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< 2024 Personal Income Tax Return Information >

Your 2024 personal income tax returns are due April 15, 2025. Please pay close attention to following key points when providing us source documents and information for your 2024 tax return preparation. Please be sure to gather all materials and send it to us by mail, fax or email at ClientSupport@KimCPA.com. **Due to massive amount of work involved in preparing all of our clients' tax returns in short time, piecemeal submission of tax information creates serious logistical problems and causes delays in tax preparation. Please send us a complete set of tax documents IN ONE PACKAGE.**

- 1. New requirement:** New York State requires taxpayers' driver license or state-issued ID information for their electronically-filed personal income tax returns as an additional verification device to deter fraud. **Please provide (1) driver license or ID number (2) issuing state (3) issue date (4) expiration date (5) document number (NYS-issued licenses and IDs only)** to us.
- 2. No Federal mandatory health insurance from 2019:** However, if you signed up for ObamaCare insurance provided by the Marketplace during 2024 and received health insurance assistance, you must send us the Form 1095-A form. (If you live in Massachusetts, New Jersey, Vermont, California, Rhode Island, or D.C., your state requires you to have health insurance. If you live in one of these states, let us know if all members of your household had health insurance coverage. **If you do not provide any specific coverage indication, your return will be prepared with full year coverage status.**)
- 3. Any changed information from last year:** Please be sure to update us on any changes such as home address, marital status, addition or removal of dependents such as birth of a new child, your bank account, and email address. Unless we are advised of specific changes from you, we will continue to use what was in our file from last year.
- 4. Tax return related documents:** All tax return related documents such as annual income summary statement from your employer (W-2), non-employee compensation statement (1099-NEC), **1099-G for Unemployment Benefits**, interest income summary (1099-INT), tuition statement (1098-T), student loan interest statement (1098-E), home mortgage interest statement (1098) and health insurance related forms (1095 series). If you are expecting any of these and others, but have not received it, please contact the responsible party and obtain the information statement.
- 5. Various deductions/credits:** Please let us know if you have various deductions such as traditional IRA contribution (Not Roth IRA), education IRA, charitable contribution, medical expenses, educator expense, moving expense, and total rents paid in 2024.
- 6. Year 2024 estimated tax payment:** If you have made any estimated tax payment for 2024 tax year, please let us know the amount, dates of payment and tax receiving authority. We need to claim these amounts as tax prepayments in your tax returns
- 7. Personal check for direct deposit/withdrawal:** Most of refunds and tax payments relating to e-filed tax returns are handled by direct deposit into or direct withdrawal from your bank account. In this regard, please be sure to provide us with a copy of your personal check so that we can set up your tax returns for direct deposit and electronic tax payment.
- 8. Foreign bank/investment account (FBAR, FATCA):** Any U.S. resident with foreign bank or other financial investment account with combined balance of \$10,000 or more at any time during year 2024 is required to file report of such account with the U.S. Treasury Department by April 15, 2025. If you have financial assets overseas, you may have other reporting requirements. Please let us know if you need additional question or assistance from us.

Please send us a complete set of tax documents IN ONE PACKAGE by March 15, 2025. Due to massive amount of work involved in preparing all of our clients' tax returns in short time, we cannot accept tax return documents beyond March 15, 2025. If you need to file for an extension, please note that all taxes must be paid by April 15, 2025. For detailed personal tax highlights, please visit our website, <http://www.KimCPA.com/support.html>, call us at (212) 268-8940, or email us at ClientSupport@KimCPA.com. Thank you.

Special Note about Tax Cuts and Jobs Act of 2017: On December 22, 2017, the most sweeping tax legislation since Tax Reform Act of 1986 was signed into law. For 2024, most tax rates have been reduced. The standard deductions were roughly doubled so that many taxpayers would not itemize deduction. (Taxpayers are allowed to use either standard deduction or itemized deduction, whichever is larger.) Additionally, many of the itemized deductions were significantly reduced or eliminated so that more taxpayers would be further encouraged to use standard deduction rather than itemizing deductions. Please also note that personal exemption has been eliminated. **The individual health care mandate under Affordable Care Act (“Obamacare”) was removed from 2019.**

Please review the items listed below and provide us applicable information and statements so that we can prepare your 2024 tax returns.

1. **Earned Income Credit.** Irrespective of how much tax was taken out at the source for your W-2 or 1099-MISC income, if you meet certain criteria in earned income credit can be awarded to you. Consequently, even if you are not required to file tax return due to small income in 2024, it might be advantageous for you to file the return for the purpose of receiving earned income credit. In order to qualify as the “young child(ren)” such person should be any of your biological child, stepchild, foster child, grand child, brother, sister, niece or nephew under 19 years old (if a student, under 24 years old and no age limit if child with disabilities). If you have any of these qualifying child(ren), please provide **name, date of birth, Social Security Number, relationship to you, number of months lived with you during 2024**. Please note that above “earned income” means the income you earned from your work and labor vis-à-vis investment income. If you had investment income such as interest income or rental income, you might not qualify for earned income credit.
2. **Child Tax Credit.** If you had child(ren) under 17 years old, you are given \$2,000 per child.
3. **Education Credits or Deductions.** If you had qualifying education expenses for college and above during the year, you may qualify for American Opportunity or Lifetime Learning credit. Please provide Form **1098-T** issued by the educational institution along with **name, Social Security Number, year in college during 2024 and total tuition payments in each semester**.
4. **Student loan interest.** Up to \$2,500 in student loan interest payment can be deducted from your taxable income. In contrast to above mentioned tax “credits,” this is a deduction which means your taxable income is reduced by the interest payment. Consequently, your actual tax saving depends on your marginal tax rate. For example, if you are paying 35% tax on additional income (marginal tax rate), \$1,000 in student loan interest would result in \$350 in tax savings (\$1,000 times 0.35). This credit also disappears as your income increases. The lending organization is required to provide you with 1098-E statement. Please provide it to us so that we can use it in preparing your return.
5. **Educator Expense Deduction.** If you were an educator, such as a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during 2024, you may be able to deduct up to \$300 of expenses you paid even if you do not itemize your deduction.
6. **IRA (Individual Retirement Account).** You have until April 15, 2025 to open an IRA account for 2024 tax year. You can set aside up to \$7,000 (\$8,000 if age 50 or older) if you are a single taxpayer and up to \$14,000 (\$16,000 if age 50 or older) if you are a married couple filing jointly. Please let us know if you have opened IRA account. (Please note that Roth IRA is not currently deductible in your tax return. However, you do not have to pay taxes when you take the funds out of account once you reach 59 ½ years of age.)
7. **Retirement Savings Contributions Credit.** You may be able to take a credit of up to \$1,000 (\$2,000 if married filing jointly) for qualified retirement savings contributions, including Roth IRA. However, you cannot take this credit if your adjusted gross income (AGI) is more than certain amount.
8. **Education IRA.** Now known as Coverdell Education Savings Account (ESA), you are allowed to open the savings account for each of your child(ren) who are under 18 years old. The maximum amount is \$2,000 per child per year. You do not get a tax deduction for Educational IRA. However, both the principal and earnings in the Educational IRA are exempt from taxation when the funds are withdrawn for school tuition purposes.

9. **Purchase or sale of home.** If you purchased or sold your home (private residential real properties, condominium, co-op apartment, etc.) please provide us with the closing statement. Among many documents you receive, the closing statement contains detailed breakdown of various components involved in closing the deal such as purchase price, broker commission, bank mortgage amount, title fees, etc. If you sold your property, we also need any capital improvements you may have made over the years you have owned the property. Recently, the rules concerning sale of primary residence have been overhauled. According to the new rule, the previous rule concerning deferment of capital gain by carrying over the existing basis to newly purchased home does not apply any more. The new rule is that you would look back 5 years from the closing of your home sale and see if you have owned at least 2 years and have lived in it as your primary residence at least 2 years. If you meet these two requirements (ownership & living in it), your capital gain up to \$500,000 is waived from taxation if you are married couple filing jointly (or up to \$250,000, if you are single). You may use tax benefit again and again every 2 years.
10. **Year 2024 estimated tax payment.** If you have made any estimated tax payment for 2024 tax year to I.R.S., New York State, New Jersey State or New York City, please let us know the amount, dates of payment and tax receiving authority. We need to claim these amounts as tax prepayments in your tax returns.
11. **If you operate a business as a self-employed individual (sole proprietorship),** please provide the following information concerning your business.
- Gross revenue
 - Opening inventory value as of 1/1/2024
 - Closing inventory value as of 12/31/2024
 - Total purchases
 - Various operating expenses such as advertisement, automobile expense, truck expense, insurance, interest, rent, office expense, repair, maintenance, supplies, profession fees (attorney, accountant, etc.), travel expenses, meal & entertainment, telephone, utilities, rubbish removal expense, etc.
 - If you purchased business in 2024, please provide us with closing statement. If you sold business in 2024, please provide us with closing statement from original purchase and closing statement for the sale of business.
 - You may be able to deduct up to 100% of your health insurance expenses.
12. **Child care credits.** If you have paid someone else to take care of your child(ren) so that you can work, such payments qualify for special tax credits. In order to receive this credit, you must have income if you are a single parent or both of you must have income if you are a married couple filing joint tax return. Please provide the following information.
- Babysitter or day care center name
 - The care taker's tax identification number
 - Address
 - Amount paid for each child
13. **Itemized deductions.** You are allowed to use the greater amount of deduction between standard deduction and itemized deduction. The standard deductions are as follows: \$29,200 for married filing jointly or widow(er). \$14,690 for single. \$21,900 for head of household. \$14,600 for married taxpayer filing separately. The following items can be deducted as itemized deductions.
- State and city withheld income taxes on W-2 or 1099-NEC forms, additional taxes you might have paid in 2024, home real estate taxes. **From 2019 tax year, the state and local tax deduction is limited to \$10,000 by Tax Cuts and Jobs Act of 2017 (TCJA).**
 - Home mortgage interest payment. Interest payments for maximum of \$1 million in mortgage loan and up to \$100,000 in equity line of credit that originated on or before December 15, 2017 for up to 2 personal residential properties can be deducted as an itemized deduction. Home acquisition loans that originated after December 15, 2017, interest on loans up to \$750,000 is deductible for married couple filing jointly (\$375,000 if married filing separately).
 - Charitable contribution such as church contributions and other contributions made to qualifying charities. When such single contribution transaction exceeds \$250, you are required to have "receipt" in order to qualify for the deduction. Such receipt should be received by you by the time your tax return is filed or by the due date, which for 2024 tax year is April 15, 2025. **When you receive the contribution statement, please verify that the statement includes a sentence or two regarding any goods or services provided to you in exchange for the**

contribution. In 2012, the U.S. Tax Court has decided that the contribution statement that was missing this quid pro quo component was fatally defective and disallowed charitable contribution deduction in Durden case.

- Casualty loss. Under the new tax law, TCJA, **casualty loss deduction is limited only to federally declared disaster.** The net loss which exceeds 10% of your income is deductible.
- Other miscellaneous deductions previously subject to 2% of AGI limitations have been completely eliminated and are no longer deductible. Such repealed deductions include job related expenses which were not reimbursed by your employer, investment related expenses, tax preparation expense, uniform, union dues, home office deduction and safe deposit box fees.
- Moving expense deduction has been eliminated except for members of the U.S. armed services.
- “Medical expenses” such as health insurance premiums paid by you, doctors’ fee, hospital bills, eyeglasses, prescription drugs and other medical treatment related expenses are deductible to the extent that they exceed 7.5% of your income. For example, if your total income is \$10,000 and total medical expense was \$1,200, \$450 is deductible. (7.5% of 10,000 is 750. $1,200 - 750 = 450$.)

14. **Estimated taxes for year 2025.** If you wish to make estimated tax payment for your 2025 tax liability, please let us know. We will prepare tax payment documents based on your 2024 income figures adjusted by whatever additional information you can provide concerning changes you expect in 2025.

- ♣ As the due date for tax return is April 15, 2025, please provide all necessary information in one package by March 15, 2025. Due to massive amount of work involved in preparing all of our clients’ tax returns in short time, we prepare tax returns in order of receiving dates of documents. We cannot accept your tax return documents after March 15, 2025 unless you want us to file extensions. Additionally, if you receive any unexpected notice from federal or state government concerning your 2024 tax return, please let us know.
- ♣ Any U.S. resident with foreign bank or other financial investment accounts with combined balance of \$10,000 or more at any time during year 2024 is required to file report of such account with I.R.S. by April 15, 2025. Additional reporting requirements may be applicable if you own financial and other assets overseas. If you need assistance, please let us know.
- ♣ Please visit <http://www.KimCPA.com/support.html> for such additional materials. **Please be sure to provide us with your e-mail address. Additional information and support materials are planned for clients with e-mail addresses.**