

# HELPFUL TIPS FOR ISSUES AFFECTING 2024

**Solar Credit** – There is a 30% nonrefundable federal tax credit for installing solar on your first and second homes (need not own the home). Unused credit can be carried forward to the subsequent year. The credit begins to phase out in 2033. Expenses of battery storage technology with a capacity of not less than 3 kilowatt hours count toward the credit. Battery and systems upgrades will qualify for credit even after the initial installation.

**Required Minimum Distributions (RMD)** – You must begin taking minimum distributions from your traditional IRAs and qualified plans once you attain the age of 73. The minimum distribution amount is determined by dividing the account's value on December 31 of the prior year by your life expectancy determined from the IRS's Uniform Lifetime Table. For the year you turn 73 the distribution can be delayed until no later than April 1 of the next year.

**2024 E-File Mandate** – Beginning in 2024 an organization (generally a business) filing, in aggregate, 10 or more information returns or statements (previously more than 250) in a calendar year will be required to file electronically. The regulations also require e-filing of certain returns and other documents not previously required to be e-filed.

**Clean Vehicle Credit** – The 200,000-unit limit per manufacturer no longer applies in 2024. But the maximum \$7,500 credit depends partly on the vehicle being manufactured in North America and partially whether the critical minerals included in the battery were extracted or processed in the U.S. or a country with a free trade agreement or recycled in North America. The manufacturer's suggested retail price cannot exceed \$80,000 for vans, SUVs, and pickups, or \$55,000 for other vehicles (actual purchase price doesn't matter). No credit is allowed if the buyer's modified adjusted gross income (MAGI) for the credit year, or if less for the preceding tax year, exceeds \$300,000 for married individuals filing joint; \$225,000 for those filing head of household; and \$150,000 for others.

**Previously Owned Clean Vehicle Credit** – Beginning in 2024, a credit is allowed up to the lesser of \$4,000 or 30% of a used clean vehicle's sale price. This credit is for lower income taxpayers and no credit is allowed if the taxpayer's MAGI for the credit year, or if less for the preceding tax year, exceeds \$150,000 for married individuals filing joint; \$112,500 for those filing head of household; and \$75,000 for others. The vehicle must be acquired from a dealer for a price of \$25,000 or less and be the first transfer of the vehicle since this credit was enacted.

For both the new and used clean vehicle credit, the dealer must report required information to the buyer and the IRS, including the maximum credit allowed, the buyer's name and tax ID number, and vehicle identification number.

**Clean Vehicle Credit Transfer to Dealer** – Beginning in 2024, and on or before the credit-eligible vehicle's purchase date, the buyer can elect to transfer the new or used clean vehicle credit to the dealer from whom the vehicle is purchased in return for a reduction in purchase price equal to the credit amount. However, a buyer that doesn't qualify for the credit will be required to recapture the amount of the payment on their tax return for the year the vehicle was placed in service.

**Take Advantage of a Low-Income Year** – If you are having a low-income year, you may wish to take advantage of being in a lower tax bracket by:

- Selling appreciated stocks.
- Converting traditional IRAs to Roth IRAs.
- Taking a taxable distribution from a retirement plan (may be subject to a penalty if under the age of 59.5).

**Corporate Transparency Act** - The Act requires corporations, limited liability companies (including single member LLCs), and similar entities to report certain

information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury. This information includes the beneficial owners' full legal names, dates of birth, current residential or business street addresses, and unique identification numbers from acceptable identification documents.

- A reporting company created or registered to do business before January 1, 2024, will have until January 1, 2025, to file its initial beneficial ownership information report.
  - A reporting company created or registered on or after January 1, 2024, will have 90 days to file its initial beneficial ownership information report. This 90-day deadline runs from the time the company receives actual notice that its creation or registration is effective, or after a secretary of state or similar office first provides public notice of its creation or registration, whichever is earlier.
- Companies created or registered in 2025 will only have 30 days to report.

**Child Care Credit** – The maximum expenses that can be used to compute the 2024 and subsequent years' credits are \$3,000 for one qualified individual and \$6,000 for two or more qualified individuals. The credit ranges from a maximum of 35% to 20% of the care expenses depending on the taxpayer's AGI. The 20% rate kicks in for taxpayers with AGIs more than \$43,000, regardless of filing status.

**Cryptocurrency Transactions** – Cryptocurrency is treated as property, and when it is sold or used, the gain or loss from the transaction must be reported in the same manner as a stock transaction. The IRS is closely looking at taxpayer compliance. Under proposed IRS regulations cryptocurrency exchanges must begin reporting digital asset transactions occurring in 2025 or later, but some "brokers" and others facilitating crypto transactions are already doing so.

**Foreign Taxes Paid** – If you paid or had withholding of foreign taxes during the year, you have options of how to make up for the double taxation of the foreign income that must also be reported on your U.S. return. You can either take a tax deduction of the foreign tax when you itemize your deductions or claim a foreign tax credit. If you itemize your deductions the amount can be deducted as tax paid (not subject to the \$10,000 state and local tax limit). The other option is to claim a credit, either without filing the Form 1116 (but limited to \$300; \$600 if filing married joint) or filing a Form 1116 if the tax credit will exceed \$300 (\$600 joint) or in certain other circumstances. **NOTE:** This is not applicable to foreign tax paid on investments in a tax deferred account, such as an IRA. **CAUTION:** If you are a partner in a partnership or a shareholder in an S-Corporation, make the entity aware you have paid foreign taxes during the year. Those entities have special foreign income reporting requirements that include foreign income of partners and shareholders and can impact the entity's filing options.

**Credit For Energy Efficient Home Modifications** – This tax credit for making energy saving improvements to taxpayers' existing homes has been around since 2006. The dollar limits and credit percentages have been modified several times over the years. In addition, the credit had a lifetime credit cap which was recently \$500, and the credit rate had been reduced to 10%. Being available for 16 years with a \$500 lifetime cap had almost rendered this credit impractical. However, the Inflation Reduction Act has breathed new life into the credit by increasing the credit rate to 30% and by replacing the lifetime credit cap with an annual cap of \$1,200. That allows individuals to annually make up to \$4,000 of home energy improvements that qualify for credit. There are annual limits for certain types of improvements; for example, there is a \$600 annual credit limit for residential energy property expenditures, windows, and skylights, and \$250 for exterior doors (\$500 total for all exterior doors). A new feature is being able to claim a credit of up to \$150 in addition to the \$1,200 annual cap for an energy audit performed by a certified home energy auditor on your primary residence.

This credit is non-refundable (meaning it can only offset the current tax liability) and there is no carryover.

## \$1 LUMP SUM AT VARIOUS RATES (FUTURE VALUE OF \$1, COMPOUNDED ANNUALLY)

Interest Rate	5 Yrs	10 Yrs	15 Yrs	20 Yrs	25 Yrs	30 Yrs
2%	1.104	1.219	1.346	1.486	1.641	1.811
4	1.217	1.480	1.801	2.191	2.666	3.243
6	1.338	1.791	2.397	3.207	4.292	5.743
8	1.469	2.159	3.172	4.661	6.848	10.063
10	1.611	2.594	4.177	6.727	10.835	17.449

**Example:** If you invest \$10,000 at an interest rate of 6%, at the end of 30 years you will have \$57,430 (\$10,000 multiplied by 5.743).

## \$1 PER YEAR AT VARIOUS RATES (FUTURE VALUE, COMPOUNDED ANNUALLY)

Interest Rate	5 Yrs	10 Yrs	15 Yrs	20 Yrs	25 Yrs	30 Yrs
2%	5.20	10.95	17.29	24.30	32.03	40.57
4	5.416	12.006	20.024	29.778	41.646	56.085
6	5.637	13.181	23.276	36.786	54.865	79.058
8	5.867	14.487	27.152	45.762	73.106	113.283
10	6.105	15.937	31.772	57.275	98.347	164.494

**Example:** If you put \$1,000 at the end of each year in an investment paying 6% a year compounded annually, at the end of the 30th year, you will have \$79,058 saved (\$1,000 x 79.058).

## LIFE EXPECTANCY\*

Current Age	Remaining Years	Current Age	Remaining Years
25	60.2	55	31.6
30	55.3	60	27.1
35	50.5	65	22.9
40	45.7	70	18.8
45	41.0	75	14.8
50	36.2	80	11.2

Assume a planned retirement age of 60. Based on average statistics, you will need to accumulate retirement assets by age 60 to last for 27.1 yrs. \* Life expectancy rates based on the IRS Unisex Single Life Tables.

## TAXABLE-EQUIVALENT YIELD OF MUNICIPAL BONDS BASED ON VARIOUS FEDERAL INCOME TAX BRACKETS

Tax Bracket	Tax-Free Yield								
	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0
10	2.2	2.8	3.3	3.9	4.4	5.0	5.6	6.1	6.7
12	2.3	2.8	3.4	4.0	4.5	5.1	5.7	6.3	6.8
22	2.6	3.2	3.8	4.5	5.1	5.8	6.4	7.1	7.7
24	2.6	3.3	3.9	4.6	5.3	5.9	6.6	7.2	7.9
32	2.9	3.7	4.4	5.1	5.9	6.6	7.4	8.1	8.8
35	3.1	3.8	4.6	5.4	6.2	6.9	7.7	8.5	9.2
37	3.2	4.0	4.8	5.6	6.3	7.1	7.9	8.7	9.5

**Example:** A taxpayer in the 24% tax bracket would have to purchase a taxable investment yielding more than 3.3% to outperform a 2.5% tax-free investment.

### DISCLAIMER

The information provided is an abbreviated summary of tax and financial information for the 2023 and 2024 tax year and only includes law changes through December 2023. Pending or future tax legislation and regulations could alter contents of this brochure. The accuracy and completeness of this information is not guaranteed. Specific questions relating to your specific tax or financial situation should be directed to your tax and financial advisor.

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## 2024 TAX CALENDAR\*

Date	Event
January 1	Beneficial Ownership Reporting Starts
January 16	4th Quarter 2023 Estimate Due
April 15	2023 1040 or Extension Due
April 15	1 <sup>st</sup> Quarter 2024 Estimate Due
April 15	FBAR Form (Auto Extension until Oct. 15)
June 17	2 <sup>nd</sup> Quarter 2024 Estimate Due
July 31	Pension Plan (Form 5500) Returns Due (calendar yr plans)
September 16	3 <sup>rd</sup> Quarter 2024 Estimate Due
October 15	2023 1040 Extension Returns Due
October 15	Extended FBAR Form Due

\* Note: for those residing in declared disaster areas, these dates may have been extended.



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