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TAX NEWS & TIPS

YEAR END 2026

Prepare to File Your 2026 Return!

Tax documents will soon start arriving in your mailbox, your email, and your online accounts. Gathering everything as it arrives and sending it to me all together helps avoid delays at tax time.

Income Documents

- **Form W-2** from your employer—you should receive these by the end of January. If you earned tips or overtime, your W-2 should now show them separately (more on page 2).
- **Form 1099-R** for distributions from retirement accounts
- **Form SSA-1099** showing your Social Security benefits (or **Form RRB-1099** for railroad retirement). The new deduction for people 65 and older didn't change how Social Security is taxed, so we still need this form.
- **Form 1099-NEC** and **Form 1099-MISC** for independent contractor and other income. For most 2026 payments, businesses only have to send these if they paid you $2,000 or more (up from $600). Smaller amounts are still taxable even if you don't get a form, so we'll need your own record of what you were paid, plus your business expenses.
- **Form 1099-G** if you received unemployment benefits or a state or local tax refund
- **Form 1099-INT**, **Form 1099-DIV**, and **Form 1099-B** Did your investments earn interest or dividends or did you sell stock in 2026? Please send every page, even if the statement is 200 pages long.
- **Form 1099-DA** If you sold or traded cryptocurrency through a broker or exchange, this form shows what you sold it for. We'll also need your own records of what you paid for those assets.
- **Form 1099-K** For 2026, you'll generally receive one if you got more than $20,000 AND had more than 200 transactions through a payment app or processor like PayPal or Square. It can include non-taxable personal transfers, so we'll ask a few questions.
- **Form 1099-S** If you sold real estate, you may get a 1099-S. If it was your primary residence, we may be able to exclude some or all of the gain.
- **Form 1099-C** and **Form 1099-A** report foreclosures and debt that was forgiven or canceled.
- **Form W-2G** If you hit it big at the casino, you may receive W-2G forms to report your winnings. We'll need records of your losses as well.
- **Schedule K-1** Invested in a partnership or S corporation? If you haven't received your K-1s by April, we'll probably need to extend your return.

Deduction Documents

- **Form 1098 (Mortgage Interest Statement)** Did you refinance or was your loan sold to another lender? Send statements from every lender so we don't miss any interest.
- **Form 1098-VLI (Vehicle Loan Interest Statement)** Did you buy a new car for personal use with a loan in 2025 or 2026?
  If it had its final assembly in the United States, you may be able to deduct up to $10,000 of the interest, even if you don't itemize (the deduction shrinks once income tops $100,000, or $200,000 for married filing jointly). No form? Send your loan statements. Either way, we'll need the car's VIN.
- **Form 1098-T (Tuition Statement)** If you, your spouse, or a dependent had higher education expenses, you should receive this form, and you may be eligible for credits.
- **Form 1098-E (Student Loan Interest Statement)** This deduction phases out pretty quickly, but this form will let us know how much you paid.
- **Form 5498** and **Form 5498-SA** These show what you put into an IRA or a Health Savings Account (HSA). They often arrive after the April deadline, so send your own contribution records instead of waiting.
- **Form 1099-SA** reports money you took out of your HSA. We need it even if you spent every dollar on medical bills.
- **Form 1095-A (Health Insurance Marketplace Statement)** If you bought health insurance through the marketplace, we need this form to reconcile your Premium Tax Credit, and we cannot file without it. (See page 2 for an important change this year.)

Not sure whether a document matters? Send it anyway, or give me a call. I'd rather have one form too many than one too few!

Other Records

- **Medical Expenses** Total up your out-of-pocket receipts.
- **Charitable Donations**
  - New for 2026: even if you take the standard deduction, you can deduct up to $1,000 of cash gifts to qualifying charities ($2,000 for married filing jointly). Non-cash gifts, like clothing donated to Goodwill, don't count for this new deduction.
  - Keep a bank record or receipt for every cash gift, and a letter from the charity for any single gift of $250 or more. For non-cash gifts like clothes or stock, list the date, a description, the condition, and the value. Larger gifts may need an appraisal, so ask me first.
- **Property Taxes** and **State Taxes** The limit on deducting state and local taxes is $40,400 for 2026 ($20,200 if married filing separately), so these receipts may be worth more than in past years. Send property tax receipts if they aren't on your mortgage statement, plus records of any state estimated payments.

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Tips or Overtime? Bring It Up at Tax Time

If you earn tips or overtime, the new deductions for 2025 through 2028 can lower your federal income tax. Your employer still withholds as if those deductions didn't exist, so the savings usually show up in your refund. When we prepare your 2026 return, there are a few things I'll want to know.

First, tell me if you earned tips or overtime this year, even if you aren't sure it counts. Not every job or every overtime dollar qualifies. Automatic gratuities aren't tips, for example, and only the extra "half" of time-and-a-half counts as overtime. We'll sort out what applies to you. If you're married, you'll need to file a joint return to claim either deduction, so let me know if you were planning to file separately. Next, check your W-2. For the first time, your 2026 W-2 should list reported tips and qualified overtime separately in box 12. If they're missing, ask your employer for a corrected W-2 (Form W-2c) before we file, because pay stubs alone generally won't be enough to claim the deduction.

Would You Rather Have the Money Now?
Once we see what the deductions saved you, ask me about a new Form W-4 for 2027. It can put more money in each paycheck instead of making you wait for a refund. A single server in the 12% tax bracket who saves about $1,800 on $15,000 of tips would see roughly $69 more per paycheck (paid every two weeks). The trade-off is a smaller refund, so we'll only count what you're confident you'll qualify for.

Estimated Tax Payments

If you're an employee, your employer will withhold from your wages each paycheck.

If you are self-employed, have a side hustle, or earn a lot of income from investments or rental properties, you may need to make payments during the year to cover your tax liability. The IRS and the states want their share as you earn income, so if you don't pay enough throughout the year, you may end up with penalties. Increasing your withholding can help cover the tax on other kinds of income, or we can figure out how much you should pay each quarter.

Planning to sell stock? Will you be starting to collect Social Security benefits? Let us know about changes in your income so we can help you plan and keep that penalty money in your pocket.

Marketplace Health Insurance: Check In Before Year-End

If you buy insurance through HealthCare.gov or your state's marketplace, your Premium Tax Credit is paid to your insurer each month based on the income you estimated. When we file, we compare that to your actual income. Starting with your 2026 return, if you got too much you repay all of it. If your household income ends up above 400% of the poverty line ($62,600 for one person, $128,600 for a family of four in the lower 48 states), you aren't eligible for the credit and will have to pay back every advance dollar.

Two steps before year-end:

1. **Update your income.** If your 2026 income changed, tell the marketplace now so any remaining payments are adjusted.
2. **Shop for 2027.** On HealthCare.gov, open enrollment starts November 1. Enroll by December 15 for coverage starting January 1. State marketplaces may use different dates.

Major life changes, like marriage and new children, can affect your Premium Tax Credit. Tell us and the marketplace so we can get you the best outcome at tax time. Got a raise, a new job, or a side gig this year? Call me before you renew.

Kids and Taxes: What to Tell Me This Year

Kids change your taxes in ways that are easy to forget. If any of these sound familiar, tell me.

Growing Your Family Through Adoption

Did you adopt this year, or start the process? For 2026, the adoption credit is worth up to $17,670 per child, depending on income. For a U.S. adoption, costs can count before the adoption is final (often on the next year's return), and even if it falls through, so save every bill, receipt, and court paper. If you adopted a child but didn't pay any costs, let me know; you may still be eligible for a tax credit!

Credit for Dependent Care

Did you pay someone to watch your kids so you could work? Daycare, a sitter, summer day camp, and before- and after-school care can count toward the child and dependent care credit, but overnight camp and K-12 school tuition don't.

Dependent care accounts through work (box 10 of your W-2) can shrink or wipe out the credit. Whether you claim the credit or use the employer exclusion, I'll need each provider's name, address, and tax ID number, so ask now. If your provider refuses to provide their information, please document this in an email or letter to the provider so we can show that you made a reasonable effort to get the information.

When Help at Home Becomes an Employee

A nanny or sitter who works in your home, on a schedule you set, and does the work the way you ask, might be your household employee, even if they only work part-time. If you send your child to a daycare, or hire a worker through an agency, that probably doesn't make you an employer. If you think you may have a household employee, please reach out. It can mean extra filings, and I can guide you through it.

The Benefits of Education

Did money go into or come out of a 529 plan? Many states give a tax break for 529 deposits, so tell me what you put in. If money came out, you or your student will get Form 1099-Q and I'll need to know what it paid for. College costs count, and so do certain K–12 costs like tuition, books, tutoring, and testing fees, plus some job-training and credential programs. Money spent on anything else can mean tax plus a penalty on the earnings. Money left over? Ask me whether some can roll into the student's Roth IRA.

Did your child get a job? A paycheck, babysitting, or lawn-mowing cash can mean your child needs to file a return, especially if they work for themselves. It also lets a child of any age put up to what they earned, within the yearly limit, into a Roth IRA.

Trump Accounts: Accounts were Automatically Created

Starting October 1, 2026, the government automatically opened a Trump account, a tax-favored investment account, for every eligible child under 18 with a valid Social Security number. You still need to claim the account before you can manage it or add money. Download the Trump Accounts app or go to TrumpAccounts.gov, verify your identity and your relationship to your child, and accept the account terms.

Is your child a U.S. citizen born from 2025 through 2028? **The government will deposit $1,000, *but only if you ask for it on Form 4547.*** You can file the form in the app, on the website, or in your IRS online account.

$1,000

FREE GOVERNMENT SEED MONEY FOR KIDS BORN 2025–2028

Teachers: Your Classroom Deduction Went Up

For 2026, K–12 teachers, instructors, counselors, principals, and aides who work at least 900 hours during the school year can deduct up to $350 of classroom costs (up from $300), even if you take the standard deduction. If you and your spouse are both educators and file jointly, you can each deduct up to $350.

Books, supplies, computer equipment and software, and professional development courses related to what you teach all count. Costs your school pays you back for don't, and preschool teachers and college professors don't qualify. Save your receipts, and call me if you're not sure what counts.

NEW FOR 2026
If you itemize, qualifying costs above $350 can be deducted too, ***with no dollar cap.***

TRUTH VS. MYTH

MYTH: Money from a lawsuit settlement is tax-free.
TRUTH: Money you receive because of a physical injury or physical illness, such as from a car accident, is generally tax-free. Most other settlements are taxable. That includes money for emotional distress without a physical injury, a wrongful firing or job discrimination claim, damage to your reputation, a contract dispute, or an error on your credit report. Punitive damages and interest are almost always taxable too.

If your lawyer takes a percentage of a taxable settlement, the full amount is usually still income to you, including the lawyer's share. The wording of the settlement agreement matters, so call me before you sign.

MYTH: I can deduct the legal fees I paid.
TRUTH: Legal fees for personal matters, like a divorce, a will, or a personal injury case, aren't deductible. New tax laws also permanently ended the old itemized deduction for certain fees, such as investment-related legal costs. There are a few exceptions. Legal fees for your business or rental property may be deductible against that income.

If you received a taxable settlement for a discrimination claim or certain whistleblower awards, you can deduct the related legal fees up to the amount you report as income, even if you don't itemize. That keeps you from paying tax on money that went straight to your lawyer. Save your attorney's bills and settlement paperwork and bring them to me.

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2027 TAX CALENDAR

Jan 15	Due date for Q4 2026 Estimated Payment
Apr 15	Last day to file your tax return or an extension Due date of Q1 Estimated Payment
Jun 15	Due date for Q2 Estimated Payment
Sept 15	Due date for Q3 Estimated Payment

There are often postponements for deadlines for federally declared disasters. If you live in an area where a disaster has occurred, or if you're unsure whether this applies to you, please call me.

There's an App for That: The New IRS App

In September 2026, the IRS replaced its IRS2Go app with the new IRS app. It's free in English and Spanish on the Apple App Store and Google Play.

Without signing in, you can check the status of your refund or amended return and make a payment from your bank account for free (or by card, PayPal, or Venmo for a fee).

Sign in through ID.me and you can also:

- See your balance, schedule payments, and view your payment history
- Read the notices and letters the IRS has sent you
- View your transcripts and the W-2s and 1099s reported under your name
- Update your email address and bank information
- Get your Identity Protection PIN

Download the app only from the official app stores, because look-alike apps exist, and remember that the IRS never asks for personal information by text or email. If you spot a notice or form that doesn't look right, send it to me before you respond.