



Looking Ahead to the 2025 Tax Season

Get ready for a seamless 2025 tax season with **GK Virtual Taxx Labb**! As the IRS updates its annual tax code, we're here to keep you informed and prepared to file your 2024 taxes with ease. Stay up-to-date on changes to the **standard deduction**, explore adjusted **tax brackets**, and review key **deductions and credits**. Let's navigate the tax landscape together!

When Can You File?

The IRS typically begins accepting tax returns in **mid- to late-January**. However, starting **January 2, 2025**, you can file early with GK Virtual Taxx Labb for an **advance of up to \$7,000!**

In the meantime, gather essential documents like your **W-2, 1099s**, and **deduction records**. Reflect on any major life changes, such as a new job, home purchase, or addition to the family. Unsure where to start? Our experts can help you prepare for tax season. Call us at 769-444-0177 or email us at gktaxxlab@gmail.com.

Tax Year vs. Tax Season

- **Tax Year:** Refers to the calendar year when you earn income and make transactions, such as earning wages, running a business, or contributing to retirement accounts.
- **Tax Season:** The time when you file a return for the prior tax year. For the **2025 filing season**, you'll file taxes for the **2024 tax year**.

Tax Brackets for 2024

For the **2024 tax year**, the federal income tax system remains progressive, with **seven brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 37%**. Your taxable income and filing status determine your bracket. Below is a summary:

Filing Status	10%	12%	22%	24%	32%	35%	37%
Single Filers	Up to \$11,600	\$11,601 – \$47,700	\$47,701 – \$112,850	\$112,851 – \$231,250	\$231,251 – \$578,100	\$578,101 – \$693,750	Over \$693,750
Married Filing Jointly	Up to \$23,200	\$23,201 – \$95,400	\$95,401 – \$225,700	\$225,701 – \$462,500	\$462,501 – \$1,156,200	\$1,156,201 – \$1,387,500	Over \$1,387,500
Head of Household	Up to \$17,400	\$17,401 – \$71,650	\$71,651 – \$146,050	\$146,051 – \$231,250	\$231,251 – \$578,100	\$578,101 – \$693,750	Over \$693,750



Married Filing Separately	Up to \$11,600	\$11,601 – \$47,700	\$47,701 – \$112,850	\$112,851 – \$231,250	\$231,251 – \$578,100	\$578,101 – \$693,750	Over \$693,750
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Standard Deduction for 2024

- **Single Filers and Married Filing Separately:** \$14,600 (an increase from \$13,850 in 2023)
- **Married Filing Jointly:** \$29,200 (an increase from \$27,700 in 2023)
- **Head of Household:** \$21,900 (an increase from \$20,800 in 2023)

Additional Standard Deduction for Elderly or Blind

For taxpayers who are 65 or older, or blind, the additional standard deduction for 2024 is:

- **Single or Head of Household:** \$1,950
- **Married Filing Jointly or Separately:** \$1,550 (per spouse who qualifies)

Special Payments for 2021 Recovery Rebate Credit

- **Eligible Taxpayers:**
 - Filed a 2021 tax return but didn't claim the credit or claimed \$0 when eligible.
- **No Action Needed:** Payments are **automatic** via direct deposit or paper check.
- **Payment Timeline:** December 2024 - January 2025.
- **Filing Opportunity:**
 - Taxpayers who didn't file a 2021 return can still claim the credit by **April 15, 2025**.

1099-K Reporting Changes (2024 Income)

- Form 1099-K issued for payments **over \$5,000** via online marketplaces or payment apps.
- **Key Notes:**
 - All income is taxable, whether reported on Form 1099-K or not.
 - Good **recordkeeping** ensures accurate reporting.
 - Taxpayers must report all income, including side jobs and sales of goods.

Digital Asset Reporting (2025 Updates)

- **What to Report:** Income or transactions involving cryptocurrencies, NFTs, and similar assets.
- **Taxpayer Question:**
 - "Did you receive, sell, exchange, or dispose of any digital assets in 2024?"
- **Preparation:**
 - Keep records of purchase, sale, and fair market value.



- Visit IRS.gov for FAQs and reporting guidelines.

Refund Timing and Avoiding Delays

- **General Refunds:** Issued within **21 days** for most returns.
- **PATH Act Impact:** Refunds with EITC/ACTC held until **mid-February 2025**.
- **Avoid Delays:**
 - File accurately.
 - Respond promptly to IRS inquiries.
 - Use **direct deposit** for faster refunds.

2024 Tax Document Preparation

- **Key Documents to Gather:**
 - W-2, 1099 forms, 1099-K (if applicable).
 - Records of digital asset transactions.
- **Organize:** Use electronic or paper systems to keep documents accessible.

Filing for a Faster Refund

- **Electronic Filing:**
 - File online and opt for **direct deposit**.
 - Refunds arrive faster than with paper checks.
- **No Bank Account?**
 - Resources are available:
 - FDIC-insured banks.
 - Credit Union Locator Tool.
 - Veterans Benefits Banking Program.

Key Takeaway

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Plan ahead for the 2024 tax season by staying informed about changes, keeping good records, and filing electronically with direct deposit for the quickest refund.

Key Tax Deductions to Consider

If you choose to itemize, here are some deductions available for 2024:

- **Medical and Dental Expenses:** You can deduct qualified medical and dental expenses that exceed 7.5% of your adjusted gross income (AGI), including doctor visits, prescription medications, and health insurance premiums.



- **State and Local Taxes (SALT):** You can deduct state and local income taxes, sales taxes, or property taxes up to a total of \$10,000 (\$5,000 for married filing separately).
- **Mortgage Interest:** You can deduct the interest on up to \$750,000 of mortgage debt for a new home (\$375,000 for married filing separately), including home equity loans used for improvements.
- **Charitable Contributions:** Donations to qualified charitable organizations, including cash and property, are deductible, with cash donations limited to 60% of your AGI.
- **Casualty and Theft Losses:** You can deduct losses from federally declared disasters, with the loss exceeding \$100 per event and reduced by 10% of your AGI.
- **Unreimbursed Employee Expenses:** Job-related expenses that aren't reimbursed by your employer, like uniforms and work tools, may be deductible, subject to the 2% AGI floor.
- **Miscellaneous Deductions:** Tax preparation fees, investment expenses, and certain educational expenses required for your job may be deductible, subject to various limits.
- **Investment Interest Expense:** Interest on borrowed money used to make investments can be deducted up to the amount of your net investment income.
- **Student Loan Interest Deduction:** You may deduct up to \$2,500 in student loan interest, even if you don't itemize your deductions.
- **Adoption Expenses:** Qualified adoption expenses can be deducted up to certain limits for adopting a child.
- **Tax Preparation Fees:** Fees for professional tax preparation services can sometimes be deducted, subject to limitations.
- **Miscellaneous Itemized Deductions:** Some deductions, like moving expenses and unreimbursed employee business expenses, are no longer available under the Tax Cuts and Jobs Act.
- **Mileage Rates:** Business Use: **70 cents/mile.** (increased by 3 cents)
- **Personal and Charitable Use:** **No change** from 2024.

Tax Credits for 2024 vs 2023

Tax credits reduce your tax bill directly. Key credits to explore:

Tax Credit	2023 Dollar Amount	2024 Dollar Amount	Comparison (2023 vs. 2024)
Child Tax Credit (CTC)	Up to \$2,000 per child, \$1,500 refundable	Up to \$2,000 per child, \$1,500 refundable	Same amount for both years, phaseout begins at \$400,000 for married couples.
Earned Income Tax Credit (EITC)	Max \$7,430 for a family with 3+ children	Max \$7,430 for a family with 3+ children	No change in dollar amounts, but income limits may slightly adjust for inflation.
American Opportunity Tax Credit (AOTC)	Up to \$2,500 for education expenses, \$1,000 refundable	Up to \$2,500 for education expenses, \$1,000 refundable	No change in dollar amounts, eligible expenses may be adjusted for inflation.
Lifetime Learning Credit (LLC)	Up to \$2,000 for education expenses	Up to \$2,000 for education expenses	Same dollar amount for both years.



Tax Credit	2023 Dollar Amount	2024 Dollar Amount	Comparison (2023 vs. 2024)
Child and Dependent Care Credit	Up to \$3,000 for 1 dependent, \$6,000 for 2+	Up to \$3,000 for 1 dependent, \$6,000 for 2+	Same amounts, minor changes for inflation in eligibility or income limits.
Adoption Credit	Up to \$15,950 for qualified adoption expenses	Up to \$16,500 for qualified adoption expenses	Increased by \$550 for 2024 due to inflation.
Energy Efficient Home Credit	30% of qualifying costs for energy-efficient systems	30% of qualifying costs for energy-efficient systems	No change in percentage or dollar amount for both years.
Saver's Credit	Up to \$2,000 (single) or \$4,000 (married)	Up to \$2,000 (single) or \$4,000 (married)	Same dollar amount, eligibility may change based on income and contribution limits.
Premium Tax Credit (PTC)	Varies based on income and family size	Varies based on income and family size	Same eligibility with adjustments based on income and family size.
Foreign Tax Credit	No specific dollar limit, reduces U.S. tax on foreign taxes	No specific dollar limit, reduces U.S. tax on foreign taxes	No change in dollar amount; based on foreign tax payments.
Qualified Business Income (QBI) Deduction	Up to 20% of qualified business income	Up to 20% of qualified business income	Same deduction percentage for both years.
Recovery Rebate Credit	Varies based on unreceived stimulus payments	May not apply if payments were fully issued in prior years	The credit may not apply in 2024 for those who received full payments in prior years.
Ridesharing and Electric Vehicle Tax Credits	Up to \$7,500 for electric or hybrid vehicles	Up to \$7,500 for electric or hybrid vehicles	Same credit amounts, but eligibility may change based on vehicle specifications.

Key Takeaways:

- **Dollar Amount Comparison:** Most tax credits remain the same in both 2023 and 2024, with small increases for certain credits like the **Adoption Credit**.
- **Inflation Adjustments:** Some credits may have slight adjustments to eligibility or phase-out thresholds, but the dollar amounts are largely unchanged.



Plan Ahead with GK Virtual Taxx Labb

At **GK Virtual Taxx Labb**, we're committed to helping you maximize your deductions, minimize your tax liability, and make the filing process stress-free. Whether you're an individual filer, self-employed, or a small business owner, our experienced professionals are ready to guide you.

Start Early! File confidently in 2025.

