

# ROGER W. HARRELSON, CPA, LLC

*CERTIFIED PUBLIC ACCOUNTANTS, BUSINESS CONSULTANTS  
AND FINANCIAL SERVICES*

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December 19, 2023

Holiday Greetings! As always, we look forward to seeing you during the upcoming tax season. Our office has some **good news** to share! **Drew Welp**, whom many of you already know, is now the **sole owning Principal** of the accounting firm. Roger will continue with the firm as he transitions towards retirement over the next few years. As many of you already know, Diane Pruitt from our office has now retired, and we wish her much happiness with her new life change. With that being said, rest assured that we are fully staffed with a qualified team of professionals to help you with your needs, just as we always have in the past.

For your benefit, the following letter is a listing of current tax issues/topics affecting individual taxpayers that you may find informative. If you like, we can discuss any of these items at your convenience.

Please e-mail us at [info@rogerharrelsoncpa.com](mailto:info@rogerharrelsoncpa.com) or call us if you would like for us to mail you a **comprehensive tax organizer document** to help you gather your 2023 tax information. Tax organizers will be available by early January. The tax organizer document will list your prior year tax data as a guide for completing your current year tax data.

Please remember that your tax preparation fee payment is due in full before the electronic filing of your tax returns can be completed. Keep in mind that in addition to checks, we accept credit cards for your convenience.

Also, it is important to remember that our firm can provide you with a full range of **investment and insurance services** to fulfill your needs in areas such as retirement planning, annuities, estate planning, investment management, 401(k) rollovers, life insurance, and 529 college savings plans. If you like, we can discuss this when we meet, if not before.

Please visit our web site [www.rogerharrelsoncpa.com](http://www.rogerharrelsoncpa.com) for other helpful information. Thank you for your continued business!

Sincerely,



Roger W. Harrelson



Drew W. Welp

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Roger W. Harrelson, CPA, LLC is not a registered broker/dealer or independent investment advisory firm.

## **INDIVIDUAL CLIENTS**

### **TAX UPDATE**

For your benefit, listed below are just a few of the federal tax law changes that may affect your personal taxes in year **2023**.

- The standard itemized deduction amount has been changed. For individuals, it is now \$13,850. For married couples, it is \$27,700. For head of households, it is \$20,800. Also, if you are age 65 or older, or if you are blind, you get \$1,500 more per person (\$1,850 more for unmarried individuals).
- The itemized deduction for state and local taxes is still limited to \$10,000 (e.g. residential or personal property taxes, state income taxes, sales taxes). However, property taxes remain deductible for businesses or for rental properties.
- Medical expenses in aggregate that exceed 7.5% of your AGI will be allowed as an itemized deduction.
- Tax rates on long-term capital gains and qualified dividends are as follows: For individuals, the rate is 0% if your taxable income is \$44,625 or less, 15% if over that amount, but less than or equal to \$492,300, and 20% if your taxable income is over \$492,300. For married filing jointly, the rate is 0% if your taxable income is \$89,250 or less, 15% if over that amount, but less than or equal to \$553,850, and 20% if your taxable income is over \$553,850. For head of household, the rate is 0% if your taxable income is \$59,750 or less, 15% if over that amount, but less than \$523,050, and 20% if your taxable income is over \$523,050.
- The 3.8% surtax on net investment income starts for individuals with modified adjusted gross income over \$200,000 and \$250,000 for married filers.
- For mortgage debts incurred after December 14, 2017, the mortgage interest deduction will continue to be limited to interest paid on mortgage debt up to \$750,000, incurred on a primary or secondary home. For mortgage debts incurred before that date, the old rules still apply. However, the mortgage interest deduction related to a home equity line of credit (HELOC) continues to not to be allowed, unless the proceeds are used for “substantial improvements” to a primary or secondary residence.
- The child tax credit remains at \$2,000 for each dependent child under the age of 17. Of this amount, \$1,600 will be paid to you even if you do not have any income tax liability, depending on your income. The phase out for this credit remains at an adjusted gross income (AGI) of \$400,000 for married couples and \$200,000 for individuals or head of households. Additionally, there continues to be a dependent credit of \$500 for dependents who are not a qualifying child, e.g., for an elderly parent or a child over 16 years of age.
- The annual gift tax exclusion for year 2023 increased to \$17,000 per donee.
- Estates of decedents who pass during 2023 have a basic exclusion amount of \$12,920,000.