

INNOVATIVE TAX NEWS TODAY

January 2026, Winter Issue

Latest news and bulletin updates

Hello Tax Season!

From our office to your businesses and homes we wish you the happiest & healthiest of holidays. The 2025 tax filing will certainly present some changes due to the **OBBBA Tax** law but hopefully it will be favorable to you. In this edition, we will repeat and continue to clarify what we know at this point the particulars of this bill and how it could impact you.

But first, a little bit of housekeeping as it pertains to tax season protocol. **Filing in 2026 will be primarily for 2025 tax returns.** Any prior year back taxes will have to be dealt with after tax season. Our time is limited to fulfilling current year's tax filing obligations.

Individuals:

Appointments - Those of you filing Individual 1040 Income tax returns with pre-booked appointments will once again be asked to provide your documents ahead of time. **We began mailing appointment cards last week and will be done sending them this week.** Please keep an eye out for those. We can accept your documents via drop-off, portal upload, email or regular mail. We had massive

success with this process last year and were able to serve more clients than ever effectively. Please provide us with your documents at least 48hrs ahead of time. Sometimes, you may not have everything yet by the time your appointment rolls around – don't worry – **KEEP YOUR APPOINTMENT.** Provide us with as much of what you have, and we will complete your intake with it. Completion of the return can be done at a later date with the missing items.

Non-appointments- as is customary, please provide your documents to us as soon as you believe you have everything together. Remember, the deadline for drop-off/mail in/uploads is **March 15, 2026** to be assured of a timely tax filing by April 15, 2026. After that point, tax returns may be subject to being extended.

Businesses:

Financial data submission to us for Businesses that are Multimember LLCs (**Form 1065 Partnerships**) or S-Corp (**Form 1120S S-Corp**) filing status, are due by **February 20, 2026** to be filed timely by March 16, 2026.


Those businesses that file a **Form 1120 C-Corp** tax return have a due date of April 15, 2026, the same as Individuals. The due date for the financial data submission to us is **March 16, 2026.**

IMPORTANT NOTE:

Incomplete or unreconciled financial data will subject you to an **automatic extension**. We simply do not have time to do substantial bookkeeping in the middle of tax season. A few adjustments and corrections for year end are normal and expected and will not derail your filing. Please keep this in mind.

**IDENTITY PROTECTION PERSONAL
IDENTIFICATION NUMBER (IP PIN)**

For some, the IRS issues an IP PIN that must be included with your tax filing. This is due to Identity theft from the past, if your financial data was compromised in some way, or you requested one. It is always a 6-digit number assigned to eligible taxpayers to help prevent the misuse of their Social Security Number (SSN) on fraudulent federal income tax returns. **A new IP PIN will be generated each year.** Every January the IRS issues this IP PIN on letter CP01A like the one below. **Do NOT discard this or lose this, we will need it to e-file your return.**



Department of the Treasury
Internal Revenue Service
Kansas City Service Center -SP
Kansas City, MO 64999-0017

Notice CP01A

Tax year 2016

Notice date January 2, 2017

To contact us Phone 1-800-908-4490

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Important information about filing your federal tax return

We assigned you an Identity Protection Personal Identification Number

Our records show that you either:

- were previously a victim of identity theft, or
- notified the IRS that you experienced an incident that could potentially expose you to identity theft, or
- requested an identity protection personal identification number (IP

What you need to do

- Keep this letter in a safe place. You'll need it to prepare your tax return.
- When you file your federal tax return, enter the IP PIN in the correct place:
 - If filing electronically, your tax software or preparer will tell you when and where to enter it.
 - If filing a paper return, enter your IP PIN in the gray box marked "Identity Protection PIN" to the right of "Spouse's signature and occupation." If you're married and filing jointly, only the spouse

If you do misplace it, it can be retrieved from the IRS website.

<https://www.irs.gov/identity-theft-fraud-scams/retrieve-your-ip-pin>

2025 INDIVIDUAL TAX BRACKETS

2025 federal income tax brackets

| Tax bracket | Single | Married filing jointly | Head of household | Married filing separately |
|-------------|---------------------|------------------------|---------------------|---------------------------|
| 10% | \$0–\$11,925 | \$0–\$23,850 | \$0–\$17,000 | \$0–\$11,925 |
| 12% | \$11,925–\$48,475 | \$23,850–\$96,950 | \$17,000–\$64,850 | \$11,925–\$48,475 |
| 22% | \$48,475–\$103,350 | \$96,950–\$206,700 | \$64,850–\$103,350 | \$48,475–\$103,350 |
| 24% | \$103,350–\$197,300 | \$206,700–\$394,600 | \$103,350–\$197,300 | \$103,350–\$197,300 |
| 32% | \$197,300–\$250,525 | \$394,600–\$501,050 | \$197,300–\$250,500 | \$197,300–\$250,525 |
| 35% | \$250,525–\$626,350 | \$501,050–\$751,600 | \$250,500–\$626,350 | \$250,525–\$375,800 |
| 37% | \$626,350+ | \$751,600+ | \$626,350+ | \$375,800+ |

2025 STANDARD DEDUCTION

The Standard Deduction or Itemized Deduction allowance **REDUCES** your income, and your income tax liability is calculated **AFTER** this deduction.

In recent years, most taxpayers have claimed the Standard Deduction because their Itemized Deductions do not reach the levels to exceed the Standard. Remember, the TCJA law that was passed for 2017 essentially doubled the standard deduction from the past while eliminating the personal exemption of \$4K.

2025 Standard Deduction based on status:

| | |
|---------------------------|-----------------|
| Single | \$15,750 |
| Married filing jointly | \$31,500 |
| Married filing separately | \$15,750 |
| Head of household | \$23,625 |

Add:

- \$2,000 extra deduction if 65+ or blind for single person (\$1,600 for married)**
- \$4,000 extra deduction if 65+ AND blind for single person (\$3,200 for married)**

NEW for 2025, is an additional deduction of **\$6,000** per social security recipient from the OBBBA tax law change which is **ADDED** to the Standard Deduction from above or to Itemized deductions, if applicable (subject to income limits).

2025 ITEMIZED DEDUCTIONS

Ever since the TCJA from 2017, the script had been flipped where most people used the Standard Deduction instead of Itemizing qualifying deductions. The high amount of Standard Deduction usually played favorably for most taxpayers but for 2025 due to the lifting of the SALT tax limitation from the **OBBBA** implementation, more will have the potential to itemize. Consider the following potential deductions:

- Medical expenses >7.5% of your income
- Real Estate and State/Local income taxes (S.A.L.T.) up to **\$40,000** instead of being limited to **\$10,000** (income dependent)
- Mortgage Interest (phase-out begins after \$750K open balance)
- Charity – cash and/or non-cash
- Gambling losses (to the extent of winnings)

2025 CHILD CREDIT DEDUCTION

For the 2025 tax year, there is no personal exemption or "dependent deduction" as it was known in prior years. For 2025 the **Child Tax Credit (CTC)** is up to **\$2,200 per qualifying child (under age 17 @end of year)** and the **Credit for Other Dependents (ODC)** is up to \$500 per qualifying person.

This could be an older child, a parent or other dependent.

- Income phaseouts of \$400K/\$200K for married and other statuses
- Dependent care for a child under the age of 13 may qualify for a credit of up to \$3,000 per dependent

Quarterly Estimated Tax Payments

There is still time to make that last quarterly tax payment. However, keep in mind that the IRS and the State no longer accept check payments – all payments must be done online.

For Federal IRS Tax payments:

<https://www.irs.gov/payments>

For State of CT Tax payments:

<https://drs.ct.gov/eservices>

Paying your estimated taxes on time helps you:

- ✓ Avoid IRS penalties and interest
- ✓ Keep your business finances predictable
- ✓ Prevent a large year-end tax bill

TurboTax charges \$1,749 to prepare a business tax return (S Corp/Partnership)
Should this be the standard for business tax return pricing?

LIVE Full Service | Business

Let a business tax expert
take taxes off your plate

- Match with your own dedicated small business tax expert
- Securely hand off your tax docs and leave the rest to your expert
- Added protection with Audit Defense included at no extra cost. [More info](#)

\$1,749

State additional