



# Navigating the 2024 Tax Landscape

---



January 31, 2025

01

2024 Amounts and Explanations

02

Deductions vs Credits

03

Business Outlook

04

Looking Towards the Future

05

Your Neighbor Said What?

06

Q&A



# 2024 Amounts and Explanation

# 2024 Marginal Tax Rates

Example:

Taxable Income: \$100,000

MFJ

All Ordinary Income

Total Tax: \$12,106

Marg Rate – 22%; Effect Rate – 12%

How?

\$0 - \$23,200 x 10% = \$2,320

\$23,201 - \$94,300 x 12% = \$8,532

\$94,301 - \$100,000 x 22% = \$1,254

OR

\$23,200 x 10% = \$2,320

\$71,099 x 12% = \$8,532

\$5,699 x 22% = \$1,254

Total = \$12,106

Ordinary Income	Long - Term Cap Gain	MFJ		Single	
10%	0%	\$ -	\$ 23,200	\$ -	\$ 11,600
12%	0%	\$ 23,201	\$ 94,050	\$ 11,601	\$ 47,025
12%	15%	\$ 94,051	\$ 94,300	\$ 47,026	\$ 47,150
22%	15%	\$ 94,301	\$ 201,050	\$ 47,151	\$ 100,525
24%	15%	\$ 201,051	\$ 383,900	\$ 100,526	\$ 191,950
32%	15%	\$ 383,901	\$ 487,450	\$ 191,951	\$ 243,725
35%	15%	\$ 487,451	\$ 583,750	\$ 243,726	\$ 518,900
35%	20%	\$ 583,751	\$ 731,200	\$ 518,901	\$ 609,350
37%	20%	\$ 731,200		\$ 609,351	

# Marginal Tax Rates Comparison

## 2024 Marginal Tax Rates

Ordinary Income	MFJ		Single	
10%	\$ -	\$ 23,200	\$ -	\$ 11,600
12%	\$ 23,201	\$ 94,300	\$ 11,601	\$ 47,150
22%	\$ 94,301	\$ 201,050	\$ 47,151	\$ 100,525
24%	\$ 201,051	\$ 383,900	\$ 100,526	\$ 191,950
32%	\$ 383,901	\$ 487,450	\$ 191,951	\$ 243,725
35%	\$ 487,451	\$ 731,200	\$ 243,726	\$ 609,350
37%	\$ 731,200		\$ 609,351	

## 2025 Marginal Tax Rates

Ordinary Income	MFJ		Single	
10%	\$ -	\$ 23,850	\$ -	\$ 11,925
12%	\$ 23,851	\$ 96,950	\$ 11,926	\$ 48,475
22%	\$ 96,951	\$ 206,700	\$ 48,476	\$ 103,350
24%	\$ 206,701	\$ 394,600	\$ 103,351	\$ 197,300
32%	\$ 394,601	\$ 501,050	\$ 197,301	\$ 250,525
35%	\$ 501,051	\$ 751,600	\$ 250,526	\$ 626,350
37%	\$ 751,601		\$ 626,351	

# 2024 Standard Deduction

Example:

Adjusted Gross Income: \$100,000

Taxable Income: \$70,800 (\$100,000 – \$29,200)

MFJ

All Ordinary Income

\$100,000 Taxable Income: \$12,106 Effective Rate 12%

\$70,800 Taxable Income: \$ 8,032 Effective Rate 8%

Decrease in tax of \$4,074

How?

\$0 - \$23,200 x 10% = \$2,320

\$23,201 - \$70,800 x 12% = \$5,712

OR

\$23,200 x 10% = \$2,320

\$47,599 x 12% = \$5,712

Total = \$8,032

	MFJ	Single
\$	29,200	\$ 14,600

Ordinary Income	MFJ	
10%	\$ -	\$ 23,200
12%	\$ 23,201	\$ 94,300
22%	\$ 94,301	\$ 201,050
24%	\$ 201,051	\$ 383,900
32%	\$ 383,901	\$ 487,450
35%	\$ 487,451	\$ 731,200
37%	\$ 731,201	

# 2024 IRA/Retirement

IRA Contribution Limits: \$7,000 (\$8,000 if 50+)

401(k) Employee Cont. Limit: \$23,000 (\$7,500 catch up if 50+)

Required Minimum Distribution: April 1<sup>st</sup> of the year after you turn 73  
from retirement accounts (ROTH not required until after death)

## ROTH IRA Contribution Limits

Filing Status	MAGI	IRA Contribution
MFJ	<\$230,000	\$7,000 (\$8,000 If 50+)
MFJ	\$230,000 - \$239,999	Reduced Amount
MFJ	\$240,000+	zero
Single	<\$146,000	\$7,000 (\$8,000 If 50+)
Single	\$146,000 - \$160,999	Reduced Amount
Single	\$161,000+	zero

## IRA Deduction Limits

Filing Status	MAGI	IRA Deduction
MFJ	<\$123,001	Full Deduction
MFJ	\$123,001 - \$142,999	Partial Deduction
MFJ	\$143,000+	No Deduction
Single	<\$77,001	Full Deduction
Single	\$77,001 - \$86,999	Partial Deduction
Single	\$87,000+	No Deduction

# Credits & Deductions

## Child Tax Credit:

- \$2,000 for each qualifying Child
- Eligible to claim partial credit if income is >\$200,000 (\$400,000 MFJ)

## American Opportunity Tax Credit:

- Up to \$2,500 Per year, per student
- Phase out if income >\$80,000 (\$160,000 MFJ)

## Lifetime Learning Credit

- Up to \$2,000 Credit
- Phase out if income >\$80,000 (\$160,000 MFJ)

## Student Loan Interest Deduction:

- Lesser of \$2,500 or amount paid
- Phase out if MAGI >\$80,000 (\$165,000 MFJ)

## HSA Deduction:

- Self - \$4,150
- Family - \$8,300
- Deduction is lesser of amount above or contribution.
- Can contribute to 2024 until 04/15/2025
- Married couples are limited to \$8,300 between them.





# Credits Vs Deductions

# Credit VS Deduction

## Credits:

Dollar-for-dollar reduction in tax

## Deductions:

Reduction of taxpayer's taxable income

## Example:

Taxable Income: \$100,000

Credits: \$5,000

Deductions: \$5,000

Tax Rate: 10% (for simplicity)

Tax W/O adjustment: \$10,000

Tax W/ Credit Only: \$5,000 ( $\$10,000 - \$5,000$ )

Tax W/ Deduction Only: \$9,500 ( $\$100,000 - \$5,000 = 95,000 \times 10\%$ )

A stylized illustration of a storefront with a striped awning and a sign that says "Business Outlook". The illustration is rendered in a light blue color against a dark blue background. The storefront has a striped awning with alternating light and dark blue stripes. Below the awning, there are four windows with dark blue frames. The sign is a white rectangle with the text "Business Outlook" in a bold, white, sans-serif font. The sign is mounted on a dark blue wall. The entire illustration is centered on the page.

# Business Outlook

# Common Business Topics

60% Bonus  
Depreciation

67 cents per  
Mile

Section 179

Section 174  
R&E Cap.

Bonus Depreciation goes from 80% to 60% in 2024. Section 179 might be a something to look into to maximize current year deductions.

Section 174 expenses (research & experimentation) still need to be capitalized and amortized over 5 years (15 if foreign)



Looking Towards the Future

# Sunseting Laws

Major Changes from the TCJA (2017) are set to expire after 2025

**1** Reduced 1040 Tax Rate (37>39.6%)

**2** Increased Standard Deduction (and No Exemptions)

**3** Increase in Estate and Gift Exemption

**4** Bonus Depreciation (0% in 2027)

**5** Qualified Business Income Deduction

**6** Limitation on SALT Deduction

**7** Suspension of Unreimb. Employee Expenses and Management Fees

**8** Increase in AMT Exemption

# Taxes Under Trump

Kiplinger

HOME • TAXES • TAX LAW

## House GOP Bill Aims to Abolish the IRS and Rewrite the Tax Code

The stability of the IRS faces yet another challenge as the U.S. presidency changes hands.

Thomson Reuters

FEDERAL TAX

TAX & ACCOUNTING

Our solutions

## Trump Renews Call for Tax-Free Tips

Maureen Leddy

January 28, 2025 - 5 minute read

AP

WORLD U.S. POLITICS SPORTS ENTERTAINMENT BUSINESS SCIENCE FACT CHECK ODDITIES BE WELL NEWSLETTERS

Live: DC plane crash Live updates: Kash Patel confirmation Tulsi Gabbard Gaza ceasefire Tax refunds

AP SETS T SUPPORT

POLITICS

## Tips, overtime, Social Security: A look at Donald Trump's no-tax pledges and what they might cost



**Your Neighbor Said What?!**



# Some Common Misconceptions



You can write off your truck if you just own a business.



Pay your 9-year-old so you can deduct the wages on your business.



You can write off all your expenses if you just set up an LLC.



“Taking an affordable vacation is easy, Schedule some meetings, call it a business trip and deduct it from your taxes.”

# Q&A

## Next Workshop Will Be In May

What would you like to learn about?

---



January 31, 2023