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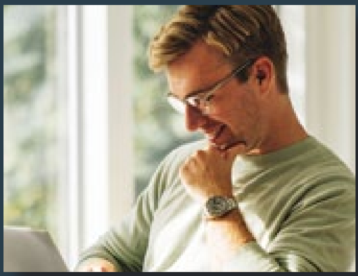
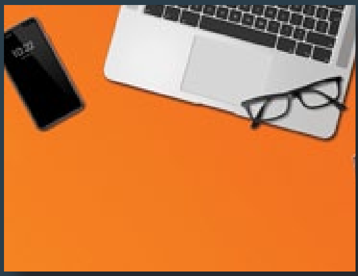
Top 10 Year-End Tax Tips for 2024





plus CLEAN VEHICLE TAX CREDITS | TAX-SMART WAYS TO GIVE THE GIFT OF EDUCATION

RETIREMENT

Considering converting to a Roth IRA? You may want to act soon.

If you are thinking about converting all or part of your traditional IRA to a Roth IRA, you may want to act soon. The conversion won't reduce your current taxes; instead, it will increase them because you must pay income tax on the pre-tax amount you convert. So why consider converting now?

The tax rates on ordinary income are relatively low now, but are scheduled to increase in 2026 unless Washington passes a new law to prevent the increase. So paying tax on your retirement savings now may cost less than paying tax on them in the future if the tax rates increase.

There's a lot to consider when deciding whether to convert to a Roth IRA so it's a good idea to consult your tax and financial professionals first. ■

PLEASE NOTE: Before moving your retirement savings, consider all of your options and the fees and features of each.

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UP FRONT

FEATURES

FYI

3 Tax-Smart Ways to Give the Gift of Education

Helping a loved one save or pay for college can have a lasting impact on their life. Here are three tax-smart ways to go about it. Your financial professional can tell you more about them.

Contribute to a 529 plan.

These state-sponsored education savings plans offer tax benefits that may help your gift stretch further. Money grows free from taxes while in a 529 account and can be withdrawn free from federal taxes and perhaps state taxes also if used for qualified education expenses, such as tuition.

You can open your own 529 account for the child or you may be able to contribute to an account that someone else, such as the child's parent, has already set up. Opening an account yourself puts you in control of the investment decisions and withdrawals.

529 plans do not have income limits so you can contribute no matter how high your income. They also do not have annual limits on the amount you can contribute. Instead, each state sets its own maximum balance per beneficiary and accepts contributions until the limit is reached.

Contribute to a Coverdell account.

The Coverdell education savings account is another type of account with tax benefits that you may want to fund for a loved one who is under age 18. Similar to 529 plans, money grows tax-free while in a Coverdell account and can be withdrawn tax-free for qualified education expenses.

But unlike 529 plans, Coverdell accounts have income limits and annual contribution limits. Your modified adjusted gross income must be less than $110,000 ($220,000 if married filing jointly) to contribute. If it is within a few thousand dollars of the limits, the amount you can contribute will be reduced. And the most that can be contributed for a beneficiary in any year is $2,000—and that limit applies to the total contributions to all Coverdell accounts set up for that beneficiary.

Pay tuition directly to the school.

Most people do not have to worry about federal gift and estate taxes because they can exclude millions of dollars of gifts from those taxes. But if gift and estate taxes are a concern for you and you want to help someone pay their tuition, consider making a tuition payment directly to the school rather than giving cash to the student.

Thanks to the educational gift tax exclusion, tuition payments that you make directly to a qualifying educational organization are not subject to the federal gift tax and they don't use up any of your annual or lifetime exclusion amounts.

The educational exclusion only applies to tuition. It does not apply to other expenses, such as books or room and board. However, you can use your annual gift tax exclusion to help shelter a non-tuition gift from the gift tax. For 2024, the annual gift tax exclusion is $18,000. ■

For more complete information about a 529 education savings plan, including investment objectives, risks, fees, and expenses associated with it, please carefully read the issuer's official statement before investing. It can be obtained from your financial professional. Some states offer state residents additional benefits, such as a state tax deduction for contributions to the plan, reduced or waived program fees, matching grants, and scholarships to state colleges. Any state-based benefit offered with respect to a particular 529 education savings plan should be one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax, or other professional to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or any other 529 education savings plan to learn more about the features, benefits, and limitations of that state's 529 education savings plan.

ACCOUNTS

Test Your Knowledge of Investment Account Types

There are several types of investment accounts available to investors. Here's an opportunity to see how much you know about them.

TRUE OR FALSE: 401(k) and 403(b) accounts are used to save for retirement.
True. Both types of accounts are retirement accounts offered by employers to help their employees save for retirement.

TRUE OR FALSE: An investor can have both a 401(k) account and an IRA.
True. Even if you contribute to a 401(k) at work, you can generally also open and fund an IRA on your own.

TRUE OR FALSE: A non-working spouse may be able to contribute to an IRA.
True. If you file a joint tax return, you can generally contribute to an IRA even if you are not employed as long as your spouse earns taxable compensation, such as wages.

TRUE OR FALSE: An IRA cannot be opened for a child.
False. If the child earns an income from working, an adult can generally open a custodial IRA for the child and manage it until the child becomes an adult.

TRUE OR FALSE: Health savings accounts (HSAs) offer three tax advantages—that's one more than IRAs and 401(k) retirement accounts offer.
True. With a retirement account, your money is either taxed before it enters the account or when it is withdrawn from the account. With an HSA, your money goes in income-tax-free, potentially grows tax-free, and can be withdrawn tax-free if used for qualified medical expenses. (State tax may apply in a few states.)

TRUE OR FALSE: Anyone can contribute to a health savings account.
False. You must be covered by a high-deductible health plan and meet a few other requirements to contribute to a health savings account.

TRUE OR FALSE: Regular investment accounts offer flexibility.
True. A regular investment account can be used to build wealth for any purpose—not just for retirement, education, or medical expenses. And they do not have annual contribution limits, income limits, or contribution deadlines. ■

Please consult your financial professional for investment advice.

PLEASE NOTE: All investing involves risk, including the possible loss of the amount you invest.

FR2024-0812-0286/E

5 Things to Know About Deducting Charitable Contributions

Giving to charity not only benefits the causes you care about, it may also benefit your tax situation if you deduct your charitable contributions on your tax return. Here are five things to know about deducting charitable contributions. For specific advice, please consult your tax professional.

How much might a charitable tax deduction be worth to you?

Tax deductions reduce the amount of income you are taxed on. For example, a $10,000 deduction for charitable contributions will reduce taxable income by $10,000. That reduction in taxable income will generally result in a $3,700 decrease in federal income tax for someone in the 37% tax bracket, $3,500 for someone in the 35% bracket, $3,200 for someone in the 32% bracket, and so on. Notice a pattern? The higher your tax bracket, the greater your potential tax savings.

1 **Charitable contributions are only tax deductible if you itemize deductions on your tax return.** And it only makes sense to itemize deductions if your deductible expenses, such as charitable contributions, mortgage interest, and real estate taxes, add up to more than your standard deduction amount, which for 2024 is $14,600 for single taxpayers and $29,200 for married couples who file jointly.

2 **Only gifts to qualified organizations can be deducted.** To see if an organization is eligible to accept tax-deductible contributions, you can use the Tax-Exempt Organization Search Tool on the IRS's website (www.irs.gov/TEOS).

3 **Contributions must be made by the end of the year.** To deduct a charitable contribution on your 2024 tax return, you have until December 31, 2024 to mail a check to a charity or contribute using a credit card.

4 **There are limits on the amount you can deduct.** Your deduction generally cannot exceed more than 60% of your adjusted gross income, and in some cases a limit of 20%, 30%, or 50% may apply. If your contributions exceed the limit, you can carry over the excess and deduct it over the next five years.

5 **You must keep records of your contributions.** This typically means a bank record, such as a credit card statement, for cash contributions, a written acknowledgement from the charity for contributions of $250 or more, and a written appraisal by a qualified appraiser for donated property that is valued at over $5,000. ■

Top 10 Year-End Tax Tips for 2024

You may be able to reduce your 2024 taxes if you act soon. Ten tips for minimizing federal income taxes, as well as federal gift and estate taxes, are presented here. Many of the tips and strategies need to be completed by December 31 or the filing deadline for your income tax return to be effective. But before you implement any of them, it's a good idea to check with your tax and financial professionals for specific advice. Also, please keep in mind that these tips are based on the federal tax laws in place as of September 1, 2024. It is possible that the laws may change before the end of the year.

1 Contribute to your retirement accounts.

Contributing to your retirement plan at work is a sure-fire way to reduce your taxes for the year. That's because every pre-tax dollar you contribute to a tax-deferred 401(k), 403(b), or similar retirement plan is one less dollar that you'll have to pay income tax on this year. For example, if you contribute $23,000 to a tax-deferred 401(k) account this year, your taxable income for the year will drop by $23,000. Your tax savings will depend on your income tax bracket. To give you an example, someone in the 32% tax bracket who contributes $23,000 this year will typically reduce their 2024 federal income taxes by $7,360 (32% of $23,000).

It's important to keep in mind that you will eventually have to pay taxes on the money you contribute to tax-deferred retirement accounts, but not until the money is withdrawn from the account.

In some instances, you may be better off contributing to a Roth account instead of a tax-deferred account. Roth contributions will not reduce your current taxes, but your money can generally be withdrawn tax-free in retirement, which tends to benefit individuals who expect to be taxed at a higher rate in retirement than they are now.

In addition to contributing to a retirement plan at work, contributing to a traditional IRA on your own may also reduce your current taxes if you are eligible to deduct your contributions.

You can generally deduct your traditional IRA contributions if you and your spouse (if you are married) are not covered by retirement plans at work. If you are covered by a retirement plan at work, you may still be able to deduct your contributions as long as your modified adjusted gross income (MAGI) is under $87,000 (single) or $143,000 (married filing jointly). If you are not covered by a plan at work, but your spouse is and you file a joint tax return, your MAGI must be under $240,000 to deduct your contributions. (The amount you can deduct may be reduced if your MAGI is within a few thousand dollars of the income limits.)

The annual contribution limits for retirement accounts increased $500 this year, bringing the maximum contribution amounts to $23,000 for 401(k), 403(b), and most 457 plans, $16,000 for SIMPLE IRAs, and $7,000 for IRAs. If you are age 50 or older, you may be able to contribute an additional $7,500 to your 401(k), 403(b), or 457 plan, $3,500 to a SIMPLE IRA, and $1,000 to an IRA.

Contributions that you make as an employee to a 401(k) or 403(b) plan generally must be made by the end of the year, but you have until the filing deadline for your tax return (typically April 15) to contribute to a traditional or Roth IRA for the prior year.

2 Contribute to a health savings account.

If you are covered by a high-deductible health plan (HDHP), contributing to a health savings account (HSA) may help minimize your taxes. That's because the income you contribute to an HSA is either pre-tax or tax-deductible, which lowers your taxable income and taxes for the current year. Plus, your money has the potential to grow tax-free while in the account and can be withdrawn tax-free for qualified medical expenses.

You generally have until your tax filing deadline (typically April 15) to contribute to an HSA for the prior year.

For 2024, you may be eligible to contribute as much as $4,150 if you have HDHP coverage for just yourself or $8,300 if you have HDHP coverage for your family. And if you are age 55 or older, you may be eligible to contribute an additional $1,000 per year as a catch-up contribution.

If those amounts sound higher than the amount you may need for your current medical expenses, keep in mind that any money in your HSA that you do not use this year can be used in future years. In fact, some people use HSAs to save for their medical expenses in retirement and use other money to pay their current medical expenses in an effort to help maximize the tax-free savings available to them in retirement.

Bonus Tip:

Even if just one spouse earns taxable compensation, such as wages, both spouses can generally contribute to their own IRAs, as long as the couple files a joint tax return.

2024 Retirement Plan Annual Contribution Limits

401(k), 403(b), and most 457 Plans	
Regular Contributions	**$23,000**
Catch-up Contributions if Age 50 or Older	**$7,500**
SIMPLE IRAs and SIMPLE 401(k)s	
Regular Contributions	**$16,000**
Catch-up Contributions if Age 50 or Older	**$3,500**
Traditional and Roth IRAs	
Regular Contributions	**$7,000**
Catch-up Contributions if Age 50 or Older	**$1,000**

Please note that additional limits may apply to the maximum amount you may contribute annually. Also, some workplace retirement plans may permit special contributions not listed here.

2024 STANDARD DEDUCTION

Single	$14,600
Married Filing Jointly	$29,200
Married Filing Separately	$14,600
Head of Household	$21,900

ADDITIONAL STANDARD DEDUCTION FOR PEOPLE WHO ARE BLIND OR AGE 65 OR OLDER

Single or head of household	$1,950
Married or qualifying widow(er)	$1,550

3 **Consider bunching deductions.** When it comes to income tax deductions, you usually have a choice: you can itemize your deductions or you can claim the standard deduction, which for 2024 is $14,600 for single taxpayers and $29,200 for married couples filing jointly. Most people claim the standard deduction because it provides them with a larger deduction. But if your itemized deductions add up to slightly less than your standard deduction amount, you may want to use a strategy known as bunching to boost your total itemized deductions for the year over your standard deduction amount so that you can claim a larger deduction this year.

Bunching simply means that you pay deductible expenses and make charitable contributions in a single year that you had planned to pay or make over two or three years.

Here's an example. Let's say you are single, you normally contribute $5,000 each year to various charities, and your itemized deductions for expenses such as charitable contributions, mortgage interest, and real estate taxes add up to $12,000. In this scenario, you'd receive a larger deduction if you claim the standard deduction ($14,600) rather than itemizing deductions ($12,000).

But if you double up on your charitable contributions this year and skip making them next year, your itemized deductions would generally add up to $17,000 this year, allowing you to deduct $2,400 more than if you claimed the standard deduction. And then next year when you are not making charitable contributions, you simply claim the standard deduction.

In addition to charitable contributions, medical expenses sometimes lend themselves to bunching. For example, if you have a pricey procedure scheduled for early next year, having it done this year instead may help boost your deductible medical expenses for this year. But keep in mind that you can only deduct the amount of your medical and dental expenses that exceeds 7.5% of your adjusted gross income.

4 Harvest losses in your taxable investment accounts.

If any of your investments have decreased in price since you bought them, you may want to sell some of them before the end of the year so that you can use the losses on your tax return to reduce the capital gains and ordinary income you must pay taxes on.

For example, let's say you sell Stock A at a $50,000 profit and Stock B at a $30,000 loss. You can use the $30,000 loss to reduce your $50,000 capital gain so that you only have to pay tax on $20,000 of it.

Or let's say you sell Stock B at a $60,000 loss. In this scenario, your loss totally offsets your $50,000 gain so there would be no tax on the gain. Plus, $3,000 of the remaining $10,000 loss can be deducted from your ordinary income, which lowers your taxes for the year even more. And the unused portion of the loss ($7,000 in this example) can be carried forward and used in future years to reduce your taxes.

Keep in mind that only investment losses realized in taxable accounts (not retirement accounts) can be used to offset your capital gains. And in order to use the loss, you cannot buy a substantially identical security within 30 days before or after the sale.

5 Be wary of buying a mutual fund near the end of the year.

If you are considering purchasing a mutual fund in a taxable account late in the year, check its distribution schedule first. Here's why.

Mutual funds generate capital gains and losses when they sell the securities they hold. If their gains exceed their losses, they pass along their net capital gains to their shareholders usually once per year. Those distributions typically occur in December.

If you are a shareholder on the record date that the mutual fund has chosen for its capital gains distribution, you will receive the distribution and must pay taxes on it this year (unless you have losses of your own to offset it).

So rather than being on the hook immediately for taxes on a mutual fund you just bought, you may want to wait until after the fund's record date to purchase it.

And please keep in mind that this tip only applies to taxable investment accounts, not retirement accounts. Mutual fund distributions in retirement accounts, such as a 401(k) accounts and IRAs, do not have immediate tax consequences.

Bonus Tip:

When you sell an investment at a profit in a taxable account, the tax rate you pay on the capital gain depends on your taxable income and how long you owned the investment. If you owned it for one year or less, the gain is short-term and is taxed as ordinary income. However, if you wait more than one year to sell it, the gain is considered long-term and will qualify for one of the more favorable tax rates shown below.

2024 Tax Rates on Long-term Capital Gains and Qualified Dividends

Your tax rate depends on your tax filing status and taxable income.	**0%** if your taxable income is between	**15%*** if your taxable income is between	**20%*** if your taxable income is over
Single	$0 - $47,025	$47,025 - $518,900	$518,900
Married Filing Jointly	$0 - $94,050	$94,050 - $583,750	$583,750
Married Filing Separately	$0 - $47,025	$47,025 - $291,850	$291,850
Head of Household	$0 - $63,000	$63,000 - $551,350	$551,350
Estates and Trusts	$0 - $3,150	$3,150 - $15,450	$15,450

** The 3.8% net investment income tax (NIIT) may also apply if your modified adjusted gross income exceeds $200,000 if single or head of household, $250,000 if married filing jointly, or $125,000 if married filing separately.*

Bonus Tip:

If you want to make a gift to charity this year for tax purposes but haven't chosen the charity yet, consider using a donor-advised fund. They offer an immediate tax deduction for your gift and the flexibility to recommend grants to your favorite charities later on.

6 Donate appreciated securities instead of cash.

Before you reach for your credit card or checkbook to make charitable gifts this holiday season, consider donating appreciated stocks, mutual funds, or other securities instead. Here's why.

When you donate securities that you've held in a taxable account for more than one year and that have increased in value, you avoid having to pay tax on the increase in their value. Plus, you can generally claim a charitable tax deduction for their current market value, assuming you itemize deductions. And if you'd like, you can buy new shares of the same security with the cash you had planned to donate. The new shares will generally have a higher cost basis than the appreciated shares you donated, which will benefit you tax-wise when you eventually sell the new shares.

7 Take your RMDs for the year.

Once you reach age 73, you generally must begin withdrawing at least a minimum amount each year from your traditional IRAs and retirement plan accounts. Those amounts are known as required minimum distributions (RMDs).

For all years other than your first one, your RMDs must be taken by December 31. So if you are required to take RMDs and haven't done so yet this year, get moving! Although the penalty for failing to take an RMD recently decreased to 25% (10% if you correct the failure quickly) that is still a significant amount so be sure to take your RMDs on time.

Here a few things to keep in mind:

- **NEW FOR 2024:** RMDs are no longer required from designated Roth accounts in 401(k), 403(b), and 457(b) plans during the account owner's lifetime.
- Although RMDs generally must be taken by December 31 to avoid a penalty, you get extra time—up to April 1 of the following year—to take your first RMD. But keep in mind that if you take your first RMD in the following year, you'll have

to withdraw two RMDs that year—one by April 1 for the prior year and one by December 31 for the current year, which may push you into a higher tax bracket.

- You can generally fulfill your RMD obligations by transferring funds to a non-retirement account or by withdrawing cash—either way you'll owe ordinary income tax on the taxable portion of the distribution.
- If you are charitably inclined, you may want to use a qualified charitable distribution (QCD) to reduce your RMDs and resulting taxes. Here's the deal. If you are age 70½ or older, you can have up to $105,000 (2024 amount) distributed tax-free from your traditional IRA to qualified charities. As long as the money is transferred directly from the IRA to the charity, it generally is not included in your taxable income and so is not taxed. And if you are age 73 or older, the QCD amount counts toward your traditional IRA's RMD for the year.

The preceding information about RMDs applies only to account owners. The RMD rules for beneficiaries are different. Also, please note that you cannot claim a charitable tax deduction for a QCD.

8 Time your income and deductions.

It is usually a good idea to defer income into next year and accelerate deductions into this year in order to reduce this year's taxes. By doing this, you may gain another year to use or invest the money you otherwise would have paid in taxes this year.

However, if you expect to be in a higher tax bracket next year or if you expect tax rates to increase, you may be better off doing the opposite: accelerating some income into this year so that it is taxed at a lower rate and deferring the payment of some deductible expenses into next year when your deductions will be worth more to you. But before timing anything, it is a good idea to check with your tax professional first.

2024 Federal Income Tax Brackets and Rates

SINGLE

Taxable income	*Rate*
$0 - $11,600	10%
$11,601 - $47,150	12%
$47,151 - $100,525	22%
$100,526 - $191,950	24%
$191,951 - $243,725	32%
$243,726 - $609,350	35%
Over $609,350	37%

MARRIED FILING JOINTLY

$0 - $23,200	10%
$23,201 - $94,300	12%
$94,301 - $201,050	22%
$201,051 - $383,900	24%
$383,901 - $487,450	32%
$487,451 - $731,200	35%
Over $731,200	37%

MARRIED FILING SEPARATELY

$0 - $11,600	10%
$11,601 - $47,150	12%
$47,151 - $100,525	22%
$100,526 - $191,950	24%
$191,951 - $243,725	32%
$243,726 - $365,600	35%
Over $365,600	37%

HEAD OF HOUSEHOLD

$0 - $16,550	10%
$16,551 - $63,100	12%
$63,101 - $100,500	22%
$100,501 - $191,950	24%
$191,951 - $243,700	32%
$243,701 - $609,350	35%
Over $609,350	37%

ESTATES AND TRUSTS

$0 - $3,100	10%
$3,101 - $11,150	24%
$11,151 - $15,200	35%
Over $15,200	37%

These tax rates apply to ordinary income, such as wages, self-employment income, taxable interest, short-term capital gains, non-qualified dividends, and taxable distributions from IRAs and retirement plans.

Taxable income is your income minus your deductions.

9 Take advantage of the temporarily high lifetime exclusion.

A few years ago, Washington doubled the lifetime exclusion amount—that's the amount you can give away during or after your lifetime without owing any federal gift or estate tax on the transfers.

Currently, the exclusion is set at $13.61 million, a $690,000 increase from 2023 thanks to an annual inflation adjustment. So even if you used all of your exclusion in prior years, you may now be able to transfer an additional $690,000 to your loved ones without incurring any federal gift or estate tax on the transfer. And you may want to do it soon. Here's why.

When Washington doubled the lifetime exclusion, they made the increase temporary. Unless Washington makes the increase permanent, the exclusion will decrease on January 1, 2026 to its pre-2018 level of $5 million, as adjusted for inflation.

If you think your estate's value may exceed the reduced exclusion amount, you may want to take advantage of the current $13.61 million lifetime exclusion to transfer wealth to your heirs now before the exclusion potentially decreases. According to the IRS, individuals who take advantage of the increased lifetime exclusion to make large gifts to their heirs now will not be adversely impacted later on if the exclusion decreases.

10 Consider using your annual gift tax exclusion.

Most people's estates will not owe any federal estate tax due to the lifetime exclusion that allows individuals to give millions of dollars to their heirs free from federal transfer taxes.

But if you think your estate may have to pay federal or state estate taxes, you may want to take advantage of the annual gift tax exclusion to reduce the size of your taxable estate now.

The annual exclusion allows you to give any number of people up to $18,000 each in 2024 without your gifts being subject to the federal gift tax and without using any of your lifetime exclusion for federal gift and estate taxes. Married couples can use both of their annual exclusions to give any number of people up to $36,000 each this year.

Here's how it generally works. Let's say you give each of your five children $18,000 this year. This decreases the value of your estate by $90,000, and it does so without you having to pay any federal gift tax on your gifts and without the gifts reducing the amount of your lifetime exclusion that is available for use later on.

And if you give someone more than $18,000 in 2024? No worries, you will not have to pay any federal gift tax on your gift as long as you haven't used up all of your lifetime exclusion. You will, however, generally have to file a federal gift tax return.

2024 Federal Gift and Estate Tax Exclusion Amounts

$13.61 Million
Lifetime Exclusion

You can generally give away up to $13.61 million during or after your lifetime without owing any federal gift or estate tax on the transfers.

$18,000
Annual Exclusion

You can give any number of people up to $18,000 each in 2024 without your gifts being subject to the federal gift tax and without using up any of your lifetime exclusion.

Bonus Tip:

Charitable giving can also help you minimize estate taxes. Gifts that you make to qualified charitable organizations during your lifetime or as a bequest help reduce your estate tax liability by reducing the value of your estate. Plus, charitable gifts made during your lifetime may also reduce your current income taxes if you itemize deductions and claim a charitable tax deduction. Please keep in mind that there are limits on the amount of charitable gifts you can deduct for income tax purposes. You may want to explore those limits with your tax professional before making a sizable gift. ■

PLEASE NOTE—Retirement Accounts: *Withdrawals prior to age 59½ may be subject to a 10% early withdrawal tax penalty unless an exception to the penalty applies. The early withdrawal penalty increases to 25% for withdrawals from a SIMPLE IRA within the first two years of participation in the plan.* ***HSAs:*** *If your withdrawals from a health savings account exceed your qualified medical expenses, you'll have to pay income tax on the excess and, if you are under age 65, an additional 20% tax penalty.* ***Mutual Funds:*** *Before investing in mutual funds, investors should consider a fund's investment objectives, risks, charges, and expenses. Contact your financial professional for a prospectus containing this information. Please read it carefully before investing.*

Please consult your tax and financial professionals before the end of the year.

Your professionals can review your financial situation and determine whether there are any steps you can take to lower your taxes.

The Clean Vehicle Tax Credits

Thanks to two federal tax credits, you may be able to knock a few thousand dollars off the cost to purchase an electric vehicle, plug-in hybrid, or fuel cell vehicle.

You may be eligible for up to a $7,500 federal tax credit if you purchase a new clean vehicle or up to a $4,000 credit if you purchase a used clean vehicle.

To qualify for either credit, both you and the vehicle must meet a few requirements. Some of them are shown here. You can find more complete information about the requirements, as well as a list of vehicles that may qualify for the credit, on the website www.FuelEconomy.gov.

Receiving the credit is faster than ever in 2024. That's because you may now be able to transfer the credit to the dealer who can deduct it from your purchase price. Or if you prefer, you can wait and claim the credit yourself when you file your tax return.

There's also a new time-of-sale report that you should get from the dealer and hang on to for your records. It shows the credit amount that your exact vehicle qualifies for and whether the credit was transferred to the dealer.

But before arranging to have the credit transferred to the dealer, please be certain that you qualify for it. If you don't meet the eligibility requirements and the dealer applies the credit to your purchase price, you'll have to reimburse the IRS for it when you file your tax return. ■

PLEASE CONSULT YOUR TAX PROFESSIONAL FOR ADVICE.

NEW clean vehicle credit

Qualified vehicles

A new all-electric, plug-in hybrid, or fuel cell vehicle that:

Meets requirements for critical minerals and/or battery components.

Has an MSRP of $80,000 or less for vans, sport utility vehicles, and pickup trucks or $55,000 or less for other types of vehicles.

Underwent final assembly in North America.

Credit amount

$3,750 if the critical minerals requirement is met.

$3,750 if the battery components requirement is met.

$7,500 if both requirements are met.

USED clean vehicle credit

Who qualifies

Your modified adjusted gross income cannot exceed:

$300,000 if married filing jointly

$225,000 if head of household

$150,000 for all other filers

Qualified vehicles

A pre-owned all-electric, plug-in hybrid, or fuel cell vehicle that:

You purchase from a licensed dealer for $25,000 or less.

Has a model year at least two years earlier than the year you buy it. For example, a vehicle purchased in 2024 must have a model year of 2022 or earlier.

Credit amount

30% of the sales price, up to a maximum credit of $4,000.

Who qualifies

Your modified adjusted gross income cannot exceed:

$150,000 if married filing jointly

$112,500 if head of household

$75,000 for all other filers

Also, you cannot have claimed a used clean vehicle credit in the three years before the purchase date or be claimed as a dependent on another person's tax return.

CITY OF SUNSHINE | Sydney, Australia

BY BRIAN JOHNSTON

EUPHORIA IS IN THE AIR IN SYDNEY. This is a youthful city entering its prime, where the air is heady with the smell of eucalypts, breezes from the Pacific Ocean stir on street corners, and the sun always seems to shine. A teenager among world cities, Sydney is big, brash, and full of energy, with a reputation for good living and materialism. But that doesn't stop Sydneysiders from sleeping late on Sundays and stumbling out for eleven o'clock breakfast by the beach. Sydney is more about shorts than suits; people surf the waves as much as the Internet. Sunny and seductive, life in Sydney sometimes seems like a permanent weekend.

Sydney gets a head start in the world's best city stakes with one magnificent advantage: location. Its scintillating position on a vast harbor is its greatest asset. Convoluted bays and indentations snake inland as far as Parramatta, and every suburb seems to have unexpected glimpses of water, the great humped back of the Harbor Bridge sticking up in the distance like a prehistoric skeleton. Take the stairs up the pylon of Sydney Harbor Bridge for spectacular views of the harbor and the historic district The Rocks, the oldest urban settlement in Australia, whose many colonial buildings have been converted to pubs, restaurants, and galleries. The more daring can join a guide and climb the soaring arch for a dizzying bridge-top experience.

Downtown, the famous Opera House gracefully complements the harbor with its roof shells that glitter in the sun like mother-of-pearl and are perhaps most reminiscent of a ship in full sail, an idea perfectly complimented by the yachts that skim past its windows. However, strange metaphors spring to the mind of onlookers. The opera house's distinctive appearance has been compared to a ballet dancer's tutu, the ruffled wings of a swan, and even a typewriter full of oyster shells. Some analogies are more Australian: shark's teeth, a pavlova, nine nuns in a rugby scrum. A Brisbane journalist memorably wrote that 'From the front view, it reminded me of Joan Sutherland, mouth open in the mad scene from Lucia di Lammermoor.'

However you describe it, Sydney Opera House is one of the most stunning masterpieces of twentieth-century architecture. For the record, its Danish architect Jørn Utzon said he was inspired, while having breakfast, by the segments of an orange. For fine views of the Opera House, head to the Botanic Gardens. This is a good place for a picnic, where you

LEFT: **Sydney is positioned on a vast harbor with convoluted bays and indentations that snake inland.** BELOW: **More than one hundred beaches dot Sydney's harbor, bays, and coastline.**

can sit within sight of Sydney's skyline and watch brides having their wedding photos taken by the duck ponds. Cockatoos flash their sulfur crests above the trees, ibis stalk among the shrubbery, and a famous roost of flying foxes (large fruit bats) makes a move at dusk. The wildlife is just as happy with Sydney as the locals: you can see evening possums in Hyde Park and lorikeets show off their dazzling parrot colors in suburban trees.

Along the edge of the Botanic Gardens and running up from the Opera House, Macquarie Street showcases early colonial Sydney. Along it stands the imposing State Library (presided over by a monument to Shakespeare), the former Mint with its wide veranda picked out in mustard yellow, and the State Parliament of New South Wales.

Further along, Hyde Park Barracks have a classic Georgian front topped by an early colonial clock that still requires winding by hand. The barracks were built to house convicts assigned to government duties in the early days of the European colony; you can still see the dormitory hung with hammocks where they slept, and a small museum outlines the social history of Sydney, including its convict past. A statue of Queen Victoria stands imperiously outside, waving a scepter towards city skyscrapers.

Not far away, the Art Gallery of New South Wales has excellent if limited exhibits of Aboriginal, Australian, Asian, and European art, although frankly culture really isn't Sydney's strong point.

What Sydney is really about can be seen just across the compact downtown at Darling Harbor: a place for office workers to sit in the sun during their lunch breaks, for kids to play on the climbing frames, for everyone to enjoy the frequent fireworks displays at night. There are good museums (applied sciences and arts at the Powerhouse, submarines and old pearling ships at the National Maritime Museum), a giant IMAX theatre, and a traditional Chinese Garden, one of the best outside China. Another big drawing card is the Sydney Aquarium with its walk-though underwater tunnels through tanks of sharks, turtles, and manta rays.

A short walk brings you to the Fish Market at Pyrmont. True, most of its produce is intended for home cooking, but there are some rough-and-ready restaurants here that will cook you up a great barbequed lunch of prawns and salmon. Sydney is a fine place for dining, with Asian and Mediterranean influences on its cuisine. Sydneysiders spend half their free time in cafés (caffè latte is the drink of choice) and the other half jumping from tapas bars to Turkish pastry shops to Thai curry houses.

For Chinese cuisine, look no further than Chinatown in the city. Bondi features Jewish and Eastern European cuisine, Surry Hills has a fine collection of Indian, Turkish, and Lebanese, while Leichhardt is the place to go for Italian. Liverpool Street in the city is home to a row of Spanish restaurants and tapas bars. Among the city's renowned eating streets are Victoria Street and Oxford Street (Darlinghurst), Macleay Street (Potts Point), the great value King Street (Newtown), and Crown Street (Surry Hills).

While downtown certainly has its attractions, visitors often miss out on Sydney's suburbs and harbor foreshores, and in so doing miss the reason so many Sydneysiders think this is the world's greatest city. The locals all know Sydney is an outdoor place: a towel on the beach, a yacht on the harbor, an open-air concert in the Domain, a pavement café. And it's in the suburbs that Sydney really shines, with squawking parrots, flowering wattle trees, and views of glittering water and city skyline. Take a ferry to Kirribilli, a suburb lying under the shadow of the Harbor Bridge, and then walk eastwards through the elegant North Shore, where views of the city, Opera House, and waterside mansions are spectacular.

For an ocean walk, happy-go-lucky seaside suburb Manly is a 30-minute ferry ride from downtown. It has been the place for day tripping ever since the ferry service began from the city in 1854; today the ride along the harbor is a highlight of any Sydney visit. Spend your day out here having a surfing lesson, browsing the surf shops, wandering the promenades, and looking out for resident fairy penguins. Top it all off—quite literally—at North Head on the cliffs that mark the entrance to Sydney Harbor. You can see down the whole length of dazzling blue water to the skyscrapers of the city in the far distance. Blue skies, blue water, fresh air: who wouldn't be euphoric? ■

FYI

National Parks You May Not Have Heard Of

When you think of national parks, places such as Yosemite and the Grand Canyon probably come to mind. But what about Banff, Jasper, and Pacific Rim? Canada is home to 37 national parks, some that attract more than a million visitors every year and others so remote their annual visitors number in the double digits. Here's a sampling.

ALBERTA | Banff National Park

Located in the Canadian Rockies, Banff is the flagship of Canada's park system, attracting more than four million visitors each year to hike its hundreds of miles of trails, kayak the waters of Instagram-worthy Lake Louise and Moraine Lake *(pictured above)*, ski at the three world-class resorts located within the park's boundaries, and soak up the staggeringly beautiful mountain scenery.

ALBERTA | Jasper National Park

Located just to the northwest of Banff National Park, Jasper is the second most visited park in Canada, attracting more than two million visitors each year. The Icefields Parkway winds through both parks and offers spectacular views of glaciers and mountains. Jasper itself offers a large network of trails—ideal for hiking, biking, and horseback riding, as well as backcountry camping opportunities and dark skies that are perfect for stargazing. In fact, Jasper is the second largest dark sky preserve in the world.

BRITISH COLUMBIA | Pacific Rim National Park Reserve

Located on the west coast of Vancouver Island, Pacific Rim offers long sandy beaches and temperate rainforests. It attracts over one million visitors a year to catch a wave, watch the storms roll in from the Pacific, hike the West Coast Trail (very challenging), or paddle among the Broken Group Islands.

PRINCE EDWARD ISLAND
Prince Edward Island National Park

Located on the north shore of Prince Edward Island in the Gulf of Saint Lawrence, this national park features several sandy beaches—perfect for a stroll or a dip during the summer. There are also trails for hiking in the dunes and woodlands.

ALBERTA-NORTHWEST TERRITORIES
Wood Buffalo National Park

Canada's largest national park spans the Alberta-Northwest Territories border and is home to whooping cranes, wolves, and the largest herds of wood bison in the world. It also happens to be the largest dark sky preserve in the world. However, if stargazing is on your agenda, you may want to avoid visiting in May through July because this park is so far north that the sun barely sets during these months.

NUNAVUT | Qausuittuq National Park

This park in the High Arctic is Canada's northernmost park and features tundra and wetlands, as well as herds of muskoxen and Peary caribou. The name of the park, Qausuittuq, means "place where the sun doesn't rise" in Inuktitut, which provides some idea of what to expect in the winter months. Qausuittuq is located on Bathurst Island and can only be reached by chartered aircraft. There are no facilities there, and the Canadian park system warns that visitors must be experienced and self-reliant to visit this park. ■

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QUIZ

America the Beautiful

1. If you are listening to the roar of Cumberland Falls as it plunges 68 feet to the water below, you are in:

A. Kentucky
B. North Carolina

2. If you are admiring the historic homes in Rainbow Row, you are in:

A. Atlanta, Georgia
B. Charleston, South Carolina

3. If you are watching the sun rise over the sandstone formations in the Garden of the Gods, you are in:

A. Colorado
B. Arizona

4. If you are watching the northern lights dance across the sky in Voyageurs National Park, you are in:

A. Maine
B. Minnesota

5. If you are strolling past colorful Victorian-era homes in the seaside town of Cape May, you are in:

A. New Jersey
B. Florida

6. If you are leaf-peeping on the Kancamagus Scenic Byway in the White Mountains, you are in:

A. New Hampshire
B. New York

7. If you are gazing at the rock formations off the shore of Ruby Beach in the Olympic National Park, you are in:

A. Washington
B. Virginia

8. If you are enjoying the amazing vistas from Angels Landing in Zion National Park, you are in:

A. Idaho
B. Utah

9. If you are paddleboarding on Lake Austin, a reservoir on the Colorado River, you are in:

A. Colorado
B. Texas

10. If you are kayaking along the sandstone cliffs of the Apostle Islands in Lake Superior, you are in:

A. Wisconsin
B. Ohio

ANSWERS: 1–A, 2–B, 3–A, 4–B, 5–A, 6–A, 7–A, 8–B, 9–B, 10–A

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