

GRANITE POINT TAX GROUP, LLC



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Annual Newsletter, Vol. 14

Pretty short newsletter this year, as tax policy has been low on the current Congress' priority list. We do have a new filing requirement for many business owners, so please read on. And our 2022 newsletter contained some great information about tax provisions starting in 2023, so we will review some of that information here.

Business News

In an effort to combat tax evasion and money laundering, most owners of pass-through entities (S-Corporations and LLCs) are now required to register with FinCEN – the Financial Crimes Enforcement Network, a division of US Treasury. This filing is known as the Beneficial Ownership Information report. It is a one-time report, *not* an annual filing requirement, unless the report needs to be changed or updated. Businesses formed before January 1 of 2024 have until the end of 2024 to file. Businesses formed after 12/31/23 must file within 90 days of creating the company. Failure to file can incur a penalty of up to \$500 per day!

Note that it is the company that files to report its beneficial owners, not the other way around. A beneficial owner is defined as any person or company that owns or controls at least 25% of the company or otherwise exercises substantial control over the company. Besides the company name and address, the report requires that each beneficial owner be listed along with their date of birth, their address, and a valid government ID# (driver license or passport number, plus an uploaded image of the document). Note that a Social Security Number is not included in the approved document list. Go to www.fincen.gov for more information and to file reports.

Business Reminder

As a reminder, many state and local taxing jurisdictions have changed their rules for determining which businesses are subject to their taxes. This includes Oregon, as well as (starting 1/1/23) Multnomah County, the City of Portland, and Portland Metro. Under the old rules, a business was subject to tax if it maintained a physical presence within the tax jurisdiction's boundary. Under the *new* rules, a business is subject to tax if it conducts substantial economic activity within the jurisdiction. This could include sales or services delivered to customers located within the jurisdiction, hiring remote workers who physically live and work within the jurisdiction, and many other factors. You will need to *tell us* if your business has been delivering goods or services to the greater Portland metro area, or any other major city or state.

New for 2023 and Beyond

The deduction for business-related meals is back to the old 50% limit. Entertainment expenses remain non-deductible.

The credit for adding solar panels to your home has been extended through 2034. Starting in 2023 this credit also includes the cost of battery storage technology along with the cost of wind turbines. This credit is good for either your primary residence or vacation home. The credit is equal to 30% of the cost, including installation, for 2022 through 2032, then 26% in 2033, 22% in 2034.

The credit for energy-efficient improvements to your main home (no vacation or second homes) has also expanded starting in 2023. The credit is 30% of cost for most items, up to an annual limit of \$1,200. Exterior windows and skylights have a lower annual limit at \$600 combined and exterior doors are limited to \$500. Heat pumps and hot water boilers have an annual limit of \$2,000. There is also a new credit of up to \$150 of the cost of a home energy audit.

The electric vehicle tax credit has also changed. The maximum credit is still \$7,500, but the rules for qualifying for the credit have changed. The vehicle must meet a mineral requirement (a certain percentage of the battery minerals must be from or processed in the US or from a free trade territory with the US) and a certain percentage of battery components must be manufactured or assembled in North America. Final assembly of the vehicle must also have taken place in North America. The auto manufacturers and dealers will be able to tell you if a particular vehicle meets those standards. There will also be an online tool through the Department of Energy that can tell you. The previous manufacturer sales thresholds have gone away, so more vehicles should now qualify. There are some income limits, however. Your modified adjusted gross income (current or previous year, whichever is lower) cannot exceed \$300,000 for Married Filing Jointly, \$225,000 for Head of Household and \$150,000 for single filers. Also, the manufacturer's retail price cannot exceed \$55,000 for sedans and \$80,000 for vans, SUVs and pickup trucks. Please note that in many cases, you won't actually know your AGI until your tax returns are complete, which could be more than a *year* after purchasing your new vehicle, and recapture provisions apply – this seems like a potential mess in our opinion. Used EVs can also qualify for the credit if purchased from a dealer. The credit is a bit smaller and the vehicle has to be at least two years old and cost \$25,000 or less. The credit for used EVs is the lesser of \$4,000 or 30% of the purchase price.

Other News

Retirement plan changes take effect over the next several years. In 2023, the age for starting Required Minimum Distributions went from 72 to 73. The excise tax for account owners who fail to take their RMD has been lowered to 25%. This drops to 10% if the missed RMD is corrected in a timely manner. Maximum retirement contributions, plus catch-up limits for those 50 or older:

Plan Type	2023 Max Contrib.	Catch-Up Cont.	2024 Max Contrib.	Catch-Up Cont.
IRA (Trad/Roth)	\$6,500	\$1,000	\$7,000	\$1,000
Qual. Plan (401/403)	\$22,500	\$7,500	\$23,000	\$7,500
SIMPLE	\$15,500	\$3,500	\$16,000	\$3,500
SEP	\$66,000	n/a	\$69,000	n/a

Oregon Surplus “Kicker” Credit

It’s a doozy this year, by far the largest in history! For a little background, an amendment to the Oregon constitution requires that the state return funds to taxpayers if they collect more revenue than they budgeted for (it’s a little more complicated than that, of course). They used to send taxpayers a check, but these days it’s up to taxpayers to claim a credit on their next tax return. So on your upcoming 2023 Oregon tax return you can claim a credit of 44.28% of your 2022 Oregon tax liability. Don’t worry – assuming we have a copy of your 2022 tax return we will calculate the credit for you and include it on your 2023 tax return.

Cell Phone Photos and Data Security

Our new secure e-mail system seems to be working well. If you would like to send sensitive documents to us by e-mail, please go to the Secure Access page of our website and click the Encyro link for either Matt or Rachel. This will ensure documents are fully encrypted before being sent along the wire.

Please consider downloading and using a scanner app to send us documents from your phone or other mobile device. Adobe Scan and Tiny Scanner are both excellent and free. These apps use your phone’s camera to create highly readable PDF documents.

The IRS now allows all taxpayers to opt in to their Identity Protection PIN program. This allows taxpayers to obtain a personal ID# for their tax return that must be included when the return is e-filed in order to combat fraudulent filings in their name. An identity verification process is required to obtain the PIN and a new PIN is required each year. Spouses and dependents are also eligible for the program. A PIN may be obtained at www.irs.gov/IPPIN. If you get one be sure to pass it along to us or your return will be rejected when we e-file.

Thank You

Thank you so much for making this all possible! It’s been a long journey to get where we are, and none of it would have been possible without your trust and faith, and once in a while forgiveness. Thank you!

Please note that although we make every effort to confirm the information contained in this letter is accurate, we cannot guarantee it.