

Sandberg Tax Service, LLC

2024 Tax Year Changes

Taxable Income Brackets for 2024 Tax Year (after deductions - Returns due April 15, 2025)

2024 Tax Brackets

Tax Rate	Single	Married/Joint	Married/Separate	Head of Household
10%	\$1-\$11,600	\$1-\$23,200	\$1-\$11,600	\$1-\$16,550
12%	\$11,601-\$47,150	\$23,201-\$94,300	\$11,601-\$47,150	\$16,551-\$63,100
22%	\$47,151-\$100,525	\$94,301-\$201,050	\$47,151-\$100,525	\$63,101-\$100,500
24%	\$100,526-\$191,950	\$201,051-\$383,900	\$100,526-\$191,950	\$100,501-\$191,950
32%	\$191,951-\$243,725	\$383,901-\$487,450	\$191,951-\$243,725	\$191,951-\$243,700
35%	\$243,726-\$609,350	\$487,451-\$731,200	\$243,726-\$365,600	\$243,701-\$609,350
37%	\$609,351+	\$731,201+	\$365,601+	\$609,351+

Example: A married couple filing jointly has \$150,000 in taxable income after subtracting itemized deductions or the standard deduction. They pay \$2,320(10%) + \$8,532(12%) + \$12,253(22%) = \$23,105 in federal tax, which is about \$600 less in tax than they would have paid for the 2023 tax year.

Standard Deduction The standard deduction for a Married/Joint return is \$29,200. Head of Household is \$21,900. Single and Married/Separate is \$14,600. There is an increased standard deduction for being 65 or older and legally blind. Due to the Tax Cuts and Jobs Act, there are no deductions for exemptions.

Itemized Deductions If your total itemized deductions are more than your standard deduction, you may be able to itemize deductions and save tax. This includes mortgage interest, real estate taxes, charitable contributions, state tax withholding, and medical expenses over 7.5% of your gross income. There is a deduction cap of \$10,000 for state income tax and real estate taxes. You will take the standard deduction listed above if you can't itemize. **If you obtain a mortgage of more than \$750k, please let me know as this is the limit of mortgage debt you can deduct interest from.**

DUE DILIGENCE REQUIREMENT This refers to clients with children living at home, other dependents older than 16 with less than \$5,050 in income, dependents ages 19-24 attending universities, and those filing Head of Household status. I am required by the IRS to ensure my clients qualify for the Child Tax Credit/Other Dependent credit, Head of Household status, education credits, and the Earned Income Tax Credit (EITC) and keep proof on file for three years. If I don't comply, I can be heavily fined for each infraction. For Head of Household filing status, I need two documents of proof you provided more than half of the cost of keeping up a home for your child(ren) living with you (rent payments, utilities, mortgage payments, etc.). enrollment, govt benefits, doctor/dentist visit records, immunization records, or other records with your address listed. If you had a baby last year, please bring the Social Security card and birth certificate. I should have your other children's birth certificates and Social Security cards already on file from a prior year. If not, I must scan your children's birth certificates, and Social Security cards. **If I have your children's identification documents on file from a previous year, you don't need to bring them again.**

Childcare Credit is up to \$600 for one child and \$1,200 for two or more children. Bring the year-end provider receipt.

Child Tax Credits Dependent children under age 17 may qualify for a \$2,000 child tax credit on parents returns. Dependents 17 and older who make less than \$5,050 may qualify for a \$500 Other Dependent Credit.

Deductible Mileage Rates Business mileage with logbook – 67 cents per mile. Medical mileage - 21 cents per mile. Charitable miles stay the same at 14 cents per mile.

Earned Income Tax Credit Depending on your gross income, you may receive up to \$7,830. I will calculate this for you.

Long-Term Capital Gains Taxes This applies to capital assets held for more than one year. You pay 0% CG tax if your combined taxable income is less than \$47,025 for singles and \$94,050 for married/joint filers. The 15% CG rate is for incomes over the 0% bracket and below \$518,900/singles and \$583,750/married. The maximum 20% rate is effective for incomes over the 15% CG rates or over \$583,750 for married/joint. Short-term gains (under one year) are taxed at your ordinary tax bracket rate.

IRA Contributions for 2024 are \$7,000 for those under 50 and \$8,000 for 50 and older. Taxpayers can contribute to traditional IRAs and Roth IRAs indefinitely if they have earned income from employment. However, there is an income limit that can affect your contribution amount.

1099-K You would receive this form by January 31st if you got \$5,000 or more through eBay, PayPal, Etsy, Venmo or other payment services. IRS recently issued guidance that 2024 will be another transition year and 2025 could be a limit of \$600, down from \$5,000. If you have a side-hustle, and have sales of more than \$600 during 2025, plan for this.

ATTENTION LLC's and CORPORATIONS! New BOI Reporting Requirement BOI is 'Beneficial Ownership Information' and refers to individuals who filed documents with the state to register a corporation (subchapter S or C) or an LLC. Owners **must report** their owner information to the Financial Crimes Enforcement Center under the Department of the Treasury. The deadline for reporting owner information for those who registered or renewed their entities prior to January 1, 2024 is January 1, 2025. Those who register LLCs or Corps during 2024 have 30 days after they register their businesses to report owner info to FinCEN.com. **For more information, please click on 'Helpful Forms' on sandbergtax.com.** Failure to report your info will incur stiff penalties.

Home Energy Credits Congress revamped home energy credits through 2032. If you had solar panels, new energy efficient windows, entrance doors, AC, furnace/heat pump, water heater, insulation, or skylights installed, please bring your receipts to your appointment. **For more information, please click on 'Helpful Forms' on sandbergtax.com.**

Vehicle Energy Credit If you purchased a qualified electrified vehicle, you may be eligible to receive a federal tax credit up to \$7,500. **For more information, please click on 'Helpful Forms' on sandbergtax.com.**

Cryptocurrency (Bitcoin, Ethereum, etc.) All taxpayers must answer a question on their tax returns if they traded cryptos during the tax year. If you sold Bitcoin or any other digital currency, the gain or loss must be reported on your tax return like a stock sale. **It is your responsibility to provide me the basis (cost) of your purchases as well as the sale price.** Please bring your Robinhood 1099-B, Coinbase statement, or other medium of exchange statements you used to buy and sell. If you sold stocks or mutual funds, please bring all pages of your 1099-B stock brokerage statements to the appointment, not just the front page.

Tax Documents Please review all your documents and ensure you have the 2024 tax year and not documents from a prior year. Please be kind enough to **leave your envelopes at home and do not staple any documents together.**

Check the 'Latest News' tab on sandbergtax.com for any updates or changes that may affect you.

PRIVACY INFO: I must keep the private information I collect from you, private. I am bound by the Gramm-Leach-Bliley Act and IRS regulations to do so. I **do not** share any personal information I collect from you with anyone else. **When I receive a request from a mortgage company or other institution asking for your private info, I will not send them copies of your tax returns or provide them any other information.** Call or email me and I'll send it to you.