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Dear Clients:

As another year closes, we need to look at the changes given to us from new legislation and tax law changes.

President Trump's "**One Big Beautiful Bill**" (OB BB) has brought a multitude of changes to our federal returns. Here is a recap of the items that may be available to you.

Filers can deduct up to \$25,000 of their tips. The tips must be from an occupation that traditionally receives tips.

For W-2 earners, the amount must be reported on the W-2 or claimed as cash tips on the tax return.

For self-employed individuals, the tips must be included in gross income on the Schedule C filing, and the deduction must not result in a loss on the businesses.

This amount is subtracted from the adjusted gross income on your tax return. This deduction will be available for 2025 through 2028.

There is an income level at which this deduction will be phased out and married couples must file a joint return to claim this deduction.

An overtime deduction will be available for up to \$12,500 of the overtime pay. (\$25,000 on joint returns). In the future, the W-2 will indicate overtime pay but, for this first year, we will need some type of substantiation from your employer in order to take the deduction for you.

The new senior deduction of \$6,000 per filer age 65 or older (\$12,000 if both filers are age 65 or older).

A deduction is available for up to \$10,000 of interest paid on loans to buy a new automobile. The loan must be a new loan and on a new vehicle purchase after 12/31/2024. To qualify, the vehicle must have final assembly in the US.

All these deductions are available to taxpayers whether they itemize or not. This is a direct deduction against adjusted gross income.

1099-DA If you sold or will sell digital currency through a brokerage account this year, look for the brokerage firm to send you Form 1099-DA by February 17, 2026. Legislation requires brokers to report sales price, tax basis and other information on digital asset trades. Reporting of sales starts with 2025 Forms 1099-DA to be sent out in 2026. Reporting of the tax basis will begin next year. Your basis in all accounts should be determined this year with your brokers so they may comply with indicating basis on any sales for 2026.

The IRS is phasing out the payment of tax refunds by paper check on all returns beginning January 1, 2025. Taxpayers will also be required to remit any payments such as balance dues, estimated payments or other taxes through on-line methods available such as the IRS direct pay available on their website or by each taxpayer setting up their account through ID.me. Our office software is set up to facilitate the direct payment of taxes however we are not able to set a date beyond the due date of the return. That flexibility is only available through the IRS Direct Pay website. When we

complete your return, we will review your options and choose the best course of action for you.

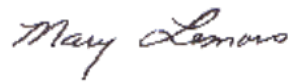
1099-K. If you receive a 1099-K from an on-line account such as Venmo or Paypal, this amount must be indicated on the tax return even if it was strictly personal monies received. We will use the tax return to indicate whether the money is taxable or not.

For any individual that has the Affordable Health Care medical insurance at any time during the year, we must have the **1095-A** form to enable filing of the return. Even if this coverage was for even a day within the tax year, the IRS will require the form.

As you can see, many changes are and have taken place very rapidly this year. Read over and research each change to see what may affect your tax situation. If you have any questions, please contact our offices and one of us will be able to go over your unique situation with you.

Thank you for your continued support and we look forward to seeing you in the new year.

Sincerely,

A handwritten signature in cursive script that reads "Mary Lemons".

Mary Lemons and Staff