

TAX UPDATES (UPDATED DECEMBER 5, 2024)

INDIVIDUALS

Standard Deductions	<u>2023</u>	<u>2024</u>
Married Filing Jointly	\$27,700	\$29,200
Single	13,850	14,600
Head of Household	20,800	21,900
Married Filing Separately	13,850	14,600
Additional – blind or elderly		
Single & HOH	1,850	1,950
MFJ, QW, MFS	1,500	1,550
Claimed as dependent of another	1,250 or 400 + earned income (the greater)	1,300 or 450 + earned income (the greater)

2024 Child Tax Credit of \$2,000 per Child under Age 17

Phased out when AGI reaches \$400,000 MFJ filers, \$200,000 single filers/HOH/MFS. \$1,700 of the credit is refundable.

Credit for Other Dependents. Taxpayers with dependents who don't qualify for the Child Tax Credit may be able to claim the Credit for Other Dependents. They can claim this credit in addition to the Child and Dependent Care Credit and the Earned Income Credit.

Here's more information to help taxpayers determine whether they're eligible to claim the Credit for Other Dependents on their 2024 tax return.

The maximum credit amount is \$500 for each dependent who meets certain conditions. This credit can be claimed for:

- Dependents of any age, including those who are age 18 or older.
- Dependents who have Social Security numbers or Individual Taxpayer Identification numbers.
- Dependent parents or other qualifying relatives supported by the taxpayer.
- Dependents living with the taxpayer who aren't related to the taxpayer.
- The credit begins to phase out when the taxpayer's income is more than \$200,000. This phaseout begins for married couples filing a joint tax return at \$400,000.

Kiddie Tax applies to unearned income in excess of \$2,600 for 2024. Applies to children age 18 and under as well as full-time students under age 24 (unless the students provide more than half of their own support from earned income). Unearned income above the \$2,600 threshold will be taxed at the parent's marginal income tax rate

Estimated Tax Payments

To avoid possible underpayment penalties, you are generally required to pay in through withholding or estimated tax payments the lesser of:

1. 100% of prior year tax liability or
2. 90% of current-year tax liability

2024 taxpayers with 2023 AGI greater than \$150,000 (\$75,000 for married filing separate) must pay the lesser of:

1. 110% of prior year tax liability, or
2. 90% of current-year tax liability

2024 estimated tax payments for individuals are due by:

- April 15, 2024 September 16, 2024
June 17, 2024 January 15, 2025

2024 Alternative Minimum Tax (AMT)

Tax Rate 26% to \$206,100
 28% over \$206,100

AMT Exemption Amount (Phased out for upper-bracket taxpayers)

	2024	Phase Out
Single/HOH	\$85,700	\$609,350 - \$952,150
Married Filing Jointly	\$133,300	\$1,218,700 - \$1,751,900
Married Filing Separately	\$66,650	\$ 609,350 - \$875,950

2024 Long-Term Capital Gains – Assets Held 12 Months or More

Tax Bracket/Rate	Taxable Income	
	Single	Married Filing Joint
0%	\$0 - \$47,025	\$0- \$94,050
15%	\$47,026 - \$518,900	\$94,051 - \$583,750
20%	\$518,901 +	\$583,751 +

2024 Short-Term Capital Gains – Assets Held less than 12 Months

Taxed at the same rates as the regular tax listed on the following page.

2024 Qualified Dividends

Taxed at the same rates as the Long-Term Capital Gains listed above.

Additional Medicare Tax - .9%

Additional tax on wages and self-employment income in excess of a specific Modified AGI:
Modified AGI thresholds:

\$250,000 MFJ
\$125,000 MFS
\$200,000 Single/Head of Household

Surtax on Net Investment Income – 3.8%

Interest, dividends, capital gains, annuities, royalties, rents and pass-through income from a passive business such as an S-Corp or Partnership.

Tax on the lower of

1. net investment income for the year; or
2. modified AGI over a certain threshold amount. (Same as for Additional Medicare Tax)

Taxable Social Security Benefits

Social security received is taxable if AGI, plus tax-exempt interest, plus half of social security received exceeds these base amounts.

The taxable amount is the lesser of:

1. % of the excess over the base amounts
2. % of benefit received

	<u>(50%)</u>	<u>(85%)</u>
Married Filing Jointly	\$32,001-\$44,000	\$44,001+
Single/Head of Household	\$25,001-\$34,000	\$34,001+
Married Filing Separately	\$0	\$0

2024 Individual Income Tax Rates (Source: Internal Revenue Service)

TABLE 1 - Section 1(j)(2)(A) - Married Individuals Filing Joint Returns and Surviving Spouses

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$23,200	10% of the taxable income
Over \$23,200 but not over \$94,300	\$2,320 plus 12% of the excess over \$23,200
Over \$94,300 but not over \$201,050	\$10,852 plus 22% of the excess over \$94,300
Over \$201,050 but not over \$383,900	\$34,337 plus 24% of the excess over \$201,050
Over \$383,900 but not over \$487,450	\$78,221 plus 32% of the excess over \$383,900
Over \$487,450 but not over \$731,200	\$111,357 plus 35% of the excess over \$487,450
Over \$731,200	\$196,669.50 plus 37% of the excess over \$731,200

TABLE 2 - Section 1(j)(2)(B) – Heads of Households

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$16,550	10% of the taxable income
Over \$16,550 but not over \$63,100	\$1,655 plus 12% of the excess over \$16,550
Over \$63,100 but not over \$100,500	\$7,241 plus 22% of the excess over \$63,100
Over \$100,500 but not over \$191,950	\$15,469 plus 24% of the excess over \$100,500
Over \$191,950 but not over \$243,700	\$37,417 plus 32% of the excess over \$191,950
Over \$243,700 but not over \$609,350	\$53,977 plus 35% of the excess over \$243,700
Over \$609,350	\$181,954.50 plus 37% of the excess over \$609,350

TABLE 3 - Section 1(j)(2)(C) – Unmarried Individuals (other than Surviving Spouses and Heads of Households)

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$11,600	10% of the taxable income
Over \$11,600 but not over \$47,150	\$1,160 plus 12% of the excess over \$11,600
Over \$47,150 but not over \$100,525	\$5,426 plus 22% of the excess over \$47,150
Over \$100,525 but not over \$191,950	\$17,168.50 plus 24% of the excess over \$100,525
Over \$191,950 but not over \$243,725	\$39,110.50 plus 32% of the excess over \$191,950
Over \$243,725 but not over \$609,350	\$55,678.50 plus 35% of the excess over \$243,725
Over \$609,350	\$183,647.25 plus 37% of the excess over \$609,350

TABLE 4 - Section 1(j)(2)(D) – Married Individuals Filing Separate Returns

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$11,600	10% of the taxable income
Over \$11,600 but not over \$47,150	\$1,160 plus 12% of the excess over \$11,600
Over \$47,150 but not over \$100,525	\$5,426 plus 22% of the excess over \$47,150
Over \$100,525 but not over \$191,950	\$17,168.50 plus 24% of the excess over \$100,525
Over \$191,950 but not over \$243,725	\$39,110.50 plus 32% of the excess over \$191,950
Over \$243,725 but not over \$365,600	\$55,678.50 plus 35% of the excess over \$243,725
Over \$365,600	\$98,334.75 plus 37% of the excess over \$365,600

TABLE 5 - Section 1(j)(2)(E) – Estates and Trusts

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$3,100	10% of the taxable income
Over \$3,100 but not over \$11,150	\$310 plus 24% of the excess over \$3,100
Over \$11,150 but not over \$15,200	\$2,242 plus 35% of the excess over \$11,150
Over \$15,200	\$3,659.50 plus 37% of the excess over \$15,200

Education Credits and Deductions

American Opportunity Tax Credit (replaced Hope Credit)

Each of first four years, max of \$2,500 for 2024. 100% of the first \$2,000, 25% of the next \$2,000 on qualified tuition and course materials. 40% of the credit is refundable.

Phase-out begins: Joint returns \$160,000 AGI; Single return \$80,000 AGI

Lifetime Learning

\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2024.

Phase-out begins: Joint return \$160,000 AGI; Single return \$80,000 AGI

Student Loan Interest Deduction

Up to \$2,500, deduction phase-out begins if AGI over \$165,000-\$195,000 married, \$80,000-\$95,000 single

Standard Mileage Deduction

<u>Use</u>	<u>2024</u>
Business	\$.67 per mile
Charitable	\$.14 per mile
Medical/Moving	\$.21 per mile

Social Security Information

	<u>2023</u>	<u>2024</u>
Social Security Base	\$162,200	\$168,600
Medicare Base	Unlimited	Unlimited
Social Security Tax Rate (Employee)	6.20%	6.20%
Social Security Tax Rate (Self-Employed)	12.40%	12.40%
Medicare Tax Rate (Employee)	1.45%	1.45%
Medicare Tax Rate (Self-Employed)	2.90%	2.90%
Maximum Social Security Tax (Employee)	\$9,932	\$10,453
Maximum Social Security Tax (Self-Employed)	\$19,865	\$20,906
Earnings needed to earn one social security credit	\$1,640	\$1,730

	<u>2023</u>	<u>2024</u>
Medicare Part B Premium:		
Per Month	\$164.90	\$174.70
Per Year	\$1,978.80	\$2,096.40
Maximum Annual Earned Income Limited:	\$21,240	\$22,320
Under full retirement age (lose \$1 for \$2)		
In the year you reach full retirement age (FRA)	\$56,520	\$59,520
(lose \$1 for \$3)		
Full retirement age or older	Unlimited	Unlimited