

Federal Individual Income Tax Significant Changes Effective 2023

1. Electronic Payment & E-Commerce Platforms:

Electronic payment platforms like Venmo, PayPal, CashApp, etc. and E-Commerce companies like eBay and Etsy were required to begin issuing 1099 forms to those who received over \$600 during the year. The increased requirements were delayed by one year in December of 2022. While taxpayers who receive taxable income through these platforms are still responsible for reporting the income and paying tax, they may receive Forms 1099-K for the first time this year. Electronic payment platforms are also used to give non-taxable gifts, split group bills, and reimburse friends/family for purchases. These payments are not taxable income. However, you may have to jump through some hoops with the platform to not receive a Form 1099. If you receive a Form 1099 for non-taxable payments, we will need to report them on your returns then adjust them off with a note to minimize potential correspondence and audit vulnerability when preparing your returns. If this happens, we suggest you contact the payment platform to complete all steps necessary to reduce the risk of this happening in future years. We suggest you review the policies of each platform you use to be sure you are well informed.

2. Energy Credits:

The tax credits available for energy efficient improvements to your primary residence was greatly increased effective in 2023 under the Inflation Reduction Act of 2022. Prior to recent legislation there were lifetime limitations (caps) on credits for replacing windows, doors, insulation, etc. The new law removes the lifetime limitations and replaces them with annual limits.

These credits are incredibly detailed in the legislation. It is important to collect a Manufacturer's Certification for each credit eligible item installed on your home to safeguard your tax credit. These should be available from the manufacturer's website, the contractor that performs the work, or the store that sells the product in question. Additionally, please visit the following to be sure your component or item qualifies.

https://www.energystar.gov/about/federal_tax_credits/non_business_energy_property_tax_credits

Additional details are available on our website [HERE](#).

3. Clean Vehicles Credit:

The Inflation Reduction Act of 2022 amended the prior Qualified Plug-In Electric Drive Motor Vehicle Credit and changed the name of the credit to the Clean Vehicles Credit. It also added a requirement that final assembly take place in North America effective August 17, 2022, with additional requirements beginning January 1, 2023. There are credits available for both new and used clean vehicles. If you purchased, or are considering purchasing a qualified vehicle, please see additional detail on our website [HERE](#).