500	+\$2,000
IRA Contribution limit	\$6,000	\$6,500	+\$500
HSA Contribution limit(individual/family)	\$3,650/\$7300	\$3,850/\$7750	+\$200/\$450
Flex Spending Account contribution limit	\$2,850	\$3,050	+\$200
Refundable portion of the Child Tax Credit	\$1,500	\$1,600	+\$100
Foreign Earned Income exclusion	\$112,000	\$120,000	+\$8,000
Annual Exclusion for gifts	\$16,000	\$17,000	+\$1,000
Estate Basic Exclusion	\$12,060,000	\$12,920,000	+\$860,000

Tax Brackets

- 35% for incomes over \$231,250 (\$462,500 for married couples filing jointly)
- 32% for incomes over \$182,100 (\$364,200 for married couples filing jointly)
- 24% for incomes over \$95,375 (\$190,750 for married couples filing jointly)
- 22% for incomes over \$44,725 (\$89,450 for married couples filing jointly)
- 12% for incomes over \$11,000 (\$22,000 for married couples filing jointly)

For tax year 2023, the top tax rate remains 37% for individual single taxpayers with incomes greater than \$578,125 (\$693,750 for married couples filing jointly).

Self-Employed Adjustments

Sadly, the adage “there’s no such thing as free lunch” applies once again. Beginning this year the temporary 100% deduction on business meals is ending and it returns to 50%, and the first year bonus depreciation has decreased from 100% to 80%. However, a few other deductions including Pass-through income, limitations on expensing business assets, and mileage rates have increased. These and other changes may affect your bottom line for 2023.

Monroe County Small Business Loan Program

Just announced on May 31st, the “MicroAdvantage Small Business Loan Program” has been launched by Monroe County and the applications opened on June 1st. The American Rescue Plan act provided \$5.8 million in funds, to be portioned out as loans from \$10,000 up to \$50,000 to business with 25 or fewer full- time employees (or equivalent) and \$4 million or less in annual revenue. The goal of this program is to help business kickstart their operations as we continue to recover from the impacts of Covid-19. A portion of this program is specifically portioned for minority and women-owned businesses. You can apply here (there is a \$100 application fee): <https://www.monroecounty.gov/planning-microloan>

Energy efficiency credits – save on energy and get tax benefits in the process

1) Business

- a. In addition to helping lower operating costs and limiting the effect of volatile energy prices, switching to low-cost solar power can also qualify you for a credit of 30% of the costs of that change for business. Energy efficiency improvements which lower your utility bills can also qualify you for a credit of \$5 per square foot.
- b. The Clean Commercial Vehicle credit helps businesses that use vehicles such as trucks and vans switch to clean commercial vehicles by providing a credit for 30% of the purchase cost of qualifying electric/fuel cell models. There is no limit to the number of vehicles this can be claimed for. See below for more details.

2) Individual

- a. A similar credit to #1a above is available for installing a renewable energy source (solar, wind, geothermal, fuel cell, etc...) in your home. This credit is good for up to 30% of the cost of equipment and installation. Beginning in 2023 this also applies to Battery storage technology. After 2032 this credit will begin to phase out and will end in 2035.
- b. Certain types of energy efficiency related improvements (doors, windows, heat pumps, etc...) have qualified for 10% of the cost, with a lifetime cap of \$500. From 2023 until 2032, this credit is increasing to 30% and the lifetime cap is being replaced with a \$1200 **annual** limit (with some specific limitations or increase on certain specified items); for qualified electric or natural gas heat pumps, biomass stoves or biomass boilers, the credit is also increasing to 30% and the annual maximum credit limit will be increased to \$2,000 rather than \$1,200. You can also get a credit for up to \$150 for a home energy audit to identify what improvements may be beneficial for you.
- c. The Clean Vehicle Credit has also been changed, with more stringent requirements that must be met in order to receive the full credit. Considerations are the critical minerals and battery requirements, whether the vehicle was assembled in North America, and the battery capacity.

Electric Vehicle Tax Credits

The IRS recently issued new guidance on electric vehicles. There are four ways you can potentially benefit from a federal tax credit for an EV you place in service in 2023 or later:

- Purchase an EV, and claim the clean vehicle credit.
- Lease an EV, and benefit from the lessor's EV discount.
- Purchase a used EV that qualifies for the used EV tax credit.
- Purchase an EV for business use, and claim the new commercial clean vehicle tax credit.

The new clean vehicle credit is available through 2032, with a maximum credit of \$7,500.

To qualify for the clean vehicle credit, you must meet specific criteria, including income limits, vehicle price caps, and domestic assembly requirements. The credit amount for vehicles delivered on or after April 18, 2023, depends on the vehicle meeting critical minerals sourcing and/or battery components sourcing requirements.

If you can't find an EV that qualifies for the credit or your income is too high, you can lease an EV from a leasing company that can claim up to a \$7,500 commercial clean vehicle tax credit. The leasing company may then pass on all or part of the credit to you through reduced leasing costs.

Educational Assistance Programs

If your business or employer offers an educational assistance program, these benefits can now be used towards student loan payments made after 3/27/2020. Tax-free benefits are limited to \$5250 per employee per year. This can be an attractive fringe benefit to consider adding for your employees in order to attract skilled talent in a tight labor market like the one we have now.

Starting in 2023, businesses and taxpayers who receive more than \$600 in income from third-party settlement organizations, even through popular payment apps, may receive 1099-ks. These will typically be sent in January 2024. This threshold is lower from previous years, so you may receive this for the first time in the coming year if it applies to you.

Estate Planning

You need an estate plan, regardless of whether or not you are among the ultra-rich. As recent news has shown, even those who have won the lottery or have substantial wealth can fall victim to poor estate planning.

While federal estate taxes may not concern you, you need a will to have your wishes honored after your death. Without a will, state law dictates the distribution of your assets, which may not align with your intentions. Additionally, if you have minor children, a will allows you to name a guardian to care for them in the event of your untimely passing.

Your heirs will want to avoid probate because it can be a costly and time-consuming legal process. A living trust gives you a valuable tool to avoid probate. By transferring legal ownership of your assets to the trust, you can ensure that your beneficiaries receive them without suffering through probate. You can amend your living trust as circumstances change, providing flexibility and control over your assets.

It is also essential to keep your beneficiary designations up-to-date, as they take precedence over wills and living trusts regarding asset distribution.

Additionally, if your estate will suffer from federal or state death taxes, you should plan to minimize your exposure.

Estate planning is not a one-time event but a process that you should review and update regularly to accommodate life changes and fluctuations in estate and death tax rules. We recommend checking your estate plan annually to ensure it aligns with your wishes and circumstances.

STAR program

As always whether you are a new homeowner who could be receiving the STAR credit or already receiving the STAR credit/exemption and turned 65 by the end of 2023 it is worth reviewing the STAR and enhanced STAR criteria. If you are not receiving the appropriate benefit you can apply here:

<https://www.tax.ny.gov/pit/property/star/>

Basic Star Criteria

- The property is your primary residence.
- Your income is \$500,000 or less (the same limit applies to combined income for spouses as well)

Enhanced STAR Criteria

- The property is your primary residence
- At least one owner is 65 or older
- Income of \$93,200 or less (applies to combined income of owners and an owner's spouses who reside on the property)
- Current Basic STAR recipients will need to verify income with the city/town assessor the first time they are eligible to receive Enhanced STAR. Forms can be found here:

<https://www.tax.ny.gov/pit/property/star/ivp.htm>

IRS and State Tax Agencies communication speeds

For agencies so focused on getting things submitted on time, the response time is incredibly frustrating! We know and we sympathize. If you are waiting for a refund or a response from other paperwork, sadly the slowdowns of the past few years have not improved much. The IRS has a "Where's my refund" form on their website, or in an app, to check the status of your refund but it does not provide much detail. If they ask for additional information this can often put your tax return at the end of the line for review.

To limit how much you are affected by these slowdowns, make sure you send us all your documents early in the tax season. Filing before the deadline and including all necessary information is the best way to cut down on the slowdowns in this process to make sure you get your refund as soon as possible.

As always, we hope you enjoy these warm summer months. Please reach out if we can answer questions or aid in your tax planning in any way.

Summer hours (in effect until September 30th)

Monday – Thursday	8:00 am – 4:00 pm
Friday	8:00 am – noon (In July – we are closed on Fridays)
Saturday, Sunday, Holidays	closed

Greenebaum, Saiger & Kasdin PC
190 Office Park Way
Pittsford, NY 14534

Telephone
General Email
Website

(585) 383-5600
[**GSK@Greensaigk.com**](mailto:GSK@Greensaigk.com)
[**www.GreenSaigK.com**](http://www.GreenSaigK.com)