

EMERGENCY BRIEFING: TAX SEASON 2026

JJ **THE CPA**®

JOSHUA JENSON, CPA YouTube

CPA Firm Founder
32 Years Practicing CPA
National Speaker
Tax & CPE Instructor
2x Author & YouTuber



JOSHUA JENSON, CPA aka JJ THE CPA

Joshua has over 33 years of public accounting experience in the field of tax, specializing in LLCs, partnerships, S corporations, and related individual tax matters. He continues to actively practice in the tax industry through the CPA firm he founded 29 years ago.

JJ has traveled extensively throughout the United States, presenting tax courses to thousands of fellow CPAs, covering the latest tax laws and strategies, and delivering virtual tax seminars to CPAs, Enrolled Agents, and tax professionals nationwide.

The U.S. Chamber of Commerce named him one of the top 10 Small Business Experts to follow on social media. He has appeared on local as well as national news programs for the last 20 years, becoming a regular guest during tax season on several local and national radio programs.

JJ the CPA has over 102,000 SUBSCRIBERS and over 8 million views on his YouTube channel “JJ THE CPA,” and has authored 5 books available on Amazon.

Joshua Jenson is a licensed CPA in Oklahoma and Texas, and a member of the American Institute of CPAs, the Oklahoma Society of CPAs, as well as the Oklahoma City Chapter of the OSCPAs. Joshua is a 1993 graduate of Abilene Christian University, where he earned a degree in accounting.



**Stop carrying
tax season.**

Step up and lead it.

I'll show you how — starting now.

Doors close Monday at noon.

Let's go.

Join us!

- *Meet every weekly!*
Tax updates + Q&A
- *Community platform!*
- *4 tax workshops!*



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**Tax Season
Mastermind**

TAX SEASON MASTERMIND

JJ **THE CPA**™ *Now - April 15th*

Tax season is hard enough – Do NOT go it alone?



Membership Closes

At 50 Members or Feb 2 at Noon

Private circle of tax pros with real-time insight during the busiest months of the year.

- Weekly Live Q&A Meetings
- Daily Lifeline - Member Only App
- 4 Live Tax Season Workshops
- 3 Hour OBBBA Tax Seminar
- 800+ Page Tax Update (pp)
- My Latest Book (pdf)

1/31/26

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JJ THE CPA®

TAX SEASON MASTERMIND

January - April 15th

Membership Closes 2/2

THIS IS YOUR ADVISORY GROUP

Combining:

- Routine live Q&A weekly meetings
- 4 tax season driven workshops
- A private circle of tax professionals
- Real-time insight
- Advisory during busy season
- Peer group support system



MEMBERSHIP

is through April 15, 2026



- Weekly Q&A
- + 4 Tax Workshops
- + Daily Lifeline
- + OBBBA Seminar
- + 800 pg Tax Update

**Join \$997
Now**

**Closes at
50 Members
or Feb 2**

1/31/26

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RESOURCES

Federal Tax Individual & Business Update PowerPoint

Reverse Thinking Required Book (pdf)

OBBBA Tax Seminar

Video OBBBA Seminar

OBBBA Seminar Slides

OBBBA CE Credit Quiz & Form

PRACTICE MANAGEMENT SEMINAR

Video Practice Management Seminar

Practice Management Seminar Slides

Practice Management Seminar Materials

Seminar TIME Excel Worksheet

WHAT I USE IN MY PRACTICE

Client Tax Document Checklist

Individual Tax Return Cover Letter

Individual Engagement Letter

S-Corporation Tax Return Cover Letter

S-Corp Engagement Letter

Partnership Tax Return Cover Letter

Partnership Engagement Letter

ADP PAYROLL VALUATION GRID

E CPA - FOR INFORM

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<https://www.jjthecpa.com/mastermind>

Join now!

Limited to 50 members
for tax season 2026
As of right now only 18
spots remain.

Membership sign up
ends this Monday at
Noon CST



1/31/26

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ANY INFORMATION IN THIS SEMINAR OR WEBINAR IS INTENDED FOR INFORMATIONAL PURPOSES ONLY

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OVERVIEW

This course covers tax matters impacting individuals and small businesses for tax season 2026, including the One Big Beautiful Bill Act (OBBBA), which is the most significant tax legislation in years, permanently changing and introducing key tax code provisions, including SALT cap changes, PTET, no tax on tips or overtime, senior tax deduction, charitable contributions, car loan interest deduction, and much more. We will cover examples, planning strategies, and client considerations to apply immediately.

LEARNING OBJECTIVES

- Identify and learn about key tax provisions affecting individuals and small businesses.
- Learn what laws have changed, including with the enactment of OBBBA.
- Apply updated deduction limits and planning strategies.
- Learn to understand better recent Federal tax law changes of these topics and how they may apply to you or your client's circumstances.
- Learn more about these topics to better serve your clients with expanded and up-to-date information

ACRONYMS

- AGI – Adjusted Gross Income
- AMT – Alternative Minimum Tax
- CTC – Child Tax Credit
- ERC – Employee Retention Credit
- EITC – Earned Income Tax Credit
- HSA – Health Savings Account
- IRS – Internal Revenue Service
- MAGI – Modified Adjusted Gross Income
- MFJ – Married Filing Jointly
- OBBBA – One Big Beautiful Bill Act
- PTET – Pass Through Entity Election

ACRONYMS

- QBI – Qualified Business Income
- QBID – Qualified Business Income Deduction (Section 199A)
- SALT – State and Local Taxes
- SEC. 179 – Section 179 Depreciation
- SSTB – Specific Service Trade or Business
 - Refers to a trade or business that falls into specific categories of services, or where its primary asset is the reputation or skill of its owners or employees (Health, Legal, Accounting, etc.)
- TCJA – Tax Cuts and Jobs Act

- Above the Line – Deduction to Calculate at AGI
- Below the Line – Deduction Taken After AGI Calculated

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FORM 1040 2025 (WHAT'S NEW)

Instructions:

<https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>

NO TAX ON TIPS: IRS REFERENCES TO DATE

Authority Links:

<https://www.irs.gov/newsroom/treasury-irs-issue-guidance-listing-occupations-where-workers-customarily-and-regularly-receive-tips-under-the-one-big-beautiful-bill>

<https://www.federalregister.gov/documents/2025/09/22/2025-18278/occupations-that-customarily-and-regularly-received-tips-definition-of-qualified-tips>

NO TAX ON OVERTIME: IRS REFERENCES TO DATE

Authority Links:

<https://www.irs.gov/newsroom/questions-and-answers-about-the-new-deduction-for-qualified-overtime-compensation>

<https://www.irs.gov/newsroom/treasury-irs-issue-faqs-to-address-the-new-deduction-for-qualified-overtime-compensation-under-the-one-big-beautiful-bill>

<https://www.irs.gov/pub/irs-drop/n-25-62.pdf>

<https://www.irs.gov/pub/irs-drop/n-25-69.pdf>

CAR LOAN INTEREST: IRS REFERENCES TO DATE

<https://www.irs.gov/newsroom/treasury-irs-provide-guidance-on-the-new-deduction-for-car-loan-interest-under-the-one-big-beautiful-bill>

Proposed Regulations:

<https://www.federalregister.gov/documents/2026/01/02/2025-24154/car-loan-interest-deduction>

IRS Notice 2025-57 (Transitional Guidance)

<https://www.irs.gov/pub/irs-drop/n-25-57.pdf>

SENIOR DEDUCTION: IRS REFERENCES TO DATE

<https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>

BRAND NEW BONUS DEPRECIATION IRS REFERENCES TO DATE

Authority Links:

<https://www.irs.gov/newsroom/treasury-irs-issue-guidance-on-the-additional-first-year-depreciation-deduction-amended-as-part-of-the-one-big-beautiful-bill>

<https://www.irs.gov/pub/irs-drop/n-26-11.pdf>

<https://www.irs.gov/newsroom/additional-first-year-depreciation-deduction-bonus-faq>

The Treasury Department and IRS released Notice 2026-11 providing interim guidance on the permanent restoration of the additional first-year depreciation deduction under IRC § 168(k), as amended by the One Big Beautiful Bill Act (OBBBA). The law establishes a permanent 100% deduction for eligible depreciable property acquired after January 19, 2025, replacing the scheduled phase-down that had reduced the deduction in recent years.

TRUMP ACCOUNT: IRS TO DATE

FORM 4547 (DRAFT)

<https://www.irs.gov/pub/irs-dft/f4547--dft.pdf>

FORM 4547 (DRAFT) INSTRUCTIONS

<https://www.irs.gov/pub/irs-dft/i4547--dft.pdf>

<https://www.irs.gov/newsroom/treasury-irs-issue-guidance-on-trump-accounts-established-under-the-working-families-tax-cuts-notice-announces-upcoming-regulations>

IRS NOTICE 2025-68

<https://www.irs.gov/pub/irs-drop/n-25-68.pdf>

<https://www.trumpaccounts.gov/>

Launching July 5, 2026

2026 FORM W-2: IRS REFERENCES TO DATE

Authority Links:

2026 Form W-2

<https://www.irs.gov/pub/irs-pdf/fw2.pdf>

2026 Form W-2 Instructions

<https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>

2026 FORM 1099's: IRS REFERENCES TO DATE

Authority Links:

2026 Form 1099-Misc

<https://www.irs.gov/pub/irs-dft/f1099misc--dft.pdf>

2026 Form 1099-NEC

<https://www.irs.gov/pub/irs-dft/f1099nec--dft.pdf>

2026 Form 1099 Instructions

<https://www.irs.gov/pub/irs-dft/p1099--dft.pdf>

EXPANSION OF HSA ELIGIBILITY UNDER THE OBBA

<https://www.irs.gov/pub/irs-drop/n-26-05.pdf>

WHAT'S NEW FORM 1040



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FORM 1040 2025 (WHAT'S NEW)

| | | | | |
|---|---|-----------------------------------|-------------------|--|
| Form 1040 | Department of the Treasury—Internal Revenue Service | 2025 | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
| For the year Jan. 1–Dec. 31, 2025, or other tax year beginning | | , 2025, ending | , 20 | See separate instructions. |
| <input type="checkbox"/> Filed pursuant to section 301.9100-2 | <input type="checkbox"/> Combat zone | <input type="checkbox"/> Deceased | MM / DD / YYYY | Spouse MM / DD / YYYY |
| <input type="checkbox"/> Other | | | | |
| Your first name and middle initial | Last name | Your social security number | | |
| If joint return, spouse's first name and middle initial | Last name | Spouse's social security number | | |
| Home address (number and street). If you have a P.O. box, see instructions. | | | Apt. no. | Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. <input type="checkbox"/> |

Instructions:

<https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>

FORM 1040 2025 (WHAT'S NEW)

Main home was in the U.S. If your main home (and spouse if filing a joint return) was in the U.S. for over half of 2025, check the box on the front of Form 1040 or 1040-SR. Providing this information will help the IRS determine your eligibility for certain tax benefits, including the earned income credit.

| | | | |
|---|--|--|--|
| Form 1040 Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return | | 2025 OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
| For the year Jan. 1–Dec. 31, 2025, or other tax year beginning _____, 2025, ending _____, 20 | | See separate instructions. | |
| <input type="checkbox"/> Filed pursuant to section 301.9100-2 | | <input type="checkbox"/> Combat zone | |
| <input type="checkbox"/> Other | | <input type="checkbox"/> Deceased MM / DD / YYYY Spouse MM / DD / YYYY | |
| Your first name and middle initial _____ | | Last name _____ | |
| Your social security number _____ | | _____ | |
| If joint return, spouse's first name and middle initial _____ | | Last name _____ | |
| Spouse's social security number _____ | | _____ | |
| Home address (number and street). If you have a P.O. box, see instructions. _____ | | Apt. no. _____ | |
| Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. | | <input type="checkbox"/> | |



FORM 1040 2025 (WHAT'S NEW)

Trump accounts and new Form 4547. Recent legislation allows parents, guardians, and other authorized individuals to elect to establish a new type of individual retirement account, called a Trump account, for the exclusive benefit of certain children. If the child was born after 2024 and before 2029, is a U.S. citizen, and meets certain other requirements, the authorized individual may also elect to receive a \$1,000 pilot program contribution to the child's Trump account. Both elections can be made on Form 4547, which can be filed at the same time as the authorized individual's 2025 income tax return. For more information on Trump accounts, and to learn how to make these elections, see Form 4547 and its instructions.

FORM 1040 2025 (WHAT'S NEW)

Changes to the Dependents section. The Dependents section now has numbered rows and asks for more information about you and your dependents. This new information is being asked to help the IRS determine your eligibility for certain tax benefits, including the child tax credit, the credit for other dependents, and the earned income credit.

| Dependents | | Dependent 1 | Dependent 2 | Dependent 3 | Dependent 4 |
|--|--|---|---|---|---|
| (see instructions) If more than four dependents, see instructions and check here <input type="checkbox"/> | (1) First name | | | | |
| | (2) Last name | | | | |
| | (3) SSN | | | | |
| | (4) Relationship | | | | |
| | (5) Check if lived with you more than half of 2025 | (a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S. | (a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S. | (a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S. | (a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S. |
| | (6) Check if | <input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled | <input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled | <input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled | <input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled |
| | (7) Credits | <input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents | <input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents | <input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents | <input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents |
| <input type="checkbox"/> Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025. | | | | | |

FORM 1040 2025 (WHAT'S NEW)

Write-in information. Beginning in 2025, most of the words, codes, and/or dollar amounts that are used to explain an item of income or deduction, and that you previously had to enter next to a specific line, now have a dedicated checkbox or entry space.

Contributions to a governmental paid family leave program. Beginning in 2025, if you made contributions to a governmental paid family leave program, you will now include the full amount of those contributions in your income. If you itemize your deductions on Schedule A, you can include the amounts contributed as part of the state and local taxes that you paid.

FORM 1040 2025 (WHAT'S NEW)

Form 1099-DA. If, in 2025, you used a broker to effect the sale of a digital asset, your broker should send you a Form 1099-DA that reports information regarding the transaction. In 2025, your broker has the option to report your basis in the digital asset on Form 1099-DA but is not required to do so. If your broker did not report your basis on Form 1099-DA, you will need to use your own books and records to determine your basis. As a reminder, regardless of whether you receive a Form 1099-DA, you must still answer the digital assets question on page 1 of Form 1040 or 1040-SR and must report gain or loss from the transaction with respect to the digital assets (see line 7(a)). For more information, see the Instructions for Form 1099-DA.

IRS: PAPER CHECKS PHASED OUT

The IRS, working with the U.S. Department of the Treasury, today announced that paper tax refund checks for individual taxpayers are phased out beginning on September 30, 2025, as required by Executive Order 14247, to the extent permitted by law. This marks the first step of the broader transition to electronic payments.

FORM 1040 2025 (WHAT'S NEW)

Electronic payments and direct deposit. If you have access to U.S. banking services or electronic payments systems, you should use direct deposit for any refunds. The IRS recommends paying electronically whenever possible. Options to pay electronically include using your bank account with Direct Pay, your debit or credit card, your digital wallet, or your online account. Go to [IRS.gov/ Payments](https://www.irs.gov/Payments) to see all your payment options. Also, see ModernPayments.

FORM 1040 2025 (WHAT'S NEW)

Death of a taxpayer. If you need to file a return for someone who died before filing a 2025 return, check the “Deceased” box at the top of Form 1040 or 1040-SR and enter the date of death. For more information, see Death of a Taxpayer.

| | | | | |
|--|---|-----------------------------------|-------------------|--|
| Form 1040 | Department of the Treasury—Internal Revenue Service | 2025 | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
| | U.S. Individual Income Tax Return | | | |
| For the year Jan. 1–Dec. 31, 2025, or other tax year beginning | | , 2025, ending | , 20 | See separate instructions. |
| <input type="checkbox"/> Filed pursuant to section 301.9100-2 | <input type="checkbox"/> Combat zone | <input type="checkbox"/> Deceased | MM / DD / YYYY | Spouse MM / DD / YYYY |
| <input type="checkbox"/> Other | | | | |



FORM 1040 2025 (WHAT'S NEW)

Death of a Taxpayer: If a taxpayer died before filing a return for 2025, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. If the deceased taxpayer didn't have to file a return but had tax withheld, a return must be filed to get a refund. The person who files the return must check the "Deceased" box at the top of page 1 of Form 1040 or 1040-SR. They must also enter the date of death in the entry spaces. If a return is being filed for both spouses who died in 2025, the person who files the return must check the "Deceased" box and enter the date of death for both the primary taxpayer and the spouse. If your spouse died in 2025 and you didn't remarry in 2025, or if your spouse died in 2026 before filing a return for 2025, you can file a joint return. A joint return should show your spouse's 2025 income before death and your income for all of 2025. Check the "Deceased" box at the top of page 1 of Form 1040 or 1040-SR and enter the date your spouse died in the entry spaces after "Spouse." Enter "Filing as surviving spouse" in the area where you sign the return. If someone other than you is the personal representative, they must also sign the return. Failure to complete this section may delay the processing of the return. All payers of income, including financial institutions, should be promptly notified of the taxpayer's death. This will ensure the proper reporting of income earned by the taxpayer's estate or heirs. A deceased taxpayer's social security number shouldn't be used for tax years after the year of death, except for estate tax return purposes.

FORM 1040 2025 (WHAT'S NEW)

New deductions for itemizers and non-itemizers. Recent legislation provided for four new deductions that take effect beginning in 2025. If you are eligible, you can claim these deductions if you take the standard deduction or if you itemize on Schedule A. For more information on these deductions, see the instructions for Schedule 1-A. The new deductions are as follows.

- **No tax on tips.** You may be eligible to take a deduction for qualified tips paid to you in 2025. You can't deduct more than \$25,000 of those tips. Your deduction will be limited if your modified adjusted gross income is more than \$150,000 (\$300,000 if married filing jointly). To be eligible, you and/or your spouse who received the tips must have a valid SSN. If you are married, you must file a joint return.

FORM 1040 2025 (WHAT'S NEW)

New deductions for itemizers and non-itemizers.

- **No tax on overtime.** If you earned qualified overtime, you may be eligible to deduct up to \$12,500 (\$25,000 if married filing jointly) of your qualified overtime compensation. Your deduction will be limited if your modified adjusted gross income is more than \$150,000 (\$300,000 if married filing jointly). To be eligible, you and/or your spouse who received the overtime must have a valid SSN. If you are married, you must file a joint return.

- **No tax on car loan interest.** If you paid or accrued qualified passenger vehicle loan interest on a vehicle you purchased in 2025 for personal use, you may be eligible to deduct up to \$10,000 of that interest. Your deduction will be limited if your modified adjusted gross income is more than \$100,000 (\$200,000 if married filing jointly).

FORM 1040 2025 (WHAT'S NEW)

New deductions for itemizers and non-itemizers.

- **Enhanced deduction for seniors.** If you were born before January 2, 1961, you may be eligible for an enhanced deduction for seniors. Your deduction will be limited if your modified adjusted gross income is more than \$75,000 (\$150,000 if married filing jointly). To be eligible, you and/or your spouse must have a valid SSN. If you are married, you must file a joint return. The maximum amount of the deduction is \$6,000 (\$12,000 if both spouses are eligible). New Schedule 1-A.

FORM 1040 2025 (WHAT'S NEW)

A new schedule to Form 1040, Schedule 1-A, has been created for taxpayers to claim a deduction for the recently enacted deductions for no tax on tips, no tax on overtime, no tax on car loan interest, and the enhanced deduction for seniors. For more information, see the instructions for Schedule 1-A.

State and local tax deduction limit increased.

The overall limit on the deduction for state and local income, sales, and property taxes has increased to \$40,000 (\$20,000 if married filing separately). The overall limit is reduced if your modified adjusted gross income is more than \$500,000 (\$250,000 if married filing separately) but will not be reduced below \$10,000 (\$5,000 if married filing separately). For more information, see the Instructions for Schedule A.

FORM 1040 2025 (WHAT'S NEW)

Changes to the child tax credit and additional child tax credit. Recent legislation made permanent the increase to the child tax credit (CTC) and additional child tax credit (ACTC) amount. For 2025, the maximum CTC has increased to \$2,200 per qualifying child, of which \$1,700 can be claimed for the ACTC. In addition, beginning in 2025, to be eligible to claim the CTC or ACTC, you must have a valid SSN, which means it must be valid for employment and issued before the due date of your return (including extensions). If you are filing a joint return, only one spouse is required to have a valid SSN in order to be eligible for the CTC and ACTC. The other spouse must have either an SSN or ITIN, and it must have been issued on or before the due date of the return (including extensions).

FORM 1040 2025 (WHAT'S NEW)

Changes to the adoption credit. Recent legislation made changes to the adoption credit. Beginning in 2025:

- Up to \$5,000 of adoption credit is refundable. Up to \$5,000 of your adoption credit may be refundable. The amount of the refundable portion is determined separately for each eligible child.
- Parity for Indian tribal governments. Tribal governments now have parity for special needs adoption determinations. This means that state government and Indian tribal government determinations of special needs are both recognized for purposes of the adoption credit.

For more information, see Form 8839 and its instructions.

FORM 1040 2025 (WHAT'S NEW)

Election to pay tax on farmland sale or exchange in installments. If your tax year began after July 4, 2025, and you sold or exchanged qualified farmland to a qualified farmer after that date, you can elect to pay the net income tax liability on the sale or exchange in four equal installments. For more information, see the instructions for Schedule 3. Also, see Form 1062 and its instructions.

Updated reporting requirements for Form 1099-K. Payment card companies, payment apps, and online marketplaces will be required to send you a Form 1099-K only if the amount of your business transactions during the year is more than \$20,000 and the total number of your transactions is more than 200.

FORM 1099-K: RECEIVED IN ERROR?

If you received a Form(s) 1099-K that shows payments that were included in error or for personal items sold at a loss, you will now enter these amounts in the entry space at the top of Schedule 1. See Form(s) 1099-K, in the Schedule 1 instructions.

**SCHEDULE 1
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

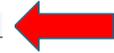
2025

Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

For 2025, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss



Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k.

SETUP & HAVE AN IRS INDIVIDUAL TAX ACCOUNT, AND TAX PRO'S HAVE AN ACCOUNT AS WELL

The Internal Revenue Service offers online Individual tax accounts and Tax Pro Accounts that individual and tax practitioners can use for submitting an authorization request to an individual client's own taxes online with the IRS.

The accounts can be used for submitting a power of attorney request and a tax authorization request. The IRS plans to expand the features available to tax professionals through the Tax Pro Accounts in the future. The IRS also said that it's adding more features to the online taxpayer accounts that it has been providing to taxpayers.

Taxpayers can now view the amount they owe, updated for the current calendar day; their balance details by year; their payment history and any scheduled or pending payments; key information from their most recent tax return; payment plan details; digital copies of select notices from the IRS; and their address on file with the IRS.

**SETUP IS
EASY**



Digital Authorizations

How to Submit Authorizations Using Tax Pro Account and Online Account



1. Steps for the Tax Professional

- Log in to Tax Pro Account at www.irs.gov/taxproaccount after validating identity.
- Initiate request for either a power of attorney (POA) or tax information authorization (TIA).
- Enter tax professional's information – name, address, and Centralized Authorization File (CAF) number.
- Enter taxpayer's information – name, address, and tax identification number (TIN).
- Select tax matter(s) and tax period(s).
- Check box as electronic signature (for POA only) and submit authorization for IRS validation and routing to taxpayer's Online Account.
- Inform taxpayer that an authorization request should be pending in their Online Account for their review and approval.

2. Steps for the Taxpayer

- Log in to Online Account at www.irs.gov/account after validating identity.
- Select the "Authorizations" tab.
- Review request from tax professional for accuracy.
- Check box as digital signature and approve the request; taxpayer also has the option to reject the request.

3. Most requests record immediately to the CAF database; will show as approved in Online Account and Tax Pro Account.

Tips

- Tax professional and taxpayer names and addresses must match IRS records exactly.
- Tax professional must already have a CAF number and be in good standing with the IRS.
- Tax Pro Account is available to tax professionals and taxpayers with addresses in the United States.
- Prior authorization revoked when new request is recorded for same request type, tax matter and period.
- Taxpayers maintain control over who can represent them before IRS or see their IRS tax records.

1/31/26

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**SETUP IS
EASY**



Online Account
www.irs.gov/account

Why You Should Create an IRS Online Account



New Feature

- Use the "authorization" option in Online Account to control who can represent you before the IRS or view your tax records.
- Approve and electronically sign Power of Attorney and Tax Information Authorization requests made by your tax professional.

Access Tax Records

- View key data from your most recent tax return.
- Access additional records via Get Transcript.
- View your Economic Impact Payment amounts.

View Balance and Notices

- View amount owed.
- Access digital versions of select correspondence from the IRS.

Payment Plans

- Learn about payment plan options.
- View payment plan details.

Make and View Payments

- Make a payment from your bank account or by debit/credit card.
- View five years of payment history and any pending or scheduled payments.

Upcoming Feature

Update Profile

- View and update address on file.
- Manage preferences such as email notifications.

Upcoming Feature

Opt-Out of Paper Notices

- Go paperless for certain correspondence from the IRS.

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NEW FORM 172: NET OPERATING LOSSES 1040

Net Operating Losses (NOLs) for Individuals, Estates, and Trusts

Publication 536 will no longer be revised after tax year 2023. Instead, information for net operating losses is now included in the Instructions for Form 172

<https://www.irs.gov/forms-pubs/about-form-172>

Form **172**
(December 2024)
Department of the Treasury
Internal Revenue Service

Net Operating Losses (NOLs) For Individuals, Estates, and Trusts. Go to www.irs.gov/Form172 for instructions and the latest information.

OMB No. 1545-0074

For calendar year _____, or other tax year beginning _____ and ending _____

| | | | |
|--|-------------------------|---------------------|---|
| Name(s) shown on return | | | Social security or employer identification number |
| Address (number and street). If you have a P.O. box, see instructions. | | Apt. or suite no. | Spouse's social security number (SSN) |
| City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code | Daytime phone number |
| Foreign country name | Foreign province/county | Foreign postal code | |

Part I NOL (see instructions)

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NEW FORM 172: NET OPERATING LOSSES 1040

This form was created for taxpayers (other than corporations) to figure the amount of net operating loss that is available to carry back or carry forward.

NOL carryback eliminated. Generally, you can only carry NOLs arising in tax years after 2020 to a later year. An exception applies to certain farming losses, which may be carried back 2 years. See section 172(b) and Pub. 225, Farmer's Tax Guide. Individuals, estates, and trusts that carry NOLs back to years in which they have a section 965(a) inclusion ("965 year") may not use this form. You must use an amended return to carry back to such years. December 23, 2024 NOL deduction limitation. In general, your NOL deduction for tax years beginning after December 31, 2020, cannot exceed the sum of: (1) the NOLs carried to the year from tax years beginning before January 1, 2018; plus, (2) the lesser of: (a) the NOLs carried to the year from tax years beginning after December 31, 2017, or (b) 80% of the excess (if any) of taxable income computed without regard to deductions for NOLs, or Qualified Business Income (QBI), or section 250 deductions, over the NOLs carried to the year from tax years beginning before January 1, 2018.

PREMIUM TAX CREDIT

IRS updates frequently asked questions on the Premium Tax Credit

<https://www.irs.gov/pub/taxpros/fs-2025-10.pdf>

Does the Expiration Mean the Subsidies Will End After 2025?

The PTC will continue after 2025. There is no sunset provision applicable to authorization for the credit itself.

The expiration after 2025 applies only to the temporary provision that expanded income eligibility and enhanced subsidy amounts described above. Without an additional extension of the ARPA provision, the maximum income limit of 400% of the FPL would be reinstated and the applicable percentages would revert to higher levels resulting in lower subsidy amounts.

<https://www.congress.gov/crs-product/R48290>

PRACTITIONER PRIORITY SERVICE

Practitioner Priority Service — Your first point of contact

Tax practitioners have long served an important role in our nation's tax collection system as a conduit between taxpayers and the IRS. The Practitioner Priority Service® (PPS) is your first point of contact for account-related issues. Our Practitioner Priority Service® is a professional support line staffed by IRS customer service representatives specially trained to handle practitioners' accounts questions.

You may contact PPS at 866-860-4259. PPS is available to all tax professionals with valid third-party authorizations, i.e., Forms 2848, 8821 and/or 8655.

POSTMARKS NOT LONGER PROVE DATE OF MAILING

accountingTODAY

By: Jeff Stimpson 12/31/25

“In a relatively under-publicized move, the United States Postal Service has said that, as of Dec. 24, postmarks can no longer be considered proof of mailing on a certain date, thanks to changes in the way mail is collected and processed.”

<https://www.accountingtoday.com/news/postmarks-no-longer-prove-date-of-mailing-usps>

SCHEDULE K-1 ACTIVITIES: AUDIT HOT SPOTS

THE FUTURE OF AUDITS: Employment taxes, S-corporation reasonable compensation, self-employment earnings in partnerships, passive or non-passive classifications and properly accounting for basis when losses are taken.

Easiest audit adjustment:

- Reasonable compensation (S-corps)
- Distributions vs. payroll (S-corps)
- Self-employment earnings (partnerships)
- Disallow losses (both S-corps & partnerships)
- Passive or non-passive treatment (both S-corps & partnerships)

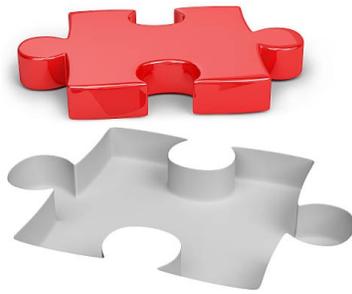
Easy to spot:

- Compensation reported (line 7 of form 1120-s)
- Distributions vs. compensation reported (Form 1120-s: pg. 1, ln 7 vs. pg. 3, ln 16 d)
- Self-employment earnings reported (box 14 of Form 1065 Schedule k-1)
- Losses, passive & non-passive taken on Schedule E, page 2 of Form 1040

Easy to challenge:

- Compensation reasonable
- General ledger review of frequency & amounts of distributions
- Non-passive income subject to self-employment taxes
- Passive treatment based on activity (documentation)
- Tax basis & at-risk basis (just show us your calculation)

One Big Beautiful Bill Act: Tax Law Changes 2026 TAX SEASON ONLY



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IRS INFO & FAQs

<https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions>



OBBBA INDIVIDUAL PROVISIONS



TAX RATES

The current tax rates are permanently extended, with one extra year of inflation adjustments to determine the dollar amounts at which any rate bracket

- higher than 12% ends and
- at which any rate bracket higher than 22% begins

2025 MARRIED FILING JOINTLY TAX BRACKETS: TCJA VS. OBBBA

Estimated Tax Brackets: TCJA (No Additional Inflation Adjustment) vs. OBBBA (With Extra Adjustment for 10% & 12% Brackets)

| Bracket | TCJA Start | TCJA End | OBBBA Start | OBBBA End |
|---------|------------|-----------|-------------|-----------|
| 10% | \$0 | \$24,231 | \$0 | \$24,682 |
| 12% | \$24,231 | \$98,450 | \$24,682 | \$100,284 |
| 22% | \$98,450 | \$209,875 | \$100,284 | \$209,875 |
| 24% | \$209,875 | \$400,671 | \$209,875 | \$400,671 |
| 32% | \$400,671 | \$508,788 | \$400,671 | \$508,788 |
| 35% | \$508,788 | \$763,182 | \$508,788 | \$763,182 |
| 37% | \$763,182 | — | \$763,182 | — |

2025 SINGLE FILER TAX BRACKETS: TCJA VS. OBBBA

Estimated Tax Brackets: TCJA (No Additional Inflation Adjustment) vs. OBBBA (With Extra Adjustment for 10% & 12% Brackets)

| Bracket | TCJA Start | TCJA End | OBBBA Start | OBBBA End |
|---------|------------|-----------|-------------|-----------|
| 10% | \$0 | \$12,116 | \$0 | \$12,341 |
| 12% | \$12,116 | \$49,225 | \$12,341 | \$50,142 |
| 22% | \$49,225 | \$104,938 | \$50,142 | \$104,938 |
| 24% | \$104,938 | \$200,335 | \$104,938 | \$200,335 |
| 32% | \$200,335 | \$254,394 | \$200,335 | \$254,394 |
| 35% | \$254,394 | \$635,985 | \$254,394 | \$635,985 |
| 37% | \$635,985 | — | \$635,985 | — |

2025 HEAD OF HOUSEHOLD TAX BRACKETS: TCJA VS. OBBBA

Estimated Tax Brackets: TCJA (No Additional Inflation Adjustment) vs. OBBBA (With Extra Adjustment for 10% & 12% Brackets)

| Bracket | TCJA Start | TCJA End | OBBBA Start | OBBBA End |
|---------|------------|-----------|-------------|-----------|
| 10% | \$0 | \$17,299 | \$0 | \$17,621 |
| 12% | \$17,299 | \$65,888 | \$17,621 | \$67,115 |
| 22% | \$65,888 | \$104,938 | \$67,115 | \$104,938 |
| 24% | \$104,938 | \$200,335 | \$104,938 | \$200,335 |
| 32% | \$200,335 | \$254,394 | \$200,335 | \$254,394 |
| 35% | \$254,394 | \$635,985 | \$254,394 | \$635,985 |
| 37% | \$635,985 | — | \$635,985 | — |

2025 STANDARD DEDUCTION INCREASES

Standard Deduction: The higher standard deduction is permanently locked, indexed for inflation, and rises for 2025

| | 2025 (TCJA) | 2025 (OBBBA) |
|------------------------|-------------|--------------|
| Single | \$15,000 | \$15,750 |
| Head of Household | \$22,500 | \$23,625 |
| Married Filing Jointly | \$30,000 | \$31,500 |

Personal exemptions: The personal exemption is set to zero permanently.

2026 STANDARD DEDUCTION INCREASES

Standard Deduction: The standard deduction rises for 2026

| | 2026 |
|------------------------|----------|
| Single | \$16,100 |
| Head of Household | \$24,150 |
| Married Filing Jointly | \$32,200 |

Personal exemptions: The personal exemption is set to zero permanently.

SALT DEDUCTION CAP INCREASE

The long-awaited adjustment to the state and local tax (SALT) deduction cap is now in effect.

Beginning in 2025, the cap increases to \$40,000

- Not per taxpayer, per return
- Except for Married Filing Separately (MFS), which is \$20,000
- Increases 1% each year through 2029

Beginning in 2030, this deduction reverts to a maximum of \$10,000.

SALT DEDUCTION PHASE-DOWN (2025-2029)

Deduction has a phase-down down begins at \$500,000 MAGI

- Deduction is reduced by 30% of MAGI over the threshold
- Phaseout maximum at \$600,000 MAGI in 2025
- Minimum deduction remains \$10,000

- The \$500,000 threshold is the same for all filing statuses
- Except MFJ, which is 50% of the threshold or \$250,000 in 2025

- The annual cap and threshold increase 1% each year after 2025

SALT DEDUCTION DEDUCTION LIMITS UNDER OBBBA

| Year | Maximum SALT Deduction | MAGI Phase-Down Range |
|---------------|------------------------|-----------------------|
| 2025 | \$40,000 | \$500,000 – \$600,000 |
| 2026 | \$40,400 | \$505,000 – \$606,333 |
| 2027 | \$40,804 | \$510,050 – \$612,730 |
| 2028 | \$41,212 | \$515,151 – \$619,191 |
| 2029 | \$41,624 | \$520,302 – \$625,716 |
| 2030 & beyond | \$10,000 | Not Applicable |

Note: Phasedown threshold is the same for all filing statuses (except MFJ, which is 50% of the threshold)

SALT DEDUCTION EXAMPLE

Sandy | Filing Status: Single | MAGI: \$550,000

Itemized Deductions: SALT: \$40,000 | Mortgage Interest: \$20,000 | Charitable: \$10,000

Step-by-Step Analysis:

- Sandy is at the start of the SALT deduction phaseout.
- Under OBBBA, 30% of every dollar over \$500,000 MAGI reduces her SALT deduction.
- That means each additional \$1 earned reduces her SALT deduction by \$0.30.
- So, every \$1 of income increases taxable income by \$1.30.
- In the 35% tax bracket, that makes her effective marginal tax rate $1.3 \times 35\% = 45.5\%$.
- Also applied is the .5% floor for charitable contributions

Key Insight:

Taxpayers within the \$500,000–\$600,000 MAGI range with large SALT payments and other deductions may face a stealth tax hike — higher effective marginal rates due to phasedown mechanics.

SALT & ITEMIZED DEDUCTION CALCULATION

Step-by-Step Calculation Sandy | Filing Status: Single | MAGI: \$550,000

Itemized Deductions: SALT: \$40,000 | Mortgage Interest: \$20,000 | Charitable: \$10,000

SALT Deduction Phaseout

- Excess MAGI = $\$550,000 - \$500,000 = \$50,000$
- Reduction = $30\% \times \$50,000 = \$15,000$
- SALT Deduction = $\$40,000 - \$15,000 = \$25,000$

Charitable Contribution Adjustment

- Floor = $0.5\% \times \$550,000 = \$2,750$
- Charitable deduction = $\$10,000 - \$2,750 = \$7,250$

Allowed Amount of Each Itemized Deduction

- SALT: \$25,000
- Mortgage Interest: \$20,000
- Charitable: \$7,250

Total Allowed Itemized Deductions = \$52,250

PTET WORKAROUND SURVIVES

The OBBBA preserved the federal deduction for pass-through entity taxes (PTETs)

- Zero limitations: No cap, no phase-out, and no exclusions.
- Keeps PTET as a strategic SALT workaround
- Re-evaluate whether PTET elections maximize benefits for pass-through owners under the new deduction landscape, while keeping in mind

EXPANSION OF HSA ELIGIBILITY UNDER THE OBBB

The OBBB expands access to HSAs by making the following changes:

- **Telehealth and Remote Care Services:** The OBBB made permanent the ability to receive telehealth and other remote care services before meeting the high-deductible health plan (HDHP) deductible while remaining eligible to contribute to an HSA, effective for plan years beginning on or after Jan. 1, 2025.

EXPANSION OF HSA ELIGIBILITY UNDER THE OBBB

The OBBB expands access to HSAs by making the following changes:

- **Bronze and Catastrophic Plans Treated as HDHPs:** As of Jan. 1, 2026, bronze and catastrophic plans available through an Exchange are considered HSA-compatible, regardless of whether the plans satisfy the general definition of an HDHP. This expands the ability of people enrolled in these plans to contribute to HSAs, which they generally have not been able to do in the past. Notice 2026-05 clarifies that bronze and catastrophic plans do not have to be purchased through an Exchange to qualify for the new relief.

EXPANSION OF HSA ELIGIBILITY UNDER THE OBBB

The OBBB expands access to HSAs by making the following changes:

- **Direct Primary Care Service Arrangements:** Beginning Jan. 1, 2026, an otherwise eligible individual enrolled in certain direct primary care (DPC) service arrangements may contribute to an HSA. In addition, they may use their HSA funds tax-free to pay periodic DPC fees.

<https://www.irs.gov/pub/irs-drop/n-26-05.pdf>

MOVING EXPENSES

Moving Expenses

The new law permanently eliminates the moving expense deduction, with exceptions only for members of the armed forces and certain members of the intelligence community.

CHILD & OTHER DEPENDENT TAX CREDIT

Effective 2025: The child tax credit increases to \$2,200 per qualifying child

- Refundable portion up to \$1,700
- Under the age of 17. Qualifications did not change.

The other dependent credit remains the same at \$500

- 17 and older. Qualifications did not change.

The higher income phase-out thresholds of \$200,000 for single filers and \$400,000 for MFJ are made permanent

ADOPTION CREDIT

Starting in 2025, the Adoption Tax Credit includes a refundable component for the first time:

- Up to \$5,000 of the credit will now be refundable, indexed for inflation.
 - The *refundable* portion of the adoption tax credit is in the first year only
- The total available credit remains capped at \$17,280 for 2025
- Carried forward for five years as a non-refundable credit
- The OBBBA allows Indian tribal governments to determine whether a child has special needs for purposes of calculating the adoption tax credit.

NOTE: For 2025, the credit begins to phase out for taxpayers with a MAGI above \$259,190. The credit completely phases out once your MAGI reaches \$299,190.

ADOPTION CREDIT: EXAMPLE

Qualified Expenses: \$20,000

Maximum Credit: \$17,280

– \$12,280 = Non-refundable portion

– \$5,000 = Refundable portion

Tax Liability: \$9,000

ADOPTION CREDIT: STEP-BY-STEP APPLICATION

1. Start with tax liability: \$9,000
2. Apply the non-refundable portion first:
 - Use \$9,000 of the \$12,280 non-refundable credit
 - Tax liability now = \$0
3. Apply the refundable portion next:
 - Full \$5,000 refunded to the taxpayer
4. Carry forward:
 - \$3,280 of unused non-refundable credit carried forward (up to 5 years)
 - The carry-forward is not considered refundable

STUDENT LOAN FORGIVENESS TAX EXCLUSION

Student Loan Forgiveness Tax Exclusion

Discharges of student loans due to death or disability are permanently tax-free.

EXPANSION FOR 529 ACCOUNTS

Effective for distributions made after July 4, 2025, the definition of “qualified higher education expenses” for 529 plans is expanded to include certain post-secondary credentialing costs and additional expenses related to enrollment or attendance at public, private, or religious elementary and secondary schools.

Covered expenses now include tuition, curriculum and instructional materials, books, online courses, tutoring, qualifying test fees, and certain educational therapies.

Additionally, for distributions made after 2025, the maximum amount of tuition expenses for elementary and secondary education that can be treated as qualified higher education expenses increases from \$10,000 to \$20,000.

ABLE ACCOUNTS ENHANCEMENT

For contributions made after 2025, the OBBBA permanently extends the existing contribution limit for ABLE accounts and adds an additional year of inflation adjustment to the base contribution limit.

Beginning with taxable years after 2026, the OBBBA makes permanent the Saver's Credit for designated beneficiaries contributing to their own ABLE accounts and raises the maximum credit amount from \$2,000 to \$2,100.

The OBBBA continues to allow rollovers from qualified tuition programs (such as 529 plans) to ABLE accounts, maintaining this as a permanent provision.

YOUTH EMPOWERMENT (TRUMP) ACCOUNT

OBBBA establishes the Trump Account, a new tax-preferred savings account for all children under age 18.

Children born between January 1, 2025, and December 31, 2028, are automatically enrolled and receive a one-time \$1,000 federal contribution.

Contributions are otherwise allowed starting July 4, 2026, by parents, relatives, or others, up to \$5,000 annually (\$2,500 for employers), indexed for inflation.

Contributions are not deductible, do not require the child to have earned income, and do not count toward IRA or workplace plan limits.

Earnings will grow tax-free until the child reaches 18

These accounts must be held by a financial institution and invested in a qualified index fund.

TRUMP ACCOUNT RULES BEFORE & AFTER AGE 18

Rules Before Year In Which Beneficiary Turns 18

- Up to \$5,000 in annual direct contributions allowed (indexed to inflation), non-deductible
- Additional contributions allowed from government, charities, and employers, excluded from income
- Must use eligible investments (low-fee US equity funds)
- No distributions allowed
- Rollovers to other Trump accounts allowed, and to an ABLÉ account in the year the beneficiary turns 17
- May make contributions to other IRA types if allowed

Rules Beginning The Year Beneficiary Turns 18

- Treated like a retirement account
- Distributions allowed (subject to early withdrawal penalties before age 59 1/2)
- Withdrawals of direct contributions are tax-free; withdrawals of growth or excluded contributions are taxable
- May use any investment allowed in an IRA
- Trump account is not aggregated with other IRAs for distribution rules

TRUMP ACCOUNT: IRS TO DATE

FORM 4547 (DRAFT)

<https://www.irs.gov/pub/irs-dft/f4547--dft.pdf>

FORM 4547 (DRAFT) INSTRUCTIONS

<https://www.irs.gov/pub/irs-dft/i4547--dft.pdf>

<https://www.irs.gov/newsroom/treasury-irs-issue-guidance-on-trump-accounts-established-under-the-working-families-tax-cuts-notice-announces-upcoming-regulations>

IRS NOTICE 2025-68

<https://www.irs.gov/pub/irs-drop/n-25-68.pdf>

<https://www.trumpaccounts.gov/>

Launching July 5, 2026

TRUMP ACCOUNT: FORM 4547

TREASURY/IRS AND OMB USE ONLY DRAFT

Form **4547** **Trump Account Election(s)** OMB No. 1545-XXXX
 (December 2025)
 Department of the Treasury
 Internal Revenue Service
 Go to www.irs.gov/Form4547 for instructions and the latest information.

If you have a child that is eligible for a Trump account, and you want to open a Trump account for that child, complete Form 4547.
 • For each child that is eligible and for whom you want to open a Trump account, complete Parts I, II, and IV.
 • For each child that is eligible to receive a \$1,000 Pilot Program Contribution, check the box in Part III, line 7, in order to receive the contribution.

Part I Parent/Guardian or Other Authorized Individual Information
 Note: The parent/guardian or other authorized individual listed in Part I will be the responsible party for the Trump account.

| | | | | |
|--|-------------|--------------------------------|------------------------|---------------|
| First name | Middle name | Last name | Social security number | |
| Home address (number and street). If you have a P.O. box, see instructions. | | | | |
| Apartment number | | | Date of birth | |
| City, town, or post office. If you have a foreign address, also complete spaces below. | | County | State | ZIP code |
| Foreign country name | | Foreign province/state/country | Foreign postal code | Email address |

Part II Child's Information
 If more than two children, see instructions.

| | (i) Child 1 | (ii) Child 2 |
|---|--------------------------|--------------------------|
| 1a First name | | |
| 1b Middle name | | |
| 1c Last name | | |
| 2 Social security number | | |
| 3 Date of birth | | |
| 4 Relationship | | |
| 5 Home Address | <input type="checkbox"/> | <input type="checkbox"/> |
| Check here if address is same as Part I. Otherwise, complete lines 6a through 6i. If you have a foreign address, complete lines 6g, 6h, and 6i. | | |
| 6a Number and street | | |
| 6b Apartment number | | |
| 6c City, town, or post office | | |
| 6d County | | |
| 6e State | | |
| 6f ZIP code | | |
| 6g Foreign country name | | |
| 6h Foreign province/state/country | | |
| 6i Foreign postal code | | |
| 6 Check box if you are authorized to open the Trump account for the child. See instructions. | <input type="checkbox"/> | <input type="checkbox"/> |

Part III Pilot Program Contribution Election
 For a child to qualify to receive the \$1,000 Pilot Program Contribution to their Trump account, the child must have been born in 2025-2028, must be a qualifying child of the individual opening the Trump account, must be a U.S. citizen, and must have a valid social security number. See instructions.

| | (i) Child 1 | (ii) Child 2 |
|---|--------------------------|--------------------------|
| 7 Check box if child qualifies for, and you want the child to receive, a Pilot Program Contribution | <input type="checkbox"/> | <input type="checkbox"/> |

Part IV Consent to Disclose Information
 By completing this form, you authorize the IRS, Treasury, and their agent(s) to create and maintain a Trump account with respect to the eligible child(ren) listed on this form. You also authorize the IRS, Treasury, and their agent(s) to disclose the fact that a Trump account has been established for the eligible child(ren) listed above to any parent, guardian, or authorized individual of the eligible child who is permitted to make an election to request creation of the Trump account.

Sign Here
 Under penalties of perjury, I declare that I have examined this form, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| | |
|-----------------|---|
| Your signature | Date |
| Preparer's name | Preparer's signature |
| Date | Check <input type="checkbox"/> if self-employed |
| Firm's name | Firm's EIN |
| Firm's address | Phone no. |

Paid Preparer Use Only
 For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 999270 Form **4547** (12-2025) Created 10/2/25

DRAFT - DO NOT FILE

DRAFT - DO NOT FILE

TRUMP ACCOUNT: FORM 4547

DIRECT FROM DRAFT INSTRUCTIONS:

Purpose of Form

Use Form 4547 to make the election to establish an initial Trump account for the exclusive benefit of a child who is eligible for a Trump account.

Also use Form 4547 to make an election for a \$1,000 pilot program contribution from the U.S. Treasury to a child's Trump account if they are eligible for the contribution.

When To File

Form 4547 can be filed at any time, including at the same time as the income tax return is filed. For more information, including whether you can make these elections online beginning in the middle of 2026, go to trumpaccounts.gov.

TRUMP ACCOUNT: FORM 4547

DIRECT FROM DRAFT INSTRUCTIONS:

Where To File

Making the election electronically. The fastest, safest, and easiest way to make the election(s) is to file Form 4547 with your current-year e-filed tax return. If you need to make an election due to a qualifying event (for example, the birth of a child who is eligible for a Trump account) after you have filed your tax return or for information on whether you can make these elections online, go to trumpaccounts.gov. Making the election on paper. If you must file your Form 4547 on paper, mail it to the address at [IRS.gov/ PaperReturns](http://IRS.gov/PaperReturns) for your tax return for the year for which you are making the election. Use the address for those who are requesting a refund or are not enclosing a check or money order.

AMT EXEMPTION CHANGES

The increased AMT exemption amounts are made permanent.

Starting in 2025, the exemption amounts are \$81,300 for single filers, \$126,500 for joint filers, and \$63,250 for married filing separately, indexed for inflation.

The exemption phase-out thresholds are \$500,000 for single and \$1 million MFJ, indexed for inflation, with a phase-out rate of 50%.

This sharper phase-out rate accelerates AMT exposure for high-income clients exceeding these thresholds.



CLEAN ENERGY PROVISIONS EXPIRING

CLEAN ENERGY CREDITS TERMINATING

Most of the clean energy credits are terminating early. Here are a few well-known ones expiring:

- Terminating after September 30, 2025:
 - \$7,500 new electric vehicle (EV) credit
 - \$4,000 used EV credit

Sec. 25C energy-efficient home improvement credit

- Terminates after December 31, 2025

CLEAN ENERGY CREDITS TERMINATING

A large number of clean energy tax incentives are terminating:

Sec. 25D residential clean energy credit

- Terminates for expenditures made after December 31, 2025

Sec. 30C alternative fuel vehicle refueling credit

- Terminates after June 30, 2026

Sec. 45L new energy-efficient home credit

- Terminates after June 30, 2026



BELOW

THE

LINE

DEDUCTIONS

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BELOW-THE-LINE DEDUCTION SUMMARY

Existing under TCJA

- Standard Deduction
- Itemized Deductions
- Section 199A (Qualified Business Income) Deduction

New under OBBBA

- \$6,000 deduction for seniors age 65+ (2025–2028)
- Charitable contributions up to \$1,000 (S) / \$2,000 (MFJ) for non-itemizers (2026 and later)
- Qualified tips up to \$25,000 (2025–2028)
- Qualified overtime compensation up to \$12,500 (S) / \$25,000 (MFJ) (2025–2028)
- Qualified car loan interest up to \$10,000 (2025–2028)

2025 FORM 1040

Form 1040 (2025)

Page **2**

Tax and Credits

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

| | | |
|------------|---|------------|
| 11b | Amount from line 11a (adjusted gross income) | 11b |
| 12a | Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent | |
| b | <input type="checkbox"/> Spouse itemizes on a separate return | c |
| d | You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind | c |
| | Spouse: <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind | |
| e | Standard deduction or itemized deductions (from Schedule A) | 12e |
| 13a | Qualified business income deduction from Form 8995 or Form 8995-A | 13a |
| b | Additional deductions from Schedule 1-A, line 38 | 13b |
| 14 | Add lines 12e, 13a, and 13b | 14 |
| 15 | Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income | 15 |
| 16 | Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> | 16 |
| 17 | Amount from Schedule 2, line 3 | 17 |
| 18 | Add lines 16 and 17 | 18 |
| 19 | Child tax credit or credit for other dependents from Schedule 8812 | 19 |
| 20 | Amount from Schedule 3, line 8 | 20 |
| 21 | Add lines 19 and 20 | 21 |
| 22 | Subtract line 21 from line 18. If zero or less, enter -0- | 22 |
| 23 | Other taxes, including self-employment tax, from Schedule 2, line 21 | 23 |
| 24 | Add lines 22 and 23. This is your total tax | 24 |

2025 (NEW) SCHEDULE 1-A

**SCHEDULE 1-A
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Deductions

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2025
Attachment
Sequence No. **1A**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Part II No Tax on Tips

Part III No Tax on Overtime

Part IV No Tax on Car Loan Interest

Part V Enhanced Deduction for Seniors

<https://www.irs.gov/pub/irs-prior/f1040s1a--2025.pdf>

As of the date this was written, the IRS instructions had not been released.



SENIOR DEDUCTION

SENIOR DEDUCTION INTRODUCED

Up to \$6,000 Deduction for Individuals Aged 65 and Older

- Starting in 2025 through 2028
- Must be age 65 or older on the last day of the tax year
- In addition to the current additional standard deduction for seniors
 - Separately stated “below-the-line” deduction
 - Available whether the taxpayer itemized their deductions or took the standard deduction
 - In addition to the current 65+ and blind deduction

SENIOR DEDUCTION INTRODUCED

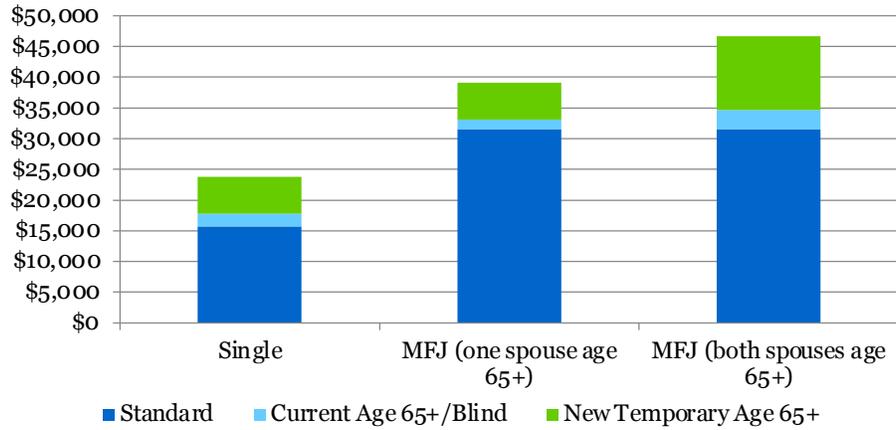
Up to \$6,000 Deduction for Individuals Aged 65 and Older

- This deduction applies per eligible person
- Married couples, if both spouses qualify, can claim a total of \$12,000
 - However, if married, you must file jointly to claim the deduction.

NOTE: The OBBBA did not address the taxation of Social Security income. This deduction has no correlation to Social Security income.

SENIOR DEDUCTION STACKS UP

Deductions For Seniors Age 65+ Under OBBBA



SENIOR DEDUCTION PHASE-OUT

The senior deduction phases out for taxpayers with MAGI above \$75,000 for single filers and \$150,000 for MFJ.

- Phaseout Formula:

For tax years 2025–2028, the deduction is reduced by 6% of the amount by which your Modified Adjusted Gross Income (MAGI) exceeds the threshold

Households with over \$175,000 (single), \$250,000 (joint) will be fully phased out of the additional senior deduction.

For married couples where both spouses are age 65 or older, *both* spouses' deductions are reduced simultaneously by the phaseout formula.

SENIOR DEDUCTION PHASE-OUT FORMULA

Formula:

$$\text{Deduction Reduction} = 6\% \times (\text{MAGI} - \text{Threshold})$$

$$\text{Senior Deduction Allowed} = \$6,000 - \text{Deduction Reduction Per Person}$$

Example:

Married Couple, both age 65+, MAGI = \$200,000

MAGI exceeds threshold by \$50,000 →

$$6\% \times 50,000 = 3,000 \text{ reduction per person}$$

$$\text{Spouse 1: } 6\% \times 50,000 = 3,000 \text{ Reduction}$$

$$\text{Spouse 2: } 6\% \times 50,000 = 3,000 \text{ Reduction}$$

Each person gets:

$$\text{Spouse 1: } \$6,000 \text{ Less } 3,000 = \$3,000 \text{ Deduction Allowed}$$

$$\text{Spouse 2: } \$6,000 \text{ Less } 3,000 = \$3,000 \text{ Deduction Allowed}$$

$$\text{Total senior deduction} = \$6,000 (2 \times \$3,000)$$

SENIOR DEDUCTION: IRS REFERENCES TO DATE

<https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>

CAR LOAN INTEREST DEDUCTION





1/31/26

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CAR LOAN INTEREST \$10,000 DEDUCTION

Starting from 2025 through 2028, up to \$10,000 deduction on car loan interest

Loans to buy new vehicles after December 31, 2024

- Purchase a new vehicle with final assembly in the U.S.
- The original use of which starts with the taxpayer (used vehicles do not qualify),
- Personal use vehicle (not for business or commercial use)

The loan must be secured by the vehicle

- Originated after December 31, 2024
- If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction (per IRS)

CAR LOAN INTEREST REQUIREMENTS

Up to \$10,000 Deduction on Car Loan Interest

Vehicle Identification Number (VIN) of the qualified vehicle to be reported each year

- Lenders or other recipients of qualified interest must file information returns with the IRS and furnish statements to taxpayers showing the total amount of interest received during the taxable year.

Eligible vehicles include cars, SUVs, pickup trucks, vans, and motorcycles

- Under 14,000 lbs. GVWR with final assembly in the United States
- Not allowed on used vehicles or leases

CAR LOAN INTEREST DEDUCTION

Up to \$10,000 Deduction on Car Loan Interest (Continued)

Below-the-line deduction

A taxpayer can either take the standard deduction or itemize deductions

This will only save federal income tax. Not self-employment taxes

Phases out for taxpayers with MAGI over \$100,000 (single) or \$200,000 (MFJ)

- Fully phased-out by MAGI \$150,000 (single) and \$250,000 (MFJ)
- The deduction is reduced by \$200 for every \$1,000 the taxpayer's income exceeds the MAGI threshold.

CAR LOAN INTEREST DEDUCTION: EXCLUDED VEHICLES

- Excluded Vehicles:

- Used vehicles
- Leased vehicles
- ATVs, campers, RVs, trailers
- Vehicle purchased for business or commercial use
- Vehicles held for resale or investment
- Vehicles purchased before January 1, 2025 or after December 31, 2028
- Vehicles purchased with a loan not secured with a lien on the vehicle
 - Example: Loans from 2nd mortgage or personal loans without lien

CAR LOAN INTEREST DEDUCTION: W-2 vs. Self-Employed

While the deduction applies broadly, taxpayers will report it differently depending on how they use their personal vehicle and their filing status. Here is how **Schedule C filers** and **W-2 employees** take the deduction.

Schedule C (Self-Employed) Use of Personal Vehicle:

- Allocate interest: business-use to Schedule C, personal-use below-the-line
- Combined max: \$10,000 total per year
- Can also deduct depreciation, mileage or actual expenses
- Documentation required: mileage logs, loan interest records

W-2 Employees:

- Deduct full qualified interest below-the-line (up to \$10,000)
- No business use required (commuting/personal allowed)
- Vehicle must be new, purchased in 2025 or later
- Vehicles purchased in 2024 or earlier do not qualify

CAR LOAN INTEREST DEDUCTION – EXAMPLES

Example 1: Self-Employed Realtor

- Buys new U.S.-assembled SUV in 2025, 80% business use
- Pays \$10,000 interest → \$8,000 Schedule C + \$2,000 below-the-line deduction

Example 2: W-2 Sales Manager

- Buys new U.S.-assembled sedan in 2025, 100% personal use/commuting
- Pays \$9,000 interest → \$9,000 below-the-line deduction

Example 3: W-2 Engineer

- Buys vehicle in December 2024 → Not eligible

Example 4: Investor with used Turo fleet → Not eligible

Example 5: New RV (camper) purchase → Not eligible

CAR LOAN INTEREST DEDUCTION – CALCULATIONS

In the past year, over 15 million new vehicles were sold in the U.S., with nearly 80% of buyers using financing to make their purchase.

As of 2025, the average price of a new car is around \$48,000, according to Kelley Blue Book, with loan interest rates averaging 8.64%.

That means for a typical five-year loan, buyers are paying about \$187 per month in interest or \$2,244 annually.

CAR LOAN INTEREST DEDUCTION – U.S. FINAL ASSEMBLY

According to a recent IRS fact sheet, the final assembly location of a vehicle—used to determine eligibility for the car loan interest deduction—is based on the information provided on the vehicle’s label.

How to find out?

- Every new car at a dealership is required to display a label showing the final assembly site.
- You can also look up the Vehicle Identification Number (VIN).
- Use the **VIN decoder tool** from the National Highway Traffic Safety Administration can identify where the car was assembled.

Link: <https://www.nhtsa.gov/vin-decoder>

IRS PROVIDES TRANSITION RELIEF FOR 2025

The IRS has provided transitional guidance for businesses required to report car loan interest under the OBBBA.

Notice 2025-57 provides penalty relief and guidance to certain lenders for new information reporting requirements for car loan interest received in 2025 under the OBBB.

Transition relief for 2025

Notice 2025-57 provides transitional relief for 2025 for lenders and other interest recipients who are required to file information returns with the IRS and provide statements to borrowers showing the total amount of interest received on qualified passenger vehicle loans and other information related to the loan.

DRAFT FORM 1098-VLI (DECEMBER 2026)

TREASURY/IRS AND OMB USE ONLY DRAFT

CORRECTED (if checked)

| | | | | | | | |
|-----------------------------------|--|------------------------|----------------|---|---------------------------------|--------------------------------------|--|
| RECIPIENT'S/LENDER'S name | | | | *Caution: The amount shown may not be fully deductible by you. Limits based on the amount of interest paid, your income, and the passenger vehicle may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person. | OMB No. 1545-XXXX | | |
| Street address | | | Room/suite no. | | Form 1098-VLI | | |
| City/town | | State/province | Country | | ZIP/foreign code | (December 2026) | |
| Telephone number: | | | | | For calendar year | | |
| RECIPIENT'S/LENDER'S TIN | | BORROWER'S/PAYER'S TIN | | 1 Vehicle loan interest received by lender* | | | |
| | | | | \$ | | | |
| BORROWER'S/PAYER'S name | | | | 2a Year | | 2b Make | |
| Street address | | | Apt. no. | 2c Model | | 2d VIN | |
| City/town | | State/province | Country | ZIP/foreign code | 3a Loan origination date | | |
| | | | | 3b Loan acquisition date | | | |
| Account number (see instructions) | | | | 4 Outstanding principal | | 5 Refund of overpaid interest | |
| | | | | \$ | | \$ | |

Vehicle Loan Interest Statement

Copy B For Borrower

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for vehicle loan interest.

Form **1098-VLI** (12-2026) (keep for your records) www.irs.gov/Form1098VLI Department of the Treasury - Internal Revenue Service

IRS PROVIDES TRANSITION RELIEF FOR 2025

A qualified passenger vehicle is a car, minivan, van, SUV, pick-up truck or motorcycle, with a gross vehicle weight rating of less than 14,000 pounds, and that has undergone final assembly in the United States.

Under this guidance, the IRS will consider that lenders have met their reporting obligations for interest received on a qualified passenger car loan in 2025 if they make a statement available to the buyer indicating the total amount of interest received.

IRS PROVIDES TRANSITION RELIEF FOR 2025

Specifically, lenders can meet their reporting requirements by making this total amount of interest available:

- On an online portal that the buyer can easily access;
- In a regular monthly statement;
- On an annual statement that is provided to the buyer; or
- By other similar means designed to provide accurate information to the buyer regarding interest received.

IRS PROVIDES TRANSITION RELIEF FOR 2025

In addition, the IRS will not impose penalties on lenders for a failure to file information returns and provide payee statements if they satisfy their reporting obligations as described in the Notice.

Businesses that receive from any individual interest of \$600 or more for any calendar year on a qualified passenger vehicle loan must comply with the new reporting requirements.

CAR LOAN INTEREST: IRS REFERENCES TO DATE

<https://www.irs.gov/newsroom/treasury-irs-provide-guidance-on-the-new-deduction-for-car-loan-interest-under-the-one-big-beautiful-bill>

Proposed Regulations:

<https://www.federalregister.gov/documents/2026/01/02/2025-24154/car-loan-interest-deduction>

IRS Notice 2025-57 (Transitional Guidance)

<https://www.irs.gov/pub/irs-drop/n-25-57.pdf>



**NO
TAX
ON
TIPS**



NO TAX ON TIPS - \$25,000

Up to \$25,000 Deduction on Tip Income

- Starting in 2025 through 2028, may be deducted annually
- All tip compensation for W-2 employees and 1099 workers is still reportable income
- Applies to cash and non-cash tips (e.g., Venmo, credit card, cash)
Only qualified tip income is defined as voluntarily paid
- To be tracked and reported separately on Forms W-2 and 1099.

NO TAX ON TIPS: BELOW-THE-LINE DEDUCTION

Up to \$25,000 Deduction on Tip Income

Separately stated “below-the-line” deduction

A taxpayer can either take the standard deduction or itemize deductions

Taxpayers must include their Social Security Number on the return

This will only save federal income tax

- Does not exempt the tips from payroll or self-employment taxes

NO TAX ON TIPS DEDUCTION

Up to \$25,000 Deduction on Tip Income

Per tax return deduction. Not a per-person deduction

MFS results in zero deduction. Requires, if married, to file MFJ

Phases out for taxpayers with modified adjusted gross income (MAGI) over \$150,000 and \$300,000 for MFJ.

MAX TIP DEDUCTION BY FILING STATUS

The OBBBA sets a hard cap on the tip deduction based on how you file — not how much you earn in tips. Who gets to deduct how much. MFS filers? They're out. Everyone else? Capped at \$25K per return.

- Single — \$25,000 deduction
 - Head of Household — \$25,000 deduction
 - Married Filing Jointly (MFJ) — \$25,000 combined (not \$25K per spouse)
 - Qualifying Widow(er) — \$25,000 deduction

 - Married Filing Separately (MFS) — \$0 deduction allowed
- ⚠ No partial credit for MFS — it's all or nothing, and MFS gets nothing.

NO INCOME TAX ON TIPS – SELF-EMPLOYED

Additional items to note for self-employed individuals:

- For self-employed, the deduction may not exceed the individual's net income (without regard to this deduction) from the trade or business in which the tips were earned
- Self-employed individuals in a Specified Service Trade or Business (SSTB) under section 199A are not eligible

1099 WORKERS: NO TAX ON TIPS FOR SCHEDULE C

Self-employed workers (Schedule C) who receive tip income can also deduct up to \$25,000. This provision also covers gig workers and sole proprietors whose clients/customers give them gratuities.

- Applies to self-employed sole proprietors and independent contractors
- Tip income must be separately stated and documented
- \$25,000 deduction applies per individual, not per business (\$25,000 max deduction per return)
- Applies even if receiving tips via cash apps, credit cards, or cash
- Must still report total income on Sch C, but the deduction is not on Sch C
- \$25,000 is deducted from taxable income on a separate area of the tax return
- Will reduce down QBI (any allowable deduction also reduces QBI)
- Will NOT reduce down SE tax calculations

EXAMPLES OF HOW THE NO TAX ON TIPS WORKS

- **Example 1 (W-2 employee):** Sarah earns \$22,000 in tips as a server in 2026. All tips reported to her employer. She reports the full \$22,000 as W-2 wages. On a separately stated line, deducts \$22,000 from taxable income.
- **Example 2 (1099 contractor):** In 2027 John is a valet subcontractor earning \$19,000 in cash tips reported in a logbook. He claims the full \$19,000 on Schedule C as gross income and CANNOT deduct any tips on Schedule C. He deducts \$19,000 on a separate schedule subtracting from federal taxable income only.
- **Example 3 (Married couple):** Maria earns \$26,000 in W-2 tips, Kevin earns \$18,000 in 1099 tips. On their joint return, they report all tips as income but can only deduct \$25,000 in total from their taxable income.

NO TAX ON TIPS – HAIR INDUSTRY

Workers in the hair industry frequently receive tip income and are specifically made eligible for the \$25,000 deduction under the One Big Beautiful Bill Act (OBBBA), provided they meet reporting requirements.

- Hair Stylists & Colorists
- Barbers
- Hair Extension Technicians
- Scalp Treatment Specialists

EXAMPLE: NO TAX ON TIPS – HAIR INDUSTRY

Example:

A barber receives \$18,500 in tips as a W-2 employee over the year and was reported to the employer via Square and logged daily. The wages are reported including the \$18,500. The tips qualify for the deduction.

Add the facts:

The barber received \$500 in cash tips separately reported from the fees charged for haircuts but not reported by the employer. If the barber reports the \$500 of income as “other income” on Schedule 1, until further IRS clarification, \$19,000 would be the tip deduction as all tip income was reported.

NO TAX ON TIPS – NAIL INDUSTRY

Workers in the nail industry frequently receive tip income and are specifically made eligible for the \$25,000 deduction under the One Big Beautiful Bill Act (OBBBA), provided they meet reporting requirements.

- Nail Technicians,
- Manicurists
- Pedicurists

EXAMPLE: NO TAX ON TIPS – NAIL INDUSTRY

Example:

A mobile nail tech earns \$23,000 in Venmo tips and \$1,500 in cash tips during in-home sessions.

Only the \$23,000 in Venmo tips were logged and reported as income on Schedule C. Therefore, only \$23,000 can be deducted from federal income tax only (not deducted on Schedule C or Schedule SE).

The cash tips not reported is tax fraud. Just because ultimately the net result for federal taxable income would have been zero, that doesn't allow income to not be reported.

If reported \$24,500 tip income less \$24,500 tip deduction does equal zero for federal taxable income, but the \$1,500 is still subject to self-employment taxes and is required to be reported on Schedule C and reduce QBI.

NO TAX ON TIPS – TAXI/UBER INDUSTRY

Workers in the taxi industry frequently receive tip income and are eligible for the \$25,000 deduction under the One Big Beautiful Bill Act (OBBBA), provided they meet reporting requirements.

- Taxi Drivers
- Airport Shuttle Drivers
- Black Car Drivers
- Private Car Chauffeurs
- Independent Cab Operators

NO TAX ON TIPS – TAXI/UBER INDUSTRY

Example:

An Uber driver makes \$27,000 in tips through cash and app-based payments

- \$27,000 is logged and included as income on Schedule C

On a separate schedule, only \$25,000 is deducted from taxable income

- The maximum deduction is \$25,000
- This is not on Schedule C or Schedule SE
- QBI is only reduced by \$25,000 on Form 8995

Add the fact that the net income on Schedule C is \$14,000

- The tip deduction is only \$14,000 (separately stated)
 - It cannot exceed the Schedule C net income
 - The tip deduction does not reduce Schedule C net income
 - QBI is only reduced by \$14,000 as that is the allowable deduction

NO TAX ON TIPS – FOOD DELIVERY

Workers in the food delivery frequently receive tip income and are eligible for the \$25,000 deduction under the One Big Beautiful Bill Act (OBBBA), provided they meet reporting requirements.

- DoorDash Drivers
- Uber Eats Couriers
- Grubhub Drivers
- Postmates Drivers
- Bicycle Food Couriers
- Catering Delivery Staff

EXAMPLE: NO TAX ON TIPS – FOOD DELIVERY

Example:

A DoorDash driver receives \$14,500 in customer tips via app payouts and \$1,500 in cash tips

- The full \$16,000 in tips is tracked and reported as income on Schedule C

That qualifies a \$16,000 separately stated deduction

- Not a deduction on Schedule C or SE
- QBI is reduced by \$16,000 on Form 8995
- Would assume the net income was at least \$16,000 on Schedule C

Add the fact that the driver files *married filing separately*

- No tip deduction is allowed
- No reduction of QBI as no deduction was allowed

NO TAX ON TIPS – RESTAURANTS

Workers in the restaurants frequently receive tip income and are eligible for the \$25,000 deduction under the One Big Beautiful Bill Act (OBBBA), provided they meet reporting requirements.

- Waitstaff
- Bartenders
- Bussers
- Hosts/Hostesses
- Barbacks
- Food Runners
- Sommeliers
- Takeout Counter Staff

Example: A server earns \$23,000 in W-2 tips in 2026. The employer includes these in payroll reporting, and the employee reports all the income and separately deducts the full amount. Social security & Medicare taxes were still withheld in full.

NO TAX ON TIPS – OTHER INDUSTRIES

Workers in the other industries frequently receive tip income and are eligible for the \$25,000 deduction under the One Big Beautiful Bill Act (OBBBA), provided they meet reporting requirements.

- Valet Attendants
- Casino Workers
- Tour Guides
- Massage Therapists
- Estheticians
- Hotel Bellhops
- Concierges
- Room Service Staff
- Wedding/Event Servers
- Gig Workers (TaskRabbit, etc.)
- Musicians/DJs

NO TAX ON TIPS – SSTB INDUSTRIES EXCLUDED

- Health services (e.g., doctors, nurses, dentists)
- Law services (e.g., lawyers, legal arbitrators)
- Accounting services (e.g., accountants, tax preparers)
- Actuarial science
- Performing arts (e.g., actors, musicians, directors)
- Consulting
- Athletics (e.g., athletes, coaches)
- Financial services (e.g., investment bankers, wealth planners)
- Brokerage services
- Investing and investment management
- Trading or dealing in securities, partnership interests, or commodities



**EMPLOYER'S
NEED TO
KNOW!**

**NO TAX
ON TIPS**



NO TAX ON TIPS - \$25,000

Up to \$25,000 Deduction on Tip Income

- Starting in 2025 through 2028, may be deducted annually
- Applies to cash and non-cash tips (e.g., Venmo, credit card, cash)
Only qualified tip income is defined as voluntarily paid
- To be tracked and reported separately on Forms W-2 and 1099
- All tip compensation for W-2 employees and 1099 workers is still reportable income (No separate box for 2025)
- This will only save federal income tax
 - Does not exempt the tips from payroll or self-employment taxes

NO INCOME TAX ON TIPS – PAYORS

Employers and other payors must file information returns with the IRS (or SSA) and furnish statements to taxpayers showing certain cash tips received and the occupation of the tip recipient.

- Employees whose employer is in an SSTB also are not eligible
- Tips received in occupations that are listed by the IRS as customarily and regularly receiving tips on or before December 31, 2024
 - The IRS published a list of occupations
 - The IRS has provided transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and payors subject to the new reporting requirements.

IRS ISSUES GUIDANCE ON TIP INDUSTRY “CODES”

List of occupations that receive tips

Treasury Tipped Occupation Code, provides a three-digit code and descriptions for the occupations listed within the proposed regulations. The proposed regulations group the occupations into eight categories:

- 100s – Beverage and Food Service
- 200s – Entertainment and Events
- 300s – Hospitality and Guest Services
- 400s – Home Services
- 500s – Personal Services
- 600s – Personal Appearance and Wellness
- 700s – Recreation and Instruction
- 800s – Transportation and Delivery

NO INCOME TAX ON TIPS – SSTB

Employees and self-employed individuals of “Specified Service Trade or Business” (SSTB) under section 199A are excluded as these industries also customarily do not receive tips. SSTB refers to a trade or business that falls into specific categories of services, or where its primary asset is the reputation or skill of its owners or employees.

Examples of services typically classified as SSTBs include:

- Health services (e.g., doctors, nurses, dentists)
- Law services (e.g., lawyers, legal arbitrators)
- Accounting services (e.g., accountants, tax preparers)
- Actuarial science
- Performing arts (e.g., actors, musicians, directors)
- Consulting
- Athletics (e.g., athletes, coaches)
- Financial services (e.g., investment bankers, wealth planners)
- Brokerage services
- Investing and investment management
- Trading or dealing in securities, partnership interests, or commodities

NO INCOME TAX ON TIPS – NOT SSTB

Not all service-based businesses are considered SSTBs. For example, the IRS specifically excludes architecture and some engineering firms from the SSTB classification. Other businesses that typically don't fall under the SSTB umbrella include:

- Rideshare services
- Sales
- Real estate agents
- Property managers (under certain conditions)
- Contractors
- Landscapers
- Childcare and eldercare providers
- Grooming services
- Notary services
- Restaurants and food trucks

However, just because an industry is NOT SSTB doesn't mean it can be included as an industry qualifying for no tax on tips, as it will be per the IRS. *Stay tuned!*

NO INCOME TAX ON TIPS – AUTOMATIC GRATUITY

Typically, restaurants have policies that charge an automatic gratuity for large parties. It would lead to a conclusion that mandatory tips won't be tax-deductible under the new law. The OBBBA states that the "no tax on tips" policy doesn't cover tip income unless it was "paid voluntarily without any consequence in the event of nonpayment, is not the subject of negotiation, and is determined by the payor."

The IRS has made clear before the OBBBA (May 8, 2025) that fees are not considered tips. Per the IRS, "Charges added to a customer's check, such as for large parties, by your employer and distributed to you, should not be added to your daily tip record. These additional charges your employer adds to a customer's bill do not constitute tips as they are service charges."

<https://www.irs.gov/businesses/small-businesses-self-employed/tip-recordkeeping-and-reporting>

NO INCOME TAX ON TIPS – DEFINING TIPS

Per the IRS (May 8, 2025):

“Tips are discretionary (optional or extra) payments determined by a customer that employees receive from customers.

Tips include:

- Cash tips received directly from customers.
- Tips from customers who leave a tip through electronic settlement or payment. This includes a credit card, debit card, gift card or any other electronic payment method.
- The value of any noncash tips, such as tickets or other items of value.
- Tip amounts received from other employees paid out through tip pools, tip splitting, or other formal/informal tip sharing arrangement.
- Tips also include tips received by both directly and indirectly tipped employees.”

<https://www.irs.gov/businesses/small-businesses-self-employed/tip-recordkeeping-and-reporting>

NO INCOME TAX ON TIPS – DEFINING TIPS

Per the IRS (May 8, 2025):

“An employer's or employee's characterization of a payment as a 'tip' is not determinative. Distributed service charges (often referred to as 'auto-gratuities' by service industries) should be characterized as non-tip wages.”

“Revenue Ruling 2012-18 reaffirms the factors that are used to determine whether payments constitute tips or service charges. Q&A 1 of Revenue Ruling 2012-18 provides that the absence of **any** of the following factors creates a doubt as to whether a payment is a tip and indicates that the payment may be a service charge:

- The payment must be made free from compulsion.
- The customer must have the unrestricted right to determine the amount.
- The payment should not be the subject of negotiation or dictated by employer policy; and,
- Generally, the customer has the right to determine who receives the payment.”

Revenue Ruling 2012-18

https://www.irs.gov/irb/2012-26_IRB#RR-2012-18

<https://www.irs.gov/businesses/small-businesses-self-employed/tip-recordkeeping-and-reporting>

NO INCOME TAX ON TIPS – DEFINING TIPS

IRS Example:

- The restaurant's menu specifies that an 18% charge will be added to all bills for parties of 6 or more customers.
- Dana's bill for food and beverages for her party of 8 includes an amount on the "tip line" equal to 18% of the price for food and beverages, and the total includes this amount.
- The restaurant distributes this amount to the waitresses and bussers.
- Under these circumstances, Dana did not have the unrestricted right to determine the amount of the payment because it was dictated by employer policy.
- Dana did not make the payment free from compulsion.

Conclusion: The 18% charge is not a tip. Instead, the amount included on the tip line is a service charge dictated by the Restaurant.

<https://www.irs.gov/businesses/small-businesses-self-employed/tip-recordkeeping-and-reporting>

W-2 EMPLOYEES: WHO QUALIFIES - NO TAX ON TIPS

Employees in tip-based roles can now deduct up to \$25,000 of tips from federal income tax. The provision applies broadly to any employee who receives tips in the course of providing personal services.

- If an employee is classified as a W-2 employee, reported on W-2
- Tips must be reported to the employer (e.g., via payroll system, POS tip reports)
- Employer is still responsible for withholding Social Security and Medicare (FICA) and still receives any “tip tax credit” otherwise eligible for
- Employees must still report all tip income, but up to \$25,000 is deducted on the federal tax return
- Employees whose employer is in an SSTB also are not eligible (See slide on SSTB)

NEW: WHAT EMPLOYERS NEED TO KNOW

The One Big Beautiful Bill Act creates new opportunities and compliance responsibilities for employers in tipped industries.

To support employees and protect the business, take these steps now:

- Update payroll systems to track and report all tips accurately (W-2 employees)
- Ensure Form W-2 includes total tips in Boxes 1, 5, 7 and Box 8 as applicable
- Be prepared to report tips in a separate box as well on Form W-2
- Add occupation codes and tip designations to Forms 1099 and 6050W as required
- Educate employees: tips still must be reported to employer—they are not 'invisible'
- Alert employees that tips over \$25K are taxable
- Don't misclassify employees as contractors to avoid tip reporting
- Be prepared for IRS scrutiny of your industry's tip practices
- Keep copies of all tip reports, POS logs, and tip-sharing arrangements

IRS ISSUES GUIDANCE ON TIP INDUSTRY “CODES”

The proposed regulations list nearly 70 separate occupations of tipped workers:

<https://www.federalregister.gov/documents/2025/09/22/2025-18278/occupations-that-customarily-and-regularly-received-tips-definition-of-qualified-tips>

NO TAX ON TIPS: IRS REFERENCES TO DATE

Authority Links:

<https://www.irs.gov/newsroom/treasury-irs-issue-guidance-listing-occupations-where-workers-customarily-and-regularly-receive-tips-under-the-one-big-beautiful-bill>

<https://www.federalregister.gov/documents/2025/09/22/2025-18278/occupations-that-customarily-and-regularly-received-tips-definition-of-qualified-tips>



NO TAX ON OVERTIME

AL PURPOSES ONLY.

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OVERTIME PAY: \$12,500 PER PERSON

Up to \$12,500 Deduction on Overtime

- Starting in 2025 through 2028, for qualified overtime compensation.
- Overtime wages and compensation for W-2 and 1099 (per IRS) are still reportable income
- To be tracked and reported separately on Forms W-2 and 1099
- Only qualified employees who are paid the required overtime compensation mandated by Section 7 of the Fair Labor Standards Act (FLSA) are to be included.

OVERTIME PAY: ONLY THE “HALF” INCLUDED

Up to \$12,500 Deduction on Overtime

The deduction only includes 0.5 of the 1.5 times the regular rate for hours worked over 40 per week, as required under the Fair Labor Standards Act (FLSA).

Example: \$10/hour base → \$15/hour OT rate → The \$5/hour is includible in the “no tax on overtime” deduction

FLSA defines 'overtime compensation' as the total 1.5 times rate, but only requires the .5 times rate to be added, as the employee still would be paid their hourly rate.

OVERTIME PAY: BELOW-THE-LINE

Up to \$12,500 Deduction on Overtime

Separately stated “below-the-line” deduction

A taxpayer can either take the standard deduction or itemize deductions

This will only save federal income tax

- Does not exempt the overtime pay from payroll or self-employment taxes (per IRS)

OVERTIME PAY DEDUCTION

Up to \$12,500 Deduction on Overtime

Deduction is per taxpayer, per year

- Maximum deduction of \$25,000 for MFJ

MFS results in zero deduction. Requires, if married, to file MFJ

Phases out for taxpayers with MAGI over \$150,000 (\$300,000 MFJ)

MAX OVERTIME DEDUCTION BY FILING STATUS

The One Big Beautiful Bill Act sets a hard cap on the overtime deduction based on how you file, not how much you earn in overtime. This slide lays out exactly who gets to deduct how much. MFS filers? They're out. Everyone else? Capped at \$25K per return.

- Single — \$12,500 deduction
- Head of Household — \$12,500 deduction
- Married Filing Jointly (MFJ) — \$25,000 combined (not \$25K per spouse)
- Qualifying Widow(er) — \$12,500 deduction
- Married Filing Separately (MFS) — \$0 deduction allowed
- ⚠ No partial credit for MFS — it's all or nothing, and MFS gets nothing

⚠ Deduction phases out beginning at \$150K AGI (single) and \$300K AGI (MFJ).

EXAMPLES: HOW NO TAX ON OVERTIME WORKS

- **Example 1 (Joint filers):** Pat earns \$14,000, and Sandy earns \$16,000 in qualified overtime in 2027. Their combined deduction is capped at \$12,500 each or \$25,000 — not \$30,000.
- **Example 2 (Ineligible):** Lisa is a salaried manager earning \$95,000. Her employer voluntarily pays her extra for long weeks, but she's FLSA-exempt. None of it qualifies for the deduction.



EMPLOYER'S NEED TO KNOW!

NO TAX ON OVERTIME

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1/31/26

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OVERTIME PAY: \$12,500 PER PERSON

Up to \$12,500 Deduction on Overtime

- Starting in 2025 through 2028, for qualified overtime compensation.
- To be tracked and reported separately on Forms W-2 and 1099 (No separate box in 2025. Not necessarily the same for existing boxes regarding tips on W-2.)
- Only qualified employees who are paid the required overtime compensation mandated by Section 7 of the Fair Labor Standards Act (FLSA) are to be included.

OVERTIME PAY: BELOW-THE-LINE

Employers play a critical role in ensuring that employees can benefit from the OBBBA overtime deduction. To qualify, overtime pay must be reported separately and accurately. The IRS is expected to issue updated forms and guidance.

This will only save federal income tax

- Does not exempt the overtime pay from payroll or self-employment taxes (per IRS)
- Overtime wages and compensation for W-2 and 1099 (per IRS) are still reportable income.

EMPLOYER REPORTING – NO TAX ON OVERTIME

- No separate box available for 2025. Use reasonable estimation methods in 2025 if payroll systems need updates
- IRS will release updated W-2 and W-4 guidance for 2026 and beyond
- Employers remain responsible for withholding FICA and Medicare taxes
- Maintain payroll documentation showing FLSA-compliant overtime calculations

OVERTIME PAY: ONLY THE “HALF” INCLUDED

The deduction only includes 0.5 of the 1.5 times the regular rate for hours worked over 40 per week, as required under the Fair Labor Standards Act (FLSA).

Example: \$10/hour base → \$15/hour OT rate → The \$5/hour is includible in the “no tax on tips” deduction

FLSA defines 'overtime compensation' as the total 1.5 times rate, but only requires the .5 times rate to be added, as the employee still would be paid their hourly rate.

EXAMPLES: HOW NO TAX ON OVERTIME WORKS

- Example (Hourly employee)
 - Alex works over 40 hours of overtime for the week
 - Regular hourly rate is \$30/hour
 - Overtime hourly rate is \$45/hour 1.5× rate
 - Only \$15/hour is the overtime compensation included.

NON-EXEMPT EMPLOYEES: WHO QUALIFIES

Employees in nonexempt roles (as defined by the FLSA) can now deduct up to \$12,500 of federally taxed overtime pay — or \$25,000 for joint filers. This provision applies to any qualifying employee who receives overtime pay required by law at 1.5× their normal rate for working more than 40 hours in a week.

- Must be classified as a FLSA nonexempt employee
- Must be paid overtime at 1.5× rate for hours over 40 per week
- Employer must report qualified overtime separately on Form W-2
- Employer still withholds Social Security and Medicare (FICA)
- Deduction applies only to federal income tax, not payroll taxes
- Applies to hourly, frontline, and service-industry workers

WHO DOES NOT QUALIFY

Not everyone is eligible for the OBBBA overtime deduction. The law targets working-class, hourly employees covered under the Fair Labor Standards Act. If you're exempt from FLSA or earn above certain thresholds, you're out. Here's who does NOT qualify:

- Exempt employees under FLSA — even if paid overtime voluntarily
- Highly Compensated Employees (HCEs) — over \$160,000 prior-year income or 5%+ owner
- Employees whose overtime is not required under FLSA (e.g., salaried)
- Workers who exceed phase-out limits: \$275K (single), \$550K (joint)
- Anyone whose employer does not report overtime separately on W-2
- Contractors or gig workers (1099s) — unless later updated by IRS

EMPLOYER GUIDE: EXEMPT VS. NONEXEMPT EMPLOYEES

JJ's Quick Employer Checklist (This is NOT Per IRS or Authoritative):

- Does the employee earn less than \$1,128/week?
- Is the employee not performing executive/admin/professional duties?
- Are they entitled to overtime by law?
- Do you report overtime separately on their W-2?

If YES to all,
The employee is nonexempt and eligible for the OBBBA overtime tax deduction.

Be mindful that these final decisions could require legal analysis. Avoid being an attorney.

Review <https://www.dol.gov/agencies/whd/overtime/salary-levels>

JJ's EMPLOYER GUIDE: EXEMPT VS. NONEXEMPT EMPLOYEE

| Factor | Nonexempt Employee ✔ Eligible for OBBBA Deduction | Exempt Employee ✘ Not Eligible for OBBBA Deduction |
|---|--|---|
| FLSA Overtime Protection | Covered — entitled to 1.5× pay after 40 hrs/week (Only the .5 included in OBBBA deduction) | Not covered — not legally entitled to overtime |
| Method of Pay | Hourly or salary (below threshold) | Typically salaried |
| Minimum Salary Threshold | Below \$1,128/week (\$58,656/year) Effective 1/1/25 | At/above \$1,128/week (\$58,656/year) Effective 1/1/25 |
| Typical Job Duties | Routine, task-based, production, service work | Executive, administrative, professional, or outside sales |
| Receives Overtime Pay? | Yes — required by law (FLSA) | Possibly — but if voluntary, not FLSA-qualified |
| Is Overtime Pay Deductible under OBBBA? | ✔ Yes — if properly reported on W-2 | ✘ No — even if paid voluntarily |
| W-2 Reporting Required | Yes — must list “qualified overtime” separately | Not applicable |
| Income Eligibility ^(OBBBA cap) | Under \$160,000 (single) or \$300,000 (joint) | Irrelevant — not eligible |

Review <https://www.dol.gov/agencies/whd/overtime/salary-levels>

This is NOT Per IRS or Authoritative

RECORDKEEPING REQUIREMENTS

Accurate recordkeeping is essential to support eligibility for the OBBBA overtime deduction. Taxpayers and employers must retain documentation proving hours worked, rate of pay, and proper reporting.

- Timecards or digital logs showing hours over 40/week
- Pay stubs or payroll summaries showing 1.5× overtime rate
- Employer payroll system reports with overtime itemized separately
- W-2s clearly showing qualified overtime reported separately (Box TBD)
- Copies of employment agreements or HR policies outlining OT eligibility
- Documentation of job duties supporting nonexempt status
- Year-end reconciliations confirming reported OT matches payroll data
- Retain records for a minimum of 3 years (IRS audit period)

NO TAX ON OVERTIME: IRS REFERENCES TO DATE

Authority Links:

<https://www.irs.gov/newsroom/questions-and-answers-about-the-new-deduction-for-qualified-overtime-compensation>

<https://www.irs.gov/newsroom/treasury-irs-issue-faqs-to-address-the-new-deduction-for-qualified-overtime-compensation-under-the-one-big-beautiful-bill>

<https://www.irs.gov/pub/irs-drop/n-25-62.pdf>

<https://www.irs.gov/pub/irs-drop/n-25-69.pdf>



**IRS RELIEF
FOR REPORTING
FORM W-2 & 1099
ON
TIPS & OVERTIME**

2025 TRANSITION RELIEF FOR EMPLOYERS

The IRS issued guidance providing penalty relief to employers and other payors for tax year 2025 regarding new information reporting requirements for cash tips and qualified overtime compensation under the OBBBA.

Transition penalty relief for tax year 2025

Notice 2025-62 provides penalty relief from the new information reporting requirements for cash tips and qualified overtime compensation under the OBBB to employers and other payors for not filing correct information returns and not providing correct payee statements to employees and other payees.

2025 TRANSITION RELIEF FOR EMPLOYERS

Specifically, employers and other payors will not face penalties for failing to provide a separate accounting of any amounts reasonably designated as cash tips or the occupation of the person receiving such tips. In addition, employers and other payors will also not face penalties for failing to separately provide the total amount of qualified overtime compensation. The relief is limited to returns and statements filed and provided for tax year 2025 and applies only to the extent that the person required to make the return or statement otherwise files and provides a complete and correct return or statement.

2025 TRANSITION RELIEF FOR EMPLOYERS

Treasury and IRS are aware that employers and other payors may not currently have the information required to be reported under the OBBBA, or the systems or procedures in place to be able to correctly file the additional information with the IRS, or SSA in the case of a Form W-2, and provide it to employees and other payees. Moreover, the IRS has announced that Forms W-2 and 1099 for tax year 2025 will not be updated to account for the OBBBA-related changes. Therefore, tax year 2025 will be treated as a transition period for IRS enforcement and administration of the new information reporting requirements for cash tips and qualified overtime compensation under the OBBBA.

2025 TRANSITION RELIEF FOR EMPLOYERS

While not a requirement to receive the penalty relief provided in Notice 2025-62, employers and other payors are encouraged to provide employees and payees, particularly those in a tipped occupation, with the occupation codes and separate accountings of cash tips, so the employee or payee can claim the deduction for qualified tips for tax year 2025. Likewise, employers and payors are encouraged to provide employees and payees with separate accountings of overtime compensation, so the employee or payee has readily available the information necessary to claim the deduction for qualified overtime compensation for tax year 2025.

2025 TRANSITION RELIEF FOR EMPLOYERS

Employers and payors can make the information available to their employees and payees through an online portal, additional written statements provided to the employees or payees, other secure methods, or in the case of qualified overtime compensation in Box 14 of the employee's Form W-2.

Why didn't I join
JIMatermind when
I had the chance?



TAX FORMS

AL PURPOSES ONLY.

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FORM W-2

IRS
ANNOUNCED:
EXPECT
NO 2025
CHANGES

| | | | | | |
|--|----------------------------|---|---------------------|--------------------------------|---------------------|
| 2222 | | a Employee's social security number | | OMB No. 1545-0029 | |
| b Employer identification number (EIN) | | 1 Wages, tips, other compensation | | 2 Federal income tax withheld | |
| c Employer's name, address, and ZIP code | | 3 Social security wages | | 4 Social security tax withheld | |
| | | 5 Medicare wages and tips | | 6 Medicare tax withheld | |
| | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | 9 | | 10 Dependent care benefits | |
| e Employee's first name and initial | | Last name | | Suff. | |
| | | 11 Nonqualified plans | | 12a | |
| | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b | |
| | | 14 Other | | 12c | |
| | | | | 12d | |
| f Employee's address and ZIP code | | | | | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax |
| | | | | | 20 Locality name |

Form **W-2** Wage and Tax Statement **2025** Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

FORM 1099-NEC

IRS ANNOUNCED: NO 2025 CHANGES

VOID CORRECTED

| | | | |
|---|-----------------|--|--|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | | OMB No. 1545-0116 Form 1099-NEC (Rev. April 2025) For calendar year _____ | Nonemployee Compensation |
| PAYER'S TIN | RECIPIENT'S TIN | 1 Nonemployee compensation \$ _____ | |
| RECIPIENT'S name | | 2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> | Copy 1 For State Tax Department |
| Street address (including apt. no.) | | 3 Excess golden parachute payments \$ _____ | |
| City or town, state or province, country, and ZIP or foreign postal code | | 4 Federal income tax withheld \$ _____ | |
| Account number (see instructions) | | 5 State tax withheld 6 State/Payer's state no. 7 State income \$ _____ \$ _____ \$ _____ | |

Form **1099-NEC** (Rev. 4-2025)

www.irs.gov/Form1099NEC

Department of the Treasury - Internal Revenue Service

VOID CORRECTED

| | | | |
|---|-----------------|--|--|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | | 1 Rents | OMB No. 1545-0115 |
| | | \$ | Form 1099-MISC |
| | | 2 Royalties | (Rev. April 2025) |
| | | \$ | For calendar year _____ |
| | | 3 Other income | 4 Federal income tax withheld |
| | | \$ | \$ |
| PAYER'S TIN | RECIPIENT'S TIN | 5 Fishing boat proceeds | 6 Medical and health care payments |
| | | \$ | \$ |
| RECIPIENT'S name | | 7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> | 8 Substitute payments in lieu of dividends or interest |
| Street address (including apt. no.) | | \$ | \$ |
| City or town, state or province, country, and ZIP or foreign postal code | | 9 Crop insurance proceeds | 10 Gross proceeds paid to an attorney |
| | | \$ | \$ |
| | | 11 Fish purchased for resale | 12 Section 409A deferrals |
| | | \$ | \$ |
| | | 13 FATCA filing requirement <input type="checkbox"/> | 14 |
| | | | 15 Nonqualified deferred compensation |
| | | | \$ |
| Account number (see instructions) | | 16 State tax withheld | 17 State/Payer's state no. |
| | | \$ | \$ |
| | | \$ | \$ |

Miscellaneous Information

**Copy 1
For State Tax
Department**

**FORM
1099-MISC**

**IRS
ANNOUNCED:
NO 2025
CHANGES**

Form **1099-MISC** (Rev. 4-2025)

www.irs.gov/Form1099MISC

Department of the Treasury - Internal Revenue Service



2026 TAX FORMS

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2026
FORM
W-2

| | | | | | |
|--|----------------------------|--|---------------------|--------------------------------|---------------------|
| 22222 | | a Employee's social security number | | OMB No. 1545-0029 | |
| b Employer identification number (EIN) | | 1 Wages, tips, other compensation | | 2 Federal income tax withheld | |
| c Employer's name, address, and ZIP code | | 3 Social security wages | | 4 Social security tax withheld | |
| | | 5 Medicare wages and tips | | 6 Medicare tax withheld | |
| | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | 9 | | 10 Dependent care benefits | |
| e Employee's first name and initial | | Last name | | Suff. | |
| | | 13 Statutory employee Retirement plan Third-party sick pay | | 12a | |
| | | 14a Other | | 12b | |
| | | 14b Treasury Tipped Occupation Code(s) | | 12c | |
| | | | | 12d | |
| f Employee's address and ZIP code | | | | | |
| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax |
| | | | | | 20 Locality name |

TA \$ Tump Acct

TP \$ Tips

TA \$ Overtime

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2026

Department of the Treasury—Internal Revenue Service

2026 FORM W-2: BRAND NEW BOX 12 CODES

FROM IRS INSTRUCTIONS:

Box 12. The following list explains the codes shown in box 12.

TA—Employer contributions under a section 128 Trump account contribution program paid to a Trump account of an employee or a dependent of an employee.

TP—Total amount of cash tips reported to the employer. “Cash tips” includes tips received in cash, charged, or under a tip-sharing arrangement. Use this amount when determining the qualified tip deduction in Part II of Schedule 1-A (Form 1040).

TT—Total amount of qualified overtime compensation. Use this amount when determining the qualified overtime compensation deduction in Part III of Schedule 1-A (Form 1040).

2026 FORM W-2: QUALIFIED TIPS

FROM IRS INSTRUCTIONS:

Deduction for qualified tips. For tax years beginning after 2024 and ending before 2029, P.L. 119-21 allows certain employees and self-employed individuals to deduct up to \$25,000 of qualified tips received in occupations that are listed by the IRS as having customarily and regularly received tips on or before December 31, 2024, on their income tax return.

Qualified tips are cash tips, which include voluntary cash or charged tips received from customers or, in the case of employees, through tip-sharing arrangements.

2026 FORM W-2: QUALIFIED TIPS

FROM IRS INSTRUCTIONS:

Mandatory service charges added to the bill are not qualified tips.

Tips are generally subject to federal income tax withholding and both the employer share and employee share of social security tax and Medicare tax if the tips received are \$20 or more per month.

Employers must file Forms W-2 with the SSA and furnish statements to tip recipients showing cash tips received and the Treasury Tipped Occupation Code(s) of the tip recipient.

2026 FORM W-2: QUALIFIED TIPS

FROM IRS INSTRUCTIONS:

New box 12, code TP, will be used to report the total amount of cash tips reported to the employer. See Code TP—Total amount of cash tips reported to the employer, for more information.

New box 14b will be used to report the Treasury Tipped Occupation Code(s). See Box 14b—Treasury Tipped Occupation Code(s), for more information.

2026 FORM W-2: QUALIFIED OVERTIME

FROM IRS INSTRUCTIONS:

Deduction for qualified overtime. For tax years beginning after 2024 and ending before 2029, P.L. 119-21 allows individuals (employees and other workers not treated as employees) to deduct up to \$12,500 (\$25,000 if married filing jointly) in qualified overtime compensation from their income subject to federal income tax on their income tax return.

Qualified overtime is compensation that exceeds the regular rate of pay (such as the “and-a-half” portion of time-and-a-half compensation) that is paid to an individual required under section 7 of the Fair Labor Standards Act (FLSA) of 1938.

2026 FORM W-2: QUALIFIED OVERTIME

FROM IRS INSTRUCTIONS:

Overtime compensation is generally subject to federal income tax withholding and both the employer share and employee share of social security tax and Medicare tax.

Employers must file Forms W-2 with the SSA and furnish statements to overtime recipients showing qualified overtime compensation paid during the year.

New box 12, code TT, will be used to report the total amount of qualified overtime compensation. See Code TT—Total amount of qualified overtime compensation, for more information.

2026 FORM W-2: TRUMP ACCOUNTS

FROM IRS INSTRUCTIONS:

Employer contributions to Trump accounts. P.L. 119-21 allows for a Trump account, which is a new type of traditional individual retirement account, to be established for a child who has not attained age 18.

Beginning July 4, 2026, employers may contribute up to \$2,500 a year, which will be indexed for inflation after tax year 2027, to the Trump account of an employee or of a dependent of an employee, and the amount will be excluded from the gross income of the employee if paid pursuant to a Trump account contribution program.

In general, this account has an annual contribution limit (including from employer contributions) of \$5,000, which will be indexed for inflation after tax year 2027.

2026 FORM W-2: TRUMP ACCOUNTS

FROM IRS INSTRUCTIONS:

For more information about employer contributions to Trump accounts, see Pub. 15-A, Employer's Supplemental Tax Guide.

New box 12, code TA, will be used to report employer contributions to Trump accounts of an employee or dependent of an employee that are paid pursuant to a section 128 Trump account contribution program.

See Code TA—Employer contributions under a section 128 Trump account contribution program paid to a Trump account of an employee or a dependent of an employee, for more information.

2026 FORM W-2: IRS REFERENCES TO DATE

Authority Links:

2026 Form W-2

<https://www.irs.gov/pub/irs-pdf/fw2.pdf>

2026 Form W-2 Instructions

<https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>

2026 FORM 1099-NEC

TREASURY/IRS AND OMB USE ONLY DRAFT

VOID CORRECTED

| | | | | | |
|-----------------------------------|----------------|-----------------|------------------|--|---|
| PAYER'S name | | | | 1a Nonemployee compensation | OMB No. 1545-0116 |
| Street address | | | Room/suite no. | \$ | Form 1099-NEC |
| City/town | State/province | Country | ZIP/foreign code | 1b Cash tips | (Rev. December 2026) |
| Telephone number: | | | | \$ | For calendar year |
| PAYER'S TIN | | RECIPIENT'S TIN | | 1c Treasury tipped occupation code | 1d Overtime compensation |
| RECIPIENT'S name | | | | 2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> | 3 Excess golden parachute payments |
| Street address | | | Apt. no. | \$ | \$ |
| City/town | State/province | Country | ZIP/foreign code | 4 Federal income tax withheld | 5 State tax withheld |
| Account number (see instructions) | | | | \$ | \$ |
| | | | | 6 State/Payer's state no. | 7 State income |
| | | | | \$ | \$ |

Nonemployee Compensation

**Copy 1
For State Tax Department**

Form **1099-NEC** (Rev. 12-2026)

www.irs.gov/Form1099NEC

Department of the Treasury - Internal Revenue Service

2026 FORM 1099-NEC: NEW BOXES

FROM IRS INSTRUCTIONS:

Box 1b. Shows the total amount of cash tips. This amount has been included in the amount reported in box 1a. Use the amount in box 1b when determining the qualified tip deduction on Part II of Schedule 1-A (Form 1040).

Box 1c. Shows Treasury Occupation Code for your tipped occupation.

Box 1d. Shows the total amount of overtime compensation. This amount has been included in the amount reported in box 1a. Use the amount in box 1d when determining the qualified overtime compensation deduction on Part III of Schedule 1-A (Form 1040).

TREASURY/IRS AND OMB USE ONLY DRAFT

VOID CORRECTED

| | | | | | |
|---|-----------------|--|------------------------------|--|--|
| PAYER'S name | | | 1 Rents | OMB No. 1545-0115 | Miscellaneous Information |
| Street address | | | \$ | Form 1099-MISC | |
| Room or suite no. | | 2 Royalties | | (Rev. December 2026) | Copy 1 For State Tax Department |
| City or town | | \$ | | For calendar year | |
| State or province | Country | ZIP or foreign postal code | 3 Other income | 4 Federal income tax withheld | <p>2026 FORM 1099-MISC</p> |
| PAYER'S TIN | RECIPIENT'S TIN | | \$ | \$ | |
| RECIPIENT'S name | | | 5 Fishing boat proceeds | 6 Medical and health care payments | <p>2026 FORM 1099-MISC</p> |
| Street address | | | \$ | \$ | |
| Apt. no. | | 7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> | | 8 Substitute payments in lieu of dividends or interest | <p>2026 FORM 1099-MISC</p> |
| City or town | | \$ | | \$ | |
| State or province | Country | ZIP or foreign postal code | 9 Crop insurance proceeds | 10 Gross proceeds paid to an attorney | <p>2026 FORM 1099-MISC</p> |
| FATCA filing requirement <input type="checkbox"/> | | | \$ | \$ | |
| Account number (see instructions) | | | 11 Fish purchased for resale | 12 Section 409A deferrals | <p>2026 FORM 1099-MISC</p> |
| | | | \$ | \$ | |
| | | | 13a Cash tips | 13b Treasury tipped occupation code | <p>2026 FORM 1099-MISC</p> |
| | | | \$ | \$ | |
| | | | 14 Overtime compensation | 15 Nonqualified deferred compensation | <p>2026 FORM 1099-MISC</p> |
| | | | \$ | \$ | |
| | | | 16 State tax withheld | 17 State/Payer's state no. | <p>2026 FORM 1099-MISC</p> |
| | | | \$ | \$ | |
| | | | 18 State income | | <p>2026 FORM 1099-MISC</p> |
| | | | \$ | \$ | |

Form **1099-MISC** (Rev. 12-2026)

www.irs.gov/Form1099MISC

Department of the Treasury - Internal Revenue Service

2026 FORM 1099-MISC: NEW BOXES

FROM IRS INSTRUCTIONS:

Box 13a. Shows the total amount of cash tips. This amount has been included in the amount reported in box 3. Use the amount in box 13a when determining the qualified tip deduction on Part II of Sch. 1-A (Form 1040).

Box 13b. Shows Treasury Occupation Code for your tipped occupation.

Box 14. Shows the total amount of overtime compensation. This amount has been included in the amount reported in box 3. Use the amount in box 14 when determining the qualified overtime compensation deduction on Part III of Sch. 1-A (Form 1040).

2026 FORM 1099's: IRS REFERENCES TO DATE

Authority Links:

2026 Form 1099-Misc

<https://www.irs.gov/pub/irs-dft/f1099misc--dft.pdf>

2026 Form 1099-NEC

<https://www.irs.gov/pub/irs-dft/f1099nec--dft.pdf>

2026 Form 1099 Instructions

<https://www.irs.gov/pub/irs-dft/p1099--dft.pdf>



CLEAN VEHICLE TAX CREDIT 2025 UPDATE

1/31/26

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2025 CLEAN VEHICLE CREDIT

- Not available on purchases after September 30, 2025
- Taxpayer can use credit immediately at registered dealer
- Taxpayer still reports on tax return

2025 CLEAN VEHICLE CREDIT

- **NO REPAYMENT:** If there is not enough tax to absorb the credit, the credit is NOT paid back to IRS
- **CREDIT REPAYED:** If the taxpayer's income is too high, the tax credit is repaid to the IRS as an added tax

CLEAN-VEHICLE BUYERS CAN TRANSFER TAX CREDITS TO REDUCE PURCHASE PRICE

Buyers of qualified clean vehicles can transfer Sec. 30D or Sec. 25E credits to an IRS registered dealer in return for a cash payment or having the credit treated as a partial payment or down payment on the vehicle starting January 1, 2024. This from IRS proposed regulations (REG-113064-23). Rev. Proc. 2023-33 provides additional information on the mechanics of this transaction.

The transfer will allow buyers to reduce their purchase price at the time of sale vs. having to wait to take the credit on their tax return (which is in the following year) and have potential phase-outs of the credit due to income levels. These are for transfers of the new clean vehicle credit, up to \$7,500, and the used clean vehicle credit, up to \$4,000, out of the Inflation Reduction Act.

CLEAN-VEHICLE BUYERS CAN TRANSFER TAX CREDITS TO REDUCE PURCHASE PRICE

Unlike if the credit is solely taken on the tax return, if there is not enough tax liability to cover the tax credit, there will be NO recapture of the tax credit taken when transacted at the dealership.

However, like when the credit is solely taken on the tax return, if the AGI is too high, the available credit still phases out, and would need to be recaptured on the Form 1040. This will be a tax added to other taxes, and paid with the individual taxes.

NOTE: Be mindful that the credit allowed reduces the depreciable basis. So, if the credit does get phased out, be sure not to reduce the depreciable basis.

NEW: REPORTING THE TRANSFER OF CREDIT

Reporting a transfer of a credit for a new or previously owned clean vehicle credit to a dealer at the time of sale. If you purchased a new or used clean vehicle from a registered dealer and reduced the amount you paid at the time of sale by transferring the credit to the dealer, you must file a tax return and attach Form 8936 and Schedule A (Form 8936) to report the transfer of the credit and reconcile your eligibility on your return.

Form **8936**

Department of the Treasury
Internal Revenue Service

Clean Vehicle Credits

Attach to your tax return.

Go to www.irs.gov/Form8936 for instructions and the latest information.

OMB No. 1545-2137

2025
Attachment
Sequence No. **69**

Name(s) shown on return

Identifying number

- Notes:**
- Complete a separate Schedule A (Form 8936) for each clean vehicle placed in service during the tax year.
 - Individuals who transferred the credit to the dealer at the time of sale must file this form and Schedule A (Form 8936).

NEW: WHERE IS THE CREDIT REPAID?

If the tax credit is to be repaid, it is reported from Form and carried to Schedule 2 (Form 1040) lines 1b and/or 1c.

**SCHEDULE 2
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2025
Attachment
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Part I Tax

1 Additions to tax:

- a** Excess advance premium tax credit repayment. Attach Form 8962
- b** Repayment of new clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part II. Attach Form 8936 and Schedule A (Form 8936)
- c** Repayment of previously owned clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part IV. Attach Form 8936 and Schedule A (Form 8936)

| | | |
|-----------|--|--|
| 1a | | |
| 1b | | |
| 1c | | |



OBBBA BUSINESS PROVISIONS



R & D

**RESEARCH
& DEVELOPMENT**

R&D EXPENSING RESTORED

The OBBBA reinstates the immediate deduction for domestic research and development (R&D) expenses under Section 174 incurred after December 31, 2024.

The 15-year amortization requirement for foreign R&D costs remains unchanged.

R&D EXPENSING: SMALL BUSINESS

The OBBBA allows small business taxpayers (with average annual gross receipts of \$31 million or less) to

Claim a tax deduction for R&D retroactively to tax years beginning after December 31, 2021, and

May elect to accelerate amortization attributable to domestic research and experimental expenditures paid or incurred after December 31, 2021 and before January 1, 2025

- These businesses can amend prior tax returns
 - If the tax return is on extension, it does not need to be amended. File the changes with the original tax return.
 - Elect to apply the unamortized amounts against current tax years (2025–2026)

R&D SMALL BUSINESS OPTIONS EXAMPLE

Company R&D Paid (Domestic only):

2022: \$12,000

2023: \$20,000

2024: \$18,000

2025: \$8,000

Amortization Method (pre-OBBBA): 5-year, mid-year convention

R&D SMALL BUSINESS OPTIONS EXAMPLE

Unamortized R&D Balances at 1/1/2025

Estimated unamortized (rounded):

- 2022: \$6,000 remaining
- 2023: \$14,000 remaining
- 2024: \$16,200 remaining

Total unamortized: \$36,200

R&D SMALL BUSINESS: OPTION 1

Amend 2022–2024 Returns to Expense R&D

- 2022: Expense full \$12,000
- 2023: Expense full \$20,000
- 2024: Expense full \$18,000

Results in a tax refund/lower liability in those years

2025: Expense \$8,000 for current year R&D

R&D SMALL BUSINESS: OPTION 2

Accelerate Remaining Amortization

Elect to deduct the remaining \$36,200 over 2 years:

- 2025: Deduct \$18,100
- 2026: Deduct \$18,100

2025: Also, expense \$8,000 in current-year R&D

No amendments needed for prior returns

R&D SMALL BUSINESS: OPTION 3

Continue 5-Year Amortization

Continue deducting R&D per the original amortization schedule

Remaining balances for 2022–2024 will be deducted gradually through 2029

2025: Expense \$8,000 under OBBBA

R&D EXPENSING: LARGE BUSINESS

Larger businesses can elect to remain unamortized domestic R&D expenses from January 1, 2022, through December 31, 2024, to be deducted over a two-year period starting in 2025.

Retroactive elections must be made within one year of July 4, 2025.

Taxpayers still retain the option to elect five-year amortization.

Option 1 is not an option for large businesses

R&D LARGE BUSINESS: OPTION 2

Accelerate Remaining Amortization

Elect to deduct the remaining \$36,200 over 2 years:

- 2025: Deduct \$18,100
- 2026: Deduct \$18,100

2025: Also, expense \$8,000 in current-year R&D

No amendments needed for prior returns

R&D LARGE BUSINESS: OPTION 3

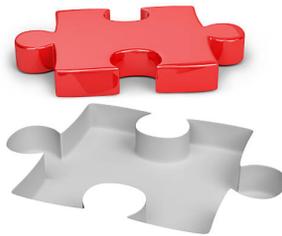
Continue 5-Year Amortization

Continue deducting R&D per the original amortization schedule

Remaining balances for 2022–2024 will be deducted gradually through 2029

2025: Expense \$8,000 under OBBBA

BONUS DEPRECIATION





BONUS DEPRECIATION – 100% MADE PERMANENT

OBBBA permanently restores 100% bonus depreciation.

- Effective Date: Acquired and placed in service after January 19, 2025
- Bonus applies after Section 179 is elected
- Can elect out of bonus depreciation
 - Election applies to all assets in each class life
 - You can select which class life will be elected out
- Applies to new and used qualified property
- MACRS property with a recovery period of 20 years or less
 - Includes qualified improvement property (QIP)

BONUS DEPRECIATION – DOES NOT APPLY

Bonus depreciation **does not apply** to:

- Class life over 20 years
- Property used outside the U.S.
- Property acquired from related parties
- Buildings and most structural components
- Intangibles (like goodwill)

ACQUIRED AFTER JANUARY 19, 2025

Treasury, IRS issue guidance on the additional first year depreciation deduction amended as part of the One, Big, Beautiful Bill

Topics in the news

News releases

News releases for frequently asked questions

Multimedia center

Tax relief in disaster situations

Treasury, IRS issue guidance on the additional first year depreciation deduction amended as part of the One, Big, Beautiful Bill

IR-2026-06, Jan. 14, 2026

WASHINGTON — The Department of the Treasury and the Internal Revenue Service today issued [Notice 2026-11](#)  that provides taxpayers with guidance on the permanent 100% additional first year depreciation deduction for eligible depreciable property acquired after Jan. 19, 2025, provided by the One, Big, Beautiful Bill. The notice also provides guidance on certain qualified sound recording productions that the OB BB added as property that may be eligible for the additional first year depreciation deduction.

BRAND NEW BONUS DEPRECIATION IRS REFERENCES TO DATE

Authority Links:

<https://www.irs.gov/newsroom/treasury-irs-issue-guidance-on-the-additional-first-year-depreciation-deduction-amended-as-part-of-the-one-big-beautiful-bill>

<https://www.irs.gov/pub/irs-drop/n-26-11.pdf>

<https://www.irs.gov/newsroom/additional-first-year-depreciation-deduction-bonus-faq>

The Treasury Department and IRS released Notice 2026-11 providing interim guidance on the permanent restoration of the additional first-year depreciation deduction under IRC § 168(k), as amended by the One Big Beautiful Bill Act (OBBBA). The law establishes a permanent 100% deduction for eligible depreciable property acquired after January 19, 2025, replacing the scheduled phase-down that had reduced the deduction in recent years.

SECTION 179 DEPRECIATION



1/31/20

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SECTION 179 DEPRECIATION – OBBBA EXPANSIONS

OBBBA significantly expands Section 179 expensing limits starting in 2025, permanently increasing the dollar cap, phaseout threshold, and eligibility of property types.

- Dollar limit raised to \$2,500,000
- Phaseout threshold increased to \$4,000,000
- Effective for property placed in service on or after January 1, 2025
- Reminder of eligible improvements carried from the The Protecting Americans from Tax Hikes (PATH) Act
 - Roofs, HVAC, fire protection, security
- Reminder: Includes qualified improvement property (QIP)
- Applies to new and used property

Setting Every Community Up for Retirement Enhancement Act 2.0



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THE SECURE ACT 2.0

ISSUES FOR INDIVIDUALS

SECURE ACT 2.0: SOLE-PROPRIETORS (FILING SCHEDULE C)

401(k) plans for sole proprietors: extended deadline for retroactive elective contributions.

The Act extends the retroactive elective contribution deadline for sole proprietors for the first year of a new plan **from the end of the first year of the plan, to the sole proprietor's tax return due date** (determined without regard to any extensions) for the year the plan is adopted.

Under the SECURE 2.0, a sole proprietor (with no employees) is allowed to retroactively set up a 401(k) plan with a January 1, 2023 effective start date and contribute elective contributions up to the 2023 maximum annual limit. This can be done anytime before the due date of a sole proprietor's tax return (determined without regard to any extensions). NOTE: Schedule C is filed with Form 1040, therefore the due date is the same as Form 1040.

SECURE ACT 2.0: ROTH IRAs

Roth IRAs

- Required minimum distributions from a designated Roth account in a qualified plan are not needed prior to the participant's death, for distributions related to years after 2023.
- Owners of Roth IRAs don't have to make RMDs.
- Those with Roth 401(k)s do have to take a distribution in 2023, but that this is the last year.
- Starting in 2024, those with Roth 401(k)s can let that money grow tax free for as long as they're alive.

SECURE ACT 2.0: REQUIREMENT MINIMUM DISTRIBUTIONS (RMDs)

Required Minimum Distributions (RMDs are taxed at ordinary rates.)

IRS Notice 2023-54 provides a one year delay of the provisions from the SECURE Act 2.0, meaning it will not be applicable until 2024 at the earliest.

In 2023, savers with traditional retirement accounts, including individual retirement accounts, simplified employee pension (SEP) accounts, simple IRAs (for small businesses), 401(k)s and similar plans for teachers and for public-sector and nonprofit workers, must start taking required minimum distributions at age 73. (In 2033, the age rises to 75.)

SECURE ACT 2.0: EARLY WITHDRAWAL PENALTIES

Early Withdrawal Penalties (Money Pulled Before Age 59 1/2)

The penalty is 10% of the amount withdrawn (at ordinary tax rates). There are currently a number of exceptions, and the SECURE Act 2.0 adds some new ones:

- Those in **Federally declared disaster areas** can withdraw up to **\$22,000** from an IRA or workplace retirement plan with no penalty. **The tax owed can be paid over three years.**
- Penalty-free withdrawals if the person becomes **terminally ill**.
- **Starting in 2024**
 - \$1,000 can be withdrawn to cover a **financial emergency**
 - \$10,000 if they are a **victim of domestic abuse**
 - \$2,500 if they have an **emergency savings account** that's tied to their retirement plan
- **Starting in 2025**, one can withdraw penalty-free up to \$2,500 to cover **long-term care expenses**.

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SECURE ACT 2.0: MANDATORY ROTH CATCH-UP CONTRIBUTIONS

Catch-up Contributions Requiring Roth Treatment

- The SECURE ACT 2.0 made 2023 the last year that savers making more than \$145,000 a year can make contributions to a plan on a pre-tax basis.
- However, the IRS issued IRS Notice 2023-62 (August 25, 2023) providing a two-year delay in this provision, thus making 2025 the last year to make catch-up contributions to a plan on a pre-tax basis.
- Now, starting in 2026, all those catch-up contributions must be with after-tax dollars.

SECURE ACT 2.0: MANDATORY ROTH CATCH-UP CONTRIBUTIONS

Catch-up Contributions Requiring Roth Treatment

As background, a catch-up contribution is an additional contribution permitted to be made to a retirement plan by employees age 50 or older over the normal contribution limit. Employees over age 50 may contribute an additional ("catch-up") amount.

The SECURE Act 2.0 required that employees whose prior-year wages from their current employer that exceeded \$145,000 (indexed) make any catch-up contributions as Roth (post-tax) beginning January 1, 2024.

Again, Notice 2023-62 provides a two-year "administrative transition period," during which the requirement that catch-up contributions for employees earning over \$145,000 be treated as Roth will not apply until January 1, 2026.

SECURE ACT 2.0: MANDATORY ROTH CATCH-UP CONTRIBUTIONS

IRS Notice 2023-62 also provides initial guidance on other SECURE Act 2.0 provisions

- Workers who are not paid FICA wages (as defined under IRC Section 3121(a)), such as partners and self-employed persons, are not subject to the Roth requirement, because the \$145,000 threshold relates to FICA wages. State and local government employees who are not paid wages subject to FICA are also excluded from the Roth catch-up requirement.
- The notice also provided that no separate election will be necessary for employees subject to the Roth catch-up contributions to authorize such catch-up contributions.
- Notice 2023-62 also confirmed that for employees who work for two or more unrelated employers in a multi-employer plan, the wages of each employer are considered separately to determine whether the \$145,000 measure is met. The example provided in the notice follows:

SECURE ACT 2.0: MANDATORY ROTH CATCH-UP CONTRIBUTIONS

Notice 2023-62 state “If an eligible participant's wages for a calendar year were:

- (1) \$100,000 from one participating employer; and
- (2) \$125,000 from another participating employer,

then the participant's catch-up contributions under the plan for the next year would not be subject to section 414(v)(7)(A) (even if the participant's ***aggregate*** wages from the participating employers for the prior calendar year exceed \$145,000, as adjusted

The guidance clarified that even if an employee's wages from one employer in a multi-employer plan exceed \$145,000, catch-up contributions made while working for another participating employer would not be required to be Roth, unless the participant's prior-year wages from that other employer also exceed that amount.

SECURE ACT 2.0: RETIREMENT PLANS

RETIREMENT PLANS

- Employer contribution limits for SIMPLE IRAs will rise in 2024 to 10% of the employee's compensation for employers with 25 or fewer workers; capped at \$5,000 (2024, indexed for inflation). Employers with 26 to 100 workers will also have higher SIMPLE contribution limits if the employer meets certain criteria. Employers can also make up to \$5,000 more in contributions to the plans.
- The SECURE Act 2.0 allows, but does not require, companies to automatically transfer a former employee's plan to their new employer.
- Starting 2025, employers must open up their retirement plans to part-time workers who perform at least 500 hours of service during two consecutive 12-month periods.

THE SECURE ACT 2.0



ISSUES FOR BUSINESSES

Many SECURE 2.0 provisions apply specifically to small businesses with 100 or fewer employees (small employers).

SECURE ACT 2.0: NEW PENSION PLAN START-UP COSTS CREDIT

The tax credit for new pension plan's start-up costs is increased.
(\$15,000 credit possible)

For employers with 50 or fewer employees, the tax credit increases from 50% up to 100% of the qualified costs incurred in the first three years of starting up a new plan. The credit is still limited to \$5,000 per year.

SECURE ACT 2.0: NEW PENSION PLAN START-UP COSTS CREDIT

The tax credit for new pension plan's start-up costs is increased.
(\$15,000 credit possible)

Employers with **51 to 100 employees** are still eligible for a 50% credit on **qualified start-up costs for the first three years**, with a maximum credit of \$5,000 annually.

SECURE ACT 2.0: NEW PENSION PLAN START-UP COSTS CREDIT

In order to qualify, a business must have at least one employee who is a non-highly compensated employee (NHCE).

- **2024:** A NHCE is a person who made less than \$155,000 in the prior year (2023) with the business and is not the business owner.
- **2025:** A NHCE is a person who made less than \$160,000 in the prior year (2024) with the business and is not the business owner.

What type of plans are eligible?

- Qualified plans EXCEPT Defined Benefit and Defined Contribution plans
- 401(k), SEPs and SIMPLE-IRAs

What expenses are included in the credit?

For this purpose, qualified start-up costs are generally defined as ordinary and necessary costs needed to set up and administer the plan or to educate employees about the plan. NOTE: The “deduction” of the such costs are reduce by the “credit” allowed.

SECURE ACT 2.0: NEW PENSION PLAN START-UP COSTS CREDIT

If a plan converts from a SIMPLE-IRA to a 401(k) plan, will it qualify for the tax credit?

No. To qualify for the credit, the employer (or any employees of its controlled group) could not have maintained another plan (qualified plan, SEP or SIMPLE plan) covering substantially the same employees during the 3 years prior.

SECURE ACT 2.0: NEW PENSION PLAN START-UP COSTS CREDIT

CREDIT CALCULATION 1-50 employees

\$250 times the number of non-highly compensated employees

- With a minimum of \$500
- With a maximum of \$5,000

The credit calculation is applied to **100%** of the new pension plan's start up costs.

Example 1: New pension plan's start up costs at **\$3,200** with 10 NHCE.

Tax credit possible of \$2,500 ($\250×10 NHCE's) towards the cost of the plan.

Tax credit realized is \$2,500 (limited to \$250 per NHCE)

Example 2: New pension plan's start up costs at **\$1,800** with 10 NHCE.

Tax credit possible of \$2,500 ($\250×10 NHCE's) towards the cost of the plan.

Tax credit realized is \$1,800 (limited to actual plan costs).

SECURE ACT 2.0: NEW PENSION PLAN START-UP COSTS CREDIT

CREDIT CALCULATION 51-100 employees:

\$250 times the number of non-highly compensated employees

- With a minimum of \$500
- With a maximum of \$5,000

The credit calculation is applied to **50%** of the new pension plan's start up costs.

Example 1:

New pension plan start up costs at **\$3,000** with 10 NHCE (**\$1,500** of costs count).

Tax credit possible \$2,500 ($\250×10 NHCE's) towards 50% of the plan cost.

Tax credit realized is \$1,500 (limited to 50% of the plan costs).

Example 2:

New pension plan start up costs at **\$6,000** with 10 NHCE (**\$3,000** of costs count).

Tax credit possible of \$2,500 ($\250×10 NHCE's) towards 50% of the plan costs.

Tax credit realized is \$2,500 (limited to \$250 per NHCE).

SECURE ACT 2.0: ADDITIONAL TAX CREDIT FOR NEW PENSION PLAN START-UP BASED ON EMPLOYER CONTRIBUTIONS

The tax credit for new pension plan's also includes one based on the employer's retirement contributions.

For businesses sponsoring a new plan, the new legislation also offers a tax credit for employer matching or profit-sharing contributions for the first five (5) years of the plan.

The credit is for businesses with up to 100 employee's, and starts to phase out after the first two years.

The credit is reduced by 2% per employee over 50 employees earning less than 100,000/year.

The maximum credit is \$1000 per year for each of those employees.

SECURE ACT 2.0: ADDITIONAL TAX CREDIT FOR NEW PENSION PLAN START-UP BASED ON EMPLOYER CONTRIBUTIONS

The tax credit for new pension plan's also includes one based on the employer's retirement contributions. For businesses sponsoring a new plan, it provides under Sec. 45E a credit for all or a portion of employer contributions to small employer pensions for the first five (5) employer tax years beginning with the one that includes the plan's start date.

- The amount of the small-employer pension credit would be increased by the applicable percentage of employer contributions on behalf of employees, up to a per-employee cap of \$1,000.
- The applicable percentage is
 - 100% in the first and second tax years
 - 75% in the third year
 - 50% in the fourth year
 - 25% in the fifth year.
 - No credit is available in the sixth and subsequent years.

Employers with 50 or fewer employees are eligible for 100% of the credit.

- This phases out for employers with between 51 and 100 employees.
- No credit is allowed for employer contributions on behalf of an employee who makes more than \$100,000.

SECURE ACT 2.0: ADDITIONAL TAX CREDIT FOR NEW PENSION PLAN START-UP BASED ON EMPLOYER CONTRIBUTIONS

| Tax years beginning the year the plan is "established" | Applicable percentage of employer contributions (limited to \$1,000 per participant) |
|---|---|
| 1 st | 100% |
| 2 nd | 100% |
| 3 rd | 75% |
| 4 th | 50% |
| 5 th | 25% |
| Any tax year thereafter | 0% |

The credit is reduced by 2% per employee over 50 employees earning less than 100,000/year.

SECURE ACT 2.0: STARTER DEFERRAL ONLY PLANS

The SECURE Act 2.0 creates a new type of “**starter plan**” available to **employers of any size that have not sponsored a retirement plan in the past three years.**

The starter plan allows only employee elective contributions and catch-up contributions.

The annual contribution limit is \$6,000, with a maximum of \$1,100 catch-up contribution.

A starter deferral-only plan must require automatic contributions starting at 3% of compensation, up to a maximum of 15%, and is not subject to nondiscrimination testing.

TAX SEASON MASTERMIND

JJ **THE CPA**

Now - April 15th

Tax season is hard enough – Do NOT go it alone?



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At 50 Members or Feb 2 at Noon

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PASSIVE?

NON-PASSIVE?

TO BE CONSIDERED

EACH YEAR

PASSIVE OR NON-PASSIVE

- Each year the taxpayer's activities need to be considered
- Multiple layered ownership leads very easy to lower-tiered entities activities being treated as passive

NON-PASSIVE OR NOT?

Non-Passive Partners

If a partner is either treated as “non-passive” or elects to treat themselves as “non-passive” at the individual level (Form 1040), the IRS can easily use that as an argument the income reported by the partner (per box 1 of the Schedule K-1) should also be subject to self-employment taxes (15.3% applied at the individual, Form 1040 level).

- This is anticipated to be an area of IRS review as the argument that a partner can selectively choose what income is subject to self-employment taxes (and what is not) will be hard to stand in audit, as the IRS could easily see that partner’s income treated as “non-passive” (materially participating) should also be subject to self-employment taxes.

Passive Partners

If a partner is either treated as “passive” or elects to treat themselves as “passive” at the individual level (Form 1040), remember this income is subject to the Net Investment Income Tax (3.8%) as previously mentioned.

MATERIAL PARTICIPATION

DEEP DIVE



MATERIAL PARTICIPATION

- Determines if passive or non-passive
- Does NOT determine if the activity is a trade or business
- Does NOT determine if income is considered self-employment or not

MATERIAL PARTICIPATION = NON-PASSIVE

Publication 925

If you materially participate in your business, the net income is considered non-passive.

If you don't materially participate, the net income is considered passive.

Beyond that important distinction, the IRS has devised a seven-step test for material participation in a business. If you meet **any** of seven requirements, you have materially participated for the year. This means you should check the "yes" box in answer to the question on Schedule C, or treat the income or loss items as nonpassive if your business is a partnership, LLC, or S corporation.



TIME!

THE ANALYSIS WITH MATERIAL PARTICIPATION



TIME: MATERIAL PARTICIPATION

- Determined each year
- IRS requiring time logs when not obvious
- Time integral to the activity is included
- Spouse's work can be considered

TIME: MATERIAL PARTICIPATION

- Travel time may only be counted toward material participation, if the travel is “integral, to the activity”
- Speculation time typically excluded
- Reviewing finances typically excluded

WHAT “TIME” IS INCLUDED IN THE DETERMINATION OF MATERIAL PARTICIPATION

In general, **material participation is determined each year.**

Any work you conduct in connection with an activity in which you hold interest can be viewed as involvement in the activity, but not all time is automatically included.

Material participation in an income-producing activity and generally an **activity that is regular, continuous, and substantial.** Time included to meet the material participation test is **time integral to the activity.**

Requires written logs of time, in existence before the tax return is filed.

Example related to real estate: Collecting rent, bookkeeping, advertising, maintaining legal compliance, safety reviews, inspections, decorating, tenant approval, contractor supervision, procuring insurance, paying taxes, and actual hands-on maintenance are all tasks that count toward your hourly requirements.

WHAT “TIME” IS INCLUDED IN THE DETERMINATION OF MATERIAL PARTICIPATION

If you are married, **your spouse's work in the business can be counted** toward your own participation hours whether or not you file a joint tax return, and whether or not your spouse is a co-owner of the business.

Investor: Unless the owner is involved in the day-to-day operations of the business, work done primarily as an investor in the business (such as reviewing or analyzing financial statements, or monitoring the finances or operations in a nonmanagerial capacity) does **not** count toward these tests.

Research: Many investors claim to be research other investments and properties to fill in the gaps left by their hourly obligations and day-to-day engagement. While this appears to be possible, the IRS and the Tax Court have rejected it as research and investor activities and NOT related to operations of the business.

IRS PUBLICATION 925: WHAT “TIME” IS INCLUDED IN THE DETERMINATION OF MATERIAL PARTICIPATION

IRS Publication 925 states:

Material Participation

In general, any work you do in connection with an activity in which you own an interest is treated as participation in the activity.

Work not usually performed by owners.

You don't treat the work you do in connection with an activity as participation in the activity if both of the following are true.

- The work isn't work that's customarily done by the owner of that type of activity.
- One of your main reasons for doing the work is to avoid the disallowance of any loss or credit from the activity under the passive activity rules.

IRS AUDIT TECHNIQUE GUIDE: WHAT “TIME” IS INCLUDED FOR DETERMINATION OF MATERIAL PARTICIPATION

The IRS states: A taxpayer materially participates in an activity if he or she works on a regular, continuous and substantial basis in operations (IRC § 469(h)(1)). If a taxpayer does not materially participate, losses are passive, which means they generally are not deductible in the absence of passive income. Material participation is time sensitive. A taxpayer materially participates in an activity only if he or she meets any one of the seven material participation tests in Reg. § 1.469-5T(a).

A taxpayer is required to identify the amount of his or her participation in a trade or business activity for each year. The type and quantity of time documented determines whether an activity should be treated by the taxpayer as passive or non-passive. A taxpayer can have a significant financial interest in a business, and yet not materially participate.

Material participation is a year by year determination. Consequently, it is conceivable that a taxpayer could be passive in one year and non-passive (in other words, materially participating) in the subsequent year.

TRAVEL “TIME” INCLUDED IN MATERIAL PARTICIPATION TESTS?

Travel time may only be counted toward material participation, if the travel is “integral, to the activity.”

Travel time for the purpose of only racking up hours of participation do not count, and thus, if the travel time is unnecessary, it is not included.

Travel time to “speculate” on other investments or real estate properties would only be included if the activity of the business routinely invested in new businesses or real estate properties, and speculation was integral to the business. Meaning, just because someone owns a piece of real estate, does not mean they automatically get to count their travel time to “speculate” on other properties if they do not actively act on such “speculation.”

TRAVEL “TIME” INCLUDED IN MATERIAL PARTICIPATION TESTS?

While you can deduct mileage and expenses for travel to and from your rentals, the time spent traveling can easily be considered commuting and does not count against your hourly thresholds.

The IRS' position stated in **Tax Court Memo 2012-83 (Trzeciak)**: **If you are also claiming a home office that is used frequently and exclusively for your real estate business, you can consider the time spent traveling.**

There is also some precedent that says no. Unless a taxpayer can prove day-to-day managerial engagement, travel time is considered commuting, which is personal in nature, and so does not qualify, according to **Tax Court Summary 2003-130 (Truskowsky)**.

NOTE: If you did not claim a home office on your tax returns, you should do so immediately. Travel time can be successfully contested if the home office is used on a regular and exclusive basis and if proof and day-to-day involvement are provided.

**TAX COURT EXCLUDES TRAVEL “TIME” FOR
MATERIAL PARTICIPATION TEST**

**Ronald J. Lucero and Mary L. LUCERO v. Commissioner
T.C. Memo. 2020-136 Docket No. 588-18**

The taxpayer lived in Minnesota and purchased a rental property in Florida.

The Tax Court determined that a taxpayer’s travel time related to managing their rentals counted towards the material participation requirements related to landscaping, cleaning, and making and/or overseeing any necessary repairs.

The Tax Court disallowed travel time that resulted in none of the above activities and considered other travel time to the property as personal or a commute.

It should also be noted the taxpayers did not maintain a written time log.

TAX COURT INCLUDES TRAVEL “TIME” FOR MATERIAL PARTICIPATION TEST

Richard S. Leyh and Ellen P. O’Neill, TC Summary Op. 2015-27

The Tax Court determined that a taxpayer’s travel time related to managing her rentals counted towards the material participation requirements related to claiming the rental loss as active.

Taxpayers lived approximately 26–30 miles from the city where their 12 rental properties were located. The wife regularly drove into the city, which took approximately 42–55 minutes depending on the route, to resolve problems, perform maintenance, and administer and operate the rental properties. She contemporaneously maintained a log detailing the type of rental property activity she engaged in that day and the number of hours spent in the activity. The original log did not include time spent traveling to the properties and reflected 632.5 hours, which is less than the 750 hours required to be considered a real estate professional (and deemed to materially participate) under IRC Sec. 469(c)(7)(B). During an examination of the 2010 tax return, the petitioners revised and resubmitted the log to reflect the 1.5 travel hours per trip. The IRS refused to accept the additional hours. Based on the petitioner’s revised log (which reflected a total of 846 hours) and her testimony, the Tax Court determined she met the 750-hour test and was entitled to apply the rental losses against their non-passive income.



INHERITED IRAS

ACT FAST
TO KNOW
WHAT LAWS APPLY

1/31/26

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INHERITED IRA'S

- Must distribute within 10 years (exceptions apply)
- The clock starts the year after the original owner dies, and the time runs out on December 31 of the 10th year following the year of the owner's death

INHERITED IRA'S

- If deceased owner of the IRA has an RMD
 - The adult child beneficiary must first take the balance of his parent's RMD by year's end
 - Then take annual distributions based on the child's life expectancy for the next nine years.

IRS 10-YEAR RULE ON INHERITED IRAs

No more 'stretch IRA' strategy for many beneficiaries

Before the SECURE Act 2019, beneficiaries could use a "stretch" strategy with inherited IRA distributions, potentially allowing for tax-deferred growth over a more extended period. However, a "10-year rule" now applies to many beneficiaries of inherited IRAs.

Due to the SECURE Act 2019, most beneficiaries can no longer "stretch" distributions over their lifetimes (i.e., delay distributions until retirement). Instead, many non-spouse beneficiaries who inherited IRAs on or after January 1, 2020, must empty the account within 10 years of the account owner's death. The inherited IRA "10-year rule" can create the need for annual RMDs for beneficiaries.

The 10-year rule doesn't always lead to the ability to wait until the tenth year to meet the requirement of distributing the IRA within ten years. The IRS has delayed some rules and penalties for certain inherited IRAs.

WHAT IRA BENEFICIARIES SHOULD KNOW

Inherited IRA tax rules have changed

With inherited IRA distributions for most adult children, grandchildren, and other non-spouse heirs who inherit a traditional IRA on or after January 1, 2020, have two options:

1. Take a lump sum and pay taxes on the entire amount, or
2. transfer the money to an inherited IRA that must be depleted within 10 years after the original owner's death.

The clock starts the year after the original owner dies, and the time runs out on December 31 of the 10th year following the year of the owner's death, so you have a little more than a decade to empty the account. For example, if you inherited an IRA in 2024, year one is 2025, and the account needs to be cleaned out by December 31, 2034.

WHAT ROTH IRA BENEFICIARIES SHOULD KNOW

Inherited Roth IRA tax rules have changed

The 10-year rule also applies to inherited Roth IRAs, but with an important difference:

You are not required to pay taxes on the withdrawals, and you don't have to take required minimum distributions (RMDs) because the original owner didn't have to take them, either. That gives you plenty of flexibility for withdrawals, but if you can wait until year 10 to deplete the account, you'll enjoy more than a decade of tax-free growth.

BENEFICIARIES OF AN IRA WITH RMDs

Guidance issued by the IRS in February 2022 clarified that if your parent died before being required to take minimum distributions, you can withdraw the money at any time, in any amount you choose, as long as the account is depleted in year 10.

NOTE: The IRS also clarified that age 21 is of distinction for the rules related to minor children.

Under the IRS interpretation of the SECURE Act, if your parent died on or after the date he or she was required to take minimum distributions, you must take RMDs based on your life expectancy in years one through nine and deplete the balance in years 10.

Once the original owner has started taking RMDs, you can't turn them off, although the IRS doesn't require you to withdraw the same amount as your parent would have been required to withdraw.

INHERITED IRA RULES WITH RMDs

The proposed regulations require that with many inherited IRAs the beneficiary must draw down the funds annually.

In general, if the deceased owner of the IRA has an RMD, the adult child beneficiary must first take the balance of his parent's required minimum distribution by year's end, then take annual distributions based on the child's life expectancy for the next nine years, then withdraw 100% of the remaining account by the end of year 10.

In other situations, beneficiaries may need to account for both their own life expectancy *and* the decedent's life expectancy (sometimes called the "ghost life expectancy").

INHERITED IRA RMD RULES

Inherited IRA RMD Rules Were Delayed to 2024

- Inherited IRAs are generally subject to required minimum distributions. Rules vary when the beneficiary qualifies as an “eligible designated beneficiary” (e.g., surviving spouses, minor children, disabled individuals, and individuals who are chronically ill).
- RMD rules, including timing and amounts, for inherited IRAs are largely tied to the original account holder’s death date.
- The IRS delayed the final rules governing inherited IRA RMDs to 2024 (IRS Notice 2023-54). **This does NOT delay the 10-year rule in general.**
- The IRS will waive penalties for RMDs missed in 2023 from IRAs inherited in 2022 when the deceased owner was already subject to RMDs. (With previous IRS relief, penalties are waived for missed RMDs from specific IRAs inherited in 2020, 2021, and 2022.)



**CLEAN
VEHICLE
TAX CREDIT
2025 TAX
REPORTING
UPDATE**

1/31/26

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2025 CLEAN VEHICLE CREDIT

- Not available on purchases after September 30, 2025
- Taxpayer can use credit immediately at registered dealer
- Taxpayer still reports on tax return

2025 CLEAN VEHICLE CREDIT

- **NO REPAYMENT:** If there is not enough tax to absorb the credit, the credit is **NOT** paid back to IRS
- **CREDIT REPAYED:** If the taxpayer's income is too high, the tax credit is repaid to the IRS as an added tax

NEW: REPORTING THE TRANSFER OF CREDIT

Reporting a transfer of a credit for a new or previously owned clean vehicle credit to a dealer at the time of sale. If you purchased a new or used clean vehicle from a registered dealer and reduced the amount you paid at the time of sale by transferring the credit to the dealer, you must file a tax return and attach Form 8936 and Schedule A (Form 8936) to report the transfer of the credit and reconcile your eligibility on your return.

Form **8936**

Department of the Treasury
Internal Revenue Service

Clean Vehicle Credits

Attach to your tax return.

Go to www.irs.gov/Form8936 for instructions and the latest information.

OMB No. 1545-2137

2025
Attachment
Sequence No. **69**

Name(s) shown on return

Identifying number

- Notes:**
- Complete a separate Schedule A (Form 8936) for each clean vehicle placed in service during the tax year.
 - Individuals who transferred the credit to the dealer at the time of sale must file this form and Schedule A (Form 8936).

NEW: WHERE IS THE CREDIT REPAID?

If the tax credit is to be repaid, it is reported from Form and carried to Schedule 2 (Form 1040) lines 1b and/or 1c.

**SCHEDULE 2
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2025
Attachment
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Part I Tax

1 Additions to tax:

- a** Excess advance premium tax credit repayment. Attach Form 8962
- b** Repayment of new clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part II. Attach Form 8936 and Schedule A (Form 8936)
- c** Repayment of previously owned clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part IV. Attach Form 8936 and Schedule A (Form 8936)

| | | |
|-----------|--|--|
| 1a | | |
| 1b | | |
| 1c | | |



1099-DA FOR CRYPTO

Form 1099-DA for crypto brokers reporting on the proceeds of digital asset transactions to their customers.

- Classifies crypto exchanges and trading platforms as brokers and requires them to report on their customer's gains and losses to the IRS every year **starting with tax year 2025**.
- Customers and the IRS would receive the forms in time for the 2026 tax season. The IRS issued proposed regulations last year on the new requirements.

Crypto brokers were supposed to start tracking the transactions last year. A broker providing custodial services for digital assets would be required to provide adjusted basis reporting for sales of digital assets effected on or after January 1, 2026, if the digital asset is acquired and continuously held by that broker in the customer's account on or after January 1, 2023.

DIGITAL ASSETS: YES OR NO?

Digital assets are any digital representations of value that are recorded on a cryptographically secured distributed ledger or any similar technology.

For example, digital assets include non-fungible tokens (NFTs) and virtual currencies, such as cryptocurrencies and stablecoins.

If a particular asset has the characteristics of a digital asset, it will be treated as a digital asset for federal income tax purposes.

DIGITAL ASSETS: YES OR NO?

| | | | | | |
|--|--|---|-----------|--|---|
| Form 1040 Department of the Treasury—Internal Revenue Service | | 2025 U.S. Individual Income Tax Return | | OMB No. 1545-0074 | IRS Use Only—Do not write or staple in this space. |
| For the year Jan. 1–Dec. 31, 2025, or other tax year beginning | | , 2025, ending | | , 20 | See separate instructions. |
| <input type="checkbox"/> Filed pursuant to section 301.9100-2 | | <input type="checkbox"/> Combat zone | | <input type="checkbox"/> Deceased MM / DD / YYYY Spouse MM / DD / YYYY | |
| <input type="checkbox"/> Other | | | | | |
| Your first name and middle initial | | | Last name | | Your social security number |
| If joint return, spouse's first name and middle initial | | | Last name | | Spouse's social security number |
| Home address (number and street). If you have a P.O. box, see instructions. | | | | Apt. no. | Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. <input type="checkbox"/> |
| City, town, or post office. If you have a foreign address, also complete spaces below. | | | State | ZIP code | Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse |
| Foreign country name | | Foreign province/state/country | | Foreign postal code | |
| Filing Status | | | | | |
| <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly (even if only one had income) <input type="checkbox"/> Married filing separately (MFS). Enter spouse's SSN above and full name here: _____ <input type="checkbox"/> If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their | | | | | |
| <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying surviving spouse (QSS) If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____ | | | | | |
| Digital Assets At any time during 2025, 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)? (See instructions.) <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | |

DIGITAL ASSETS: YES OR NO?

For example, check “Yes” if at any time during 2025 you:

- Received digital assets as payment for property or **services provided**;
- Received digital assets as a **result of a reward or award**;
- Received new digital assets as a result of **mining, staking, and similar**;
- Received digital assets as a result of a **hard fork**;
- Disposed of digital assets in **exchange for property or services**;
- Disposed of a digital asset in **exchange or trade for another digital asset**;
- **Sold a digital asset**; or
- Otherwise **disposed** of any other financial interest in a digital asset.

DIGITAL ASSETS: YES OR NO?

The following actions or transactions in 2025, alone, generally don't require you to check "Yes" (so you can check "No"):

- **Holding** a digital asset in a wallet or account;
- **Transferring** a digital asset from one wallet or account you own or control to another wallet or account that you own or control; or
- **Purchasing** digital assets using U.S. or other real currency, including through the use of electronic platforms such as PayPal and Venmo.

CRYPTOCURRENCY TAX RAMIFICATIONS

CRYPTOCURRENCY –

- IRS considered a capital asset at time of sale.
- Follow capital gains/losses tax laws.
- IRS considers receipt without purchase ordinary income.

SELLING CRYPTOCURRENCY – Capital Transaction. Gain or loss compared to basis.

TAX BASIS IN CRYPTOCURRENCY – FMV at time of purchase or receipt.

RECEIVING CRYPTOCURRENCY NOT FROM A PURCHASE –

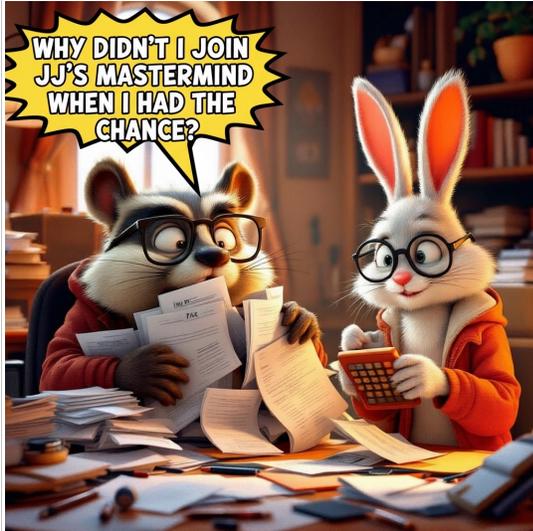
- FMV at time of receipt is ordinary income.
- Sale of goods and services (cryptocurrency was paid for such goods and services)
- Rewards paid for holding the cryptocurrency for a period of time.
- Rewards paid for promoting the cryptocurrency.

CRYPTOCURRENCY IRS GUIDANCE

IRS Notice 2014-21
Revenue Ruling 2019-24
IRS FAQs (IRS Website)

Links to all

<https://www.irs.gov/individuals/international-taxpayers/frequently-asked-questions-on-virtual-currency-transactions>



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TAX DEDUCTIONS



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**WHAT CAN I TAX DEDUCT?
WHAT CAN I WRITE-OFF?**

Anything **related to your business!**

IRC Code Section 162 requires 2 basics to any business tax deduction:

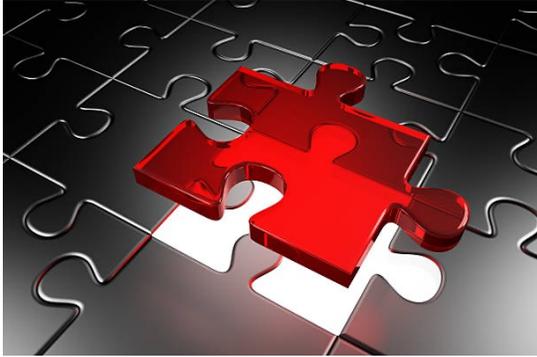
1. It be ordinary & necessary for business
2. Intent of the deduction is for business

IRS REQUIRED DOCUMENTATION

This is required but is easy!

Also, increases your survival of audit!

- Receipt detailing what was purchased
- Bank statements and credit card statements
 - Prove you or your business paid for it
 - **The IRS does not accept this as a receipt**



VEHICLE TAX DEDUCTIONS



IRS MILEAGE RATES

Standard business mileage rate

70 cents (per mile) 2025

72.5 cent (per mile) 2026

NOTE: Interest expense on the auto loan is NOT included in the mileage rate. This means the interest expense on an auto loan is deductible in addition to the mileage rate, to the extent of the percentage of business use.

Interest expense is not deductible on a leased vehicle, as there is no interest expense on a leased vehicle.

DEPRECIATION: VEHICLE PURCHASE

**SUV OR
TRUCK
OVER**

IRC Sec. 168 (Bonus Depreciation)

- 40% (1/1/25 - 1/19/25)
- 100% (1/20/25 & after)

**6,000 LB
GVWR**

IRC Sec. 179

- \$31,300 allowed in 2025
- \$32,000 allowed in 2026

*GVWR:
GROSS VEHICLE WEIGHT RATING

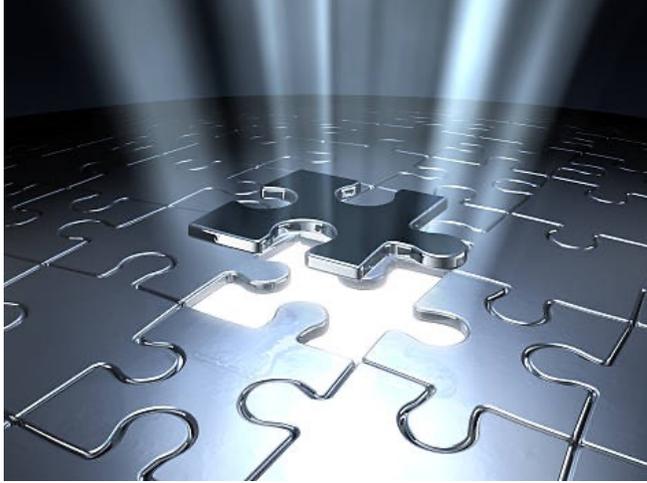
DEPRECIATION: VEHICLE PURCHASE

**VEHICLE
6,000 LB
OR LESS
GVWR**

**Depreciation cannot
exceed the purchase
amount**

Vehicle Purchased in 2025

- 2025 depreciation \$20,200
 - If no bonus depreciation \$12,200
- 2026 depreciation up to \$19,600
- 2027 depreciation up to \$11,800
- 2028 & after depreciation up to \$7,060



**MILEAGE
METHOD
OR
ACTUAL
EXPENSE
METHOD**

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STANDARD MILEAGE RATES **or** ACTUAL AUTO EXPENSES

Only available for vehicles reported on Schedule C, F or E (or any available areas of the individual return)

Year by year (per vehicle: each vehicle can be treated differently)

- You must use the mileage method in the 1st year to later use either the mileage or actual expenses
- If you use actual expenses in the 1st year, you cannot use the mileage method in following years

STANDARD MILEAGE RATES **or** ACTUAL AUTO EXPENSES

Both methods based on the number of business miles

- **Standard mileage rate** = Number of business miles multiplied by the allowable rate (cents per mile)
- **Actual expenses allowed as a business deduction** = percentage business use determined by the number of business miles divided by the total number of miles, in each year

HOME OFFICE ADVANTAGE

If you have a qualified home office and properly claim it as such on your tax return, it may decrease your commuting mileage, as you would be leaving from your 1st office each day.

MILES THAT COUNT AS BUSINESS?

Traveling from your normal office location to a secondary office

Example:

Traveling for client meetings, showings or business events

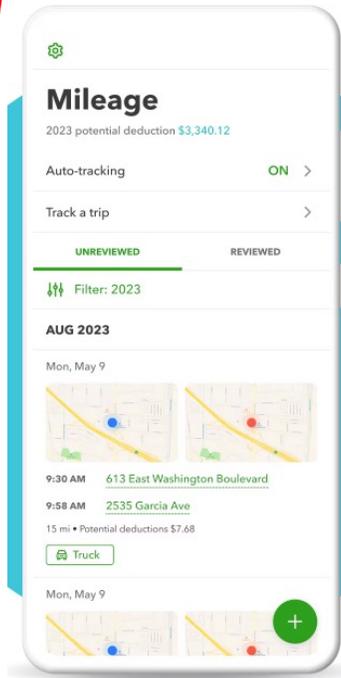
MILEAGE LOG: BUSINESS MILES

The IRS requires you keep a mileage log:

1. Date
2. Destination
3. Purpose of travel
4. Odometer readings (start, stop, & miles traveled)
5. Type of expenses incurred
6. Expense amount paid

APPS TO TRACK MILEAGE

We use this!
Our clients use this!





SELF-EMPLOYED HEALTH INSURANCE DEDUCTION

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1/31/26



FORM 7206: SELF-EMPLOYMENT HEALTH INSURANCE

This NEW form and its separate instructions have replaced the Self-Employed Health Insurance Deduction Worksheet that was previously published as a worksheet in Pub. 535, Business Expenses.

Use this form and its instructions to determine any amount of the self-employed health insurance deduction you may be able to claim and report on Schedule 1 (Form 1040), line 17.

You may be able to deduct the amount you paid for medical and dental insurance and qualified long-term care insurance for yourself, your spouse, and your dependents.

The health insurance can cover your child who was under age 27 at the end of the year, even if the child wasn't your dependent. A child includes your son, daughter, stepchild, adopted child, or foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

NOTE: Members of clergy, see Health Insurance Costs of Self-Employed Ministers in Pub. 517 for special rules regarding these costs.

FORM 7206

Form 7206

Department of the Treasury
Internal Revenue Service

Self-Employed Health Insurance Deduction

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form7206 for instructions and the latest information.

OMB No. 1545-0074

2023
Attachment
Sequence No. 206

Name(s) shown on return

Your taxpayer identification number

Note: Use a separate Form 7206 for each trade or business under which an insurance plan is established.

| | | | |
|----------|---|--|--|
| 1 | Enter the total amount paid in 2023 for health insurance coverage established under your business (or the S corporation in which you were a more-than-2% shareholder) for 2023 for you, your spouse, and your dependents. But don't include the following. See instructions. | | |
| | <ul style="list-style-type: none"> Amounts for any month you were eligible to participate in a health plan subsidized by your employer or your spouse's employer or the employer of either your dependent or your child who was under the age of 27 at the end of 2023. Any amounts paid, not to exceed \$3,000, from retirement plan distributions that were nontaxable because you are a retired public safety officer. See instructions. Any payments for qualified long-term care insurance (see line 2). | | |
| 2 | For coverage under a qualified long-term care insurance contract, enter for each person covered the smaller of (a) or (b). | | |
| | (a) Total payments made for that person during the year. | | |
| | (b) The amount shown below. Use the person's age at the end of the tax year. | | |
| | \$480— if that person is age 40 or younger | | |
| | \$890— if age 41 to 50 | | |
| | \$1,790— if age 51 to 60 | | |
| | \$4,770— if age 61 to 70 | | |
| | \$5,960— if age 71 or older | | |
| | Note: The amount of long-term care premiums that can be included as a medical expense is limited by the person's age. Don't include payments for any month you were eligible to participate in a long-term care insurance plan subsidized by your employer or your spouse's employer, or the employer of either your dependent or your child who was under the age of 27 at the end of 2023. If more than one person is covered, figure separately the amount to enter for each person. Then enter the total of those amounts. | | |
| 3 | Add lines 1 and 2 | | |
| 4 | Enter your net profit ¹ and any other earned income ² from the trade or business under which the insurance plan is established. Don't include Conservation Reserve Program payments exempt from self-employment tax. If the business is an S corporation, skip to line 11. | | |

| | | | |
|-----------|--|--|--|
| 6 | Divide line 4 by line 5 | | |
| 7 | Multiply Schedule 1 (Form 1040), line 15, deductible part of self-employment tax, by the percentage on line 6 | | |
| 8 | Subtract line 7 from line 4 | | |
| 9 | Enter the amount, if any, from Schedule 1 (Form 1040), line 16, self-employed SEP, SIMPLE, and qualified plans, attributable to the same trade or business in which the insurance plan is established | | |
| 10 | Subtract line 9 from line 8 | | |
| 11 | Enter your Medicare wages (box 5 of Form W-2) from an S corporation in which you are a more-than-2% shareholder and in which the insurance plan is established | | |
| 12 | Enter any amount from Form 2555, line 45, attributable to the amount entered on line 4 or 11 above | | |
| 13 | Subtract line 12 from line 10 or 11, whichever applies | | |
| 14 | Self-employed health insurance deduction. Enter the smaller of line 3 or line 13 here and on Schedule 1 (Form 1040), line 17. Don't include this amount when figuring any medical expense deduction on Schedule A (Form 1040) | | |

¹If you used either optional method to figure your net earnings from self-employment from any business, don't enter your net profit from the business. Instead, enter the amount attributable to that business from Schedule SE (Form 1040), Part 1, line 4b.
²**Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. However, it doesn't include capital gain income.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 56399C

Form **7206** (2023)

FORM 7206: QUALIFIED LONG-TERM CARE INSURANCE

Eligible Long-Term Care Premiums. The limitations under § 213(d)(10), regarding eligible long-term care premiums includible in the term “medical care.”

| | 2025 | 2026 |
|----------------------|---------|---------|
| Age 40 or Younger | \$480 | \$500 |
| Over 40, Not Over 50 | \$900 | \$930 |
| Over 50, Not Over 60 | \$1,800 | \$1,860 |
| Over 60, Not Over 70 | \$4,810 | \$4,960 |
| Over 70 | \$6,020 | \$6,200 |



2025 & 2026 NUMBERS

1/31/26

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HEALTH SAVINGS ACCOUNT (HSA)

Year 2025:

\$8,550 Family or \$4,300 Single.

If age 55+ \$9,550 Family or \$5,300 Single

Year 2026:

\$8,750 Family or \$4,400 Single.

If age 55+ \$9,750 Family or \$5,400 Single

MAXING OUT TRADITIONAL IRA

Year 2025:

Traditional IRA: \$7,000

Catch-up \$1,000 or \$8,000 if age 50+

Year 2026:

Traditional IRA: \$7,500

Catch-up \$1,100 or \$8,100 if age 50+

Anyone 18 or older with earned income can contribute to a traditional IRA.
However, for contributions to be tax-deductible, specific income limits apply.

MAXING OUT ROTH IRA

Year 2025:

Roth IRA: \$7,000

Catch-up \$1,000 or \$8,000 if age 50+

Year 2026:

Roth IRA: \$7,500

Catch-up \$1,100 or \$8,100 if age 50+

Anyone 18 or older who has earned income within specific IRS income limits can contribute to a Roth IRA.

SIMPLE-IRA: MAX OUT WITHHOLDINGS

Year 2025:

\$16,500

\$17,600 if employer has 25 or less employees

\$20,000 if age 50-59 & 64+

\$21,450 if employer has 25 or less employees

\$21,750 if ages 60-63

\$22,850 if employer has 25 or less employees

SIMPLE-IRA: MAX OUT WITHHOLDINGS

Year 2026:

\$17,000

\$18,100 if employer has 25 or less employees

\$21,000 if age 50-59 & 64+

\$21,950 if employer has 25 or less employees

\$21,750 if ages 60-63

\$23,350 if employer has 25 or less employees

401(K): MAX OUT WITHHOLDINGS

Year 2025:

401K: \$23,500

Catch up \$7,500 or \$31,000 if ages 50-59 and 64+

NEW: Catch up \$11,250 or \$34,750
for ages 60, 61, 62 & 63

This is total catch-up

401(K): MAX OUT WITHHOLDINGS

Year 2026:

401K: \$24,500

Catch up \$8,000 or \$32,500 if ages 50-59 and 64+

NEW: Catch up remains \$11,250 or \$35,750
for ages 60, 61, 62 & 63

This is total catch-up

**MAX SEP RETIREMENT
25% BASED ON W-2 WAGES**

Year 2025: (IRS Notice 2024-80)
\$70,000 Max (Requires \$280,000 in W-2 wages)
No Catch up

**MAX SEP RETIREMENT
25% OF SELF-EMPLOYMENT EARNINGS**

Year 2025: (IRS Notice 2024-80)
\$70,000 Max (Requires \$280,000 in S/E earnings)
No Catch up

**MAX SEP RETIREMENT
25% BASED ON W-2 WAGES**

Year 2026:

**\$72,000 Max (Requires \$288,000 in W-2 wages)
No Catch up**

**MAX SEP RETIREMENT
25% OF SELF-EMPLOYMENT EARNINGS**

Year 2026:

**\$72,000 Max (Requires \$288,000 in S/E earnings)
No Catch up**

INTEREST ON EDUCATION LOANS

Interest on Education Loans: The **\$2,500 maximum deduction** for interest paid on qualified education loans under § 221.

In **2025** it begins to phase out under § 221(b)(2)(B) for taxpayers with modified adjusted gross income in excess of \$85,000 (\$170,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of \$100,000 or more (\$200,000 or more for joint returns)

IRS MILEAGE RATES

Standard business mileage rate

70 cents (per mile) 2025

72.5 cent (per mile) 2026

Standard charitable mileage rate

14 cents (per mile) 2025

14 cents (per mile) 2026 (No change)

Standard medical mileage rate

21 cents (per mile) 2025

20.5 cents (per mile) 2026

WAGES SOCIAL SECURITY TAX BASE

Individual taxable wages are annually subject to Social Security tax

- \$147,000 in 2022
- \$160,200 in 2023
- \$168,600 in 2024
- \$176,100 in 2025
- \$184,500 in 2026

The wage base limit that applies to earnings subject to the old age, survivors, and disability insurance (OASDI) tax. The employee and the employer each will pay in tax at the OASDI tax rate of 6.2%.

The Medicare hospital insurance tax of 1.45% each for employees and employers has no wage limit.

Individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly and \$125,000 for married taxpayers filing separately) pay an additional 0.9% of wages with respect to employment (also unchanged).

SOCIAL SECURITY TAX BASE: SELF-EMPLOYED

Self-employed individuals pay self-employment tax equal to the combined OASDI and Medicare taxes for both employees and employers, i.e., 12.4% of net self-employment income up to the OASDI wage base plus 2.9% in Medicare taxes on any amount of net self-employment income, with an offsetting above-the-line income tax deduction of half of the self-employment tax.

Annually will be subject to Social Security tax

- \$147,000 in 2022
- \$160,200 in 2023
- \$168,600 in 2024
- \$176,100 in 2025
- \$184,500 in 2026

The Medicare hospital insurance tax of 1.45% each for employees and employers has **no limit**; it is unchanged.

NET INVESTMENT INCOME TAX: NO CHANGE

Separate tax that applies to the lesser of your net investment income or the amount by which your modified adjusted gross income (MAGI) surpasses the filing status-based thresholds the IRS imposes. The NIIT is set at 3.8%.

| 3.8% Net Investment Income Tax | |
|--|-----------|
| No Change | |
| Applies to individuals with net investment income & modified adjusted gross income over the following filing thresholds: | |
| Single | \$200,000 |
| Head of Household | \$200,000 |
| Married filing jointly or qualifying widow(er) | \$250,000 |
| Married filing separately | \$125,000 |

| Net Investment Income (NII) Inclusions and Exclusions | |
|---|---|
| Included as NII | <ul style="list-style-type: none"> - Interest - Capital gains - Dividends - Income from passive investment activities - Non-qualified annuity distributions - Rental and royalty income |
| Excluded from NII | <ul style="list-style-type: none"> - Wages - Unemployment payments - Self-employment income - Social Security benefits - Distributions from some qualified retirement plans - Alimony - Tax-exempt interest - Operating income from non-passive businesses - Excluded capital gains earned from the sale of your primary residence |

THE INVESTOR

TAX DEDUCTIONS NOT TO MISS

Interest Paid

- Deduct “investment interest” on schedule A (itemized deductions) for loans you took to then invest
- Deduct any interest paid personally as well on Form 8960 line 9a which reduces the income subject to the net investment income tax of 3.8%

Investment Fees

- Also deduct any investment fees paid on Form 8960 line 9c which reduces the income subject to the net investment income tax of 3.8%
- Always look at the final pages of your brokerage “annual tax statement” for these expenses

COLLEGE TAX CREDITS

American Opportunity Tax Credit (AOTC):

The maximum \$2,500 American Opportunity Tax Credit (AOTC) is available for qualified expenses such as tuition, room and board, books, computers and supplies for up to four years of study for every student in the family. Per eligible student: Tax credit can be received for 100% of the first \$2,000, plus 25% of the next \$2,000 that has been paid during the taxable year. Refundability: 40% of the credit (up to \$1,000) is refundable. This means you can get a refund even if you owe no tax.

Lifetime Learning Credit (LLC):

You may claim a maximum credit of \$2,000 (20% of up to \$10,000 in qualifying education expenses), but this applies on a per-taxpayer basis. Previously, the LLC was phased out at lower levels than the AOTC, but the CAA increases the ranges to the same as those for the AOTC, beginning in 2021.

COLLEGE TAX CREDITS

Lifetime Learning Credit vs. American Opportunity Credit:

- You do not need to be pursuing a degree to be eligible to claim the Lifetime Learning Credit.
- You can claim the American Opportunity Credit for the same student for no more than 4 tax years. There is no limit on the number of years for which you can claim a Lifetime Learning credit based on the same student's expenses.
- The Lifetime Learning credit is also non-refundable, whereas the American Opportunity Credit is partially refundable.
- LLC has a \$2,000 annual maximum vs. \$2,500 for the AOC.
- Full phase out of the credit is the same for each; \$90,000 single and \$180,000 married filing jointly

IRS PER DIEM STANDARD RATES FOR BUSINESS TRAVEL

The special per diem rates by which taxpayers may substantiate ordinary and necessary business expenses of travel away from home October 1, 2025 through September 30, 2026.

- \$225 per day for non-high-cost localities
 - \$74 is allocated to meals
 - \$151 is allocated to lodging
- \$319 per day for high-cost localities
 - \$86 is allocated to meals
 - \$233 is allocated to lodging

Per diem by specific area

<https://www.gsa.gov/travel/plan-book/per-diem-rates>

ESTATE TAX EXCLUSIONS & GIFT TAX

Estate tax exclusion

- \$13,990,000 for 2025
- \$15,000,000 for 2026

Gift tax exclusion

- \$19,000 for 2025
- \$19,000 for 2026

AMT: INFLATION ADJUSTMENTS

The **Alternative Minimum Tax exemption** amount for tax years:

2025

- \$88,100 for single filers and begins to phase out at \$626,350
- \$137,000 for married couples filing jointly and begins to phase out at \$1,252,700

2026 (Yes, phase out went down. NOT a typo)

- \$90,100 for single filers and begins to phase out at \$500,000
- \$140,200 for married couples filing jointly and begins to phase out at \$1,000,000

EIC: INFLATION ADJUSTMENTS

Maximum Earned Income Tax Credit amount for qualifying taxpayers who have three or more qualifying children is:

2025: \$8,046

2026: \$8,231

There are other matters providing maximum EITC amount for other categories, income thresholds and phase-outs.

INFLATION ADJUSTMENTS

The **foreign earned income exclusion** is:

2025: \$130,000

2026: \$132,900

The maximum credit allowed for adoptions is the amount of **qualified adoption expenses** up to:

2025: \$17,280

2026: \$17,670

CASH BASIS: INFLATION ADJUSTMENTS

Limitation on Use of Cash Method of Accounting. A corporation or partnership meets the gross receipts test of § 448(c) for any taxable year if the average annual gross receipts of such entity for the 3-taxable-year period ending with the taxable year which precedes such taxable year does not exceed:

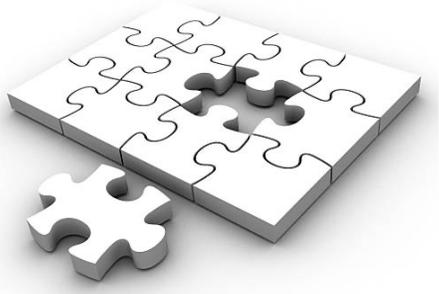
2025: \$31,000,000

2026: \$32,000,000

FORM 7206: QUALIFIED LONG-TERM CARE INSURANCE

Eligible Long-Term Care Premiums. The limitations under § 213(d)(10), regarding eligible long-term care premiums includible in the term “medical care.”

| | 2025 | 2026 |
|----------------------|---------|---------|
| Age 40 or Younger | \$480 | \$500 |
| Over 40, Not Over 50 | \$900 | \$930 |
| Over 50, Not Over 60 | \$1,800 | \$1,860 |
| Over 60, Not Over 70 | \$4,810 | \$4,960 |
| Over 70 | \$6,020 | \$6,200 |



SCHEDULE K-1

PARTNERSHIP:

NO
CHANGES
NOTED

651123
OMB No. 1545-0047

Schedule K-1
(Form 1065)
Department of the Treasury
Internal Revenue Service

2025

For calendar year 2025, or tax year beginning / / 2025, ending / /

Final K-1 Amended K-1

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

| | | | |
|----|--------------------------------------|---|---|
| 1 | Ordinary business income (loss) | 14 | Self-employment earnings (loss) |
| 2 | Net rental real estate income (loss) | 15 | Credits |
| 3 | Other net rental income (loss) | 16 | Schedule K-3 is attached if checked |
| 4a | Guaranteed payments for services | 17 | Alternative minimum tax (AMT) items |
| 4b | Guaranteed payments for capital | 18 | Tax-exempt income and nondeductible expenses |
| 5 | Interest income | 19 | Distributions |
| 6a | Ordinary dividends | 20 | Other information |
| 6b | Qualified dividends | 21 | Foreign taxes paid or accrued |
| 6c | Dividend equivalents | 22 | More than one activity for at-risk purposes? |
| 7 | Royalties | 23 | More than one activity for passive activity purposes? |
| 8 | Net short-term capital gain (loss) | *See attached statement for additional information. | |
| 9a | Net long-term capital gain (loss) | | |
| 9b | Collectibles (28%) gain (loss) | | |
| 10 | Unrecaptured section 1250 gain | | |
| 10 | Net section 1231 gain (loss) | | |
| 11 | Other income (loss) | | |
| 12 | Section 179 deduction | | |
| 13 | Other deductions | | |

Part I Information About the Partnership

A Partnership's employer identification number

B Partnership's name, address, city, state, and ZIP code

C IRS center where partnership filed return

D Check if this is a publicly traded partnership (PTP). See separate instructions.

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.

G General partner or LLC member manager Limited partner or other LLC member

H1 Domestic partner Foreign partner

If the partner is a disregarded entity (DE), enter the partner's Name

TIN

I1 What type of entity is this partner?

I2 If this partner is a retirement plan (RAMP/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions)

| | Beginning | Ending |
|---------|-----------|--------|
| Profit | % | % |
| Loss | % | % |
| Capital | % | % |

Check if decrease is due to:
 Sale or Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

| | Beginning | Ending |
|---------------------------------|-----------|--------|
| Nonrecourse | \$ | \$ |
| Qualified nonrecourse financing | \$ | \$ |
| Recourse | \$ | \$ |

K2 Check this box if item K1 includes liability amounts from lower-tier partnerships

K3 Check if any of the above liability is subject to guarantees or other payment obligations to the partner. See instructions.

L Partner's Capital Account Analysis

| | |
|--|-------|
| Beginning capital account | \$ |
| Capital contributed during the year | \$ |
| Current year net income (loss) | \$ |
| Other increase (decrease) (attach explanation) | \$ |
| Withdrawals and distributions | \$() |
| Ending capital account | \$ |

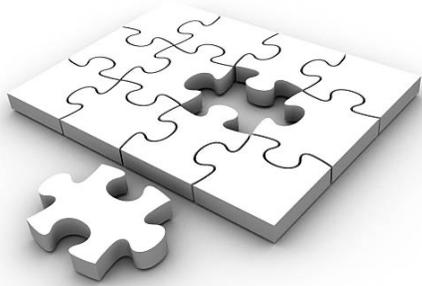
M Did the partner contribute property with a built-in gain (loss)?
 Yes No If "Yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)

| | |
|-----------|----|
| Beginning | \$ |
| Ending | \$ |

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DISTRIBUTIONS TO THE S-CORP SHAREHOLDER



S-CORP: DISTRIBUTIONS

Distributions (**payments**) of **excess profits** made to shareholders are not considered wages or subject to self-employment taxes. Therefore, it is tempting to consider making distributions versus paying wages. However, the temptation must be overcome, and distributions need to resemble distributions... of profits.

Distributions are **one-time payments made from profits as investment income** to shareholders as a return for investing in the company.

S-CORP: DISTRIBUTIONS

Distributions characteristics:

- Should be based on profits
- Not be the same amounts each time
- Not be routinely paid like payroll
- Not personal expenses (those should be considered wages)
- Paid less frequently than payroll
- Paid quarterly

A comparison would be distributions paid similar to how a C-Corporation would pay dividends. However, these are NOT considered dividends and are NOT taxed as dividends to the shareholder.

S-CORP: DISTRIBUTIONS

Distributions in a S-Corp are typically considered as a return of the member's previously taxed income.

However, if distributions exceed the shareholder's basis, the distribution is treated as taxable income to the shareholder taxed as a capital gain.

When this occurs it is added to the shareholder's basis in the following year, treated as increase to the shareholder's basis (a restoration to basis).

**S-CORP
IRS
2553
LETTER**

Dear Taxpayer:

Thank you for your Forms 2553, Election by a Small Business Corporation, and 1120-S, U.S. Income Tax Return for an S Corporation.

We accepted your election to be treated as an S corporation with an accounting period ending Dec. 31, 2023, as of Jan. 01, 2023. Please keep this letter in your permanent records as proof of acceptance of your election. If we examine your return, we will verify this election is appropriate for your situation.

We'd also like to take this opportunity to remind you of your tax obligations for the payment of compensation to shareholder-employees of S corporations.

When a shareholder-employee of an S corporation provides services to the S corporation, the S corporation must reasonably compensate the shareholder-employee. This compensation is subject to employment taxes.

The IRS may re-characterize distributions as salary. This position has been supported by Revenue Ruling 74-44 and in numerous court decisions.

S corporation shareholders must also know their stock and debt basis. The S corporation should notify each individual of the basis in his/her S corporation stock and debt when:

ONLY DISTRIBUTIONS AVAILABLE FOR RECLASS BY THE IRS

Yes, the IRS can challenge “reasonable compensation.”

However, the IRS cannot create wages out of thin air.

The IRS can only “reclass” distributions as wages.

Join us!

- *Meet every weekly!*
Tax updates + Q&A
- *Community platform!*
- *4 tax workshops!*



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**Tax Season
Mastermind**

**OVER 2%
SHAREHOLDER
HEALTH,
DENTAL, VISION
& LONG-TERM
CARE
INSURANCE**

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1/31/26

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HEALTH, DENTAL, VISION & LONG-TERM CARE INSURANCE PAID BY S-CORPORATION FOR MORE THAN 2% SHAREHOLDER

IRC Section 1372 – More than 2% shareholder of S-corporation treated as a “partner” under partnership law.

Health, dental, vision & long-term care insurance paid by an S-corporation for a more than 2% shareholder, is not tax deductible to the S-corporation.

This is a taxable fringe benefit and must be picked up as wages in Box 1 (only) of the more than 2% shareholders Form W-2. This is **NOT** subject to Social Security or Medicare payroll taxes. This is subject to withholdings.

The wages that include this fringe benefit are tax deductible to the S-corporation.

The health, dental, vision and long-term care insurance amount picked up as income is considered “self-employment health insurance” and is tax deducted on the individual tax return as an “Adjustment to Income” on Schedule 1.

HEALTH, DENTAL, VISION & LONG-TERM CARE INSURANCE PAID BY S-CORPORATION FOR MORE THAN 2% SHAREHOLDER

Example of the result is:

(\$10,000) S-corporation deducts the wages on Form 1120s (line 7)

\$10,000 More than 2% shareholder reports Box 1 wages as income on Form 1040

(\$10,000) More than 2% shareholder tax deducts as “self-employed health insurance” on Schedule 1 of Form 1040 **DO NOT MISS THIS LOOK AT BOX 14 ON THE W-2 TO KNOW THE AMOUNT TO DEDUCT**

(\$10,000) Net result is still a tax deduction

During IRS audit, they are checking this (it appears 100% of the time).

MAXIMUM DEDUCTION LIMITS LONG-TERM CARE INSURANCE

The amount of long-term care premiums paid by the S-corporation needs to be included in Box 1 of Form W-2. However, on Schedule 1, only the “allowable” amount is can be included (deducted).

The following are the 2025 & 2024 deductible limits per-individual:

| <u>Attained Age Before Close of Taxable Year</u> | <u>2025 Limit</u> | <u>2024 Limit</u> |
|--|-------------------|-------------------|
| 40 or less | \$480 | \$470 |
| More than 40 but not more than 50 | \$900 | \$870 |
| More than 50 but not more than 60 | \$1,800 | \$1,760 |
| More than 60 but not more than 70 | \$4,810 | \$4,710 |
| More than 70 | \$6,020 | \$5,880 |



FORM 7203

TAX BASIS & AT-RISK BASIS



FORM 7203 –FOR S-CORP SHAREHOLDERS

Purpose of Form: Use Form 7203 to figure potential limitations of your share of the S corporation's deductions, credits, and other items that can be deducted on your return. **This is NOT filed with Form 1120S. It is filed with Form 1040.**

Who Must File: Form 7203 is filed by S corporation shareholders who:

- Are claiming a deduction for their share of an aggregate loss from an S corporation (including an aggregate loss not allowed last year because of basis limitations),
- Received a non-dividend distribution from an S corporation,
- Disposed of stock in an S corporation (whether or not gain is recognized), or
- Received a loan repayment from an S corporation.

PLANNING POINT: It may be beneficial for shareholders to complete and retain Form 7203 even for years it is not required to be filed, as this will ensure their bases are consistently maintained year after year.

FORM 7203

Form 7203 S Corporation Shareholder Stock and Debt Basis LimitationsOMB No. 1545-0002
 Department of the Treasury Internal Revenue Service Attach to your tax return. Go to www.irs.gov/Form7203 for instructions and the latest information. Attachment Sequence No. 203

Name of shareholder _____ Identifying number _____
 A Name of S corporation _____ B Employer identification number _____

C Stock block (see instructions).
 Check applicable boxes to indicate how stock was acquired:
 (1) Original shareholder (2) Purchased (3) Inherited (4) Gift (5) Other
 Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation

Part I Shareholder Stock Basis

| | | |
|----|---|----|
| 1 | Stock basis at the beginning of the corporation's tax year | 1 |
| 2 | Basis from any capital contributions made or additional stock acquired during the tax year | 2 |
| 3a | Ordinary business income (enter losses in Part III) | 3a |
| 3b | Net rental real estate income (enter losses in Part III) | 3b |
| 3c | Other net rental income (enter losses in Part III) | 3c |
| 3d | Interest income | 3d |
| 3e | Ordinary dividends | 3e |
| 3f | Royalties | 3f |
| 3g | Net capital gains (enter losses in Part III) | 3g |
| 3h | Net section 1231 gain (enter losses in Part III) | 3h |
| 3i | Other income (enter losses in Part III) | 3i |
| 3j | Excess depletion adjustment | 3j |
| 3k | Tax-exempt income | 3k |
| 3l | Recapture of business credits | 3l |
| 3m | Other items that increase stock basis | 3m |
| 4 | Add lines 3a through 3m | 4 |
| 5 | Stock basis before distributions. Add lines 1, 2, and 4 | 5 |
| 6 | Distributions (excluding dividend distributions) | 6 |
| 7 | Note: If line 6 is larger than line 5, subtract line 5 from line 6 and report the result as a capital gain on Form 9949 and Schedule D. See instructions. | 7 |
| 8 | Stock basis after distributions. Subtract line 6 from line 5. If the result is zero or less, enter -0-, skip lines 8 through 14, and enter -0- on line 15. | 8 |
| 8a | Nondeductible expenses | 8a |
| 8b | Depletion for oil and gas | 8b |
| 8c | Business credits (sections 50(c)(1) and (3)) | 8c |
| 9 | Add lines 8a through 8c | 9 |
| 10 | Stock basis before loss and deduction items. Subtract line 9 from line 7. If the result is zero or less, enter -0-, skip lines 11 through 14, and enter -0- on line 15. | 10 |
| 11 | Allowable loss and deduction items. Enter the amount from line 47, column (c) | 11 |
| 12 | Debt basis restoration (see net increase in instructions for line 23) | 12 |
| 13 | Other items that decrease stock basis | 13 |
| 14 | Add lines 11, 12, and 13 | 14 |
| 15 | Stock basis at the end of the corporation's tax year. Subtract line 14 from line 10. If the result is zero or less, enter -0-. | 15 |

Part II Shareholder Debt Basis

Section A—Amount of Debt (if more than three debts, see instructions.)

| Description | (a) Debt 1 | (b) Debt 2 | (c) Debt 3 | (d) Total |
|---|---|---|---|-----------|
| | <input type="checkbox"/> Formal note <input type="checkbox"/> Open account | <input type="checkbox"/> Formal note <input type="checkbox"/> Open account | <input type="checkbox"/> Formal note <input type="checkbox"/> Open account | |
| 16 Loan balance at the beginning of the corporation's tax year | | | | |
| 17 Additional loans (see instructions) | | | | |
| 18 Loan balance before repayment. Add lines 16 and 17 | | | | |
| 19 Principal portion of debt repayment (this line doesn't include interest) | | | | |
| 20 Loan balance at the end of the corporation's tax year. Subtract line 19 from line 18 | | | | |

For Paperwork Reduction Act Notices, see separate instructions. Cat. No. 56336V Form 7203

Form 7203-IF Page 2

Part III Shareholder Debt Basis (continued)

Section B—Adjustments to Debt Basis

| Description | (a) Debt 1 | (b) Debt 2 | (c) Debt 3 | (d) Total |
|---|------------|------------|------------|-----------|
| 21 Debt basis at the beginning of the corporation's tax year | | | | |
| 22 Enter the amount, if any, from line 17 | | | | |
| 23 Debt basis restoration (see instructions) | | | | |
| 24 Debt basis before repayment. Add lines 21, 22, and 23 | | | | |
| 25 Divide line 24 by line 18 | | | | |
| 26 Nontaxable debt repayment. Multiply line 25 by line 19 | | | | |
| 27 Debt basis before nondeductible expenses and losses. Subtract line 26 from line 24 | | | | |
| 28 Nondeductible expenses and oil and gas depletion deductions in excess of stock basis | | | | |
| 29 Debt basis before losses and deductions. Subtract line 28 from line 27. If the result is zero or less, enter -0- | | | | |
| 30 Allowable losses in excess of stock basis. Enter the amount from line 47, column (c) | | | | |
| 31 Debt basis at the end of the corporation's tax year. Subtract line 30 from line 29. If the result is zero or less, enter -0- | | | | |

Section C—Gain on Loan Repayment

| | |
|---|--|
| 32 Repayment. Enter the amount from line 19 | |
| 33 Nontaxable repayments. Enter the amount from line 26 | |
| 34 Reportable gain. Subtract line 33 from line 32 | |

Part III Shareholder Allowable Loss and Deduction Items

| Description | (a) Current year losses and deductions | (b) Carryover amounts (column (a)) from the previous year | (c) Allowable loss from stock basis | (d) Allowable loss from debt basis | (e) Carryover amounts |
|---|--|---|-------------------------------------|------------------------------------|-----------------------|
| 35 Ordinary business loss | | | | | |
| 36 Net rental real estate loss | | | | | |
| 37 Other net rental loss | | | | | |
| 38 Net capital loss | | | | | |
| 39 Net section 1231 loss | | | | | |
| 40 Other loss | | | | | |
| 41 Section 179 deductions | | | | | |
| 42 Charitable contributions | | | | | |
| 43 Investment interest expense | | | | | |
| 44 Section 59(e)(2) expenditures | | | | | |
| 45 Other deductions | | | | | |
| 46 Foreign taxes paid or accrued | | | | | |
| 47 Total loss. Add lines 35 through 46 for each column. Enter the total loss in column (c) on line 11 and enter the total loss in column (d) on line 30 | | | | | |

Form 7203

FORM 7203

Form **7203**
(Rev. December 2022)
Department of the Treasury
Internal Revenue Service

S Corporation Shareholder Stock and Debt Basis Limitations

Attach to your tax return.
Go to www.irs.gov/Form7203 for instructions and the latest information.

OMB No. 1545-2302

Attachment
Sequence No. **203**

| | |
|--|---|
| Name of shareholder | Identifying number |
| A Name of S corporation | B Employer identification number |
| C Stock block (see instructions): | |
| D Check applicable box(es) to indicate how stock was acquired: (1) <input type="checkbox"/> Original shareholder (2) <input type="checkbox"/> Purchased (3) <input type="checkbox"/> Inherited (4) <input type="checkbox"/> Gift (5) <input type="checkbox"/> Other: _____ | |
| E Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation <input type="checkbox"/> | |

1.1367-1(g) elections allows the for these adjustments to the basis of a shareholder's stock in an S Corporation. This code section applies to shareholder basis, not at-risk basis. IRC Section 1367 allows a shareholder to elect to reduce the shareholder basis by items of loss or deduction before nondeductible noncapital expenses

LLC's TAXED AS S-CORPORATIONS



REVIEW ALL LLC/S-CORPS

- Standard operating agreements typically or easily can create a second class of stock, which terminates the S election
- Easy to fix before IRS discovery, and IRS allows for the easy fix

REVIEW ALL LLC/S-CORPS

- If S election is terminated, the entity is treated as a C-corp with exposure to double taxation and taxation of distributions as dividends
- IRS doesn't look at the economics of an audit adjustment, as they just have to follow the tax law

REVIEW ALL LLC/S-CORPS

- State law requires equal distributions, the entity's distribution history is not determinative of S status
- State law does NOT require equal distributions, the entity's distribution history **is** determinative of S status

REVENUE PROCEDURE 2022-19: ONE CLASS OF STOCK RULES

An S corporation is allowed to only have a single class of stock, as it relates to distributions and rights of owners to proceeds in liquidation of the entity. However, voting rights do not need to be identical per share.

This rule can create issues for unincorporated entities which elect to be S corporations using the “association,” or “check the box” election to be treated as S corporations for federal income tax purposes. Many times, these entities use default language that base members’ relative liquidation rights on capital account balances which can be incorrect in following the single class of stock rule.

Rev. Proc. 2022-19 states how to retroactively correct operating agreements inconsistent with the single class of stock rule. It also states when the IRS will not rule, where a ruling is unnecessary and where a ruling is the appropriate relief provision.

REVENUE PROCEDURE 2022-19: ONE CLASS OF STOCK RULES

State law requires equal distributions (in Oklahoma):

If the articles of incorporation (or operating agreement), bylaws and binding shareholder agreements follow state law and require equal distributions, **the entity's distribution history is not determinative**. Revenue Procedure 2022-19 defines such a corporation as one with “identical” governing provisions.

The corporation is an S corporation.

REVENUE PROCEDURE 2022-19: ONE CLASS OF STOCK RULES

If state law **does NOT** require equal distributions (NOT Oklahoma):

If the articles of incorporation (or operating agreement), bylaws and binding shareholder agreements follow state law and require equal distributions, **the entity's distribution history is determinative**. If the distributions have always been proportional per share, the corporation may be able to self-correct the defect. However, the corporation must satisfy two additional conditions:

1. The corporation must have filed all of its returns, during the period the non-identical governing provisions were in effect, as an S corporation on Form 1120-S. Moreover, the corporation must have filed all of the returns within six months of the due date, including extensions; and,
2. The IRS must not have discovered the defect.

REVENUE PROCEDURE 2022-19: ONE CLASS OF STOCK RULES

Self-correction if the corporation has non-identical governing provisions, it can correct this default without filing any request with the IRS.

The corporation prepares a statement, signed by a corporate officer, which details the non-identical governing provision and states the corrective action.

- Describe the new identical governing provision.
- Include a list of all persons who have been shareholders since the non-identical governing provision took effect until the corporation adopted the new identical governing provision.
- Each of these shareholders must attach a statement, signed under penalties of perjury.
- The corporation retains this documentation in its permanent records.

See Rev. Proc. 2022-19, Appendix A for samples of the statements.

REVENUE PROCEDURE 2022-19: ONE CLASS OF STOCK RULES

Rev. Proc. 2022-19 states, “an S election that is invalid or terminated solely as the result of one or more non-identical governing provisions” may qualify for relief without requesting a ruling. Therefore, it appears that any other violation will disqualify a corporation from the self-correction rule.

It is suggested you get proactive with your clients, right now. If the entity has otherwise been in compliance with the S corporation rules, all that needs to be done is to modify the operating agreement or other applicable document, obtain the signatures and statements of current and prior owners, and add the modification to the corporation’s records.

Right now it is possible this can be corrected with a simple statement. If it is not corrected and later discovered it could be a long process to fix the situation that leads to more costs and possible malpractice claims.

ONE CLASS STOCK: PLC 202215003

ONE OPERATING AGREEMENT INCORRECT

PLR 202215003: The taxpayers had an agreement had provisions for partnerships but not permissible for S corporations. The agreement required the company to

- Maintain capital accounts and stipulated that these accounts would control the division of assets on liquidation.
- Required that distributions be made first to each person owning a transferable interest that reflects contributions made and not previously returned in an amount equal to the unreturned contributions, and thereafter to members in the proportions in which they shared in distributions before dissolution.

These provisions were not consistent with the single class of stock requirement.

The company revised its operating agreement and made compensatory true-up distributions to its members, aligning the cumulative distributions with a single class of stock.



PARTNERSHIPS SUBJECT TO SELF- EMPLOYMENT TAXES



LIMITED PARTNER SUBJECT TO SELF-EMPLOYMENT TAX

The U.S. Tax Court ruled on *Soroban Capital Partners LP v. Commissioner* (T.C. Memo 2025-52), holding that all income allocated to the partnership's limited partners is subject to self-employment taxes; not just amounts reported as guaranteed payments.

The Court applied the “functional analysis” test it established in its 2023 ruling in the same case (161 T.C. No. 12).

The Court found that Soroban's limited partners were “limited” in name only.

Evidence showed that the partners were actively engaged in the fund's operations, meaning they did not qualify for the statutory limited partner exception to self-employment tax.

LIMITED PARTNER SUBJECT TO SELF-EMPLOYMENT TAX

This conclusion aligns with the Tax Court’s 2024 decision in *Denham Capital Management LP v. Commissioner* (T.C. Memo 2024-114), where the “functional analysis” was applied leading to the denial of the limited partner exception.

The Court is making it clear that the legal label of “limited partner” is not determinative in itself of whether the income is exempt from self-employment tax.

The partner’s actual role, responsibilities, and level of involvement drive whether the exception applies. Where partners play a significant role in day-to-day business operations, the Court has consistently found them subject to self-employment tax on all allocable income.



**LLC
AT-RISK
BASIS:
PROTECTION
OF LOSS**



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SHARE OF LIABILITIES

- If a partner can be held responsible for the debt of the LLC, LP, etc. but is allowed to recover their loss from other partners, the debt is not considered recourse for at-risk basis purposes.
- Possibly a fraction of their ownership after possible recovery can be included

PARTNER AT-RISK BASIS

Partnership Liability Basis Under IRS Section 465:

A partner's tax basis in a partnership is increased by the amount of the partner's allocable share of partnership liabilities. **Partnership liabilities** can either be (i) **recourse**, to the extent a partner bears an economic risk of loss in the event of a partnership default; or (ii) **nonrecourse**, to the extent that no partner bears a risk of loss, for example, a liability that is secured by a pledged asset with no ability of the lender to collect any deficiencies from the partnership or its partners. Recourse liabilities are allocated to the partners that bear the economic risk of loss; nonrecourse liabilities are allocated to all partners, generally based on how they share profits.

Recourse and nonrecourse liability basis permits a partner to receive cash distributions in excess of their investment in the partnership (up to the amount of the liability basis) without triggering taxable gain. In addition, recourse (but only certain nonrecourse) liability basis is considered "at-risk" basis that a partner may use to deduct allocated partnership taxable losses. **Traditionally, bottom-dollar guarantees were used to create additional recourse liability basis for the guarantor partner.**

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LLC AT-RISK BASIS: PROTECTION OF LOSS

LLC members are not considered to be at risk for borrowed amounts to the extent that they are protected against loss by agreement among the members or by operation of law.

To the extent a member has the legal right to sue other members for reimbursement of amounts expended to pay LLC creditors, the member is considered to be protected against loss, and therefore the liability very well may NOT be available to increase the partner's at-risk basis.

An LLC member is almost always protected against loss by operation of the state LLC statute. Consequently, LLC members can seldom include the LLC's debt in their amount at risk.

LLC AT-RISK BASIS: PROTECTION OF LOSS

Abramson, 86 T.C. 360 (1986)

Gefen, 87 T.C. 1471 (1986)

Bennion, 88 T.C. 684 (1987)

In this Tax Court cases, the partner was allowed to have an increase in at-risk amounts for guarantees by partners or members in LLCs classified as partnerships because of the three factors:

1. The guarantee is absolute and unconditional;
2. There is no right of subrogation, contribution, or reimbursement from the entity or any other owner; and
3. The guarantor bears the ultimate responsibility for the debt, or a portion of the debt, if the entity defaults in a worst-case scenario

SHARE OF LIABILITIES: DEFINED BY THE IRS

 **Internal Revenue Service**
DEPARTMENT OF THE TREASURY

LB&I Concept Unit

| | | |
|-------------------------|--------------------------------------|----------------------------------|
| Unit Name | Recourse vs. Nonrecourse Liabilities | |
| Primary UIL Code | 752.00-00 | Treatment of Certain Liabilities |

| Library Level | Title |
|-----------------------|-------------------------|
| Knowledge Base | Partnerships |
| Shelf | General Concepts |
| Book | Partnership Liabilities |
| Chapter | Basic Concepts |

EXCELLENT RESOURCE
FROM THE SOURCE (IRS):

https://www.irs.gov/pub/irsutl/recourse_nonrecourse.pdf

SHARE OF LIABILITIES: RECOURSE VS. NON-RECOURSE

RECOURSE LIABILITIES

A partnership liability is a recourse liability to the extent a partner or related person bears the economic risk of loss for the liability.

In other words, if the partnership were unable to pay the creditor, the extent to which a partner would be obligated to pay the debt from personal funds, with no right of reimbursement from another partner, indicates the partner's economic risk of loss.

https://www.irs.gov/pub/irs-utl/recourse_nonrecourse.pdf

SHARE OF LIABILITIES: RECOURSE VS. NON-RECOURSE

NONRECOURSE LIABILITIES

A partnership liability is nonrecourse if no partner, or person related to a partner, bears the economic risk of loss. In the partnership context, a nonrecourse liability is only paid in full out of the partnership's profits. There are generally two types of nonrecourse liabilities: 1. Unsecured liabilities. 2. Secured Liabilities, such as automobile loans, that are secured by property. Unsecured liabilities are not backed by any collateral. In this situation, the lender has limited protection against any default. While the lender may sell the debt on the secondary market and report the default to credit agencies, the lender may not enforce payment against the partners. However, if the nonrecourse debt is collateralized by property, the lender may foreclose on the property. Nonrecourse debt in the context of real estate partnership is typically secured by the underlying property.

https://www.irs.gov/pub/irs-utl/recourse_nonrecourse.pdf

SHARE OF LIABILITIES: PARTNERSHIP “AT-RISK” BASIS

Using the share of liabilities at the individual level can allow losses, as it creates “at-risk” basis.

As shown previously, the IRS is very interested in the following, as it can limit allowed losses at the individual level (Form 1040, Schedule E, Page 2):

- Share of liabilities from lower tiered partnerships
- Multiple activities with “at-risk” basis
- **The key is to ensure that the partner, at the individual level, is actually personally at risk.**
- It is not always good enough to simply rely on what is reported on the Schedule K-1, as the partnership is reporting this at the partner level, but the individual has to ensure they meet the qualifications.
- **NOTE: If losses were allowed in a prior year due to at-risk basis, and later those loans are repaid, it may result in a recapture of previously taken losses.**

SHARE OF LIABILITIES: OPERATING AGREEMENTS

If the operating agreement (partnership agreement) is silent to what happens if an individual partner is held responsible for the partnership's debt (including LLCs), the IRS can easily argue (and win in Tax Court) that the partner is only responsible for the share of liabilities listed multiplied further by their partner ownership.

The IRS has argued in Tax Court, and won each time, that if ultimately a partner is held responsible for the partnership debt but has the option to be made whole by suing other partners, then the partner is only responsible for what they could not recover from other partners.

Therefore, if the operating agreement (partnership agreement) does not preclude a partner from suing another partner related to this matter, the IRS will successfully limit the at-risk basis.

The IRS has won even when a bank note has been executed limiting the partners liability to only a percentage of the loan, matching the Schedule K-1; if the the operating agreement does not address it.

Therefore, you cannot solely rely on the reporting of the Schedule K-1 on the issue of share of liabilities creating at-risk basis.

PARTNERSHIP BOTTOM DOLLAR

GUARANTEES

DISALLOWED

*Final Regulations
in Full Affect*





TAX BASIS IN THE PARTNERSHIP

To the extent of a partner's tax basis in a partnership, the partner is allowed to take tax-free distributions and recognize losses. Beyond tax basis, a partner can have at-risk basis further allowing for the partner to recognize losses and possibly taking distributions, up to the partner's at-risk basis.

A partner's tax basis in a partnership determines, among other tax consequences, the amount of partnership losses the partner may deduct as well as the amount of partnership distributions the partner may receive without triggering taxable gain. A partner's tax basis includes not only the amount of the partner's investment (which is adjusted for partnership income and loss allocations and other items as required under the tax code), a partner's basis also includes the partner's share of partnership liabilities.

PARTNER AT-RISK BASIS

Partnership Liability Basis Under IRS Section 465:

A partner's tax basis in a partnership is increased by the amount of the partner's allocable share of partnership liabilities. **Partnership liabilities** can either be (i) **recourse**, to the extent a partner bears an economic risk of loss in the event of a partnership default; or (ii) **nonrecourse**, to the extent that no partner bears a risk of loss, for example, a liability that is secured by a pledged asset with no ability of the lender to collect any deficiencies from the partnership or its partners. Recourse liabilities are allocated to the partners that bear the economic risk of loss; nonrecourse liabilities are allocated to all partners, generally based on how they share profits.

Recourse and nonrecourse liability basis permits a partner to receive cash distributions in excess of their investment in the partnership (up to the amount of the liability basis) without triggering taxable gain. In addition, recourse (but only certain nonrecourse) liability basis is considered "at-risk" basis that a partner may use to deduct allocated partnership taxable losses. **Traditionally, bottom-dollar guarantees were used to create additional recourse liability basis for the guarantor partner.**

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BOTTOM DOLLAR GUARANTEES ON PARTNERSHIP LOANS

Treasury Regs. Sec. 1.752-2(a) under IRC Section 752

Bottom Dollar Guarantees are a payment guarantee by a partner to repay a portion of the partnership debt only if the creditor is unable to collect the full amount of the debt from the partnership, i.e., a guarantee of the last dollars of a liability. This can effectively convert nonrecourse liability to recourse liability, increasing at-risk basis in partnership interest.

However, final regulations published in October 2019 generally put an end to the use of bottom-dollar guarantees as a means of bolstering tax basis in a partnership interest on debt incurred after October 5, 2016, unless special transition rules applied.

The transition rules lasted 7 years.

The special transition rules have expired and the final regulations are fully effective as of October 4, 2023.

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FINAL REGULATIONS ON BOTTOM DOLLAR GUARANTEES NOT ALLOWED

The final regulations require a partnership to disclose a bottom dollar payment obligation with respect to a partnership liability on a completed Form 8275 (Disclosure Statement) attached to the return of the partnership for the taxable year in which the bottom dollar payment obligation is undertaken or modified.

The final regulations make it clear that partner guarantees will only be respected if they establish a genuine commercial payment obligation. Therefore, a review of the terms of partner guarantees is suggested. In addition, partnership agreements should be reviewed to confirm that the language concerning capital contribution and deficit restoration obligations is consistent with the final regulations.

In short, if the partner is only obligated to pay the debt if the partnership can't, that is considered a bottom dollar guarantee.

BOTTOM DOLLAR GUARANTEE EXAMPLE

Alona, Brett and Chandler are equal partners of a partnership that borrows \$100,000. Alona guarantees payment of up to \$30,000 of partnership debt if any amount of the \$100,000 debt is not recovered by the lender. Brett guarantees payment of up to \$20,000, but only if the lender recovers less than \$20,000 of the \$100,000 debt. Chandler provides no guarantee.

Because Alona is obligated to pay up to \$30,000 if any amount of the \$100,000 debt is not recovered by the lender, Alona's guarantee is not a Bottom Dollar Payment Obligation, which means it is recognized for tax purposes. The \$30,000 of the \$100,000 partnership debt will be treated as recourse debt to Alona.

Because Brett is obligated to pay up to \$20,000 only if the lender recovers less than \$20,000 of the \$100,000 debt, Brett's guarantee is a Bottom Dollar Payment Obligation, which means it is not recognized for tax purposes. Thus, none of the \$100,000 debt will be treated as recourse debt to Brett.

Thus, of the \$100,000 partnership debt, \$30,000 will be allocated to Alona as recourse debt and the remaining \$70,000 will be allocated to Alona, Brett, and Chandler as nonrecourse debt.

\$100,000 Loan

- **Alona** guarantees \$30,000
 - **\$30,000 Recourse Debt**
 - \$23,334 Non-Recourse Debt
- **Brett** guarantees \$20,000 Only to the extent the bank recovers less than \$20,000
 - Zero Recourse Debt
 - \$23,333 Non-Recourse Debt
- **Chandler** provides no guarantee
 - Zero Recourse Debt
 - \$23,333 Non-Recourse Debt

PARTNER OPTIONS TO OBTAIN AT-RISK BASIS

Other options may be available for partners to achieve desired tax results, such as:

- Using “vertical slice guarantees,” under which a partner guarantees a percentage of each dollar of debt, and
- Intelligently managing recourse and non-recourse liability allocations.



BUSINESS TAX CREDITS

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BUSINESS TAX CREDITS

WORK OPPORTUNITY TAX CREDIT (FORM 5884)

The federal government created the Work Opportunity Tax Credit (WOTC) to encourage businesses to hire people from certain marginalized groups, including: Ex-felons, Veterans, long-term recipients of unemployment benefits, etc.

If you are eligible for this credit, your business can qualify for one of the following:

- \$2,400 tax credit (40% off the first \$6,000 of the employee's wages)
- \$9,600 tax credit for certain qualified veterans (40% off the first \$24,000 of the Veteran employee's wages)

The WOTC is extended for five years through 2025 by the Consolidated Appropriations Act.

To satisfy the requirement to pre-screen a job applicant, on or before the day a job offer is made, a pre-screening notice (Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit) must be completed by the job applicant and the employer. After pre-screening a job applicant, the IRS said the employer must then request certification by submitting Form 8850 to the appropriate state workforce agency no later than 28 days after the employee begins work. Other requirements and further details can be found in the instructions to Form 8850.

BUSINESS TAX CREDITS

WORK OPPORTUNITY TAX CREDIT: TARGETED GROUPS

WOTC targeted groups include:

- 1) Qualified IV-A recipient
- 2) **Qualified Veteran**
- 3) Qualified Ex-Felon
- 4) Designated Community Resident
- 5) Vocational Rehabilitation Referral
- 6) **Summer Youth Employee**
- 7) Supplemental Nutrition Assistance Program (SNAP "food stamps") recipient
- 8) Supplemental Security Income (SSI) recipient
- 9) Long-term Family Assistance recipient
- 10) **Qualified Long-term Unemployment recipient**

Qualified Long-term Unemployment recipient:

A member of this target group is an individual who has been unemployed for at least 27 consecutive weeks and received unemployment compensation under state or federal law at some point during this period.

BUSINESS TAX CREDITS

EMPOWERMENT ZONE EMPLOYER CREDIT (FORM 8844)

The empowerment zone employer credit is a federal tax credit available to businesses located in designated “empowerment zones,” which are economically distressed areas that the government has identified as needing help stimulating the economy and job growth.

The credit is equal to 20% of the first \$15,000 in wages paid to each employee **who lives and works in a designated empowerment zone**. This means that the maximum credit per employee is \$3,000.

You can find a list of designated empowerment zones in the U.S. at this link (copy and paste from your pdf):

<https://www.cmswotc.com/empowerment-zones-enterprise-zones-rural-renewal-counties-map/>

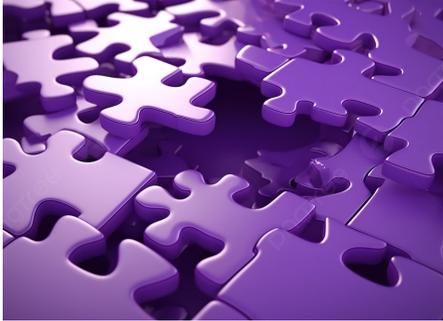
BUSINESS TAX CREDITS

FAMILY LEAVE TAX CREDIT (FORM 8994)

The family leave tax credit incentivizes employers to provide their employees paid time off to take care of a new baby, adopted child, or sick family member. This credit can help offset the costs of lost income or hiring temporary help while the employee is on leave. The credit rate depends on how much employers provide for paid FML relative to wages normally paid.

- If paid leave is 50% of wages normally paid to an employee, the tax credit is 12.5% of wages paid.
- If paid leave is 100% of wages normally paid to an employee, the tax credit is 25% of wages paid.
- The credit rate increases from 12.5% to 25% ratably as leave wages increase from 50% to 100% of wages normally paid.
- No credit can be claimed for paid FML that is less than 50% of wages normally paid.
- No credit can be claimed for wages paid on leave that exceed an employee's normal wage rate

It's important to note that this credit does not apply if the FMLA leave is mandated by local or state law.



DEPRECIATION ON REAL ESTATE

1/31/26

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DEPRECIATION

Depreciation & tax credits on assets

Reminder:

- If an asset qualifies for a tax credit (such as the vehicle tax credit)
- The “cost basis” of the asset must be reduced by the credit amount
- To arrive at the “depreciable basis” available for depreciation

DEPRECIATION

COMMERCIAL REAL ESTATE OWNERS

Always do a cost segregation analysis to break out the real estate into these categories to allocate the property to the proper class life to help ensure more depreciation is available sooner, rather than later

- Land
- Building – structure
- Building – non-structure
- Roof
- Hvac
- Security system
- Alarm system
- Sidewalks, driveways & parking lots
- Landscaping, trees
- Built-in's (cabinetry), appliances
- Flooring (not the foundation)

DEPRECIATION: COMMERCIAL REAL ESTATE OWNERS

- NO DEPRECIATION
 - ONLY OVER LIFE
 - 100% BONUS/LIFE/SEC 179*
 - SECTION 179/LIFE
 - 100% BONUS/LIFE
 - 100% BONUS/LIFE
 - 100% BONUS/LIFE/SEC 179*
 - 100% BONUS/LIFE/SEC 179*
- 0 years
 - 39 years
 - 15 years
 - 39 years
 - 39 years
 - 39 years
 - 39 years
 - 15 years
 - 15 years
 - 10 years
 - 7 years
- LAND
 - BUILDING: STRUCTURE & NON-STRUCTURAL BEFORE PLACED IN SERVICE
 - BUILDING – NON-STRUCTURE (AFTER PLACED IN SERVICE)
 - ROOF
 - HVAC
 - SECURITY SYSTEM
 - ALARM SYSTEM
 - SIDEWALKS, DRIVEWAYS & PARKING LOTS
 - INITIAL LANDSCAPING: GRASS/SHRUBS/TREES
 - FLOORING, CARPET (NOT FOUNDATION)
 - BUILT-INS, FIXTURES, LIGHTING

*SECTION 179 ALLOWED ONLY IF THE ACTIVITY IS TREATED AS A TRADE OR BUSINESS

DEPRECIATION

Commercial Building (Non-Residential) NON-STRUCTURAL & QIP (Sec 1250 VS sec 1245 Property)

The non-structural portion of a commercial building in itself does not determine its class life for depreciation.

Non-structural can be Sec 1250 property or Sec 1245 property, depending on its permanency to the commercial building.

Non-structural inherently permanent is treated as Sec 1250 property, and is a 39 year class life, not eligible for bonus.

Non-structural inherently permanent, *but placed in service after the property was originally placed in service* (i.e. after bought) is still treated as 1250 property, however, under Sec 168(e)(6), it has a 15 year depreciable life for MACRS, and is eligible for bonus depreciation or Sec 179 depreciation.

Expenditures attributable to the enlargement of the building, elevators or escalators, or the internal structural framework of the building are excluded from QIP, and are 39 year, regardless if the improvement was after the property was placed in service.

Non-structural not inherently permanent is treated as Sec 1245 property, and has a class life consistent with the type of Sec 1245 property it is, and thus available for either bonus depreciation or Sec 179 depreciation, depending on the type of Sec 1245 property it is.

DEPRECIATION

Commercial Building (Non-Residential) NON-STRUCTURAL & QIP (Sec 1250 VS sec 1245 Property) Defining “Permanency”

FROM IRS AUDIT TECHNIQUE GUIDE (Link on next slide):

Examiners should also consider the following additional factors when addressing permanency (some of which may overlap with the *Whiteco* factors):

- History of the item or similar items being moved;
- Manner in which an item is attached to a building or to the land;
- Weight and size of the item;
- Function and design of the item;
- Intent of the taxpayer in installing the item;
- Time, cost, manpower, and equipment required to move the components;
- Time, cost, manpower, and equipment required to reconfigure the existing space if the item is removed;
- Effect of the item’s removal on the building; and
- Extent the item can be reused after removal.

HOSPITAL CORPORATION OF AMERICA CASE v. Commissioner (109 T.C. 21)

DEPRECIATION

THIS PAGE PROVIDED AS A REFERENCE ONLY - Links for more information:

<https://www.irs.gov/businesses/cost-segregation-audit-techniques-guide-chapter-6-8-bonus-depreciation-considerations>
Chief Counsel Guidance on the Application of Bonus Depreciation Regulations to a Cost Segregation Study - FAA 20140202F: In a building construction project, the building (including its structural components) is not eligible for bonus depreciation, because buildings generally have a MACRS recovery period of greater than 20 years. However, the § 1245 properties identified in a cost segregation study generally meet the MACRS recovery period requirement (20 years or less), but each § 1245 property must also meet the other bonus requirements to determine its eligibility for bonus depreciation (including the original use, acquisition, and placed in service requirements).

<https://www.irs.gov/businesses/cost-segregation-audit-techniques-guide-chapter-2-legal-framework>
§ 1245 PROPERTY AND § 1250 PROPERTY
TESTS FOR DISTINGUISHING § 1245 AND § 1250 PROPERTY
INHERENTLY PERMANENT TEST
HOSPITAL CORPORATION OF AMERICA CASE v. Commissioner (109 T.C. 21)

Tax Adviser article with great information

<https://www.thetaxadviser.com/issues/2021/sep/qualified-improvement-property-bonus-depreciation.html>

Publication 946 (2021), How To Depreciate Property

https://www.irs.gov/publications/p946#en_US_2020_publink1000107522



ACCOUNTABLE PLANS

ARE YOU
ALLOWING
YOUR CLIENTS
TO GO WITHOUT?

This is an example as provided directly by the
AICPA.

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AVOIDING TAXABLE INCOME & LOSS OF DEDUCTIONS

Businesses that reimburse employees, including owners, need to ensure proper documentation to avoid the reimbursement being considered (disguised) income to the employee, including owners.

Owners need to actually reimburse themselves any out-of-pocket expenses if filing an S-Corporation, Partnership, C-Corporation or Trust tax return.

Such deductions CANNOT be deducted on Schedule A any longer

Such expenses CANNOT be deducted on Schedule E, page 2

Such expenses CANNOT be recorded by a "Journal Entry"

If splitting out a distribution or dividend into an expense reimbursement, you change the characteristic of the distribution, and highly risk changing the distribution to compensation to the owner

ACCOUNTABLE PLANS

Accountable plans work on the simple concept that if reimbursement payments to business owners and their employees are properly claimed and documented, they are not taxable to the recipient.

Conversely, if reimbursements are not legitimate business expenses or are not properly documented, they are taxable income to employees.

Accountable plans are a flexible tool to incentivize employees to pursue business goals and to facilitate employee-owners' deductions of expenses they incur in running their businesses.

ACCOUNTABLE PLANS (Source: AICPA)

Generally, AGI is defined by Sec. 62(a) as gross income minus certain deductions. These deductions include expenses of employees paid or incurred by them in connection with their performance of services as an employee, if the expenses are reimbursed under a reimbursement or other expense-allowance arrangement with the employer (including such a reimbursement provided by a third party) (Sec. 62(a)(2)(A)). Sec. 62(c) further specifies that an arrangement will not be treated as a reimbursement or other expense-allowance arrangement if it does not require the employee to substantiate the expenses covered under the arrangement (apart from certain exceptions under Sec. 274(d)) or if it allows the employee to retain any amount exceeding the substantiated covered expenses. It may be helpful to analyze these requirements and related regulations from the employer's and employee's respective viewpoints.

FROM THE EMPLOYER'S POINT OF VIEW

To offer an accountable plan, an employer must comply with three standards:

1. The expenses must have a business connection;
2. The expenses must be substantiated within a reasonable period; and
3. The employee must return any money not spent to the employer, also within a reasonable period.

If any of the three conditions isn't met, the reimbursement arrangement is treated as a nonaccountable plan. In other words, the reimbursements are taxable compensation to the employee and subject to employment taxes.

BUSINESS CONNECTION

Before a reimbursement can be made, the employer must authorize the purchase for a legitimate business purpose. A purchase for a legitimate business purpose is anything that is deductible under Regs. Sec. 1.62-2

EXAMPLE: ACCOUNTABLE PLAN ADOPTION

Legal Name of Company
Accountable Reimbursement Policy

Whereas, income tax regulations 1.162-17 and 1.274-5(e) provide that employees need not report on their tax returns expenses paid or incurred by them solely for the benefit of their employer for which they are required to account and do account to their employer and which are charged directly or indirectly to the employer; and

Whereas, income tax regulation 1.274-5(3) further provides that “an adequate accounting means the submission to the employer of an account book, diary, statement of expense, or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to all the ‘adequate records’ requirements set forth in the regulation”; be it therefore

Resolved, that the Company hereby adopts an accountable expense reimbursement policy upon the following terms and conditions:

EXAMPLE: ACCOUNTABLE PLAN ADOPTION

1. Adequate accounting for reimbursed expenses. Any employee now and hereafter employed by the Company shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the Company, if the following conditions are satisfied:

- 1) The expenses are reasonable in amount;
- 2) The employee documents the amount, date, place, business purpose (and in the case of entertainment expenses, the business relationship of the person or persons entertained) of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the employee federal tax return; and
- 3) The employee documents such expenses by providing the accounting department with an accounting of such expenses on a monthly basis. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an employee.

EXAMPLE: ACCOUNTABLE PLAN ADOPTION

- 2. Reimbursable expenses.** Reimbursable business and professional expenses include, but are not limited to, local business mileage, overnight travel (including lodging and meals), business meals and entertainment, books and subscriptions, continuing education, professional dues, long distance telephone calls, and cell phones.
- 3. Automobile reimbursement rate.** The employee's business use of his/her personal automobile will be reimbursed at the standard mileage rate allowed by the Internal Revenue Service.
- 4. Excess reimbursements.** Any Company advance reimbursement that exceeds the amount of business or professional expenses properly accounted for by an employee pursuant to this policy must be returned to the Company within 120 days after the associated expenses are paid or incurred by the employee, and shall not be retained by the employee.

EXAMPLE: ACCOUNTABLE PLAN ADOPTION

- 5. Reimbursements not funded out of salary reductions.** Reimbursements shall be paid out of Company funds, and not by reducing pay checks by the amount of business expense reimbursements.
- 6. Tax reporting.** The Company shall not include in an employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy, and the Company should not report the amount of any such reimbursement as income on Form 1040.
- 7. Retention of records.** All receipts and other documentary evidence used by an employee to substantiate business and professional expenses reimbursed under this policy shall be retained by the Company.

Under no circumstances will the Company reimburse an employee for business or professional expenses incurred on behalf of the Company that are not properly substantiated according to this policy. The Company and staff understand that adherence to the requirements of this reimbursement policy is necessary to prevent the plan from being classified as a "non-accountable" plan.



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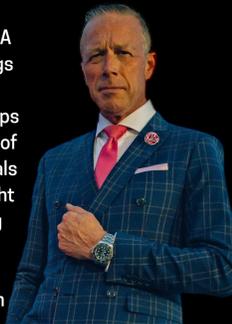
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Video OBBBA Seminar

OBBBA Seminar Slides

OBBBA CE Credit Quiz & Form

PRACTICE MANAGEMENT SEMINAR

Video Practice Management Seminar

Practice Management Seminar Slides

Practice Management Seminar Materials

Seminar TIME Excel Worksheet

WHAT I USE IN MY PRACTICE

Client Tax Document Checklist

Individual Tax Return Cover Letter

Individual Engagement Letter

S-Corporation Tax Return Cover Letter

S-Corp Engagement Letter

Partnership Tax Return Cover Letter

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