

2025

INCOME TAX HANDBOOK

for 2024 Income



Clearview[®]

clearviewfcu.org

YOUR 2025 INCOME TAX HANDBOOK

by
National Research Bureau
320 Valley Street
Burlington, IA 52601

FOR 2024 INCOME

TABLE OF CONTENTS

ORGANIZATION OF YOUR HANDBOOK	2
REVIEW OF MAJOR TAX LAW CHANGES	3
Who Must File This Year	5
Changes Affecting Adjusted Gross Income	5
2024 Tax Brackets	6
PREPARING YOUR 2024 RETURN	7
What Form Should You Use	7
Forms Needed	8
Get Ready to Prepare Your Return	8
STEP-BY-STEP DETAILED INFORMATION	10
Filing Status	10
Dependents	11
Income	12
Wages, Salaries and Tips	12
Interest	12
Dividends	13
IRA Distributions, Pensions and Annuities	13
Social Security Benefits	14
State and Local Income Tax Refunds	15
Capital Gains and Losses	15
Rent, Royalty, Partnership, Estate, Trust Income	15
Unemployment Compensation	16
Other Income	17
Adjustments to Income	17
Deduction for Self-Employment Tax	17
Self-Employed Health Insurance	17
Individual Retirement Accounts	18
Itemized Deductions	18
Medical and Dental Expenses	19
Taxes	19
Mortgage Interest	20
Contributions	20
Casualty or Theft Losses	22
Other Itemized Deductions	22
Computing Your Tax	23
Child Care Credits	23
Child Tax Credits	23
Education Credits	24
Earned Income Credit	25
SAMPLE TAX FORMS	27

REVIEW OF MAJOR TAX LAW CHANGES

In 2024, tax brackets increased slightly to account for inflation. The standard deduction increased to \$14,600 for single filers and married couples filing separate. For single heads of household it increases to \$21,900 and for married couples filing jointly the standard deduction rises to \$29,200 for 2024. The itemized deductions are the same from last year with medical expenses over 7.5% of adjusted gross income being deductible. State, local, property, and real estate taxes are deductible up to \$10,000. Mortgage and interest deductions are limited to \$750,000 of indebtedness. Charitable donations for income tax deduction limits for gifts to public charity are 30% of gross adjusted income for non-cash contributions of assets held more than one year and 60% of adjusted gross income for cash contributions. If both types of contributions are made it is generally 50% of adjusted gross income.

The Inflation Relief Act. Signed into law in 2024, The Inflation Relief Act allows a refundable income tax credit for 10% of federal tax liability for a taxable year beginning in 2024. However, the tax credit is not available to taxpayers whose modified gross income exceeds \$150,000 or \$250,000 for joint filers in a taxable year. The Inflation Relief Act of 2024 also introduces changes to Medicare which make the program more favorable for both current and future enrollees; making health care more accessible, affordable, and equitable by reducing the cost of prescription drugs and limiting increases in prices. Along with the Inflation Relief Act of 2024, the Inflation Reduction Act of 2022 includes a variety of credits and deductions for energy efficient home improvements and a variety of other credits that support clean energy. Homeowners can claim the Residential Clean Energy Credit for 30% of the cost for installing clean energy systems including wind turbines, solar panels, and other renewable energy systems. The Energy-Efficient Home Improvement Credit also offers a 30% credit for installing new windows, doors, and insulation within your home. Certain energy efficient appliances also qualify for the 30% tax credit as well as heat pump systems, boilers, and some central air-conditioning systems. Taxpayers will not only benefit from the tax credits but also save on energy bills in the future due to these energy saving home improvements.

In addition to these credits the Clean Vehicle Credit still offers a maximum credit of \$7,500 for the purchase of a new electric vehicle. In order to benefit from the full amount of this credit the vehicle must meet certain standards including a critical minerals requirement, the battery component rule, and that final assembly of the vehicle must take place in North America. If only one of the three requirements is met than the credit is reduced to \$3,750.

Health Savings Accounts. For individuals who are using Health Savings Accounts you may contribute \$4,150 individually or \$8,300 for a family. For those 55 and older you may contribute an additional \$1,000 as a catch-up contribution. In order to be eligible for a Health Savings Account you must be enrolled in a high deductible health plan.

Retirement Accounts. The traditional IRA and Roth IRA contribution limits are \$7,000 for individuals under 50 years old and those 50 or older can contribute an extra \$1,000 catch-up contribution as well. Also, in 2024 the limits for tax-deferred 401(k)s and Roth 401 (k)s have increased to \$23,000. If you are age 50 or older you may contribute an additional \$7,500 catch-up contribution. For individuals 73 and older be sure to take your required minimum distribution from your retirement account. A 25% penalty will apply to any undistributed funds.

1099-K Form: In 2024, if you accepted \$5,000 or more by payment cards for goods and services, you may receive one Form 1099-K for the total amount of the payments from each payment card, and from a third-party payment app, you could receive one Form 1099-K from that organization for the total amount. Those selling items on digital platforms or apps will see a transition threshold at \$5,000 in 2024, \$2,500 in 2025, and \$600 in 2026. Although the IRS is phasing in these changes over the next couple of years Form 1099-K reporting threshold companies will send you a 1099-K form for total payments over \$5,000 this year.

Ensure tax records are complete before filing. The IRS cautions people in this category who may be receiving a Form 1099 for the first time – especially “early filers” who typically file a tax return during the month of January or early February – to be careful and make sure they have all of their key income documents before submitting a tax return. A little extra caution could save people additional time and effort related to filing an amended tax return. And, if they have untaxed income on a Form 1099 that isn’t reflected on the tax return, they initially file, that could mean they need to submit a tax payment with an amended tax return.

Returns requiring manual review. Some returns, filed electronically or on paper, may need manual review delaying the processing if a possible error is detected, the return is missing information, or there is suspected identity theft or fraud. Some of these situations require correspondence with taxpayers, but some do not. This work does require special handling by an IRS employee so, in these instances, it may take the IRS more than the normal 21 days to issue any related refund. In those cases where the IRS is able to correct the return without corresponding, the IRS will send an explanation to the taxpayer.

Avoid refund delays and understand refund timing. Many different factors can affect the timing of your refund. Although the IRS issues most refunds in less than 21 days, the IRS cautions taxpayers not to rely on receiving a refund by a certain date, especially when making major purchases or paying bills.

Identity theft and refund fraud. Some returns may require additional review and may take longer. The IRS, along with its partners in the tax industry, continue to strengthen security reviews to help protect against identity theft and refund fraud.

Details of Changes Taking Effect in 2024

Who must file this year (Filing Thresholds)

	<u>filing threshold</u>
Single –	
under age 65	\$13,850
age 65 or over or blind	\$15,700
Joint return –	
both under age 65	\$27,700
one spouse 65 or over or blind	\$29,200
both 65 or over or blind	\$30,700
Head of Household –	
under age 65	\$20,800
age 65 or over or blind	\$22,650

Personal exemptions. The personal exemption remains suspended for 2024.

Standard deduction. You are allowed to claim a standard deduction instead of itemizing deductions.

Single or married, filing separately	\$14,600
Head of household	\$21,900
Married, joint return	\$29,200
Qualifying widow(er)	\$29,200

Blind, elderly. The additional standard deduction amount for those age 65 and up, or blind is \$1,950 if single or filing as head of household. If you are married filing jointly or separately, the extra standard deduction amount is \$1,550 per qualifying individual.

Dependents. If you are eligible to be claimed as a dependent on another person's tax return:

- For 2024, the standard deduction amount for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of \$1,300 or your earned income plus, \$450, whichever is greater.

As a dependent your filing threshold is \$14,600, if greater than a tax return should be filed. However, if the child is being claimed under the qualifying relative rules, the child's gross income must be less than \$5,050 for 2024.

2024 TAX BRACKETS

Taxable Income

Tax Rate	Single	Married, Filing Jointly	Head of Household
10%	\$0 - 11,600	\$0 - 23,200	\$0 - 16,550
12%	\$11,600 - 47,150	\$23,200 - 94,300	\$16,550 - 63,100
22%	\$47,150 - 100,525	\$94,300 - 201,050	\$63,100 - 100,500
24%	\$100,525 - 191,950	\$201,050 - 383,900	\$100,500 - 191,950
32%	\$191,950 - 243,725	\$383,900 - 487,450	\$191,950 - 243,700
35%	\$243,725 - 609,350	\$487,450 - \$731,200	\$243,700 - 609,350
37%	Over \$609,350	Over \$731,200	Over \$609,350

Note: If you are married, but file separate returns, you will use the same bracket amounts as single, up to \$243,725. At that point, you will use a higher tax rate than if single. See the IRS instructions for details, as there are many differences for people who use this unfavorable tax status.

PREPARING YOUR 2024 RETURN

A 2024 federal income tax return must be filed if your gross income exceeds your filing threshold on page 5.

WHAT FORMS SHOULD YOU USE

Form 1040 by itself may be sufficient for a very basic return. However, many people will find they need to attach one or more of the Schedules 1 through 3, as described below. Form 1040-SR, may be used for those who are age 65 and over. It is the large print version of Form 1040; however, the regular 1040 may be used if preferred. (NOTE: There is no longer a Form 1040EZ or 1040A return.)

See Page 9 for ways to obtain your tax forms and publications. You should review the forms and instructions carefully and reconcile any differences in favor of the official documents.

Form 1040 Schedule 1 is designed primarily for persons who have additional income, such as unemployment compensation, rental or business income or taxable state refunds. It is also used if you have certain deductions to claim, such as contributions to an IRA, student loan interest, the deductible portion of self-employment tax, or educator expenses.

Form 1040 Schedule 2 is for those who owe Alternative Minimum Tax (AMT), self-employment tax, and various other additional taxes.

Form 1040 Schedule 3 is used for nonrefundable credits, such as the child care credit, foreign tax credit, education credits, or general business credit.

Payments to extend this year's return, along with other refundable credits, are reported on Schedule 3.

In addition to the Form 1040 and Schedules 1 – 3, you may also need some of the following schedules and forms:

FORMS NEEDED

If you have:

	Form or Schedule
Itemized deductions	Schedule A
More than \$1,500 of interest or dividend income	Schedule B
Business income	Schedules C or C-EZ
Capital gains or losses	Schedule D & Form 8949
Income from rents, royalties, partnerships, estates, trusts, & S Corporations	Schedule E
Earned income credit	Schedule EIC
Farm income	Schedules F, SE, J
Household employment taxes	Schedule H
Credit for the elderly/disabled	Schedule R
Self-employment tax	Schedule SE
Child or dependent care expenses	Form 2441
Casualties and Thefts	Form 4684
Farm rental income	Form 4835
Tax on early distributions	Form 5329
Non-cash charitable contributions	Form 8283
A loss from a passive activity	Form 8582
Unearned income of child under age 24	Form 8615
Additional child tax credit	Form 8812
Education credit	Form 8863
Retirement savings contribution credit	Form 8880
Additional Medicare Tax	Form 8959
Net Investment Income Tax	Form 8960
Premium Tax Credit	Form 8962
Health Coverage Exemptions	Form 8965

Get Ready To Prepare Your Return

Form 1040 - Page 1

One – Get all of your records together.

Income records include all Forms W-2, W-2G and 1099. If you don't receive a Form W-2 by January 31, 2025, contact your employer.

Deduction records include canceled checks, real estate tax, and charitable contributions receipts, Form 1098 for mortgage interest paid. You should have available copies of your prior income tax returns. A review of your prior returns will help you in preparing your 2024 return.

Two – Get any forms, schedules or publications needed.

There are several ways to obtain publications and forms from the IRS. If you have access to a computer and printer you can print forms from the IRS yourself. You can access the IRS on the Internet at www.irs.gov. By phone, call 1-800-829-1040. Walk in to many post offices, libraries, and IRS offices to pick up forms and publications. The IRS publications are very helpful. Consider requesting a publication if you have a tax problem new to you.

Three – Prepare your return.

Take your time. Prepare all supporting worksheets. Keep worksheets and notes for reference. Make a rough draft of your return; transfer amounts to the final return only when you are confident you are finished. If you are using computer software to prepare your returns, check the totals which flow through to each line of the tax forms. And remember, computer data is only as good as what was entered by you. If you type a number incorrectly, the computer will not know it but the IRS matching program may discover it later.

Four – Check your return to make sure it is correct.

Consider setting your return aside before the final review. It's possible you will think of a deduction you've overlooked. It's far easier to correct the return before filing than to file an amended return. Re-check your addition and other calculations. This is a major cause of errors on returns.

Five – Keep a copy.

Make a complete copy of your return and any schedules for your records. If you used a computer, be sure to print a copy now to keep. Do not assume you will be able to go back later to print a copy.

Six – Sign and date your return.

The IRS doesn't consider a return complete unless it's signed. Both spouses must sign a joint return.

Seven – Attach all necessary forms and schedules.

Attach Copy B of all Forms W-2, and any W-2G, 1099-R and other forms which show federal taxes withheld to the return. Schedules and forms should be in “**sequence number**” order. This sequence number is just below the year in the upper right corner of the schedule or form.

Eight – Mail your return and payment of any balance due.

Your return must be mailed no later than April 15, 2025. See the IRS instructions for the mailing address to use for your state. Be sure to use sufficient postage. Consider mailing it registered mail, return-receipt requested so that you will have a signed and dated receipt as proof of timely filing. By filing your return before the deadline you can anticipate a quicker refund if applicable.

Step-By-Step Detailed Information

See the sample filled-in Form 1040 and related schedules at the end of this booklet. The steps enumerated below are referenced to the sample forms. All amounts reported should be rounded off to the nearest dollar.

Form 1040 - Page 1

Page 1 of Form 1040 includes your personal and dependent information and filing status. All income and expense items are entered here or carried forward from the related schedules and forms.

Step 1 – Filing status

Your filing status will determine which tax rate applies to your income and the amount of your standard deduction. The filing statuses are as follows:

- * Single
- * Married filing a joint return
- * Married filing separately
- * Head of household (with qualifying person)
- * Qualifying widow(er) with dependent child

If you are unmarried on December 31, 2024:

you will file as single unless:

1. You furnished over half the cost of maintaining a household for a relative. (See the head-of-household section for further tests) **OR**
2. Your spouse died during 2024. You may file a joint return with your deceased spouse. **OR**
3. You became a widow or widower during 2022 or 2023. **AND**
 - a. You were entitled to file a joint return in the year your spouse died.
 - b. You have not remarried by December 31, 2024.
 - c. Your dependent child or stepchild lived with you during 2024, except for temporary absences such as school or vacation.
 - d. You provided over half the cost of maintaining your household.

If you meet all four tests, check filing status as a qualifying widow(er) and use the rates for married taxpayers filing jointly.

If you are married:

You will either file a joint return with your spouse or file a separate return. In most cases, it will be advantageous to file jointly. You are considered married if you were married as of December 31, 2024, or your spouse died during 2024. Couples who married during 2024 file a joint return for the entire year.

Step 2 – Name, address and social security number

Enter your name(s) exactly as shown on your Social Security card. If your name has changed this year (due to marriage or other reasons), you should contact the Social Security office to notify them before you file. Be sure to enter your Social Security number(s) correctly. Show your current address. Also check any boxes which apply in regard to you and your spouse's standard deductions.

Step 3 – Presidential election campaign fund

Check yes if you or your spouse want to contribute, otherwise leave blank.

Step 4 – Dependents

There are no personal exemptions now. Instead, the standard deduction was increased and there is a higher child tax credit along with a credit for certain dependents who do not qualify for the child tax credit.

Qualifying Relative: Some people may be claimed as your dependents if they meet the definition of a “qualifying relative”, as follows:

- 1. Relationship.** This person must be your child, step-child, sibling, step-sibling, parent or grandparent, step-parent, niece or nephew, aunt or uncle, son/daughter-in-law, mother/father-in-law, brother/sister-in-law (even if divorced), **OR** the person must live in your home with you for the entire tax year.
- 2. Gross income.** The person's gross income must be less than \$5,050.
- 3. Support.** You must provide over one-half of this person's support.
- 4.** The person cannot be a “qualifying child” of anyone else.
- 5. Citizenship and Joint Return.** The person must be a U.S. citizen or resident of the U.S., Canada or Mexico. If married, the person cannot file a joint return.

Step 5 – Dependent’s Social Security number required

All taxpayers claiming the child tax credit for a dependent must report the dependent’s Social Security number on the return. If you have dependents who have not yet acquired Social Security numbers, you should obtain an application (Form SS-5) from your nearest Social Security Administration office. Keep in mind that it takes approximately two weeks or longer to be assigned a number, so you should allow time to obtain a number prior to the April 15 filing deadline. File for an extension if necessary. An ITIN or ATIN may be used in some cases.

Step 6 – Income

Generally, all income is taxable unless specifically exempted. Exempt income includes life insurance proceeds, interest on certain state and municipal bonds, child support, gifts and inheritances, worker’s compensation and dividends on life insurance. Also new divorce agreements (and some modified ones) which began in 2019 will not be income and are not deductible.

Reportable income includes wages, salaries, tips, interest, dividends, pensions, annuities, business income, farm income, prizes and awards, gains from sale or exchange of stocks, bonds, real estate, coins or other property, a percentage of Social Security and disability benefits if income reaches a certain level, distributions from Individual Retirement Accounts, rents received, directors fees, partnership income, executor or administrators fees and “passive” activity income. (The tax problems of businesses, farms and passive activities are not within the scope of this book; if you have these items, contact a qualified tax return preparer for both the preparation of your return and tax advice.)

Step 7 – Wages, salaries and tips

All compensation from employment is taxable. This includes salaries, wages, commissions, bonuses and tips. Employers must provide a Form W-2 by January 31, 2025. This statement should reflect total compensation and the amounts withheld for income, Social Security and Medicare taxes.

Generally, you should report on Line 1 of Form 1040 the amounts reported in Box 1 of your W-2. Some employers are required to report the total cost of health insurance premiums in Box 12, Code DD. This is for your information only, and has no effect on your taxable income. **DO NOT** deduct this as an itemized deduction.

Step 8 – Interest

Payers of interest use Form 1099-INT to report to the IRS the amounts paid in 2024. Interest received is reportable even if a Form 1099-INT is not received. Interest credited to your account or certificate is reported even though not withdrawn. If your total interest is more than \$1,500, you should prepare Schedule B and attach it to your return.

U.S. savings bonds (Series E or EE) issued on paper were purchased at less than face value. Electronically-issued series EE bonds are bought at face value. Both types increase in value each year until redemption or final maturity. The yearly increase in value is interest, but you don't report this interest until you cash the bond or the bond matures, whichever is earlier.

Interest income on Series EE bonds purchased after December 31, 1989, the proceeds of which are used to fund qualified higher education expenses for the taxpayer, spouse or dependent child, are excludable from income if the total expenses are at least as much as the bond proceeds and adjusted gross income is less than certain limitations. Report this interest income on Form 8815 and transfer the excluded portion to Schedule B, Line 3.

Interest income from tax-exempt state and municipal bonds should be reported on Line 2a Form 1040, as a memo entry only. It should not be included with taxable interest reported on Line 2b of Form 1040. This interest will be reported to the IRS and you in a separate box on Form 1099-INT and 1099-DIV.

Step 9 – Dividends

Dividends are distributions made by corporations to their shareholders. Generally you will receive a Form 1099-DIV from the payer. If your total dividends are more than \$1,500, you should prepare Schedule B and attach it to your return. Dividends to be reported include:

Ordinary dividends. This amount is taken from Form 1099-DIV, Box 1a. The total of all ordinary dividends is reported on Line 3b of Form 1040.

Qualified dividends. This figure, from Box 1b of the 1099, is already included in the ordinary dividends total, but must be reported again on Line 3a of Form 1040. Qualified dividends are taxed at a lower rate, or even a zero rate, so be sure to enter this data here.

Capital gain distribution dividends are usually paid by mutual funds. These distributions will be entered on Schedule D if you have other gains and losses. If you don't have other gains and losses, enter your capital gain distributions on Line 7 of Form 1040 and check the box.

Non-taxable distributions. Some dividends are treated as a return of your investment and are non-taxable. You reduce your cost basis by these distributions. After you have recovered your entire investment, you must report subsequent distributions as capital gains.

Step 10 – IRA distributions, pensions and annuities

IRA distributions. Distributions from an Individual Retirement Account are reported on Lines 4a and 4b of Form 1040. IRA distributions are generally fully taxable with the exception of rollover distributions. If you have previously made non-deductible contributions, a portion of your IRA distribution will be non-taxable. You should receive a Form 1099-R showing the amount of the IRA distribution.

If you are not age 59-1/2 or disabled, you may need Form 5329 to compute the early withdrawal penalty, or to report an exception to the penalty. You should refer to the instructions for Form 5329 to determine if you are required to pay an early withdrawal penalty.

Roth IRA distributions may be tax-free, depending on your circumstances. There is a one-time five-year holding period beginning in the year of your first Roth contribution. Qualified withdrawals after age 59-1/2 are tax-free. Be sure you understand the rules before making earlier withdrawals.

Fully taxable pensions and annuities. Pensions paid for entirely by your employer and pensions where you have recovered your entire cost tax-free before 2024 are fully taxable. You should receive a Form 1099-R showing the amount of the pension or annuity. Tier 2 railroad retirement benefits are fully taxable pensions and are included on Lines 5a and 5b of Form 1040 with other pensions and annuities you may have received. See Step 11 for Tier 1 benefits.

Other pensions and annuities. If you contributed part of the cost of your pension, annuity or profit-sharing distribution, you recover your contribution tax-free. The general rule is that you exclude from income the portion of the payment that represents your contribution. This percentage is computed as your contribution divided by the expected total payments.

Rollover distributions. A “rollover” is a transfer from one retirement plan to another within 60 days from the date of distribution. This includes transfers from one IRA to another and transfers from a pension or profit-sharing plan to an IRA. You should receive Form 1099-R for rollover distributions. If the full amount was rolled over, none of the distribution is taxable. Line 4a or 5a of Form 1040 is used to report rollover distributions for IRAs, pensions or profit-sharing plans. The taxable part, if any, is shown on Line 4b or 5b.

Lump-sum distributions. Lump-sum distributions for many years were subject to special tax treatment. However, in tax years beginning after 1999, special tax treatment for lump-sum distributions is only available to certain taxpayers.

Step 11 – Social Security and Tier 1 railroad retirement benefits

You should receive Form SSA-1099 showing the total Social Security benefits paid to you. If you receive Railroad Retirement benefits treated as Social Security, you should receive Form RRB-1099. To determine if any of your benefits are taxable, you must first consider your other income. This area can be very complicated. Obtain a copy of the the taxable social security worksheet by visiting www.irs.gov and searching for Notice 703 for instructions. Enter the total on Line 6a and any taxable portion on Line 6b.

Step 12 – Capital gains and losses, Schedule D and Form 8949

Capital assets include almost all property you own. Property used for personal purposes, pleasure or investment are capital assets. Examples are: stocks and bonds; your home, car and household furnishings; coin, stamp, art or other collections; jewelry. Gains from sale of capital assets must be reported. The same goes for losses, except losses on personal use property are not deductible unless the loss is due to casualty or theft, and only if additional requirements are met. Gain on sale of your home is generally excludable, but there are several rules you must meet for this. Enter any net gain or loss from Schedule D on Line 7 of Form 1040.

Schedule 1, Part I

Step 13 – Additional Income

If you have any income which does not go on Lines 1-7 of Form 1040, or any deductions which do not go on Schedule A – Itemized Deductions, then you will need Schedule 1. (See Steps 13a – 13d for income items to enter on Schedule 1, Part I.)

Enter the total income items on Line 10 of Part I and carry it to Line 8 of Form 1040. Then add Form 1040 Lines 1-8 and enter it on Line 9, Total Income.

Step 13a – State and local income tax refunds

If you received a refund of state or local income taxes in 2024, you may receive a Form 1099-G showing the refund. The amount of refund is not reportable income unless you itemized your deductions in the prior year and received a tax benefit from the deduction. For example, if you deducted sales tax on last year's Schedule A, this refund may not be taxable. Any taxable refund should be entered on Line 1 of Schedule 1.

Step 13b – Rent, royalty, partnership, estate, trust income

Part I of Schedule E is used to report rental and royalty income and expenses. Amounts you receive as rent are included in your gross income. Advance rent is income in the year received. Security deposits are not income unless you keep part or all of the deposit because your tenant does not live up to the terms of the lease.

Expenses you may deduct from rental income include advertising, automobile expense, cleaning and maintenance, commissions for the collection of rent, depreciation, gardening and lawn care, insurance, supplies, painting, repairs, telephone, taxes, utilities, wages and interest.

Standard Mileage Rates for Use of Your Vehicle in 2024

Business	\$.67
Charitable Work	\$.14
Medical or Moving	\$.21

Capitalization or Repair New rules were issued in September 2013 and revised in November 2016 by the IRS in Treasury Decision 9636 which will require us all to re-think whether to depreciate or immediately expense many business or rental purchases and payments. This ruling provides more guidance in this area and some new definitions and safe harbors. The ruling covers new purchases, but also is retroactive to all items erroneously expensed and depreciable items which are still within their recovery periods. We are required to use the new rules.

Some of the new definitions include incidental vs. non-incidental materials and supplies, and rotatable and temporary vs. standby emergency spare parts. Also, repairs vs. improvements, which may include betterments, restorations, and adaptations. You may also want to consider cost-segregation when purchasing a building, to write off specific components at a faster rate.

The de minimus safe harbor rule has been increased to \$2,500 per item purchased, starting in 2016. There are a few requirements to use this, but may be worthwhile to consider.

In no case may you deduct the value of your own labor. Wages paid to others, including your children, may qualify as either a current expense or an improvement, depending on the work done.

Net rental losses. For each rental property reported on Schedule E, you are required to indicate if you actively participated in the management of the property. If you are reporting a net rental loss on a property, the deduction of your rental loss may be limited, particularly if you do not actively participate in the management of that property. You should refer to Form 8582 and its instructions to determine what portion of your rental loss is deductible.

Partnerships, estates, trusts, S corporations. Parts II and III of Schedule E are used to report income or loss from partnerships, estates, trusts or S corporations. The total from Schedule E goes on Line 5, Schedule 1. If you have any income to report from these sources, you will receive a Schedule K-1 detailing the items to be reported. The instructions for Form 8582 can help you determine whether your participation in the activity is passive or non-passive. If you receive a K-1 that reports a loss from a passive activity, you should refer to Form 8582 and its instructions to determine what portion of the loss can be deducted.

Step 13c – Unemployment compensation

Unemployment compensation received is fully taxable. You should receive a Form 1099-G showing total unemployment compensation paid to you. Supplemental unemployment compensation paid by a company-financed fund are wages. Enter unemployment compensation on Line 7, Schedule 1.

Step 13d – Other income

Various other lines on Schedule 1 are used to report alimony, business income from Schedule C, farm income from Schedule F, and other miscellaneous types of income. Please note that Directors' Fees are subject to self-employment tax and should be reported first on Schedule C.

Schedule 1, Part II

Step 14a - 14 – Adjustments to income

These special deductions will reduce Adjusted Gross Income and are entered first on Schedule 1, Part II. Then enter the total of Part II deductions on Line 26 and carry it to form 1040, Line 10.

Step 14a – Deduction for educator expenses

Up to \$300 may be deducted by a K-12 teacher for classroom supplies. Enter on Line 11, Schedule 1. COVID-19 supplies also qualify for this deduction.

Step 14b – Deduction for self-employment tax

If you were self-employed and owe self-employment tax, fill in Schedule SE to figure the amount of your deduction. If you completed Part I of Schedule SE, the deductible part of your self-employment tax is on line 13. Enter on Line 15, Schedule 1.

Step 14c – Deduction for self-employed retirement plans

Enter on Line 16, Schedule 1.

Step 14d – Self-employed health insurance

Self-employed persons are allowed to deduct all of the amounts paid for health insurance for themselves, their spouses and their dependents. No deduction is allowed if you are eligible to participate in any subsidized health plan maintained by your employer or your spouse's employer. The deduction is limited to your net earnings from self-employment. Tip: Long-term care insurance premiums also qualify here.

If you are eligible for Medicare (age 65), you may now deduct you and your spouse's Medicare premiums also, if you are self-employed. Enter on Line 17, Schedule 1.

Step 14e – Alimony paid

You may only deduct periodic payments of alimony or separate maintenance under an agreement dated before January 1, 2019. Also, if a prior agreement was modified to change the terms after that date, it may no longer be deductible. See the IRS instructions for more specifics. Property settlements and amounts designated as child support are not deductible. You must provide the recipient's Social Security number to claim the deduction. The deduction is reported on Line 19a, Schedule 1.

Step 14f – Individual Retirement Accounts

A married couple filing a joint return may each contribute up to \$7,000 to an IRA if under the age of 50, and an additional \$1,000 each if age 50 or more.

An “X” in the “Pension plan” box of Form W-2 indicates participation in a qualified plan. The deduction for the IRA is reported on Line 20, Schedule 1. To determine the amount of your deductible IRA contribution, use the worksheet included in the 1040 instruction booklet.

Contributions made in 2025 on or prior to April 15 can be considered to be 2024 IRA payments.

Careful consideration should be given to a decision about the type of IRA to use. Instead of contributing to a regular IRA, many people will prefer to use a ROTH. Contributions to a ROTH IRA are not deductible. However, once the requirements are met for withdrawal, the amounts you have contributed, plus all of the income which is earned in the ROTH may be withdrawn tax-free. This can be a major tax savings for many people, as the interest, dividends, and capital gains earned on this money is not taxed within the IRA, nor is it taxed upon withdrawal.

Individuals who are ineligible to make deductible or ROTH IRA contributions may still make non-deductible IRA contributions and can defer taxes on the investment income earned by those funds. If you or your spouse made non-deductible IRA contributions for 2024 or a prior year, you are required to file Form 8606 as an attachment to your Form 1040.

Step 14g – Student loan interest

Student loan interest up to \$2,500 may be entered on Line 21, Schedule 1. However, this amount is phased out for higher income levels. See IRS instructions for more information.

Step 15 – AGI (Adjusted Gross Income)

On Form 1040, subtract Line 10 to get your AGI (Adjusted Gross Income) on Line 11.

Step 16 – Schedule A Itemized or standard deductions

For 2024, the standard deduction amounts will increase for individuals, or married couples filing separately to \$14,600, for heads of households \$21,900, and for married couples filing jointly \$29,200. See Page 5 for additional deductions if age 65 and older or blind. Also, for a reduced deduction if you are claimed as a dependent.

Enter the larger of your standard deduction or your total from Line 17, Schedule A Itemized Deductions on Form 1040, Line 12.

Step 16a – Medical and dental expenses

You may deduct medical and dental expenses you paid for yourself, your spouse and your dependents. You may also deduct expenses you paid for a person who could otherwise be claimed as a dependent except that he or she had gross income of \$5,050 or more or filed a joint return. Medical expenses can only be deducted in the year paid. You must reduce your 2024 expenses by any reimbursements received. If you received a reimbursement in 2024 of prior year medical or dental expenses, do not reduce your 2024 expenses by this amount. You must include the reimbursement in income, if you deducted the medical expenses in the earlier year and the deduction reduced your tax. (Tax Benefit Rule)

Deductible medical expenses may include medical insurance premiums, including qualified long-term care premiums and Medicare B and D insurance, prescription drugs and insulin, medical doctors, eye doctors, dentists, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, occupational therapists, acupuncturists and psychoanalysts (medical care only), smoking cessation programs or nicotine alleviation prescription medicines, medical aids and supplies such as hearing aids and batteries, braces, eyeglasses, contact lenses, crutches, wheelchairs and prosthetic devices, nursing help, qualified long-term care, medical treatment at a center for alcohol or drug addiction, hospital care, laboratory fees, X-ray fees, ambulance service, medical transportation and lodging expenses while away overnight to receive medical care. There are limits on lodging and travel expenses.

If your medical expenses are paid by a Health Savings Account (HSA), then do not deduct them here. However, you may be able to deduct HSA contributions on Line 13 of Schedule 1, see Form 8889. Payments for cosmetic surgery or similar procedures cannot be deducted as a medical expense unless necessary to correct or improve a deformity arising from a congenital abnormality, personal injury resulting from an accident or trauma or disfiguring disease. Only the amount of medical expenses in excess of 7.5 percent of adjusted gross income may be included in your total of itemized deductions.

Step 16b – Taxes

Deductible taxes include state and local income taxes, real estate and personal property taxes. Taxes that are not deductible include federal income, estate, gift and excise taxes, utility taxes, cigarette or beverage taxes, hotel and motel taxes, dog, hunting and fishing licenses, drivers' licenses, marriage licenses, title and inspection fees, state inheritance taxes, Social Security and Medicare withholding and railroad retirement (RRTA) taxes.

State and local income taxes

You may deduct the state and local income taxes withheld from your pay in 2024 and quarterly state estimate payments paid in 2024 even if you expect to receive a refund. The refund will be part of your 2025 gross income. Add 2024 payments of 2023 or prior year's taxes to amounts withheld and estimates paid to get your 2024 deduction.

Real estate taxes

You may deduct any real estate tax you paid on your home and any other real estate you own (Deduct tax on rental properties on Schedule E). If your mortgage payment includes an amount for a tax escrow, you do not claim the deduction until the mortgage company actually pays the taxes. The mortgage company should provide you the information concerning the amounts actually paid.

Step 16c – Mortgage interest

Interest on loans secured with a mortgage on your principal residence or second home used to be fully deductible to the extent the loan qualifies as an “acquisition loan” or a “home equity loan.” “Acquisition loans” must be used to buy, construct or substantially improve your residence; the principal amount of these loans cannot exceed \$750,000. “Acquisition loans” includes debt incurred to refinance previous acquisition loans. “Home equity loans” must have been used to buy or improve the home secured by the loan. Otherwise this interest is no longer deductible on Schedule A.

If you paid more than \$600 in interest to a financial institution, the lender will send you a Form 1098 showing the total interest paid. The deduction for interest shown on Form 1098 is reported on Line 8a. If your mortgage is not with a financial institution or you did not receive a Form 1098, report your deductible mortgage interest on Line 8b.

Step 16d – Gifts to Charity

All contributions must be documented. Your cancelled check is fine, if under \$250. Amounts paid in cash must be shown on a receipt in order to take a deduction, even if below the \$250 statement requirement. For 2024, you may deduct all charitable contributions up to 60% of your AGI (Adjusted Gross Income) if paid by cash, check, etc. and properly documented. This is a choice you check on your tax return. If not chosen, an income tax charitable deduction is allowed for charitable contributions made within a taxable year, subject to limitations based upon whether the donee is a 60 percent or 30 percent charity, whether the donor is an individual or corporation, and what type of property is contributed. The 60 percent charities generally include churches, educational institutions, hospitals, governmental units, organizations receiving substantial support from governmental units or the general public, and certain private foundations (operating foundations, distributing foundations and pooled fund foundations described in I.R.C., §170(6)(1)(D)). If the gift is \$250 or more, you need a written statement from the charity to support your deduction. The 30 percent charities include other organizations (mostly private foundations) described in I.R.C., §170(c), but which do not qualify as 60 percent charities. (See page 21 for limits on deductions.)

Ceiling on Charitable Deductions

	<u>60% charity</u>	<u>30% charity</u>
Individual Donor	Total deductions limited to 60% of donor's adjusted gross income with 5-year carryover. Gifts of trust income to 60% charity deductible up to 30% of AGI with 5-year carryover.	Total deductions limited to 30% of donor's adjusted gross income, with 5-year carryover.
Corporate Donor	Deduction is limited to 10% of taxable income with 5-year carryover.	Deduction is limited to 10% of taxable income with 5-year carryover.

Additional Limitations Based Upon Type Of Property Contributed

	<u>60% charity</u>	<u>30% charity</u>
Cash	Amount of cash	Amount of cash
Ordinary Income Property — Property that produces any gain other than long-term capital gain if sold at fair market value.	Cost. 60%-of-adjusted-gross-income ceiling applies. Examples include inventory of a business owner, a work of art in the hands of the artist who created it and tangible property that has been depreciated.	Cost. 30%-of-adjusted-gross-income ceiling applies.
Long-Term Capital Gain Property	Fair market value, not to exceed 30% of donor's adjusted gross income with 5-year carryover. Donors of long-term capital gain property can qualify for 60%-of-AGI ceiling by electing to reduce contribution deduction by 100% of the gain present in the property.	Fair market value, for gifts of publicly held stock for which market quotations are readily available, not to exceed 20% of donor's adjusted gross income with 5-year carryover. For all other gifts, reduce fair market value by 100% of long-term capital gain element if donee is a private foundation.
Tangible Personal Property That is Unrelated to Charity's Purposes	Fair market value, reduced by 100% of long-term capital gain element. 60%-of-AGI ceiling applies.	Fair market value, reduced by 100% of long-term capital gain element. 20%-of-AGI ceiling applies.
Appraisal Requirements	Qualified appraisals generally are required for non-cash gifts valued at more than \$5,000 and closely held stock worth more than \$10,000. No appraisal is required for gifts of publicly traded securities. The appraisal is summarized on Form 8283. Form 8283 must be filed for all non-cash gifts in excess of \$500, even if no appraisal is required.	

Step 16e – Casualty or theft losses

Non-business casualty and theft losses are subject to two limitations. The amount of each loss must be reduced by \$100. The total of all losses must be reduced by 10 percent of Adjusted Gross Income. Form 4684 is used to report casualty and theft losses. A personal casualty loss must be due to a federally-declared disaster. You may also be able to take a net qualified disaster loss if you are using the Standard Deduction. See the Schedule A instructions to enter this or add the loss to increase the Standard Deduction total on Form 1040, Line 12a.

You may not deduct a non-business casualty loss on insured property unless you file a timely insurance claim with respect to the damage of that property.

Step 16f – Other itemized deductions

Although the “2% miscellaneous deductions” have been eliminated, there are still a few other deductions available in limited circumstances. This includes gambling losses (up to gambling wins) and certain other unusual deductions. See IRS rules for more information.

Step 17 – Charitable deduction

For tax year 2024, taxpayers who don’t itemize and who take the standard deduction, won’t be able to deduct their charitable contributions.

Step 18 – Qualified business income deduction

This is a fairly new item for those with income from Schedule C, F, and other various forms of income from partnerships, S Corporations, REIT dividends and more. It is beyond the scope of this tax handbook but should be considered if you may qualify. Enter on Line 13.

Step 19 – Taxable income

Add Lines 12 and 13 to enter on Line 14. Then subtract Line 14 from Adjusted Gross Income on Line 11 to get Taxable Income on Line 15.

Step 20 – Form 1040 - Page 2 - Tax

The tax tables cover taxable income up to \$100,000. If your taxable income is less than \$100,000, look up your tax in the tax table and enter it on Line 12. If your taxable income exceeds \$100,000, you will need to compute your tax using the proper tax rate schedule for your filing status and enter the tax on Line 12.

If you have dividend income or net long term capital gains you may have part of your income taxed at a lower rate. You will need the qualified dividend and capital gain worksheet if you have dividend income. The worksheet is included in the Form 1040 instructions to compute your taxes. If you have long term capital gains you will also need Schedule D and Form 8949.

Other tax computations may apply in special circumstances.

One is where the taxpayer is under age 18 on December 31, 2024 or a full time student under the age of 24, and has investment income (interest, dividends, etc.) The first \$1,250 of the child's unearned income is tax free, the next \$1,300 is taxed at the child's rate, and any excess over will be taxed at the parent's rate. If this is your situation, you may be required to complete Form 8615 to figure your tax under the "kiddie tax" rules.

Another special circumstance is where you have received a qualifying lump-sum distribution from a retirement plan. You should refer to Form 4972 and the instructions if the situation applies.

Step 21 – Schedule 2 – Part I – Additional Taxes

If the Alternative Minimum Tax applies, this is a complex area and is not covered in this tax booklet. It goes to Schedule 2, then is added into Form 1040, Line 17.

Step 22 – Child and Other Dependent Tax Credits

For 2024, the credit allows payers to claim up to \$2,000 per child or dependent under the age of 17, with \$1,600 of the credit potentially refundable. In order to use the tax credit your modified adjusted gross income must be \$400,000 or below (married filing jointly) or \$200,000 or below for (all other filers). You may be able to claim the child and dependent care credit if you paid expenses for the care of a qualifying individual to enable you (and your spouse, if filing a joint return) to work or actively look for work. Generally, you may not take this credit if your filing status is married filing separately. The total expenses that you may use to calculate the credit may not be more than \$3,000 (for one qualifying individual) or \$6,000 (for two or more qualifying individuals). Expenses paid for the care of a qualifying individual are eligible expenses if the primary reason for paying the expense is to assure the individual's well-being and protection. If you received dependent care benefits that you exclude or deduct from your income, you must subtract the amount of those benefits from the dollar limit that applies to you.

Step 23 – Child and Dependent Care Expense Credit

1. A person who qualifies as your dependent and is under age 13.

Or

2. A person who is mentally or physically unable to care for themselves, who has lived with you for more than half the year and whom you can claim on your return as a dependent.

Or

3. Your spouse if he or she is incapable of self-care.

It may not be claimed for expenses incurred to send a child to an overnight camp.

The child or dependent care credit is claimed on Form 2441, then to Schedule 3, Line 2 or Line 13g, depending on meeting the abode requirement.

Education Credits

Tax credits may be elected for tuition expenses incurred by students pursuing college or graduate degrees or vocational training. These expenses may qualify under the American Opportunity Credit or the Lifetime Learning Credit. Or, you may be able to use them as the Tuition and Fees Deduction. Numerous calculations may be required to determine which method is the most advantageous in your situation. See Form 8863 to calculate the credits which go to Schedule 3, Line 3, or to Form 1040, Line 29.

Retirement Savings Credit

A credit may be available if you contributed to a retirement plan in 2024. Use Form 8880 to compute the proper credit. The credit is phased out when income exceeds a certain amount. Enter on Schedule 3, Line 4.

The total from Line 8 of Schedule 3 goes on Line 20 of Form 1040.
The total from Line 15 of Schedule 3 goes on Line 31 of Form 1040.

Step 24 – Go to Schedule 2 – Part II – Additional Taxes

Self-employed individuals will complete Schedule SE to calculate the amount of self-employment tax they owe, along with their deduction for part of this tax. The tax goes on Line 4, Schedule 2.

Also, the Additional Medicare Tax on higher incomes are reported on Line 11, Schedule 2, and on Line 12 Schedule 2 for the Net Investment Income Tax after calculating the tax on forms 8959 or 8960.

The total of other taxes from Schedule 2, Line 21 is carried to Form 1040, Line 23.

Step 25 – Back to Form 1040, Again

Self-employed individuals will complete Schedule SE to calculate the amount of self-employment they owe, along with their deduction for part of this tax. The tax goes on Line 4, Schedule 2.

Also, there are a multitude of other taxes which go on Schedule 1, Part II. These include the Medicare tax and the New Investment Income tax on higher incomes, and household employment taxes on your housekeeper, gardner, etc.

The total of other taxes from Schedule 2, Line 21 is carried to Form 1040, Line 23.

Step 26 – Taxes withheld

Enter the total federal income tax withheld as shown on your Form W-2 (wages), 1099-R (pension) and W-2G (gambling winnings) and 1099 (dividend and interest income) on Lines 25a through 25c. Show the total of these on Line 25d.

Step 27 – Estimated and Extension Tax payments

Enter on Line 26 the total estimated tax payments made for 2024, including any overpayment applied from your 2023 Form 1040. Enter on Line 10, Schedule 3 any amount paid with an extension of time to file this tax return. Carry the total of Line 15 on Schedule 3 to Form 1040 Line 31.

Step 28 – Earned Income Credit

A refundable tax credit is available for low-income workers. You may qualify if your total income is under the threshold amount, you have income as an employee or from self-employment and you maintain a household. Use Schedule EIC to compute the earned income credit. The income limits for this credit have increased over the years, so you may qualify now even if you did not in a prior year. Enter amounts on Line 27 Form 1040 to make this election.

Step 29 – American Opportunity Credit

Enter the refundable portion of your college credits from Form 8863, Line 8 on Line 29, Form 1040.

Step 30 – Total payments

Add Lines 27 and 28 - 31 for a total on Line 32. Then add Line 25d, and 26 and 32 for the Total Payments on Line 33.

If you overpaid your tax, enter the overpayment on Line 34.

If you owe tax, enter the balance due on Line 37.

Step 31 – Overpayment of tax

If you overpaid, enter the amount you want refunded on Line 34a, and the amount you want credited to your 2025 estimated tax on Line 36. If your refund is large, you might consider filing a new Form W-4 with your employer's payroll office to reduce the amount of tax to be withheld from your wages and increase your weekly payroll check.

Step 32 – Direct Deposit

Consider using direct deposit of your refund. The IRS can deposit this to your checking or savings account within days of the processing of your return. To choose direct deposit, fill in your bank account information on Lines 35b, c, and d. See Form 8888 if you want to split your refund between two or three different accounts, or use the refund to purchase U.S. Series I Savings Bonds.

Step 33 – If you owe tax

If you have a balance due, enclose a check or money order payable to the "United States Treasury" for the amount due. On your payment, write "Form 1040," year 2025 tax year and taxpayer's Social Security number. Complete Form 1040-V following the instructions on that form and enclose it in the envelope with your payment.

If you owe a large amount, you should file a new Form W-4 to increase the amount of tax to be withheld from your wages, or increase your payments of quarterly incometax estimates to avoid an underpayment penalty next year.

If you owe a significant balance due or should have been paying quarterly taxes, you may need to pay a penalty known as an underpayment of estimated tax. This is computed on Form 2210 and entered on Form 1040, Line 38. You may receive a bill from the IRS if you owe this and did not state it when you filed.

Step 34 – Review

Review all the data one more time. Be sure you have made a copy to keep for your records. Attach all required schedules and documents. Enclose your check for any balance due. Then sign and date the return. Affix sufficient postage to the envelope and be sure to mail it by April 15, 2025.

Step 35 – Signatures

The return must be signed and dated by you (and your spouse if filing jointly) along with anyone who was paid to prepare your return.

Step 36 – A final reminder

Be sure to keep a copy of the completed return, either as a paper copy, or as a “PDF” computer file.

Form 1040 header section including filer information: John J. Doe, Mary M. Doe, 123 Happy Taxpayer Lane, Schenectady, NY 12345.

Filing Status section: Married filing jointly (1), Qualifying surviving spouse (QSS) (1), Presidential Election Campaign (3).

Digital Assets section: At any time during 2024, did you: (a) receive as a reward, award, or payment for property or services; or (b) sell, exchange, or otherwise dispose of a digital asset (8).

Standard Deduction section: Standard deduction (1), Spouse itemizes on a separate return (1), or you were a dual-status alien (1).

Dependents section: Table with columns for (1) First name, (2) Last name, (3) Social security number, (4) Relationship to you, (5) Child tax credit, (6) Credit for other dependents. Includes Sally Doe (Daughter) and Baby Doe (Son).

Income section: Table with columns for (a) Total amount from Form(s) W-2, box 1; (b) Household employer wages; (c) Tip income; (d) Medical waiver payments; (e) Taxable dependent care benefits; (f) Employer-provided adoption benefits; (g) Wages from Form 9919; (h) Other earned income; (i) Nontaxable combat pay election; (j) Add lines 1a through 1h.

Standard Deduction for- section: Table with columns for (a) Single or married filing separately; (b) Married filing jointly; (c) Qualifying widow; (d) Head of household; (e) If filing checked any box under (a) through (d), see instructions. Includes (17) Standard deduction or itemized deductions from Schedule A.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 1132003 Form 1040 (2024)

Tax and Credits section: Table with columns for (16) Tax; (17) Amount from Schedule 2, line 3; (18) Add lines 16 and 17; (19) Child tax credit or credit for other dependents; (20) Amount from Schedule 3, line 8; (21) Add lines 19 and 20; (22) Subtract line 21 from line 18; (23) Other taxes; (24) Add lines 22 and 23.

Payments section: Table with columns for (25) Federal income tax withheld; (26) 2024 estimated tax payments; (27) Earned income credit; (28) Additional child tax credit; (29) American opportunity credit; (30) Reserved for future use; (31) Amount from Schedule 3, line 15; (32) Add lines 27, 28, 29, and 31; (33) Add lines 25d, 26, and 32.

Refund section: (34) If line 33 is more than line 24, subtract line 24 from line 33; (35a) Amount of line 34 you want refunded; (35b) Routing number; (36) Account number.

Amount You Owe section: (37) Subtract line 33 from line 24; (38) Estimated tax penalty.

Third Party Designee section: (39) Do you want to allow another person to discuss this return with the IRS? (34) Yes/No.

Sign Here section: Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Includes signature lines for taxpayer and preparer.

Paid Preparer Use Only section: Preparer's name, signature, date, PTIN, firm's name, and EIN.

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0047

2024
Attachment Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number
111-22-3333

John J. & Mary M. Doe

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss.

Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099K.

Part I Additional Income		1a	1b
1	Taxable refunds, credits, or offsets of state and local income taxes		13a
2a	Alimony received		2a
3	Date of original divorce or separation agreement (see instructions):		3
4	Business income or (loss). Attach Schedule C		4
5	Other gains or (losses). Attach Form 4797		5
6	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		6 13b
7	Farm income or (loss). Attach Schedule F		7
8	Unemployment compensation		7 13c 1,000
9	Other income:		
a	Net operating loss	9a ()	
b	Gambling	9b ()	
c	Cancellation of debt	9c ()	
d	Foreign earned income exclusion from Form 2555	9d ()	
e	Income from Form 8853	9e ()	
f	Income from Form 8899	9f ()	
g	Alaska Permanent Fund dividends	9g ()	
h	Jury duty pay	9h ()	
i	Prizes and awards	9i ()	
j	Activity not engaged in for profit income	9j ()	
k	Stock options	9k ()	
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	9l ()	
m	Olympic and Paralympic medals and USOC prize money (see instructions)	9m ()	
n	Section 951(a) inclusion (see instructions)	9n ()	
o	Section 951A(a) inclusion (see instructions)	9o ()	
p	Section 461(i) excess business loss adjustment	9p ()	
q	Taxable distributions from an ABLE account (see instructions)	9q ()	
r	Scholarship and fellowship grants not reported on Form W-2	9r ()	
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	9s ()	
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	9t ()	
u	Wages earned while incarcerated	9u ()	
v	Digital assets received as ordinary income not reported elsewhere. See instructions.	9v ()	
z	Other income. List type and amount:	9z ()	
9	Total other income. Add lines 9a through 9z	9	
10	Combine lines 1 through 7 and 9. This is your additional income. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	13 1,000

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 714799F

Schedule 1 (Form 1040) 2024

Schedule 1 (Form 1040) 2024

Page 2

Part II Adjustments to Income		11	12
11	Educator expenses		11a
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106		12
13	Health savings account deduction. Attach Form 8889		13
14	Moving expenses for members of the Armed Forces. Attach Form 3903		14
15	Deductible part of self-employment tax. Attach Schedule SE		15 14b 14c
16	Self-employed SEP, SIMPLE, and qualified plans		16
17	Self-employed health insurance deduction		17 14b 14c
18	Penalty on early withdrawal of savings		18
19a	Alimony paid		19a
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction		20 14i
21	Student loan interest deduction		21 14g 500
22	Reserved for future use		22
23	Archer MSA deduction		23
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount:	24z	
25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 and 25. These are your adjustments to income. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10	26	14 500

Schedule 1 (Form 1040) 2024

SCHEDULE 2
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2024
Attachment
Copy series No. 02

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

John J. & Mary M. Doe

111-22-3333

Part I Tax

1	Additional taxes to tax:		
a	Excess advance premium tax credit repayment. Attach Form 8962	1a	
b	Repayment of new clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part II. Attach Form 8936 and Schedule A (Form 8936)	1b	
c	Repayment of previously owned clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part IV. Attach Form 8936 and Schedule A (Form 8936)	1c	
d	Recapture of net EPE from Form 4255, line 2a, column (i)	1d	
e	Excessive payments (EP) from Form 4255. Check applicable box and enter amount. (i) <input type="checkbox"/> Line 1a, column (n) (ii) <input type="checkbox"/> Line 1c, column (n) (iii) <input type="checkbox"/> Line 1d, column (n) (iv) <input type="checkbox"/> Line 2a, column (n)	1e	
f	20% EP from Form 4255. Check applicable box and enter amount. See instructions. (i) <input type="checkbox"/> Line 1a, column (o) (ii) <input type="checkbox"/> Line 1c, column (o) (iii) <input type="checkbox"/> Line 1d, column (o) (iv) <input type="checkbox"/> Line 2a, column (o)	1f	
y	Other additions to tax (see instructions):	1y	
z	Add lines 1a through 1y		1z
2	Alternative minimum tax. Attach Form 6251		2 21
3	Add lines 1z and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17		3

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE		4 24
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6		7
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required. If not required, check here		8 <input type="checkbox"/>
9	Household employment taxes. Attach Schedule H		9
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required		10
11	Additional Medicare Tax. Attach Form 8959		11
12	Net investment income tax. Attach Form 8960		12
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12		13
14	Interest on tax due on installment income from the sale of certain residential lots and tracts/shares		14
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000		15
16	Recapture of low-income housing credit. Attach Form 8611		16

For Paperwork Reduction Act Notice, see your tax return instructions.

Col No. 71476U

(continued on page 2)

Schedule 2 (Form 1040) 2024

Schedule 2 (Form 1040) 2024

Page 2

Part II Other Taxes (continued)

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount:	17a	
b	Recapture of federal mortgage subsidy, if you sold your home see instructions	17b	
c	Additional tax on HSA distributions. Attach Form 8889	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i	
j	Section 72(m)(5) excess benefits tax	17j	
k	Golden parachute payments	17k	
l	Tax on accumulation distribution of trusts	17l	
m	Excise tax on insider stock compensation from an expatriated corporation	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o	
p	Any interest from Form 9621, line 10f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p	
q	Any interest from Form 8621, line 2d	17q	
z	Any other taxes. List type and amount:	17z	
18	Total additional taxes. Add lines 17a through 17z		18 22
19	Recapture of net EPE from Form 4255, line 1d, column (i)		19
20	Section 965 net tax liability installment from Form 965-A	20	
21	Add lines 4, 7 through 16, and 18. These are your total other taxes. Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b		21 24

Schedule 2 (Form 1040) 2024

SCHEDULE 3
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Credits and Payments

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2024

Attachment
Sequence No. **03**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: **John J. & Mary M. Doe**
Your social security number: **111-22-3333**

Part I Nonrefundable Credits

1	Foreign tax credit. Attach Form 1116 if required	1	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441	2	23
3	Education credits from Form 8863, line 19	3	
4	Retirement savings contributions credit. Attach Form 8880	4	23
5a	Residential clean energy credit from Form 5695, line 15	5a	
b	Energy efficient home improvement credit from Form 5695, line 32	5b	
6	Other nonrefundable credits:		
a	General business credit. Attach Form 3800	6a	
b	Credit for prior year minimum tax. Attach Form 8801	6b	
c	Adoption credit. Attach Form 8839	6c	
d	Credit for the elderly or disabled. Attach Schedule R	6d	
e	Reserved for future use	6e	
f	Clean vehicle credit. Attach Form 8936	6f	
g	Mortgage interest credit. Attach Form 8396	6g	
h	District of Columbia first-time homebuyer credit. Attach Form 8859	6h	
i	Qualified electric vehicle credit. Attach Form 8834	6i	
j	Alternative fuel vehicle refueling property credit. Attach Form 8911	6j	
k	Credit to holders of tax credit bonds. Attach Form 8912	6k	
l	Amount on Form 8978, line 14. See instructions	6l	
m	Credit for previously owned clean vehicles. Attach Form 8936	6m	
z	Other nonrefundable credits. List type and amount: _____	6z	
7	Total other nonrefundable credits. Add lines 6a through 6z	7	
8	Add lines 1 through 4, 5a, 5b, and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	8	23

Part II Other Payments and Refundable Credits

9	Net premium tax credit. Attach Form 8962	9	
10	Amount paid with request for extension to file (see instructions)	10	27
11	Excess social security and tier 1 RRTA tax withheld	11	
12	Credit for federal tax on fuels. Attach Form 4136	12	
13	Other payments or refundable credits:		
a	Form 2439	13a	
b	Section 1341 credit for repayment of amounts included in income from earlier years	13b	
c	Net elective payment election amount from Form 3800, Part III, line 6, column (j)	13c	
d	Deferred amount of net 965 tax liability (see instructions)	13d	
z	Other refundable credits (see instructions): _____	13z	
14	Total other payments or refundable credits. Add lines 13a through 13z	14	
15	Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31	15	23

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71480G

Schedule 3 (Form 1040) 2024

SCHEDULE A
(Form 1040)

Department of the Treasury
Internal Revenue Service

Itemized Deductions

Attach to Form 1040 or 1040-SR.

Go to www.irs.gov/ScheduleA for instructions and the latest information.

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

OMB No. 1545-0074

2024

Attachment
Sequence No. **07**

Name(s) shown on Form 1040 or 1040-SR

John J. & Mary M. Doe

Your social security number

111-22-3333

Medical and Dental Expenses	Caution: Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	500	
2	Enter amount from Form 1040 or 1040-SR, line 11 <input type="text" value="2"/>		81,100	
3	Multiply line 2 by 7.5% (0.075)	3	6,083	
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		(16a) 0
Taxes You Paid	5 State and local taxes.			
	a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/>	5a	10,553	
	b State and local real estate taxes (see instructions)	5b	6,000	
	c State and local personal property taxes	5c	400	
	d Add lines 5a through 5c	5d	16,953	
	e Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately)	5e	10,000	
6	Other taxes. List type and amount: _____	6		
7	Add lines 5e and 6	7		(16b) 10,000
Interest You Paid	8 Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/>			
	a Home mortgage interest and points reported to you on Form 1098. See instructions if limited	8a	4,000	
	b Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address _____	8b		
	c Points not reported to you on Form 1098. See instructions for special rules	8c		
	d Reserved for future use	8d		
	e Add lines 8a through 8c	8e	4,000	
9	Investment interest. Attach Form 4952 if required. See instructions	9		
10	Add lines 8e and 9	10		(16c) 4,000
Gifts to Charity	11 Gifts by cash or check. If you made any gift of \$250 or more, see instructions	11	1,000	
	12 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	12	300	
	13 Carryover from prior year	13		
14	Add lines 11 through 13	14		(16d) 1,300
Casualty and Theft Losses	15 Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions	15		(16e)
Other Itemized Deductions	16 Other—from list in instructions. List type and amount: _____	16		(16f)
Total Itemized Deductions	17 Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 12	17		15,300
	18 If you elect to itemize deductions even though they are less than your standard deduction, check this box <input type="checkbox"/>			

