

January 2026. Happy New Year, and what a year it has been for taxes! The One Big Beautiful Bill, with over 900 pages, made major changes to the tax code. It is one of the largest changes to the tax code in history. It will increase the time and complexity of tax preparation, so please expect a modest overall increase in our fee this year. Please contact us if that is a hardship.

We again have **REQUIRED QUESTIONS ON OUR CHECKLIST - please everyone fill out the entire checklist and sign and date it.** Also **required** is to **sign and date the Engagement Letter.**

Paper checks have been eliminated - everyone must choose direct deposit of their refund unless they file for an exception. Those who do not provide bank account details or request an exemption will face delayed refunds. **Obamacare** may or may not be gone for 2026. As of now, it is still undecided if Congress will approve any healthcare plan with subsidies. Most all **energy credits expired** after Sept 30, 2025. To claim an Energy Credit you will need to provide us with the Manufacturer PIN number.

Standard Deductions. Joint – \$31,500, Single – \$15,750, Head of Household – \$23,625. Seniors receive an extra \$1600 each if filing jointly, or \$2000 if single. Blind receives \$1600/\$2000 extra.

You should have all received a copy of our Summary of the New Tax Legislation by email or mail. If you did not, please email us and we will send a copy to you. **Many of the new deductions and credits are not available if the person has no Social Security number or if Married Filing Separately (MFS).** We cannot further summarize the new bill in this letter. So, please refer to our Summary or google the topic for more information. Following is a short list of new legislation.

2025 – All of the following have income limits

Senior Deduction: An additional deduction of \$6,000 for all those 65 or older This **does not reduce or replace the standard deduction.** Instead, it is a separate, additional deduction that **stacks** on top of it. MFS is not eligible. Phaseout starts at \$150K Joint and \$75K Single.

State and Local Tax (SALT) deduction: The previous limit of \$10,000 for Property Tax, State and Local Taxes is increased to \$40,000. MFS is \$20,000. Phaseout starts at \$500K Joint and \$250K MFS.

No Tax on Tips: An Individual who qualifies can deduct up to \$25,000 of tip income. MFS is not eligible. You must present us with documentation for this. If Tips are not included in income, there is no deduction. Phaseout starts at \$300K Joint and \$150K Single.

No Tax on Overtime: Individuals working under the Fair Labor Standards Act can deduct the overtime portion of wages up to \$12,500. MFS is not eligible. You must present us with documentation for this. Phaseout starts at \$300K Joint and \$150K Single.

Car Loan interest: Purchasers of NEW personal vehicles that were assembled in the USA are allowed to deduct interest up to \$10,000. Please check with the dealer for assembly info. It cannot be financed by a Home Equity loan; it must be secured by a lien on the vehicle. Phaseout starts at \$200K Joint and \$100K Single.

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Charity - those using the standard deduction can deduct up to \$2000 Joint or \$1000 Single of CASH donations (monetary, not Goodwill-type). Those who itemize deductions must exceed .005 of their adjusted gross income before charity is deductible.

Trump Accounts - Children born in 2025 through 2028, who are U.S. citizens and have a Social Security number, will receive a \$1,000 deposit from the government. The accounts are expected to start in July 2026. Form 4547 is used to set this up. Up to \$5,000 of additional money can be put in the account each year. There is no income limit.

Gambling - you can now only deduct 90% of losses against winnings. You must itemize your deductions for this to help. Keep good records!

Child Tax Credit and **Child and Dependent Care Credit** - are both increased. And parents can now contribute up to \$7500 to a dependent care account at work.

Some issues will have an **additional increase in our fee** (Tips, Overtime, Car Loans, Trump Accounts, Gambling, and others).

Medical expenses must exceed 7.5% of your income to be deductible. If you received an Obamacare subsidy, we need Form 1095-A. Some states allow a deduction for medical expenses.

A **Driver's License** number (or **state ID**) is required to be entered into the tax return; if your license expired in 2025 we will need a copy of the new one.

IF YOU CLAIM COLLEGE TUITION CREDITS, FORM 1098-T IS REQUIRED. The college or trade school provides the 1098-T to the student, not to the parents, so please alert your child to look for it.

All deductions for W-2 workers (mileage, supplies, union dues, office-in-home, etc.) have been **eliminated**, but **these expenses still apply to self-employed workers.** You may get a **1099-K** if you sell goods on eBay, Etsy, etc. The 1099-K form reports your income to the IRS. If it is one-time sale of personal goods, we can usually zero it out. All **businesses** and **landlords** are required to file **Form 1099-NEC by January 31** for any person (not corporations) who is **paid \$600 or more** as an **independent contractor.** The **2025 mileage rate** was **70 cents-per-mile**; 2026 is 72.5 cents.

Secure Portal: The web address for our Secure Portal is <https://glindatax.securefilepro.com>. We would greatly appreciate if **everyone would create an account in our Secure Portal.** You will need email, a computer, and a printer to do this. But then you can receive documents from us. Even if you cannot scan documents to us, we can easily and securely send them to you, and also bill you by credit card. Please email us to initiate this. If you do not remember your password, we can re-set it. **Please send us an email when you put any documents in the Secure Portal, especially signed e-file forms,** which helps us to expedite your tax return.

If you have **sold investments**, please be sure to provide us with cost basis. If you receive a **1099-B, you have sold an investment.** There is a new form this year, Form **1099-DA**, that reports sales of Digital Assets. If you have a **significant real estate or stock transaction**, please notify us right away. Do not wait until tax season. You can pay **zero tax** to the IRS on **long-term capital gains and qualified dividends** if your taxable income does not exceed: \$96,700 – Joint; \$48,350 – Single; or \$64,750 - Head of Household. Higher income usually pays 15% tax.

The **Required Minimum Distribution (RMD)** from a retirement plan is increased to age 73. Individuals must start taking RMDs from tax-deferred retirement accounts during the year in which they turn 73. But, the first RMD can be delayed until April 1 of the following year. There is **no longer an age limit for IRA contributions**; you can make an IRA contribution at any age as long as you have earned income. The 2026 cap for **traditional IRA and Roth IRA contributions increases to \$7,500, plus \$1,100 as an additional catch-up contribution for individuals age 50 and older.**

You are allowed an **Emergency Early Distribution** from a **Retirement Plan**, up to **\$1000** per year (no 10% penalty, but it is taxable). A similar rule allows an Early Distribution of up to **\$10,000** for **Domestic Violence** victims. **ABLE** accounts are a good way to invest for a disabled person. If there is a chance of a conflict with your ex-spouse or partner over **claiming a dependent**, it is advisable to get an **Identity Protection PIN** – this will give you some preferential treatment with the IRS.

We will do an **EXTENSION** if you ask us in writing (by email, and verify that it has been filed). Even with an extension, **you must always pay your balance due by the original due date** to avoid penalties. If you submit your data to us within 10 days of the due date, an extension may be required due to our time and workload constraints. If we are able to prepare your return by that due date, there will be a **minimum expedited fee of \$50** (April 5 for April 15, etc.).

State of Illinois: IL has sometimes delayed refunds until the taxpayer proves the amount of **Property tax** paid or for security purposes. Please remember that the **IL Education Credit** for grades K-12 is only for **tuition, book rental, and lab fees** - other school expenses do not qualify. Teachers K-12 can get a nice credit for unreimbursed classroom supplies; we need your license number for this.

Please DO NOT put your SS number or other sensitive information in emails or attachments; it is not secure. Please use our **Secure Portal** whenever possible. When **scanning documents** to us in the Secure Portal, **we prefer all documents in one scan**, if possible. If you send us multiple scans, it is much easier to miss one as we open them one at a time. **If you must scan one page at a time, then please label the contents of each scan.** Otherwise, we have to label them ourselves, which could increase your fee. **Please look at your scans before sending them to see if they are legible.**

We prefer to **communicate via email**, whenever possible. You can also **text us at 720-900-9848**. **Once you submit your documents to us, PLEASE MONITOR EMAILS,** so we can ask questions.

Please **do not send** us documents signed by **Electronic Signature**; we are not allowed to accept them. We are expecting **payment for the tax return before filing** it. Please plan on sending payment along with your signed efile forms; we will not be able to file your return without payment. We take **credit card payments** through the Secure Portal, and by **Zelle** to glindatax@gmail.com.

IRS Direct Pay (<https://www.irs.gov/payments/direct-pay>) is the **recommended way to pay your IRS balance due or estimated payments**. Otherwise, you could use **Registered Mail**, or **credit card**. IL is not so easy to pay online; **mail is still best**.

Any **single charitable donation of \$250** or more must be documented by a properly written letter from the charity. **Raffle tickets** are gambling, not charity.

Seniors: Be aware of the **Illinois Senior Homeowners Exemption** and the **Senior Freeze** on your real estate tax bill. Anyone taking **Required Minimum Distributions from their IRA** who wishes to make a large Charitable Contribution may be better served by instructing the custodian to donate the RMD directly to the charity of your choice. This is called a **Qualified Charitable Distribution**.

Referral Discounts are available. Please ask for a price quote for new clients, as the price of their return may differ from yours. **Simple tax returns for dependent children are \$55. Your completed tax return will be sent back to you in the same manner as the documents were sent to us**, i.e., if we received your documents via the portal, your completed tax return will be placed in the portal. If you mailed or faxed it to us, we will mail it back.

Thank you for your loyalty, and take care.

Greg and Linda Ganster

Secure Portal: <https://glindatax.securefilepro.com> (Better to paste it into the address bar at the top, rather than the search bar)

US mail: **Glinda Company, PO Box 746090, Arvada, CO 80006**

Please do **not use UPS or FedEx** because the Post Office has had many problems with the delivery.

Email: glindatax@gmail.com

Phone/text: 720-900-9848