

Gardner's Tax Service

Annual Newsletter

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We hope this newsletter finds you and your family well. There won't be too many big tax changes for 2024 as the Tax Cuts and Jobs Act isn't set to expire until December 31, 2025.

We have several clients that ask for our personal and business tax worksheets so this year are including both in our newsletter.

We have the same preparers as last year, Eileen, Monica, Loretta and Kevin. You are welcome to call, text, or email us now to schedule your appointment.

Contact Information

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Helpful Links

Check your IRS Refund:

<https://www.irs.gov/wheres-my-refund>

Check your OTC Refund:

<https://oktap.tax.ok.gov/oktap/Web/>

Changes for 2024:

| Standard Deduction | | Mileage Rates | |
|------------------------|----------|---------------|-------|
| Single | \$14,600 | Business | 67.0¢ |
| Married Filing Jointly | \$29,200 | Medical | 21.0¢ |
| Head of Household | \$21,900 | Charitable | 14.0¢ |

Home Energy Tax Credits

What is it?

It is a tax credit that rewards homeowners who make certain energy-efficient improvements to their primary residence.

What improvements qualify?

-Energy-efficient improvements like insulation, sealing air leaks and upgrading doors and windows.

-Residential energy property like heat pumps, water heaters and biomass stoves.

-Home energy audits that a professional assesses on the efficiency of your home

How much is the credit?

The maximum credit taxpayers are allowed to claim each year is \$1200 for energy-efficient improvements with limits on certain items like doors and windows.

\$2000 is the maximum credit for qualifying heat pumps, water heaters and biomass stoves.

How does it work?

You'll receive a tax credit equal to 30% of the cost of the qualified expenses. For example, if you spend \$1000 you'll receive a nonrefundable credit of \$300

BUSINESS OWNERS:

Corporate Transparency Act (CTA)

Running a business? New legislation called the Corporate Transparency Act requires most LLCs and Corporations to disclose their beneficial owners by January 1st, 2025. It is a fairly quick process that helps fight financial crimes and protects national security. Failure to comply with the CTA could result in penalties so get started at <https://www.fincen.gov/>.

Deductions

Confused about what you can and cannot deduct on your taxes? Many small business and farm owners face this dilemma. However, the first question to ask is whether the IRS classifies your venture as a hobby or a business. Here are some key considerations the IRS looks at to classify it as a business.

1. The primary intent is to make a profit, not just pleasure.
2. The activity is conducted in a businesslike way with records and operations professionally managed.
3. Significant time and effort are invested in the activity.
4. Income from the activity is relied upon for livelihood.

So if you feel your business is not a hobby then the IRS will allow any business expenses that are both ordinary and necessary to be deductible. You may ask your tax preparer if you are unsure whether an expense qualifies as a deduction.

RETIREMENT ACCOUNTS

New Early Withdrawal Penalty Exception

There is a new exception to the 10% early withdrawal penalty from retirement plan distributions.

Who qualifies?

Individuals who face unforeseeable or immediate financial needs related to necessary personal or family emergencies.

What are the limitations?

Only one distribution per calendar year can qualify. The distribution is limited to \$1,000. No subsequent distributions may be treated for this exception for the next three calendar years.

Required Minimum Distribution (RMDs)

Once you reach the age 73 you're required to withdraw a certain amount of money from your retirement accounts. You have worked hard to build that nest egg and now is your time to enjoy it. This is where RMDs come into play. Think of RMDs as a little nudge from the IRS that reminds you to start dipping into that nest egg. So in the year you turn 73 you will be required to pull the minimum amount from your retirement accounts. Be sure to contact your financial advisor before the end of the year to determine your RMD. If you fail to make your RMDs, you could face a penalty up to 25% of the amount not withdrawn.

Oklahoma's Homeschool Credit

What is it?

An Oklahoma tax credit for certain educational expenses paid for qualifying homeschool children.

Who is eligible?

Students that are homeschooled in the state of Oklahoma.

How much can I claim?

The annual maximum refundable tax credit is \$1000 per eligible student.

What expenses qualify?

-Tuition and fees for non-public online learning programs.

-Academic tutoring fees paid to individuals

-Curriculum and materials like textbooks, workbooks, and other instructional materials.

-Standardized tests like SAT and ACT

-Test prep fees for courses on standardized testing.

How does it work?

To claim the credit taxpayers must incur and pay for the qualified expenses during the tax year.

Taxpayers must submit the receipts of the expenses to the Oklahoma tax commission when filing your tax return.

ITEMS TO BRING TO YOUR TAX APPOINTMENT

- Wage Statements –W-2s
- Pension & Retirement 1099-R
- Interest Statement –1099-Int
- Dividend Statement—1099-Div
- Social Security Income—SSA-1099
- Lottery/Gambling Winnings– W-2G
- Sales of Stock or Bonds– 1099-B
- Cancellation of Debt—1099-C
- Self-Employed Income—1099-NEC
- Other Income—1099-Misc
- Child Care Expenses w/ Provider Information
- Student Loan Interest—1098-E
- Tuition & Education Fees –1098-T
- Health Savings Account Distribution– 1099-SA
- Marketplace Health Insurance– 1095-A
- Mortgage Interest Paid—1098
- Charitable Donations—End of Year Letters

| ESTIMATED TAXES PAID | | | | |
|-----------------------------|------------|------------|------------|------------|
| QTR: | 1ST | 2ND | 3RD | 4TH |
| FEDERAL | | | | |
| STATE | | | | |

| ITEMIZED DEDUCTIONS | | | |
|----------------------------|-------|-----------------------|-------|
| MEDICAL | | MORTGAGE/TAXES | |
| DOCTOR/DENTAL | _____ | REAL ESTATE TAXES | _____ |
| PRESCRIPTIONS | _____ | EXCISE TAX | _____ |
| LONG-TERM CARE | _____ | OTHER TAXES | _____ |
| OTHER MEDICAL | _____ | HOME MORTGAGE | _____ |
| MEDICAL MILES | _____ | HOME EQUITY | _____ |

| CONTRIBUTIONS | | | |
|----------------------|-------|-----------------|-------|
| CHURCH | _____ | NON-CASH | _____ |
| OTHER CHARITY | _____ | CHARITY MILEAGE | _____ |

BUSINESS/SELF-EMPLOYED WORKSHEET

| | | | |
|----------------------------|---------------------------|--|--|
| INCOME: | Business Insurance | | |
| Income received: Cash, | Cell Phone | | |
| COST OF GOODS SOLD: | Credit Card Merchant Fees | | |
| Materials Paid For | Dues & Subscriptions | | |
| Contract Labor | Internet | | |
| DEDUCTIONS: | License | | |
| Advertising | Postage | | |
| Bank Charges | Supplies | | |

| Auto Expenses | | | | | |
|------------------|--|----------------|--|--------------------------|--|
| Total Mileage | | Fuel | | Auto Repairs/Maintenance | |
| Business Mileage | | Auto Insurance | | Auto Tag/Title | |

RENTAL PROPERTY WORKSHEET

| | | | |
|----------------------|-------------------|--|--|
| INCOME: | Insurance | | |
| Rents Received | Legal/Prof Fees | | |
| DEDUCTIONS: | Management Fees | | |
| Advertising | Mortgage Interest | | |
| Auto/Travel | Repairs | | |
| Cleaning/Maintenance | Supplies | | |
| Contract Labor | Property Taxes | | |

DUE DATES:

Individual and C-Corporations

are due *April 15, 2025*

If you need to file an extension give us a call and we can provide you with one.

An extension does not extend the time to pay, interest and penalties will accrue after April 15th.

S-Corporations/Partnerships/Trust Returns

are due *March 17, 2025*

Penalty for not filing a return or an extension is \$220 a month per shareholder.



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