



Income Tax – Best Practices

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Filing Requirements

Q: Do I have to file?

Answer: **It depends**

- Single – Income > \$13,850
- Head of Household – Income > \$20,800
 1. Dependent
 2. Maintain > 50% household (i.e., Rent and utilities)
- Qualifying Widow – Income > \$27,700
 1. Must claim a dependent for this filing status
 - a. Year of death – Married filing jointly
 - b. 2 years after that – Qualifying Widower
 - c. Then Single filing status
- Filing status is determined as of the last day of the year

Social Security

- a) Retirement
 - i. 67 years – full retirement
 - ii. 40 Credits needed
 - 4 credits per year
 - 2023 - \$1,730 = 1 Credit so \$6,920 for 4 credits
- b) Medicare
 - i. 65 years or older
 - ii. Health coverage
- c) Survivor Benefits
 - i. Surviving spouse age 60 or older (age 50 or older if they have a disability).
 - ii. Unmarried child of the deceased younger than 18 years

Itemized Deductions

- a) Charity
 - iii. Donor Advised Fund
- b) Mortgage Interest
- c) Property taxes
- d) Investment Interest
- e) Medical expenses that exceed 7.5% of your Adjusted Gross Income

Foreign Bank Account

- a) Report of Foreign Bank and Financial Accounts (FBAR)
 - i. \$10K threshold

Gift Tax

- a) Are gifts taxable to the recipient?
 - i. Thankfully – NO
- b) Are gifts deductible to the donor?
 - i. Unfortunately – NO
- c) 2024 - \$18,000 can be gifted to each person per year without triggering a gift tax return filing requirement

Miscellaneous

- a) 1099 vs W-2
 - i. Expenses
- b) College Credit
 - i. The American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit
- c) 529 Plan
 - i. Contributions to a 529 Plan grow tax free until a child uses the funds for higher education
 - ii. \$10,000 state deduction (NY+NJ)
- d) IRA
 - i. Roth vs Traditional - \$6,500 annual limit
 - Must have earned income (i.e., wages, commissions, salaries etc....)

Important dates for taxpayers to be aware of:

- a) April 15, 2024 - Personal Returns are due
- b) October 15, 2024 - Deadline to file your extended 2023 tax return

Helpful websites

- a) IRS website – IRS.gov (account needed)
 - i. View your balance
 - ii. Make a payment
 - iii. Create a payment plan
 - iv. Access Tax Records
 - Wage and Income Transcript
 - Account Transcript
- b) NY website - (account needed)
 - i. View your balance
 - ii. Make a payment
 - iii. Create a payment plan
- c) NJ website – NJ.gov (account not needed)
 - i. View your balance
 - ii. Make a payment
 - iii. Create a payment plan

- d) Social Security website – www.ssa.gov.
 - i. Check eligibility for benefits
 - ii. Get a benefits estimate
 - iii. Plan for retirement
 - iv. Apply for benefits
 - v. Sign up for Medicare
 - vi. Apply for SSI



F) Legally Links

- a) Tax Advisory Division
 - i. This division provides guidance on missed tax return filings, IRS communications, single-parent filings, and other common tax questions.
- b) Social Security Division
 - i. Our most popular resource at Legally Links, this group assists with applying for Social Security benefits.
- c) Financial Planning Division
 - i. Our financial pros guide families in setting a budget, managing any current investments, and answering routine financial questions.
- d) Trusts and Estates Division
 - i. This division reviews the surviving parent's current financial and real estate holdings and advises on the necessity of a will or trust.
- e) Personal Injury Division
 - i. Providing experienced counsel for families faced with a personal injury lawsuit, no matter which side they're on.
- f) E-mail - legallylinks@linksfamily.org
- g) Website - <https://www.wereinitttogether.org/legally-links>
- h) Phone - 718-305-6080 Ext. 311 (Please leave a voicemail with your name, call back number, e-mail (if applicable), and service you're requesting)

G) FAQ