

CHANGES FOR 2024 TAX FILING

FATCA AND FOREIGN ASSET REPORTING

The Corporate Transparency Act (CTA) requires the reporting of beneficial ownership information (BOI) by a business. The CTA is currently under ongoing litigation as potentially unconstitutional and at this time there is not a requirement for reporting companies to file aside from voluntary submission of the reports, per Fincen.gov.

WAGES AND OTHER INCOME

The IRS provides additional tax relief for state tax payments/refunds. There are no changes to Form W-2 for 2024.

CAPITAL GAINS AND LOSSES

The TCJA set up separate long-term capital gain brackets that were adjusted for inflation for years 2018-2025. Without intervening legislation before the end of 2025, capital gains will once again be linked to ordinary income tax rates beginning January 1, 2026.

DEBT FORGIVENESS AND FORECLOSURES

Banks are pursuing collection after the issuance of Form 1099-C.

EDUCATION AND ABLE PLANNING

Student Loan debt cancellation exception available until December 31, 2025. The SECURE 2.0 Act provides for new Section 529 Plan rollover into a Roth IRA and extends the disability age for ABLE plans starting after 2025.

ITEMIZED DEDUCTIONS

The standard deductions have increased slightly from the 2023 amount. Single and Married Filing Separately has gone from \$13,850 in 2023 to \$14,600 in 2024. Head of Household has risen from \$20,800 to \$21,900. Married Filing Jointly (and Qualifying Surviving Spouse) has risen from \$27,700 to \$29,200.

FAMILY TAX ISSUES

The transfer of all or part of a taxpayer's interest in a traditional IRA to a spouse or former spouse, under a decree of divorce is not considered a taxable transfer.

HOUSEHOLD EMPLOYEES AND PAYROLL

Household employers may now offer SEP plans for their workers.

PERSONAL AND BUSINESS TAX CREDITS

- New Clean Vehicle Credit
- Previously Owned Clean Vehicle Credit
- Qualified Commercial Clean Vehicle Credit
- Energy Efficient Home Improvement Credit
- Residential Clean Energy Credit
- New inflation adjustment amounts

SOCIAL SECURITY AND MEDICARE

The program's funds are now projected to run out in 2035.

RETIREMENT SAVINGS AND DISTRIBUTIONS

The IRS has issued Notice 2023-54 granting relief to certain required minimum distribution rules.

IDENTITY THEFT AND REFUND FRAUD

Identity Protection PINs are available to all taxpayers by application to the IRS. The IRS strongly encourages adoption.

CAPITALIZATION AND AMORTIZATION

- New 2024 automobile limits and lease inclusion amounts.
- New Section 179 expensing and acquisition limits. The overall limit raised from \$1,160,000 in 2023 to \$1,220,000 in 2024.
- Bonus depreciation limits drop to 60%.

EMPLOYER RETIREMENT PLANS

The IRS released Notice 2024-2 to address many open issues regarding the SECURE 2.0 Act, including the reporting of Roth SEP and SIMPLE plan nonelective and matching contributions, as well as employer matching contributions to other qualified plans.

REPORTING ISSUES FOR NON-EMPLOYEES

- DOL issued new rules in February 2024 defining who is a subcontractor versus employee.
- IRS issued a new Form SS-8 which is used to ask the IRS for an official determination of a worker's employment status.

INFORMATION RETURN COMPLIANCE

- Phase-in year for Form 1099-K. The threshold for filing was reduced from \$20,000 of reportable payments or 200 transactions made to a taxpayer, down to \$600, which is similar to other 1099 forms.

PASSTHROUGH ENTITIES

With the increased IRS funding under the Inflation Reduction Act, partnerships can expect heightened scrutiny on Schedule K-1 filings.

QUALIFIED BUSINESS INCOME DEDUCTION (IRC SEC, 199A)

While legislation has been introduced to extend the QBID, the deduction is currently set to expire on December 31, 2025.

DIGITAL ASSETS

The IRS has delayed the cash reporting requirements of IRC Sec. 6050I for Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, until the regulations are published.

- *Rev. Proc. 2024-28*. Permits taxpayers to use any reasonable method to allocate unused basis to virtual currency wallets or accounts that hold the same number of remaining digital asset units, based on their records of unused basis and remaining units, when disposing of part of their holdings.