

2024 TAX NEWSLETTER



Important Items

IRS will accept Efiling January 29.

1. Last day to file taxes or extension is April 15, 2024.
2. IRS will **hold refunds** claiming the Earning Income Credit (EITC) and Additional Child Tax Credit (ACTC) **until mid February.**
3. If you file an extension, you should pay your liability with the extension to avoid further penalties
4. If you have insurance thru the Market place, you **MUST** complete the Insurance reconciliation otherwise the **IRS will not accept or process your taxes.**
5. The 2023 rate for business use of a vehicle is 65.5 cents a mile. 2024 rate is 67 cents per mile. You are allowed for business purpose the actual cost of vehicle expenses or the standard rate. For mileage, you need to have a log of business miles.
6. Foreign Financial Assets for any account overseas with over 10,000 dollars balance any time during the year – Reporting due in **April 15.**

IMPORTANT TIP

Check the IRS website for refund information.

www.irs.gov/refunds

The information is updated **ONCE a Day.**

WHAT'S NEW FOR THIS TAX SEASON

VISIT OUR WEBSITE

www.estelalorenzocpa.com

Welcome to a new tax season. As in previous years, we are prepared to offer you our professionalism and expertise in the income tax return preparation. Our goal is to provide the highest quality service to our loyal clientele.

Important Tax changes for Individuals:

Here are some of the changes:

- ◆ The new clean vehicle credit for new qualified plug-in electric drive motor vehicle has changed. The maximum amount and requirements have changed.
- ◆ Previously owned clean vehicle credit. This credit is available for previously owned clean vehicles acquired and placed in service after 2022
- ◆ Self employed Health Insurance deduction will now be reported Form 7206.
- ◆ Increase in required minimum distribution age. If you reach age 72 in 2023, the required beginning date for your first required minimum distribution is April 1, 2025
- ◆ Form 1099-K is issued by third party settlement organizations and credit card companies to report payment transactions made to you for goods and services. You must report all income on your tax return unless excluded by law, whether you received the income electronically or not, and **whether you received a Form 1099-K or not**

Please call our office for guidance on all of the provisions that directly affect you.

If you have insurance thru **Market Place**, we must complete the insurance reconciliation with your taxes to avoid delays on your refund. The delays could take 8-16 weeks. **You need FORM 1095A**

If you don't bring your **FORM 1095A for all your dependents**, we will not be able to submit the taxes to the IRS, and the IRS WILL NOT process your return. **Call the Market place at 1-800-318-2596 (open 7 days a week—24 hrs.)** before your appointment if you have not received the **1095A FORM.**

Save a trip to the office, send your documents in advance by **email, mail or fax.** Take advantage of the **internet and email** as your questions, deduction lists or any other important information.

We are open **Monday to Saturday by appointments.** Please, call in advance

To stop the spread of Cold and Flu, we are also offering telephone and zoom conferences instead of in person appointment. Email your documents in advance and will call to set up a time.

Bring the following notes and information:

- Social security Card for all Dependents
- Date of birth for all your dependents
- Copy of passport or residence card.
- College tuition paid **Form 1098-T and expenses paid for books and tuition.**
- Bring information for your child care provider: name, address and tax ID
- If you **Sold stock** we need year-end statement from brokerage company
- **Bring tax documents received:**
 - Form **W-2** from your employer.
 - Form **1099s** for Interest, Dividends, Sale of Stocks **1099B** from Banks or Investment companies.
 - Form **1099-NEC** for Self Employed
 - Form **1099-MISC** Other Income.
 - Form **1099-K** for third party transactions
 - **If self employed**, list of business expenses (call us for a worksheet).
 - **If rental income**, list of rental expenses (call us for a worksheet).
 - Form **1099-R** for Pension Plan or IRA-Distribution.
 - Form **1098** from your mortgage company for Principal Residence and Rental Properties.
 - Form **1099-G** for unemployment
 - Form **Form 1099-SSA** Social Security Benefits
 - Form **1095A** from Market Place
 - List your medical expenses and health insurance paid
 - Bring a voided check for direct deposit.

We take this opportunity to thank you for the confidence you have bestowed on us.

**Maria Estela Lorenzo,
Certified Public
Accountant**

**Jacqueline Horta,
Tax Manager
IRS Enrolled Agent
& Certified
Acceptance Agent**

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Established 1983



**Income Tax &
Accounting
Services**

**Please call our office
for guidance on all of
the provisions that
directly affect you.**

To avoid wrongful credits, deductions, etc. Make sure all your records and backup documents have the **correct current address for you and your children such as school records, medical records, bank statements, utility bills, lease agreement. Bring social security card, passport or residence card for you and all dependents.**

You need to submit all documents for the preparation of your taxes. Name must match Social security card and Immigration status according to the social security card. You must have an updated social security card if the name or immigration status changed. Having the incorrect immigration status on your social security card, could affect your credits.

Tax Credits:

Child Tax Credit: The child tax credit is temporarily expanded by increasing the credit amount for each **qualifying child under the age of 17 years of age** to \$2,000. A taxpayer may claim a \$500 credit for each dependent **child older than 17 years of age** or a dependent who is a qualifying relative for purposes of claiming a dependency exemption.

Child Care Credit: you can claim a credit from 20% to 35% of qualified care expenses for tax year 2023. The exact percentage that you are eligible to deduct depends on your income level. The maximum amount of care expenses to which you can apply the credit is \$3,000 if you have one dependent and \$6,000 if you have more than one dependent. You must report the payments made to the child-care provider, name, address and Tax ID Number.

Educational Credits: American Opportunity Credit and Lifetime Learning Credits

You must Bring Form 1098 T from college and qualified college expenses.

To claim these credits, the student must be your dependent. The maximum credit is \$2,500 per student/year. Eligible expenses to include books. Allowing the credit for first 4 years of college. Higher education expense is expanded to include the purchase of new computer technology or equipment. The lifetime maximum credit remains at \$2,000 per return.

Earned Income Credit – You may receive a maximum credit up to:

If no Children	\$ 600	Income less than 17,640 (24,210 if married)
One Child	\$ 3,995	Income less than 46,560 (53,120 if married)
Two Children	\$ 6,604	Income less than 52,918 (59,478 if married)
Three or more	\$ 7,430	Income less than 56,838 (63,398 if married)

You must have a valid social security to claim this credit and be a U.S. citizen or a resident alien all year. Your child must be under 19 years old or under age 24 and a student.

Investment income (interest, dividends, etc.) must be less than **\$11,000 to qualify**. The EITC won't be allowed if qualified investment income exceeds 11,000

Individual Retirement Accounts and Roth IRA:

- You can open an account per beneficiary for your children's education. The earnings withdrawals from this account are tax free if used for educational purposes (**Plan 529**).
- You and your spouse will be allowed an IRA deduction of **\$6,500 each (\$7,500 if you are age 50 or older)**. There are limits according to the **Adjusted Gross Income (AGI)**

Other Items:

- **Long Term Care Deduction:** Depending on your age you will be allowed a deduction for a portion of your premiums as medical deduction subject to limits.

- **Long Term capital gains and dividends:**

<u>FILING STATUS</u>	<u>0% RATE</u>	<u>15% RATE</u>	<u>20% RATE</u>
Single	Up to \$44,625	\$44,626 – \$492,300	Over \$492,300
Married filing jointly	Up to \$89,250	\$89,251 – \$553,850	Over \$553,850
Married filing separately	Up to \$44,625	\$44,626 – \$276,900	Over \$276,900
Head of household	Up to \$59,750	\$59,751 – \$523,050	Over \$523,050

- **Foreign earned income exclusion** amount is 120,000.
- **FBAR Filing requirement** - FBAR stands for "Foreign Bank Account Report", **Persons required to file a FBAR**: US persons (citizens and residents) who have ownership or control (for example signature authority) of foreign accounts with an aggregate value of over \$10,000 in the calendar year. High penalties if not filed.
- **Forgiveness of debts** such as Short Sales, and cancellation of debts might be taxable.
- **All charitable contributions** must be supported by receipts and cancelled checks. Used clothing and household items must be in good used condition in order to be deducted.