

TENNESSEN ACCOUNTING & TAX SERVICE, INC.

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**2023-2024 INDIVIDUAL
TAX CHANGE MEMO**

STANDARD DEDUCTION -	<u>Single</u>	<u>Age 65+</u>	<u>Married</u>	<u>Both 65+</u>
2023	13,850	15,700	27,700	30,700
2024	14,600	16,550	29,200	32,300

PERSONAL EXEMPTION- Personal exemption remains at \$0.**CHILD TAX CREDIT-** For the 2024 tax year, the Child Tax Credit is worth \$2,000 per qualifying dependent child (under 17) if your modified adjusted gross income is \$400,000 or below if married filing jointly, or \$200,000 or below for all other filers.**2023 TAX RATES/BRACKETS** – After deducting the standard/itemized deductions, these rates apply:

	SINGLE	MARRIED FILING JOINT
10%	-- 11,000	-- 22,000
12%	11,001 – 44,725	22,001 – 89,450
22%	44,726 – 95,375	89,451 – 190,750
24%	95,376 – 182,100	190,751 – 364,200
32%	183,101 – 231,250	364,201 – 462,500
35%	231,251 – 578,125	462,501 – 693,750
37%	578,126 +	693,751 +

2024 TAX RATES/BRACKETS – After deducting the standard/itemized deductions, these rates apply:

	SINGLE	MARRIED FILING JOINT
10%	-- 11,600	--23,200
12%	11,601 – 47,150	23,201 – 94,300
22%	47,151 – 100,525	94,301 – 201,050
24%	100,526 – 191,950	201,051 – 383,900
32%	191,951 – 243,725	383,901 – 487,450
35%	243,726 – 609,350	487,451 – 731,200
37%	609,351 +	731,201 +

2023 LONG TERM CAPITAL GAIN RATES & QUALIFIED DIVIDEND INCOME

	SINGLE	MARRIED FILING JOINT
0%	-- 44,625	-- 89,250
15%	44,626 – 492,300	89,251 – 553,850
20%	492,301+	553,851+

2024 LONG TERM CAPITAL GAIN RATES & QUALIFIED DIVIDEND INCOME

	SINGLE	MARRIED FILING JOINT
0%	-- 47,025	-- 94,050
15%	47,026 – 518,900	94,051 – 583,750
20%	518,901+	583,751+

ADDITIONAL MEDICARE TAX ON WAGES – The 0.9% additional Medicare tax applies to wages over the following levels: Single \$200,000 and Married Filing Joint \$250,000.**NET INVESTMENT INCOME TAX** – The 3.8% tax applies to net investment income once your modified adjusted income exceeds: Single \$200,000 and Married Filing Joint \$250,000.

TRADITIONAL AND ROTH IRAS – For 2023, the annual contribution limit is \$6,500. Taxpayers who are 50 and over are allowed an additional catch-up contribution of \$1,000; for a total maximum contribution of \$7,500. For 2024, the annual contribution is \$7,000. Taxpayers who are 50 and over are allowed an additional catch-up contribution of \$1,000; for a total maximum contribution of \$8,000.

ROLLOVER LIMITATION – For non-direct rollovers you are allowed one rollover per 12-month period. Please contact our office for any questions regarding rollovers and your taxes.

ELECTIVE DEFERRALS (ex: 401k Plans) – For 2023, the maximum deferrals for 401k and similar plans is \$22,500. For 2024, the maximum deferrals for 401k and similar plans is \$23,000. For 2023 & 2024, the catch-up contribution for employees 50 & older is \$7,500.

SIMPLE PLANS – For 2023, the maximum deferral is \$15,500. For 2024, the maximum deferral is \$16,000. For 2023 & 2024, taxpayers over 50 may contribute an additional \$3,500.

GIFT TAX EXCLUSION – For 2023 the annual gift tax exclusion per person is \$17,000 per person. For 2024, the amount is \$18,000.

STANDARD MILEAGE RATES – For 2023, the business standard mileage rate is 65.5 cents. For medical and moving, the rate is 22 cents per mile. The charitable rate is 14 cents per mile. For 2024, the business standard mileage rate is 67 cents per mile. For medical and moving purposes, the rate is 21 cents per mile. The charitable rate remains the same as in 2023, 14 cents per mile.

SOCIAL SECURITY BENEFITS – For 2024, taxpayers under full retirement age can earn a maximum \$22,320 per year without losing benefits. In the year they reach full retirement age, they can earn a maximum of \$59,520 without losing benefits. Once you hit full retirement age, no benefits will be withheld if you continue working. Please create an account on <https://secure.ssa.gov/RIL/SiView.action> to view your retirement age and verify your annual earnings.

WI SECTION 529 SAVINGS PLANS – Any taxpayer can contribute to an account for a designated beneficiary. The maximum deduction on the Wisconsin return per beneficiary is \$4,000. You can carry forward to future years the remaining nondeductible contribution. Please note, if contribution is made by a divorced spouse or someone filing Married Filing Separate, you may only take half of the allowed deduction (\$2,000).

WI IDENTITY PROTECTION PIN – The WI IP Pin is available to any Wisconsin individual income tax or homestead credit customer. It may not be requested for a dependent who is not filing their own tax return. The purpose is to prevent unauthorized persons from filing a return using your personal information. If you requested a WI IP Pin and do not include it on your WI return, your return may be rejected and your refund may be delayed. Go to revenue.wi.gov and search for WI IP Pin.

FEDERAL IDENTITY PROTECTION PIN (IP PIN) – A six digit number that prevents someone else from filing a tax return using your Social Security number. The IP Pin is only known to you and the IRS. If you are a confirmed victim of tax-related identity theft and your tax account issue has been resolved, you'll receive a CP01A Notice with your new IP Pin each year. You may get an IP Pin to proactively protect yourself from tax-related identity theft. Please note that you will have to pass an identity verification process. Spouses and dependents are eligible for IP Pins as well. Please go to the website irs.gov and search for IP Pin.

FEDERAL ELECTRIC VEHICLE CREDITS - <https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after>. Please visit the website to see if you purchased a vehicle that qualifies. Please note that according to the IRS, the vehicles that appear on the list do not automatically qualify. The vehicle must also: have undergone final assembly in North America, not exceed the MSRP of \$80,000 for vans, SUVs, pickup trucks, \$55,000 for other vehicles.

REPORTING RULES WILL CHANGE FOR FORM 1099-K IN 2024 – Taxpayers will receive form 1099-K, payment card and third-party network transactions by January 31, 2025. If they received third party payments in tax year 2024 for goods & services that exceeded \$600.

THE SECURE ACT 2.0 KEY TAKEAWAYS

- The age to start taking RMDs increased to age 73 in 2023. It will increase to 75 in 2033.
- The penalty for failing to take an RMD will decrease to 25% of the RMD amount, from 50% currently, and 10% if corrected in a timely manner.
- Starting in 2024, RMDs will no longer be required from Roth accounts in employer retirement plans.
- Owners of Roth IRAs are not required to take withdrawals during their lifetime. However, after the death of the account owner, beneficiaries are subject to RMD rules.
- Inherited IRAs (2020 and beyond) and the 10-year RMD rule. Designated beneficiaries following the 10-year RMD rule must drain the account entirely by the end of the 10th year after inheriting the account. There are some beneficiary classes that are exempt from the 10-year RMD rule (eligible designated beneficiary: surviving spouse of account holder, child under age 21 of the account holder, disabled or chronically ill, a person who isn't more than 10 years younger than the account holder). Please reach out to our office if you have any questions.
- Starting in 2024, 529 Plan beneficiaries can rollover up to \$35,000 to a Roth IRA over their lifetime. There are specific rules to qualify, so please reach out to your tax preparer with any questions.
- Catch-up contributions will increase in 2025 for 401k, 403b, governmental plans and IRA account holders.