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Fall 2026

Dear Business Client:

It has been a very busy year for business tax changes. Below are the major changes you should be aware of as this year comes to a close.

The Montana Minimum Wage is increasing to $11.20 per hour. This is a 35 cent increase from last year. Be sure your employees meet this minimum. This is also a good time for your employees to reassess their withholding status for their pay and possibly fill out a new W-4.

IRS On-line business accounts are now more user friendly and allow for greater services. These accounts let users view taxes owed and payment history, see digital copies of IRS notices, make electronic payments and ensure that IRS has correct names and addresses. New features include the ability to download an employer-ID-number written notice, view existing payment plan details and make schedule payments toward that plan, submit payments for an offer in compromise and inspect even more digital notices.

For a business, the owner, or manager must first set up an ID.ME account personally that will be linked to a business.

1099-NEC and 1099-MISC have new reporting requirements. As of January 1, 2026, the minimum threshold for reporting payments required to be reported on these forms has increased to $2,000.

New boxes on each form facilitate the reporting of cash tips, the occupation code required for the tip deduction and any overtime paid to the recipient of the 1099.

One obscure item to remember on the tip credit, mandatory tips do not qualify for the credit and not all occupations qualify.

1099s are required to be issued by the last day of January. If you require our assistance with the processing of the 1099s, call the office early in the month so we can have time to complete them for you.

The 1099-K that is received from third party payments such as VENMO, PAYPAL, etc will be issued for yearly totals over $20,000 and a total number of such transactions over 200.

On the W-2s for 2026, there is an extra box in line 14b to accommodate the Tipped Occupational Code as well as instructions to utilize the Box 14a for the total of overtime wages that qualify for the deduction. We, as tax preparers, are required to use the amounts in these boxes for the overtime and tip credits.

We are all aware the gas prices have risen over the past year. The IRS has also felt the pinch and drove up the mileage rate midway through the year. We began the year with a mileage rate of 72.5 cents per mile for business usage. On July 1st, that rate increased to 76 cents per mile. Medical travel increased by 3 cents per mile, but the charitable rate remained unchanged.

Due to the volume of work during the tax season, we are unable to do a full year of bookkeeping during that time. If received during the tax season, an extension will automatically be completed and filed.

The new Independent Contractor Exemption Certificate with the Montana Department of Labor and Industry now must be completed or renewed on-line. This procedure is time intensive to set up the account. Please hold these set-ups for non-tax season times.

Setting up a new business should be completed by the end of the year to be operational in January. A good time to have us assist you with that would be before the new year.

A reminder for corporations and partnerships, your tax deadline is March 15th or September 15th with an extension filed and accepted on time. You must let us know if you will need an extension before the March 15th deadline.

If you are thinking of opening a new business for the new year, contact us no later than December as our time is very limited during the tax season and items such as assisting with new business are set aside until season is over.

Remember to schedule a quick assessment of your business in November or December to see if you need to make those last-minute purchases to save tax dollars.

Please call if you have any questions. If we don't have a quick answer for you, we will research your issue and get back to you. Unlike the IRS's average of 32% correct answers, we strive to give you the correct response!

We wish you all a profitable close to this year and thank you for your continued support.

Sincerely,

Mary Lemons and Staff