

**Individuals**

**For 2024**

- Energy Efficient Home Improvement Credit is 30% up to \$1,200 for qualified energy efficiency improvements through 2032. No lifetime limit.
- Residential Clean Energy Credit is 30% through 2032. Includes qualified battery storage technology expenditures. No annual maximum of lifetime limit.
- Clean Vehicle Credit applies to purchases after April 18, 2023. This credit is between \$3,750.00/\$7,500.00 and is dependent upon material sourcing of various components in the vehicle.
- ARPA Premium tax credit for health insurance costs remains in effect.
- New reporting thresholds for 1099 K filings by 3rd Parties (“E-Bay”, “Square\_”, etc.) to taxpayers are being phased in through 2026.
- The 2024 IRA or Roth IRA contribution limit is for \$7,000.00 for taxpayers under 50 and \$8,000.00 for those age 50 and over. Contributions may be made until the unextended due date of the taxpayer’s return.

**Businesses**

**For 2024**

- Energy efficient home credit for eligible contractors extended through 2032.
- Research credit of up to \$250,000 - \$500,000 allowed against payroll tax for small business continues.
- Schedule K2 and K3 reporting for pass through entities continues with updated requirements.
- Credit for qualified Commercial clean vehicles.
- Three-Year carryback for certain general business credits.

- Bonus depreciation will be 60% for new, used, and qualified improvement property.
- Section 179 deduction –The deduction for qualified property is increased to \$1,220,000 and the phase-out threshold is increased to \$3,050,000.
- Maximum deduction for an SUV with GVW over 6,000 lbs. but not more than 14,000 lbs. increased to \$30,500.

## **Other Miscellaneous Updates**

### ***Retirement Plan Contribution Limits:***

	<b><u>2024</u></b>
Maximum 401(k) and 403(b) employee contribution	\$23,000
Maximum SIMPLE employee contribution	\$16,000

***“Catch-up” Contribution Limits:*** Taxpayers who are at least age 50 before the end of the respective year can increase their contribution limits by the following amounts:

401(k), 403(b), salary reduction SEP plans and 457 plans	\$7,500
SIMPLE plans	\$3,500

## **Affordable Care Act**

If you or a family member enrolled in health insurance through the Marketplace and advance payments of the premium tax credit were made to your insurance company, you will receive Form 1095-A. This form is required to prepare a tax return.

**Estate & Gift Tax:** For 2024, the individual Federal estate tax filing threshold is \$13,610,000. For 2025 the threshold has been increased to \$13,990,000. Massachusetts residents now have an increased threshold of \$2,000,000.00 (increased from \$1,000,000.00). The Federal annual gift tax exclusion amount is \$18,000.00 and \$19,000.00, per recipient, in 2024 and 2025, respectively. There is no gift tax in Massachusetts

## **Miscellaneous**

***Kiddie Tax:*** In 2024, the “kiddie tax” applies to children up to age 18, and full-time students aged 19-23, whereby a child’s investment income greater than \$2,600 is taxed at the parent’s marginal tax rate.

**Standard Mileage Rates:** The business mileage rate for 2024 is 67 cents per mile from Jan 1 - December 31, 2024. Business related costs for parking, tolls, auto loan interest, and auto excise tax may be deducted in addition to the standard mileage rate. The standard mileage rate for medical purposes in 2024 is .21 cents from January 1-December 31.

**Social Security Retirement Earnings Test:** For persons who are at least age 62, but under their full retirement age, the maximum income that can be earned while drawing Social Security without losing benefits for 2024 is \$22,320. For persons who reach full retirement age in 2024, the limit of earnings for the period prior to this date is \$59,520. Full retirement age is determined based on the individual's date of birth and gradually increases from age 65 to age 67.

## 2024 MASSACHUSETTS TAX HIGHLIGHTS

December 31, 2024

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For tax years beginning on or after January 1, 2023, the Massachusetts personal income tax law generally conforms to the Internal Revenue Code as amended on January 1, 2023. Previously Massachusetts conformed to the IRC as amended on January 1, 2005. Massachusetts will now conform to many federal tax law changes affecting the determination of Massachusetts gross income and deductions that have been enacted since 2005. Massachusetts does not allow the qualified business income deduction allowed for federal tax purposes.

**Tax Rate:** The 2024 tax rate for most classes of taxable income is 5%. The tax rate on short-term capital gains, long-term gains on collectibles and short-term gains on the sale of trade or business property used in a trade or business is 12%. Certain capital gains are taxed at 8.5%.

**Paid Family Medical Leave Taxable Distributions:** Income received from the department of Family and Medical Leave is taxable and should be reported to you on Form 1099-G.

**Optional Pass-Through Entity Excise:** For taxable years beginning on or after January 1, 2021, pass through entities may elect to pay an optional 5% excise tax on the income that flows through to individuals. These individuals may claim a refundable credit equal to 90% of their allocable share of the entity's excise due. This election on Massachusetts entity returns may provide significant Federal tax savings to shareholders and members of "S" Corporations, partnerships and LLC's through 2025.

***Senior Circuit Breaker Tax Credit - Real estate tax credit for persons aged 65 and older:*** The maximum credit is increased to \$2,730 for 2024. The 2024 limitations on income are \$72,000, for single, \$91,000 for head of household and \$109,000 for married filing jointly. The assessed value of the real estate on January 1, 2024, cannot exceed \$1,172,000 to qualify for this credit. For properties with greater than 1 acre of land, the assessed value and real estate taxes must be pro-rated.

***Prepaid Tuition or College Savings Program Deduction:*** A deduction is available for contributions to a pre-paid tuition program, or a college savings program established by the Commonwealth. The deduction is capped at \$1,000 for a single person or head of household and \$2,000 for a married couple filing jointly.

**Please feel free to contact us for additional information on any tax matter or to discuss how the 2024 tax law changes will affect you.**