



Post-Election Tax Update

January 9, 2025

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Your Presenters



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Agenda

1. Election Update & Legislative Changes
2. Sunset of Tax Cut and Jobs Act (TCJA) Provisions
3. 2024 & 2025 Inflationary Adjustments
4. Recent Court Cases



01

Election Update & Legislative Changes



Election Update & Legislative Changes

President

- President-elect Donald Trump
 - During his first term he signed into law the *Tax Cuts and Jobs Act of 2017* (TCJA)
 - Notable campaign propositions
 - TCJA permanence
 - Tariffs: 10%-20% baseline, 60% Chinese, 25% for Mexico and Canada
 - The Tax Bill Provisions (bonus depreciation, §174 R&D expense, §163(j) business interest). The Tax Relief for American Families and Workers Act of 2024 was not passed in 2024 so the bill would need to be reintroduced
 - Possible removal or change of the SALT cap
 - Corporate tax rate from 21% to 15% for domestic manufacturers
 - Clean energy credit repeal (at least partially)
 - Exempt from tax tips, social security benefits, and overtime pay
 - And more...



Election Update & Legislative Changes

Reconciliation

- Generally, majorities from each chamber of Congress required to pass legislation
 - Due to Senate filibuster, often 60 votes needed to pass legislation (Super Majority)
- Reconciliation Bills may be used to pass tax legislation
 - Typically, only effective when Presidency, Senate and House are all controlled by the same party
- Budget resolution is done once per fiscal year and the resulting bill is not subject to filibuster, *i.e.*, simple majority vote to pass
 - “Byrd Rule”
 - Prevent provisions extraneous to the budget
 - Cannot increase deficits beyond budget window
 - Cannot make changes to Social Security
 - TCJA and Inflation Reduction Act of 2022 (IRA) were enacted by reconciliation



Election Update & Legislative Changes

Form 7217 Partner's Report of Property Distributed by a Partnership

Filed by partners

Distribution type, if property in a non-liquidating or liquidating distribution

Report basis including adjustments as required under §732(a)(2) or (b)

Separate form for each distribution date

Not needed for distributions of money or marketable securities treated as money

Not needed for payments for services other than in §707(a)(1) or §707(a)(2)(B)

Due with tax return, including extensions

Election Update & Legislative Changes

Form 7217 Partner's Report of Property Distributed by a Partnership

Form 7217 (December 2024) Department of the Treasury Internal Revenue Service	Partner's Report of Property Distributed by a Partnership	OMB No. 1545-0123
	Attach to your tax return. Go to www.irs.gov/Form7217 for instructions and the latest information.	Attachment Sequence No. 217
Partner's name	Partner's TIN	
Distributing partnership's name	Distributing partnership's EIN	
Date property was distributed to partner		
Part I Aggregate Basis of Distributed Property on Distribution Date. File a separate form for each date a partner received distributed property.		
1	Was this distribution in complete liquidation of the partner's interest in the partnership?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	Was any part of the distribution treated as a sale or exchange under section 751(b)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	Partnership's aggregate basis in distributed property (taking into account any basis adjustments under section 732(d), 734(b), or 743(b)) immediately before the distribution. This line should equal the total of Part II, line B, column (b)	\$
4	Adjusted basis of the partner's interest in the partnership immediately before the distribution	\$
5a	Cash received in the distribution	\$
5b	Fair market value of marketable securities (as defined in section 731(c)) received in the distribution	\$
5c	Add lines 5a and 5b	\$
6	Enter the smaller of line 4 or line 5c	\$
7	Gain recognized. Subtract line 6 from line 5c. If zero, enter -0- and go to line 9	\$
8	Is U.S. tax required to be paid on the gain entered on line 7?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9	Partner's basis in partnership interest reduced by cash received in the distribution. Subtract line 5a from line 4. If zero or less, enter -0-. See instructions if you recognized gain under section 737 as a result of the distribution	\$
10	Aggregate basis to be allocated to the distributed property. For a non-liquidating distribution, enter the smaller of line 3 or line 9. For a liquidating distribution, enter the amount from line 9. Line 10 should equal the total of Part II, line B, column (e)	\$

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Cat. No. 94479B

Form **7217** (12-2024)

Election Update & Legislative Changes

Form 7217 Partner's Report of Property Distributed by a Partnership

Form 7217 (12-2024) Page **2**

Part II Allocation of Basis of Distributed Property

	(a) Description of distributed property (If applicable, include property code. See Pub. 946, Appendix B.)	(b) Partnership's basis in distributed property immediately before the distribution	(c) Check applicable box(es) below. See instructions.					(d) FMV of distributed property	(e) Partner's basis in distributed property after application of section 732
			(i) 732(d)	(ii) 732(f)	(iii) 734(b)	(iv) 743(b)	(v) Reserved for future use		
1		\$					\$	\$	
2		\$					\$	\$	
3		\$					\$	\$	
4		\$					\$	\$	
5		\$					\$	\$	
6		\$					\$	\$	
7		\$					\$	\$	
8		\$					\$	\$	
9		\$					\$	\$	
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25		\$					\$	\$	
26		\$					\$	\$	
27		\$					\$	\$	
28		\$					\$	\$	
29		\$					\$	\$	
30		\$					\$	\$	
A	If applicable, enter any totals from any attached Parts II. See instructions	\$					\$	\$	
B	Totals for all items	\$					\$	\$	

Form **7217** (12-2024)

Election Update & Legislative Changes

Form 15620 Section 83(b) Election

Filed by person (e.g., employee or independent contractor) who receives substantially nonvested property for services

File no later than 30 days after the property is transferred

Paper filing only, but intended to eventually be electronically filed

Mail to location where taxpayer files their return

Election Update & Legislative Changes

Form 15620 Section 83(b) Election

Form 15620 <small>(October 2024)</small>	Department of the Treasury - Internal Revenue Service Section 83(b) Election	OMB Number 1545-0074
The undersigned taxpayer hereby elects, pursuant to § 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for the property.		
1. The taxpayer's name, taxpayer identification number (TIN), and address:		
Taxpayer's name		Taxpayer's TIN
Address (number and street)		
City	State or province	ZIP or postal code
Country		
2. The property which is the subject of this election is (describe property and quantity below)		
3. The date the property was transferred		
4. Taxable year for which the election is being made (taxable year that includes the date the property was transferred as reported in Box 3)		
5. The property is subject to the following restrictions (describe applicable restrictions below)		
6. The total fair market value of the property at the time of transfer is		
a. Value per item	b. Quantity	c. Total fair market value
x =		
7. For the property transferred, the taxpayer paid a total of		
a. Price paid per item	b. Quantity	c. Total price paid
x =		
8. The amount to include in gross income for the taxable year is (the result of the amount reported in Box 6(c) minus the amount reported in Box 7(c))		
9. Name, TIN, and address of the person for whom the taxpayer is providing services in connection with the transfer of property:		
Name		TIN
Address (number and street)		
City	State or province	ZIP or postal code
Country		
The undersigned taxpayer is the person performing the services in connection with which the property was transferred. The taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to (i) the person for whom the services were performed and (ii) the transferee of the property if the taxpayer and the transferee of the property are not the same person. Under penalty of perjury, the undersigned taxpayer declares that, to the best of undersigned taxpayer's knowledge and belief, the information entered on this Form 15620 is true, correct, complete, and made in good faith.		
Taxpayer signature		Date signed



Election Update & Legislative Changes

Beneficial Ownership Information (BOI) Reporting

Corporate Transparency Act (CTA) enacted in January 2021 as part of the National Defense Authorization Act. BOI reporting requirements were originally scheduled to take effect on January 1, 2024.

December 3, 2024 injunction was issued barring the enforcement of the CTA and the BOI reporting requirements.

December 23, 2024 injunction lifted by the United States Court of Appeals for the Fifth Circuit. Reporting deadline extended by FinCEN from January 1, 2025 to January 13, 2025 for reporting companies created or registered to do business before January 1, 2024.

December 26, 2024 injunction reinstated. December 31, 2024 U.S. Department of Justice filed a request asking for injunction to be lifted. No current reporting deadline.

Reporting companies created or registered to do business on or after January 1, 2024 and before January 1, 2025 would have filed reports within 90 calendar days after receiving notice that the reporting company's creation or registration is effective.

Reporting companies created or registered to do business on or after January 1, 2025 would normally file reports within 30 calendar days after receiving notice that the reporting company's creation or registration is effective.

While the BOI report is not an annual filing, if a change to required information occurs, *e.g.*, an update to the entity's DBA or even a driver's license number of a beneficial owner, an updated report would normally be due within 30 calendar days after the change..

Discuss BOI reporting rules with legal counsel. We can assist with general questions concerning the requirements and can help direct to available resources.

Election Update & Legislative Changes

Generation Skipping Transfer Tax

Final regulations
T.D. 9996

Guidance on the
procedures to
make allocations
and elections

Election Update & Legislative Changes

Recipient's Basis Acquired from a Decedent

Final regulations T.D. 9991

Basis must be consistent with the value of the property as determined for Federal estate tax purposes

Executors and other persons must provide basis information to the IRS and recipients of certain property

Election Update & Legislative Changes

Digital Assets

Final regulations T.D. 10000

Information reporting rules for brokers involved in digital asset transactions

Required to report gross proceeds and adjusted basis

Takes effect 2026 for sales occurring in 2025. Draft Form 1099-DA released

Notice 2024-56 provides transitional relief from penalties

Notice 2024-57 certain transactions that do not require informational returns and payee statements

Rev. Proc. 2024-28 safe harbor to allocate unused basis within each wallet or account as of January 1, 2025

Election Update & Legislative Changes

Form 1099-DA

7A7A VOID CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable checkbox on Form 8949	OMB No. 1545-2330 2025 Form 1099-DA	Digital Asset Proceeds From Broker Transactions			
		1a Code for digital asset		Copy A For Internal Revenue Service Center			
FILER'S TIN		1b Name of digital asset					
RECIPIENT'S TIN		1c Number of units		For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the General Instructions for Certain Information Returns. www.irs.gov/Form1099			
RECIPIENT'S name		1d Date acquired				1e Date sold or disposed	
Street address (including apt. no.)		1f Proceeds				1g Cost or other basis	
City or town, state or province, country, and ZIP or foreign postal code		\$				\$	
Account number		1h Accrued market discount				1i Wash sales loss disallowed	
CUSIP number		\$				\$	
5 Check if loss is not allowed based on amount in 1f <input type="checkbox"/>		2 Check if basis reported to IRS <input type="checkbox"/>				3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds	
6 Gain or loss: <input type="checkbox"/> Short-term <input type="checkbox"/> Ordinary <input type="checkbox"/> Long-term		3b Check if proceeds from: <input type="checkbox"/> Reserved for future use <input type="checkbox"/> DOF				4 Federal income tax withheld	
9 Check if digital asset is a noncovered security <input type="checkbox"/>		7 Check if 1f is only cash <input type="checkbox"/>				8 Check if broker relied on customer-provided acquisition information <input type="checkbox"/>	
11b If 11a checked, number of transactions		10				11a Check if gross proceeds reported in 1f is an aggregate amount for: <input type="checkbox"/> Qualifying stablecoins <input type="checkbox"/> Specified NFTs	
11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter		12a Number of units transferred in		12b If transferred in, provide transfer-in date			
14 State name		15 State identification no.		13			
				\$			
				\$			

Form **1099-DA** Cat. No. 735671 www.irs.gov/Form1099DA Department of the Treasury - Internal Revenue Service

Election Update & Legislative Changes

Colorado Income Tax

- May 14, 2024 Governor Jared Polis signed Senate Bill 24-228
- Temporary reduction of Colorado State Income Taxes
- Annual revaluation of the temporary income tax reduction in years 2025-35 if certain revenue triggers are met
- Applies to all individuals, estates, trusts, and corporations
 - 2023 – 4.4%
 - 2024 – 4.25%

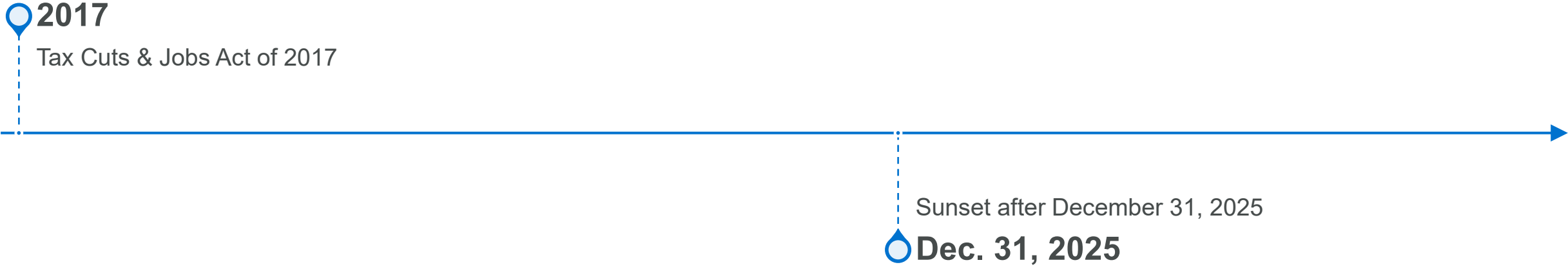
02

Sunset of Tax Cuts & Jobs Act (TCJA) Provisions



Looking Forward to 2025

- Immediate focus will be on “must pass” legislation
 - Debt limit (debt ceiling) suspension expired on January 1, 2025
 - A new bill would need to be passed January 14 – January 23, 2025
 - 2017 Trump individual and estate tax provisions expire on December 31, 2025
 - Extension of temporary individual/estate tax provisions vs. permanent corporate rate decrease
 - FY 2025 government spending (depending on status)



TCJA Expirations

Topic	Current through 2025	Projected after Sunset
Section 199A – QBI	20% Deduction	No Deduction
Estate & Gift Tax Exemption	\$13.99M per individual, \$27.98M per couple	Estimated \$6-7M per individual, indexed for inflation
Tax Rate Changes	<ul style="list-style-type: none"> ○ Individual Top Rate: 37% ○ Corporate Rate: 21% 	<ul style="list-style-type: none"> ○ Individual Top Rate: 39.6% ○ <i>No change to corporate rate</i>
Personal Exemptions, Deductions, & Limitations	<ul style="list-style-type: none"> ○ \$30,000 standard deduction (MFJ) ○ \$0 Personal Exemptions ○ \$2,000 CTC ○ No Pease Limitation 	<ul style="list-style-type: none"> ○ Around \$16,700 standard deduction (MFJ) ○ \$2,000 (to be indexed for inflation) ○ \$1,000 CTC ○ Pease Limitation reinstated
SALT “Cap”	\$10,000 deduction “cap”	Limited by AGI with Pease limitation, but no dollar “cap”
Mortgage Interest Deductibility	\$750,000 threshold (MFJ)	\$1M threshold (MFJ)
Miscellaneous Itemized Deductions	Nondeductible	Deductible in excess of 2% AGI
AMT	\$137,000 (MFJ) exemption, phase-out at \$1,252,700 (MFJ)	\$110,400 (MFJ) exemption, phase-out at \$210,300 MFJ (to be adjusted for inflation)

* Opportunity Zones (End of 2026)

TCJA Sunsets: Tax Rate Changes

Current Tax Rate	2026 Tax Rate*	2025 Tax Bracket (Married Filing Jointly)**
10%	10%	\$0 - \$23,850
12%	15%	\$23,851 - \$96,950
22%	25%	\$96,951 - \$206,700
24%	28%	\$206,701 - \$394,600
32%	33%	\$394,601 - \$501,050
35%	35%	\$501,051 - \$751,600
37%	39.6%	Over \$751,600

**With Sunset*

*** Indexed annually for inflation*

TCJA Sunsets: SALT Cap

Current State	After Sunset
\$10,000 deduction “cap”	Limited by AGI, but no dollar “cap”

- Many states reacted to the SALT cap by implementing “pass through entity tax” (PTET) election for flow-through entities. IRS Notice 2020-75 approved the pass-through entity-level tax election (PTE)
 - Allows for the PTET payments to be deductible on a federal entity return
- While some states have a “sunset” to their PTET program, other states will need to consider the transition (if any) moving forward
 - Colorado SALT Parity Act Election began January 1, 2018 for any year where a limitation on the deduction applies (C.R.S. §39-22-343(2))

03

2024 & 2025 Inflationary Adjustments



Individual Rates

Current Tax Rate*	2024 Tax Bracket (Married Filing Jointly)	2025 Tax Bracket (Married Filing Jointly)
10%	\$0 - \$23,200	\$0 - \$23,850
12%	\$23,201 - \$94,300	\$23,851 - \$96,950
22%	\$94,301 - \$201,050	\$96,951 - \$206,700
24%	\$201,051 - \$383,900	\$206,701 - \$394,600
32%	\$383,901 - \$487,450	\$394,601 - \$501,050
35%	\$487,451 - \$731,200	\$501,051 - \$751,600
37%	Over \$731,200	Over \$751,600

*Plus 3.8 percent net investment income tax on unearned income when modified Adjusted Gross Income exceeds \$200,000 – Single and \$250,000 – Married Filing Jointly for 2024

Increased Standard Deduction

Basic Standard Deduction		
	2024	2025
Married-Joint or Surviving Spouse	\$29,200	\$30,000
Head of Household	\$21,900	\$22,500
Single	\$14,600	\$15,000
Married-Separate	\$14,600	\$15,000
Dependent of Another	\$1,300	\$1,350

An additional standard deduction amount is available for eligible individuals who have attained age 65 or are blind. For 2024, the additional standard deduction amounts are \$1,950 for an unmarried individual & \$1,550 for a married person filing jointly or separately, or a surviving spouse. For 2025, those amounts are increased to \$2,000 & \$1,600, respectively.

Estate and Gift Tax Limitations

Estate Tax Limit		
	2024	2025
A filing is required for estates with combined gross assets & prior taxable gifts exceeding	\$13,610,000	\$13,990,000

Although estates falling below the filing threshold are not required to file, a return still could help the estate take advantage of portability, e.g., transferring unused estate exemption amounts between spouses

Annual Gift Tax Exclusion		
	2024	2025
Exclusion per Donee	\$18,000	\$19,000

Qualified Business Income Deduction

	2024		Projected 2025
	Threshold Amount	Full Phase-In Amount	Threshold Amount
Married-Joint or Surviving Spouse	\$383,900	\$483,900	\$394,600
Married-Separate	\$191,950	\$241,950	\$197,300
All Other Taxpayers	\$191,950	\$241,950	\$197,300

Amounts based on taxable income. Expiring December 31, 2025.

When taxable income exceeds the threshold amount, the W-2 wage & qualified property limitations are partially applied until taxable income reaches the full phase-in amount. For specified service trades or businesses, a reduction of actual qualified business income also is phased in over this range

Standard Mileage Rates

	2024	2025
Business	67 Cents Per Mile	70 Cents Per Mile
Charitable	14 Cents Per Mile	14 Cents Per Mile
Medical & Moving	21 Cents Per Mile	21 Cents Per Mile

Retirement Plan Limits

Individuals 50 and over can make elective catch-up contributions to their retirement accounts. Starting in 2025 SECURE 2.0 allows “super catch-up” contributions to some retirement plan accounts for individuals between the age of 60 and 63.:

	2024	2025
401(k), 403(b), 457, & SAR-SEP Plans – Younger than Age 50	\$23,000	\$23,500
401(k), 403(b), 457, & SAR-SEP Plans – Catch-up contribution (50+)	\$7,500	\$7,500
401(k), 403(b), 457, & SAR-SEP Plans – Super catch-up (Age 60-63)	N/A	\$11,250
Traditional & Roth* IRAs (combined) – Younger than Age 50	\$7,000	\$7,000
Traditional & Roth* IRAs (combined) – Age 50 & Older	\$1,000	\$1,000
SIMPLE Plans – Younger than Age 50	\$16,000	\$16,500
SIMPLE Plans – Catch-up contribution (50+)	\$3,500	\$3,500
SIMPLE Plans – Super catch-up (Age 60-63)	N/A	\$5,250

**SECURE 2.0 also allows for 529 plans meeting certain requirements to be rolled into a Roth IRA (\$35,000 lifetime max)*

Health Care Updates

Health Savings Accounts				
	2024	2024	2025	2025
	Self-Only Coverage	Family Coverage	Self-Only Coverage	Family Coverage
Deductible Contributions	\$4,150	\$8,300	\$4,300	\$8,550
High-Deductible Health Plan – Minimum Deductible	\$1,600	\$3,200	\$1,650	\$3,300
Maximum Out-of-Pocket Expenses	\$8,050	\$16,100	\$8,300	\$16,600

Out-of-pocket expenses generally do not include the cost of insurance premiums. Individuals & their spouses who have reached age 55 before the close of the tax year may make additional contributions in 2024 & 2025 up to \$1,000. A one-time transfer from an individual retirement account, health flexible spending account, or health reimbursement arrangement can be made to an HSA

04

Court Cases



Court Cases

James Senty et al. v. United States



Substantiation of material participation to avoid the net investment tax



Failed to submit reliable evidence, relying on non-contemporaneous employment agreements, scarce board meeting minutes, and testimony from himself, family, and friends



No documents to substantiate claimed hours, no notes, logs, calendars, appointment books, phone records, emails, or anything else



“Post-event ballpark estimate” is insufficient

Court Cases

Hutchings v. Commissioner



Schedule C expenses recharacterized as §195 start-up expenses for health and wellness camp taxpayer was planning to open




No gross income, not yet held business out to paying customers, not engaged in marketing or advertising





Not a trade or business under §162 or genuine profit motive under §183

Court Cases

Huffman v. Commissioner

 Stock purchase between son and parent deemed a gift for difference between the value of the stock and the purchase price

 Value determined without regard to any agreement or other right at a price less than FMV under §2703(a)(1)

 Property transferred for less than adequate consideration, value that exceeds the consideration is deemed a gift under §2512(b)

Court Cases

Connelly v. United States



Corporation's obligation to redeem shares upon shareholder death does not reduce the corp's value for estate tax purposes



Obligation to redeem shares at FMV does not offset the value of life-insurance proceeds set aside for the redemption



“Share redemption at fair market value does not affect any shareholder's economic interest”



“Whole point” of the valuation for estate tax purposes is to determine the value of the shares at death and before company spends to redeem shareholder under §2033

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