

TAX UPDATE

2024 Year End



KENNEY TAX & ACCOUNTING, LLC
Value, Quality & Commitment

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January 2025

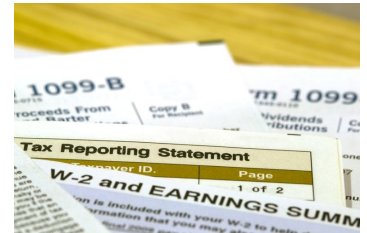
Greetings to clients and friends! Once again, a new year is behind us and tax filing season is coming. **Tax organizers will be available in your secure portal. Please see the "Client Portal Quick Start Guide" on page 5 for more information.** If you prefer to use a blank organizer, please visit our website at www.kenneytax.com/client-tax-package/ to access a blank organizer and forms for your appointment.

Don't hesitate to call if you have questions or wish to discuss your situation.

2024 Tax Changes & Reminders

Here are some key changes to the tax code for 2024 and reminders to help you prepare for your 2024 tax obligations:

- ◆ **Tax Brackets & Rates.** The income brackets subject to tax are increasing by approximately 5.4 percent due to inflation. This means more of your income could be subject to a lower tax rate. The 2024 brackets can be found on page 3.
- ◆ **Increased age for required minimum distributions.** If you turn 73 in 2024 or later, you can keep money in a tax deferred IRA or 401(k) account for another 12 months thanks to the required minimum distribution age being raised from 72 to 73.
- ◆ **Roth 401k changes.** Roth 401(k)'s are no longer subject to required minimum distributions.
- ◆ **1099-K reporting changes.** If you receive money from a third party such as Venmo, Zelle, Credit Card processors, etc., the threshold for reporting it on a 1099K is \$5,000 in 2024. If you receive a 1099K form, you must provide it to us with your tax documents.
- ◆ **NEW—Tax credit for energy efficient home improvements.** An annual tax credit up to \$1,200 is available if you make qualified energy improvements to your home (biomass stoves and boilers have a separate annual limit of \$2,000).
- ◆ **Deductions.** We still need the information for your 1) Medical expenses, 2) State income and property tax, 3) Mortgage interest, 4) Charity and other deductions in order to apply the latest rules and to complete your state tax returns.
- ◆ **Tax Forms you Receive.** In order to prepare your return, **we are required** to obtain all of your forms W-2, 1099's from retirement, interest, dividends, brokers, and self-employment, Forms 1095 for health insurance, bank forms 1098 and any other official IRS and MN forms.



IP Pins for Everyone!

In January 2021, the IRS rolled out the Identity Protection (IP) Pin opt-in program to the entire country. They recommend that everyone opt into this program.

Additionally, the IRS will begin accepting duplicate dependent returns with an IP PIN for the 2025 filing season!

For more information visit <https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin> or call us to discuss.



Review & Update your Withholdings

Be sure to review your W2 and most recent paystub and decide if you need to have your employer update your withholding amounts. A second review might be a good idea after filing your taxes.



Remember to check for digital forms as well! Many employers, banks and others are making their forms available electronically so you may not get a paper form in the mail.

As always, there are literally hundreds of other changes, extensions and deletions that we will consider this year while preparing your return. We request that everyone have their tax information to us as soon as they have everything together, and no later than **March 24, 2025**. Please rest assured that we will utilize our best resources to once again provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. Thank you again for your continued support.

Sincerely,
Christina Kenney, E.A.

MN Tax Changes

- **Identity Verification**—MN will continue to ask taxpayers to verify their identity for tax returns filed. Some are randomly selected, and others may be selected due to having a new preparer or other criteria. Taxpayers will have the option to upload the requested documents rather than mail them in.
- **MN E-Services.** Some taxpayers are being invited to enroll in e-services by MN Revenue. This will allow taxpayers to manage their individual tax account electronically.
- **Advanced Child Tax Credit**—You can now OPT-IN to receive a 50% advance of the child tax credit if you meet the following criteria:
 - Full or part year resident
 - Meet the same eligibility requirements of the working family credit
 - Earned income or AGI is less than \$35,000 for MFJ Or \$29,500 for all others
 The election must be done by April 15th on the tax return each year.
- **Social Security Subtraction**—100% of social security will be subtracted from MN Income if AGI is below the following:
 - MFJ / Qual Survive Spouse Below \$100,000
 - Single/ Head of Household Below \$78,000
 - MFS Below \$50,000
- **Landlord CRP Forms**—beginning in 2024 all landlords must use MN E-Services to create CRP forms
- **MN Renters Credit**—beginning in 2024 the renters credit will be claimed on the main M1 tax form and will be based on AGI instead of household income.

Refund Delays?

Refund delays can be caused by a variety of reasons, Here are some of the most common causes:

- **Needs Further Review**—The IRS may flag certain items
- **Identity Theft/Fraud**—A return may have already been filed using your Social Security number.
- **Certain Tax Credits**—The IRS may double check certain credits (Earned income credit or Child tax credit, etc.)

Refunds are typically received within 3 weeks of filing the return.

	2024	MN	2025
Standard Deductions	\$ 29,200	\$29,150	\$ 30,000
Married Filing Joint	\$ 21,900	\$21,900	\$ 22,500
Head of Household	\$ 14,600	\$14,575	\$ 15,000
Single	\$ 14,600	\$14,575	\$ 15,000
Married Filing Sep			
Elderly/Blind Deduct	\$ 1,950	\$1,950	\$ 2,000
Single	\$ 1,550	\$1,550	\$ 1,600
Married			
Personal Exemption	\$ 0	\$5,050	\$ 0 (per dependent)
Child Tax Credit	\$ 2,000	\$1,750	\$ 2,000 (per child)
Mileage Rates			
Business	67.0¢		67.0¢
Charitable	14.0¢		14.0¢
Medical/Moving	21.0¢		21.0¢
Section 179 Deduct	\$1.250 Mil (Max)		\$ 1.220 Mil (Max)
Annual Gift Exclude	\$18,000		\$19,000
Retirement Contrib.			
IRA	\$ 7,000		\$ 7,000
IRA (50 & over)	\$ 8,000		\$ 8,000
Simple IRA	\$ 16,000		\$ 16,500
401k	\$ 23,000		\$ 23,500
Qualified Charitable Distributions	\$105,000		\$108,000
Student Loan Interest Deduction	\$ 2,500		\$ 2,500
Estate Tax Exclusion	\$13.61 Mil		\$13.99 Mil

Tax Filing Due Dates

- ◆ Individual tax Returns ► **Due April 15th**
- ◆ Partnerships & LLC's ► **Due March 15th**
- ◆ S Corporations ► **Due March 15th**

Subscribe to our newsletter....



- ⇒ Current & Upcoming year tax figures
- ⇒ Key tax changes
- ⇒ Tips for finding overlooked deductions
- ⇒ And much more!

Tax Preparation Fees

While we strive to keep our fees affordable, the past few years of rising prices has forced us to raise our fees. Therefore, you may see an increase in the cost of your tax preparation this year.

We want you to know that we value your business and do not take this decision lightly.

Please ask if you would like to know your tax prep fee this year.

FEDERAL INCOME TAX BRACKETS



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2024

Tax Rate	Single	Married Filing Joint/Widow	Head of Household	Married Filing Separate
10%	\$1 - 11,600	\$1 - 23,200	\$1 - 16,550	\$1 - 11,600
12%	11,601 - 47,150	23,201 - 94,300	16,551 - 63,100	11,601 - 47,150
22%	47,151 - 100,525	94,301 - 201,050	63,101 - 100,500	47,151 - 100,525
24%	100,526 - 191,950	201,051 - 383,900	100,501 - 191,950	100,526 - 191,950
32%	191,951 - 243,725	383,901 - 487,450	191,951 - 243,700	191,951 - 243,725
35%	243,726 - 609,350	487,451 - 731,200	243,701 - 609,350	243,726 - 365,600
37%	Over \$609,350	Over \$731,200	Over \$609,350	Over \$365,600

2025

Tax Rate	Single	Married Filing Joint/Widow	Head of Household	Married Filing Separate
10%	\$1 - 11,925	\$1 - 23,850	\$1 - 17,000	\$1 - 11,925
12%	11,926 - 48,475	23,851 - 96,950	17,001 - 64,850	11,926 - 48,475
22%	48,476 - 103,350	96,951 - 206,700	64,851 - 103,350	48,476 - 103,350
24%	103,351 - 197,300	206,701 - 394,600	103,351 - 197,300	103,351 - 197,300
32%	197,301 - 250,525	394,601 - 501,050	197,301 - 250,500	197,301 - 250,525
35%	250,526 - 626,350	501,051 - 751,600	250,501 - 626,350	250,526 - 375,800
37%	Over \$626,350	Over \$751,600	Over \$626,350	Over \$375,800

2024 FEDERAL BUSINESS TAX CHANGES



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Below are some key Federal business tax changes for tax year 2024.

- **Corporate Transparency Act (CTA)**

- ** CURRENTLY ON HOLD DUE TO A FEDERAL COURT RULING**

- Provides for the collection of beneficial ownership information for any entity that is registered with a secretary of state (i.e. S Corporation, Partnership, Corporations, LLC entities, etc.).
- Exemptions to reporting include:
 - Large operating entities (employ more than 20 full time employees, have a physical office in the U.S. and file a federal income tax or information return reporting more than \$5 million in gross receipts or sales for the previous year)
 - Publicly traded companies that have registered under Section 102 of the SOX Act
 - Other entities as listed (i.e. banks, money transmitting business, insurance companies, large accounting firms, tax exempt entities, inactive business, etc.)
- Reporting begins **January 1, 2024**.

Reporting Requirements	
Event	Deadline
Newly registered entity after Jan 1, 2024	Within 90 days of registration
Existing entity as of Jan. 1, 2024	January 1, 2025
Updates to previously reported information or correcting inaccuracies	Within 30 days of discovery

- Penalties of \$500 each day a violation continues or has not been fixed up to \$10,000 and imprisonment for up to two years for willfully providing false or fraudulent identification documents or information and/or failure to report complete or updated info as required.

- **Employee Retention Credits**

- The IRS has revised guidance for ERC credits to include a list of those taxpayers who do not qualify for the credit. If you claimed the credit and find that you should not have, you should amend your returns to remove the credit and pay it back. Some examples of entities not eligible for the ERC include:
 - Individual taxpayers who are not business owners
 - People who do not have employees
 - Employers who didn't pay wages to employees during the qualifying time periods.
 - Employers who experienced supply chain disruptions but did not experience a full or partial suspension of operations by order
 - Employees
 - Household employees
 - Retirees

CLIENT PORTAL QUICK START GUIDE



This quick start guide is intended to help you get setup and working with your secure portal right away. For more detailed instructions see the complete portal users guide at <https://c09614528.preview.getnetset.com/files/Client-Portal-User-Guide.pdf>.

In order to use this guide, you must have been granted access to use the Roesner | Kenney Tax & Accounting secure portal. If you are unsure whether you have access, please contact us at (763) 210-9956 or roesnertax@roesnertax.com

1. Setup initial access to your secure portal

- a. Check your email for a notification that you have been added
- b. Click the link in the email and verify your information
- c. Setup your password
- d. This will bring you to your home screen (secure folder/portal)

2. Login to your secure portal

- a. Go to our website at <http://kenneytax.com/portal/>
- b. Click on "Client Portal Login"
- c. Enter your username and password
- d. This will bring you to your home screen (secure folder/portal)

3. Retrieve a file from us

- a. Check your email for notification that a file(s) are available for you to download
- b. Click the link in the email
- c. Enter your username and password
- d. Click the box in front of the file(s) you want to download
- e. The download box will appear on the bottom left corner of your screen
- f. Click the arrow next to the file(s) and select show in folder
- g. The Downloads window will open and you can open and view the file(s) from there. (Note: large files may take a few minutes to download)

4. Upload a file to us

- a. Go to our website at <http://kenneytax.com/portal/>
- b. Click on "Client Portal Login"
- c. Enter your username and password
- d. This will bring you to your home screen (secure folder/portal)