

# 2024 FEDERAL & MN Individual/Business Tax Updates

## Federal provisions:

- The 1099-K tax form from 3<sup>rd</sup> party payment platforms for business goods or services received and personal items sold will be issued when the amount of total payments for transactions are more than \$5,000 for 2024. The threshold changes to \$2,500 for the 2025 year.
- The Energy Efficient Home Improvement credit is now an annual credit of up to \$1,200 for windows, doors, insulation, furnace, central a/c, water heaters, panelboard, heat pumps, biomass stoves and home energy audits; limitations do apply. The Residential Clean Energy credit is a 30% credit of the purchase price for solar, wind & geothermal energy property, solar water heaters, fuel cells and battery storage. Both credits are available from 2023 through 2032. **\*Please provide invoices or statements\***
- The standard deduction has increased to \$14,600 for Single & MFS, \$21,900 for HOH and \$29,200 for MFJ; if you feel your itemized deductions will be over this amount for your filing status, please supply the information on page 4 of the tax questionnaire.
- Itemized Deductions – the medical expense AGI threshold is now permanent at 7.5%; state/local and property taxes are capped at \$10,000; interest on home equity debt is only deductible if it was used to buy or improve your home; cash contributions are deductible up to 60% of your AGI and the 2% miscellaneous deductions are eliminated. Please include all charitable contributions if your total is over \$500 for possible MN subtraction.
- The Child Tax Credit is \$2,000 for each child 0 through 16; all other dependents are a \$500 credit
- Traditional and ROTH IRA max contribution amounts for 2024 & 2025 are \$7,000; plus add'l \$1,000 if 50 & over
- HSA max contribution amounts for 2024/2025 – Individual - \$4,150/\$4,300 or Family - \$8,300/\$8,550; plus add'l \$1,000 if 55 & over
- The RMD age is now 73 yrs old for IRA's and other plans; a QCD from an IRA is still available at age 70 ½ yrs
- If you received, sold, exchanged, gifted and/or disposed of any digital asset in 2024, please check the box on the tax questionnaire on page 2
- The annual gift tax exclusion amount is \$19,000 for 2025 and was \$18,000 for 2024
- 2024 Mileage rates: Business – 67 cents/mile; Medical & Moving – 21 cents/mile; Volunteer – 14 cents/mile
- 2025 Mileage rates: Business – 70 cents/mile; Medical & Moving – 21 cents/mile; Volunteer – 14 cents/mile
- 60% bonus depreciation is available for purchases of new and used assets for a business for 2024; each subsequent year it drops by 20% - it will be 40% for 2025
- 20% Qualified Business Income Deduction (QBID) possibly available for Sole Proprietors, S-Corps, & Partnerships
- Business meals are back to 50% deductible for 2024 and future years if purchased from a restaurant; any type of Entertainment is non-deductible – please keep receipts and the expenses separate
- Please supply your 1095-A form for reconciliation if you have gone through MNSURE for your health insurance

## MN Provisions:

- The Dependent Exemption amount is \$5,050 for eligible dependents
- MN itemized deductions follow the Federal rules; however, MN includes the deduction for unreimbursed employee business expenses
- 529 Plan Contribution credit or subtraction – max \$500 credit or \$1500 for Single/\$3000 for MFJ subtraction; please supply account number, name of financial institution and contribution amount
- Social Security Benefits subtraction – possible 100% subtraction of taxable SS benefits if AGI is less than \$105,380 for MFJ, \$82,190 for Single & HOH, and \$52,690 for MFS; phaseout applies if AGI is higher
- **\*NEW\* Renter's Credit** – if you qualify for the renter's credit, it will now be claimed on the MN Individual Income tax return (Form M1) instead of filing a separate Renter's Property Tax Refund return (Form M1PR). The rent credit will either increase your income tax refund or decrease the amount of income tax owed.