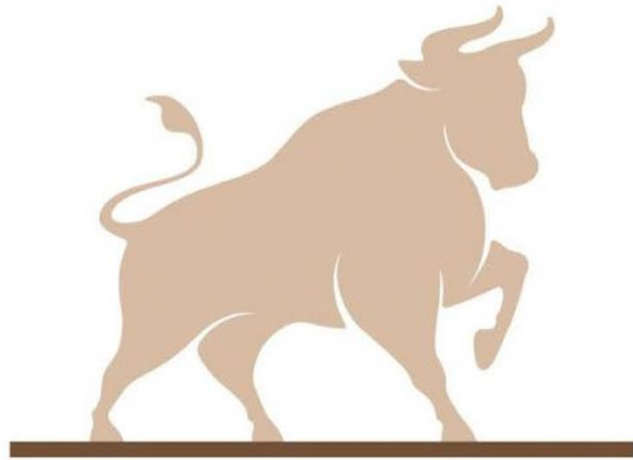




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TAX & ACCOUNTING PROFESSIONALS

Joshua Jensen, CPA aka JJ the CPA

Joshua has 32 years of public accounting experience in tax and is a licensed CPA in Oklahoma and Texas, and a member of the American Institute of CPAs and Oklahoma Society of CPAs. Joshua is a 1993 graduate of Abilene Christian University where he earned his accounting degree. JJ the CPA has over 100,000 SUBSCRIBERS and over 8 million views on his YouTube channel “JJ THE CPA,” and has authored 2 books available on Amazon.

Cooper Jensen

Cooper has been working with his father since 2017. He is preparing for CPA certification, inspired by his father's and great grandfather's career path. Although baseball was his initial passion, winning a state championship in 2019, Cooper's focus shifted to taxes full-time in 2022. He specializes in working in the real estate sector with both Realtors and investors.



Real Estate School & CE

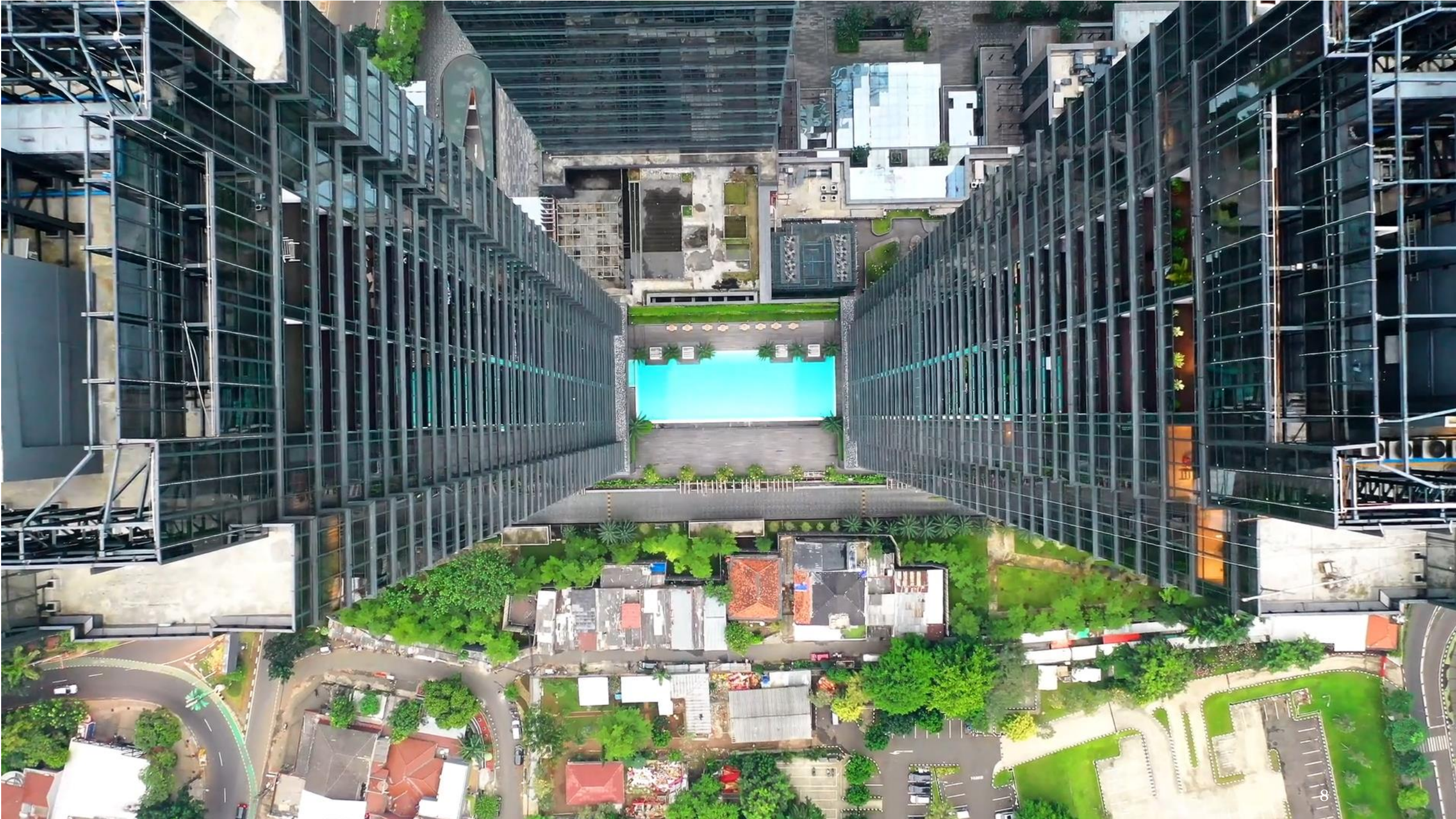


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CHECK
OUT OUR
CHANNEL



WRITE THIS DOWN

LLC S-Corp

15.3%

Receipts

Miles

REALTOR TAX STRATEGIES

How many days until
April 16, 2026?

REALTOR TAX STRATEGIES

Worst tax moves:

FSBO tax preparation

Best tax move:

LLC taxed as S-Corp

BEST REALTOR TAX STRATEGY

Set up an entity structure: Our clients select LLC

- You need to consult an attorney or use Legal Zoom
- Separate you and your assets from your business
- Limit your personal liability
- This is NOT selecting your tax classification

Select tax classification: S-Corp

- You must use a tax professional. **DO NOT DO YOURSELF!**
- Must file Form 2553 timely-75 Days **See instructions but use tax pro**
- Fit for clients who are “active” in their business
- NOTE: Partnership best for passive activities

TAX STRATEGIES: KEEP RECEIPTS

Keep receipts:

\$1 receipt saves approx 42¢ in tax

\$10,000 receipts = \$4,200 less tax

Without a receipt you do NOT get
the tax deduction = cost you!

Example based on 42% effective tax rate

TAX STRATEGIES: TRACK MILEAGE

1 mile = 70¢ deduction

= 29.4¢ Tax Saved

10,000 miles = \$7,000 deduction

= \$2,940 less tax

Without a mileage log you do NOT get the
tax deduction = cost you!

Example based on 42% effective tax rate

TAX RATES FOR REALTORS



SELF-
EMPLOYED
(FORM 1099)
= Sole Proprietor
= Business
Owner

AVERAGE REALTOR COMBINED TAX RATE ON TAXABLE INCOME

FILING SCHEDULE C

42% in total income taxes for
average Realtor in Oklahoma

Possibly as high as 57.05% in total
taxes at maximum tax rates

SELF-EMPLOYED FILING SCHEDULE C BASED ON THE NET INCOME, THERE IS **BOTH** **INCOME TAX & SELF-EMPLOYMENT TAXES DUE**

You will pay three (3) types of taxes on the net income as a realtor filing as a sole proprietor filing Schedule C:

1. **Federal** income taxes (Max 37%) *Average Realtor 22%*
2. **Oklahoma** income taxes Example: (4.75%)
3. **Self-employment** (S/E) taxes (15.3% up to \$168,600)
 - 2.9% net S/E income above \$168,600
 - 3.8% net S/E income above \$250,000 MFJ or \$200,000 single/HH

NO SELF-EMPLOYED FILING S-CORPORATION BASED ON THE NET INCOME, THERE IS **ONLY** **INCOME TAX**

You will pay three (3) types of taxes on the net income as a realtor filing as a S-Corporation:

1. Federal income taxes (Max 37%) *Average Realtor 22%*
2. Oklahoma income taxes Example: (4.75%)
- ~~3. Self-employment (S/E) taxes (15.3% up to \$168,600)~~
 - ~~— 2.9% net S/E income above \$168,600~~
 - ~~— 3.8% net S/E income above \$250,000 MFJ or~~
 - ~~— \$200,000 single/HH~~



EXAMPLE:
Which result
do you pick?

YOU: TAX SEASON 2026

Homes were sellers or buyers agent

Home price times 3% commission

You sell 6 homes in 2025

YOU: TAX SEASON 2026

You sell 6 homes in 2025

1. $\$208,000 \times 3\% = \$6,240$
2. $\$456,000 \times 3\% = \$13,680$
3. $\$315,000 \times 3\% = \$9,450$
4. $\$523,000 \times 3\% = \$15,690$
5. $\$783,000 \times 3\% = \$23,490$
6. $\$672,000 \times 3\% = \$20,160$

Total Commission \$88,710

YOU: TAX SEASON 2026

Your Form 1099 from your Broker \$88,710 Income

Your Total Federal & Oklahoma Tax Due April 15, 2026

Not S-Corp

\$20,914 No Receipts, No Mileage Log, No Deductions

\$15,955 \$10,000 Receipts & 10,000 mileage log

S-Corp

\$11,771 No Receipts, No Mileage Log, No Deductions

\$8,118 \$10,000 Receipts & 10,000 mileage log

YOU: TAX SEASON 2026

Form 1099 \$88,710 Income

Due April 15, 2026

What you did you already learn?

Wait & See: Write a check for \$20,914

LLC as S-Corp with receipts & mileage log:

Write a check for \$8,118

Savings: \$12,796

REALTOR
P&L



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Generations

Realtor Income & Expenses for Tax Purposes	
Gross Income (Form 1099)	\$
Broker Fees "Deducted" Before Payment to You	\$
The amount on Form 1099 is the amount actually you deposited into your bank account? Some brokers list the amount before their deductions.	Yes / No
Or is the amount on Form 1099 your gross commission and your broker deducted fees before paying you the net amount?	Yes / No
If so, list broker fees deducted from commission for the year	
Did you confirm the above with your broker? If not, please confirm to avoid you overpaying your taxes.	Yes / No
Expenses (Only Include Any One Expense on One Line) Total for Entire Year	
Only list items you spent with business purpose & intent that you wouldn't have spent except as a Realtor	
Advertising Expense	Online, Facebook, Instagram, School Events, etc.
Bank Charges or Fees	Look on bank statements
Beauty Supplies (Rarely Allowed, See Notes)	Personal use strictly NOT allowed. This is for photo-shoots, special even
Broker Fees Paid	You paid by check, credit card, cash (not included above)
Cell Phone Charges	Fees, accessories, etc.
Cleaning Expense	Open house, showings, etc.
Closing Gifts for Clients	Gifts given to clients or vendors at closing
Clothing with Logo or Uniform	Regular clothing is strictly not allowed. Clothing for promo won't count i
Coaching Fees	Professional related, Tom Ferry Consulting, Masterminds, etc.
Conference Fees	Realtor, professional, marketing, etc.
Continuing Education (CE)	Fees to attend, in-person, online, etc.
Contractors	Related to client's properties & realtor activities
Credit Card Fees	Annual fees, etc.
Credit Card Interest Paid	See credit card statements
Dues	Realtor Board, associations, business groups, etc.
FedEx, UPS, etc.	Shipping items related to realtor & business
Financial Adviser Fees	Financial advice (not investment fees)
Flowers	Gifts, clients, celebration, closings, open house, condolences
Food, Snacks, Drinks, etc. - Business	Events, open houses, appreciation parties, sponsoring
Gift Certificates & Gift Cards	Given to others
Gifts for Clients	Appreciation items, etc.
Hotel, Air BnB, Venmo	Realtor & business related travel
HSA Contributions	Health Savings Account (HSA) amount your deposited, not by employer
Independent Contractors	Give us the Form 1099's you sent
Inspection Fees	If you paid on behalf of the client & not reimbursed
Insurance Expense - General	Liability, professional, etc. (list auto below)
Insurance Expense - Health	You paid, not through employer or your spouse/parents
Insurance Expense - Dental	You paid, not through employer or your spouse/parents
Insurance Expense - Vision	You paid, not through employer or your spouse/parents



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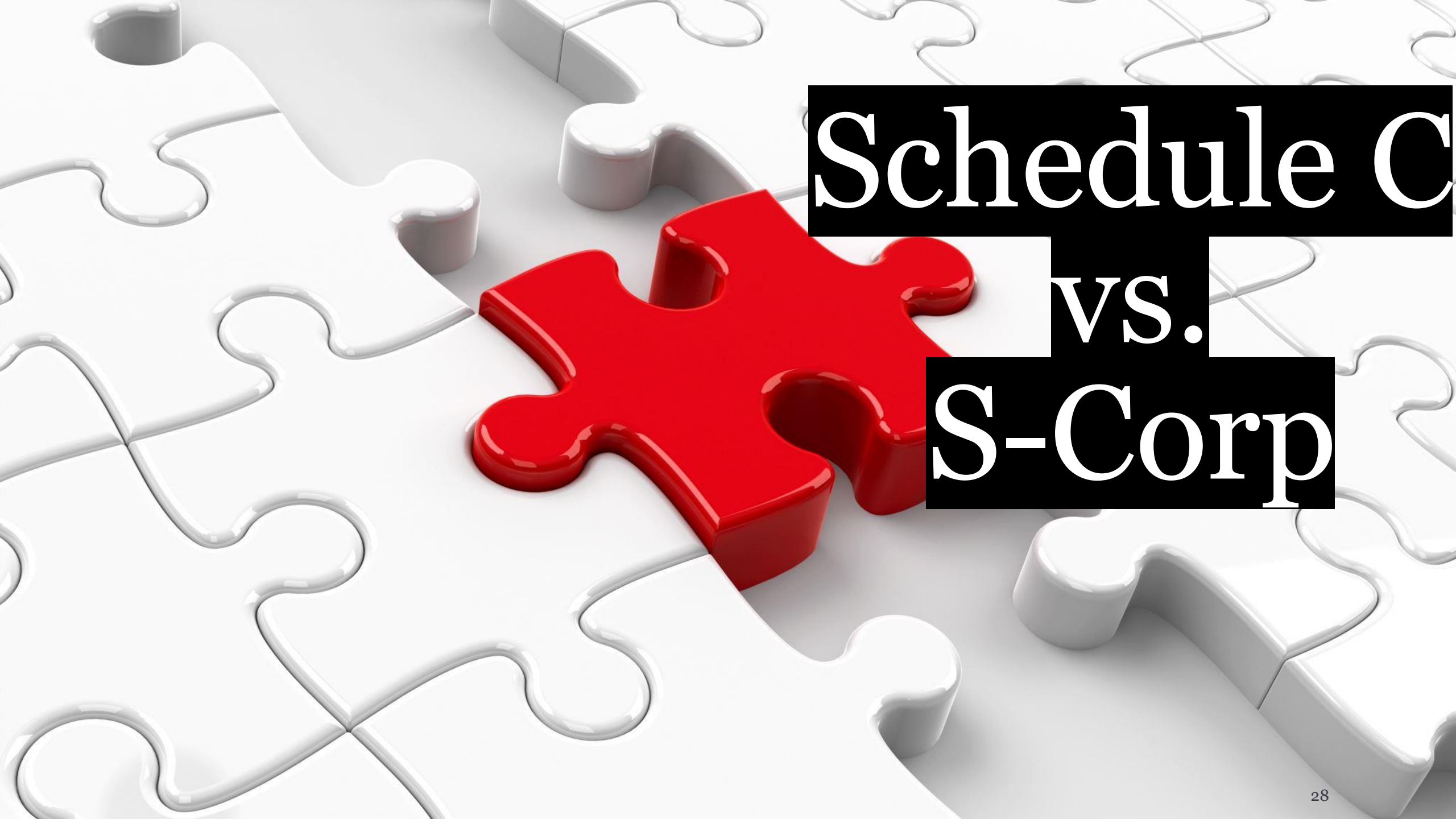
cooper@jensonandjenson.com

2224 Bridgeview Blvd, Edmond, OK 73003

List items paid by check, cash or credit card

Insurance Expense - Long Term Care	You paid, not through employer or your spouse/parents
Interest Expense	Business loans not home/personal (auto below)
Internet Fees	Home, office, mobile wifi
Lawn Care (At Clients Homes)	Not at your home & not reimbursed
Legal Fees	Paid an attorney, legal services, LLC set up fees
Licenses	Realtor Board, etc.
Meals with Clients & Prospects	Coffee, lunches, dinners, breakfast, etc.
Meals Traveling Overnight	Coffee, lunches, dinners, breakfast, etc.
Membership Fees	Business, realtor, civic groups, etc. (gym fees typically excluded)
Office Supplies	Amazon, staples, paper, etc.
Open House Expenses	Flowers, food, supplies, vendors, etc.
Outside Services	Temporary help
Parking Fees	Local, travel, by app, cash, etc.
Party's for Clients & Prospects	Food, drinks, disposable tableware, DJ, fees, rental costs, etc.
Payroll to Employees	Paid by Form W-2 (not paid by 1099)
Payroll Taxes	Tax paid by employer issuing Form W-2
Pedicures/Manicures for Clients (<i>Rarely Allowed, See Notes</i>)	Personal use strictly not allowed. Client, promotional event
Postage	Mailing, shipping, etc.
Printing	Business cards, flyers, promo, events, stationary, signs, etc.
Professional Fees	Accounting fees, consulting fees, etc.
Promotional Expenses	Pens, logo items, etsy, etc.
Rent Expense	NOT at your home. This is for an office outside your home.
Repairs & Maintenance	At a client's home, not reimbursed. On your business assets. (Auto below
Retirement Plan Contributions	IRA, Roth IRA, 401(k), Simple IRA, SEP (NOT thru an employer)
Security Expense	Security fees, app security, client home cameras (NOT at your home)
Sponsorships	Events, golf tournaments, charitable, school events, etc.
Staging Fees & Costs	Rentals, services, etc. (items you don't keep)
Subscriptions	iTunes, Microsoft, Adobe, magazines, etc.
Telephone	Office, 2nd line at home (cell listed above)
Tolls	Turnpike reports
Travel	Uber, Lyft, tips, dry cleaning (see hotel & airfare)
Travel - Airfare	Luggage fees, upgrades, etc.
Other? List Each	If you are unsure, list it and we will discuss

Home Office	
Square footed of area used for your home office _____	Cannot including living room, kitchen, common areas.
Total square footed of home _____	We can discuss if actual expenses of home office are needed.
Automobile Expenses	
<i>(If you have more than one vehicle you are using as a Realtor, provide the following per vehicle)</i>	
Total miles driven in 2024 _____	Odometer reading at January 1, 2024 _____
Business miles driven in 2024 _____	Odometer reading at December 31, 2024 _____
Gas _____	
Auto Insurance _____	
Repairs _____	
Tires _____	
Tags, title, taxes, etc. (list tolls & parking above) _____	
Oil Changes _____	
Car Maintenance _____	
Cash Washes (Car Wash Membership Fees) _____	
Vehicle Purchased in 2024: Actual Top Line Purchase Cost _____	
Downpayment, rebates, discounts, financing, trade, MSRP irrelevant _____	
Make/Model _____ Miles at Purchase _____	
<i>Provide Purchase Stmt</i>	
Car Payment Information (If none, write NONE)	
<i>If Lease</i> , Monthly Payment _____	
Company you lease from: _____	
<i>If Car Loan</i> , Monthly Payment _____	
Bank you have loan at: _____	
Interest Paid in 2024 (See your statements, call or look online) _____	
Car loan balance at 12/31/24 _____	
New Assets Purchased	
Cell Phones _____	Purchased (list fees above)
Computers, iPads, Mac, etc. _____	Used as a Realtor
Equipment for Office, Scanner, Copier, etc. _____	Used as a Realtor
Furniture, Desks, Office Chairs, etc. _____	Used as a Realtor
Office Décor _____	Used as a Realtor
Printers, etc. _____	Used as a Realtor
Staging Assets Purchases (Vase, Décor, Furniture, etc.) _____	Used as a Realtor
Items You Will Used at Multiple Stagings at Clients Homes _____	
Other Business Assets _____	Used as a Realtor



Schedule C

vs.

S-Corp

SEEK TAX ADVISOR

We recommend to clients they do not consider becoming an S-corporation until they are routinely netting over \$40,000 in “net” taxable income.

This is due to the cost of the s-corporation vs. The potential tax savings.

A WORD ON “LLC’S”

LLC’S ARE A LEGAL DESIGNATION

“LLC” IS **NOT** A TAX
CLASSIFICATION

**YOU MUST REGISTER YOUR LLC
WITH THE OKLAHOMA REAL
ESTATE COMMISSION**

A WORD ON “LLC’S”

You create an LLC at the
Oklahoma Secretary of State

You can only elect it to be a S-
corp with the IRS

A WORD ON “LLC’S”

YOU MUST REGISTER YOUR LLC WITH THE OKLAHOMA REAL ESTATE COMMISSION BEFORE YOU DO ANYTHING WITH IT. THE FINES WILL BE THOUSANDS AND THOUSANDS AND THOUSANDS OF DOLLARS. COORDINATE THIS WITH BROKER.

A REALTOR IN A PREVIOUS CLASS TOLD US THEIR FINE WAS \$28,000 AND THEY COULD NOT GET OUT OF IT! THIS IS NO JOKE!

FROM OREC WEBSITE



OKLAHOMA
Real Estate Commission

Payment of Commission Entity

A payment of commission entity is a business entity created by a real estate licensee for the sole purpose of receiving earned commissions from their brokerage. Many real estate licensees decide to receive their commissions through an entity instead of their legal name for tax purposes. For additional information, please seek advice from an attorney or CPA.



Entity may not advertise or receive commissions except from the Broker

The pay entity is prohibited from receiving commissions/income for any other business or brokerage (even if unrelated to real estate). The pay entity shall only be used for the purposes of receiving earned commissions from your Broker.



Each associate may only register one entity

Each associate may only register one entity for the purpose of receiving commissions from their brokerage.



Broker approval required

Broker approval must be provided in order for the pay entity to be registered with the Commission. Broker approval is obtained when requesting registration in the [License Portal](#).



Ownership in the entity is limited to spouses and blood relatives

Only blood relatives and spouses are allowed to have an ownership interest in the entity. Other licensees, team members, business partners, and unlicensed persons are not allowed to have ownership in the entity unless they are blood related or a spouse.



Licensee requesting registration must be the majority stockholder of the entity

The licensee requesting registration must own more than 50% of the pay entity being registered.



Register the pay entity with the Commission and with the Secretary of State

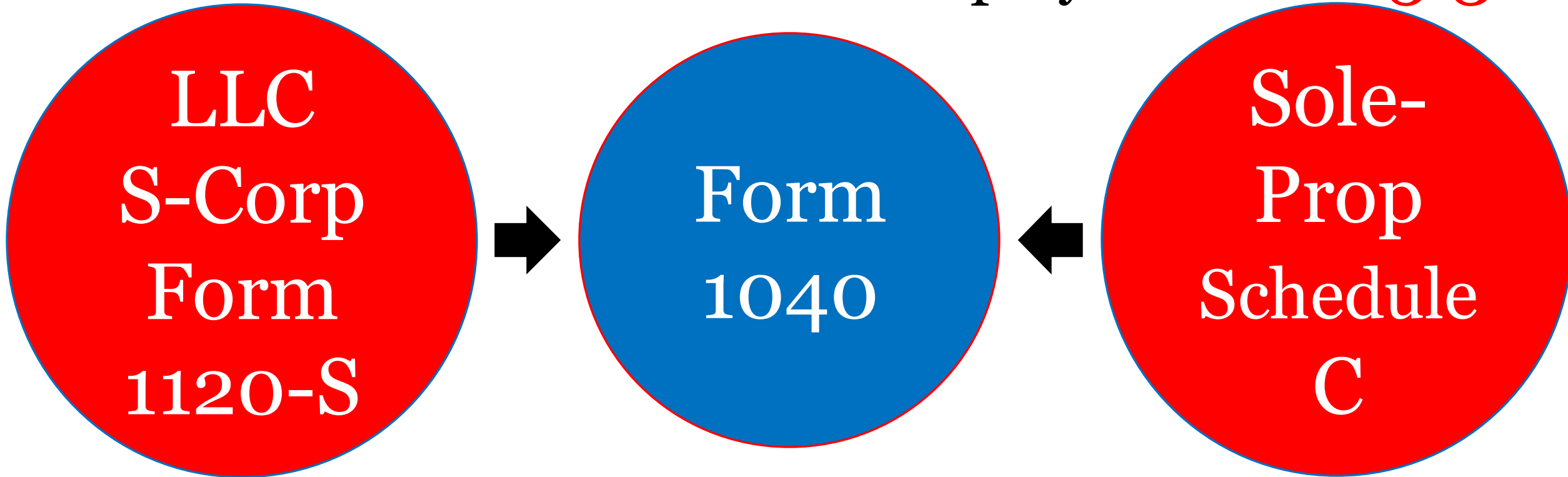
Visit the [Secretary of State website](#) and register the entity and obtain a certificate of Good Standing. Additionally, you will need to login to the your [License Portal](#) and request registration of the entity with the Commission.



Entity cannot perform licensable activity

The business entity is prohibited from performing any act requiring a real estate license (i.e. advertising or soliciting using the business entity name, selling, buying, etc.) and must not hold itself out to appear to be a real estate company or business.

All net income subject to
self-employment tax **15.3%**



Self-employment tax **0%**
Wages subject to 15.3%
but you decide that amount

S-CORP REQUIRES WAGES TO BE PAID TO THE REALTOR FOR SERVICES TO THE S-CORP

Wages are subject to payroll taxes which is the same rate as self-employment taxes, but on a lower amount that can be controlled and predictable vs. self-employment taxes.

Payroll taxes for owner who is both employee & employer:

$$\begin{aligned} & \text{Employee withholdings } 7.65\% \\ + & \text{ Employer match } 7.65\% \\ = & \text{ Total tax } 15.3\% \end{aligned}$$



FIRST STEPS



FIRST STEPS TO TAKE

1. Set up an entity structure (LLC)
2. REGISTER YOUR LLC WITH OKLAHOMA REAL ESTATE COMMISSION
3. Obtain EIN from IRS (Careful) (Seek tax professional)
4. Set up bank account for business
5. Sign up for Quickbooks online & connect to bank. Track receipts & mileage.
6. Start payroll to yourself.
7. **Go make money!**
Deposit all business income and pay all business expenses

KICK into GEAR



SEPARATE BANK ACCOUNT

Businesses have a business bank account, separate from the personal account of any owner.

Business bank account for

- All income to be deposited
- All expenses to be paid
- Pay credit card for amounts charged for business
- Separates out for audit
- **NOT FOR PERSONAL EXPENSES (Creates income)**

SEPARATE CREDIT CARD

Businesses have a separate credit card, separate from the personal credit card of any owner.

Credit card used for

- Business expenses
- Charge business expenses
- Pay the credit card from the business account
- Separates out for audit
- **NOT FOR PERSONAL EXPENSES (Creates income)**

CREDIT CARDS

A separate credit card is best to separate business charges from personal charges

It does not need to be in the “business name.”

- What counts is that the credit charges are for business
- The business bank account only pays for the business charges
- If you have personal credit charges:
 - Pay the personal charges from personal account
 - Pay the business charges from business account

TRACKING INCOME & EXPENSES

We require our clients use QuickBooks online!
THE “SIMPLE START” PLAN

We get access to assist, clean up, prepare reports

- Ensure you capture all your income & expenses
- Can upload pictures of your receipts
- Can track your mileage
- Keep you audit ready!



Simple Start



QuickBooks
Online

TRACKING MILEAGE

Get an app on your phone!



IMMEDIATELY START PAYROLL

**Pay yourself a wage from your LLC as S-Corp
SEEK TAX PROFESSIONAL**

Payroll



PAYING YOUR TAXES!



QUARTERLY
ESTIMATED
TAX
PAYMENTS

WHEN SHOULD YOU “PAY IN” YOUR TAXES?

QUARTERLY!

The IRS & OTC require your taxes be paid “evenly” through out the year. If not, you incur *underpayment penalties*,
Waiting until April 15th is only “penalty-free” only on the amount you owe above the required *safe-harbor* tax payments.

ESTIMATED TAX PAYMENTS FEDERAL & OKLAHOMA DUE DATES

April 15th

1st Quarter

June 15th

2nd Quarter

September 15th

3rd Quarter

January 15th

4th Quarter



ESTIMATED TAX PAYMENTS: MAKING PAYMENTS

These payments can be made online, over the phone, or mailed in.

Federal: **Form 1040-ES**

Oklahoma: **Form OW-8-ES**



OVERVIEW: NEW TAX LAWS

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

GREAT NEWS FOR REALTORS® TAXES!

- QBI 20% Deduction Continues
- 100% Bonus Depreciation for 2025
SUVs/Trucks Over 6,000 lb GVWR

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

GREAT NEWS FOR REALTORS® TAXES!

- **100% Car Loan Interest Deduction - \$10,000. Now Fully Deductible in Addition to Mileage Rate**

**NOT GREAT NEWS
FOR REALTORS® TAXES!**

- **EXPIRED:**
\$7,500 Clean Vehicle Tax Credit
9/30/25

CLIENTS – PERSONAL RESIDENCE!

- **SURVIVED:**
 - Gain on Sale of Home Exclusion**
 - **\$250,000 Per Person**
 - **\$500,000 Married Filing Jointly**

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – PERSONAL RESIDENCE!

- **SURVIVED:**
Mortgage Interest Deduction
\$750,000 or Less Mortgages

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – PERSONAL RESIDENCE!

- **IT'S BACK:
Mortgage Insurance Premium
Deduction**

CLIENTS – PERSONAL RESIDENCE!

- Moving Expenses Continue to NOT Be Deductible

Except Armed Forces & Intelligence
Community

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – REAL ESTATE INVESTORS

- **100% Bonus Depreciation on Real Estate Assets**

**Only on Qualifying 20 Year or Less
Class Life**

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – REAL ESTATE INVESTORS

- **\$2,500,000 Section 179 Depreciation on Real Estate**

On Qualifying Assets

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – REAL ESTATE INVESTORS

- **SURVIVED:**
1031 Exchange of Real Estate

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – REAL ESTATE INVESTORS

- 100% Mortgage Interest Deduction

\$750,000 Limit Does **NOT** Apply

REALTORS® + ONE BIG BEAUTIFUL BILL ACT

CLIENTS – REAL ESTATE INVESTORS

- 100% Real Estate Tax Deduction
\$40,000 SALT Limit
Does NOT Apply Here

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

CHARITABLE DEDUCTION FOR NON-ITEMIZERS

Up To \$1,000 (Single) or \$2,000 (MFJ) in Charitable Contributions

- Permanent provision starting in tax year 2026
- Available only to non-itemizers
 - i.e., only those taking the standard deduction can take advantage of this
- Below-the-line deduction

CHARITABLE DEDUCTION FOR NON-ITEMIZERS

Up To \$1,000 (Single) or \$2,000 (MFJ) in Charitable Contributions

The original statutory requirement that such contributions be "made in cash" remains unchanged, excluding non-cash gifts

The new 0.5% AGI floor is only imposed when itemizing deductions

CHARITABLE DEDUCTION FOR ITEMIZERS

OBBA introduces, for the first time, a floor on the deductibility of charitable contributions, effective beginning in 2026.

Taxpayers may only deduct charitable contributions to the extent they exceed 0.5% of their adjusted gross income (AGI).

This only applies to charitable contributions being itemized.

This floor is applied before the traditional AGI percentage limitations (such as the 60%, 50%, or 30% limits)

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

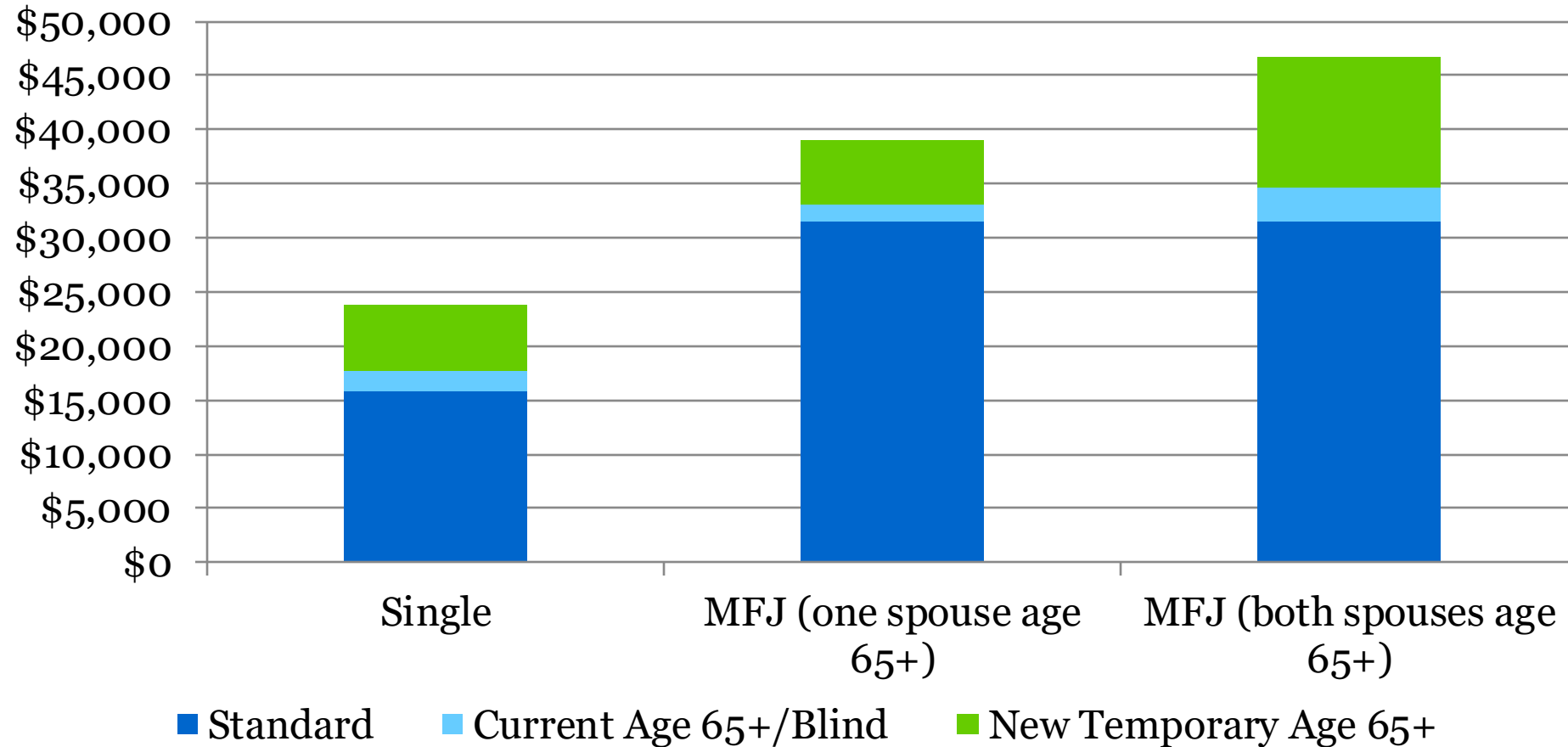
Up to \$6,000 Deduction for Individuals Aged 65 and Older

- 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



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 – 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>

BONUS DEPRECIATION – 100% MADE PERMANENT

The One Big Beautiful Bill Act (OBBBA), signed into law July 4, 2025, permanently restores 100% bonus depreciation. The previous phaseout schedule is repealed.

- Effective Date: Acquired after January 19, 2025
- Bonus depreciation remains at 100% permanently
 - 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)

SECTION 179 DEPRECIATION – OBBBA EXPANSIONS

The One Big Beautiful Bill Act (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



2025 NUMBERS



HEALTH SAVINGS ACCOUNT (HSA)

Year 2025:

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

If age 55+ \$8,550 Family or \$5,300 Single

MAXING OUT TRADITIONAL IRA

Year 2025: (IRS Notice 2024-80)

Traditional IRA: \$7,000

Catch-up remains \$1,000 or \$8,000 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: (IRS Notice 2024-80)

Roth IRA: \$7,000

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

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

In **2025**, the upper limits are:

- Less than \$165,000 if single.
- Less than \$246,000 if MFJ

SIMPLE-IRA: MAX OUT WITHHOLDINGS

Year 2025: (IRS Notice 2040-80)

Simple Plan: \$16,500

Catch up \$3,500 or \$20,000 if ages 50-59 and 64+

NEW: Catch up \$5,250 for ages 60, 61, 62 & 63
This is total catch-up

401(K): MAX OUT WITHHOLDINGS

Year 2025: (IRS Notice 2024-80)

401K: \$23,500

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

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

This is total catch-up

MAX SEP RETIREMENT

25% BASED ON W-2 WAGES

Year 2024: (IRS Notice 2023-75)

\$69,000 Max (Requires \$276,000 in W-2 wages)

No Catch up

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 2024: (IRS Notice 2023-75)

\$69,000 Max (Requires \$276,000 in self-employment earnings)

No Catch up

Year 2025: (IRS Notice 2024-80)

\$70,000 Max (Requires \$280,000 in self-employment earnings)

No Catch up

MAXIMUM DEDUCTION LIMITS

LONG-TERM CARE INSURANCE

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

INTEREST ON EDUCATION LOANS

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

In **2024** it begins to phase out under § 221(b)(2)(B) for taxpayers with modified adjusted gross income in excess of \$80,000 (\$165,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of \$95,000 or more (\$195,000 or more for joint returns)

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

Standard charitable mileage rate

14 cents (per mile) 2024 and 2025

Standard medical mileage rate

21 cents (per mile) 2024 and 2025



Year End Tax Strategies

TAX PLANNING REMINDERS:

When you spend a dollar on a tax deduction, it only saves you tax at your applicable tax rate. Typical example: A \$1,000 tax deduction would save \$350 in taxes with an applicable 35% tax rate. In short, spending a dollar doesn't save a dollar, so we never want you to spend money just to save taxes.
Therefore, only spend on needed expenses.

TAX PLANNING REMINDERS:

- *To deduct any expenses* in 2025, they must be paid or charged on your credit card on or before 12/31.
- *What does NOT help with taxes* is paying off debt, car loans, lines of credit, or credit card balances, because they are not tax-deductible expenses; you get to deduct the related expense when you borrowed the money.

TAX PLANNING REMINDERS:

If you are trying to purchase a vehicle before year-end, you must have possession of it on or before 12/31. The purchase price amount is the tax-deductible amount less any trade-in amount. The amount of your down payment does not affect the deduction.

EXTRA BUSINESS DEDUCTIONS BEFORE 12/31

Need more tax deductions this year? Do this before year end

___ Pay all bills you owe now

___ Pay January business expenses (rent, dues, insurance, etc.)

___ Be sure your last payroll runs before 12/31 (if you have employees)

___ Pay your currently due real estate taxes

___ Be sure you are on track to max out your retirement withholdings

EXTRA DEDUCTIONS BEFORE 12/31

Need more tax deductions this year? Do this before year end

___ Make additional charitable contributions.

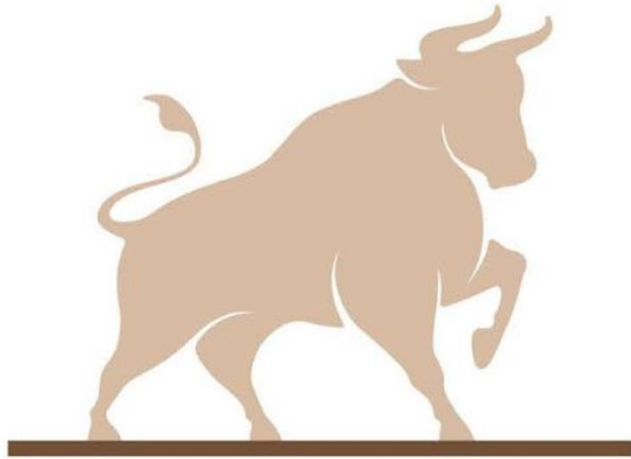
___ Clean out your closet and donate it. *Must get a receipt!*

___ You will want to pay 4th quarter taxes before year end to tax deduct it this year



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THANK YOU!



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