

2023 & 2024 Income Taxes

PPCUG General Meeting

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What's New

- Little has changed for 2023 tax returns, and not much more is expected until 2025, other than the normal inflation related changes such as tax brackets, standard deductions, etc.
- After 2025 there could be significant changes with or without Congressional action. Many current tax provisions are scheduled to expire after 2025. These provisions will roll back to the tax laws that were in effect in 2017, unless Congress intervenes. We will review several recently proposed tax law changes and the impact of returning to 2017 tax law
- We will also review several tax changes that took effect with recent Federal legislation: The Secure Act that revised Retirement Account rules, and the Inflation Reduction Act that extended and enhanced provisions for Residential Energy Credits and Electric Vehicle Credits. Neither of these laws have received much publicity

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The Secure Act

- The **Secure Act** passed in December 2019, took effect, Jan 1, 2020
 - ✓ It changed the start date for **Required Mandatory Distributions** (RMDs) from 70 ½ to 72 starting in 2020
 - ✓ It also changed the rules when Retirement Accounts are **Inherited** by other than a Spouse and a few other beneficiaries

- The **Secure Act 2.0** passed in December 2022, took effect Jan 1, 2023
 - ✓ It again changed the start date for **Required Mandatory Distributions** (RMDs) from 72 to 73 starting in 2023, and to 75 starting in 2033
 - ✓ It also increased the catch-up contribution by \$10,000 for those attaining the age of 60 to 63, with some income limits

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Who Must File an Income Tax Return

Chart A—For Most People

IF your filing status is . . .	AND at the end of 2023 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65	\$13,850
	65 or older	15,700
Married filing jointly***	under 65 (both spouses)	\$27,700
	65 or older (one spouse)	29,200
	65 or older (both spouses)	30,700
Married filing separately	any age	\$5
Head of household	under 65	\$20,800
	65 or older	22,650
Qualifying surviving spouse	under 65	\$27,700
	65 or older	29,200

Or Anyone **Regardless of Income** with **Special Situations**

- ❖ You had Income Tax **Withheld** for your Paycheck
- ❖ You purchased **Health Insurance** from the Government and received a **Form 1095-A**
- ❖ You qualify for an **Refundable Tax Credit**

Also Filing a Federal Tax Return will Protect your Identity and prevent anyone else from Fraudulently using your Social Security Number

You can now request a PIN number to prevent others from submitting a tax returning with your Social Security Number without your PIN

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Filing Status Change

- The IRS has revised the Filing Status for recent Widows and Widowers with Dependents. Qualifying Widow(er) is now called Qualifying Surviving Spouse
 - ✓ QSS can be used for the first 2 years after your spouse died and you haven't remarried before the end of the tax year
 - ✓ You need to have a child or stepchild, not a foster child
 - ✓ The Child must have lived in your home for all of the tax year
 - ✓ You paid over half of the cost of keeping up your home
 - ✓ You must have been eligible to file a MFJ return the year your spouse died
- This revised Filing Status allows you to use the same Standard Deduction and Tax Bracket as a MFJ return
- If your spouse died in 2023 you are still permitted to use MFJ for 2023 Tax Return

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Standard Deduction

Since 2018, when the (TCJA) doubled the Standard Deduction, few taxpayers itemize. It also adjusts annually for inflation

Filing Status	2023 Std Deduction <i>Due April 2024</i>	2024 Std Deduction <i>Due April 2025</i>
Single or Married Filing Separately	\$13,850	\$14,600
Single or Married Filing Separately Over 65	\$15,700	\$16,550
Head of Household	\$20,800	\$21,900
Head of Household Over 65	\$23,650	\$23,850
Married Filing Jointly or QSS	\$27,700	\$29,300
Married Filing Jointly - Both over 65	\$30,700	\$32,300
Qualified Surviving Spouse (QSS) over 65	\$29,200	\$30,750

Over 65 or Blind adds \$1850(S) or \$1500(M) per person Over 65 or Blind adds \$1950(S) or \$1550(M) per person

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Tax Brackets and Rates

2023 Tax Brackets				2024 Tax Brackets			
Tax Rate	Single	Married Filing Jointly	Head Of Household	Tax Rate	Single	Married Filing Jointly	Head Of Household
10%	0 to \$11,000	0 to \$22,000	0 to \$15,000	10%	\$0 to \$11,600	\$0 to \$23,200	\$0 to \$16,550
12%	\$11,001 to \$44,725	\$22,001 to \$89,450	\$15,001 to \$59,850	12%	\$11,601 to \$47,150	\$23,201 to \$94,300	\$16,550 to \$63,100
22%	\$44,726 to \$95,375	\$89,451 to \$190,750	\$59,850 to \$95,350	22%	\$47,151 to \$100,525	\$94,301 to \$201,050	\$63,101 to \$100,500
24%	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,351 to \$182,100	24%	\$100,526 to \$191,150	\$201,051 to \$383,900	\$100,501 to \$191,950
32%	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250	32%	\$191,151 to \$243,725	\$383,901 to \$487,450	\$191,951 to \$243,700

- ❖ Rates for **Married Filing Separate** are similar to the **Single** rate, and **Qualified Surviving Spouse** are similar to the **Married Filing Joint** rate
- ❖ There are also **35% and 37% Brackets** for Higher Incomes

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Capital Gains

A **Capital Gain** happens when you sell or exchange a capital asset for a higher price than its basis

Find your Basis Typically, this is what you paid for the asset, including commissions, fees or improvements to the asset

2023 Long-Term Capital Gains (For assets held over 12 months)			
<i>Based on Taxable Income</i>			
	0% Rate	15% Rate	20% Rate
Single or Married Filing Separately	up to \$44,000	\$44,001 -- \$492,300	Over \$492,300
Married Filing Jointly or QSS	up to \$89,250	\$89,251 -- \$553,850	Over \$553,850
Head of Household	up to \$59,750	\$59,751 -- \$523,050	Over \$523,050

2024 Long-Term Capital Gains (For assets held over 12 months)			
<i>Based on Taxable Income</i>			
	0% Rate	15% Rate	20% Rate
Single or Married Filing Separately	up to \$47,025	\$47,026 -- \$518,900	Over \$518,900
Married Filing Jointly or QSS	up to \$94,050	\$94,050 -- \$583,750	Over \$583,750
Head of Household	up to \$63,000	\$59,751 -- \$551,350	Over \$551,350

Short-Term Gains (for assets owned less than 12 months) are taxed as **Ordinary Income**

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Capital Gains

Capital Gains or Losses on Sale of a Home can be a taxable event, but there are exceptions

- You and your spouse can each exclude up to a \$250,000 gain on the sale of your main home if you owned it for at least 2 years, and lived in it for at least 2 of the last 5 years
- If your spouse is deceased, you can use their exclusion for 2 years after their death
- The sale only needs to be reported when you receive a Form 1099-S after the sale
- The gain is the difference between the sale price and the original purchase price, plus any improvements you have made
- Maintenance expenses like Painting, are not considered Improvements

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Capital Gains

Until recently a \$250,000 exclusion would be enough to exclude the tax on most houses in Fairfield Glade, but recent home resale prices have been escalating

Fairfield Glade Home Sales History

Year	Total Sold	Average Price	Increase /Decrease		Accumulated Increase	
			\$	%	\$	%
2002	153	\$135, 838	--	--	--	--
2007	264	\$211,736	\$75,898	55.6%	\$75,898	55.6%
2012	217	\$166,941	(\$44,795)	(21.2%)	\$31,103	22.9%
2017	424	\$196,758	\$29,817	17.9%	\$60,920	44.8%
2022	324	\$411,676	\$214,918	109.2%	\$275,838	303.1%
2023	292	\$404,984	(\$6,692)	(1.6%)	\$269,146	298.1%

Lake Dartmoor Home Sales History

Year	Total Sold	Average Price	Increase /Decrease		Accumulated Increase	
			\$	%	\$	%
2012	8	\$382,145	--	--	--	--
2017	18	\$488,441	\$106,298	27.8%	\$106,298	27.8%
2022	9	\$985,000	\$496,335	101.7%	\$602,855	257.8%
2023	2	\$1,031,500	\$46,500	4.7%	\$649,355	269.9%

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Capital Gains

Capital Gain or Losses on Sale of a Home

- You are only allowed the exclusion on what is considered your main home, the one you live in the most
- You can not deduct a loss on sale of your main home
- If you own more than one home you are responsible to pay tax on the gain from the sale of all but your main home
- If you Inherit a house or other asset---
 - ✓ Current Tax Law allows you to use a “Stepped-Up Basis”
 - ✓ This means that the basis or cost, is adjusted to the fair market value of the asset as of the date of the decedent’s death, minimizing, or eliminating the gain when the asset is sold

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Tax Credits

There are two types of Credits that can reduce your tax bill

Refundable Tax Credits

- These are the most versatile type, like a payment
- They can reduce your tax bill to below zero
- If a refundable credits are more than you owe, the difference will be refunded to you
- Examples include
 - ✓ Child Tax Credit can be partially Refundable
 - ✓ Additional Child Tax Credits
 - ✓ Earned Income Credits

Non-Refundable Credits

- These credits are subtracted from the taxes you owe, but will not reduce your tax liability below zero
- Examples include
 - ✓ Credits for Other Dependents
 - ✓ Foreign Tax Credits
 - ✓ Residential Energy Credits
 - ✓ Clean Electric Vehicle Credits

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Credit for Dependents

➤ Child Tax Credit

- ✓ Qualifications include, US Citizen or resident alien, under age 17, related or adopted, didn't provide more than half of their own support, and lived with you for more than half of the tax year
- ✓ Up to \$2,000 per qualifying dependent, \$1,600 of credit is potentially Refundable

➤ Credit for Other Dependents

- ✓ This credit was created as part of the Tax Reform Act of 2020
- ✓ It gives a \$500 non-refundable tax credit for Dependents of any age, including those over 18 that have a SSN or ITIN. Dependent Parents, other qualifying relatives, and others that are not related can qualify

Both Credits phases out for high incomes over \$200,000, (\$400,000 for MFJ)

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Additional Child Tax Credit

This Credit is normally a Non-Refundable Credit, however certain taxpayers may be entitled to a Refundable Credit

- Taxpayers with more than \$2,500 of taxable earned income may be eligible for the Additional Child Tax Credit if they have at least one qualifying child
- Taxpayers with three or more qualifying children may also be eligible for the Additional Child Tax Credit regardless of their income
- Credit is limited to \$1,600 per child for 2023

Amended returns are not allow this Credit if the Child's SSN is issued after the due date of the return

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Earned Income Tax Credit

- Age eligibility is at least 25, but under 65 at the end of the year
- Must be a US Citizen or Resident Alien and have lived in US for over 6 months
- Can earn up to \$17,640 (S), \$24,210 (MFS). Income limit increases if you have dependent children
- Taxpayer can get up to \$600 without child, and up to \$7,430 with 3 or more children
- Investment income can't exceed \$11,000
- Taxpayers filing Married filing Separately are not eligible
- It's a Refundable Tax Credit meaning it can generate a refund more than the tax you owe

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Residential Energy Credit

- Tax Credits for energy-efficient home improvements were extended and expanded by the Inflation Reduction Act in August 2022
- Most of the changes by this law did not take effect until 2023 through 2032, and they include...
 - ✓ There is now an annual limit of \$1,200, replacing a multiple year limit of \$500. Some Specific Limits include...
 - Energy Audits - \$150(new)
 - Windows, Skylights, Central A/C, Water Heaters, Furnaces, etc - \$600
 - Heat Pump Water Heaters, Heat Pumps - \$2,000 (can incl labor, & exceed annual limit)
 - ✓ The credit is up 30% of the improvements cost replacing a 10% limit
 - ✓ The prior credit was limited to your main (owned) home, now some Credits are available to Renters and 2nd homes
 - ✓ Roofing and air circulating fans are no longer covered, and some energy-efficient standards are being updated

It is still a Non-Refundable Credit

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High Efficiency Electric Home Rebates

The Inflation Reduction Act passed in August, 2022 also created something new called the High Efficiency Electric Home Rebates. It's not a tax credit, but will provide Rebates to low and middle income families who purchase energy-efficient appliances and some other upgrades

To qualify, a families annual income must be less than 150% of their areas median income (\$66,500 is 150% HUD AMI - Households of (2) in Cumberland County, TN in 2023)

➤ **Credits for Appliances are up to:**

- ✓ \$ 840 for a Stove, Cooktop, Range, Oven, or Heat Pump Cloth Dryer
- ✓ \$1,750 for a Heat Pump Water Heater
- ✓ \$8,000 for a Heat Pump for space heating and cooling

➤ **Credits for Non-appliance upgrades are up to:**

- ✓ \$1,600 for Insulation, Air Sealing and Ventilation
- ✓ \$2,500 for electric wiring
- ✓ \$4,000 for an Electric Load Service Center upgrades

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High Efficiency Electric Home Rebates and Residential Energy Credit

- (HEEHRA) allocates \$4.5 billion federal dollars to States to create point-of-sale rebates for home electrification projects for low and moderate income family's. Point-of-sale means that the rebate is transferred to the customer at the time of purchase. Qualifying households can use up to \$14,000 for these rebates
- Residential Energy Credits are non-refundable Tax Credits included on your Federal Tax Return
- Qualified households should be able to use both the (HEEHRA) Rebate and Tax Credits for the same energy-efficient home improvement

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Clean Vehicle Tax Credit

New Electric (EV), Plug-in Hybrid (PHEV), and Fuel Cell (FCEV) vehicles purchased from 2023 to 2032 may be eligible for up to a \$7,500 Tax Credit

- ✓ Must have a minimum Battery Capacity of 7kWh, or have a fuel cell
- ✓ Must have gross weight rating of less than 14,000 lbs
- ✓ Must have a retail price (MSRP) no more than \$80,000 for Vans, SUVs & Pick-ups, or \$55,000 for other vehicles. (Higher priced vehicles may qualify if they are leased), it also must be purchased for your own use, not resale
- ✓ Vehicle must meet the North America final assembly requirements
- ✓ Your MAGI income must be no more than \$150,000(S), \$225,000(HOH) or \$300,000(M)
- ✓ A Tax Credit of 30% of the cost to install a home charging station, up to \$1,000, is also available

MAGI is defined as your AGI, plus untaxed Foreign Income & Social Security and Tax-exempt Interest (current year or prior year income can be used)

Vehicles from Manufactures that have sold over 200,000 EVs in the US are now eligible for this credit

This Tax Credit is Non-Refundable

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Clean USED Vehicle Tax Credit

Used Electric (EV), Plug-in Hybrid (PHEV), and Fuel Cell (FCEV) vehicles purchased in 2023 to 2032 may be eligible for up to a \$4,000 Tax Credit

- ✓ Vehicle sale price must be \$25,000 or less, must be sold by a dealer and be it's first transfer, and vehicle must be purchased for your use, not resale
- ✓ Vehicle must be at least 2 years old, i.e. a 2021 Model purchased in 2023
- ✓ Must have gross weight rating of less than 14,000 lbs
- ✓ Credit is limited to 30% of the sale price
- ✓ Your MAGI Income must be no more than \$75,000(S), \$112,500(HOH) or \$150,000(M)
- ✓ This Credit can only be claimed once every three years

MAGI is defined as your AGI, plus untaxed Foreign Income & Social Security and Tax-exempt Interest (current year or prior year income can be used)

Vehicles from Manufactures that have sold over 200,000 EVs in the US are eligible for this credit

This Tax Credit is Non-Refundable

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Clean Vehicle Tax Credit

Starting in 2024, some of the rules are changing. Customers can get an immediate “Tax Credit” when they buy the vehicle, without having to file the tax paperwork. Essentially, it’s a discount at the time of the sale

There is a catch, however. New rules on battery components and minerals for batteries could limit the selection of EV models eligible for the \$7500 credit

The final assembly of the vehicle must occur in North America, and none of the battery components can be sourced from “foreign entities of concern” which include China, Russia, N. Korea and Iran

There is a loophole for EV Credits. These new rules for the credit only apply if you are “buying” the EV. People who are leasing an EV can still qualify for a credit on a larger number of EV models in 2024

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Charity Donations

- For the 2020 and 2021 primarily due to COVID, we were allowed to deduct some Charity Donations and still use the Standard Deduction, but this was not extended to 2022
- There is still a way to do this for many of us “Senior” taxpayers.
- If you have an IRA and are over 72 you can use a Qualified Charity Donation (QCDs) to withdraw funds from your IRA, and they counts toward your RMD
- These withdrawals are not taxed, which gives you the same tax deduction as when itemizing donations

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Qualified Charity Donations (QCDs)

- Using QCDs is easy
 - ✓ Just advise the holder of your IRA the donation amount(s) and the Charity(s) name and address for each donation
 - ✓ They will send a check to each Charity and advise them to send you an acknowledgement for the donation
or
 - ✓ With check writing from your IRA, you can write and send the check yourself
 - ✓ When your taxes are prepared the donation amounts will be subtracted from the total amount of IRA withdrawals
 - ✓ You are permitted to donate up to \$100,000 per taxpayer annually with QCDs

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Net Investment Income Tax (NIIT)

The NIIT Tax is unofficially called the “Obama or Medicare Tax”

- It went into effect in January 2013, and applies to Higher Income taxpayers
- It taxes investment income at 3.8% on MAGI incomes over \$200,000(S) and \$250,000(MFJ) taxpayers

MAGI as defined by NIIT is the same as your AGI if you have not exclude Foreign Earned Income

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Federal Estate Tax

The Current Estate Tax for 2023 applies to estates valued at over \$ 12.92 million per person

The tax rate varies from 18% to 39% for the first \$1 million, than 40% for amounts over the first \$1 million

The exemption was doubled in 2017 and has been adjusted annually for inflation by TCJA

The TCJA also rolls the exemption back to its 2017 amount of \$5.43 million in 2026

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Federal Gift Tax

The Gift Tax exclusion for 2023 is \$17,000, and increases to \$18,000 for 2024. A married couple can give up to \$34,000 in 2023 to as many people as you like without filing a gift tax return

There is also a (2023) lifetime exclusion of \$12.92 million for gifts that exceed the annual exclusion. Gift Tax rate varies from 18% to 40%

(Gifts to Charities are not subject to Gift Taxes)

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Potential Tax Changes

For 2024 the Biden Administration purposed these changes, most will only impact taxpayers with incomes above \$400,000

- ✓ Restore the Child Tax Credit to full Refundability and increase the credit from \$2,000 to \$3,000 per child 6 and older, \$3,600 per child younger than 6
- ✓ Add a higher tax bracket of 39.6% for incomes over \$400,000(S), \$(450,000(MFJ)
- ✓ Eliminate lower Capital Gains & Qualified Dividends rates on incomes above \$1 million
- ✓ Eliminate the basis step-up on inherited assets, with a \$1,000,000 exemption. Lower exemption on Estate & Gift Taxes to 2009 levels, \$3.5 million for Estates and \$1 million for other Gifts, increase the maximum tax rate to 45%
- ✓ Increase the Corporate Tax Rate from 21% to 28%

The Republican House leadership recently announced they intent to extend the TCJA tax cuts before they expire

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Potential Tax Changes

Other prior year(s) proposed changes that did not pass both the House and Senate

- ✓ Capital Gains – Add a 25% Capital Gains rate for incomes over \$400,000 and higher rate for over \$1 million
- ✓ State and Local Taxes (SALT) Itemized Deductions – Increase the cap on (SALT) from \$10,000 to \$80,000
- ✓ Cap the tax benefit for Itemized Deductions at 28%
- ✓ Lower the current Estate Tax Exemption that was doubled in 2018

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Potential Tax Changes

These other tax changes have also been proposed

- Payroll Tax for Social Security at 6.2% for employees would restart when earned income exceeds \$400,000

This tax was capped at \$147,000 for 2022 and it jump to \$160,200 for 2023. Medicare has a similar payroll tax. It's capped at an amounts based on Filing status, and for incomes exceeding \$200,000(S) and \$250,000(MFJ) additional tax is collected

- IRA Changes – Some limits on Contributions and closes “back door” Roth conversion strategies
- NIIT Changes - Adding this tax on some Business related income

Both the IRA & NIIT changes would apply to taxpayers with incomes over \$400,000(S), \$450,000(HOH), or \$500,000(MFJ)

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Potential Tax Changes

When to expect Major Tax Changes

- Any major tax changes for the next two years are very unlikely, due to the current grid-locked and divided Congress and Administration
- But in 2025 and after major changes are likely
 - ✓ Most provisions in the TCJA are scheduled **expire after 2025**
 - ✓ In 2026, the 2017 Individual Income Tax Rates & Provisions, under the current law will be reinstated

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Let's Review the 2017 Tax Changes with it's Provisions we may see again

- Its most significant change was the permanent reduction of the Corporate Tax Rate from 35% to 21%
- All of the 2017 Individual Income Tax changes from the TCJA will expire after December 31, 2025, unless extended by Congress
- The Major 2017 Individual Income Tax changes will be reviewed on the next slides

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Let's Review the 2017 Tax Changes with Provisions we may see again

- Major (TCJA) Personal Income Tax Changes
 - ✓ Lower Individual Tax Rates and revised Brackets
 - ✓ Doubled the Standard Deduction, but eliminated the personal exemption
 - ✓ Some Itemized Deduction categories eliminated and others Caped
 - ✓ Doubled the Child Tax Credit
 - ✓ Eliminated the ACA Health Insurance Reporting Requirement

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Let's Review the 2017 Tax Changes with Provisions we may see again

2018 Itemized Deduction

- **Medical and Dental Expenses** The revised amount you can deduct is qualified expenses less 7.5% of your AGI. The prior reduction was 10% before 2018
- **Mortgage Interest, Property Tax, State and Local Income & Sales Taxes (SALT)**
 - ✓ There is a Cap on the amount of interest you can deduct for new Mortgages based on the amount of the loan
 - ✓ Home Equity Loan Interest is no longer deductible, unless the loan proceeds were used to build, buy or improve your qualified home
 - ✓ There is a dollar limit for deductible State And Local Taxes (SALT), \$5,000(S) or \$10,000(MFJ)

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Let's Review the 2017 Tax Changes with Provisions we may see again

2018 Itemized Deduction

- **Casualty and Thief Losses** - Most are no longer deductible. Generally, this means that only losses attributable to a Federal disaster declared by the President will be eligible for some relief
- **Job and Miscellaneous Deductions** - Most of these are no longer deductible. They included unreimbursed employee expenses, tax return preparation, safety deposit box cost, dues, subscriptions, tool & supplies, uniforms, job search expenses and home office use

Also the overall limit on Itemized Deductions was eliminated

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Let's Review the 2017 Tax Changes with Provisions we may see again

2017 Tax Rates and Brackets compared to the new 2018 Tax Rates and Brackets

2017 LAW: TAXABLE INCOME	2017 LAW: TAX RATE	2018 LAW: TAXABLE INCOME	2018 LAW: TAX RATE
Under \$9,325 Individual Under \$18,650 Married	10%	Under \$9,525 Individual Under \$19,500 Married	10%
\$9,325 - \$37,950 Individual \$18,650 - \$75,900 Married	15%	\$9,526 - \$38,700 Individual \$19,500 - \$77,400 Married	12%
\$37,950 - \$91,900 Individual \$75,900 - \$153,100 Married	25%	\$38,701 - \$82,500 Individual \$77,401 - \$165,000 Married	22%
\$91,900 - \$191,650 Individual \$153,100 - \$233,350 Married	28%	\$82,500 - \$157,500 Individual \$165,001 - \$315,000 Married	24%

Additional 2018 Brackets of 32, 35 & 37% for Higher Incomes

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Let's Review the 2017 Tax Changes with Provisions we may see again

Here is a comparison of Standard Deductions

Standard Deduction	2017	2018	2024
Single or MFS	\$6,350	\$12,000	\$14,600
Single or MFS (<i>Over 65</i>)	\$7,900	\$13,600	\$16,550
Qualified Widow & HOH	\$9,350	\$18,000	\$21,900
QW & HOH (<i>Over 65</i>)	\$8,100	\$19,600	\$23,850
Married Filing Joint	\$12,700	\$24,000	\$29,200
MFJ (<i>Over 65</i>)	\$15,200	\$26,600	\$33,100

Since 2018 Standard Deductions have increased annually

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Let's Review the 2017 Tax Changes with Provisions we may see again

This is a comparison of other Deductions and Credits

Personal Exemption	2017	2018
For Each Dependant	\$4,050	Eliminated

Credits	2017	2018
Child Tax Credit <i>(Per Child)</i> <i>Under Age 18</i>	\$1,000	\$2,000
Credit for Other Dependents <i>(Each) Not qualified for CTC</i>	New in 2018	\$500

2024 Child and Other Dependent Tax Credits are unchanged

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Let's Review the 2017 Tax Changes with it's Provisions we may see again

These charts compare the taxes that Family's paid in 2017 and 2018 with
the 2018 and 2023 tax savings at typical income levels

Single Taxpayer (over 65) using Standard Deduction						
AGI	2017		2018		2018 Savings	
	Taxable Income	Tax	Taxable Income	Tax	\$	%
\$25,000	\$12,750	\$1,436	\$11,400	\$1,178	\$258	17.9%
\$35,000	\$22,750	\$2,936	\$21,400	\$2,378	\$558	19.0%
\$45,000	\$32,450	\$1,136	\$31,400	\$3,578	\$858	19.3%

Married Filing Joint Taxpayers (over 65) using Standard Deduction						
AGI	2017		2018		2018 Savings	
	Taxable Income	Tax	Taxable Income	Tax	\$	%
\$45,000	\$36,100	\$2,122	\$18,400	\$1,840	\$372	16.8%
\$60,000	\$51,100	\$4,462	\$33,400	\$3,627	\$835	18.7%
\$75,000	\$64,350	\$12,232	\$51,000	\$9,699	\$2,533	20.7%

2024 Savings	
\$	%
\$423	29.5%
\$951	32.4%
\$1287	35.4%

\$	%
\$636	29.9%
\$1483	33.3%
\$4226	34.5%

AGI is Adjusted Gross Income

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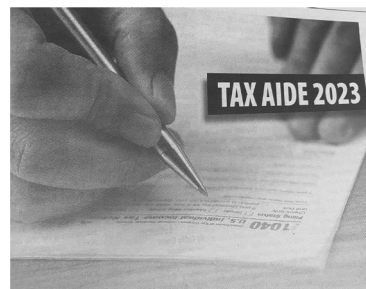
Potential Tax Changes

- It too early to predict what changes we will see in 2025
 - ✓ You have seen what changed in 2018, what has changed since then, and what other changes have been proposed more recently
 - ✓ A lot will depends on the economy and the results of the elections at the end of 2024
 - ✓ Let's hope that some of the tax reductions and simplifications from 2018 will be retained and built upon

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How to do Your Tax Return

- Do it Yourself - Use IRS Free File
 - ✓ Go to [irs.gov](https://www.irs.gov) website
 - ✓ Select File Your Taxes for Free
 - ✓ Select Provider, most are free with AGIs under \$73,000
- Use AARP TaxAide
 - ✓ Schedule an appointment online at aidintax.com or by phone
 - ✓ Some Scope limitations
- Purchase the Software or use a Paid Preparer



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How to do Your Tax Return

- The IRS has a new Direct File Program for Individuals, Tennessee in one of the states where it will be available in March of 2024
- This pilot program offers free electronic filing with step-by-step guidance
- Types of income allowed this year is very limited
 - ✓ Wages
 - ✓ Unemployment
 - ✓ Social Security
 - ✓ Interest up to \$1500
- It could eventually compete with private on-line services



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2023 & 2024 Income Taxes

Questions?

Bob Willis

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