

Parkers Prairie Tax Service
PO Box 53
Parkers Prairie, MN 56361
Ph# 218-338-6078
Email: jessica@parkersprairietaxservice.com
Website: parkersprairietaxservice.com

December 10, 2024

As this tumultuous year draws to a close and a new administration begins to take shape in our nation's capital, tax laws continue to constantly change and become more complex, CPAs, EAs, and Tax Professionals are still frustrated by the lack of response and guidance from the IRS and Congress as well as the lack of competent and skilled Tax Professionals in the field. I expect this year will have its own difficulties as well but hopefully different from the past.

With the 2024 tax season right around the corner, you can book your tax appointment by calling or booking directly through our website. If you do not need to meet with me, you may submit your documents using our SafeSend platform to send us your documents from the convenience of your home, or you can drop off your tax file at any time. While using SafeSend, please scan your documents in **1 continuous PDF** file vs each separate document; if you don't have a scanner the **CamScanner** app is a great tool. Information may also be mailed to our office or emailed. If you choose to email your information, please take steps to ensure cybersecurity (you must use our secure drop link found in every email we send out; attachments will be blocked on all incoming emails to us). We will be emailing out tax organizers via SafeSend in the weeks to come, and these will help you organize your tax file & ensure you have everything. Be sure to note any changes over the prior year to your address, marital status, number of dependents, job changes, etc. We will also have these documents and additional questionnaires available for download, on our website, under the Tax Organizer section.

This schedule is effective from January 1, 2025, and continues through April 15th, 2025. I find that most tax questions can be answered over email and many clients appreciate being able to refer to written answers especially when it pertains to confusing tax law. However, there are times that phone calls are necessary if you have new or unusual circumstances that you would prefer to discuss over the phone; please make sure we have the newest contact information on file for you. To ensure that your tax preparation goes smoothly, it is your responsibility to respond to our emails with follow up questions in a timely manner and to provide us with 100% of your Tax Support documents to ensure the accurate completion of your tax returns by the deadlines. If you do not understand a question or don't understand why we're advising something, please let us know sooner rather than later so that we can try to better explain. We complete returns in the order they were received. When we receive 100% of your Tax Support Documents from you, only then will your return be put in the preparation queue. Please get your information to us as soon as possible to secure your place in the preparation queue.

Client Hub/Portal: SafeSend

All tax support documents and returns will be available through our secure **client portal SafeSend IF** you choose to electronically sign vs a paper tax return copy. This portal will allow you to log in to gain access to your tax returns and other confidential documents at any time. Significant improvements have been made to the platform over the summer making it more user friendly. All tax personalized organizers & questionnaires will be emailed out through the SafeSend Platform.

Here are ideas to help make processing this year's tax return as easy as ever.

Make a list.

Create a list of expected tax documents. Do this now by reviewing the documents from last year or by using your custom organizer that we will be sending out via SafeSend in the weeks to come. Then use the list to check off each one when it is received to ensure you have everything you need before your tax appointment.

Check it Twice.

As soon as you receive a document take a look at it for errors. This is especially important for any 1099- k's or investment forms (1099-B). Both are common sources of errors in reporting.

Find the Naughty

Missing documents are the most common reason why processing a tax return gets delayed. So, sort your documentation and look for any missing items. It may be a K-1 being delayed by a business of a missing tuition credit form.

Capture the Nice

Review and keep all receipts to support possible deductions for medical expenses, contributions, childcare, and business expenses. Each can help reduce your taxable income.

Regarding your personal/sensitive documents. The Federal Trade Commission passed a law (The Safeguard Rule) that by June 9, 2023 all non-bank financial institutes must comply with. It dictates that I am no longer allowed to accept sensitive information electronically without a two-part authentication; this includes emails. Any documents you want to send us must be sent through our exchange link.

<https://exchange-taxpayer.safesendreturns.com/DropOff/6h90000000000>

Any secure emails you will receive from **Parkers Prairie Tax Service** will come from **Parkers Prairie Tax Service at noreply@safesendreturns.com**. **Add this email to your safe list** to prevent it from being categorized as spam or junk.

OUR PRIVACY POLICY, Compliance with the Gramm-Leach-Bliley Act, Public Law 106-102 (FTC16CFR Part 313)

The privacy of our client information has always been important to us, and we have always been bound by professional standards of confidentiality. However, we are now required by law to formally inform you of our privacy policy.

We collect nonpublic personal information about you that is provided by you or obtained by us with your authorization. This information may come from various sources, including information we receive from personal interviews, tax organizers, worksheets and other documents necessary to provide professional services to you.

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted or required by law, or when necessary to process transactions requested by a client.

We restrict access to nonpublic personal information about you to members of our firm who need to know that information to provide you with professional services. We retain records relating to the professional services that we provide you with in accordance with accounting and government standards.

We employ physical, electronic, and procedural security safeguards to protect your nonpublic personal information.

Your confidence and trust are important to us. If you have any questions or concerns regarding the privacy of your nonpublic personal information, please contact us.

Here are some key changes to the tax code for 2024:

Individual Tax brackets 2024

Tax rate	Single	Married filing jointly	Married filing separately	Head of household
10%	\$0 to \$11,600	\$0 to \$23,200	\$0 to \$11,600	\$0 to \$16,550
12%	\$11,601 to \$47,150	\$23,201 to \$94,300	\$11,601 to \$47,150	\$16,551 to \$63,100
22%	\$47,151 to \$100,525	\$94,301 to \$201,050	\$47,151 to \$100,525	\$63,101 to \$100,500
24%	\$100,526 to \$191,950	\$201,051 to \$383,900	\$100,526 to \$191,950	\$100,501 to \$191,950
32%	\$191,951 to \$243,725	\$383,901 to \$487,450	\$191,951 to \$243,725	\$191,951 to \$243,700
35%	\$243,726 to \$609,350	\$487,451 to \$731,200	\$243,726 to \$365,600	\$243,701 to \$609,350
37%	\$609,351 or more	\$731,201 or more	\$365,601 or more	\$609,351 or more

Standard Deduction

- Single is \$14,600 + \$1,950 for 65 or older/Blind
- Married is \$29,200 + \$1,550 for 65 or older/Blind
- Head of Household is \$21,900 + \$1,950 for 65 or older/Blind

2024 long-term capital gains tax rates and brackets

Tax rate	Single	Married filing jointly	Married filing separately	Head of household
0%	\$0 to \$47,025	\$0 to \$94,050	\$0 to \$47,025	\$0 to \$63,000
15%	\$47,026 to \$518,900	\$94,051 to \$583,750	\$47,026 to \$291,850	\$63,001 to \$551,350
20%	\$518,901 or more	\$583,751 or more	\$291,851 or more	\$551,351 or more

Short-term capital gains are taxed as ordinary income according to federal income tax brackets.

KEY CHANGES

Standard mileage rate for business driving is higher.

The business rate is 67 cents per mile

The medical rate is 21 cents per mile

The charitable driving rate is 14 cents per mile

Section 179 Maximums

Section 179 is \$1.22 million

Property Limit is \$3.050 million

Key Retirement Plan Limits

401(k), 403(b), 457 plans \$23,000

IRA: Roth \$7,000 + \$1,000 for 50 or older

IRA: Simple \$16,000 + \$3,500 for 50 or older

IRA: Traditional \$7,000 + \$1,000 for 50 or older

Health Saving Account (HSA) Maximums Full Year (Employee + Employer or Self Employed)

Single \$4,150 + At age 55, individuals can contribute an additional \$1,000

Family \$8,300 + At age 55, individuals can contribute an additional \$1,000

Beneficial ownership information (BOI) reporting for businesses begins in 2024

We previously wrote about the essentials of BOI, and this is a reminder for those businesses that are subject to the reporting requirement — you must act, if you haven't already, by December 31, 2024 (or earlier for new businesses created or registered on or after January 1, 2024) and report with FinCEN accordingly. **There have been court cases regarding the BOI; we are still recommending you file it to avoid potential fines. We CANNOT provide this service to clients; please seek legal advice. – www.fincen.gov/boi**

MN Paid Family and Medical Leave reporting for businesses begins in 2024

Paid Family and Medical Leave is a new program launching for Minnesotans in 2026. It provides paid time off when a serious health condition prevents you from working, when you need time to care for a family member or a new child, for certain military-related events or for certain personal safety issues.

- Benefits will be financed through payroll deductions on employee wages. Employers can deduct up to 50% of both the Family Premium and Medical Premium from employee paychecks.
- Employers must submit the 1st quarter wage report by October 31, 2024.
- 2025 Employers will have to report detailed wage reports on each employee.
- 2026 Payroll Deductions start Jan 1, 2026; benefits and leaves available to employees immediately, 1st quarterly premiums due by April 30, 2026.

New tax credits

Tax credit for new clean vehicles.

A credit up to \$7,500 is available if you (or our business) buy a new, qualified plug-in electric vehicle or fuel cell electric vehicle. The vehicle must be powered by batteries with materials sourced from the U.S. or its free trade partners and it must be assembled in North America. Your modified adjusted gross income must not exceed:

- 300,000 for married couples filing jointly (MFJ)
- 225,000 for heads of households
- 150,000 for all other filers

Tax credit for Used Clean Vehicles.

A credit up to \$4,000 is available if you buy a previously owned, qualified plug-in electric vehicle or fuel cell vehicle, including cars and light trucks. In addition, your modified adjusted gross income (AGI) must not exceed:

- 150,000 for married couples (MFJ)
- 112,500 for heads for households
- 75,000 for all other filers

Tax credit for energy efficient home improvements.

An annual tax credit up to \$1,200 is available if you make qualified energy improvements to your home (biomass stoves and boilers have a separate annual credit limit of \$2,000). **We will need the energy star rating documents on each product placed in service and the cost of each UNIT.**

KEY CHANGES MINNESOTA -

Income Tax - Personal

Summer was a busy time at the Department of Revenue as they implemented recent tax law changes and updated forms, instructions and systems for next year's filing season. This year's updates go well beyond the usual as they extend online services and adopt law changes from the last two legislative sessions. Among them:

- E-file option and updated process to amend Individual Income Tax returns – This has been put on HOLD; paper amendments still must be filed going forward currently.
- Increase the Social Security subtraction.
- Create a public pension subtraction; **you must provide us:**
 - o The number of months you contributed to the qualified public pension plan
 - o The number of months you contributed to **only the qualified public pension plan** and not Social Security
- Optional advance payment of the Child Tax Credit.
- New refundable Renter's Credit (replacing the property tax refund for renters).
- Allow the newborn credit for all taxpayers regardless of filing status.
- Mandatory Retirement Plans for employers with 5 or more employees starting 2025

Congratulations to those of you who have new little tax credits. Please be sure to bring their Social Security number and Date of Birth, and Full Name Spelling with you. If your child went to a daycare, please bring the yearend statement from the provider.

Also, congratulations to those of you who have gotten married this year. If you have recently gotten married, do not forget to notify the Social Security Office of any last name changes. If you are planning your appointment without your new spouse, please bring a copy of the certified marriage certificate, copy of their social security card, and copy of their driver's license.

1099 Reporting

The season for 1099s and W-2s is through the month of January. This is an area that we strongly stress you complete accurately. If you need help with filing any 1099s or W-2s, **we have a worksheet to help you provide us with all information needed. You should keep W-9 information for each taxpayer that will need a Form 1099 in your records.** Anything received after January 22nd will not be guaranteed to be completed by January 31st due to volume and time constraints. There is no extension for this form.

Virtual currency/cryptocurrency

Virtual currency transactions are becoming more common. There are many different types of virtual currencies such as Bitcoin, Ethereum and non-fungible tokens (NFTs). The sale or exchange of virtual currencies, the use of such currencies to pay for goods or services or holding such currencies as an investment, generally has tax impacts. Please remember to include with your tax documents any information related to any cryptocurrency that you are holding, sold, traded, etc. We must have a form 1099B or 8949 recap if you are using a management software; we will not do the conversions for you.

FBARs (Foreign Bank & Financial Accounts Report) Information Return

U.S. citizens, residents, corporations, partnerships, LLCs and trusts & estates that have a *financial interest in or a signature authority* over a foreign financial account must file an FBAR if the *aggregate value* of the foreign financial accounts *exceeds \$10,000 USD at any time* during the calendar year. FBARs are due April 15th, 2025, and allow for an automatic extension to file the report until October 15th, 2025. If you meet the conditions that require an FBAR to be filed and you would like us to prepare and file the return for you, please include this information along with your Tax Support documentation uploaded to your ShareFile folders.

Due Dates Coming Up

Reminder:

- All 1099s need to be filed with the recipients and the IRS by January 31, 2025. There is no extension for this form. Any W-2s or payroll tax returns are also due by January 31, 2025.
- Any farm tax returns are due by March 1, 2025. There is also the option to pay an estimated tax payment by January 15, 2025; and extend the due date of your return to April 15, 2025.

- All Partnership and S-Corporation tax returns are due by March 17, 2025. **To have your return completed before March 17th, please submit your tax information to us no later than February 28th, 2025.** If your information is received after February 28th, your return *may* be extended and filed after March 17th.
- All Individual and C-Corporation returns are due by April 15, 2025. **To have your return completed before April 15th, please submit your tax information to us no later than March 28th, 2025.** If your information is received after March 28th, your return *may* be extended and filed after April 15th. Rushed returns can be arranged for an additional fee. **Remember that an extension of your tax return is not an extension to pay the tax due. It is merely an extension to file your tax return. Any tax due is still due by April 15th.**

Additional planning considerations

Here are a few more tax and financial planning items to discuss with us:

- Let us know about any major changes in your life such as marriages or divorces, births or deaths in the family, job or employment changes, starting a business and significant expenditures (real estate purchases, college tuition payments, etc.).
- Consider tax benefits related to using capital losses to offset realized gains and move any gains to the lowest tax brackets, if possible.
- Make sure you're appropriately planning for estate and gift tax purposes. There is an annual exclusion for gifts (\$18,000 per donee; \$36,000 for married couples) to help save on future estate taxes.
- Consider Sec. 529 plans to help save for education; there can be MN income tax benefits.
- Discuss tax consequences of converting traditional IRAs to Roth IRAs.
- Maximizing HSA contributions.
- Leveraging retirement accounts to their fullest.
- Donating appreciated assets.
- QCDs (Qualified Charitable Donations) once at age 70 1/2
- We will work with your financial planner to help meet your goals.

If you are concerned about what this year will look like and you would like to do tax planning before December 31st, please contact me as soon as possible. This will allow us adequate time to assess your situation and take any steps needed before the new year.

As with every year, it is very helpful and appreciated, if you can do your best to provide your information as organized and as timely as possible. Please use all of our tax organizers to help speed the processing of your returns. **Please round all your numbers on your worksheets** to the appropriate dollar (.49 and under go to the lower dollar & .50 and above round up). Our SafeSend suite allows us to automate the delivery, review, and signature of your federal and state income tax returns from the convenience of your computer, smartphone, or tablet. It is user-friendly, highly secure and an easier way for you to manage your tax return. You will receive an email from **Parkers Prairie Tax Service** at noreply@safesendreturns.com. **Add this email to your safe list to prevent it from being categorized as spam or junk.** We will use SafeSend Returns to electronically deliver your tax return unless you contact our office to opt-out.

Please, rest assured, that we will utilize our best resources to provide you, once again, with timely, complete, and accurate service while keeping your tax burden to the lowest legal amount. Thank you again for your continued support and patience during the upcoming tax season.

Sincerely,

Jessica Christensen, EA

Parkers Prairie Tax Service

218-338-6078

jessica@parkersprairietaxservice.com

<https://parkersprairietaxservice.com/tax-organizers>