

Happy New Year, January 15, 2025

We hope that you have had a healthy and prosperous year in 2024, and wish you the best for the coming year. 2025 will be a transitional year. Most all of the tax provisions enacted in 2018 are set to expire Dec 31, 2025, including the large standard deduction, lower tax rates, etc. These could all be extended or revised by the new Administration. We will have to wait and see what happens.

We again have **REQUIRED QUESTIONS ON OUR CHECKLIST - please everyone fill out the entire checklist and sign and date it.** Also **required** is to **sign and date the Engagement Letter.** We had nearly a 50% increase in the cost of our tax software this year, along with increases in insurance. As a result, there will be a **\$5 surcharge** on every IRS tax return, separate from any regular pricing.

**Effective for 2024:** There have been very few changes in tax law from last year. The **Standard Deductions** are increased. Your total for mortgage interest, property tax, charity, medical expenses, etc. must exceed the standard deduction amounts to do any good. The **10,000 cap** on property tax, state income tax, and sales tax deductions is still in place. **Medical expenses must exceed 7.5% of your income to be deductible.** **If you received an Obamacare subsidy, we need Form 1095-A.**

The **Required Minimum Distribution** from a retirement plan is increased to age 73. Individuals born in 1951 or later must start taking RMDs from tax-deferred retirement accounts during the year in which they turn 73. **But, the first RMD can be delayed** until April 1 of the following year. There is **no longer an age limit for IRA contributions**; you can make an IRA contribution at any age **as long as you have earned income.** You are allowed an **Emergency Early Distribution** from a **Retirement Plan**, up to **\$1000** per year (no 10% penalty, but it is taxable). A similar rule allows an Early Distribution of up to **\$10,000** for **Domestic Violence** victims.

**Energy Credits for Home, Vehicles and Commercial Buildings** are available, and are very complex. See <https://www.energystar.gov>. We have enclosed two pages for Energy Credits. The most common **Energy Credits** are for **existing homes**, a few are for new construction. **Please do not ask us if your energy expenses qualify, we are not HVAC experts. Please verify from the contractor. Starting in 2025, the contractor must register with the IRS and give you a PIN number for the item installed.** That **PIN number** must be shown on your tax return.

**All deductions for W-2 workers** (mileage, supplies, union dues, office-in-home, etc.) have been **eliminated**, but **these expenses still apply to self-employed workers.** You may get a **1099-K** if you sell goods on eBay, Etsy, etc. The 1099-K form reports your income to the IRS. If it is one-time sale of personal goods, we can usually zero it out. All **businesses** and **landlords** are required to file **Form 1099-NEC by January 31** for any person (not corporations) who is **paid \$600 or more** as an **independent contractor.** The **2024 mileage rate** was **67 cents-per-mile**; 2025 is 70 cents.

You can pay **zero tax** to the IRS for **long-term capital gains and qualified dividends** if your taxable income, other than the gains and dividends, does not exceed: \$94,200 – Married; \$47,150 – Single; or \$63,100 - Head of Household. Higher income is usually 15% tax. If there is a chance of a conflict with your ex-spouse or partner over **claiming a dependent**, it is advisable to get an **Identity Protection PIN** – this will give you some preferential treatment with the IRS.

We will do an **EXTENSION** if you ask us in writing (by email, and **verify that it has been filed.**) Even with an extension, **you must always pay your balance due by the original due date** to avoid penalties. If you submit your data within 10 days of the due date, an extension may be required due to our time and workload constraints. If we are able to prepare your return by that due date, there will be a **minimum expedited fee of \$50** (April 5 for April 15, etc.).

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A **Driver's License** number (or **state ID**) is required to be entered into the tax return; if your license expired in 2024 we will need a copy of the new one. If you have **sold investments**, please be sure to provide us with cost basis. If you receive a **1099-B**, **you have sold an investment**. If you have a **significant real estate or stock transaction**, please notify us right away. Do not wait until tax season.

**IF YOU CLAIM COLLEGE TUITION CREDITS, FORM 1098-T IS REQUIRED.** The college or trade school provides the 1098-T to the student, not to the parents, so please alert your child to look for it.

**State of Illinois: IL has sometimes delayed refunds** until the taxpayer proves the amount of **Property tax** paid or for security purposes. Please remember that the **IL Education Credit** for grades K-12 is only for **tuition, book rental, and lab fees** - other school expenses do not qualify. Teachers K-12 can get a nice credit for unreimbursed classroom supplies; we need your license number for this.

**Secure Portal:** The **web address** for our **Secure Portal** is <https://glindatax.securefilepro.com>. We would greatly appreciate if **everyone would create an account in our Secure Portal**. You will need email, a computer, and a printer to do this. But then you can receive documents from us. Even if you cannot scan documents to us, we can easily and securely send them to you, and also **bill you by credit card**. Please email us to initiate this. If you do not remember your password, we can re-set it.

**Please DO NOT put your SS number or other sensitive information in emails or attachments;** it is not secure. Please use our **Secure Portal** whenever possible. When **scanning documents** to us in the Secure Portal, **we prefer all documents in one scan**, if possible. If you send us multiple scans, it is much easier to miss one as we open them one at a time. If you must scan one page at a time, then please label the contents of each scan. Otherwise, we have to label them ourselves, which could increase your fee. **Please look at your scans before sending them to see if they are legible**.

**We prefer to communicate via email**, whenever possible, rather than phone calls. Please also send us an email when you put any documents in the Secure Portal, especially **signed e-file forms** - which helps us to expedite your tax return. You can also **text us at 720-900-9848**. **Once you submit your documents to us, PLEASE MONITOR EMAILS**, so we do not have to chase after you with questions.

Please **do not send** us documents signed by **Electronic Signature**; we are not allowed to accept them. We are expecting **payment for the tax return before filing** it. Please plan on sending payment along with your efile forms; we will not be able to file your return without payment. We take **credit card payments** through the Secure Portal, and by **Zelle** to [glindatax@gmail.com](mailto:glindatax@gmail.com).

**IRS Direct Pay** (<https://www.irs.gov/payments/direct-pay>) is the **recommended way to pay your IRS balance due or estimated payments**. Otherwise, you could use **Registered Mail**, or **credit card**. **IL is not so easy to pay online; mail is still best**.

Any **single charitable contribution of \$250** or more must be documented by a properly written letter from the charity. **Raffle tickets** are not charity - they are gambling.

**Seniors:** Be aware of the **Illinois Senior Homeowners Exemption** and the **Senior Freeze** on your real estate tax bill. Anyone taking **Required Minimum Distributions from their IRA** who wishes to make a large Charitable Contribution may be better served by instructing the custodian to donate the RMD directly to the charity of your choice. This is called a **Qualified Charitable Distribution**.

**Referral Discounts** are available. Please ask for a price quote for new clients, as the price of their return may differ from yours. **Simple tax returns for dependent children will be \$55** (includes surcharge). **Your completed tax return will be sent back to you in the same manner as the documents were sent to us**, i.e., if we received your documents via the portal, your completed tax return will be placed in the portal. If you mailed or faxed it to us, we will mail it back.

Thank you for your loyalty, and take care.

Greg and Linda Ganster

**Secure Portal:** <https://glindatax.securefilepro.com>

**US mail:** **Glinda Company, PO Box 746090, Arvada, CO 80006**

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