

2024 Tax Year Newsletter

2024 was a quiet year for tax changes. Listed below are some of the highlights.

- Federal gift limit has increased to \$18,000.
- RMD for retirees is 72 for 2023 and increasing to 73 starting in 2024.
- There is a special increased “catch up” retirement account contributions for taxpayers between the ages of 60-63 effective with 2025 Tax Year. The catch up is increased to \$11,250 instead of \$7,500 for this specific age group.
- New rules for inherited IRA’s. Inherited IRA’s must be fully distributed except for the following beneficiaries: spouse, special needs, or underage children.
- Energy Efficient home improvement credit lifetime maximum of \$500 has been replaced with new annual limits.

Credit up to a total of \$1200 annually for the combination of the various energy star rated property listed below. Based on 30% of cost. Credit is limited to primary residence and is taken in the year of installation. Unused credit cannot be carried forward. Your tax liability must be large enough to cover the credit.

1. \$600 max for qualified energy property including Central A/C, Natural Gas, propane, or oil water heaters. Natural gas, propane or oil furnaces and hot water heaters, Improvements or replacements panelboards, branch circuits or feeders
2. \$600 max for exterior windows and skylights.
3. \$250 for single exterior door with \$500 for all doors.
4. 30% of costs for insulation materials or air sealing materials/systems
5. \$150 max Home Energy Audit.

Credit up to a total of \$2000 annually for the combination of the various energy star rated properties listed below. Based on 30% of cost. Credit can be used on primary or vacation home residence and is taken in the year of installation. Unused credit cannot be carried forward. Your tax liability must be large enough to cover the credit.

1. Electric or natural gas heat pump water heater.
2. Electric or natural gas heat pumps.
3. Biomass stoves and biomass boilers.

Residential Clean Energy Credit

30% Credit effective 2022-2032 for solar, wind, or geothermal property.

Unused credit can be carried forward to future tax years. Credit starts in the year of installation.

Manufacturer/seller/installer rebates reduce the qualified cost for credits. Purchase of used property does not qualify.

Connecticut Updates:

Effective 2024, CT has lowered tax rates. The 3% rate has been reduced to 2% and the 5% rate has been reduced to 4.5%. The reduced tax rates phase out with income limitations. Limitations are 50k for Singles and 100K for Married filing joint.

Effective 2024 the following retirement income is decreased or non- taxable based on income limitations.

Retirement income includes social security, pensions, annuities, 401k, 403b, Taxable IRA's.

Single Filing status with an AGI of 75K or less there is no tax on retirement income. AGI of 75k-100k is partially taxable. AGI more than 100k is fully taxable.

Married Filing status with an AGI of 100K or less there is no tax on retirement income. AGI of 100k-150k is partially taxable. AGI more than 150k is fully taxable.