

Tax Bracket Updates for Tax Year 2024

This just in – the IRS has announced the new adjustment limits for tax year 2024. Some of these new limits are as follows:

-Alternative Minimum Tax exemption amount is \$85,700 and phase out starts at \$609,350 (\$133,300 MFJ).

- Earned Income Tax Credit amount is \$7,830 for taxpayers with 3 or more qualifying kids.

-The income rate brackets are:

- 37% for single and income over \$609,350 (over \$731,200 for married couples filing jointly or MFJ);
- 35% for income over \$243,725 (over \$487,450 for MFJ);
- 32% for income over \$191,950 (over \$383,900 MFJ);
- 24% for income over \$100,525 (over \$201,050 MFJ);
- 22% for income over \$47,150 (over \$94,300 MFJ);
- 12% for income over \$11,600 (over \$23,200 MFJ);
- and 10% for income under \$11,601 (under \$23,201 MFJ).

For greater details over these brackets released by the IRS, check out the full details here -

<https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024>

Changes to 2023 Tax Returns for Those with Digital Assets

In prior years, the IRS began adding in questions to certain tax returns for individuals with regards to digital assets. This required individuals to answer a yes or no question as to whether you owned, sold or received any during the year.

For tax year 2023, if you are a partnership, corporation, S corporation, and estate or trust, you can expect to see similar a question on your return pertaining to digital assets.

All taxpayers must answer this question as it appears on their return.

Per an article by the Journal of Accountancy, if a taxpayer answers yes to the question, then “they must report all income related to digital asset transactions, including any that were sold, exchanged, or transferred as a capital asset in 2023 or digital assets that were given as a gift. An employee who was paid with digital assets must report the value of assets as wages, and independent contractors must report digital asset payments as well.”

For the full article, check out this link - <https://www.journalofaccountancy.com/news/2024/jan/digital-asset-question-added-to-more-forms-for-2023-tax-returns.html>

New FinCEN Rules Enacted for Small Businesses

The Financial Crimes Enforcement Network (FinCEN) has issued new guidance with regards to beneficial owner information (BOI) under the Corporate Transparency Act (CTA). Beginning in January 1, 2024, most “small” companies that are created in, and registered to transact business, within the United States must report information about its BOI to FinCEN.

FinCEN describes a company's beneficial owners as the persons "who ultimately own or control the company." The cause for this change is to "help law enforcement and national security agencies prevent and combat money laundering, terrorist financing, tax fraud, and other illicit activity, as well as protect national security."

Companies that were created BEFORE January 1, 2024 will have until January 1, 2025 to file the initial reports required. Companies that were created AFTER January 1, 2024 will have 90 days to file the initial reports required.

For greater information check out the Small Entity Compliance Guide - https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf