



DEBORAH L. PENCE, LLC

INCOME TAX PREPARATION SERVICES

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It's Tax Time Again!

It's once again time to start thinking about filing your 2024 Income Tax Return! For in person appointments we will continue to ask that only two people come for tax appointments in my office. Most appointments are 30-45 minutes and I usually use all of that time up with each client, and very rarely run early enough that you would need to be here for your appointment more than ten minutes ahead. If you don't want or need an in-person visit, you can always drop off your return with the receptionist (or use the drop slot in the door if it's after hours).

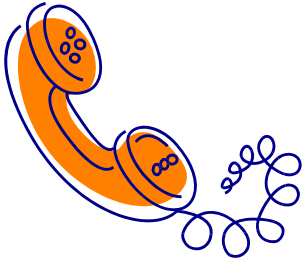
I know that tax rules, tax filing, and receiving tax notices spur many questions and worries. Unfortunately if you have questions during the tax filing season, I am not able to come out and talk about it in between appointments. When I don't have clients in my office I am still working on returning phone calls, emails, and completing drop-off returns. Voicemails and emails may take up to two business day to return, and are often done after 8 pm when appointments are done for the day.

Please keep in mind when calling the office (or dropping/picking up items) that our receptionists cannot answer any tax related questions. My assistant, Megan, can answer most questions you may have if you need immediate assistance.

Over the last couple of years there has been some confusion on office policies and procedures. I must have signatures on the 8879 e-file form before I can submit your tax return. Per IRS regulations, both parties must sign individually on a joint return. If your spouse is unable to be physically present to sign due to work demands, illness, etc. we can send them an electronic signature link. Payment is expected upon completion of the tax return. We can take cash, check, debit/credit card, or Venmo payments. I have tried to be as flexible as possible with signatures and payments so as to accommodate all clients. I look forward to seeing you all again this tax season!

I will be offering the following options for preparing your 2024 tax return:

- ♦ Drop-off/Mail-in: Feel free to mail-in or drop-off your tax information at my office and Megan or I will call or email you with any questions that I may have. Your documents can be picked up and signed at my office (or online via DocuSign), and your return put in your secure online portal. I can also mail your documents back to you at your expense. These returns will be completed in the order in which they are received. Because it can take up to three weeks for turn around, drop-offs received after March 24 will have extensions filed and will be processed by the deadline in October.
- ♦ Upload: **I cannot send or accept tax documents through email.** You may upload your tax documents using your secure portal. After finishing your return, your copy of the tax return will be available in the portal. **When uploading documents, I ask that you consolidate your items into one or two .pdf files instead of 10-20 individual files.** These returns also have a March 24 deadline to submit to my office for completion. Signatures can be done electronically or in-person.
- ♦ In-person appointments: I am seeing clients in my office by appointment only. Due to client volume, if you are missing documents and we are unable to complete your return during your appointment, I am unable to make additional appointments to complete it. Once I get all items needed, returns will be worked on in the order the information is received alongside my drop-off returns. Please call my receptionist to make an appointment, and **make sure to let her know if there are multiple returns to complete so enough time is allowed.**



WEBSITE: www.taxesbydebbie.com

OFFICE PHONE: 816-795-9882

OFFICE FAX: 816-795-9883

CONTACT RECEPTIONIST: Phone Ext-0

CONTACT MEGAN: Phone Ext-4 Email-assistant.dlpence@gmail.com

CONTACT DEBBIE: Phone Ext-2 Email-dlpence@gmail.com

TAX SEASON OFFICE HOURS (JANUARY 27TH TO APRIL 14TH, 2025)

MONDAY THROUGH THURSDAY 9:00 AM TO 7:00 PM FRIDAY 9:00 AM TO 5:00 PM

SATURDAY 9:00 AM TO 2:00 PM CLOSED ON SUNDAY

PLEASE NOTE THAT I DO NOT TAKE APPOINTMENTS ON WEDNESDAYS TO ALLOW TIME TO CATCH UP ON RETURNING EMAILS/PHONE CALLS TO CLIENTS AS WELL AS WORK ON DROP-OFF RETURNS

IMPORTANT DEADLINES FOR 2024 TAX RETURNS

MARCH 17: CORPORATE TAX RETURNS DUE (PARTNERSHIPS, LLCs, AND S-CORPS)

APRIL 15: INDIVIDUAL, C-CORPORATIONS, AND TRUST TAX RETURNS DUE

SEPTEMBER 15: CORPORATE EXTENSION RETURNS DUE

OCTOBER 15: INDIVIDUAL EXTENSION RETURNS DUE

ESTIMATED PAYMENT DATES 2025 TAX YEAR

APRIL 15, JUNE 15, SEPTEMBER 15, JANUARY 15 (2026)

Online Portal and Online Security

In the last couple of years the IRS has made cyber security a top priority. As part of this, they have issued a number of rules and regulations for paid tax preparers, and one of those mandates is that I am no longer able to receive tax documents via email. Anything that has your address, date of birth, social security number etc. should not be sent to me this way for safety reasons. Please use your online portal for this. You can find a link to the portal on my website.

In addition, I use the portal to store electronic copies of your tax returns. While you can still get a paper copy, there is rarely a need to have this as most institutions that need your tax return data have moved away from hard copies and instead want digital data. The portal also serves as a quicker alternative to send and receive information outside of tax season when we aren't in the office every day. You can use it on any electronic device, including your cell phone. If you forget your password it can be easily reset without needing to call the office by using the "Forgot Username/Password" feature on the login page.

IP Pin and IRS Accounts

An Identity Protection PIN is a six-digit number that prevents someone else from filing a tax return using your social security number. The IP PIN is known only to you and the IRS and helps to verify your identity when you file your electronic or paper tax return. You can request an IP PIN on the IRS website. You will have to first validate your identity via ID.ME and once you have that account setup you can use that to register for a personal IRS login. An IRS account also allows you access to prior year tax transcripts, any individual notices, and payment history. If you request an IP PIN I will need the number from you before filing your tax return. This number changes each tax year, and will need to be done for each individual on the return that you want one for.

2024 Tax Law Highlights

- **Standard Deduction Increase:** Single –\$14,600, Married Joint–\$29,200, Head of Household–\$21,900
- **Child Tax Credit:** \$2,000 per child age 16 and under, and \$500 for ages 17-23 if a full time student that doesn't make more than the standard "single" rate deduction. The credit begins to phase out if your income is above \$200,000 single and \$400,000 joint.
- **Other Dependent Credit:** \$500 for parents or other qualifying individuals that live with you. They must not have earned income more than \$5050.
- **Dependent Care Credit:** You can get a credit for 20-35% of up to \$3,000 in childcare expenses per child under age 13 (\$6000 max for multiple kids). You cannot claim the credit if you pay for childcare but are not working or in school. The credit is limited to your out of pocket costs. If you receive reimbursement funds from your employer you may not qualify.
- **Earned Income Credit:** You must be between 25 and 65 if you don't have children, you can't claim the credit if filing Married Separate, and must have earned income on your return. You cannot claim the credit if you have investment income more than \$11,600. The IRS has announced EITC refunds will not be received before March 1, 2025 for this tax year.
- **Educator Expenses:** This has remained at \$300 per calendar year.
- **1099-K Update:** For 2024 a 1099-K will be sent for payments you received via any payment app or online vendor totaling more than \$5,000. This is not intended for individual use of payment apps, but for income exchanged for business purposes only. The threshold drops to \$2500 for tax year 2025 and \$600 for tax year 2026
- **401k Contributions:** Limits for 2024 are \$23,000 annually for individual contributions, with an additional \$7,500 for those 50 and older. For 2025, that increases to \$23,500 (\$31,000 over 50). If you have more than one job that has retirement plans available please watch these amounts carefully on your paystubs, as I have seen a few instances of over contributing the last couple years.
- **IRA Contributions:** Limits for 2024 are \$7000 (\$8000 over 50) for both Traditional and Roth accounts. For Roth contributions your AGI must be below \$165,000 (\$246,000 joint).
- **Inherited IRAs:** Back in 2020, new rules were established that required funds in inherited IRA accounts to be fully distributed within 10 years of the account owner's death. Beginning in 2025 the IRS clarified that if the individual had mandatory RMDs from these accounts, then the inheritor would also need to take the RMD amount AND have accounts cleared out within 10 years.
- **Energy Credits:** For tax year 2024 you can get up to 30% on the purchase of energy efficient windows, doors, furnace/ac units, hot water units and more. Make sure to keep your receipts if you want to take this credit. There are no longer any lifetime credit limits, however the following annual credit limits apply: \$500 exterior doors, \$600 windows/central ac/water heaters, \$1,200 total of all credits taken. Additional credits are available for clean energy systems such as solar, wind, and fuel cell power systems. See www.energy.gov for more details.
- **College Savings Accounts:** Beginning with year 2024, unused funds remaining in a 529 plan can be rolled into an individual Roth retirement account after 15 years of account opening, up to a max of \$35,000. Contributions within the previous five years cannot be included in the rollover.

Schedule C and Business Income Updates

- √ Entertainment Expenses: There is no longer a deduction for entertainment expenses or membership dues to any club organized for business, pleasure, recreation, or other social purpose. This includes buying tickets to sporting events through your business.
- √ QBI Deduction: Partnerships, S-Corporations, Farmers, Trusts, Estates, and sole proprietorships are allowed to deduct 20% of business related income, subject to certain wage limits and exceptions. The remaining income is subject to normal rates. The 20% deduction is not allowed in computing adjusted gross income (AGI) but rather is allowed as a deduction reducing taxable income. This deduction expires at the end of 2025.
- √ Don't forget to keep track of your auto mileage! This could be a major deduction for some business owners that have to make frequent trips to see clients or travel long distance frequently for business operations. You must have detailed records that include dates, travel location, and beginning and ending mileage. For Schedule C clients I must have make, model, and year of the vehicle, beginning and ending mileage for the year, and the business mileage for the year. If you use more than one vehicle for business purposes, I need all of this information separately stated for each one.
- √ Consider claiming Office In Home expenses for your business! This is available to both home owners and renters. You must own a business or file a schedule C and use your principal residence as your primary place of business to be eligible. I will need to know total square footage of your home as well as total square footage used exclusively for business purposes. At the time of your appointment, please have all of your utility costs totaled, as well as any mortgage interest and homeowners or renters insurance costs for the year.
- √ **If you have income from a partnership or S-Corporation that provides you a K-1 for your personal return, I will need 2 things along with your K-1: 1. "Statement A-QBI Pass Through Entity Reporting",. This is a statement that shows your business' QBI deduction information and is required to be completed with the business tax return and 2. A basis worksheet. If I handle your business accounting and taxes I will have this on file. If I don't, whomever completes the business return is required to provide this to you, even if the K-1 shows a loss.**
- √ BOI reporting—Unfortunately this is not a filing that I can complete for you, as it is considered a "legal filing" and not covered under my liability insurance. All LLCs, corporations, and foreign companies doing business in the U.S. are required to participate. To file and see all filing requirements you will go to the FinCen website at <https://www.fincen.gov/boi>. For companies established before 1-1-24 you must file this report by 1-1-25. Any business created after 1-1-24 will have to file within 90 days. **THIS IS CURRENTLY ON HOLD PENDING RECENT COURT RULINGS.** Please stay up to date on this if you are a business owner.
- √ Many clients have begun using apps like Venmo, CashApp, Paypal, Zelle, etc. to both send and receive payments. Please be aware that any use of these apps must be included as part of your business reporting. Any funds received on behalf of your business must be counted as income and any payments you make must be accounted for on your Profit and Loss statement, regardless of if it's being transferred to and from your business or personal bank accounts. (For example, if you receive funds for services and then purchase goods with those funds directly from the app without ever transferring to a bank account, we must include that on your business financial statements.) The IRS considers these companies to be financial institutions, meaning if you are using them for business purposes they have the right to access all transactions upon request. If you are using these apps for your company, make sure you have an account that is separate from your personal one.

A Note On Cryptocurrency

If you don't receive a Form 1099-B from your crypto exchange, you must still report all crypto sales or exchanges on your taxes. The IRS treats cryptocurrency as property, therefore if you sell/exchange/swap/spend crypto balances or funds it must get reported on your tax return. Additionally if you received crypto funds for work performed/bonuses/wages that is considered taxable income. If you only bought, but didn't sell at any point in the tax year that does not get reported. Taxable income, gain or loss may result from transactions including, but not limited to:

- Sale of a digital asset for fiat
- Exchange of a digital asset for property, goods, or services
- Exchange or trade of one digital asset for another digital asset
- Receipt of a digital asset as payment for goods or services
- Receipt of a new digital asset as a result of a hard fork
- Receipt of a new digital asset as a result of mining or staking activities
- Receipt of a digital asset as a result of an airdrop

State Tax Law Changes

- **MO Working Family Credit**—For individuals that file as Single/Head of Household/Qualifying Widower and that claim the EIC credit on their Federal tax return, there is a credit for up to 20% of their total Federal EIC amount. You must be a full time MO resident to qualify.
- The first \$1,273 of income is not taxable on the MO state tax return.
- The top MO income tax rate was reduced from 4.95% to 4.8%.
- **Retirement Benefits Income Deduction**—This provision removes the income limits used for calculating how much of a taxpayer's social security or public pension benefits will be subject to tax. Removing the income limits from the social security benefits will result in 100% of social security benefits no longer being taxable in Missouri. Removing the income limits from the calculation of public pension benefits taxability means less public pension benefits will be subject to tax. It is not a complete deduction of all tax for public pension benefits.
- Kansas has also done away with the income limitation for social security benefits, meaning all social security income will be exempt from income taxes on the state return. Unlike Missouri, this is for social security benefits only and doesn't include public pension distributions.
- The top KS income tax rate was reduced from 5.7% to 5.58%.
- For Kansas residents that pay household or dependent care expenses, the state has expanded their credit from 25% of the cost up to 50% of the cost.

2024 STANDARD MILEAGE RATES:

**BUSINESS: 67 CENTS PER MILE
MEDICAL: 21 CENTS PER MILE
CHARITABLE: 14 CENTS PER MILE**

2025 STANDARD MILEAGE RATES :

**BUSINESS: 70 CENTS PER MILE
MEDICAL: 21 CENTS PER MILE
CHARITABLE: 14 CENTS PER MILE**