

The below commentary from H&R Block tax experts is customized to support your tax season stories on the top tax trends for 2024. This document is frequently updated. If you have additional questions, please email [mediadesk@hrblock.com](mailto:mediadesk@hrblock.com).

## Top Trends for Tax Season 2024

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## Tax Season 2024 Overview

“There are many tax changes to consider when filing this year. First, the IRS updated tax brackets for inflation, and if your earnings stayed the same, you’ll pay less in taxes this year, which means a bigger refund. Americans may be eligible for a student loan interest deduction if they resumed or started loan payments for the first time since the repayment freeze. If anyone bought healthcare coverage from the ACA marketplace (healthcare.gov), a temporary rule change lets more people take the Premium Tax Credit (PTC) and receive a larger credit when they do. Additionally, for those who received a rebate or relief payment from their state, the money is often not considered income on your federal or state tax return.” - **Kathy Pickering, Chief Tax Officer at H&R Block**

## Benefits of Filing Early

“The earlier you file, the earlier the IRS can provide you with your refund. If you wait until the April 15 deadline, you’re spending that much time not even requesting your refund. If you owe money on your taxes, that payment isn’t due until April 15. Filing early will give you plenty of time to arrange your budget and determine if you should apply for a payment plan with the IRS.

Taxpayers should be aware that some of our identity details can be found online, so there is a potential threat of someone stealing your identity and filing a fraudulent refund claim. Filing early lessens your risk of tax-related identity theft because it locks your social security number down with the IRS for this year.” - **Alison Flores, Manager, the Tax Institute at H&R Block**

### Child Tax Credit

“Since the vote still needs to go through the Senate, we recommend not waiting to file. If this passes, the bill would direct Treasury to issue additional refunds as soon as possible to eligible taxpayers who have already filed, so no action is needed. An H&R Block tax pro can provide expertise and help to those who have questions along the way.

Note: The IRS would likely be able to send out larger refunds to low-income parents claiming the credit this season. We don’t expect to see more people eligible, but there may be some taxpayers with low income who didn’t or wouldn’t file this year absent this legislative change. Under current law, their refund may be nominal and not worth the cost and hassle of filing. With the expanded CTC, it may be worth filing.

The legislation changes the method used to calculate the maximum refundable credit by multiplying the old maximum amount by the number of qualifying children claimed on the tax return. Under the old rule, a taxpayer determined the maximum amount by multiplying their earned income in excess of \$2,500 by 15%. The new legislation then multiplies that amount by the number of eligible children, providing a larger credit for many families with multiple children. This change would be effective for tax years 2023, 2024, and 2025.

The legislation increases the maximum refundable credit amount of \$1,600 to \$1,800 for tax year 2023, \$1,900 for tax year 2024, and \$2,000 for tax 2025. Both the regular and refundable CTC will be adjusted for inflation in tax years 2024 and 2025. Taxpayers can use their prior year’s earned income to determine their maximum credit amount for tax years 2024 and 2025. This would benefit taxpayers who earned more income in the prior year because it would increase the maximum refundable credit.

This legislation does not provide a monthly advance of credit or an increased credit amount for children under a certain age. It also does not change the phase-out limits for the credit or the qualifications to receive the credit.” - **Andy Phillips, Director, the Tax Institute at H&R Block**

### Tax Bracket Adjustments

“Tax brackets are typically adjusted each year for inflation. The 2023 tax table changes made headlines last year as, at 7%, the tax brackets for 2023 were much higher than in previous years. If your wages stayed the same for 2023, or if you had a pay increase lower than the 7% inflation increase, you may end up paying less in tax overall. Essentially, these adjustments help prevent you from experiencing “bracket creep” as incomes shift up with overall inflation.” - **Kathy Pickering, Chief Tax Officer at H&R Block**

### Refund Size

Refunds should remain stable for most taxpayers with a possible bump due to larger inflation adjustments than last year. Many of the items that affect taxpayers' returns such as tax brackets, credit amounts, and income limitations, fluctuate each year based on certain economic indicators. With the increase in inflation we've faced in the last year, many of these items will be larger than normal, resulting in a slight bump in refunds.

However, a tax return is personal and specific to the individual filing. If you had life changes in 2023, like getting married, having children, or starting a new job, your return may change dramatically, which would impact your refund." - **Alison Flores, Manager, the Tax Institute at H&R Block**

### EV Tax Credits

"Those who are looking to purchase an energy-efficient vehicle in 2024 should know that not only can they get a credit for a new vehicle, but certain used vehicles qualify for that credit as well. In addition, you may be able to get the credit in advance when you buy, which can reduce the purchase price of the vehicle. It's important to work with a tax pro to make sure they're claiming the right credit and speak with the dealership where they purchased the car to see if they might be eligible." - **Andy Phillips, Director, the Tax Institute at H&R Block**

### Student Loan Deductions

In 2023, federal student loan payments resumed after a long pause due to the pandemic.

"Taxpayers who started repaying may be able to take a federal tax deduction on the interest they pay of up to \$2,500, and they don't need to itemize to take advantage of the deduction. Filers should know the income limits specified in their loan repayment terms, who owns the loan, who is making the payments, and if their parents claim them as a dependent. Each of these things could impact a taxpayer's ability to claim a deduction on the interest.

Taxpayers who have student loan debt discharged before January 1, 2026, do not have to include the cancellation in income for tax purposes." - **Kathy Pickering, Chief Tax Officer at H&R Block**

### Gig Work

“Side hustles and alternative ways of earning a living remain on the rise, particularly among Millennials, with most reporting it is to keep up with rising inflation rates. This has other implications, though, such as more complicated tax returns. We find that these taxpayers need more guidance and assistance to navigate these unique tax situations.” - **Alison Flores, Manager, the Tax Institute at H&R Block**

### 1099-K

“Form 1099-K reports payments and transactions from online platforms, apps, or payment card processors. In November of 2023, the IRS announced that the changes to the 1099-K rules had been delayed for a year. This tax season, platforms are required to send you Form 1099-K if you had over \$20,000 in payments and over 200 transactions during 2023. If you receive payments for goods and services in 2023 from an app or online platform, you should keep track of your receipts when it comes time to file.” - **Andy Phillips, Director, the Tax Institute at H&R Block**