

Benson Tax Notes

www.bensontaxservice.com

860-429-1001

January 2024

LLC Owners

The Corporate Transparency Act (CTA) requires all LLC owners to register the Beneficial Owner of the entity by a deadline.

Existing corporations have until 1/1/2025 to do so. New LLCs have 90 days from creation. Changes to a registered corporation have 30 days to make the changes.

Registration forms should be available 1/1/2024 on www.fincen.gov. Look for Beneficial Ownership Info. DO NOT DISREGARD THIS LAW. Penalties are severe.

Form 1099-Ks are coming

You may receive 1099-Ks reporting money paid to you through a third-party processor such as E-Bay, PayPal, Venmo, Apple pay. Look at all your online accounts for "Tax Documents" in case they are only online.

You must not ignore these. Add them to your tax papers and tell me what you received money for. It may be for personal expenses, internet sales, or business income. All must be acknowledged on your tax return.

Business Owners:

File 1099-NEC or 1099-MISC

If you would like me to prepare 1099-NECs or 1099-MISCs, please let me know well before the January 31 deadline for filing.

A 1099-NEC for services, and a 1099-MISC for rent must be issued to anyone you pay \$600 or more, excluding corporations.

Business Organizer

The **Business Organizer** is available on my website, for all business owners.



Nitsa's Notes:

Yes, it is tax time again. The world may be falling apart but we still have to fulfill our civic duties. I am here to try to make tax time go smoother for you.

Watch out for tax statements that only come to you online. Print these for me. Request all tax documents by snail-mail from now on. If you become incapacitated, who would know you have on line tax statements?

The biggest changes this year are the energy credits. We'll be spending lots of time figuring out what qualifies. See page 3 for a short summary, and be careful not to accept auto energy credits early.

Just a reminder, many of the tax laws that came into effect in 2018 sunset December 2025. We may see several changes in the next few years.

Please read this update! The more you understand about taxes the better. Do not hesitate to call me with any tax questions.

May God bless you and yours,

Xlita



Appointments

You can:

- ◆ meet me in person
- ◆ drop off all your tax materials, or
- ◆ mail your complete packet to me.

Please make sure your packet is complete. Fill out the organizer as best you can. Remember all your investment statements.

No E-mail of documents: For security purposes, please give me hard copies of documents unless I agree ahead of time.

Deadline: Please contact me before the end of March. As always, my policy is no extensions unless there is a valid reason.

Week off. I expect to take a few days off mid to end of March, to welcome our newest grandchild. I'll still have email and phone contact.



Correct Withholding

We should make sure your withholdings are appropriate.

Please print and bring a normal 2023 paystub, and a recent 2024 paystub for every source of income in your household.

Marketplace Health Insurance, Form 1095-A

If you obtained health insurance from the Healthcare Marketplace, include **Form 1095-A** with your papers. If we file your taxes without the 1095-A, the IRS will reject your return.

E. Nitsa Benson, EA, MS

(Enrolled to Practice before the IRS, Master of Science)

Benson Income Tax Service

860-429-1001

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Social Security/Medicare

For 2024:

- Wages subject to Social Security: \$168,600/yr.
- Wages subject to Medicare tax: No ceiling
- Earnings needed/quarter of coverage: \$1,730/quarter
- Max earnings before full retirement: \$22,320/yr.
- Medicare premiums for new enrollees: \$174.70/month, minimum, \$594.00/month, maximum.
- Additional Medicare taxes: 0.9% on wages over \$250,000
3.8% on investment income

If your retirement income will drop substantially, contact Social Security to fill out paperwork to lower your Medicare premiums.



Retirement Contribution

Elective limits:

	2023	2024
Traditional IRAs	6,500	7,000
Roth IRAs	6,500	7,000
Catch-up for 50+	1,000	1,000
401k & 403b	22,500	23,000
Catch-up for 50+	7,500	7,500
Simple plans	15,500	16,000
Simple catch-up	3,500	3,500

IRA contributions are limited by income. Excess withdrawals must be made by April 15th, 2024.

RMDs for Retirees

Anyone born 1951 and later has to start distributions from retirement accounts at age 73.

Inherited IRAs have new rules. Unless the person inheriting the IRA is a spouse, is underage or has special needs, all IRA distributions must be withdrawn within 10 years following year of death.

Donations from IRAs

At 70.5 years old, IRA distributions up to \$100,000 in 2023 are not taxable if contributed directly to qualified charities. Qualified Charitable Distributions (QCDs) are a great way to support church or charities.

Mileage Allowance

Please note year-end odometer readings.

Self employed individuals: please bring your business mileage logs.

Mileage allowances (cents/mile):

	2023	2024
Business	65.5	67.0
Medical	22.0	21.0
Charity	14.0	14.0

Business Meals

Please list the number of nights spent in each city for business. Note arrival and departure times from home for first and last day. I will then find the meal allowance for that city.

Business meals are 50% deductible in 2023.

Health Savings Account (HSA)

Contribution limits :

	2023	2024
Single	3,850	4,150
Family	7,750	8,300
Catch-up for 55+	1,000	1,000

If you personally contribute additional money to your HSA, please let me know and we will make it non-taxable.

Please print and bring both forms:

Form 5498-SA
Form 1099-SA

Flexible Spending Arrangements (FSA)

Employee contribution limits :

	2023	2024
Per employee	3,050	3,200



Gift & Estate Limits

The person donating anything (including a home) that is worth more than \$17,000 is responsible for filing a gift tax return.

Please let me know if you have gifted any one person more than \$17,000, so that we can file a gift tax return for you.

Federal Gift and Estate Limits:

	2023	2024
Gifts	17 K	18K
Estates	12,920 K	13,610 K
CT Estates	12,920 K	13,610 K

Foreign Accounts

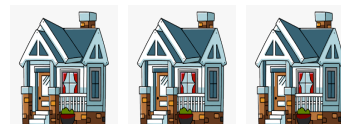
FinCEN Form 114, FBAR.

Foreign bank accounts that exceed \$10,000 must be disclosed on Schedule B, and on FinCEN Form 114 (FBAR), or pay penalties.

Form 3938. Foreign assets over \$50,000 must be disclosed on Form 3938 to avoid a \$10,000 penalty.

Mortgage Payments

- If you bought a home or have re-financed, please bring all closing (disclosure) statements.
- Home equity loans are not deductible unless used for purchase or improvement of your home.
- Mortgage interest is deductible up to \$750,000 in mortgage loan.



Form 1099-A and 1099-C

Credit card forgiveness or restructuring, house repossession and other loan forgiveness may result in debt forgiveness.

Amounts forgiven could be taxable. You may receive 1099-A and/or C. Include these in your tax documents.



Gambling Win/Loss

All gambling winnings must be reported on your tax return, even if you were not issued a statement.

Please bring your gambling logs and casino win/loss statements.

Identity Protection Pin

If you have been issued an Identity Protection PIN, please include it with your tax papers.

All taxpayers can apply to the IRS for a free IP PIN number. Once you have one, you cannot file without it.

Apply at: www.irs.gov/GetAnIPPIN.

All Income is Reportable

- ◆ Deal with virtual currency?
- ◆ Started a new business?
- ◆ Renting out a room?
- ◆ Driving passengers for pay?
- ◆ Landscaping for neighbors?
- ◆ Sell anything on-line?

All income is reportable, and taxable unless the law says it is not. Please report all income to me so that we can file your tax returns correctly.



Custodial Parent

For tax purposes, the custodial parent is the parent with whom the child spends more than half the nights in a year, despite what the divorce decree says.

A custodial parent can assign the dependency to the non-custodial parent by signing Form 8332.

Proof Needed Yearly

The IRS requires proof for certain credits and claims. I need to keep that proof in my files to avoid fines.

Please include written proof with your papers for:

◆ Child Tax Credit

For children under 17 year old, current document showing child's name and your address.

◆ Earned Income Tax Credit

Current document showing child's name and your address, and list dates child lived with you.

◆ Head of Household

Who else lives in your home, their income, how support is provided.



Dependent Care Credit

Please bring all daycare statements if you are claiming childcare expenses in order to work.

If your employer offers dependent care benefits through payroll, do look into it since it can save taxes.



College Expenses

The two credits below phase out by \$90,000 Single, \$180,000 Married.

* Bring 1098-Ts and tuition bills *

You may have to ask your student to supply these for you.

American Opportunity Credit up to \$2,500 per student for tuition, fees, books, for first four years of college.

Lifetime Credit of up to \$2,000 per tax return, for tuition and fees.

College Savings (529s)

Contributions to your state's 529 plans may give you a state tax benefit.

Connecticut reduces your CT taxable income, up to \$5,000 for Singles and up to \$10,000 for Married couples.

529 proceeds can be used for private school tuition. They can also be converted to Roth IRAs after several years. Limits apply.

Please inform me of any 529 contributions you have made, and bring proof.



Student Loan Forgiveness

Many states seem to be coming up with programs for loan forgiveness, in addition to several federal programs.

CT residents who go to CT schools and work in CT should soon be able to apply to the Student Loan Reimbursement Program for \$5,000 per year. It calls for volunteer hours.

Students should scour the internet for authentic loan forgiveness programs.

Schedule K-1, K-2, K-3

Schedule K-1: You may receive Schedule K-1, K-2 & K-3 forms from estates, trusts, partnerships, S Corps., etc. Please make sure you bring the complete packet,

Energy Credits

EVERY ITEM MUST MEET SET QUALIFICATIONS

To benefit from energy credits, you must have federal 'tax liability', in other words, you have to pay taxes. If the IRS will not be keeping any tax money, then you cannot get these credits. Some of you pay no tax, thus cannot receive these credits.

Energy Efficient Home Improvement Credit, 30%

\$1,200 Credit Limit

- Primary, owned residence
- Windows, skylights (max \$600), doors (max \$500), insulation
- Insulation & air sealing
- Labor not included

\$1,200 Credit Limit

- Any residence
- Energy audits (max \$150)
- Natural gas/propane/oil furnaces and water heaters, central air, panelboards, (max \$600 each item)
- Labor included

\$2,000 Credit Limit

- Any residence
- Biomass stoves & boilers
- Electric/natural gas heat pumps/hot water heaters
- Labor included

Residential Clean Energy,

No limit to this 30% credit

(Unused credit carries over)

- Any residence
- Solar electric & water heating
- Wind energy
- Geothermal heat pumps
- Battery storage

Electric Vehicles Credit

A vehicle report must be given you by the dealer before we can take this credit. Maximum credit is \$7,500.

Price Limit: STICKER PRICE:

Max \$80,000 on vans, SUVs, pickups. Rest \$55,000.

Income cannot exceed:

\$300,000 Married
\$150,000 Single

In 2024 you can get the credit through the dealer. This is NOT a good idea because you may have to pay the IRS back. Please call me first.

CONNECTICUT NEWS & REMINDERS

Keeping Retirees in CT

ONLY FOR Singles with AGI of less than \$75,000
Couples with less than \$100,000:
(Starting 2024, this will no longer be a cliff but a range:
\$75-\$100K S & \$100-150K MFJ for IRAs & Pensions).

1. Social Security benefits

100% not CT taxable

2. Pensions & Annuities (not IRAs)

100% not CT taxable

3. IRAs

2023, 25% not CT taxable
2024, 50% not CT taxable
2025, 75% not CT taxable
2026, 100% not CT taxable

Retired Teachers (not subject to income limit)
50% of pensions from the CT Teachers Retirement system are not CT taxable. Teachers can use either this or the 100% non-taxable if within earning limit.

Retired Soldiers 100% of military retirement income continues to be tax exempt for CT.

For Everyone, (maybe)

Property Tax Deduction

For 2023, the property tax deduction is \$300, and is available to everyone, subject to income limitations. Once Singles reach \$109,500 and Marrieds reach \$130,500, there is no property tax credit.

Tax Rate Reduction 1/1/24

CT has lowered tax rates. The 3% rate in 2023 is now 2% in 2024, and the 5% is now 4.5%. Again, this is subject to phase-outs once Singles reach \$50,000 income and Marrieds reach \$100,000.

Withholding tables for 2024 may reflect this change, possibly increasing your paychecks.

Sales Tax for Out-of-State Purchases

All states require you to pay sales tax on anything purchased out-of-state that has not already been taxed. This is handled on your state return. Please supply a list of such purchases.



Please: Call Early for Appointment ~ Read Newsletter
Complete Organizer and include with your papers
Do not send sensitive documents by e-mail
Print and bring/ mail all documents



E-mail and Phone Scams

The IRS never initiates contact with you via e-mail or by telephone.
Any e-mail, however sophisticated, informing you of a refund or seeking any personal information is a scam.
Any telephone call from the 'IRS' is suspect unless you are already in dialogue with the IRS due to previous authentic correspondence from the IRS.

Do not open or respond to any such emails or phone calls.
Never click a link in any email. If you are not sure, call the office first to see if your IRS communication is genuine.
At the IRS's website, www.irs.gov, there is information on how to handle such scams.

Privacy Policy

The policy of Benson Income Tax Service is to handle all information you provide us with utmost care, and to hold it in the strictest of confidence. We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted or required by law.

If you wish any such information to be disclosed to anyone, such as a financial advisor, bank representative or relative, a signed **Disclosure** Form, available on our website, must be received by the office ahead of time.

IRS: 800-829-1040 www.irs.gov
CT DRS: 800-382-9463 www.ct.gov/DRS

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