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2024 Year End Newsletter for Business Owners & Individuals

Corporate Transparency Act

In last year's newsletter, we included information about the requirement to report the "beneficial owners" who own at least 25% of or exercise substantial control over their business. Included in this requirement are businesses established at the State level as a Limited Liability Company or Corporation. As of 12/3/2024 an injunction was filed barring FINCEN from enforcing BOI filing requirements while the Texas case is pending. At a minimum, AICPA recommends businesses subject to this BOI filing requirement gather required information (driver's license in most cases) and be prepared to file the BOI report if the injunction is lifted. Due to Hurricane Milton, most Florida businesses have a six month reprieve from filing. For more information, including whether or not you are exempt or to file your BOI, please visit **<u>fincen.gov/boi</u>**.

Charitable Giving Ideas

The first idea is a **Qualified charitable distribution (QCD)** from your IRA. Although your **required minimum distribution (RMD)** age is 73, you can transfer up to $100,000 to charity tax-free each year as a **QCD** beginning at age 70 ½ or older. The QCD counts as your **RMD** but is **<u>not</u>** included in your adjusted gross income or taxable income. This qualified charitable distribution must be made directly to the charity by December 31st. In some instances, this might cause less of your social security to be included in taxable income and prevent medicare premiums from increasing above the base amount.

The second idea of charitable giving is the **gift of appreciated stock** to a 501(c)(3) charitable organization. Giving appreciated stock you've held for more than a year is better than giving cash. If you donate stock that has increased in value since you bought it – **<u>and</u>** if you itemize deductions - you can take a charitable deduction for the stock's fair market value on the day you give it to the charitable organization. *Relatives don't count*. 😊 No capital gain because no stock sale.

Idea #3 is using a **donor-advised fund or DAF** to facilitate gift giving. An individual can establish a giving account with an investment firm and make an irrevocable donation of cash, stock (public or private) and crypto - to name a few. This donation is taken as an immediate deduction. The funds grow tax-free. Money is given to IRS-qualified public charities from the DAF, allowing you to support charities you love at a pace that is comfortable for you or even in the event of unforeseen circumstances (hurricane or tornado).

T&H Comptrollers CPA website
www.thcomptrollers.cpa
Click on the resource tab for tax worksheets. Watch for BLOG in 2025.

Bill H.R. 5863, The Federal Disaster Tax Relief Act has become Law

The new law allows taxpayers who sustained damages from hurricanes and other federally declared disasters to claim these losses currently and retroactively without itemizing. This gives a greater tax deduction than the non-qualified loss previously allowed. *We will let you know if you need to file an amended return for 2022 due to Hurricane Ian losses (most will not have to amend).* Those of you that had qualified disaster losses this year (2024) and were in a qualified disaster area (all of Florida), we will need adjuster report (if applicable), expenditures, insurance claims / checks received at a minimum. All of these losses will be claimed on your 2024 income tax return. To have an accurately filed return, an extension may be required. All 2023 returns due after September 2024, have a due date of May 1, 2025. ***2024 returns also have a due date of May 1, 2025 for all Florida residents.***

Penalty-Free Retirement Distributions no 10% early withdrawal penalty

The New SECURE 2.0 Acts adds to list of retirement distributions a taxpayer can take prior to reaching age 59 ½ without incurring the 10% early withdrawal penalty. However, taxes are still due.

- Health insurance premiums for unemployed
- Qualified long-term care distributions
- Substantially equal periodic payments
- Domestic abuse
- Terminal illness
- Qualified public safety employees
- *** Presidentially declared disaster area**
- Emergency savings account distributions
- Corrective distributions of excess contributions

*Within 180 days of the disaster or disaster declaration, individuals can withdraw up to $22,000 (called **qualified disaster recovery distributions**). These distributions are taxed over 3 years. They can also be repaid during the same 3-year period.

Websites for Tax Preparation

Estimated high and low donated items
www.itsdeductible.com
www.satruck.org (Salvation Army)
Dow and historical stock prices
https://bigcharts.marketwatch.com
Various free calculators including RMD
www.aarp.org/tools/
Auto Valuations
www.nadaguides.com
www.kbb.com
Marketplace insurance / Obamacare (1095A)
https://www.healthcare.gov/login

Qualified Longevity Annuity Contract Established from IRA or 401(k)

Technically anyone between the ages of 18 and 75 can purchase a Qualified Longevity Annuity Contract (QLAC). Individuals most likely to benefit are those with a good health history, a family history of longevity, and a desire to delay income payments until age 85. Only funds from a qualified retirement account like a 401(k) or IRA can be used to fund a QLAC. **Few Benefits**: the required minimum distribution (RMD) at age 73 could be less but the QLAC provides a consistent monthly payment once distributions begin. **Disadvantage**: it is irrevocable. The current maximum lifetime limit is $200,000.

New $1200 Annual Cap on Energy-Efficient Projects

Although there is an annual cap of $1200, individual project caps apply. For Example: *In 2024 the Homeowner spends $1,000 to install an energy storm door, $5,000 to install central a/c; $3,000 for 5 energy storm windows & $6,000 on insulation. What is the credit?*

1 Door ($1,000 x 30% = $300)	$250
Central A/C ($5,000 x 30% = $1500)	$600
5 Windows ($3,000 x 30% = $900)	$600
Insulation $6,000 x 50%) = $1800)	$1,800
Total Credits	$3,250

With an annual cap of $1200, Homeowner should have postponed the insulation project to 2025.