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Happy Thursday!

After reading Issue #1, hopefully you've started organizing your receipts, checking your income docs, and mentally prepping for tax season (with a little less dread this time around 😊).

But now—it's time to get into the good stuff...

The changes. The updates. The credits. The new deductions.

This issue is all about what's new and notable for the 2026 tax season (a.k.a. filing your 2025 taxes). The IRS didn't hold back this year, between inflation adjustments, legislative tweaks, and bonus deductions tucked into recent federal acts, there's a lot to unpack.

Don't worry, I've gone through the fine print so you don't have to. 🙄

I'm breaking it all down in plain English so whether you're self-employed, a W-2 worker, a parent, a gig worker, or all of the above, you'll know what applies to you and how to take full advantage of it.

Here's what you'll find in this issue:

- ✓ Higher standard deductions (more tax-free income!)
- ✓ Updates for business owners—deductions, vehicles, meals, and Section 179
- ✓ Changes in retirement contribution limits
- ✓ Expanded child tax credit and senior deductions
- ✓ Big updates to how digital payments and crypto are reported
- ✓ New deductions for tips, overtime, car loan interest, and more
- ✓ IRS's shift to paperless communication (don't miss a notice!)

Now, let's dive in and get you ahead of the curve. Because when you know the rules, you keep more of your coins. 💰

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The One Big Beautiful 🙄 Bill Act (Trump's 2025 Tax Law Changes)

In July 2025, a major tax law called the One Big Beautiful Bill Act (sometimes called the Working Families Tax Cut or simply *Trump's 2025 tax bill*) was signed into law. It makes many existing tax cuts permanent and adds some new tax rules aimed at reducing taxes for individuals and families.

📌 Key Provisions That Affect Your 2025 Return:

- ◆ Extended 2017 Tax Cuts
- ◆ Bigger SALT Deduction Cap
- ◆ Child Tax Credit Modifications
- ◆ Personal Exemptions Still Eliminated

📌 Tax Tip #1: Bigger Standard Deduction = More Tax-Free Income

For the 2025 tax year (filed in 2026), the **IRS increased the standard deduction** to adjust for inflation.

Filing Status	2024 Amount	2025 Amount
Single / Married Filing Separately	\$14,600	\$15,750
Head of Household	\$21,900	\$23,625
Married Filing Jointly	\$29,200	\$31,500

💡 What it means for you:

If you're single, married, or head of household, you'll likely get to deduct a higher amount, automatically, just for filing. This puts more money in your pocket by lowering how much of your income is taxable.

Even if you usually itemize, compare both options this year. The larger standard deduction could save you more money **automatically**. *This means more of your income is shielded from tax automatically before you even consider itemizing.*

👴 Temporary Bonus Deduction for Seniors (65+) or Blind Taxpayers, phases out at higher incomes:

- Additional standard deduction if age 65+ or blind: \$2,000 (Single/HOH) or \$1,600 per filer (Married).
- If both 65+ and blind, the extra amount doubles.
There's even a temporary bonus deduction for seniors of up to \$6,000 (or \$12,000 for qualifying married couple)—but it phases out at higher income levels.

Every year, the IRS adjusts the standard deduction for inflation, which means:

- You get to subtract more income from your total before taxes are calculated.
- This is especially good if you don't itemize deductions.

Tax Tip #2: SALT Deduction Cap May Increase

SALT stands for State and Local Taxes, and for the past few years, the max you could deduct was \$10,000 — limiting deductions in high-tax states.

In 2025, new proposals could raise the cap up to:


- **\$40,000** for joint filers
- **\$20,000** for married filing separately

This helps folks with:

- High property taxes
- State income taxes (like NY, CA, IL)

What it means for you:

If you pay a lot in state income taxes or property taxes, this might finally make itemizing deductions worth it again.

 **Helpful Tip:** Keep all tax payment records (property tax bills, state income tax payments) organized so you're ready to claim this.

Tax Tip #3: Business Owners—Your 20% Pass-Through Deduction is Still Here


If you're self-employed or own an LLC, S corp, or partnership, you may qualify for a 20% deduction on your business income, known as the Qualified Business Income (QBI) deduction remains available.

2025 income phase-outs begin around:

- \$394,600 for married filing jointly
- \$197,300 for other filers

What it means for you:

The income limits and thresholds have been adjusted for inflation. So, some people who didn't qualify last year might now qualify and vice versa.


 **Helpful Tip:** If your business income is close to the threshold, talk to your tax pro early, you may be able to strategically lower your taxable income and still qualify.

Tax Tip #4: Mileage & Vehicle Deductions Have Been Updated

If you use your personal car for business (Uber drivers, realtors, contractors, this one's for you!), the IRS updates the mileage deduction rate each year.

For 2025, the IRS lets you deduct more cents per mile:

Type of Driving	2024 Rate	2025 Rate
Business	67¢	70¢
Medical / Moving	21¢	21¢
Charitable	14¢	14¢

 **Example:** Drove 1,000 miles for business in 2025 = **\$700 deduction**

What it means for you:


You can deduct a certain number of cents per mile, just for driving for business purposes. Track your miles accurately in an app or log, this adds up fast on your Schedule C or business return.


Tax Tip #5: Max Out Your Retirement—Higher Limits, Bigger Deductions


Contributions to retirement accounts like 401(k)s, Traditional IRAs, SEP IRAs, and Solo 401(k)s help reduce your taxable income.

What's changed? The IRS has increased the max contribution limits again for 2025. For retirement accounts in 2025:

- 401(k) / Roth 401(k): \$23,500 elective deferral limit
- IRA (Traditional / Roth): \$7,000 limit
- If age 50+, you can add a \$7,500 catch-up contribution


 **What it means for you:** *These higher limits help reduce taxable income while boosting retirement savings.*

 Additionally, people aged 60–63 have an enhanced “super catch-up” option of up to \$11,250 on top of the standard limit, depending on their plan type.

 **Helpful Tip:** Even if you're self-employed, you can contribute to a Solo 401(k) or SEP IRA, and deduct thousands off your business income.

Tax Tip #6: Depreciation—Take That Big Deduction Now!

If you purchased any business-related equipment in 2025, like laptops, software, tools, office furniture, or machinery you don't have to spread the expense over several years. Thanks to Section 179 and 100% Bonus Depreciation (which is still available for 2025), you can deduct the entire cost of qualifying assets this year, with a phase-out beginning once total purchases exceed \$4,000,000.


 *This lets you deduct the cost of tools, vehicles, software, and equipment all in the same year, instead of spreading the deduction out.*


What qualifies:

- Computers and laptops
- Work vehicles (like cargo vans or trucks used 100% for business)
- Tools and machines
- Office furniture
- Off-the-shelf software

What to do:

- Save all receipts and invoices.
- Ensure the asset was placed in service by December 31, 2025.
- Use IRS Form 4562 when filing to claim the deduction.

 **Pro Tip:** This can significantly reduce your taxable income. If you're profitable in 2025, this deduction is a powerful way to keep more of your money in your business.

 **Helpful Tip:** Keep receipts and documentation. You'll need to show the item is being used for business purposes.

Tax Tip #7: Meals Can Still Be Fully Deductible

Business meals with clients or vendors may still be 100% deductible under temporary IRS rules, but only under certain conditions (ordinary & necessary, business-related, and properly recorded). *Keep clear documentation (receipt + business purpose explained) to support the deduction if audited.*

What qualifies:


- Taking a client, customer, or prospect out for lunch or dinner
- Ordering meals while meeting with a vendor or contractor
- Team meals during business strategy sessions or work meetings


What doesn't qualify:

- Meals with friends or family that aren't related to business
- Lavish or extravagant meals
- Meals without documentation

What to document:

- Who you were with
- What was discussed (brief business topic or purpose)
- When & where the meal took place
- Keep a receipt and jot notes on it or in your calendar

 **Pro Tip:** Use a business meal tracking app or expense software to keep your records tidy. A sticky note on the receipt works too—as long as you can show a business connection if you're ever audited.

 **Helpful Tip:** Always write who you met with and what was discussed on the receipt or your calendar.

Tax Tip #8: Digital Income, Payment Apps & Reporting Thresholds = IRS is Watching

If you accept payments via **PayPal, Venmo, Zelle, Stripe, Square, etc.**, and earn more than **\$600**, expect a **1099-K** form.


Why people get tripped up here


Many taxpayers assume: "If I didn't get a form, I don't need to report it." That's not true. The IRS expects you to report:

- Gig income
- Side hustle earnings
- Freelance payments
- Digital sales
- Any money earned for goods or services

What you should do:

- Keep your own records of digital payments
- Separate personal vs. business accounts when possible
- Reconcile what you earned vs. what forms you received

 **What it means for you:** Even if you don't receive a form, all income you earn, including gig, side hustle, and digital payments, must be reported.

 **Helpful Tip:** This is one of the biggest audit triggers right now, clean records are your best protection. Set up a separate business account if you haven't already to make tracking easier.


Tax Tip #9: Health Savings Account (HSA) Limits Are Up

If you have a high-deductible health insurance plan, you can contribute to an HSA and:

- Reduce your taxable income
- Grow funds tax-free
- Withdraw funds tax-free for medical costs


Coverage Type 2025 Limit Age 55+ Bonus

Self-only	\$4,300	+\$1,000
Family	\$8,550	+\$1,000


 **Helpful Tip:** Use your HSA like a medical savings retirement plan. Don't rush to spend it, let it grow if you can!

Tax Tip #10 — Don't Forget About AMT (Alternative Minimum Tax)


The Alternative Minimum Tax (AMT) is essentially a “backup tax system” the IRS uses to make sure higher-income taxpayers don't reduce their tax bill *too much* using deductions and credits.

 **What changed for 2025?** The IRS raised the AMT exemption amounts, meaning more people are shielded from AMT than in past years:


- \$88,100 for individuals
- \$137,000 for married filing jointly

 **What does that actually mean?** Think of the AMT exemption as a “safe zone.” If your income falls below this amount (after certain adjustments), AMT usually won't apply to you. Because these exemption amounts are higher:

- Many middle-income taxpayers won't be affected at all
- Fewer people will unexpectedly owe extra tax under AMT rules


 **Who should still pay attention?** You should double-check AMT if you:

- Itemize a lot of deductions (especially SALT, depreciation, or large write-offs)
- Exercise incentive stock options
- Have high income combined with certain tax preferences
- Own a business with aggressive deductions

 **Bottom line:** Even though AMT affects fewer people now, it doesn't hurt to run the numbers—especially if your return is more complex. A quick AMT check can prevent a surprise balance due.

Tax Tip #11: IRS is Going Paperless—So Should You

The IRS is now issuing more digital notices and encouraging online payments, e-filing, and digital communication, phasing-out of paper refund checks.

 **What it means for you:** You could miss a deadline or notice if you're waiting for the mail.

- Starting in late 2025, the IRS began phasing out paper refund checks. Most taxpayers will need direct deposit or electronic payment methods to receive refunds.


 **Helpful Tip:** Set up your IRS Online Account at www.irs.gov and update your mailing and email address to stay informed.


Tax Tip #12 — Child Tax Credit Still a Big Win for Families

The Child Tax Credit (CTC) continues to be a valuable tax break for families filing 2025 returns.

 **How much is it worth?**

- Up to \$2,200 per qualifying child under age 17
- Up to \$1,700 of that is refundable

 **Refundable** means you could get money back even if you don't owe taxes.


 **Who qualifies to claim the credit:**

- The child must be under 17 years old
- Must be your dependent
- Must live with you more than half the year
- Must have a valid Social Security number


 **Income phaseouts (very important!)** The credit starts to phase out once your income exceeds:

- \$400,000 for married filing jointly
- \$200,000 for single filers or heads of household

Once you cross these limits, the credit is reduced gradually.

 **What it means for you:** For many families, this credit can significantly reduce taxes owed

- Or increase a refund, sometimes by thousands of dollars
- It's especially helpful for working parents and single-parent households

 **Helpful Tip:** Make sure your dependents are claimed correctly and consistently, mistakes here can delay refunds.

Tax Tip #13 —Bonus: New Deductions for 2025


Several new individual deductions were added for 2025–2028, including:

- **No Tax on Overtime Pay:** You can deduct the “extra” overtime pay you earned — up to \$12,500 (single) or \$25,000 (married filing jointly).
- **No Tax on Tips:** Eligible taxpayers may exclude or deduct up to a specified amount (e.g., up to \$25,000 of tip income) from taxable income.
- **Car Loan Interest Deduction:** You can deduct up to \$10,000 in interest paid on a loan for a new U.S.–assembled vehicle used personally (not for business), with phase-outs at higher income thresholds

Tax Tip #14 — New and Updated IRS Forms & Reporting Rules

New 1099-DA for Digital Assets and Crypto Transactions

- If you sell cryptocurrency or digital assets in 2025, you may receive a Form 1099-DA to report those transactions. This is a new requirement for the 2025 tax year.

 *Even if you don't receive the form, you still must report your crypto gains or losses.*

New 1098-VLI for Vehicle Loan Interest

- Lenders will issue a new form reporting qualifying auto loan interest if the loan meets the criteria for the new car loan interest deduction.



**QUESTIONS?
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