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Four Questions You May Have This Tax Season

Tax season doesn't have to be stressful—get ahead of the game by answering these questions to ensure a smooth filing process.

1. When will I receive my tax refund?

The IRS states that most taxpayers will receive their federal refund within 21 days of filing. Delays can occur due to errors, missing forms, or identity verification issues. If you owe taxes, payment is due by April 15, even if you file an extension.

2. Do I need to report all my digital payment transactions as taxable income?

Starting in 2025, the threshold for reporting business transactions on platforms like Venmo, PayPal, and CashApp has been lowered to \$5,000. Personal transactions between family and friends are excluded. Regardless of receiving a 1099-K, all income must be reported to the IRS.

3. Can I deduct my family's medical expenses?

If you itemize deductions, you can deduct qualified medical expenses that exceed 7.5% of your adjusted gross income. This includes insurance premiums, treatments, prescriptions, and more.

4. Do I need to make quarterly estimated tax payments?

If you expect to owe more than \$1,000 in taxes, you may need to make quarterly estimated payments to avoid penalties. These are due on April 15, June 15, September 15, and January 15 of the following year.

Beware: Tax Season is Scam Season

Tax season is also prime time for tax scams. To safeguard your personal information, consider these key points:

- **Communication methods:** The IRS initiates contact primarily through mail, not email or phone calls. Be cautious of unsolicited communications.
- **Phone scams:** If you receive a call claiming to be from the IRS, do not provide personal information. Instead, note the caller's details, hang up, and contact the IRS directly.
- **Email phishing:** Avoid opening or responding to unexpected emails purportedly from the IRS. Do not click on links or attachments and report to phishing@irs.gov.
- **Payment protocols:** The IRS will never demand immediate payment or threaten you over the phone. All tax payments should be made directly to the U.S. Treasury or online at [IRS.gov](https://www.irs.gov).

For more information on tax scams, visit www.irs.gov.

Tips to Improve Your Cash Flow in 2025

Effective cash flow management is crucial for your business's financial health. Here are four strategies to enhance cash flow this year:

1. Optimize accounts receivable

Encourage prompt payments by offering incentives for early settlements and actively managing outstanding invoices. Implementing electronic invoicing and payment systems can expedite this process.

2. Manage expenses prudently

Conduct regular expense audits to identify and eliminate non-essential costs. Negotiate better terms with suppliers and consider bulk purchasing discounts. Adopting energy-efficient practices can also reduce operational expenses.

3. Maintain a cash reserve

Set aside a portion of profits to build a cash buffer for unforeseen expenses or economic downturns. This reserve provides a safety net, ensuring business continuity during challenging times.

4. Create a forecast

The best way to not run out of money is to plan ahead. Meet with your CPA or advisor to visualize future cash flow risks by creating a rolling 12-month forecast that addresses worst, most likely, and best case scenarios.

By implementing these strategies, you can strengthen your business's cash flow and position it for success in 2025.



When Disaster Strikes, Will You Be Prepared?



Recent natural disasters have highlighted the critical need for proactive disaster preparedness in both professional and personal contexts. Digitizing essential documents ensures their safety and accessibility during unforeseen events.

For Businesses

- **Digitize and back up records:** Convert vital business documents into digital formats and store backups securely offsite or in the cloud. This practice safeguards against data loss from physical damage.
- **Cloud collaboration:** Adopt cloud-based applications to enable access to key data anytime, anywhere, facilitating seamless operations even during disruptions.
- **Disaster preparedness plan:** Develop and regularly update a comprehensive plan addressing potential risks, including power outages and system failures, to ensure business continuity.

For Individuals

- **Preserve family memories:** Digitize irreplaceable items like photographs, home videos, and important documents to protect them from physical loss. Store these digital copies securely in the cloud for easy retrieval.
- **Inventory personal assets:** Maintain a detailed digital record of personal belongings, including receipts and item values, to expedite insurance claims if necessary.
- **Review insurance policies:** Ensure your coverage is current and understand the details. Keep digital copies of policies and contact information for quick access during emergencies.

By taking these proactive steps, you can protect critical data and cherished memories. Having a solid plan in place ensures a faster, smoother recovery when the unexpected happens.

Navigating Tax Law Uncertainty in 2025

With the changes happening in Washington D.C., there is now some uncertainty about what tax policies we may see in 2025 and beyond. During this time of uncertainty, it is challenging to create a workable tax plan. However, there are several things that we DO know about tax changes to start 2025. Here are the key highlights as they are currently known.

Confirmed Changes:

- **Tax brackets and rates:** The seven tax rates remain unchanged, with a 2.8% increase in income thresholds, allowing more income to be taxed at lower rates.
- **Retirement contributions:** The 401(k) contribution limit rises to \$23,500. Catch-up contributions remain at \$7,500 for those aged 50-59 and 64+, while individuals aged 60-63 can contribute an additional \$11,250. IRA contribution limits stay at \$7,000, with a \$1,000 catch-up for those over 50.
- **New cryptocurrency reporting rules:** Starting January 1, 2025, new IRS rules require brokers, exchanges, and payment processors to report digital asset sales and exchanges. Transactions will be summarized annually on the new Form 1099-DA, similar to stock and bond reporting. Stay vigilant in tracking your crypto activity for compliance.

Changes on the Horizon:

- **1099-K reporting threshold:** The threshold for third-party payment processors to report transactions is set to decrease from \$5,000 in 2024 to \$2,500 in 2025, and further to \$600 in 2026.
- **Tax cuts and jobs act (TCJA) provisions:** Many individual tax provisions from the 2017 TCJA are scheduled to expire at the end of 2025, potentially affecting income tax rates, standard deductions, and the child tax credit.

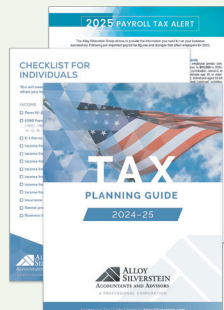


Contact us today to stay informed and help navigate these evolving tax landscapes.

Visit the Alloy Resource Center

Check out our Resource Center at <https://alloysilverstein.com/resources/> to access these essentials this tax season!

- Schedule of upcoming webinars.
- Previous webinar recordings.
- Link to our YouTube account for weekly tax tips from our professionals.
- Download our Tax Planning Guide and Tax Preparation Checklist PDFs.
- Blog posts on tax, business, fraud prevention, and personal finance topics.



Quick Tip

Abacus Payroll Quick Tip

Did you know we can provide full-service payroll?

Through the Alloy Silverstein Group, Abacus Payroll, Inc. can set your business up for success with friendly and reliable payroll processing, timekeeping, and HR services. Stay tuned for quarterly tips in future issues of this Client Alert newsletter. **Learn more and request a quote at AbacusPay.com.**



Alloy Happenings

Chris Cicalese, CPA, MSTFP

- Authored "4 Steps to Strengthen Cybersecurity with Your Team" in the Winter 2024-25 issue of *New Jersey CPA Magazine*.
- Volunteered as a high school essay reader as part of this year's NJCPA Scholarship Program.

Julie Strohlein, CPA

- Presented on Career Awareness for the NJCPA at Burlington Township High School, November 15.
- Presented the webinar "Understanding Financial Statements: A Guide for Non-Accountants," January 30.

Janine Kiriluk

- Presented the webinar "Before the Crunch: Preparing Your Books for Tax Time," December 11.

Chris Cicalese, CPA, MSTFP, Janine Kiriluk, Sean Brislin, CPA, Kaitlyn Calhoun

- Presented at Alloy Silverstein's annual Externship Day event for college and high school students pursuing a career in accounting, January 9.

Abacus Payroll, Inc.

- Recognized by the Builders League of South Jersey with the Award of Excellence for Best Corporate Website for an associate member.

Welcome

- **Cassandra Gowin** joins the Alloy Silverstein Group as a payroll associate for Abacus Payroll, Inc.

Happy Anniversary

- **Ren Cicalese, CPA, PFS, CGMA**, celebrating his forty-fifth year with the firm.
- **Loretta LaPorta, CPA**, celebrating her tenth year with the firm.



Thank you to our incredibly generous Adopt A Family drive participants for helping us make a difference for 134 children for the 2024 holiday season. We couldn't do it without our community's support!

Cardiovascular disease remains the leading cause of death for women. We proudly support the American Heart Association Go Red for Women initiative, raising \$4,222 in 2025.



Alloy Spotlight

Angela Venti, Director of Practice Growth

As Director of Practice Growth at Alloy Silverstein, Angela connects proactive business owners with the firm's tax, finance, bookkeeping, and payroll experts. With over 25 years of experience in business development across industries such as automotive, fine clothing, and banking, she has a proven track record of building customer-centric brands and successfully entering new markets.

In her role, Angela serves as the initial point of contact for new clients, ensuring a seamless transition when switching CPA firms. She collaborates with business owners to understand their goals and concerns, matching The Alloy Silverstein Group's services to their specific needs. Angela takes a hands-on approach, guiding clients through every step of the process.

Beyond her professional responsibilities, Angela is an active member of several Southern New Jersey community and business organizations, including Vice President of South Jersey Women in Business, board member and past president of Businesses Committed to South Jersey (BCSJ), and is on the membership committee for Impact 100 South Jersey. Her contributions have earned her numerous accolades, such as the Burlington County Chamber's Voice of Business Award and recognition in *South Jersey Biz's* "Executives of the Year."

Join our growing Alloy team!

Now hiring for full-time positions for accountants, payroll, bookkeeping, and financial services. Visit AlloySilverstein.com/careers to apply today!



Something 2 Consider

Don't Let a Sudden Windfall Blow you Over

By Ronald V. Donato, Jr., CFP®, MBA

Many events, both positive and negative, may result in a person suddenly having wealth that they were not expecting. On the positive side, one can hit the lottery, sell a business (hopefully this is something for which you plan), cash in a terrific investment, gain control of the funds in a trust, get a large signing bonus, or any number of events.

However, there are also other events that are not so positive, but which also may result in wealth suddenly coming to you. These are things like divorce, death of a loved one, a legal settlement or any number of unexpected and/or unpleasant experiences. In any of these, the level of emotion will vary for each person. It is precisely because we all struggle with the sometimes unrecognized emotional impact of such occurrences that we should take a step back and consider how we should proceed. Based on our experience when our clients, friends, and family have had to deal with these issues, we offer the following considerations.

First, do nothing that is not absolutely necessary.

Of course, there are times when bills must be paid, etc., but one of the worst things that someone can do when they come into this new wealth is to be in a hurry to do anything that is not required. For example, when a spouse dies, and there are life insurance, investments, or other assets that come to you, it is tempting to jump into a financial or other relationship to fill the void that is now felt. Although this is certainly understandable, it is almost always inadvisable. Financially, put the assets into something that won't hurt you while you gradually work to get your

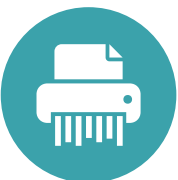


emotions and other matters sorted out. It sounds easy, but we recognize that it is not. However, we have found that just jumping into something while emotions are high almost never works out well.

Second, work with someone you can trust. We have done an article regarding this issue before; and working with someone you can trust is definitely something that everyone should do. Sounds easy right? It is not. Sometimes there are family disagreements, or one of the many predatory snakes (yes, I despise these people) out there will try to play on your temporary vulnerability to take hold of you and/or your assets. We suggest that you instead work with an adviser and/or family member whom you know has been helpful to you and/or your

family and friends in the past; or a firm which is well known and highly respected. This can be a law firm, financial planner, investment person, brother, sister, or whomever you feel is trustworthy. One other thing regarding this: if you want to pursue a certain path and the adviser suggests another way to go that shows they are trying to protect you, that is probably a good thing. However, you should always seek a second opinion if the firm or person is not someone that has been well known to you.

Third, see item #1. Acting quickly when we are emotionally charged when we are teenagers usually only results in a fight with friend or being grounded by our parents. When the sudden wealth situation occurs in adulthood, doing anything quickly while we are very excited about our new wealth, or very sad or angry over a recent event, may result in a tragic loss of financial stability for life.



Shredding Event

Save the Date! We're hosting our first-ever shredding event at our Cherry Hill, NJ office on Saturday, May 10 from 11AM-2PM. More details to come!



Tax Season Office Hours

Effective February 1 through April 15, we will have extended office hours and our CPAs will be available to you by email, phone, and virtual meetings.

Tax Deadlines

March 17, 2025

- Deadline to file partnership and S-corporation tax returns.

April 15, 2025

- Deadline to file individual, trust, gift and calendar-year C-corporation returns.
- Deadline for making 2024 IRA contributions.
- First installment of 2025 individual estimated tax is due.

May 15, 2025

- Deadline for calendar-year non-profit organizations to file annual reporting returns.

Disaster Relief - May 1, 2025

- Extended deadline for Florida businesses and individuals impacted by the 2024 hurricanes.

See [IRS.gov/disaster](https://www.irs.gov/disaster) for full details.

This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.



What the IRS is Up to

2025 Mileage Rates

Beginning January 1, 2025, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

	2025 Rate per Mile	2024 Rate per Mile
Business Travel	70 cents	67 cents
Medical/Moving	21 cents	21 cents
Charitable Work	14 cents	14 cents

Celebrating Your Milestone 60th Birthday This Year?

Under SECURE Act 2.0, there's a new catch-up opportunity starting in 2025. Individuals aged 60-63 are permitted an increased catch-up contribution for the following retirement plans:

- 401(K): \$11,250 instead of the standard \$7,500 limit.
- SIMPLE: \$5,250 instead of the standard \$3,500 limit.

Update on Beneficial Ownership Reporting Requirements

Edited as of March 4, 2025: After months of legal challenges and uncertainty, the U.S. Treasury Department announced on March 2, 2025 that enforcement of the Beneficial Ownership Information (BOI) reporting requirements is officially suspended for U.S. and domestic reporting companies. Instead, the Treasury will be shifting the focus of BOI to foreign reporting companies only. At this time, domestic reporting companies are under no obligation to file BOI reports to FinCEN and the U.S. Treasury. Refer to fincen.gov/boi for the most current information.