

Eva Smith & Associates

TAX PREPARATION, BOOKKEEPING & PAYROLL SERVICES

1290 B Street, Suite 114, Hayward, CA 94541

510.889.8885

www.evasmithandassociates.com

THE 2024 TAX SEASON IS HERE!!!

We hope this letter finds you well. As we approach the 2024 tax season, we want to ensure you are fully prepared to file your taxes in a timely and accurate manner. At Eva Smith & Associates, EA, we are here to guide you through the tax filing process and make it as simple as possible.

Important Information for the 2024 Tax Filing

1. Key Dates to Remember:

- **Tax Filing Deadline:** The deadline for filing your 2024 tax return is April 15, 2025, unless an extension is requested.
- **Estimated Tax Payments:** If you are required to make estimated payments, the last one for 2024 is due – January 15, 2025.

2. Required Documents:

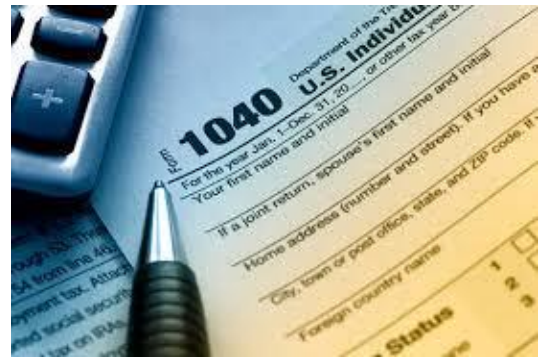
To ensure we can prepare your return accurately and maximize your refund (or minimize your tax liability), please gather the following documents:

- W-2 Forms (for wage earners)
- 1099 NEC Forms (for self-employed or freelance income)
- 1099 INT/DIV (for interest and dividends)
- Real Estate Information (property taxes, mortgage interest, rental income)
- Charitable Contributions Receipts
- Business Income and Expenses (if self-employed or have a business)
- Other Income Documents (e.g., Social Security, unemployment, etc.)
- Health Insurance Forms (if applicable); F1095A if you had Covered California
- Your IPPIN, if you were provided with this protection from the IRS

Please gather all necessary documents and have them ready to avoid delays in preparing your return.

3. Changes to Tax Law for 2024 and Important Updates:

Here are some specific 2024 tax highlights that might apply to you, such as vehicle-related tax breaks, tax benefits for businesses, and updates to common tax laws.



1. Electric Vehicle (EV) Tax Credit

In 2024, the Clean Vehicle Credit remains a valuable benefit for clients who purchase new or used electric vehicles. The credit is designed to encourage environmentally friendly vehicle purchases.

- **New EVs:** Clients purchasing a new electric vehicle (EV) may qualify for a tax credit up to \$7,500, depending on the make, model, and battery capacity of the vehicle.
- **Used EVs:** A used electric vehicle purchased in 2024 may qualify for a credit of up to \$4,000. This credit applies to vehicles purchased from a dealership that are at least 2 years old and cost under \$25,000.
- **Income Limits:** The EV tax credit has income caps for individuals and married couples. For single filers, the maximum adjusted gross income (AGI) is \$75,000, and for married couples, it is \$150,000.

Note: The vehicle must be assembled in North America to qualify for the credit.

2. Vehicle Charging Equipment Credit

There is also a charging station credit available for individuals who purchase home charging equipment for their EV. The Clean Vehicle Credit allows up to \$1,000 for installing a qualified charging station.

- This credit applies to both single-family homes and multi-family buildings.
- If the charging equipment is installed in a business, a larger credit may apply, depending on the business's location and energy use.

3. Standard Deduction Increases

For 2024, the standard deduction has increased to adjust for inflation:

- **Single filers:** \$20,800 (up from \$20,400 in 2023)
- **Married couples filing jointly:** \$41,600 (up from \$40,800 in 2023)
- **Head of Household filers:** \$31,200 (up from \$30,800 in 2023)

Clients who don't itemize deductions will benefit from this increase in the standard deduction, reducing their taxable income.

4. Child Tax Credit (CTC)

The Child Tax Credit is still a significant benefit for taxpayers with children under age 17.

- The 2024 Child Tax Credit allows parents to receive \$2,000 per child.

- **Phaseout Limits:** The credit begins to phase out for single filers with an AGI over \$200,000 and married filers with an AGI over \$400,000.
- **Refundable Portion:** Up to \$1,500 of the credit is refundable for eligible low-income taxpayers.

5. Charitable Contributions Deduction

The charitable contribution deduction remains available for taxpayers who itemize their deductions.

- **Cash Donations:** Taxpayers who make cash donations to eligible charities can deduct up to 60% of their AGI (up from 50% in previous years). This applies to donations made during the year to qualified charities.
- **Donations of Property:** The deduction for property donations (such as clothing or household items) typically follows a fair market value rule. It's important for clients to keep detailed records of donated items, including receipts or appraisals.

6. Medical Expense Deduction

The threshold for deducting medical expenses remains at 7.5% of AGI for 2024. This means that if a client's medical expenses exceed 7.5% of their adjusted gross income, they can deduct the excess amount.

- This includes a wide range of medical expenses, including doctor visits, hospital stays, prescriptions, and certain long-term care costs.

7. Retirement Contributions: 401(k) and IRAs

In 2024, there are increased contribution limits for retirement accounts, which may help clients reduce taxable income:

- **401(k) Contributions:** The contribution limit for 401(k) plans has increased to \$23,000 (up from \$22,500 in 2023).
- **Catch-Up Contributions:** Taxpayers age 50 or older can contribute an additional \$7,500 in catch-up contributions (bringing the total limit to \$30,500 for those 50+).
- **IRA Contributions:** The limit for IRA contributions is \$7,000 (up from \$6,500), with an additional \$1,000 for those 50 or older, for a total of \$8,000 in contributions.

8. 529 Plan Changes

For 2024, some significant changes to 529 savings plans have made them more flexible:

- **Student Loan Repayment:** Up to \$35,000 of 529 plan funds can now be used tax-free to pay down student loans for the beneficiary or the beneficiary's siblings.
- **Tax-Free Transfers:** Beneficiaries can now roll over 529 funds to a Roth IRA, up to the annual contribution limit, without incurring penalties or taxes, provided certain requirements are met.

9. Business Deductions for the Self-Employed

For self-employed clients, several important tax breaks remain in place for 2024:

- **Home Office Deduction:** If clients use part of their home regularly and exclusively for business, they can deduct a portion of their rent or mortgage, utilities, insurance, and other related expenses.
- **Qualified Business Income (QBI) Deduction:** Self-employed individuals can generally deduct up to 20% of their qualified business income, depending on income level and the nature of their business.

10. Depreciation and Section 179 Deduction

Small businesses can benefit from favorable depreciation rules for 2024:

- **Section 179 Deduction:** Businesses can deduct the full cost of qualifying property purchased and placed into service in 2024, up to \$1.17 million, with a phase-out limit of \$2.89 million.
- **Bonus Depreciation:** Businesses can also take 100% bonus depreciation for new and used property placed in service in 2024. This applies to items like vehicles, equipment, and machinery.

11. Education and Student Loan Deductions

- **American Opportunity Credit (AOTC):** For students in the first four years of post-secondary education, the AOTC remains at up to \$2,500 per eligible student.
- **Lifetime Learning Credit:** The Lifetime Learning Credit provides up to \$2,000 per tax return for post-secondary education expenses.
- **Student Loan Interest Deduction:** Clients who are paying off student loans can deduct up to \$2,500 in interest paid on qualifying loans, subject to income limits.

As always, the IRS may introduce new tax laws or changes. We stay up-to-date on these changes to ensure you are taking advantage of all possible deductions and credits. If you have questions about how the 2024 tax changes might affect you, feel free to ask.

Our Services:

We offer a variety of tax services to meet your needs, including:

- Individual Tax Return Preparation (Form 1040)
- Self-Employment and Small Business Tax Returns
- Tax Planning & Consulting
- IRS Audits & Tax Resolutions
- Filing Extensions

Whether you're filing as an individual or own a small business, we are here to make sure you file accurately and on time.

Your Prescheduled Tax “Document Due Date”

Enclosed in this email is your prescheduled date to submit your documents to our office for tax preparation. Please adhere to this deadline.

Client Portal for Secure Document Upload

To streamline the process, we have a secure client portal for document submission. Simply upload your documents securely via our portal at the LINK provided. This will ensure that your sensitive information is protected and allow us to prepare your taxes more efficiently.

Our Commitment to You

At Eva Smith & Associates, EA, we are committed to providing personalized and professional tax services. Our goal is to help you navigate the complexities of the tax system, ensuring that you receive all eligible credits and deductions to minimize your tax liability. We value the trust you place in us and are here to support you every step of the way.

If you have any questions or concerns, or if you need assistance with gathering your documents, please do not hesitate to contact us. We look forward to working with you in 2024.

Thank you for choosing Eva Smith & Associates, EA for your tax preparation needs. We appreciate your continued trust and loyalty.

Eva Smith and the “TEAM” of Eva Smith & Associates, EA