

2023 Tax Year Change Highlights:

- Tax brackets, deduction, and credit amounts were again adjusted for inflation.¹ More income will be taxed at lower rates for most.
- Interest rate for underpayment (and some refunds) increased to 8%.²
- Bonus depreciation on certain technology, equipment, or building investment business expenses decreases 100% to 80%.³
- Credit for energy-efficient home improvements increased in scope and allowed amount while tax rebates for electric vehicles are stricter.⁴
- Required Minimum Distributions for IRAs may need to start for those who turned 72 in 2022, or 73 in 2023.⁵
- Many student loans resumed in 2023. If applicable, student loan interest is a powerful deduction that most have not used for years.

2024 Tax Year Change Highlights:

- Those with freelance/contracting income may receive 1099 forms for any income over \$600 or this may phase-in at \$5000 for 2024.⁴ (IRS postponed enacting this law twice but it is not guaranteed they will do so in 2024).
- Bonus depreciation on some business expenses reduces 80 to 60%.³
- Tax brackets, deduction, and credit amounts again inflation adjusted.¹

Ask our team about any tax changes: taxhelp@mountaintaxservices.com

Tax Professionals Offer Value and Mountain Tax Offers More Value

Professionals are not necessary for many with simple returns. Reasons for hiring a tax professional include: 1.) expertise, advice, and *long-term strategy* 2.) convenience and 3.) decreasing the likelihood of IRS audits/questions.

Certainly, tax software makes filing taxes easier. However, even with the best tax software, those that do not know the intricacies of tax issues and the everchanging IRS laws/regulations can all-too-easily miss valuable deductions. Even the simplest can be missed: we examined a prior return for a potential new customer and noticed they failed to deduct \$3,000 for a child tax credit on their return. The couple had reported information for the child, but simply omitted to inform the IRS in the tax software that the child lived with them the full year. This simple error resulted in \$3,000 loss that we recouped for the couple! These mistakes occur with frequency when self-preparing. For new clients, we always offer a free examination of previously filed taxes to ensure nothing was missed and that our services are really needed.

A tax professional can provide advice for future year returns and help you strategize to reduce tax burdens. They can also give you withholding advice so you can avoid having a large overpayment or underpayment. Tax software is often of no help in these areas. Additionally: we save you valuable time—the **average** self-preparing taxpayer spends SEVEN hours completing tax filing and planning, and the average business TWELVE hours.⁶

At Mountain Tax we intentionally offer value to our clients in all the above ways & many more! Our stellar service and expertise and hours of timesaving, all at lower than national and regional average costs, are a valuable choice.



Secure Document Upload Center (Tax Xchange)

For the best security in document transmittal, we continue to offer our clients the secure tax center upload portal. Email us for a new portal sign-up or those who have used this service before can sign-in directly:

<https://www.mytaxdocs.com?o=6576>



Referral Bonus

\$75 bonus for all new client referrals. Bonus paid immediately upon our receipt of payment from new client for any tax filing service.



TAX TIPS: 2023 Tax Year IRA Deductions and I-Bonds

➤ Eligible taxpayers/businesses may be able to reduce 2023 Federal income taxes by making additional or catch-up contributions to traditional IRA plans by April 15, 2024.⁷ That's right: these taxpayers can pay in 2024 and receive a break for 2023 taxes! These deductions are income-based and depend on your access to employer-sponsored retirement plans, so please check with us about your potential eligibility.

➤ Seeking a low-risk investment opportunity for your refund? You may be able to use any Federal tax refund to purchase government I-bonds.⁸ All I-bonds issued through April 30, 2024 carry a 5.27% composite interest rate. There is no guarantee of these high interest rates remaining over time, and I-bonds cannot be cashed in for at least one year and have other limitations. If eligible, increments for \$50 up to a total \$5,000 are available. These are mildly complicated investment instruments, but our staff are happy to help you understand how they may work for you.

1 <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2023-and-for-2024> 2 <https://www.irs.gov/pub/irs-drop/rr-23-17.pdf>
3 <https://www.irs.gov/pub/irs-dft/i4562-dft.pdf> 4 <https://www.irs.gov/newsroom/get-ready-to-file-in-2024-whats-new-and-what-to-consider>
5 <https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faq> 6 <https://www.irs8.gov/pub/irs-pdf/i1040gi.pdf> (Page 108)
7 <https://www.irs.gov/newsroom/savers-credit-can-help-low-and-moderate-income-taxpayers-to-save-more-in-2024> 8 <https://www.irs.gov/pub/irs-pdf/p5380.pdf>