

Annual Tax Newsletter

Happy New Years

Our office is excited to start this upcoming tax season and hope we can see everyone again this year whether it is face to face, zoom or at least by phone. We are introducing zoom appointments this year as we believe this will be a much more convenient method for many of you and your busy schedule. We will of course always do face to face but a few of our preparers have blocked off certain days and times just for the zoom clients. If you are one of those that might be interested then please email your tax preparer directly and they will send you the instructions to get you scheduled. This is our first year of trying zoom appointments so it will be a learning curve for all of us and if this goes well then we will be able to offer more and more appointments this way in the future. We have all our regular tax preparers back with us, Eileen, Kevin, Loretta and Monica so give us a call and we can get you scheduled as soon as possible. Our office hours this year are Mon-Sat 8am-6pm.



Quick Guide

Check your IRS Refund:

www.irs.gov/refunds

Check your OTC Refund:

https://oktap.tax.ok.gov/OkTAP/Web/_/

All Tax Payments are due:

April 15th, 2024

You can make your payments online for faster processing.

IRS:

<https://www.irs.gov/payments/direct-pay>

OTC:

https://oktap.tax.ok.gov/oktap/web/_/

Required Minimum Distributions (RMD)

The required minimum distributions (RMD) for retirement accounts has increased to the age of 73 from 72. This applies to those that turn 72 AFTER 2022. If you fail to pull your RMD there was a 50% excise tax on it but that has been lowered to 25% and can go down to 10% if the failure is corrected in a timely manner. So don't forget to get the correct amount out or else that penalty will be hefty. It must be withdrawn by December 31st, that means if you need to sell some funds in the account before getting a withdrawal then you need to make sure

it is done well before December 31st to have enough time for it to clear. If you have RMD requirements and you regularly donate to nonprofits then it might be advisable to donate directly from your IRA rather than through you. This allows for an upfront deduction of your charitable contributions along with possibly lowering your taxable Social Security amount. Please ask one of your preparers how much you might save by donating this way.

The cap for Traditional IRAs and Roth IRAs increases to \$6500 plus \$1000 as an additional catch-up for individuals 50 and older.

Energy-Efficient Improvements

Energy-Efficient improvements credits have been revamped starting 2023. Homeowners can get up to 30% credit for the cost of certain types of insulation, boilers, central air-conditioning systems, water heaters, windows, and doors that are added to your house in 2023 through 2032. They must meet certain energy-efficient ratings depending on the product. There was previously a \$500 lifetime cap which meant if you received \$500 on previous years return then no matter how many more improvements you did it wouldn't qualify as you had already reached your lifetime credit. However, starting 2023 there is no longer a lifetime cap but a yearly limit of \$1200. Certain home improvements have lower annual caps of \$500 or \$600 but each year starts the new cap rather than using it up in one year.

Standard deduction has increased by \$900 for Single/MFS, \$1400 for Head of Household and \$1800 for MFJ filers.



Health Savings Account (HSA)

For those that have regular medical expenses and your health insurance plan has a minimum *deductible of \$1500 for an individual and \$3000 for a family then you would qualify for an HSA. if your employer offers an HSA, then definitely take advantage of it. But if they don't you are still eligible to open your own HSA and contribute as you need throughout the year for miscellaneous medical expenses, like dental cleanings, co-pays, prescriptions or eye exams. This is an effective way to deduct all your medical expenses pre-taxed rather than trying to claim the deduction as an itemized deduction. It is very hard for taxpayers to itemize their medical expenses since the standard deduction doubled in 2018. Ask your tax preparer your potential tax savings by contributing to an HSA if you want to know more.*

529 Accounts

Beginning in 2024, Secure 2.0 will allow beneficiaries with long-term 529 accounts (opened for more than 15 years) to rollover up to \$35K into a Roth IRA, subject to annual contribution limits. This will hopefully encourage families to save for college using a 529 but without worrying about being penalized if the beneficiary decides not to use the money for college.

1099-Ks

Under the American Rescue Plan from 2021, they enacted a provision to require all third-party platforms (like PayPal or Etsy) to issue 1099-Ks to taxpayers that received payments over \$600 in a year. The large number of taxpayers that would be affected by this was going to be close to 44 million. From feedback from taxpayers and tax professionals along with payment processors the IRS has decided to delay that requirement for 2023. The 1099K for 2023 will remain at \$20,000 and more than 200 transactions for the year. For 2024, the threshold will be \$5000 instead of the \$600.

Contact Information

Call us at:

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General Questions:

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Bookkeeper

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Office Hours

Feb 1st –April 15th

Mon-Sat 8am – 6 pm

Oklahoma Changes

For parents that have school age children and either send their kids to private school or are homeschooled there are now credits that you may be eligible for. If the eligible students attends an accredited private school then they can receive up to \$7500 to be paid to the school depending on the parents income in the preceding year. If the household income exceeds \$250K the credit will lower \$5K per student. The private school tuition credit **MAY NOT BE** claimed on the Oklahoma tax return. To apply you must use the Oklahoma online portal.

The schools are the ones that can help you apply for this. Warning, the funds are limited, so the sooner you apply the better your chances are.

For the home school credit, the taxpayer must have qualified expenses for tuition and fees for nonpublic online learning programs, textbooks, tutoring services, or other instructional materials. The home school credit **MUST BE** claimed on the Oklahoma tax return starting with tax year 2024.

Business Filing

All partnerships, trusts, and S-corporations have a filing requirement due by March 15th. If you have started your business in 2023 remember to file or request an extension prior to March 15th or you will be subject to a late filing penalty, which is up to \$220 per shareholder per month if it is late.

IRS Penalty for shortfalls jumps to 8%

As of Oct 1, the IRS is charging 8% interest on any estimated tax underpayments. This is one of the effects of the rising interest rates. If you are one of the taxpayers that don't have taxes withheld and pay your taxes in April, this increase could hit in the hundreds or even thousands of dollars so make your estimated payments timely. So remember, if you make estimated tax payments, your tax preparer needs to know the amount paid and the date it was paid, not just the total amount paid to IRS or OTC for tax year 2023. Remember to exclude any payments made to prior years taxes from your list of estimated payments.

W-2s and 1099s

If your business issues W-2s or 1099s and you have more than 10 forms you are now required to electronically file those returns with the IRS and Social Security Administration. The IRS created a new free online portal to help file these forms electronically, it is called the Information Returns Intake System (IRIS) which requires no special software. The Social Security administration portal is called BSO.



Mileage rates for 2023: 65.5 cents for business, 22 cents for medical, 14 cents for charity

Personal Itemized Deductions

Medical Expenses:

(This is what has been paid and not just billed and NOT paid with FSA or HSA Card)

Doctor/Dental _____ Prescriptions _____ Long Term Care _____

Eye Doctor _____ Co-Pays _____ Medical Miles _____

Personal Taxes:

Real Estate Taxes _____ Personal Property Taxes _____ Sales Tax _____

Mortgage Interest:

1st Mortgage Interest _____ Home Equity Loan Interest _____

Charitable Contributions:

Church/Synagogues/Mosques _____ Food Banks/United Way _____

Goodwill and other Non Cash Contributions _____

Gardner's Tax Service, Inc

5618 South Mingo Road



Due Dates:

Individual and C-Corporations are Due April 15, 2024

If you need to file an extension please give our office a call and we can provide you with one to mail in.

Remember that an extension does not extend the time to pay, interest and penalties will still accrue after April 15th even if you file an extension and will until it is paid

S-Corporations/Partnerships/Trust returns are due March 15, 2024

Penalty for not filing on time is \$220 a month per shareholder



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