

Navigating the 2024 Tax Landscape



January 31, 2025





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	M	FJ		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		М	FJ	
10%	\$	-	\$	23,200
12%	\$	23,201	\$	94,300
22%	\$	94,301	\$	201,050
	-	201,051	\$	383,900
32%	\$	383,901	\$	487,450
		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 1st 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

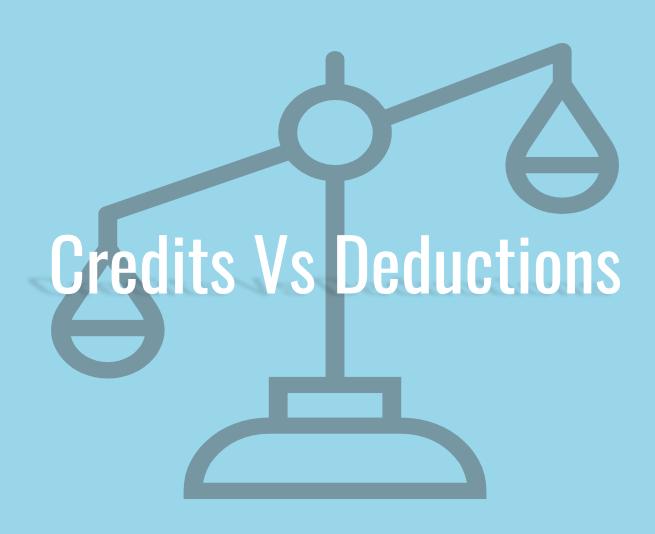
- Up to \$2,000 Credit
- Phase out if income >\$80,000 (\$160,000 MFJ)

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.



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 - $5,000 = 95,000 \times 10\%)$



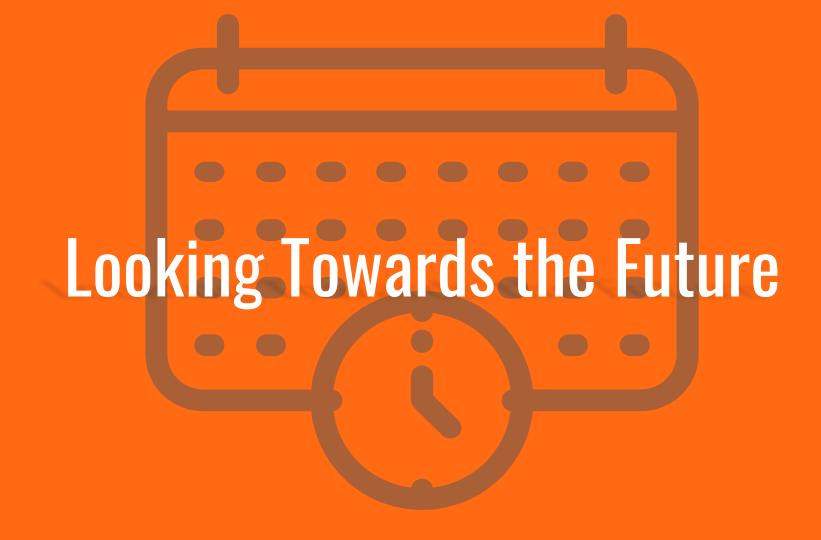




Bonus Depreciation goes from 80% to 60% in 2024. Section 179 might be a something to look into to maximize current year deductions.

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





Sunsetting Laws

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

1 Reduced 1040 Tax Rate (37>39.6%)

5 Qualified Business Income Deduction

2 Increased Standard Deduction (and No Exemptions)

6 Limitation on SALT Deduction

3 Increase in Estate and Gift Exemption

Suspension of Unreimb. Employee Expenses and Management Fees

Bonus Depreciation (0% in 2027)

8 Increase in AMT Exemption

Taxes Under Trump











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?



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