

# Tax time is approaching: What to track and tell your CPA this year

**With April 15 right around the corner, now is a great time to start organizing your 2025 tax preparation. Some items that may have seemed meaningless in the past now matter given the recent law changes. Below are a few helpful reminders, and some new things to think about differently under the new tax law.**

## State and local income taxes

Starting in 2025, the State and Local Tax (SALT) deduction limit was temporarily increased from \$10,000 to \$40,000 (\$20,000 if filing separately), subject to income limitations. This cap applies to state and local income taxes and property taxes combined and is especially meaningful for those living in high-tax states.

To take maximum advantage in 2025, keep track of and provide records for:

- **Property tax bills and escrow statements for all properties** — not only your primary residence, but also second and vacation homes that meet the personal-use test.
  - If you bought a home in 2025, provide your closing

statements showing property tax payments made during your partial-year ownership.

- **State and local income taxes paid**, which, when combined with property taxes, may not only increase your SALT deduction but also allow you to itemize deductions if you were previously limited to \$10,000 cap.
- **Other records to gather include:**
  - W-2s and 1099s showing state withholding
  - State estimated tax payments confirmations for all four quarters of tax year 2025
  - Extension payments
  - Prior-year state tax paid with the return (this is often overlooked)

## Car loan interest

You may now deduct up to \$10,000 of interest on a car loan if the vehicle was assembled in the United States and purchased new after 2024. This applies to personal-use vehicles only. Taxpayers do not need to itemize to claim this deduction, though it is subject to income phaseouts at \$100,000 for single filers and \$200,000 for married filing jointly.

Ask the dealer for documentation confirming US assembly and provide your loan documents for your CPA.

# HSA contributions

You can still make a prior-year HSA contribution for 2025 if you are covered by a high-deductible health plan, by the tax filing deadline (generally April 15, excluding extensions). HSA contributions are tax-deductible, grow tax-deferred, and may be written tax-free for qualified medical expenses, making an HSA one of the most tax-efficient savings vehicles available.

**Helpful tip:** Rather than spending HSA funds currently, consider investing contributions to take advantage of tax-free compounded growth and create a meaningful tax-free pool for later in life.

## Qualified Charitable Distributions (QCDs)

If you made Qualified Charitable Distributions (charitable gifts made directly from an IRA for individuals age 70 1/2 or older), be sure to inform your CPA. These distributions often appear on Form 1099-R as normal taxable distributions, requiring the CPA to manually report them as non-taxable. Communicating this upfront helps avoid them being mistakenly taxed.

## Section 529 Plans

- **Contributions:** Taxpayers often assume their CPA will automatically see 529 contributions. In states that offer 529 deductions or credit, these benefits are state-only (not federal) and are not automatically reported. Be sure to communicate how much was contributed and by whom

during 2025 so the deduction or credit is applied correctly under your state's rules

- **Rollovers in:** Rollovers from one state's 529 plan into another state's plan are commonly overlooked. In some states, the amount rolled into an in-state plan may qualify for a deduction or credit in the year of the rollover. If any rollovers were completed during the year, let your CPA know so eligibility can be evaluated.
- **Other records to gather include:** If you previously claimed a state tax deduction or credit for 529 contributions and later rolled funds out of that state's plan, this may trigger recapture of prior tax benefits, depending on the state. Provide outbound rollover statements and destination plan details to ensure proper reporting.

General rule: If you touched a 529 plan this year, whether through contributions, withdrawals, rollovers, or beneficiary changes, tell your CPA. State rules vary, and small details can affect whether deductions, credits, or recapture apply.

Don't hesitate to reach out to your Mesirow Wealth Advisor with any questions or if you'd like assistance gathering this information.

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