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## Tax Season 2024 (for tax year 2023)

To our Tax Clients:

We hope you had a wonderful holiday season and now it is that time of year to start thinking about tax returns.

### Tax return due dates:

**March 15<sup>th</sup>** for S-Corporation & Partnership tax returns

**April 15<sup>th</sup>** for Individual tax returns

### Tax season hours:

9:00 am to 7:00 pm Monday to Thursday

9:00 am to 6:00 pm Friday

9:00 am to 3:00 pm on Saturday

Please visit our website at [www.nwatax.net](http://www.nwatax.net) for [tax forms and resources](#), including our [checklist](#) of what to bring to you tax appointment.

Northwest Accounting and Tax Service has been getting a lot of requests to see new clients. Many preparers in the area have passed away, retired or quit. We will limit new clients; however, we never know how many current clients will return so we will accept new clients until we do not have the capacity to do so. Please call to schedule your appointment. We start seeing clients after February 1<sup>st</sup>. We request that you do not come if you are knowingly not prepared or missing several documents. We are reserving the right to charge an extra fee if clients need to make 2 appointments to bring documents. If you drop information off later to us, please understand your wait time for completion will be extended. Time is precious during tax season and we need you to be prepared.

There have been a few changes here at Northwest Accounting and Tax Service. Suzanne Clem, who has been with the company for over 10 years, is now the owner. Susan Lauderdale, who will be returning for tax season, has semi-retired and is enjoying her time during the off season. Suzanne is running the company the same as before, delivering the same service and quality that you have come to expect from Northwest Accounting & Tax Service. Returning preparers this year are: Suzanne, Janelle, Susan and Dave. We have hired a new preparer, Lisa, who will be seeing clients late February. Please consider using Janelle or Lisa this year if your tax return is not too complex. Remember all tax returns are double checked by a 2<sup>nd</sup> preparer.

A Reminder **For those with Rentals or Businesses** the mileage rate for 2023 is 65.5 cents per mile. Please bring your mileage records. Meals are 50% deductible for 2023. LLCs, S-Corps and Corps are subject to new business reports under the Corporate Transparency Act. Please [contact us](#) or go [here](#) for more information.

**Do not forget to issue 1099's to any subcontractors or service providers. 1099's are due by January 31<sup>st</sup>.**

Please [contact us](#) by January 19<sup>th</sup> if you need assistance with issuing and filing 1099's.

**For Tax year 2023, there have been a few minor changes with most items staying the same:**

Standard Deductions are indexed to inflation: So, we are seeing a big jump for 2023 they are:

*Single/ Married Separate \$13,900    Married filing Joint \$27,700    Head Household \$20,800*

Still no personal exemptions for 2023. (Remember: since 2018 personal exemption have been gone)

Itemized Deductions you can itemize your expenses for Medical Expense that exceed 7.5% of your income, Property Tax, State Tax, Sales Tax (including extra for Autos & Home Improvements), Mortgage Interest and Charities if the total exceeds your standard deduction. SALT (State and Local Taxes) are limited to a maximum \$10,000 per year.

Gambling Losses can get complicated. Gambling Losses go on Sch A (itemized) and often do not reduce income. This makes your winnings completely taxable. But if you track your "Sessions" in a reasonable log there is another way to claim it. The log needs to track every session, the date, money spent and money won. If that date nets to \$0 then the income is not taxable. If any day is a WIN...then it is taxable after the expense.

Child Tax Credits are still \$2000 in 2023 Children 17 or older are not qualified. All other dependents credit \$500.

Child and Dependent Care Credits Max credit of 35% of \$3000 paid. Working parents should check with their work to see if they can sign up for pre-taxed Dependent Care Benefits to get a better deduction.

Your child could be subject to KIDDY TAX if they are under 19 or 24 (if they are a dependent student) and the child has unearned income (interest, dividends, stock sales, or unemployment are common items) that is over \$2300. Then the income is subject to tax rates of their parents.

College Credits for you or your dependent Please bring the 1098-T from the college and come prepared with the expenses for books and supplies. We must know how many years the college credits have been claimed and if you used any employer money or college saving plan money to pay for the college.

Any Gifts with Value over \$17,000 you will need to file a Gift tax return this year. Bring the Name, ID number and Address of the person you gave to. Rarely does this create tax but it must be reported.

Healthcare Penalty for not having health insurance is still 0%. If you are on State Health Exchange Insurance, you must bring us the 1095-B issued by the Exchange to properly calculate your 2023 premium tax credit and e-file your return.

IRA's and Retirement Accounts: You have until April 15<sup>th</sup> to contribute to IRA's and Roth's. IRA contribution maximums are \$6500 with an extra \$1000 if you are over 50 years of age. Required Minimum Distributions (RMD) are now required on most Inherited Retirements. Check with the broker. RMD start age is now 73 (and may be going to 75). You can still make a Qualified Retirement Distribution to Charities at age 70 ½.

Cancelled debt may be an issue this year. You should get a 1099-C. Do not ignore it. Many times, it is not taxable but must be addressed.

Virtual Currency continues to be a big target for IRS. If you have digital assets, we must know about it. Every "exchange or sale" of your coins must be reported. Please prepare or download a spread sheet from your "wallet". If your exchange is based in a Foreign Country and holds over \$10,000, there is additional reporting.

Foreign Bank Accounts: If you have \$10,000 or more on any day, in any bank or financial institution in a foreign country, you have more to report. We must report this or you could face a big penalty. Please be ready with the name, address and account of the institution and highest amount in 2023. If you have other assets (other than real estate) that total \$100,000 there is even more reporting to do.

Credits for Home energy have changed for 2023. You may be eligible for the credit for not just your primary residence but also rentals and second homes, additionally renters may be able to claim credits if they pay for the improvements.

Energy Efficient Home Improvement Credit for 2023 – 2030 the credit is increased to 30% up to a max of \$1,200 and no lifetime limit. Heat pumps, biomass stoves and boilers are up to max of \$2000

Residential Clean Energy Credit (solar) is still at 30% with no annual maximum or lifetime limit.

The Clean Energy Vehicle Credit new requirements started April 18<sup>th</sup>,2023. Additionally, there different credit amounts depending on the requirements the vehicle meets. The credit is available to individuals and businesses. You must buy it for your own use, use it primarily in the U.S. and not be over the modified adjusted gross income. If you have bought or are thinking about buying an electric vehicle let your tax preparer know.

We look forward to seeing our clients once again. Remember to book your appointment early this year and be patient with us as we do our best to serve everyone.

Our [portal](#) continues to be a success. You can upload and download documents, schedule your appointment, receive your tax return, e-sign and send secure communications.

Our preferred email is [nwatax@parse.atomanager.com](mailto:nwatax@parse.atomanager.com). This email connects directly to your account. The system reminds us to respond and helps keep us organized and on track. Please [contact us](#) if you have any questions or concerns.

Thank you

Northwest Accounting & Tax Service