

# Accurate Tax Service Newsletter

## 2023 Tax Year

Happy New Year to you and your family. It's a new year and time to file your 2023 tax return. I included some important information about any tax changes, credits, and updates. I advise you to read the newsletter and look for what information applies to you. I am still taking appointments by email, text or over the phone. Also, I advise each person to set up a secure portal account if you want a digital tax return copy. The secured portal account is encrypted and safer than using your email. Contact me if you want me to help you set up an account.

- Wait for all your tax documents before setting up an appointment and filing your tax return. W2s can arrive before or after January 31, 2024. Stock trades, 1099's, Crypto, business income forms like K-1 could arrive in February or March of 2024. You must file all your income in your 2023 tax return. Each taxable income goes in the year you received or accrued it.
- Payment apps and online marketplaces are only required to send out Forms 1099-K to taxpayers who receive over \$20,000 and have over 200 transactions in 2023. For tax year 2024, the IRS plans for a threshold of \$5,000 to phase in reporting requirements.
- There's no change to the taxability of income. All income, including from part-time work, side jobs or the sale of goods is still taxable. Taxpayers must report all income on their tax return unless it's excluded by law, whether they receive a Form 1099-K, a Form 1099-NEC, Form 1099-MISC or any other information return.
- If you earned \$10 or more in interest from a bank, brokerage, or other financial institution, you should receive a 1099-INT and report the income.
- The 2023 standard mileage rate applicable to eligible business use of a vehicle is 65.5¢ per mile, up from 62.5¢ in the last half of 2022.
- A nonrefundable tax credit of up to \$7,500 for purchase of a new clean vehicle “depending on the critical minerals used in the battery from which the EV (Electric Vehicle) draws electricity and the battery components”.

- The American Rescue Plan specifies that student loan forgiveness is exempt from federal income taxes through the end of 2025. However, they may be subject to state income taxes.
- HSA (Health Saving Account): Form 1099-SA will have the distribution amounts of your HSA. HSA distributions must be filed on your tax return to become tax-free distributions for medical expenses.
- You may claim the residential clean energy credit for improvements to your main home, whether you own or rent it. Your main home is generally where you live most of the time. The credit applies to new or existing homes located in the United States. The credit has “no annual or lifetime dollar limit” except for credit limits for fuel cell property. You can claim the annual credit every year that you install eligible property until the credit begins to phase out in 2033.

### Minnesota Residents

- Minnesota taxpayers with adjusted gross income (AGI) below \$100,000 for married joint returns or \$78,000 for single or head of household returns will subtract all taxable Social Security benefits.
- If you received certain pension pay for public service, you may be able to reduce your taxable income. To qualify, your pension pay must be taxable on your federal return.
  - 1.) Taxpayers earned public pension income.
  - 2.) Taxpayers did not earn credit toward Social Security benefits on this income.
  - 3.) Taxpayers are ineligible to receive Social Security benefits for the same service.
- Rebate Payment is Taxable on Federal Return:
  - The IRS determined this payment is taxable on federal returns. Minnesota Dept. of Revenue will send you a Form 1099-MISC to all rebate recipients to use when filing U.S. individual income tax returns for 2023.
- K-12 education: Record your expenses and save receipts. College Plan 529: Gains are tax free if funds are used for college expenses. Homeowners property tax returns can't be e-filed or processed until March 15, 2024. Landlords are required to give their tenants a Certificate of Rent (CRP).