



Financial Planning & Investment Management

## TAX PREPARATION CHECKLIST & INFO - TAX YEAR 2023 (Revised - January 30, 2024)

### IRS - Key Items:

- **Cryptocurrency:** The IRS has an emphasis on cryptocurrency. Report ownership of any crypto and all transactions. See: [IRS Cryptocurrency FAQ](#)
- **IP PIN:** If you are registered for an Identity Protection (IP) PIN, the IRS mails **Notice CP01A** or equivalent with your 2021 6-digit PIN. This is required for electronic filing.
- **Get Your Tax Record:** Set up an IRS online account to review your tax information. Print or download an account transcript for 2021 to help confirm and reconcile details (Ex. Estimated tax payments; EIP; ACTC). See [Get Your Tax Record](#)

### Filing deadlines:

- **US Form 1065 (Partnerships) and US Form 1120-S (S-Corporations): Friday 03/15/2024 for US & States.** Form 1065 filings generate K-1 forms to the partners for personal filings.
- **US Form 1120 & 1120-S (C-Corporations and S-Corporations): Monday 04/15/2024 for US & States.** Form 1120-S filings generate K-1 forms to the Corp members for personal filings.
- **US Form 1040 (Personal) & Form 1041 (Fiduciary): Monday 4/15/2024.**
- **MA & ME: Wednesday 4/17/2023.** (Patriots' Day in MA & ME is observed on Monday 4/15/2024) and Emancipation Day is observed in Washington, D.C on Tuesday 4/16/2024.)
- **NH (Interest & Dividends): Monday 4/15/2024.**
- **CA, CT, NJ, NY, RI, VT (most other states): Monday 4/15/2024.** (Same as US, except later deadlines for DE, HI, IA, LA, VA)

### Preparation Schedule Overview:

- **Mid-January - Mid-February:** Collect tax documents (W-2, 1099s, etc) and your records for deductions and expenses. Brokerage consolidated 1099s are delivered near President's Day **Feb 19, 2024.**
- **Late January:** The IRS begins processing tax returns.
- **February:** The priority in Feb is to complete all Form 1041 (Trust) tax filings because the K-1s need to be delivered to pass through information for personal 1040 tax filings.

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- **March:** This is the crunch mode to complete most Form 1040 (Personal) tax filings. Please deliver all tax information by **March 22, 2024**.
- **April:** The processing backlog is worked until the filing deadline. Extensions are filed as needed. We will file extensions for unfinished returns as of **Friday April 12, 2024**.
- **May:** Complete and file most extensions by Memorial Day Weekend.

**Tax payments:**

- Estimated tax payments made, if any, for US and state.
  - Provide amounts and dates for each quarterly US & state payment. Copies of checks or transaction statements are preferred. The details are important - this is a common source of discrepancy notices after filings are processed.

**SECURE Act (passed in Dec 2019) & SECURE Act 2.0 (passed in Dec 2022):**

The federal legislation signed into law in Dec 2019 and Dec 2022 includes major new retirement plan provisions under the **SECURE Act** and **SECURE Act 2.0**. The new provisions include these key items related to personal income tax:

- **IRA contributions:** The 70 ½ age limit restriction to make IRA contributions is eliminated.
- **Required Minimum Distributions (RMDs):** The age to start RMDs is increased to 72 prior to 2023; 73 for 2023 to 2032 and 75 for 2033 and later.
  - Born before 7/1/1949 (age 70 ½ by 12/31/2019): RMDs start at age 70 ½
  - Born after 6/30/1949 and before 01/01/1951 (age 70 ½ after 12/31/2019 and age 72 by 12/31/2022): RMDs start at age 72
  - Born after 12/31/1950 and before 01/01/1960 (age 72 after 12/31/2022): RMDs start at age 73
  - Born after 12/31/1959 (age 73 after 12/31/2032): RMDs start at age 75
- **Qualified Charitable Distributions (QCDs):** The eligible age for QCDs remains 70 ½.

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- Inherited IRAs and Roth IRAs: The lifetime RMD option for most beneficiaries is eliminated and replaced by a 10 year distribution rule. In other words, most inherited IRA and Roth IRA accounts created after 12/31/2019 must be fully distributed within 10 years of the death of the original account owner. This is a major change for estate planning considerations. Specific exceptions:
  - Spouse
  - Disabled
  - Chronically Ill
  - Certain minor children until they reach age of majority
  - Individuals who are not at least 10 years younger than the decedent

### Health Insurance coverage:

- Form 1095-A: Health Insurance Marketplace - provided if you received health insurance through a government exchange. This form is required to reconcile health insurance tax credits.
- Form 1095-B: Health Coverage - provided by your health insurance provider(s) to report your coverage. Medicare and other government health insurance providers send Form 1095-B.
- Form 1095-C: Employer-Provided Health Insurance Offer and Coverage - provided by large employers (50+ employees) to report employer-sponsored coverage.
- Form 1099-HC (MA residents only): Individual Mandate Massachusetts Health Care Coverage - provided by your health insurance provider(s) to comply with MA state tax requirements. Most MA residents will receive both Form 1095-B for US purposes and Form 1099-HC for MA purposes.
- Health Savings Accounts:
  - Form 5498-SA: Contributions
  - Form 1099-SA: Distributions

**Note:** Form 1095-B and Form 1095-C may not be received until early March. These are not required to complete and submit the tax filings. Do not wait for these forms before delivering the rest of your tax information, but deliver these after received to have on file as backup. Form 1095-A, however, is required to complete the tax filing.

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**Tax Documents for Charles Schwab accounts managed by TFA:**

**Schwab** tax documents:

- 1099-R for retirement accounts (IRAs, etc)
- Consolidated 1099 for non-retirement accounts (TOD, Trust, etc)

**Note:** TFA has Schwab tax documents for open accounts. Clients **do not need to provide** Schwab tax documents for **open** accounts. Clients must provide the tax documents for any **closed** accounts.

**Income:**

**Earned from Work**

- W-2s: Earnings from work as an employee
- **1099-NEC: Non-Employee Compensation** (New form as of 2020 - earnings from Self-Employment)

**Unearned from Investment**

- 1099-INT: Interest
- 1099-INT: Tax-Exempt Interest
- 1099-DIV: Dividends (Most investment firms provide a consolidated 1099-INT, 1099-DIV, 1099-B document)
- 1099-B: Capital gains transactions and cost basis details
- Rental property. (Schedule E) Provide income and expenses

**Retirement**

- 1099-R: Pension and Annuity income
- 1099-R: Retirement plan distributions - IRA, 401k, 403b, etc
- SSA-1099: Social Security benefits income

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**Other income sources**

- 1099-MISC: 1) Rents; 2) Royalties; 3) Other income; 5) Fishing boat proceeds; 6) Medical and health care payments; 8) Substitute payments in lieu of dividends or interest; 9) Crop insurance proceeds; 10) Gross proceeds paid to an attorney; 12) Section 409A dividends; 13) Excess golden parachute payments; 14) Nonqualified deferred compensation
- 1099-G: State income tax refund
- 1099-G: State Unemployment income
- W-2G: Gambling, lottery, or prize winnings
- K-1: Trust, Partnership or S-Corporation income
- Alimony received
- Any other income sources (Ex. Executor or Fiduciary compensation; Jury duty pay; Not for profit ore related party rental income; Hobby income; Royalties; Sales of collectibles, etc).

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**Adjustments to Income (Expenses):**

- **Charitable contributions (repealed for 2022 and later):** Charitable deductions are again only allowed with Itemized Deductions (below the AGI line) and not an Adjustment to Income (above the AGI line).
- Educator (teacher) expenses (up to \$250)
- Health Savings Account (HSA) contributions
- Self-employed health insurance premiums
- Penalty for early withdrawal of savings (CDs)
- IRA contributions (Traditional or Roth)
  - Form 5498: This is an informational form. It is sent in January if contributions were made during the prior calendar year and it is sent in May if contributions were made during January - April for the prior calendar year. This form is not required for tax filings, but please provide when received.
- Student loan interest paid (1098-E)
- Alimony paid (*For agreements in effect prior to 01/01/2019.*)
- Tuition and fees (1098-T) - *Note: Reinstated through 2020 but repealed as of 2021.*

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**Deductions (Expenses):**

- Medical (Ex. Insurance premiums, co-pays, fees, prescriptions, equipment, supplies, dental, vision, long-term care premiums, miles driven) - a list is fine; keep your receipts for backup.
  - AGI Limitation: 7.5%
- Mortgage interest, points (1098)
- Mortgage insurance premiums - *reinstated through 2021; repealed for 2022 and later*
- Real estate taxes paid (1098 for escrow or tax bills)
- Excise taxes paid (auto, boat, motorcycle, etc)
- Charitable donations: cash - a list is fine; keep your receipts for backup
- Charitable donations: non-cash personal property (clothing, furniture, household goods) - include charity name and address and date of each contribution. Take photos for your backup records!
- Child care expenses. Include amounts, payee information (tax id number, name and address).
- Gambling losses (limited to winnings)
- Residential energy improvements (to the extent not previously used)

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**Massachusetts Tax Filers:**

MA Department of Revenue: <https://www.mass.gov/orgs/massachusetts-department-of-revenue>

MA online tax accounts: [Mass Tax Connect](#)

- Form 1099-HC: Health Insurance - sent by Health Insurance providers to MA residents
- Rent paid for primary home (Max deduction is 50% of first **\$8,000**; Max benefit is **\$4,000** x 5.0% = **\$200**)
- Commuter expenses (Max deductible amount is \$900; Max benefit is \$750 x 5.0% = **\$38**)
  - EZDriveMA tolls paid - annual tax statement is available on the EZDriveMA web site (<https://www.ezdrivema.com>)
  - MBTA or Commuter rail costs
- Prepaid tuition or College Savings Plan deduction (MA U Plan 529 contributions) - new in 2017
  - Single: Maximum deduction benefit is \$1,000 x 5.0% = **\$50.00**
  - Joint: Maximum deduction benefit is \$2,000 x 5.0% = **\$100.00**
- Use tax (out-of-state / internet purchases):
  - Elect safe-harbor amount (MA AGI x 1% x 6.25% use tax) or
  - List all purchases of \$1,000 or more + total amount of all purchases less than \$1,000
- Circuit Breaker Credit (age 65+ as of **12/31/2023**):
  - Max **2023** credit: **\$2,590**
  - Income limits (Total MA income): **\$103,000 joint; \$69,000 single; \$86,000 head of household**
  - Assessed value of home as of **01/01/2023** (Max: **\$1,025,000**)
  - Total property taxes paid (100% is applied to qualify for the credit)
  - Total water/sewer bills (50% is applied to qualify for the credit)
  - Total rent if you are a tenant

Homeowners: Qualified housing costs must exceed 10% of total MA income to qualify for the credit.  
Tenants: 25% of total rent must exceed 10% of total MA income to qualify for the credit.
- 2023: The short-term capital gains tax is reduced from 12% to **8.5%**.
- 2023: The MA income tax rate is **5.0%**. There is now an additional **4.0%** surtax for incomes > \$1M.





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**New Hampshire Tax Filers:**

NH Department of Revenue Administration: <https://www.revenue.nh.gov/>

NH online tax accounts: [Granite Tax Connect](#)

- NH does not have an income tax or sales tax but it does have a tax on “Interest and Dividends”. This is Form DP-10. The tax rate is 5% on the total amount that exceeds \$2,400 for single filers or \$4,800 for joint filers. Taxpayers age 65+ are allowed an additional \$1,200 exemption amount (\$3,600 for single filers; \$7,200 for joint filers both over age 65). Capital gains are not subject to this tax.
- NH also has a Business Enterprise Tax and Business Profits Tax for businesses that operate in NH.
- Local (town) auto tax: Only the town portion of NH auto tax is based on the value of the vehicle and allowed as a US Form 1040 Schedule A itemized deduction in the taxes category. The NH state registration portion of the total fee is not deductible.

NOTE: NH passed legislation in 2021 that phases out the Interest & Dividends tax. The schedule to repeal this tax is accelerated based on the following schedule:

- 2023: 4%
- 2024: 3%
- 2025: 0% (repealed)

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**Maine Tax Filers:**

Maine Revenue Services: <https://www.maine.gov/revenue/>

ME online tax accounts: [Maine Tax Portal](#) (Individual and Fiduciary rollout is planned for Oct 2023)

- Maine enacted 2018 tax legislation to generally in response to the 2017 federal Tax Cuts and Jobs Act. Here is a reference from Maine Revenue Services:
  - <https://www.maine.gov/revenue/rules/>
- Maine standard deduction amount equals the federal amount.
- Maine itemized deduction may be increased by the amount of real and personal property taxes not claimed for federal income tax purposes because of the federal limitation.
- Pension Income Deduction
  - 2023: \$30,000
  - 2024+: The maximum annual Social Security benefit
- 2023: 529 contributions are deductible up to \$1,000 subject to AGI limitation (\$100,000 for Single or Head of Household; \$200,000 for Married Filing Jointly)

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**Vermont Tax Filers:**

VT Department of Taxes: <https://tax.vermont.gov/home>

VT online tax accounts: [myVTax](#)

- Vermont enacted 2018 tax legislation in response to the 2017 federal Tax Cuts and Jobs Act.. Here is a reference from Vermont Department of Taxes:
  - <https://tax.vermont.gov/research-and-reports/legislative-updates/2018>
- Vermont defines a separate standard deduction from the federal amount. Filers age 65+ are allowed an additional \$1,000 deduction.
- Vermont marginal tax rates are lower starting in 2018.
- Vermont provides an exemption for the taxable portion of Social Security benefits starting in 2018.
- Vermont allows for a 5% non-refundable credit for charitable contributions that qualify as deductible contributions under IRS rules.
- Child Tax Credit (as of TY2022): \$1,000 refundable credit per child age 5 or younger, subject to AGI phase-out.
- Homestead Declarations: due 04/15/2024 - NO EXTENSIONS!
- Child Care Contribution: New payroll tax on wages and self-employment income
  - Collection begins 07/01/2024
  - 0.44% tax on wages
  - 0.11% tax on net self-employment income

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**New York Tax Filers:**

NY Department of Taxation and Finance: <https://www.tax.ny.gov/>

NY online tax accounts: [NY Tax Online Services](#)

- NY requires driver license or state id details on tax filings to assist in preventing fraud. Please provide a copy of state id for NY tax filings:
  - Reference: <https://www.tax.ny.gov/pdf/pit/driver-license-requirements.pdf>
  - If the taxpayer has either a driver license or state-issued ID, the following information is required:
    - license or ID number
    - issuing state
    - issue date
    - expiration date
    - document number (NYS-issued licenses and IDs only)
- NY decoupled from certain key provisions of the TCJA:
  - Itemized Deductions: NY does **not** adopt the TCJA provisions for itemized deductions. NY itemized deductions are allowed separate from US itemized deductions.
  - Moving Expenses: NY continues to allow a deduction for qualifying moving expenses
  - 529 plan expenses: NY does **not** adopt the TCJA provision that allows 529 expenses for K-12.
- STAR Program - School Tax Relief:
  - <https://www.tax.ny.gov/star/>
- HTRC Program - Homeowner Tax Rebate Credit:
  - <https://www.tax.ny.gov/pit/property/homeowner-tax-rebate-credit.htm>
- Empire State child credit and earned income credit (based on tax year 2021):
  - <https://www.tax.ny.gov/pit/child-earned-payments.htm>

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