

Tax Law Update Bulletin - 2023 Q2

Global Finance Solutions

Introduction:

Welcome to the Q2 2023 edition of the Tax Law Update Bulletin. We are committed to keeping our clients informed about the latest changes and developments in tax laws that might affect their financial planning.

Highlights:

- Capital Gains Tax Increase: Effective from July 2023, the capital gains tax for assets held less than a year has been increased from 25% to 28%.
- Retirement Account Contribution Limits: The maximum contribution limit for IRA accounts has been raised from \$6,000 to \$6,500 for individuals under 50.
- Estate Tax Exemption: The estate tax exemption threshold has been reduced from \$11.7 million to \$11 million for individual estates.

Detailed Changes:

- Business Deductions: Beginning in 2023, businesses can no longer deduct entertainment expenses. However, the 50% deduction for meals remains unchanged, as long as they are not considered lavish or extravagant.
- Charitable Contributions: For those who itemize deductions, the limit for charitable cash contributions to public charities has been increased from 60% to 70% of adjusted gross income.
- Foreign Earned Income Exclusion: The foreign earned income exclusion amount has been updated to \$108,700 for the 2023 tax year.

Planning Tips:

- Capital Gains Strategy: Given the increase in capital gains tax, investors might consider holding onto assets for over a year to qualify for the lower long-term capital gains tax rate.
- Maximize Retirement Contributions: With the increased contribution limits, individuals should consider maximizing their contributions to benefit from tax deferrals.
- Estate Planning Review: Individuals with estates close to the exemption threshold should consider reviewing their estate plans with financial advisors.

Conclusion:

Tax laws are continually evolving. It's crucial to stay informed and adjust financial strategies accordingly. Global Finance Solutions is here to assist you in navigating these changes and optimizing your financial planning.

Contact:

For further inquiries or detailed discussions about how these tax changes might impact you, please contact our tax advisory team at (123) 456-7893 or email taxadvisory@globalfinancesolutions.com.