

# NIEVES CONSULTING & TAX RESOLUTION

## The End of Year Edition



### INSIDE THIS ISSUE:

- Meal/Entertainment deductions.....1
- Inflation Adjustments.....2
- Beneficial Owner Reports.....3
- 1099K Forms.....3
- HSA Contributions Info.....4
- Hiring Announcement .....5
- Key Takeaways.....5
- Special Discount Offer.....5
- Personal Bankruptcy.....5

### FRIENDLY REMINDER

The mailing address differs from the business address. The mailing address will continue to be as follows:

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 BNDAC278920  
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#### Hours of operation:

Mon, Wed - Friday: .....9 am to 5 pm  
 Tuesday & Thursday..... 10 am to 6 pm  
 Saturday.....10 am to 3 pm

### 2024 Tax Deduction for Meals & Entertainment

In 2023 and 2024, the rules reverted back to the Tax Cuts and Jobs Act, with business-related meals generally limited to a 50% deduction.

Here are a few examples of the tax deduction allowed for common types of business meals and entertainment expenses:

#### Client Lunch

Aaron takes his client Bubba out to lunch and spends \$60. How much of the \$60 is deductible?

50% of the food and beverage expenses are deductible, totaling \$30. See Treas. Reg. §1.274-12(a)(3)(i).

#### Employee Lunch

Carla takes her employee Derek out to lunch and spends \$70. How much of the \$70 is deductible?

50% of the food and beverage expenses are deductible, totaling \$35. See Treas. Reg. §1.274-12(a)(3)(ii).

#### Hotel Business Meeting

Eric holds a business meeting at a hotel, during which food and beverages are provided to attendees. He spends \$250 on facility charges and \$600 on food and beverages. How much of the \$850 is deductible?

The total deductible expenses are \$250 for the facility charges and \$300 for 50% of the food and beverage expenses, totaling \$550.

## **IRS will accept duplicate dependent returns submitted with an IP PIN**

**Starting in the 2025 filing season**, taxpayers who file electronically will be able to submit tax returns that claim dependents, even if those dependents have already been claimed on another return. This is allowed as long as the taxpayer includes a valid Identity Protection Personal Identification Number (IP PIN), according to an announcement from the IRS on November 21.

These changes apply to all taxpayers facing duplicate dependent claims, not just those applying for the Earned Income Tax Credit or Child Tax Credit. The IRS will now accept electronic filings for Forms 1040, 1040-NR, and 1040-SS in such cases, eliminating the need for paper filing, which previously led to significant delays in processing refunds.

## **\*\*Inflation-Adjusted Amounts for Tax Year 2025\*\***

Each year, several provisions in the Internal Revenue Code (IRC) are adjusted for inflation. The IRS has recently released the inflation-adjusted amounts for 2025.

For the 2025 tax year, the standard deduction amounts are as follows:

- Married Filing Jointly (MFJ): \$29,200
- Single: \$14,600
- Head of Household: \$21,300

Additionally, key dollar limits for retirement plans will increase in 2025. The contribution limit for 401(k) plans will rise to \$23,500. Individuals born before 1976 are eligible to contribute an extra \$7,500. Notably, for individuals aged 60, 61, 62, or 63 in 2025, the catch-up contribution amount will be even higher at \$11,250, thanks to the SECURE 2.0 law.

The contribution cap for traditional and Roth IRAs will remain at \$7,000, with an additional catch-up contribution of \$1,000 for individuals aged 50 and older.

However, the income limits for Roth IRA contributions will increase. In 2025, contributions will phase out for couples filing jointly with adjusted gross incomes between \$236,000 and \$246,000.

### **Tax appointments for 2025 (2024 tax year)**

My calendar has been updated and you can go to

[Nievesconsultingservices.com](https://nievesconsultingservices.com)

and click on schedule an appointment. If you need to upload your documents,

please contact me so I can send you an invite.

Organizers will be available after January 1 when they released.



### **Reminder**

**\*\* The IRS will never call,  
email, or text to request your  
IP PIN!\*\***

**Beneficial owner reports**

If you have an LLC, Partnership, S-Corp, or C-Corp and have not filed the Beneficial Ownership Information report with the Department of Treasury, please do it prior to Jan 1, 2025. There is a 450 per day fine for not submitting the report. This is a legal document and I am not able to complete these.

***Please go to <https://fincen.gov/boi>.***

The form should take about 5 minutes to complete. It is important to note that these requirements are considered separate from your tax preparation and are not related to the IRS

***If you used a payment app or online marketplace and received a Form 1099-K***

A payment app or online marketplace is required to send you a Form 1099-K if the payments you received for goods or services total over \$5,000. However, they can send you a Form 1099-K with lower amounts.

Whether or not you receive a Form 1099-K, you must still report any income on your tax return.

**If you accept payments on different platforms, you could get more than one Form 1099-K.**

**EXAMPLE**

***This includes payments for any:***

- Goods you sell, including personal items such as clothing or furniture
- Services you provide
- Property you rent

## **Gear Up for 1099-K coming this season**

E-commerce giants such as eBay Inc. and Venmo are preparing to issue a substantial number of additional forms to taxpayers while expressing hope that lawmakers and the Internal Revenue Service (IRS) will take prompt action to mitigate the anticipated confusion. The e-commerce sector has alerted stakeholders that an increasing number of taxpayers may over-report their income, thereby heightening their risk of audits.

The reduction in the reporting threshold, which was scheduled to take effect for the 2022 tax year, has resulted in considerable uncertainty, compelling taxpayers to gather the necessary information and prompting companies to advocate for legislative changes.

The modifications are now scheduled to start for 2024 and 1099-K forms that are sent out early next year, but with a significant twist. The Service raised the reporting threshold to \$5,000 for 2024 1099-Ks.

- The payments can be made through any:
- Payment app
- Online community marketplace
- Craft or maker marketplace
- Auction site
- Car sharing or ride-hailing platform
- Ticket exchange or resale site
- Crowdfunding platform
- Freelance marketplace

## Medical Expenses

You can now take menstrual products, incontinence products and condoms as a medical expense if not covered by your insurance. Long term care premiums, Medicare premiums, medical insurance premiums, dental as well as prescriptions. Over the counter meds cannot be taken on our return.

## What are the HSA contribution limits for 2025?

Investing in your HSA makes handling the expected and unexpected medical expenses that life throws your way easier. There are tax-advantaged accounts used to manage deductibles and out-of-pocket costs and let you save tax-free for future health care expenses. Given the rising inflation rate, the IRS consistently increases its limits to help mitigate its effects on health coverage.

### Key takeaways – 2025 HSA contribution limits

#### Self-only contribution limit

2024 \$4,150

2025 \$4,300

#### Family contribution limit

2024 \$8,300

2025 \$8,550

*Earnings within an HSA grow tax-free. HSAs do not have a "use-it-or-lose-it" rule, and withdrawals made for qualified medical expenses, including over-the-counter medicine and menstrual care products, are tax-free.*

## **\*\*Understanding HSA Contribution Limits\*\***

The IRS sets contribution limits for Health Savings Accounts (HSAs) based on the calendar year. This means that contributions are prorated according to the number of months an individual is eligible to contribute to an HSA. If you are 55 or older by the end of the year, you can make an additional "catch-up" contribution of \$1,000.

There is also a special provision for married couples who have joint coverage under a High Deductible Health Plan (HDHP). If both you and your spouse are 55 or older, each of you can make an additional contribution of \$1,000.

For instance, if an eligible individual has an HSA for seven months during the 2025 tax year, they can contribute up to \$2,508.33.



## Kindly Reminder

Taxes are due on April 15, 2025.  
Extensions will require a \$50 deposit prior to being done.

Is this you at tax time?

Owe back taxes?

**Let me help with our  
innovative Tax  
Resolutions Services!**

**Let's Us Help You  
this2025 Tax Season!!**





We are looking for a part-time employee who is familiar with Excel and can answer phones, scan, and make appointments.

**If interested, please call the office for an interview.**

**Days and hours worked can be negotiated.**

*Protect your Family's Financial Future with Nieves Tax Consulting Services and Magnolia Law Group*

Services we are currently providing:

- Tax Planning
- Tax Returns
- Small Business Tax Returns
- Back Taxes, Amendments
- Tax Debt Resolutions
- Bookkeeping
- New Business Start-ups
- Estate Planning
- Same-sex couple Estate Planning
- Business Contracts
- Advance Health Care Directive
- Health care Proxy for your College student child
- Probate
- Trust Administration
- Power of Attorney



**Special Discount Offer:**

When using Nieves Consulting & Tax Resolution services get **\$500 off** your Estate Planning services such as a Trust! Schedule your taxes and legal services today!



**Personal bankruptcies are up nearly 20% in 2024 and will go up in 2025**

**If you're overwhelmed by debt, bankruptcy is just one option**

Let a Magnolia law group attorney take your entire situation into account and help you think through everything before you decide. We will listen to your concerns and support your decision, whatever it might be.

*Then if you decide to proceed with bankruptcy, we handle it all so the process is as easy on you as possible.*