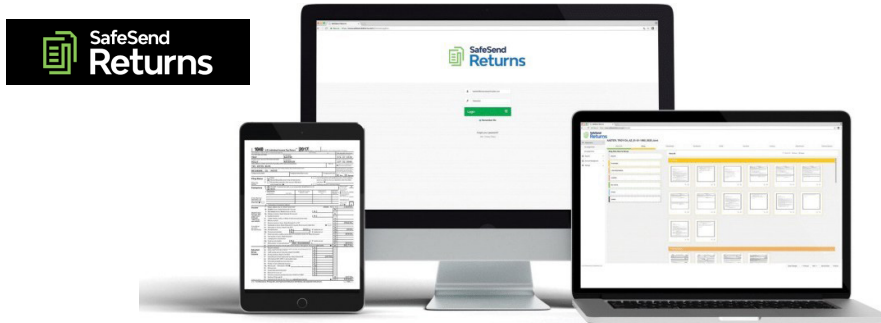




Michael Mellberg: Innovation In Services

We're excited about 2024. We've been working hard during the early Winter time to prepare for the upcoming tax season, and we're pleased to be offering innovative new ways to serve you even better this year.

We'll be using a new system called "SafeSend Returns" which will allow us to streamline the process of getting in all of your information for your taxes.



Here are some of the benefits of this technology we're putting in place.

- Receive your tax returns securely and review with ease
- Reduce ink, paper, postage, and make the process greener.
- For individuals, save time, and e-sign your e-file forms, receive estimated tax reminders, and pay taxes & invoices.
- For businesses, save time and download, sign, and distribute K-1s electronically.

We'll also be utilizing a new "WorkFlow" procedure in our office allowing us to email you with any document requirements. As long as you're set up with our Online Portal, you'll be able to use this feature. Don't hesitate to call our office with any questions you might have. Here's to another great year.

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Experts Cautiously Optimistic For 2024

Despite high interest rates and unsettling geopolitical conflict, the U.S. economy outperformed the expectations of most economists in 2023. Inflation-adjusted gross domestic product (Real GDP) accelerated to an annualized rate of 5.2% in the third quarter, after growing 2.1% in Q2 and 2.2% in Q1.

Polling the Professionals

In October 2023, The Wall Street Journal's Economic Forecasting Survey found that a recession is no longer the consensus view of 65 top business and academic economists polled by the publication on a quarterly basis. On average, the group expects real GDP growth will slow to 1.0%, the unemployment rate will rise slightly to around 4.0% and inflation (measured by the consumer price index) will fall to 2.4% by the end of 2024.

Global Growth Trends

According to the Organisation for Economic Co-operation and Development's September forecast, the global economy is expected to grow 3.0% in 2023 before slowing to 2.7% in 2024. In China, the growth rate is forecast to weaken from 5.1% in 2023 to 4.6%, due to its struggling property market and reduced domestic demand. Growth in the Euro area is expected to improve from 0.6% in 2023 to 1.1% in 2024. Inflation is expected to decline gradually, but to remain above central bank objectives in most economies.



The Problem with Projections

Forecasts such as these may be helpful in making some kinds of financial decisions, but it's also important to consider their limitations and remember that it's not unusual for economists to change their minds. Recent years have shown how difficult it can be for forecasters to account for the impact of unforeseen economic disruption.

Always Exercise Caution

The financial markets could continue to react, and occasionally overreact, to economic news and policies announced by the Federal Reserve. But that doesn't mean you should do the same. As always, it's important to maintain a long term perspective and invest strategically based on your financial goals, time horizon, and risk tolerance.



SOCIAL SECURITY FILING CHECKLIST

- Create a myssa.gov account
- Ensure info is accurate
- Locate full retirement age benefit
- Provide info to Michael for strategies
- Complete application at myssa.gov when applying for benefit

BASIC ESTATE PLANNING (MINIMUM)

- Make a will
- Create a general power of attorney (POA)
- Craft a health care power of attorney (POA)

(Highly recommended to seek professional guidance)

DISCLAIMER

The material for this newsletter is derived from sources believed to be reliable, but its accuracy and the opinions based thereon are not assured. The articles and opinions in this publication are for general information only and are not intended to serve as specific financial, accounting or tax advice.

Michael Mellberg CPA is a registered Investment Advisor in the State of Nevada.

Estate Planning And Income Tax Basis

Income tax basis can be an important factor in deciding whether to make gifts during your lifetime or transfer property at your death. This is because the income tax basis for the person receiving the property depends on whether the transfer is by gift or at death. This, in turn, affects the amount of taxable gain subject to income tax when the person sells the property.



What is Income Tax Basis?

Income tax basis is the base figure you use when determining whether you have recognized capital gain or loss on the sale of property for income tax purposes. When you purchase property, your basis is generally equal to the purchase price. However, there may be some adjustments made to basis. If you sell the property for more than your adjusted basis, you'll have a gain. Sell the property for less than your adjusted basis, and you'll have a loss.

Make the Gift Now or Transfer at Death?

Income tax basis can be important when deciding whether to make gifts now or transfer property at your death. Here are some other questions you should ask in making this decision.

- If making a gift of real property, will you be passing over a higher tax bill to the donee versus inheriting the real property (basis step-up rule) if they subsequently sell the property?
- Will making gifts reduce your combined gift and estate taxes? For example, future appreciation on gifted property is removed from your gross estate for federal estate tax purposes. And gift tax paid on gifts made more than three years before your death is also removed from your gross estate.
- Do you have other property or cash that you could give?
- Can you afford to give a gift now?

There are more considerations for you to contemplate than there is room in this short article. These are important decisions for you to make.

If you have further questions please schedule a time for after the current tax season for a consultation.

Tax Rate	Single	Married Filing Jointly	Married Filing Separately	Head of Household
10%	Up to \$11,000	Up to \$22,000	Up to \$11,000	Up to \$15,700
12%	\$11,001 to \$44,725	\$22,001 to \$89,450	\$11,001 to \$44,725	\$15,701 to \$59,850
22%	\$44,726 to \$95,375	\$89,451 to \$190,750	\$44,726 to \$95,375	\$59,851 to \$95,350
24%	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,376 to \$182,100	\$95,351 to \$182,100
32%	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250	\$182,101 to \$231,250
35%	\$231,251 to \$578,125	\$462,501 to \$693,750	\$231,251 to \$346,875	\$231,251 to \$578,100
37%	\$578,125 or more	\$693,751 or more	\$346,876 or more	\$578,101 or more

IMPORTANT TAX FILING DATES

- March 15, 2024; S-Corporations & Partnerships (Friday)
- April 15; Individuals, C-Corporations & Trusts/Estates (Monday)
- September 16; S-Corporations & Partnerships extension deadline (Monday)
- September 30; Trusts/Estates with Calendar year (Monday)
- October 15; Individual extension deadline, Calendar year C-Corporations (Tuesday)

2023 Tax Preparation

You can rely on our team to help you prepare your taxes. But we do need your help. Below is a list of items you can put together to provide you with the most tax deductions possible.

Personal Taxes Checklist

Client documentation

- * Notie CPO1A-Identity PIN
- * Recent IRS correspondence letters
- * EIN# letter, S-Corporation acceptance letter, Operating agreement with stated ownership-For new business
- * Completed Organizer. A custom organizer is available on our Canopy Portal. Questionnaire is sent separately. Go to our website at MellbergCPA.com and click on the link. Call us if you need assistance.
- * HUD-1 Uniform Settlement; shows sale/purchase price & possible deductions
- * New clients of our firm should bring a minimum of prior two federal/state income tax returns and identification with social security card
- * Changes in dependent status. If new dependent(s) we need copy of social security card and Date of Birth.
- * Issuing Form 1099NEC is required if payment for services (including part/materials) in course of business (including rentals) - Check box for YES or NO. Have to check a box on forms if these were filed.

Income

- * W2, W2Gs, Tips not reported to employer
- * Form 1099-NEC for Self-employment income
- * Form 1099-Misc for rents paid in course of business
- * Investment income on Forms 1099-Int, 1099-OID, 1099-Div, 1099-B
- * Pension Forms 1099-R, 1099-SSA, RRB-1099 (railroad)
- * Form 1099-S for sale of real estate
- * Rental Income and expenses
- * K-1s from partnerships, S-Corporations, Estate & Trusts
- * Other 1099 Form types; 1099-A, 1099-G(unemployment-request amendment from State of NV Employment Security Division if fraud), 1099-Q(529dist.)
- * Damage awards or injury awards
- * Alimony-Only Amounts received as alimony for agreements on or before 12/31/2018
- * Stock options; ISOs
- * Any other income including Bitcoin gains, hobby income, prizes, Air BNB, foreign source
- * Restricted Stock Units can have a 5 year deferral option
- * Primary indebtedness exclusion down to \$750K from \$2M through Dec. 31, 2025
- * Digital Assets; virtual currencies (crypto, stablecoins), NFTs
- * Zero tax rate still applies up to following thresholds for capital gains.

	2023	2022
Capital Gains - 0% Rate	Up To AGI	
Single/MFS	\$44,625	\$41,675
Joint	\$89,250	\$83,350
Head of Household	\$59,750	\$55,800
Estates and Trusts	\$3,000	\$2,800

Deductions

- * Retirement plan contributions: Trad IRA, Roth IRA, SEP IRA (Form 5498)
- * Education loan interest
- * Teachers classroom or professional development expense up to \$300
- * Out of pocket medical expenses (need 7.5% of AGI).
- Self-employed get premiums paid
- * Personal Protective Equipment preventing Covid 19 spread
- * Form 1098 Qualified mortgage interest, points paid
- * HELOC interest must be used for use on qualified home for improvements or home acquisition if it is to be deductible (limitation is still \$750K for purchase of home secured by mortgage + HELOC used for improvements or home acquisition). A qualified residence is a principal residence and one other residence the taxpayer uses as a second home.
- * Points charged for the use of money are deductible as qualified residence interest expense if associated with qualified residence acquisition indebtedness or home equity indebtedness.
- * The mortgage insurance (PMI) deduction expired and has not been renewed. While many lenders continue to include the amount on the Form 1098, no deduction is currently allowed.
- * Property taxes paid on primary residence, second residence and investment properties
- * Local sales tax paid on specified items and any state or local income tax for non-NV residents.
- * Charitable contributions, gifts (cash or property) of \$250 or more at one time require contemporaneous receipt with: 1. Donor's name and address 2. Amount, descriptions, date and location 3. Whether goods or services were received from the organizations, and if they were FMV. Less than \$250 require only 1 & 2 above.
- * Miscellaneous itemized deductions are still suspended. E.g. unreimbursed employees expenses, tax prep fees (only personal portion business is still deductible), Hobby expenses.

Credits

- * Dependent care expenses for working parents for children under 13-Credit goes down to 3,000 per child or \$6,000 for two or more
- * Education expenses paid out of pocket on Form 1098-T
- * 30% of the qualified solar electric property expenditures for property placed in service by the taxpayer during such year through December 31, 2019, 26% for property placed in service in 2020-2021, 30% for property placed in service in 2022-2032, 26% for property placed in service in 2033, and 22% for property placed in service in 2034-**Inflation Reduction Act**
- * Opportunity zone investments
- * Home office for business
- * Other Sole Proprietor business credits
- * Nonbusiness Energy Property-furnaces, boilers, biomass stoves, heat pumps, water heaters, central air conditioners, and circulating fans. Subject to life time cap of \$1,200
- * EIC investment income limitation is raised to \$11,000