

2024 Tax Season Reference Guide

A tool for preparing 2023 tax returns

Quick Reference Guide

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At the close of every year, NATP pulls together a list of common facts and figures that tax professionals can reference throughout the coming tax season. This guide will aid you while preparing 2023 returns and advising clients in 2024.

Personal exemption

For 2018-2025, the personal exemption deduction for a taxpayer, their spouse and dependents is zero. However, the personal exemption amount for other purposes (e.g., the qualifying relative gross income test) is \$4,700 (\$5,050 for 2024).

Standard deduction

The standard deduction amounts increase every year.

Filing Status	2023	2024
MFJ/QSS	\$27,700	\$29,200
HOH	\$20,800	\$21,900
Single	\$13,850	\$14,600
MFS	\$13,850	\$14,600
Additional for age or blindness		
MFJ/QSS	\$1,500	\$1,550
Single or HOH	\$1,850	\$1,950

The standard deduction for dependents who only have unearned income is \$1,250. If the dependent has both earned and unearned income, the standard deduction is the greater of:

- \$1,250 (\$1,300 for 2024), or
- The dependent's earned income plus \$400 (\$450 for 2024), but not more than the basic standard deduction for their filing status

Itemized deductions

For 2018-2025, the overall limitation (Pease limitation) on itemized deductions for taxpayers with AGI exceeding an applicable threshold does not apply.

For medical expense deductions, the limitation is permanently set to 7.5% of AGI regardless of age.

Capital gains rates

The top tax rate for capital gains and qualified dividends is permanently set at 20% for taxpayers with taxable income in the highest tax bracket. The net investment income tax (NIIT) of 3.8% makes the overall capital gain rate for higher income taxpayers effectively 23.8%.

Capital gains below the maximum 0% bracket amount are subject to a 0% capital gains rate. Capital gains below the maximum 15% bracket amount and above the 0% rate amount are subject to a 15% capital gains rate. Amounts above the 15% bracket amount are subject to a 20% capital gain rate. These amounts are indexed for inflation.

Capital Gain Tax Brackets			
2023	0%	15%	20%
MFJ, QSS	\$0-\$89,250	\$89,251-\$553,850	\$553,851
HOH	\$0-\$59,750	\$59,751-\$553,050	\$553,051
S	\$0-\$44,625	\$44,626-\$492,300	\$492,301
MFS	\$0-\$44,625	\$44,626-\$276,900	\$276,901
Estates and trusts	\$0-\$3,000	\$3,001-\$14,650	\$14,651

2024	0%	15%	20%
MFJ, QSS	\$0-\$94,050	\$94,051-\$583,750	\$583,751
HOH	\$0-\$63,000	\$63,001-\$551,350	\$551,351
S	\$0-\$47,025	\$47,026-\$518,900	\$518,901
MFS	\$0-\$47,025	\$47,026-\$291,850	\$291,851
Estates and trusts	\$0-\$3,150	\$3,151-\$15,450	\$15,451

The ordinary income tax rates for short-term capital gains, the unrecaptured §1250 rate of 25% and the collectibles rate of 28% continue to apply.

Additional Medicare tax

An additional Medicare tax of 0.9% applies to an individual's wages, *Railroad Retirement Tax Act* compensation and self-employment income if such compensation exceeds the following threshold amounts, which are not indexed for inflation:

- \$250,000 for MFJ
- \$125,000 for MFS
- \$200,000 for all others

Net investment income tax (NIIT)

A 3.8% Medicare tax is applied against net investment income of individuals, estates and trusts. For this purpose, "individual" means any person except those who are nonresident aliens. As such, NIIT applies only to citizens or residents of the U.S. The NIIT is 3.8% of the lesser of:

- Net investment income for the year
- The excess of modified adjusted gross income over the threshold amount of \$250,000 for MFJ and QSS, \$125,000 for MFS, and \$200,000 for all others (S, HOH)

Estates and trusts do not have any threshold as defined in §1411. They pay tax on the lesser of undistributed net investment income or the amount of adjusted gross income that exceeds the highest tax bracket of \$14,650 (\$15,450 for 2024).

Alternative minimum tax (AMT)

	2023 Exemption	2023 Phaseout
MFJ, QSS	\$126,500	\$1,156,300-\$1,662,300
S, HOH	\$81,300	\$578,150-\$903,350
MFS	\$63,250	\$578,150-\$831,150
Estates and trusts	\$28,400	\$94,600-\$208,200

	2024 Exemption	2024 Phaseout
MFJ, QSS	\$133,300	\$1,218,700-\$1,751,900
S, HOH	\$85,700	\$609,350-\$952,150
MFS	\$66,650	\$609,350-\$875,950
Estates and trusts	\$29,900	\$99,700-\$219,300

Note: For tax years beginning after 2017 and before 2026, the AMT exemption amount for certain children with unearned income is no longer limited to their earned income plus the additional AMT exemption amount.

Kiddie tax

Kiddie tax applies to a child who is required to file a tax return, does not file a joint return, has at least one living parent, has more than \$2,500 (\$1,250 base amount x 2) of unearned income and is any one of the following:

- Under age 18 at the end of the year and did not have earned income that was more than half their support

- A full-time student over age 18 and under age 24 at the end of the year, and did not have earned income that was more than half their support
- For tax years beginning after 2019, the child's unearned income is taxed at the parents' tax rates if the parents' rates are higher than the child's rates

Note: The amount for 2024 is \$2,600 (\$1,300 base amount x 2).

Adoption credit

The maximum nonrefundable credit increases to \$15,950. The credit begins to phase out when MAGI exceeds \$239,230 and completely phases out when MAGI reaches \$279,230.

The maximum nonrefundable credit increased to \$16,810 for 2024. The credit begins to phase out when MAGI exceeds \$252,150 and is completely phased out when MAGI reaches \$292,150.

Child and dependent care credit

The minimum child and dependent care credit is 20% of qualifying dependent care expenses and the maximum is 35% of qualifying dependent care expenses based on AGI. The amount of eligible expenses is \$3,000 for one child and \$6,000 for two or more children.

Child tax credit

The maximum child tax credit is \$2,000 for each qualifying child. Furthermore, the maximum refundable child tax credit is \$1,600 per child for 2023, but is limited to the greater of:

- 15% of earned income above \$2,500, or
- The excess of the taxpayer's Social Security taxes for the year over the earned income credit for the year for taxpayers with three or more qualifying children

Taxpayers can claim the \$500 other dependent credit (ODC) for qualifying children age 17 or older and for qualifying relatives.

No child tax credit is allowed for a qualifying child if the child does not have a Social Security number (SSN) by the due date of the tax return (including extensions). However, children without a valid SSN may still qualify for the ODC if they have an individual taxpayer identification number (ITIN) or adoption

taxpayer identification number (ATIN) by the due date, including extensions.

The child tax credit phaseout for the credit begins at:

Filing Status	MAGI
MFJ	\$400,000
All Others	\$200,000

For 2024, the refundable portion of the child tax credit is up to \$1,700.

Earned income tax credit

The maximum amount of income a taxpayer can earn and still be eligible for the earned income tax credit increased. The earned income tax credit is zero if earned income or AGI exceeds the following amounts:

2023			
Taxpayer	MFJ	Other Than MFJ	Max. Credit
With one child	\$53,120	\$46,560	\$3,995
With two children	\$59,478	\$52,918	\$6,604
With three or more children	\$63,398	\$56,838	\$7,430
With no children	\$24,210	\$17,640	\$600

2024			
Taxpayer	MFJ	Other Than MFJ	Max. Credit
With one child	\$56,004	\$49,084	\$4,213
With two children	\$62,688	\$55,768	\$6,960
With three or more children	\$66,819	\$59,899	\$7,830
With no children	\$25,511	\$18,591	\$632

The maximum amount of investment income a taxpayer may have and still be eligible for the credit is \$11,000 (\$11,600 for 2024).

Education credits

The maximum lifetime learning credit is the lesser of 20% of the first \$10,000 of qualified higher education expenses, or \$2,000.

2023 and 2024	
Credit	Maximum Amount
Lifetime learning credit	\$2,000
American opportunity tax credit	\$2,500

The maximum American opportunity tax credit (AOTC) is 100% of the first \$2,000 of qualified higher education tuition and related expenses, plus 25% of the next \$2,000 of such expenses paid during the tax year, equaling a maximum credit of \$2,500. Up to 40% of the credit may be refundable, unless it is claimed by a child who could be subject to the kiddie tax provisions, no matter how much unearned income the child has.

AGI Phaseout Amounts		
Filing Status	AOTC	Lifetime Learning Credit
MFJ	\$160,000-\$180,000	\$160,000-\$180,000
S, HOH, QSS	\$80,000-\$90,000	\$80,000-\$90,000
MFS	Not available	Not available

Educator expense deduction

An eligible educator can take an above-the-line deduction for out-of-pocket classroom-related expenses. The deduction may not exceed \$300 (also \$300 for 2024).

Student loan interest deduction

Taxpayers can deduct up to \$2,500 of interest paid on qualified education loans that were used for qualified education expenses of the taxpayer, spouse or dependents when the loan was taken out. To deduct the amount paid, the taxpayer must be legally liable for the loan.

Filing Status	2023 Phaseout	2024 Phaseout
MFJ	\$155,000-\$185,000	\$165,000-\$195,000
MFS	Not available	Not available
All others	\$75,000-\$90,000	\$80,000-\$95,000

Health savings account (HSA)

Like IRAs, funds in HSAs are 100% tax-deferred until distributed. When the distribution is used for qualified medical expenses, it is nontaxable.

A non-dependent taxpayer insured by a high deductible health plan (HDHP) may deduct monthly HSA contributions up to an annual limit.

2023 HSA			
Coverage	Annual Contribution Limit	HDHP Minimum Deductible	HDHP Max. Out of Pocket
Individual	\$3,850	\$1,500	\$7,500
Family	\$7,750	\$3,000	\$15,000

2024 HSA			
Coverage	Annual Contribution Limit	HDHP Minimum Deductible	HDHP Max. Out of Pocket
Individual	\$4,150	\$1,600	\$8,050
Family	\$8,300	\$3,200	\$16,100

If the HSA beneficiary is age 55 or older at the end of the year, the annual contribution limit is increased by \$1,000 [§223(b)(3)]. If both spouses are age 55 or older and eligible individuals, they can each contribute an additional \$1,000 to their own HSA.

Long-term care premiums annual deductible limit

Taxpayer's age at the close of the tax year	2023	2024
40 or under	\$480	\$470
More than 40 but not more than 50	\$890	\$880
More than 50 but not more than 60	\$1,790	\$1,760
More than 60 but not more than 70	\$4,770	\$4,710
More than 70	\$5,960	\$5,880

Archer medical savings account (MSA)

2023			
Health Plan	Annual Deductible	Max. Out-of-Pocket Expenses	Annual Maximum Deduction*
Individual	\$2,650-\$3,950	\$5,300	65% of deductible
Family	\$5,300-\$7,900	\$9,650	75% of deductible

2024			
Health Plan	Annual Deductible	Max. Out-of-Pocket Expenses	Annual Maximum Deduction*
Individual	\$2,800-\$4,150	\$5,550	65% of deductible
Family	\$5,550-\$8,350	\$10,200	75% of deductible

* If the plan is established by a self-employed individual, the limit is the lesser of the related trade or business earned income or the applicable percentage.

Health flexible spending arrangement (FSA)

Voluntary employee salary reduction contributions to a health FSA cannot exceed \$3,050 (\$3,200 for 2024).

The amount that can be carried over to the following year is \$610 (\$640 for 2024) for health care FSAs (HFSA) and dependent care FSAs (DFSA).

QSEHRA

The total amount of payments and reimbursements under a qualified small employer health reimbursement arrangement (QSEHRA) cannot exceed \$5,850 (\$11,800 for family coverage). For 2024, this amount increases to \$6,150 (\$12,450 for family coverage).

IRA: Contribution limit to traditional and Roth IRAs

The contribution limit to a traditional or Roth IRA is \$6,500 (\$7,500 for taxpayers age 50 or older). The amounts are increased for 2024 to \$7,000 (\$8,000 for taxpayers age 50 or older). There is no age limit on making contributions to a traditional IRA if the taxpayer has earned income, such as wages or self-employment income.

IRA: Deduction MAGI phaseout for traditional IRAs

2023	
Filing Status	Taxpayer Covered by Employer Plan
S, HOH	\$73,000-\$83,000
MFJ, QSS	\$116,000-\$136,000
MFS*	\$0-\$10,000
Filing Status	Spouse of Covered Employee
S, HOH	N/A
MFJ, QSS	\$218,000-\$228,000
MFS*	\$0-\$10,000

2024	
Filing Status	Taxpayer Covered by Employer Plan
S, HOH	\$77,000-\$87,000
MFJ, QSS	\$123,000-\$143,000
MFS*	\$0-\$10,000
Filing Status	Spouse of Covered Employee
S, HOH	N/A
MFJ, QSS	\$230,000-\$240,000
MFS*	\$0-\$10,000

IRA: MAGI phaseout for Roth IRA contributions

2023	
Filing Status	Phaseout
MFJ	\$218,000-\$228,000
MFS (lived with spouse)	\$0-\$10,000
S, HOH, QSS, MFS*	\$138,000-\$153,000

2024	
Filing Status	Phaseout
MFJ	\$230,000-\$240,000
MFS (lived with spouse)	\$0-\$10,000
S, HOH, QSS, MFS*	\$146,000-\$161,000

* Taxpayers who are filing MFS and did not live with their spouse at any time during the year are considered single for IRA deduction purposes.

Social Security

The maximum wages subject to Social Security tax is \$160,200. For 2024, the maximum wage amount increases to \$168,600.

Saver's credit

A saver's credit can be claimed using Form 8880, *Credit for Qualified Retirement Savings Contributions*. The credit is calculated by multiplying the applicable rate by the qualified retirement plan contributions, not to exceed \$2,000. The maximum credit is \$1,000 per person.

The applicable credit rate determined by filing status and MAGI for 2023 and 2024 are shown in the table on the next page.



Annual gift tax exclusion

The annual gift tax exclusion is \$17,000 per person. For 2024, the annual gift tax exclusion increases to \$18,000. The annual exclusion to a spouse who is not a citizen of the United States is \$175,000. For 2024, the annual exclusion increases to \$185,000.

Foreign earned income exclusion

A qualified individual may exclude up to \$120,000 of qualified foreign earned income using Form 2555, *Foreign Earned Income*. For 2024, this amount increases to \$126,500.

Estate tax exclusion

The estate tax exclusion is \$12,920,000. For 2024, this amount increases to \$13,610,000.

2023 Saver's Credit

Filing Status	50%	20%	10%	No Credit
MFJ	\$0-\$43,500	\$43,501-\$47,500	\$47,501-\$73,000	Over \$73,000
HOH	\$0-\$32,625	\$32,626-\$35,625	\$35,626-\$54,750	Over \$54,750
All Others	\$0-\$23,750	\$23,751-\$23,750	\$23,751-\$36,500	Over \$36,500

2024 Saver's Credit

Filing Status	50%	20%	10%	No Credit
MFJ	\$0-\$46,000	\$46,001-\$50,000	\$50,001-\$76,500	Over \$76,500
HOH	\$0-\$34,500	\$34,501-\$37,500	\$37,501-\$57,375	Over \$57,375
All others	\$0-\$23,000	\$23,001-\$25,000	\$25,001-\$38,250	Over \$38,250

Income Tax Rates

2023 Beginning Threshold for Tax Rates

	10%	12%	22%	24%	32%	35%	37%
S	\$0	\$11,001	\$44,726	\$95,376	\$182,101	\$231,251	\$578,126
MFJ, QSS	\$0	\$22,001	\$89,451	\$190,751	\$364,201	\$462,501	\$693,751
MFS	\$0	\$11,001	\$44,726	\$95,376	\$182,101	\$231,251	\$346,876
HOH	\$0	\$15,701	\$59,851	\$95,351	\$182,101	\$231,251	\$578,101
Estates and trusts	\$0	N/A	N/A	\$2,901	N/A	\$10,551	\$14,451

2024 Beginning Threshold for Tax Rates

	10%	12%	22%	24%	32%	35%	37%
S	\$0	\$11,601	\$47,151	\$100,526	\$191,951	\$243,726	\$609,351
MFJ, QSS	\$0	\$23,201	\$94,301	\$201,051	\$383,901	\$487,451	\$731,201
MFS	\$0	\$11,601	\$47,151	\$100,526	\$191,951	\$243,726	\$365,601
HOH	\$0	\$16,551	\$63,101	\$100,501	\$191,951	\$243,701	\$609,351
Estates and trusts	\$0	N/A	N/A	\$3,101	N/A	\$11,151	\$15,201

Business Tax Issues

Cash method of accounting

The gross receipts limit under §448(c) for using the cash method of accounting for corporations and partnerships increased to \$29 million (\$30 million for 2024).

§179 expensing

Taxpayers may expense up to \$1,160,000 of qualifying property acquired for use in a trade or business, while the SUV limit is \$28,900. The deduction phaseout begins at \$2,890,000 on purchases of qualifying property, including qualified real property.

For property placed in service in tax years beginning after 2017, qualified real property means:

- Qualified improvement property, and
- Any of the following improvements to nonresidential real property: roofs, heating, ventilation, and air conditioning (HVAC) property, fire protection and alarm systems, security systems

For 2024, the aggregate amount taxpayers may expense increases to \$1,220,000, and the SUV limit increases to \$30,500. However, the deduction is reduced when the cost of qualifying property exceeds \$3,050,000.

Luxury automobile depreciation limits for vehicles first placed in service in 2023

Passenger autos, light trucks and vans all have the same limits.

	Passenger Autos, Light Trucks and Vans
1st year – 2023	\$11,200
1st year with bonus	\$19,200
2nd year	\$18,000
3rd year	\$10,800
Succeeding years	\$6,460

Standard mileage rates

	2023	2024
Business mileage	65.5¢	67¢
Medical or moving mileage	22¢	21¢
Charity	14¢	14¢
Depreciation component	28¢	30¢

Per diem allowance substantiation method

Standard Rate*	M&IE	Lodging	Total
Oct. 1, 2022-Sept. 30, 2023	\$59	\$98	\$157
Oct. 1, 2023-Sept. 30, 2024	\$59	\$107	\$166

* See <https://www.gsa.gov/travel/plan-book/per-diem-rates> for rates for specific cities.

The incidentals allowance is \$5 for travel both inside and outside the United States.

Per diem meal allowance for transportation industry

	FY 2023	FY 2024
Travel inside the U.S.	\$69	\$69
Travel outside the U.S.	\$74	\$74

Day care per diem for meals

The standard meal and snack rates allowed for day care facilities are equal to the Tier 1 reimbursement rates established by the Child and Adult Care Food Program (CACFP). The Department of Agriculture changes the rates every July; therefore, the IRS uses the rates in effect as of Dec. 31 of the prior year for the entire year (for example, Dec. 31, 2022, rates apply for all of 2023), even though the CACFP rates change in July (<http://www.fns.usda.gov/cacfp/reimbursement-rates>).

The taxpayer is required to keep a log for the number of meals and snacks served to each child. The rate represents the amount allowed as a deduction per child for the corresponding type of meal served.

2023			
Meal	Contiguous States	Alaska	Hawaii
Breakfast	\$1.66	\$2.59	\$1.91
Lunch and Supper	\$3.04	\$4.87	\$3.55
Snack	97¢	\$1.52	\$1.12

2024			
Meal	Contiguous States	Alaska	Hawaii
Breakfast	\$1.65	\$2.63	\$2.12
Lunch and Supper	\$3.12	\$5.05	\$4.05
Snack	93¢	\$1.50	\$1.20

Qualified business income deduction (QBID)

QBID limits for wages and unadjusted basis immediately after acquisition (UBIA) for any trade or business do not apply until taxable income exceeds the following thresholds. In addition, specified service trades or businesses (SSTBs) such as health care professionals, law, accounting, actuarial science, performing artists, consulting, athletics, financial services, brokerage services, or any trade or business whose principal asset is the reputation or skill of one or more of its employees, generally don't qualify for the QBID unless their taxable income is below the following thresholds.

Filing Status	2023	2024
S, HOH, MFS	\$182,100	\$191,950
MFJ, QSS	\$364,200	\$383,900

The following numbers provide the phase-in range to claim a partial QBID for any trade or business, including SSTBs, when taxable income exceeds the threshold amount.

Filing Status	2023	2024
S, HOH, MFS	\$182,100-\$232,100	\$191,950-\$241,950
MFJ, QSS	\$364,200-\$464,200	\$383,900-\$483,900

Excess business loss

For 2018-2028, an excess business loss limitation applies to taxpayers (other than C corporations). Section 461(l) limits the ability of noncorporate taxpayers to use trade or business losses against other sources of income, such as wages, interest, dividends and capital gains.

- For 2023, noncorporate business losses are limited to \$289,000 (\$578,000 MFJ).
- For 2024, noncorporate business losses are limited to \$305,000 (\$610,000 MFJ).

Self-employment optional methods

In 2023, the following dollar limits apply:

- Under the farm optional method, if the individual's gross farm income is \$9,840 or less, or net farm income is less than \$7,103.42 net earnings from self-employment equals the smaller of two-thirds of gross farm income (not less than zero) or \$6,560. The individual can use this method year after year. There is no limit on the number of years a taxpayer can use this method.

- Under the nonfarm optional method, if net nonfarm profits are less than \$7,103.42, and also less than 72.189% of gross nonfarm income, and net earnings from self-employment were at least \$400 in two of the prior three years, net earnings from self-employment equal the smaller of two-thirds of gross nonfarm income (not less than zero) or \$6,560. There is a five-year lifetime limit on the use of the nonfarm optional method. However, the five years do not have to be consecutive.

In 2024, the following dollar limits apply:

- Under the farm optional method, if the individual's gross farm income is \$10,380 or less or net farm income is less than \$7,493.23, net earnings from self-employment equals the smaller of two-thirds of gross farm income (not less than zero) or \$6,920. The individual can use this method year after year. There is no limit on the number of years a taxpayer can use this method.
- Under the nonfarm optional method, if net nonfarm profits are less than \$7,493.23 and less than 72.189% of gross nonfarm income, and net earnings from self-employment were at least \$400 in two of the prior three years, net earnings from self-employment equal the smaller of two-thirds of gross nonfarm income (not less than zero) or \$6,920. There is a five-year lifetime limit on the use of the nonfarm optional method. However, the five years do not have to be consecutive.



Cost-of-Living Adjustments for Qualified Retirement Plans				
Annual Elective Deferral Limit	2024	2023	2022	2021
§401(k)	\$23,000	\$22,500	\$20,500	\$19,500
§401(k) age 50 or older*	\$30,500	\$30,000	\$27,000	\$26,000
§403(b) annuity	\$23,000	\$22,500	\$20,500	\$19,500
§403(b) age 50 or older*	\$30,500	\$30,000	\$27,000	\$26,000
SARSEP	\$23,000	\$22,500	\$20,500	\$19,500
SARSEP age 50 or older*	\$30,500	\$30,000	\$27,000	\$26,000
SIMPLE and SIMPLE 401(k)	\$16,000	\$15,500	\$14,000	\$13,500
SIMPLE and SIMPLE 401(k) age 50 or older*	\$19,500	\$19,000	\$17,000	\$16,500
§457 (government and exempt organizations)	\$23,000	\$22,500	\$20,500	\$19,500
§457 age 50 or older*	\$30,500	\$30,000	\$27,000	\$26,000
Annual benefit limit for defined benefit plan	\$275,000	\$265,000	\$245,000	\$230,000
Annual benefit limit for defined contribution plan	\$69,000	\$66,000	\$61,000	\$58,000
Annual benefit limit for defined contribution plan age 50 or older	\$76,500	\$73,500	\$67,500	\$64,500
Annual compensation limit	\$345,000	\$330,000	\$305,000	\$290,000
SEP minimum compensation limit	\$750	\$750	\$650	\$650
Highly compensated employee (based on previous year's compensation)	\$155,000	\$150,000	\$135,000	\$130,000
Key employee compensation in top-heavy plan	\$220,000	\$215,000	\$200,000	\$185,000
IRA or Roth**	\$7,000	\$6,500	\$6,000	\$6,000
IRA or Roth age 50 or older**	\$8,000	\$7,500	\$7,000	\$7,000

* A participant who is projected to attain age 50 before the end of a calendar year is deemed to be age 50 as of Jan. 1 of that year.

This optional provision must first be elected by the pension plan sponsor (employer).

** Lesser of this or earned income.



Changes to 2023 Form 1040 series

The IRS recently released the 2023 Form 1040. You'll notice the fiscal year entry space was restored at the top of Form 1040. In addition, the filing status checkboxes were moved from the top of Form 1040 back to below the taxpayer's information. One last notable change to page one is that the digital asset question changed again. It now reads, "At any time during 2023, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) The word "gift" was removed from the question.

Schedule 1 (Form 1040). The IRS made no changes to this schedule.

Schedule 2 (Form 1040). The IRS made no changes to this schedule.

Schedule 3 (Form 1040). The IRS made no changes to Lines 1-4. Following are the changes the agency did make:

- Line 5 was divided into Line 5a and Line 5b. Line 5a reports the residential clean energy credit from Form 5695, Line 15. Line 5b reports the energy efficient home improvement credit from Form 5695, Line 32.
- Line 6m was added to report the credit for previously owned clean vehicles. Attach Form 8936 to Schedule 3.
- Line 13c was renamed as the elective payment election amount from Form 3800, Part III, Line 6, Column (i).
- Last season's Line 13d, credit for repayment of amounts included in income from earlier years, is now reported on Line 13b.
- Last season's Line 13f, deferred amount of net 965 tax liability (see instructions), is now reported on Line 13d.
- Lines 13a-13h from the 2022 schedule were reduced to this year's Lines 13a-13d.
- Line 13z is used to report anything else.

Form 1040-SS, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico), was redesigned to resemble Form 1040. The following parts were removed:

- Part III, Profit or Loss From Farming
- Part IV, Profit or Loss From Business (Sole Proprietorship)
- Part V, Self-Employment Tax
- Part VI, Optional Methods To Figure Net Earnings

The IRS expanded Part II, Bona Fide Residents of Puerto Rico Claiming Additional Child Tax Credit.

New Forms for 2022/2023

Following is a list of the new forms you'll be seeing this tax season:

- Schedule P (Form 1040-NR), *Foreign Partner's Interests in Certain Partnerships Transferred During Tax Year*
- Form 4626, *Alternative Minimum Tax – Corporations*
- Form 7204, *Consent To Extend the Time To Assess Tax Related To Contested Foreign Income Taxes – Provisional Foreign Tax Credit Agreement*
- Form 7205, *Energy Efficient Commercial Buildings Deduction*
- Form 7206, *Self-Employed Health Insurance Deduction*
- Form 7207, *Advanced Manufacturing Production Credit*
- Form 7208, *Excise Tax on Repurchase of Corporate Stock*
- Form 7210, *Clean Hydrogen Production Credit*
- Form 7213, *Nuclear Power Production Credits*
- Schedule A (Form 8936), *Clean Vehicle Credit Amount*

Changes to Form 3800, General Business Credit

The form was redesigned for IRA and CHIPS Act provisions. Question A was added at the top of the form relating to Corporate Alternative Minimum Tax (CAMT) and Base Erosion Anti-Abuse Tax (BEAT). In addition, the following changes were made to Part III:

- Column (a) is now listed by form number.
- Lines 1cc-1jj were added. Lines 1gg-1jj are marked reserved.
- Lines 4k-4m were added. Lines 4l-4m are marked reserved.
- A new Part IV, Carryovers of General Business Credits (GBCs) or Eligible Small Business Credits (ESBCs), was added.
- A new Part V, Breakdown of Aggregate Amounts on Part III for Facility-by-Facility, Multiple Pass-Through Entities, etc., was added.
- A new Part VI, Breakdown of Aggregate Amounts in Part IV, was added.

Additional pension information starting in 2024

Starter 401(k) plans for employers with no retirement plan. This is a new category of safe harbor 401(k) plans in which there is no ADP or top-heavy testing. The plan allows employee elective salary deferrals only, so no employer matching or profit sharing nonelective contributions can be made. In general, enrollment is automatic with a deferral rate between 3%-15% of compensation, as specified in the plan. However, employees can elect out or elect to contribute at a different level. The deferral limit is \$6,000 plus an additional \$1,000 age 50 catch-up contribution, as adjusted for inflation. Exceptions to this requirement include:

- SIMPLE 401(k) plans
- Plans established before Dec. 29, 2022
- Small businesses that employ 10 or fewer employees
- New employers in existence for less than three years
- Church or government plans

Tax-free rollovers from 529 plan to Roth IRA.

Taxpayers who do not use their 529 plan for education expenses may be eligible to roll it over to their Roth IRA account. The rollover is subject to the following conditions:

- A lifetime rollover limit of \$35,000 per beneficiary
- The rollover amount is subject to the Roth IRA contribution limit in the year of the rollover (\$7,000 for 2024)
- The rollover can only be made to the 529 plan beneficiary's Roth IRA account
- The 529 plan must have been open for more than 15 years to qualify
- Contributions made (plus earnings thereon) within the preceding five years cannot be rolled over

We hope this quick reference guide aids you in having a successful and prosperous tax season! ►

