

# Word to the Wise

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## New Electric Vehicle and Other Energy Credits

Tax incentives for purchasing clean (electric) vehicles and installing high efficiency home improvements are some of the featured provisions in the recently-passed Inflation Reduction Act (IRA). Here's a closer look at some of the bill's tax provisions regarding the new incentives.

Clean Vehicle Credit (formerly Plug-In Electric Vehicle Credit)

Here is a summary of the details surrounding the new Clean Vehicle Credit:

- The tax credit of up to \$7,500 for electric vehicles (EVs) is extended for 10 years until December 2032.
- Starting in 2023, used cars now qualify for up to a \$4,000 tax credit.
- Starting in 2024, you can take the credit as a discount at the time you purchase the vehicle instead of waiting to file your tax return.
- In the past, if a manufacturer had produced at least 200,000 EVs, you could no longer qualify for the tax credit if purchasing a vehicle from that manufacturer. The new bill removes this 200,000 vehicle cap starting in 2023.

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On the other hand, there are significantly more hurdles you'll have to overcome to qualify for the new Clean Vehicle Credit:

### MSRP hurdle

- New clean cars must have a manufacturer's suggested retail price (MSRP) of no more than \$55,000.
- New clean vans, pickup trucks, and SUVs must have an MSRP of no more than \$80,000.
- Used clean vehicles must cost no more than \$25,000.

### Income hurdle

- For a new clean vehicle, your adjusted gross income must be less than \$150,000 if single, \$225,000 if head of household, or \$300,000 if married.
- For a used clean vehicle, your adjusted gross income must be less than \$75,000 if single, \$112,500 if head of household, or \$150,000 if married.

### Domestic production hurdle

- The final assembly of a new clean vehicle must occur in North America as of August 16, 2022.
- Starting in 2023, at least 40% of critical battery minerals and 50% of battery components must be recycled, mined, or manufactured in the U.S.
- Many automakers are unsure whether they will be able to meet this criteria as the new law is currently written.

### What you can do

- **Wait until 2023 to buy Tesla and GM vehicles.** Because Tesla and General Motors have both crossed the 200,000 electronic vehicle threshold, any Tesla or GM vehicle purchased in 2022 won't qualify for the tax credit. Starting in 2023, certain Tesla and GM vehicles will once again qualify for the credit once the 200,000 limit is removed.

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- **Government to release further guidance.** There are still many unanswered questions about how the new Clean Vehicle Credit will be implemented. The federal government plans to release further guidance by the end of the year that hopefully answers some of these questions.

### Other Tax-Related Provisions

- Qualifying high efficiency home improvements now qualify for an annual \$1,200 credit, up from a \$500 maximum lifetime credit.
- Energy efficient heat pumps, heat pump water heaters, central air conditioners, wood stoves, and natural gas or oil furnaces or boilers qualify for a \$2,000 credit.

### What you can do

- **Look for the details.** Prior to purchasing new high efficient home improvements, double check how the new credit will apply to your purchase.
- **Check with manufacturers.** Most manufacturers are motivated to understand the new program and could be a good resource to see how they apply to your situation.

There will be more details on how to obtain these credits in the future. Stay alert and check before making any purchase decisions if you are expecting to take any of these new energy saving credits.



## Taming Monthly Bill Creep

Paying bills is inevitable; but paying too much is not. Here are some tips to help you get a handle on your recurring monthly expenses.

- **Investigate your recurring services.** Start by taking stock of every service you are currently using. Review your bank and credit card statements and highlight all the charges that look like a subscription. Some examples to look for are streaming services (video, music and games), magazines, news subscriptions, digital storage services, gym memberships and financial services. Determine if you have redundant subscriptions, such as two music-streaming services. Finally, ask yourself if each service is still providing value to you. If it's not, cancel it.
- **Review bills for unnecessary fees.** Once you trim your list down to the services you want to keep, locate the most recent bill for each. Read through all the charges and make notes of those that are questionable. You might be paying for services you aren't using, such as a video streaming service on your cell phone bill. Or maybe you are paying replacement insurance coverage for something you don't need. For every charge that doesn't make sense, call and ask the provider to cancel it.
- **Bundle expenses when you can.** Many suppliers provide multiple services and will offer discounts if you sign up for a few of them. Bundling your cable TV, internet and home phone is a common example of this. Other places to look for bundling opportunities are cell phone providers and insurance companies.
- **Negotiate for lower rates.** Call each provider and ask for a lower rate or discount. Most companies want to keep your business, so often times they will work with you. Service providers routinely change the way they package their products, so saving money might be as simple as changing to a different level of service. It's rare for companies to reach out and offer savings, so you need to make the call!

It's easy for your bills to spiral out of control if you don't keep close tabs on them. Go through a review exercise every few months to ensure you aren't paying more than necessary.



## Tips to Protect Your Social Security Number

Very few things in life can create a higher degree of stress than having your Social Security number (SSN) stolen. This is because, unlike other forms of identification, your SSN is virtually permanent. Here are some things that you can do to minimize the risk of having your number fall into the hands of the wrong people.

- **Never carry your card.** Place your SSN card in a safe place. That place is never your wallet or purse. Only take the card with you when you need it.
- **Know who needs it.** As identity theft continues to evolve, there are fewer who really need to know your SSN. Here is that list:
  - **The government.** The federal and state governments use this number to keep track of your earnings for retirement benefits and to ensure you pay proper taxes.
  - **Your employer.** The SSN is used to keep track of your wages and withholdings. It also is used to prove citizenship and to contribute to your Social Security and Medicare accounts.
  - **Certain financial institutions.** Your SSN is used by various financial institutions to prove citizenship, open bank accounts, provide loans, establish other forms of credit, track digital payments, report your credit history or confirm your identity. In no case should you be required to confirm more than the last four digits of your number.
- **Challenge all other requests.** Many other vendors may ask for your SSN, but having it may not be essential. The most common requests come from health care providers and insurance companies, but requests can also come from subscription services when setting up a new account. When asked on a form for your number, leave it blank. If your supplier really needs it, they will ask you for it. This allows you to challenge their request.

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## Tips to Protect Your Social Security Number

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- **Destroy and distort documents.** Shred any documents that have your number listed. When providing copies of your tax return to anyone, distort or cover your SSN. Remember, your number is printed on the top of each page of Form 1040. If the government requests your SSN on a check payment, only place the last four digits on the check, and replace the first five digits with Xs.
- **Keep your scammer alert on high.** Never give out any part of the number over the phone or via email. Do not even confirm your SSN to someone who happens to read it back to you on the phone. If this happens to you, file a police report and report the theft to the IRS and Federal Trade Commission.
- **Proactively check for use.** Periodically check your credit reports for potential use of your SSN. If suspicious activity is found, have the credit agencies place a fraud alert on your account. Remember, everyone is entitled to a free credit report once a year. You can obtain yours on the Annual Credit Report website.

Replacing a stolen SSN is not only hard to do, it can create many problems. Your best defense is to stop the theft before it happens.

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