

Amended Return Explanation Statement, Form 1040-X, Tax Year 2024

Date

October 9, 2026

Explanation of Changes

1. Line affected: Schedule 1, Part II (Adjustments to Income), Self-employed health insurance deduction. Original treatment: the 2024 return as filed did not claim a deduction for \$9,000 of self-employed health insurance premiums paid by the taxpayer during the year.

Corrected treatment: the taxpayer is a self-employed individual with Schedule C net profit from an independent management consulting business; under 26 U.S.C. § 162, a self-employed individual may deduct amounts paid during the year for medical insurance covering the taxpayer, limited to earned income from the business establishing the plan and subject to disallowance for any month the taxpayer is eligible for a subsidized employer plan.

The \$9,000 of premiums paid falls well within the earned-income limitation given Schedule C net profit of \$180,000. Authority: 26 U.S.C. § 162. Resulting change: an additional adjustment to income of \$9,000 is claimed on the amended return, reducing taxable income and producing an estimated federal tax decrease of \$2,160 for the 2024 tax year.

2. Line affected: Schedule C and related depreciation schedules, Section 179 election for equipment placed in service in 2024. Original treatment: \$40,000 of computer and office equipment placed in service in 2024 was depreciated under the standard 5-year recovery method with half-year convention, with \$4,000 claimed as depreciation on the original return.

Corrected treatment: an election under Section 179 is made on this amended return for the full cost of the qualifying property placed in service in 2024, as permitted for a taxable year beginning after 2014 without the consent of the Commissioner, subject to the applicable dollar and investment limitations and to the taxable-income limitation from the active conduct of a trade or business.

The taxpayer's Schedule C net profit of \$180,000 exceeds the \$40,000 cost of the property, so the taxable-income limitation does not restrict the election. Authority: IRB 2019-03. Resulting change: the Section 179 election increases the 2024 deduction by \$36,000 over the depreciation previously claimed, which, after adjustment for the related self-employment tax and qualified business income effects, produces an estimated federal tax decrease of \$7,783 for the 2024 tax year. Depreciation schedules for later years are correspondingly reduced to reflect that the full cost is recovered in 2024.

Sincerely,

[Name], [Credential]
Your Firm Name, CPAs

Authorities relied on

26 U.S.C. § 162	• VERIFIED
IRB 2019-03	• VERIFIED

Draft for the signing professional's review. Every statement must be verified against the return and the cited authority before filing.