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Identity Theft Protection - Name Matching

The name on your personal tax return must match Social Security records. Entering "Bob" as the first name on your tax return - because that is what everybody calls you - instead of "Robert" can cause delays in processing. Similarly, last names must also match. If you are recently married or divorced, choosing to hyphenate, or changing your first or last name for religious, gender modification or any other personal reasons, and have not formally changed your name with the Social Security Administration, the processing of your tax returns may be delayed. Please ensure all name changes are complete and formalized with the Social Security Administration before your tax returns are filed next tax season.

Corporate Tax Update - Indiana PTET

In February 2023, Indiana S corporations, partnerships and CPA firms were surprised when the Indiana State Legislature retroactively implemented the Pass-Through Entity Tax (PTET), effective January 1, 2022. Participation in the new PTET is optional, and companies can "elect" to participate or not to participate on an annual basis. Metzger, Mancini & Lackner welcomes the opportunity to assist all clients with this election. To do so, please make sure your accounting records are current and reconciled as soon as possible. We will begin advising clients during the fourth quarter of 2023.

While payment for calendar year 2022 is allowed in 2023 without penalty, the first PTET payment for calendar year 2023 must be made before December 31, 2023, and must equal at least 1/3 of the total PTET for the 2023 year to avoid penalty. Again, we welcome the opportunity to assist you with this computation.

Qualified Charitable Distribution (QCD)

If you are at least 70.5 years old and plan to donate to a qualified charity, consider a QCD. What is a QCD? A QCD is a direct donation to a charity from your IRA. Instead of receiving the entire required minimum distribution from your taxable IRA account and then writing a check to the charity, the IRA will send the desired amount of the donation directly to the charity. By having the IRA pay the charity directly:

- Under the QCD rules, taxpayers can reduce their taxable IRA amount by the amount of the QCD AND still claim the standard deduction. Previously, taxpayers claiming the standard deduction would not benefit from charitable donations.
- The QCD also reduces the amount of social security income that is taxable, saving additional federal tax dollars.
- The QCD also reduces your state income tax.

Please contact our office with questions - simply changing how the charity donation is paid can save you a lot of money.

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Solar Tax Credit

Have you been thinking about installing solar photovoltaic panels (aka solar panels) on your personal residence? Congress has extended the solar tax credit for the years 2022-2032. Congress has also increased the credit to 30% of the purchase price for this time frame. The percentage will decrease to 26% in 2033 and 22% in 2034. The credit will expire in 2035, unless Congress renews it.

The Tax Impact of Gambling Wins and Losses

Gambling winnings and losses do NOT automatically offset each other. If you win \$15,000 at a casino, but lose \$16,000 the next day, you technically have a net cash loss of \$1,000. However, IRS rules dictate that you must report the \$15,000 as winnings, and add the \$16,000 into your itemized deductions. If the standard deduction is greater than all your combined itemize deductions, you will likely claim the standard deduction on your return. The losses get ignored.

Furthermore, Indiana and Michigan do not recognize gambling losses as a tax deduction on the state income tax return. In the scenario above, you lost \$1,000 cash, but will pay state tax on the \$15,000 of winnings.

Gambling winnings (but not losses) are also included when computing the amount of Social Security income that is taxable, the amount of Medicare premiums you may pay, and the amount of Obamacare health premiums you may have to pay back. It is possible to lose at the casino, and at the same time, pay more federal and state tax and more in Medicare and Obamacare premiums. Do you feel lucky?