

Addendum: Annual Federal Tax Refresher Course

Revision 1:

The text has been updated with the correct age requirements for taxpayers claiming the EIC without children.

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If the taxpayer does not have a qualifying child, the taxpayer must satisfy all of the following requirements:

- Be at least age 25 but under age 65 (at least one spouse must meet the age rule).
- The taxpayer must have their principal place of abode in the U.S. for more than half the tax year. The U.S. includes the 50 states, the District of Columbia and U.S. military bases. It does not include U.S. possessions such as Guam, the Virgin Islands or Puerto Rico.
- The taxpayer must not be a qualifying child of any other taxpayer.
- The taxpayer cannot be a dependent of another person.

<u>2.11 Tax Credit Eligibility</u>	<u>Domain 2: General Review</u>
<ul style="list-style-type: none">• The taxpayer must not be a qualifying child of any other taxpayer.	
<p>If the taxpayer does not have a qualifying child, the taxpayer must satisfy the following requirements:</p>	
<ul style="list-style-type: none">• Be at least age 25 but under age 65 (at least one spouse must meet the age rule).• The taxpayer must have their principal place of abode in the U.S. for more than half the tax year. The U.S. includes the 50 states, the District of Columbia and U.S. military bases. It does not include U.S. possessions such as Guam, the Virgin Islands or Puerto Rico.• The taxpayer must not be a qualifying child of any other taxpayer.• The taxpayer cannot be a dependent of another person.	

Revision 2:

The treatment for the credit recapture for the clean vehicle credit has been updated which has been clarified in a note.

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Note: The IRS is required to issue regs that provide for recapturing the benefit of the section 30D clean vehicle credit with respect to any vehicle that ceases to be eligible for the credit. Presumably the recapture will be treated as an addition to the amount of tax owed.

Beginning in 2024, credits may be transferred to dealers for payment. The taxpayer must still meet MAGI requirements and, if not met, must recapture the payment for income tax purposes.

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Date of revision: 07/27/2023

Revision 3:

The expiration date for the previously owned clean vehicle credit and name references have been updated through the text.

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The previously owned clean vehicle credit is new for vehicles acquired after Dec. 31, 2022, and before Jan. 1, 2033.

Previously owned clean vehicle credit

The previously owned clean vehicle credit is new for vehicles acquired after Dec. 31, 2022, and before Jan. 1, 2033. The used clean vehicle's model year must be two years earlier than the calendar year the taxpayer acquires it, and the original use must have started with someone other than the taxpayer. Additionally, the vehicle must be purchased from a dealer and cannot have a purchase price greater than \$25,000. The credit is the lesser of \$4,000 or 30% of the vehicle's sales price.

Date of revision: 07/27/2023

Revision 4:

The beginning tax bracket for MFS was corrected.

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Beginning of Regular Income Tax Brackets							
2023	10%	12%	22%	24%	32%	35%	37%
MFJ, QSS	\$0	\$22,001	\$89,451	\$190,751	\$364,201	\$462,501	\$693,751
HOH	\$0	\$15,701	\$59,851	\$95,351	\$182,101	\$231,251	\$578,101
S	\$0	\$11,001	\$44,726	\$95,376	\$182,101	\$231,251	\$578,126
MFS	\$0	\$11,001	\$44,726	\$95,376	\$182,101	\$231,251	\$346,876

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MFS	\$0	\$11,001	\$44,726	\$95,376	\$182,101	\$231,251	\$346,876

Date of revision: 08/04/2023

Revision 5:

The taxable income amount was updated.

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Alex, an attorney, files a joint return with his spouse in 2023. Their taxable income consists of \$375,800 of income from his law firm. Since Alex is an attorney, an SSTB, the phase-out rule applies. Her taxable income above the threshold amount is \$11,600 (\$375,800 - \$364,200). The 20% is reduced to 17.68% which is 20% - 2.32% ($\$11,600 / \$5,000$).

Example

Alex, an attorney, files a joint return with his spouse in 2023. Their taxable income consists of \$375,800 of income from his law firm. Since Alex is an attorney, an SSTB, the phase-out rule applies. Her taxable income above the threshold amount is \$11,600 (\$375,800 - \$364,200). The 20% is reduced to 17.68% which is 20% - 2.32% ($\$11,600 / \$5,000$).

Date of revision: 08/04/2023