Taxland Newsletter
2023

SEPTEMBER ISSUE

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UPCOMING DEADLINES:

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

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

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

Important Taxland Update: **We are no longer at 1205 Boston Road and still putting the finishing touches on our new office at 1206 Boston Road. For the time being we are working out of our Easthampton office. If you are a Springfield client please call or email if you need assistance. We will let you know when the new space is completed.**

Tax Withholding Planning:

Why Check Your Withholding - There are a couple reasons it is beneficial to check your withholdings. It can protect against having too little tax withheld and facing an unexpected tax bill or penalty at tax time next year, or it can let you adjust your tax withheld up front, so you receive a bigger paycheck and smaller refund at tax time.

When to Check Your Withholding - Check your tax withholding every year, especially when you've had a major life change such as

- New job or other paid work
- Major income change
- Marriage
- Child birth or adoption
- Home purchase

If you changed your tax withholding mid-year check your tax withholdings at year-end, and adjust as needed with a new W-4.

If you have more questions about your withholding, contact Taxland.

When to Increase or Decrease your Income Tax Withholdings:

You should generally **increase your withholdings** if either of the following apply to you:

- You hold more than one job at a time or you and your spouse both have jobs
- You have income from sources other than jobs or self-employment that is not subject to withholding.

If you do not make adjustments to your withholding for these situations, you will very likely owe additional tax when filing your tax return, and you may owe penalties. For income from sources other than jobs, you can pay estimated tax instead of having extra withholdings.

You should generally **decrease your withholdings** if either of the following apply to you:

- You are eligible for income tax credits such as the child tax credit or credit for other dependents
- You are eligible for deductions other than the basic standard deduction, such as itemized deductions, the deduction for IRA contributions, or the deduction for student loan interest.

Looking For Ways to Potentially Decrease Your Tax Liability?

Boost your retirement savings-
There's no easier way to lower your tax liability than contributing more to your retirement savings. Any amount that you contribute to a tax-deferred account such as your 401(k) or 403(b) lowers your taxable income.

Use flexible spending accounts-
Contributing to a flexible spending account (FSA) lets you put aside pre-tax dollars for your healthcare spending. In 2023, FSA maximums will rise to $3,050. Just be careful that you're actually spending the amount you decide to contribute because it's a mostly use-it-or-lose-it benefit with only a small opportunity for rollover.

Explore Tax Loss Harvesting-
If you suffer an investment loss in 2023, you may be able to save on taxes through a strategy called tax loss harvesting. You can sell the investments and realize the loss, then use that loss to offset gains elsewhere in your portfolio. If you still have losses left over, you can hold on to them indefinitely to offset future gains. Even better: You may be able to use up to $3,000 of your losses against ordinary income on your taxes.

Consider making your home energy efficient-
Thanks to the Inflation Reduction Act, or IRA, which passed last July. There are a number of items to help you save on taxes when you make energy efficient purchases. We discussed this in a prior newsletter, but here is a link if you would like more information.
https://www.irs.gov/newsroom/irs-going-green-could-help-taxpayers-qualify-for-expanded-home-energy-tax-credits

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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