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2024 flew by and we look forward to meeting with you in 2025. Coming in early gives us time to answer your tax planning questions. Filing early helps protect against identity theft and talking with us before your children file their taxes can avoid the potential need for amendments.

BOI Reporting (For business entities such as LLCs, S-Corps, and Partnerships)

In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force.

Standard Deduction, Tax Brackets, Interest

-The 2024 standard deduction increased to \$14,600 single, \$21,900 head of household, and \$29,200 married filing joint. (\$15,000, \$22,500, and \$30,000 for 2025). Taxpayers over 65 get an additional \$1,550 deduction each if married and \$1,950 for single or head of household.

-Even if it is beneficial to take the standard deduction on your Federal return, many taxpayers will benefit from itemizing on their State return. So keep track of your charitable contributions and medical expenses.

-The tax rates remain 10%, 12%, 22%, 24%, 32%, 35%, and 37%. AZ has a flat 2.5% tax.

-IRS interest rates remain high so be sure to make your estimated payments and come in early if you think you might owe. (late payment penalties and interest accrue even with an extension)

Electric Vehicle and Residential Energy Credits

-If you purchased a credit eligible EV in 2024 bring us the Dealer Statement regarding the credit. See also fuelconomy.gov for vehicle eligibility if you are considering a purchase.

-The Inflation Reduction Act greatly expanded residential energy credits covering a variety of energy-efficient home improvements as well as solar. We can discuss it at your appointment. [Energystar.com](http://energystar.com) identifies energy star certified products.

The IRS provides a helpful fact sheet at www.irs.gov/pub/taxpros/fs-2022-40.pdf

Charitable Contributions and Arizona Tax Credits

-If you are receiving an IRA payment and are at least 73, you can have up to \$105,000 of that payment sent directly to charity and it will not be taxable income to you. These donations are not eligible for the AZ Tax Credit.

-You can donate appreciated stock to charity, avoid paying capital gains on it, and deduct the charitable contribution.

-Below are the 2024 limits and due dates for the Arizona Tax Credits. If your credits are more than your tax, they can be used to reduce your AZ tax in following years.

Type of Credit Filing	Donation Due Date for tax year 2024	Single/Head of Household cap	Married Joint cap
Qualifying Charitable Organization	4/15/25	\$470	\$938
Foster Care Charitable Organizations	4/15/25	\$587	\$1173
Public Schools	4/15/25	\$200	\$400
Private School	4/15/25	\$1459	\$2910
Military Family Relief	12/31/24 or until capped	\$200	\$400

-Private School donations must go through a School Tuition Organization such as IBE or CTSO.

-We need the confirmation letter from your AZ tax credit organizations and the date of donation.

-For Military Fund we need to know if you designated for pre or post 9/11.

-You can find lists of all qualifying organizations at azdor.gov/tax-credits.

Year-End Reminders

-For shareholders and LLC members, reimburse yourself for business mileage \$0.67 per mile..

-If you have an S corporation, reimburse yourself for health insurance premiums and long-term care insurance you have paid and let the person who is preparing your W-2 know the amount.

-ROTH contributions have income limits. To be eligible for full contribution amounts your modified adjusted gross income can't be more than \$146,000 (single) and \$230,000 (married filing joint). You can contribute until April 15, 2025 for the tax year 2024 so if your income is close to the limits you should wait until you know for sure. (Note: this will include capital gains reported on brokerage statements you will receive in the spring) Married filing separately can't contribute with MAGI over \$10,000 and then may be a reduced contribution.

-IRA contribution limit (for both traditional and Roth) is \$7,000. (\$8,000 for those 50 and older) You can contribute by April 15, 2025. (contribution limits remain the same for 2025)

-401k contributions limits are \$23,000 with an additional \$7,500 for taxpayers 50 and older making catch-up contributions. (For tax year 2025 the base increases to \$23,500)

-Required minimum distributions (RMDs): Anyone who reaches 73 years of age by the end of 2024 must take an RMD. (exceptions may apply if you still work for the company sponsoring your retirement plan). Also, beneficiaries of an inherited IRA may need to take an RMD regardless of age.

-HSA contribution limits are \$4,150 for self-only coverage and \$8,300 for family coverage. (\$4,300 and \$8,550 in 2025)

Filing Deadlines

1/31/25	W-2s and 1099s must be filed.
3/15/25*	Corporation, LLCs, and Partnerships returns are due.
4/15/25*	Individual and Trust returns are due.
5/15/25	Non-Profit returns are due.

*You can request a 6 month extension to file, but interest and penalties will accrue if you owe. You cannot file an extension if you received advanced payments from the Marketplace.

Health Insurance through the Marketplace

Please notify us if you go onto the Marketplace. If you have family members other than your spouse on your plan, be sure that you prepare your tax return before they do. You may need to allocate premium tax credits.

Gather Documents and Prepare for Your Tax Consultation

-If you receive a letter from the IRS issuing you an IP PIN (Identify Protection PIN) please provide us with the letter. You get a new PIN each year.

-W-2s, 1099s, last paystub, and interest and dividend statements for everyone in your household, including any college students who may or may not live with you. **Some brokerages only make the 1099s available online. Please contact your financial advisor or broker if you want to ensure mailed copies.

-K-1 statements from any partnership or corporate interests. (These are often sent out late. Just keep an eye out if you are expecting one.)

-Form 1099-G showing any unemployment compensation.

-1095 A – Health Insurance Marketplace statement.

-A copy of your Driver's License for you and your spouse if you renewed.

-If you or your spouse receive health insurance through Arizona State Retirement system, please find how much you paid out of pocket for the insurances. You can get this information from their website, or by calling 239-3100.

-Medical Payment Receipts. You can get a printout of prescription records from your pharmacy.

-Confirmation letters from Arizona Tax Credit organizations. (and donation dates)

-Google the Salvation Army Value Guide to help you assess values of donated charitable items.

-If you have virtual currency or digital assets let us know. You need to keep your own records of acquisitions, transfers, and trades.

-If you made withdrawals from a Roth IRA, bring in the year end Fair Market Value of the Roth.

-Confirmation of Estimated Tax Payments. (a copy of your bank statement or cancelled check)

-The reasons for most IRS tax adjustment letters are under reported income and over reported estimated payments. Please be sure to bring in all W-2s, 1099-Rs, 1099-misc., social security statements, all other forms of income, including investments, and proof of estimated payments.

-The IRS will not contact you by phone or e-mail. They will only contact you by mail. If you ever receive such correspondence, please call us first before trying to address the issue yourself.

Tax Planning

-Please let us know throughout the year about significant changes such as going on the Marketplace, income, births, deaths, divorce, or other changes to your household.

-Annual gift exclusion is \$18,000 per person for 2024 (\$19,000 for 2025)

-Long term capital gains taxable income brackets widen in 2025:

Single filers will pay 15% if income is between \$48,351-\$533,400

Married filing joint will pay 15% if income is between \$96,701-\$600,050.

Long term capital gains will be taxed at 0% if income levels are less than these thresholds and will be taxed at 20% for incomes exceeding the thresholds.

We look forward to seeing you in the New Year. Please visit our website at gailwilliamstax.com for helpful resources. As always, we appreciate any referrals to friends or relatives. Thank you!

Best Wishes and have a Wonderful Holiday Season,

Rosalind, and Barrett (Gail misses seeing you all and wishes you the best as well!)