**Highlights Of the 2023, 2024 & Beyond Tax Changes**

* The Traditional IRA and Roth IRA remains at $6,500 for 2023 & goes to $7,000 for 2024, and if you are 50 and over, you can contribute $1,000 more to catchup.
* For 2023, maximum 401K, 403B and 457 contribution remains at $22,500 and over 50 can catchup an extra $7,500. The cap on simple plans goes to $15,500 and over 50 can put in $3,500 catchup. For 2024 the amounts go to $23,000 for 401K, 403B and 457 plans and $7,500 for catchup. The cap on simple plans goes to $16,000 and $3,500 for simple plans.
* The 2023 standard mileage rate for business driving was 0.655 cents a mile, medical/moving is 0.22 cents, and charity 0.14 cents. Mileage for 2024 will increase to $0.67/mile. Medical and military moves are $0.21/mile and charity remain at $0.14/mile plus parking and tolls.
* The 7.5 adjusted-gross income threshold for medical expenses on Schedule A is permanent.
* Social Security recipients received a 3.2% COLA or raise for 2024. The Medicare Part B monthly premium will rise to $174.70 for 2024- and upper-income seniors will pay even higher Part B and D premiums depending on income.
* The Social Security wage base jumps in 2024 to $168,000 and $8,400 hike from 2023. The S/S tax rate remains at 6.2 % and 1.45% Medicare tax on all compensation with no cap. The Medicare surtax on wages and self-employment income remains at 0.9% and 3.8% surtax for singles over $200,000 and $250,000 for couples.
* We are reverting from a lot of the COVID-19 relief Acts, so we are returning to prior amounts of tax laws.
* There are higher lifetime estate ($13,610,000) and gift tax exemptions ($18,000/recipient) for 2024. After 2025, the exemption will fall back to $5 million unless Congress agrees to extend or change the amount.
* Again, IRS delays the new 1099-K reporting rules. This is for payments such as Venmo and PayPal for payments made to payees more than $600 a year for goods and services.
* Remember that the child tax credit reverts to a max of $2,000/child. There were no stimulus checks for 2023 nor advanced child tax credits. Dependent childcare expenses revert to $3,000/child and $6,000 for 2 or more. There are also no above the line charitable reductions in income of $300 and $600 because it expired.
* Businesses can only deduct 50% of business meals and beverages for 2023. It still has the 50% Haircut. Business entertainment expenses are still no longer deductible. (Sush as sporting events, concert tickets, and any form of entertainment.)
* Remember the withdrawals of the retirement funds in 2020 because of COVID-19, which were penalty free and could spread the amount over 3 years. And if you repaid the whole amount within the 3-year period, then you can go back and amend 2020 or later years to get your refund. 2022 was the last year for the third installment to be added into income. But if you paid the withdrawal back within the 3-year period, you need to go back and amend 2020 or later years to get your refund. IRS will NOT send automatically. (Go back & amend for refund if paid back)

**Key Tax Law Changes**

The SECURE Act 2.0 has changed the RMD age from 70 ½ to 72 beginning 2020, but 2023 changed it to 73. RMD’s must be taken by April 1 (or pay a penalty) by the year following the year you are required to take the RMD. For example, if you turned 72 in 2022, you were required to take your RMD by April 1, 2023. If you turned 73 in 2023, then you were required to take an RMD by 04-01-2024 without paying any penalty (50% of the amount of RMD, Ex. $10,000 RMD, $5,000 penalty). But it means you took the RMD in the following year then you will be taxed on 2 RMDs in one year. (In most cases this is not good tax planning.)

Note: RMS age rises again in 10 years (2033) to 75.

With the new life expectancy tables RMDs for 2022 and beyond allow distributions to be spread over more years and result in lower payments.

Inherited IRAs after 2019 must be distributed within 10 years. There has been a great deal of confusion regarding this matter. If the owner was taking RMD’s, then those should have been taken each year regardless, but the IRS is giving relief if this did not happen from 2019- 2023. (Not charging 50% PENALTY). RMD’s FOR 2024 should be taken out and the fund still must be cleared out in 10 years.

New Tax Credit for New Clean Vehicles- a credit up to $7,500 is available if you or your business buy a new, qualified plug-in electric vehicle or fuel cell. You can view the list and read more on eligible EVs at <https://fueleconomy.gov/feg/tax2023.shtml>, which will be updated.

New Tax Credit for Used Clean Vehicles is available up to $4,000 if you buy a previously owned , qualified, plug in or fuel cell electric vehicles, including cars and light trucks.

Tax Credit for Energy Efficient Home Improvements There is an annual tax credit up to $1,200 now available if you make qualified energy improvements to your home (biomass stoves and boilers have a separate annual credit limit of $2,000). There are still available credits for renewable energy sources such as solar, wind, geothermal, or fuel cell or battery storage technology. The credit equals 30% the cost of materials and installation for systems that you install in your home through 2032, it falls to 26% in 2033, 24% in 2034, and then expires. These smaller energy efficient home improvement credits have been here since 2007 but were revamped in 2023. The credit varies for the type of improvement such as insulation, boilers, central A/C systems, water heaters, heat pumps, exterior doors, windows, and the like from 2023-2034. These items must also meet certain energy-efficient ratings, depending on the product.

Last year’s **Inflation Reduction Act** gave the IRS an additional $80 Billion in funding for over 10 years, with much being dedicated to enforcement and collection. This amount has since been cut and reallocated to other agencies, departments, and Israel & Ukraine for their wars.

As part of the Revenue Services efforts to improve taxpayer service, it has opened or reopened 35 Taxpayer Assistance Centers. It’s where taxpayers can seek in person tax help. Appointments can be made, and you can contact your local IRS office on IRS’s website, [www.irs.gov](http://www.irs.gov).

One thing to keep in mind is that it seems to fall off the radar a lot these days. Giving the Service more money for enforcement raises revenues. So, slashing the funding isn’t an offset. IT would instead hike the federal deficit (which is $36 Trillion and rising daily). The Congressional Budget Office estimates that reducing IRS funding by $14.3 Billion would result in lost federal revenues of nearly $27 Billion.