



## Clear View Tax Solutions, Inc.

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January 15, 2025

Dear Clients,

We look forward to working with you to prepare your 2024 tax returns.

**CLIENT PORTAL** – Clear View Tax Solutions will continue to utilize a secure client portal, provided through [Intuit Link](#); please use for secure communication, electronic signatures, tax document uploading and final tax return access. There will be only one login for each tax return. Intuit Link access is setup under the **primary** taxpayer (i.e. *first name listed on your prior year tax return*) who will receive a separate email from 'Clear View Tax Solutions Inc' via [link@intuit.com](mailto:link@intuit.com) which will direct you to your online access. ***Please watch for this email.***

**EARLY FILING** – The IRS and MN Revenue expect to start accepting returns January 29<sup>th</sup>, while refunds on early returns which include education credits, Earned Income Tax Credits (EIC), and Additional Child Tax Credits, will be held in their entirety until February 15<sup>th</sup> or later, in an effort to reduce identity theft and fraudulent returns. A financial record, including Form 1098-T from the college or university, will be required to claim the education credits.

**EXTENSIONS** – If the thought of an extension and the extra time this allows is already lowering your stress level, *please let us know* and we will proactively add you to the extension list for this year. It is important to note that filing an extension *does not* preclude any tax payments due, and still allows us to file *before* April 15<sup>th</sup> – it simply gives you the opportunity to extend past that date if appropriate for your situation. Extensions also allow us more time to review your return and manage the extensive work flow of the condensed tax season. ***Extensions are appreciated.***

**BUSINESS RETURNS** – S-Corp and Partnership returns must be extended or filed by *March 15<sup>th</sup>*.

**AUDIT PROTECTION** – Your personal tax return will include Audit Defense and complete ID Theft Restoration services. If you receive a notice from the IRS or State, Protection Plus will provide up to \$1,000,000 of services to find a resolution. If you have an identity theft issue, this service gives us access to a team of experts who can help resolve the issue. Identity Theft Restoration covers *anyone* on the tax return for 3 years.

**ENERGY IMPROVEMENTS** – The IRS (by way of Congressional action) has reworked the Energy Efficient Home Improvement Credit. The credit (before 2023) was a once-in-a-lifetime credit for certain energy improvements. The reworked program allows for multiple uses of the credits (in more than 1 year) with limits imposed for each year. For example, if you replaced some windows in 2024, you can get a credit of up to 30% of the cost of new, energy efficient windows, up to \$600 per year. If you replace additional windows in 2025 or later, you can again receive the same 30% credit for the later windows. The credit covers new furnaces, air conditioners, exterior doors, exterior windows, insulation materials, and other improvements only on your primary home. All improvements must meet Consortium for Energy Efficiency guidelines.

**TAX REFUND INTEREST** – Given the slowdowns in processing both federal and state tax returns, you may have received interest *in addition to* prior year refunds. If so, you will likely receive a 1099-INT from the IRS and/or the state tax agency to report the interest; this must be included with your 2024 return.

**HEALTH INSURANCE** – For those of you who receive a W-2, the cost of health care should be included in box 14. If you obtained coverage through MNSure, or another state's health insurance exchange, we must see

any Form 1094 or 1095 reporting your health care coverage. Be sure to include these forms for all persons listed on the tax return.

**CAPITAL GAINS/LOSSES** – For those of you who report capital gains/losses, you should be receiving cost basis information from your brokerage firm. If the firm does not have the correct information, you will need to provide it. This could easily lead to a correspondence audit if there is a discrepancy.

**VIRTUAL CURRENCY** – Virtual currency is a growing concern to the IRS. They have kept the question on page 1 of the 1040, just below the name and address box. *All taxpayers must answer this question: At any time during 2024, did you (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)?* The IRS considers virtual currency just like stocks, bonds, and mutual funds. Any trading or disposition is a sale that needs to be reported. Remember, when you sign your tax return, you are signing under penalty of perjury. We can expect more questions and audit attention to virtual currency in the future.

**FORM 1099-K (for electronic payments received)** – Payment processing firms, such as PayPal, Venmo, and others are now required to send out Form 1099-K if the total payments you received *totaled \$600 or more*, regardless of the number of transactions. The 1099-K may include personal transactions, in addition to any business payments. If you receive one of these forms, it needs to be uploaded and reconciled (i.e. personal payments removed).

**QUALIFIED CHARITABLE DONATIONS (QCDs)** – For those who are retired (over age 70 ½), the QCD option is often overlooked. You can make a charitable donation from your IRA (to help satisfy your RMD requirement) directly to the charitable organization, i.e. the funds do not pass through your hands. In this case, the amount of the donation is not included in your taxable income. If you made QCDs, we need the amount(s) and organization(s). The current form 1099-R does not include this information.

**MN RETURNS** – Changes affecting 2024 and future returns may provide some subtractions or credits to the following Minnesotans (most common changes):

- College students who repaid student loans
- Retirees for whom part of their social security benefits are taxable
- Parents or grandparents who contribute to a 529 College Savings Plan in 2024 for their children/grandchildren. We will need the name of the investment firm and the account number.
- Your MN return may include some new forms to allow personal exemptions, deductions, etc., that are no longer allowed on the federal return.
- ***Property Tax Refund***
  - The property tax refund for renters will be included on your 2024 MN Income Tax Return. It will not be a separate filing and it will no longer be a separate check (previously arriving in July/August).
  - We will prepare and submit Form M1-PR for homeowners once the form and property tax information is available.
  - We need the total property tax refund amount received in 2024 as this refund was based on 2023 income and is an offset to the amount paid in 2023.

### **OTHER IMPORTANT CONSIDERATIONS**

- The standard deduction has increased and the tax bracket \$ amounts have shifted slightly, as usual.
- AMT has been modified, but still exists for a few returns.
- Capital gains rates and qualified dividend tax rates are the same, but the break points have changed.
- The child tax credit has increased, and the phase-out shifted higher.
- The kiddie tax has been revamped.
- 529 plans will allow distributions of up to \$10,000 to pay tuition for elementary and secondary schools.
- Pass-through businesses may be able to take a 20% deduction from Qualified Business Income (QBI); we are still awaiting additional IRS guidance as these provisions are some of the most complex.
- Some federal law changes are known and understood; other changes are lacking details. *Examples:*
  - Mortgage interest is capped at \$750,000 of new acquisition cost, but existing mortgages are grandfathered.

- Miscellaneous deductions subject to a 2% limitation are suspended.
- Casualty losses are suspended unless the loss is in a presidentially declared disaster area.
- The phase-out of itemized deductions for higher income individuals is suspended on the federal return but may still be in effect on state returns.
- There are still seven (7) tax brackets, but the breakpoints have changed.

**FORM W-4 (for employer tax withholdings)** – Anyone changing their withholding during the year or beginning a new position after January 1, 2020, will be required to complete a *new version* of the W-4. The traditional guidelines of marital status are there, but the exemptions line has been replaced. The new W-4 requires you to estimate your total expected income from all jobs and other income sources in order to estimate your total tax liability to be divided by the number of pay periods per year. If you are married and both spouses work, you then decide together how you will divide the liability between the two of you.

**E-FILING** – As a paid preparer, we are required to e-file all returns whenever possible. Tax returns submitted via mail are likely to encounter delays in processing, including receipt of refunds.

**DIRECT DEPOSIT** – This is the fastest method of receiving refunds. Please confirm the bank account you would like to use via the online questionnaire.

**TAX DOCUMENTS** – As you receive tax documents, please upload via the secure client portal, [Intuit Link](#).

If you are unable to upload, documents can be delivered to:

Clear View Tax Solutions, Inc.  
10900 Wayzata Blvd, Ste 150  
Minnetonka, MN 55305

**E-SIGNATURE** – We will send Form 8879 (E-File Signature Authorization) with a copy of the tax returns. The form needs to be electronically signed (unless you request otherwise in advance) by each taxpayer *before we can file your final return*.

Subsequent communications may also come directly from any of our tax preparers:

**Mel Rozeboom, EA**

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Thank you for your business; we are looking forward to working with you this year.

Sincerely,

Clear View Tax Solutions, Inc.