

Plan for Success

Providing Guidance for Tax and Financial Planning

October 2023

Gift Tax, Inheritance Tax & Estate Tax

A gift tax is a tax imposed on the transfer of property from one person to another. The purpose of the gift tax is to prevent people from avoiding paying estate and inheritance taxes by giving assets away during their lifetime.

How much money can be gifted tax-free? You can leverage two exclusions to avoid paying the gift tax: the annual exclusion and the lifetime exclusion.

The annual exclusion allows you to give up to a certain amount per year to any number of recipients without triggering a gift tax return filing requirement.

For 2023, the gift tax exclusion is \$17,000 per recipient. In other words, if you give each of your three children \$17,000 in 2023, you could give away \$51,000 without filing a gift tax return.

For married couples, each spouse is entitled to their own annual exclusion amount. This means a married couple could give up to \$102,000 (\$17,000 x 6) to their three children in 2023 without filing a gift tax return.

The estate tax, sometimes also called the "death tax," is a tax that's levied on a deceased person's assets. In 2023, the federal estate tax ranges from rates of 18% to 40% and generally only applies to assets over \$12.92 million, which is the lifetime exemption. The lifetime exclusion applies to both gift and estate taxes combined, so any portion of the exemption you use for gifting reduces the amount you can use for the estate tax.

There is no federal inheritance tax. There is also no Wisconsin gift, inheritance or estate tax.



Teenagers that Work

A lot of teenagers that work complete the W-4 incorrectly and have income taxes withheld from their wages. If a teenager is a dependent and earns less than \$13,850 in 2023, they do not need to withhold federal or state income tax. Then they would not be required to file an income tax return either. They should fill out the W-4 as exempt.

2023 Mileage Rates

- .655 cents per mile for business miles driven
- .22 cents per mile driven for medical or moving purposes
- .14 cents per mile driven in service of charitable organizations

Check out our website for mileage rates for the beginning of the year.



Your small business accounting and tax specialists.



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Sale of Stocks & Investments

There are typically two times when your taxes are affected by your investments.

- The first is when you receive income from the investments.
- The second is when you sell the investments for a gain or loss.

When you sell stock &/or investments you normally receive a form 1099B, which reports the sale to the IRS. More recently the brokerage houses have been able to also give us the stock basis or cost. This is needed to determine the gain or loss on the sale of the investment.

Year-End Planning

Want to maximize your tax deductions for 2023? Speak with your accountant today to decide on how to proceed with:

- contributions to IRAs
- contributions to any college funds
- contributions to any charitable organizations
- contributions to a 401(k)
- deciding if this year is the right year to sell a property
- retirement funds and required distributions



Disclosure

Additional issues may exist that could affect the federal tax treatment of the transaction on the matter that is subject of this advice and this advice does not provide a conclusion with respect to such issues. With respect to such issues outside the limited scope of this advice, the advice was not written and cannot be used for penalty protection.

In our Next Issue:

- * Updates
- * Reminders
- * Gig Work
- * Tax Season Planning
- * Savings Bonds and What to Know

Wills and Estate Planning

3 reasons to make a will or trust this tax season:

- You have a clear picture of all your assets.
- You can make sure your estate plan is tax advantaged.
- It's one of the most important legal documents you'll ever make because it affects your loved ones.

To learn more or have access to a free will go to: <https://www.freewill.com/learn/make-a-will-or-trust-this-tax-season>

Office Hours

Monday - Thursday

8:30am - 4:00pm

Friday

8:30am - 2pm

If you need to stop by
please call ahead

414-321-0555



"Plan For Success"

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«Company»

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Management Services Offered:

Bank Reconciliations
Payroll Services
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Projections
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