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JANUARY 2024

Happy New Year! We hope everyone had a wonderful holiday season. Our staff is ready to get to work, preparing your tax returns for 2024.

We will be taking in-person appointments again this year but on a very limited basis. Therefore, if you have **no significant changes**, we encourage you to **drop off your material**. We plan to have returns completed for pick-up within a week's time assuming all required material is present. If you do require an in-person appointment, please call and we will do our best to accommodate you. Our small office is working to keep its customers and employees as safe and healthy as possible.

This year's personal tax deadline is Monday, April 15th. That is also the last day to make any contributions to your IRA, HSA or to file for any extensions. Corporate returns are due Friday, March 15th. **It is your responsibility to notify us if you will not have your material to us by the tax deadline and will require an extension. Anyone submitting material between April 8th and the 14th may be subject to an automatic extension.**

For those individuals with busy schedules or those simply comfortable communicating online, we do have a secure portal available for use. Materials can be uploaded to us and in turn we can send you a completed return with the ability to electronically sign. Be sure to let us know if this is something you are interested in. Additionally, this year you may use this portal to pay us using your credit card. We will, however, be passing on the 3.5% processing charge should you opt to pay by card beginning January 2024.

Included with this letter is a **Client Information Form**. Returning customers are asked to **review** the information provided on the form and make changes where necessary **plus** answer the additional question presented. New clients are required to complete the form in full. **All parties** are asked to **include this form** with tax material when you drop off or meet with a preparer.

Together we will partner to prepare and complete accurate returns for you. We thank you for your continued trust and patronage.

Brad Baltimore, EA * Vickie Black, EA * Gail Baltimore, AFSP
Kay Arens, EA * Jake Baltimore, AFSP * Drew Tucker, AFSP * Wendy Ward * Sue Fox

IRS.gov

The IRS continues to improve and direct individuals to create and set up a personal account at IRS.gov for access to all your IRS information. You can view balances owed (with a breakdown by tax year), make payments and see up to 5 years of payment history, create payment plans, manage communication, access past tax returns, and view and authorize Power of Attorney forms. STOP waiting on IRS hold, it only takes about 10 minutes with a smart phone and personal email account.

Visit our website at www.stjohnsbts.com

TAX INFORMATION

SOCIAL SECURITY

Social Security Administration has announced gross social security benefits will increase by 3.2% for 2024. Base Medicare Part B monthly premiums will increase to \$174.70 (depends on MAGI). If married couples modified adjusted gross income exceeded \$206,000 or single filers exceeded \$103,000 in 2022, Medicare premiums Part B begin to increase and there will be a surcharge for Part D.

REQUIRED MINIMUM DISTRIBUTION

The required minimum distributions from your IRA accounts start in the year you reach age 73 (new for 2023). You can delay the first year's distribution until April 1st of the following year but you will then have to take a second RMD that same year. Although your plan trustee should notify you, it is your final responsibility to arrange for any distributions. Missing an RMD results in penalties.

ELECTRIC VEHICLES

The federal income tax credit for an electric vehicle presently ranges from \$2,500 to \$7,500. This applies to purchases of new and used electric vehicles, but there are various qualifications, limitations and income phase outs. This credit is non-refundable and cannot be carried forward.

STANDARD DEDUCTION for 2023

Married filing joint	\$27,700
Married filing separate	\$13,850
Head of household	\$20,800
Single	\$13,850
65+/blind additional	\$ 1,850

2023 STANDARD MILEAGE RATES

Business: 65.5 cents per mile
Medical: 22 cents per mile
Charitable: 14 cents per mile

AFFORDABLE CARE ACT – Marketplace Health Ins.

The tax law eliminated the shared responsibility penalty after 2018, however the advanced premium tax credit from the Marketplace must be reconciled on the tax return. Please supply us with the 1095-A you receive.

CHARITABLE CONTRIBUTIONS FROM IRA'S

An IRA owner who is 70½ or older may make qualified charitable distributions (QCDs) directly from their IRAs to charities of up to \$100,000. You will receive a 1099R for this distribution that you must bring to your tax appointment. This can be a beneficial tax planning strategy for some taxpayers in keeping income down and receiving a benefit for charitable contributions especially if you don't itemize. Please request a letter from your broker to substantiate the donation(s).

AMERICAN OPPORTUNITY TAX CREDIT- AOTC

The maximum credit is \$2500 for undergraduate studies. **We must have the form 1098-T and statements showing the amount of tuition PAID in 2023 as well as receipts for books, supplies and equipment.** Your student may have to access the 1098-T and billing statements on their on-line student account. Many institutions no longer mail these documents.

FOREIGN ACCOUNTS - If the combined value of all foreign accounts over which you have signature authority exceeds \$10,000 at any time during the year, reporting is required. Foreign financial accounts include bank, brokerage accounts and pension funds. Please advise us if you have any foreign accounts.

ANNUAL GIFT EXCLUSION - For 2023 you could gift up to \$17,000 to each person without having to file a gift tax return. This is simply an additional filing and will not result in taxes due unless you have exceeded the Lifetime Gift Exemption of \$12.92 million. For 2024 that amount has increased to \$18,000

SECURE 2.0 - There are lots of new provisions and rulings on Retirement savings plans and IRAs in the workplace, many help encourage small employers in offering retirement plan options. Some of these provisions kicked in for 2023 but more are to come in 2024-2027.

ENERGY EFFICIENT HOME IMPROVEMENT CREDIT

This credit has been extended and expanded to \$1,200 EACH year calculated at 30% of cost with various limits inside categories, Efficiency Improvement on a Primary Residence and Property Expenditures on ANY taxpayer home. AND, a new credit limit of \$2,000 (30% of cost) covering biomass stoves/boilers. The Clean Energy Credit covering solar/wind/geothermal has been extended through 2034 and is available for primary and secondary residences. Qualifying fuel cells must be on primary residences only.

IRS, STATE OR CITY CORRESPONDENCE

If you receive a notice or letter regarding changes or requests for more information, please provide us with a copy of the correspondence. **We strongly suggest you consult with us before responding.** We are happy to assist you year round.

****New Email****

support@stjohnsbts.com

visit us online at www.stjohnsbts.com