



**FREEPORT
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Presents Virtual Presentation

2023 – 2024 TAX PRESENTATION

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Gather and Organize Tax Records

- The 2023 Tax Year returns are due on April 15, 2024. Organized tax records make preparing a complete and accurate tax return easier. It helps avoid errors that lead to processing and refund delays. Individuals should have all their tax information available before filing to ensure the return is complete and accurate.
- Remember, most income is taxable. Record keeping for individuals includes: Form W-2 from employer(s); Form 1099-NEC for nonemployee compensation (Subcontractor); Forms 1099 from banks, issuing agencies and other payers including unemployment compensation, dividends, and distributions from a pension, annuity or retirement plan; Form 1099-K, 1099-MISC or other income statement for workers in the gig economy; Form 1099-INT for interest received; Other income documents and records of virtual currency transactions documents.
- Taxpayers should also keep end of year documents including: Form 5498 issued by financial institutions with information on retirement accounts; Form 1095-A, Health Insurance Marketplace Statement.
- *Want a faster refund? Getting banked speeds tax refunds with direct deposit, it gives individuals access to their refund faster than a paper check.*

Form 1040 U.S. Individual Income Tax Returns

- Filing Status
 - Single
 - Taxpayer remain unmarried or legally separated through divorce as of the end of the year.
 - Married Filing Jointly
 - Taxpayer and Spouse who are married as of the end of the year.
 - Income, Deductions and credits of both spouses are accounted for in a joint tax return.
 - Both spouses are responsible for timely filing of tax returns and any tax liabilities owed.
 - Married Filing Separately (MFS)
 - Spouses choose to account for their incomes and deductions on **separate** tax returns.
 - Both spouses name and social must appear on each other's tax returns.
 - Both spouses must either itemized or take the standard deduction.
 - Head of Household (HOH)
 - There are several required criteria's for this status
 - Single, divorced or legally separated
 - You have a qualifying dependent
 - *Who can be your biological child, stepchild, foster child, sibling, step sibling, half sibling or a descendant of one of the aforementioned relatives*
 - You and spouse file separate tax returns
 - Your spouse did not live with you during the last six months of the tax year.
 - You live with a qualified child
 - You Pay more than half of your household expenses
 - Qualified Widow(er) (QW)
 - Allows surviving spouse to file joint tax return in spite of the deceased spouse
 - Allowable for two years following the year of spouse's death
 - Surviving spouse cannot re-marry within those two years.
 - Surviving spouse must maintain home for at least one dependent child

Tax Rate change 2023 vs 2024

The income tax marginal rate(s) that affects you as a filer will depend on your filing status and taxable income.

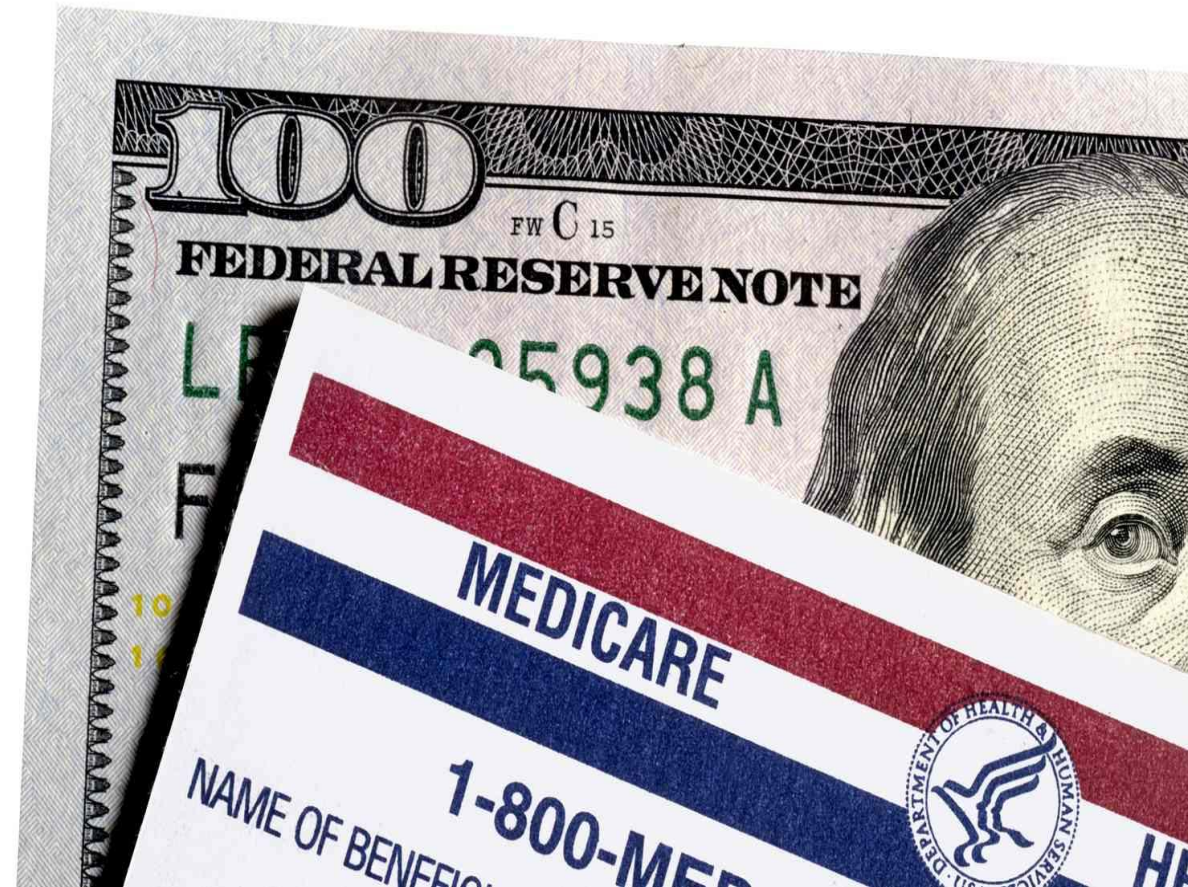
	2023	2024	2023	2024	2023	2024
	Single	Single	Head of Household (HOH)	Head of Household (HOH)	Married Filing Jointly or Qualified Widow (Widower)	Married Filing Jointly or Qualified Widow (Widower)
10%	0-\$11,000	\$0 - \$11,600	0-\$15,700	\$0 - \$16,550	0-\$22,000	0 - \$23,200
12%	\$11,000-\$44,725	\$11,600 - \$47,150	\$15,700-\$59,850	\$16,500 - \$63,100	\$22,000-\$89,450	\$23,200 - \$94,300
22%	\$44,725-\$95,375	\$47,150 - \$100,525	\$59,850-\$95,350	\$63,100 - \$100,500	\$89,450-\$190,750	\$94,300 - \$201,050
24%	\$95,375-\$182,100	\$100,525 - \$191,950	\$95,350-\$182,100	\$100,500 - \$191,950	\$190,750-\$364,200	\$201,050 - \$383,900
32%	\$182,100-\$231,250	\$191,950 - \$243,725	\$182,100-\$231,250	\$191,950 - \$243,700	\$364,200-\$462,500	\$383,900 - \$487,450
35%	\$231,250-\$578,125	\$243,725 - \$609,350	\$231,250-\$578,100	\$243,700 - \$609,350	\$462,500-\$693,750	\$487,450 - \$731,200
37%	Over \$578,125	Over \$609,350	Over \$578,100	Over \$609,350	Over \$693,750	Over \$731,200

Next year, brackets will be shifted 5.4% higher, according to the tax agency. (Table: Aimee Picchi Source: IRS)

Additional Medicare Tax

A 0.9% Additional Medicare Tax applies to Medicare wages, self-employment income, and railroad retirement (RRTA) compensation that exceed the following threshold amounts based on filing status:

- \$250,000 for married filing jointly;
- \$125,000 for married filing separately
- \$200,000 for all other taxpayers.



Standard Deductions

Definition: The standard deduction is a specific dollar amount that the IRS lets you subtract from your (AGI)Adjusted Gross Income to lower the amount of income you get taxed on. Remember the standard deduction you're entitled to generally depends on your tax-filing status.

For Example: A married couple filing their 2023 tax return jointly with an AGI of \$125,000 is entitled to a standard deduction of \$27,700. This tax break reduces their taxable income to \$97,300 ($\$125,000 - \$27,700$)

Standard deduction 2023 & 2024

Filing status	2023 standard deduction
Single	\$13,850.
Married, filing separately	\$13,850.
Married, filing jointly; qualified widow/er	\$27,700.
Head of household	\$20,800.

Filing status	2024 standard deduction
Single	\$14,600.
Married, filing separately	\$14,600.
Married, filing jointly; qualifying widow/er	\$29,200.
Head of household	\$21,900.

CAPITAL GAINS TAX: 2023-2024



What is Capital Gains?

- Capital gain refers to the profit made from the sale of capital assets, such as stock, houses, cars or other types of investments. Capital losses, on the other hand, are assets that have been sold for less than their original purchase price or [cost basis](#).

What is Capital Gains tax?

- A capital gains tax is a tax on the profit from the sale of an asset. How the capital gain is taxed depends on filing status, taxable income and how long the asset was owned before selling.
- The capital gains tax rate is 0%, 15% or 20% on most assets held for longer than a year. Capital gains taxes on assets held for a year or less correspond to ordinary income tax brackets: 10%, 12%, 22%, 24%, 32%, 35% or 37%.

CAPITAL GAINS TAX RATES 2023

2023 long-term capital gains tax rates and brackets

Tax-filing status	0% tax rate	15% tax rate	20% tax rate
Single	\$0 to \$44,625.	\$44,626 to \$492,300.	\$492,301 or more.
Married, filing jointly	\$0 to \$89,250.	\$89,251 to \$553,850.	\$553,851 or more.
Married, filing separately	\$0 to \$44,625.	\$44,626 to \$276,900.	\$276,901 or more.
Head of household	\$0 to \$59,750.	\$59,751 to \$523,050.	\$523,051 or more

CAPITAL GAINS TAX RATES 2024

2024 long-term capital gains tax rates and brackets

Tax-filing status	0% tax rate	15% tax rate	20% tax rate
Single	\$0 to \$47,025.	\$47,026 to \$518,900.	\$518,901 or more.
Married, filing jointly	\$0 to \$94,050.	\$94,051 to \$583,750.	\$583,751 or more.
Married, filing separately	\$0 to \$47,025.	\$47,026 to \$291,850.	\$291,851 or more.
Head of household	\$0 to \$63,000.	\$63,001 to \$551,350.	\$551,351 or more.

Net Investment Income Tax Rate

Individuals will owe this tax if they have Net Investment Income 3.8% and MAGI over the following thresholds:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying widow(er) with dependent child	\$250,000

Tuition and Fees Deduction

The **American opportunity tax credit** is a credit for qualified education expenses paid for an eligible student for the first four years of higher education.

You can get a maximum annual credit of \$2,500 per eligible student.

If the credit brings the amount of tax you owe to zero, you can have 40 percent of any remaining amount of the credit (up to \$1,000) refunded to you.

The **Lifetime learning credit** is for qualified tuition and related expenses paid for eligible students enrolled in an eligible educational institution.

This credit can help pay for undergraduate, graduate and professional degree courses including courses to acquire or improve job skills.

There is no limit on the number of years you can claim the credit. It is worth up to \$2,000 per tax return.

Itemized Deductions

Itemize your medical and dental expenses! If you paid for yourself, your spouse, and your dependents during the taxable year to the extent these expenses exceed 7.5% of your adjusted gross income for the year.

The deduction applies only to expenses not compensated by insurance or otherwise regardless of whether you receive the reimbursement directly or payment is made on your behalf to the doctor, hospital, or other medical provider.

Medical care expenses include payments for the diagnosis, cure, mitigation, treatment, or prevention of disease, or payments for treatments affecting any structure or function of the body.

Top 3 Tax Deductions

1. **Mortgage Interest.** If you have a current mortgage on a property, you can deduct “depending on the interest you pay on that mortgage and the insurance you pay for that mortgage. Any interest that you pay on a mortgage toward a property can be deducted from your tax (up to \$750,000), this also includes loans for second homes if it stays within the limits of \$750,000 and any home equity loans.”
2. **Property Taxes.** As a homeowner, you’ll face property taxes at a state and local level. You can deduct up to \$10,000 of property taxes as a married couple filing jointly – or \$5,000 if you are married filing separately.
3. **Home Business.** If you run a business from your home then you will be able to deduct some expenses when it comes to the costs of maintaining that space.
The bigger the space you use for your business, the more you can deduct.

Child Tax Credit & Dependent Care Credit

What is a Child Tax Credit? The child tax credit is a nonrefundable tax credit available to taxpayers with dependent children under the age of 17.

For 2023, the child tax credit is worth \$2,000-\$3,000 per qualifying dependent child if your modified adjusted gross income is \$400,000 or below (married filing jointly) or \$200,000 or below (all other filers).

To qualify for the child and dependent care credit, you must have paid someone, such as a daycare provider, to care for one or more of the following people:

- A child age 12 or younger at the end of the year whom you claim as a dependent
- Your spouse, if that person is unable to take care of himself or herself and lived in your home for at least half the year
- Any other person claimed as a dependent on your return, if that person can't take care of himself or herself and has lived in your home at least half the year

For tax year 2023, the maximum amount of care expenses you're allowed to claim is \$3,000 for one person, or \$6,000 for two or more people. The percentage of your qualified expenses that you can claim ranges from 20% to 35%.

Earn Income Tax Credit 2023

Definition: The Earned Income Tax Credit (EITC) helps low- to moderate-income workers and families get a tax break. If you qualify, you can use the credit to reduce the taxes you owe – and maybe increase your refund.

For the 2023 tax year (taxes filed in 2024), the EITC ranges from \$600 to \$7,430, depending on your filing status and how many children you have. Below are the maximum 2023 earned income tax credit amounts, plus the most you can earn before losing the benefit altogether.

Number of children	Maximum earned income tax credit	Max AGI, single or head of household filers	Max AGI, married joint filers
0	\$600	\$17,640	\$24,210
1	\$3,995	\$46,560	\$53,120
2	\$6,604	\$52,918	\$59,478
3 or more	\$7,430	\$56,838	\$63,398

Clean Vehicle and Energy Credits

You may qualify for a credit up to \$7,500 under Internal Revenue Code Section 30D if you buy a new, qualified **plug-in EV** or **fuel cell electric vehicle (FCV)**. The Inflation Reduction Act of 2022 changed the rules for this credit for vehicles purchased from 2023 to 2032.

The credit is available to individuals and their businesses.

To qualify, you must:

- Buy it for your own use, not for resale
- Use it primarily in the U.S.

In addition, your modified adjusted gross income (AGI) may not exceed:

- \$300,000 for married couples filing jointly
- \$225,000 for heads of households
- \$150,000 for all other filers

Used Vehicles

Beginning January 1, 2023, if you buy a qualified
used electric vehicle (EV) or fuel cell vehicle (FCV)

from a licensed dealer for \$25,000 or less, you may be eligible for a used clean vehicle tax credit

The credit equals 30% of the sale price up to a maximum credit of \$4,000

To qualify, a vehicle must meet all of these requirements:

- Have a sale price of \$25,000 or less. Sale price includes all dealer-imposed costs or fees not required by law. It doesn't include costs or fees required by law, such as taxes or title and registration fees.
- Have a model year at least 2 years earlier than the calendar year when you buy it. For example, a vehicle purchased in 2023 would need a model year of 2021 or older.
- Not have already been transferred after August 16, 2022, to a qualified buyer.
- Have a gross vehicle weight rating of less than 14,000 pounds
- Be an eligible FCV or plug-in EV with a battery capacity of least 7 kilowatt hours
- Be for use primarily in the United States

Retirement Plan and IRA Required Minimum Distributions

Required minimum distributions are the minimum amounts you must withdraw from your retirement accounts each year.

In 2022 You generally must start taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you reach age 72

Account owners in a workplace retirement plan (for example, 401(k) or profit-sharing plan) can delay taking their RMDs until the year they retire, unless they're a 5% owner of the business sponsoring the plan.

However beginning in 2023, the SECURE 2.0 Act raised the age that you must begin taking RMDs to age 73.

Gifts & Estates

Gift Tax Annual Exclusion	
Year	Exclusion amount
2023	17,000
2024	18,000

Gift Value	2024 Gift Tax Exemption Limit	Taxable Amount	2024 Lifetime Gift Tax Exemption Limit	Remaining Lifetime Exemption Limit After Gift
\$30,000	\$18,000	\$12,000	\$13,610,000	\$13,598,000

Please Don't Forget to Create your Account!

Both the IRS and NYS online accounts makes it safer and easier for people to make payments online, go paperless, retrieve transcripts and check their refund statuses.

This is not mandatory but we encourage you to apply!

An official website of the United States Government [Here's how you know](#)

IRS | English | Profile | Help | Logout

Account Home | Account Balance | Payments | Tax Records | Notices and Letters | Authorizations

Welcome

Account Status

You Have an Extension to File Your 2021 Tax Return

We have not processed... [Read more](#)

Total Amount Owed
as of September 19, 2022:
\$0.00

[View Balance Details](#)

Payments

[MAKE A PAYMENT](#)

[View Payment Options](#)

[View Payment Activity](#)

Notifications

[Turn On Email Notifications](#)
Sign up to receive email notifications when the IRS issues new notices for your account.

[Go Paperless for Certain IRS Notices](#)
Set your profile preferences to receive IRS notices online.

Records

[View Tax Records](#) for:

- Key information from your most recent tax return
- Advance Child Tax Credit filing information
- Economic Impact Payment filing information
- Downloadable tax records

[View Notices and Letters](#) for correspondence from the IRS

[View Authorizations](#) for online requests from tax professionals



Secure Access to New York State Services

Username

Password

[Sign In](#)

[Forgot Username?](#) or [Forgot Password?](#)

[Create an Account](#)

Need help? [Get Assistance](#)

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Tips from the IRS: Staying safe online

- The IRS reminds families, teens, and senior citizens about the continued importance of protecting personal and financial information (.pdf) online. *Here are a few suggestions that can make a difference for vulnerable groups to potential dangers to protect their personal data:*
- Phishing emails, threatening phone calls and text from thieves posing as the IRS or legitimate organizations pose ongoing risks. Do not click on links or download attachments from unknown or suspicious emails.
- Be careful not to reveal too much personal information. Keeping data secure and only providing what is necessary minimizes online exposure to scammers and criminals. Birthdates, addresses, age, financial information such as bank account and social security numbers are among things that should not be shared freely.
- Connections to a public Wi-Fi networks is convenient but it may not be safe from hackers and cybercriminals who can easily intercept personal information. Always use security software with firewall and anti-virus protections.
- Remember, to encrypt sensitive files such as tax records stored on computers or when sending through emails to your accountants.