*Tax & Business Alert* – February 2024

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## Abstract: Taxpayers preparing to file tax returns for 2023 may still have an opportunity to lower their tax bills. Those who are eligible can make tax-deductible contributions to traditional IRAs right up until this year’s April 15 tax-filing deadline, and benefit from the tax savings on their 2023 returns.

## There may still be time to lower your 2023 tax bill

## If you’re preparing to file your 2023 tax return and expecting a tax bill, you may still be able to lower it — or even claim a refund. If you qualify, you can make a deductible contribution to a traditional IRA right up until the original filing deadline, April 15, 2024, and see tax savings on your 2023 return.

For eligible taxpayers, the 2023 contribution limit has increased to $6,500, or $7,500 for taxpayers aged 50 and up. If you’re a small business owner, you can establish and contribute to a Simplified Employee Pension (SEP) plan up to the extended due date of your return. The maximum SEP contribution you can make for 2023 is $66,000**.**

What determines eligibility? To make a deductible contribution to a traditional IRA, you (and your spouse) must not be active participants in an employer-sponsored retirement plan, unless your 2023 modified adjusted gross income falls within these limits:

* For single taxpayers covered by a workplace plan, the income phaseout range is $73,000 to $83,000.
* For a married couple filing jointly, where the spouse making IRA contributions is covered by a workplace plan, the income phaseout range is $116,000 to $136,000. If the spouse making the IRA contributions isn’t covered by a workplace plan but his or her spouse is, the phaseout range is $218,000 to $228,000.
* For a married individual, filing separately, with you or your spouse covered by a workplace plan, the phaseout range is $0 to $10,000.

Contact us if you want more information about this important topic. We can help you save the maximum tax-advantaged amount for retirement.

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