



Taxland Newsletter
2023

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OCTOBER ISSUE

By **Tina M Chandler EA CFS**

UPCOMING DEADLINES:

2022 TAX FILING DEADLINE FOR THOSE ON EXTENSION: 10-16-23

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

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

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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! Stay tuned for information on our Open House & Shred Event we will be hosting later this fall to celebrate.

Notable Information About Governor Healey's Tax Cuts

The proposal which was introduced back in March was signed into law on Oct 4th and includes expanding the Child and Family Tax Credit, increases the Rental Deduction, Senior Circuit Breaker Tax Credit, and changes tax on Short Term Capital Gains to address areas of the tax code where Massachusetts is markedly different from other states.

Child and Family Tax Credit- Eliminates two-dependent cap and increases credit from \$180 per dependent child, disabled adult, or senior to \$310 for 2023 and to \$440 on a permanent basis, starting in 2024. An estimated 565,000 families will benefit, and this will be the most generous universal child and dependent tax credit in the county.

Short-Term Capital Gains- Reduces rate from 12% to 8.5%

Senior Circuit Breaker Tax Credit- Doubles credit, indexed to inflation, which equates to an increase from \$1,200 to \$2,400

Rental Deduction - Increases cap from \$3,000 to \$4,000

To get more information on the numerous other provisions of the tax cut package you can visit the

link below.

[Governor Healey Signs First Tax Cuts in More Than 20 Years | Mass.gov.](#)

Some Changes Coming for 2023 Tax Year:

The earned income tax credit, a refundable tax credit for low- and moderate-income workers, will also see a bump in 2023. The total credit amount depends on income and the number of children – people without children can still qualify. For tax year 2022, the earned income credit ranged from \$560 to a maximum of \$6,935. In 2023, the credit will increase to a maximum of \$7,430 for qualifying taxpayers with three or more children.

The annual exclusion for gifts, which limits how much taxpayers can give an individual without filing a gift tax return on certain gifts, will increase to \$17,000 per person in 2023, up \$1,000 from 2022.

The lifetime estate tax exclusion establishes a threshold for the taxation of estates upon a wealthy person's death. In 2023, estates valued at or below \$12.92 million will not be subject to estate tax, up from \$12.06 million in 2022.

Starting in 2023, taxpayers who contribute to a health flexible spending account, or FSA, can contribute up to \$3,050 and, if permissible by their plan, will be able to carry over up to \$610 into the next tax year.

The adoption credit, a tax benefit for folks with qualified adoption expenses, will increase to a maximum of \$15,950 in 2022, up from \$14,890 in 2022.

Tax on Early Distributions from Retirement Plans:

Most retirement plan distributions are subject to income tax and may be subject to an additional 10% tax. Generally, the amounts an individual withdraws from an IRA or retirement plan before reaching age 59½ are called "early" or "premature" distributions. Individuals must pay an additional 10% early withdrawal tax unless an exception applies.

Some Common Exceptions for 10% Additional Tax on Early Distributions:

- Qualified higher education expenses
- Qualified first-time homebuyers, up to \$10,000
- Amount of unreimbursed medical expenses
- An IRS levy of the plan
- Health insurance premiums paid while unemployed
- Certain distributions to qualified military reservists called to active duty
- Eligible distributions contributed to another retirement plan or IRA within 60 days
- Death of the participant/IRA owner

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