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Tax Season 2025 (for tax year 2024)

To Our Valued Tax Clients,

We hope you have a wonderful holiday season filled with joy and relaxation! With the new year soon upon us, it's time to start preparing for your **2024 tax returns**. We're here to guide you every step of the way to ensure a smooth and stress-free tax season.

Tax Season Office Hours

- **Monday to Thursday:** 9:00 am to 7:00 pm
- **Friday:** 9:00 am to 6:00 pm
- **Saturday:** 9:00 am to 3:00 pm

Visit www.nwatax.net for tax forms, resources, and our checklist of what to bring to your appointment.

Tax Return Deadlines

- **March 17th:** S-Corporation & Partnership Tax Returns
- **April 15th:** Individual Tax Returns

After many years of dedication, Susan Lauderdale has decided to fully embrace retirement. Please join us in congratulating Susan and wishing her all the best in this new chapter of her life! Susan's expertise and presence have been a cornerstone of our practice, and her contributions will be remembered by clients and staff alike.

As we bid farewell to Susan, we're excited to introduce Niki Becker, the newest member of our tax preparation team. Niki brings fresh insights and a passion for helping clients navigate the complexities of tax preparation.

This year, our preparer team includes Suzanne Clem (Owner), Janelle Baker, Lewis Gerhardt, and Niki Becker. We are committed to maintaining the high standard of service you've come to expect from us. **Every tax return is carefully prepared and double-checked for accuracy** to ensure compliance and maximize any eligible deductions or credits. Whether you're working with a familiar face or meeting one of our newer team members, rest assured that your return will receive the utmost care and attention to detail.

Get Ahead This Tax Season

We encourage you to begin organizing your documents early this year. If you have questions about required paperwork, new tax laws, or filing deadlines, don't hesitate to reach out to our office at **360-694-8206** or check our website NWATAX.net. Together, we'll make 2024 a successful tax season!

Thank you for trusting Northwest Accounting & Tax Service. We look forward to serving you.

Important Updates for 2024

Appointment Policy

We are currently accepting Tax Appointments starting February 3rd. Schedule your appointment early to secure your spot. Please be fully prepared with all necessary documents at the time of your appointment or feel free to drop off or [upload](#) your documents early. We continue to accept new clients only until capacity is reached. Current clients receive priority.

1099 Filing – for Subcontractors, Service Providers and Rent Paid

- **Deadline:** January 31, 2024. – *Late Penalties range from \$60-\$660 per form*
 - Contact us by **January 17th** for assistance with issuing and filing.
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2024 Mileage Reimbursement Rates – Mileage Log

The IRS sets mileage reimbursement rates annually to account for inflation and fuel costs. For 2024 mileage rates are:

- **67 cents per mile** for business use.
 - **14 cents per mile** for charitable purposes.
 - **21 cents per mile** for medical or moving expenses (for active-duty military).
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BOI Reporting - Corporate Transparency Act

Enforcement of the CTA has been **temporarily blocked** by a federal court. We'll provide updates as the situation evolves.

Virtual Currency – 1099-DA

- Reporting is mandatory for digital asset transactions. Be prepared with detailed transaction logs and 1099-DA forms you receive.
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Retirement Accounts

- Contribution Deadline for 2024: **April 15, 2025**.
 - 2024 Limits: \$7,000 (\$8,000 if over 50).
 - RMDs begin at age 73.
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Adjusted Income Tax Brackets

The IRS has updated the tax brackets for inflation: The following shows tax rates based on taxable income - Single (S), Married Filing Jointly (MFJ) and Head of Household (HOH)

- **10%:** Up to \$11,600 (S) / \$23,200 (MFJ) / \$16,550 (HOH)
 - **12%:** \$11,601–\$47,150 (S) / \$23,201–\$94,300 (MFJ) / \$16,551–\$63,100 (HOH)
 - **22%:** \$47,151–\$100,525 (S) / \$94,301–\$201,050 (MFJ) / \$63,101–\$100,500 (HOH)
 - **24%:** \$100,526–\$191,950 (S) / \$201,051–\$383,900 (MFJ) / \$100,501–\$191,950 (HOH)
 - **32%:** \$191,951–\$243,725 (S) / \$383,901–\$487,450 (MFJ) / \$191,951–\$243,700 (HOH)
 - **35%:** \$243,726–\$609,350 (S) / \$487,451–\$731,200 (MFJ) / \$243,701–\$609,350 (HOH)
 - **37%:** Over \$609,351 (S) / Over \$731,201 (MFJ) / Over \$609,351 (HOH)
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Standard Deduction Amounts

- **Single/Married Filing Separately:** \$14,600
 - **Married Filing Jointly:** \$29,200
 - **Head of Household:** \$21,900
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Child Tax Credit

- Up to \$2,000 per qualifying child under 17.
 - Refundable portion: Up to \$1,700.
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2024 Education Tax Credits

Education-related tax credits can significantly reduce your tax if you or your dependents are enrolled in college.

- **American Opportunity Tax Credit (AOTC):**
 - Up to \$2,500 per eligible student. *Partially refundable*
 - Available for the first four years of post-secondary education.
 - Phases out for Modified Adjusted Gross Income (MAGI) above \$80,000 (single) or \$160,000 (married filing jointly).
 - **Lifetime Learning Credit (LLC):**
 - Up to \$2,000 per tax return (not per student). *Non-refundable*
 - Available for undergraduate, graduate, or professional courses.
 - Phases out for MAGI above \$80,000 (single) or \$160,000 (married filing jointly).
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Kiddie Tax Updates for 2024

The **Kiddie Tax** applies to unearned income for children under 18 (or under 24 if a full-time student).

- Unearned income above **\$2,600** will be taxed at the parents' marginal tax rate.
- Earned income (e.g., wages from a part-time job) is taxed at the child's tax rate.
- Applies to income from sources such as investments, dividends, or capital gains.

To avoid higher taxes on unearned income, consider tax-advantaged savings accounts like 529 plans.

Health Savings Accounts (HSAs)

Contribution Limits:

- **Self-Only Coverage:** \$4,150
- **Family Coverage:** \$8,300
- Additional \$1,000 for individuals 55 or older.

1099-SA form required for all HSA distributions (Medical Expenses, etc.)

Affordable Care Act (ACA) Reminders for 2024

If you purchased health insurance through the Marketplace, you must include **Form 1095-A** when filing your taxes.

- **Form 1095-A:** This document confirms your health insurance details and reconciles any Premium Tax Credits. Access it through your Marketplace account.
 - **Mandatory for E-File:** Tax returns will be rejected electronically if Form 1095-A is missing.
 - **Individual Mandate Penalty:** The federal penalty for not having health insurance remains **\$0**, but some states may have their own penalties.
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Clean Energy & Electric Vehicle Credits

If you have bought or are planning to buy an electric vehicle let you tax prepare know.

- **Home Improvements:** 30% credit up to \$1,200 (\$2,000 for heat pumps).
 - **Solar Installations:** 30% credit with no annual or lifetime limits.
 - **Electric Vehicles:** Up to \$7,500 credit, subject to income limits.
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2024 Gift Tax Exclusions and Rates

The federal gift tax rules for 2024 allow for significant tax-free giving, but understanding the limits is key to avoiding unnecessary tax burdens:

- **Annual Exclusion:** You can gift up to **\$18,000** per recipient without incurring gift tax or affecting your lifetime exemption.
 - **Married Couples:** Spouses can combine their exclusions, giving up to **\$36,000** per recipient tax-free.
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Foreign Bank Account Reporting (FBAR) Requirements

If you have foreign financial accounts, it's crucial to stay compliant with U.S. tax laws. Please ensure you have accurate records of all foreign accounts. Here's what you need to know for 2024:

- **Who Needs to File:** U.S. citizens, residents, and entities with a **total value exceeding \$10,000** across foreign financial accounts at any time during the year must file **FinCEN Form 114 (FBAR)**.
 - **Key Deadlines:**
 - **FBAR Filing:** Due **April 15, 2025**, with an automatic extension to **October 15, 2025**, if needed.
 - **Penalty for Non-Compliance:** Failure to report can result in penalties of up to **\$10,000 per violation**, or higher for willful non-compliance.
 - **FATCA Reporting:** If you meet certain thresholds, you may also need to file **Form 8938** with your tax return under the Foreign Account Tax Compliance Act (FATCA).
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Office Portal & Contact Information

Our secure [portal](#) remains the easiest way to upload and download documents, schedule appointments, and communicate securely.

Email: nwatax@parse.atomanager.com

We look forward to serving you again this tax season. Book your appointment early and let us help you navigate another successful tax year!

Thank you

Northwest Accounting & Tax Service