



TPF TIPS – FEBRUARY, 2026

Word Count: 1,613

Read Time: ~7 minutes

Welcome to the new-look TPF TIPS monthly newsletter, where our mission is to *apply 35 years of experience to cut through the noise, unpack the jargon, and offer clear, digestible insights on the tax and financial topics that matter most to you.*

In our excitement of celebrating a business milestone and announcing the new look last month, we overlooked highlighting a new section – **35th Anniversary – Did You Know??** Here we will share insider stories, successes and lessons learned in serving generations of clients. Hope you enjoy this special look into our history.

We know your time is precious and your inbox is sacred. We strive to make these emails a quick, valuable read (5–7 minutes) and plan to deliver them to you on or around the 15th of each month (a not-so-subliminal nod to that important day in tax season).

After all, **it's your money—we want to help you keep as much of it as possible!**

*If you would prefer not to receive this monthly newsletter, **please do not click unsubscribe.** Instead, simply reply to this email with the word **UNSUBSCRIBE** in the subject line. This allows us to remove you from the newsletter list specifically, while ensuring you still receive critical updates regarding financial deadlines, company events and more.*

35th Anniversary – Did You Know?!

*Necessity is truly the mother of invention. **The Pierson Firm's** original logo was designed as a deadline was nearing. No letterhead had been printed and the document had to look official. Enter an intrepid office assistant who typed the company's official name at the top of the page. And so, it remained for thirty-two years before our new identity and branding debuted in 2023.*

It's that time.....buckle up and let's get **savvy!!!**

The theme for this month is: **A Comprehensive 2026 Tax Season Guide**
(Well, as much of a guide as we can create in 1,500 words or so.)

As tax season moves into full swing, February is the perfect time to formulate a plan, stay informed and prepare for timely – and might we suggest **early** – filing.

If this year feels like a particularly volatile year, you're in good company – it has been. With new IRS procedures, evolving state tax laws, changes surrounding digital assets and the One Big Beautiful bill, many taxpayers are anticipating this season to be more complex than usual.

Not to worry, **The Pierson Firm** is here to help you plan ahead, navigate the changes, reduce stress, and ensure you take advantage of every available benefit.

This isn't just about filling out forms; it's about strategic wealth preservation in a rapidly evolving environment.

The Big Story - OBBBA

The biggest story of the year is undoubtedly the OBBBA (One Big Beautiful Bill), signed into law last July. It has fundamentally altered the tax landscape by making many of the previously temporary provisions of the Tax Cuts and Jobs Act (TCJA) permanent, while introducing brand-new incentives for families, seniors, and workers. Here are some of the most impactful changes:

Standard Deduction Boost

For the 2026 tax year, the standard deduction has seen a significant inflation-adjusted increase. Single filers now see a standard deduction of \$16,100, while married couples filing jointly enjoy \$32,200.

For those who find itemizing more trouble than it's worth, these higher thresholds provide a substantial "floor" of tax-free income.

Relief on Tips & Overtime

Perhaps the most game-changing relief for workers are the "No Tax on Tips" and "No Tax on Overtime" rules.

- Tips: Service industry professionals can now exclude up to \$25,000 of tip income from federal taxation.
- Overtime: The premium portion of overtime pay (the "time-and-a-half" component) is now deductible up to \$12,500 for individuals.

If you are a high-achiever or work in a tip-heavy industry, these changes can dramatically lower your effective tax rate. However, the documentation requirements are stringent, so keeping accurate payroll records is no longer optional—it's essential.

Salute to Seniors

Individuals aged 65 and older have a new reason to smile this February. And, no; it's not because "60 is the new "40". The OBBBA introduced a \$6,000 *additional deduction* for qualifying seniors, which sits on top of the standard deduction!

While this phases out for high-income earners (starting at \$75,000 for singles and \$150,000 for joint filers), it provides meaningful relief for the millions of Americans living on fixed retirement distributions.

Pass-Through Entities (PTEs) and OBBBA – A Business Secret Weapon

For business owners who operate as a Pass-Through Entity (PTE), such as partnerships or S corporations, the OBBBA has provided crucial clarity and permanency to a powerful state tax workaround.

- Evaluating the PTE election could yield meaningful tax savings.
- The rules vary by state, so review your entity's eligibility and run projections early—particularly before estimated payment deadlines set by your state revenue department.
- Let **The Pierson Firm** assist in assessing whether a PTE election benefits your business structure in 2026 and beyond.

Digital Transparency

If you have bought, sold, or exchanged cryptocurrencies, NFTs, or other blockchain-based assets in 2025, you are entering a new era of transparency.

- **New 1099-DA Form – Then End of Unreported Crypto**
For the first time, major exchanges and custodial brokers are required to issue Form 1099-DA (Digital Asset Proceeds From Broker Transactions). This form functions similarly to the 1099-B you receive for stocks, meaning the IRS now receives a direct copy of your transaction history.
- **The Cost Basis “Catch”**
While 1099-DA reports your gross proceeds, many forms issued this year may list your cost basis as "unknown"—especially if you transferred assets into an exchange from a private wallet.

If you don't provide the correct cost basis, the IRS may assume a basis of \$0, effectively taxing your entire withdrawal as pure profit. *Isn't that special?!?!?*

TPF Tip: Before you file, we need to reconcile your digital wallet data with your 1099-DA. Misreporting digital asset income is currently one of the highest-priority "red flags" for IRS automated inquiries – which we would like to avoid.

Strategic Benefits of the Gift Tax

Many taxpayers overlook the **annual gift tax exclusion** as a planning tool—but it is an excellent way to transfer wealth and lower potential estate tax exposure.

- For tax year 2026, individuals can give up to \$19,000 per recipient (\$38,000 for married couples) without impacting their lifetime estate exemption. Speaking of which, the lifetime estate and gift tax exemption has climbed to a staggering \$15 million per individual (\$30 million for couples) making it easier to be a “giver”.
- Gifting cash, appreciated assets, or even supporting a loved one's education or housing costs within the allowed limits can create long-term tax advantages.
- February is an ideal month to reassess your gifting strategy before the spring financial season gets busy.

Retirement Updates: SECURE 2.0 in Action

Retirement planning saw a major shift on January 1, 2026, thanks to the continued rollout of the SECURE 2.0 Act.

- "Super" Catch-Up: If you are aged 60 to 63, you can now take advantage of a "super" catch-up contribution limit of \$11,250 for your 401(k) or 403(b), bringing your total possible deferral to \$35,750.

High-income earners (those who made over \$145,000) be aware any catch-up contributions made in 2026 *must* be made on a Roth (after-tax) basis.

This is a significant change for those used to the immediate tax break of pre-tax contributions.

IRS Moves Toward All-Electronic Refunds

The IRS has announced its transition toward ***all-electronic refund processing*** beginning this year. While paper returns will still be accepted, electronic filing and direct deposit are now the preferred methods—dramatically speeding up refunds and reducing paper backlog issues that plagued past seasons.

- Taxpayers who still opt for paper checks may experience extended wait times.
- If you changed banks in the past year or have not updated your direct deposit information, now is the time to verify your details before submitting your return.
- Direct deposit remains the safest and fastest method for receiving funds—it is secure, trackable, and typically processed within twenty-one (21) days of filing.

Five Quick Tips for a Smoother Tax Season

- *File Early.* Less stress, better identity protection, faster refunds, happier accountant.
- *Stay Alert for Scams.* The IRS does not call, text, or email in an unsolicited way — ever.
- *Check Withholdings.* A big refund or big bill last year? Adjust now.
- *Energy Savings: 2025* was the last year to claim many green energy credits – solar panels, upgraded windows, etc. – don't miss out on this saving.
- *Keep it Secure.* Use encrypted platforms (like our portal) to upload and safely store your documents.
- Claim what is yours. Let us help you find credits for energy-efficient upgrades or education costs.

Final Thoughts. . .

The tax code is more than just a list of obligations; it is a map of incentives designed to reward specific financial behaviors. Whether you are a business owner looking to maximize the now-permanent 100% bonus depreciation, a retiree navigating the new senior deductions, or a first-timer doing the math on tips & overtime, ***we are committed to help you keep as much of your money as possible!***

Remember:

We truly appreciate your trust and partnership. *Reach out anytime* – whether for a question, a discussion or just to catch up. This is what we enjoy doing and are always at the ready to assist.

About The Pierson Firm

Conroe-based The Pierson Firm offers a comprehensive range of tax-related services to individuals and businesses alike; and have been doing so for over 35 years. From Tax Planning, Preparation & Representation to Business Operations, Advisory and Compliance, the firm provides personalized solutions to those around the block or around the globe. Additional company information can be found by visiting www.thepiersonfirm.com.



Gladys Pierson
Managing Member, **The Pierson Firm**
Conroe, TX. 77301
thepiersonfirm.com