



Planning for 2024 Tax Year



Professional services include:

- Tax Compliance
- Audit & Assurance
- Litigation Support
- Estate & Gift
- Succession Planning
- Valuation
- IRS Representation
- Family Foundations
- Bookkeeping & Accounting

Our mission is to provide our clients with exceptional services by taking initiative to be proactive advisors. We pride ourselves in developing tailored strategies to meet the specific needs of our clients.

We have a diverse commercial and individual accounting, auditing, tax, and business consulting practice.

Our partners and staff are available to meet the needs of our clients and offer to meet with owners and management periodically throughout the year to discuss plans and to consult on a broad range of financial and business topics.



Changes to Tax Law for Year 2024

In anticipation of the next tax preparation season, we hope that this newsletter will alert you to changes in the tax laws that may affect your taxes or your friends' taxes. Hopefully, this information on the latest developments and legislative outlook will help you identify areas for further discussion about ways to save taxes and accomplish your estate planning goals.

Standard Deduction Increased

For 2024, the standard deduction is \$29,200 for married individuals filing a joint return, \$21,900 for head of household, and \$14,600 for all other taxpayers.

Estate Tax and Gift Tax Exemptions Increased

The annual gift exclusion increased to \$18,000 for 2024. A gift greater than this amount to any one individual requires a gift tax filing; however, there is no tax due on gifts until all cumulative amounts during your lifetime exceed the estate tax exemption, which is now \$13,610,000.

Retirement Plan Updates

The IRS has updated the tables used to calculate required minimum distributions (RMDs) to account for longer life expectancies. Individuals turning 73 in 2024 will be required to start taking RMDs by April 1, 2025. However, Roth 401(k) owners are no longer required to take RMDs. Qualified charitable deductions are now indexed annually for inflation; the allowable deduction for 2024 is \$105,000.

Individuals can contribute up to \$7,000 to IRAs for 2024, plus \$1,000 of "catch-up" if over age 50. 401(k) contribution limits have increased to \$23,000 plus a \$7,500 catch-up if born before 1975.

Individuals ages 59 ½ or younger can withdraw up to \$1,000 from IRAs in emergency situations without paying penalty taxes. A 529 College Saving Account can be rolled into a Roth IRA, without tax or penalties, with a lifetime cap of \$35,000. In addition, student loan relief can be offered through certain workplace retirement plans.

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Executive and Family Office Accounting Services

For some businesses and family groups, a fulltime financial accounting specialist may not be practical. We provide a solution: services at your residence or corporate location tailored to meet your needs.

- **Bookkeeping** – from after-the-fact reconciliation of bank statements and recording of transactions to drafting and executing checks, tracking accounts receivable/payable, receiving payments, and making deposits for our clients.
- **Tax & Payroll Services** – state sales tax reporting, household and corporate payroll services including employee check, monthly reporting, and annual W-2, 1099s, 940 & 941 as well as worker compensation deposits.
- **Other Services** - Property management assistance

The IRS has recently provided clarifying information regarding inherited IRAs. IRAs inherited after 2019 must be fully distributed within 10 years of inheritance. Surviving spouses, minor children, chronically ill or disabled individuals, and inheritors not more than ten years younger than the decedent are exceptions to this rule. If the owner of a traditional IRA died on or after the RMD start date, the inheritor must take annual payouts. There is relief if the owner died between 2020 and 2023; inheritors do not need to make up for missed distributions in those years. If the owner died before the beginning RMD date, the beneficiary does not need to take annual payouts. Similarly, if a Roth IRA is inherited, no annual RMDs are needed.

Other Changes

- Taxpayers can now elect to monetize the \$7,500 Electric Vehicle Credit by choosing to use this credit at the time of the vehicle's purchase, which will lower the total purchase price, or wait to claim the credit on the tax return.
- Bonus depreciation deduction drops from 80% to 60% for 2024.
- Meal expense deduction remains at 50%, with a few exceptions.
- HSA contributions are capped at \$4,150 for self-only plans and \$8,300, with a \$1,000 catch-up contribution available, for family plans.
- The Energy-Efficient Home Improvement and Residential Clean Credit are still in effect.
- Kiddie tax income limit increases to \$2,600.
- Standard mileage rate for 2024 is 67 cents per mile.
- Small businesses must file a report with FinCEN by 12/31/2024.

This annual Tax Planning letter is being sent to you to encourage you to utilize all the opportunities the tax law provides to minimize your 2024 taxes as well as offer suggestions for longer range planning. If you are interested in a tax planning appointment, please call our office to discuss these matters further. These updates are as of November 1, 2024.