
TaxUpDate

2024 Year End Newsletter

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Beneficial Ownership Information Report

If you own a business or plan on starting one, you need to be aware of this information. In 2021, congress enacted the Corporate Transparency Act that requires businesses to report information concerning their beneficial owners who ultimately control the company. The "Beneficial Ownership Information Report" (BOIR) must be filed by January 1, 2025 to the Federal Crimes Enforcement Network (FinCEN), a bureau of the US Department of the Treasury. If you start a business in 2025, you have 30 days to file the report.

Companies required to report are corporations, LLCs, and companies created by filing a document with a secretary of state, that have fewer than 20 employees with gross domestic receipts of \$5 million or less. Sole proprietors who file Schedule C in their Federal tax return, that have not registered with the state would not be required to file. Penalties for not filing a BOIR can be significant, including (1) penalties: Up to \$591 per day for each day the report is late, and (2) up to \$10,000 in fines and/or up to two years in prison

Information needed to file the report is as follows:

1. **Reporting company name**, trade name (DBA), tax ID number, address.
2. **Company applicant information** (the individual filing the LLC/corp. paperwork with the state); full name, address, birthdate, identification document (i.e. drivers' license) number, and copy of front of license showing the info (jpeg or PDF). Not required if company registered prior to 1/1/2024.
3. **Beneficial owner information**; full name, address, birthdate, identification document (i.e. drivers' license) number, and copy of front of license showing the info (jpeg or PDF). There can be more than one beneficial owner.

The BOIR must be filed online at fincen.gov and clicking "File Your Report Now," then clicking "Get Started" at the next webpage. You will have the option to file online or by directly entering the information, or by completing and uploading a PDF form. Information is available at the website.

Important contribution changes for 2024

- **401(k) contributions:** Individuals can contribute up to \$23,000 to 401(k) plans in 2024 (up from \$22,500 in 2023). If you are 50 or older, you can contribute up to \$30,500.
- **IRA contributions:** The annual contribution limit for IRAs in 2024 is \$7,000 (up from \$6,500 in 2023). If you are 50 or older, you can contribute up to \$8,000. If you have a SIMPLE IRA, you can contribute up to \$16,000 in 2024 (up from \$15,500 in 2023).
- **Health flexible spending accounts:** In 2024, you can contribute up to \$3,200 in employee salary reductions to fund your health flexible spending arrangement.
- **Medical Savings Accounts (MSAs):** Deductible ranges and out-of-pocket expenses for MSAs also increased. For individuals with self-only coverage, the plan must have an annual deductible of at least \$2,800, at most \$4,150, and an out-of-pocket expense limit of \$5,550. For families, the annual deductible must be at least \$5,550 but no more than \$8,350, with an out-of-pocket expense limit of \$10,200.
- **Social Security tax limit:** For 2024, the maximum earnings subject to the Social Security payroll tax increased to \$168,600 (up from \$160,200 in 2023). This means the maximum Social Security tax you can have withheld from your paycheck in 2024 will be \$10,453.20.
- **Bonus depreciation:** In 2024, businesses can deduct 60% in first-year bonus depreciation (down from 80% in 2023).
- **Gift tax exclusions:** The annual gift tax exclusion increased to \$18,000 for 2024 (up from \$17,000 in 2023). You can gift someone up to this amount during the tax year without filing a gift tax return. The lifetime exclusion also increased to \$13.61 million (up from \$12.92 million).
- **Child tax credit:** \$2,000 per child, the same as last year.

Form 1099-K Reporting

You may receive form 1099-K showing payments received from transactions done through third party payment services such as PayPal or Venmo. If you receive this form, it will have to be reported in your tax return. Any earnings of \$5,000 or more from payment platforms will trigger a 1099-K form in 2024. It is possible that personal payments you received will be reported on a 1099-K and considered a business transaction and will need to be reported on Schedule C on your Federal tax return. However, you can also include any related business expenses to reduce reportable income. You will need to be able to separate out personal payments received verses those that are business related.

Filing Deadlines and Extensions

The personal 1040 tax return filing due date is April 15, 2025. If you file an extension, the deadline to file is October 15, 2025. If you file form 1020-S (S-Corporation) or 1065 (Partnership) business tax returns, the due date of the return is March 15, 2024. There is a \$245 penalty per shareholder/partner, per month for a maximum of 12 months when filing after the deadline. This can be a costly oversight if this applies to you, so submit your business information in time to file.

An extension can be filed giving you an additional six months to file, but the extension does not give you extra time to pay. Interest will be charged for any tax due from the original due date of the return. So, tax returns due 3/15/2025 can be extended to 9/15/2025, and returns originally due 4/15/2025 can be extended to 10/15/2025.

Income Tax Brackets for 2024 Tax Rates				
Tax Rate	Single	Married Filing Joint/ Qualifying Widower	Head of Household	Married Filing Separate
10%	1 - 11,600	1 - 23,200	1 - 16,550	1 - 11,600
12%	11,601 - 47,150	23,201 - 94,300	16,551 - 63,100	11,601 - 47,150
22%	47,151 - 100,525	94,301 - 201,050	63,101 - 100,500	47,151 - 100,525
24%	100,526 - 191,950	201,051 - 383,900	100,501 - 191,550	100,526 - 191,950
32%	191,951 - 243,725	383,901 - 487,450	191,951 - 243,700	191,951 - 243,725
35%	243,726 - 609,350	487,451 - 731,200	243,701 - 609,350	243,726 - 365,600
37%	Over 609,350	Over 731,200	Over 609,350	Over 365,600

Capital Gains Tax Rates				
Tax Rate	Single	Married Filing Joint	Head of Household	Married Filing Separate
0%	0 - 47,025	0 - 94,050	0 - 63,000	0 - 47,025
15%	47,026 - 518,900	94,051 - 583,750	63,001 - 551,350	47,026 - 291,850
20%	518,901 or more	583,751 or more	551,351 or more	291,851 or more

Standard Deduction		
Item	2024	2023
Single	14,600	13,850
MFJ	29,200	27,700
HH	21,900	20,800
MFS	14,600	13,850
> 65, or blind	+1,550 +1,950	Married Unmarried

Maximum Earned Income Credit		
# Children	2024	2023
No Child	632	600
1 Child	4,213	3,995
2 Children	6,960	6,604
3+ Children	7,830	7,430

Mileage Rates		
Cents per Mile		
Item	2024	2023
Business	67.0	65.5
Medical	21.0	22.0
Charitable	14.0	14.0