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THE PARTNERSHIP LEDGER

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IRS ANNOUNCES 2025 MILEAGE RATES: BUSINESS RATE INCREASES, OTHERS UNCHANGED

The IRS has announced changes to standard mileage rates for 2025, with business mileage rates increasing by 3 cents while other categories remain unchanged. Starting January 1, 2025, drivers can claim 70 cents per mile for business use, 21 cents for medical or military moving purposes, and 14 cents for charitable service.

These rates apply to all vehicle types, including electric, hybrid, and conventional fuel vehicles. The business rate is determined through an annual study of both fixed and variable automobile operating costs, while medical and moving rates consider only variable costs. The charitable rate is set by statute.

Military members on active duty can still claim moving expense deductions when relocating under permanent change of station orders. While using standard mileage rates is optional, taxpayers can alternatively calculate actual vehicle costs. For owned vehicles used in business, the chosen method must be used in the first year, while leased vehicles must use the same method throughout the lease period.

IRS FINALIZES CLEAN ENERGY TAX CREDIT RULES FOR 2025 AND BEYOND

The Treasury Department and IRS have finalized rules for two major clean energy tax credits taking effect after 2024: the Clean Electricity Investment Tax Credit and Production Tax Credit. These "technology-neutral" credits aim to boost clean energy investment and production.

The Investment Tax Credit offers:

30% cost coverage for smaller projects (under 1 megawatt hour)

- 6% cost coverage for larger projects
- Applies to solar, wind, geothermal, energy storage, microgrids, and other clean technologies

The Production Tax Credit provides:

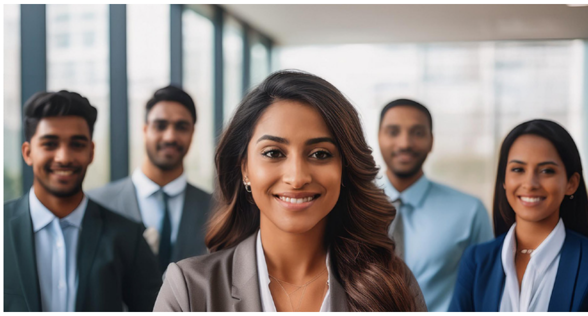
- Credits based on kilowatt hours produced
- Higher rates for projects exceeding 1000 kilowatt hours
- Covers solar, wind, geothermal, biomass, hydroelectric, and other clean power sources

Both credits require prevailing wage payments and registered apprentice employment to receive full value. Projects can earn bonus credits for energy community locations and using domestic materials. The Department of Energy estimates these credits, along with other clean energy initiatives, could save Americans up to $38 billion on electricity bills through 2030.

These new credits will replace existing ones for qualifying projects placed in service after December 31, 2024.

IRS PROPOSES TECH COMPETENCY REQUIREMENTS FOR TAX PROFESSIONALS

The Treasury Department and IRS have proposed significant updates to Circular 230, which governs tax professionals who practice before the IRS. The key change would require practitioners—including CPAs, enrolled agents, and other tax professionals—to maintain technological competency as part of their practice requirements.



The proposed regulations would modernize Circular 230 by:

- Requiring practitioners to understand benefits and risks of technology used for client services and handling confidential information
- Removing outdated provisions related to tax return preparation and contingent fees
- Clarifying that the Office of Professional Responsibility maintains jurisdiction over suspended or disbarred practitioners
- Establishing new rules for appraiser disqualification

- The technology competency requirement aligns with similar standards in the American Bar Association's Model Rules of Professional Conduct. The proposed changes reflect the evolving nature of tax practice and modern client service delivery.
- A public hearing on the proposal is scheduled for March 6, 2025. The regulations, published December 26, would affect tax return preparers, enrolled agents, attorneys, CPAs, and other tax practitioners.

MILLENNIALS IN LEADERSHIP: BRIDGING THE WORKPLACE GENERATION GAP

Millennials are stepping into leadership roles at a pivotal moment, positioned uniquely between traditional and digital-native work cultures. Having grown up during the transition from analog to digital, they serve as natural interpreters between conventional business practices and today's technology-driven workplace.

Once viewed as workplace disruptors advocating for flexibility and remote work, Millennials now find themselves navigating between established business norms and Gen Z's transformative approaches to professional communication and workflow. Their experience spanning both worlds has become an asset in today's evolving business landscape.

This generation brings a distinctive perspective: understanding both the value of traditional face-to-face interactions and the efficiency of digital solutions. They can appreciate detailed email correspondence while adapting to emerging communication styles. This dual understanding positions them effectively to lead multi-generational teams.

The key challenge lies in maintaining adaptability as technology accelerates. While Millennials pioneered many digital workplace transformations, they too must adapt to rapidly emerging technologies like AI and blockchain. Success in leadership now depends less on comprehensive technical knowledge and more on creating environments where diverse generational strengths can complement each other.

This generation's experience bridging technological transitions makes them particularly suited to guiding organizations through ongoing workplace evolution.

MAJOR IRA AND 401(K) CHANGES COMING IN 2025: WHAT YOU NEED TO KNOW

The SECURE 2.0 Act brings significant changes to retirement accounts in 2025. Here are the key updates:

New employers (post-Dec 2022) must automatically enroll workers in 401(k) plans at 3-10% contribution rates, increasing annually by 1% up to 10-15%. Employees can opt out or adjust their contributions.

Expanded catch-up contributions include:

- Ages 60-63 can contribute $10,000 more to 401(k)s (or 150% of 2024's catch-up limit)
- Similar increases for SIMPLE IRA participants ages 60-63 ($5,000 or 150% of regular catch-up limit)

Inherited IRA changes:

- 10-year withdrawal rule takes effect for non-exempt beneficiaries
- New 25% penalty for missed required minimum distributions
- Exceptions exist for spouses, young children, disabled individuals, and certain others

These changes aim to enhance retirement savings opportunities while implementing stricter inherited account rules. Consulting with a financial professional can help maximize these new provisions.

THE EVOLUTION OF MODERN ACCOUNTING FIRMS:
SPECIALIZATION VS. ADVISORY SERVICES

Recent research from the Accounting Advisory 360 Survey reveals key insights into what makes accounting firms successful in today's market. While conventional wisdom has long pushed firms toward specialization and advisory services, the reality is more nuanced.

KEY FINDINGS:

- Technology adoption is the primary driver of firm success
- Team-focused culture and continuous staff development are crucial
- Balanced firms (offering both compliance and advisory) show strongest performance
- Successful firms exist across specialization levels (specialized, hyper-specialized, and non-specialized)

• THE ADVISORY SERVICES DEBATE:

- Many firms struggle to properly define and monetize advisory work
- Successful advisory requires deep client relationships and business understanding
- Advisory services should be "productized" with clear delivery and pricing models
- Small firms can remain successful focusing primarily on compliance work.

• SPECIALIZATION CONSIDERATIONS:

- Geographic limitations may impact specialization possibilities
- Client size-based specialization can be as effective as industry focus
- Unplanned specialization often develops naturally through client needs
- Firm size significantly influences specialization strategy.

The research suggests that while both specialization and advisory services can contribute to firm success, neither is necessary for all firms. Success depends more on understanding firm identity, client needs, and market position while leveraging appropriate technology and maintaining strong team culture.0000

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