[**www.bandrtax.com**](http://www.bandrtax.com) **Tax Handbook**

Tax Rate

**Taxable Income**

|  |  |  |
| --- | --- | --- |
| Married Filing Jointly **Taxable Income** | | |
| 0 | 22,000 | 10% |
| 22,000 | 89,450 | 12% \*0.12-440 |
| 89,450 | 190,750 | 22% \*0.22-9385 |
| 190,750 | 364,200 | 24% \*0.24-13200 |
| 364,200 | 462,500 | 32% \*0.32-42336 |
| 462,500 | 693,750 | 35% \*0.35-56211 |
| 693,750 |  | 37% \*0.37-70086 |

|  |  |  |
| --- | --- | --- |
| Single **Taxable Income** | | |
| 0 | 11,000 | 10% |
| 11,000 | 44,725 | 12% \*0.12-220 |
| 44,725 | 95,375 | 22% \*0.22-4692 |
| 95,375 | 182,100 | 24% \*0.24-6600 |
| 182,100 | 231,250 | 32% \*0.32-21168 |
| 231,250 | 578,125 | 35% \*0.35-28105 |
| 578,125 |  | 37% \*0.37-39668 |

|  |  |  |
| --- | --- | --- |
| Married Filing Separately **Taxable Income** | | |
| 0 | 11,000 | 10% |
| 11,000 | 44,725 | 12% \*0.12-220 |
| 44,725 | 95,375 | 22% \*0.22-4692 |
| 95,375 | 182,100 | 24% \*0.24-6600 |
| 182,100 | 231,250 | 32% \*0.32-21168 |
| 231,250 | 346,875 | 35% \*0.35-28105 |
| 346,875 |  | 37% \*0.37-35043 |

|  |  |  |
| --- | --- | --- |
| Head of Household **Taxable Income** | | |
| 0 | 15,700 | 10% |
| 15,700 | 59,850 | 12% \*0.12-314 |
| 59,850 | 95,350 | 22% \*0.22-6299 |
| 95,350 | 182,100 | 24% \*0.24-8206 |
| 182,100 | 231,250 | 32% \*0.32-22774 |
| 231,250 | 578,100 | 35% \*0.35-29711 |
| 578,100 |  | 37% \*0.37-41273 |

IL Filing Requirement

**> 2,625**

Standard Deduction & Filing Requirement

|  |  |
| --- | --- |
| Married Filing Jointly | **Filing Req.** |
| **Both < age 65** | **27,700** |
| One > age 65 (+1,500) | 29,200 |
| Both > age 65 (+3,000) | 30,700 |
| Single |  |
| **< age 65** | **13,850** |
| > age 65 (+1,850) | 15,700 |
| Married Filing Separately |  |
| **< age 65** | **13,850** |
| > age 65 | 15,700 |
| Head of Household |  |
| **< age 65** | **20,800** |
| > age 65 (+1,850) | 22,650 |
|  |  |
| Self-Employment Income (Net) | **> 400**  **Must file** |

LT Capital Gain

**Taxable Income**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 0% | 15% | 20% |
| MFJ | 0-89,250 | 89,251-553,850 | 553,851- |
| Single | 0-44,625 | 44,626-492,300 | 492,301- |
| MFS | 0-44,625 | 44,626-276,900 | 276,901- |
| HOH | 0-59,750 | 59,751-523,050 | 523,051- |

Mileage Deduction

65.5 ₵

Filing Requirement for Children

**AGI**

|  |  |
| --- | --- |
| Earned Income Only | >13,850 |
| Unearned Income Only | >1,250 |
| Has Both Earned Income and Unearned Income | Unearned Income as soon as >400;  Or Unearned < 400 but Earned + Unearned > 13,850 |

Children Unearned Income Tax Rate

|  |  |
| --- | --- |
| 0 - 1,250 | 0% |
| 1,251 – 2,500 | Child’s own tax rate |
| > 2,500 | Parent’s tax rate – Kiddie Tax |

Kiddie Tax

|  |  |
| --- | --- |
| < 18 | Always apply |
| = 18 | Earned Income < 50% of his support? |
| 19-23 | Full time student? Earned Income < 50% of his support? |
| > 23 | Never apply |

Child Care Credit (Non-Refundable)

**<= 12 Year Old; Both Parents Working**

**Summer Camp Included**

**1 Child Expense: up to $3000**

**2+ Children: up to 6000**

**(also if Employer dependent benefit > $3000 / $6000, no more Credit)**

**AGI:**

|  |  |
| --- | --- |
| <15000 | 35% |
| 15000-25000 | 34% - 30% |
| 25000-35000 | 30% - 25% |
| 35000-43000 | 25% - 20% |
| >43000 | 20% |

Education Credit ($1500 Non-Refundable; $1000 Refundable)

**MAGI\* =** AGI + Foreign Income Exclusion

1040NR not qualified

|  |  |  |
| --- | --- | --- |
|  | AOTC (up to 2,500)  (2,000 for 2,000 then 500 for 2,000-4,000) | LLC (20% of Tuition up to 10K Tuition) |
| 1098T? | 1098-T Required | 1098-T Required |
| Degree? | Must be pursuing a degree | Courses for job skills qualified |
| Enrollment? | at least part time for one semester | one course OK |
| Books/Material? | Tuition, Fees, and Books/Material | Tuition, Fees |
| MFJ | **AGI\*** < 160K  160K-180K (5% decrease per 1K) | **AGI\*** < 160K  160K-180K (5% decrease per 1K) |
| Single/HOH | **AGI\*** <80K  80K-90K (10% decrease per 1K) | **AGI\*** <80K  80K-90K (10% decrease per 1K) |
| MFS | NO | NO |

Student Loan Interest: Max 2,500

**MAGI\* =** AGI + Foreign Income Exclusion

Single/HOH 75K-90K; MFJ: 155K-185K

Educator Expense Deduction: $300

**529 Plan Rollover to ROTH**:

Lifetime $35K/Beneficiary (subject to beneficiary’s ROTH ann

IRA and ROTH - 2023

|  |  |  |
| --- | --- | --- |
| **MAGI** | IRA | ROTH |
| Contribution Limit | 6,500 (50 or older 7,500) Combined  (Deductible IRA + Non-deductible IRA + ROTH) | |
| If Individual is covered by company’s plan | MFJ: 116K-136K  Single/HOH:  73K-83K  MFS: <10K | MFJ: 218K-228K  Single/HOH:  138K-153K  MFS: <10K401K |
| If Individual is not covered but Spouse is covered | MFJ: 218K-228K |
| If Both are not covered by company’s plan | Full deductible no matter how much income |

Retirement Contribution Limit and Deadline 2024

Defined Benefit Plans --- Pensions

Defined Contribution Plans --- 401(K), 403(b)

Deferred Compensation Plans --- Pensions, 401(k), 403(b) Stock Options

Nonqualified Deferred Compensation Plans

\*\*\* 2024 $69,000 Limit: Employer contrib. up to 25% (or for self-employed up to 20%) of the employee’s compensation. Subject to $345,000 limit or $69,000 --- the $69,000 limit applies to employer contributions and salary deferral contributions combined.

\*\*\*\* Highly Compensated Employees and Key Executives: Owned more than 5% of the business at any time during the year; or received more than $155K in compensation and was in the company's top 20% in pay.

|  |  |  |  |
| --- | --- | --- | --- |
| **2024** | Contrib. | 50 and Older | Deadline |
| 401K  403b, 457 | 23,000  \*\*\* The $69,000 Limit | 30,500  \*\*\* The $69,000 Limit | 12/31 |
| Simple IRA | 16,000  + 3% Match  (req. and max match) | 19,500  + 3% Match  (req. and max match) | W2: 12/31  (Employer Match: 4/15 or 10/15) |
| SEP | 25% net profit  \*\*\* The $69,000 Limit | Same  \*\*\* The $69,000 Limit | 4/15 or 10/15 |
| Solo 401K | 23,000 or 100%comp.  + Match upto 25% wages  \*\*\* The $69,000 Limit | 30,500 or 100%comp.  + Match upto 25% wages  \*\*\* The $69,000 Limit | W2: 12/31  (Employer S-Corp/ Partner: 3/15 or 9/15  C-Corp/ Single LLC: 4/15 or 10/15) |
| Deductible IRA | 7,000 | 8,000 | 4/15 |
| ROTH | 7,000 | 8,000 | 4/15 |
| ROTH Conversion / Backdoor ROTH | | 12/31  IRA made 1/1-4/15 can count toward prior year’s IRA contribution, but the ROTH conversion applies to current year’s conversion | |
| Defined Benefit Pln (Pensions) | 100% compens. to 275,000 | Same | Set up by 4/15 or 10/15 |
| **Nonqualified Deferred Compensation Plans (NQDC) PLAN ---** For \*\*\*\* Highly Compensated Employees and Key Executives  No Limit, by 12/31  Neither income tax deductible by the employer nor includable in the employee’s taxable income  But subject to FICA and FUTA taxes  Distributions are includable in the employee’s taxable income (no 10% penalty for pre-age 59½ distributions)  Distributions are tax deductible for employer and includable in the employee’s taxable income. | | | |

Excess Contribution

(1) Return the excess contribution back to you by Oct 15 --- must include the earning on the excess contribution. Report the earnings on your tax return for the year.

Or (2) Apply the excess contribution to a later year. It doesn’t, however, let you avoid the 6% tax penalty on any excess contributions remaining at the end of a tax year.

RMD

|  |  |  |  |
| --- | --- | --- | --- |
| Age |  | Age |  |
| 72 | 3.65% | 82 | 5.41% |
| 73 | 3.77% | 83 | 5.65% |
| 74 | 3.92% | 84 | 5.95% |
| 75 | 4.07% | 85 | 6.25% |
| 76 |  | 86 | 6.58% |
| 77 | 4.37% | 87 | 6.94% |
| 78 | 4.55% | 88 | 7.30% |
| 79 | 4.74% | 89 | 7.75% |
| 80 | 4.95% | 90 | 8.20% |
| 81 | 5.15% | 91 | 8.70% |

Retirement Savings Credit (Non-Refundable)

|  |  |  |  |
| --- | --- | --- | --- |
| **AGI** | MFJ | HOH | Single, MFS |
| 50% | < $43,500 | < $32,625 | < $21,750 |
| 20% | $43,501 - $47,500 | $32,626 - $35,625 | $21,751- $$23,750 |
| 10% | $47,501 - $73,000 | $35,626- $54,750 | $23,751 - $36,600 |

FICA Rate

Employee: 6.2% (SS) + 1.45% (Med) = 7.65%

Employee: 6.2% (SS) + 1.45% (Med) = 7.65%

Self-Employed: 12.4% (SS) + 2.9% (Med) = 15.3%

Obama Care Repayment

**Household Total Income as % of Poverty Level (“MAGI\*\*” + Dependent “MAGI\*\*”) 2023**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Family size | Poverty Line | 200% | 300% | 400% |
| 1 | $13,590 | $27,180 | $40,770 | $54,360 |
| 2 | $18,310 | $36,620 | $54,930 | $73,240 |
| 3 | $23,030 | $46,060 | $69,090 | $92,120 |
| 4 | $27,750 | $55,500 | $83,250 | $111,000 |

**Applicable Figure**

|  |  |
| --- | --- |
| How Much Total HH Income Above National Poverty Line | Taxpayer Contribution Req’d |
| < 150% | 0% |
| 200% | 2% |
| 250% | 4% |
| 300% | 6% |
| 350% | 7.25% |
| 400% | 8.5% |
| >400% | 8.5% |

Form 8962 Instructions

Taxpayer Contribution Required = Total “MAGI\*\*” Applicable Figure

Medical Insurance Premium Tax Credit Allowed = **SLCSP**

(Second Lowest Cost Silver Plan Premium) - Taxpayer Contribution Required

**Repayment Limitation 2023**

|  |  |  |
| --- | --- | --- |
|  | Single | All Others |
| < 200% | 350 | 700 |
| 200%-300% | 900 | 1,800 |
| 300%-400% | 1,500 | 3,000 |
| > 400% | 8.5% Total “MAGI\*\*” | 8.5% Total “MAGI\*\*” |

Form 8962 Instructions

Earned Income Credit (Refundable)

**AGI**

**– Dependent is younger than TP**

**- Dependent is under 19 (or 24 Full Time Student)**

**- Or disabled**

**- Not Married Filing Separately**

**- No Foreign Income**

**- Investment Income < 11,000**

**- TP Must between 25 – 65 Years Old**

0 Children --- $600 Max

|  |  |  |
| --- | --- | --- |
|  | 0 Children | Peak |
| MFJ | < 24,200 | 7,800-16,400 |
| Single, HOH | < 17,600 | 7,800-9,800 |

1 Child --- $3,995 max

|  |  |  |
| --- | --- | --- |
|  | 1 Child | Peak |
| MFJ | < 53,200 | 11,800-28,150 |
| Single, HOH | < 46,600 | 11,800-21,600 |

2 Children --- $6,604 max

|  |  |  |
| --- | --- | --- |
|  | 2 Children | Peak |
| MFJ | < 59,450 | 16,500-28,150 |
| Single, HOH | < 52,950 | 16,500-21,600 |

3 Children --- $7,430 max

|  |  |  |
| --- | --- | --- |
|  | 3 Children | Peak |
| MFJ | < 59,187 | 16,500-28,150 |
| Single, HOH | < 53,057 | 16,500-21,600 |

Form 1040 Instructions

MFS Lost Benefit:

|  |  |
| --- | --- |
| **Potential Benefit:**  State tax savings (when one spouse lives in high-tax state and the other spouse lives in very-low-tax state)  Medical expenses deduction (when medical expenses if over 7.5% of one spouse AGI)  Child credit (when joint AGI is too high to be qualified for child credit --- but beware of the higher tax bracket the high-income spouse will be facing if MFS) | **Lost Benefit:**  - Earned income credit  - Child and dependent care expenses credit  - Education credits (AOTC and LLC)  - Student loan interest deduction  - Capital loss deduction limit is $1,500 (instead of $3,000)  - Your rental loss allowance limit is $12,500 (instead of $25,000).  - If your spouse itemizes deductions, you can’t claim the standard deduction. |

HSA Contribution Limit

- High Deductible Health Plan Required

**- Medicare Not Eligible**

**- FSA / HRA generally not qualified for HSA**

- Unearned Income / No Income still OK

|  |  |  |
| --- | --- | --- |
| **04/15/2024** | <55 | >55 |
| Self-only | 4,150 | 5,150 |
| Family | 8,300 | +1000/each |

FSA Contribution Limit

**By 12/31/2024** 3,200

Rental Loss Deduction Limitation

**MAGI\* =** AGI + Foreign Income Exclusion

**Single or MFJ**

|  |  |  |
| --- | --- | --- |
| < 100,000 | 100,000 – 150,000 | >150,000 |
| 25,000 | 500 Less / 1K | None |

MFS

|  |  |  |
| --- | --- | --- |
| < 50,000 | 50,000 – 75,000 | >75,000 |
| 12,500 | 500 Less / 1K | None |

1031 Like-Kind Exchange

--- 45-Day: Contract / 180-Day: Closing

--- Rental Property only; Primary home, Secondary Not qualify

--- The property was exchanged > 5 years ago

--- Keep for at least 2 years, to rent >14 days/year, to live <14 days/year

--- Depreciation reset to 27.5/39

--- Boot: Cash or other property that is not like-kind and that is received in a 1031 exchange

--- Adjusted Basis = Original Net Acquisition Cost + Capital Improvement – Accumulated Depreciation

--- Net Debt/Liability Increase = Purchase Price for New – Selling Price from Old

--- Realized Gain (Capital Gains to be deferred, not necessarily taxable) = Boot+ FMV Received – Adjusted Basis

--- Basis of like-kind property received = Adjusted Basis Gave Up; or the new property (if less)

**Long-Term Care Premium Deduction on Schedule A**

|  |  |
| --- | --- |
| < Age 40 | $480 |
| Age 40 - 50 | $890 |
| Age 50 - 60 | $1,790 |
| Age 60 - 70 | $4,770 |
| > Age 70 | $5,960 |

High Income Earners

|  |  |  |  |
| --- | --- | --- | --- |
| MFJ | SGL, HOH, MFS | Category | Not Allowed |
| MAGI\* >100,000  **MFJ, SGL, HOH** | >50,000 **(MFS)** | Rental Loss Deduction | >150,000  (>75,000) |
| MAGI\* >155,000 | >75,000 | Student Loan Int. | >185,000  (>90,000) |
| MAGI\* >160,000 | >80,000  SGL, HOH  >0 for MFS | AOTC  &  LLC | >180,000  (>90,000) |
| MAGI >218,000 | >138,000 | ROTH  IRA (both no 401K) | >228,000  (>153,000) |
| MAGI\* >250,000  W2 Box 5 + SE > 250,000 | >200,000  SGL, HOH  >125K MFS | NIIT  Add. Med. Tax |  |
| AGI >400,000 | >200,000 | Child Tax Credit | >440,000  (>240,000) |
| AGI >500,000 | >250,000 | IL Property Tax Credit  K-12 Education Credit | >500,000  (>250,000) |

**MAGI\* =** AGI + Foreign Income Exclusion

High Income Earners Recommendations

Business purchase of vehicles – ref. to “Section179 Deduction + Bonus Depreciation”

Other business purchases

Maximize defined-contribution plans (410K etc.)

Backdoor ROTH

HSA, 529

Non-deductible IRA: growth tax-deferred

Defined benefit plans --- pensions

Nonqualified deferred compensation plans --- no limits

“Creative Accounting”

Stock Options

– Contract / Promise

– Vest / Grant

– Exercise / Buy / Purchase

– Sell

|  |  |  |
| --- | --- | --- |
|  | ESPP | RSU |
|  | Options to exercise (purchase) company shares on a future date with the current (or predetermined) price, and a discount (5%-15%) on Vesting Date | Pledges or promises or contract of company shares, but restricted until Vesting Date (e.g. 25% of the shares is vested on the date); granted at Vesting Date price; and can be sold or after Vesting Date. |
| Waiting Period for Exercise and Sale | A few months / 1Y / 2Y after the Vesting Date | Between Promise Date --- Vesting Date |
| Add to W2 (ordinary tax rate) | Market Value at Exercise Date – Predetermined Value with Discount at Vesting Date | Full Market Value at Vesting Date |
| Stock Gain (ST or LT) | Sale Price – Adjusted Cost Basis (on W2) | Sale Price – Adjusted Cost Basis (on W2) |
|  |  |  |

Preferred stocks are senior (higher ranking) to common stock but subordinate to bonds in terms of claim.

QBI

Sum of:

Schedule C + Schedule E (Rental) + K1 (QBI Screen) - Carried QBI Loss

**Taxable Income**

|  |  |  |  |
| --- | --- | --- | --- |
| Single, HOH, MFS | MFJ | Qualified Trade or Business | Special Services **\*** |
| <182K | <364K | 20% | 20% |
| 182K-232K | 364K-464K | Wage limit (shareholder portion of the W3) phases in | Wage limit (shareholder portion of the W3) |
| >232K | >464K | Wage limit (shareholder portion of the W3) | NO |

**\*** health, law, accounting, performing arts, consulting, athletics, financial, investment management

Gift and Estate Exclusion

|  |  |
| --- | --- |
| Gift Tax Annual Exclusion | 17,000 |
| Estate and Gift Tax Lifetime Exclusion | 12M / person |

Trust Tax Rate

|  |  |
| --- | --- |
| 0-2900 | 10% |
| 2900-10550 | 24% |
| 10551-14450 | 35% |
| 14451- | 37% |

**IRS Approved Modernized e-File (MeF) Business Providers**

https://www.irs.gov/e-file-providers/approved-irs-e-file-for-business-providers

Section179 Deduction+

Bonus Depreciation

\* Section 179 of the IRC allows businesses to take an immediate deduction related to depreciable assets such as **equipment, vehicles, and software**. This allows businesses to lower their current-year tax liability rather than capitalizing an asset and depreciating it over time in future tax years.

\*\* Section 179 tax deductions require your company to be in the black.

\*\*\* Bonus depreciation can be used even if your business is not profitable.

\*\*\*\* If either Section 179 expensing or Bonus Depreciation is used by a taxpayer, the standard mileage rates cannot be used for ANY periods after the year that depreciation is taken. Actual auto expenses (fuel, tires, repairs, etc.) must be tracked going forward.

\*\*\*\*\* A Form 1065 or Form 1120S entity does not include Section 179 Expense in the business deductions. Instead, the expense is passed through separately to the partners and shareholders' Schedules K-1.

|  |  |  |  |
| --- | --- | --- | --- |
| Vehicle | Section 179 | Bonus Dpr | Total |
| < 6,000lb (3T)  cars, crossover SUVs, and small pickup trucks | 12,200 | 8,000 | 20,200 |
| 6,000lb – 14,000lb  full-size SUVs, commercial vans, and pickup trucks | 28,900 | 80% | 28,900 + 80% |
| > 14,000lb | 100% |  | 100% |

3.8% Net Investment Income Tax (NIIT) & 0.9% Additional Medicare Tax

(Medicare Tax 2.9% + 0.9% = 3.8%)

**NIIT MAGI\* =** AGI + Foreign Income Exclusion

**Medicare Wages** = W2 Box 5 & Sch. SE

|  |  |
| --- | --- |
| MFJ | > 250K |
| Single / HOH | > 200K |
| MFS | > 125K |

Social Security Earning Limit 2024

**Wage Base:** $168,600 www.ssa.gov

|  |  |  |
| --- | --- | --- |
| < Ret. Age | Year of Ret. Age | > Ret. Age |
| 22,320 or more: | 59,520 or more: | Unlimited |
| $1 withhold for every $2 earnings | $1 withhold for every $3 earnings | N/A |

Maximum SS Benefit

**2024**

$3,822/M ($45,864/Y) – Full retirement age

$4,873/M ($58,766/Y) – Age 70

SS and Med Credit 2024

$1,730 per credit $6,920 four credits

How Much SS Taxable?

**Combined Income CI (or “Provisional Income PI”) = AGI Excl. SS +**

**Nontaxable Interest + ½ SS Benefits**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Single etc** | **MFJ** | **% Taxable** |
| CI | Whatever < 25,000 | Whatever < 32,000 | **0%** |
| CI | 25,000 – 34,000 | 32,000 – 44,000 | **50%**  Up to 9,000 \* 50% /  Up to 12,000 \* 50% |
| CI | >34,000 | > 44,000 | **85%**  Whatever >34,000 \* 0.85 /  Whatever >44,000 \* 0.85  **Add Above Together**  **Compare with SS \* 85%**  **Maximum SS \* 85%** |

<https://www.moneytree.com/resources/calculating-taxable-social-security-benefits/>

Medicare Premiums

**2024** Plan A Full Price $505

**AGI**

|  |  |  |  |
| --- | --- | --- | --- |
| **Single** | **Married Filing Jointly** | **Medicare Part B Monthly** | **Medicare Part D Monthly** |
| < $103,000 | < $206,000 | $174.70 | $0.00 |
| $103,000 - $129,000 | $206,000 - $258,000 | $244.60 | 12.90 |
| $129,000 - $161,000 | $258,000 - $322,000 | $349.40 | 33.30 |
| $161,000 - $193,000 | $322,000 - $386,000 | $454.20 | 53.80 |
| $193,000 - $500,000 | $386,000 - $750,000 | $559.00 | 74.20 |
| > $500,000 | > $750,000 | $594.00 | 81.00 |

<https://www.cms.gov>

SS Cost-Of-Living Adjustments (COLA)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **COLA** |  | **Year** | **COLA** |
| 1976 | 8 | 2005 | 2.7 |
| 1977 | 6.4 | 2006 | 4.1 |
| 1978 | 5.9 | 2007 | 3.3 |
| 1979 | 6.5 | 2008 | 2.3 |
| 1980 | 9.9 | 2009 | 5.8 |
| 1981 | 14.3 | 2010 | 0 |
| 1982 | 11.2 | 2011 | 0 |
| 1983 | 7.4 | 2012 | 3.6 |
| 1984 | 3.5 | 2013 | 1.7 |
| 1985 | 3.5 | 2014 | 1.5 |
| 1986 | 3.1 | 2015 | 1.7 |
| 1987 | 1.3 | 2016 | 0 |
| 1988 | 4.2 | 2017 | 0.3 |
| 1989 | 4 | 2018 | 2 |
| 1990 | 4.7 | 2019 | 2.8 |
| 1991 | 5.4 | 2020 | 1.6 |
| 1992 | 3.7 | 2021 | 1.3 |
| 1993 | 3 | 2022 | 5.9 |
| 1994 | 2.6 | 2023 | 8.7 |
| 1995 | 2.8 | 2024 | 3.2 |
| 1996 | 2.6 |  |  |
| 1997 | 2.9 |  |  |
| 1998 | 2.1 |  |  |
| 1999a | 1.3 |  |  |
| 2000 | 2.5 |  |  |
| 2001 | 3.5 |  |  |
| 2002 | 2.6 |  |  |
| 2003 | 1.4 |  |  |
| 2004 | 2.1 |  |  |

Full Retirement Age:

< 1954: 66 1954-60: 66 and months

>1960: 67

**Reduced Benefit v.s. Delayed Credits**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Age | Benefit | Spousal |  | Age | Benefit | Spousal |
| **62** | 70.0 | 32.5 | **66** | 93.3 | 45.8 |
| 62 + 1 | 70.4 | 32.7 | 66 + 1 | 93.9 | 46.2 |
| 62 + 2 | 70.8 | 32.9 | 66 + 2 | 94.4 | 46.5 |
| 62 + 3 | 71.3 | 33.1 | 66 + 3 | 95.0 | 46.9 |
| 62 + 4 | 71.7 | 33.3 | 66 + 4 | 95.6 | 47.2 |
| 62 + 5 | 72.1 | 33.5 | 66 + 5 | 96.1 | 47.6 |
| 62 + 6 | 72.5 | 33.8 | 66 + 6 | 96.7 | 47.9 |
| 62 + 7 | 72.9 | 34.0 | 66 + 7 | 97.2 | 48.3 |
| 62 + 8 | 73.3 | 34.2 | 66 + 8 | 97.8 | 48.6 |
| 62 + 9 | 73.8 | 34.4 | 66 + 9 | 98.3 | 49.0 |
| 62 + 10 | 74.2 | 34.6 | 66 + 10 | 98.9 | 49.3 |
| 62 + 11 | 74.6 | 34.8 | 66 + 11 | 99.4 | 49.7 |
| **63** | 75.0 | 35.0 | **67** | 100 | 50 |
| 63 + 1 | 75.4 | 35.2 | 67 + 1 | 100.7 | 50 |
| 63 + 2 | 75.8 | 35.4 | 67 + 2 | 101.3 | 50 |
| 63 + 3 | 76.3 | 35.6 | 67 + 3 | 102.0 | 50 |
| 63 + 4 | 76.7 | 35.8 | 67 + 4 | 102.7 | 50 |
| 63 + 5 | 77.1 | 36.0 | 67 + 5 | 103.3 | 50 |
| 63 + 6 | 77.5 | 36.3 | 67 + 6 | 104.0 | 50 |
| 63 + 7 | 77.9 | 36.5 | 67 + 7 | 104.7 | 50 |
| 63 + 8 | 78.3 | 36.7 | 67 + 8 | 105.3 | 50 |
| 63 + 9 | 78.8 | 36.9 | 67 + 9 | 106.0 | 50 |
| 63 + 10 | 79.2 | 37.1 | 67 + 10 | 106.7 | 50 |
| 63 + 11 | 79.6 | 37.3 | 67 + 11 | 107.3 | 50 |
| **64** | 80.0 | 37.5 | **68** | 108.0 | 50 |
| 64 + 1 | 80.6 | 37.8 | 68 + 1 | 108.7 | 50 |
| 64 + 2 | 81.1 | 38.2 | 68 + 2 | 109.3 | 50 |
| 64 + 3 | 81.7 | 38.5 | 68 + 3 | 110.0 | 50 |
| 64 + 4 | 82.2 | 38.9 | 68 + 4 | 110.7 | 50 |
| 64 + 5 | 82.8 | 39.2 | 68 + 5 | 111.3 | 50 |
| 64 + 6 | 83.3 | 39.6 | 68 + 6 | 112.0 | 50 |
| 64 + 7 | 83.9 | 39.9 | 68 + 7 | 112.7 | 50 |
| 64 + 8 | 84.4 | 40.3 | 68 + 8 | 113.3 | 50 |
| 64 + 9 | 85.0 | 40.6 | 68 + 9 | 114.0 | 50 |
| 64 + 10 | 85.6 | 41.0 | 68 + 10 | 114.7 | 50 |
| 64 + 11 | 86.1 | 41.3 | 68 + 11 | 115.3 | 50 |
| **65** | 86.7 | 41.7 | **69** | 116.0 | 50 |
| 65 + 1 | 87.2 | 42.0 | 69 + 1 | 116.7 | 50 |
| 65 + 2 | 87.8 | 42.4 | 69 + 2 | 117.3 | 50 |
| 65 + 3 | 88.3 | 42.7 | 69 + 3 | 118.0 | 50 |
| 65 + 4 | 88.9 | 43.1 | 69 + 4 | 118.7 | 50 |
| 65 + 5 | 89.4 | 43.4 | 69 + 5 | 119.3 | 50 |
| 65 + 6 | 90.0 | 43.8 | 69 + 6 | 120.0 | 50 |
| 65 + 7 | 90.6 | 44.1 | 69 + 7 | 120.7 | 50 |
| 65 + 8 | 91.1 | 44.4 | 69 + 8 | 121.3 | 50 |
| 65 + 9 | 91.7 | 44.8 | 69 + 9 | 122.0 | 50 |
| 65 + 10 | 92.2 | 45.1 | 69 + 10 | 122.7 | 50 |
| 65 + 11 | 92.8 | 45.5 | 69 + 11 | 123.3 | 50 |
|  |  |  | **> 70** | 124.0 | 50 |

**Can I file for my Social Security at 62 and switch to spousal benefits later?**

Only if your spouse is not yet receiving retirement benefits. In this case, you can claim your own Social Security beginning at 62 and make the switch to spousal benefits when your husband or wife files.

Social Security will not pay the sum of your retirement and spousal benefits; you’ll get a payment equal to the higher of the two benefits.

**Can I apply only for spouse’s benefits and delay filing for my own retirement benefit to earn delayed retirement credits?**

No, you are required to file for both your own retirement and for any benefits you are due as a spouse. This requirement is call deemed filing.

**Spousal Benefit**

--- Married for at least a year

--- You are at least age 62 (or care for a child under 16, or a disabled child)

--- The worker already filed SS benefits

--- Receive 32.5% - 50%, depends on age of the worker when he filed

--- May be reduced if you are under full retirement age and continue to work

--- If you are eligible for a retirement benefit based on your own earnings, and if that benefit is higher than the spousal benefit, then you will get your own retirement benefit. Note: Deemed Filing = You can't apply only for spouse’s benefits and delay filing for your own retirement benefit to earn delayed retirement credits.

**Deceased Worker Spousal Benefit**

--- Married for at least nine months

--- You are at least age 60, or at least 50 and disabled (or care for a child under 16, or a disabled child): 71.5% of the deceased worker’s benefit

--- You are between 60 (or 50 … or child … ) and your full retirement age: 71.5%

- 99% of the deceased worker’s benefit

--- You are at full retirement age: 100% of the deceased worker’s benefit

--- Deceased Worker’s Benefit:

if the deceased worker not yet reached full retirement age, then Deceased Worker’s Benefit = 100% of the benefit he would have been entitled to, based on lifetime earnings

if the deceased worker passed full retirement age, then Deceased Worker’s Benefit = delayed credit

--- May be reduced if you are under full retirement age and continue to work

--- If you are eligible for a retirement benefit based on your own earnings, and if that benefit is higher than the spousal benefit, then you will get your own retirement benefit. Note: Deemed Filing = You can't apply only for spouse’s benefits and delay filing for your own retirement benefit to earn delayed retirement credits.

**Divorced Spousal Benefit**

--- Married for at least 10 years

--- You haven’t remarried

--- You’re not eligible to receive a higher benefit based on your own work record,

--- You’re at least 62 years’ old

--- Your ex-spouse is eligible to receive Social Security retirement or disability benefits, even if they haven’t decided to start receiving them yet.

**Divorced and Deceased Worker Spousal Benefit**

--- Married for at least 10 years

--- You haven’t remarried before age 60 (or 50 if disabled)

--- Then the same rule as in “Deceased Worker Spousal Benefit”

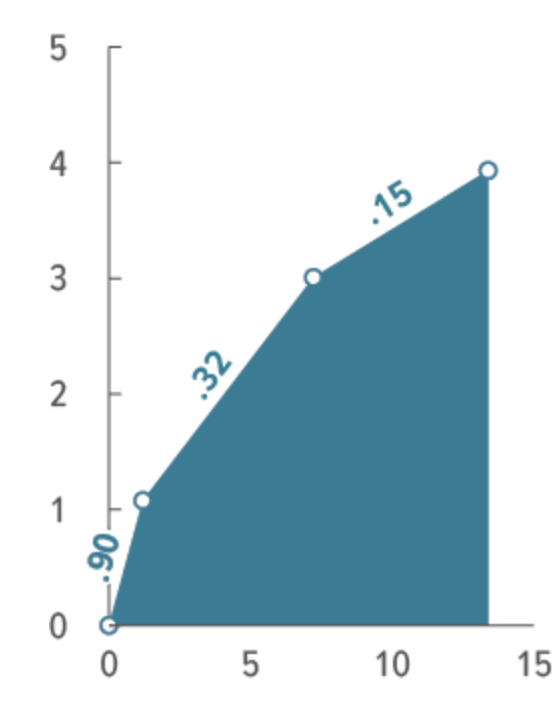
SS Benefit Calculation

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Earnings before and after indexing** | | | | | | |
| **Year** | **Case A, born in 1961 62-Y** | | | **Case B, born in 1957 66-Y** | | |
| **Nominal earnings** | **Indexing factor** | **Indexed earnings** | **Nominal earnings** | **Indexing factor** | **Indexed earnings** |
| 1983 | $14,249 | 3.9749 | $56,639 | $35,700 | 3.3021 | $117,886 |
| 1984 | 15,134 | 3.7542 | 56,817 | 37,800 | 3.1188 | 117,890 |
| 1985 | 15,828 | 3.6008 | 56,994 | 39,600 | 2.9913 | 118,457 |
| 1986 | 16,349 | 3.4970 | 57,173 | 42,000 | 2.9051 | 122,015 |
| 1987 | 17,446 | 3.2874 | 57,352 | 43,800 | 2.7310 | 119,616 |
| 1988 | 18,362 | 3.1331 | 57,530 | 45,000 | 2.6028 | 117,124 |
| 1989 | 19,149 | 3.0138 | 57,710 | 48,000 | 2.5036 | 120,174 |
| 1990 | 20,095 | 2.8807 | 57,887 | 51,300 | 2.3931 | 122,766 |
| 1991 | 20,908 | 2.7772 | 58,066 | 53,400 | 2.3071 | 123,200 |
| 1992 | 22,053 | 2.6411 | 58,244 | 55,500 | 2.1941 | 121,771 |
| 1993 | 22,311 | 2.6186 | 58,423 | 57,600 | 2.1754 | 125,301 |
| 1994 | 22,980 | 2.5502 | 58,602 | 60,600 | 2.1185 | 128,381 |
| **……** | **……** | **……** | **……** | **……** | **……** | **……** |
| 2013 | 45,941 | 1.3495 | 61,996 | 113,700 | 1.1211 | 127,463 |
| 2014 | 47,709 | 1.3032 | 62,175 | 117,000 | 1.0826 | 126,667 |
| 2015 | 49,511 | 1.2594 | 62,354 | 118,500 | 1.0462 | 123,977 |
| 2016 | 50,214 | 1.2453 | 62,533 | 118,500 | 1.0345 | 122,592 |
| 2017 | 52,096 | 1.2038 | 62,711 | 127,200 | ***1.0000***  ***(60Y)*** | 127,200 |
| 2018 | 54,138 | 1.1616 | 62,889 | 128,400 | ***1.0000*** | 128,400 |
| 2019 | 56,326 | 1.1197 | 63,068 | 132,900 | ***1.0000*** | 132,900 |
| 2020 | 58,082 | 1.0889 | 63,247 | 137,700 | ***1.0000*** | 137,700 |
| 2021 | 63,425 | ***1.0000 (60Y)*** | 63,425 | 142,800 | ***1.0000*** | 142,800 |
| 2022 | 65,712 | ***1.0000*** | 65,712 | 147,000 | ***1.0000*** | 147,000 |
| Highest-35 total | | | 2,121,964 | Highest-35 total | | 4,411,302 |
| AIME | | | 5,052 | AIME | | 10,503 |

|  |  |  |
| --- | --- | --- |
| **Yeara** | **Bend Points** | |
|  | **First** | **Second** |
| 1979 | $180 | $1,085 |
| 1980 | 194 | 1,171 |
| 1981 | 211 | 1,274 |
| …… | …… | …… |
|  |  |  |
| 2017 | 885 | 5,336 |
| 2018 | 895 | 5,397 |
| 2019 (Case A 62Y) | 926 | 5,583 |
| 2020 | 960 | 5,785 |
| 2021 | 996 | 6,002 |
| 2022 | 1,024 | 6,172 |
| 2023  (Case B 62Y) | 1,115 | 6,721 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **Bend points** | |  |
| **Case** | **AIME** | **First** | **Second** | **Formula applied to AIME** |
|  |  |  |  |  |
| A ( 1961) | 5,052 | 1,115 | $6,721 | 0.9(1115) + 0.32(5052 - 1115)  = **$2,263.34** |
| B 1957- 2019) | 10,503 | 926 | 5,583 | 0.9(926) + 0.32(5583 - 926)  + 0.15(10503 - 5583)  = **$3,061.64** |
|  |  |  |  |  |

**Primary Insurance Amount (PIA):** the benefit a person would receive if he elects to begin receiving Social Security benefits at his full retirement age (e.g. 67)



(1) Sum of the highest 35 years of indexed earnings (The index brings nominal earnings up to current earning levels. The index will always equal 1.0000 for the year in which the person attains age 60 and all later years)

(2) Average Indexed Monthly Earnings (AIME)

(3) Bend Points: Bend Points on the year in which a worker attains age 62, becomes disabled before age 62, or dies before attaining age 62.

Case A For person who attains age 62 in 2023 these portions are $1,115, and $6,721

Case B For person who attains age 62 in 2019 these portions are $926, and $5,583

(4) Case A: attains age 62 in 2023 (and retires in 2023 at age 62), with AIME = $5,052

(a) 90 percent of the first $1,115 of his/her Average Indexed Monthly Earnings, plus

(b) 32 percent of his/her Average Indexed Monthly Earnings over $1,115 and through $6,721, plus

(c) 15 percent of his/her Average Indexed Monthly Earnings over $6,721.

**0.9(1115) + 0.32(5052 - 1115) = $2,263**

Case B: For person who attains age 62 in 2019 (and retires in 2023 at age 66), with AIME = $10,503

**0.9(926) + 0.32(5583 - 926) + 0.15(10503 - 5583) = $3,061**

In Case A, he begins receiving benefits at age 62, because Case A's normal retirement age is 67 years, the benefit amount for Case A is reduced for 60 months of early retirement. The $2,263.30 PIA is thus reduced to a monthly benefit of $1,584.00.

In case B, his first eligible in 2019 (the year Case B reached age 62). Thus the Case B’s PIA is increased by cost-of-living adjustments, or COLAs, for 2019 through 2022. These COLAs are 1.6 percent, 1.3 percent, 5.9 percent, 8.7 percent, respectively. The resulting PIA is $3,627.10.

Illinois Alimony

Annual Alimony = (33% of the payer’s net income) – (25% of the recipient’s net income)

**Years Married and Years Maintenance**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| < 5Y | 2 Y |  | 13 Y | 5.6 Y |
| 6 Y | 2.4 Y | 14 Y | 6.0 Y |
| 7 Y | 2.8 Y | 15 Y | 6.4 Y |
| 8 Y | 3.2 Y | 16 Y | 6.8 Y |
| 9 Y | 4.0 Y | 17 Y | 7.2 Y |
| 10 Y | 4.4 Y | 18 Y | 7.6 Y |
| 11 Y | 4.8 Y | 19 Y | 8.0 Y |
| 12 Y | 5.2 Y | > 20 Y | Permanent maintenance or equal to the length of the marriage |

MAGI calculation

**AGI**

**+ Non-taxable SS** (incl SSDI, but excl SSI) **(1)**

+ Tax-exempt interest **(2)**

+ Foreign earned income & housing exclusion **(3)**

+ IRA / SEP Deduction

+ Student loan interest

+ Educator expense

+ 1/2 of self-employment tax; SEHI;

+ Rental loss; public-traded partnership loss;

+ Other passive loss;

**(1) (2) (3)** for ACA (Affordable Care Act) MAGI\*\* Purpose

IRS Phone Numbers

Individuals： 800-829-1040 7 a.m. to 7 p.m. local time

Businesses： 800-829-4933 7 a.m. to 7 p.m. local time

Local IRS office Appointment: 844-545-5640

IRS Penalty and Interest

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reason** | **Type of Penalty** | **Amount of Penalty** | **First Time Penalty Abatement ?** | **Amount of Interest**  www.irs.gov/payments/quarterly-interest-rates |
| Missed payment after 4/15 | Failure to Pay Penalty | 0.5% \* Balance Due / M, until 25% | Yes | Fed short-term rate plus 3% |
| Missed filing after 4/15 (or 10/15) | Failure to File Penalty  **Combined Failure to File & Failure to Pay** | **Minimum $435**  5% \* Balance Due / M, until 25%  **Combined 5% \* Balance Due / M, until 25%; after that, Failure-to-file penalty stops, but Failure-to-pay penalty (0.5%) continues, until 47.5%** | Yes | Fed short-term rate plus 3% |
| Missed payment after Notice of Levy | Failure to Pay Penalty | 1% / M, until 50% reached | No | Fed short-term rate plus 3% |
| Installment | Failure to Pay Penalty | 0.25% / M | N/A | Fed short-term rate plus 3% |
| Understate your tax liability by 10% | Substantial Understatement of Income Tax Penalty | 20% Underpaid Tax | No | Fed short-term rate plus 3% |
| < 90% of Current Year Tax Liability or  < 100% (110% for 150K +) of Prior Year Tax Liability | Underpayment of Estimated Tax Penalty | About 5% / Y | Yes | Fed short-term rate plus 3% |

2022-2023 IRS Interest Rate

<https://www.irs.gov/payments/quarterly-interest-rates>

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Interest Categories** | **Q1 24** | **Q4 23** | **Q3 23** | **Q2 23** | **Q1 23** | **Q4 22** | **Q3 22** | **Q2 22** | **Q1 22** |
| Federal Short-Term Rate | 5% | 5% | 4% | 4% | 4% | 3% | 2% | 1% | 0% |
| Individual | 8% | 8% | 7% | 7% | 7% | 6% | 5% | 4%​ | 3%​ |
| ​​Large Corporate Underpayment (LCU) | 10% | 10% | 9% | 9% | 9% | 8% | 7% | 6% | 5% |

|  |  |  |
| --- | --- | --- |
| **Type of Penalty** | **Penalty** | **Corrections** |
| Additional Tax on Early Distributions From a Qualified Retirement Plan | 10% | See the Table Below |
| Additional Tax on Disqualified Distributions From Education Accounts | 10% |  |
| Additional Tax on Excess Contributions to Traditional IRAs | 6% | --- Withdraw the excess and the earnings (taxable), file an amended return by October 15, don't cliam the deduction  --- Withdraw the excess and the earnings (taxable) after October 15, pay the current year's penalty, reduce next year's contributions by the amount of the excess (then no penalty for next year) |
| Additional Tax on Excess Contributions to Roth IRAs | 6% | --- Withdraw the excess and the earnings (taxable)  --- Recharacterize the ROTH as Non-Deductible Traditional IRA  --- Withdraw the excess and the earnings (taxable) after October 15, pay the current year's penalty, reduce next year's contributions by the amount of the excess (then no penalty for next year) |
| Additional Tax on Excess Contributions to HSAs | 6% | Remove the excess contributions and any earnings by October 15 |
| Additional Tax on Not Receiving RMD | 25% | Take the missed distribution(s) as soon as possible, IRS will likely waive the penalty … but only if the appropriate steps are taken in a timely manner.  Attach a statement of explanation and file Form 5329 as follows:  1. Complete lines 52 and 53 as instructed.  2. Enter “RC” and the amount of the shortfall you want  waived in parentheses on the dotted line next to line 54. Subtract this amount from the total shortfall and enter the result on line 54.  3. Complete line 55 as instructed. You must pay any tax due  that is reported on line 55.  The IRS will review the information you provide and decide  whether to grant your request for a waiver. |

Retirement Early Distributions - Exception to 10% Penalty

|  |  |  |  |
| --- | --- | --- | --- |
| **Exceptions** | **Descriptions** | **Qualified Plans (401K etc.)** | **IRA, SEP, SIMPLE IRA  and SARSEP** |
| **IRS Levy** | because of an IRS levy of the plan | yes | yes |
| **Corrective Distributions** | corrective distributions (and associated earnings) of excess contributions, excess aggregate contributions and excess deferrals, made timely | yes | n/a |
| **Contributions to another plan within 60 days** | contributions to another retirement plan or IRA within 60 days | yes | yes |
| **Separation from Service - Rule 55** | laid off or quit, in the calendar year in which you turn 55 or older | yes | no |
| **Substantially Equal Periodic Payment (SEPP, Rule 72)** | at least one distribution per year for at least five years or until you turn 59½, whichever comes last; | yes    **NO** if still working for the employer | yes |
| **Death** | after death of the participant/IRA owner | yes | yes |
| **Disability** | total and permanent disability of the participant/IRA owner | yes | yes |
| **Education** | qualified higher education expenses | **NO** | yes |
| **First-Time Homebuyers** | qualified first-time homebuyers, up to $10,000 | **NO** | yes |
| **Medical – Payment** | amount of unreimbursed medical expenses (>10% AGI for 2021, >7.5% AGI; for 2017 - 2020) | yes | yes |
| **Medical – Insurance** | health insurance premiums paid while unemployed | **NO** | yes |
| **Military** | certain distributions to qualified military reservists called to active duty | yes | yes |

Rollover 60-Day Rule

Traditional or Roth IRA distributions, you have up to 60 days to deposit it into another IRA. You can do this once within a 12-month period.

ROTH Withdraw Rules

You can withdraw sums equal to your Contributions any time, tax- and penalty-free.

Earnings withdrawals must be taken after age 59½, and must be taken after a five-year holding period.

In withdraws, Contributions come out first, and Earnings come out afterwards.

|  |  |
| --- | --- |
| < 59½ | |
| < 5 Years | > 5 Years |
| Earnings subject to taxes and 10% penalties | Earnings subject to taxes and 10% penalties |
| You may be able to avoid penalties (but not taxes) in the following situations:  IRS Levy  Qualified education expenses;  First-time home purchase (up $10,000 lifetime);  Substantially Equal Periodic Payment (SEPP, Rule 72) - at least one distribution per year for at least five years or until you turn 59½, whichever comes last;  Birth or adoption (up to $5,000);  Disabled or deceased;  Medical expenses or health insurance when unemployed; | You may be able to avoid penalties (but not taxes) in the situations the same as when < 5 Years.  ***You may be able to avoid both penalties and taxes in the following situations:***  First-time home purchase (up $10,000 lifetime);  Disabled or deceased; |
|  | |
| > 59½ | |
| < 5 Years | > 5 Years |
| Earnings subject to taxes but not penalties | No taxes or penalties. |

ROTH 401(K) Employer Matches

When an employer makes matching contributions to a Roth 401(k), they must be deposited in a separate, traditional 401(k), meaning that unlike the funds in the Roth 401(k), they will be taxed by the IRS when you withdraw them in retirement.

ROTH RMD

No Required Minimum Distributions ------- If you are the original owner.

But, upon your death, your beneficiaries — other than a surviving spouse — must take RMDs from your account after they inherit it.

IRS Payment Plans

**Short-term Payment Plan ---** Pay amount owed in 180 days or less

\*Apply thru “IRS My Account”; or by Phone

\*Note – only for individual taxpayers

|  |  |
| --- | --- |
| **Payment Method** | **Costs** |
| (1) Direct Pay from a bank account (Individuals only)  (2) Pay online or by phone using Electronic Federal Tax Payment System (EFTPS) (enrollment required)  (3) Pay by check, money order or debit/credit card  *Fees apply when paying by card* | --- Apply online: $0 setup fee (individuals only)  --- Apply by phone, mail, or in-person: $0 setup fee (up to 180 days)  --- Accrued penalties and interest until the balance is |

**Long-term Payment Plan (Installment Agreement)**

\*Apply from **B&R Software**; thru “IRS My Account”; or by Phone

|  |  |
| --- | --- |
| **Payment Options** | **Costs** |
| **Option 1:** Direct Debit (automatic monthly payments from your bank account) | --- Apply online (or **B&R Software**): $31 setup fee  --- Apply by phone, mail, or in-person: $107 setup fee  --- Low income: setup fee waived  --- Plus accrued penalties and interest until the balance is paid in full |
| **Option 2:** Manual Payment: After applying for a long-term payment plan  (1) Make monthly payment online using Electronic Federal Tax Payment System (EFTPS) (enrollment required)  (2) Make monthly payment by check, money order or debit/credit card *Fees apply when paying by card* | --- Apply online (or **B&R Software**): $130 setup fee  --- Apply by phone, mail, or in-person: $225 setup fee  --- Low income: setup fee waived  --- Plus accrued penalties and interest until the balance is paid in full |

**Change an Existing Payment Plan**

* Revise Online
* Revise by Phone

Energy Efficient Home Improvements and Residential Clean Energy Property Credits (Non-Refundable, Carryover)

|  |  |
| --- | --- |
| **EQUIPMENT TYPE** | **2023-2032 TAX YEARS** |
| Solar panels, Solar water heaters | 30% of cost  No annual or lifetime limit |
| Wind turbines, Natural gas or electric heat pumps, Biomass stoves/boilers, Battery storage technology property, Biomass stoves/boilers | 30% of cost  Up to $2,000 per year |
|  | |
| Air conditioners | 30% of cost, up to $600 each item, up to $1,200 per year |
| Water heaters/water boilers |
| Furnace |
|  | |
| Exterior doors | 30% of cost, up to $250 per door, up to a total of $500 |
| Exterior windows and skylights | 30% of cost, up to $600 |
| Insulation and Sealing Materials  Asphalt Roofing\* – designed to protect energy  Siding\* – Insulation material parts | 30% of cost, up to $1,200 per year |
|  | |
| Electric panel or circuit upgrades | 30% of cost, up to $600 |
|  |  |
| Electric vehicle charger | 30% of cost, up to $1,000 |
|  |  |

EV Credit (Non-Refundable, NO Carryover. 2023-2032)

https://fueleconomy.gov/feg/tax2023.shtml

MAGI:

MFJ: < 300,000 HOH: < 225,000 Single & MFS: < 150,000

--- up to $7,500

Previously-Owned Clean Vehicles Credit (Non-Refundable, NO Carryover. 2023-2032)

https://www.fueleconomy.gov/feg/taxused.shtml

MAGI MFJ: < 150,000 HOH: < 112,500 Single & MFS: < 75,000

--- Vehicle sale price < 25,000 --- Model at least 2 years older than current year

--- Not being transferred in the past year --- up to $4,000.

ID Theft

* Call the IRS, 800-908-4490 Extension 245 is for Taxpayers Not in Previous Contact with IRS.
* IRS Identity Theft Guide <https://www.irs.gov/newsroom/taxpayer-guide-to-identity-theft>
  + Report ID Theft to Federal Trade Commission <https://www.identitytheft.gov>
* Social Security Administration Office Identity Theft Guide

<https://www.ssa.gov/pubs/EN-05-10064.pdf>

* Create a IRS Online Account

<https://api.id.me/en/registration/new>

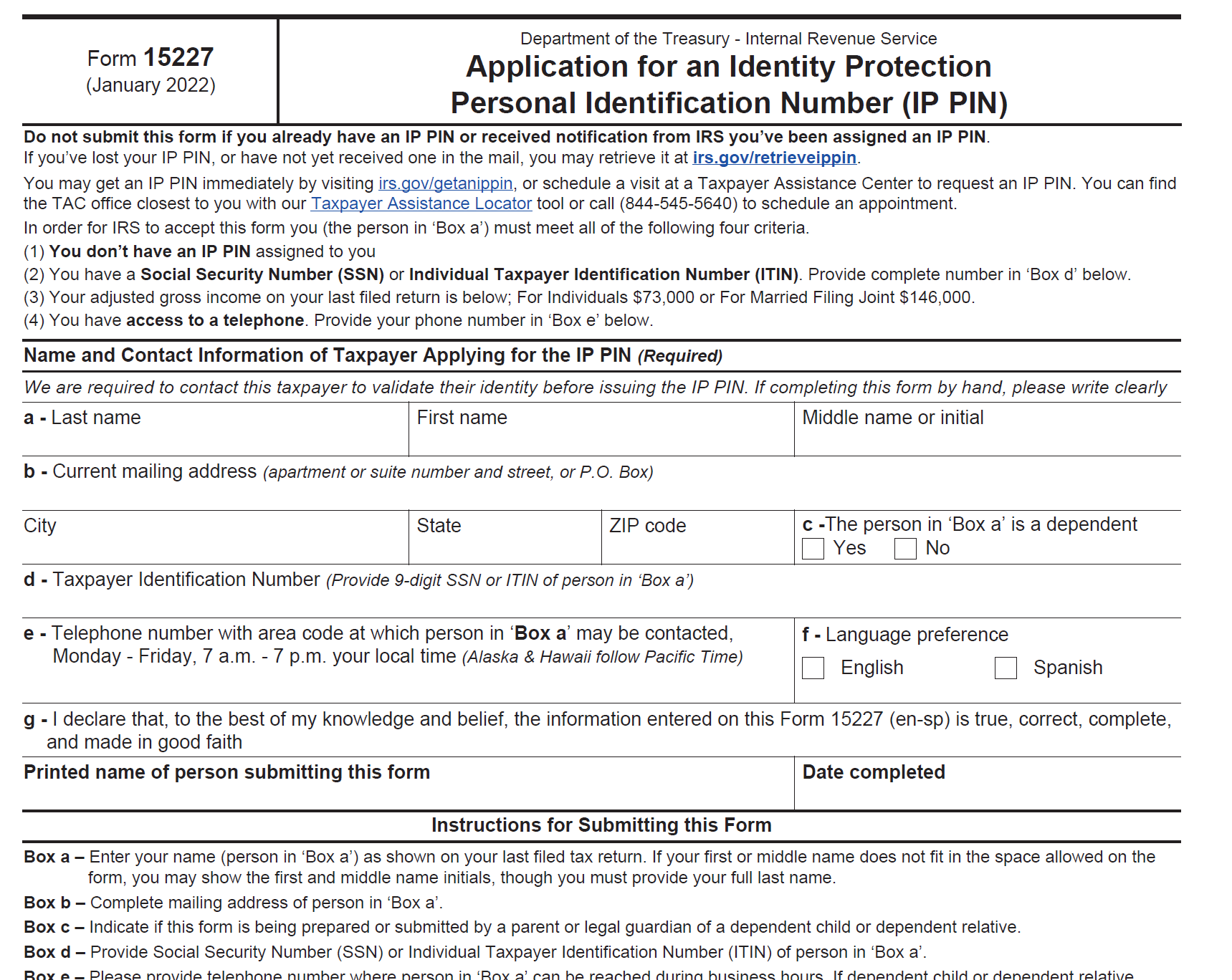
* Logon to your IRS Account for more information

<https://www.irs.gov/payments/your-online-account>

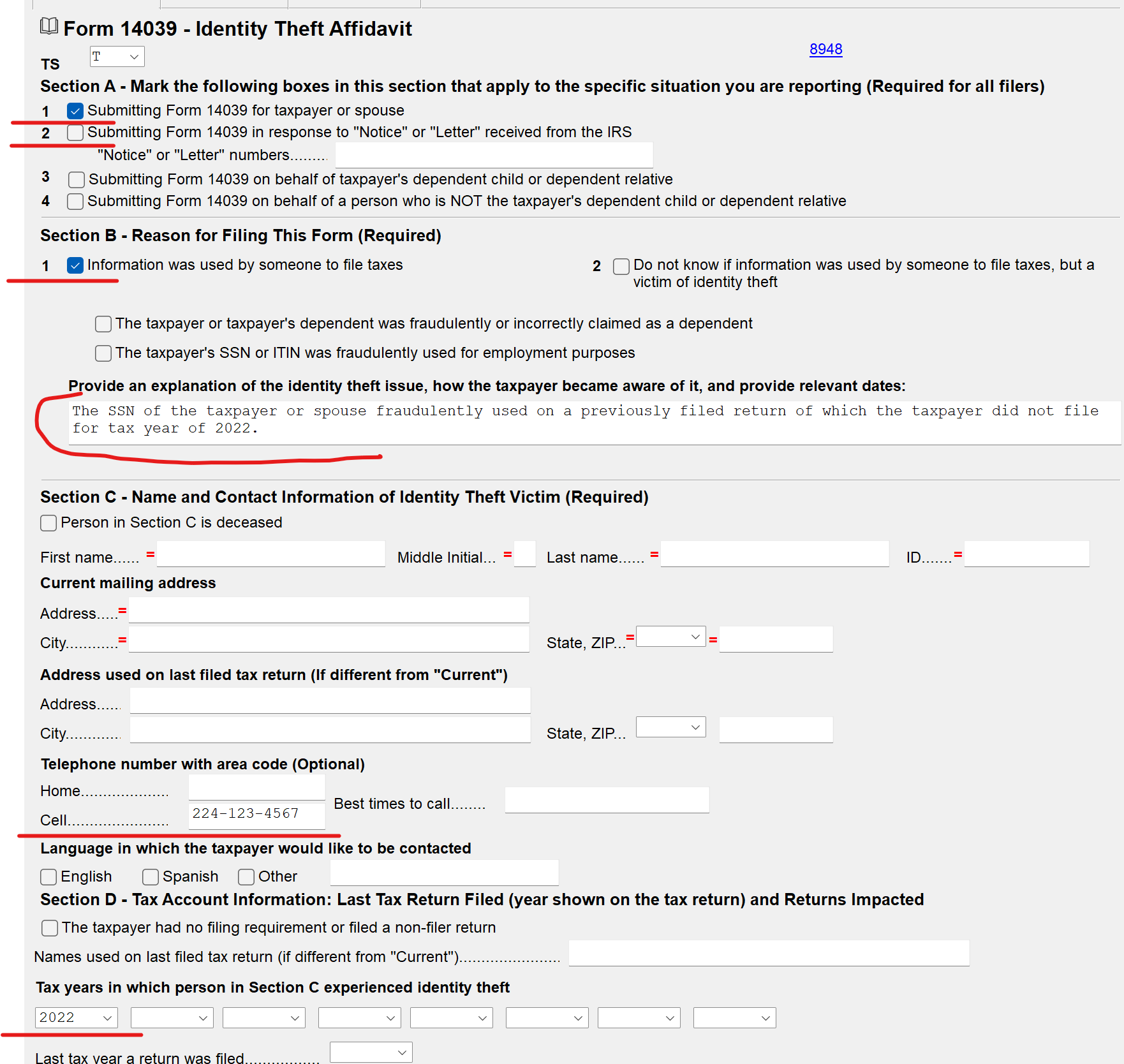
* Get an ID Protection PIN (IP PIN) from IRS Account

<https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin>

* Get an ID Protection PIN (IP PIN) by mailing Form 15227



* File Form 14039 ID Theft Affidavit



Non US Resident Alien Taxation

|  |  |  |
| --- | --- | --- |
|  | **< 183 Days** | **> 183 Days** |
| Bank Interest | No | No |
| Dividend | 30% | 30% |
| Mutual Fund Dividend | No | 30% |
| OID | 30% | 30% |
| Stocks, Securities, Commodities thru a US broker | No | 30% |
| Stocks, Securities, Commodities by yourself | No | 30% |
| Gain from other Capital Assets (that is NOT Real Property) | No | 30% |
| Sale of US Main Home | $250K/500K exclusion | $250K/500K exclusion |
| Scholarships and Fellowships (for tuition) | No | No |
| Scholarships and Fellowships (for room, board, travel …) | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Scholarships and Fellowships (for teaching, research) | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Wages from Foreign Employer and Foreign Earned Income | No | No |
| Job Income | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Self-Employment Income | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Partnership Income | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Trust or Estate Income | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Other Business Income | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Transportation Income | 4% | 4% |
| Real Property Gain | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Gain from other Depreciable Property | same as US Person Ordinary Income Tax % | same as US Person Ordinary Income Tax % |
| Gambling (Bingo, Slot Machine, Lottery …) | 30% | 30% |
| blackjack, baccarat, craps, roulette, or big-6 wheel | No | No |
| dog or horse race | No | No |

1040 or 1040NR?

**Substantial Presence Test**

You are a resident for tax purposes if you meet the substantial presence test for calendar year 2021. To meet this test, you must be physically present in the United States on at least:

1. 31 days during 20X3; and
2. 183 days during the 3-year period that includes 20X3, 20X2, and 20X1, counting:
   1. All the days you were present in 20X3,
   2. 1/3 of the days you were present in 20X2, and
   3. 1/6 of the days you were present in 20X1.

**Exempt individual**

Do not count days for which you are an exempt individual. The term “exempt individual” does not refer to someone exempt from U.S. tax, but instead refers to anyone in the following categories.

* An individual temporarily present in the United States as a foreign government-related individual under an “A” or “G” visa.
* A teacher or trainee temporarily present in the United States under a “J” or “Q” visa.
* A student temporarily present in the United States under an “F,” “J,” “M,” or “Q” visa.
* A professional athlete temporarily present in the United States to compete in a charitable sports event.

***Students.***

You will not be an exempt individual as a student in 2021 if you have been exempt as a teacher, trainee, or student for any part of more than 5 calendar years unless you meet both of the following requirements.

* You establish that you do not intend to reside permanently in the United States.
* You have substantially complied with the requirements of your visa.

Foreign Earned Income Exclusion 2023

Up to $120,000/ person (X2 if both spouse qualify) Req. 330 Days in 12 Consecutive Months

A 12-month period can be any period of 12 consecutive months that includes 330 full days of presence in a foreign country. If you qualify under the physical presence test for part of a year, it is important to carefully choose the 12-month period that will allow the maximum exclusion for that year.

**Bona Fide Residence Test** - Only U.S. citizens/resident who are also citizens or nationals of U.S. treaty countries can use this test. Otherwise, use **Physical Presence Test**.

Foreign Housing Exclusion 2023

This exclusion applies to foreign employer-paid amount only, not applies to self-employement income.

Qualified Housing Expenses: Rent, Utilities (except phone, TV, streaming, internet), Housing insurance, Fees, Furniture and parking rentals, Rental repairs.

Not qualified: Mortgage payments, Maids or housekeepers, Purchased furniture, Lavishness

Maxium Limit on Housing: See Form 2555 Instruction table, if not listed, then use $98/day, or 30% of $120,000/365 --- $36,000 if for 365 days.

(Minimum) Base Housing Amount: $52/day, or 16% of $120,000/365 --- $19,200 if for 365 days.

**Foreign Housing Exclusion = Qualified Housing Expenses/Maxium Limit - (Minimum) Base Housing Amount (cannot be more than Total Employer-paid Amount)**

**Foreign Housing Deduction**

This exclusion applies to foreign self-employement income only.

**Qualified Housing Expenses/Maxium Limit - (Minimum) Base Housing Amount**

**- if there is any Employer-based Foreign Housing Exclusion applied**

**(cannot be more than Remaining Foreign Earned Income After All Other Exclusions)**

Foreign Tax Credit (Non-Refundable, Carryover)

**Claim the Foreign Tax Credit Without Filing Form 1116**： All foreign source income was “Passive Category Income” ， and Total < $600 (MFJ)/ $300 (Others)

**Passive Category Income**. Passive income generally includes Interest, Dividends, Royalties, Rents, Annuities, Gains from sale of property of non-income-producing investment property, Gains from foreign currency or commodities transactions, Capital gains not related to a trade/business

**General Category Income**: Wages/Salary, Income earned in a trade/business

If you received both Passive Category Income and General Category Income from foreign sources, **you must complete two Forms 1116.**

**Form 1116 Lines 2 Through 5 --- Deductions and Losses**

You must reduce your foreign gross income on line 1a by entering on lines 2 through 5;

Any of your deductions that definitely relate to that foreign income;

Don't include deductions and losses related to exempt or excluded income such as foreign earned income you have excluded on Form 2555

**Line 3d.** Enter your gross foreign source income from the category you checked above. Include any foreign earned income you have excluded on Form 2555.

If you had income from more than one country, you must enter income from only one country in each column.

**Line 3e.** Enter on line 3e in each column your gross income from all sources and all categories, both U.S. and foreign. Include any foreign earned income you have excluded on Form 2555.

**Line 3g.** %age = Foreign Income From This Category / Form 1040 Gross Income.

Foreign Income Deduction Allowed = Form 1116 Deduction \* %age

You can **carry forward 10 years** any foreign tax you paid or accrued, in a separate category that is more than the limitation.

First, apply the excess to the earliest year to which it may be carried. Then, apply it to the next earliest year, and so on.

**Line 17.** Net Foreign Source Taxble Income from This Category

**Line 18.** Total Form 1040 Taxable Income

**Line 19.** %age

**Line 20.** Total Form 1040 Tax

**Line 21.** Maximum Foreign Tax Credit of This Category = Total Form 1040 Tax \* %age

**Line 24.** Foreign Tax Paid (subject to Maximum)