

Here are some of the highlights of 2023 Tax Law Changes

- **Energy Efficient Home Improvement Credit:**

Credit up to a total of \$1200 annually for the combination of the various energy star rated property listed below. Based on a maximum of 30% of cost. Credit is available in the year of installation. Unused credit cannot be carried forward. Your tax liability must be large enough to cover the credit.

1. \$600 max for qualified energy property including Central A/C, Natural Gas, propane, or oil water heaters. Natural gas, propane or oil furnaces and hot water heaters, Improvements or replacements panelboards, branch circuits or feeders
2. \$600 max for exterior windows and skylights.
3. \$250 for single exterior door with \$500 max for all doors.
4. 30% of costs for insulation materials or air sealing materials/systems
5. \$150 max Home Energy Audit.
6. \$600 max Replacement/Improvement of panelboards, branch circuits of feeders.

Credit up to a total of \$2000 annually for the combination of the various energy star rated property listed below. Based on 30% of cost. Credit is available in the year of installation. Unused credit **cannot** be carried forward. Your tax liability must be large enough to cover the credit.

1. Electric or natural gas heat pump water heater.
2. Electric or natural gas heat pumps/mini splits.
3. Biomass stoves and biomass boilers.

**All the above-mentioned properties must meet or exceed the highest efficiency tier established by the Consortium for Energy Efficiency that is in effect as of the beginning of the year the property is placed in services. It is advisable to do your research before you buy.**

- **Residential Clean Energy Credit:**

30% of cost Credit effective 2022-2032 for solar, wind, or geothermal property.

Unused credit **can** be carried forward to future tax years. Credit starts in the year of installation.

Manufacturer/seller/installer rebates reduce the qualified cost for credits. Purchase of used property does not qualify.

- **Clean Vehicle Credit:**

1. \$7,500 maximum credit comprised of two portions: one allocated to battery life and one to the vehicle.
2. There is a limitation on vehicle prices at \$80k for vans, SUVs, and trucks and \$55k for cars.
3. There are income limitations to be able to take the credit. MFJ \$300k, HOH \$225k, S \$150k.
4. The vehicle must have final assembly in North America.
5. Battery minerals must be from North America or a nation that the US has a free trade agreement.

I would strongly recommend that you do your due diligence before purchasing a vehicle. You can check your eligibility by entering the VIN number at <https://vpic.nhtsa.dot.gov/decoder>.

- **Previously Owned Clean Vehicle Credit**

1. 30% of the purchase price up to \$4,000 credit.
2. Income limitations of MFJ \$150k, HOH, \$112.5k, S \$75k.
3. Vehicle model must be 2 years than the calendar year of purchase.
4. Vehicle must be purchased from a dealer.
5. Credit applies only to the first transfer of the vehicle.

The vehicle credits are available for “Qualified Buyers.” A qualified buyer is one who buys the vehicle for use and not resale, does not qualify as another taxpayer’s dependent and did not claim the credit during the three preceding years.

- **Changes to Required Minimum Distributions (RMD) of Retirement Plans**

Taxpayers Date of Birth	Start RMD after reaching age.
Before 7/1/49	70.5
7/1/49 - 12/31/50	72
1951 – 1959	73
1960 or later	75

- Excise Tax Penalty for failure to take the RMD decreases from 50% to 25%
- The penalty decreases to 10% if distribution is corrected within a 2-year period.

**CT State Tax Update:**

- Earned Income Tax Credit increased from 30.5% to 40% of the Federal Credit
- 25% of Taxable IRA distributions will be nontaxable per income limitations in 2023.
- 50% of Taxable IRA distributions will be nontaxable per income limitations in 2024.
- 75% of Taxable IRA distributions will be nontaxable per income limitations in 2025.
- 100 % of Taxable IRA distributions will be nontaxable per income limitations in 2026.

2023 limitations are MFJ \$100k, S/MFS \$75k. Income limitations will be increasing starting in 2024.