

TAX UPDATE

2023 Year End



KENNEY TAX & ACCOUNTING, LLC
Value, Quality & Commitment

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January 2024

Greetings to clients and friends! Once again, a new year is behind us and tax filing season is coming. **Tax organizers will be available in your secure portal. Please see the "Client Portal Quick Start Guide" on page 5 for more information.** If you prefer to use a blank organizer, please visit our website at www.kenneytax.com/client-tax-packet/ to access a blank organizer and forms for your appointment. Don't hesitate to call if you have questions or wish to discuss your situation.



IP Pins for Everyone!

In January 2021, the IRS rolled out the Identity Protection (IP) Pin opt-in program to the entire country. They recommend that everyone opt into this program. For more information visit <https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin> or call us to discuss.

IRS Delays \$600 1099-K Filing Threshold AGAIN....

The American Rescue Plan of 2021 required Third Party Settlement Organizations, including Venmo, PayPal and CashApp, to issue form 1099-K for any payments made in 2022, and subsequent years, to a single payee that exceed a minimum threshold of \$600.

The IRS delayed this requirement in 2022 to 2023 and again in 2023 to 2024. The existing 1099-K reporting requirements of \$20,000 in payments from over 200 transactions will remain in effect.

The new form 1099-K reporting requirements will go into effect for calendar year 2024 with a phased in reporting requirement of \$5,000.

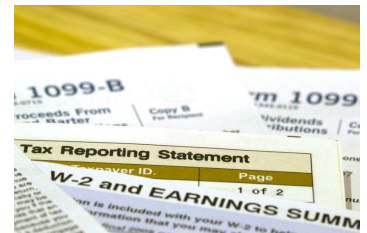
If you do receive a 1099-K form this year, you **MUST** provide us with it to ensure an accurate tax return.



2023 Tax Changes & Reminders

Here are some key changes to the tax code for 2023 and reminders to help you prepare for your 2023 tax obligations:

- ◆ **Tax Brackets & Rates.** The income brackets subject to tax are increasing by approximately 7 percent due to inflation. The 2023 brackets can be found on page 3.
- ◆ **Increased age for required minimum distributions.** If you turn 72 in 2023 or later, you can keep money in a tax deferred IRA or 401(k) account for another 12 months thanks to the required minimum distribution age being raised from 72 to 73.
- ◆ **Decreased penalty for not taking required distributions.** The penalty for failing to take a required minimum distribution is reduced from 50% to 25%. If the correction is made within 2 years, the penalty is further reduced to 10%.
- ◆ **NEW—Tax credit for new clean vehicles.** A credit up to \$7,500 is available if you (or your business) purchase a new qualified plug-in electric vehicle or fuel cell electric vehicle. There are income limitations, so be sure to check with us to see if you qualify before purchasing.
- ◆ **NEW—Tax credit for energy efficient home improvements.** An annual tax credit up to \$1,200 is available if you make qualified energy improvements to your home (biomass stoves and boilers have a separate annual limit of \$2,000).
- ◆ **Deductions.** We still need the information for your 1) Medical expenses, 2) State income and property tax, 3) Mortgage interest, 4) Charity and other deductions in order to apply the latest rules and to complete your state tax returns.
- ◆ **Tax Forms you Receive.** In order to prepare your return, **we are required** to obtain all of your forms W-2, 1099's from retirement, interest, dividends, brokers, and self-employment, Forms 1095 for health insurance, bank forms 1098 and any other official IRS and MN forms.



Remember to check for digital forms as well! Many employers, banks and others are making their forms available electronically so you may not get a paper form in the mail.

As always, there are literally hundreds of other changes, extensions and deletions that we will consider this year while preparing your return. We request that everyone have their tax information to us as soon as they have everything together, and no later than **March 25, 2024**. Please rest assured that we will utilize our best resources to once again provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. Thank you again for your continued support.

Sincerely,
Christina Kenney, E.A.

MN Tax Changes

- **MN Tax Rebate**—If you received a MN tax rebate it IS TAXABLE on your federal return, but not on your MN return. MN sent out 1099Misc forms to taxpayers who received this rebate. **We will need this form when preparing your return.**
- **Identity Verification**—MN will continue to ask taxpayers to verify their identity for tax returns filed. Some are randomly selected, and others may be selected due to having a new preparer or other criteria. A new option for 2023 tax returns will allow you to upload the requested documents rather than mail them in.
- **MN Conformity to Federal**—As of May 1, 2023 MN has adopted conformity to most Federal tax laws for the 2023 tax return.
- **Child Tax Credit**—the new child tax credit of \$1,750 per child is available if you meet the following criteria:
 - Full or part year resident
 - Meet the same eligibility requirements of the working family credit
 - Earned income or AGI is less than \$35,000 for MFJ Or \$29,500 for all others
- **Dependent Care Newborn Credit**—Allows all taxpayers, including unmarried taxpayers, with a newborn child who do not have dependent care expenses to claim the \$3,000 credit.
- **K-12 Education Credit**—the maximum credit has been increased to \$1,500. The AGI maximum before –phase out increased from \$33,500 to \$70,000. This is for the credit only (which has income limitations)—not the subtraction.
- **Social Security Subtraction**—100% of social security will be subtracted from MN Income if AGI is below the following:
 - MFJ / Qual Survive Spouse Below \$100,000
 - Single/ Head of Household Below \$78,000
 - MFS Below \$50,000
- **Landlord CRP Forms**—beginning in 2024 all landlords must use MN E-Services to create CRP forms
- **MN Renters Credit**—beginning in 2024 the renters credit will be claimed on the main M1 tax form and will be based on AGI instead of household income.



RATES

	2023	MN	2024
Standard Deductions			
Married Filing Joint	\$ 27,700	\$27,650	\$ 29,200
Head of Household	\$ 20,800	\$20,800	\$ 21,900
Single	\$ 13,850	\$13,825	\$ 14,600
Married Filing Sep	\$ 13,850	\$13,825	\$ 14,600
Elderly/Blind Deduct			
Single	\$ 1,850	\$1,850	\$ 1,950
Married	\$ 1,500	\$1,450	\$ 1,550
Personal Exemption	\$ 0	\$4,800	\$ 0
		<i>(per dependent)</i>	
Child Tax Credit	\$ 2,000	\$1,750	\$2,000 (per child)
		<i>(per child)</i>	
Mileage Rates			
Business	65.5¢		67.0¢
Charitable	14.0¢		14.0¢
Medical/Moving	22.0¢		21.0¢
Section 179 Deduct	\$1.160 Mil (Max)		\$ 1.080 Mil (Max)
Annual Gift Exclude	\$17,000		\$18,000
Retirement Contrib.			
IRA	\$ 6,500		\$ 6,500
IRA (50 & over)	\$ 7,500		\$ 7,500
Simple IRA	\$ 15,500		\$ 15,500
401k	\$ 22,500		\$ 22,500
Student Loan Interest Deduction	\$ 2,500		\$ 2,500
Estate Tax Exclusion	\$12.92 Mil		\$13.61 Mil

MN tax credit for owners of agricultural assets. A non-refundable credit of 8% of the sale price (maximum of \$50,000 may be available to farmers for the sale of agricultural assets. This credit is administered by the Rural Finance Committee of the Department of Agriculture. Please see their website for more information if you think this may apply to you.



Subscribe to Our Quarterly Newsletter...

- ⇒ Current year tax figures
- ⇒ Key tax changes for the current year
- ⇒ Next year tax figures
- ⇒ Upcoming tax changes
- ⇒ Tips for finding often overlooked deductions
- ⇒ Fraud prevention tips
- ⇒ And much more!

FEDERAL INCOME TAX BRACKETS



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2023

Tax Rate	Single	Married Filing Joint/Widow	Head of Household	Married Filing Separate
10%	\$1 - 11,000	\$1 - 22,000	\$1 - 15,700	\$1 - 11,000
12%	11,001 - 44,750	22,001 - 89,450	15,701 - 59,850	11,001 - 44,750
22%	44,726 - 95,375	89,451 - 190,750	59,851 - 95,350	44,726 - 95,375
24%	95,376 - 182,100	190,751 - 364,200	95,351 - 182,100	95,376 - 182,100
32%	182,101 - 231,250	364,201 - 462,500	182,201 - 231,250	182,101 - 231,250
35%	231,251 - 578,125	462,501 - 693,750	231,251 - 578,100	231,251 - 578,125
37%	Over \$578,125	Over \$693,750	Over \$578,100	Over \$578,125

2024

Tax Rate	Single	Married Filing Joint/Widow	Head of Household	Married Filing Separate
10%	\$1 - 11,600	\$1 - 23,200	\$1 - 16,550	\$1 - 11,600
12%	11,601 - 47,150	23,201 - 94,300	16,551 - 63,100	11,601 - 47,150
22%	47,151 - 100,525	94,301 - 201,050	63,101 - 100,500	47,151 - 100,525
24%	100,526 - 191,950	201,051 - 383,900	100,501 - 191,950	100,526 - 191,950
32%	191,951 - 243,725	383,901 - 487,450	191,951 - 243,700	191,951 - 243,725
35%	243,726 - 609,350	487,451 - 731,200	243,701 - 609,350	243,726 - 609,350
37%	Over \$609,350	Over \$731,200	Over \$609,350	Over \$609,350

2023 FEDERAL BUSINESS TAX CHANGES



Below are some key Federal business tax changes for tax year 2023 and 2024.

• Corporate Transparency Act (CTA)

- Provides for the collection of beneficial ownership information for any entity that is registered with a secretary of state (i.e. S Corporation, Partnership, Corporations, LLC entities, etc.).
- Exemptions to reporting include:
 - Large operating entities (employ more than 20 full-time employees, have a physical office in the U.S. and file a federal income tax or information return reporting more than \$5 million in gross receipts or sales for the previous year)
 - Publicly traded companies that have registered under Section 102 of the SOX Act
 - Other entities as listed (i.e. banks, money transmitting business, insurance companies, large accounting firms, tax-exempt entities, inactive business, etc.)
- Reporting begins **January 1, 2024**.

Reporting Requirements	
Event	Deadline
Newly registered entity after Jan. 1, 2024	Within 90 days of registration
Existing entity as of Jan. 1, 2024	Jan. 1, 2025
Updates to previously reported information or correcting inaccuracies	Within 30 days of discovery

- Penalties of \$500 each day a violation continues or has not been fixed up to \$10,000 and imprisonment for up to two years for willfully providing false or fraudulent identification documents or information and/or failure to report complete or updated info as required.

• Employee Retention Credits

- The IRS has revised guidance for ERC credits to include a list of those taxpayers who do not qualify for the credit. If you claimed the credit and find that you should not have, you should amend your returns to remove the credit and pay it back. Some examples of entities not eligible for the ERC include:
 - Individual taxpayers who are not business owners
 - People who do not have employees
 - Employers who didn't pay wages to employees during the qualifying time periods.
 - Employers who experienced supply chain disruptions but did not experience a full or partial suspension of operations by order
 - Employees
 - Household employees
 - Retirees

CLIENT PORTAL QUICK START GUIDE



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This quick start guide is intended to help you get setup and working with your secure portal right away. For more detailed instructions see the complete portal users guide at <https://c09614528.preview.getnetset.com/files/Client-Portal-User-Guide.pdf>.

In order to use this guide, you must have been granted access to use the Roesner | Kenney Tax & Accounting secure portal. If you are unsure whether you have access, please contact us at (763) 210-9956 or roesnertax@roesnertax.com

1. Setup initial access to your secure portal

- a. Check your email for a notification that you have been added
- b. Click the link in the email and verify your information
- c. Setup your password
- d. This will bring you to your home screen (secure folder/portal)

2. Login to your secure portal

- a. Go to our website at <http://kenneytax.com/portal/>
- b. Click on "Client Portal Login"
- c. Enter your username and password
- d. This will bring you to your home screen (secure folder/portal)

3. Retrieve a file from us

- a. Check your email for notification that a file(s) are available for you to download
- b. Click the link in the email
- c. Enter your username and password
- d. Click the box in front of the file(s) you want to download
- e. The download box will appear on the bottom left corner of your screen
- f. Click the arrow next to the file(s) and select show in folder
- g. The Downloads window will open and you can open and view the file(s) from there. (Note: large files may take a few minutes to download)

4. Upload a file to us

- a. Go to our website at <http://kenneytax.com/portal/>
- b. Click on "Client Portal Login"
- c. Enter your username and password
- d. This will bring you to your home screen (secure folder/portal)