SEPTEMBER 2026

The Bean Counter

EDITION #2026-2

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Announcing…

…the addition of two new staff members – Breanna Peare, CPA and Rabija Begic, Staff Accountant.

Breanna (pronounced "Bree-on-uh") grew up in Niles and joins us after previously working for two other CPA firms here in the area. Breanna graduated from Brandywine High School and St. Mary's College and brings over 18 years of experience to Metzger, Mancini & Lackner.

Rabija (pronounced "Ruh-bee-yuh") also recently graduated from St. Mary's College in May 2026 after attending high school at John Adams High School. Rabija grew up in South Bend and interned with us last summer (2025). She is currently studying for the CPA exam.

Both are strong additions to our team, and we are proud these home-grown, talented ladies chose to stay here and serve the Michiana area.

Mileage Reimbursement Change

The mileage reimbursement rate was 72.5 cents per mile from January 1, 2026 – June 30.

Starting July 1, 2026, the mileage reimbursement rate increased to 76 cents per mile.

If you report your miles when we prepare your 2026 tax returns, you will be asked to report your mileage as follows so that we can properly compute your deduction:

	Business miles	Commuting, Personal and Non Business Miles
January 1 – June 30, 2026	____________	____________
July 1 – December 31, 2026	____________	____________

Call this Fall

Reminder that 3rd quarter estimated tax payments are due by September 15th. If you have had a significant change in income since we established your estimates, please call us to see if we should adjust your estimates up or down.

If you normally do not pay quarterly estimates, but have experienced a significant change in income, please call us to determine if a 3rd or 4th quarter estimated tax payment should be considered.

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Medical Deductions

More clients were able to itemize deductions on their personal tax returns due to the tax law changes implemented in 2025. With this in mind, we thought this would be a good opportunity to revisit medical deductions.

Qualified medical expenses generally include costs related to the diagnosis, treatment, prevention, or mitigation of disease, as well as dental and vision care.

Costs that generally qualify:

- Doctor and specialist visits
- Dental exams and treatment
- Vision exams
- Eyeglasses and contact lenses
- Hearing aids and batteries
- Insurance premiums paid for policies that cover medical care
- Necessary legal fees paid to authorize treatment for mental illness
- Transportation for medical care, limited to $50 for each night for each person
- Prescription medications
- Insulin
- Personal protective equipment for the primary purpose of preventing the spread of COVID-19, such as masks and hand sanitizer
- Therapy
- Task-trained service animals, if deemed a medical necessity by a physician. Emotional support animals do NOT qualify.
- Certain special education expenses
- Special equipment or improvements installed in a home – subject to limitations - if their main purpose is medical care for you, your spouse, or your dependent.

Items that generally do not qualify as a medical expense:

- Childcare services for a healthy baby
- Cosmetic surgery that is not medically necessary
- Funeral expenses
- Contributions made to a Health Savings Account (HSA)
- Nonprescription medications, except for insulin
- Nutritional supplements, unless recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician
- Surrogacy expenses
- Teeth whitening
- Veterinary fees, unless expenses are for guide dogs or other service animals

Do you have a question about an item not listed? Give us a call to discuss.

Change to 1099 Reporting

The IRS increased the reporting threshold for many Form 1099 filings from $600 to $2,000, effective for payments made after December 31, 2025. This change primarily affects the reporting requirements for nonemployee compensation or "contractor work" reported on Form 1099-NEC. Most miscellaneous income, reported on Form 1099-MISC. The new $2,000 threshold will be adjusted for inflation beginning in the calendar year 2027.

- Certain payments remain subject to separate reporting rules or specific dollar thresholds, such as:
  - Royalties - $10 or more
  - Interest paid - $10 or more

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While the higher threshold may reduce the number of Forms 1099 required to be issued, it does not change the taxability of income or the recipient's reporting obligations. You may not receive as many 1099s as you did in the past because of the higher threshold, but you are still required to report all your income.

Indiana Department of Revenue (IDOR) Tax Notices Update

For years, we have told you that the IRS and the IDOR will not contact you by email or telephone and that you would only be contacted by mail. Well, times are changing.

Recently announced as a way to save on printing and mailing costs, the IDOR will NO longer send tax notices to businesses with an INTIME account through the mail. All notifications will be posted directly to your INTIME account. Individuals with an INTIME account may also have tax notices delivered in the same manner.

If you or your business has an open INTIME account, we recommend that you log on and review your account at least once a month to make sure you don't miss any important tax notices. If you do not check your INTIME account, you may be incurring interest and penalties without even knowing.

National Taxpayer Advocate Issued its Mid-Year Report to Congress

- As of Mid-June 2026, IRS processed over 138 million individual tax returns – 98% of which were filed electronically.
- Over 90 million refunds were issued – 98% of which were delivered by direct deposit.

The above statistics are impressive, given the extremely compressed "tax season" time frame.

However:

- Taxpayers experienced significant issues contacting the IRS by phone. The IRS received over 48 million phone calls during tax season and answered fewer than 10 million of them (about 21%). If you had an issue needing resolution, you likely did not have a good experience by telephone.

- Over 4 million taxpayers received notices from the IRS that the direct deposit information listed on their individual return was incorrect, incomplete or that their account was closed – delaying the issuance of refunds by more than six months.

- Identity theft victims have their refunds delayed usually for 20 months or more until resolution of the case.

The bottom line is this - the more organized you are, either as an individual taxpayer or as a business owner, the fewer issues you will likely have. Keeping fewer accounts open (bank accounts, investment accounts, credit cards, loans, etc.) reduces identity theft possibilities. Consider freezing your credit accounts to help safeguard assets.

Consolidating your open accounts reduces the number of tax records needed to prepare your tax returns. This not only simplifies the tax preparation process but can decrease the time required by the IRS and the states to process your returns quickly and without error, speeding up your refund turnaround.