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## 2024 TAX TIPS

### \*\*\*STORM DAMAGES\*\*\*

If you were affected by one of the 2024 storms, you may have additional time to file your 2023 tax return. Texas and Louisiana residents have until February 3, 2025 while Florida residents have until May 1, 2025 to file. If you have a liability for 2023, interest and penalties will continue to accrue as this is only an extension to file, not to pay.

You can claim uninsured losses from the 2024 storms or floods on your return. Individuals and households who reside or have a business in the state of Louisiana (Hurricane Francine), Texas (Hurricane Beryl), and Florida (Hurricane Helene, Hurricane Milton) qualify for tax relief. Only uninsured losses can be recovered.

If you have damages to your property due to a declared disaster, you will need to bring in records to support property losses (insurance estimate, appraisal, clean-up costs, contractor quotes, etc.), records of rebuilding/repair costs, insurance settlements or reimbursements/claims to be paid, and/or FEMA assistance information.

Please also know the date your property was purchased, cost at purchase, and the value of your property before the declared disaster.

### Minimizing Your Taxes for 2024

#### For those of you filing

##### Individual Tax Returns

1. Pay January's mortgage, property tax and medical bills in December of 2024
2. The Educator Expense deduction is now \$300
3. Consider tax free investments such as Municipal bonds and other tax-free investments.
4. 401K's, IRA's and other tax sheltered investments to defer taxable income is also advisable. This can also make you eligible for the Retirement Savings Contributions Credit which could reduce tax liability up to \$2,000 depending on your filing status, income and contributions made to 401K or an IRA.
5. Donate items to non-profit organizations. Remember to get receipt for donations and list items donated and values.
6. Second mortgages and lines of credit on your home can be deducted on your tax return if money is invested in property.
7. Selling losing stocks or mutual funds would help up to \$3,000 in losses
8. Tax free saving bonds are another approach to save for college. Interest escapes taxes when used to pay college.
9. Casualty losses are deductible with federally declared disaster events.
10. If Social Security benefits

were your only income in 2024, your benefits are not taxable, and you do not need to file a federal income tax return. If you have other substantial income in addition to your benefits, such as wages, self employment, and other taxable income, you are required to pay taxes on up to 85% of your Social Security benefits if you file a Federal tax return as an "individual" and your "combined income" exceeds \$25,000 or a joint return and you and your spouse have a "combined income" of more than \$32,000.

11. Individuals may deduct qualified contributions of up to 100 percent of their AGI.

#### For those of you with Businesses

1. Businesses are eligible for the 20% tax cut on profits called Qualified Business Income. Sole proprietors, S-Corp, and LLC are eligible. Total taxable income in 2024 must be under \$191,950 for single filers or \$383,900 for joint filers to qualify
2. Consider hiring your children under age 18. They can earn up to \$14,600 without being taxed. Because your child will have earned income, you can contribute to an IRA on their behalf subject to applicable IRA contribution limits.
3. Create SEP retirement plans up to \$69K through the business and lower taxes in

the process.

4. Section 179 limit is \$1,220,000 in 2024. Bonus Depreciation has been extended indefinitely. You can deduct 100% of the value of qualified property in the first year.

5. The IRS allows you to use one of two methods to calculate your home office deduction. The simplified method doesn't take your expenses in to account and yields a maximum deduction of \$1500. However the regular method does allow you to deduct a percentage of rent or mortgage payments, homeowners or renters insurance, property tax, mortgage interest, repairs, utilities, or other office expenses.

6. Owner of LLC's and S - Corporations need to know what your basis is in the company. You are only allowed to deduct losses up to your basis in the business.

7. The 2024 IRS mileage rates are: 67 cents per mile for business purposes, 21 cents per mile for medical and moving purposes, 14 cents per mile for charitable purposes.

#### For those of you with Foreign Income

1. Foreign earned income exclusion is up to \$126,500 for those working out of the country 330 days or more, unless you were in the US, temporarily, as part of your work assignment.

### Things to bring to Appointment

- ◆ W-2's & 1099 Forms. Income from all sources including withdrawals from retirement accounts and royalties.
- ◆ Drivers license for both taxpayer and spouse. Birth Certificate and social security card for all dependents.
- ◆ Proof that dependents reside in your home.
- ◆ Child Care Expenses.
- ◆ Form 1098-T for claiming the education credit or deduction for college dependents.
- ◆ Mortgage interest and property tax statements on all property you own.
- ◆ All medical expenses paid if they exceed 7.5% of your AGI.
- ◆ All charitable contributions (Must provide proof of all contributions).
- ◆ Gains or losses on sale of real estate, stocks, business assets, and cryptocurrency
- ◆ Cancellation of debts.
- ◆ Income and expenses related to investment property.
- ◆ Contributions to all retirement plans.
- ◆ Settlement sheet if you purchased or sold a home in 2024
- ◆ Casualty losses and thefts—Only Federal Disasters can be claimed as casualty losses.
- ◆ If working out of the country, we need the dates you are out of the country and what country you worked in and any taxes paid to that country.
- ◆ Bring Annual Summary of Crypto gain/loss sheets.

### Electric Vehicles

**Taxpayers who purchase an electric vehicle in 2024 may qualify for a tax credit up to \$7,500. Rather than waiting until you file taxes, you can actually take the credit as a rebate when you buy the vehicle—or as a discount on the price of your EV.**

## **IMPORTANT DUE DATES TO REMEMBER**

- ◆ March 17th— 1065 and 1120S returns are due. Also extension to file return late is due.
- ◆ April 15th— 1040 Series and 1120 returns are due. Also extension to file 1040's and 1120 are due.
- ◆ May 15th— 990 returns are due. Also extension to file return late is due.
- ◆ September 15th— 1120S and 1065 returns that filed for extensions are due.
- ◆ October 15th— 1040 Series and 1120 returns that filed for extensions are due.
- ◆ November 17th— 990 returns with extensions are due.

Remember the extension does not relieve you of penalties and interest associated with tax liabilities. They only relieve you from failure to file penalties and interest. Payments are due on the original due date. If you think you will owe you should make an estimated tax payment before the due date.

The IRS is penalizing businesses for returns that are not filed on time or past the extension deadline. They will abate the penalties one time. After that you must show reasonable cause as to why your return was not filed in a timely manner.

**IF YOU REQUIRE AN EXTENSION, YOU MUST CONTACT OUR OFFICE AT LEAST TWO BUSINESS DAYS BEFORE THE EXTENSION DUE DATE IN ORDER TO ENSURE YOUR EXTENSION HAS BEEN FILED AND ACCEPTED BY THE IRS.**

## **2024 TAX BRACKETS**

The income limits for all 2024 tax brackets will be adjusted for inflation and will be as follows:

- 37% for incomes over \$609,350(\$731,200 for married couples filing joint)
- 35% for incomes over \$243,725( \$487,450for married couples filing joint)
- 32%for incomes over \$191,950(\$383,900for married couples filing joint)
- 24% for incomes over \$100,525( \$201,050for married couples filing joint)
- 22% for incomes over \$47,150(\$94,300for married couples filing joint)
- 12% for incomes over \$11,600(\$23,200for married couples filing joint)
- 10% for incomes of \$11,600 or less(\$23,200 or less for married couples filing joint)

## **RETIREMENT PLANS: 401 (K) & IRA**

In 2024, taxpayers can increase their contributions to tax-advantaged retirement savings plans. If you contribute to 401(k) and 403(b) plans, you can now put in up to \$23,000 annually, up from \$22,500. Employees aged 50 and over can contribute an additional \$7,500, for a total of \$30,500.

The IRA contribution limit for 2024 is \$7,000 for workers below the age of 50 and \$8,000 for those over 50. This is an increase from 2023, when the limit was \$6,500 and \$7,500 for people over 50.

## **Additional Tips**

- ◆ \*Cryptocurrency is treated as property such as stocks and bonds. You should have an ICO number and know what exchange is being used. There is a gain or loss on every transaction.. You should receive a statement of activity from your investment advisor.
- ◆ \*The standard deduction amount will increase to \$14,600 for individuals, \$21,900 for heads of household, and \$29,200 for married couples filing jointly and surviving spouses.
- ◆ \*Maximum Earned income credit is \$7830 with three or more qualifying children, \$6960 with two qualifying children, \$4213 with one qualifying child and \$632 with no qualifying children.
- ◆ \*Earned income and AGI must each be less than \$59,899(\$66,819 MFJ) with three or more qualifying children, \$55,768 (\$62,688 MFJ) with two qualifying children, \$49,084(\$56,004 MFJ) with one qualifying child and \$18,591 (\$25,511 MFJ) with no qualifying children to receive EIC.
- ◆ The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$23,000. Limits on contributions to traditional and Roth IRAs has also increased to \$7,000.
- ◆ Student loan interest paid is a deduction up to \$2500