



January 2024

Dear Clients,

Another tax season is upon us and we hope you fully enjoyed the rest of your 2023. While there are some updates to the Federal tax law, the majority of tax law changes are regarding MA so we will dive right in.

Due Dates- The due date for personal tax returns, corporations and trusts in the state of MA is April 17th. S-Corps and Partnership returns have a due date of March 15th. If you need to file an extension please do so for your Federal tax return on [irs.gov](https://www.irs.gov) and MA by mailing in Form M-4868 for personal or Form M-4768 for Estate tax returns. You can also apply and pay at mass.gov/masstaxconnect. This is an extension to file, **not** an extension to pay.

Federal Tax System- The Federal and State tax system is a "pay as you go" method. This means that you need to pay most of your taxes during the year, as you receive the income, rather than paying at the end of the year. We do not calculate any additional underpayment penalty per IRS recommendation. This is a penalty the IRS is getting increasingly stricter regarding. Quarterly payments can be made online or we can provide paper vouchers to be mailed in with a check quarterly. [IRS.gov](https://www.irs.gov) has a great interactive tool to calculate your appropriate withholding to avoid this penalty.

Tax Year 2023 Tax Brackets

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,000	\$0 to \$22,000	\$0 to \$15,700
12%	\$11,000 to \$44,725	\$22,000 to \$89,450	\$15,700 to \$59,850
22%	\$44,725 to \$95,375	\$89,450 to \$190,750	\$59,850 to \$95,350
24%	\$95,375 to \$182,100	\$190,750 to \$364,200	\$95,350 to \$182,100
32%	\$182,100 to \$231,250	\$364,200 to \$462,500	\$182,100 to \$231,250
35%	\$231,250 to \$578,125	\$462,500 to \$693,750	\$231,250 to \$578,100
37%	\$578,125 or more	\$693,750 or more	\$578,100 or more

Deductible Mileage Rates- *Business mileage is up to 65.5 cents, medical mileage remains at 21 cents, and charity mileage also remains the same at 14 cents per mile. *(If applicable)

FinCEN Reporting Requirements- ANY LLC or Corporation is required to file with the Financial Crimes Enforcement Network (FinCEN). This is informational only, as a measure to cut down on financial fraud. If you have an existing reporting company you must complete the "Beneficial Ownership Information" (BOI) by January 1st 2025 or you will be penalized \$500 a day. If the reporting business is created in 2024, you have 90 days to complete this report or you will be penalized \$500 a day. Please go to fincen.gov for very detailed information and to complete the BOI report.

Two Energy Credits With Different Rules Within the Credits- There are now two energy credits for energy related home improvements. Depending on the expenditure you may qualify for the Residential Clean Energy Credit (RCEC) or the Energy Efficient Home Improvement Credit (EEHIC). The IRS has done away with the \$500 lifetime limit and the EEHIC now has an annual limit of \$1,200 or \$2,000, depending on item. The RCEC is a percentage of cost, depending on the item. To further complicate the credits, some items must be installed in your primary residence while others you can take if you rent or have installed in a second home. Neither credit applies if the property is 100% used for business purposes. If the property is used over 20% for business, the credit will be prorated. Used property does not qualify. Rebates reduce qualifying costs for purposes of either credit. There will be additional documents needed if you qualify for either credit. We will have a detailed chart at the office, available upon request, and on our website.

O'Brien Tax Services

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Self-Employed/ Business Tax Returns- If you own a business and we provide the service of mailing out 1099-NECs or W-2s on your company's behalf, we will need a W-9 filled out and signed by each employee before mailing. You can find Form W-9 on [irs.gov](https://www.irs.gov) under Forms & Instructions or on our website. We are requiring either a Profit & Loss or our Sch. C organizer to be completed. If you want O'Brien Tax Services to do your bookkeeping it is an additional charge and we must have the documentation by the first week of February.

O'Brien Pricing- We are changing our pricing format and will be charging by form. This is to keep up with inflation and stay in business. A chart of our prices can be found on our website or in our office available upon request.

Previously Owned Clean Vehicles Credit- This is a new Federal credit for purchase of a used energy efficient car. It is 30% of qualifying costs, maximum of \$4,000. The vehicle must be at least 2 years old and purchase price is limited to \$25,000. This credit only applies to the first transfer, and must be purchased from a dealership. Additional documentation will be needed, including a Declaration under Penalties of Perjury from the dealer.

MA UPDATES

MA 4% surtax- This is on taxable income over \$1 million, in addition to the 5% state tax. This will apply to individual, trust, and estate tax returns.

MA Earned Income Tax Credit- This has increased from 30 to 40% of the federal tax credit. It is very normal for MA Department of Revenue to send out a letter requesting confirmation of dependant before releasing the refund.

Child and Family Tax Credit- This updated credit has increased from \$180 to \$310. There is no longer a cap at 2 dependents. However to qualify, the dependent must be under the age of 13, a dependent who is age 65 or over, or disabled.

Expansion of the Commuter Deduction- The commuter deduction has been expanded to include expenses incurred for all Massachusetts Bay Transit Authority ("MBTA") fares, Massachusetts regional transit authority fares, fares for any commuter boat owned, operated, or contracted by a municipality, public or quasi-public entity, agency, or authority, bikeshare memberships, and the cost of bicycles purchased for commuting (including electric bicycles and bicycle improvements, repairs, and storage).

Senior Circuit Breaker Credit- This credit for qualifying taxpayers 65 yrs of age and older has nearly doubled to \$2,590. The eligibility rules have also expanded allowing more clients to potentially qualify.

Rental Deduction- The maximum qualifying amount has increased from \$3,000 to \$4,000.

Title V Tax (Septic credit)- This credit has increased from \$6,000 to \$18,000 effective 2023 and forward. The maximum amount allowed per year is \$4,000 and can be carried forward 5 years. If you claimed a Septic Credit before January 1, 2023, the amount of the credit continues to be governed by the prior limitations.

MA Short-term cap gains- The MA rate decreased from 12% to 8.5% (excluding collectibles).

Estates valued at two million or less- They no longer have a requirement to file in MA, it was previously a threshold of \$1 million.

Student Loan Interest Paid by Employer- Any amount that exceeds \$5,250 can be taken as an adjustment to income on MA, even with the employer paying the full student loan interest.

Charitable Deduction- After a 23-year hiatus, MA now allows a deduction for monetary charity donations. We are still awaiting final regulations regarding the maximum amount and if you must itemize to qualify.

The O'Brien Tax Team would like to congratulate Abby & Liz Begley on passing their Enrolled Agent exam, after 2 grueling years of studying and passing the three- part exam. Being an enrolled agent is the highest credential the IRS awards.

We wish all our Clients the best,

Enrolled Agent

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