

Privately Speaking – 2023 Personal Tax Planning Guide

Issue 96 | January 2023



Personal tax planning in times of disruption

It's been a period of continued and heightened disruption for owners of privately held companies. Geopolitical events, inflation, shifting interest rates—and a growing lack of clarity with respect to future tax legislation—are making tax planning increasingly difficult.

In this edition of *Privately Speaking*, we bring you highlights from the KPMG 2023 Personal Tax Planning Guide, prepared by the Tax professionals from our Washington National Tax Office. Written with the private company leader in mind, this guide provides information and planning tips to help reduce the complexity of the ever-evolving U.S. federal tax rules affecting individuals and their closely held businesses.

Thinking long term

It was another year of risk and opportunity for private company leaders. Financial situations have changed. And that has raised some complex questions for individuals and their closely held businesses. Tax planning has become not only more challenging, but also much more critical to long-term value creation.



The current economic downturn is forcing many private company leaders to think much more carefully about how they secure value from their investments. They also want to ensure they are setting their businesses up to grow over the long term. The decisions private company leaders make this year could significantly influence the trajectory of their future growth.

– **Conor Moore**, National Leader,
KPMG Private Enterprise

Get the information and insights you need to simplify your tax planning in the *KPMG 2023 Personal Tax Planning Guide*. With a focus on individual tax planning, retirement planning, and planning for your business, this guide is important reading for any private company leader. Download the *KPMG 2023 Personal Tax Planning Guide* today.

Planning amid uncertainty

Tax planning isn't easy in an uncertain economic environment. It is even more difficult when there's a lack of clarity with respect to future tax legislation. Some changes—such as the treatment of cryptocurrencies or the new state-level rules to bypass the \$10,000 deduction limitation—are evolving quickly. Other proposed tax legislation will get mired in political debate.



The economic outlook continues to change even as the U.S. federal tax rules impacting individuals and their closely held businesses continue to evolve. Being prepared for the future means understanding the tax implications of your decisions—and that's not easy when so much is in flux. Now, more than ever, private company leaders need sound tax advice and insight.

– **Brad Sprong**, Partner, National Tax Leader, KPMG Private Enterprise

Is that crypto in your wallet?

If you've sold, exchanged, or created cryptocurrency in the past tax year, then you'll need to report the income to the Internal Revenue Service and relevant state tax authorities. The problem is that you may not receive a Form 1099 like you would for other types of investment assets. Compared to other asset classes, digital asset tax compliance may be more complex and time consuming.

At the same time, cryptocurrencies are not subject to certain tax rules that often apply to other asset classes, such as the wash sale rules and constructive sale rules. That may create tax planning opportunities not available to other investment classes and helps eliminate significant traps for the unwary. Transactions without sufficient economic substance, however, could be subject to other rules that could limit their benefit.

For a deeper look at the tax implications of various types of cryptocurrency transactions, see page 27 in the *KPMG 2023 Personal Tax Planning Guide*.

Bypassing the \$10,000 limitation for the state and local tax deduction

The Tax Cuts and Jobs Act imposed a \$10,000 limit (\$5,000 if married filing separately) for federal deductions regarding state and local taxes. And, in response, a majority of states have now enacted legislation that potentially bypasses the limitation. So far, only one state—Connecticut—has made its new pass-through entity tax mandatory, but there are 28 other states with elective pass-through entity taxes (11 of them became effective for tax year 2022).¹

To decide if such an election may be appropriate for you, check out our recent *Family Office Fridays* webcast on Elective Passthrough Entity Taxes and the Potential Benefit for Taxpayers.

See through the disruption with the *KPMG 2023 Personal Tax Planning Guide*. Prepared by tax professionals from the KPMG Washington National Tax office, the guide provides valuable information and insights to help you plan for 2023 and beyond.

In addition to chapters on individual income tax planning, investment-related tax issues, and charitable tax planning, this guide provides insights into key issues for private market company leaders seeking to transfer value, plan for retirement, or grow their business.

¹ Source: Bloomberg Tax, "Daily Tax Report," (September 2018)

Why KPMG

KPMG Private Enterprise professionals understand the opportunities, challenges and complexities facing you and your privately held business. And our talent in local offices works closely with our Washington National Tax practice to assist clients with the full range of needed tax services including multidisciplinary tax planning, compliance and tax technology tools.



From our Tax Planning and Business Strategy practices through to our Resilience and Change Management practices through to our M&A and Restructuring groups, KPMG Private Enterprise delivers a full range of services to help private organizations thrive in the current environment.

Learn how we can help you, visit [Read.kpmg.us/PrivateEnterprise](https://www.kpmg.us/PrivateEnterprise).

Don't miss a thing

The environment for private companies is changing rapidly, and new opportunities are emerging every day.

Do not let an opportunity pass you by. Sign up to receive the KPMG **Privately Speaking** series, and make sure you are making the best decisions possible for your private company.

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Contacts

Conor Moore
Partner,
National Leader,
KPMG Private Enterprise
T: 415-963-7559
E: conormoore@kpmg.com

Sal Melilli
Partner,
National Audit Leader,
KPMG Private Enterprise
T: 212-872-6030
E: smelilli@kpmg.com

Brad Sprong
Partner,
National Tax Leader,
KPMG Private Enterprise
T: 816-802-5270
E: bsprong@kpmg.com

Shari Mager
Advisory Partner,
KPMG Private Enterprise
T: 408-367-7661
E: smager@kpmg.com



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Privately Speaking focuses on the issues that matter most to privately held entities, including private-equity-backed and venture-capital-backed companies.

KPMG Private Enterprise understands what it takes to drive private company growth. In each edition of **Privately Speaking**, we share our insights—along with practical and actionable tips—to help boards, executives, and management grow, strengthen, and transition their privately held businesses.

For more information, [click here](#) to visit our *Privately Speaking* web page.



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