



2024 Tax Tips from Fiscal Tax Co.

**The tax code is complicated and can change dramatically.
Please consult your tax professional for expert advice.**

1) Received a Letter from IRS or Indiana?

- From simple issues to tax audit help, our tax advocates will meet with you in person or virtually to help relieve any stress.
- The IRS will receive an additional \$80 billion over the next decade enabling it to add thousands of new employees, upgrade operations and increase the number of audits.

2) Indiana Taxpayers Only

- Do you know anyone (including Grandparents) that are saving or paying for College Expenses or Private School K-12 Tuition? Contribute to the **Indiana College Choice Direct Savings 529 Plan by April 15, 2025** and boost your Indiana refund by up to **\$1,500** annually. Contact us for details.
- Don't forget, Indiana allows you to deduct the first **\$3,000** you paid in rent and the first **\$2,500** of property taxes.

3) New 30% Energy Tax Credit

- The credit is up to **\$1,200** for the purchase of **high efficiency**: furnaces, air conditioners, hot water heaters, exterior doors, windows (including skylights), insulation, home energy audits, and electric vehicle chargers.
- The credit is up to **\$2,000** for heat pumps and solar water heating.
- The products must have the ENERGY STAR label to qualify.
- The credit has no lifetime dollar limit and you can claim it every year until 2033.
- The credit is nonrefundable, meaning you can't get back more than you owe in taxes.

4) Standard Deduction vs. Itemized Deductions

- Itemized deductions must exceed the standard deductions of \$29,200 for Joint Returns, \$21,900 for Head of Household, and \$14,600 for Single taxpayers.

5) Understanding Your Paycheck Withholding

- Your Fiscal Tax Advocate will provide you with guidance and assistance on "Understanding Your Paycheck Withholding" and, if necessary, adjusting your W-4.

6) Child and Other Dependent Tax Credit

- The child tax credit has reverted to previous rules, for a total of **\$2,000** per child under age 17.
- The other dependent credit of **\$500** can be claimed for all dependents age 17 and above - same as last year.

7) ROTH vs. Traditional IRA: Which is Better for You?

ROTH IRAs tend to get a lot of hype, and for good reason, because you pay the taxes upfront and your eventual withdrawals are completely tax-free.

Traditional IRAs give you a tax break now and, in many situations, will put more money in your pocket than a ROTH would. The tradeoff is an uncertain future tax liability possibly even decades from now. Given enough time and/or a high rate of return, you may be better off with a ROTH.

8) Childcare Expenses Credit

- The amount of credit you can claim is a percentage (20% to 35%) of the child care expenses you paid a daycare provider up to a maximum of \$3,000 for one child, or \$6,000 for two or more children.
- The Dependent Care Flexible Spending Account allows your employer to contribute up to \$5,000. The money put into the account can be taken out tax-free.

9) Earned Income Credit (EIC)

The Earned Income Credit was passed in 1975 in an effort to reduce poverty and assist those who work to provide for their families but earn lower income levels. The credit decreases the amount of tax you owe and the credit is refundable. The 2024 maximum credit is:

- **\$7,430** for three children - **\$6,604** for two children
- **\$5,826** for one child - **\$ 649** for no children
- Also, the Indiana maximum credit is **\$575**

10) Education Credits

The American Opportunity Credit can increase your refund by up to **\$2,500** per student. Also, you could qualify for a **\$1,000** refund even if you had zero income, but you cannot claim it if you could be a dependent of your parents. The tax break is allowed the year you pay the tuition even if you used a student loan to pay for it. Form 1098T is required.

11) Student Loans

- The deduction for Student Loan Interest can ease the burden of payments for student loans. If you pay interest on a qualified Student Loan, you are generally able to deduct the interest expense up to **\$2,500**.

12) Teachers

There is a **\$300** deduction for teachers using their own money to pay for classroom supplies for 2024.

13) Make the RMD from Your Traditional IRS Tax-Free

- The tax code allows you to donate directly from your IRA account up to **\$100,000** per year in **Qualified Charitable Deductions** (QCDs).
- The QCD donated money escapes Federal income taxes and will also lower your Indiana and county taxes by over 5% of the contributed amount.
- **Double-Dip.** You get a double-dip when you don't itemize deductions. The non-itemizing taxpayer creates a deduction where none existed before.
- Other benefits may include: Lower Medicare premiums and lower tax on your Social Security benefits.

14) Business Deductions for Sole Proprietorship, S Corporations, Partnerships and, Rental Income

- Qualified Business Deduction (QBD). Generally you can deduct 20% of profit from your income.
- Standard Mileage Rates. The rate for business use of your vehicle is set at **67¢** per mile for 2024 and **70¢** per mile for 2025. It's important to have a mileage log or all deductions could be disallowed.
- Here's good news for business meals. If, for business reasons, you take a customer, friend or spouse to breakfast, lunch or dinner at a restaurant or hotel - even though you do not discuss business - the law allows you to deduct the expenses for meals and beverages to the extent they are ordinary and necessary expenses. You need to keep records that prove the expenses and shows the name of the person you had meals with and a short note of seven words or less. Tip: record on monthly charges card statements.

15) Scams to Look Out For

- IRS letters and notices are only sent to you by mail through the United States Postal Service (USPS).
- **Do not respond** to requests for personal or financial information you may receive via email, social media, phone calls or text messages.
- Don't give out any information to anyone who calls you demanding immediate payment of your tax bill. These scammers pretend to work for the IRS and often even use fake IRS identification numbers.

**Our Tax Advocates Have More Than 20 Years of Experience
Assuring You Always Receive Your Maximum Refund - Guaranteed!**

Have a Tax Question?

Please feel free to call us year-round at (317) 897-9964