**Taxland** Newsletter
2023

# NOVEMBER ISSUE

By Tina M Chandler EA CFS

**UPCOMING DEADLINES:**

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

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

## Exciting Taxland News:

**We are happy to announce that our new office is open for appointments! Our location is at 1206 Boston Road across the street from the old office. Parking is available behind the building. Please call (413)782-8292 for any additional questions or assistance. We so appreciate your continued support and cooperation as we put the finishing touches to the new space!**

In honor of the occasion we will be hosting a **shred event and open house for clients** to get rid of old unwanted documents. You will also have the opportunity to come inside to say hello and join us for some snacks and refreshments. **It will take place November 10th from 4-6.**

## For Educators Maximum Educator Expense Deduction $300:

Educators will be able to deduct up to $300 of expenses in 2023, which is the same amount that was allowed in 2022. The IRS states that they will go up by $50 increments in future years depending on inflation, but that does not mean it will go up every year. **Who Qualifies?** Educators can claim this deduction, even if they take the standard deduction. Eligible educators include anyone who is a kindergarten through grade 12 teacher, instructor, counselor, principal or aide who worked in a school for at least 900 hours during the school year. Both public and private school educators qualify.

Educators can deduct the **unreimbursed** cost of:

- Books, supplies and other materials used in the classroom.
- Equipment, including computer equipment, software and services.
- COVID-19 protective items to stop the spread of the disease in the classroom. This includes face masks, disinfectant for use against COVID-19, hand soap, hand sanitizer, disposable gloves, tape, paint or chalk to guide social distancing, physical barriers, such as clear plexiglass, air purifiers and other items recommended by the Centers for Disease Control and Prevention.
- Professional development courses related to the curriculum they teach or the students they teach. But the IRS cautions that, for these expenses, it may be more beneficial to claim

another educational tax benefit, especially the lifetime learning credit. For details, see Publication 970, Tax Benefits for Education, particularly Chapter 3.

Qualified expenses don't include the cost of homeschooling or for nonathletic supplies for courses in health or physical education. **As with all deductions and credits, the IRS reminds educators to keep good records, including receipts, canceled checks and other documentation.**

## Avoid Penalties for Underpayment of Tax Liability:

Taxpayers who underpay their taxes may have to pay a penalty regardless of whether they paid through withholding or through estimated tax payments. Late and skipped estimated tax payments can incur penalties even if a refund is due when a tax return is filed.

Taxpayers should use Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, to see if they owe a penalty. Taxpayers can also request a waiver of the penalty if they underpaid because of unusual circumstances and not willful neglect.

Special rules apply to some groups of taxpayers such as farmers, fishermen, casualty and disaster victims, those who recently became disabled, recent retirees and those who receive income unevenly during the year.

**Exceptions to the Penalty**

You won't have to pay the penalty or file this form if either of the following applies.

- You had no tax liability for 2021, you were a U.S. citizen or resident alien for the entire year (or an estate of a domestic decedent or a domestic trust), and your 2021 tax return was (or would have been had you been required to file) for a full 12 months.
- The total tax shown on your 2022 return minus the amount of tax you paid through withholding is less than $1,000. To determine whether the total tax is less than $1,000, complete Part I, lines 1 through 7.

## Is Tax-loss Harvesting Right for You?

Tax-loss harvesting (TLH) is a stock investing strategy that attempts to lower the taxes an investor will pay to the U.S. federal government during a current taxable year

- Tax-loss harvesting is a strategy to lower current federal taxes by deliberately incurring capital losses to offset taxes owed on capital gains—or even taxes owed on personal income.
- Tax-loss harvesting only defers tax payments—it does not cancel them.
- If an investor has no capital gains to offset in the year the capital loss was “harvested,” the loss can be carried over to offset future gains or future income—there is no expiration date.

Do you have investment losses? If you think you might benefit from this tax strategy, please contact our office before year end. This must be completed before December 31, 2023.