

Rawlings Tax Services

December 11, 2025

Hello and Happy New Year!!!

Thank you to my amazing clientele that have continued to trust Rawlings Tax Services (RTS) for all these years. This will be my 41st year of preparing taxes for others and Amy and I look forward to helping each of you for the next few more years to come.

I want to share with you a small portion of what has transpired for me this year. After the 2025 tax season, my Mom started to take a turn for the worse and on July 5th she transitioned on to her new adventure. During that time and for about a month or so after, I was rarely in the office. I want to apologize to anyone who tried to call or email me. I may have missed that communication with you or had forgotten to follow up with you during that difficult time. Our life has been back on track for a bit now; however, I am still finding a new normal without her. This has been a large transition in mine and Amy's life. You all were extremely understanding and accommodating when it came to us care giving for both of my parents. Thank you so very much and we will never forget that!!

Now, on to the tax business goodies!

OFFICE HOURS:

January 26th through April 14th, 2026:

Monday, Wed, Friday: 9 am – 5 pm

Tuesday & Thursday: 9 am – 7 pm.

Saturday: 9 am – 2 pm.

Sunday: Closed

April 15th, 2026:

Open 9 am - 3 pm sharp!!!! I do not complete any taxes nor file any extensions on the last day of taxes.

April 16th, 2026 – Jan 24th, 2027: By appointment only.

NEW TAX LAWS - 2025:

There were a few laws that were enacted when the new OBBBA(One Big Beautiful Bill Act) was passed this past July 2025. Below is a summary of the laws that will affect the majority of you. If you have ANY questions, please email or call me and I will be happy to answer any questions you may have. I just completed studying for and taking the tax tests for 2025. I have not read anything that is new for 2026, yet. I will have that done by the end of this month. I have also attached a Client Handout written and summarized by " Tax Materials Inc", the company that I use for my studies, tests etc, that can be found in the organizer section tab on my website. This handout continues to discuss further, the new 2025 tax laws.

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- 1) **SOCIAL SECURITY**: A new senior deduction of \$6,000 per person age 65 or older was added, which phases out when modified AGI exceeds \$75,000 (\$150,000 for joint filers).
- 2) **CHILD TAX CREDIT**: The Child Tax Credit increased to \$2,200 per qualifying child under age 17 for 2025, with annual inflation adjustments thereafter.
- 3) **OVERTIME PAY**: Overtime compensation remains subject to federal income tax, Social Security tax, and Medicare tax, just like regular wages. However, for tax years beginning after 2024 and before 2029, you can now claim a deduction for qualified overtime compensation.

Deduction Details:

The deduction is limited to \$12,500 per year (\$25,000 for married filing jointly). The deduction begins to phase out when modified adjusted gross income exceeds \$150,000 (\$300,000 for married filing jointly).

Qualified Overtime:

To qualify, the overtime compensation must be paid in excess of your regular rate and required under section 7 of the Fair Labor Standards Act of 1938. Your employer must separately account for the amount of qualified overtime compensation paid to you.

Important: This deduction only reduces your income tax liability. Overtime wages remain fully subject to Social Security and Medicare taxes.

*****I will need your last payroll stub for the 2025 pay if you had OVERTIME!*****

- 4) **TIPS**: While tips remain taxable in 2025, there is a new deduction available for qualified tips.

For tax years beginning after 2024 and before 2029, you can deduct up to \$25,000 of qualified tips that were reported to your employer. This deduction begins to phase out when modified adjusted gross income exceeds \$150,000 (\$300,000 for married filing jointly)

Important: This deduction only applies to income tax. Tips remain subject to Social Security and Medicare taxes as usual.

*****I will need your last payroll stub for the 2025 pay if you had TIPS!!!*****

- 5) **VEHICLE INTEREST**: A vehicle loan interest deduction of **UP TO** \$10,000 is available for qualified passenger vehicle loans incurred after 2024, phasing out when modified AGI exceeds \$100,000 (\$200,000 joint). This is on never before owned new vehicles, not a used one that is just new to you.

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6) SALT (state and local taxes) Deductions on Schedule A:

The SALT deduction limit has increased from \$10,000 to \$40,000 for 2025. This is a substantial increase from the prior \$10,000 cap that had been in place since 2018. The SALT deduction continues to include state and local income taxes (or general sales taxes if elected instead), real estate taxes, and personal property taxes and auto tabs. The law will have increases in subsequent years.

****Please bring your mortgage loan interest loan statement (1098 Mortgage Interest Statement), with you if you are getting one, your property tax statements, auto tabs and your cash/non-cash charitable donations.

7) Energy Credits:

- a) There are Energy credits for clean electric vehicles if new or used vehicle was bought before Sept 30, 2025. After this date, there are no credits available.
- b) There are Energy credits for Energy Efficient Home Improvements and Residential Clean Energy placed in service by Dec 31, 2025. After this date, there are no credits available.

8) Form 1099-MISC & NEC and 1099-K reporting:

There is no change for the 2025 tax year as the reporting levels stayed at the \$600 amount. I did want to give you the heads up for the 2026 tax year. The new law for starting in 2026 has raised the reporting level for Forms 1099-MISC and Form 1099-NEC from \$600 to \$2000!!!!

The 1099-K threshold amount has been set at \$20,000 and 200 transactions (reversing the planned \$2500 minimum reporting levels for 2025 and 2026)!!!

REFERRAL PROGRAM: The \$25 referral program is a permanent program that RTS offers. If you want to take advantage of this, please print off a referral slip from the organizer section on my website, fill that out and give to your referred person to give to me. If you have not seen me yet for your taxes this year, I will give you a \$25 reduction on your invoice. If you have seen me already, I will send you a \$25 check. Thank you so much for your referrals.

DEADLINES: Please adhere to all deadlines, no exceptions.

Individual (1040 filers): If you are emailing, mailing or dropping off, please have your information to me no later than **March 31st**! If I do not receive your information by this date and you need an extension, please call Amy and let her know you need one done. I do not automatically do extensions.

Businesses (S-Corps, Partnerships, Corps): You must have your fully completed Profit/Loss and Balance sheet statements to me no later than **Feb 28th**! If I do not receive your information and/or you need an extension, please call Amy and let her know you will need one. I will also have to do a personal extension at that time as I will not be able to get your business return done until the first or second week of May.

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Extensions: I need to know if you need an extension on later than **April 14th**! I will start work on all extended returns the first part of May (after I take a couple weeks off after tax season). If you want an extension please call Amy and we will get you extended.

ENGAGEMENT LETTER - Each of you **MUST read and sign** the engagement letter and return to me with your information you give for me to complete your return. This letter is found on the Organizer tab on my website.

SICKNESS OR BEING UNPREPARED: In order to protect you and my business, I am asking that you don't make an appointment if you are sick or unprepared. Please **DO NOT** come to the office until you AND your household have NOT been sick for a **full 5 days!** Please call, cancel and reschedule or choose one of the ways of getting me your taxes (see "**Getting me your tax information**" below). Rest assured we will make room for you at a later date, I promise! Thank you for your continued help and understanding to keep us well at the office!!!!

GETTING ME YOUR TAX INFORMATION – To expedite your and every client's taxes, I will only accept information that is complete. Meaning, if you forget anything, I will not do your return nor accept your information until you have all the info I will need. **Do NOT bring or send piecemealed information!** The following is how I accept information for completing and filing your tax returns. This can be easily done in four different ways:

- 1) **Set an in-office appointment**- Come to office to have taxes completed as you have in the past. If you prefer, you may drop off and then set a 15-30 minute appointment so I can sit down with you and go over your return. Please bring the signed engagement letter to your appointment or when you drop off your information.
- 2) **Drop off & Pick Up** – You may drop off and pick up your taxes. Expect approximately 2-4 weeks turn around if you drop off & pick up! Please bring the signed engagement letter when you drop off your information. If you decide to use this service, please see the information above for deadlines.
- 3) **Send via the mail** - Send **COPIES ONLY** (not originals as I will not mail these back to you) of all of your information via the mail to, **Rawlings Tax Services, PO Box 609, Osceola, WI 54020**. Please sign the engagement letter and send with your info or your return will be delayed until I receive this. Please see the information above for deadlines.
- 4) **Send via email** to: **info@rawlingstaxservices.com** **I will NOT accept multiple emails of information unless you contact me first and we discuss this!** (Email information gets lost if too many emails are sent). Sign the engagement letter, found on my website, and email with your info or your return will be delayed until it's received. Please see the information above for deadlines.

I **must** have your payment in hand at the time I e-file. NO EXCEPTIONS. Credit cards accepted (5% additional processing charge), or checks or cash! All returns are done on a first come, first served basis.

Thank you for understanding our deadline policies. We look forward to talking and seeing you soon!

Please call **651-646-0417** early to set up your appointment as I fill up fast or if you have any questions or concerns.

Sincerely,

Sue