



FREEPORT MERRICK Rotary Club

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Presents Virtual Presentation

2024 – 2025 TAX PRESENTATION

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Gather and Organize Tax Records

- The 2024 Tax Year returns are due on April 15, 2025. Organized tax records make preparing a complete and accurate tax return easier. It helps avoid errors that lead to processing and refund delays. Individuals should have all their tax information available before filing to ensure the return is complete and accurate.
- Remember, most income is taxable. Record keeping for individuals includes: Form W-2 from employer(s); Form 1099-NEC for nonemployee compensation (Subcontractor); Forms 1099 from banks, issuing agencies and other payers including unemployment compensation, dividends, and distributions from a pension, annuity or retirement plan; Form 1099-K, 1099-MISC or other income statement for workers in the gig economy; Form 1099-INT for interest received; 1099-DA for Digital Asset Proceeds from Broker Transactions.
- Taxpayers should also keep end of year documents including: Form 5498 issued by financial institutions with information on retirement accounts; Form 1095-A, Health Insurance Marketplace Statement.
- *Want a faster refund? Getting banked speeds tax refunds with direct deposit, it gives individuals access to their refund faster than a paper check.*

Form 1040 U.S. Individual Income Tax Returns

- Filing Status
 - Single
 - Taxpayer remain unmarried or legally separated through divorce as of the end of the year.
 - Married Filing Jointly
 - Taxpayer and Spouse who are married as of the end of the year.
 - Income, Deductions and credits of both spouses are accounted for in a joint tax return.
 - Both spouses are responsible for timely filing of tax returns and any tax liabilities owed.
 - Married Filing Separately (MFS)
 - Spouses choose to account for their incomes and deductions on **separate** tax returns.
 - Both spouses name and social must appear on each other's tax returns.
 - Both spouses must either itemized or take the standard deduction.
 - Head of Household (HOH)
 - There are several required criteria's for this status
 - Single, divorced or legally separated
 - You have a qualifying dependent
 - *Who can be your biological child, stepchild, foster child, sibling, step sibling, half sibling or a descendant of one of the aforementioned relatives*
 - You and spouse file separate tax returns
 - Your spouse did not live with you during the last six months of the tax year.
 - You live with a qualified child
 - You Pay more then half of your household expenses
 - Qualified Widow(er) (QW)
 - Allows surviving spouse to file joint tax return in spite of the deceased spouse
 - Allowable for two years following the year of spouse's death
 - Surviving spouse cannot re-marry within those two years.
 - Surviving spouse must maintain home for at least one dependent child

Standard Deductions

Definition: The standard deduction is a specific dollar amount that the IRS lets you subtract from your (AGI)Adjusted Gross Income to lower the amount of income you get taxed on. Remember the standard deduction you're entitled to generally depends on your tax-filing status.

For Example: A married couple filing their 2024 tax return jointly with an AGI of \$125,000 is entitled to a standard deduction of \$29,200. This tax break reduces their taxable income to \$95,800 ($\$125,000 - \$29,200$)

Standard deduction 2024 & 2025

Filing Status	2024 Standard Deduction	Filing status	2025 standard deduction
Single	\$14,600	Single	\$15,000
Married, Filing Separately	\$14,600	Married, filing separately	\$15,000
Married Filing Jointly; Qualifying widow/er	\$29,200	Married, filing jointly; qualifying widow/er	\$30,000
Head of Household	\$21,900	Head of household	\$22,500

Itemized Deductions are eligible personal expenses, the total of which exceeds your standard deduction, that can be subtracted from your Modified Adjusted Gross Income (MAGI). The three most common itemized deductions are as followed;

- 1. Mortgage Interest.** Deductible mortgage interest is interest you pay on a loan, secured by a main home or second home, that was used to buy, build, or substantially improve the home. Any interest that you pay on a mortgage toward a property can be deducted from your tax (up to \$750,000), this also includes loans for second homes if it stays within the limits of \$750,000 and any home equity loans.”
- 2. State and Local Taxes (SALT).** SALT includes state and local property taxes, state income tax and sales tax. You can deduct up to \$10,000 of SALT as a married couple filing jointly – or \$5,000 if you are married filing separately.
- 3. Charitable Contributions.** In order for your donation to be deductible, it must go to a nonprofit group that is [approved by the IRS](#). Most often, these are charitable, religious or educational organizations, though they can also be everything from your local volunteer fire company to a group for the prevention of cruelty to animals.

Itemized Medical Deductions

Itemize your medical and dental expenses! If you paid for yourself, your spouse, and your dependents during the taxable year to the extent these expenses exceed 7.5% of your adjusted gross income for the year.

The deduction applies only to expenses not compensated by insurance or otherwise regardless of whether you receive the reimbursement directly or payment is made on your behalf to the doctor, hospital, or other medical provider.

Medical care expenses include payments for the diagnosis, cure, mitigation, treatment, or prevention of disease, or payments for treatments affecting any structure or function of the body.

Tax Rate change 2024 vs 2025

The income tax marginal rate(s) that affects you as a filer will depend on your filing status and taxable income.

2024 tax brackets

Tax rate	Single filers	Married couples filing jointly	Married couples filing separately	Head of household
10%	\$11,600 or less	\$23,200 or less	\$11,600 or less	\$16,550 or less
12%	\$11,601 to \$47,150	\$23,201 to \$94,300	\$11,601 to \$47,150	\$16,551 to \$63,100
22%	\$47,151 to \$100,525	\$94,301 to \$201,050	\$47,151 to \$100,525	\$63,101 to \$100,500
24%	\$100,526 to \$191,950	\$201,051 to \$383,900	\$100,526 to \$191,950	\$100,501 to \$191,950
32%	\$191,951 to \$243,725	\$383,901 to \$487,450	\$191,951 to \$243,725	\$191,951 to \$243,700
35%	\$243,726 to \$609,350	\$487,451 to \$731,200	\$243,276 to \$365,600	\$243,701 to \$609,350
37%	\$609,351 or more	\$731,201 or more	\$365,601 or more	\$609,351 or more

Source: Internal Revenue Service

2025 tax brackets

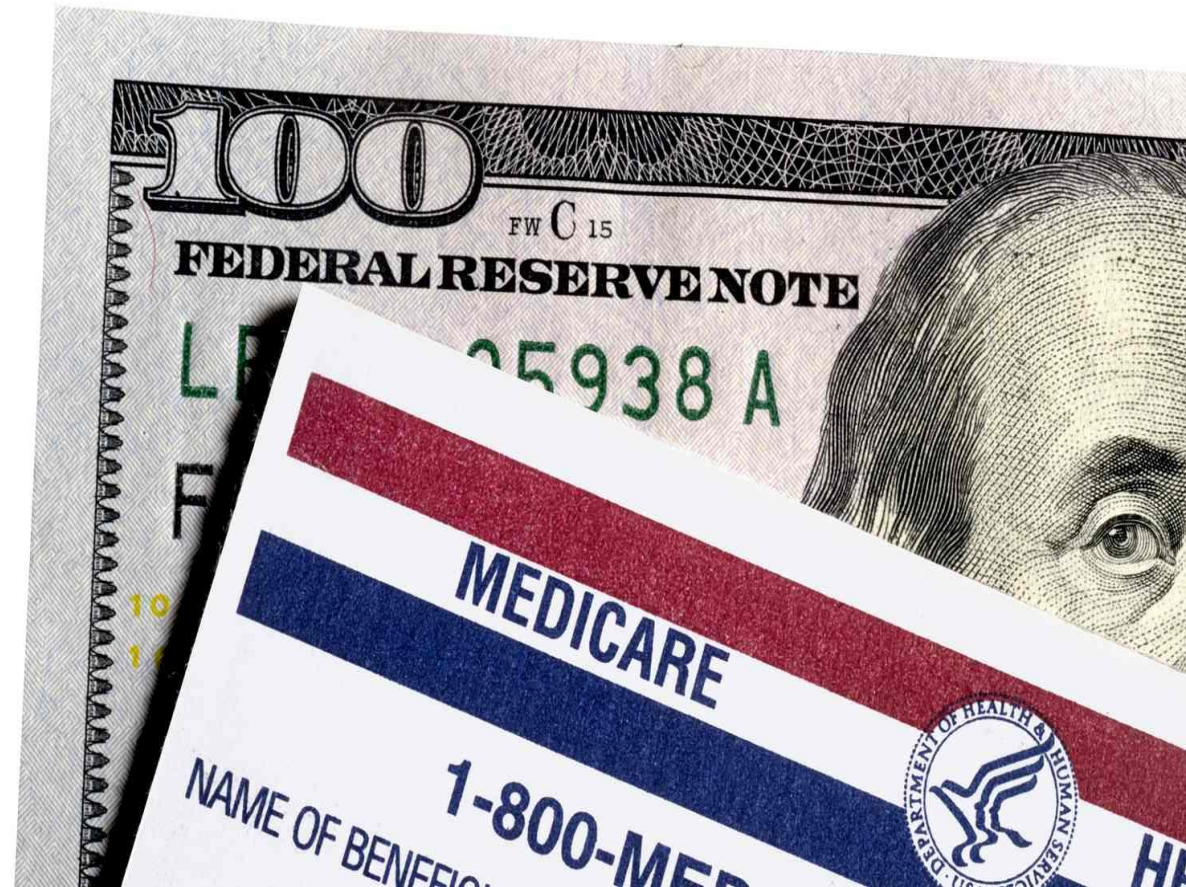
Tax rate	Single filers	Married couples filing jointly	Married couples filing separately	Head of household
10%	\$11,925 or less	\$23,850 or less	\$11,925 or less	\$17,000 or less
12%	\$11,926 to \$48,475	\$23,851 to \$96,950	\$11,926 to \$48,475	\$17,001 to \$64,850
22%	\$48,476 to \$103,350	\$96,951 to \$206,700	\$48,476 to \$103,350	\$64,851 to \$103,350
24%	\$103,351 to \$197,300	\$206,701 to \$394,600	\$103,351 to \$197,300	\$103,351 to \$197,300
32%	\$197,301 to \$250,525	\$394,601 to \$501,050	\$197,301 to \$250,525	\$197,301 to \$250,500
35%	\$250,526 to \$626,350	\$501,051 to \$751,600	\$250,526 to \$375,800	\$250,501 to \$626,350
37%	\$626,351 or more	\$751,601 or more	\$375,801 or more	\$626,351 or more

Source: Internal Revenue Service

Additional Medicare Tax

A 0.9% Additional Medicare Tax applies to Medicare wages, self-employment income, and railroad retirement (RRTA) compensation that exceed the following threshold amounts based on filing status:

- \$250,000 for married filing jointly;
- \$125,000 for married filing separately
- \$200,000 for all other taxpayers.



CAPITAL GAINS TAX: 2024-2025

Capital Gains Tax Rate (Long-Term)	Taxable Income (Single)	Taxable Income (Married Filing Jointly)	Taxable Income (Head of Household)
0%	Up to \$47,025	Up to \$94,050	Up to \$63,000
15%	\$47,026 to \$518,900	\$94,051 to \$583,750	\$63,001 to \$551,350
20%	Over \$518,900	Over \$583,750	Over \$551,351

What is Capital Gains?

- Capital gain refers to the profit made from the sale of capital assets, such as stock, houses, cars or other types of investments. Capital losses, on the other hand, are assets that have been sold for less than their original purchase price or [cost basis](#).

What is Capital Gains tax?

- A capital gains tax is a tax on the profit from the sale of an asset. How the capital gain is taxed depends on filing status, taxable income and how long the asset was owned before selling.
- The capital gains tax rate is 0%, 15% or 20% on most assets held for longer than a year. Capital gains taxes on assets held for a year or less correspond to ordinary income tax brackets: 10%, 12%, 22%, 24%, 32%, 35% or 37%.

Tax Year 2024

(Long-Term)	(Single)	(Married Filing Jointly)	(Head of Household)
0%	Up to \$48,350	Up to \$96,700	Up to \$64,750
15%	\$48,351 to \$533,400	\$96,701 to \$600,050	\$64,751 to \$566,700
20%	Over \$533,400	Over \$600,050	Over \$566,701

Tax Year 2025

Net Investment Income Tax Rate

Individuals will owe an additional tax of 3.8% if they have Net Investment Income and MAGI over the following thresholds:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying widow(er) with dependent child	\$250,000

Tuition and Fees Deduction

The [American opportunity tax credit](#) is a credit for qualified education expenses paid for an eligible student for the first four years of higher education. You can get a maximum annual credit of \$2,500 per eligible student.

The student must be attending school at least half-time in a program leading to a degree or certificate. Modified Adjusted Gross Income (MAGI) must be \$80,000 or less (\$160,000 or less for married taxpayers filing jointly). If your MAGI is over \$80,000 but less than \$90,000 (over \$160,000 but less than \$180,000 for married taxpayers filing jointly), the amount of your credit is reduced. If your MAGI is over \$90,000 (\$180,000 for married taxpayers filing joint), you can't claim the credit.

If the credit brings the amount of tax you owe to zero, you can have 40 percent of any remaining amount of the credit (up to \$1,000) refunded to you.

The [Lifetime learning credit](#) is for qualified tuition and related expenses paid for eligible students enrolled in an eligible educational institution. The amount of your credit is gradually reduced (phased out) if your MAGI is between \$80,000 and \$90,000 (\$160,000 and \$180,000 if you file a joint return). You cannot claim the credit if your MAGI is \$90,000 or more (\$180,000 or more if you file a joint return).

This credit can help pay for undergraduate, graduate and professional degree courses including courses to acquire or improve job skills.

There is no limit on the number of years you can claim the credit. It is worth up to \$2,000 per tax return.

The institutions will issued a Form 1098-T Statement, which will help figure your credit.

Child Tax Credit & Dependent Care Credit

The **Child Tax Credit** is a nonrefundable tax credit available to taxpayers with dependent children under the age of 17.

For 2024, the child tax credit is worth \$2,000 for a dependent under the age of 17 at the end of the tax year. You qualify for the full amount of the Child Tax Credit for each qualifying child if you meet all eligibility factors and your annual income is not more than \$200,000 (\$400,000 if filing a joint return).

The **Child and Dependent Care Credit** is a tax credit that may help you pay for the care of eligible children and other dependents (qualifying persons). To qualify for the care credit, you must have paid someone, such as a daycare provider, to care for one or more of the following people:

- A child age 12 or younger at the end of the year whom you claim as a dependent
- Your spouse, if that person is unable to take care of himself or herself and lived in your home for at least half the year
- Any other person claimed as a dependent on your return, if that person can't take care of himself or herself and has lived in your home at least half the year

For tax year 2024, the maximum amount of care expenses you're allowed to claim is \$3,000 for one person, or \$6,000 for two or more people. The percentage of your qualified expenses that you can claim ranges from 20% to 35%.

Pending any provisional changes by congress, the eligibility and the credits may remain until tax year ending 2025.

Earn Income Tax Credit 2024

The **Earned Income Tax Credit** (EITC) helps low- to moderate-income workers and families get a tax break. If you qualify, you can use the credit to reduce the taxes you owe – and maybe increase your refund.

For the 2024 tax year, the EITC ranges from \$632 to \$7,830, depending on your filing status and how many children you have. Below are the maximum 2024 earned income tax credit amounts, plus the most you can earn before losing the benefit altogether.

Number of Children	Maximum Earned Income Tax Credit	Max AGI, Single or Head of Household	Max AGI, Married Filing Jointly
0	\$632	\$18,591	\$25,511
1	\$4,213	\$49,084	\$56,004
2	\$6,960	\$55,768	\$62,688
3 or more	\$7,830	\$59,899	\$66,819

Clean Vehicle and Energy Credits

You may qualify for a credit up to \$7,500 under Internal Revenue Code Section 30D if you buy a new, qualified [plug-in EV](#) or [fuel cell electric vehicle \(FCV\)](#) bought and delivered within the tax year. The Inflation Reduction Act of 2022 changed the rules for this credit for vehicles purchased from 2023 to 2032. The new car tax credit consists of battery and sourcing requirements, each adding up to half of the credit. If the car meets both requirements, it is eligible for the full credit. If it meets only one requirement, it may be eligible for a partial credit of \$3,750.

The credit is nonrefundable, used to lower or eliminate income tax liability. Any overage or excess of the credit cannot be carried over to offset future taxes.

To qualify if purchased within tax year 2024, you must have:

- Bought it for your own use, not for resale
- Used it primarily in the U.S.
- Vans, SUVs and pickup trucks must have had an MSRP, or [manufacturer's suggested retail price](#), of \$80,000 or less. Other vehicles, such as sedans and passenger cars, are capped at \$55,000. For the purpose of claiming the credit, MSRP does not include taxes and other add on by the dealer.

In addition, your modified adjusted gross income (AGI) may not exceed:

- \$300,000 for married couples filing jointly
- \$225,000 for heads of households
- \$150,000 for all other filers

The credit can be claimed upon filing of your 2024 tax return or be transferred to the dealer. Transferring the credit to the dealership get an immediate discount on the car rather than having to wait to claim a credit on their taxes. Although the discount has no effect on your tax liability, you still have to report the transaction on your tax return. Any unqualified credits or rebate due to AGI limitations must be repaid back to the IRS.

The IRS urges taxpayers to use the tool on the [FuelEconomy.gov website](#) for the most up-to-date information on eligible models. You can filter by purchase scenario, model year, and vehicle type and determine which car is eligible based on its date of delivery. Be sure to check with the dealer as well, the IRS warns, because some versions of the cars below may not qualify.

Used EV Vehicles Energy Credit

Beginning January 1, 2023, if you buy a qualified used electric vehicle (EV) or fuel cell vehicle (FCV) with a battery capacity of at least 7kilowatt hours from a licensed dealer for \$25,000 or less, you may be eligible for a used clean vehicle tax credit. Sale price includes all dealer-imposed costs or fees not required by law. It doesn't include costs or fees required by law, such as taxes or title and registration fees.

The credit equals 30% of the sale price up to a maximum credit of \$4,000

To qualify, a vehicle must meet all of these requirements:

- Have a model year at least 2 years earlier than the calendar year when you buy it. For example, a vehicle purchased in 2024 would need a model year of 2022 or older.
- Have a gross vehicle weight rating of less than 14,000 pounds
- Be for use primarily in the United States
- Credit can only be claimed once every three years.

The EV credit for both New and Used vehicles may continue until year end 2025. Although, President Trump did sign an executive order on January 20, 2025, seeking to role back EV Policies.

Retirement Plan and IRA Required Minimum Distributions

Maximize Your Retirement Contribution in 2024

- The 401(k) contribution limit for 2024 was \$23,000 for employee, and \$69,000 for the combined employee and employer contributions. Those 50 and older can catch-up and contribute an additional \$7,500 in 2024 and 2024. Tax Year 2025 401(k) contribution limit increased to \$23,500 for employees and \$70,000 for the combined contributions. The catch-up contribution limit remains. The employer's contribution cannot exceed 25% of the employee's compensation in a given year.
- The tax year 2024 annual Traditional IRA and Roth IRA contribution limit remained \$7,000 with an additional \$1,000 catch-up contribution for those 50 or older. The contribution limit remains the same for tax year 2025, pending any provisional changes by congress. The traditional IRA has no income limits for contributing, but your ability to deduct contributions may be reduced or eliminated depending on your [modified adjusted gross income \(MAGI\)](#), your filing status, and whether you (or your spouse) have a workplace retirement plan.
 - Single/Head of Household – No deduction limit for up to \$77,000; Deduction eliminated if exceeds \$87,000
 - Married Filing Jointly - No deduction limit for up to \$123,000; Deduction eliminated if exceeds \$143,000
 - Married Filing Separate - No deduction limit for up to \$10,000; Deduction eliminated if exceeds \$10,000

Required minimum distributions are the minimum amounts you must withdraw from your retirement accounts each year.

- As of 2024, you must have started taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you reach age 73. RMD can be delayed into the current year of 2025, but must be taken by April 1.
- Account owners in a workplace retirement plan (for example, 401(k) or profit-sharing plan) can delay taking their RMDs until the year they retire, unless they're a 5% owner of the business sponsoring the plan.

Gifts & Estates

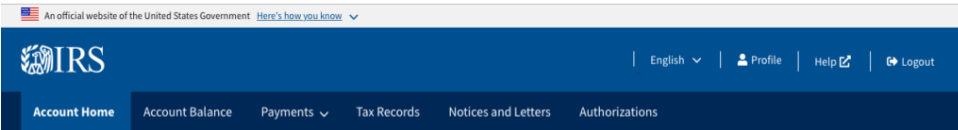
Gift Tax Annual Exclusion	
Year	Exclusion amount
2023	17,000
2024	18,000
2025	19,000

Gift Value	Gift Tax Exemption Limit	Taxable Amount	Lifetime Gift Tax Exemption Limit	Remaining Lifetime Exemption Limit After Gift
2024 - \$30,000	\$18,000	\$12,000	\$13,610,000	\$13,598,000
2025 - \$30,000	\$19,000	\$11,000	\$13,990,000	\$13,979,000

Please Don't Forget to Create your Account!

Both the IRS and NYS online accounts makes it safer and easier for people to make payments online, go paperless, retrieve transcripts and check their refund statuses.

This is not mandatory but we encourage you to apply!



Welcome

Account Status

You Have an Extension to File Your 2021 Tax Return

We have not processed... [Read more](#)

Total Amount Owed
as of September 19, 2022:

\$0.00

[View Balance Details](#)

Payments

[MAKE A PAYMENT](#)

[View Payment Options](#)

[View Payment Activity](#)

Notifications

[Turn On Email Notifications](#)

Sign up to receive email notifications when the IRS issues new notices for your account.

[Go Paperless for Certain IRS Notices](#)

Set your profile preferences to receive IRS notices online.

Records

[View Tax Records](#) for:

- Key information from your most recent tax return
- Advance Child Tax Credit filing information
- Economic Impact Payment filing information
- Downloadable tax records

[View Notices and Letters](#) for correspondence from the IRS

[View Authorizations](#) for online requests from tax professionals



Secure Access to New York State Services

Username

Password

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Tips from the IRS: Staying safe online

- The IRS reminds families, teens, and senior citizens about the continued importance of protecting personal and financial information (.pdf) online. *Here are a few suggestions that can make a difference for vulnerable groups to potential dangers to protect their personal data:*
- Phishing emails, threatening phone calls and text from thieves posing as the IRS or legitimate organizations pose ongoing risks. Do not click on links or download attachments from unknown or suspicious emails.
- Be careful not to reveal too much personal information. Keeping data secure and only providing what is necessary minimizes online exposure to scammers and criminals. Birthdates, addresses, age, financial information such as bank account and social security numbers are among things that should not be shared freely.
- Connections to a public Wi-Fi networks is convenient but it may not be safe from hackers and cybercriminals who can easily intercept personal information. Always use security software with firewall and anti-virus protections.
- Remember, to encrypt sensitive files such as tax records stored on computers or when sending through emails to your accountants.