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Individual Tax Year-End Workshop Reference Book

Tax Year 2024

Written by Vincent J. O'Brien, CPA

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About the Author

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Mr. O'Brien is the principal lecturer and CEO of M + O = CPE, Inc. co-founded by Mr. O'Brien and Eugene T. Maccarrone, CPA, Esq., in 1995. The company is a registered CPE sponsor in New York, New Jersey and Pennsylvania, as well as an IRS-approved continuing education sponsor.

Since its inception in 1995, Mr. O'Brien has authored annual CPE textbooks for M + O = CPE, Inc. He is also a contributor to CCH/Wolters Kluwer books and publications, which address new tax laws and planning issues and are used by tens of thousands of professionals nationwide.

He has additionally taught advanced accounting at Hofstra University, CPE for the former Chaykin CPE program, and review courses for candidates preparing to take the Uniform CPA Examination.

Mr. O'Brien founded the accounting firm, Vincent J. O'Brien, CPA, P.C., in 1993, and as its CEO, provides accounting, tax and consulting services to businesses and individuals across the country and serves as a technical consultant for numerous CPA firms. Prior to founding the firm, he was a Senior Accountant at KPMG.

Mr. O'Brien graduated as Valedictorian of Hofstra University, and was awarded the prestigious Elijah Watt Sells Award for scoring one of the highest grades in the nation on the CPA Exam.

Mr. O'Brien is available for consultations; for fees and scheduling, call 516-594-9273.

Table of Contents

Topic		Page
Final Regulations for Required Minimum Distributions		
Death of Account Owner: RMD for Year of Death	…………….	4
Death of Account Owner – RMDs for Beneficiaries	…………….	5
Death of Account Owner –RMDs if No Beneficiary	…………….	11
RMDs if Beneficiary Dies While Balance Remains	…………….	11
RMDs for Inherited Roth Accounts	…………….	13
Retirement Account Changes and Planning Issues for 2024		
Update on Statute of Limitations for Form 5329	…………….	15
Reporting Employer Roth Contributions to Retirement Plans	…………….	15
Update on Rollovers of 529 Balances to Roth IRAs	…………….	17
Reminder of Key Provisions Effective in 2025	…………….	20
Catch-Up Contributions to Plans Must be After-Tax for Some in 2026	…………….	20
Planning Considerations for Roth IRAs	…………….	21
Energy Credit Update for 2024		
Update on Credit for Energy Efficient Home Improvements	…………….	29
Update on Credit for Clean Vehicles	…………….	35
Other Issues for the 2024 Tax Year		
Filing Threshold for 1099-K	…………….	46
Digital Asset Update	…………….	50
Corporate Transparency Act Reminders	…………….	52
New York LLC Transparency Act	…………….	54
New Reporting Requirement for Real Estate Transactions	…………….	54
Other Changes for Form 1040	…………….	56
PTIN and Preparer Registration	…………….	56
Update on Proposed Change in CPE Requirements	…………….	57
Considerations for Artificial Intelligence	…………….	57

Continued on next page

Topic		Page
Expired and Expiring Provisions		
Bonus Depreciation	…………….	59
Provisions Scheduled to Expire in the Future	…………….	59
Planning for Possible Expiration of Tax Cuts and Jobs Act of 2017	…………….	60
Estate and Gift Tax Update		
Federal Provisions	…………….	62
New York State Rules	…………….	65
New York State: News and Developments	…………….	67
Selected Rates and Amounts for 2024	…………….	76
Selected Rates and Amounts for 2025	…………….	100
News and Miscellaneous	…………….	102
Appendix A: Suggestions for Return Preparation Checklists	…………….	105
Appendix B: Corporate Transparency Act Review	…………….	107
Appendix C: Reference Materials	…………….	114
Index	…………….	115

IMPORTANT NOTICE

Introduction

As with all tax law, the provisions discussed in this seminar are subject to further interpretation and guidance to be issued by the Treasury Department and the IRS and may be changed by future laws.

We will discuss newly-effective federal and New York laws and interpretations that affect individual income taxation in **M + O = CPE, Inc.'s Individual Tax Year-End Workshop**, **which will be presented on December 11, 2025, December 18, 2025, January 8, 2026, and January 15, 2026.** Reserve your place now.

The news section of our website, www.mocpe.com has useful news and information throughout the year.

Final Regulations for Required Minimum Distributions

Background

Final Regulations Issued

- On July 18, 2024, the Treasury Department issued final regulations regarding required minimum distributions (RMDs) [1].

- The regulations adopt the new requirements for inherited retirement accounts that were originally set forth in the proposed regulations that had been issued on February 23, 2022.

- These new regulations reflect changes made by the Setting Every Community Up for Retirement Enhancement (SECURE) Act, which was enacted on December 20, 2019, as part of the Consolidated Appropriations Act of 2020, and the SECURE 2.0 Act, which was enacted on December 29, 2022, as part of the Consolidated Appropriations Act of 2023.

Applicable Age for RMDs

- For individuals born from 1951 through 1958, the applicable age at which RMDs must begin is age 73.

  - Individuals born in 1960 or later must begin RMDs at age 75.

  - Individuals born in 1959 appear to be subject to the applicable age of 73, but due to a drafting error in the text of the SECURE 2.0 Act, there are contradictory provisions that

[1] See Treasury Decision 10001.

Retirement Account Changes and Planning Issues for 2024

Background

- The SECURE 2.0 Act (enacted on December 29, 2022, as part of the Consolidated Appropriations Act of 2023) had delayed effective dates for certain provisions. This section provides an update on certain provisions and discusses some of the major provisions that are effective in 2024 and later tax years.

- This section also discusses other planning issues related to retirement accounts.

Update on Statute of Limitations for Form 5329

- Effective on December 29, 2022, there is an automatic 3-year statute of limitation for the IRS to assess the penalty for failing to take out an RMD from a retirement account, even if the individual did not include Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts,* when filing his or her federal income tax return.

- There will also be an automatic 6-year statute of limitation for the IRS to assess the 6% excess contributions penalty for IRAs and other tax-favored accounts, even if the individual did not include Form 5329 with his or her federal income tax return, except in the case of a bargain sale to a tax favored account[46].

- If an individual was not required to file an income tax return for a tax year, there is an automatic 3-year statute of limitation for the IRS to assess either penalty.

- Prior to the new law, a taxpayer who did not include Form 5329 with his or her return was treated as never having started the statute of limitations for the purpose of these penalties[47].

- In a recent case, the Tax Court held that this new provision does not apply retroactively to returns that were filed prior to December 29, 2022; rather, it only applies to returns filed on or after that date. As a result, the taxpayer in the case was subject to assessment, without a statute of limitations, for failing to include Form 5329 with returns filed in 2014 and earlier tax years[48].

Reporting Employer Roth Contributions to Retirement Plans

- Effective on December 29, 2022, employers are permitted, but not required, to offer

[46] If an individual buys an asset in an IRA or other tax-favored account, and the IRS asserts that the asset was purchased for less than fair value (also known as a bargain sale to the account), then there is no statute of limitations for assessing the 6% penalty for excess contributions/accumulations.
[47] This treatment of an unlimited statute of limitations resulted from a 2011 Tax Court ruling. See Paschall v. Commissioner, 137 T.C. 8 (2011).
[48] See Clair R. Couturier Jr. v. Commissioner of Internal Revenue Service, No. 19714-16 (U.S.T.C. Feb. 28, 2024).

Index

529 to Roth Rollovers 17
Artificial Intelligence Considerations 57
Checklists for Returns (Sources) 105
Corporate Transparency Act 52
CPE Ethics Requirement 57
Digital Assets
  1040 Yes/No Question 50
  Broker Reporting Requirements 50
  Form 8300 Requirement 52
Due Dates for 2024 Returns 103
Education Credits - Review 86
Energy Credits
  Clean Vehicles 35
  Form 8936 40
  Home Improvments 29
Estate and Gift Tax
  Federal Exclusion 62
  Federal Generation Skipping 63
  Federal Portability 63
  New York Exclusion 65
  TCJA Expiration Planning 64
Expiring Provisions 59
Form 1099-K Lower Threshold 46
Minimum Wage
  Federal 102
  NYS Homecare Aides 103
  NYS Regular 102
New York LLC Transparency Act 54
New York State
  529 Plan Changes 72
  Freelance Isn't Free Act 74
  Itemized Deduction Phaseout 70
  Mandatory Retirement Plan 73
  MCTMT Reminder 72
  New York City 2024 Rates 68
  New York State 2024 Rates 67
  NYS-45 Changes 73
  Paid Family Leave 74
  Standard Deduction 69
  STAR Program 73
  Student Loan Forgiveness 72
  Supplemental Child Credit 69
PTIN and Preparer Registration 56
Rates & Amounts for 2024 76
  AMT 78
  Automobile-Related Deductions 81
  Bonus Depreciation 81
  Capital Gains and Dividends 77
  Qualified Business Income 81
  Retirement Accounts & IRAs 83
  Section 179 81
  Standard Deduction 78
Rates & Amounts for 2025 100
Real Estate Transactions New Report 54
Required Minimum Distributions See RMD Regulations
Retirement Plans
  2026 Change in Catchup Rules 20
  Catchup for Ages 60 to 63 20
  Employer Roth Contributions 15
  Form 5329 Statute of Limitations 15
RMD Regulations
  Eligible Designated Beneficiary 6
  No Beneficiary Accounts 11
  Penalty for Missed RMD 4
  Required Beginning Date (RBD) 2
  RMD Age 1
  RMD Computation 3
  RMD for Year of Death 4
  RMDs for Beneficiaries 5
    Death of Beneficiary 11
    Multiple Beneficiaries 8
    Owner Dies After RBD 7
    Owner Dies Before RBD 7
    Special Relief 2021 to 2024 8
  Roth Accounts 13
Roth IRAs
  Backdoor Contributions 23
  Conversion in Low Income Year 22
  Review of Distribution Rules 21
TCJA Expiration Planning 60
Virtual Currency See Digital Assets
Written Information Security Plan 56