



Taxland Newsletter
2023

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DECEMBER ISSUE

By **Tina M Chandler EA CFS**

UPCOMING DEADLINES:

4th QTR ESTIMATED TAX PAYMENTS DUE: 01-16-24

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Thank you to all who came to our Shred Event in November! We loved seeing you!

A Reminder to Take Your RMDs Before Year End:

Required minimum distributions (RMDs) are the minimum amounts you must withdraw from your retirement accounts each year. You generally must start taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you reach age 72 (**73 if you reach age 72 after Dec. 31, 2022**). Your RMDs must be taken by 12-31-2023 to avoid penalties. If an account owner fails to withdraw the full amount of the RMD by the due date, the amount not withdrawn is subject to a 25% excise tax as of 2023 which decreased from 50% in prior years.

Diving into Some of Recent Tax Changes in Massachusetts:

We had touched on some tax changes in our October Newsletter that were a result of Maura Healy signing the new tax bill. In this issue we want to explore this bill a little more and cover areas not previously explained.

Estate Tax

There have been recent law changes to the estate tax for decedents dying on or after January 1, 2023. The new law amended the estate tax by providing a credit of up to \$99,600, thereby eliminating the tax for estates valued at \$2 million or less and reducing the tax for estates valued at more than \$2 million.

If you already filed an estate tax return for a decedent who died on or after January 1, 2023 and the value of that estate was below \$2 million you do not need to do anything. The return will be reviewed and recalculated based on the \$2 million threshold. If there is an overpayment on the account, a refund will be issued automatically. The Department of Revenue expects to start issuing the refunds as soon as possible based on the order the return was filed and received.

MA Senior Circuit Breaker Tax Credit : Certain seniors who own or rent residential property in Massachusetts are eligible for a refundable tax credit up to \$2590 in 2023.

Senior Property Tax Volunteer Program: Increases from \$1,500 to \$2,000 the maximum that

municipalities may allow certain seniors to reduce their property tax by participating in the senior work-off program.

Earned Income Tax Credit

Increases the earned income tax credit from 30% to 40% of the federal credit.

This increase will provide crucial support to working individuals and families, benefitting nearly 400,000 taxpayers with incomes under \$60,000.

Single Sales Factor

Moves from a sales tax apportionment system that factors in property, payroll, and sales to an apportionment that only considers sales, thereby removing a disincentive for Massachusetts companies to hire or grow in-state and making it more attractive for companies to move headquarters in Massachusetts.

Housing Development Incentive Program (HDIP)

Increases the statewide cap from \$10M to \$57M one-time, and then to \$30M annually.

This increase will create an estimated 12,500 new homes in Gateway Cities, spurring over \$4 billion of private investment in these communities.

Low-Income Housing Tax Credit

Raises the annual authorization from \$40M to \$60M.

This increased authorization cap provides enough funding to spur the creation of thousands of new units of affordable housing annually while also bolstering economic activity and ancillary market-rate housing.

Local Option Property Tax Exemption for Affordable Housing

Permits municipalities to adopt a local property tax exemption for affordable real estate that is rented by a person whose income is less than a certain income level set by the community.

Title V Cesspool or Septic System Tax Credit

Triplies the maximum credit available from \$6,000 to \$18,000 and increases the amount claimable to \$4,000 per year, easing the burden on homeowners facing the high cost of septic tank replacement or repair.

Lead Paint Abatement: Doubles the credit to \$3,000 for full abatement and \$1,000 for partial abatement, to support families with older homes.

Dairy Tax Credit: Increases the statewide cap from \$6M to \$8M, to provide more assistance for local farmers during downturns in milk prices.

Student Loan Repayment Exemption: Ensures that employer student loan payments are not treated as taxable compensation.

Commuter Transit Benefits: Makes public transit fares, as well as ferry and regional transit passes and bike commuter expenses, eligible for the commuter expense tax deduction.

Apprenticeship Tax Credit Reforms: Expands the occupations for which this workforce development credit is available.

Cider Tax: Raises the maximum amount of alcohol for these classes of drinks to 8½%, allowing more locally produced hard cider and still wines to be taxed at a lower rate.

IF YOU ARE INTERESTED IN LEARNING MORE, CONTACT OUR OFFICE TO SCHEDULE A TELEPHONE CALL OR MEETING. WE ARE HERE TO HELP YOU.

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