

Plan for Success

Providing Guidance for Tax and Financial Planning

August 2023

Gambling Losses/Winnings

The following rules apply to casual gamblers who aren't in the trade or business of gambling. Gambling winnings are fully taxable and you must report the income on your tax return. Gambling income includes but isn't limited to winnings from lotteries, raffles, horse races, and casinos. It includes cash winnings and the fair market value of prizes, such as cars and trips.

Gambling Losses You may deduct gambling losses only if you itemize your deductions on Schedule A (Form 1040) and kept a record of your winnings and losses. The amount of losses you deduct can't be more than the amount of gambling income you reported on your return. Claim your gambling losses up to the amount of winnings, as "Other Itemized Deductions."

Gambling Winnings A payer is required to issue you a Form W-2G, Certain Gambling Winnings if you receive certain gambling winnings or have any gambling winnings subject to federal income tax withholding. You must report all gambling winnings on Form 1040 or Form 1040-SR (use Schedule 1 (Form 1040), including winnings that aren't reported on a Form W-2G.

www.irs.gov/taxtopics/tc419



Things to Remember

- August is UPDATE YOUR INFORMATION MONTH. Please give us a call to make sure all your contact information is current, (414) 321-0555 or send an email, agross@bmsmanagement.net. Thanks!
- 3rd estimated personal income tax payment for 2023 is due September 15th.
- 3rd Quarter payroll forms will be due October 31st.

- Quarterly accrual accounting clients should have inventories, accounts receivables and accounts payable balances of as of September 30th.

- Check out our website for even more updates and previous Newsletters. www.bmsmanagement.net



Your small business accounting and tax specialists.

9232 W Howard Avenue Greenfield, WI 53228 www.bmsmanagement.net (414) 321-0555

Making IRA Contributions

Here are some tips about saving for retirement using an IRA.

1. In general, the most you can contribute to your IRA for 2023 is \$6,500 for those under age 50, and \$7,500 for those age 50 or older. You can make 2023 IRA contributions until the unextended federal tax deadline.

2. If you want to save more for retirement than your IRA contribution limit allows this year, consider contributing more to your workplace retirement plan, like a 401(k) or 403(b). If you don't have access to a workplace plan, check to see if you're eligible to open and contribute to a self-employed 401(k) or SEP IRA, each of which may allow you, as the employer, to save up to \$60,000 for retirement in a year.

4. Roth IRAs have the same annual contribution limits as traditional IRAs.

5. If you've exceeded contribution limits, the IRS charges a 6% tax each year on the excess contributions in your account, unless you fix the situation. If you realize your error before you file your tax return, you may withdraw the excess contributions—including earnings—ahead of the tax filing deadline to avoid the 6% tax.

Capital Gains

What is a Capital Gain?

Capital gains are the profit you make from selling or trading a "capital asset." With certain exceptions, a capital asset is generally any property you hold, including:

- Investment property, such as stocks, bonds, cryptocurrency, real estate, and collectibles; and
- Property held for personal use, such as a car, house, or home furnishings.

When Are Capital Gains Taxed?

Capital gains are taxed in the taxable year in which they are "realized." Your capital gain (or loss) is generally realized for tax purposes when you sell a capital asset.

Capital Losses

What if you have an overall net capital loss? Up to \$3,000 per year in capital losses (\$1,500 if married filing separately) can be used to offset ordinary income (such as wages) in computing your tax liability.

To learn more go to: www.kiplinger.com/taxes/capital-gains-tax/604943/what-is-capital-gains-tax

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:

- * Gift Tax, Inheritance Tax & Estate Tax
- * Reminders
- * Year-End Planning
- * Sale of Stocks & Investments
- * Teenagers that Work

Documentation is Key

More & More emphasis is being made on documentation of expenses and deductions. Keeping good records is key to utilizing all deductions you are entitled too. Create a system (a file or a box) and be sure all receipts end up in it—you can always sort it out at a later date. That way everything you will need is in one place.

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"

9232 West Howard Avenue
Greenfield, WI 53228-1644

«Company»

«First Name» «Last Name»

«Address»

«City», «State» «Zip»

Management Services Offered:

Bank Reconciliations
Payroll Services
Tax Liability Reporting
General Ledger
Financial Statements
*Compilation
Business Plans
Financial Planning
Coaching
Projections
Tax Return Preparation
Notary Public

Inside This Issue:

Capital Gains
Gambling Losses/Winnings
Making IRA Contributions
Reminders
Documentation is Key