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Happy New Year, January 16, 2024

We hope that you have had a healthy and prosperous year in 2023, and wish you the best for the coming year. Congress has a habit of making last-minute changes, and we would like to be up-to-date with our mailing. There is a bill in Congress at this moment that would make retroactive changes before the **opening of IRS efile on January 29**. But, our letter can only wait so long. Because of these potential late changes, please expect our annual letter in mid-to-late January in the future.

We again have **REQUIRED QUESTIONS ON OUR CHECKLIST - please everyone fill out the entire checklist and sign and date it.** Also please **sign and date the Engagement Letter** that is enclosed.

In years 2020 and 2021, we had many pandemic-related tax changes; most of those changes have now reverted to the pre-pandemic levels for your 2023 taxes.

Effective for 2023: The **standard mileage rate** is **65.5 cents** per mile (the IRS wants a **logbook** for miles). **Business meals** are **50%** deductible and there is still no deduction for business entertainment. The **IRS is waiving/refunding some late-payment penalties for the years 2020 and 2021**, during the pandemic. The refunds are said to be automatic. Please contact us for further information.

The **Standard Deductions** are increased: Married Filing Jointly – 27,700, Single – 13,850, Head of Household – 20,800. Those age 65 or over, or blind, get an extra 1850; If both it is 3700. Your total for mortgage interest, property tax, charity, medical expenses, sales tax, etc. must exceed these standard deduction amounts to do any good. The **10,000 cap** on property tax, state income tax, and sales tax deductions is still in place. Medical expenses must exceed 7.5% of your income to be deductible. The **Obamacare penalty** for not having health insurance is **eliminated**; we do not need proof of insurance. But, **if you received an Obamacare subsidy, we still need Form 1095-A.**

The **Required Minimum Distribution** from a retirement plan is increased to age 73. There is **no longer an age limit for IRA contributions**; you can make an IRA contribution at any age as long as you have earned income. **SEP and SIMPLE** retirement plans can now be in a **ROTH**. Catch-up contributions must be in a Roth for high income individuals in 2024.

Energy Credits for Home, Vehicles and Commercial Buildings are allowed/increased. (The lifetime limit of \$500 for Home Energy Credits has been eliminated). Energy Credits are now very complex. We have enclosed a double-sided page devoted to Energy Credits. The most common Energy Credits are for existing homes, a few of the more costly are for new construction. They will expire on Dec 31, 2032.

All deductions for **W-2 workers** (mileage, supplies, union dues, office-in-home, etc.) have been **eliminated**, but **these expenses still apply to self-employed workers.** You may get a **1099-K** if you sell goods on eBay, Etsy, etc. This form reports your income to the IRS. If it is one-time for sale of personal goods, we can usually zero it out. All **businesses** and **landlords** are required to file **Form 1099-NEC by January 31** for any person (not corporations) who is **paid \$600 or more** as an **independent contractor.** The **2024 mileage rate** is **67 cents-per-mile.**

IF YOU CLAIM COLLEGE TUITION CREDITS, FORM 1098-T IS REQUIRED. The college or trade school provides the 1098-T to the student, not to the parents, so please alert your child to look for it.

A **Driver's License number (or state ID)** is required to be entered into the tax return; if your license expired in 2023 we will need a copy of the new one. If you have **sold investments**, please be sure to provide us with cost basis. If you receive a **1099-B, you have sold an investment.** If you have a **significant real estate or stock transaction**, please notify us right away. Do not wait until tax season.

State of Illinois: IL has sometimes delayed refunds until the taxpayer proves the amount of **Property tax** paid or for security purposes. Please remember that the **IL Education Credit** for grades K-12 is only for tuition, book rental, and lab fees - other school expenses do not qualify. Teachers K-12 can get a nice credit for unreimbursed classroom supplies; we need your license number for this.

Secure Portal: The **web address for our Secure Portal is <https://glindatax.securefilepro.com>** (type it in the web browser, not the search bar). We would greatly appreciate if everyone would create an account in our **Secure Portal**, if possible. You will need email, a computer, and a printer to do this. But then you can receive documents from us. Even if you cannot scan documents to us, we can easily and securely send them to you, and also **bill you by credit card**. Please email us to initiate this. If you do not remember your password, we can re-set it for you.

Please DO NOT put your SS number or other sensitive information in emails or attachments; it is not secure. Please use our **Secure Portal** whenever possible. When **scanning documents** to us in the Secure Portal, **we prefer all documents in one scan**, if possible. If you send us multiple scans, it is much easier to miss one as we open them one at a time. If you must scan one page at a time, then please label the contents of each scan. Otherwise, we have to label them ourselves, which could increase your fee. **Please look at your scans before sending them to see if they are legible.**

We prefer to communicate via email, whenever possible, rather than telephone. Please also send us an email when you put any documents in the Secure Portal, especially **signed e-file forms**; that helps us to expedite your tax return. You can also **text us at 720-900-9848**.

Please do not send us documents signed by **Electronic Signature; we cannot accept them** per IRS guidelines. They could be done by anyone and do not represent your personal signature. We are expecting **payment for the tax return before filing** it. Please plan on sending payment along with your efile forms. We will not be able to efile your return without payment, unless there is a special arrangement. We take **credit cards** through the Secure Portal, and **Zelle** is an option also.

IRS Direct Pay (<https://www.irs.gov/payments/direct-pay>) is the **recommended way to pay your IRS balance due or estimated payments**. Otherwise, you could use **Registered Mail**, or **credit card**. **IL is not so easy to pay online; mail is still best.**

The donation boxes in the parking lots of shopping malls may not be official charities. If you leave your donation in one of the shopping mall boxes the IRS might not accept it (plus you have no receipt). Any **single charitable contribution of \$250** or more must be documented by a properly written letter from the charity. **Raffle tickets** are not charity - they are gambling.

Seniors: Be aware of the **Illinois Senior Homeowners Exemption** and the **Senior Freeze** on your real estate tax bill. Anyone taking **Required Minimum Distributions from their IRA** who wishes to make a large Charitable Contribution may be better served by instructing the custodian to donate the RMD directly to the charity of your choice. This is called a **Qualified Charitable Distribution**.

Referral Discounts are still available. Please ask for a price quote for new clients, as the price of their return may differ from yours. **Simple tax returns for dependent children will be \$50** this year, but will include Direct Deposit. If you decide to do your dependent's return yourself, be sure to mark it as: "Someone can claim: you as a dependent." Your completed tax return will be sent back to you in the same manner as the documents were sent to us, i.e., if we received your documents via the portal, your completed tax return will be placed in the portal. If you mailed or faxed it to us, we will mail it back.

And, after all this, most current tax laws expire on Dec 31, 2025. We are not sure what is ahead.

Thank you for your loyalty, and take care.

Greg and Linda Ganster

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