

- ▶ It's Tax Time! Tips to Get Organized
- ▶ 2024: The Year to Upgrade Your Accounting Technology
- ▶ Plan Your Retirement Savings Goals
- ▶ Alloy Happenings & Spotlight
- ▶ Something 2 Consider
- ▶ Tax Deadlines



Five Common Tax Questions

Tax season often triggers a cascade of questions. Here are five of the most common and their answers.

- 1. Are the miles earned on my credit card taxable?** Taxation of extras earned with a credit card – including miles, discounts, even cash back – are not taxable if you had to pay to get them. Other rewards, such as referring a new cardholder, are considered taxable income.
- 2. Does my employer contribution count towards the 401(k) limit?** Your employer's matching contributions do not count toward your maximum contribution limit, which is \$23,000 for 2024. If you're 50 or older, you can put away an additional \$7,500 (for a total of \$30,500) this year.
- 3. What happens to loans from my retirement account if I change jobs?** When you switch jobs, you must pay back loans borrowed from your employer-sponsored retirement account. If the loan isn't paid back, the outstanding balance is considered a distribution that is subject to income taxes and an early withdrawal penalty.
- 4. Do I need to report gifts given to people?** Yes, but only if you give more than \$18,000 (\$36,000 if married) in 2024 to any one person. The IRS keeps track of gifts you're allowed to make over your lifetime, which is \$13,610,000 in 2024 (\$27,220,000 if married). You only need to pay tax on the gifts once you reach the lifetime dollar amount.
- 5. Do I have to report a loss?** You should report losses on your tax return because you can use them to offset income under certain conditions. Most losses can also be carried forward to future years to offset income.

Do you have a question? Reach out to us. The answer could surprise you!

Delay of New Tax Reporting Rules Could Cause Confusion

The \$20,000 reporting threshold for payment card companies to issue Form 1099-K was scheduled to drop to \$600 for 2023. A late change in November returned the original threshold, and the 2024 reporting threshold is expected to be \$5,000. Here are some steps to consider:

- **All your business income is taxable,** whether you receive a tax form or not.
- **Business transaction.** If you receive the form due to activity on sites like Amazon, Etsy, or taking rent payments, the IRS considers you a business, even if you lost money.
- **Capture relevant expenses.** While the revenue reported on Form 1099-K must be reported, you can also include any related expenses to reduce reportable income by filling out Schedule C.
- **Keep documentation.** Save receipts and records so you can explain all the income and expenses on your tax return.

It's Tax Time! Tips to Get Organized



The beginning of a new year brings the need to recap the previous one for Uncle Sam. Here are some tips to get you organized.

- **Look for your tax forms.** Forms W-2, 1099, and 1098 start hitting your inbox or mailbox in late January.
- **Collect your tax documents.** Using a tax organizer or last year's tax return, sort your tax records to match the items on your tax return. If you're unsure, you can download our tax prep checklist at alloysilverstein.com/tax-season.
- **Clean up your auto log.** You should have the necessary logs to support your qualified business miles, moving miles, medical miles, and charitable miles.
- **Coordinate your deductions.** If you and someone else share a dependent, confirm you are both on the same page as to who will claim the dependent. This is true if you're single, divorced, taxpayers with elderly parents/grandparents, and parents with older children.

With proper organization, your tax filing experience can be timely and uneventful.

2024: The Year to Upgrade Your Accounting Technology

By now you've probably heard that Intuit QuickBooks will be halting new subscriptions for several popular products this summer. As of July 31, 2024, new subscriptions in the United States will no longer be sold for QuickBooks Desktop Pro Plus, Premier Plus, Mac Plus, or Enhanced Payroll.

Existing QuickBooks Desktop users and Enterprise subscribers will continue to receive support, product updates, and security updates. However, that support may only last for a limited amount of time.

What should you do?

Now is the time to make the leap and convert to QuickBooks Online or Xero. Switching to online software affords business owners the following benefits:

- **Freedom and flexibility.** Your data is accessible 24/7 from any workstation or mobile device, which also enables real-time collaboration with others.
- **Security and an up-to-date interface.** You are always working in the latest version of the software and your sensitive data is always backed up.
- **Automation and productivity tools.** Both software options have task automation capabilities and integration with hundreds of third-party apps.

Recommended integrations

- **BILL** – Using BILL will help you go paperless, save time on business bill payments, give better visibility into your cash flow, and provide a detailed transaction trail (formerly Bill.com).
- **Dext Prepare** – Simplify your expense management and receipt organization process with Dext (formerly Receipt Bank).
- **HubDoc** – Turn paperwork into electronic data with HubDoc. Bills and documents can be automatically retrieved from connected accounts, a synced email inbox, or with the snap of a cell phone camera.

Ask your Alloy Silverstein Accountant and Advisor about custom tech stack options for your small business that can accelerate your productivity and efficiency this year. Visit the Resource section of our ASCloudServices.com website for more information.

Plan Your Retirement Savings Goals for 2024

Annual contribution limits for 401(k) plans, IRAs, SIMPLE plans, and more have been increased. Now is the best time to plan your 2024 retirement contributions to take full advantage of this tax benefit.

Here's what you can do

- Review the annual contribution limits for your retirement plan type. The 2024 annual contribution limit for 401(k) and 403(b) plans is \$23,000 with a catch-up contribution of \$7,500 for those 50 and up. The limit for SIMPLE IRA is \$16,000 with a catch-up contribution limit of \$3,500. If you are 50 years or older, add the catch-up amount to your potential savings total.
- Make adjustments to your employer-provided retirement savings plan as soon as possible in 2024 to adjust your contribution amount.
- Double check to ensure you are taking full advantage of any employee matching contributions into your account.
- Use this time to review and re-balance your investment choices according to your situation.
- Set up new accounts for a spouse and/or dependents. Enable them to take advantage of the higher limits, too.
- While you are reviewing your savings accounts, be sure to take the time to verify your beneficiary designations.
- Consider IRAs. Many employees maintain employer-provided plans without realizing they could also establish a traditional or Roth IRA. Use this time to review your situation and see if these additional accounts might benefit you or someone else in your family.
- Review contributions to other tax-advantaged plans, including flexible spending accounts (FSAs) and health savings accounts (HSAs).



The best way to take advantage of increases in annual contribution limits is to start early in the year. Better yet, make an appointment to discuss your specific situation with a trusted financial advisor.

Alloy Happenings



Thank you to all of our generous supporters for another successful Adopt A Family! Our 2023 holiday gift drive benefited 51 families (129 children). The firm and our community volunteers have proudly "adopted" 1,441 children in need over the last decade.



The firm has once again raised funds for The American Heart Association's Go Red for Women cause. Our team members proudly raised \$3,619 so far for our 2024 campaign, helping to fund research and spread awareness for women's cardiovascular health.



To celebrate our 65th year in business, we unveiled new signage for the exterior of our longtime Cherry Hill office building.



Our firm collected and donated 435 lbs. of food to the Food Bank of South Jersey for the NJACP food drive.

Alloy Happenings

Ren Cicalese, CPA, PFS, CGMA

- Named an ROI-NJ Power Influencer 2024 for Accounting.

Ren Cicalese III, CPA, MST

- Presented on the State of Cannabis in NJ panel for the Burlington County Regional Chamber of Commerce, December 15.
- Interviewed in the South Jersey Biz article "Words of Wisdom: Navigating Tax Season."

Julie Strohlein, CPA

- Presented on Career Awareness for the NJCPA at Burlington Township High School, December 7.

Chris Cicalese, CPA, MSTFP

- Volunteered as a high school essay reader as part of this year's NJCPA Scholarship Program.
- Interviewed by NBC 10 Philadelphia on tax season issues and trends.

Alloy Silverstein Accountants and Advisors

- Hosted the 16th annual Externship Day for aspiring accountants, January 11. Seven high school and college students attended our Cherry Hill information session to learn about a career in public accounting.
- Presented an Alloy Academy webinar in partnership with Truist on New Markets Tax Credits, a federal program to help foster commercial development in underserved communities, January 17.

Happy Anniversary

- **Joyce Cinousis, CPA**, celebrating her fifteenth year with the firm.
- **Ronald Donato Jr., CFP®, MBA**, celebrating his tenth year with the firm.

Welcome

- **Brittany Eckert**, a member of the Small Business Services bookkeeping team.
- **Destinee Barr**, a member of the Small Business Services bookkeeping team.
- **Lynn Schneider**, a member of the support staff team.

Congratulations

- **Claudia Massar**, on her marriage to Steven Denner, February 16.



Thank you to our clients for your support and loyalty through the years.



Alloy Spotlight

Anh Nguyen, CPA

Celebrating her fifth anniversary with Alloy Silverstein Accountants and Advisors later this year, Anh joined the team in 2019 after previously working at small firm in Barnegat, NJ. She received her B.S. in accounting and her MBA from Stockton University, and is a licensed CPA in the state of New Jersey.

Anh is a member of our Tax Committee and helps keep other staff members informed about business and individual tax changes. She provides tax, accounting, and auditing services to a variety of clients and industries, which she appreciates as both a challenge and constant learning opportunity.

"This not only helps my career, but I also see it as an adventure. I get to learn more things not just related to my work, sometimes I use it in my personal my life too."

Anh grew up in Vietnam and moved to the United States when she was 19. Today, she resides in Egg Harbor Township with her family. Anh appreciates tax season being in the cold winter months so she can thoroughly enjoy the warm summer weather. Outside of work, you can find her singing karaoke with friends.



Something 2 Consider

Updates to the Required IRA Distributions (RMDs)

By Ronald V. Donato, Jr., CFP®, MBA

The regulations have once again changed regarding the minimum distributions from retirement accounts.

As you know, once you reach a specific age, you are required to start withdrawing from your traditional IRA, traditional 401(k), and a number of other employer-sponsored retirement plans. In 2024, the age to start taking RMDs is 73. **HOWEVER, if you are still employed at age 73 or older**, you do not have to take an RMD on your traditional 401(k) or similar retirement plan at the employer

where you currently work. You do owe RMDs on any other traditional 401(k)s, IRAs, or similar tax-advantaged plans that you own. And please don't forget that if you **have inherited a retirement account**, it's still subject to an RMD. Although the original owner of the Roth IRA is not subject to RMDs, those who inherit the Roth will have to take them.

While your first RMD can be delayed until April 1 of the year after you turn 73, subsequent RMDs must be taken by December 31 of each year. This means that if you delay the first RMD until the following year, you'll have to take two RMDs in that year.

Failing to take the required RMD amount by the deadline can result in a substantial penalty. With the new SECURE Act 2.0, effective this year, this penalty has been reduced to 25% of the minimum amount that should have been withdrawn but wasn't.

Note that withdrawals from a **traditional retirement account are generally taxable as ordinary income**; but distributions from a **Roth IRA are generally not taxable** if inherited, or if you are the original owner

and have reached age 59 ½ and your first deposit into the Roth was 5 years ago.



Each year your RMD must be calculated based on the balance in your relevant retirement accounts on December 31 of the prior year (i.e., for 2024, it is the balance on December 31, 2023) divided by a "life expectancy factor" that the government provides. If your retirement account is with Alloy Silverstein, we will calculate what you owe

and help you set up the best way for you to do the distribution based on your cash flow needs.

There are a couple ways to compute the RMD using the IRS tables.

- **The Single Life Expectancy Table** is used by beneficiaries who are not the spouse of the IRA owner.
- **The Joint Life and Last Survivor Expectancy Table** is used by married individuals whose spouses are more than 10 years younger and are the sole beneficiary of the account.
- **The Uniform Lifetime Table** is used by unmarried retirement account owners calculating their own withdrawals, married individuals whose spouses aren't more than 10 years younger, and married individuals whose spouses aren't the sole beneficiaries of their retirement account. This is the Table used most often.

Finally, if you contribute to any qualified charities, and you are required to take an RMD, then you should consult your adviser about making these contributions directly from your IRA to help you avoid taxes on the distributions. Please call us if you wish to discuss this.

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Leave a Google Review

Client satisfaction is always a top priority. If you have a good experience working with your CPA this tax season, please consider leaving us a review at <http://g.page/alloycpas/review>.

Tax Deadlines

March 15, 2024

- Deadline to file partnership and S-corporation tax returns.

April 15, 2024

- Deadline to file individual, trust, gift and calendar-year C-corporation returns.
- Deadline for making 2023 IRA contributions.
- First installment of 2024 individual estimated tax is due.

May 15, 2024

- Deadline for calendar-year non-profit organizations to file annual reporting returns.

Tax Season Office Hours

Effective February 1 through April 15, we will have extended office hours and our CPAs will be available to you by email, phone, and virtual meetings.

Visit AlloySilverstein.com/tax-season for more resources.



What the IRS is Up to

New Voluntary Disclosure Program

Following the 2023 suspension of ERC claims by the IRS, the bureau is currently offering employers and businesses to pay back the money they received from filing an ERC claim in error, at a discounted rate (80%). Eligible employers must apply by March 22. The IRS is expected to announce an update to their moratorium early this year.

IRS Urges Taxpayers to Review Changes to IRA's Energy-Related Tax Credits

Taxpayers taking advantage of the energy-efficient incentives introduced in 2022's Inflation Reduction Act should take note of the recent guidance and updates provided by the IRS regarding clean vehicle credits and home energy improvements.

Mileage Rates for 2024

	2024 Rate per Mile	2023 Rate per Mile
Business Travel	67 cents	65.5 cents
Medical/Moving	21 cents	22 cents
Charitable Work	14 cents	14 cents

This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.