

## Income Tax Changes For 2024 filing season

Community Income Tax Service –1550 Middlesex St. Lowell, MA 01851

Individual Long-Term Capital Gain Rates for Stocks & Qualified Dividends			
Income levels and Filing Status			
Rates	Single & Married filing separate	Head of household	Married Filing Joint
0%	\$47,025	\$63,000	\$94,050
15%	(Single) \$518,900 MFS) \$259,450	\$551,350	\$583,750
20%	Income > than amounts above	Income > than amounts above	Income > than amounts above
Revised Brackets			
Income levels and Filing Status			
Rates	Single & Married filing separate	Head of household	Married Filing Joint
10%	0 - \$11,600	\$0 - \$16,550	0 - \$23,200
12%	\$11,600 - \$47,150	\$16,550 - \$63,100	23,200 - \$94,300
22%	\$47,150 - \$100,525	\$63,100 - \$100,500	\$94,300 - \$201,050
24%	\$100,525 - \$191,950	\$100,500 - \$191,950	\$201,050 - \$383,900
32%	\$191,950 - \$243,725	\$191,950 - \$243,700	\$383,900 - \$487,450
35%	\$243,725 - \$578,125	\$243,700 - \$609,350	\$487,450 - \$693,750
37%	Over \$609,350	Over \$609,350	Over \$731,200
Standard Deduction			
Year	Single & Married filing separate	Head of household	Married Filing Joint
2023	\$13,850	\$20,800	\$27,700
2024	\$14,600	\$21,900	\$29,200
Additional deductions for Elderly and Blind			
<b>Unmarried</b>			
Elderly and blind	\$1,950	\$3,900	
<b>Married</b>			
Elderly and blind	\$1,950	\$3,900	
2024 Maximum Earned Income Tax Credit (EITC)			
	\$7,830 – Three or more children		
	\$6,960 – Two children		
	\$4,213 – One child		
	\$632 – No children		
Medical expenses			
Year	Threshold	Details	However....
2023	7.5% of AGI	At any age	Expenses must exceed 7.5% of AGI before they become deductible.
2024	7.5% of AGI	At any age	
Child Tax Credit			
Year	Credit Amount <i>Up To</i>	Refundable Amount <i>Up To</i>	Other Non-child dependents
2023	\$2,000.00	\$1,600.00	\$500.00
2024	\$2,000.00	\$1,700.00	\$500.00
Savers Credit (Tax Credit of 50%, 20%, 10% or 0% of Retirement plan related contributions)			
	Single & Married Filing Separate	Head of Household	Married Filing Joint
2023 AGI Limits	0% at \$36,500	0% at \$54,750	0% at \$73,000
2024 AGI Limits	0% at \$38,250	0% at \$57,375	0% at \$76,500

**Mortgage Interest Deductions**

Year	Amount	Details
2017	Interest deductible for mortgage acquisition debt up \$1,000,000	Mortgage existing before 2018 will not be effected.
2017	Home Equity Loan Interest	Deductible
2024	Interest deductible for mortgage acquisition debt up \$750,000	For mortgage acquired starting in 2018. May be exceptions if you are already in a binding contract before December 15th, 2017.
If Home equity loan is used to expand or improve your residence it may be tax deductible.		
2024	Home Equity Loan Interest	Typically No longer Deductible. May be exceptions if you are already in a binding contract before December 15th, 2017.

**Miscellaneous itemized deductions that are subject to 2% floor are repealed**

Unreimbursed employee expenses - job travel, union dues, job education, etc.  
 Legal fees  
 Tax Preparation fees  
 Investment fees, safe deposit box, etc.

**Education**

**Tuition and Fee Deduction has returned. Due to the "Secure Act"**  
**Student loan interest** Up to \$2,500 deduction paid for student loan interest if income is less than \$70,000 if single or \$145,000 if Married Filing Joint  
 American Opportunity Credit Up to \$2,500 tax credit or Max refund up to \$1,000 if income less than \$90,000 (single) or \$185,000 (Married filing jointly)  
 Lifetime Learning credit Up to \$2,000 tax credit if income less than \$90,000 (single) or \$185,000 (Married filing jointly)

401(K) 403(b) 457 plans		
2023	2024	Age
\$22,500	\$23,000	50 and younger
\$30,000	\$30,500	50 and up

For 2023 contributions deadline is 4/15/2023

IRA & Roth IRA Annual Maximum Contribution Limits		
2023	2024	Age
\$6,500	\$7,000	50 and younger
\$7,500	\$8,000	50 and up

Traditional IRA AGI Phase-out \$77,000 - \$87,000 if single  
 Traditional IRA AGI Phase-out 123,000 - \$143,000 if MFJ  
 Roth IRA AGI Phase-out \$146,000 - \$161,000 if single  
 Roth IRA AGI Phase-out \$230,000 - \$240,000 if MFJ

Social Security (Cost of Living Adjustment)	
2023	2024
8.7%	3.20%

**Alimony - Rules take effect in 2019**

The spouse who pays alimony is no longer allowed an income adjustment.  
 the recipient who receives alimony no longer has to claim it as income.  
 If taxpayer had an approved court ordered alimony agreement prior to the end of 12/31/18 (Alimony still deductible)

**Gift Tax Annual Exclusion**

Year	Exclusion amount
2023	\$17,000
2024	\$18,000

<b>Federal Estate Tax</b>		
2024	Exemption Amount - Single \$13,610	Exemption Amount - Married \$27,220,00
<b>Alternative Minimum Tax</b>		
2024	Exemption Amount - Single \$85,700	Exemption Amount - Married \$133,300
<b>Alternative Minimum Tax - Phase Out Amount</b>		
2024	Phaseout- Single \$609,350	Phaseout - Married \$1,156,300
<b>Affordable Care Act</b>		
Repeals shared responsibility requirement for full-coverage health insurance. Penalties will no longer be assessed starting in 2019		
<b>Health Savings Accounts</b>		
	<b>Single</b>	<b>Family</b>
Contribution limits	\$4,150	\$8,050
Catch-up for 55 and up	\$1,000	\$1,000 per qualifying spouse
Minimum health Insurance deductible	\$2,800 - \$4,150	\$5,500 - \$8,350
Max out of pocket	\$5,500	\$10,200
<b>Adoption Tax Credit</b>		
<b>Year</b>	<b>Maximum Credit</b>	<b>Maximum exclusion</b>
2023	\$16,810	\$16,810
<b>Earned Income Credit (Income ceiling/plateau amounts 2024)</b>		
Qualifying children	Credit percentage	Income amounts
0	7.65%	\$7,840
1	34%	\$11,750
2	40%	\$16,510
3 +	45%	\$16,510
<b>Standard mileage rate</b>		
2023	62.5 cents per mile	
2024	67 cents per mile	
<b>Tax Penalties</b>		
<b>Required minimum distribution (RMD) Penalty</b>		
	50% of required minimum distribution	
<b>Failure to file penalty</b>	4.5% PER MONTH	Up to max of 25%
<b>Failure to pay penalty</b>	.5% PER MONTH	Up to max of 25%

## Massachusetts

Legislation enacted on August 9, 2023, included the following tax provisions that go into effect in 2023:

- Child and Dependent Care Credit – Raising credit to \$310 per child for 2023 and eliminating the

maximum number of dependents for which the credit may be claimed. This credit will be \$455 for 2024 and \$600 for 2025.

- Massachusetts EITC is increased to 40% of federal EITC
- Senior Circuit Breaker – Maximum credit amount is increased to \$1,755
- Rental Deduction – Maximum deduction is increased to \$4,000
- Retirement income subtraction will be increased to 100% by 2028. It will be phased-in between 2023 and 2028.
- Short-term capital gains – Income tax rate on short-term capital gains will be 8% for 2023.
- Increased the threshold for when the estate tax applies to \$2 million.