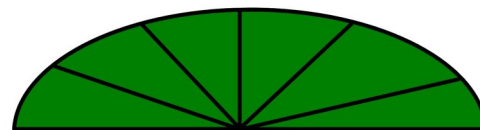


TAX TALK

FROM



**ALT TAX & FINANCIAL
SERVICES INC.**

Serving Tax & Financial Clients Since 1975

**1101 JOLIET STREET
JANESVILLE, WI 53546**
608-756-5919 www.alttax.net

JUNE 2023

WISHING YOU A HAPPY, HEALTHY SUMMER!



Dear Client:

Once again, tax season has ended and all of us at Alt Tax & Financial Services thank you for allowing us to prepare your income tax returns. Thanks to our returning clients for your continued confidence in us and to our new clients this year for choosing Alt Tax & Financial Services. We work hard to earn and maintain your trust.

We want to help you make good decisions throughout the year and be prepared for tax time. All too often taxpayers wait until after the end of the year to worry about their taxes and miss opportunities that could reduce their tax liability. Tax returns are due only once a year, but the decisions you make during the year could ultimately affect the bottom line of your tax return. Mid-year is the perfect time for tax planning. Dennis, Gary, Joe, Barb, & Sarah are here throughout the year to assist you. Feel free to call with any questions as they arise or to set up an appointment.



And the Winners are:

As our way of saying thanks, Alt Tax & Financial Services, Inc. offered a "Customer Appreciation Drawing". This was held on Tuesday, April 16th. We appreciate each and every one of our clients.



Congratulations to the following winners:

Grand prize:

Free 2022 Tax Preparation up to \$250
Vernon & Laura Davis

\$100 Prize

Jacob & Renee Moen

\$50 Prize

Andrew & Marissa Zurkowski

Form 1099-K What you need to know...

In 2021, Congress enacted a law requiring third-party settlement networks to send 1099-Ks to payees who are paid over \$600 a year in goods or services through digital payment tools like PayPal, Venmo, CashApp, Ebay or Facebook Marketplace.

It was slated to begin issuing 1099-Ks for 2022, but IRS delayed the change for another year so those will now be issued for 2023 tax returns we will file in early 2024.

ESTATE AND GIFT TAX

EXCLUSION PORTABILITY

The recent tax legislation changed the estate and gift tax exclusion portability amount. Portability means that spouses, under certain circumstances, can share their unused \$12.92 million estate and gift tax exclusion with each other. This portability allows spouses to effectively use a combined \$25.84 million exclusion. Portability allows a surviving spouse to elect to use any exclusion unused by his/her last deceased spouse in addition to his/her own \$12.92 million exclusion.



It is important to note that portability is only available if an election is made on the deceased spouse's estate tax return. Also, portability is not available for the Generation

Skipping Tax (GST) tax exemption. Further, in the event of a remarriage and subsequent death of the new spouse, the surviving spouse will no longer have access to the unused estate tax exclusion of the first deceased spouse. To elect portability after the first spouse dies, contact your attorney to see if portability is right for you.

POWER OF ATTORNEY FORMS

In general, a power of attorney (POA) is a document authorizing an individual to make decisions on behalf of another person while they are still living, but unable to make decisions for themselves for different reasons.

There are different types of power of attorney forms for different purposes. Two (2) common ones you will hear of are the *Financial Power of Attorney* and the *Healthcare Power of Attorney*. We see these get confused so we wanted to give some explanation.

Who needs a Power of Attorney?

Because life is unpredictable, it is recommended that anyone over age 18 should have a power of attorney. Once you become a legal adult, no one else is legally allowed to make decisions on your behalf or talk to doctors about your medical condition.

Financial Power of Attorney

This POA permits someone you have designated to oversee your finances. Typically, this person can setup and pay bills or handle other financial or real estate matters. *This is the form we are required to have on file for someone other than the taxpayer picking up or signing for someone.*

Healthcare Power of Attorney

This POA authorizes healthcare decisions to be made on your behalf by a designated individual - *We can not accept this for filing taxes.*

Our office does provide a *Consent to Release Tax Information* form (available online or in office) for those that need to pickup and deliver tax information but do not have a POA for the individual. Please let your tax preparer know if you may need this form.

Important:

Choosing people you trust to hold your healthcare and financial powers of attorney gives you more control over your interests and ensures your wishes are followed.

ESTATE PLANNING CONSIDERATION

Wisconsin created a statute that allows non-probate transfer of real estate at death. Since 2006, an interest in real estate may be transferred without probate to a designated TOD (Transfer On Death) beneficiary of a sole owner or the last to die of multiple owners. A TOD must be designated on a deed by including the words "Transfer on Death", or "Payable on Death" or the abbreviation "TOD" or "POD" after the name of the owner or owners of the property and before the names of the beneficiary(s).



The designation of a TOD beneficiary on a deed does not affect ownership of the property until the owner or owners' death. A TOD beneficiary has no interest in the property during the life of the property owners. The actual transfer does not occur until death. The designation may be canceled or changed at any time by the owner without the consent of the beneficiary.

A TOD beneficiary designation is not effective unless the TOD designation is recorded with the register of deeds. The designation may be on an original deed that passes the property interest or may be made at a later time by executing and recording another deed. Any questions should be referred to an attorney.



CONSIDERATIONS FOR CHILDREN OVER AGE 18

Once your child turns 18 years old, you lose the ability to make decisions for them or even to find out basic information. You can't even see your college student's grades without permission. Most parents find they can no longer access many things they normally could.

When your children leave for college or reach the age of majority, you may want your child to consider:

- ♦ A HIPPA authorization for you to discuss their medical situations - Healthcare Power of Attorney
- ♦ A Durable Power of Attorney (POA)
- ♦ A Financial Power of Attorney

Without the above legal documents, you are limited to what doctors can tell you, and who can make decisions for them if they aren't able.

Here at Alt Tax & Financial Services, any child over the age of 18 (who is not a dependent) needs to sign a form (Consent to Release Tax Information) that allows us to release their tax return to you or anyone other than the child themselves.



Securities offered through Avantax Investment ServicesSM, Member FINRA, SIPC (finra.org, sipc.org). Investment advisory services offered through Avantax Advisory ServicesSM. Insurance services offered through an Avantax affiliated insurance agency. This newsletter was created by Dennis Alt, Gary Pankonien, Joseph Valentine and does not represent the views and opinions of Avantax Wealth Management® or its subsidiaries.

Use Tax is tax owed on any items you purchase and use in your resident state on which the proper sales tax was NOT paid. Examples that may be subject to use tax include mail order items, eBay, and some purchases through Amazon marketplace retailers. If you travel outside the country this year, and make purchases, remember to include the amount for your use tax computation. Many State Tax Departments use customs reports to determine if any use tax was omitted on a resident's tax return.



Getting married or divorced? If you changed your name as a result of a recent marriage or divorce, you'll want to take the necessary steps to ensure the name on your tax return matches the name registered with the Social Security Administration. A discrepancy between the name shown on your tax return and the SSA records can cause problems in the processing of your return and may even delay your refund.



If you move or change your phone number or email address in 2023, be sure to let us know your new address and/or phone number and email.

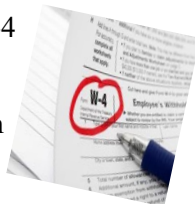
That way you can continue to receive this newsletter, your pre-scheduled appointment notice we mail in early January, and your appointment reminder phone call.

Do you own any U.S. Savings Bonds? Make sure that you cash any bonds that were issued in 1993 or earlier by December 31, 2023. These bonds have reached final maturity and all accrued interest must be reported on your 2023 income tax return.

Are you a Beneficiary of an IRA of someone that died after 2019?

The IRS has issued revised regulations recently changing the required minimum distribution (RMD) rules and you should contact your financial advisor.

Do you need to update your 2023 Form W-4 or W-4P? The new forms are completely different from prior years due to the tax law changes. We no longer claim exemptions on the tax return and the new tax law revised IRS tax withholding tables.



If you have questions, please feel free to contact us to help you navigate through the form.

This newsletter is published as a service to clients of Alt Tax & Financial Services, Inc. and has been prepared with due diligence. However, the possibility of mechanical and/or human error does exist. Because every taxpayers' situation is different, if you have questions after reading this information, contact your tax or financial advisor for clarification and assistance.

The standard mileage rate for 2023 increased to 65.5¢ per business mile, 22¢ per medical or moving miles, but charitable mileage remains at 14¢.



The annual gift exclusion for 2023 increased to \$17,000 per person. If gifts to any one individual exceed the annual amount, you are required to file a gift tax return.

Contribution limits for 401(k), 403(b), and 457 plans increased to \$22,500 with an additional "catch up" contribution of 7,500 if you are 50 or over. Limits on Simple Plans increased to \$15,500 with an additional \$3,500 if you are 50 or over. IRA and ROTH limits increased for 2023 to \$6,500 with a "catch up" contribution of an additional \$1,000 if you are 50 or over.



Free 2023 Tax Preparation
(up to \$250)

Visit our website at: www.alttax.net
before June 26, 2023.

Look under the "**Just For Fun**" tab for details on your chance to win.

Social Security Administration (SSA) increased benefits for 2023 by 8.7%.

SSA used to send you your earnings & benefit statement around your birthday annually. They have now stopped mailing the statement and have created access online at: my Social Security which gives you immediate access to important information and tools. You can receive personalized estimates of future benefits based on your real earnings, see your latest Statement, and review your earnings history. It even makes it easy to request a replacement Social Security Card or check the status of an application, from anywhere!

HSA (Health Savings Account) amounts for 2023...

CONTRIBUTION LIMITS (The catch-up amount for taxpayers reaching age 55 or older by the end of the year remains at \$1,000)

Single Coverage is \$3,850
Family Coverage is \$7,750

HIGH DEDUCTIBLE HEALTH PLAN is a plan that has an annual deductible that is not less than:

Self-Only Coverage of \$1,500
Family Coverage of \$3,000

ANNUAL OUT-OF-POCKET EXPENSES (deductibles, co-payments, and other amounts but NOT PREMIUMS) cannot exceed:

Self-Only Coverage of \$7,500
Family Coverage of \$15,000



Need Some Help?

Receive an IRS or State Tax Notice?

What to do:

Bring the notice to us within 10 days of receiving the 1st notice so we can help you.

Need to file an Amended Return?

What to do:

Contact a tax professional in our office to help you. (Note: We do charge an additional fee for Amended Returns that were not our error.)

Have a friend or relative that needs help with a notice?

What to do:

Refer them to us. We have tax professionals in our office that can help.

529 Education Plan Rollovers

For tax years *AFTER* December 31, 2023 beneficiaries of 529 college savings accounts will be permitted to make up to \$35,000 of direct trustee-to-trustee rollovers from a 529 account to their Roth IRA without tax or penalty.

- The 529 account must have been open for more than 15 years;
- The rollover is limited to the amount contributed to the 529 account and its earnings more than five years earlier;
- Rollovers are subject to the Roth IRA annual contribution limits, however they are not limited based on the taxpayer's AGI.



Alt Tax & Financial Services, Inc. is committed to giving away a **minimum** of four (4) free tax returns every year with a value of up to \$250 each.



Please watch for details around the following months:

- 1) On **April 15** - The Client Appreciation Drawing
- 2) In the **June** Spring Tax Talk Newsletter
- 3) In the **October** Fall Tax Talk Newsletter
- 4) In the **December** Year End Tax Talk Newsletter



**Tax
Tip**

How Long to Keep Tax Records?

Generally we suggest to keep your tax returns for 5 - 7 years

If you have any Depreciable property or Stocks or carryover items, you should keep those returns from the time you first listed them on the return until 5 years past the last time these items affected your return.

Note:

IRS generally looks back for three years
WI generally looks back for four years
(Unless they suspect fraud)