

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

TAXES

Tax Refunds May Be Smaller in 2023, IRS Warns

The lack of stimulus payments in 2022 will play a key role, according to the IRS.

Dec. 07, 2022



The IRS is issuing a warning for 2023: You likely won't receive as large a tax refund as you have in the past.

The lack of stimulus payments in 2022 will play a key role.

“Refunds may be smaller in 2023,” the IRS said in a statement. “Taxpayers will not receive an additional stimulus payment with a 2023 tax refund because there were no Economic Impact Payments for 2022.”

In the last two years, many taxpayers received additional refunds due to Economic Impact Payments—the official name for stimulus payments—issued during the COVID-19 pandemic. The last stimulus payment was issued in March 2021 and, with none coming in 2022, taxpayers won't get the additional money in their refunds.

Another big change is that taxpayers who don't itemize and instead take the standard deduction won't be able to deduct charitable contributions. In 2021, the IRS temporarily allowed individuals to deduct \$300 per person, up to \$600 per family, in charitable contributions even if they didn't itemize other deductions. That won't be allowed this year.

According to the IRS, almost 90% of taxpayers use the standard deduction.

The IRS has also lowered the reporting threshold for third-party networks that process payments for doing business, such as Venmo or CashApp. Prior to 2022, Form 1099-K was used to report payment transactions if that number exceeded 200 for a single year and the aggregate amount of those transactions exceeded \$20,000. Now, a single transaction exceeding \$600 can trigger a 1099-K reporting requirement, something the tax agency said, “enables taxpayers to more easily track the amounts received.”

Money received via a third-party app from friends and relatives as a gift or reimbursement for personal expenses is not taxable, the IRS said.

Processing on 2022 returns won't start until into the new year but either way, the IRS cautioned against relying on receiving a tax refund by a certain date or counting on it to make major purchases or pay bills.

“Some returns may require additional review and may take longer,” the IRS said.

©2022 Advance Local Media LLC. Visit al.com. Distributed by Tribune Content Agency LLC.

Taxes • News • IRS • stimulus payments • Tax Refunds

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2023 Firmworks, LLC. All rights reserved