

# Preparing & Filing 2023 U.S. Income Taxes (w/ Focus on Newly Single)

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## Topics

- ▶ Filing Statuses and Standard Deductions
  - ▶ Along with a Warning (Planning)
- ▶ 2023 Inflation Adjustments
- ▶ 2023 Tax Law Changes
- ▶ Miscellaneous Filing Tidbits
- ▶ New IRS Self-File option
- ▶ Unabashed advertisement (for **FREE**)
- ▶ Questions & (hopefully) Answers

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## Filing Status Explanation

- ▶ MFJ - Married Filing Jointly (living together last 6 mo.\*)
- ▶ QSS - Qualified Surviving Spouse\*\*  
(w/ dependent children (natural, step, or adopted), not grandchildren)
- ▶ HoH - Head of Household (w/ dependents\*\*\*)
- ▶ Single - No dependents
- ▶ MFS - Married Filing Separately (not recommended)
  - ▶ TX is a community-property state, very messy

\* "Temporary" absences excluded (nursing home, military, school, etc.)  
\*\* Spouse died in 2022 or 2021  
\*\*\* If dependents are parents, they do not need to be living with you

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## Filing Statuses & Standard Deductions

Filing Status	2022 Std.Ded.	2023 Std.Ded.	Change
▪ MFJ (both >65)	▪ \$28,700	▪ \$30,700	▪ +\$2000
▪ MFJ (one >65)	▪ \$27,300	▪ \$29,200	▪ +\$1900
▪ MFJ	▪ \$25,900	▪ \$27,700	▪ +\$1800
▪ QSS (>65)	▪ \$27,300	▪ \$29,200	▪ +\$1900
▪ QSS	▪ \$25,900	▪ \$27,700	▪ +\$1800
▪ HoH (>65)	▪ \$21,150	▪ \$22,650	▪ +\$1500
▪ HoH	▪ \$19,400	▪ \$20,800	▪ +\$1400
▪ Single (>65)	▪ \$14,700	▪ \$15,700	▪ +\$1000
▪ Single	▪ \$12,950	▪ \$13,850	▪ +\$ 900
▪ MFS (>65)	▪ \$14,350	▪ \$15,350	▪ +\$1000
▪ MFS	▪ \$12,950	▪ \$13,850	▪ +\$ 900
▪ Blind (per person)	▪ +\$1,400	▪ +\$1,500	▪ +\$ 100

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## Filing Statuses & Standard Deductions

Filing Status	2022 Std.Ded.	2023 Std.Ded.	Change
MFJ (both >65)	\$28,700	\$30,700	+\$2000
MFJ (one >65)	\$27,300	\$29,200	+\$1900
MFJ (both <66)	\$25,900	\$27,700	+\$1800
QSS (>65)	\$27,300	\$29,200	+\$1900
QSS	\$25,900	\$27,700	+\$1800
HoH (>65)	\$21,150	\$22,650	+\$1500
HoH	\$19,400	\$20,800	+\$1400
Single (>65)	\$14,700	\$15,700	+\$1000
Single	\$12,950	\$13,850	+\$ 900
MFS (>65)	\$14,350	\$15,350	+\$1000
MFS	\$12,950	\$13,850	+\$ 900
Blind (per person)	+\$1,400	+\$1,500	+\$ 100

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## Filing Threshold - Income Based

(Who Must File? 😊 )

- ▶ Filing thresholds for most taxpayers is their standard deduction (except MFS: \$5)
- ▶ Filing threshold increased by additional standard deduction amount due to age 65 or older
- ▶ **However**, Filing threshold is not increased by additional amount for blindness
  - ▶ Include all non-SS income plus 50% of SS income
- ▶ HSA, APTC, AMT, SE Income >\$400, and other items

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## Who Should File

- ▶ Claiming refund of withheld taxes or estimated tax payments
- ▶ Claiming any refundable credit (credit independent of taxes owed)
  - ▶ Earned Income Credit
  - ▶ Additional Child Tax Credit
  - ▶ Education Credits
- ▶ Desire to help prevent identity theft

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## Definitions of Income Types

- ▶ Gross Income: income received from all sources, worldwide (e.g., wages, pensions, SS, cap. gains ...)
  - ▶ Long-Term Income is a subset of gross income (next slide)
- ▶ Adjusted Gross Income (AGI): gross income minus adjustments (e.g., alimony paid, SE taxes & SE health insurance premiums)
- ▶ Taxable Income: AGI minus standard or itemized deductions and Qualified Business Income deduction

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## Income: Ordinary vs. Long-Term

- ▶ Most of your income is classified as Ordinary income
- ▶ Long-Term income is income earned because of holding assets for longer than one-year
  - ▶ Stocks and bonds are the most common
  - ▶ Sale of homes are normally another
  - ▶ Qualified dividends are also long-term
- ▶ Long-Term income is taxed differently than Ordinary
  - ▶ Long-Term rates are 0%, 15%, and 20%

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## New Tax Brackets for 2023

Single/Unmarried Individuals		Head of Household	
Taxable Income	Tax Rate	Taxable Income	Tax Rate
\$ 0 - \$ 11,000	10%	\$ 0 - \$ 15,700	10%
\$ 11,001 - \$ 44,725	\$ 1,100.00 + 12% > \$ 11,000	\$ 15,701 - \$ 59,850	\$ 1,570.00 + 12% > \$ 15,700
\$ 44,726 - \$ 95,375	\$ 5,147.50 + 22% > \$ 44,725	\$ 59,851 - \$ 95,350	\$ 6,868.00 + 22% > \$ 59,850
\$ 95,376 - \$182,100	\$ 15,213.50 + 24% > \$ 89,075	\$ 95,351 - \$182,100	\$ 14,678.00 + 24% > \$ 95,350
\$182,101 - \$231,250	\$ 37,104.00 + 32% > \$182,100	\$182,101 - \$231,250	\$ 35,498.00 + 32% > \$182,100
\$231,251 - \$578,125	\$ 52,832.00 + 35% > \$231,250	\$231,251 - \$578,100	\$ 51,226.00 + 35% > \$231,250
\$578,126 or more	\$174,238.25 + 37% > \$578,125	\$578,101 or more	\$172,623.50 + 37% > \$578,100
Married Filing Jointly or Qualified Surviving Spouse		Married Filing Separately	
Taxable Income	Tax Rate	Taxable Income	Tax Rate
\$ 0 - \$ 22,000	10%	\$ 0 - \$ 11,000	10%
\$ 22,001 - \$ 89,450	\$ 2,200.00 + 12% > \$ 22,000	\$ 11,001 - \$ 44,725	\$ 1,100.00 + 12% > \$ 11,000
\$ 89,451 - \$190,750	\$ 10,294.00 + 22% > \$ 89,450	\$ 44,726 - \$ 95,375	\$ 5,147.00 + 22% > \$ 44,725
\$190,751 - \$364,200	\$ 32,580.00 + 24% > \$178,150	\$ 95,376 - \$182,100	\$16,290.00 + 24% > \$ 95,375
\$364,201 - \$462,500	\$ 74,208.00 + 32% > \$364,200	\$182,101 - \$231,250	\$37,104.00 + 32% > \$182,100
\$462,501 - \$693,750	\$105,664.00 + 35% > \$462,500	\$231,251 - \$346,875	\$52,832.00 + 35% > \$231,250
\$693,751 or more	\$186,601.50 + 37% > \$693,750	\$346,876 or more	\$93,300.75 + 37% > \$346,875

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## Standard Mileage Rates

- ▶ Standard mileage rates per mile for 2023:
  - ▶ Business mileage:
    - ▶ 65.5¢
  - ▶ Medical mileage and active-duty military moving mileage:
    - ▶ 22¢
  - ▶ Charitable mileage:
    - ▶ 14¢ (never changes, inflation was not included in the law)

**Note: Don't forget tolls and parking fees too**

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## Inflation Adjustment

- |   |  |
|---|--|
| ▶ Exemption amount for qualifying relative            | ▶ QBI (Qualified Business Income) income thresholds  |
| ▶ Educator expenses (>900 hrs) - no change            | ▶ Modified AGI (Adjusted Gross Income) for   |
| ▶ HSA (Health Savings Account) deductions             | <ul style="list-style-type: none"> <li>▶ Retirement saving credit</li> <li>▶ EIC (Earned Income Credit)</li> <li>▶ AOC / LLC (American Opportunity Credit / Lifelong Learning Credit)</li> <li>▶ Student loan interest</li> <li>▶ IRA / Roth purposes</li> </ul> |
| ▶ LTC (Long-Term Care) deduction                      |  |
| ▶ PTC (Premium Tax Credit) repayment cap              | ▶ Foreign earned income exclusion  |
| ▶ Refundable part of ACTC (Advanced Child Tax Credit) |  |
| ▶ Kiddie tax unearned income threshold                |  |

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## Discharge of Main Home Debt 2021 - 2025

- ▶ Exclusion for discharge of main home debt
  - ▶ Maximum reduced to \$750,000 (down from \$2,000,000)
  - ▶ Applies to discharges after December 31, 2020
  - ▶ Effective TY2021 through TY2025

Good for  
5 years

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## Business Meals on Sch C 2023 onward

- ▶ Business meal deduction for self-employed reverts to 50% deductible
  - ▶ Must be provided by a restaurant, grocery store, convenience store, kiosk, etc. (dine-in or take-out)
  - ▶ Taxpayer must be present
  - ▶ Meal may not be lavish or extravagant

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## Required Minimum Distribution Age

- ▶ Age for beginning required minimum distributions (RMD) from a defined contribution plan or IRA previously increased to 72 from 70½.
- ▶ Starting 1/1/2023 RMD age increased to 73.
- ▶ Starting 1/1/2033 RMD age increases to 75.
- ▶ RMD failure penalty reduced from 50% to 25%.

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## Energy-efficient Home Improvement Credit

- ▶ Previously: Non-business Energy Property Credit
- ▶ Prior to 2023, \$500 lifetime credit
- ▶ 2023+: 30% of qualified expenses, with \$1200 aggregate annual limit
  - ▶ Building envelope components (exterior doors, windows, skylights, insulation materials) (30% of costs w/o labor, w/ different limits)
  - ▶ Home energy audits (30% of cost up to \$600)
  - ▶ Residential energy property (ACs, water heaters, furnaces, etc.) (30% of costs w/ labor up to \$600/item)

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## 3<sup>rd</sup> Party Network Transactions Reporting for 2023

- ▶ Requires form 1099-K to be issued when:
  - ▶ Total amount exceeds \$600
- ▶ More Gig workers will see Forms 1099-K in 2024, and possibly for 2023, if companies started early
- ▶ Originally planned for 2022, but delayed to 2023 & 2024 due to implementation problems

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## Public Safety Officers and Private-sector Firefighters

- ▶ Law passed on 12/29/22 affect PSOs and Firefighters
- ▶ PSO definition now includes private-sector firefighters, correction officers, and forensic security employees (think CSI)
- ▶ Early distribution penalties have been eliminated if 25 years of service, even if under age 50.
- ▶ If you are one of these, make sure you discuss with your tax preparer to see if the changes benefit you.
- ▶ Deductible health insurance premiums no longer required to be paid by employer

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## IP (Identify Protection) PIN program

- ▶ Taxpayers who received an IP PIN through the Get an IP PIN tool on [irs.gov](https://irs.gov) will need to access their account to get their new IP PIN
- ▶ If can't access their account, can call IRS and be mailed their IP PIN
- ▶ Others will receive CP01A with their new IP PIN

Note: we get returns rejected because TP has not provided IP PIN

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## Due Dates

- ▶ Tax Returns: Monday, April 15, 2024
  - ▶ Except in Maine and Massachusetts: Wednesday, April 17, 2024
- ▶ Estimated payment dates:
  - ▶ April 15, 2024
  - ▶ June 17, 2024
  - ▶ September 16, 2024
  - ▶ January 15, 2025

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## Income Documents you need to Prepare or Have Prepared for You

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>▶ Employment</li> <li>▶ Social Security</li> <li>▶ Pensions, IRA distributions</li> <li>▶ Interest, dividends, capital gains</li> <li>▶ Unemployment compensation</li> <li>▶ Gambling winnings</li> </ul> | <ul style="list-style-type: none"> <li>▶ W-2</li> <li>▶ SSA 1099, RRB 1099</li> <li>▶ 1099-R, RRB 1099-R, CSA 1099-R</li> <li>▶ 1099-INT, 1099-DIV, 1099-B (Broker Statement), K-1, self</li> <li>▶ 1099-G</li> <li>▶ W-2G</li> </ul> |
|--|---|

Note: TP/SP picture ids, dependent SS cards, 2022 return

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## Expenses You Need to Document if Itemizing Deductions

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>▶ Medical             <ul style="list-style-type: none"> <li>▶ Premiums: Insurance (self-paid, Medicare Part B, C, D, &amp; Medicare supplement, dental, vision)</li> <li>▶ Payments: Doctors, Dentists, etc.</li> <li>▶ Prescriptions</li> <li>▶ Medical Aids (e.g., Glasses, CPAP, hearing aids, etc.)</li> <li>▶ LTC Insurance premiums (each)</li> <li>▶ Mileage to doctors, pharmacies, etc.</li> <li>▶ Travel expenses, if out-of-town</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▶ Real estate taxes paid</li> <li>▶ Sales taxes, actual or IRS table</li> <li>▶ Mortgage Interest, Points, PMI (Private Mortgage Insurance)             <ul style="list-style-type: none"> <li>▶ 1<sup>st</sup> &amp; 2<sup>nd</sup> Home</li> </ul> </li> <li>▶ Charitable Contributions             <ul style="list-style-type: none"> <li>▶ Total for all "cash" contributions</li> <li>▶ Total for all donated items &lt;\$500</li> <li>▶ Breakout of donated items &gt;\$500</li> <li>▶ Mileage for volunteer activities</li> </ul> </li> </ul> |
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## Takeaways

- ▶ Lost spouse in 2023, file MFJ for 2023
- ▶ Lost spouse in 2024, file MFJ for 2023 and again for 2024
- ▶ If you are paying someone to prepare your taxes, but have no tax situations requiring such services, consider a **FREE** service like IRS or AARP - see following slides

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## IRS Free-File Option

- ▶ IRS Currently has a free-file option
  - ▶ AGI must be  $\leq \$79,000$
  - ▶ Must select 1 of 8 vendors the IRS has contracts with
  - ▶ Zero charge for filing US return
  - ▶ Vendor may try to sell additional services, you may refuse.
- ▶ IRS is currently beta-testing their own direct file system in several small states. May be available in TX for TY2024

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AARP Free Filing

# Unabashed Advertising (not for profit)

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## Local AARP Tax-Aide Sites

Community	Site Name	Site Address	Days and Times
Carrollton	Hebron Library	4220 N. Josey Ln	Monday: 10 - 2
Carrollton	Josey Ranch Library	1700 Keller Springs Rd	Friday: 10 - 2
Dallas	Bachman Lake Library	9480 Webb Chapel Rd	Wednesday: 12 - 4
Dallas	Grauwyler Park Library	2146 Gilford St	Saturday: 11 - 3
Dallas	Timberglen Library	18505 Midway Rd	Thursday: 11 - 3
Denton	American Legion Senior Center	629 Lakey St	Tuesday: 9 - 12 Thursday: 9 - 4
Flower Mound	FM Senior Center	2701 W Windsor Dr	Tuesday: 10 - 3
Gainesville	Cooke County Library	200 S. Weaver St	Tuesday: 1 - 5
Lewisville	Lewisville Library	1197 Main St	Monday: 10 - 2
The Colony	Community Center	5151 N. Colony Blvd	Saturday: 10 - 2

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## AARP Tax-Aide Denton

- ▶ American Legion Senior Center, 629 Lakey St (corner of Wilson St) (E of Bell, S of Prairie, N of Morse)
- ▶ Tuesdays 9-12, Thursdays 9-4
- ▶ Appointments Preferred: 940-268-5494 (text or voice mail, will receive callback)
- ▶ Appointment via Internet:
- ▶ <https://TaxAppointment.AARP.org/s/registration?locationId=a1rUv0000007W1Z>  
(upper/lower case following “.org/” mandatory)
- ▶ Walk-ins accepted: but you may wait awhile due to lower priority

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## We can prepare returns with:

- Wages, interest, dividends, cap. gains/losses, pensions, SS benefits, & some other income
- Self-employment income with limits (next slide)
- Most income reported on 1099-NEC, 1099-MISC, 1099-K
- Sch. K-1 (Interest, dividends, cap. gains/losses, royalties)
- IRA contributions, HSA, QBI, cancellation of debt (some)
- Prior year returns or amendments
- All returns are prepared and verified by two different individuals

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## We cannot prepare returns with:

- Self-employment with employees, depreciation, losses
- Hobby income or other activities not for profit
- Complicated cap. gains/losses, e.g., futures, options
- Rental, farm, and ranch income
- Alternative Minimum Tax, additional Medicare tax, net investment income tax, solar panel energy credit
- Foreign financial asset reporting
- Digital assets directly owned or traded
- Any situation for which we have not been trained

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## AARP 2023 Filing Season Results

- 6,790 Sites
- Prepared Over 2.4 Million Federal returns
- Achieved 98.7% Electronic Filing rate
- Returned \$2.362 Billion in Federal Refunds
- Direct Deposit rate at 71.2%
- Completed 496,889 Balance Due returns
- Completed 60,251 Prior Year returns
- Served over 231,000 Veterans

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# Preparing & Filing 2023 U.S. Income Taxes

Questions



Comments



I'll prepare an updated version of this class in Spring 2025 (OLLI permitting)

If applicable, please attend my OLLI class on April 16 & 23, 2:45 PM, at Robson Ranch on:  
Appealing Your Denton County Property Appraisal for 2024

Please submit your evaluations and tell me what to improve. Thank you for coming 😊

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