



— 2024 —

TAXACT PROFESSIONAL

EDUCATION

♦ **FORUM** ♦

2024 Tax Update

2024 Individual & Business Update!



Meet Your Presenter

- **Allan “A.J.” Reynolds, EA**

- ❑ Immense experience in various areas of taxation, which encompasses over 35 years
- ❑ Practice centers on individual, business, estate & trust tax preparation
- ❑ Specializes on various areas of IRS Representation
- ❑ Speaks for multiple organizations
- ❑ Recipient of the 2024 Excellence in Education Award from the National Association of Enrolled Agents

Meet Your Presenter



Sioux City

Meet Your Presenter



Quote of the Session

“Simplicity is complex. It’s never simple to keep things simple. Simple solutions require the most advanced thinking.”

-- Richie Norton --

Quote of the Session

Tax Professional Swear Words

Investigation

Late Filing

Tax Day

Audit

Errors & Omissions

CTA

Shoe Box

No refund

Income
Tax
AUDIT



Breaking News



Tax Updates by the Numbers

- **2024 COLA Increase for Social Security @ 3.2%**
- **Social Security wage base for 2024 will be \$168,600**
- **Health Savings Account (HSA) #'s**
 - ✓ **\$ 4,150 self-only 2024**
 - ✓ **\$ 4,300 self-only 2025**
 - ✓ **\$ 8,300 family 2024**
 - ✓ **\$ 8,550 family 2025**



Tax Updates by the Numbers

■ Traditional & ROTH IRAs

- ✓ \$ 7,000
- ✓ \$ 8,000 – 50 years and older

■ SIMPLE IRAs

- ✓ \$ 16,000
- ✓ \$ 19,500 – 50 years and older



Tax Updates by the Numbers

- **401(k)**

- ✓ \$ 23,000

- ✓ \$ 30,500 – 50 years and older

- **Individual Interest Rates**

- ✓ **8% 1st Quarter**

- ✓ **8% 2nd Quarter**

- ✓ **8% 3rd Quarter**

- ✓ **8% 4th Quarter**



2024 Tax Update

- PTIN fee officially lowered for 2024

- ✓ \$ 11.00 PTIN fee

- ✓ \$ 8.75 contractor fee

- \$19.75 total fee



2024 Tax Update

- **Bonus Depreciation @ 60%**

- ✓ Can create a loss
- ✓ Must use for all assets in class

- **§ 179 maximum deduction is \$1,220,000**

- ✓ May Not create a loss
- ✓ May elect which assets in class



2024 Tax Update

REV. PROC. 2024-13 TABLE 1

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES ACQUIRED AFTER SEPTEMBER 27, 2017, AND PLACED IN SERVICE DURING CALENDAR YEAR 2024, FOR WHICH THE § 168(k) ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	\$ 20,400
2nd Tax Year	\$ 19,800
3rd Tax Year	\$ 11,900
Each Succeeding Year	\$ 7,160

2024 Tax Update

REV. PROC. 2024-13 TABLE 2

DEPRECIATION LIMITATIONS FOR PASSENGER AUTOMOBILES
PLACED IN SERVICE DURING CALENDAR YEAR 2024 FOR WHICH NO § 168(k)
ADDITIONAL FIRST YEAR DEPRECIATION DEDUCTION APPLIES

Tax Year	Amount
1st Tax Year	\$ 12,400
2nd Tax Year	\$ 19,800
3rd Tax Year	\$ 11,900
Each Succeeding Year	\$ 7,160

Test Your Knowledge

- January 05, 2024 Jefferson Davis purchased an automobile for \$68,000, which he uses both personally and business.
- Business use = 65% for tax year 2024
- Will claim 1st year bonus depreciation on this auto
- What will Jefferson's total allowable depreciation deduction for 2024 be?
 - (a.) \$13,260
 - (b.) \$26,520
 - (c.) \$8,840
 - (d.) \$12,400

Multi-Factor Authentication (MFA)

- ❑ MFA is now a federal requirement to protect clients' sensitive information
- ❑ Federal Trade Commission's (FTC's) safeguard rules require the use of MFA by tax professionals to strengthen security



2024 Tax Update

- **IRS to Automate First-Time Abatement Program**
 - ✓ **Change to be implemented 2026**
 - ✓ **Via Erin Collins, National Taxpayer Advocate, June 28th NYU conference**

2024 Tax Update

- **IRS issued an apology for Personal Information Leaked**
 - ✓ **CEO and founder of Citidel, Kenneth Griffin and thousands of other Americans' personal information leaked to press**
 - ✓ **Settlement reached, however, not disclosing terms**

2024 Tax Update

■ Moore v. U.S., No. 22-800 (Decided June 20, 2024)



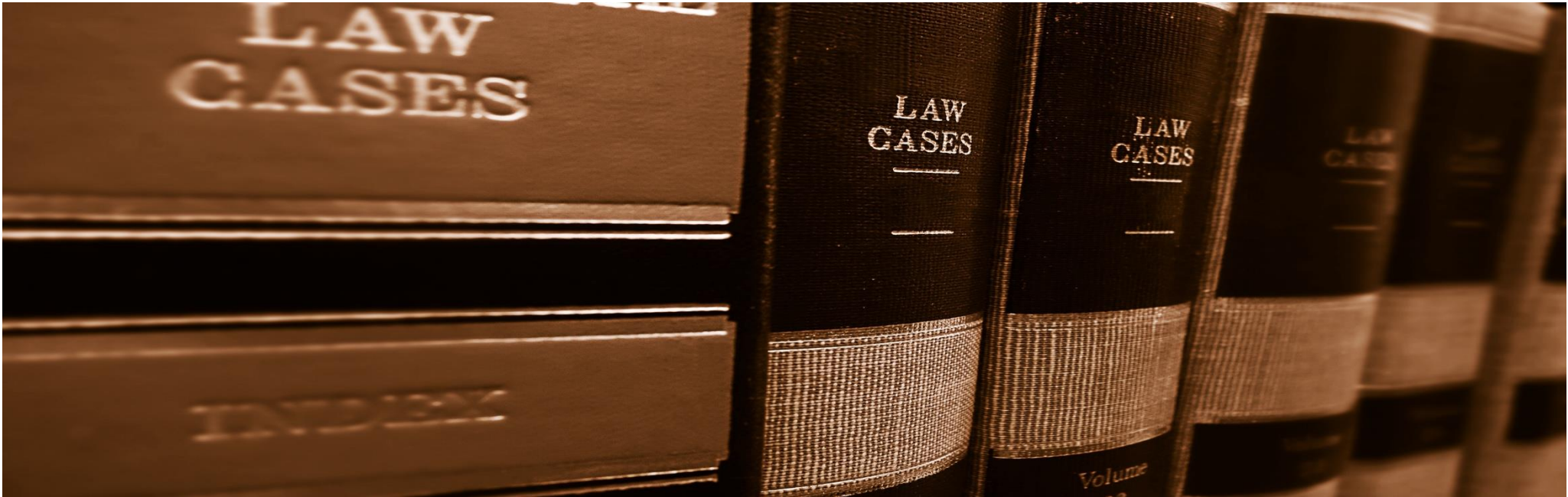
2024 Tax Update

- **Loper Bright Enterprises v. Raimondo (No. 22-451, U.S. June 28, 2024)**
 - ✓ **Chevron Doctrine (Chevron USA, Inc v. Natural Resources Defense Council, 1984 Supreme Court Case)**



2024 Tax Update

- **Betty Amos vs. Commissioner of IRS, US Tax Court 4331-18. US Court of Appeals, 11th Circuit (No. 23-10532)(April 02, 2024)**



2024 Tax Update

- **Jurries, TC Summary Opinion 2024-6, May 22, 2024**
 - ✓ **Equitable Relief and Innocent Spouse**



2024 Tax Update

- **Connelly, Executor of Estate Connelly v. US, Supreme Court No 23-146 (June 6, 2024)**



2024 Tax Update

- **IRS working through backlog of Deceased Taxpayer Refunds**
 - ✓ Significant processing delays in issuing 2022 and 2023 refunds with Form 1310
- **IRS considering no e-file for deceased taxpayers**



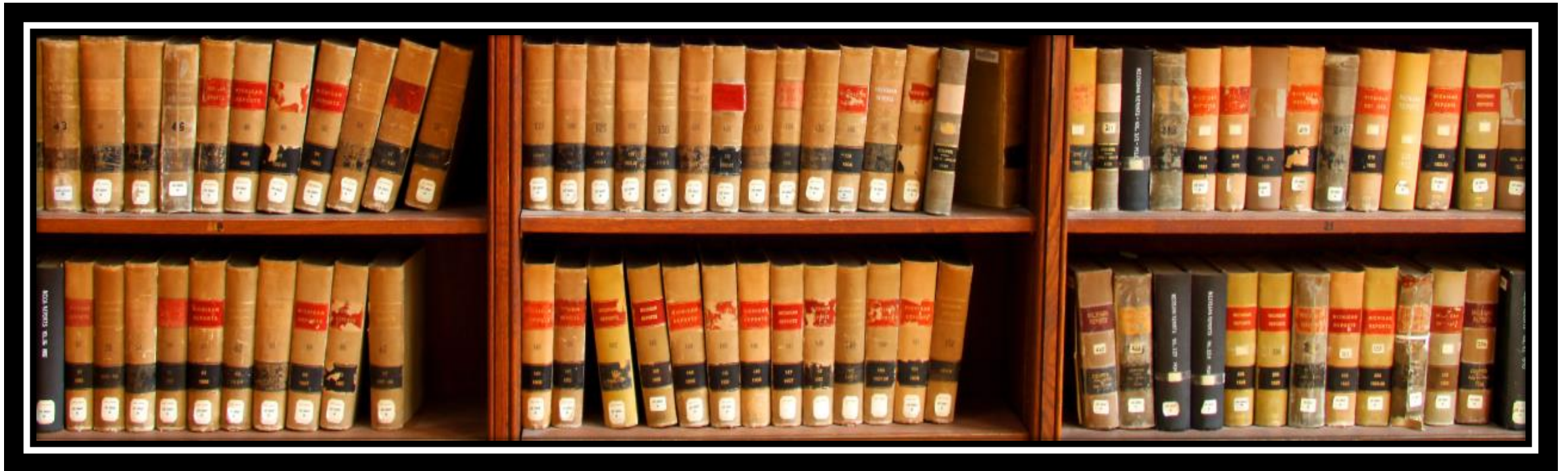
2024 Tax Update

- **Wayne Lee vs. US of America, 11th Circuit, No. 22-10793 (October 24, 2023)**



2024 Tax Update

- **Wright v. Commissioner of Internal Revenue, T.C.
Summary Opinion 2024-9 (June 10, 2024)**



2024 Tax Update

■ US Department of Labor New Economic Reality Tests Six (6) Factors effective March 11, 2024

✓ No one factor carries more weight than any of the other six factors

- 1) Opportunity for Profit or Loss
- 2) Investments by Worker vs. Employer
- 3) Degree of Permanency
- 4) Nature & Degree of Control
- 5) Is work preformed essential & integral
- 6) Factor of worker's skill & initiative



2024 Tax Update

- **Considerations surrounding FTC Ban on Non-compete Contracts**



2024 Tax Update

- DEA reclassifying marijuana and related tax implications



2024 Tax Update

✓ DEA reclassifying marijuana and related tax implications – IR 2024-177

- ✓ Until a final federal rule is published, the Internal Revenue Service today reminded taxpayers that marijuana remains a Schedule I controlled substance and is subject to the limitations of Internal Revenue Code.
- ✓ The law with respect to the schedule or classification of marijuana has not changed. Taxpayers seeking a refund of taxes paid related to Internal Revenue Code Section 280E by filing amended returns are not entitled to a refund or payment.

2024 Tax Update

- **IRS limits lenders' access borrowers' Tax Returns**
- **IR 2024-65**
 - ✓ **Wellness, Nutrition, General Health**



2024 Tax Update

- **IRS strengthens safeguards for transcripts and CAF security**
 - ✓ IRS has highlighted additional protection for Tax Pros – increased security for the Centralized Authorization File (CAF) program
 - ✓ IRS has made changes to security steps to change how Tax Pros can order transcripts through the Transcript Delivery System (TDS)
 - ✓ Tax Pros can expect unsolicited scam emails asking for CAFs, EFINs and Driver's License information

2024 Tax Update

❖ Failure to take timely RMDs

- If corrected in timely manner, excise tax on failure is further reduced from 25% to 10%
 - **(a)** Date a notice of efficiency is mailed **(b)** date on which excise tax is assessed or **(c)** last day of the second tax year that begins after the end of the tax year in which excise tax is imposed
- **Effective taxable years beginning after the date of enactment (December 29, 2022)**

2024 Tax Update

Under current law, the statute of limitations for excise taxes imposed on excess contributions or RMD failures start running on the date the excise tax return is filed (Form 5329)

In *Paschall v Commissioner* (137 T.C. 8, 2011), the Court ruled for purposes of assessing IRA penalties, the statute of limitations does not run until Form 5329 is filed

Individuals often aren't aware of this requirement to file Form 5329 and that failure to file leads to an indefinite period of limitations

SECURE Act 2.0 provides a 3-year period of limitations that begins when the taxpayer files an individual tax return (Form 1040), except in the case of excess contributions, in which case the period of limitations runs for six (6) years from the date Form 1040 is filed

These provisions are effective on the date of enactment of the Act (12/29/2022)

2024 Tax Update

Statute on Filing of Form 5329.....

- ✓ Form 5329 Statute of limitations for 50% RMD penalty (3 years) and 6% penalty excess IRA contributions
- ✓ Act provides that the statute begins to run on the filing of the taxpayers income tax returns for year of violation
 - ❖ Previous rule – Statute did not start until Form 5329 was filed

2024 Tax Update

- **Couturier, 162 T.C. No. 4, February 28, 2024**
 - ✓ **Statute of Limitations for 6% Excise Tax regarding excess contributions**

2024 Tax Update

- **IRS makes Direct File a permanent option for filing of federal tax returns**
- **IRS planning on expanded access for 2025 filing season**
- **IRS inviting states to participate**

2024 Tax Update

- **IRS reports on “strong 2024 tax filing season,” expanded services for taxpayers**
 - ✓ Improved phone service
 - ✓ Expanded and more in-person assistance
 - ✓ Higher usage of IRS.gov
 - ✓ Increase usage of chatbot

2024 Tax Update

- ❑ **IRS Independent Office of appeals Announces New Alternative Dispute Resolution Program Management Office**
 - ✓ **This new office will remove barriers to participating in Post-Appeals Mediation**

2024 Tax Update

■ PTET Issues

- ✓ 36 states and 1 locality have enacted a pass-through entity tax since the passage of TCJA SALT deduct limitation

2024 Tax Update

✓ Check for Qualified Disasters



2024 Tax Update

✓ Check for Qualified Disasters

<https://www.irs.gov/newsroom/disaster-relief-frequent-asked-questions-retirement-plans-and-iras-under-the-secure-20-act-of-2022>

2024 Tax Update

✓ Check for Qualified Disasters

IRS Fact Sheet 2024-19 May 2024

- Disaster relief FAQs – *Retirement plans and IRAs under SECURE 2.0 Act of 2022*
 - Background – *effective date of January 26, 2021*
 - Taxation and reporting of qualified disaster recovery distributions
 - Repayment of qualified distributions taken for purposes of
 - Purchasing a principal residence (in a qualified disaster area)
 - Constructing a principal residence (in a qualified disaster area)
 - Loans from certain qualified plans

2024 Tax Update

- **§ 1402(a)(13) Limited Partner Self-employment tax Exclusion Developments**



2024 Tax Update

- **§ 6672 – Failure to collect and pay over tax, or attempt to evade or defeat**
 - ✓ **Rodney A Taylor v. Commissioner of Internal Revenue, T.C. Memo 2024-33**



2024 Tax Update

- **Student Loan Forgiveness Exclusion**
 - ✓ **American Rescue Plan Act of 2021**

2024 Tax Update

- **Simpson v. Commissioner, T.C. Memo 2023-4**
 - ✓ **Accountable plans three (3) rules**
 - 1) **Business Connection**
 - 2) **Adequately Account Expenses**
 - 3) **Return Excess Reimbursement**

2024 Tax Update

❖ Energy Efficient Home Improvements

- ✓ Updated FAQs April 2024 Fact Sheet 2024-15

❖ Residential Clean Energy Credit

- ✓ Updated FAQs April 2024 Fact Sheet 2024-15

❖ Tax Treatment of certain energy rebate programs

❖ Vehicle Credits

- ✓ Updated FAQs July 2024 Fact Sheet 2024-26
- ✓ Final Regulations issued

2024 Tax Update

- ❖ **Energy Efficient Home Improvements**
- ❖ **Residential Clean Energy Credit**

<https://www.irs.gov/credits-deductions/home-energy-tax-credits>

2024 Tax Update

❖ Energy Efficient Home Improvements

<https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>



Energy conservation



Clean Energy Tax Incentives for Individuals

The Inflation Reduction Act of 2022 ("IRA") makes several clean energy tax credits available to individuals.
[IRS.gov/CleanEnergy](https://www.irs.gov/CleanEnergy)

IRS Publication 5886-A

Vehicles - [IRS.gov/CleanVehicles](https://www.irs.gov/CleanVehicles)

Tax Provision	Description
Credit for New Clean Vehicles (\$ 30D)	For buyers of new clean vehicles that meet certain requirements, as well as buyer income and manufacturer suggested retail price limits. Learn more and see eligible vehicles at Fuel Economy.gov Credit Amount: Up to \$7,500 for qualifying vehicles, which can be applied to the purchase price of the vehicle starting January 1, 2024. ¹
Credit for Previously Owned Clean Vehicles (\$25E)	For buyers of certain previously-owned clean vehicles sold in the first transfer after 12/31/22 for \$25,000 or less. Subject to buyer income limits. Vehicles must be at least 2 model years old, be purchased from a registered dealer, and buyers must not have been allowed a 25E credit in the 3-year period prior to the sale of the qualifying vehicle. Learn more and see eligible vehicles at Fuel Economy.gov Credit Amount: The lesser of \$4,000 or 30% of sale price, which can be applied to the purchase price of the vehicle starting January 1, 2024. ¹
Alternative Fuel Vehicle Refueling Property Credit (\$ 30C) <i>Includes Electric Vehicle Charging Equipment</i>	For alternative fuel vehicle refueling and charging property, including home electric vehicle charging stations, located in low-income and non-urban areas. Qualified fuels include electricity, ethanol, natural gas, hydrogen, and biodiesel. Credit Amount: 30% of the cost of hardware and installation up to \$1,000 for individuals; for businesses, 6% of basis and can increase to 30% if PWA is met. ²

Home Energy - [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy)

Energy Efficient Home Improvement Credit (\$ 25C) <i>See page 2 for more details.</i>	Provides a tax credit for energy-efficiency improvements of residential homes Credit Amount: 30% of cost, with limits for each type of improvement and total per year. To qualify, home improvements must meet energy efficiency standards. They must be new systems and materials. Eligible expenses include efficient heating and cooling equipment, windows, doors, heat pumps, insulation and air sealing materials. See page 2 for more information and annual limits.
Residential Clean Energy Installation Credit (\$25D)	Provides a tax credit for the purchase of residential clean energy equipment, including battery storage with capacity of at least 3 kWh. These expenses may qualify if they meet certain energy efficiency requirements: <ul style="list-style-type: none">• Solar, wind, and geothermal power generation• Solar water heaters• Fuel cells• Battery storage Credit Amount: 30% of cost of equipment through 2032; 26% in 2033; 22% in 2034.

Notes:

The information in this document may be subject to change as guidance is issued or finalized. For all IRA clean energy tax credits, please see [IRS.gov/CleanEnergy](https://www.irs.gov/CleanEnergy) for further details and eligibility requirements.

¹ Starting January 1, 2024, the amount of a new clean vehicle or previously owned clean vehicle tax credit can be transferred to a dealer for an equivalent reduction in the eligible vehicle's sales price, deemed down payment, or cash.

² Credit is multiplied by 5 (from 6% to 30%) for projects that meet prevailing wages and apprenticeship requirements or other requirements.

Equipment Type	Tax Credit Available For 2023-2032 Tax Years
Home Clean Electricity Power Generation and Storage Products	
Solar Panels	30% of cost
Fuel Cells	
Wind Turbine	
Battery Storage	
Heating, Cooling, and Water Heating	
Heat pumps (note: heat pumps also provide air conditioning)	30% of cost, up to \$2,000 per year
Heat pump water heaters	
Biomass stoves	
Geothermal heat pumps	30% of cost
Solar (water heating)	30% of cost, up to \$600
Efficient air conditioners*	
Efficient heating equipment*	30% of cost, up to \$600
Efficient water heating equipment*	
Other Energy Efficiency Upgrades	
(Electric panel or circuit upgrades for new electric equipment*)	30% of cost, up to \$600
Building Envelope (including insulation materials and air sealing)*	30% of cost
Windows, including skylights*	30% of cost, up to \$600
Exterior doors*	30% of cost, up to \$500 for doors (up to \$250 each)
Home Energy Audits*	30% of cost, up to \$150
Electric Vehicle Charging Equipment	
Home Electric Vehicle Charger	30% of cost, up to \$1,000

Notes:

* Subject to the Energy Efficient Home Improvement credit's total annual credit limit of \$1,200. There is a separate annual \$2,000 limit for heat pumps. Credit capped at \$600 for "energy property," e.g. efficient heating and cooling equipment; \$600 for windows; \$250 per door, \$500 total for doors; \$2,000 for heat pumps; \$1,200 for qualified energy efficiency improvements to the building envelope, including insulation and air sealing. \$150 credit for home energy audits.

2024 Tax Update

❖ Residential Clean Energy Credit

<https://www.irs.gov/credits-deductions/residential-clean-energy-credit>



Residential Clean Energy Credit (25D)

For more information, please visit [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy).



EXAMPLE

Residential Solar System	\$14,000
Labor/Installation	\$4,000
Total Cost	\$18,000
Tax Credit	\$5,400
Total Cost Less Credit	\$12,600

Did you know you could save money on your utility bills and receive a tax credit for certain clean energy installations?

The amount of the credit is **30%** of the qualified expenses (including certain labor and installation) paid by the taxpayer. Do not include interest paid including loan origination fees. The credit amount is limited to 26% for 2023 and 22% for 2024.

Note: The credit amount is uncapped, except for fuel cell property, which is limited to \$500 for each half kilowatt of capacity, or a maximum of \$1,667 for each half kilowatt of capacity when more than one person lives in a home.

The Residential Clean Energy credit can apply to certain clean energy installations, including:

- Solar panels
- Battery storage technology (not less than 3 kWh)
- Solar water heaters (see standards below)
- Geothermal heat pumps (Energy Star)
- Small wind energy projects
- Fuel cell property

In general, roofing materials and costs are not covered. Solar roofing tiles/shingles that function as both roofing and solar electric collectors are covered.

Clean energy installations must be owned (not rented or leased) by the taxpayer who claims the tax credit. The eligible property may be installed at any residence the taxpayer lives in.

The residence need not be the taxpayer's primary home except for fuel cell expenditures. Landlords who are not residents of the dwelling unit may not claim this credit.

The Residential Clean Energy Credit can be applied to new construction.

If the residence is used in part for business purposes, the maximum available credit is reduced if the business use of the home is 20% or more.

IRS Publication 5968



To claim the credit, taxpayers must file IRS Form 5695

Individual taxpayers can claim the credit regardless of income, but the credit is nonrefundable, so the credit amount you receive can't exceed the amount you owe in tax. You can carry forward any leftover (unused) credit and apply it to reduce the tax you owe in future years.

To qualify, clean energy installations must meet the following standards

- Battery storage must have a minimum capacity of at least 3 kWh.
- Solar water heaters must be certified by the Solar Rating and Certification Corporation or a comparable entity endorsed by the government of the state where it is installed.
- Geothermal heat pumps must meet the requirements of ENERGY STAR.

Find out more about Home Energy Tax Credits and the Inflation Reduction Act at [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy).

IRS Publication 5977



How to claim a Residential Clean Energy tax credit



*Used (previously owned) clean energy property is not eligible.

Qualified expenses may include labor costs for onsite preparation, assembly or original installation of the property and for piping or wiring to connect it to the home.

Traditional building components that primarily serve a roofing or structural function generally don't qualify. For example, roof trusses and traditional shingles that support solar panels don't qualify, but solar roofing tiles and solar shingles do because they generate clean energy.

Use these steps for claiming a Residential Clean Energy tax credits.

STEP 1

Check eligibility of your home and property

Your home

- Located in the US
- Existing home
- [Primary residence](#)

Qualified energy property*

- Solar electric panels
- Solar water heaters (certified by the [Solar Rating Certification Corporation](#) or a comparable entity endorsed by your state)
- Wind turbines
- Geothermal heat pumps (meet [Energy Star](#) requirements in effect at the time of purchase)
- Fuel cells
- Battery storage technology (capacity of at least 3 kilowatt hours)

STEP 2

Buy and install the energy property

Purchase, install and use your qualified energy property.

STEP 3

Get documentation

Retain your purchase receipts and installation records.

STEP 4

File Form 5695 with your tax return

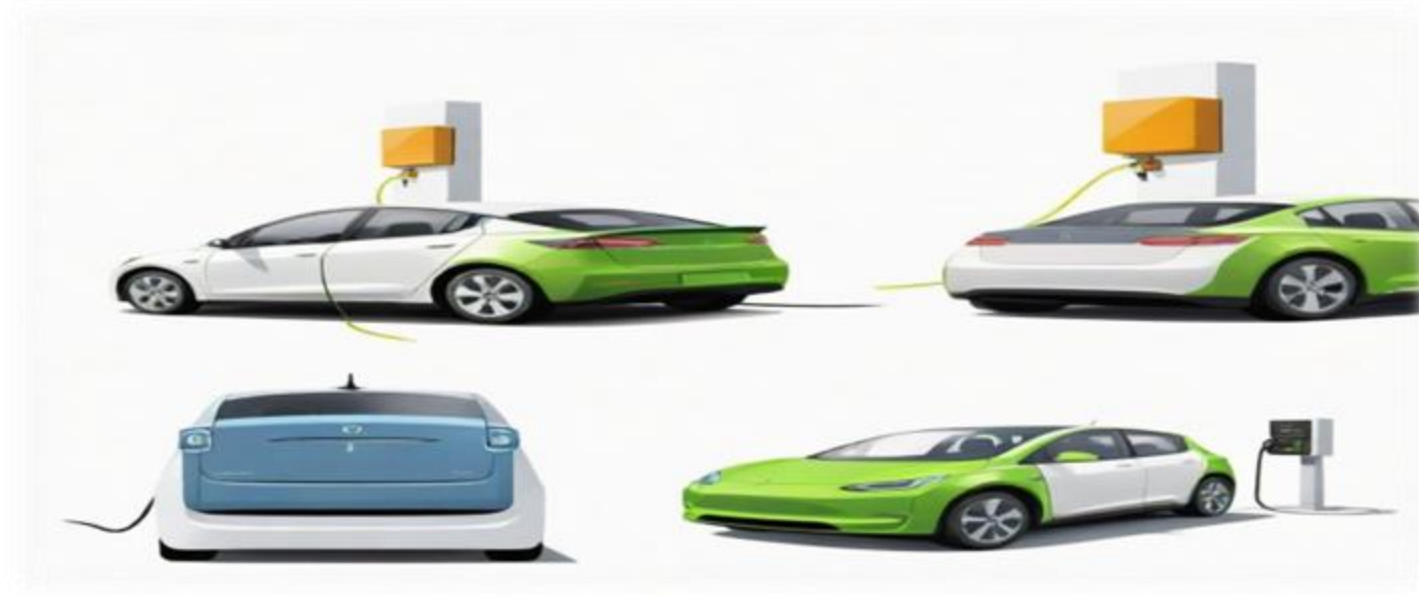
File [Form 5695, Residential Energy Credits](#) when you file your tax return for year in which your residential energy property was put in service.



2024 Tax Update

❖ Vehicle Credits

<https://www.irs.gov/clean-vehicle-tax-credits>



New Clean Vehicle Tax Credit Checklist

The Inflation Reduction Act includes a tax credit for qualifying new clean vehicles – and it can result in major savings. If you've been in the market for a vehicle, now is the perfect time to take advantage of these major savings opportunities for new clean vehicles. Visit fuelconomy.gov/newtaxcredit to learn more and see eligible models.

See requirements below*

How to qualify for the New Clean Vehicle Tax Credit

Purchasing a new clean vehicle		Check all that apply
Taxpayer Eligibility		
Taxpayer income and status	The taxpayer's modified adjusted gross income for either the current or prior year must be: <ul style="list-style-type: none">➤ \$300,000 or less for joint filers and surviving spouses,➤ \$225,000 or less for head of household filers, or➤ \$150,000 or less for other filers. <i>Unsure if you qualify? Consult your tax advisor.</i>	
Vehicle Eligibility		
Vehicle type	The vehicle is an electric vehicle, plug-in hybrid electric vehicle, or fuel cell vehicle.	
Vehicle Manufacturer's Suggested Retail Price (MSRP) including options	The MSRP of a pickup truck, van or SUV must be \$80,000 or less; for all other passenger vehicles, \$55,000 or less. See the current list of eligible models and applicable MSRP caps on FuelEconomy.gov and details about optional equipment on IRS.gov .	
Vehicle final assembly location	Final assembly must have occurred in North America. Confirm this by entering the make, model, and year of a vehicle on FuelEconomy.gov or ask your dealer for the Vehicle Identification Number (VIN) of the specific vehicle you have in mind and enter it at the Department of Energy's VIN lookup tool .	
Critical mineral and battery requirements	For vehicles placed in service on or after April 18, 2023, the vehicle must meet the critical minerals requirement (\$3,750 credit). For vehicles placed in service on or after April 18, 2023, the vehicle must meet the critical battery requirement (\$3,750 credit). Visit FuelEconomy.gov to determine credit amount	
Time of sale report (also known as seller report)	Dealer provides buyer a time of sale report (also called a seller report), which will have information such as dealer name, address, VIN, make, model, placed in service date and maximum credit.	

If you checked **ALL** of the above, you may qualify for a full credit of \$7,500 or a partial credit of \$3,750, based on the vehicle's battery and critical mineral requirements. Get more details on the new clean vehicle credits and [check a vehicle's eligibility on FuelEconomy.gov](#).

*Eligible new clean vehicles must weigh less than 14,000 pounds, have at least a 7 kilowatt hours battery, and must have been placed into service starting January 1, 2023, or later. See information on [credits for New Clean Vehicles Purchased in 2023 or After](#) or [credits for New Electric Vehicles Purchased in 2022 or Before](#) on [IRS.gov](https://irs.gov). You must buy the vehicle for your own use, not for resale, and use it primarily in the U.S.

Have more questions?

Visit www.irs.gov/cleanvehicles for more information on the Inflation Reduction Act's clean vehicle tax credits.

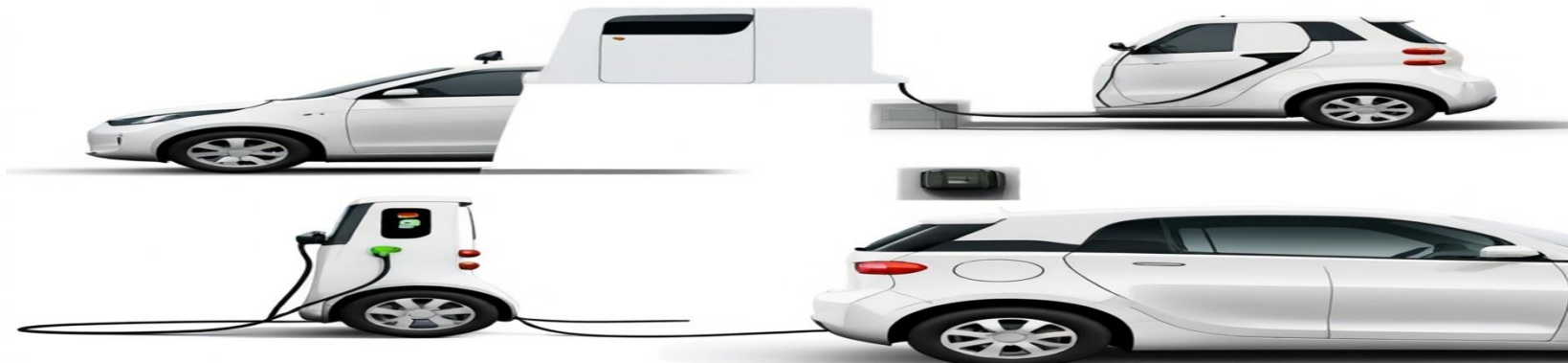
IRS Publication 5866

2024 Tax Update

❖ How to Claim a clean vehicle tax credit

✓ Form 8936

<https://www.irs.gov/credits-deductions/how-to-claim-a-clean-vehicle-tax-credit>



2024 Tax Update

List of eligible Vehicles can be found at:

<https://fuelconomy.gov/newtaxcredit>



CTA & BOI Reporting

- 32.6 Million entities existing today will need to file an initial report in 2024, according to FinCEN



CTA & BOI Reporting

- Why is this happening?
- Who has to register with FinCEN?
- What information needs to be provided?
- When are updates required?
- Where do I file?



CTA & BOI Reporting

- ❑ **Effective January 1, 2024**
- ❑ **Not an Annual or other periodic filing requirement**
- ❑ **No filing fee**
- ❑ **However, follow-ups for changes and or corrections will be required**

CTA & BOI Reporting



01

Does my company have to report its beneficial owners?

[Click here to go to Chapter 1](#)



02

Who is a beneficial owner of my company?

[Click here to go to Chapter 2](#)



03

Does my company have to report its company applicants?

[Click here to go to Chapter 3](#)



04

What specific information does my company need to report?

[Click here to go to Chapter 4](#)



05

When and how should my company file its initial report?

[Click here to go to Chapter 5](#)



06

What if there are changes to or inaccuracies in reported information?

[Click here to go to Chapter 6](#)

CTA & BOI Reporting

<https://www.fincen.gov/boi>



The screenshot shows the official website for Beneficial Ownership Information (BOI) reporting. The header features the 'FINANCIAL CRIMES ENFORCEMENT NETWORK' logo and navigation links: HOME, ABOUT, RESOURCES, NEWSROOM, CAREERS, ADVISORIES, and GLOSSARY. A search bar is located on the right. The main content area is titled 'BENEFICIAL OWNERSHIP INFORMATION' and includes a brief explanation of the reporting requirement. Below this, there are two main sections: 'Prepare' and 'File'. The 'Prepare' section lists three steps: 'How do I file?', 'Do I qualify for an exemption?', and 'How do I get a FinCEN ID?'. The 'File' section lists two steps: 'File a report using the BOI E-Filing System' and 'Create a FinCEN ID (optional)'. A large orange arrow points to the 'File a report using the BOI E-Filing System' link. On the left side, there are three blue buttons: 'Small Business Resources', 'Reference Materials', and 'BOI Newsroom'. At the bottom, there are three icons: a speech bubble for 'FAQ', a chat bubble for 'Need More Information? Chat With Us Here.', and an envelope for 'Stay Informed. Subscribe to FinCEN Updates.'.

FINANCIAL CRIMES ENFORCEMENT NETWORK

HOME ABOUT ▾ RESOURCES ▾ NEWSROOM ▾ CAREERS ▾ ADVISORIES GLOSSARY Search

Small Business Resources

Reference Materials

BOI Newsroom

Get FinCEN News Updates
Stay Informed with FinCEN Updates
Subscribe

BENEFICIAL OWNERSHIP INFORMATION

Many companies are required to report information to FinCEN about the individuals who ultimately own or control them. FinCEN began accepting reports on January 1, 2024. [Learn more about reporting deadlines.](#)

Prepare

- ➔ How do I file?
- ➔ Do I qualify for an exemption?
- ➔ How do I get a FinCEN ID?

File

- ➔ File a report using the BOI E-Filing System
- ➔ Create a FinCEN ID (optional)

FAQ Need More Information? View our FAQ page.

Need More Information? Chat With Us Here.

Stay Informed. Subscribe to FinCEN Updates.

CTA & BOI Reporting

Practice Management

- ✓ Engagement Letters
- ✓ Client Correspondence
- ✓ Creating a plan of attack
- ✓ Will your firm prepare
- ✓ Will your firm outsource
- ✓ Will BOI reporting be covered by E & O Insurance

CTA & BOI Reporting

Practice Management

- ✓ Preparation Fee
- ✓ Education your firm by staying up to day on guidance & new developments
- ✓ Communicate with clients
- ✓ Develop checklist
- ✓ Develop risk control and procedures

CTA & BOI Reporting

<https://www.fincen.gov/sites/default/files/shared/BOI-FAQs-QA-508C.pdf>



QUESTIONS

Form 1099-K

- IRS redesigned webpage
- Understanding your Form 1099-K

<https://www.irs.gov/businesses/understanding-your-form-1099-k>

Form 1099-K

- 2024 will be another transition year
- Taxpayer receives over \$20,000 and has more than 200 transactions (rules developed in 2008)
- IRS is planning for threshold of \$5,000 to phase-in implementation of \$600 for tax year 2024
- Stay tuned.....

Form 1099-K

- **Questions we must ask out clients**

- ☐ What did you do to receive 1099-K?
- ☐ Why did you receive 1099-K?
- ☐ Sales Tax Issues
- ☐ \$600 reporting mandate

- **What to do with Form 1099-K?**

<https://www.irs.gov/businesses/what-to-do-with-form-1099-k>

Form 1099-K

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2024
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR	Your social security number

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss

Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k.

Form 1099-K

- **Who sends Form 1099-K**
- **Who Gets Form 1099-K**
- **What shouldn't be reported on Form 1099-K**
- **What to do with Form 1099-K**
- **If you get Form 1099-K in error**
- **If your Form 1099-K is incorrect**

Form 1099-K

- **If gross amount does not belong to you**
 - ✓ You're listed instead of your business
 - ✓ Shared credit card terminal
 - ✓ Business bought or sold
 - ✓ Business entity change
 - ✓ Cash back payments
 - ✓ Multiple sources of business income

Form 1099-K

■ Problem Areas

- ✓ Taxpayers who transfer money to family or friends to pay/reimburse for bills
- ✓ Garage Sales
 - ❑ Reports transactions separately
- ✓ TSPOs personal vs. business accounts
- ✓ Bookkeeping issues and double reporting
- ✓ Will clients bring 1099-Ks to our office

Virtual Currency

■ Transactions reported by tax year

- ✓ 2016.....4,164
- ✓ 2017.....88,040
- ✓ 2018.....93,848
- ✓ 2019.....102,278
- ✓ 2020.....253,265
- ✓ 2021.....842,888



Virtual Currency

■ IRS explains Digital Assets not the same as Cash

✓ At least until issuance of final regulatory guidance

❑ Announcement 2024-4

✓ Treasury announced delay for reporting cryptocurrency & other digital assets on Form 8300

❑ Form 8300 must be filed electronically

IRS Form **8300**
(Rev. December 2023)

Department of the Treasury
Internal Revenue Service

Report of Cash Payments Over \$10,000 Received in a Trade or Business

See instructions for definition of cash.

Use this form for transactions occurring after December 31, 2023. Do not use prior versions after this date.

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

FinCEN Form **8300**

(Rev. August 2014)
OMB No. 1506-0018
Department of the Treasury
Financial Crimes
Enforcement Network

1 Check appropriate box(es) if:		a <input type="checkbox"/> Amends prior report;		b <input type="checkbox"/> Suspicious transaction.	
Part I Identity of Individual From Whom the Cash Was Received					
2 If more than one individual is involved, check here and see instructions <input type="checkbox"/>					
3 Last name		4 First name		5 M.I.	6 Taxpayer identification number
7 Address (number, street, and apt. or suite no.)				8 Date of birth (see instructions)	M M D D Y Y Y Y
9 City	10 State	11 ZIP code	12 Country (if not U.S.)		13 Occupation, profession, or business
14 Identifying document (ID)	a Describe ID c Number			b Issued by	
Part II Person on Whose Behalf This Transaction Was Conducted					
15 If this transaction was conducted on behalf of more than one person, check here and see instructions <input type="checkbox"/>					
16 Individual's last name or organization's name		17 First name		18 M.I.	19 Taxpayer identification number
20 Doing business as (DBA) name (see instructions)				Employer identification number	
21 Address (number, street, and apt. or suite no.)				22 Occupation, profession, or business	
23 City	24 State	25 ZIP code	26 Country (if not U.S.)		

IRS Form 1099-DA

7A7A		<input type="checkbox"/> VOID		<input type="checkbox"/> CORRECTED					
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.				Applicable checkbox on Form 8949		OMB No. 1545-XXXX		Digital Asset Proceeds From Broker Transactions	
						2025 Form 1099-DA			
				1a Code for digital asset					
				1b Name of digital asset					
FILER'S TIN		RECIPIENT'S TIN		1c Number of units					
RECIPIENT'S name									
Street address (including apt. no.)				1d Date acquired		1e Date sold or disposed			
City or town, state or province, country, and ZIP or foreign postal code				1f Proceeds \$		1g Cost or other basis \$			
Account number				1h Accrued market discount \$		1i Wash sales loss disallowed \$			
CUSIP number				2 Check if basis reported to IRS <input type="checkbox"/>		3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds			
5 Check if loss is not allowed based on amount in 1f <input type="checkbox"/>		6 Gross gain or loss: <input type="checkbox"/> Short-term <input type="checkbox"/> Ordinary <input type="checkbox"/> Long-term		3b Check if proceeds from: <input type="checkbox"/> Reserved for future use <input type="checkbox"/> QOF		4 Federal income tax withheld \$		8 Check if broker relied on customer-provided acquisition information <input type="checkbox"/>	
9 Check if digital asset is a noncovered security <input type="checkbox"/>		10 Digital asset is a noncovered security because: <input type="checkbox"/> Broker did not provide custodial services for it <input type="checkbox"/> Broker provided custodial services and it was transferred in to broker <input type="checkbox"/> Broker provided custodial services and it was acquired prior to 2026						11a Check if gross proceeds reported in 1f is an aggregate amount for: <input type="checkbox"/> Qualifying stablecoins <input type="checkbox"/> Specified NFTs	
11b If 11a checked, number of transactions		11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter \$		12a Number of units transferred in		12b If transferred in, provide transfer-in date		13	
14 State name				15 State identification no.				16 State tax withheld \$ \$	

Form 1099-DA Cat. No. 735671 www.irs.gov/Form1099DA Department of the Treasury - Internal Revenue Service

For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the General Instructions for Certain Information Returns.

www.irs.gov/Form1099

Virtual Currency

- ❖ **August 8, 2024 draft removes the requirement to report specific information such as the transaction ID number, taxpayer's wallet address, and time and date of transaction, which were previous privacy concerns**
- ❖ **New boxes also added to 1099-DA to report qualifying stable coins and specified NFTs, which received special rules under final regulations**
- ❖ **References to un-hosted wallet providers, were also removed in August 8, 2024 draft version**
- ❖ **No draft filer instruction have yet to be released**

Virtual Currency

SCHEDULE 1 (Form 1040) Department of the Treasury Internal Revenue Service	Additional Income and Adjustments to Income Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.	OMB No. 1545-0074 2024 Attachment Sequence No. 01
Name(s) shown on Form 1040, 1040-SR, or 1040-NR		Your social security number
<div><div>v</div><div>Digital assets received as ordinary income not reported elsewhere. See instructions</div></div>		<div><div>8v</div><div></div></div>
<div><div>z</div><div>Other income. List type and amount: </div></div>		<div><div>8z</div><div></div></div>
9 Total other income. Add lines 8a through 8z		<div><div>9</div><div></div></div>
10 Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8		<div><div>10</div><div></div></div>
For Paperwork Reduction Act Notice, see your tax return instructions.		Cat. No. 71479F Schedule 1 (Form 1040) 2024

Virtual Currency

❖ Basis Reporting & Final Regulations

- ❑ The final regulations require brokers' first reporting of the gross proceeds from sales of digital assets will be for sales occurring on or after January 1, 2025, which would be reported in 2026.
- ❑ The final regulations require brokers to provide information about basis from 'covered' positions acquired on or after **January 1, 2026**.

Virtual Currency – Case Study

- William is disgusted by interest rates paid by his bank.
- He opened an account on a digital asset exchange.
- In January of 2023, he purchased \$1,000 worth of BTC.
- A month later, he invested another \$1,000 in BTC.
- In December of 2023, he exchanged some BTC for ETH.
- William sends a referral code to his brother, Mike, and received a reward from the exchange for doing so.
- As of Dec 31, 2023, William's investments were worth almost \$3,000 but hadn't been sold.

Virtual Currency – Case Study

- Do I have taxes as a result of the purchase of the BTC?
- Do I have taxes as a result of the exchange of BTC for ETH?
- Do I have taxes as a result of the growth in value of BTC and ETH?
- Is that referral reward taxable income?

William's Questions

Virtual Currency – Case Study

- Do I have taxes as a result of the purchase of the BTC?
✓ **NO**
- Do I have taxes as a result of the exchange of BTC for ETH?
✓ **YES**
- Do I have taxes as a result of the growth in value of BTC and ETH?
✓ **NO**
- Is that referral reward taxable income?
✓ **YES**

*William's Questions
with Answers*

Employee Retention Credit (ERC)

■ Due Diligence

- ✓ IRS Office of Professional Responsibility cannot guarantee that tax professionals will not be sanctioned for preparing amended income relating to ERC claims
- ✓ Stemming from OPR alert issued on March 7, 2023

Employee Retention Credit (ERC)

- IRS Tax Tip 2024-49 discusses checking business tax returns for signs of incorrect employee retention credit claims
- Tax Tip provides seven suspicious signs that could indicate an incorrect claim

Employee Retention Credit (ERC)

- IR-2024-198, July 26, 2026
- IRS shares five more warning signs of incorrect claims for the employee retention credit
- Urges businesses to proactively resolve erroneous claims to avoid penalties, interest, audit

Employee Retention Credit (ERC)

- Original Voluntary Disclosure Program (VDP) suspended March 22, 2024
- Second VDP open through November 22, 2024
- **Withdrawal program** remains open

Employee Retention Credit (ERC)

- You may use ERC claim **withdrawal process** if all the following apply:
 - ✓ Made claim on an adjusted employment tax return
 - ✓ Filed **only** to claim the ERC
 - ✓ Wish to withdraw the entire amount
 - ✓ IRS has not paid your claim, or has paid, but taxpayer has not cashed or deposited refund check

Employee Retention Credit (ERC)

■ ERC **withdrawal process**

- ✓ 100% returned
- ✓ Subject to interest and penalties
- ✓ No penalty relief

<https://www.irs.gov/newsroom/withdraw-an-employee-retention-credit-erc-claim>

Employee Retention Credit (ERC)

❑ IRS Announcement 2024-30 – Second voluntary disclosure program for ERC

<https://www.irs.gov/newsroom/frequently-asked-questions-about-the-second-employee-retention-credit-voluntary-disclosure-program>

Employee Retention Credit (ERC)

- ❑ **Second voluntary disclosure program**
 - ✓ Limited for filed 2021 tax periods
 - ✓ Received a credit or refund prior to August 15, 2024
 - ✓ Applicants accepted will need to repay only 85% of the credits received
 - ✓ Not charged interest & penalties
 - ✓ If cannot pay in full (85%), interest & penalties will apply

Employee Retention Credit (ERC)

Any participant that has claimed the ERC for tax periods in 2021 and has received a credit or refund prior to August 15, 2024, is eligible to participate in this second ERC Voluntary Disclosure Program, provided that:

- (1) The participant is not under criminal investigation and they have not been notified that the IRS intends to commence a criminal investigation;
- (2) The IRS has not received information from a third party alerting the IRS to the participant's noncompliance, nor has the IRS acquired information directly related to the noncompliance from an enforcement action;
- (3) The participant is not under an employment tax examination by the IRS for any tax period(s) for which the taxpayer is applying for this second ERC Voluntary Disclosure Program;
- (4) The participant has not been notified by the IRS that the ERC they received is being recaptured for any tax period(s) for which the taxpayer is applying for this second ERC Voluntary Disclosure Program¹; and
- (5) The participant has not previously received notice and demand for repayment of all or part of the claimed ERC.

Employee Retention Credit (ERC)

The terms of this second ERC Voluntary Disclosure Program are as follows:

- (1) Employment Tax Adjustments – The participant is not eligible for, or entitled to, any ERC, including both the refundable and non-refundable portions, for the tax period(s) at issue.
- (2) The participant will remit back to the Department of the Treasury 85% of the claimed ERC, including both the refundable and non-refundable portions.
- (3) The participant will not be required to repay any overpayment interest received. If the participant makes full payment of 85% of the claimed ERC prior to executing the closing agreement, no underpayment interest will apply. If the IRS approves a request for an alternative payment arrangement such as an installment agreement, interest may apply from the agreement date.

Employee Retention Credit (ERC)

- (4) Income Tax Effects – Because the settlement eliminates a participant's eligibility for and/or entitlement to all of the claimed ERC, participants are not required to reduce wage expense with respect to any of the previously claimed ERC. Consequently, if they had not previously reduced wage expense by any of the claimed ERC, participants need not file amended returns or Administrative Adjustment Requests (AARs) to reduce wage expense. Correspondingly, if they had previously reduced wage expense by any of the claimed ERC, participants should not reduce wage expense by any of the claimed ERC if they file an amended return or AAR adjusting the previous reduction to wage expense. Pursuant to the settlement, a participant has no income with respect to the resolution of the employment tax obligation by remittance of payment of only 85% of the claimed ERC, including both the refundable and non-refundable portions.

Employee Retention Credit (ERC)

- (5) Preparer/Advisor Information – If a return preparer or advisor assisted or advised the participant with any portion of the claim for credit or refund, the participant will provide the name, address, and phone number of the preparer(s) or advisor(s) who assisted with the claim for credit or refund and a description of services provided by the preparer or advisor.
- (6) Application of Penalties – The IRS will not assert civil penalties related to the underpayment of employment tax attributable to the claimed ERC against a participant of this ERC Voluntary Disclosure Program under Announcement 2024-30 that remits full payment of 85% of the claimed ERC prior to executing the closing agreement.
- (7) The participant will execute a closing agreement, as more fully described in Section 4(3) of this announcement.

Employee Retention Credit (ERC)

- ❑ Participants in the Second ERC Voluntary Disclosure Program must notify the IRS of their election by completing and submitting Form 15434, Application for Employee Retention Credit Voluntary Disclosure Program
- ❑ On or before 11:59 local time on November 22, 2024

IRS Penalty Relief

■ IRS Notice 2024-7

- ✓ Waive failure-to-pay-penalty
- ✓ Tax Years 2020 & 2021
- ✓ IRS will issue notice to eligible taxpayers

IRS Penalty Relief

- IRS Notice 2024-7 (continued)
 - ✓ Assessed income tax as of December 7, 2023 is than \$100,000
 - ✓ Each return and or entity is separate
 - ✓ Must have filed eligible tax return

IRS Penalty Relief

■ IRS Notice 2024-7 (continued)

✓ Relief Period

- ☐ For purposes of the relief granted in this notice, the “relief period” is the period that begins on the date the IRS issued an initial balance due notice to the eligible taxpayer, or February 5, 2022, whichever is later, and ends on March 31, 2024.

2024 Tax Update

- **IRS launches Simple Notice Initiative redesign**
 - ✓ **IR 2024-19**

IRS Collections

- Collection Notice Restart
- February 9, 2022 IRS paused several automated collection notices
- IRS issuing special reminder letters
 - ✓ LT38 Notice



IRS Collections

- **LT38 Notice alerts taxpayers**
 - ✓ **What they owe**
 - ✓ **Ways to pay**



IRS Document Upload Tool

- **1 million submissions received**
- **Key part of IRS ambitious initiative to transform into virtually paperless agency.**
- **Tools saves time for taxpayers and assists IRS employees process responses faster and more efficiently**
- **Includes responding to IRS Notice CP2000**

Test Your Knowledge

■ In 2022, Timmy Taxpayer, a sole proprietor of Timmy's Donut Shop, had gross income of \$318,000, a bad debt deduction of \$9,000, and other expenses of \$73,325. She reports the Donut Shop on the accrual method of accounting and used the specific charge-off method for bad debts. In 2023, she recovered \$6,300 of the \$8,000 bad debt deducted in 2022. How much will she claim in income and in what year?

- (a.) \$9,000 in 2023
- (b.) Amend 2022 to eliminate bad debt deduction of \$9,000
- (c.) \$6,300 in 2023
- (d.) Amend 2022 to reduce bad debt deduction by \$6,300

Form 3115 & Correcting Depreciation

■ Sally Taxpayer owns and operates a Widget Company and owns rental properties. Sally switch tax professionals for the 2023 tax year. After the tax professional reviewed prior year returns in 2024 before filing 2023, they discovered the following issues

- i. Widget equipment sold in 2023 never had depreciation taken (owned for 6 years)
- ii. Rental properties never had land allocations (owned for 5+ years)
- iii. Commercial property was being depreciated using MACRS 27.5 year life (owned for 3 years)
- iv. One residential rental has never been depreciated (placed in service in 2022)

Form 3115 & Correcting Depreciation

- **Sally Taxpayer owns and operates a Widget Company and owns rental properties** (Continued from previous slide).
- **What issues do we have?**
 - a) What year do we correct
 - b) Do we use 1040X or 3115
 - c) What, if any DCN's are used
 - d) Widget equipment sold will need to be corrected or does it {DCN 107}
 - e) Separate out land from amount being depreciated on rental properties {DCN 7}
 - f) Correct Commercial Building from 27.5 years to 39 year Life {DCN 7}
 - g) Start depreciation on residential rental {Form 1040X}
 - h) 481(a) adjustment



2024 Tax Update

- IRS Fact Sheet 2024-21 (June 17, 2024)
 - ✓ Guidance focuses on “basis shifting” transactions used by **partnerships**
 - ✓ Inappropriate use of partnership rules to inflate the basis of the underlying assets without causing any meaningful change to the economics of their business.
 - ✓ The guidance issued June 17, 2024, by Treasury and the IRS follows work by IRS exam teams, which have seen repeated instances of abusive basis-shifting taking place in sophisticated maneuvers by related-party partnerships.

New IRS Form

Form **7217**

(December 2024)

Department of the Treasury
Internal Revenue Service

Partner's Report of Property Distributed by a Partnership

OMB No. 1545-0123

Attach to your tax return.

Go to www.irs.gov/Form7217 for instructions and the latest information.

Attachment
Sequence No. **217**

Partner's name

Partner's TIN

Distributing partnership's name

Distributing partnership's EIN

Date property was distributed to partner

Part I **Aggregate Basis of Distributed Property on Distribution Date.** File a separate form for each date a partner received distributed property.

- 1 Was this distribution in complete liquidation of the partner's entire interest in the partnership? ☐ Yes ☐ No
- 2 Was any part of the distribution treated as a sale or exchange under section 751(b)? ☐ Yes ☐ No
- 3 Partnership's aggregate basis in distributed property (taking into account any basis adjustments under section 732(d), 734(b), or 743(b)) immediately before the distribution. This line should equal the total of Part II, line B, column (b) \$
- 4 Adjusted basis of the partner's interest in the partnership immediately before the distribution \$
- 5 Cash and marketable securities (as defined in section 731(c)) received in the distribution \$
- 6 Enter the smaller of line 4 or line 5 \$
- 7 Gain recognized. Subtract line 6 from line 5. If zero, enter -0- and go to line 9 \$
- 8 Is U.S. tax required to be paid on the gain entered on line 7? ☐ Yes ☐ No
- 9 Partner's basis in partnership interest reduced by cash and marketable securities (as defined in section 731(c)) received in the distribution. Subtract line 6 from line 4 \$
- 10 Aggregate basis to be allocated to the distributed property. For a non-liquidating distribution, enter the smaller of line 3 or line 9. For a liquidating distribution, enter the amount from line 9. Line 10 should equal the total of Part II, line B, column (e) \$

Net Operating Losses (NOLs)

For Individuals, Estates, and Trusts.

OMB No. 1545-0074

Go to www.irs.gov/Form172 for instructions and the latest information.

For calendar year _____, or other tax year beginning _____ and ending _____

Name(s) shown on return _____ Social security or employer identification number _____

Address (number and street). If you have a P.O. box, see instructions. _____ Apt. or suite no. _____ Spouse's social security number (SSN) _____

City, town, or post office. If you have a foreign address, also complete spaces below. _____ State _____ ZIP code _____ Daytime phone number _____

Foreign country name _____ Foreign province/county _____ Foreign postal code _____

Part I NOL (see instructions)

1	For individuals, subtract your standard deduction or itemized deductions from your adjusted gross income (AGI) and enter it here. For estates and trusts, enter taxable income increased by the total of the charitable deduction, income distribution deduction, and exemption amount.	1
2	Nonbusiness capital losses before limitation. Enter as a positive number.	2
3	Nonbusiness capital gains (without regard to any section 1202 exclusion).	3
4	If line 2 is more than line 3, enter the difference. Otherwise, enter -0-	4
5	If line 3 is more than line 2, enter the difference. Otherwise, enter -0-	5
6	Nonbusiness deductions (see instructions). Enter as a positive number.	6
7	Nonbusiness income other than capital gains (see instructions).	7
8	Add lines 5 and 7.	8
9	If line 6 is more than line 8, enter the difference. Otherwise, enter -0-	9
10	If line 8 is more than line 6, enter the difference. Otherwise, enter -0-. But don't enter more than line 5.	10
11	Business capital losses before limitation. Enter as a positive number.	11
12	Business capital gains (without regard to any section 1202 exclusion).	12
13	Add lines 10 and 12.	13
14	Subtract line 13 from line 11. If zero or less, enter -0-	14
15	Add lines 4 and 14.	15
16	Enter, if any, the combined net short-term and long-term capital loss from your Schedule D (Form 1040). Estates and trusts, enter, if any, the total net short-term and long-term loss from Schedule D (Form 1041). Enter as a positive number. If you don't have a loss on that line (and don't have a section 1202 exclusion), skip lines 16 through 21 and enter on line 22 the amount from line 15.	16
17	Section 1202 exclusion. Enter as a positive number.	17
18	Subtract line 17 from line 16. If zero or less, enter -0-	18
19	If line 16 is a loss, enter, as a positive number, the smaller of: • The loss on line 16; or • \$3,000 (if filing Form 1040, \$1,500 when married filing separately).	19
20	If line 18 is more than line 19, enter the difference. Otherwise, enter -0-	20
21	If line 19 is more than line 18, enter the difference. Otherwise, enter -0-	21
22	Subtract line 20 from line 15. If zero or less, enter -0-	22
23	NOL deduction for losses from other years. Enter as a positive number.	23
24	NOL. Combine lines 1, 9, 17, and 21 through 23. If the result is less than zero, enter it here. If the result is zero or more, you don't have an NOL.	24

New IRS Form

General Information for Your Tax Office

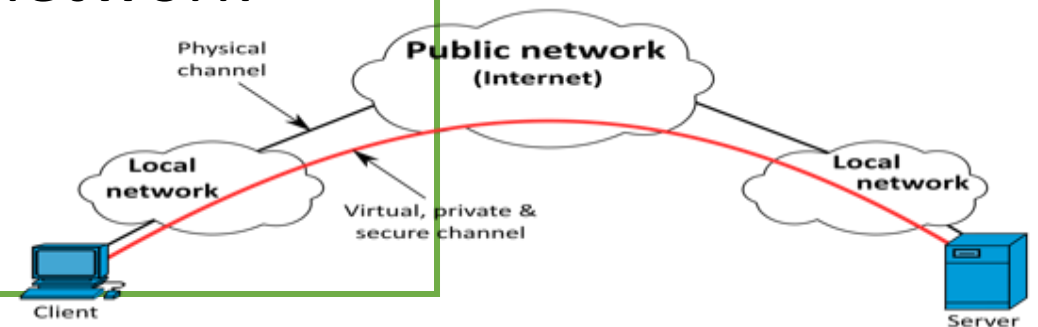
■ Exchange Records with Clients

- ✓ Drop-off
- ✓ Pick-up
- ✓ Mail
- ✓ e-mail
- ✓ Secure Online Portal

Cybersecurity



- IRS Security Six
 - ✓ Anti-virus software
 - ✓ Firewalls
 - ✓ Two-factor authentication
 - ✓ Backup software or services
 - ✓ Drive encryption {Bitlocker}
 - ✓ Virtual private network (VPN)



Cybersecurity

- Advice from an Expert
 - ✓ Separate personal from work
 - ✓ Only open known attachments or links
 - ✓ Slow Down & Validate
 - ✓ Situational Awareness

Cybersecurity



- Cybersecurity
- Personnel Security
- Operational Security
- Privacy
- Physical Security
- Contingency Planning

Cybersecurity

- **Data Collection**
- **Data Retention**
- **Data Back-up**
- **Destroying data**
- **Disclosure of Data**
- **Remote Access**
- **Network Issues**

Passwords

- Use different passwords
- Use longest password allowed
- Use a mix of uppercase & lowercase letter, numbers, and symbols
- Reset passwords every 90 days
- Password managers

Common Tax Scams

- Social media: Fraudulent form filing and bad advice
- Online Account help from third-party scammers
- Phishing
- Copycat government websites



Common Tax Scams

- ✓ **IRS Warns Taxpayers regarding Bad Advice on Social Media**



Protect your Tax Office

- **Stay informed and educate yourself and staff**
- **Secure Devices**
- **Be cautious with Emails and messages**
- **Use reliable Security Software**
- **Avoid Phishing Scams**
- **Be wary of unsolicited Tech Support**
- **Use Secure Payment Methods**

IRC § 7216

- What is IRC § 7216
- Information protected by § 7216
- Disclosures
 - ✓ Do not require consent
 - ✓ Require consent
- What constitutes use of taxpayer information
- Obtaining Consent from our Clients
- Best Practices for our office

Required Minimum Distributions {RMDs}

Background

- ✓ More beneficiaries can no longer “stretch” distributions over their lifetimes
- ✓ Non-spouse beneficiaries who inherit IRAs on or after January 1, 2020, must liquidate the account within 10 years of the account owner’s death (the “10-year payout rule”)
- ✓ IRS Notice 2022-53 – Delayed the 2021 and/or 2022 Death RMDs (October 2022)
- ✓ IRS Notice 2023-54 – Delayed the 2023 Death RMDs (July 2023)

Required Minimum Distributions {RMDs}

- ❑ **Notice 2024-35 extends the temporary relief from RMDs for certain inherited retirements account holders**



Required Minimum Distributions {RMDs}

- Notice 2024-35 relief provided with respect to certain RMDs in 2021, 2022, 2023, and now 2024.
- Notice states that final regulations will apply for calendar year 2025 and beyond.
- Hence, no penalty for plans that did not make specified for 2024, 2023, 2022, 2021.

Required Minimum Distributions {RMDs}

❑ Final Regulations Issued July 18, 2024

✓ T.D. 10001

❑ Companion Proposed Regulations issued
July 18, 2024

✓ REG-103529-23

Required Minimum Distributions {RMDs}

❑ Complexity

- ✓ Inherited IRA rules remain exceedingly complex
- ✓ Vary based on assorted factors
 - ❖ Account type
 - ❖ Original account owner
 - ❖ Beneficiary status

Required Minimum Distributions {RMDs}

- ☐ Annual RMDs within the 10-year period are required when an account dies on or after RBD
- ☐ At Least as Rapidly Rule
- ☐ IRA owner dies before RBD, no RMDs in years 1-9 for beneficiary
- ☐ ROTH owners always deemed to die before the RBD
- ☐ Responsibility of beneficiary to take year of death RMD if not yet taken by decedent

Required Minimum Distributions {RMDs}

☐ **EDB**

- ✓ Eligible Designated Beneficiary

☐ **NEDB**

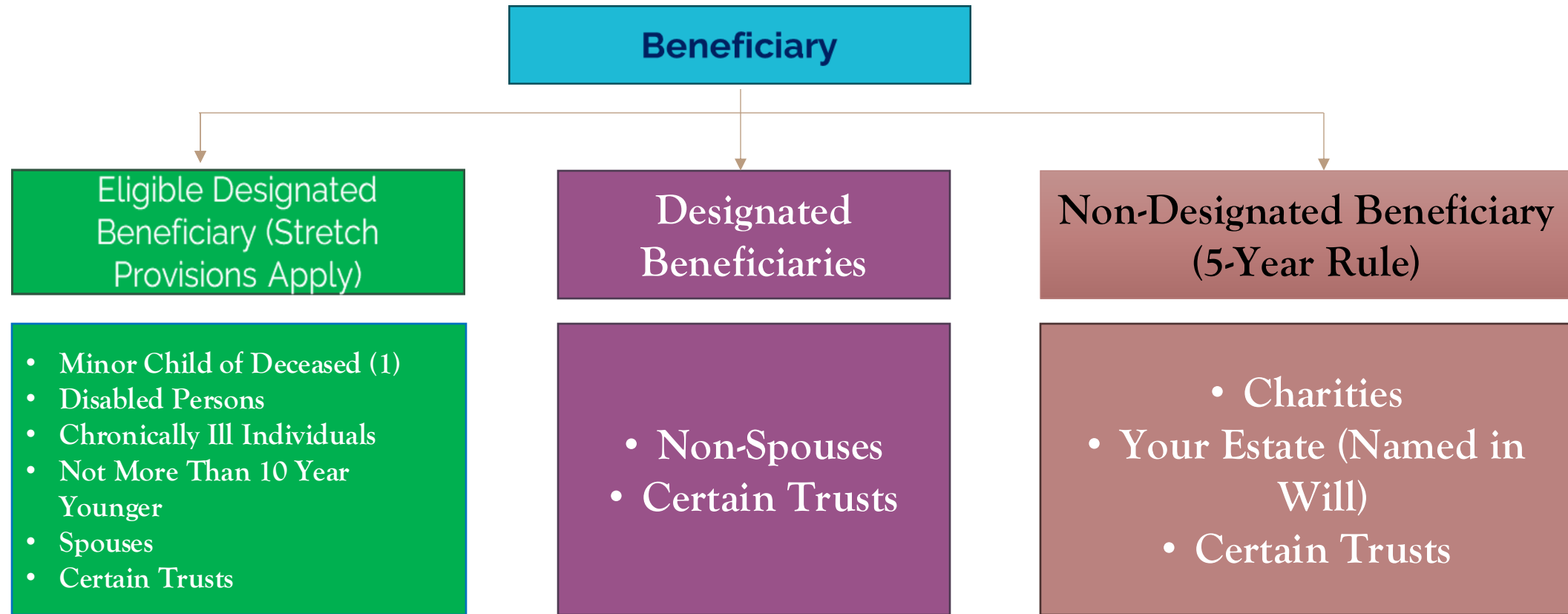
- ✓ Noneligible designated beneficiary

☐ **NDB**

- ✓ Non-designated beneficiary

Required Minimum Distributions {RMDs}

IRA Beneficiaries After SECURE 1.0 Act



(1) Only Applies until child reaches age majority

Deceased Individuals

Distributions After
2019



Is beneficiary an estate
of trust



Account owner dies
before the RBD



**Must deplete entire
account in 5-years**



**Subject to life
expectancy payments
based upon the account
owner's age**

Deceased Individuals – Example 1

- ✓ **February 13, 2024, Uncle Harry passed away at the age of 46**
- ✓ **Uncle Harry's 401(k) at his employer did not have a listed beneficiary, hence, it went to his estate**
- ✓ **Harry passed before reaching his RBD**
- ✓ **What are Harry's distribution options for this 401(k) inside the estate**

Deceased Individuals – Example 2

- ✓ **August 1, 2024, Aunt Sally passed away at the age of 76**
- ✓ **Aunt Sally's 401(k) from her employer did not have a listed beneficiary, hence, it went to her estate**
- ✓ **Sally had reached her RBD and was taking RMDs**
- ✓ **What are Sally's distribution options for this 401(k) inside the estate**

RMD for IRA Beneficiaries

<https://www.irs.gov/retirement-plans/required-minimum-distributions-for-ira-beneficiaries>

SECURE 2.0 for 2024 Tax Year

■ Section 110

- ✓ Student loan matching
- ✓ Permits an employer to make matching contributions under a 401(k) plan, 403(b) plan, governmental 457(b) plan, or SIMPLE IRA with respect to “qualified student loan payments (QSLPs).”
- ✓ Student loan payment is not a contribution to retirement plan.
- ✓ It may be treated as contribution meeting matching contribution rule

SECURE 2.0 for 2024 Tax Year

■ Student Loan Matching Program

LOAN PAYMENTS FOR QUALIFIED HIGHER EDUCATION EXPENSE CAN BE TREATED AS DEFERRALS FOR MATCHING PURPOSES

SECURE ACT 2.0 WILL PROVIDE THIS FEATURE IN IRC §401(K), IRC §403(B), GOVERNMENTAL IRC §457(B) AND SIMPLE IRA PLANS

LIMITED BY THE IRC §402(G) AMOUNT BETWEEN DEFERRALS AND REPAYMENTS OR TOTAL COMPENSATION, WHEREVER IS LESS

EMPLOYEE MUST CERTIFY THAT THE REPAYMENTS WERE MADE

PLAN SPONSOR TO APPLY NORMAL VESTING PROVISIONS

EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 2023

SECURE 2.0 for 2024 Tax Year

- **Student Loan Matching**

- ✓ **Notice 2024-63**

- ✓ **Detail guidance in Q &A form**

<https://www.irs.gov/pub/irs-drop/n-24-63.pdf>

SECURE 2.0 for 2024 Tax Year

■ Student Loan Matching – Example

- ✓ Hannah contributes \$800 to 401(k) in 2024
- ✓ Employer has 6% match
- ✓ Employer authorizes **(updates)** plan for matching contributions of student loans
- ✓ Employer treats Hannah's student loan repayments as an employee contribution to 401(k) starting in 2024
- ✓ Hannah pays \$4,000 to student loans in 2024
- ✓ Employers match will be \$4,800 $(\$800 + \$4,000) \times 6\% = \$288$ into her 401(k)

SECURE 2.0 for 2024 Tax Year

■ Section 115

- Penalty-free withdrawals for certain emergency expenses
 - ✓ Only 1 distributions up to \$1,000 may be made in calendar year
 - ✓ Only one distribution permissible per year
 - ✓ Option to repay within 3 years
 - ✓ No further emergency distributions are permissible during 3 year repayment period unless repayment occurs

SECURE 2.0 for 2024 Tax Year

■ Section 117

- ✓ Contribution increase limit for SIMPLE plans
- ✓ Increases the annual deferral limit and the catch-up contribution limit at age 50 by 10% in SIMPLE IRAs, as compared with the limit that would otherwise apply in the first year this change is effective.
- ✓ Employees with 26 to 100 employees: Employers permitted to provide higher deferral limits, but only if the employer either provides a 4% matching contribution or a 3% employer contribution.
- ✓ Makes similar changes to contribution limits for SIMPLE 401(k) plans.

SECURE 2.0 for 2024 Tax Year

■ Section 120

- ✓ Prohibited transaction exemption for certain automatic portability transactions
- ✓ Permits a retirement plan service provider to provide employer plans with automatic portability services. Such services involve the automatic transfer of a participant's default IRA (established in connection with a distribution from a former employer's plan) into the participant's new employer's retirement plan, unless the participant affirmatively elects otherwise.

SECURE 2.0 for 2024 Tax Year

■ Section 121

- ✓ Starter 401(k) plans for employers with no retirement plan
- ✓ Permits an employer that does not sponsor a retirement plan to offer a starter 401(k) plan (or safe harbor 403(b) plan) with simplified requirements and lower contribution limits.

SECURE 2.0 for 2024 Tax Year

■ Section 127

- ✓ Emergency savings accounts linked to individual account plans
- ✓ Provides employers the option to offer to their non-highly compensated employees' pension-linked emergency savings accounts. Contributions are treated as Roth and are prohibited once the account balance meets or exceeds \$2,500 (indexed). Auto-enrollment and match are permitted, subject to conditions.
- ✓ Notice 2024-22

SECURE 2.0 for 2024 Tax Year

■ Section 304

- ✓ Updating dollar limit for mandatory distributions
- ✓ Increases the amount that plans can require to be distributed without consent from \$5,000 to \$7,000.

SECURE 2.0 for 2024 Tax Year

■ Section 314

- ✓ Penalty-free withdrawals for victims of domestic abuse
- ✓ Allows retirement plans to permit participants that self-certify that they experienced domestic abuse to withdraw up to the lesser of \$10,000 indexed (or 50% of the vested balance) within one year of incident without penalty.
- ✓ Can be self-certified

SECURE 2.0 for 2024 Tax Year

■ Section 325

- ✓ Roth plan distribution rules
- ✓ Eliminates pre-death RMDs from Roth accounts in employer plans

SECURE 2.0 for 2024 Tax Year

■ Section 602

- ✓ Hardship withdrawal rules for 403(b) plans
- ✓ Conforms the hardship rules for 403(b) plans to those for 401(k) plans.

SECURE 2.0 for 2024 Tax Year

■ Section 603

- ✓ Elective deferrals generally limited to regular contribution limit
- ✓ Provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment. An exception is provided for employees with wages of \$145,000 or less (indexed) in the prior year.

Tax Planning

- TCJA Sunset Estate Issues
- Expiring Provisions of TCJA
- Qualified Charitable Distributions
- Form SSA-44 – Life Changing Event
- Divorce and Dependents
- RMD and use of Form 5498
- College Planning and dependents

Questions?





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