



Tax Law Changes for Tax Year 2024

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Stakeholder Liaison establishes and manages relationships with the tax professional community and partners that serve small businesses, multilingual, rural and underrepresented communities to promote two-way dialogue in helping taxpayers understand and meet their tax responsibilities.



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Issue, Action and Response

Please reach out to Stakeholder Liaison if you have:

- A systemic issue with policies, practices or procedures OR
- A significant issue that impacts a large number of taxpayers and/or tax pros.



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Learning Objectives

At the end of this presentation, participants will be able to:

- Identify the major tax changes for tax year 2024.
- Identify the tax form changes for tax year 2024.
- List the new tax forms for tax

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Information on Changes to Tax Forms

- **IRS.gov/DraftForms**
- **IRS.gov/LatestForms**
- **IRS.gov/FormChanges**
- **IRS.gov/AllForms**

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Recent Legislation

- **Inflation Reduction Act (IRA) of 2022**
- **SECURE 2.0 Act of 2022**

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Form 5695, Residential Energy Credits

- **Part I: New checkbox for special rule for joint occupants claiming credit for qualified fuel cell property.**
- **Part II: New checkbox for special rule for joint occupants claiming the energy efficient home improvement credit.**

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Form 8936, Clean Vehicle Credits

- **Modified adjusted gross income (MAGI).**
- **Transfer credits to the dealer.**
- **Repayment of credit.**
- **Gross vehicle weight rating for Section 45W.**

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Form 3800, General Business Credit

- **Terminology changes.**
- **New reporting requirements.**
- **New credits added to Part III.**

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Form 4255, Certain Credit Recapture, Excessive Payments and Penalties

- **Recapture of IRA or general business credits.**
- **Paybacks of excessive elective payment elections.**
- **Prevailing wage/apprenticeship penalty amount reporting.**

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Form 3468, Investment Credits

- **New Part V clean electricity investment credit.**
- **Section for credit based on investment in qualified clean electricity facilities .**
- **Section for credit based on investment in qualified energy storage technology.**

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Form 8933, Carbon Oxide Sequestration Credit

- **Converted model certificates into schedules.**
- **Added new lines for certain activities and prevailing wage and apprenticeship requirement.**
- **Pre-filing registration process to elect payment or transfer.**

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Schedules for Form 8933

- **Schedule A, Disposal or Enhanced Oil Recovery Owner Certification.**
- **Schedule B, Disposal Operator Certification.**
- **Schedule C, Enhanced Oil Recovery Operator Certification.**
- **Schedule D, Recapture Certification.**
- **Schedule E, Election Certification.**
- **Schedule F, Utilization Certification.**

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Form 4136, Credit for Federal Tax Paid on Fuels

- **Revised the caution statement to deter fraudulent claims.**

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Form 8908, Energy Efficient Home Credit

- **New Part II Certifier Information.**
- **Two new lines above Part I.**

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Schedule A (Form 8911), Alternative Fuel Vehicle Refueling Property

- **Restructured lines from 2023 Form 8911 to create Schedule A.**
- **Schedule A used to figure the credit amount for each qualified alternative fuel vehicle refueling property.**

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Form 4626, Alternative Minimum Tax – Corporations

- **Part IV, Section I**
- **Part IV, Section II**
- **Created new Schedule A.**
- **Incorporated Worksheet B into the form as Part VI.**
- **Part VI has two sections.**

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Form 6765, Credit for Increasing Research Activities

- **Section E - Other Information**
- **Section F - Qualified Research Expenses Summary**
- **Section G - Business Component Information**

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Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

- **New exceptions to the 10% additional tax for early distributions:**
 - Emergency personal expense distributions.
 - Domestic abuse victim distributions.
- **Restructured Part IX.**

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Form 1040, U.S. Individual Income Tax Return

New checkbox and entry field for the election to treat a nonresident alien spouse or dual-status alien spouse as a U.S. resident.

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Schedule 1 (Form 1040), Additional Income and Adjustments to Income

- **New entry field for Form 1099-K amounts.**
- **New line 8v for digital assets received as ordinary income.**

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Schedule 2 (Form 1040), Additional Taxes

- **Part I: New lines 1a-1z, 2, and 3.**
- **Part II: New lines 17a and 19.**

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***Schedule 3 (Form 1040),
Additional Credits and Payments***

- **Line 13b for Section 1341.**
- **Line 13z called Other refundable credits.**

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***Form 1040-SS, U.S. Self-Employment Tax
Return
(Including the Additional Child Tax Credit for
Bona Fide Residents of Puerto Rico)***

- **Home office expenses**
- **Schedule C (Form 1040), line 30**
- **Form 8829, Expenses for Business Use of
Your Home**

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Forms W-3(PR) & W-3C(PR)

- Merged the separate instructions
- Reduces employer burden

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Terminology Changes

- "Possessions" to "territories"
- "Fishermen" to "fishers" or "fishing income"
- Form title changes:
 - Schedule J (Form 1040): Income Averaging for Individuals with Income from Farming or Fishing.
 - Form 2210-F, Underpayment of Estimated Tax by Farmers and Fishers.

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Information Returns

- E-file required for 10-or-more in the aggregate per T.D. 9972
- Use IRIS free e-file service: E-file forms 1099 with IRIS | Internal Revenue Service (irs.gov/IRIS)

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New Forms for 2024

Form 172	Schedule B (Form 8933)
Form 709-NA	Schedule C (Form 8933)
Form 7211	Schedule D (Form 8933)
Form 7217	Schedule E (Form 8933)
Form 7218	Schedule F (Form 8933)
Schedule A (Form 8911)	Schedule A (Form 4626)
Schedule A (Form 8933)	

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Form 172, Net Operating Losses (NOLs)

- **Replaces Schedules A & B (Form 1045) and Worksheets 1 & 2 (Pub. 536)**
- **Retiring Pub 536, Net Operating Losses (NOLs) for Individuals, Estates, and Trusts**

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Form 709-NA, United States Gift (and Generation-Skipping Transfer) Tax Return on Nonresident Not a Citizen of United States

- **Extension requests**
- **Redesign of Form 709 series**

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Form 7211, Clean Electricity Production Credit

- **IRC 45Y**
- **Amount of credit reported on Form 3800**

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Form 7218, Clean Fuel Production Credit

- **IRC 45Z**
- **Amount of credit reported on Form 3800**

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Form 1099-K Revisited



Prior to 2022:

- Gross payments greater than \$20,000 &
- More than 200 transactions.

Calendar years 2023 & 2024:
transition years

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Refundable Tax Credits

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Refundable tax credit overview

- **Nonrefundable tax credits provide a dollar-for-dollar reduction of the tax liability. They can only reduce the tax liability to zero.**
- **Refundable credits can reduce the tax liability and result in a refund to the taxpayer.**
- **Refundable credits we'll discuss today:**
 - Earned Income Tax Credit
 - Child Tax Credit
 - American Opportunity Tax Credit
 - Premium Tax Credit

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Earned Income Tax Credit (EITC)


- **For Tax Year 2024, the maximum credit amount is \$7,830**
- **Reduces the tax burden and supplements the wages of working families**
- **Can receive a refund with this credit, even if the taxpayers:**
 - Have no filing requirement
 - Owe no tax
 - Had no income tax withheld

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Earned Income Tax Credit qualifications



To qualify, you must have low to moderate income and meet the following rules.

You limit your response, if filing a joint return:

May not

- Have earned income under a certain amount
- Have a Social Security number that is valid for employment issued on or before the due date of the return (including extensions)
- Be a U.S. citizen or resident alien all year
- Have a qualifying child or, if you do not have a qualifying child, you must:
 - Be at least age 19 (or age 24 at the end of the year)
 - Live in the United States for more than half the year and
 - Not qualify as a dependent of another person

May not

- Have investment income, such as interest income, over a certain amount
- Be an exempt filer separately
- Be a qualifying child of another person
- Be from 2005 or 2006 U.S. earned foreign earned income

There are special rules for qualifying children, military, clergy members and taxpayers and their relatives with disabilities.

To claim the EITC, you must file a federal tax return even if you owe no tax and are not required to file.

Get more information, for more information and to use the interactive EITC Assistant to see if you qualify for the credit and estimate the amount of your EITC.


Publication 5998 (2016) (Subject to change without notice) Department of the Treasury, Internal Revenue Service www.irs.gov

[Publication 5998](#)

- Income limitations
- Social Security number requirements
- Must be a U.S. citizen or a resident alien all year
- Must have a qualifying child or:
 - Be at least age 25 but under age 65 at the end of the year,
 - Live in the United States for more than half the year and
 - Not qualify as a dependent of another person

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Child Tax Credit (CTC)


- Provides a maximum of \$2,000 for each qualifying child
- For parents, foster parents, siblings and/or grandparents who can claim a dependent
- Special rules exist for children of divorced parents, separated parents and parents who live apart
- Dependents who do not qualify for the CTC may qualify for the nonrefundable Credit for Other Dependents

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Qualifying child for Child Tax Credit





- Under age 17
- Lived with the taxpayer for more than six months of the year (unless special rules apply for parents who are divorced, separated or live apart)
- Did not provide over half of their own support
- Meets the relationship criteria
- Is a U.S. citizen, national, or resident
- Has a valid Social Security number

Publication 5811

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American Opportunity Tax Credit


- **Provides a maximum of \$2,500 credit per eligible student**
 - Up to 40% of the credit is refundable
- **For qualified education expenses paid for an eligible student for the first four years of higher education**
- **Qualified paid expenses include:**
 - Tuition
 - Required enrollment fees
 - Books, supplies and equipment needed for the course of study

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Qualifying student for the American Opportunity Tax Credit (AOTC)




Publication 4772


- Pursuing a degree or other recognized education credential
- Enrolled at least half time for at least one academic period beginning in the tax year
- Not have finished the first four years of higher education at the beginning of the tax year
- Not have claimed the AOTC or the former Hope credit for more than four tax years
- Not have a felony drug conviction at the end of the tax year

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Premium Tax Credit




Publication 5120

- Helps eligible taxpayers pay for health insurance purchased through the Health Insurance Marketplace
- Amount of the credit varies based on family size and income
- Can have all, some or none of the advance payments sent to insurance company to pay for premiums
- Important: report changes to family size or household income to the Marketplace

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Inflation Reduction Act: Clean Energy Credits

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PRE-REGISTRATION


Pre-file registration or online application process that can be accessed through [IRS.gov](https://www.irs.gov):

- Elective Payment Election
- Transfer Election
- Clean Vehicles
- Special Application Processes
 - ✓ Advanced Energy Project Credit (48C)
 - ✓ Low-Income Community Bonus (48e)

*The pre-filing registration and application processes will help assess the validity of the registrant and provide information about clean energy projects/investments; it does not confirm eligibility for the credit.


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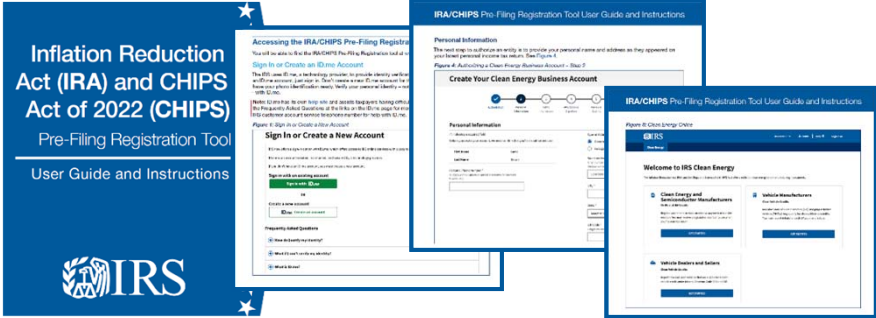
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IRS ECO Pre-File Registration Tool User Guide

Inflation Reduction
Act (IRA) and CHIPS
Act of 2022 (CHIPS)
Pre-Filing Registration Tool
User Guide and Instructions








<https://www.irs.gov/pub/irs-pdf/p5884.pdf>


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IRS ECO Pre-File Registration Tool Overview Video









<https://www.stayexempt.irs.gov>

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IRC 6417 - Elective payment elections


- With Elective Pay, tax-exempt and governmental entities that do not owe Federal income taxes will, for the first time, be able to receive a payment equal to the full value of tax credits for building qualifying clean energy projects or making qualifying investments.
- Elective Payment allows entities to get their payment if they meet the requirements for both elective pay and the underlying tax credit.
- By filing a return and using Elective Payment, these entities can receive tax-free cash payments from the IRS for clean energy tax credits earned, so long as all requirements are met, including a pre-filing registration requirement.
- Applicable entities can choose Elective Payment for 12 of the IRA's tax credits.

Elective Payment entities include:

- Tax-exempt organizations under § 501(a), including § 501(c) and § 501(d) organizations
- States and political subdivisions such as local governments
- Indian tribal governments
- US territory governments and political subdivisions
- Agencies and instrumentalities of state, local, tribal, and territorial governments
- Alaska Native Corporations
- The Tennessee Valley Authority
- Rural electric co-operatives

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Online processes

IRS successfully launched IRS Energy Credits Online (IRS ECO) in November 2023.


- IRS ECO provides an electronic way for users to register for a Clean Vehicle (CV) or Elective Payment/Transfer Election (EP/TE) account
- Users can submit CV Time-of-Sale reports, request advance payments, and register facilities and properties

As of September 2024:

- More than **2,300 entities** have requested more than **80,000 registration numbers** for projects or facilities located across all 50 states plus territories.
- The vast majority of these projects are pursuing transferability.
- A wide variety of the credits are being used, but most registrations are related to solar and wind projects using the investment or production tax credit.
- In addition, more than 1,200 organizations have submitted projects or facilities pursuing elective pay, including submissions from more than 500 state and local governments.
- The IRS has issued more than **70,000 registration numbers**.

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Elective payment elections

What will I need to do to qualify for elective payment?

1. Identify and pursue the qualifying project or activity: You will need to know what applicable credit you intend to earn and use elective pay for
2. Determine your tax year
3. Placed in service: The applicable credit property must be placed in service BEFORE a registration number will be issued
4. Complete pre-filing registration with the IRS
5. Satisfy all eligibility requirements for the tax credit and any applicable bonus credits, if applicable, for a given tax year
6. File the required annual tax return by the due date (or extended due date) and make a valid elective payment election.

You will need the documentation necessary to properly substantiate any underlying tax credit, including if bonus amounts increased the credit

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Elective payment elections

*Example Timeline


Local Government Project Placed Into Service in 2025

A local government that makes a clean energy investment that qualifies for an applicable credit can file an annual tax return (via Form 990-T) with the IRS to claim elective pay for the full value of the applicable credit, as long as it meets all of the requirements, including a pre-filing registration requirement.

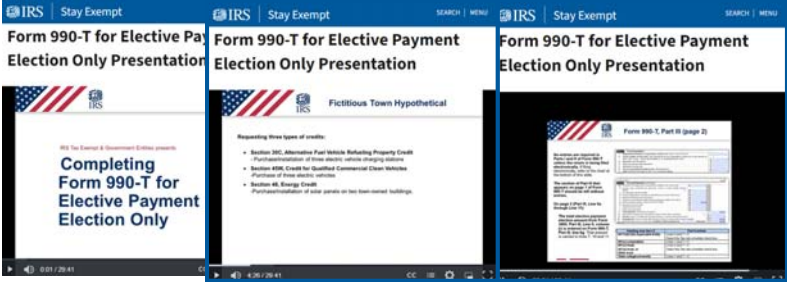
As the local government would not owe other federal income tax, the IRS would then make a refund payment in the amount of the credit to the local government.


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Form 990-T for elective payment election




<https://www.stayexempt.irs.gov>

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IRS Resources for Elective Payment




[IRS.gov/ElectivePay](https://www.irs.gov/ElectivePay)

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IRC 6418: Transfer Election

Provision allows for eligible entities to make an election to transfer all (or the portion specified) of an eligible credit determined to an unrelated taxpayer for a cash payment, which is not included in gross income.

- The unrelated taxpayer (transferee) is then treated as the taxpayer for purposes of the Code with respect to the transferred credit, but it is not allowed to deduct the cash payment.
- Other tax attributes with respect to the property, such as depreciation, are not transferable under section 6418.
- Applicable entities can choose Transfer Election for 13 of the IRA's tax credits.



Additional Resources

- **[IRS.gov/Newsroom/Frequently-Asked-Questions-About-the-New-Previously-Owned-and-Qualified-Commercial-Clean-Vehicles-Credit](https://www.irs.gov/Newsroom/Frequently-Asked-Questions-About-the-New-Previously-Owned-and-Qualified-Commercial-Clean-Vehicles-Credit)**
- **[FuelEconomy.gov/feg/tax2023.shtml](https://www.fueleconomy.gov/feg/tax2023.shtml)**
- **[IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy)**
- **[IRS.gov/Inflation-Reduction-Act-of-2022](https://www.irs.gov/Inflation-Reduction-Act-of-2022)**



Additional Resources (cont.)

- Drafts of tax forms, instructions and some publications are posted at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) before the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms).
- Changes are also at [IRS.gov/FormChanges](https://www.irs.gov/FormChanges).
- For all revisions of all tax products go to [IRS.gov/AllForms](https://www.irs.gov/AllForms).

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