

# BOTTOM LINE

## Your Tax Advocate

January 2025

Dear Clients,

I hope you all had a wonderful healthy year. As always, I am including the 2024 Questionnaire, Engagement Letter, Due Diligence Worksheet and a customized tax organizer. In general, the Due Diligence Worksheet only needs to be filled out if you are claiming a dependent. Please fill these out and include with your information.

As the vast majority of you are preferring to drop off/scan/snail mail/email me your information, I will be allocating even more time this year to drop-off returns.

Remember, you can drop off your information any time you want. If I am not in the office, there is a slot in the front door that allows your information to go into the locked and secured office. Do not place your information in my little white mailbox next to the door. It is not nearly as secure as putting it through the front door slot. I will continue to have in-person appointments available this year, just not as many.

I have mentioned **Form 1099-K requirements** in my letter the last two years. This form is used by third parties, such as eBay, Zelle and Venmo, to report payments you received. The 2024 threshold, for issuing a 1099-K, is \$5,000 or more. The amounts reported on the Form 1099-K are supposed to be for business transactions only. I suspect we will be getting quite a few 1099-Ks that will include personal transfers and errors over the next few years. Please provide me with any 1099-Ks you might receive so we can properly report on your return (including backing out the income if it is not correct).

For future information, in 2025, the 1099-K threshold will go down to \$2,500. For 2026, and later, it reduces again to \$600. Although the IRS will do this phased approach, reporting companies could still send the form for totals over \$600 (or any amount for that matter). We will tackle this each year, as it happens.

Tax law wise, it has been a fairly quiet year. Remember, the due date (not counting extensions) is April 15, 2025 this year. After multiple years of tax due date postponements (covid and the California flooding disaster declaration), I think last year's April 15, 2024 due date caught many off guard. I do need time to finish your return. Please get your information gathered and to me as soon as possible.

Sincerely,

Elizabeth Bally, CPA  
Enrolled Agent