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Notable changes

- **OBBBA No Tax on Tips and Overtime.** You can deduct up to \$25,000 of qualified tips. You can also deduct up to \$25,000 (married) or \$12,500 (single) of qualified overtime pay. The deduction is the pay that exceeds their regular rate of pay – such as the “half” portion of “time-and-a-half” compensation – that is required by the Fair Labor Standards Act (FLSA) and that is reported on a Form W-2, Form 1099, or other specified statement furnished to the individual. Income limitations set at \$300,000 for married taxpayers \$150,000 for single taxpayers. This is available to all filers with a valid SSN.
- **OBBBA No Tax on Car Loan Interest.** You can now deduct up to \$10,000 of car loan interest on qualifying vehicles. The loan must have originated in 2025, new vehicle (not used), not for business use (only personal), and loan is secured by the vehicle. Along with a few other qualifications, please discuss additional details with your accountant.
- **OBBBA Deduction for Seniors.** Individuals who are age 65 and older may claim an additional deduction of \$6,000 or \$12,000 if both spouses qualify. This new deduction is in addition to the current additional standard deduction for seniors under existing law. Deduction phases out for taxpayers with MAGI over \$75,000 single or \$150,000 married.
- The new OBBBA law requires companies to send **Form 1099-K** out for transactions totaling over \$20,000 or 200 transactions. (These can be from companies like Venmo, Facebook, etc). Please bring in with your tax documents as this needs to be reported.
- Business Clients (LLC, Partnership, Corporations) – New requirements from FinCEN to report Beneficial Ownership began January 1, 2024, and are required to submit a report by January 1, 2025. Any new entities will have 90 days to report. **As of December 27, 2024 This has now been put on hold until further notice, but we are still encouraging clients to have these reports filed voluntarily.**
- Increase to the Nebraska Minimum Wage for 2025 took affect January 1, 2025, which is \$13.50/hour. It will increase again on January 1, 2026 to 15.00/hour.
- Dennis will be taking a limited amount of appointments this year. Please schedule appointments with him as soon as possible.

Onvio (client portal): We are using a new system for the client portal to securely transfer information. If you are interested in using this service, please contact Kayla at our front office. We will just need an email address to send out an invitation.

E-Filing: As we are required to e-file tax returns we want to make you aware of several things:

1. You must sign, date and return form 8879 to our office before we e-file your returns, this form replaces you signing the tax returns. **We cannot e-file your returns without this form.** You will get this form from our office when your tax return is completed.
2. It is your responsibility to check the banking information to make sure it is correct. We will ask you to look this information over at the time you sign form 8879.
3. We must know at the time you sign the forms whether you want the money directly deposited or withdrawn from your bank account. You can set up a specific date to have the money withdrawn. You can still mail in a check, and we will give you payment vouchers for this. **We will no longer mail written checks from clients;** you will be required to mail your own checks with the vouchers we provide. We suggest sending as certified mail to make sure you have a receipt that you mailed payment to the IRS. **Once the decision is made, we cannot change it.**

Tax Planning: If you are uncertain as to what your tax consequence may be, please compile ALL your data and bring it in to discuss with your Accountant.

Notable items: The following information contains a few reminders or tax benefits and concerns that may benefit or apply to you. There are many other provisions that are not listed below. We strongly urge you to consult with your tax advisor before the year is over before you make any significant financial decisions. (Especially taking distributions from retirement plans).

- Issuing 1099's - when **you pay** an individual or partnership a total of \$600 or more annually for rent expense, interest expense, custom (machine) hire, or business vet services -- you are required to file federal Form 1099. Also, any business-related payments made to attorneys, whether or not they are incorporated, over \$600 must be reported on 1099's. **They are due to the recipients (and IRS if you file yourself) by January 31, 2026.** Please do not wait until the last minute to bring us the information. You must **have the properly spelled name, address, and social security numbers/federal identification number**, as any one of these being wrong could trigger a \$60 to \$630 penalty for **each** form 1099 filed incorrectly or those not filed at all. A form W-9 should be on file and signed by the recipient (forms are available at our office or can be printed from our website). The W-9 should be completed by the individual you pay \$600 or more to.

If you have any 1099's to issue, fill out the enclosed form and mail it back to us. We will issue the 1099's for you. If you did not get a form, please call or stop at our office with the information.

Note: For those that we have done 1099's in the past, we included payee information for you to add to, delete, make changes, and/or fill in amounts. If you need additional space, feel free to use the back.

- Children born during 2025 must have a social security number by the time you file your 2025 federal form 1040 tax return. Failure to supply the IRS with this number on your 2025 income tax return will disallow the child's exemption, and likewise, any earned income credit and child tax credit. **Note-Noncustodial parents cannot claim a dependent without filing a Form 8332 signed by the custodial parent to release the child as their dependent.**
- Dependent Care Credit - If you pay for dependent care, please bring in your provider's names, addresses, and Taxpayment Identification Numbers.
- Seller – financed mortgage rules on purchases of a personal residence and/or land for 2025 including existing contracts require both the seller and purchaser to report the corresponding name, social security number, and address on the 2025 income tax return. The penalty for failure to report this information is \$50 per failure.
- Estate tax exemption for 2025 is \$13,990,000 per individual. The annual gift limit per person is \$19,000 for 2025 with the maximum lifetime gift exclusion of \$13,990,000. **The annual gift limit will remain \$19,000 per person in 2026.**
- Lump sum distributions directly transferred from the pension and profit-sharing plan to the rollover plan requires no withholding. If the distribution is made to a taxpayer and the taxpayer properly rolls the distribution over into a qualified plan within the 60-day requirement, the 20% federal and 5% state withholding is required. Thus have a broker handle all the paperwork and transfers involved in the rollover if you do not want 25% withheld from your transfer amounts.

Warning – If the distribution is a premature distribution, a 10% penalty will apply in addition to the 25% withheld unless the taxpayer contributes the amount of the rollover to the IRA.

- IRA contributions are due no later than April 15, 2026, regardless of when you file your return. The maximum amount for 2025 is \$7,000. If you are at least fifty years old, you may add another \$1,000 to this deduction for a total of \$8,000. This amount will increase to \$7,500 in 2026 or \$8,600 if fifty or older.

- **Itemizing** – If you have spent more than \$15,750 as a single taxpayer or \$31,500 as a married taxpayer on all the following items combined you may be able to itemize and receive a deduction for them on your return. If so, please bring in a list of your eligible expenses.

-Medical Expenses	-Long Term Care & Health Premiums	-Sales tax paid on all vehicles
-Dental Expenses	-State Income Tax Paid	-Mortgage Interest Paid
-Vision Expenses	-Personal Property Taxes Paid	
-Real Estate Taxes Paid	-Charitable Contributions	

Note: This list is not all inclusive, but the most common deductible items. Please note that Medical, Dental, Vision, Long-Term Care, and Health Premium expenses are subject to a percentage of your annual income and not all expenses will be deductible. Also, Real Estate, State Income, and Personal Property Taxes paid may be limited to \$40,000 (also referred to as the SALT limitation).

Tip: If you never have enough in one single year to itemize, you may pay two years of expenses in one year which may allow you to itemize every other year. Common items to double up on are real estate taxes, final state estimate payments, and donations.

1. Due Dates (for calendar year taxpayers):

W-2's & 1099's must be mailed to the recipient and file with the SSA/IRS by February 2, 2026
 Partnerships or LLC's that file Form 1065 must be filed or extended by March 16, 2026
 S-Corporations or LLC's that File Form 1120S must be filed or extended by March 16, 2026
 Individuals that file Form 1040 must be filed or extended by April 15, 2026
 C Corporations that file Form 1120 must be filed or extended by April 15, 2026
 Partnerships (1065) and S-Corporations (1120S) that properly filed an extension must file by September 15, 2026
 Individuals (1040) and C-Corporations (1120) that properly filed an extension must file by October 15, 2026.
Please note: Extensions only extend the time to file your return. It does NOT extend the time to pay. So, if you have an amount due on an extended return, you will receive an IRS letter and/or NE Department of Revenue letter that will include a failure to pay penalty and interest due in addition to the amount stated on your return. Note: For fiscal year taxpayers, please contact your Accountant if you have any questions.

2. Statistics and General information:

- Business Mileage Rate is \$0.70 for all of 2025 and is \$0.725 for 2026.
- Meals Rate = Standard \$68 per day, Transportation Industry \$80 per day (as of 10/1/2025).

3. Health Savings Account: If you have an HSA health insurance deductible of \$1,650 (individual)/\$3,300 (family) or more, you may contribute up to \$4,300, for an individual plan or \$8,550 for a family plan to a Health Savings Account. This contribution to the plan is deductible 100%, and it sets money aside to be used for medical purposes. You have until April 15, 2026, to make the contribution. An additional \$1,000 catch-up contribution is available to each spouse age 55 or older. **Note: Over the counter drugs ARE deductible in 2025.**

4. Depreciation: 100% Bonus depreciation is back for all newly purchased (new or used) of qualifying assets purchased after Jan. 20th, 2025, may be deducted in the first year. **40% limit for qualifying assets after 1/1/25-1/19/25.** Up to \$2,500,000 of qualifying assets may be deducted in 2025 under the provisions of Section 179 if you had total asset purchases of less than \$4,000,000.

5. Charitable Contributions: Another alternative to donating cash is to donate commodities of a prior year crop. Doing this could save federal, state and social security tax on the amount donated. If you are interested in this provision, please consult with your Accountant. **For 2026**, there is an above-the-line deduction for \$1,000 single filer and \$2,000 for married filers for any charitable contributions.

6. Dividends and Capital Gains: Income from capital gains and qualifying dividends (including dividends paid from a corporation you are a shareholder in) is taxed at 0% for the income including the capital gains and dividends up to approximately \$96,700 for married filers and \$48,350 for single filers. Any amount that is above this income level is taxed at 15%. If income is over \$600,050 for married filers and \$533,400 for individuals, the rate is 20% on the amount over.

7. Higher education benefits: There are several benefits allowing up to a tax credit of \$2,500 for costs of tuition, books, and other necessary expenses. Please provide your tax preparer with all expenses related to higher education. ***You must have a 1098-T and provide us with the slip to qualify for the American Opportunity Education Credit. Also, we will need a printout of your account activity from your college business office that includes all expenses and payments made in 2025.**
8. Employer provided health insurance: For 2025, there is a credit (*that may or may not apply to you*) of up to 50% premiums paid on behalf of employees for employers who employ less than 50 full time employees. Please confer with your Accountant for further information on this.
9. Commodity for wages: Farmers and Ranchers can release rights on bushels of grain or livestock to their employees in lieu of wages. Doing this will save both the employer and the employee self-employment tax. This does, however, need to be reported to the employee on a W-2 that must be filed by January 31st, 2026. Be advised this may reduce future disability & retirement benefits.
10. If you have health insurance and are covered under a qualified plan you should be receiving a **1095-A, 1095-B or a 1095-C** depending on what your insurance provider is required to report.
11. Required Minimum Distributions from your retirement accounts now begin at age 73 due to a change from Secure Act 2.0. Speak to your investment advisor about more changes.

FAFSA: Students have been able to file their 2024-2025 FAFSA since December 31, 2023, using the information from their 2023 Tax Return. Therefore, if you are planning on attending college during the 2024-2025 academic year, you can complete your information at FAFSA.gov beginning December 31, 2023, using the information from your 2023 Tax Return. Please contact your college for application deadlines.

Personal property tax schedules: All personal property tax schedules are due by May 1st, 2026, with no extensions being granted. We request that all personal property tax schedules be signed and returned to our office for us to submit to the county treasurers so that it agrees with the depreciation schedule and to maintain a record of its filing.

Homestead Exemption Program (Nebraska residents): This program is available to persons over 65, disabled individuals, or unmarried widowers of a servicemember who died on active duty. There are income limits and homestead value requirements to qualify for a percentage of relief from real estate taxes. Please ask your Accountant for more information if you believe you should qualify or if something similar is available in your State.

Nebraska Property Tax Credit: For 2020-2025, you can receive credit based on the portion of school tax and/or college tax paid with your Real Estate tax paid during that tax year. We are able search for properties under the owner's name but must do so by County. **Let your Accountant know if you own properties in other counties within Nebraska to ensure you receive your full credit. The credit is 100% of the community college taxes paid during 2025.**

Items to bring for preparation of your tax returns. *(All may or may not apply to you.)*

- W-2's & last paystub of the year if OT is normally received.
- Unemployment 1099-G
- Child Care Provider, name, address, identification numbers, and amounts paid
- Interest and dividend 1099's (including tax exempt)
- K-1's from partnership, S corps, and estates
- Government payment slips
- Gas tax credit tickets for farmers and ranchers
- 1099's from rent, custom hire, and hail insurance proceeds you received
- 1099-K (if any received)
- Purchase invoices for all depreciable assets purchased
- Closing statements on sales of buildings or land
- All address changes
- Back up of your QuickBooks or Quicken, if applicable.
- Amount of all contributions to any type of retirement fund, or health savings account
- Real Estate Taxes Paid for residence, list of parcel numbers or counties where property is owned.
- Name and Social Security number for children born during the year
- 1095 A, B, or C *(if you had health insurance through the Health Insurance Exchange, you must bring a 1095-A)*
- 1098-T and account activity from college business office if applicable for education credits – required if applicable
- For Partnerships, LLC or S-Corporations owners – please bring in your Nebraska ID which is required to e-file your business tax return.
- SBA EIDL loan interest paid from MySBA Loan Portal

Other Services we provide:

- Preliminary tax planning and estimates (if you come in prior to the end of the year)
- Revenue and expense summarizing for preparation of tax return
- QuickBooks consulting and input
- Payroll (Including paycheck creation, payment of taxes, quarterly and annual reports)
- Financial statements and cash flows
- Sales tax

If you are interested in any additional services, please contact your Accountant.

Sincerely,

Dennis A. Miller, CPA

Jeff Miller, EA

Tiffany Banks, EA

Colton Lovitt, EA

Michelle Dike, CPA