



November 2024

Dear Client,

2024 and the past few years have been relatively calm when it comes to tax law changes. However, with a new President coming in 2025, a better description of 2024 might be the “calm before the storm”. Seven years ago (but what feels like just yesterday) President Trump signed the Tax Cuts and Jobs Act (TCJA) of 2017 that contained more tax provision changes than any other bill since the Tax Reform Act of 1986. While many of the TCJA’s business provisions were permanent, most of the individual provisions are scheduled to expire on December 31, 2025.

As we sit just one year away from these scheduled TCJA expirations, CPAs are faced with a dilemma. Do we plan for a massive bonfire next December to burn all literature related to the TCJA 2018-2025 tax laws? Or do we assume the President-elect will extend his previously enacted laws beyond 2025? Since my crystal ball has proven unreliable (I’m still waiting for my lottery winnings), our best advice to our clients is to be conservative and plan for the possibility of the TCJA provisions expiring as scheduled on December 31, 2025. We have enclosed a recap of the most relevant provisions set to expire and some tax-saving advice on how to take advantage in either 2024 or 2025. Major considerations include accelerating Roth conversions or other discretionary taxable events.

RECENT TAX LAWS

There have been no noteworthy tax laws passed in 2024.

YEAR-END TAX PLANNING TIPS and TAX PROJECTIONS

We have prepared a separate sheet that includes some routine year-end suggestions and general information. Contact us to discuss your situation or for a personalized strategy. An income tax projection allows you to plan for tax liabilities, assists in deciding when your taxes need to be paid to avoid or reduce penalties, and what alternatives and options you have available to alter the result. This is something that can be prepared at any time during the year and can be updated as often as you desire. We use assumptions and estimates in preparing these projections, so there are no guarantees. However, it is a valuable tool to use when making an informed decision.



OTHER SERVICES

We are available for your entire professional advisory needs. We can often offer suggestions before you do something that may save you money. For example, we can assist you in deciding whether to exercise stock options, to purchase or sell a business or real estate and how to calculate the required minimum distributions from retirement plans.

2024 FILING DEADLINE

This year’s tax filing deadline is Monday, **April 15, 2025**. I heard something about a “bomb cyclone” this week, so I’m currently taking this with a grain of salt.

EXTENSION REQUEST

We will e-file extension requests for all individuals whose tax information is received after **Monday, March 10, 2025**. Please note that we must have your information in hand by this date! Any income tax balance due amounts must be estimated and paid by April 15, 2025 to avoid interest and penalties. All information required for us to calculate extension payment amounts must be received by **Tuesday April 1, 2025**. If we do not receive the necessary information for your extension calculation by April 1, 2025, we will e-file your extension request with “zero” balance due amounts. **Note - we are no longer automatically e-filing extensions even if we prepared your 2023 tax returns. Our 2024 engagement letter must be signed before we can e-file your extension request, whether we prepare any calculations or not.**

PENALTIES

You are required to have a minimum amount for withholding and/or estimated tax payments during the year to avoid any potential penalties for underpayment of your tax. As a result, it is important to review your withholding and estimated tax payments before the end of the year. If you do not meet the minimum amounts, you should increase your withholding or make an estimated tax payment as soon as possible.

REMOTE WORKING AND MULTI-STATE TAX RETURNS

We continue to see more clients moving among states and/or working remotely or taking on the super-commute (live in one state and fly to another state to work). Unfortunately, determining state income sourcing has become a complex tax issue, especially since most states have laws that haven't caught up to the increasing blurring of state lines. State audits are increasing for out-of-state income sourcing and there's been added pressure on employers to accommodate remote workers and handling out-of-state payroll tax withholdings. We bring this up to make sure you are aware of the tax return complexity and risk of audits, and also as a reminder to contact us during the year if this may apply to you. We can review your situation to confirm you have sufficient income tax withholding deducted for the correct state and/or if you should be paying state estimated tax payments.

INTERVIEW AND DROP-OFF OPTIONS

We offer tax interviews over the phone or via video conferencing. We will again offer a limited number of face-to-face appointments with Diane in Fremont from 2/17/25 through 2/20/25. You can also schedule a 10-minute appointment slot to drop off your tax package during this week. **Please contact Diane by phone or email no later than January 31 to reserve your spot.** We continue to encourage all clients to provide tax documents and completed organizers electronically. Documents and organizers can be uploaded to your Sharefile account (preferred method), sent via secure email, or provided via flash drive. Again, electronic transmission is not required and we understand if it's easier for you to continue to provide paper documents. Paper documents and completed organizers can be sent via FedEx, UPS or USPS to our private mailbox ("PMB") in Sisters, Oregon. If you are visiting or live in the area, we love visitors any time during the year.

PAPERLESS ORGANIZERS AND TAX RETURNS CONTINUE

The following continues for the 2025 tax season:

- **Organizer packages** – Organizers will be e-mailed or mailed via USPS by **January 15, 2025**.
 - ✓ **PDF organizers** ~ Your complete organizer will be sent via email as PDF attachments. Engagement letters can be signed electronically, questionnaires can be filled out within Adobe, and your personal organizer can be completed in certain Adobe versions. Alternatively, all these items can be printed at home, completed by hand and then scanned or mailed to us. **Please email Becky before December 31 if you would like your organizer in PDF fill-in format.**
 - ✓ **Paper organizers** ~ For those of you who have requested paper organizers in the past, I will do the same again for 2024 unless you tell me otherwise. *A reminder never hurts, though!*
 - ✓ **E-organizers** ~ We no longer offer the E-organizers generated by our software provider.
- **Completed tax returns** – Paper tax return copies are not provided unless specifically requested *each year*. In addition to the environmental impact and many clients telling us that paper copies are no longer wanted; this decision was made as a way for us to streamline our tax season hours. Completed tax returns will be uploaded to Sharefile without your social security number. When your tax returns are complete, I will send you an email with your results, payment instructions and options. Any original documents you sent to us will be returned by FedEx.
- **Payment vouchers** – We strongly encourage all clients to discontinue sending paper checks and vouchers to the government agencies. All agencies recommend the same and the FTB continues to impose penalties for certain taxpayers who don't pay electronically. Electronic payments are the safer, more secure option. We will continue to provide electronic payment instructions in lieu of vouchers unless you specifically request vouchers.

REFERRALS

We have always appreciated your confidence by referring your friends and family to our firm. However, to better service our existing long-term clients, we will continue to not accept new clients for the 2025 tax season. We will notify you when we are able to accept new clients again in the future.

HOLIDAY HOURS

We wish you and your families a very enjoyable holiday season and a prosperous new year. Diane and I will be available on a limited basis by phone or email during our firm's holiday break between Monday December 23 to Friday January 3. We encourage you to contact us with any year-end questions before December 13th to ensure a timely answer.

Sincerely,

Rebecca Perry Diane Perry

Friedman & Perry
Certified Public Accountants



Snoball
(aka Resident Office Cat)
~
Fremont, California to
Sisters, Oregon
April 15, 2008 - May 19, 2024