IRS News Release

Internal Revenue Service
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www.irs.gov/newsroom

Prepare to file in 2025: Get Ready for tax season with key updates, essential tips

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WASHINGTON — With the 2025 filing season quickly approaching, the Internal Revenue Service encouraged taxpayers to take key steps now to prepare for filing their 2024 federal income tax returns next year.

The IRS continues to improve taxpayer services to help people prepare for tax season with more digital tools and options available. The IRS encourages taxpayers to sign up now for an IRS Online Account to make tax season easier and help safeguard their tax information.

There are a number of things taxpayers can do to get ready as the end of 2024 nears and the start of the 2025 tax season approaches.

The IRS's Get Ready page on IRS.gov offers practical tips and resources to help taxpayers prepare. It highlights key updates and important steps for taxpayers to consider to make tax filing easier in 2025.

This reminder is part of a series designed to help taxpayers "Get Ready" for the upcoming filing season. Taking action now can reduce stress and ensure a smoother filing process next year.

Do more with an IRS Online Account

Individuals can create or access their IRS Online Account at Online account for individuals. With an IRS Online Account, they can:

- View key details from their most recent tax return, such as adjusted gross income.
- Request an Identity Protection PIN.
- Get account transcripts to include wage and income records.
- Sign tax forms like powers of attorney or tax information authorizations.
- View and edit language preferences and alternative media.
- Receive and view over 200 IRS electronic notices.
- View, make and cancel payments.
- Set up or change payment plans and check their balance.

Get an Identity Protection Personal Identification Number (IP PIN)

An IP PIN is a six-digit number that prevents someone else from filing a federal tax return using an individual's Social Security number or Individual Taxpayer Identification Number. It's a vital tool for ensuring the safety of taxpayers' personal and financial information.

New for the 2025 filing season, the IRS will accept Forms 1040, 1040-NR and 1040-SS even if a dependent has already been claimed on a previously filed return, as long as the primary taxpayer on the second return includes a valid IP PIN. This change will reduce the time for the agency to receive the tax return and accelerate the issuance of tax refunds for those with duplicate dependent returns.

The best way to sign up for an IP PIN is through the IRS Online Account. If an individual is unable to create an Online Account, alternative methods are available, such as in-person authentication at a Taxpayer Assistance Center. More information is available on how to sign up at Get an identity protection PIN (IP PIN).

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Deadline for 2024 last quarterly estimated payment is Jan. 15, 2025

Taxpayers with non-wage income—such as unemployment benefits, self-employment income, annuity payments or earnings from digital assets—may need to make estimated or additional tax payments. The Tax Withholding Estimator on IRS.gov can help wage earners determine if they need to make an additional payment to avoid an unexpected tax bill when filing their return.

1099-K reporting changes

Taxpayers who received more than $5,000 in payments for goods and services through an online marketplace or payment app in 2024 should expect to receive a Form 1099-K in January 2025. A copy of this form will be sent to the IRS as well.

Although the IRS is taking a phased in approach to implementation of the Form 1099-K reporting threshold, there have been no changes to the taxability of income. All income, including proceeds from part-time work, side jobs or the sale of goods and services is taxable. Taxpayers must report all income on their tax return unless it's excluded by law, whether they receive a Form 1099-K or not. The law doesn't allow taxpayers to avoid taxes on income earned just because they didn't get a form reporting the payments received.

It is important for taxpayers to understand why they received a Form 1099-K and how to use it along with their other records to figure and report the correct amount of income on their tax return. It is also important for taxpayers to know what to do if they received a Form 1099-K but shouldn't have. In either situation, good recordkeeping is key. Having good records will help make tax filing easier.

Prepare to include digital assets on taxes in 2025

Just like previous filing years, taxpayers must report all digital asset-related income when they file their 2024 federal income tax return. A digital asset is property that is stored electronically and can be bought, sold, owned, transferred or traded. Examples include convertible virtual currencies and cryptocurrencies, stablecoins and non-fungible tokens (NFTs).

If a taxpayer had digital asset transactions last year, they should be sure to keep records that prove their purchase, receipt, sale, exchange or any other disposition of the digital assets and that includes the fair market value, as measured in U.S. dollars of all digital assets received as income or as a payment in the ordinary course of a trade or business.

When filing 2024 federal income tax returns, taxpayers will be asked to answer "Yes" or "No" to the following question:

"At any time during the tax year, did you:
(a) receive (as a reward, award or payment for property or services); or
(b) sell, exchange or otherwise dispose of a digital asset (or a financial interest in a digital asset)?"

Taxpayers should be prepared to answer the question by reviewing the digital assets landing page and FAQ available on IRS.gov. In addition to checking the "Yes" box, taxpayers must report all income related to their digital asset transactions. Information on how to report digital asset transactions, including calculating capital gain or loss, determining basis and reporting the income on the correct form can also be found on the digital assets landing page.

Understand refund timing and how to avoid delays

Several factors can influence the timing of a refund after the IRS receives a tax return. While the IRS issues most refunds in less than 21 days, taxpayers are advised not to depend on receiving a 2024 federal tax refund by a specific date for major purchases or bill payments. Some returns may require

additional review and take longer to process if there are possible errors, missing information, or indications of identity theft or fraud.

Additionally, under the PATH Act, the IRS cannot issue refunds for tax returns claiming the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC) before mid-February. The IRS must hold the entire refund—not just the portion associated with these credits—until the review is complete.

Gather and organize 2024 tax documents

To make tax time easier, taxpayers should establish an effective record-keeping system, either electronic or paper, to organize all important documents in one place. This includes year-end income forms such as Forms W-2 from employers, Forms 1099 from banks or other payers, Forms 1099-K from third-party payment networks, Forms 1099-NEC for nonemployee compensation, Forms 1099-MISC for miscellaneous income, Forms 1099-INT for interest income and records of all digital asset transactions.

Having all necessary documentation ensures taxpayers can file an accurate return and reduces the likelihood of processing delays or refund issues.

Use direct deposit for a faster refund

Filing electronically and selecting direct deposit remains the fastest and safest way for taxpayers to receive their 2024 tax refunds. Direct deposit ensures quicker access to refunds compared to receiving a paper check.

For those without a bank account, resources are available to help. Individuals can learn how to open an account at an FDIC-insured bank or use the national Credit Union Locator tool. Veterans can explore the Veterans Benefits Banking Program for financial services at participating banks.

Tax refunds can also be deposited onto prepaid debit cards or through mobile payment apps, provided they have routing and account numbers. Taxpayers should confirm with the mobile app provider or financial institution which numbers to use when completing their tax return.

Free filing options

Seventy percent of all taxpayers can use free brand name tax software to prepare and file their federal income tax return electronically using IRS Free File. All taxpayers, regardless of income level, can also use IRS Free File Fillable Forms.

Taxpayers living in participating states with relatively simple tax returns can use Direct File and file their tax return online directly with the IRS. The Direct File program is another option for taxpayers to file their taxes. Taxpayers can see if they are eligible for Direct File.

Older adults, members of the military and many other taxpayers—depending on their income—may also qualify for free tax return preparation and electronic filing by IRS-trained volunteers through the Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) programs.