

Increased 401K Contributions Available for Older Workers

Beginning in 2025, Employees who are age 60 through 63 will be able to make catch-up contributions of up to \$11,250. This is 1 ½ times what others can make in catch-up contributions.

Capital Gains are Not Taxed if You are in the 12% Tax Bracket

If your total income for 2024 is less than \$61,750 for single filers or \$123,500 for joint filers then any long-term capital gains (including qualified dividends) that are include are taxed at zero percent. If your income is below those amounts, this may be the time to sell some of those investments where you might have unrealized gains.

If you want to continue holding the investments, sell them and buy them back. You will continue to hold the investments with a higher cost basis and paid no tax on the appreciation to date.

Convert a Balance in an Education 529 Plan to a Roth

If you have had a 529 plan open for 15 years or more, you can now make a one-time conversion to a Roth IRA.

Gift Tax Exclusions for 2024 and 2025

The gift tax exclusion for 2024 is \$18,000. The gift tax exclusion for 2025 is \$19,000. Married couples can give double this amount to any individual. Exceeding these limits will necessitate the filing of a gift tax return, but likely no tax will be due.

Another Tax Break for Those Over 70 ½

If you have money in a Traditional IRA and you are over 70 ½, you can transfer up to \$105,000 from your IRA to a charity of your choice in 2024. The transfer is not subject to tax and can qualify as your required minimum distribution. The transfer is known as a Qualified Charitable Distribution (QCD). If you are an eligible individual, this is a great tax advantaged way to give to charities.

New Tax Credit for Home Energy Improvements

This credit is equal to 30% of your qualified expenses, which can include doors, windows, other qualifying energy property and even a home energy audit.

There is another energy credit, which is also equal to 30% of qualified expenses, which includes installation of certain energy property like solar cells, small wind turbines or battery storage.

New Tax Credits for Purchase of Electric Vehicles

There is a \$7,500 credit for the purchase of a new electric vehicle. There is a \$4,000 credit for the purchase of a used electric vehicle. There are more stringent requirements to make sure you qualify for these credits, so a discussion would be good before you act.

Roth Conversions can Benefit You at the Right Time

If you have a balance in a traditional IRA and you find yourself in a lower income year, you may find it advantageous to convert some of your balance in the traditional IRA to a Roth IRA. The amount you convert is taxable, but then the money moves into a nontaxable account with no required minimum distributions (RMD) rule. Our lowest tax rate is 12%, which if you can make a Roth conversion and stay in the 12% bracket, you are doing well.

Does a Health Savings Account (HSA) Work for You?

These are accounts you can fund up to a certain amount each year and deduct your contributions. If you use the money for health care costs, no tax will be paid on the money. What you don't use carries over to the next year. You can do these HSAs no matter your income level. You do need a high deductible health plan that does specifically qualify as an HSA.

Summer Day Camps Qualify for Childcare Tax Credit

Keep in mind the costs of camps for sports, math, computers, theater, or general fun, plus before and after care qualify for the Childcare Tax Credit. This does not include overnight camps.

New Beneficial Ownership Interest (BOI) Filing with FINCEN.gov

Make sure your business has or will file the above online filing on or before December 31, 2024. This filing requirement exists for any LLC or corporation formed at the state level.

This is not an annual filing. However, if any information changes such as address, or the driver's license/passport is renewed then the report needs to be updated at FINCEN withing 30 days of the change.

Newly formed businesses must file initial reports within 30 days of formation.

Cash Basis Business Taxpayers can Prepay Expenses

Are you looking for tax deductions for your business? If you use the cash basis of accounting, your business can prepay up to 12 months or rent, utilities, property taxes and other expenses and deduct those payments in 2024.

Business Tax Deduction for Collectibles

Your business can deduct purchases of art, antiques, classic cars and other collectibles. The key point is the purchase must have a business purpose such as office decoration, promotion or other business purpose.

Ohio Minimum Wage Increases in 2025

Effective January 1, 2025, the Ohio minimum wage will increase to \$10.70.

Minimum wage for tipped employees increases to \$5.35.

Clean Commercial Vehicles Credit

For 2024 businesses can receive up to a \$7,500 business tax credit for purchase of electric and/or plug-in hybrid vehicles.

Hire Your Children to Work in your Business

A great way to shift income to a lower bracket is to hire your children in your business. There is no age limit if they can perform their assigned duties.

Compensation must be reasonable. Your children can offset the earned income you pay up to the full standard deduction, which is \$14,600 in 2024. This works for sole proprietorships.