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O'TOOLE

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renews

Ideas to help small businesses and individuals maximize income while minimizing taxes.

1st Quarter 2024

TAX LAW CHANGES FOR 2024: THE HIGHLIGHTS

In November 2023, the IRS announced its tax law changes for 2024 (for taxes filed in 2025). This roundup gives you the highlights we felt were most the useful for our clients.

Changes to the standard deduction:

- For single taxpayers and married individuals filing separately, the standard deduction rises to \$14,600 for 2024, an increase of \$750 from 2023.
- For married couples filing jointly for tax year 2024 — it rises to \$29,200, an increase of \$1,500 from tax year 2023.
- For heads of households, the standard deduction will be \$21,900 for tax year 2024, an increase of \$1,100 from the amount for tax year 2023.

Marginal rates: individual single taxpayers / married filing jointly (MFJ):

- 37% for incomes over \$609,350 / \$731,200 for MFJ
- 35% for incomes over \$243,725 / \$487,450 for MFJ
- 32% for incomes over \$191,950 / \$383,900 for MFJ
- 24% for incomes over \$100,525 / \$201,050 for MFJ
- 22% for incomes over \$47,150 / \$94,300 for MFJ
- 12% for incomes over \$11,600 / \$23,200 for MFJ
- 10% for incomes of \$11,600 or less / \$23,200 for MFJ

The Alternative Minimum Tax (AMT) exemption amount is \$85,700 and begins to phase out at \$609,350 (\$133,300 for married couples filing jointly for whom the exemption begins to phase out at \$1,218,700).

The Earned Income Tax Credit (EITC) maximum amount is \$7,830 for qualifying taxpayers who have three or more qualifying children.

Contributions to health flexible spending arrangements (HSAs): the dollar limitation for employee salary reductions increases to \$3,200.

Important Dates for 2023 Tax Season

OUR SCHEDULING PROCESS HAS CHANGED THIS YEAR. PLEASE SEE OUR TAX PREP ARTICLE ON PAGE 2.

Quick Tip:

Send in your tax return information ASAP

As always, we prepare returns in the order that information is submitted to our office WITH THE TAX ORGANIZER. We'll prepare, review, and file returns right up to the final whistle (of course)! You can check in any time for an update on your return's progress.

IMPORTANT E-FILE FORM!

Since we're required to file all returns electronically, nearly all client tax returns will be exclusively delivered electronically via SmartVault. We'll request electronic signatures for E-File Authorization Forms through DocuSign. Make sure you've reviewed and e-signed your return no later than **5:00 PM on Monday, April 8th, 2024** — so we can E-File your return by Income Tax Day. Every return has its own E-File form(s) every year which can only be signed once returns are complete.

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Estates of decedents who die during 2024 have a basic exclusion amount of \$13,610,000, increased from \$12,920,000 in 2023.

The annual exclusion for gifts is \$18,000 for calendar year 2024, increased from \$17,000 for calendar year 2023.

Maine Senior Tax Breaks

For Maine taxpayers aged 65 and older, there are a few property tax items we'd like to tell you about.

LD 290, "Property Tax Stabilization for Senior Citizens," which allowed older residents to lock in property taxes, was cut. It only applies to the 2023 property tax year. However, two state property tax deferral programs have been expanded in 2024 for qualified individuals.

- **The State Property Tax Deferral Program is expanded for 2024.** This \$3.5M lifeline loan program covers the annual property tax bills of eligible Maine seniors who can't afford them. The income limit is doubled to \$80,000 and asset limits have been raised. The program allows individuals to defer (postpone) payment of the property taxes on their homesteads



until they pass away, move, or sell their property. During the period when taxes are being deferred, the State reimburses the municipality for the deferred taxes. The deferred tax, plus interest, is then required to be repaid to the State by the individual or their estate when they pass away, move, sell the property, or move the property (if mobile or floating home) out of Maine.

- **The Property Tax Fairness Credit** has increased from \$1,500 to \$2,000 for tax years beginning January 1, 2024... and an eligible taxpayer may keep this benefit when a spouse passes away. 🗳️

For details on these programs for Maine seniors, visit maine.gov/revenue/taxes/tax-relief-credits-programs/property-tax-relief-programs/deferral-program

IRS 2024 "Get Ready to File Your Taxes" Tips



We assume you already plan to gather the following IRS-related records, as applicable, before sending your information to us:

- Form W-2 from your employer(s)
- Forms 1099-MISC, 1099-NEC, 1099-K, or other income statements
- Form 1099-INT/DIV if you were paid interest and dividends
- Other income documents and records of digital asset transactions
- Form 1095-A, Health Insurance Marketplace Statement, to reconcile advance payments or claim Premium Tax Credits for 2023 Marketplace coverage
- IRS or other agency letters

We also want to remind you of these critical IRS steps for a smooth tax-filing process:

1. **Set up or access your IRS.gov/account** at irs.gov/payments/your-online-account for anytime access to your records.
2. **Check or renew your IRS Theft Identity Protection PIN (IP PIN).** The IP PINs expire at the end of every calendar year. If you're automatically enrolled in the IP PIN program, the IRS will have mailed a notice with a new PIN in January. Or you can opt in by requesting an IP PIN from the IRS website here: irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin

3. **Be sure to sign and send in our Engagement Letter,** included in your Tax Organizer.
4. **Sign and return E-File Authorization Form(s) 8879.** We are required to have you sign these forms each year, after the returns are completed, before we can e-file on your behalf.

QUESTIONS?

Contact our office at
info@honeckotoole.com
or 207-774-0882 🗳️

DISCLAIMER: Any accounting, business, or tax advice contained in this communication are not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.



TAX PREP FOR US:

Sending In Your 2023 Tax Records

First, Income Tax Day is **April 17th** in Maine and Massachusetts this year. April 15 is Patriots' Day and April 16 is Emancipation Day. Each year, we do our best to meet this deadline for everyone, but **it depends on you**. The early bird gets their tax return filed on time.

If you can't meet this deadline, we'll file an extension for you.

An extension only gives you **time to file the return later** without penalty. It's **not an extension of time to pay** any tax due. You still must send any balances due to the IRS and state(s) on or before April 17th. We can help you estimate the amounts.



SmartVault

Use our SmartVault Client Portal.

It's the fastest and most secure way to send us information. Don't email pictures of documents or forms, as they tend to be distorted. All documents should be uploaded to the Vault, and emails should just be used for general notes/correspondence. Need help accessing your Client Portal? Contact us ASAP. If your documents are mostly in paper form, just mail them to us ASAP.

Use your Honeck O'Toole Tax Organizer to get on our schedule.

We don't begin working on returns until we've received your completed Tax Organizer along with your supporting tax documents. It's really helpful to our preparers! Your annual Tax Organizer has been uploaded to SmartVault for easy retrieval. Or you can complete and send in the paper version that was mailed to you in January.

Multiple accounts with us? (Personal return, business return, trust, etc.)

To avoid confusion and delays, be careful to separate the forms for each entity and pay close attention to which folder you're uploading to in SmartVault.

If you're not sure what's deductible or how any 2023 life changes (a move, house sale, baby, etc.) may affect your taxes... include a note to us when you send in your Organizer. **Or contact us right away: 207-774-0882 or info@honeckotoole.com.**



MERIT

Our mission is to empower workers to establish and increase retirement savings through an automatic, low-cost, trusted retirement plan



MAINE MERIT RETIREMENT SAVINGS REQUIRED IN 2024

In October 2023, the Maine Retirement Savings Board adopted a final rule implementing the Maine Retirement Investment Trust (MERIT). This state-run program is intended to, "help employees who do not have access to a retirement plan through their employer save for retirement by requiring automatic payroll deduction contributions to a Roth IRA." According to state statistics, without this benefit, employees are 15 times less likely to save for retirement.

Employer enrollment is mandatory if your business fits the following criteria:

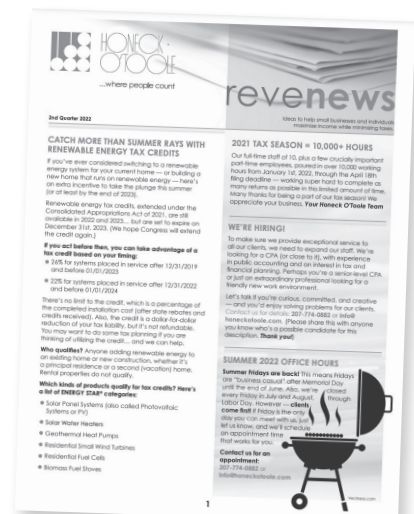
- You're a Maine business with 5 or more W2 employees AND
- You don't already have a qualified employee retirement savings plan AND
- You've been in business for more than 2 calendar years.

Important dates and details:

- Employers with 15 or more covered employees must register or enroll by April 30, 2024.
- Employers with 5 to 14 covered employees must register or enroll by June 30, 2024.
- Penalties for employer non-compliance begin July 2025.

By now, you should have received a letter or email asking you to visit the new online portal (meritsaves.com) and follow all instructions. You'll find a wealth of helpful information and answers on meritsaves.org.

For a bit of historical reference, we first addressed the Maine-mandated Roth in our Q2 2022 issue of *ReveNEWS*, which you'll find on our website here: honeckotoole.com/newsletters/



CLIENT PROFILE

Dorienne Lewin

SALUD PORTLAND

Dorienne Lewin had a vision of a Portland-area fitness community... a welcoming place where people of all ages, interests, and body types could find different classes under one roof for benefits beyond just physical health. She didn't plan on opening her own studio, but the community of her dreams didn't exist. So, she opened SALUD in 2019 in a 1,400 square-foot studio ... and it grew rather quickly thanks to its unique community atmosphere.



Dorienne Lewin

"I have four kids," she said, "I know that moving is so important for physical, mental, and emotional health. My parents were teachers in a Quaker school, which is all about community. I brought this aspect into the studio. We all work together. People come in in a good mood and leave in a good mood. I created the space for me as much as anyone else. I find it inspiring that we have people in their 20s and 70s in the same class. A lot of our members recently moved to Portland, and they end up exchanging phone numbers."

Dorienne added, "At SALUD, you're not doing the same thing every day. You're going to one space with many different class types. And people are responding. These days, the business is incredible. Two years ago, I doubled my square footage, and I'm looking into growing and expanding." For details visit saludportland.com

IMPORTANT: FINCEN BOI REPORTING REQUIRED

Last quarter we mentioned it was coming and now it's here! As a reminder, in 2021, Congress passed the Corporate Transparency Act, which, "Safeguards the U.S. financial system from illicit use and money laundering and promotes national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities."

The Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury, serves as the nation's safeguard agency.

For 2024, FinCEN established a new **beneficial ownership information (BOI) reporting requirement** where companies must be fully transparent to avoid scrutiny against illicit practices. Through BOI reporting, companies provide identifying information about the individuals who directly or indirectly own or control the company.

Facts about BOI reporting:

- Companies required to report are called reporting companies and there are two types:
 - Domestic reporting companies (corporations, limited liability companies, and any other entities) filing a document with a secretary of state or any similar office in the United States.
 - Foreign reporting companies are entities formed under the law of a foreign country but registered to do business in the United States.
- If your company was created or registered to do business in the U.S. before January 1, 2024, you must file your BOI report by January 1, 2025.
- If you create or register a business in the U.S. in 2024, you have 90 calendar days to file after the company's creation or registration is effective.

For more information on what is to be reported, see Beneficial Ownership Reporting in the Q4 2023 issue of ReveNEWS. honeckotoole.com/wp-content/uploads/2023/11/HOT_Newsletter_Q4_2023-GREEN-final.pdf

Reports can be filed in FinCEN's BOI reporting portal at fincen.gov/boi.

Please note! Sole proprietors and other exempt companies are excluded. Please check the FinCEN BOI FAQ site for complete details: fincen.gov/boi-faqs. You can also contact us for assistance.

IMPORTANT: Please send us your 2023 Tax Year Information ASAP! We're preparing returns in the order that we receive information from our clients.



Call for Assistance Anytime! We welcome your questions about taxes, financial planning, college planning, making the most of QuickBooks, or anything else related to your money.

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