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We hope that 2023 treated you well and look forward to seeing, or at least talking with you, in 2024. Coming in early will give us time to answer your tax planning questions. Filing early also helps protect against identity theft. Moreover, talking with us before any of your children file their taxes can avoid the potential need for amendments.

#### Standard Deduction, Tax Brackets, Interest

-The 2023 standard deduction increased to \$13,850 single, \$20,800 head of household, and \$27,700 married filing joint. (\$14,600, \$21,900, and \$29,200 for 2024). Taxpayers over 65 get an additional \$1,500 deduction each if married and \$1,850 for single or head of household.

-Even if it is beneficial to take the standard deduction on your Federal return, many taxpayers will benefit from itemizing on their State return. So, you should always keep track of your charitable contributions and medical expenses.

-The tax rates remain 10%, 12%, 22%, 24%, 32%, 35%, and 37%. AZ has a flat 2.5% tax.

-IRS interest rates are high right now, 8%, so it is more important than ever to make any estimated payments and come in early to avoid extension if you might owe. (interest and penalties accrue even with a filing extension)

#### Electric Vehicle and Residential Energy Credits

-If you purchased a credit eligible EV in 2023 bring us the Dealer Statement regarding the credit. See also [fuelconomy.gov](http://fuelconomy.gov) for vehicle eligibility if you are considering a purchase.

-The Inflation Reduction Act greatly expanded residential energy credits covering a variety of energy-efficient home improvements as well as solar. We can discuss it at your appointment. [Energystar.com](http://energystar.com) identifies energy star certified products.

The IRS provides a helpful fact sheet at [www.irs.gov/pub/taxpros/fs-2022-40.pdf](http://www.irs.gov/pub/taxpros/fs-2022-40.pdf)

#### Charitable Contributions and Arizona Tax Credits

-If you are receiving an IRA payment and are at least 73, you can have up to \$100,000 of that payment sent directly to charity and it will not be taxable income to you. These donations are not eligible for the AZ Tax Credit.

-You can donate appreciated stock to charity, avoid paying capital gains on it, and deduct the charitable contribution.

-Below are the 2023 limits and due dates for the Arizona Tax Credits. If your credits are more than your tax, they can be used to reduce your AZ tax in following years.

<b>Type of Credit Filing</b>	<b>Donation Due Date for tax year 2023</b>	<b>Single/Head of Household cap</b>	<b>Married Joint cap</b>
Qualifying Charitable Organization	4/15/24	\$421	\$841
Foster Care Charitable Organizations	4/15/24	\$526	\$1051
Public Schools	4/15/24	\$200	\$400
Private School	4/15/24	\$1307	\$2609
Military Family Relief	12/31/23 or until capped	\$200	\$400

- Private School donations must go through a School Tuition Organization such as IBE or CTSO.
- We need the confirmation letter from your AZ tax credit organizations and the date of donation.
- For Military Fund we need to know if you designated for pre or post 9/11.
- You can find lists of all qualifying organizations at [azdor.gov/tax-credits](http://azdor.gov/tax-credits).

Year-End Reminders

-For shareholders and LLC members, reimburse yourself for business mileage 65.5 cents/mile.

-If you have an S corporation, reimburse yourself for health insurance premiums and long-term care insurance you have paid and let the person who is preparing your W-2 know the amount.

-ROTH contributions have income limits. To be eligible your modified adjusted gross income can't be more than \$153,000 (single) and \$228,000 (married filing joint). You can contribute until April 15, 2024 for the tax year 2023. So, if there is a chance your income could exceed the limits, you should wait until you know for sure. (Note: this will include capital gains reported on brokerage statements you will receive in the spring)

-IRA contribution limit (for both traditional and Roth) is \$6,500. (\$7,500 for those 50 and older) You can contribute by April 15, 2024. (Increasing to \$7,000/\$8,000 for 2024)

-401k contributions limits are \$22,500 with an additional \$7,500 for taxpayers 50 and older making catch-up contributions. (For tax year 2024 the base increases to \$23,000)

-Required minimum distributions (RMDs): Anyone who reaches 73 years of age by the end of 2023 must take an RMD. (exceptions may apply if you still work for the company sponsoring your retirement plan). Also, beneficiaries of an inherited IRA may need to take an RMD regardless of age.

-HSA contribution limits are \$3,850 for self-only coverage and \$7,750 for family coverage. (\$4,150 and \$8,300 in 2024)

### Filing Deadlines

1/31/24	W-2s and 1099s must be filed. (If you have paid anyone more than \$600 for services rendered you need to file a 1099)
3/15/24	Corporation, LLCs, and Partnerships returns are due.
4/15/24	Individual and Trust returns are due. (Note: you cannot file an extension for your return if you received advanced payments from the Marketplace)
5/15/24	Non-Profit returns are due.

### Health Insurance through the Marketplace

Please notify us if you go onto the Marketplace. If you have family members other than your spouse on your plan, be sure that you prepare your tax return before they do. You may need to allocate premium tax credits.

### Gather Documents and Prepare for Your Tax Consultation

-If you receive a letter from the IRS issuing you an IP PIN (Identify Protection PIN) please provide us with the letter. You get a new PIN each year.

-W-2s, 1099s, last paystub, and interest and dividend statements for everyone in your household, including any college students who may or may not live with you. \*\*Some brokerages only make the 1099s available online. Please contact your financial advisor or broker if you want to ensure mailed copies.

-K-1 statements from any partnership or corporate interests. (These are often sent out late. Just keep an eye out if you are expecting one.)

-Form 1099-G showing any unemployment compensation.

-1095 A – Health Insurance Marketplace statement.

-A copy of your Driver's License for you and your spouse if you renewed.

-If you or your spouse receive health insurance through Arizona State Retirement system, please find how much you paid out of pocket for the insurances. You can get this information from their website, or by calling 239-3100.

-Medical Payment Receipts. You can get a printout of your prescription records from your pharmacy.

-Confirmation letters from Arizona Tax Credit organizations. (and donation dates)

-You can google the Salvation Army Value Guide which will help you assess dollar values to your donated charitable items.

-If you have virtual currency or digital assets let us know. You need to keep your own records of acquisitions, transfers, and trades.

-If you made withdrawals from a Roth IRA, bring in the year end Fair Market Value of the Roth.

-Confirmation of Estimated Tax Payments. (a copy of your bank statement or cancelled check)

-The reasons for most IRS tax adjustment letters are under reported income and over reported estimated payments. Please be sure to bring in all W-2s, 1099-Rs, 1099-misc., social security statements, all other forms of income, including investments, and proof of estimated payments.

-The IRS will not contact you by phone or e-mail. They will only contact you by mail. If you ever receive such correspondence, please call us first before trying to address the issue yourself.

### Tax Planning

-Please let us know throughout the year about significant changes such as going on the Marketplace, income, births, deaths, divorce, or other changes to your household.

-Annual gift exclusion increases to \$18,000 per person in 2023 (\$17,000 for 2023)

-Long term capital gains taxable income brackets widen in 2024:

Single filers will pay 15% if income is between \$47,026-\$518,900

Married filing joint will pay 15% if income is between \$94,051-\$583,750.

Long term capital gains will be taxed at 0% if income levels are less than these thresholds and will be taxed at 20% for incomes exceeding the thresholds.

### New Reporting Requirements for Business Entities and LLCs

The Corporate Transparency Act requires most corporations, partnerships, and LLCs to file a Beneficial Ownership Information (BOI) Report between 1/1/2024 and 12/31/2024. This is not part of your tax return, but a separate reporting. Please see <https://www.fincen.gov/boi>. Failure to file is subject to a \$500/day penalty.

We look forward to seeing you in the New Year. Please visit our website at [gailwilliamstax.com](http://gailwilliamstax.com) for helpful resources. As always, we appreciate any referrals to friends or relatives. Thank you!

Best Wishes and have a Wonderful Holiday Season,

Gail, Rosalind, and Barrett