

January 2025 Newsletter

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Status	Standard Deduction		If 65 or Older or Blind (Each)	
Tax Year	2025	2024	2025	2024
Married Joint	\$30,000	\$29,200	+\$1,550	\$1,550
Single	15,000	14,600	+ 2,000	1,950
Head of HH	22,500	21,900	+ 2,000	1,950
Married Separate	15,000	14,600	+ 1,550	1,550

Other Items	2025 Tax Year	2024 Tax Year
Exemption	\$ ZERO	\$ ZERO
FICA Taxable Wages Max	\$ 176,100	\$ 168,600
Child Tax Credit	\$ 2,000	\$ 2,000
Estate Tax Exemption	\$13,990,000	\$13,610,000
Annual Gift Tax Exclusion	\$ 19,000	\$ 18,000

IRA Contribution Limit	\$ 7,000	\$ 7,000
Add'l if Age 50 or Over	\$ 1,000	\$ 1,000
SIMPLE-IRA Cont Limit	\$ 16,500	\$ 16,000
Add'l if Age 50 or Over	\$ 3,500	\$ 3,500
(may be higher for some SIMPLE plans—see our November 26, 2024 email)		
401(k),403(b), 457 Cont Limit	\$ 23,500	\$ 23,000
Add'l if Age 50 or older	\$ 7,500	\$ 7,500
For 2025, if Age 60,61,62, or 63	\$ 11,250	

HSA Contribution Limit-Single	\$ 4,300	\$ 4,150
HSA Contribution Limit-Family	\$ 8,550	\$ 8,300
Add'l for person(s) Age 55 or Over	\$ 1,000	\$ 1,000

FSA Deferral per employee,per employer\$	3,300	\$ 3,200
(usually a 'use it or lose it' provision)		

Mileage		
Charitable	14c/mile	14c/mile
Medical and (Moving-CA only)	21c/mile	21c/mile
Business & Rentals	70c/mile	67c/mile

Securely Sending Us Tax Information via Portals

Many send us tax information through the mail or drop it off. We always welcome that. However, to send us your data electronically and securely (e-mail with PDF is strongly discouraged), please use the secure links we have on our email signatures to you or upload the documents to your personal portal we have set up for you. Please phone or e-mail our office with any questions or for any assistance.

Extensions

As in past years, **once we have received your signed engagement letter**, we will automatically file an extension for you if we have not received most, if not all, of your data by **March 21, 2025**. If you pay estimates, we will send those to you by the end of the first week in April.

(OVER)

Form 1095-A, 1095-B, and 1095-C

We need these forms to complete your tax return. While the IRS no longer will issue a penalty for not having Minimal Essential Coverage (MEC), **California will. The State of CA has a MEC requirement for calendar years 2020 and forward.** In addition, the Affordable Care Act continues to phase in progressive requirements that will affect the income tax return. All Americans with Minimal Essential Coverage (with a few exceptions) will be receiving either a Form 1095-A (from Healthcare Exchanges such as Covered California), Form 1095-B (from 3rd party insurance companies and governmental agencies, such as Anthem or Kaiser) or Form 1095-C (issued by employers with over 250 employees). If you get Medicare, the Form 1099-SSA, your statement from Social Security, will suffice.

We Need Your Form 1098 (Mortgage Interest Statement)

Because of new IRS requirements, your lender on your home, rental, etc. must list not only the interest you paid to them on real estate you owned, but also the principal balance, the loan origination date, and the address securing the loan. Therefore, **PLEASE SEND US THE FORM 1098.**

No Form 1098-T, No Education Credits

To qualify for either the American Opportunity Credit, The Lifetime Learning Credit, or the Tuition and Fee Deduction, you need to have been issued a Form 1098-T by the educating institution. Therefore, **PLEASE SEND US THE FORM 1098-T.**

Please Provide Us All 1099s, W-2s, 1095, 1098, etc. You Receive

While you may list your income on the organizer, please provide all W-2, 1098-T, 1098-Mortgage, 1095-A, 1095-B, 1095-C, 1099-A, 1099-B, 1099-C, 1099-Div, 1099-G, 1099-Int, 1099-K, 1099-Misc, 1099-NEC, 1099-PATR, 1099-Q, 1099-R, 1099-SA, 1099-SSA, K-1s and all **brokerage 1099s in their entirety**, and other tax forms that have letters or numbers you received. There are figures, codes, and boxes on many of those forms that alert us to tax saving opportunities.

Did You Gift Cash, Property, Or Valuables of More Than \$18,000 To One Person?

If you gift more than \$18,000 of value to any one person in a calendar year, you must file a Form 709-Gift Tax Return by April 15th of the following year. This includes gifts of cash, stock, jewelry, real estate, and other items of value. Generally, there is no tax due with this return, but it must be filed even if no tax is due. If you have gifted more than \$18,000 to one person, please e-mail or call the office and we can discuss what needs to be done. **The gift limit from any one person to any other person is \$19,000 for 2025.**

Foreign Bank and Financial Accounts—FinCEN 114 Due Date Now April 15th

Did you have an interest in or authority over at least \$10,000 at any one time in any combination of financial accounts in foreign countries in 2024? These might include bank accounts, brokerage accounts, or other financial accounts. If so, you may be required to file FinCEN Form 114, **Report of Foreign Bank and Financial Accounts. This form is due by the original due date of the return including extensions.** So, generally by April 15th or October 15th. Foreign Accounts would **not** include a mutual fund such as "Vanguard's Foreign Funds". If this applies to you or are unsure, please contact us. There are severe penalties and consequences for not filing timely. The penalty can be the **greater of \$100,000 or 50%** of the unreported account values. Ouch!!

14th Year for Form 8938—Reporting of Specified Foreign Financial Assets

Starting with the 2011 tax year and continuing into the indefinite future, every individual who on the last day of the tax year has foreign financial assets worth more than \$50,000 (\$100,000 if married filing joint-MFJ) or at any time during the year had foreign financial assets worth more than \$75,000 (\$150,000 MFJ) must file a Form 8938. This is in addition to the FinCEN Form 114 mentioned above. While it may include the same accounts, Form 8938 may also include foreign hedge funds, any stock or security issued by a non-US person, and any interest in a foreign entity. You do not need to disclose any stock that is held in a US financial institution (such as Schwab, etc.). If you think this may apply to you, please contact the office. The penalty for not reporting foreign financial assets is **\$10,000.**