

### Have Leases?

#### Don't Forget To Implement The New Lease Standards

Does your Organization have leases? If so, the new lease standards are underway for both GASB and FASB reporting entities. Now is the time to brush up on what is required.

##### **GASB Entities:**

The effective date is for fiscal years beginning after June 15, 2021.

##### **FASB Entities:**

The effective date for nonprofit organizations is for fiscal years beginning after December 15, 2021.

##### **Overall:**

The new standards require leases to be recorded on the books of an Organization regardless of whether they were previously an "off-book" lease which was only included in the footnote disclosures.

The new standards call for an asset with a corresponding liability to be recorded at the time the lease was entered into, or at the time the new standards go into effect. These accounts will be adjusted, at least annually, for the current year amortization of the lease. They will also need to be reviewed for any modification in lease terms.

Retroactive implementation of the standard is required, so the prior year's balances will need to be adjusted accordingly as well.

### 1099-K Updates Delayed

The IRS has announced that it is delaying the required issuance of 1099-Ks for tax year 2022 transactions meeting the \$600 threshold. Instead tax year 2022, will be viewed as a "transition year" and 1099-K's will be issued under the previous guidelines - when aggregate payments to be reported exceeds \$20,000 and the number of such transactions with that participating payee exceeds 200.

However, for tax year 2023 and thereafter, 1099-Ks will be issued subject to the new \$600 threshold.

### Tax Year 2023 Thresholds Have Been Announced

##### **Standard Deductions:**

Married-Joint	\$27,700
Married-Sep.	\$13,850
Single	\$13,850
HOH	\$20,800

##### **Income Tax Rates:**

37% income over \$578,125 (\$693,750 MFJ);
35% income over \$231,250 (\$462,500 MFJ);
32% income over \$182,100 (\$364,200 MFJ);
24% income over \$95,375 (\$190,750 MFJ);
22% income over \$44,725 (\$89,450 MFJ);
12% income over \$11,000 (\$22,000 MFJ).
10% income of \$11,000 or less (\$22,000 MFJ)

##### **Other:**

Annual exclusion for gifts \$17,000
Foreign earned income exclusion \$120,000

See full details here-  
<https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2023>

### Secure 2.0 Act – What Is It? And What Do I Need To Know?

On December 29, 2022, the Secure 2.0 Act was enacted and contains various provisions which focus on taxes and retirement plans. The Journal of Accountancy has prepared an article which summarizes some of the key provisions included in the act.

Some of the changes under this act include, but are not limited to, the following:

- Expanded automatic enrollment in retirement plans – 401K and 403B plans will be required to setup automatic enrollment for eligible employees, unless they otherwise opt-out
- Modified credit for small-employer pension plan startup costs - provides an increase to the section 45E credit
- Increase in beginning age for RMDs
- Higher catch-up limit for older individuals
- Improving coverage for part-time workers within 401K plans
- Tax-free rollovers from Sec. 529 accounts to Roth IRAs

See the full article here -  
<https://www.journalofaccountancy.com/news/2023/jan/key-tax-retirement-provisions-secure-2-act.html>