

January 2025

IMPORTANT DATES

- 📌 **January 15th**
 - Deadline to make your 4th quarter 2024 estimated tax payments.
- 📌 **January 31st**
 - Employers should file Forms W-2 and W-3 and send a copy of Form W-2 to each employee.
 - Employers should also file Form 1099-NEC and 1099-MISC and furnish to recipients.

WHAT'S NEW?

2025 Business Mileage Rate

This year's standard mileage rate for the business use of a vehicle is **70 cents per mile**, up from 67 cents per mile in 2024. The medical and charitable mileage rates remain at 21 cents per mile and 14 cents per mile, respectively.

\$2,000 Prescription Drug Cap

Seniors who take prescription drugs will get a big break in 2025. Beginning January 1st there is a **\$2,000 per year cap** on out-of-pocket prescription drug costs for adults on Medicare (age 65 and older). This key provision within the 2022 Inflation Reduction Act (IRA) is expected to reduce costs for 3.2 million Americans, since previously there was no out-of-pocket cap.

Retirement Plan Contribution Limits

January is a great time to adjust your ongoing contributions to your 401(k) and IRA to account for the annual inflation increases. Here are the key 2025 retirement plan contribution limits:

- 📌 **401(k) limit: \$23,500**, up from \$23,000 in 2024
 - Workers over age 50 are eligible to make additional **"catch-up" contributions of \$7,500**
 - **New:** Older workers, aged 60-63, have a higher "catch-up" contribution limit in 2025 of \$11,250
- 📌 **SEP IRA limit: \$70,000**
- 📌 **Traditional and Roth IRA limit:** remains the same at **\$7,000, \$8,000 if over 50**

Electric Vehicle (EV) Tax Credit

President-elect Trump has said that he will move to eliminate the **\$7,500 tax credit for electric vehicles**, possibly as soon as he takes office. If you are planning to buy an EV in 2025 it may benefit you to act soon. As a reminder, income limits for claiming the \$7,500 credit apply: single taxpayers must have an AGI below \$150,000 and married filing jointly below \$300,000. A list of vehicles that qualify is here: [EV Tax Credit](#)

Corporate Transparency Act Halted (Again)

In what can only be described as a roller coaster, with numerous twists and turns over the past month, as of December 26, 2024 the Corporate Transparency Act (CTA) **injunction has been reinstated**. As a result of the injunction,



reporting companies are currently **not required to file beneficial ownership reports** and are not penalized for failing to comply with the CTA while the order is in force. Many reporting companies already filed ahead of the anticipated December 31, 2024 deadline, and companies may continue to voluntarily submit beneficial ownership information reports (link to file: [BOIR](#)).

If you have not filed already, we recommend that you either go ahead and file at this time or be prepared to act quickly if there is a new deadline introduced. More information about the CTA and reporting entities affected can be found in our year-end Tax & Planning Newsletter (link: [2024 Year End Letter](#))

Thank you for taking the time to read this letter. As always, please let us know if you have any questions related to your investments, taxes, or general financial planning or if there have been any changes to your overall situation.

The information contained within this letter is provided for informational purposes only and is current as of the date published. Readers are advised not to act upon this information without seeking professional advice, as this article is not a substitute for obtaining accounting, tax, or financial advice from a professional accountant or financial planner.