

# Opportunities & Challenges with This Year's Tax Filings

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# Notice

- CA-2025-01: LOS Angeles Wildfires: Deadlines starting January 7, 2024 postponed to October 15, 2025
- Notice 2024-72: Israel, Gaza, West Bank: Deadlines starting September 30, 2024 postponed to September 30, 2025
- IR-2024-253: Helene (FL, TN, VA, AL, NC, SC, GA) Deadlines starting September 24 or 25 or 26, 2024 postponed to May 1, 2025.
- IR-2024-264: Milton (ALL of FL): Deadlines starting October 5, 2024 postponed to May 1, 2025.

## Potential benefits when people file a tax return

- Get some money back.
- Avoid interest and penalties.
- Build Social Security benefits.
- Get an accurate picture of income.
- Get peace of mind.



# What is a “Resident Alien”?

- The green card test
- The substantial presence test
  - 31 days during the current year, and
  - 183 days following the 3 year period that includes the current year and 2 years immediately before.
- Exempt individuals
  - Foreign government individuals under an A or G visa;
  - Teacher or trainee under a J or Q visa;
  - Student under an F, J, M or Q visa;
  - Professional athlete competing in a charitable sports event.
- Exemption due to a Closer Connection to another Country
  - Maintain a Tax Home in another Country;
  - Less than 183 days in the United States in the current year.

## Employment Eligibility Verification (Form I-9)

- Employee information and attestation
- Lists of acceptable documents from List A or List B & C

# Digital Assets

Congress and the IRS continue to be concerned about tax non-compliance with respect to cryptocurrency and other digital assets.

- Digital asset – general definition
- Virtual currency
- Cryptocurrency
- Non-fungible tokens (NFTs)
- Stablecoins
- Closed loop assets
- Dual classification assets

# Beneficial Ownership Information Report (<https://boir.org>)

- Penalties for Late Filing
- Boir E-Filing System
- Important information about BOIR

# Employee Retention Credit – Voluntary disclosure program

- The amount of ERC to be repaid is 85% of the amount of ERC you received for a tax period that you now agree you were not entitled to.
- Form 433-B and supporting documents if you want to be considered for an installment agreement



## **File your federal taxes with Direct File and your state taxes with Maryland's free filing tool**

**Direct File States (25):**

**Alaska, Arizona, California, Connecticut, Florida, Idaho, Illinois, Kansas, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wisconsin, Wyoming**

# Filing Requirements

- Single \$14,600
  - Married filing jointly \$29,200
  - Head of Household \$21,900
  - All self-employed individuals \$ 400
  - Married Filing separately \$ 5
- 
- Standard Deductions
    - Single \$14,600
    - Married filing separately \$29,200

*Minimum*

# Dormant Bank Accounts

# Children and Family

- Child Tax Credit (CTC) \$2,000 per qualifying dependent under the age of 17
  - Other Dependent Credit (ODC) \$500 nonrefundable credit
  - Earned Income Credit
- |   | Number of children |         |
|---|--------------------|---------|
| • | 0                  | \$632   |
| • | 1                  | \$4,213 |
| • | 2                  | \$6,960 |
| • | 3                  | \$7,830 |

# Children and Family – continue

- Child and Dependent Care Credit
- Employer Dependent Care Assistance
- Adoption Credit/Adoption Assistance Programs
- Kiddie Tax



# Children and Family – Continue

- Preparer Penalties
- For returns filed in 2025, there is a \$635 penalty against the preparer for each failure to meet the due diligence requirements for :
  - Earned Income Tax Credit (EIC)
  - American Opportunity Tax Credit (AOTC)
  - Child Tax Credit (CTC)/Additional Child Tax Credit (ACTC)/Other Dependent Credit (ODC)
  - Head of Household Filing Status

# Education Benefits

- American Opportunity Tax Credit (AOTC)
- Lifetime Learning Credit
- Student Loan Interest Deduction
- Education Savings Account (Coverdell ESAs)
- U.S. Savings Bond Interest Exclusion
- Educator Expense Deduction

# Retirement

- 401(k), 403(b), 457 Elective Deferral Limits Under age 50 \$23,000.
- Traditional and Roth IRA Contribution limits
  - Catch-up contribution (age 50+) \$7,000
  - \$1,000
- Simple Plans Elective Deferral Limits
  - Under age 50 \$16,000
  - Catch-up contribution (age 50+) \$ 3,500

# Retirement - Continue

- SEP Contribution Limits
  - The eligible compensation limit is \$345,000.
  - Minimum compensation for eligible employee is \$750
- Qualified Retirement Plan Limits
  - Defined compensation (DC) plan annual contribution limit is \$69,000.
  - DC plan compensation limit is \$345,000.
  - Defined benefit plans are \$275,000.
- Highly Compensated Employee (HCE) – Threshold is \$155,000.
- Key Employee in a Top-Heavy Plan – Dollar limit is \$220,000.
- Saver's Credit (Retirement Savings Contributions Credit) – Maximum contribution amount to qualify for credit: \$2,000.

# Social Security, Medicare, and Self-Employment Tax

- Social Security Taxes (OASDI)
  - Employee social security rate: 6.2%
  - Maximum earnings subject to tax: \$168,800
  - Maximum employee contribution: \$10,453.20
- Medicare Taxes
  - Employee Medicare tax rate: 1.45%
  - Maximum wage base: No limit
- Additional Medicare Tax on Earned Income
- Self-employment Tax rate: 15.3%, Social Security tax rate: 12.4%, Medicare tax rate: 2.9%
- Self-employment earnings
- Household Employees – Wage threshold for filing schedule H: \$2,700



# Business, Depreciation, QBI, and Auto

- Limitation on Use of Cash Method Accounting: Gross receipts for small business: \$30,000,000.
- Section 179 Deduction
  - Maximum deduction: \$1,220,000
  - Heavy SUV maximum: \$30,500
  - Phaseout begins at: \$3,050,000
- Bonus Depreciation: for 2024, first-year Bonus Depreciation is 60% of the purchase price.
- Standard Mileage Rate

# Capital Gains Rates

- Maximum Long-Term Capital Gains Rate
- Maximum 0% rate threshold amount:  
MFJ/QSS \$94,050, HOH \$63,000, Single \$47,025, MFS \$47,025
- Maximum 15% rate threshold amount  
MFJ/QSS \$583,750, HOH \$551,350, Single \$518,900, MFS \$291,850
- Short-Term Capital Gains: lowest 10% and the highest 37%
- Maximum Collectibles Rate: 28%
- Net Investment Income Tax: 3.8% if NII and modified AGI exceeds MFJ/QSS \$250,000, S/HOH \$200,000, MFS \$125,000

# Energy

- Residential Clean Energy Credit
- Energy Efficient Home Improvement Credit
- Clean Vehicle Credit
- Used Clean Vehicle Credit