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This newsletter is created for the benefit of our clients to provide useful information on tax-related topics.

Stay informed: Visit our website often at [www.eaton-cpa.com](http://www.eaton-cpa.com) for the latest news and important updates on information provided here.

# your financial focus

January 3, 2025



## What you Need to Bring Us for Your Tax Preparation

- **Wages/earnings income:** All W-2 Forms and 1099 Forms if self-employed.
- **Other income, losses, payouts from** gambling, prizes, royalties, and alimony paid/received.
- **Interest, income from investments and/or dividends, specifically:**
  - Interest/dividend income
  - Income – sales of stock
  - Income – other property
  - Health Savings Account (1099-SA will show distributions you took, which get reported)
  - Cryptocurrency transactions (income must be reported)
- **1099-R forms (retirement):** Pension/IRA/annuity
- **Estimated tax payments made for Tax Year 2024:** We need records or amounts.
- **Charitable donations:** We need receipts or amounts.
- **Health Insurance - Form 1095-A:** Shows enrollment in an insurance plan through the Marketplace (Exchange) for any months of coverage during 2024.
- **Education:** 1098-E shows interest; 1098-T shows tuition/other expenses.
- **Teachers - classroom expenses:** Educators in grades K-12 qualify for a deduction up to \$300.

## Latest Update: (BOI) Reporting Requirement

In January 2024 in our annual newsletter, we informed readers of this new Federal Government reporting requirement from the U.S. Treasury and the reasoning behind it (the deadline for businesses to complete this filing requirement initially was December 31, 2024). In the last few weeks of 2024, with the BOI filing deadline nearing, this reporting requirement ended up in the court system. As of the date of this newsletter, the latest federal court order from December 27<sup>th</sup> (which is the current one being followed) states that required businesses are not currently required to file a BOI Report and are not subject to liability if they fail to do so while the applicable order remains in force. Since updated information will be released on this filing requirement in the future, please be sure to visit our website weekly as we will post updates as they are made available from the U.S. Treasury. As a reminder, if you choose to voluntarily complete this filing, only do so from the U.S. Treasury FinCEN website at [www.fincen.gov/boi](http://www.fincen.gov/boi).

## Individual Tax Topics for Tax Year 2024



### Energy-Efficient Home Improvements / Residential Clean Energy Improvements

The credits for home improvements for Tax Year 2023 are carried over to Tax Year 2024. They can provide you with tremendous tax benefits. If you installed a new furnace, A/C, boiler, heat pump, water heater, woodstove, windows, doors, insulation, or solar or battery storage, please be sure to provide us with copies of your invoices.

### Required Minimum Distribution

Individuals who turned age 73 in 2024 needed to either take their first RMD distribution in 2024 or take it by April 1, 2025 (for IRA and 401(k) accounts). If you don't need the income, you can send the money directly to a charity. While you do not get a deduction for this, it is not considered income.

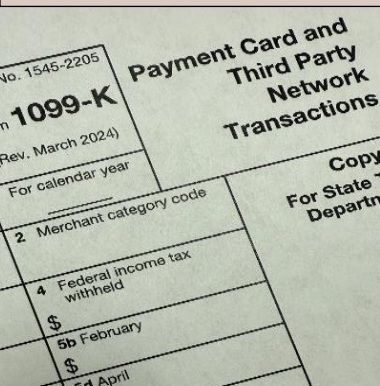
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**Child Tax Credit** — \$2,000 (up to \$1,700 may be refundable).

### Earned Income Tax Credit

Based on married taxpayer filing jointly status – number of qualifying children: 3+ children/\$7,830 tax credit; 2/\$6,960; 1/\$4,213, and 0/\$632.

**Gifting** — The annual gift limit has increased to \$19,000 for 2025.



## 1099-K Form – What you Need to Know

Did you sell goods and/or services where you received payment through payment apps and/or online marketplaces? (i.e. cash apps, eBay, Venmo, others) If yes, be informed that for calendar year 2024 these payment entities are required to report transactions to taxpayers when the payment amount is more than \$5,000. In these situations, taxpayers should expect to receive a Form 1099-K in January 2025. A copy of this form will also be sent to the IRS. **FUTURE INFO:** For calendar year 2025, this amount changes to \$2,500; for calendar year 2026 and after, this amount is \$600 (lower payment amounts will trigger the issuance of a 1099-K). Be sure to provide us with any 1099-K forms you receive this year so we can review them and report the amount properly to minimize income tax or determine that tax does not apply.

### ▼ Tip for Business Owners

It's beneficial to review your business operations twice a year to stay alert to any changes. Also, if you obtain services from a financial planner/banker and a CPA, it's beneficial to keep both informed when you are contemplating an impactful financial decision.

### Mileage Reimbursement Rates

| Purpose   | Per Mile |
|---|----------|
| <b>2024 Tax Year</b>  |          |
| - Business  | 67 cents |
| - Medical   | 21 cents |
| - Moving for military (member of the Armed Forces on active duty, move is due to permanent change of station) |          |
| - Charity service   | 14 cents |
| <b>2025 Tax Year</b>  |          |
| - Business  | 67 cents |
| - Medical   | 21 cents |
| - Moving for military   | 14 cents |
| - Charity service   |          |

### Standard Deduction Amounts for Tax Year 2024

| Filing Status   | Standard Deduction   |
|---|--|
| - Single  | \$14,600   |
| - Married Filing Separately (MFS)                     | For age 65 and over: \$15,700  |
| - Head of Household (HOH)                             | \$21,900<br>Age 65 and over: An additional \$1,850   |
| - Married Filing Jointly (MFJ)<br>- Surviving Spouses | \$29,200<br>Age 65 and over: An additional \$1,500 for each spouse.                                    |
| - Blind Individuals                                   | An extra \$1,550 to standard deduction for MFJ or MFS status; \$1,950 for Single or HOH filing status. |

### — Individual Tax Topics for Tax Year 2024 (cont'd.)

#### Itemized Deductions

- Need to total more than the Standard Deduction (see amounts below).
- State taxes and real estate taxes are still capped at \$10,000 (married filing jointly).
- Medical expenses that exceed 7.5% of adjusted gross income can be deducted.
- Non-cash donations are limited to 30% of adjusted gross income if held for over one year, and cash donations are limited to 60%.

**Electric or Hybrid Vehicles** — If you made this type of purchase, please provide us with the invoice.

### Tax Topics for Businesses — 2024 Tax Year —

**1099 Form** - This needs to be issued to those individuals you paid at least \$600 for services or rent. You must issue these forms by January 31, 2025.

**Bonus Depreciation** - Bonus depreciation is starting to be phased out and only 60% of equipment can be bonus depreciation for 2024. However, Section 179 is still available to write off 100%. This can be used to expense up to \$1,220,000 of eligible property. Spending more than \$3,050,000 on qualified property will reduce this deduction.

#### Section 199A Deduction -

Through this deduction, the Internal Revenue Code continues to offer up to a 20% deduction of income from each qualified trade or business.

#### 2025 Wage Cap and Social Security Payroll Tax

- The wage cap for Social Security Payroll Tax for Tax Year 2025 increases to \$176,100 (up from \$168,600 for tax year 2024). Employers should adjust payroll systems to account for the higher wage base for this tax and inform employees that more of their pay will be subject to payroll withholding.



### North Dakota Individual Tax Credits See if You Qualify

North Dakota offers property tax and other credits to individuals as listed below (there are also tax exemptions for businesses). Application deadlines are in place, requirements must be met, and each has a specific application process. To learn more about these tax credits and to apply, visit these websites:

ND Tax Dept.: [www.tax.nd.gov/tax-exemptions-credits/property-tax-credits-exemptions](http://www.tax.nd.gov/tax-exemptions-credits/property-tax-credits-exemptions)  
Our website: [www.eaton-cpa.com](http://www.eaton-cpa.com)

#### - Primary Residence Credit

Deadline: Online application through March 31, 2025; if no Internet, assistance is available.

#### - Homestead Property Tax Credit

Deadline: Hard copy form must be mailed to the county assessor prior to March 31, 2025.

#### - Disabled Veterans Property Tax Credit

Deadline: Hard copy form must be mailed to the county assessor by March 31, 2025.

#### - Renter's Refund

Deadline: Hard copy form must be mailed before June 1, 2025 to the N.D. Tax Department.

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## TAX YEAR 2024: Federal Income Tax Brackets

| Rate | Unmarried Individuals (other than Surviving Spouses and HOH) | Married Filing Jointly; Surviving Spouses | Married Individuals Filing Separate Returns | Head of Household (HOH) |
|------|--|---|---|-------------------------|
| 10%  | Up to \$11,600   | Up to \$23,200                            | Up to \$11,600                              | Up to \$16,500          |
| 12%  | \$11,601 to \$47,150   | \$23,201 to \$94,300                      | \$11,601 to \$47,150                        | \$16,551 to \$63,100    |
| 22%  | \$47,151 to \$100,525  | \$94,301 to \$201,050                     | \$47,151 to \$100,525                       | \$63,101 to \$100,500   |
| 24%  | \$100,526 to \$191,950                                       | \$201,051 to \$383,900                    | \$100,526 to \$191,950                      | \$100,501 to \$191,950  |
| 32%  | \$191,951 to \$243,725                                       | \$383,901 to \$487,450                    | \$191,951 to \$243,725                      | \$191,951 to \$243,700  |
| 35%  | \$243,726 to \$609,350                                       | \$487,451 to \$731,200                    | \$243,726 to \$365,600                      | \$243,701 to \$609,350  |
| 37%  | \$609,351 and over   | \$731,201 and over                        | \$365,601 and over                          | \$609,351 and over      |

Moving up to a higher tax bracket does not mean all of your income will be taxed at the higher rate. Only money earned within a particular bracket is subject to that corresponding tax rate.