



QUOTES: TAX SEASON 2023 CHANGES AND UPDATES TO KNOW

Find expert commentary on the top tax topics for 2023 from H&R Block's Kathy Pickering, Chief Tax Officer and Andy Phillips, Director, Tax Institute on a variety of consumer tax topics for 2023. This includes information on new tax laws and changes that people will notice when filing this year. We encouraged the use of commentary within online, print and broadcast stories related to tax season 2023.

Top 2023 Tax Season Topics

- Tax Season 2023 Overview
- Expiration of COVID-19 Relief Programs
- Severance and Unemployment
- Filing as a Gig Worker
- Crypto Craze
- Expanded Health Care Credits
- Energy Tax Credits
- Investment Losses
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Tax Season 2023 Overview

"Financial security is a constant worry for many Americans when it comes to complications caused by inflation. H&R Block completed a survey in the fall of 2022 that revealed 69% of Americans are extremely concerned about inflation and its impact on their finances. Americans are relying on their tax refunds this year more than ever.

There are a number of reasons why tax refunds may look different than last year. Almost all of the pandemic relief programs for families with children, childless workers and small business owners have expired. In addition, some people have received severance pay or unemployment income this year, some tapped into retirement accounts to help make ends meet and many people experienced investment losses due to fluctuations in the market.

An H&R Block tax pro can help navigate these changes to make sure taxpayers are taking advantage of all available tax benefits and correctly anticipating benefits one will, or won't, receive this year; helping to stay on track with financial goals." – **Andy Phillips, Director, Tax Institute at H&R Block**

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Expiration of COVID-19 Relief Programs

“One big change this year is that most temporary COVID-19 relief measures and programs have expired. These include the Recovery Rebate Credit, the expanded Earned Income Tax Credit, Child Tax Credit, and dependent care credit for individuals; and the small business relief programs that helped sustain businesses and kept employees on payroll during the pandemic.

This year, it’s important for taxpayers to be aware of these changes - as they may impact their refund. Awareness can limit any surprises when filing taxes or making plans for what they’ll do with their refund.

Even with these pandemic programs going away, there are still plenty of ways to save money with taxes - through numerous tax benefits that remain available for individuals, and small business owners.” – **Kathy Pickering, Chief Tax Officer at H&R Block**



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Severance and Unemployment

“This winter, there were a lot of headlines about layoffs at tech companies. This means many people will have received severance pay and or unemployment income. People who’ve been laid off will have a lot to think about where taxes are concerned.

Severance pay is taxable in the year it’s received. If a taxpayer is receiving three-months’ worth of severance pay, they will need to factor in taxes for that amount.

Like a normal paycheck, an employer will withhold some taxes upfront, but the amount withheld will depend on the way the employer pays it out.

Taxpayers receiving unemployment income for the first time often don’t know that unemployment income is taxable. Federal taxes are not automatically deducted from these payments. How much tax someone pays will depend on the amount of benefits received, how much other taxable income is present and filing status.

The tax treatment of unemployment income varies from state to state, but many states provide an exclusion for these benefits.

For anyone still receiving unemployment in 2023, it’s a good idea to specifically request that taxes are withheld from the unemployment payments to avoid a larger balance due next year.” – **Kathy Pickering, Chief Tax Officer at H&R Block**

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Filing as a Gig Worker

“Many people are surprised that as an independent contractor, they own a small business in the eyes of the IRS. Independent contractors are freelance writers, makeup artists, food delivery drivers and more. Whether the gig economy job is the primary source of income, or if it’s a side hustle, this is true for a lot of Americans that are part of a growing number of gig workers. Last year, H&R Block saw a 26% increase from the prior tax year in gig workers.

Small business owners can deduct more expenses, potentially reducing their tax liability. However, there are also more responsibilities that come with being a small business owner, and small businesses have extra tax rules, an area where a tax pro can really help.

According to survey data from H&R Block, nearly 60% of small business owners say they’re conducting business differently to keep pace with new and ongoing challenges.

Keeping accurate records is an important first step to ensuring all expenses are tracked and the appropriate amount of taxes is paid. In addition, business owners generally make estimated tax payments during the year to limit their balance due, and avoid penalties when they file after the end of the year.

Business owners, including independent contractors in the gig economy, should stay on top of taxes all year long.” – **Kathy Pickering, Chief Tax Officer at H&R Block**



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Crypto Craze

“Last year alone, H&R Block saw an 85% rise in the number of clients who reported crypto transactions. This figure underscores the importance of people understanding how crypto gains and losses are taxed.

Those buying, selling, or using cryptocurrency, will want to understand the tax implications. The tax rate someone will pay on crypto gains will vary between 0% and 37%, with the rate being dependent on a number of factors. In addition, cryptocurrency received through a small business, like selling something in exchange for crypto, can also be subject to self-employment taxes.

Now 2022 has seen a lot of people losing money on their crypto investments. Cryptocurrency sold at a loss can reduce other income that is subject to tax. It is important to track how much you paid for your crypto assets so you only pay tax on actual gains and can claim losses on your return to reduce your overall bill.

For those that haven't been reporting their crypto transactions to the IRS – please take notice. Starting in 2023, if someone sells crypto through an exchange, they can expect to get a Form 1099 in January 2024 showing all of those crypto transactions. The IRS will receive a copy of this Form 1099 as well, and they're going to expect to see those changes on the tax return next year.” – **Andy Phillips, Director, Tax Institute at H&R Block**

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Expanded Health Care Credits

“The Inflation Reduction Act of 2022 expanded the premium tax credit through 2025 for certain families that are purchasing health insurance from federal or state exchanges, often referred to as the Marketplace. This change makes health care coverage more affordable for more Americans.

While the premium tax credit is generally paid in advance to the health care provider throughout the year, that’s generally based upon information provided when enrolling in a health insurance plan, many taxpayers do not receive the full benefit during the year and actually get to claim any remaining amount as part of their tax refund.” – **Andy Phillips, Director, Tax Institute at H&R Block**

Energy Tax Credits

“Those that made home improvements during the year, like energy efficient windows or doors, may qualify for the energy efficient home improvement credit on their 2022 tax return. In addition, the credit will expand beginning in 2023. Those that are considering making a substantial home improvement purchase should contact their tax pro to determine which purchases may qualify for a tax credit.

Electric vehicle credits are expanding as well beginning in 2023. Anyone planning to purchase a car in 2023 should make sure they know which vehicles qualify for the expanded credit; and it is worth noting that even some used vehicles can qualify.

H&R Block can help a taxpayer understand which purchases may qualify for a credit, what records should be retained and how much that potential credit may increase their refund.” – **Kathy Pickering, Chief Tax Officer at H&R Block**

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Investment Losses

“Good news for investors who experienced losses in 2022 due to the stock market – this could reduce your tax bill.

Investors who sold securities and recognized losses this year should know that those losses can offset other investment gains in their portfolio, limiting their tax bill. In addition, excess losses can be used to reduce other taxable income, subject to an annual \$3,000 limit.

Before the end of the calendar year, an investor may consider a tax-loss harvesting strategy within their investment portfolio to lower their potential tax burden.

Investors should consult their tax and financial advisor to understand if their accounts and investments qualify, and which strategy is right for them.” – **Kathy Pickering, Chief Tax Officer at H&R Block**

DIY Taxes with H&R Block

“Regardless of the tax situation, H&R Block is here to make tax season a reason to celebrate. One of the most convenient ways to file is through our online, Do-It-Yourself platform. DIY offers a surprise-free tax preparation experience that immediately starts with upfront, transparent pricing.

Throughout the process, there are expert, on-demand H&R Block tax professionals that can help whenever needed. Not to mention, your maximum refund is guaranteed, and results are available in real time. So, whether you’re a returning H&R Block client, or are switching with ease from another company, our DIY platform will meet you where you are. Learn more at [HRBlock.com](https://www.hrblock.com).” – **Kathy Pickering, Chief Tax Officer at H&R Block**