

Introduction

2023 has been another year of growth for Haga Kommer, LTD as our firm has acquired offices in Detroit Lakes, MN, Fargo, ND, and Phoenix, AZ. We would like to welcome all their staff and clients to our firm. We would also like to thank all our current clients for your continued trust and support and to let you know we are here to assist with your accounting, financial, and tax preparation needs. With that we would like to inform you of changes for the 2023 tax year.

Individual Tax Notes

Below are some tax changes that will affect your 2023 tax return. While not an exhaustive list, it is a summary of some provisions in effect for the 2023 tax year.

- **Clean Vehicle Credit** – There is a nonrefundable \$7,500 electric vehicle tax credit for vehicles placed in service after the enactment date of 8/14/2022. It will then last a decade – until the end of 2032. There are certain income, MSRP, and specification requirements that need to be met in order to qualify.
- **Virtual Currency** – The IRS has made it clear that virtual currencies are to be treated as property and all sales, exchanges, redemptions, and transactions involving virtual currencies are taxable. If you have ever purchased, held, acquired, gifted, sold, traded, or transacted with virtual currency we recommend that you discuss with your Haga Kommer Advisor.
- **Gift Exclusion Increase** – The annual gift exclusion amount increased to \$17,000 for 2023 and \$18,000 for 2024.
- **1099-K** – The rules have not changed for 2023. Instead, the IRS is planning for a new reporting threshold of \$5,000 for tax year 2024. You may begin receiving Forms 1099-K from third party payors such as E-bay, Facebook Marketplace, and cash transfer applications like Venmo. Please include all 1099-Ks received with your tax information as your Haga Kommer Advisor will need to discuss with you.
- **Home Improvement, Solar, Wind, Biomass & Geothermal Credit** – If you have installed energy efficient improvements in 2023, or plan to install in 2024, please visit with your Haga Kommer Advisor.
- **Energy Efficient Home Improvement Credit** – If you have purchased exterior doors, exterior windows and skylights, insulation materials, natural gas, propane or oil water heaters, central air conditioners, natural gas, propane or oil furnaces and hot water boilers, improvements or replacements of panelboards, or heat pumps, biomass stoves and biomass boilers—please include the receipt of purchase with your tax information.
- **529 Plans** – Starting in 2024, 529 account owners can roll over up to the aggregate lifetime limit of \$35,000 from a 529 plan into a ROTH IRA for the benefit of the 529 beneficiary. The rollover is subject to the \$7,000 per year rollover limit, and, must be in the same name as the 529 beneficiary. Also, the 529 plan must have been in existence for at least 15 years prior to the rollover, and any 529 contributions made within the last 5 years are ineligible.
- **Required Minimum Distribution Age** - You generally must start taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you reach age 72. (73 if you reach age 72 after December 31, 2022.)
- **ND Primary Residence Property Tax Credit** - ND homeowners may receive up to a \$500 tax credit on next year's property tax statement. There is NO age or income restrictions. The property must be the resident's primary home. Only one credit is available per household. You can apply online beginning January 1, 2024 – March 31, 2024 at [TAX.ND.GOV/PRC](https://tax.nd.gov/prc)

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- **Contributions** - Below are the maximum amounts for various retirement and health savings account contributions.

Individual Limits 2021	2023	2024
401(k) Contributions	\$22,500 (50 or older catch-up \$7,500)	\$23,000 (50 or older catch-up \$7,500)
SIMPLE IRA	\$15,500 (50 or older catch-up \$3,500)	\$16,000 (50 or older catch-up \$3,500)
Traditional IRA	\$6,500 (50 or older catch-up \$1,000)	\$7,000 (50 or older catch-up \$1,000)
ROTH IRA	\$6,500 (50 or older catch-up \$1,000)	\$7,000 (50 or older catch-up \$1,000)
HSA – Family	\$7,750 (55 or older catch-up \$1,000)	\$8,300 (55 or older catch-up \$1,000)
HSA – Single	\$3,850 (55 or older catch-up \$1,000)	\$4,150 (55 or older catch-up \$1,000)
FSA – Health/Medical	\$3,050	\$3,200
FSA – Dependent Care	\$5,000	\$5,000

Business Tax Notes

- **Business Meals** – The temporary 100% deduction for business meals has expired and has reverted to a 50% deduction.
- **Employee Retention Credit (ERC)** – If you applied for the ERC after your 2020 and/or 2021 tax returns were filed, you will need to amend your 2020 and/or 2021 tax returns. Please see your Haga Kommer Advisor.
- **PPP/EIDL/SBA Loans** – If you have received a PPP, EIDL, or SBA loan please make sure to keep the required documentation. There is a 10-year statute of limitations for Covid Relief Audits.
- **Employees working remotely/selling goods or services out of state over the internet** – If you are selling goods or services over the internet, or if you have any employees working out of state, you may need to file sales tax and/or income tax returns in those states. If this applies to you, please speak to your Haga Kommer Advisor.
- **MN ESST** – Effective 1/1/24 the MN Earned Sick and Safe Time (ESST) is paid leave employers MUST provide to employees working in MN that can be used for certain reasons, including when an employee is sick, maintaining health, or seeking safety in domestic violence or other unsafe situations, or assisting a family member for the same reason. Please see your Haga Kommer Advisor to see if this may apply to your business.

Mileage Allowance 2023	
Business	\$0.655
Medical / Moving	\$0.22
Charity (Federal)	\$0.14

10/1/21 – 9/30/23 Meal Allowance Without Records		
	Within Continental USA	Outside Continental US
Transportation Industry	\$69	\$74
Non-Transportation Industry	\$60	\$71

Please contact your Haga Kommer Advisor for more information on how these items may affect your personal tax situation.

Additional information

- **FinCEN – Beneficial Ownership Information (BOI)** – Beginning 1/1/2024, many companies will be required to report information to the US Government about who ultimately owns and controls them (Beneficial owners). Any company created or registered prior to 1/1/24 has until 1/1/25 to report BOI. However, if your company is created or registered on or after 1/1/24, you must report BOI within 90 days of notice of creation or registration. Please see your Haga Kommer Advisor if you have any questions.

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DETROIT LAKES, MN
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DETROIT LAKES, MN
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PERHAM, MN
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