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December 9, 2024

Dear Clients and Friends:

In this last newsletter of 2024, I want to discuss a number of legislative, case law, and related developments that I believe will be relevant to my clients. Although I do suggest a few year-end tax planning moves for your consideration, I have limited my customary year-end list to include only those moves which I believe may be of the most significance or usefulness to my readers. If you would like to see a full list of suggested year-end tax planning moves, please let me know.

IMPACT OF NOVEMBER 2024 ELECTIONS ON 2025 – 2026 TAX PLANNING. First, I want to address the potential impact of the November elections on 2025 – 2026 tax planning. As many readers will remember, many of the tax provisions of the Tax Cuts and Jobs Act of 2017 (the "TCJA") sunset after December 31, 2025. Some of the more notable sunsetting provisions include (i) reduced income tax rates and higher standard deductions for individual taxpayers, (ii) the doubled child tax credit, (iii) the doubled exemption amount which taxpayers may use to transfer assets during lifetime or at death free of federal gift tax or estate tax (the "Estate and Gift Tax Exemption"), (iv) the qualified business income deduction of 20% for passthrough entities and sole proprietorships, and (v) bonus depreciation schedules for business assets. These sunsetting provisions are all slated to expire as of January 1, 2026 (with the pre-TCJA tax provisions snapping back into place).

We now know that the Republicans will control a (razor-thin) majority of the House, a majority (but less than 60) of the Senate, and the White House. Many taxpayers (and some tax practitioners) assume that the election results mean that all of the sunsetting TCJA tax provisions will be extended past December 31, 2025. While that is certainly a strong possibility, it is not guaranteed that all of the sunsetting provisions will be extended or extended without modifications. There are many competing demands for the revenue resources represented by the sunsetting TCJA tax provisions, and the Republicans are now grappling with political and financial tradeoffs that these competing demands entail. Given the razor-thin voting margins which the Republican majority will hold (especially in the House), one must expect that some provisions of the TCJA will be allowed to sunset or will continued only with modifications.

Congressional rules may also impact what tax changes the Republicans might be able to enact. Under current rules, dissenting senators can use the filibuster process to stop a proposed bill if there are not at least 60 votes to move the legislation forward. Absent a filibuster rules change, the Republican Senate majority may only be able to pass tax legislation through the budget reconciliation process (which only requires a majority vote). Budget reconciliation is a legislative process that allows for the expedited consideration of tax and other fiscal bills.

Internal Revenue Service Treasury Regulations require that I inform you that, to the extent that this communication or its attachments concern federal tax issues, any advice contained in this communication or any attachment thereto is not intended or written to be used, and cannot be used, to avoid penalties under the Internal Revenue Code.

However, under current rules, any tax bill passed through the budget reconciliation process must be revenue neutral or must sunset in 10 years. In addition, there are limitations on the types of provisions which can be included in legislation passing via the budget reconciliation process.

Finally, there is a strong contingent of deficit hawks in Congress who want to see federal spending reduced and tax collections used to pay down the deficit. In addition, several new tax-reduction programs have been promised to lower taxes for the working and middle classes. All of these promised new tax-reduction programs would put even greater strains on the budget process and might trigger deficit hawks to demand modifications to the sunsetting tax provisions (or simply let them sunset as an "easy" way to raise taxes without actually voting to raise taxes).

All of which is to say. . . members of the incoming Republican majority in the House and Senate are currently discussing and negotiating amongst themselves on which sunsetting provisions should be extended (or extended with modifications) and which should be allowed to lapse on December 31, 2025. Given the push from some Republican members to address other issues (such as immigration) first, it may be several months before we have a final answer on the question of what federal tax laws will be enacted for 2025 - 2026.

In the face of this uncertainty about future tax laws, tax planning opportunities still abound, and it may be prudent to undertake this planning in early 2025 (rather than wait and see). For example, while it is likely the current level of the Estate and Gift Tax Exemption will be extended past December 31, 2025, it is still possible that the Estate and Gift Tax Exemption will be reduced (cut in half) as of January 1, 2026. For clients with larger estates, it may be beneficial to plan and fund irrevocable trusts that will ultimately benefit the client's chosen beneficiaries in a manner that is tax efficient and shifts future asset appreciation out of the client's taxable estate, whether or not the current level of the Estate and Gift Tax Exemption is extended or sunsets on January 1, 2026. At the least, it may be prudent to plan and draft the desired vehicle trusts and hold off on the funding until there is more certainty about the future of tax laws. Professionals (including attorneys, accountants and appraisers) may be unable to satisfy demand for estate planning services in 2025, especially for clients who wait until the end of 2025 to begin this planning (especially if the doubled Estate and Gift Tax Exemption is not extended). I suggest that clients start the planning process early in 2025.

LEGISLATIVE, CASE LAW, AND RELATED DEVELOPMENTS UNDER CURRENT LAW. In the meantime, there have been numerous developments under current federal law which you need to be aware of as you plan for the 2024 year-end and for 2025:

- **Increases in Federal Estate, Gift, and GSTT Exemptions and Exclusions for 2025**. The IRS has released the 2025 inflation-adjusted exemptions and exclusions for estate, gift, and GST taxes as follows:

  - The Estate and Gift Tax Exemption (currently $13,610,000) will increase to $13,990,000 for 2025 ($27,980,000 per couple with appropriate planning). The GSTT exemption will likewise increase to $13,990,000 for 2025 ($27,980,000 per couple with appropriate planning)

- The annual gift tax exclusion will increase from the current $18,000 up to $19,000 in 2025. The annual gift tax exclusion is the maximum amount which a taxpayer may give to an unlimited number of donees without needing to use the taxpayer's estate-and-gift tax exemption to shelter the gift from gift tax.

- The gift tax exclusion amount that can be given annually to a non-citizen spouse is increasing from $185,000 up to $190,000 next year.

- **Upcoming Deadline for Filing Your Beneficial Ownership Information ("BOI") Report.** Please review my August 2024 newsletter at https://sliderlaw.com/newsletters/ for important information regarding the Corporate Transparency Act ("CTA") deadlines and information about filing your entity's beneficial ownership information report ("BOI Report"). As I previously reported, the CTA requires substantially all corporations, limited liability partnerships and limited liability companies which were formed prior to January 1, 2024, to file a BOI Report by December 31, 2024. Entities formed in 2024 have 90 days from the date of formation to file their BOI Reports. Please note:

  - There are both civil and criminal penalties for the intentional failure to file, as outlined in my August 2024 newsletter.

  - You may have seen news reports that certain federal courts have found the CTA to be unconstitutional. To date, there have been 4 federal courts (in 4 different appellate circuits) which have issued decisions regarding the constitutionality of the CTA, splitting 2-2 on the question. Earlier this week, a federal court in Texas issued a nationwide injunction prohibiting the government from enforcing the CTA. Appeals of these decisions are already ongoing or likely to be filed shortly. Clearly, litigation on this issue will continue, and the ultimate outcome is unknowable at this time.

  - Until there is a clear final ruling on the constitutionality of the CTA (or modification or repeal of the CTA), I recommend that all clients continue to comply with the BOI Report filing deadlines.

- **Final SECURE Act Regulations and Other Rulings Issued Which Impact Retirement Plan Assets.** The IRS has issued final regulations under the SECURE Act relating to retirement plans and inherited retirement accounts. The final SECURE Act regulations clarify changes made by the SECURE Act and SECURE Act 2.0. As a reminder, the SECURE Act and SECURE Act 2.0 made substantial changes in the way that retirement accounts are distributed during the individual's lifetime and following death, as well as changes regarding additional benefits and provisions to be included in ERISA retirement plans. Here are some of the most notable developments:

  - Retirement account owners are generally required to start taking required minimum distributions ("RMDs") for most retirement accounts (excluding Roth retirement accounts) once the retirement account owner reaches their Required Beginning Date ("RBD"). The RBD is the April 1 following the date that the retirement account owner reaches the "applicable age." The final regulations define "applicable age" as (i) age 70 1/2, for individuals born before July 1, 1949; (ii) age 73, for individuals

born after January 1, 1951, but before January 1, 1959; or (iii) age 75, for individuals born after January 1, 1959. Once a retirement account owner reaches his or her "applicable age", the retirement account owner must start taking RMDs annually. The retirement account owner is not forced to take the RMD for the year in which the retirement account owner reaches his or her "applicable age" until April 1 of the following year (the RBD). However, delaying taking the initial RMD until the following year means that the retirement account owner would take two RMDs in second year (which might result in the taxpayer being taxed at a higher tax bracket or other adverse tax consequences).

- The SECURE Act also eliminated the ability for many beneficiaries of a deceased retirement account owner to do "stretch inherited IRAs". Under the law applicable to persons dying on or before December 31, 2019, a non-spouse beneficiary could "stretch" the retirement account distributions out over the life expectancy of the beneficiary, enabling younger beneficiaries to continue the tax-deferred retirement accounts for many years. The Secure Act essentially eliminates this long tax-deferral benefit for many beneficiaries:

  - Briefly, the Secure Act provides that, for decedents dying on or after January 1, 2020, the law makes a distinction between individual "eligible beneficiaries" (the decedent's spouse or minor child, a disabled or chronically ill beneficiary or an individual beneficiary who is less than 10 years younger than the decedent) and all other individual beneficiaries. If the retirement account passes to a beneficiary who is not an "eligible beneficiary", the beneficiary must now fully distribute the retirement account no later than the end of the 10th calendar year following the year of death. "Eligible beneficiaries" (again, the decedent's spouse or minor child, a disabled or chronically ill beneficiary or a beneficiary who is less than 10 years younger than the decedent) can still stretch the distribution of an inherited retirement account out over the beneficiary's lifetime, or (for a beneficiary who is the decedent's minor child) to the end of the year in which the minor child reaches age 31).

  - The IRS's final regulations add more complexity to the issue of inherited IRAs on the issue of whether a beneficiary who is not an "eligible beneficiary" must take distributions each year of the 10-year period or can defer all distributions until the end of the 10th year. Specifically, the final regulations provide that if the decedent had reached their RBD [again, the date the original account owner was forced to start taking required minimum distributions ("RMDs")], the beneficiary must take annual RMDs for each of the 10 years until the retirement account has been fully distributed. In contrast, if the decedent had not reached their RBD before death, the beneficiary is not required to take any RMDs, but may leave the entire balance in the inherited retirement account until the end of the 10th year. Accordingly, the timing (and income tax consequences) of "forced" RMD distributions will vary significantly, depending on the age of the account owner at his or her death.

  - And for added complication, an "eligible beneficiary" (the decedent's spouse or minor child, a disabled or chronically ill beneficiary or an individual beneficiary

who is less than 10 years younger than the decedent) can opt in to use the 10-year rule in lieu of taking RMDs over the "eligible beneficiary's" lifetime.

  - The final regulations provide that a deceased account owner's child is considered a minor until the child reaches their 21st birthday for purposes of determining whether the child is an "eligible beneficiary".

  - The final regulations adopt the proposed rules regarding disabled or chronically ill beneficiaries (conforming the definition of "disabled" to the definition established for Social Security purposes) and also adopt the requirements that documentation regarding a beneficiary's disability or chronic illness be provided to the retirement plan administrator. However, the final regulations state that this documentation is not required to be provided to IRA trustees or custodians.

- The final regulations also clarify other provisions of the SECURE Act relating to new requirements for retirement plans. If you are the sponsor, plan administrator or custodian of a qualified retirement plan (such as a 401(k), money purchase plan, profit-sharing plan, etc.), I recommend that you review your retirement plan documents to determine whether such documents need to be updated to reflect the final SECURE Act regulations and SECURE Act 2.0.

- While the regulations for the SECURE Act were being finalized, the IRS issued guidance waiving penalties for taxpayers who failed to take their RMD from a retirement account inherited from a decedent who died in 2020 or later. However, this penalty waiver does not apply to situations where (i) a taxpayer fails to take their RMD from a retirement account which was inherited from a decedent who died <u>before</u> 2020, or (ii) the decedent dies in 2024 and the decedent's 2024 RMD is not timely distributed. Now that the final regulations have been issued for the SECURE Act, taxpayers who inherited a retirement account from a decedent who died in 2020 or later must start to take required RMDs from their inherited retirement accounts in 2025 in accordance with the final regulations.

- Finally, the rules set out in the SECURE Act, SECURE Act 2.0 and the final regulations are complex and should be carefully reviewed with your retirement plan advisor, CPA, or financial advisors. If you have not already done so, you should consider updating your estate planning documents and beneficiary designations to ensure that your valuable retirement plan benefits will pass to your desired beneficiary in a way which achieves your estate planning goals with as favorable tax consequences as possible.

<u>YEAR-END TAX PLANNING FOR INDIVIDUAL TAXPAYERS</u>: Given what we know (or believe we know) about future tax legislation, the standard year-end approach of deferring income and accelerating deductions to minimize taxes will probably continue to produce the best results for most taxpayers, as will the bunching of deductible expenses into this year or next to avoid restrictions and maximize deductions. However, if you expect your taxable income to increase in 2025 and push you into higher tax brackets, you may find that the opposite strategies produce better results. In this event, pulling income into 2024 to be taxed at currently lower

rates, and deferring deductible expenses until 2025, when they can be taken to offset what would be higher-taxed income in 2025 might yield a better tax result for you. This will require careful evaluation of all relevant factors.

Here is a partial list of actions based on current tax rules that may help you save tax dollars if you act before year-end. Not all of these actions will apply to you, but you may benefit from many of them. Again, if you are a high-income taxpayer already subject to tax at the highest brackets, you should exercise caution before taking actions which would pull taxable income into 2024 or defer deductions until 2025. These potential tax-savings actions include:

- If you are looking to buy a new car, remember that the Inflation Reduction Act of 2022 introduced various credits for buying both new and used electric vehicles. As of the date of this newsletter, there is talk that these tax credits for new or used electric vehicles may be modified or eliminated in 2025, so don't delay if obtaining a tax credit is important to you. To claim a tax credit for new electric vehicles, the taxpayer's modified adjusted gross income cannot exceed a threshold amount ($300,000 for married couples filing jointly, $225,000 for heads of households, and $150,000 for single taxpayers). To claim a tax credit for used electric vehicles, the taxpayer's modified adjusted gross income limits are half of the limits for new electric vehicles. The rules for qualifying for a tax credit are complex, but the EPA has created the following website where you can check to see if the make and model you are interested in will qualify for a tax credit: https://fueleconomy.gov/feg/tax2023.shtml . Please keep in mind that your car dealer must provide certain tax information to you regarding the qualifying credit for your vehicle and must register the sale with the IRS in order for you to claim the credit.

- In addition, the Inflation Reduction Act of 2022 (the "Act") provides for substantial tax credits for certain energy-saving equipment installed in your home before the end of 2024. Again, there are discussions to modify or eliminate these tax credits in 2025, so don't delay if the tax credit is important to you. These tax credits are:

  - You may take a tax credit for specified nonbusiness energy property expenditures placed in service before January 1, 2034. The tax credit is the amount equal to 30% of the sum of (i) the amount paid or incurred by you for qualified energy efficiency improvements installed during that year, and (ii) the amount of the residential energy property expenditures paid or incurred by you during that year. The credit is further increased for amounts spent for a home energy audit. The amount of the increase due to a home energy audit can't exceed $150. The Act also repeals the lifetime credit limitation, and instead limits the allowable credit to $1,200 per taxpayer per year. In addition, there are annual limits of $600 for credits with respect to residential energy property expenditures, windows, and skylights, and $250 for any exterior door ($500 total for all exterior doors). Notwithstanding these limitations, a $2,000 annual limit applies with respect to amounts paid or incurred for specified heat pumps, heat pump water heaters, and biomass stoves and boilers.

  - You are allowed a personal tax credit, known as the residential energy efficient property (REEP) credit, for solar electric, solar hot water, fuel cell, small wind

energy, geothermal heat pump, and biomass fuel property installed in homes in years before 2035. The Act expanded the REEP credit to include expenditures for qualified battery storage technology expenditures.

- A New Energy Efficient Home Credit ("NEEHC") is available to eligible contractors for qualified new energy efficient homes acquired by a homeowner before January 1, 2033. A home has to satisfy specified energy saving requirements to qualify for the NEEHC credit. The NEEHC credit can be $500, $1,000, $2,500, or $5,000, depending on which energy efficiency requirements the home satisfies and whether the construction of the home meets prevailing wage requirements.

- Higher-income individuals must be wary of the 3.8% surtax on certain unearned income. The net investment income tax ("NIIT") is 3.8% of the lesser of: (i) net investment income ("NII"), or (ii) the excess of modified adjusted gross income ("MAGI") over a threshold amount ($250,000 for joint filers or surviving spouses, $125,000 for a married individual filing a separate return, and $200,000 in any other case). As year-end nears, the approach taken to minimize or eliminate the 3.8% surtax will depend on the taxpayer's estimated MAGI and NII for the year. Some taxpayers should consider ways to minimize (e.g., through deferral) additional NII for the balance of the year, others should try to reduce MAGI other than NII, and some individuals will need to consider ways to minimize both NII and other types of MAGI. An important exception is that NII does not include distributions from IRAs or most other retirement plans.

- The 0.9% additional Medicare tax also may require higher-income earners to take year-end action. It applies to individuals whose employment wages and self-employment income total more than an amount equal to the NIIT thresholds (discussed above). Employers must withhold the additional Medicare tax from wages in excess of $200,000 regardless of filing status or other income. Self-employed persons must take it into account in figuring estimated tax. There could be situations where an employee may need to have more withheld toward the end of the year to cover the tax. This would be the case, for example, if an employee earns less than $200,000 from multiple employers but more than that amount in total. Such an employee would owe the additional Medicare tax, but nothing would have been withheld by any employer.

- Long-term capital gain from sales of assets held for over one year is taxed at 0%, 15% or 20%, depending on the taxpayer's taxable income. If you hold long-term appreciated assets, consider selling enough of them to generate long-term capital gains that can be sheltered by the 0% rate. The 0% rate generally applies to net long-term capital gain to the extent that, when added to regular taxable income, it is not more than the maximum zero rate amount (e.g., $94,050 for a married couple, $63,000 for a head of household, and $47,024 for a single taxpayer in 2024). Pay attention to the amount of capital gains to be taxed at the zero rate before deciding to "harvest" tax losses. For example, if the $5,000 of long-term capital gains you recognized earlier this year qualifies for the zero rate, then try not to sell assets yielding a capital loss before year-end (because the first $5,000 of those losses will offset $5,000 of capital gain that is already tax-free). Instead, consider delaying the "harvesting" of capital losses until 2025 for use to potentially offset capital gains which might be taxed at the 15% or 20% rate.

- Postpone income until 2025 and accelerate deductions into 2024 if doing so will enable you to claim larger deductions, credits, and other tax breaks for 2024 that are phased out over varying levels of adjusted gross income ("AGI"). These tax breaks subject to phase out may include deductible IRA contributions, child tax credits, higher education tax credits, and deductions for student loan interest. Postponing income also is desirable for taxpayers who anticipate being in a lower tax bracket next year due to changed financial circumstances. Note, however, that in some cases, it may actually pay to accelerate income into 2023. For example, that may be the case for a person who will have a more favorable filing status this year than next (e.g., head of household versus individual filing status), or who expects to be in a higher tax bracket next year.

- If you believe a Roth IRA is better for you than a traditional IRA, consider converting traditional-IRA money invested in any beaten-down stocks (or mutual funds) into a Roth IRA in 2024 (if eligible to do so). Keep in mind that the conversion will increase your income for 2024, possibly reducing tax breaks subject to phaseout at higher AGI levels.

- Many taxpayers won't want (or need) to itemize because of the high basic standard deduction amounts that apply for 2024 ($9,200 for joint filers, $14,600 for singles and for marrieds filing separately, $21,900 for heads of household), and because many itemized deductions have been reduced or abolished. For example, the deduction for state and local taxes (the "SALT Deduction") is limited to $10,000 per return (regardless of filing status), and miscellaneous itemized deductions and non-disaster related personal casualty losses are disallowed for 2024. You can still itemize medical expenses that exceed 7.5% of your AGI, state and local taxes up to $10,000, your charitable contributions, plus mortgage interest deductions on a restricted amount of debt, but these deductions won't save taxes unless they total more than your standard deduction.

- Some taxpayers may be able to work around these deduction restrictions for itemized deductions by applying a bunching strategy to pull or push discretionary medical expenses and charitable contributions into the year where they will do some tax good. For example, a taxpayer who will be able to itemize deductions this year but not next will benefit by making two years' worth of charitable contributions this year.

- If you were 73 or older in 2024 you must take an RMD from your "regular" IRA, 401(k) plan or other employer-sponsored retirement plan. Those who turn 73 in 2024 have until April 1, 2025 to take their first RMD but may want to take it by the end of 2024 to avoid having to double up on RMDs next year. No RMD is required to be made from a Roth IRA.

- If you are age 70½ or older by the end of 2024, and especially if you are unable to itemize your deductions, consider making 2024 charitable donations via qualified charitable distributions from your traditional IRAs. These distributions are made directly to charities from your IRAs, and the amount of the contribution is neither included in your gross income nor deductible on Schedule A, Form 1040. However, you are still entitled to claim the entire standard deduction. (The qualified charitable distribution amount is reduced by any deductible contributions to an IRA made for any year in which

you were age 70½ or older, unless it reduced a previous qualified charitable distribution exclusion.)

- Consider increasing the amount you set aside for next year in your employer's Flexible Spending Account if you set aside too little for this year and anticipate similar medical costs next year.

- If you become eligible in December of 2023 to make Health Savings Account contributions, you can make a full year's worth of deductible HSA contributions for 2023.

- Make gifts sheltered by the annual gift tax exclusion before the end of the year if doing so may save gift and estate taxes. The exclusion applies to gifts of up to $18,000 made in 2024 to each of an unlimited number of individuals. You can't carry over unused exclusions to another year. These transfers may save family income taxes where income-earning property is given to family members who are in lower income tax brackets (as long as they are not subject to the kiddie tax).

- If you were in federally declared disaster area, and you suffered uninsured or unreimbursed disaster-related losses, keep in mind you can choose to claim them either on the return for the year the loss occurred (in this instance, the 2024 return normally filed next year), or on the return for the prior year (2023), generating a quicker refund.

YEAR-END TAX PLANNING FOR BUSINESSES: Once again, whether or not proposed tax legislation is passed for next year, the standard year-end approach of deferring income and accelerating deductions to minimize taxes will continue to produce the best results for most businesses and their owners, as will the bunching of deductible expenses into this year or next to avoid restrictions and maximize deductions. However, if a business expects to generate higher income in 2025, businesses and owners may find that the opposite strategies produce better results (i.e., pulling income into 2024 to be taxed at currently lower rates, and deferring deductible expenses until 2025, when they can be taken to offset what would be higher-taxed income). Businesses and their owners should carefully evaluate all relevant factors as they consider year-end moves.

Here is a partial list of actions based on current tax rules that may help you save tax dollars if you act before year-end. Not all of these actions will apply to your business, but your business may benefit from many of them. Again, if your business is a high-income taxpayer already subject to tax at the highest brackets, you should exercise caution before taking actions which would pull taxable income into 2024 or defer deductions until 2025. These potential tax-savings actions include:

- Taxpayers other than corporations may be entitled to a deduction of up to 20% of their qualified business income. For 2024, if taxable income exceeds $383,900 for a married couple filing jointly (about half that for taxpayers with another filing status), the deduction may be limited based on whether the taxpayer is engaged in a service-type trade or business (such as law, accounting, health, or consulting), the amount of W-2 wages paid by the business, and/or the unadjusted basis of qualified property (such as machinery and equipment) held by the business. The limitations are phased in. The

phase-in applies to joint filers with taxable income up to $100,000 above the threshold, and to other filers with taxable income up to $50,000 above their threshold. Taxpayers may be able to salvage some or all of this deduction, by deferring income or accelerating deductions to keep income under the dollar thresholds (or be subject to a smaller deduction phaseout) for 2024. Depending on their business model, taxpayers also may be able increase the deduction by increasing W-2 wages before year-end. The rules are quite complex, so don't make a move in this area without consulting your accountant.

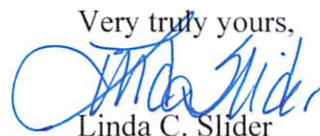
- Businesses should consider making expenditures that qualify for the liberalized business property expensing option. For tax years beginning in 2024, the expensing limit is $1,220,000, and the investment ceiling limit is $3,050,000. Expensing is generally available for most depreciable property (other than buildings) and off-the-shelf computer software. It is also available for interior improvements to a building (but not for its enlargement, elevators or escalators, or the internal structural framework), for roofs, and for HVAC, fire protection, alarm, and security systems. The generous dollar ceilings mean that many small and medium sized businesses that make timely purchases will be able to currently deduct most if not all their outlays for machinery and equipment. What's more, the expensing deduction is not prorated for the time that the asset is in service during the year. Expensing eligible items acquired and placed in service in the last days of 2024 can result in a full deduction for 2024.

- Businesses also can claim a 100% bonus first year depreciation deduction for machinery and equipment bought used (with some exceptions) or new if purchased and placed in service this year, and for qualified improvement property. The 100% write-off is permitted without any proration based on the length of time that an asset is in service during the tax year. As a result, the 100% bonus first-year write-off is available even if qualifying assets are in service for only a few days in 2024.

- A corporation (other than a large corporation) that anticipates a small net operating loss ("NOL") for 2024 (and substantial net income in 2025) may find it worthwhile to accelerate just enough of its 2025 income (or to defer just enough of its 2024 deductions) to create a small amount of net income for 2024. This allows the corporation to base its 2025 estimated tax installments on the relatively small amount of income shown on its 2024 return, rather than having to pay estimated taxes based on 100% of its much larger 2025 taxable income.

If you or your accountant would like more details about any item discussed in this letter, please do not hesitate to call.

Very truly yours,



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