

Dear family and friends;

We hope that you and your family are doing well. Enclosed is your annual organizer for your 2023 taxes. It's been an interesting year with important tax changes that will impact you. Here are some of the changes and issues you need to know about.

**Tax return due dates:**

- Individuals must file returns *by April 15, 2024, for the 2023 tax year*;
- **Partnerships** must file returns by the *15th day of the third month following the close* of the taxable year (March 15 for calendar-year taxpayers);
- **C corporation** returns are generally due by the *15th day of the fourth month* following the close of the taxable year (April 15 for calendar-year taxpayers);
- **S corporation** returns will remain due by the *15th day of the third month* of the taxable year (March 15 for calendar-year taxpayers); and
- *W-2s and 1099s must be filed by January 31, 2024, for the 2023 tax year.*

**Inflation Reduction Act:** The Inflation Reduction Act was passed into law late last summer and contained numerous green energy credit provisions, including extended credits for clean energy vehicles (new and used) and energy-efficient home improvements. However, there are many more limitations for these credits, including income limitations and manufacturers suggested retail price (MSRP) limitations in the case of the Clean Vehicle Credit.

Be sure to consult our office before making any purchase where a salesperson asserts that you are eligible for a tax credit. It's very possible that your individual income tax situation, of which the salesperson has no knowledge, will limit your credit.

Please provide us with receipts and purchase contracts for energy efficient home improvements made during 2023, such as new windows, doors, and skylights. If you aren't sure if a home improvement you made qualifies for the credit, please ask.

**Affordable Care Act:** The IRS has issued new regulations that may allow more taxpayer to claim subsidies for purchasing health insurance through a state insurance exchange. These subsidies are also known as the Premium Tax Credit.

If you, as an employee, must pay any portion of your health insurance premiums or the health insurance premiums of your family members as payroll deductions, then we should discuss your options for purchasing health insurance through an exchange and whether you are eligible to claim the Premium Tax Credit for doing so.

**Large inflation adjustments:** Inflation was at its highest point in decades in 2023, which resulted in large inflation adjustments for the 2024 tax year for tax rate brackets, deductions, annual gift tax limitations, Social Security benefits, and retirement contribution limitations, just to name a few.

Be sure to provide your tax information to us as early as possible so that we can determine what effects these large inflation adjustments may have for you as we plan ahead for the remainder of 2024.

**Property transactions:** Did you sell any real estate this year? Be sure to provide copies of escrow statements, as well as the Loan Estimate form, the Closing Disclosure form, and

California Form 593, Real Estate Withholding Tax Statement. We need these documents to properly prepare your return. If you can get them to us as early as possible, we can make sure we have everything we need, and make sure that any state withholding documentation is correct.

**1099s and K-1s:** If you received 1099s or K-1s from investments in 2023, we may extend your return in case these documents are corrected after the original filing deadline. We are seeing increasing numbers of corrected information returns, which require taxpayers to amend their original tax returns to reflect the corrected amounts. In some cases, the amounts are vastly different and can create additional costs in amending the tax returns and potential penalty problems.

**1099-Ks:** The filing threshold for 1099-Ks has dropped to \$600 for 2023. If you receive income through a third-party settlement provider (such as a credit card company or even a mobile phone app like Venmo or Apple Pay, among many others) then you may receive a 1099-K for that income even if you haven't in the past.

Be sure to provide a copy of any 1099-Ks you receive and let's discuss the source of the income. In the case of mobile phone payment apps, if you designated your account as a business account, but receive payments for non-business items, then you may receive a 1099-K for income that should not be taxable to you. Do not ignore the 1099-K. The IRS will expect you to report the income. If the income was not received in exchange for goods and services then we can report the 1099-K in a way that ensures you are not taxed on it.

**Foreign accounts:** We must report overseas assets owned by businesses as well as individuals. The reporting requirements are increasing and the penalties for failure to report continue to be harsh. Not all foreign holdings must be reported. If, for example, you hold stock in a foreign company through a U.S. broker, those holdings do not have to be separately reported. However, if you hold any other types of foreign assets, including bank accounts and securities accounts, please let us know. If you have any doubt as to whether any of your assets are foreign, please discuss those assets with us. Again, this year we will need information on a business' foreign holdings as well.

Please take extra care in preparing your organizer and documentation so we can do the best possible job to find new tax benefits that are hidden in the law and protect you from more aggressive audit programs and larger penalties.

As always, our website- [tidofinancial.com](https://tidofinancial.com)- is a great place to start with up-to-date and useful tools, tax filing organizers and a wealth of resources that our clients can access 24 hours a day, seven days a week.

**Call, email or text us - our team of advisors are ready and able year-round for all your tax and financial questions and concerns.**

Yours truly,

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**2023 Tax Filing Season Begins Jan. 29**