



# The Gehman COMPASS

Volume 4 Issue 3

Fall 2023 Newsletter

## 2023 Tax Updates

To help you prepare for the upcoming tax season, we compiled a list of the most important tax updates. These changes could impact your retirement planning, potential tax benefits, and essential information reporting. Here's a concise breakdown of what you need to know so you can hold on to more of your hard-earned cash when it's time to file your 2023 return.

### **Retirement Changes**

#### **Beginning Required Minimum Distributions (RMDs):**

Here's some good news for retirees: The beginning age for taking your first required minimum distributions (RMDs) rises to 73 from 72 for tax-deferred IRAs or 401(k)s. This change applies to account owners who turn 72 in 2023 or later, giving them more flexibility in managing their retirement savings.

**Penalty Reduction for RMDs:** If you fail to withdraw the required minimum distribution, the penalty is much lower. Starting in 2023, the penalty is 25% of the missing RMD amount, which is down from 50%. Additionally, the penalty decreases to just 10% if corrective action is taken within two years.

### **Tax Credits**

**New Electric Vehicle Credit:** Considering buying a new qualified plug-in electric vehicle or fuel cell electric vehicle? You could be eligible for a tax

credit of up to \$7,500. Your modified adjusted gross income may not exceed \$300,000 for married couples, \$225,000 for heads of households, or \$150,000 for single filers. The government has a list of eligible clean vehicles that meet IRS requirements on this website: <https://fueleconomy.gov/feg/tax2023.shtml>.

**Pre-Owned Electric Vehicle Credit:** You may qualify for a tax credit of up to \$4,000 if you opt for a previously owned qualified plug-in electric vehicle or fuel cell electric vehicle. Eligible vehicles must be a model year at least two years prior to the year of purchase. Your modified adjusted gross income may not exceed \$150,000 for married couples, \$112,500 for heads of households, or \$75,000 for single filers.

**Home Energy Improvements Credit:** Enhance your home's energy efficiency with qualified energy improvements and receive an annual tax credit of up to \$1,200. Qualified property includes windows, doors, insulation, central air conditioners, and water heaters installed on or after January 1, 2023.

**Biomass Stoves and Boiler Credit:** Explore the benefits of biomass stoves and boilers with a credit of up to \$2,000.

### **Information Reporting Changes**

#### **1099-Ks Coming from PayPal, Venmo, and Others:**

Pay attention if you use platforms like PayPal or

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Venmo to receive payments for goods or services. These types of third-party payment networks are now required to send a 1099-K to online sellers for any activity exceeding \$600, a major reduction to the previous threshold of \$20,000. This means you will get a 1099-K if you received over \$600 in payments for goods or services in 2023 from one of these networks, even if you're a casual online seller. You may receive a 1099-K even for a nontaxable transaction, like splitting a restaurant bill with a friend. To dispute the amount on a 1099-K, you will need to contact the filer listed in the top left corner of the Form 1099-K for a correction. Alternatively, your accountant will be able to reconcile the error on your tax return.

**Reporting Responsibility:** It's important to note that 1099-K amounts must be reported on your tax return, regardless of your business status. Remember to

provide the 1099-K to your tax preparer for accurate reporting and to ensure all eligible expenses are deducted.

## **PA Income Tax Changes**

**Enhanced Section 179 Deduction:** Pennsylvania now aligns with federal regulations, allowing a deduction of up to \$1,160,000 for property purchases in the year, compared to the previous limit of \$25,000.

**Like-Kind Exchanges:** Pennsylvania residents can now benefit from like-kind exchanges of property, providing a valuable opportunity to defer taxes on gains to a future year. Previously, residents could only defer the gain for federal income tax purposes.

**Always consult with your tax professional to determine how this information might apply to your situation.**

— Jay Martin, EA

# What Makes a Credible Accountant?

In the complex landscape of business and finance, the role of an accountant has shifted from mere number-crunching to a vital strategic function. A good accountant is critical in helping individuals and organizations navigate financial challenges, make informed decisions, and ensure compliance with regulations. So, what sets apart a good accountant from the rest?

## **1. Strong Analytical Skills**

One of the foundational traits of a good accountant is strong analytical insight. Accountants are tasked with sifting through vast amounts of financial data, identifying trends, anomalies, and insights that can drive business decisions. This demands the ability

to dissect complex financial statements, ratios, and performance metrics, enabling them to uncover valuable insights and offer strategic advice to clients or employers.

## **2. Attention to Detail**

Precision is paramount in the world of accounting. A good accountant pays meticulous attention to detail, ensuring that every transaction is accurately recorded, categorized, and reconciled. The minutest error can have cascading effects on financial reports, tax filings, and overall business operations. Attention to detail extends to staying updated with ever-changing tax laws and regulations to avoid compliance issues.



### 3. Ethical Integrity

Ethics are at the core of the accounting profession. A good accountant maintains unwavering ethical standards, ensuring financial practices and reporting adhere to legal and industry guidelines. They uphold honesty, transparency, and confidentiality, building trust with clients, employers, and stakeholders. This ethical foundation is crucial in maintaining the integrity of financial information and fostering credibility.

### 4. Adaptability and Continuous Learning

The financial landscape constantly changes, driven by technological advancements, regulatory changes, and shifting market dynamics. A good accountant embraces adaptability and engages in continuous learning to stay relevant. They proactively seek to upgrade their skills, whether mastering new accounting software, understanding crypto currency's financial implications, or staying updated on the latest tax code changes.

### 5. Communication Skills

Effective communication is an indispensable skill for accountants. Often, they must explain complex financial concepts to individuals who may not have a financial background. A good accountant can translate intricate jargon into understandable language, enabling clients, colleagues, and decision-makers to grasp the financial implications of their choices. Clear communication also builds rapport and trust with clients.

### 6. Problem-Solving Abilities

In the realm of finance, challenges are bound to arise. A good accountant possesses strong problem-solving abilities, whether it's identifying inefficiencies in financial processes, rectifying discrepancies, or devising strategies to optimize tax liabilities. Their knack for identifying root causes and devising effective solutions contributes to the organization's financial health.

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## Team Member Spotlights

### Ken Nisly



**Career.** After persistent encouragement from a former Gehman employee, I decided to check out an advising position at GA. In December it will be nine years since I began as a business advisor.

**Places Lived.** I was born in Hutchinson, KS, but our family moved to Abbeville, SC, when I was five. Later I lived in Harrison, AR, and Hattiesville, Belize, but nine years ago, I returned home to SC.

**Recreation.** I go on a daily walk and balance my office job with occasional deer hunting, fishing, kayaking, and playing golf.

**Family.** My wife Gloria and I have three sons, one daughter, and nine grandchildren. I never tire of spending time with our grandchildren and love reading stories to them (over and over) and playing games with them. I have a goal to complete a Spartan Race with my oldest granddaughter. 🐦

### Janelle Deiter



**Career.** In 2021, I attended a Gehman workshop, which sparked my interest in pursuing a career here. I work as a bookkeeper and have been here for about 1½ years. I feel blessed to work for a company that seeks to honor God, and I couldn't be happier to serve Him here.

**Books.** My favorite book genre is mystery/thriller because I love to "solve" the mystery!

**Family.** Although I am the youngest in my family, I share that role with my twin brother James.

**Goals.** I have always loved music and am currently learning to play the ukulele. 🐦

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## Bulletin Board

### New Faces at Gehman —

Lauren Martin - Bookkeeping Team  
Amanda Oberholtzer - Payroll Team  
Timothy Siegrist - Sales & Client Care Team

### Tax Planning —

Schedule your consultation soon to stay ahead of the year-end rush!

### Organizers arrive in December!

Inspiring Confidence™



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180 Diller Avenue • New Holland, PA 17557  
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### 7. Time Management

The accounting world is fast-paced, especially during peak financial periods like tax season. Good accountants excel in managing their time efficiently, meeting deadlines, and juggling multiple tasks without compromising the quality of their work. Effective time management ensures that financial reports, tax filings, and other critical tasks are completed accurately and punctually.

### Conclusion

The role of an accountant has expanded far beyond basic number-crunching to encompass a diverse set of skills ranging from analytical prowess and ethical integrity to adaptable communication skills. At Gehman Accounting, our accountants are committed to offering the skills and insights that clients need to succeed in the modern financial landscape.

— The Gehman Client Care Team

