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## News and Information – December, 2025

**Changes at Burr Business Service:** Our long-time front office employee **Lisa Wilcox** has made the decision to semi-retire. She is going to stay on part-time and help transition the new person **Carrie Renker** and help during the upcoming tax season, possibly longer. If you see **Lisa** please wish her well and be sure to welcome **Carrie**.

**Bonus Depreciation:** In 2025 100% bonus depreciation has been permanently restored for qualified business property placed in service after January 19, 2025. This allows small businesses to deduct the full cost of qualifying assets immediately, improving cash flow and simplifying tax planning. This restoration provide powerful tools for businesses to maximize tax savings and effectively manage capital investments.

**Major Changes:** Regarding equipment purchase and new loans. The IRS requires that you have both physical possession and title to an asset before we can depreciate it. We want to make sure that you are complying, so we need copies of invoices and loan documents for any equipment you buy and borrow (or lease) the money. Please provide us with loan or lease copies for anything you acquire this year.

**Pass Thru State:** This is a terrific way to deduct the state at the business level.

**Other States:** As a partner, S Corp or sole proprietor and you do jobs in others states you may have a filing requirement in that state also.

**1099-K:** The new rules for Form 1099-K, effective for tax year 2026 state that a Form 1099-K will only be issued if the reportable payments through a platform total at least \$2,000 for the year. This change is part of the One Big Beautiful Bill Act and aims to simplify the reporting process for small businesses and freelancers. The threshold for this form was previously set to \$600.00 but this has been adjusted to reflect the new reporting requirements. 2025 it will stay at \$600.00

**Mileage Rates:** .70 cents is the mileage rate for businesses in 2025. 2026 has not been disclosed, look on our website [www.burrbusiness.com](http://www.burrbusiness.com) or visit our **Facebook page**; when disclosed, we will post it. We work really hard to post only the information we feel is of importance, be sure to like us and check it out.

**SmartVault:** If you are not aware of or have not been actively using our new client portal **SmartVault**, please contact us so we can get you started. You can upload any information to us, and we can put copies of your returns once filed and accepted. We can also put in quarterly reports, profit/loss reports, payroll summaries, and paystubs. This is a great and convenient tool to have at your fingertips.

**Late Filing Penalties:** Late filing of Corporation or Partnership Tax Returns result in steep penalties! No abatement at all. This year the penalties are up to \$255.00 per K-1 per month. The late filing penalty for 1099's for subcontractors start at \$60.00 and goes up from there depending on how late they are filed.

**Inventory:** Please make sure to physically count your inventory, retain the records, and provide us with the accurate total cost of your inventory on hand as of December 31, 2025. Do not include consignments you are holding from other people in this total. In the event of an audit, you must be able to provide copies of physical count sheets, so again we are placing an increased emphasis on obtaining correct year end physical inventory amounts.

**Annual Meeting:** All Corporations are **required** to have an annual corporate meeting with all Shareholders, Directors, and Officers present. This can be as simple as a dinner meeting at the Corporation's expense. The Corporation is required to maintain a complete set of records in the Corporation book, which is kept by the appointed Corporation officer. These records must include official signed stock certificates, a complete copy of the Corporation origination papers, copies of the corporate minutes from each year-end meeting, as well as information on Officer wages and Officer loan payments that may be suspended or reduced in any year that the Corporation realizes a loss. Of course, only S & C corps and partnerships are required to maintain these minutes, **(Form 1) attached.**

**1099-MISC/1099-NEC:** Starting in 2026, the reporting threshold for Form 1099-MISC will increase from \$600.00 to \$2,000.00 significantly reducing the number of forms that need to be issued. Starting in 2027 the \$2,000.00 threshold will be adjusted annually ensuring it keeps pace with the cost of living.

**Corporation/Partnership Tax Returns:** Please remember **March 15<sup>th</sup>** is the filing deadline date. All information must be to us by **February 20, 2026** or we cannot guarantee it will be completed by filing deadline; otherwise, an extension must be filed, and addition fees will apply.

**The IRS actively penalizes late filers!**

**Pension Credit:** For both new and some existing plans, please let us know the cost of the pension set up and matching totals if we are not involved with your plan.

**Other Tax Reforms:** New tax credits based on income thresholds for parents with children in daycare as well as for childcare centers.

**No Tax on Tips: Sort of...:** Qualified tips are voluntary cash or charged tips from customers or through tip sharing. Max \$25,000.00 and phase out for taxpayers with income starting at 150K. Employers must show certain cash tips for certain occupations.

**No Tax on Overtime:** Starting January 2025 a designated amount of qualifying overtime pay will be exempt from federal income tax. You can deduct up to \$12,500.00 (for most filers) or \$25,000.00 (married filing joint) in overtime pay from your income tax. Overtime pay should be displayed on most paystubs, we are trying to get all stubs released from our office to reflect this.

**QuickBooks:** If you use QuickBooks we require that you restore and close out this year's information after we complete your work so that your records match the tax return filed with the IRS. Our office can restore and close out this information for you if you wish, there will be a flat fee of \$450.00 for any client if we prepare your tax return.

**Tax Savings Programs:** A number of tax saving programs are available in relation to health care costs, retirement plans, and fringe benefits. Please feel free to set a separate appointment with us to discuss how these things might benefit your company.

**Fee Increase:** My fee did not increase all during the lean years of COVID .Over the last few years, I have increased them ever so slightly; I will be increasing my fees by at least 20% across the board. Please know we will still provide the same quality of service we pride ourselves on and as always will do our absolute best for you.

**Change of Address:** When you move your business. or office please do not forget to inform us. We need to send forms to the IRS and State of Nebraska, this is a very time-consuming process, and we feel we will have to assess a fee of \$75.00 for this service.

**W-2's:** We will no longer reprint lost or misplaced W-2's for employees without **written consent** from the employer, this is for the protection of everyone involved. Employees will need to get theirs off of the employee portal. We will once again provide employers with a copy of each employee's W-2's via secure email or SmartVault. Please have your employees check their pay stubs for any incorrect information and have it fixed before W-2's are printed. If the employee fails to report change of address and we have to reprint there will be a \$75.00 charge.

**\*\*\*Engagement Letter:** We must have your engagement letter in order for us to begin preparing your return. The Engagement letter and all other forms can be found on our website at [www.burrbusiness.com](http://www.burrbusiness.com)

*Merry Christmas & Best Wishes for a Happy New Year from all of us at Burr Business Service*

**Barbara, Lisa, Jill, Chananne, Adriana, Chris, Carrie**