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This newsletter is created for
the benefit of our clients to
provide useful information
on tax-related topics.

your financial focus

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news, alerts, and critical updates
on information provided here.

December 17, 2025

Checklist of Tax Documents You Must Bring Us

INCOME EARNED FORMS:

- **Wages/earnings from employment:** W-2 forms; 1099-NEC forms; 1099-K forms.
- **Retirement income:** 1099-R forms (show pension, IRA, annuity drawing).
- **Social Security Benefit Drawing:** SSA-1099.
- **Investment income forms:** Interest earned 1099-INT); income from dividends/stock sales (bring us statements from your investment company); **crypto-currency** (if you owned/sold this, inform us of this activity and the transaction amounts as this activity needs to be reported to the IRS).
- **Other income and losses:** 1099-MISC forms for prizes won, royalty payments, and rental income (also provide expenses), and W-2G forms for gaming winnings
- **Income from other sources:** Bring us documents that supports this income.

EXPENSE FORMS & DOCUMENTS:

- **Estimated quarterly tax payments:** We need a sheet showing payment date and amount (made in 2025 and early Jan. 2026 for anticipated tax liability for Tax Year 2025).
- **Daycare expense:** Amount for each child; provider's name, address, and SSN or EIN.
- **Education expense:** 1098-E-interest paid on student loans; 1098-T-tuition/expenses.
- **Teachers - classroom expenses:** Educators in grades K-12 qualify for a deduction up to \$300 for non-reimbursed goods.
- **Charitable donations:** Submit receipts or amounts (must itemize to claim this). See our website for Tax Year 2026 changes (for returns filed in 2027).
- **Health insurance purchased through the Marketplace:** Form 1095-A.

OTHER ITEMS TO PROVIDE US:

- **Health Savings Account (HSA):** Form 5498-SA (contributions); 1099-SA (distributions).
- **IP PIN:** If you set up extra security with the IRS for tax filing, you will receive an IRS letter informing you of your new PIN (in January 2026).

IMPORTANT - How to Submit Your Tax Documents to Us

When submitting your tax documents to us for your income tax preparation, we prefer that you either: 1) bring documents to our office; OR 2) upload your documents to ICFiles, our secure file-sharing online portal. We prefer either of these methods rather than you emailing us your documents because we receive a high volume of emails every day, and emailing your documents could result in a delay in the processing of your return.

If you are not already using ICFiles and want to learn more about it, please visit our website (www.eaton-cpa.com) and click on Client Portal (ICFiles) from the top menu.

> Your Tax Year 2025 Income

Tax Return: The return you will file in 2026 is for Tax Year 2025, covering events that only occurred in 2025. Read this newsletter for tax updates.

TAX TIPS

> College Student with Earned Income:

Your son/daughter can still be claimed as a dependent on your return. We recommend having us complete their tax return, in addition to yours, to reduce errors.

Tax Topics for Individuals Notable Changes for Tax Year 2025



Child Tax Credit — \$2,200 (up to \$1,700 may be refundable/per qualifying child).

Earned Income Tax Credit

This is based on the married filing jointly (MFJ) tax status: 3+ qualifying children = \$8,046 tax credit; 2 = \$7,152; 1 = \$4,328, and 0 = \$649.

Gifting — Individuals can gift up to \$19,000 without triggering the gift tax reporting requirements. Married couples can double this amount (\$38,000).

Energy-Efficient Home Improvements / Residential Clean Energy Improvements

These credits expire December 31, 2025. Act now as the work needs to be completed by that date and it may take time to find an installer to have this work done. Improvements may include: new furnace, A/C, boiler, heat pump, water heater, wood stove, windows, doors, insulation, and solar or battery storage. You must provide us with copies of your receipts/invoices.

Required Minimum Distribution

Individuals who turned age 73 in 2025 needed to either take their first RMD distribution in 2025 **or** they must take it by April 1, 2026 (for IRA and 401(k) accounts). If you don't need the income, you can send the money directly to a charity. While you do not get a deduction for that, it is then not considered income.

(continued on reverse)

> Form 1099-K – IMPORTANT UPDATE for Tax Year 2025

Did you sell goods and/or services where you received payment through a payment app or did you sell items on an online marketplace? (i.e. Venmo, PayPal, eBay, others)

The *One Big Beautiful Bill*, passed by Congress in July of 2025, changed the threshold back to \$20,000 or more in payments received and 200 or more transactions as being the triggering factors for 1099-K forms being generated. This begins with the 2025 Tax Year. Payment processing companies are required to send users a 1099-K, as well as sending a copy to the IRS and the state taxing authority in which the user resides. Look for these forms in the mail in January 2026. Please provide us with all 1099-K forms you receive so we can review them to properly report the amount(s) to minimize your income tax or determine that tax does not apply.

Tax Topics for Individuals (cont'd.)

Itemized Deductions

- Need to total more than the Standard Deduction (see table below for amounts).
- State taxes and real estate taxes are still capped at \$10,000 (married filing jointly).
- Medical expenses that exceed 7.5% of adjusted gross income can be deducted.
- Non-cash donations are limited to 30% of adjusted gross income if held for over one year, and cash donations are limited to 60%.

Electric or Hybrid Vehicles

If you made this type of purchase, please provide us with the invoice.

Checking Your Tax Refund Status

- Visit our website
- From the top menu bar, click on the link *Where's My Refund?*

IRS Mileage Reimbursement Rates

	Tax Year 2025	Tax Year 2026
Purpose	Per Mile	Per Mile
- Business and self-employed	70 cents	TBA
- Medical	21 cents	TBA
- Moving for military only (a member of the Armed Forces on active duty, move is due to permanent change of station)		
- Charity service	14 cents	TBA
TBA: To be announced (not known as of print date).		

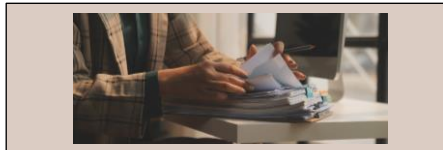
Tax Topics for Businesses – Tax Year 2025 –

1099 Form - For individuals you paid at least \$600 to for services or rent, you must issue them a 1099 Form by January 31, 2026.

Section 199A Deduction - Through this deduction, the Internal Revenue Code continues to offer up to a 20% deduction of income from each qualified trade or business.

2026 Wage Cap and Social

Security Payroll Tax - The wage cap for Social Security Payroll Tax for Tax Year 2026 increases to \$184,500 (up from \$176,100 for tax year 2025). Employers should adjust payroll systems to account for the higher wage base for this tax and inform employees that more of their pay will be subject to payroll withholding.



► Tip for Business Owners

It's beneficial to review your business operations twice a year to stay alert to any financial and other changes. If you obtain services from a financial planner/banker and a CPA, it's critical to keep BOTH informed when you are contemplating an impactful financial decision. Both are working to help you meet your financial goals and can provide you guidance from their individual professional perspectives.



Individual Tax Credits

See if you qualify.

North Dakota offers property tax and other credits to individuals as listed below (there are also tax exemptions for businesses).

Application deadlines are in place, requirements must be met, and each has a specific application process. To learn more about these tax credits and to apply, visit these websites:

ND Tax Dept.: www.tax.nd.gov/tax-exemptions-credits/property-tax-credits-exemptions

Eaton CPA website: www.eaton-cpa.com

► Primary Residence Credit (a property tax credit applied against your property tax obligation/bill)

To apply: Application process opens Jan. 1, 2026, done online only. No Internet? Call the ND Tax Dept.: 701-328-7988 or 1-877-649-0112.

► Homestead Property Tax Credit (for senior citizens and individuals with disabilities)

To apply: Hard copy form, mailed to the local assessor prior to March 31, 2026.

► Renter's Refund

To apply: Hard copy form, mailed to the N.D. Tax Dept., envelope postmarked by May 31, 2026.

► Disabled Veterans Property Tax Credit

To apply: Hard copy form, mailed to the county assessor by Mar. 31 of the year in which the property is assessed/credit is requested.

IRS Standard Deduction Amounts for Tax Year 2025

Filing Status	Standard Deduction
- Single	- Base: \$15,750
- Married Filing Separately (MFS):	<u>Senior-Single</u> : Add \$2,000 <u>Senior-MFS</u> : Add \$1,600 (PQP)
- Head of Household (HOH):	- Base: \$23,625 <u>Senior-HOH</u> : Add \$2,000
- Married Filing Jointly (MFJ):	- Base: \$31,500 <u>Senior-MFJ</u> : Add \$1,600 (PQP)
- Surviving Spouses:	
- Blind Individuals:	Single/HOH: Add \$2,000 MFS or MFJ status: Add \$1,600 (PQP) <u>Senior-Single/HOH</u> : Add \$2,000 <u>Senior-MFS/MFJ</u> : Add \$1,600 (PQP)

Senior: Indicates age 65 and over.

PQP: Per Qualifying Person.

► TAX YEAR 2025: Federal Income Tax Brackets

Rate	Unmarried Individuals (other than Surviving Spouses and HOH)	Married Filing Jointly; Surviving Spouses	Married Individuals Filing Separate Returns	Head of Household (HOH)
10%	Up to \$11,925	Up to \$23,850	Up to \$11,925	Up to \$17,000
12%	\$11,926 to \$47,475	\$23,851 to \$96,950	\$11,926 to \$48,475	\$17,001 to \$64,850
22%	\$47,476 to \$103,350	\$96,951 to \$206,700	\$48,476 to \$103,350	\$64,851 to \$103,350
24%	\$103,351 to \$197,300	\$206,701 to \$394,600	\$103,351 to \$197,300	\$103,351 to \$197,300
32%	\$197,301 to \$250,525	\$394,601 to \$501,050	\$197,301 to \$250,525	\$197,301 to \$250,500
35%	\$250,526 to \$626,350	\$501,051 to \$751,600	\$250,526 to \$375,800	\$250,501 to \$626,350
37%	\$626,351 and over	\$751,601 and over	\$375,801 and over	\$626,351 and over

Using this chart: The particular tax bracket your income falls in does not mean that ALL of your income is taxed at that rate. The tax brackets divide portions of your income into different windows (based on your filing status). Only money earned within that particular bracket is subject to that corresponding tax rate.