

TAX LAW CHANGES - 2023

+

o

•



FEDERAL TAX LAW CHANGES



FEDERAL STANDARD DEDUCTIONS RISE OVER 2022

• Single or MFS	\$13,850	+ 900
• MFJ & QSS	\$27,700	+1800
• HOH	\$20,800	+1400

FEDERAL ADDITIONAL STANDARD DEDUCTIONS FOR OVER 65 OR BLIND

- Single or MFS \$1850 to \$3700 more for >65 and/or blind
- MFJ & QSS \$1500 to \$6000 more for >65 and/or blind
- HOH \$1850 to \$3700 more for >65 and/or blind
- **MFS *** \$1500 to \$6000 more for >65 and/or blind if spouse had no income, isn't filing a return and can't be claimed as a dependent on another return

FEDERAL

- CTC – refundable part of CTC increases from \$1400 to \$1600
- Educator Expense Adjustment – remains unchanged at \$300.
- Qualifying Relative – income limit increases from \$4400 to \$4700.
- 1099-R Withdrawals – new waiver available for those with a terminal illness diagnosis made on or after 12/30/2022 and not expected to live more than 7 years).
Possible amend TY2022?
- RMD requirements are between TP and their financial institutions and are for your information only.
- Age increases to 73 for TY2023 (if 72 in TY2022 and 73 in TY2023, first RMD and second RMD do have requirements).

FEDERAL – CONTINUED

- Public Safety Officer – health insurance adjustment now includes **Correction Officers & Private Sector Firefighters**; applies to **age 50+ or 25 years of service**.
- New Form 1099-DA:: – in scope for buying and holding digital assets; any sales is Out of Scope. Form 1099-DA scheduled for TY2025.
- 1099-K (new rules ARE POSTPONED for TY2023) – in scope for business, Schedule C. More later.
- Paperless Processing Initiative: for IRS correspondence requesting information, taxpayers can upload documents instead of mailing the requested documents.
- Where's My Refund tool is going to allow more detailed refund status messages in plain language.

1099-K, PUB 4012, PGS D24 TO D26

- Issued by third party payment companies.
- For TY2023, old rules apply: issued when total transactions exceed \$20,000 and 200+ transactions.

1099-K, PUB 4012, PGS D24 TO D26 -- CONTINUED

- For TY2024, expectation is that will be a transition year. Issued when total transactions exceed \$5000.
 - If for Self-Employment – In Scope – Use on Schedule C
 - If for Military Rental – In Scope – if certified for Military
 - If hobby income – Out of Scope
 - If personal items –(at a gain, taxable) – reported on Schedule D – Out of Scope
 - If personal items – (at a loss, non-deductible) – use adjustment information, Pub 4012, page D-25
 - If received in error, taxpayer should contact the issuer.

RESIDENTIAL ENERGY CREDITS

- Form 5695: tax law enhanced, **NO LONGER \$500 lifetime limit**
- Must be **your residential home OR a home you are renting**
- Page 1 is Out of Scope: for solar, wind, geothermal, battery storage, etc.
- Pages 2 & 3 are In Scope: for doors, windows, insulation, sealing air leaks, water and furnace heaters, certain stoves, etc.
 - Exterior doors, exterior windows & skylights and insulation materials/systems
 - Home energy audits
 - Central A/C, water heaters, furnaces, water boilers
 - Heat pumps, biomass stoves & boilers

NEW FORM 5695

Part I - OUT of Scope

Solar, wind, geothermal, battery storage etc.

Part II - IN Scope

Doors, windows, insulation, water & furnace heaters, certain stoves etc.

Form **5695** Residential Energy Credits

Department of the Treasury Internal Revenue Service

OMB No. 1545-0074

2023 Attachment Sequence No. 75

Go to www.irs.gov/Form5695 for instructions and the latest information.

Name(s) shown on return _____ Your social security number _____

Part I Residential Clean Energy Credit (See instructions before completing this part.)

Note: Skip lines 1 through 11 if you only have a credit carryforward from 2022.

Enter the complete address of the home where you installed the property and/or technology associated with lines 1 through 4 and 5b. For more than one home, see instructions.

Number and street	Unit no.	City or town	State	ZIP code
1				
2				
3				
4				
5a	5a <input type="checkbox"/> Yes <input type="checkbox"/> No			
5b	5b _____			
6a	6a _____			
6b	6b _____			
7a	7a <input type="checkbox"/> Yes <input type="checkbox"/> No			
b Enter the complete address of the main home where you installed the fuel cell property.				
Number and street _____ Unit no. _____ City or town _____ State _____ ZIP code _____				
8	8 _____			
9	9 _____			
10	10 _____ x \$1,000			

Form 5695 (2023) Page 2

Part II Energy Efficient Home Improvement Credit

Section A—Qualified Energy Efficiency Improvements

17a Are the qualified energy efficiency improvements installed in or on your main home located in the United States? (See instructions.) 17a Yes No

17b Are you the original user of the qualified energy efficiency improvements? 17b Yes No

17c Are the components reasonably expected to remain in use for at least 5 years? If you checked the "No" box for line 17a, 17b, or 17c, you cannot claim the energy efficient home improvement credit. Do not complete Part II, Section A. 17c Yes No

d Enter the complete address of the main home where you made the qualifying improvements. **Caution:** You can only have one main home at a time. (See instructions.)

Number and street _____ Unit no. _____ City or town _____ State _____ ZIP code _____

e Were any of these improvements related to the construction of this main home? If you checked the "Yes" box, you can only claim the energy efficient home improvement credit for qualifying improvements that were not related to the construction of the home. Do not include expenses related to the construction of your main home, even if the improvements were made after you moved into the home. 17e Yes No

18 Insulation or air sealing material or system.

a Enter the cost of insulation material or system (include air sealing material or system) specifically and primarily designed to reduce heat loss or gain of your home that meets the criteria established by the IECC. (See instructions.) 18a _____ 18b _____

19 Exterior doors that meet the applicable Energy Star requirements.

a Enter the cost of the most expensive door you bought 19a _____

b Multiply line 19a by 30% (0.30). Do not enter more than \$250 19b _____

c Enter the cost of all other qualifying exterior doors 19c _____

d Multiply line 19c by 30% (0.30) 19d _____

e Add lines 19b and 19d. Do not enter more than \$500 19e _____

20 Windows and skylights that meet the Energy Star certification requirements.

a Enter the cost of exterior windows and skylights that meet the Energy Star certification requirements. (See instructions.) 20a _____

b Multiply line 20a by 30% (0.30). Enter the results. Do not enter more than \$600. 20b _____

Section B—Residential Energy Property Expenditures

21a Did you incur costs for qualified energy property installed on or in connection with a home located in the United States? 21a Yes No

b Was the qualified energy property originally placed into service by you? 21b Yes No

c Enter the complete address of each home where you installed qualified energy property.

Number and street	Unit no.	City or town	State	ZIP code

OREGON TAX LAW CHANGES



OREGON STANDARD DEDUCTIONS RISE OVER 2022

• Single	\$2605	+ 185
• MFS (spouse std ded)	\$2605	+ 185
• MFS (spouse itemize)	\$0	+ 0
• MFJ & QSS	\$5210	+ 370
• HOH	\$4195	+ 300

OREGON ADDITIONAL STANDARD DEDUCTIONS FOR OVER 65 OR BLIND

- Single \$1200 to \$2400 more for >65 and/or blind
- MFJ & QSS \$1000 to \$4000 more for >65 and/or blind
- HOH \$1200 to \$2400 more for >65 and/or blind
- MFS \$1000 to \$2000 more for >65 and/or blind

OREGON EXEMPTION CREDIT INCREASES

- The exemption credit for TY2023 is \$236 per person
- This is an increase of \$17 from TY2022's \$219

OREGON

- Oregon **Kicker** – percentage is **44.28%**, based on Line 22, TY2022 Oregon return (Kicker also applies even if no filing requirements for TY2023). Did the taxpayer file a 2022 return?
- 1099-G, State Refund – not mailing to Taxpayers. Information is found on Oregon Dept of Revenue website. Information can also be found on last year's tax return.
- For information on either or both can be found on [Revenue Online](#) ([Oregon.gov](#))

OREGON DOR WEBSITE

Looking up information for Oregon Return <https://revenueonline.dor.oregon.gov/>

 Search our online services



Quick Links

Access our most frequently requested actions

- > [Make a payment](#)
- > [File a return](#)
- > [Register and apply](#)



Individuals

Actions for individuals that do not require logging in

- > [What's my kicker?](#)
- > [View my 1099-G](#)
- > [Enter return filing verification code](#)
- > [Take identity verification quiz](#)



Businesses

Actions for businesses that do not require logging in

- > [File W-2s and 1099s using iWire](#)
- > [Upload an iWire test file](#)
- > [Submit a bulk XML file](#)
- > [Apply for ACH credit](#)



Senior and Disabled Deferral Program

Actions for the Senior and Disabled Deferral Program

- > [Submit a recertification for the senior or disabled program](#)
- > [Calculate deferral payoff](#)
- > [County foreclosure payoff](#)



Tools

Useful tools and calculators

- > [Calculate withholding](#)
- > [Calculate the Working Family Household and Dependent Care credit](#)
- > [Review prior Revenue Online submissions](#)
- > [Delinquent Taxpayer List](#)



Other Services

Other services that do not require logging in

- > [Request forms and publications](#)
- > [Respond to a letter](#)
- > [Report fraud](#)
- > [Request a tax compliance certification](#)
- > [Submit an Oregon affidavit](#)


OREGON CTC (OREGON KIDS CREDIT) - NEW

- Income after subtractions (Line 15) < \$25,000 with phaseout at \$30,000
- TP with children ages 0 to 5 (under 6) – not to exceed 5 dependents
- Max credit amount is \$1000 per child, fully refundable
- \$0 credit for MFS
- Available for taxpayers without filing requirements
- Available for all taxpayers, including those with ITINs

-- REMINDER -- OREGON EIC FOR ITIN FILERS

- ITIN filers are not eligible for the federal EITC.
- Starting with tax year 2022, ITIN filers can claim Oregon EIC even though they cannot claim federal EITC.

OREGON PAID LEAVE

- Payroll Contributions made are after tax and included in wages, subject to withholding
-
- Contribution amount MAY be listed in Box 14
 - Family leave benefits are fully taxable
 - Safe leave benefits are fully taxable -- “Safe” leave is for safety from domestic or sexual violence
 - Medical leave benefits are taxable based on ratio of employer contributions to total employer/employee contributions
 - Assistance Grants received are generally taxable
- 

PAID LEAVE OREGON BENEFITS DEDUCTED ON FEDERAL SCHEDULE A

- Oregon **Subtraction Code 386**
- Workers can take up to 12 weeks of medical, family or “safe” leave under Paid Leave Oregon program.
- Part of your benefits may be from payroll deductions or contributions you made as a self-employed individual if you chose to be covered by the program.
- **Contributions are considered to be payment of Oregon Income Tax. For that reason, they can't be included in your Oregon Itemized Deductions as a payment of state tax.**

PAID LEAVE OREGON BENEFITS DEDUCTED ON FEDERAL SCHEDULE A - CONTINUED

- Benefits from Paid Leave Oregon are generally taxable, except for the portion from your own contributions. The nontaxable portion may be treated in two ways.

PAID LEAVE OREGON BENEFITS DEDUCTED ON FEDERAL SCHEDULE A – CONTINUED FURTHER

- If you aren't claiming itemized deductions, you may reduce your income for the nontaxable portion of your benefits
- If you're itemizing, you may deduct the nontaxable portion of your benefits as a payment of state income tax, but only if you include the entire amount of benefits in your income
- If you reduced your benefit income on your federal return, you don't need to do anything on your Oregon return.
- If you included all your benefits on the federal return, you may claim a subtraction on your Oregon return for the nontaxable portion

PAID LEAVE OREGON BENEFITS DEDUCTED ON FEDERAL SCHEDULE A - EXAMPLE

- Oliver made contributions to Paid Leave Oregon by payroll deduction. In October, his son broke his arm, and Oliver took several weeks of family leave to care for him
- Oliver received \$3000 in benefits. Of this amount, \$600 was attributable to his contributions. Oliver doesn't itemize on federal, so he reduces the benefit income by the contribution amount and includes \$2400 ($\$3000 - \600) in income on federal return
- Because the benefit income is reduced on the federal return, Oliver does not report a subtraction on the Oregon return

TAXSLAYER CHANGES



TAXSLAYER - ENHANCEMENTS

- Warnings for the following events from prior year - based on carryforward information:
 - Identity Protection PIN
 - Form 5405 First Time Homebuyer Credit Repayment
 - 1095-A, Marketplace Insurance
 - State refund, if TP itemized prior year
 - W-2, Box 14 (STT Tax) – Now on dropdown menu for TY2022 & TY2023;
 - TY2023: tax correctly moves to Schedule A but NOT OR-A
 - TY2022: tax correctly moves to Schedule A and incorrectly moves to Schedule OR-A; need to make a manual entry to remove from OR-A

TAXSLAYER - ENHANCEMENTS

- W-2 Screen – single column of input
- F244I CDC – new input and multiple screens
- F8863 Ed Credits – new input screens and recommendations for type of credit
- F5695 Residential Energy Credits – name change, line changes for new tax law:
Sch 3, Line 5 now shows 5a & 5b for this credit
- 1099-K – new input screen for form
- Sch D – new tab for 1099-B stock sales, “basis reported” with no adjustments;
summary view showing net gain/loss

QUESTIONS?



+



o



.



THANK YOU

