



Taxland Newsletter
2023

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JULY ISSUE

By **Tina M Chandler EA CFS**

UPCOMING DEADLINES:

3rd QTR ESTIMATED TAX PAYMENTS DUE: 09-15-23

If you need assistance figuring out your estimated tax payments we are happy to help.

DEADLINE TO FILE 2019 TAX RETURN: 07-17- 2023

The deadline was originally in April 2023, but has been extended by the IRS, this is for anyone who has yet to file a return for the 2019 tax year.

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Important Taxland Update: We are still at our current location of 1205 Boston Road until our new space across the street gets completed.

Gambling Winnings and Losses:

Gambling Winnings-

A payer is required to issue you a Form W-2G, Certain Gambling Winnings if you receive certain gambling winnings or have any gambling winnings subject to federal income tax withholding. You must report all gambling winnings on Form 1040 or Form 1040-SR, including winnings that aren't reported on a Form W-2G as "Other Income" on Schedule 1. When you have gambling winnings, you may be required to pay an estimated tax on that additional income.

Gambling Losses-

You may deduct gambling losses only if you itemize your deductions on Schedule A (Form 1040) and keep a record of your winnings and losses. The amount of losses you deduct cannot be more than the amount of gambling income you reported on your return. Claim your gambling losses up to the amount of winnings, as "Other Itemized Deductions."

Recordkeeping-

To deduct your losses, you must keep an accurate diary or similar record of your gambling winnings and losses and be able to provide receipts, tickets, statements, or other records that show the amount of both your winnings and losses.

Gambling Activities as a Trade or Business-

You are required to report your gambling winnings on Schedule C. Gambling losses and related trade or business expenses may be deducted on Schedule C. The amount you deduct for gambling losses cannot exceed the amount of gambling winnings you report.

Tax Treatment on Alimony or Separate Maintenance:

What is Alimony or Separate Maintenance?

A payment is alimony or separate maintenance if all the following requirements are met:

- The spouses don't file a joint return with each other;
- The payment is in cash (including checks or money orders);
- The payment is to or for a spouse or a former spouse made under a divorce or separation instrument;
- The spouses aren't members of the same household when the payment is made (This requirement applies only if the spouses are legally separated under a decree of divorce or of separate maintenance.);
- There's no liability to make the payment (in cash or property) after the death of the recipient spouse; and
- The payment isn't treated as child support or a property settlement.

For tax years prior to 2022, Massachusetts conformed to the Code in effect on January 1, 2005

Alimony Received: If you **received** amounts that are considered taxable alimony or separate maintenance, you **must** include the amount of alimony or separate maintenance you received as income. Report alimony received on Form 1040 or Form 1040-SR.

Alimony Paid: If you **paid** amounts that are considered taxable alimony or separate maintenance, you may deduct from income the amount of alimony or separate maintenance you paid whether or not you itemize your deductions. Deduct alimony or separate maintenance payments on Form 1040 or Form 1040-SR.

Effective for tax years beginning on or after January 1, 2022

Alimony Received: payments are no longer included in the Massachusetts gross income of the recipient.

Alimony Paid: alimony and separate maintenance payments are not deductible by the payer

Following the federal treatment, these changes apply to payments made pursuant to a divorce or separation instrument executed after December 31, 2018, or under certain instruments executed on or before December 31, 2018, but later modified.

Note: Alimony payments are not to be confused with child support payments. Child support payments are neither deductible by the payer nor taxable to the recipient, for both federal and Massachusetts income tax purposes.

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

TAXLANDONLINE.COM - 413-782-8292