



THE VIP CPA

Tax-Saving Tips

February 2026

USPS's New Postmark Rules Set an Ugly Trap for Taxpayers

For decades, taxpayers trusted a simple rule: If you mailed a tax return or payment by the deadline, the IRS treated it as timely filed. Recent U.S. Postal Service (USPS) practices have changed that reality and created a serious trap for anyone who relies on last-minute mailing.

Today, the USPS often applies postmarks at regional processing centers instead of at your local post office. Those centers may be many miles away, and reduced truck schedules can delay transport.

As a result, a return you drop off on April 15 may receive a postmark dated April 16 or later. The IRS will then treat your filing as late, even though you acted responsibly. Being one day late can trigger penalties and interest equal to 5 percent of the tax due.

Sometimes, USPS postmark machines don't even apply a postmark.

You also cannot rely on postage labels printed at home or at self-service kiosks. Those labels only show when you bought postage, not when the USPS accepted your mail.

You can protect yourself by taking control of the mailing process. Present your return at a post office retail counter and ask the clerk to apply a manual postmark. For stronger protection, use certified mail. Certified mail provides a postmarked receipt that serves as legal proof of mailing and delivery.

You also have legal proof by filing and paying electronically or by using an IRS-approved private delivery service. Electronic filing provides an electronic postmark and removes uncertainty.

If you plan to file by mail, choose your method carefully. A small decision can prevent an expensive and frustrating surprise.

Husband-and-Wife LLC—Do They Have to File a Partnership Return?

Many married couples form an LLC to own rental property to obtain liability protection. After they create the LLC, they often ask an important tax question: Does the LLC force them to file a partnership return?

The answer depends largely on where they live and how they own the property.

Federal tax rules treat any unincorporated business with two owners as a partnership by default. When a

husband and wife form a two-member LLC, the IRS normally requires a partnership return on Form 1065. Some exceptions exist, but most couples do not qualify for them.

Tax law allows “mere co-ownership” of real estate without creating a partnership. This rule applies only when individuals own property directly as tenants in common and simply maintain and rent it. Once spouses place the property inside a multi-member LLC, they move beyond co-ownership and create a separate tax entity. At that point, the partnership rules apply.

Spouses sometimes ask about the qualified joint venture election. That option lets qualifying couples file a single Schedule E instead of a partnership return. Unfortunately, the election does not apply when spouses operate a rental through an LLC or any other state-law entity.

Spouses who live in community property states have more flexibility. In those nine states, married couples may treat an LLC-owned rental as a single disregarded entity and file one Schedule E. The other 41 states do not offer this option.

In those 41 states, the husband-and-wife LLC result stays clear: they must file a partnership return and issue Schedule K-1s.

Before forming an LLC, couples should weigh the liability protection against the added tax filing complexity.

OBBBA Supercharges the Employer Childcare Credit for 2026

The One Big Beautiful Bill Act (OBBBA) dramatically expanded the employer childcare credit starting in 2026, turning a modest tax break into a

significant planning opportunity for many businesses.

The employer childcare credit allows businesses to claim a general business tax credit for qualified childcare expenses paid for employees. Qualifying costs include

- building, expanding, or operating an on-site childcare facility;
- contracting with licensed off-site childcare providers such as day care centers or preschools;
- working with third-party childcare platforms or “intermediate entities”; and
- paying for childcare referral services.

Businesses do not need to own or operate a childcare facility to qualify.

Beginning in 2026, small businesses with average annual gross receipts under \$32 million may claim a 50 percent credit on qualified childcare expenses, up to a maximum annual credit of \$600,000.

Large businesses may claim a 40 percent credit, capped at \$500,000 per year.

By comparison, the credit for 2025 and earlier years maxed out at \$150,000, making the new credit up to four times larger. Congress will adjust these limits for inflation starting in 2027.

OBBBA also makes the credit far more accessible for small employers. Businesses may now pool resources to contract jointly with licensed childcare providers or to jointly own or operate a childcare facility. Each business may claim its share of the credit, helping reduce both costs and administrative complexity.

Any business with W-2 employees can qualify, including sole proprietors, partnerships, LLCs, and

S corporations. Owners generally cannot claim the credit for their own childcare costs, but they can claim it for qualified expenses paid on behalf of employees, including spouse-employees.

Even when childcare benefits remain taxable to the employee or owner-employee, the credit often produces significant net tax savings.

Employers must include the value of employer-provided childcare in employee income unless the benefits qualify under a dependent care assistance program (DCAP). DCAPs allow limited tax-free benefits but impose strict non-discrimination rules that eliminate many small-business owners.

If you pay for employee childcare in any form, this expanded credit deserves immediate close attention.

This One Mistake Can Make Your QCD Fully Taxable

Many charitably minded individual retirement account (IRA) owners use qualified charitable distributions (QCDs) to satisfy required minimum distributions (RMDs) while avoiding income tax. One simple mistake, however, can turn an otherwise tax-free QCD into fully taxable income.

After age 70 1/2, you may direct up to \$111,000 in 2026 from your traditional IRA to a qualified charity; for married couples, each spouse may give that amount from their own IRA.

The QCD can count toward your RMD once you reach age 73, and the QCD stays out of your adjusted gross income. Lower adjusted gross income can help you avoid higher tax brackets, higher Medicare premiums, and taxation of Social Security benefits.

The trouble arises under the strict no-benefit rule.

You must send a QCD directly to a Section 501(c)(3) charity, not to a donor-advised fund. More important, you must not receive anything of value in return. If you do, the IRS treats the entire distribution as taxable. Even a small benefit can spoil the result. For example, a \$250 ticket to a charity dinner will cause a \$5,000 QCD to become fully taxable.

Charities must provide written acknowledgments for QCDs of \$250 or more. If that acknowledgment lists goods or services received, the tax-free treatment disappears.

The IRS allows limited exceptions. You may receive insubstantial benefits without harming a QCD, such as low-value items or token merchandise, generally capped at \$139 in 2026 (\$136 in 2025) and subject to percentage limits. Intangible religious benefits from churches also remain acceptable.

Before you authorize a QCD, confirm that you will receive nothing of value beyond these exceptions. Careful planning protects the tax advantages QCDs can provide.

When Family Ties Cause Tax Trouble

Family relationships and overlapping ownership can quietly sabotage well-intentioned tax planning. Internal Revenue Code Section 267 often causes the damage.

This rule does not announce itself with penalties or warnings. Instead, it erases deductions, disallows losses, and delays expenses after the transaction feels complete.

Section 267 targets transactions between related parties. The law focuses on who the parties are, not on whether the deal looks fair. When you sell property to a related person or entity at a loss, the

IRS disallows the loss even if you used fair market value and arm's-length terms.

For example, if you sell stock to a sibling at a loss, you lose the deduction simply because of the family connection.

Section 267 also disrupts expense deductions. If you use the accrual method and owe expenses or interest to a related party who uses the cash method, you cannot deduct the expense until the other party reports the income. This timing mismatch often surprises taxpayers after year-end.

The real trap lies in the attribution rules. These rules treat you as owning interests held by family members, trusts, partnerships, or corporations. As a result, transactions that appear unrelated on paper can suddenly cross the 50 percent ownership threshold, triggering related-party treatment.

Good planning avoids these outcomes. Identify related parties before you act. Review family ownership, trust interests, and entity structures together. Sell loss assets to unrelated buyers. Structure ownership to stay below control thresholds. Coordinate expense deductions with the other party's income recognition.

Section 267 rewards foresight and punishes assumptions.

OBBBA Drives Final Nail into Bicycle Commuting Deduction

Congress has officially pulled the plug on the federal tax break for bicycle commuting. The OBBBA permanently eliminated the qualified bicycle commuting reimbursement, ending a small but symbolic incentive for employees who bike to work.

Congress created the benefit in 2009 to encourage bicycle commuting. Employers could reimburse

employees for bicycle purchases, repairs, improvements, and storage when employees regularly rode a bicycle between home and work.

The benefit applied only to personal, pedal-powered bicycles. It excluded e-bikes and bike-share programs. Employees also had to rely on biking for a substantial portion of their commute, a standard the law never clearly defined.

The rules limited the benefit's reach. Employers could not offer bicycle reimbursement alongside other transportation fringe benefits, such as transit passes or parking. The reimbursement capped out at \$20 per month, or \$240 per year, and Congress never adjusted that amount for inflation.

Despite its small size, the benefit delivered meaningful tax savings. Employees excluded the reimbursement from income and payroll taxes. Employers deducted the cost. That combination made the benefit attractive, even if it mainly appealed to committed cyclists only.

The Tax Cuts and Jobs Act disrupted the arrangement in 2017. From 2018 through 2025, employers could still reimburse bicycle commuting costs, but employees had to treat the payments as taxable income. Employers, however, could still deduct the reimbursements. Congress flirted with reinstating the tax-free treatment in 2020 and 2021, but those efforts went nowhere.

OBBBA finished the job. Starting in 2026, bicycle commuting reimbursements are taxable wages for employees, and employers lose the deduction entirely. Employers cannot even treat the payments as deductible compensation, which creates a rare double-tax hit.

Meanwhile, Congress left larger transportation benefits untouched. Employers may still provide tax-free transit passes and parking benefits of up to \$340 per month in 2026, although they cannot deduct those costs.