

Your Firm Name, CPAs

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October 9, 2026

Sample Client

Re: 2024 Individual Return Review, Sample Client

Dear Sample Client,

Thank you for letting us take a second look at your 2024 tax return. We reviewed the return as filed and also looked ahead at planning opportunities for the years to come. This letter summarizes what we found and what we recommend as next steps. Everything below remains a draft for our review and discussion with you before any return is amended or any plan is adopted; nothing here is final until we talk it through together.

Why we reviewed the return

We took a second look at your 2024 return to see whether any deductions were missed and whether there are steps worth taking now, before this year closes, to improve your tax position going forward. Three items from 2024 can still be captured through an amended return, and three additional planning moves are worth setting up before the end of this year. Nothing here is urgent this week; we will manage the deadlines with you.

What we found: items that can still be captured for 2024

Self-employed health insurance premiums. You paid \$9,000 out of pocket in 2024 for your own health coverage. Because you are self-employed, the law lets you subtract that amount from your income before tax is figured, without needing to itemize. This deduction was not claimed on the return as filed. We estimate the tax benefit at \$2,160.

Before we file, we need to confirm you were not eligible for a subsidized health plan through any employer during 2024, and whether any marketplace subsidy covered part of the premiums.

Section 179 election on 2024 equipment. You bought \$40,000 of computers and office equipment in 2024 and are currently writing it off a little at a time over five years. The law allows an election to deduct the full cost in the year it was placed in service, and that election can still be made on an amended 2024 return. We estimate the tax benefit at \$7,783.

This would pull future depreciation deductions into 2024, so the later years' write-offs would no longer be available; we will confirm the equipment's business-use percentage and that it was purchased from an unrelated party before filing.

Qualified business income (QBI) deduction. Consulting businesses are normally excluded from the 20 percent qualified business income deduction above a certain income level, but your 2024 income falls below that threshold. We estimate a deduction of roughly \$31,080, worth an estimated \$7,459 in federal tax.

This deduction interacts with the other 2024 items above, so we will model all of them together on the same amended return to get the combination that works best, and we will confirm your actual 2024 taxable income stayed under the threshold.

Why we recommend amending, and the window that applies

All three of these items can be claimed on an amended 2024 return (Form 1040-X), and the deadline to file a refund claim for the 2024 tax year runs through April 15, 2028. That gives us time to confirm the open questions above before filing, but we do not recommend waiting until the deadline approaches. Taken together, we estimate these three 2024 items at approximately \$23,447 in combined tax benefit, subject to the confirmations noted for each one.

Planning moves worth setting up before the end of this year

Owner-only retirement plan. We could set up a one-person 401(k) for your consulting business, combining a personal salary-deferral contribution with a larger business-funded contribution; the business portion can be funded as late as next fall if the return is extended. On roughly your current level of profit, this combination could shelter an estimated \$57,000 of income, worth an estimated \$11,000 in federal tax deferred each year, though the money is locked up for retirement and tax is paid later on withdrawal.

If you are on the older side, we could add an actuary-designed pension-style plan the following year that can shelter considerably more for an older owner; the right sizing depends on your age, which we still need from you.

Rental loss allowance. Your rental property had an estimated \$6,000 loss in 2024 that could not be used because your income was too high. The loss is not gone: we can report it on an amended return so it is formally tracked as a carried-forward loss, and in future years we can size a self-employed retirement contribution large enough to bring your income under the relevant threshold, which may let the parked loss be used while you still own the property.

Either way, the loss remains available and becomes fully usable in the year you sell the property. We estimate a \$1,440 benefit from this approach, and we still need to confirm your ownership percentage in the property and your documentation of active participation.

Investment account review. We would like to review your brokerage account for positions worth less than you paid, so any losses can be realized against your \$15,000 of investment gains while keeping you invested in a similar, but not identical, replacement. If your health coverage qualifies as a high-deductible plan, we could also open a health savings account, which gives a deduction going in and comes out tax-free for medical costs.

If your retirement plan can accept a rollover, we could clear out any pre-tax IRA balances first so a Roth conversion can be done with little or no tax. One expectation to set now: the \$4,000 of investment advisory fees you are currently paying is not deductible under current law; the only pre-tax approach is to have the portion of the fee tied to IRA money billed directly to the IRA going forward.

We estimate a combined benefit of \$1,056 from this group of moves, and we still need your account balances, health coverage type, and state of residence before finalizing any of it.

How these estimates fit together

The three 2024 amended-return items above total an estimated \$23,447. The planning moves overlap with that figure rather than stacking on top of it, because the retirement-plan structure is built to include the review-mode items as part of its design. The combined estimate across everything we reviewed is \$38,271, and that figure should be read as the overall opportunity rather than the sum of the two sections added together.

What happens next

We will prepare the amended 2024 return once you confirm the items noted above, and we will walk you through the retirement plan, rental loss, and investment account steps so we can set them up well before year end. None of this requires immediate action, but the retirement plan and investment steps do have year-end deadlines, so we would like to schedule time with you in the next few weeks.

We welcome the chance to go through all of this together, answer your questions, and confirm the facts noted above before anything is filed or any account is changed. Please let us know a convenient time to talk.

Sincerely,

[Name], [Credential]

Your Firm Name, CPAs

Authorities cited in this letter

IRB 2019-03	• VERIFIED
IRB 2019-09	• CPA TO CONFIRM
26 CFR § 1.469-9	• CPA TO CONFIRM

Figures are estimates for discussion and depend on facts we will confirm with you. This letter is not a guarantee of any outcome.