

IT'S THAT TIME AGAIN!

Hi, everyone! It's that time again. ☺ Hope this letter finds you well & that you've had a wonderful, healthy & happy year this past year! We've continued to be very blessed, too, and look forward to the coming year as there'll be big tax changes coming soon.

A couple of personal things I'd like to share that happened this year. First, my son, Eric, got married on December 14th! His new wife, Elizabeth Arant, is wonderful and we're happy to welcome her into our family. Second, Eric and I were in a bad car accident on November 7th. Although the other vehicle t-boned us on the passenger side and Eric was driving, he took the worst of the hit with 6 broken bones and internal bleeding. He's recovering now, but it'll be a long recovery. Third, my wife, Anne, fell and broke her arm in two places and her shoulder, too, and is facing a lengthy recovery, too. If you're a praying person, please pray for both of them to have a full and speedy recovery!

Also, this year, Donald Trump was re-elected as President! I was pretty excited about that because we're going to see some pretty cool things in tax legislation beginning in 2026. On the campaign trail, he promised he'd fight to make social security, tips, and overtime pay all non-taxable. In addition, he's vowed to keep the Tax Cuts and Jobs Act (TCJA) alive as it was set to expire on 12/31/25. By making those TCJA tax cuts permanent, that'll continue to allow middle- and lower-income folks to benefit from lower taxes as well as small businesses. Most of you've heard me say that the TCJA is the best tax legislation since Reagan, and it's shown itself to be very successful.

Another major event that was supposed to have happened is the Beneficial Ownership Interest report (BOI report) that needed filing for all entities other than a sole proprietorship. Those were originally scheduled to have been filed by 1/1/25, but on December 2nd, a federal judge in Texas put a stay on BOI reporting so that you wouldn't need to file a BOI report as of now. However, the federal government appealed and, as of December 23, 2024, that stay was overturned and BOIR is back on. The new due date is 1/13/25. Make sure you get those filed!

In another tax twist this year, the 1099-K reporting requirements have been modified again as they're phasing that form in. For 2023, there were no changes, so the old rules stayed in effect. However, for 2024, in IRS revenue notice 2024-85, the reporting threshold was reduced to \$5,000, it'll be \$2,500 for 2025, and then \$600 beginning in 2026. President Trump doesn't like the implementation of this change, so that may be one of the items he'll nix in 2025 as tax legislation goes thru Congress. Many of you will receive these forms in January. If you do, remember to get those to me with your tax paperwork to make sure those are accounted for on your returns.

Appointments:

If you'd like to make an in-person tax appointment, please visit my website at reliabletaxaz.com and schedule a time. We're available Monday through Friday at either 10:30 or 3:00 beginning January 21st through April 3rd. All tax info received after April

3rd will require an extension. If you'd prefer a phone appointment instead of in-person, please schedule an appointment on my website, then e-mail me to let me know you'd prefer that to be by phone. I had some folks do that last year and it worked well.

Intuit Link accounts:

Thank you all that took the time to establish an Intuit Link portal and upload your documents to me that way. It really does work well! I'd like you to keep using your Link account, especially for security purposes when uploading sensitive data to me plus the convenience of you being able to access copies of your returns 24/7. Cyber criminals are always looking to steal data, and using Link is the safest way to protect your data.

Remember that we're no longer sending or receiving sensitive tax data through e-mails. You'll need to either use Link or mail me documents. Now, on some things e-mail is still ok. For example, if I need to ask you how many business or total miles you drove in 2024, that's not sensitive data, so you can continue to answer those type questions. **However, do not e-mail me copies of paystubs, W-2s, or any other data such as that.** The link to Link is link.intuit.com.

Also, by keeping your Link account open, I'll post your completed returns there each year, so you'll have access to them 24/7, thus eliminating the need for me to provide additional copies of your returns if you need them. Those additional copies would have cost \$35 each if you needed a duplicate one but, if you have a Link account, there is no charge as they'll be available in your Link account all the time.

For any of you that either didn't establish a Link account or did establish a Link account but didn't use it, please contact me if you'd like some help with getting it working properly. I've, also, got Link setup instructions on my website. My favorite part of Link is that it has bank level security and is much safer than regular e-mail. Of course, if you'd prefer, we still do returns by mail, too.

Tax changes: As far as tax changes go for your 2024 taxes, there are a few.

1. The annual gift tax exclusion is \$18,000 for 2024 and will increase to \$19,000 in 2025. You can give gifts to an unlimited amount of people up to \$19,000, per year, beginning in 2025, and NOT have to file a gift tax return.
2. The Unified Estate and Gift Tax Exclusion amount will be increased to \$13.99 million in 2025, up from \$13,610,000 in 2024.
3. Dependent care credit – the 2024 & 2025 amounts are \$3,000 for one child (max credit \$1,050) & \$6,000 for two or more children (max credit \$2,100) & are non-refundable.
4. AZ – you can deduct up to \$4,000 per beneficiary for 529 plan contributions.
5. If you're investing in any sort of crypto currencies, NFT's, or other digital assets, keep track of your basis as the IRS is making you check the box on the 1040, to let them know you've got an interest in digital assets.
6. If you sold anything online, such as with EBay, Amazon, Etsy, etc., or if you make money ridesharing, the new threshold for payors required to give you

tax reporting documents (1099-K forms) is \$5,000 and just one transaction. I need those forms if you get them as those will appear on your tax returns.

7. Beginning in 2023, all sorts of energy credits either made a comeback or were expanded, and those have not changed for 2024. In some cases, these credits will remain until 2034. For example, tax credits are back up to \$7,500 for new electric vehicle and even \$4,000 on certain used EV's. They've expanded those credits on your home, too, up to \$1,200 per year, so let's use those credits!
8. The business vehicle mileage deduction is 67 cents per mile for 2024. Charity mileage remained at 14 cents and medical is 21 cents per mile.
9. Beginning in 2024, you now can rollover up to \$35,000 in a lifetime from a 529 education plan to your Roth IRA. There are limitations: the 529 plan has to be at least 15 years old, the money contributed to the 529 plan during the preceding 5 years is ineligible, and regular Roth contribution limit amounts apply for those annual rollover amounts.

IF YOU HAVE FOREIGN BANK ACCOUNTS:

You must disclose that you have these accounts and, if the sum of all foreign accounts totals \$10,000 or more, at any time on any given day, you'll need to file an annual FBAR report. These are due no later than April 15. Our fee to prepare those begins at \$250.

ATTENTION LANDLORDS AND BUSINESS OWNERS:

All businesspeople and landlords are required to provide 1099-NEC forms to the recipients of \$600 or more money you paid them during the calendar year. These recipients are inclusive of both individuals and all un-incorporated businesses (LLCs, partnerships, sole proprietorships, etc.). The IRS gets a copy of those 1099 forms, too.

I can prepare these 1099-MISC forms for you, but I'll need you to have the recipients complete and sign a W-9 form. You can print that form up by going to the IRS website at irs.gov. Once completed & signed, please upload them to Link, along with the dollar amounts paid to each of them during last year. The due date for you to send these to the recipients, the IRS, and the state is January 31. There are penalties on YOU for not getting this information from the vendor and the 1099s not prepared. Don't pay those penalties. Get those W-9s filled out a.s.a.p. and upload to me via Link. If you're not sure if you're required to do so, please e-mail or call me and we'll discuss it.

ABOUT US

My home/office address for in-person appointments is 4239 East Adobe Street in Mesa. That's just west of Greenfield on the south side of Adobe. Greenfield still has significant construction delays, so you may want to use Val Vista to Adobe and then east to 4239.

If you prefer to use Link, go to link.intuit.com and login there to upload your tax documents and answer questions.

If you're not interested in using Link or having an in-person appointment, you can always mail me copies (please don't mail me originals of anything) of your tax documents, too. Please mail them to me at PO Box 30369, Mesa, AZ, 85275-0369. There will be a charge for postage mailing back to you of at least \$15 as I do everything by Priority Mail, which is generally the most secure. Also, since I'm not at my prior Main Street office anymore, please don't drop off any tax documentation there as I won't receive it. Remember, too, no more sensitive tax data by e-mail.

Contact Info

In addition to Link, we can communicate by phone, mail, e-mail, and text, too. My work cell number is 480-828-0881. You can text me or leave voice messages at that number. Our main number is 480-981-3005. Fax is 231-383-7759. Also, I have two e-mail addresses that I monitor. They are: jim@reliabletaxaz.com and fox1957@att.net. My website is reliabletaxaz.com. If you have a different e-mail address this year or would prefer to use a different one, please send me an e-mail with the new e-dress.

FEES

Our fees for individual returns will be similar to last year, with the base rate for individuals at \$195 for the 1040, and most other additional necessary forms will be \$50 each. There are a few forms that are \$75, and those are schedules A, B, C, D, E, F, form 4835, and form 8949. That preparation fee schedule includes the preparation of one state return. If you require a second state return, those will be \$150 each. FBAR fees are \$250 minimum. Tax planning and other consultation will be billed at the rate of \$150 per hour. I'll give you a rough estimate for next year's taxes when preparing your 2024 returns, but for an in-depth, detailed, and accurate analysis, those will all be billed at the hourly rate.

Also, there has been some confusion on billable hours regarding "quick questions" that people call about or e-mail about. If you call with a short question that I can answer right then and there, and limit it to under fifteen minutes, no charge. However, if the call lasts for more than 15 minutes or there needs to be any sort of work on my part, then the billable hours commence. Those are all at the rate of \$150 per hour. Same for e-mail questions. If I can respond to them with a less than 15-minute response, no charge, but if you need details and it takes me 15 minutes or more, then you'll be billed for those 15 minutes and so forth. So, if you want me to calculate something such as the correct amount of tax withholding, the tax effect of a financial occurrence you've experienced during the year, or how something may affect your returns, then the fees will apply.

Corporate, partnership, and trust returns will start at \$475 this year and may go up from there depending on complexity. Those are a little higher this year because the IRS is still demanding we keep track of both your outside basis and inside basis of your entity ownership. If any of those returns need form 7203, or similar form, that'll be an additional \$100 charge. Additional state entity returns will be \$250. If you need me to

prepare any 1099 or 1096 forms, those'll be charged at \$15 per form. Additional copies of your tax returns are \$35 each unless you're using Link. Using Link, you have unlimited **free** copies of your current and past returns available. The 2% per month late charge will apply on all fees not paid within 30 days of completion. All fees are due and payable at the time they've been completed. I'll bill you thru Zelle, but I can also bill you thru PayPal, which accepts Visa, MasterCard, Discover, American Express, debit cards, and e-checks. Checks and cash are okay, too. Tell me your preference.

Here's what I'll need from you for this upcoming tax season. Please visit my website at reliabletaxaz.com and do the following:

- a. For personal tax return filers, please print and sign the Personal Letter of Engagement and get that to me. If you're filing as a separate business entity, such as a partnership or s-corporation, please use the Entity Letter of Engagement form. When signed, please upload it to Link, also.
- b. Please print & complete the Client Update form & get that to me.
- c. If you have a small business, please print up the small business worksheet form, complete it, then upload it to Link or send it to me.
- d. If you own rental property, please print up and complete the rental property worksheet and upload it to Link or send it to me.
- e. Please review this personal tax organizer for items I'll need that are pertinent to your particular tax situation. Please upload the required documents to me via Intuit Link or, if by mail, please send me photocopies, not original documents, if at all possible.
- f. If you're using Link, please answer the general questions, also.

WHAT TO SEND/ UPLOAD TO ME

W-2 INCOME - Please upload your W-2s from all jobs during the year. If you didn't get one by January 31, please contact those employers who didn't send you one and see if they'll send one. If the firm you worked for went out of business during the year, please send me your last paystub showing year-to-date payroll information as we can generally work with that. Then, if all that fails, you can contact the IRS and get a transcript of your income for free.

1099 Statements: Make sure you upload these for your regular investment accounts. If you receive these for your IRAs and 401(k)'s, don't upload those unless you've taken a distribution from them. These will also identify dividends, capital gains, capital gain dividends, reinvested dividends, and non-taxable distributions, all of which are needed.

Unemployment - These generally come to you on a form 1099-G, but many folks didn't receive them last year. If you received any unemployment last year and haven't gotten the 1099-G form by the end of

January, please contact them OR go online to your DES account and see if you can print on up.

- Alimony - If you receive alimony, please jot down what you received or paid. Child support is **not** included in your income, though.
- Small Businesses - If you own a small business (sole proprietorship), you'll need some sort of documentation showing your gross income, cost of goods (if any), and all your business expenses. Please have proof! Include income from selling on EBay, Craigslist, etc., too. Please download and complete the small business worksheet at reliabletaxaz.com. Please upload the completed form through Link.
- Rental property - Please provide your gross rental income, expenses, and purchases of assets. If you have more than one rental property, keep a separate sheet for each one. If you bought or sold a rental property this year, please bring in both the purchase and sales settlement sheets because we'll need these. Visit reliabletaxaz.com and print the rental property worksheet. Please complete it and upload it.
- 1095-A If you purchased health insurance through the healthcare exchange (Marketplace), you'll need this form for your return. Please upload this via Link as we can't file your return without it.
- Gambling - You need to report all your gambling income, even if you don't win enough to generate a W-2G form. If you gamble a lot, you'll need proof of how much you won and lost, etc.

ITEMIZED DEDUCTIONS

Please fill in this worksheet, first, to see if you need to bring me any documentation:

- Medical bills paid by 12/31/24 out of pocket and **NOT** from an FSA or HSA: _____
- Real estate taxes paid on all real property other than rental property: _____
- State income tax withheld or paid in via estimated state tax _____
- Mortgage interest on your personal & secondary residences _____
- Monetary contributions with receipts _____
- Non-Monetary donations with receipts _____
- Grand total of these items _____

If the total is less than \$20,000 only bring in charity receipts. If the total is more \$20,000 but less than \$30,000 AND you're 65 or older, just bring in charity receipts. If the total is more than \$30,000 and you're any age, please bring in the following:

Medical – I don't need the actual receipts, but please provide a total of what you actually paid out of pocket for medical expense categories such as doctor, dentist, prescriptions, etc.

Taxes – sales tax on vehicle purchases, real estate taxes paid on both your primary and secondary homes, plus for bare land. Only report what you physically paid in 2024, excluding any interest or penalties.

Mortgage interest – please provide 1098 forms for primary and secondary homes.

Contributions - EVERYTHING claimed as a donation on your return MUST be documented. No exceptions to this rule. If you gave money to the church, no receipt means no deduction. The same for non-cash donations. You must have receipts and should take pictures of the non-cash items showing their condition was good or better. This area needs documentation. Be prepared!

Some charities are qualified for the Arizona tax credits of anywhere from \$200 to \$2600. Make sure you send me those receipts as they contain info that needs to be on your return in order to get credit for those particular ones.

Also, Arizona allows you a partial deduction for charity even if you don't itemize, so definitely prepare this section.

OTHER ITEMS

- CHILD CARE - This is a tax credit and must have the provider's name, address, social security number or EIN, and amount paid or else no credit.
- TUITION - Some school credits are still available, but you'll need proof. If your child attended a qualified university, you'll get a 1099-T.
- OTHER - Please remember that ALL deductions need documentation, which means vehicle logbooks (if necessary), receipts, credit card slips, or other types of proof. This is for your benefit and will protect you in an audit. The receipts and proof are your best friends.
- FORM 1099-K These are for all cash app types of transactions you made for \$5,000 or more during the year. Please bring these in or upload to Link.

AZ Tuition Connection:

We've got a feature for making the AZ Tax Credit donations on my website. I have a special link to the AZ Tax Credit Funds website that allows you to make a deduction, on one website, to most any charity that the state allows you a tax credit on. By clicking on the link, you can make that tax credit donation online and, in addition, they'll e-mail me a copy of the donation receipt. That way, I'll have the receipt info I need to enter on to your tax return. Here that link: <https://aztaxcreditfunds.com/reliabletaxaz>.

Thanks so very much for all your business this past year. Hope you all have a wonderful Christmas and New Years', and we'll talk with you this spring!!