

**1040
Quickfinder[®] Handbook
(2023 Tax Year)**

Post-publication Updates

Instructions: This packet contains “marked up” changes to the pages in the *1040 Quickfinder[®] Handbook* that were affected by developments after the *Handbook* was published. To update your *Handbook*, you can make the same changes in your *Handbook* or print the revised page and paste over the original page.

State Individual Income Tax Quick Reference Chart (2023) (Continued)

State	Website	Maximum Rate	Return Due Date ¹	Resident Tax Form Number	Accepts Federal Extension?	State Extension/ Payment Voucher
Iowa	https://tax.iowa.gov	6.00%	April 30	IA 1040	No	IA 1040V ²
Kansas	https://ksrevenue.gov	5.70	April 15	K-40	Yes	K-40V ²
Kentucky	https://revenue.ky.gov	4.50	April 15	740	Yes	740EXT ⁴
Louisiana	https://revenue.louisiana.gov/	4.25	May 15	IT-540	No	R-2868V ^{5,9}
Maine	https://maine.gov/revenue	7.15	April 15	1040ME	No	1040EXT-ME ²
Maryland	https://marylandtaxes.gov	5.75	April 15	502	Yes	PV ⁶
Massachusetts	https://mass.gov/orgs/massachusetts-department-of-revenue	12.00 ¹⁰	April 15	1	No	M-4868 ²
Michigan	https://michigan.gov/taxes	4.05	April 15	MI-1040	Yes	4 ²
Minnesota	https://revenue.state.mn.us	9.85	April 15	M1	No	⁹
Mississippi	https://dor.ms.gov	5.00	April 15	80-105	Yes	80-106 ²
Missouri	https://dor.mo.gov	4.95	April 15	MO-1040	Yes	MO-60 ³
Montana	https://mtrevenue.gov	6.75	April 15	2	No	Form-IT ^{5,7}
Nebraska	https://revenue.nebraska.gov	6.64	April 15	1040N	Yes	4868N ³
Nevada	https://tax.nv.gov	N/A—no individual income tax				
New Hampshire	https://revenue.nh.gov	7.50	April 15	DP-10/1040-NH	No	DP-59-A ² , BT-EXT ²
New Jersey	https://state.nj.us/treasury/taxation	10.75	April 15	NJ-1040	Yes	NJ-630 ³
New Mexico	https://tax.newmexico.gov	5.90	April 15	PIT-1	Yes	RPD-41096 ³
New York	https://tax.ny.gov	10.90	April 15	IT-201	No	IT-370
North Carolina	https://ncdor.gov	4.75	April 15	D-400	Yes	D-410
North Dakota	http://nd.gov/tax	2.50	April 15	ND-1	Yes	101 ⁴ /ND-1EXT ⁵
Ohio	https://tax.ohio.gov	3.75	April 15	IT 1040	Yes	IT 40P ⁵
Oklahoma	https://oklahoma.gov/tax	4.75	April 15	511	Yes	504-1 ³
Oregon	https://oregon.gov/dor	9.90	April 15	OR-40	Yes	40-V ³
Pennsylvania	https://revenue.pa.gov	3.07	April 15	PA-40	Yes	REV-276 ³
Rhode Island	www.tax.ri.gov	5.99	April 15	RI-1040	Yes	RI-4868 ³
South Carolina	https://dor.sc.gov	6.40 ¹⁰	April 15	SC1040	Yes	SC4868 ³
South Dakota	https://dor.sd.gov	N/A—no individual income tax				
Tennessee	www.tn.gov/revenue	N/A—no individual income tax				
Texas	https://comptroller.texas.gov/	N/A—no individual income tax				
Utah	https://tax.utah.gov	4.65	April 15	TC-40	No	TC-546 ²
Vermont	https://tax.vermont.gov	8.75	April 15	IN-111	Yes	IN-151
Virginia	https://tax.virginia.gov	5.75	May 1	760	No	760IP ²
Washington	https://dor.wa.gov	N/A—no individual income tax ¹¹				
West Virginia	https://revenue.wv.gov	5.12	April 15	IT-140	Yes	Sch L ³
Wisconsin	https://revenue.wi.gov	7.65	April 15	1	Yes	1-ES ⁸
Wyoming	http://revenue.wyo.gov	N/A—no individual income tax				

¹ See *Return due date* on Page 2-3.

² File only if tax due. If no tax due, return is extended without any action by taxpayer.

³ File if federal Form 4868 not filed or if tax due.

⁴ File if federal Form 4868 not filed.

⁵ Use to pay any tax due.

⁶ File if Form 4868 not filed and tax is due. If Form 4868 not filed and no tax due, request extension online.

⁷ Automatic extension granted if certain requirements met.

⁸ Use to remit payment if tax due. If no federal 4868 filed, attach a statement to the return.

⁹ Extension filed electronically.

¹⁰ Massachusetts has various flat tax rates dependent upon the type of income and elections made. In addition, high-income taxpayers have a 4% surtax.

¹¹ Washington imposes a 7% excise tax on individuals with sales or exchanges of long-term capital assets.

GENERAL

Tab 2 is for reference purposes and is not intended to include all necessary information to prepare a state income tax return. Its purpose is to provide tax preparers with general information. More detailed information is available in the *All States Quickfinder® Handbook*. You can also use the phone numbers or website addresses provided here to obtain forms and instructions for a particular state.

Many states allow or require electronic filing of returns and/or extensions as well as electronic payment of taxes. Some states have a different due date for electronically filed returns, which is usually later than a paper filed return.

Return due date. The return due dates for filing returns shown in this tab are the statutory due dates. When the statutory due date falls on a weekend or holiday, many states extend the due date until the next working day.

Caution: Tax preparers should check the respective state's instructions to determine the return's exact due date when the statutory due date falls on a weekend or holiday. For federal tax, the 2023 Form 1040 is due on April 15, 2024.

The Quick Tax Method. Use the Quick Tax Method to calculate tax due. In the appropriate state section, find the taxpayer's taxable income bracket and multiply the taxpayer's state taxable income by the given tax rate. Next, subtract the "minus" amount to arrive at the tax due.

Example: Assume MFJ Alabama taxpayers with taxable income of \$57,500.
 $\$57,500 \times 5.0\% - \$80 = \$2,795$ Tax

ALABAMA

Website: <https://revenue.alabama.gov>

Tax assistance: 334-242-1170



2023 Quick Tax Method—For Taxable Income of:

Single, MFS, Head of Family	\$ 0 – 500	× 2%	minus	\$ 0.00 = Tax
	501 – 3,000	× 4	minus	10.00 = Tax
	3,001 and over	× 5	minus	40.00 = Tax
MFJ	\$ 0 – 1,000	× 2%	minus	\$ 0.00 = Tax
	1,001 – 6,000	× 4	minus	20.00 = Tax
	6,001 and over	× 5	minus	80.00 = Tax

Filing requirements. Residents must file if:

Filing status:	Gross income of at least:
Single.....	\$ 4,500
Head of Family	8,200
MFJ.....	11,500
MFS.....	5,750

Part-year residents must file if:

Filing status:	Gross income of at least:
Single.....	\$ 4,500 (while an Alabama resident)
Head of Family	8,200 (while an Alabama resident)
MFJ.....	11,500 (while an Alabama resident)
MFS.....	5,750 (while an Alabama resident)

Nonresidents must file if gross income is over the allowable pro-rated exemption. To calculate, multiply the full exemption amount of \$3,000 for MFJ and Head of Family, or \$1,500 for Single and MFS, by the Alabama percentage of adjusted total income.

Alabama form to file:

- Resident and part-year resident: Form 40 (Alabama Individual Income Tax Return). **Note:** Part-year residents who receive Alabama-source income while a nonresident may also be required to file Form 40NR.
- Nonresident: Form 40NR (Alabama Individual Income Tax Return).

Return due date: April 15

Allowable extension. Alabama allows an automatic six-month extension without written request. If additional tax is due, file Form 40V (Individual Income Tax Payment Voucher) by the original return due date.

ALASKA

Website: <https://tax.alaska.gov>

Tax assistance: 907-269-6620

Filing requirements. The state of Alaska does not have an individual income tax.



ARIZONA

Website: <https://azdor.gov>

Tax assistance: 602-255-3381, 800-352-4090



2023 Tax Rate

Income tax rate.....	2.50%
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Filing requirements. Residents, part-year, and nonresidents must file if:

Filing status is:	and gross income is at least:
Single, MFS	\$ 13,850
MFJ	27,700
HOH	20,800

Arizona form to file:

- Resident: Form 140 (Resident Personal Income Tax Return).
- Part-year resident: Form 140PY (Part-Year Resident Personal Income Tax Return).
- Nonresident: Form 140NR (Nonresident Personal Income Tax Return).

Return due date: April 15

Extension form. Form 204 (Application for Filing Extension).

Allowable extension. Arizona allows up to a six-month extension if:

- Taxpayer files federal Form 4868 with the IRS *or*
- Taxpayer files Form 204.

Also use Form 204 to make a payment, if necessary.

ARKANSAS

Website: www.dfa.arkansas.gov

Tax assistance: 501-682-1100



NEW YORK

Website: <https://tax.ny.gov>

Tax assistance: 518-457-5181



2023 NY State Quick Tax Method—For Taxable Income of:

Single, MFS	\$ 0 – 8,500	× 4.00%	minus \$ 0 = Tax
	8,501 – 11,700	× 4.50	minus 43 = Tax
	11,701 – 13,900	× 5.25	minus 130 = Tax
	13,901 – 80,650	× 5.50	minus 165 = Tax
	80,651 – 215,400	× 6.00	minus 568 = Tax
	215,401 – 1,077,550	× 6.85	minus 2,399 = Tax
MFJ, QSS	\$ 0 – 17,150	× 4.00%	minus \$ 0 = Tax
	17,151 – 23,600	× 4.50	minus 86 = Tax
	23,601 – 27,900	× 5.25	minus 263 = Tax
	27,901 – 161,550	× 5.50	minus 333 = Tax
	161,551 – 323,200	× 6.00	minus 1,140 = Tax
	323,201 – 2,155,350	× 6.85	minus 3,887 = Tax
HOH	\$ 0 – 12,800	× 4.00%	minus \$ 0 = Tax
	12,801 – 17,650	× 4.50	minus 64 = Tax
	17,651 – 20,900	× 5.25	minus 196 = Tax
	20,901 – 107,650	× 5.50	minus 249 = Tax
	107,651 – 269,300	× 6.00	minus 787 = Tax
	269,301 – 1,616,450	× 6.85	minus 3,076 = Tax
Note: If NY AGI is more than \$107,650, the graduated tax rates above are phased out.			

2023 NYC Quick Tax Method—for Taxable Income of:

Single, MFS	\$ 0 – 12,000	× 3.078%	minus \$ 0.00 = Tax
	12,001 – 25,000	× 3.762	minus 82.00 = Tax
	25,001 – 50,000	× 3.819	minus 96.00 = Tax
	50,001 and over	× 3.876	minus 125.00 = Tax
MFJ, QSS	\$ 0 – 21,600	× 3.078%	minus \$ 0.00 = Tax
	21,601 – 45,000	× 3.762	minus 148.00 = Tax
	45,001 – 90,000	× 3.819	minus 173.00 = Tax
HOH	\$ 0 – 14,400	× 3.078%	minus \$ 0.00 = Tax
	14,401 – 30,000	× 3.762	minus 98.00 = Tax
	30,001 – 60,000	× 3.819	minus 116.00 = Tax
	60,001 and over	× 3.876	minus 150.00 = Tax

Filing requirements. Residents must file if they are:

- Required to file a federal return or
- Not required to file a federal return, but:

Federal filing status would have been:	Federal AGI plus New York additions exceeds:
Single and can be claimed as dependent on another person's return	\$ 3,100
All others.....	4,000

- To claim a refund of state or city income taxes withheld from taxpayer's pay.

- To claim any of the refundable or carryover credits available. Part-year and nonresidents are required to file if:

Federal filing status:	Received New York-source income and New York AGI exceeds:
Single and can be claimed as dependent on another person's return	\$ 3,100
Single and cannot be claimed as dependent on another person's return	8,000
MFJ.....	16,050
MFS.....	8,000
HOH.....	11,200
QSS.....	16,050

Part-year and nonresidents are also required to file if any of the following apply:

- They are subject to separate tax on lump-sum distributions derived from or connected to New York sources (part-year residents).
- They incurred a New York NOL without incurring a similar federal NOL.
- To claim a refund of state or city income taxes withheld from taxpayer's pay.
- To claim any of the refundable or carryover credits available.

New York form to file:

- Resident: Form IT-201 (Resident Income Tax Return).
- Part-year and nonresident: Form IT-203 (Nonresident and Part-Year Resident Income Tax Return).

Return due date: April 15

Extension form. Form IT-370 (Application for Automatic Six-Month Extension of Time to File for Individuals).

Allowable extension. To request an automatic six-month extension, file Form IT-370 and remit any tax due. A copy of the federal extension is not accepted.

NORTH CAROLINA

Website: <https://ncdor.gov>

Tax assistance: 877-252-3052



2023 Tax Rate

Income tax rate.....	4.75%
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Filing requirements. Every resident whose income for the year exceeds the amount for his filing status as shown in the following chart must file a return:

Filing status	A return is required if federal gross income exceeds
Single.....	\$ 12,750
MFJ.....	25,500
MFS if spouse does not claim itemized deductions.....	12,750
MFS if spouse claims itemized deductions.....	0
HOH.....	19,125
QSS.....	25,500
Nonresident alien.....	0

Note: 2023 amounts not available at time of publication. Amounts shown are for 2022.

An individual not required to file a federal income tax return but who has gross income from all sources—both inside and outside of North Carolina—that equals or exceeds the amount for his filing status shown in the chart above is required to file a North Carolina return. He must complete a federal return and attach it to his North

Pennsylvania form to file. Resident, part-year, and nonresident: Form PA-40 (Pennsylvania Income Tax Return).

Return due date: April 15

Allowable extension. Pennsylvania allows an extension for up to six months if the taxpayer:

- Does not owe any Pennsylvania tax and has a valid federal extension.
- Files Form REV-276 and pays any Pennsylvania tax due.
- Pays Pennsylvania tax due by debit or credit card at www.officialpayments.com or 800-272-9829. Do not file Form REV-276.
- Pays Pennsylvania tax due via electronic funds transfer from taxpayer's bank account at the department's website at www.revenue.pa.gov. Do not file Form REV-276.

Reciprocity agreements. Indiana, Maryland, New Jersey, Ohio, Virginia, and West Virginia. Pennsylvania does not tax residents of these states on employee compensation that is subject to employer federal withholding.

RHODE ISLAND

Website: www.tax.ri.gov

Tax assistance: 401-574-8829, option #3



2023 Quick Tax Method—For Taxable Income of:

All Filers	\$ 0 – 73,450	× 3.75%	minus \$ 0.00	= Tax
	73,451 – 166,950	× 4.75%	minus 734.50	= Tax
	166,951 and over	× 5.99%	minus 2,804.68	= Tax

Filing requirements. Residents must file if they are required to file a federal return *or* not required to file a federal return, but receive Rhode Island income in excess of the sum of their personal exemptions and applicable standard deduction.

Part-year residents must file if they are required to file a federal return, or have Rhode Island modifications increasing federal AGI.

Nonresidents must file if they received income from Rhode Island sources and are required to file a federal return or have Rhode Island modifications increasing federal AGI.

Rhode Island form to file:

- Resident: Form RI-1040 (Resident Individual Income Tax Return).
- Part-year and nonresident: Form RI-1040NR (Nonresident Individual Income Tax Return).

Return due date: April 15

Extension forms. Form RI-4868 (Rhode Island Application for Automatic Extension of Time to File a Rhode Island Individual Income Tax Return).

Allowable extension. Automatic six-month extension if:

- Federal Form 4868 filed and no payment due: Attach a copy of federal Form 4868.
- Payment due or federal Form 4868 not filed: File Form RI-4868 for six-month extension.

SOUTH CAROLINA

Website: <https://dor.sc.gov>

Tax assistance: 844-898-8542, option #1



2023 Quick Tax Method—For Taxable Income of:

All	\$ 0 – 3,300	× 0.00%	minus \$ 0	= Tax
Filing	3,301 – 16,680	× 3.00%	minus 100	= Tax
Statuses	16,681 and over	× 6.40%	minus 670	= Tax

Note: Amounts are based on 2023 estimated tax instructions. Final amounts for 2023 are not available at time of publication.

Filing requirements. Residents must file if they are required to file a federal income tax return that included income that is taxable by South Carolina *or* have South Carolina income tax withheld from wages.

Exception: Residents age 65 or older are not required to file if:

- 1) Their gross income is less than or equal to the federal filing requirement plus \$15,000 (\$30,000 if MFJ and both spouses age 65 or older) and
- 2) They do not have South Carolina income tax withheld from wages.

Part-year and nonresidents are required to file if they had income taxed by South Carolina or had South Carolina income tax withheld from their wages.

South Carolina form to file:

- Residents and part-year residents who elect to file as residents: Form SC1040 (Individual Income Tax Return).
- Part-year and nonresident: Schedule NR (Nonresident Schedule)—attachment to Form SC1040.

Return due date: April 15

Extension form. Form SC4868 (Request for Extension of Time to File South Carolina Individual Income Tax Return).

Allowable extension. Six-month extension allowed:

- No payment due and federal Form 4868 filed.
- Payment due or federal Form 4868 not filed: File Form SC4868 for six-month extension. At least 90% of current year tax must be paid.

SOUTH DAKOTA

Website: <https://dor.sd.gov>

Tax assistance: 800-829-9188, 605-773-3311

Filing requirements. South Dakota has no personal income tax.



TENNESSEE

Website: www.tn.gov/revenue

Tax assistance: 615-253-0600, 800-342-1003

Filing requirements. Tennessee does not have a personal income tax.



TEXAS

Website: <https://comptroller.texas.gov>

Tax assistance: 800-252-1381

Filing requirements. Texas does not have a personal income tax.



UTAH

Website: <https://tax.utah.gov>

Tax assistance: 801-297-2200, 800-662-4335



WEST VIRGINIA

Website: <https://tax.wv.gov>

Tax assistance: 800-982-8297,
304-558-3333



2023 Quick Tax Method—For Taxable Income of:

MFJ, Single, HOH, QSS	\$ 0 – 9,999	× 2.36%	minus \$ 0.00	= Tax
	10,000 – 24,999	× 3.15	minus 78.99	= Tax
	25,000 – 39,999	× 3.54	minus 176.49	= Tax
	40,000 – 59,999	× 4.72	minus 648.48	= Tax
MFS	\$ 0 – 4,999	× 2.36%	minus \$ 0.00	= Tax
	5,000 – 12,499	× 3.15	minus 39.49	= Tax
	12,500 – 19,999	× 3.54	minus 88.24	= Tax
	20,000 – 29,999	× 4.72	minus 324.23	= Tax
	30,000 and over	× 5.12	minus 444.22	= Tax

Filing requirements. Residents and part-year residents are required to file if their West Virginia AGI is greater than the exemption allowance (\$2,000 per exemption or \$500 if zero exemptions were claimed) or to claim a senior citizen's tax credit.

Exception: Taxpayers age 65 or older if income is less than exemption allowance plus senior citizen modification of up to \$8,000 do not have to file.

Nonresidents are required to file if their federal AGI includes any West Virginia-source income.

West Virginia form to file:

- Resident, part-year, and nonresident: Form IT-140 (West Virginia Personal Income Tax Return).
- Part-year and nonresident: Schedule A (Nonresidents/Part-Year Residents Schedule of Income)—attachment to Form IT-140.

Return due date: April 15

Extension form. Schedule L (Application for Extension of Time to File).

Allowable extension. West Virginia allows up to a six-month extension if tax liability is paid and the taxpayer either:

- Attaches a copy of federal Form 4868 or
- Files Schedule L if tax owed or federal Form 4868 not filed.

Reciprocity agreements. Kentucky, Maryland, Ohio, Pennsylvania, and Virginia residents may file Form IT-140NRS (Special Nonresident Income Tax Return) to claim a refund if the only West Virginia income is from wages and salaries.

Note: Pennsylvania and Virginia residents qualify only if they did not spend more than 183 days within West Virginia in 2023.

WISCONSIN

Website: <https://revenue.wi.gov>

Tax assistance: 608-266-2486



2023 Quick Tax Method—For Taxable Income of:

Single, HOH	\$ 0 – 13,810	× 3.54%	minus \$ 0.00	= Tax
	13,811 – 27,630	× 4.65	minus 153.29	= Tax
	27,631 – 304,170	× 5.30	minus 332.89	= Tax
	304,171 and over	× 7.65	minus 7,480.88	= Tax
MFJ	\$ 0 – 18,420	× 3.54%	minus \$ 0.00	= Tax
	18,421 – 36,840	× 4.65	minus 204.46	= Tax
	36,841 – 405,550	× 5.30	minus 443.92	= Tax
	405,551 and over	× 7.65	minus 9,974.35	= Tax
MFS	\$ 0 – 9,210	× 3.54%	minus \$ 0.00	= Tax
	9,211 – 18,420	× 4.65	minus 102.23	= Tax
	18,421 – 202,780	× 5.30	minus 221.96	= Tax
	202,781 and over	× 7.65	minus 4,987.29	= Tax

Filing requirements. Residents must file if:

Filing status:	Age:	Gross income is at least:
Single	Under 65.....	\$ 13,460
	65 or older.....	13,710
MFJ	Under 65 (both spouses).....	\$ 25,020
	65 or older (one spouse).....	25,270
	65 or older (both spouses).....	25,520
MFS	Under 65.....	\$ 11,920
	65 or older.....	12,170
HOH	Under 65.....	\$ 17,180
	65 or older.....	17,430

Note: 2023 amounts not available at time of publication. Amounts shown are for 2022.

Residents must also file if they owe a Wisconsin penalty on an IRA, retirement plan, ABLÉ account, medical or health savings account or Coverdell education savings account (excess contribution).

Part-year and nonresidents must file if gross income is at least \$2,000.

Wisconsin form to file:

- Resident: Form 1, Wisconsin Income Tax.
- Part-year and nonresident: Form 1NPR (Nonresident and Part-Year Resident Wisconsin Income Tax).

Return due date: April 15

Allowable extension. Wisconsin allows an extension based on the federal extension. Use Form 1-ES to make any payments. If federal Form 4868 not filed, attach a statement to the Wisconsin tax return indicating which federal extension provision (for example, federal automatic six-month provision) the taxpayer is applying for.

Reciprocity agreements. Illinois, Indiana, Kentucky, and Michigan residents are not required to file a Wisconsin return if the only Wisconsin income is from personal services.

WYOMING

Website: <http://revenue.wyo.gov>

Tax assistance: 307-777-5200

Filing requirements. Wyoming does not have a personal income tax.



Quick Facts, Worksheets, Where to File

All worksheets included in Tab 3 may be copied and used in your tax practice.



Tab 3 Topics

Quick Facts Data Sheet.....	Page 3-1	Donations Substantiation Guide	Page 3-8
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Capital Loss Carryover Worksheet (2023).....	Page 3-5	Net Operating Loss Worksheets	Page 3-9
Form 8949 (Sales and Other Dispositions of Capital Assets)—Gain/Loss Adjustment Codes	Page 3-5	Social Security Benefits Worksheet (2023).....	Page 3-13
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Donated Goods Valuation Guide	Page 3-7	Where to File 2023 Form 1040	Page 3-16
		Where to File Form 1040-ES for 2024	Page 3-16
		Where to File Form 4868 for 2023 Return	Page 3-16

Quick Facts Data Sheet					
	2024	2023	2022	2021	2020
General Deductions and Credits					
Standard deduction:					
MFJ or QSS	\$ 29,200**	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800
Single	14,600**	13,850	12,950	12,550	12,400
HOH	21,900**	20,800	19,400	18,800	18,650
MFS	14,600**	13,850	12,950	12,550	12,400
Additional for age 65 or older or blind each (MFJ, QSS, MFS)	1,550**	1,500	1,400	1,350	1,300
Additional for age 65 or older or blind each (Single, HOH)	1,950**	1,850	1,750	1,700	1,650
Earned income credit:					
Earned income and AGI must be less than (MFJ):²					
No qualifying children	\$ 25,511**	\$ 24,210	\$ 22,610	\$ 27,380	\$ 21,710
One qualifying child	56,004**	53,120	49,622	48,108	47,646
Two qualifying children	62,688**	59,478	55,529	53,865	53,330
Three or more qualifying children	66,819**	63,398	59,187	57,414	56,844
Maximum amount of credit (all filers except MFS):					
No qualifying children	\$ 632**	\$ 600	\$ 560	\$ 1,502	\$ 538
One qualifying child	4,213**	3,995	3,733	3,618	3,584
Two qualifying children	6,960**	6,604	6,164	5,980	5,920
Three or more qualifying children	7,830**	7,430	6,935	6,728	6,660
Investment income limit	11,600**	11,000	10,300	10,000	3,650
Child tax credit/credit for other dependents:					
Credit per child	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000 ³	\$ 2,000
Refundable portion limit	1,700**	1,600	1,500	2,000 ³	1,400
Refundable child tax credit—earned income floor	2,500	2,500	2,500	0 ³	2,500
Credit per other dependent	500	500	500	500	500
Adoption credit/exclusion:					
Maximum credit/exclusion (and amount allowed for adoption of special needs child)	\$ 16,810**	\$ 15,950	\$ 14,890	\$ 14,440	\$ 14,300
Credit/exclusion phase-out begins at AGI of:					
All taxpayers except MFS	\$ 252,150**	\$ 239,230	\$ 223,410	\$ 216,660	\$ 214,520
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Kiddie tax unearned income threshold	\$ 2,600**	\$ 2,500	\$ 2,300	\$ 2,200	\$ 2,200
Foreign earned income exclusion	\$ 126,500**	\$ 120,000	\$ 112,000	\$ 108,700	\$ 107,600
FICA/SE Taxes					
Maximum earnings subject to tax:					
Social security tax	\$ 168,600	\$ 160,200	\$ 147,000	\$ 142,800	\$ 137,700
Medicare tax	No Limit	No Limit	No Limit	No Limit	No Limit
Maximum tax paid by:					
Employee—social security	\$ 10,453.20	\$ 9,932.40	\$ 9,114.00	\$ 8,853.60	\$ 8,537.40
Self-employed—social security	20,906.40	19,864.80	18,228.00	17,707.20	17,074.80
Employee or self-employed—Medicare	No Limit	No Limit	No Limit	No Limit	No Limit
Additional Medicare tax begins at earnings of:					
MFJ	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Single, HOH, or QSS	200,000	200,000	200,000	200,000	200,000
MFS	125,000	125,000	125,000	125,000	125,000

Table continued on the next page

Quick Facts Data Sheet (Continued)

	2024	2023	2022	2021	2020
Business Deductions					
Section 179 deduction:					
Overall limit	\$ 1,220,000**	\$ 1,160,000	\$ 1,080,000	\$ 1,050,000	\$ 1,040,000
SUV limit (per vehicle)	30,500**	28,900	27,000	26,200	25,900
Qualifying property phase-out threshold	3,050,000**	2,890,000	2,700,000	2,620,000	2,590,000
Depreciation limit—autos, trucks, and vans (1st year)	4, 11	12,200 ⁴	11,200 ⁴	10,200 ⁴	10,100 ⁴
Standard mileage allowances:					
Business	67¢**	65.5¢	58.5¢/62.5¢ ¹⁰	56¢	57.5¢
Charity work	14¢	14¢	14¢	14¢	14¢
Medical/moving	21¢**	22¢	18¢/22¢ ¹⁰	16¢	17¢
Qualified business income (QBI) deduction taxable income thresholds:					
MFJ	\$ 383,900**	\$ 364,200	\$ 340,100	\$ 329,800	\$ 326,600
Single, HOH, QSS, or MFS	191,950**	182,100	170,050	164,900 ⁵	163,300
Excess business loss disallowance limits:					
MFJ	\$ 610,000**	\$ 578,000	\$ 540,000	\$ 524,000	\$ 518,000
Single, HOH, QSS, or MFS	305,000**	289,000	270,000	262,000	259,000
Health Care Deductions/Exclusions/Credits					
Health savings accounts (HSAs):					
Self-only coverage:					
Contribution limit	\$ 4,150	\$ 3,850	\$ 3,650	\$ 3,600	\$ 3,550
Plan minimum deductible	1,600	1,500	1,400	1,400	1,400
Plan out-of-pocket limit	8,050	7,500	7,050	7,000	6,900
Family coverage:					
Contribution limit	8,300	7,750	7,300	7,200	7,100
Plan minimum deductible	3,200	3,000	2,800	2,800	2,800
Plan out-of-pocket limit	16,100	15,000	14,100	14,000	13,800
Additional contribution limit—age 55 or older	1,000	1,000	1,000	1,000	1,000
Long-term care insurance—deduction limits:					
Age 40 and under	\$ 470**	\$ 480	\$ 450	\$ 450	\$ 430
Age 41 – 50	880**	890	850	850	810
Age 51 – 60	1,760**	1,790	1,690	1,690	1,630
Age 61 – 70	4,710**	4,770	4,510	4,520	4,350
Age 71 and older	5,880**	5,960	5,640	5,640	5,430
Long-term care—excludible per diem	\$ 410**	\$ 420	\$ 390	\$ 400	\$ 380
Medical savings accounts (MSAs):					
Self-only coverage:					
Plan minimum deductible	\$ 2,800**	\$ 2,650	\$ 2,450	\$ 2,400	\$ 2,350
Plan maximum deductible	4,150**	3,950	3,700	3,600	3,550
Plan out-of-pocket limit	5,550**	5,300	4,950	4,800	4,750
Family coverage:					
Plan minimum deductible	5,550**	5,300	4,950	4,800	4,750
Plan maximum deductible	8,350**	7,900	7,400	7,150	7,100
Plan out-of-pocket limit	10,200**	9,650	9,050	8,750	8,650
Health flexible spending arrangement—contribution limit	\$ 3,200**	\$ 3,050	\$ 2,850	\$ 2,750	\$ 2,750
Advance payment of health insurance premium tax credit—repayment limit:⁶					
Household income < 200% of federal poverty line (FPL)	\$ 750**	\$ 700	\$ 650	\$ 650	\$ 650
Household income ≥ 200% of FPL, but < 300%	1,900**	1,800	1,650	1,600	1,600
Household income ≥ 300% of FPL, but < 400%	3,150**	3,000	2,800	2,700	2,700
Qualified small employer HRA reimbursement limits:					
Employee only	\$ 6,150**	\$ 5,850	\$ 5,450	\$ 5,300	\$ 5,250
Employee and family	12,450**	11,800	11,050	10,700	10,600
Small employer health insurance credit—average wage limit	\$ 32,400**	\$ 30,700	\$ 28,700	\$ 27,800	\$ 27,600
Education Tax Incentives					
Education savings accounts (ESAs) phase-out begins at AGI of:					
MFJ	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000
Single, HOH, QSS, or MFS	95,000	95,000	95,000	95,000	95,000
American opportunity credit—maximum credit (per student)	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Lifetime learning credit (LLC)—maximum credit (per return)	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Education credit phase-out begins at AGI of:					
MFJ:					
American opportunity	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
LLC	116,000	160,000	160,000	160,000	118,000
Single, HOH, or QSS:					
American opportunity	80,000	80,000	80,000	80,000	80,000
LLC	58,000	80,000	80,000	80,000	59,000
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Student loan interest deduction limit	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Student loan interest deduction phase-out begins at AGI of:					
MFJ	\$ 165,000**	\$ 155,000	\$ 145,000	\$ 140,000	\$ 140,000
Single, HOH, or QSS	80,000**	75,000	70,000	70,000	70,000
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed

Quick Facts Data Sheet (Continued)

	2024	2023	2022	2021	2020
Savings bonds income exclusion phase-out begins at AGI of:					
MFJ or QSS	\$ 145,200**	\$ 137,800	\$ 128,650	\$ 124,800	\$ 123,550
Single or HOH	96,800**	91,850	85,800	83,200	82,350
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Tuition deduction phase-out begins at AGI of:					
MFJ	N/A ⁷	N/A ⁷	N/A ⁷	N/A ⁷	\$ 130,000
Single, HOH, or QSS	N/A ⁷	N/A ⁷	N/A ⁷	N/A ⁷	65,000
MFS	N/A ⁷	N/A ⁷	N/A ⁷	N/A ⁷	Not Allowed
Additional Taxes					
AMT exemption:					
MFJ or QSS	\$ 133,300**	\$ 126,500	\$ 118,100	\$ 114,600	\$ 113,400
Single or HOH	85,700**	81,300	75,900	73,600	72,900
MFS	66,650**	63,250	59,050	57,300	56,700
Child subject to kiddie tax—earned income plus	N/A ⁸	N/A ⁸	N/A ⁸	N/A ⁸	N/A ⁸
Net investment income tax begins at AGI of:					
MFJ or QSS	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Single or HOH	200,000	200,000	200,000	200,000	200,000
MFS	125,000	125,000	125,000	125,000	125,000
Retirement Plans					
IRA contribution limits:					
Under age 50 at year end	\$ 7,000	\$ 6,500	\$ 6,000	\$ 6,000	\$ 6,000
Age 50 or older at year end	8,000	7,500	7,000	7,000	7,000
Traditional IRA deduction phase-out begins at AGI of (taxpayer or spouse covered by employer retirement plan):					
MFJ and QSS (covered spouse)	\$ 123,000	\$ 116,000	\$ 109,000	\$ 105,000	\$ 104,000
MFJ (non-covered spouse)	230,000	218,000	204,000	198,000	196,000
Single and HOH	77,000	73,000	68,000	66,000	65,000
MFS	0	0	0	0	0
Roth IRA contribution phase-out begins at AGI of:					
MFJ or QSS	\$ 230,000	\$ 218,000	\$ 204,000	\$ 198,000	\$ 196,000
Single or HOH	146,000	138,000	129,000	125,000	124,000
MFS	0	0	0	0	0
SIMPLE IRA plan elective deferral limits:					
Under age 50 at year end	\$ 16,000	\$ 15,500	\$ 14,000	\$ 13,500	\$ 13,500
Age 50 or older at year end	19,500	19,000	17,000	16,500	16,500
401(k), 403(b), 457, and SARSEP elective deferral limits:					
Under age 50 at year end	\$ 23,000	\$ 22,500	\$ 20,500	\$ 19,500	\$ 19,500
Age 50 or older at year end	30,500	30,000	27,000	26,000	26,000
Profit-sharing plan/SEP contribution limits					
	\$ 69,000	\$ 66,000	\$ 61,000	\$ 58,000	\$ 57,000
Compensation limit (for employer contributions to profit sharing plans)					
	\$ 345,000	\$ 330,000	\$ 305,000	\$ 290,000	\$ 285,000
Defined benefit plans—annual benefit limit					
	\$ 275,000	\$ 265,000	\$ 245,000	\$ 230,000	\$ 230,000
Retirement saver's credit phased-out when AGI exceeds:					
MFJ	\$ 76,500	\$ 73,000	\$ 68,000	\$ 66,000	\$ 65,000
HOH	57,375	54,750	51,000	49,500	48,750
Single, MFS, or QSS	38,250	36,500	34,000	33,000	32,500
Key employee compensation threshold					
	\$ 220,000	\$ 215,000	\$ 200,000	\$ 185,000	\$ 185,000
Highly compensated threshold					
	\$ 155,000	\$ 150,000	\$ 135,000	\$ 130,000	\$ 130,000
Social Security					
Maximum earnings and still receive full social security benefits:					
Under full retirement age (FRA) at year-end, benefits reduced by \$1 for each \$2 earned over	\$ 22,320	\$ 21,240	\$ 19,560	\$ 18,960	\$ 18,240
Year FRA reached, benefits reduced \$1 for each \$3 earned over (months up to FRA only)	59,520	56,520	51,960	50,520	48,600
Month FRA reached and later	No Limit	No Limit	No Limit	No Limit	No Limit
Estate and Gift Taxes					
Estate and gift tax exclusion	\$ 13,610,000**	\$ 12,920,000 ⁹	\$ 12,060,000 ⁹	\$ 11,700,000 ⁹	\$ 11,580,000 ⁹
GST tax exemption	\$ 13,610,000**	\$ 12,920,000	\$ 12,060,000	\$ 11,700,000	\$ 11,580,000
Gift tax annual exclusion	\$ 18,000**	\$ 17,000	\$ 16,000	\$ 15,000	\$ 15,000

¹ The exemption deduction amount is zero; however, for other Code provisions that refer to the Section 151 exemption amount (for example, the definition of qualifying relative when determining dependents under IRC Sec. 152), the amount is \$5,050** for 2024, \$4,700 for 2023, \$4,400 for 2022, \$4,300 for 2021, and \$4,300 for 2020.

² Phaseout amount for all other filers (except MFS) is amount shown reduced by: \$6,920** for 2024, \$6,560 (\$6,570 if no children) in 2023; \$6,130 in 2022; \$5,950 (\$4,950 if three or more children) in 2021; \$5,890 in 2020.

³ Increased refundable credit amounts of \$1,600 per child under age six and/or \$1,000 per child age six or over are phased out beginning at \$150,000 for MFJ/QSS, \$112,500 for HOH, and \$75,000 for Single. Refundability is determined without regard to earned income.

⁴ Add \$8,000 if special depreciation claimed.

⁵ \$164,925 for MFS (2021), \$160,725 for MFS (2019).

⁶ For single filing status, the amount is half of the amount shown. For tax years beginning in 2020, no additional income tax is imposed on advance credit payments exceeding the taxpayer's PTC.

⁷ Permanently repealed for tax years beginning after December 31, 2020.

⁸ The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) has suspended the provision limiting the exemption amount for children subject to the kiddie tax to the sum of the child's earned income plus \$9,250** for 2024 (\$8,800 for 2023) for tax years 2018–2025 [IRC Sec. 55(d)(4)(A)(iii)].

⁹ Plus the amount of any deceased spousal exclusion and/or any restored exclusion related to lifetime gifts to a same-sex spouse.

¹⁰ The first amount applies to 1/1/22–6/30/22 and the second amount applies to 7/1/22–12/31/22.

¹¹ Amount not available at time of publication.

Social Security Benefits Worksheet (2023)

Caution: Do not use this worksheet if any of the following apply.

- 1) If the taxpayer made a 2023 traditional IRA contribution and was covered (or spouse was covered) by a qualified retirement plan, see *IRA Deduction and Taxable Social Security* on Page 14-7.
- 2) The taxpayer repaid any benefits in 2023 and total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than total benefits for 2023 (box 3 of Forms SSA-1099 and RRB-1099). None of the benefits are taxable for 2023.
- 3) Use the worksheet in IRS Pub. 915 if any of the following apply:
 - Form 2555 (Foreign Earned Income) is being filed;
 - Form 4563 (Exclusion of Income for Bona Fide Residents of American Samoa) is being filed;
 - Form 8815 (Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989) is being filed;
 - The taxpayer is excluding income from sources within Puerto Rico; or
 - The taxpayer is excluding employer-provided adoption benefits.

Computation of Amount for Line 6b of Form 1040

- 1) Enter the total amount from box 5 of all Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 6a..... 1) _____
- 2) Enter one-half of line 1 2) _____
- 3) Enter the total of the amounts from Form 1040, lines 1z, 2b, 3b, 4b, 5b, 7, and 8, and Schedule 1 lines 8r, 8t, and 8u..... 3) _____
- 4) Enter the amount, if any, from Form 1040, line 2a 4) _____
- 5) Add lines 2, 3, and 4..... 5) _____
- 6) Enter the total of the amounts from Schedule 1, lines 11 through 20, and 23 and 25..... 6) _____
- 7) Is the amount on line 6 less than the amount on line 5?

No None of the social security benefits are taxable. Enter -0- on Form 1040, line 6b.

Yes Subtract line 6 from line 5..... 7) _____
- 8) If taxpayer is:
 - MFJ, enter \$32,000.
 - Single, HOH, QSS, or MFS and the taxpayer lived apart from his spouse for all of 2023, enter \$25,000.
 - MFS and taxpayer lived with his spouse at any time in 2023, skip lines 8 through 15; multiply line 7 by 85% (0.85) and enter the result on line 16. Then go to line 17 8) _____
- 9) Is the amount on line 8 less than the amount on line 7?

No None of the social security benefits are taxable. Enter -0- on line 6b of Form 1040. If the taxpayer is married filing separately and lived apart from his spouse for all of 2023, also enter "D" to the right of the word "benefits" on line 6a.

Yes Subtract line 8 from line 7..... 9) _____
- 10) Enter \$12,000 if MFJ; \$9,000 if single, HOH, QSS, or MFS and the taxpayer lived apart from his spouse for all of 2023..... 10) _____
- 11) Subtract line 10 from line 9. If zero or less, enter -0-..... 11) _____
- 12) Enter the smaller of line 9 or 10..... 12) _____
- 13) Enter one-half of line 12 13) _____
- 14) Enter the smaller of line 2 or line 13 14) _____
- 15) Multiply line 11 by 85% (0.85). If line 11 is zero, enter -0- 15) _____
- 16) Add lines 14 and 15 16) _____
- 17) Multiply line 1 by 85% (0.85) 17) _____
- 18) Taxable social security benefits. Enter the smaller of line 16 or line 17. Also enter this amount on Form 1040, line 6b..... 18) _____

Note: If a portion of social security benefits is taxable for 2023 and includes benefits received in 2023 that were for an earlier year, the taxable portion shown on this worksheet may be reduced. See *Social security lump-sum election* on Page 4-17 for details.

Where to File 2023 Form 1040

Due Date: April 15, 2024

	Address to: <i>"Department of the Treasury Internal Revenue Service"</i>	Address to: <i>"Internal Revenue Service"</i>
Taxpayer lives in:	Without payment	With payment
AL, FL, GA, LA, MS, NC, SC, TN, TX	Austin, TX 73301-0002	P.O. Box 1214 Charlotte, NC 28201-1214
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, SD, UT, WA, WY	Ogden, UT 84201-0002	P.O. Box 802501 Cincinnati, OH 45280-2501
AZ, NM	Austin, TX 73301-0002	P.O. Box 802501 Cincinnati, OH 45280-2501
CT, DC, DE, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, RI, VT, VA, WV, WI	Kansas City, MO 64999-0002	P.O. Box 931000 Louisville, KY 40293-1000
PA	Kansas City, MO 64999-0002	P.O. Box 802501 Cincinnati, OH 45280-2501
AR, OK	Austin, TX 73301-0045	P.O. Box 931000 Louisville, KY 40293-1000
A foreign country, U.S. possession or territory; or uses an APO or FPO address; or files Form 2555 or 4563; or is a dual-status alien. If taxpayer lives in American Samoa, Puerto Rico, Guam, U.S. Virgin Islands, or the Northern Mariana Islands, see Pub 570.	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA

Where to File Form 1040-ES for 2024

Due Dates: See *Estimated Tax Payments—Due Dates* on Page 16-7.

Address to: "Internal Revenue Service"

Taxpayer lives in:	Send to:
AL, AZ, FL, GA, LA, MS, NM, NC, SC, TN, TX	P.O. Box 1300 Charlotte, NC 28201-1300
AR, CT, DE, DC, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, OK, RI, VT, VA, WV, WI	P.O. Box 931100 Louisville, KY 40293-1100
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, PA, SD, UT, WA, WY	P.O. Box 802502 Cincinnati, OH 45280-2502
A foreign country, American Samoa, or Puerto Rico (or is excluding income under IRC Sec. 933); or uses an APO or FPO address; or files Form 2555 or 4563; or is a dual-status alien or nonpermanent resident of Guam or the U.S. Virgin Islands	P.O. Box 1303 Charlotte, NC 28201-1303, USA
<i>Address to: "Department of Revenue and Taxation, Government of Guam"</i>	
Guam: Bona fide residents*	P.O. Box 23607 GMF, GU 96921
<i>Address to: "Virgin Islands Bureau of Internal Revenue"</i>	
U.S. Virgin Islands: Bona fide residents*	6115 Estate Smith Bay, Suite 225 St. Thomas, VI 00802
*Bona fide residents must prepare separate vouchers for estimated income tax and self-employment tax payments. Send the income tax vouchers to the address for bona fide residents and the self-employment tax vouchers to the address for non-bona fide residents.	

Where to File Form 4868 for 2023 Return

Due Date: April 15, 2024

	Address to: <i>"Department of the Treasury, Internal Revenue Service Center"</i>	Address to: <i>"Internal Revenue Service"</i>
Taxpayer lives in:	Without payment	With payment
AL, FL, GA, LA, MS, NC, SC, TN, TX	Austin, TX 73301-0045	P.O. Box 1302 Charlotte, NC 28201-1302
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, SD, UT, WA, WY	Ogden, UT 84201-0045	P.O. Box 802503 Cincinnati, OH 45280-2503
AZ, NM	Austin, TX 73301-0045	P.O. Box 802503 Cincinnati, OH 45280-2503
CT, DE, DC, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, RI, VT, VA, WV, WI	Kansas City, MO 64999-0045	P.O. Box 931300 Louisville, KY 40293-1300
PA	Kansas City, MO 64999-0045	P.O. Box 802503 Cincinnati, OH 45280-2503
AR, OK	Austin, TX 73301-0045	P.O. Box 931300 Louisville, KY 40293-1300
A foreign country, American Samoa, or Puerto Rico; or is excluding income under IRC Sec. 933; or using an APO or FPO address; or filing Form 2555 or 4563; or is a dual-status alien; or is a nonpermanent resident of Guam or the U.S. Virgin Islands.	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA
All foreign estate and trust Form 1040-NR filers	Kansas City, MO 64999-0045 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA
All other Form 1040-NR, 1040-PR, and 1040-SS filers	Austin, TX 73301-0045 USA	P.O. Box 1302 Charlotte, NC 28201-1302 USA

— End of Tab 3 —

- Wages earned while incarcerated.
- Section 461(l) excess business loss adjustments.
- U.S. shareholders of controlled foreign corporations are required to report their (1) prorata share of the corporation's subpart F income under IRC Sec. 951, and (2) the global intangible low-taxed income (GILTI) in taxable income under IRC Sec. 951A. Include the amount figured on Form 8992, and attach a copy. Attach a copy of Form 5471 if applicable.
- Income and taxable reimbursements not included on any other line or schedule.

Taxable health savings account (HSA) distributions. Distributions not used for qualified medical expenses of the account beneficiary, spouse, or dependents are included in gross income and subject to a 20% penalty. Exceptions to the penalty include distributions after the beneficiary's death, disability, or attainment of age 65. (Qualified medical expenses are generally the same as for itemized medical expenses. See Tab 5. *Exception:* Insurance premiums normally are not treated as a qualified medical expense for HSAs.)

All HSA distributions are reported on Form 8889 [Health Savings Accounts (HSAs)] where the taxable amount and 20% penalty, if any, are computed and carried to line 8f of Form 1040, Schedule 1; and line 17c of Form 1040, Schedule 2, respectively.

Crowdfunding. For years beginning after 2023 (tax year 2023 was a transitional year—see Notice 2023-74), the Form 1099-K filing threshold is met when the total of all payments distributed to a person is more than \$600, regardless of the number of transactions or donations. However, payment processors are not required to file Form 1099-K if the contributors to the crowdfunding campaign do not receive goods or services for their contributions. Therefore, when a payment processor distributes money raised meeting the reporting threshold (\$600), and the contributors received goods or services for their contributions, then a Form 1099-K is required to be filed. Box 1 should reflect the gross amount of the distributions made during the calendar year; however, the issuance of Form 1099-K does not automatically mean the amount reported is taxable to the recipient.



The income tax consequences depend on all the facts and circumstances and the distribution of the money raised may not be taxable income to the recipient. Income is taxable unless specifically excluded, and gifts are generally excluded. If crowdfunding contributions are made as a result of the contributors' detached and disinterested generosity, and without the contributors receiving or expecting to receive anything in return, the amounts may be gifts and therefore may not be includible in the gross income of those for whom the campaign was organized.

Note: Crowdfunding organizers and any person receiving amounts from crowdfunding should keep complete and accurate records of all facts and circumstances surrounding the fundraising and disposition of funds for at least three years.

SCHEDULE 1—PART II: ADJUSTMENTS TO INCOME

Educator Expenses

See *Educator expenses—Form 1040, Schedule 1* on Page 9-7.

Business Expenses for Certain Employees

Form 2106. See *Above-the-Line Deduction for Certain Employees* on Page 9-7.

Health Savings Account Deduction

See IRS Pub. 969.

A health savings account (HSA) is a savings account set up exclusively for paying the qualified medical expenses of the account beneficiary or the beneficiary's spouse or dependents (IRC Sec. 223).

Eligible individuals. To qualify for an HSA, an individual:

- Must be covered under a high deductible health plan (HDHP).
- May not be covered under any non-HDHP health plan.
- Cannot be enrolled in Medicare. See INFO 2016-0003 and 2016-0014 for guidance on computing the maximum HSA contribution for the year the individual reaches age 65 and first enrolls in Medicare.
- Cannot be eligible to be claimed as a dependent on another person's return.

Note: Telehealth and other remote care coverage is disregarded in determining eligibility in the case of months beginning after March 31, 2022, and before January 1, 2025.

Law Change Alert: The Inflation Reduction Act (IRA) of 2022 provided that for years beginning after 2022, an HDHP may provide a \$0 deductible for selected insulin products.

Employees. The employee, the employer, or both may contribute to the HSA.

- Contributions made by the employee are deductible.
- Contributions made by the employer (including contributions made through a cafeteria plan) are excluded from employee's income and are not subject to employment taxes.

Corporation shareholders. More-than-2% shareholders are not eligible for pre-tax HSA contributions by their employer. Employer contributions to a more-than-2% shareholder's HSA are generally treated as compensation and then deducted by the shareholder (Notice 2005-8).

Self-employed or unemployed. The eligible individual may contribute to the HSA or any person (such as a family member) may contribute to an HSA on behalf of an eligible individual.



- Contributions made by the individual (or by any other person) are deductible in computing the individual's AGI.
- A self-employed individual's own HSA contributions are not taken into account in determining SE tax.

2023 HSA Contribution Limits ¹		
Type of Coverage	Under Age 55	Additional Contribution Age 55 or Older at Year-End
Self-Only	\$3,850	\$1,000
Family	7,750 ²	1,000

¹ Contribution limit reduced by:

- Amounts contributed to an MSA.
- Employer contributions to the HSA that were excluded from income.
- Transfers from the individual's IRA to the HSA. See *Health savings account (HSA) funding distribution (HFD)* on Page 4-16.

² Divided between spouses if either spouse has family coverage.

Married couples. If either spouse has family coverage, both spouses are treated as having family coverage. If both spouses have family coverage, each spouse is treated as having family coverage with the lower annual deductible of the two health plans. The contribution limit is split equally between the spouses unless they agree on a different division. A separate Form 8889 is completed for each spouse.

Lines I and J. Schedule C includes questions asking if the sole proprietor made any payments during the year that would require the filing of Forms 1099 and if so, whether the Forms 1099 were filed. For example, payments totaling \$600 or more are made to a service provider (which is not a corporation) during the year.

Note: For nonemployee compensation payments made, Form 1099-NEC (Nonemployee Compensation) is used instead of Form 1099-MISC for payments made to a payee of at least \$600.

Part I—Income

Report income consistently from year to year under the accounting method chosen on line F.

Line 1: Gross receipts or sales. Enter gross receipts or sales from the business, including any taxable amounts reported on Forms 1099-K, 1099-MISC, or 1099-NEC. If the total income reported in box 1 of Form 1099-NEC received in connection with the taxpayer's trade or business is more than the amount the taxpayer reports on Schedule C, line 1, attach a statement explaining the difference. Taxpayers are not required to reconcile their gross receipts to amounts reported on Form 1099-K.

Form 1099-K filing threshold. Beginning with payment transactions settled after December 31, **2023 (tax year 2023 was a transitional year—see Notice 2023-74)**, the reporting threshold for third party settlement organizations (such as Venmo, Paypal, Etsy, and Ebay) is reduced from \$20,000 in aggregate payments and 200 transactions to solely a threshold of \$600 in aggregate payments (with no minimum transaction requirement). Only transactions for goods or services are required to be included on Form 1099-K. If applicable, taxpayers will need to separate business transactions from personal transactions reported on Form 1099-K to determine their reportable taxable income. Organized documentation and recordkeeping will be crucial to prove that transactions are not of a business nature. See IRS Fact Sheet 2023-06 and News Release IR 2023-53 for FAQs that include examples.

Strategy: If the information on Form 1099-MISC or 1099-NEC is incorrect, request a corrected copy from the payer. If the payer will not issue a corrected form, attach an explanation to the tax return. Also, although the IRS is not matching amounts reported to sole proprietors on Form 1099-K to the Schedule C, taxpayers whose amounts reported on Form 1099-K make up a higher than expected portion of gross receipts may be asked to provide additional information to the IRS.

If the business engaged in any bartering transactions, include the FMV of goods or services received. Do not include interest earned from a business bank account. Report interest income on Schedule B.

Statutory employees. See *Statutory Employees* on Page 6-13. Be sure to check the box next to line 1 of Schedule C.

Line 2: Returns and allowances. Enter amounts for returned sales, rebates, or allowances from the sales price.

Line 4: Cost of goods sold. See instructions for *Lines 33–42* under *Part III—Cost of Goods Sold* on Page 6-5.

Line 6: Other income. List business-related items including:

- Finance reserve income.
- Scrap sales.
- Bad debts recovered.
- Interest received (such as on notes and accounts receivable).
- State gasoline or fuel tax refunds received in the current tax year.
- Income from trade or business shown on Form 1099-PATR.
- Recapture of excess depreciation (including any Section 179 deduction) from Form 4797 (Sales of Business Property) when business use of listed or leased listed (other than a vehicle) property drops to 50% or less.

- Prizes and awards received related to the trade or business.
- Credit for federal tax paid on gasoline or other fuels claimed on the prior year Form 1040.
- Any amount of credit for biofuel claimed on line 3 of Form 6478.
- Any amount of credit for biodiesel, renewable diesel, and sustainable aviation fuel claimed on line 10 of Form 8864.
- The amount of any payroll tax credit taken by an employer for qualified paid sick leave and qualified paid family leave.
- Any amount of credit for COBRA premium assistance.
- Other kinds of miscellaneous business income.

Part II—Expenses

Deductible business expenses must be ordinary and necessary in carrying on a trade or business (IRC Sec. 162). Certain expenses attributable to the production or acquisition of property for resale cannot be deducted currently. They must be included in inventory costs or capitalized. See instructions for *Lines 33–42* under *Part III—Cost of Goods Sold* on Page 6-5.

Observation: Business expenses paid with a third-party credit card should be deductible when charged, not when the credit card bill is paid, based on IRS rulings that addressed charitable contributions and medical expenses paid by credit card (Rev Ruls. 78-38 and 78-39).

Expenses paid after close of business. If expenses incurred in prior years are paid in the current year by a cash method taxpayer, they are deductible on Schedule C even if the business has been discontinued (Rev. Rul. 67-12).

Line 8: Advertising. The expenses must bear a reasonable relationship to the business activity. Advertising to influence legislation is not deductible.

Line 9: Car and truck expenses. Expenses are deducted under one of the following methods:

- 1) **Actual cost.** Deduct the business-use percentage times the actual cost of operating the vehicle (gas, oil, repairs, insurance, tires, license, etc.). Show depreciation on line 13 and rent/lease payments on line 20a.
- 2) **Standard mileage.** For 2023, the business standard mileage rate is 65.5¢ per mile. The standard rate includes all vehicle operating and ownership costs—except the business percentage of auto loan interest, auto personal property taxes, and business parking and tolls (these amounts can be deducted in addition to the standard mileage rate).

Information on vehicle. If any car or truck expenses are deducted, Part IV of Schedule C or Part V of Form 4562 must be completed. Use Form 4562 to answer the mileage questions only if that form is required for other reasons (such as claiming a depreciation, amortization, or Section 179 deduction). Otherwise, use Schedule C. See Tab 11 for claiming deductions for the business use of vehicles.

Line 10: Commissions and fees. Deduct commissions and fees other than amounts deducted elsewhere on the return.

Line 11: Contract labor. Deduct expenses paid for services performed by nonemployees. Do not include contract labor deducted elsewhere, such as on lines 17, 21, 26, or 37. If \$600 or more is paid to an individual for services performed during the year, the payer must file Forms 1099-NEC and 1096 with the IRS. A copy of Form 1099-NEC must be given to the worker (IRC Sec. 6041). See *Independent Contractors* on Page 6-11 for more information.

Line 12: Depletion. A depletion deduction is allowed when a taxpayer has an economic interest in mineral property; an oil, gas, or geothermal well; or standing timber.

For oil and gas properties, taxpayers can deduct the greater of cost or, if they qualify, percentage depletion for each property (well or

Tax Treatment of Employee Stock Options

	Incentive Stock Options (ISOs)		Employee Stock Purchase Plans (ESPPs)		Nonqualified Stock Options (NQSOs)	
	Regular Tax	AMT Adjustment	Regular Tax	AMT Adjustment ¹	Regular Tax	AMT Adjustment
At Grant Date²	Not taxed.	None.	Not taxed.	None.	Not taxed unless the option has a readily ascertainable FMV.	Same as for regular tax.
At Exercise Date³	Not taxed.	Positive = FMV of option – exercise price. ⁴ Stock basis for AMT equals FMV at date of exercise (cost plus positive AMT adjustment).	Not taxed.	None.	<i>Vested stock received.</i> Compensation (ordinary) income = excess of the FMV – option price. <i>Restricted stock received.</i> Income recognition is deferred until the stock substantially vests. If the employee made a Section 83(b) election, then treated same as vested stock was received (above).	Same as for regular tax.
When Stock Vests	N/A	N/A	N/A	N/A	<i>No Section 83(b) election.</i> Compensation (ordinary) income = excess of the stock's FMV (at vesting date) – option price. <i>Section 83(b) election.</i> No tax consequences when the stock vests.	Same as for regular tax.
At the Date Sold—holding period is not met (see Disqualifying dispositions on Page 7-12)	If FMV (at exercise date) – exercise (option) price = positive, then compensation (ordinary) and any excess gain is capital gain. If negative, the loss is a capital loss.	Negative = stock basis for AMT – stock basis for regular tax. ⁵	FMV (at exercise date) – exercise (option) price = compensation (ordinary income).	None.	N/A	N/A
At the Date Sold—holding period is met	Sale of stock is capital gain or loss. Stock basis equals exercise (option) price.	Negative = stock basis for AMT – stock basis for regular tax. ⁵	For stock granted at a price < FMV, ordinary income is recognized up to the amount by which the stock's FMV on the grant date exceeded the option price (or, if less, the excess of FMV on sale date over amount paid). If stock is sold at a loss, no ordinary income is recognized.	None.	Gain on sale is capital gain.	Same as for regular tax.

¹ AMT does not apply to ESPPs.

² Unlike an ESPP, the option price of an ISO may not be less than the FMV on the grant date [IRC Sec. 422(b)(4)].

³ A stock option eligible for a Section 83(i) election can be an ISO, ESPP, or NQSO. If the election is made, the option is treated as a disqualifying distribution and the rules that would normally apply for ISOs or ESPP options do not apply when exercised. NQSO treatment applies for FICA purposes as well as for income tax purposes.

⁴ No adjustment required if stock is exercised and sold in the same year.

⁵ The amount of the negative adjustment will normally be the amount of the positive AMT adjustment at date of exercise. However, the adjustment may be less if the taxpayer incurs a net capital loss for AMT purposes that is limited to \$3,000 (\$1,500 if MFS).

Taxpayer reporting virtual currency transactions. Capital gains and losses from virtual currency transactions are reported on Form 8949 (Sales and Other Dispositions of Capital Assets). Ordinary income from virtual currency transactions is reported on Form 1040 series form or Schedule 1 (Additional Income and Adjustments to Income), as applicable. The IRS reminds taxpayers to maintain records documenting receipts, sales, exchanges, or other dispositions of virtual currency and the FMV of the currency. Tax professionals must ask their clients about any virtual currency holdings and check the appropriate box on page 1 of Form 1040.

Law Change Alert: For returns required to be filed and statements required to be furnished after December 31, 2023, the definition of *cash* under IRC Sec. 6050I has been expanded by the Infrastructure Investment and Jobs Act to include digital assets. Consequently, digital assets will be included in the transactions reportable by a business on Form 8300 (Report of Cash Payments Over \$10,000 Received in a Trade or Business) for filings after **final regulations are issued (Ann. 2024-4)**. The IRS has plans to issue Form 8300-DA [Report of Digital Asset(s) and Cash Payments Over \$10,000 Received in a Trade or Business]. Tax professionals should be on alert for this form.

Practice Tip: Page 1 of Form 1040 includes a question asking the taxpayer whether they received (as a reward, award,

or payment for property or services); or sold, exchanged, or otherwise disposed of a digital asset (or a financial interest in a digital asset). If the taxpayer's only virtual currency transaction during the tax year was the purchase of virtual currency with real currency (including through the use of electronic platforms like PayPal and Venmo), this question may be answered "No" according to the Form 1040 instructions.

Foreign account reporting. Generally, a U.S. person who has a financial interest in, or signature or other authority over, any foreign financial accounts, including bank, securities, or other types of financial accounts located in a foreign country, must file a Report of Foreign Bank and Financial Accounts (FBAR) with the FinCEN if the aggregate value of those foreign financial accounts exceeds \$10,000 at any time during the calendar year {see *FinCEN Form 114 [Report of Foreign Bank and Financial Accounts (FBAR)]* on Page 5-23}.

A foreign account holding virtual currency is not reportable on the FBAR (unless it's a reportable account because it holds reportable assets besides virtual currency). These funds aren't reportable at this time, per FBAR regulations issued by FinCEN February 24, 2011, but FinCEN Notice 2020-2 indicates FinCEN's intention to propose amending the regulations to include virtual currency as a type of reportable account.

Tax Credits Summary (2023) (Continued)

Tax Credit	IRC Sec.	For	Credit Amount	IRS Pub	Tax Form	Refundability, Carryover	Allowed Against AMT?	QF Page
Education—American Opportunity	25A	Up to four years of qualified higher education expenses. Credit is per student. Modified AGI phase-out: \$80,000–\$90,000 (\$160,000–\$180,000 for MFJ).	Up to \$2,500 (100% of first \$2,000; 25% of next \$2,000).	970	8863	May be partially refundable (40%)	Yes	12-10
Education—Lifetime Learning	25A	Postsecondary education and courses to acquire or improve job skills. Credit is per return. Modified AGI phase-out: \$80,000–\$90,000 (\$160,000–\$180,000 for MFJ).	Up to \$2,000 (20% of first \$10,000).	970	8863	Nonrefundable	Yes	12-10
Elderly or Disabled	22	Low-income taxpayers age 65 or older or permanently and totally disabled. Nontaxable social security (or equivalent) must be less than \$7,500 MFJ if both spouses qualify; \$5,000 MFJ if only one spouse qualifies; \$3,750 MFS if lived apart the entire year; \$5,000 Single, HOH, or QSS.	Based on filing status, age, and income. For MFJ also based on spouse's age and income.	524	Sch. R	Nonrefundable	Yes	4-28
Energy Efficient Home Improvement	25C	Homeowners who install certain energy saving improvements such as insulation, doors, windows, and heat pumps, or have a home energy audit performed.	30% of qualified expenses, up to \$3,200 per year depending on type.	—	5695	Nonrefundable	Yes	12-13
Federal Tax Paid on Fuels	34	Fuels used on a farm for farming purposes, for off-highway business use, and other qualified uses.	Varies by type of fuel and use.	510	4136	Refundable	Yes	—
Foreign Tax	27 and 901(a)	Income taxes paid to a foreign country or U.S. possession on income that is also subject to U.S. federal income tax.	Amount of foreign tax up to U.S. tax multiplied by ratio of foreign/total taxable income.	514	1116	Nonrefundable; back 1 yr; fwd 10 years	Yes	12-11
Minimum Tax	53	Credit allowed against regular tax for part of the AMT paid and attributable to deferral items.	AMT attributable to deferral items.	—	8801	Nonrefundable; fwd indefinitely	N/A	12-15
Mortgage Interest	25	Part of interest expense paid by homebuyers issued a government mortgage credit certificate.	Based on interest paid and credit rate under certificate.	530	8396	Nonrefundable; fwd 3 years	Yes	—
Other Dependents	24	Credit allowed for qualifying dependents other than qualifying children.	\$500 per qualifying dependent.	—	Sch. 8812	Nonrefundable	Yes	12-6
Premium Assistance	36B	Certain taxpayers who enroll, or whose family member enrolls, in a qualified health plan offered in the Marketplace (health insurance exchange).	Up to the amount of the enrollment premiums.	974	8962	Refundable	Yes	12-11
Previously-owned Clean Vehicle Credit	25E	Taxpayers who purchase certain used vehicles. The vehicle's original use must have started with a person other than the taxpayer and the vehicle must also generally meet the requirements for the clean vehicle credit for new vehicles. Subject to phase-out based on MAGI.	Lesser of \$4,000 or 30% of the sales price.	5724	8936	Nonrefundable	Yes	11-7
Residential Clean Energy	25D	These types of qualified property installed on taxpayer's residences: solar electric, solar water heating, small wind energy, geothermal heat pump, fuel cell, and battery storage technology.	30% of cost.	—	5695	Nonrefundable; fwd indefinitely	Yes	12-13
Retirement Saver's	25B	For individuals who make retirement plan contributions or eligible contributions to an ABL account. Credit in addition to tax deduction. AGI ≤ \$73,000 MFJ; \$54,750 HOH; \$36,500 Single, MFS, QSS.	10% to 50% of contributions. Maximum: \$2,000 MFJ, \$1,000 other.	590-A	8880	Nonrefundable	Yes	12-13

PREPARER DUE DILIGENCE FOR REFUNDABLE CREDITS

Form 8867, IRS Pub. 4687

Tax preparers are subject to special due diligence requirements when claiming the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), Credit for Other Dependents (ODC), or American Opportunity Tax Credit (AOTC) for a taxpayer. These requirements also apply in determining a taxpayer's eligibility to file as a head of household (HOH). These requirements focus on accurately determining the taxpayer's eligibility for and the amount of each credit, and/or HOH filing status. A \$600 penalty (per failure) is imposed on any preparer who fails to meet due diligence requirements with respect to these credits [IRC Sec. 6695(g)].



To protect themselves from the penalty, preparers must (Reg. 1.6695-2):

- 1) Complete and attach Form 8867 (Paid Preparer's Due Diligence Checklist) (or similar form that provides the same information) to the taxpayer's return.
- 2) Complete the credit Worksheets in the Form 1040 instructions (or similar worksheet that provides the same information).
- 3) Keep a record of how, when, and from whom the information used to prepare the Form 8867 and worksheet was obtained.
- 4) Keep copies of any documents that the client provides (including social security cards and birth certificates) that are used to determine eligibility for or amount of the credit and/or HOH filing status.
- 5) Make reasonable inquiries if the information furnished to, or known by, the preparer appears to be incorrect, inconsistent, or incomplete. Keep a record of any additional information relied upon to determine the taxpayer's eligibility.



COVID-19

On March 13, 2020, former President Trump declared the COVID-19 pandemic a national emergency. One week later, the Secretary of Education suspended loan repayments and interest accrual for all federally-held student loans. In August 2022, President Biden announced that the COVID-19 pandemic was over, but not before he announced his plan to reduce or eliminate federal student debts directly. The terms of President Biden's plan would have cancelled up to \$20,000 in student debt for federal borrowers who were Pell Grant recipients and up to \$10,000 in student debt for other federal borrowers making under \$125,000 per year. In its June 30, 2023 rulings, the Supreme Court ruled that the HEROES Act is not the appropriate law to carry out this relief.

Biden vs. Nebraska

In this case, six states sued, arguing that the HEROES Act doesn't authorize President Biden's loan cancellation plan. The Court said that the HEROES Act allows the Secretary of Education to "waive or modify" existing statutory or regulatory provisions applicable to financial assistance programs under the Education Act but doesn't allow him to rewrite that statute to the extent of canceling \$430 billion of student loan principal. It continued by saying that the Secretary of Education's power doesn't permit "basic and fundamental changes in the scheme" designed by Congress. While Congress specified in the Education Act a few situations that qualify a borrower for loan forgiveness, the Secretary extended the forgiveness to nearly every borrower in the country. The Court determined that this was highly unlikely to be authorized by Congress through such a subtle modification.

President's Response

On the day of Supreme Court ruling, the White House issued a fact sheet announcing new actions to provide debt relief and support for student loan borrowers. The Secretary of Education initiated a rule making process aimed at opening an alternative path to debt relief using authority under the Higher Education Act. The Department of Education has also finalized an affordable repayment plan. The Department is instituting a 12-month "on-ramp" to repayment beginning October 1, 2023 through September 30, 2024. During this time, financially vulnerable borrowers who miss monthly payments are not considered delinquent, reported to credit bureaus, placed in default, or referred to debt collection agencies. The Fact Sheet with more information can be found at www.whitehouse.gov/briefing-room/statements-releases/2023/06/30/fact-sheet-president-biden-announces-new-actions-to-provide-debt-relief-and-support-for-student-loan-borrowers/.

BENEFICIAL OWNERSHIP REPORTING

The Corporate Transparency Act of 2020 (CTA), enacted January 1, 2021, created new reporting requirements relating to the beneficial owners of certain companies doing business in the U.S. The Financial Crimes Enforcement Network (FinCEN) issued final regulations on September 29, 2022 that will become effective on January 1, 2024. The new rules are intended to protect the U.S. financial systems from criminal use by providing information to national security, intelligence, and law enforcement agencies to help prevent the use of so-called shell companies to launder money or hide assets.

According to the preamble to the regulations, shell companies are typically non-publicly traded corporations, LLCs, or other types of entities with no physical presence and little to no economic value. They can be used to carry out financial transactions while concealing their owners' involvement. Some shell companies are used to engage in criminal activity, such as money laundering, human

and drug trafficking, tax or financial fraud, terrorism financing, or other illegal activity.

Currently, the data available to law enforcement about who owns and operates businesses is generally limited to what is collected when the entity is created. Most states do not require detailed information about ownership or control when a company is formed. The new reporting requirements aim to increase transparency and create a centralized database with beneficial ownership information, hindering the ability for criminals to use shell companies for illegal activity.

Filing Requirements

Both domestic and foreign reporting companies are subject to the new beneficial ownership reporting requirements. A domestic reporting company is a corporation, LLC, or any other entity created by filing a document with the secretary of state (SOS) or similar office. Because sole proprietorships, trusts, and general partnerships do not require the filing of a formal document, they generally are not considered a reporting company and will not have a filing requirement.

👁 **Observation:** Although not explicitly included in the domestic reporting company definition, it appears that most limited partnerships, LLPs, and LLLPs will be subject to the new reporting rules because they fall into the category of "any other entity created by filing a document with the SOS."

A foreign reporting company is a corporation, LLC, or similar entity that registers to do business in the U.S. by filing a document with the SOS or similar office. Just like domestic companies, the key to whether a foreign company must report beneficial ownership is whether a document is filed to register the entity. If registration of the foreign entity is not required under state law, the entity is not a reporting company and is not required to report beneficial ownership information to FinCEN.

Companies that meet one of 23 statutory exemptions are excluded from the definition of a reporting company and are not subject to the new reporting rules. Most of these exemptions are for entities such as financial institutions, insurance companies, securities brokers, and other types of entities that are already required to report ownership information to a governmental authority. A list of exemptions can be found at *Appendix: Reporting Company Exemptions on Page 17-4*.

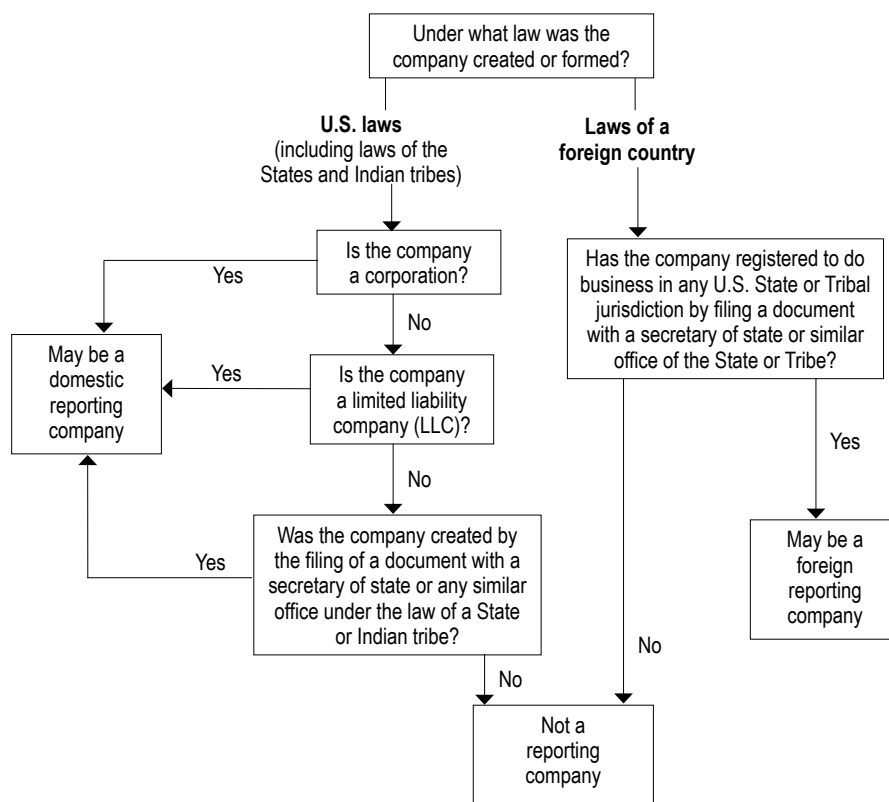
There is one significant exemption that is an outlier from this general rule—a large operating company. A large operating company is any entity with (a) more than 20 full-time U.S. employees, (b) an operating presence at a physical office in the U.S., and (c) more than \$5,000,000 of U.S. sourced gross receipts (net of returns and allowances) reported on its prior year federal income tax or information return. Presumably, meeting these criteria makes a company less likely to be a shell company, so large operating companies are exempt from the reporting requirements.

Important Filing Dates

Initial Report. For existing reporting companies created or registered before 2024, the initial report is due January 1, 2025. So, tax professionals still have plenty of time to identify which clients must file and collect the information needed. For reporting companies created or registered after 2023, the initial report is due 30 days after the entity's creation or registration. This short turnaround means that for newly created or registered entities, the initial report should probably be filed as part of the entity formation engagement. So, professionals should request the necessary information at the time of entity formation or registration.

📌 **Note:** FinCEN **extended for 2024 only** the initial filing deadline for beneficial ownership reports from 30 to 90 days for entities

Beneficial Ownership Reporting Requirements



created or registered in 2024. This gives those entities additional time to understand the new reporting obligation and collect the necessary information to complete the filing.

Updated Report. An updated report must be filed when there is a change to previously reported information about the reporting company or its beneficial owners. The updated report is due within 30 days of the change. It is imperative that clients are aware of this requirement, so they timely inform their advisors of any changes that need to be reported. If a reporting company files an information report and later qualifies for one of the 23 filing exemptions, an updated report should be filed to report the change in exemption status.

Corrected Report. Corrected reports are required when any information previously reported is discovered to be inaccurate. The corrected report is due within 30 days after the reporting company becomes aware or has reason to know of the error.



FinCEN is in the process of creating a secure electronic filing system that will be accessed via their website and will begin accepting reports on January 1, 2024.

Reported Information

Beneficial ownership information (BOI) must be reported for the reporting company's beneficial owners and certain company applicants. BOI includes an individual's full legal name, date of birth, street address, and a unique ID number. The unique ID number can be from a non-expired U.S. passport, state driver's license, or other photo-identification card issued by a state or local government. If the individual does not have any of those documents, then a non-expired foreign passport can be used. An image of the document showing the unique ID number must also be included with the report.

Similar information about the reporting company must also be reported, including the company's legal name, DBA, street address, jurisdiction where it was formed or registered, and tax ID.

Individuals and reporting companies can request a FinCEN identifier (FinCEN ID) to use in place of supplying detailed information on the report. A FinCEN ID is a unique number assigned by FinCEN by submitting the same information as is required of a beneficial owner or reporting company. A FinCEN ID may be useful to individuals who would prefer to send their personal information directly to FinCEN rather than through the reporting company. Or it may be useful to individuals who are required to supply information as a beneficial owner or company applicant of several reporting companies. Individuals and companies with a FinCEN ID must update their information within 30 days of any changes and must correct inaccurate information within 30 days of identifying inaccuracies.

Beneficial Owners

Two groups of individuals are considered beneficial owners of a reporting company: (1) any individual who directly or indirectly exercises substantial control over the reporting company; or (2) any individual who directly or indirectly owns or controls at least 25% of the reporting company's ownership interests.

Substantial Control. Individuals have substantial control if they have substantial influence over important decisions made by the reporting company. These individuals do not need to have actual ownership in the company to be a beneficial owner for reporting purposes. Important decisions associated with substantial control include decisions related to—

- The business's nature, scope, and attributes, including the sale, lease, mortgage, or other transfer of principal assets.
- Reorganizing, dissolving, or merging the reporting company.

Continued on the next page