



Greetings to Clients and Friends!

Tax filing season is quickly approaching. This Tax Update newsletter provides information on the tax law changes and key exemptions and deductions. Schedule your tax appointment today -Miriam Woods, Enrolled Agent

January 2025

Key Exemptions and Deductions

Personal Exemptions:

In 2024, there are no personal exemptions.

Standard Deductions:

The standard deductions for those who do NOT itemize are as follows:

	2024	2025
Married Filing Joint	\$29,200	\$30,000
Head of Household	\$21,900	\$22,500
Single	\$14,600	\$15,000

Standard Mileage Rates

The standard mileage rates for 2024 and 2025 are:

	2024	2025
Business	\$.67	\$.70
Medical	\$.21	\$.21
Charitable Work	\$.14	\$.14

Social Security Earning Limits

The maximum amount of income subject to social security tax is \$176,100 in 2025.

Individuals under 66 can earn up to \$23,400 without losing benefits.

Individuals who turn 66 in 2025 (or full retirement age) can earn up to \$62,160

Earned Income Credit Amounts

The 2025 maximum amount of earned income and qualify for the credit is:

\$61,555 with three children (\$68,675 if married filing joint)

\$57,310 with two children (\$64,430 if married filing joint)

50,434 with one child (\$57,554 if married filing joint)

What's New for 2024 tax year?

Form 1099-K

Third-party payment platforms such as PayPal and Venmo must provide Form 1099-K for accounts whose gross receipts surpass \$5,000. If the income pertains to personal items, the Form 1099-K should be reported along with an offsetting adjustment on Schedule 1. It is essential to include all Form 1099-Ks in your tax documentation and specify whether the income was derived from personal or business activities.

RMD Age Extension

The SECURE 2.0 Act of 2022 raised the age for required minimum distributions (RMD) from retirement accounts from 72 to 73. Beginning in 2033, individuals will need to start taking RMDs at age 75. Additionally, the penalty for failing to meet the RMD deadline, previously set at 50% of the amount not withdrawn, has been lowered to 25%. In certain situations, this penalty can be further reduced to 10% if the issue is rectified within two years.

Increase in Catch-Up Limits for Retirement Accounts

Individuals aged 50 and above can make contributions of up to \$7,500 to their retirement plans. Starting in 2024, an additional catch-up contribution limit of \$10,000 will be available for participants who are 60, 61, 62, or 63 years old.

Beneficial Ownership Reporting to FinCEN

Beginning January 1, 2024, numerous businesses will be mandated to submit information to the Financial Crimes Enforcement Network (FinCEN) or risk incurring significant penalties. However, a recent federal court ruling has temporarily suspended the requirement for reporting companies to file beneficial ownership information with FinCEN. While most corporations and LLCs are obligated to report, there are several exceptions to this rule. For further details, please visit their website: <https://www.fincen.gov/boi>.

Additionally, Woods Tax & Accounting Service will not be handling this reporting for clients.

Increase in Energy Tax Credits

The energy tax credits available for energy improvements to your home have been extended and enhanced. Installing new windows, doors, water heaters, furnaces, air conditioners, heat pumps or insulation may qualify you for a credit on your tax return. Beginning with the 2023 tax year, the credit is equal to 30% of the costs for all eligible home improvements made during the year. The annual limit of the credit is \$1200. There is also a solar tax credit.

Schedule Your Appointment Online

Schedule an appointment that aligns with your availability and select your preferred meeting format (in-person, virtual via Zoom, or by phone) using the following link: <https://calendly.com/woodstaxservice/60min> Alternatively, you can also reach out via email, phone, or text to arrange your appointment.

Client Portal

You can safely submit your tax documents through my client portal, SmartVault. If you set up your account last year, please upload your documents to the 2024 folder. If you haven't created an account yet, I can send you an email invitation to establish your portal account and upload your tax documents. After your taxes are finalized, I will provide an electronic copy of your tax return in your account. Feel free to email me if you did not receive an invitation, need a link to access your account, or have any questions. Additionally, if you prefer, you may also bring your documents in person or send them by mail.

2025 Tax Rates

The following shows the 2025 income brackets for each tax rate.

Tax Rate	Single
10%	\$0 to \$11,925
12%	\$11,925 to \$48,475
22%	\$48,475 to \$103,350
24%	\$103,350 to \$197,300
32%	\$197,300 to \$250,525
35%	\$250,525 to \$626,350
37%	\$626,350 and up

Tax Rate	Married Filing Joint
10%	\$0 to \$23,850
12%	\$23,850 to \$96,950
22%	\$96,950 to \$206,700
24%	\$206,700 to \$394,600
32%	\$394,600 to \$501,050
35%	\$501,050 to \$731,600
37%	\$731,600 and up

Tax Rate	Head of Household
10%	\$0 to \$16,550
12%	\$16,550 to \$63,100
22%	\$63,100 to \$100,500
24%	\$100,500 to \$191,950
32%	\$191,950 to \$243,700
35%	\$243,700 to \$609,350
37%	\$609,350 and up



**All returns will be
electronically-filed FREE!**

Checklist of what to bring to your tax appointment

Personal Information:

- ☐ Social Security numbers and birthdays for taxpayer, spouse & children
- ☐ 2023 income tax return (unless prepared by Woods Tax & Accounting Service)
- ☐ Direct Deposit information: bank account number & routing number

Income

- ☐ All W-2 forms
- ☐ 1099-Int, -Div, -B or K-1s for investment or interest income
- ☐ 1099-G forms for unemployment income or state & local refunds received last year
- ☐ Business income and expenses: profit/loss statement
- ☐ All equipment purchases related to your business (date & cost of purchase)
- ☐ Mileage log for business miles and total mileage on vehicle
- ☐ 1099-R, Form 8606 for Payments/distributions from IRAs or retirement plans
- ☐ 1099-C forms for cancellation of debt
- ☐ SSA-1099 for Social Security Benefits received
- ☐ Rental property income and expenses: profit/loss statement
- ☐ 1099-S forms for income from sale of a property: closing papers when bought & sold
- ☐ Miscellaneous income: jury duty, gambling winnings, scholarships, etc.
- ☐ 1099-K Income from third-party payment network transactions like PayPal or Venmo

Adjustments to Income

- ☐ Amount of IRA contributions
- ☐ Form 1098-E Student Loan interest paid
- ☐ Form 1098-T for tuition paid for college and cost of required materials
- ☐ Teachers: Amount of supplies provided for classroom
- ☐ HSA or MSA contributions (Health Savings Account or Medical Savings Account)
- ☐ Self-employed health insurance payment records
- ☐ Keogh, SEP, SIMPLE and other self-employed pension plans

Deductions and Credits

- ☐ Child care costs: provider's SS# or Fed. ID# and address and amount paid
- ☐ Form 1098: Mortgage interest, private mortgage insurance (PMI), points paid
- ☐ Health Insurance Forms 1095-A, 1095-B or 1095-C received
- ☐ 2024 Taxable value of your home (for MI Homestead Property Tax Credit)
- ☐ Charitable contributions (cash, non-cash gifts, mileage)
- ☐ Energy Efficient Improvements to your primary residence

Taxes Paid

- ☐ Real estate property tax bills showing amount assessed/paid for your property in 2024
- ☐ Amount of Michigan Sales Tax paid in 2024 if you purchased a car, boat or motorcycle
- ☐ Amount paid for auto license fees (autos, trailers, boats, etc)
- ☐ Amount of 2024 Estimated Tax Payments (Federal, State & City)
- ☐ Amount of purchases bought on Internet/ catalog (for MI Sales & Use Tax)

Other

- ☐ Amount of rent paid in 2024, name and address of landowner
- ☐ Foreign bank account info: location, bank, account number, account value during year



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