

Tax Season is Here. What to Know Before You File

The IRS is accepting tax returns for the 2023 tax season, but there are some key things to know before you file your 2022 return.



(Image credit: Getty Images)

The IRS began accepting income tax returns this week—the signal that the 2023 tax season has started. And whether you like to file your tax returns early or prefer to wait closer to Tax Day 2023 (i.e., April 18), there are a few things you need to know about income reporting, new tax credits, and potentially smaller tax refunds—before you file your 2022 taxes.

Tax Season 2023

First and foremost, tax filing season has officially started. The IRS began accepting tax returns on Monday, January 23rd. The IRS says that it is expecting more than 168 million tax returns this season and that many people will file early.

If you are an early filer, be sure that you have all the information you need before you file. You are responsible for filing a complete and accurate tax return, so gather your records, and double check your taxpayer identification number and PIN.

Also worthy of note: The IRS recently added more than 5,000 new customer service staff. This increased IRS staffing stems from the Inflation Reduction Act and is part of the agency's goal to improve service this filing season. But the IRS still says that visiting the website, [IRS.gov](https://www.irs.gov), is the fastest way to get tax refund information, and answers to common tax questions.

Free File Taxes

If you earned \$73,000 or less in 2022, you can file your taxes online—for free.

The IRS Free File program operates with seven providers who each have their own various eligibility rules and products. IRS Free File has been open since January 13. If you filed your taxes through the program before January 13, your Free File provider likely held onto your return until the IRS began accepting tax returns on January 23.

If you haven't filed your taxes yet and are interested in IRS Free File, you can go to the IRS Free File site. Follow the prompts to the online lookup tool to find the right product for you.

2023 Tax Day

This year, the tax filing deadline to submit 2022 tax returns, or to submit an extension to file and pay taxes you owe for 2022, is Tuesday, April 18. (The due date is not the typical April 15 mainly because that would fall on a weekend.)

If you live in an area that was affected by natural disasters (e.g., floods, tornadoes, wildfires, etc.), you have a little more time to file because your individual and business tax returns aren't due until May 15, 2023. That 2023 filing extension currently applies to storm victims in Alabama, California, and Georgia.

1099-K Reporting and Side Job Income

At the end of 2022, the IRS delayed implementation of the so-called \$600 rule, which has caused a lot of confusion. That rule would have meant that millions of people with side hustles, and gigs, or part-time jobs, and small businesses, that were paid at least \$600 for goods and services through a third-party network, (think PayPal, Square, Venmo, Stripe, etc.) would have received a Form 1099-K this month.

And, although the \$600 rule has been delayed, you might still receive a 2022 1099-K before January 31. If you do receive a 1099-K, make sure that it matches the information that you have in your records. If there are any problems with your 1099-K contact the third-party payment network that sent the form.

And remember, whether you receive a 1099-K or not, the IRS expects you to report all taxable income on your federal income tax return.

For more information about Form 1099-K and how the reporting changes could impact you: see IRS Form 1099-K: you Might Not Get One from Venmo, PayPal, or Cash App for 2022.

New 2023 Tax Credit

Did you buy an electric vehicle in 2022? Well, the new federal EV Tax credit has undergone some changes. Under the Inflation Reduction Act (IRA), the new EV tax credit of up to \$7,500 can be claimed on new so-called "clean vehicles," while a lower tax credit applies to certain used EVs.

If you bought an electric vehicle before the IRA became effective (before August 16, 2022), and that vehicle is otherwise eligible for the old EV tax credit, you can claim that credit under the rules that applied before the IRA was enacted. But you need to have a written, binding sales contract to substantiate your claim.

If you purchased, and took possession of, your EV between August 16, 2022, and December 31, 2022, the old rules for claiming the EV tax credit of up to \$7,500 apply, except that final

assembly of the EV must take place in North America to be eligible for the credit. So, before you file and claim the EV tax credit for an EV placed in service in 2022, check to see if the EV you purchased meets the final assembly requirement.

Smaller Tax Refunds in 2023?

And last, but not least, the IRS is warning that some taxpayers may have lower tax refunds in 2023 due to 2022 tax changes.

For example, the enhanced Child Tax Credit is gone. The Child Tax Credit had been expanded in 2021 from \$2,000 per child to \$3,600 per child and some of the credit was paid out in advance payments during 2021. Since the Child Tax Credit returned to \$2,000 per child, the amount that many parents can claim for 2022 will be lower. For some that means a smaller tax refund in 2023—if any.

Also, for 2022, the standard deduction is higher, which means it will be harder for some people to claim charitable deductions, which is a common way to reduce tax liability. (If you take the standard deduction, the above the line \$600 charitable donation tax deduction, that was available during the pandemic, is not available for 2022.)

Kiplinger

Kiplinger is part of Future plc, an international media group and leading digital publisher
© 2023 Future US LLC