



## '23 Tax Season is Around the Corner

Happy Holidays and we hope you are staying safe and healthy as the New Tax Year approaches.

### 2023 Processes and Communication

Our 2023 processes will be similar to last year, with a short questionnaire from one of our assistants. Although it may seem repetitive, we don't want to miss a single detail. You will be asked to review and electronically sign our Engagement Letter through Adobe Sign. Your return cannot be started until the engagement letter is signed. If you have any questions or difficulties regarding electronically signing the engagement letter, please contact Sara to move your return along.

We have limited 30-45 minute appointments available, if your return is short enough to complete while you are present. We can also schedule a 5-15-minute appointment for questions (phone or in-person), when you are submitting your paperwork. Priority Tax and Finance strives to be as detailed as possible and have found we are most efficient when not rushed to get your return complete while you wait. Accurate Tax Returns are our priority!

Getting your documents to us is easy. You may:

- Upload to our secure digital portal.
- Drop off your documents at the office in our secure drop-box, located in front of our ranch.
- If you have mobility difficulties, Sara will continue to pick up documents in San Diego County.

We are always happy to answer any questions you may have, so feel free to send us an email (preferred), text or call, or just let us know you are swinging by.

## Portal at Ptf-inc.com

There are two ways to access our secure portal.

1. We will provide you with a link, which will connect you to your portal. If you do not have a portal, please contact Sara and she can set one up for you.
2. Through our website: ptf-inc.com
  - a. Go to "Client Portal".
  - b. Log into your portal using the email address we used to create it. You may also reset your password at any time using "Forgot your password?" link.

We are beginning a clean-up of the data in the portal from previous years. A copy of each year's tax return will remain in your portal; however, supporting documents will be archived and available for retrieval. Feel free to create your own folders.

### 1099-K Forms (PayPal, Venmo...)

For the 2023 tax year, the IRS has once again delayed the implementation of the \$600 cut off for 1099-Ks from third-party payment settlement networks (e.g., PayPal, Venmo, etc.) and the threshold will remain \$20,000 in gross payments and/or participated in more than 200 transactions during the year for goods or services. The IRS is planning for a \$5,000 threshold for 2024 to phase in the process down to \$600. The gross amount of a payment doesn't include any adjustments for credits, cash equivalents, discount amounts, fees, refunded amounts, or any other amounts. Many providers may have already implemented the new total of \$600. The eventual change to the reporting threshold means more people than ever will get a 1099-K form that they will use when filling out their income tax returns for the 2023 tax year. However, remember that 1099-K reporting is only for money received for goods and services. So, for those just sending payments to family and friends, it doesn't apply, and you should not receive a 1099-K. It will be interesting to see how this turns out.

### Retirement Savings

The annual contribution limits have increased for most retirement accounts starting in 2024. The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$23,000, up from \$22,500. For those 50 and older, the catch-up contribution limit remains at \$7,500 which makes the total contribution limit \$30,500 starting in 2024.

The limit on annual contributions to an IRA increased to \$7,000, up from \$6,500. The IRA catch-up contribution limit for individuals aged 50 and older remains \$1,000 for a total of \$8,000. If you are participating in other retirement options (SIMPLE, SEP, etc.), we can discuss those limits.

## **Solar, Electric Vehicles**

The Solar Tax Credit was set to reduce to 22% starting in 2023 from 26% but the Inflation Reduction Act has increased the Solar Tax Credit back to 30%, retroactive for all 2022 through 2032.

There were also changes made to the Electric Vehicle (EV) Tax Credits and they are very complex. The EV tax credit applies to any “clean” vehicle which includes Hydrogen fuel cell and Plug-In Hybrids with 4-7 kWh battery capacity. The first major change is that effective August 16th, 2022, a tax credit is generally available only for qualifying electric vehicles for which final assembly occurred in North America. Starting in 2023 there are changes that will allow some manufacturers who already hit the caps to be eligible again plus some used electric vehicles may qualify for a credit. The Inflation Reduction Act also imposes income limits on who can claim the credit. If you’re single, and your modified adjusted gross income (MAGI) is over \$150,000, (\$300,000 married filing jointly) you won’t qualify for the EV tax credit. Vehicle price and type also matter. Vans, pickup trucks, and SUVs with a manufacturer’s suggested retail price (MSRP) of more than \$80,000, won’t qualify. For clean cars to qualify for the EV tax credit, the MSRP can’t be more than \$55,000. Also, if you buy a used clean vehicle from a dealer, it will only qualify for the tax credit if it costs \$25,000 or less. There is also an income limitation, in order to qualify for the EV Credit for a used vehicle your MAGI must be under \$75,000 if you are single (\$150,000 if married filing joint) And in case you were wondering, “used” or “previously owned” for purposes of the EV tax credit, means that the car is at least two years old.

## **Covered CA/Marketplace**

Form 1095-A is often missed for those that obtain their health insurance through the Marketplace (Covered CA, etc...) If you pay for health insurance through the Marketplace or an agent that obtains insurance through the Marketplace, you should receive a Form 1095-A, whether or not you receive assistance. Often this may need to be obtained online or through your agent. If you are on Medi-Cal (or other free state sponsored health insurance), this is not the same as the Marketplace. Even if you were only on

the Marketplace health insurance for even part of a month, your return will be rejected by the IRS unless we include Form 1095-A as part of your return.

## **Other Important Information**

For those of you who have reached 72 years of age, you will most likely be subject to required minimum distribution (RMD) from retirement accounts (401K, IRAs, etc.). If you reached 72 in or after 2023, your RMD age is now 73. For those that turned 72 before that, you are already subject to RMDs.

Mileage rates for driving your own vehicle for business, charity, and medical have been adjusted for 2024. The rate for business purposes has increased to 0.67 from 0.655. Medical miles driven have decreased to 0.21 from 0.22. Miles for charitable purposes remain at 0.14.

## **260 Buena Creek Rd**

Our office is still located on our property at 260 Buena Creek Rd in San Marcos. For those that are close enough, we have even outdone last year’s Christmas light show and it would be worth your while to take a drive-by after 5:00pm through at least Jan 1<sup>st</sup>. Someone is generally in the office all day long during business hours but always check ahead if you need to stop by. You can always drop something off in our drop box, especially during tax season when it will be checked often. If not tax season, it would be best to text or call us if you dropped something off so we can be sure to check the box.

During Tax Season, there will be office assistants helping us out, so if you get emails from one of them, rest assured they are working for us. Matthew will be helping us to start the process with initial questions and preparing your information for us. Ryan, our full-time office assistant, will again be working the middle process ensuring that everything is ready for Stevan to complete your return. Once your return is completed, Brett and Jade will be handling the final process of being submitted and finalized. Rebecca will be back and helping all through the processes. Any questions, any time, do not hesitate to contact us. Here’s to a Great 2024!



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