

Frequently Asked Income Tax Questions

1. What are the new standard mileage rates for 2023?

Beginning on January 1, 2023, the standard mileage rates used to calculate the deductible costs of operating a car (also vans, pickups, or panel trucks) for business, charitable, medical, or moving purposes will be:

- **65.5 cents per mile** driven for business use, up 3 cents from the midyear increase setting the rate for the second half of 2022.
- **22 cents per mile** driven for medical or moving purposes for qualified active-duty members of the Armed Forces, consistent with the increased midyear rate set for the second half of 2022.
- **14 cents per mile** driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2022.

2. Which vehicles are eligible for a Federal Tax Credit?

All-electric, plug-in hybrid, and fuel cell electric vehicles purchased new in 2023 or after may be eligible for a federal income tax credit of up to **\$7,500**.

The availability of the credit will depend on several factors, including the vehicle's MSRP, its final assembly location, battery component and/or critical minerals sourcing, and your modified gross adjusted income (AGI).

- Qualified vehicles purchased before 2023 may be eligible for a similar tax credit of up to **\$7,500**.
- Pre-owned vehicles purchased in 2023 or after are eligible for a tax credit of up to **\$4,000**.
- State and/or local tax incentives may also apply.

3. Which household improvements are eligible for the Energy Efficient Home Improvement Credit or the Residential Energy Clean Property Credit?

Energy Efficient Home Improvement Credit:

These expenses **may qualify** if they meet requirements detailed on [energy.gov](https://www.energy.gov)

- Exterior doors, windows, skylights, and insulation materials.
- Central air conditioners, water heaters, furnaces, boilers, and heat pumps.
- Biomass stoves and boilers.
- Home energy audits.

Homeowners who improve their primary residence will find the most opportunities to claim credit for qualifying expenses. Renters may also be able to claim credits, as well as owners of second homes used as residences.

The credits are never available for improvements made to homes that you do not use as a personal residence.

The amount of credit you can take is a **percentage of the total improvement expenses** made in the year of installation.

- **2022:** 30% up to a lifetime maximum of \$500.
- **2023 through 2032:** 30% up to a maximum of \$1,200 (heat pumps, biomass stoves, and boilers have a separate annual credit limit of \$2,000), but no lifetime limit.

Residential Clean Energy Credit:

These expenses **may qualify** if they meet requirements detailed on [energy.gov](https://www.energy.gov).

- Solar. Wind and geothermal power generation
- Solar Water Heaters
- Fuel Cells
- Battery Storage (beginning in 2023)

The amount of credit you can take is a **percentage of the total improvement expenses** made in the year of installation:

- **2022 to 2032:** 30%, no annual maximum or lifetime limit.
- **2033:** 26%, no annual maximum or lifetime limit.
- **2034:** 22%, no annual maximum or lifetime limit.

4. Can I deduct my IRA Contributions?

You may be able to deduct **some or all of your contributions** to a Traditional IRA. You may also be eligible for a **tax credit equal to a percentage of your contribution**. Amounts in your Traditional IRA, including earnings, generally are not taxed until distributed to you.

To contribute to a Traditional IRA, you and/or your spouse if you file a joint return, **must have taxable compensation**. Such as wages, salaries, commissions, tips, bonuses, or net income from self-employment.

Contributions to a Roth IRA are not deductible (and you don't report the contributions on your tax return), but qualified distributions or distributions that are a return of contributions are not subject to tax.

5. **How has the PA Property Tax/ Rent Rebate Program been expanded?**

Starting in mid-January 2024, the Pennsylvania Department of Revenue will begin accepting rebate applications for property taxes and rent paid in 2023.

- The maximum standard rebate is **increasing from \$650 to \$1,000**.
 - The income cap for both renters and homeowners will be made equal and **increase to \$45,000 per year**.
 - The income cap for **homeowners** will increase from \$35,000 to \$45,000 per year.
 - The income cap for **renters** will increase from \$15,000 to \$45,000 per year.
- There are **no changes to the forms and schedules** used to apply for the rebate. The **eligibility criteria for applicants remains the same** as well. The program will continue to benefit eligible Pennsylvanians who are age 65 and older, widows and widowers age 50 and older, and people with disabilities age 18 and older

6. **I received a threatening phone call from the IRS. What should I do?**

The IRS **does not** initiate contact with taxpayers by email, text message, social media, or telephone call.

A sophisticated **phone scam** targeting taxpayers, including recent immigrants, has been making the rounds throughout the country. **Scammers make aggressive calls posing as IRS agents, using fake names and bogus IRS identification badge numbers** in hopes of stealing taxpayer money or personal information. They may know a lot about their targets, and they usually alter the caller ID to make it look like the IRS is calling.

Victims are told they owe money to the IRS and it must be paid promptly through a gift card or wire transfer. Victims may be threatened with arrest, deportation or suspension of a business or driver's license. In many cases, the caller becomes hostile and insulting. Some victims may be told they have a refund due to attempt to trick them into sharing private information. If the phone is not answered, the scammers often leave an "urgent" callback request.