



MAJOR CHANGES OF NOTE:

Paying the IRS:

Starting September 30, 2025, IRS will no longer issue refunds by paper check. Refunds must either be direct deposited into your bank account or carried forward to help cover your estimated tax payments for the following tax year.

Further, IRS will soon no longer accept paper checks either. All quarterly estimated tax payments must be paid electronically from now on. In addition, if you owe federal tax when your tax return is filed in the spring, you will be required to pay electronically.

Electronic payment options include:

- Electronic Federal Tax Payment System (EFTPS)
- IRS.GOV/payments

We encourage you to set up your account with IRS well in advance of making your first payment. If you are concerned about security, consider opening a second checking account at your bank and using this second checking account for your tax payments.

Indiana and Michigan still allow paper checks, for now....

Federal Tax Law Changes:

We cannot possibly summarize all the tax law changes that have been made for this upcoming tax season. However, the most notable changes have to do with tips, overtime, a bonus deduction for seniors, car loan interest and several energy credit programs.

FOR TAX YEARS 2025 – 2028 :

- The first \$25,000 of tip income received may be exempt from federal income tax, subject to certain rules. The IRS will publish a list of occupations that “customarily and regularly” receive tips, and only these occupations will qualify.
- Overtime (\$12,500 single, \$25,000 married filing joint) may also be exempt from federal tax, again subject to certain rules. Qualified Overtime Compensation will be reported on your W-2 from your employer.
- The senior bonus deduction is \$6,000 for a single filer 65 and older (\$12,000 for a married couple if both spouses are 65 and older) for qualified taxpayers.
- Car loan interest, up to \$10,000, is potentially deductible if the loan was originated AFTER December 31, 2024, used to purchase a qualifying vehicle for personal use and is secured by a lien. Qualifying vehicles must have a gross vehicle weight of less than 14,000 pounds and must have undergone final assembly in the United States. Used vehicles do not qualify.

Please note that tips, overtime, the senior bonus deduction and car interest are all subject to income limitations – if your income exceeds certain dollar amounts, your deduction may be partially reduced or eliminated altogether.

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Several energy credit programs have been, or soon will be, eliminated. The federal clean vehicle credit ended September 30, 2025. The residential clean energy credit (solar and other clean energy) and the energy efficient home improvement credit (doors, windows, skylights, insulation, etc.) will disappear after December 31, 2025.

Federal government shutdown:

Yes, you are required to file your tax returns (income, payroll, etc.) and pay your taxes on time during any shutdown. Interest and penalties will be charged if you do not.

If you have received a notice from IRS, any response you send (or have our office send) may not be read and/or processed any time soon. Responses sent to the IRS are delivered to a human to process. If they are not in the office, your response may sit on a desk somewhere for a while.

The IRS computer that sends out the notices is likely still working, however. So, you may receive follow-up notices requesting you to respond. The computer has no way of knowing that you already did. Please send these follow-up notices to us immediately.

Email notifications from IDOR INTIME:

The Indiana Department of Revenue (IDOR) uses its INTIME system to electronically deliver tax notifications to taxpayers, to allow payment and some tax reporting. IDOR has also recently started to use the INTIME system to email updates and other notifications to Indiana taxpayers. If you block or disable these updates and notifications, you may also block your ability to receive tax notices that require your attention. Please do not block or disable your INTIME notification system.

Power of Attorney:

Identity theft is a real thing. With the availability of AI, the internet, etc. just about any legal document can be created and made to look official, including Power of Attorney forms.

If you will be acting as a Power of Attorney for another taxpayer (a family member, friend, etc.) we respectfully request that the **taxpayer** forward the official power of attorney form to us directly. If the power of attorney delivers the form to our office, we may contact the taxpayer to verify its authenticity.

Please understand that our obligation must be to the taxpayer first.

Form 1099 reporting:

Business clients, we ask that you contact your payroll company to inquire about their 1099 services. In many cases, your payroll company can prepare your 1099s faster, more efficiently and at a lower cost than your CPA office. We will be phasing out 1099 services for business clients that have fewer than 10-15 forms each year.

Did you change jobs in 2025?

If so, please review your paystubs from your new employer and make sure that the proper amount is being withheld for federal, state and local tax. Often, the new employer "restarts" the federal withholding in the lowest tax bracket, meaning you could be under withheld.

BeanCounter Newsletter:

As a reminder, all prior BeanCounter newsletters can be accessed on our website. Please go to www.mmlcpa.net and click on the blue "Tax Info" button for an index of our previous editions.