

# 2025 Quarterly Update # 4

## Getting Ready for 2026 Tax Season

PRESENTER - *Kristy Maitre, EA*

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## Agenda and Objectives

- Discussion on payments and receipt of tax refunds
- New guidance issued on Trump Accounts
- Changes coming to Premium Tax Credits – require planning for 2026
- Discussion of additional guidance and reminders on 2025 changes



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## No More Paper Checks

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- Treasury announced that the federal government will stop issuing paper checks for most federal payments on September 30, 2025
- If your client is one of the few people who still receives a federal benefit check, it's time to switch to an electronic payment method
- No action is required for the vast majority of Americans who already receive federal benefit payments electronically

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## No More Paper Checks

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- If the client is still receiving a paper check for Social Security, Veterans benefits, or any other Federal benefit, enroll in direct deposit using one of the following options:
  - Call the Federal agency that pays the benefits and follow their instructions for enrolling in direct deposit
  - Enrolling online at GoDirect.gov - <https://godirect.gov/gpw/>
  - Call the Electronic Payment Solution Center at 800-967-6857, Monday – Friday 9:00 a.m.-7:00 p.m. ET

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## No More Paper Checks



- If the client does not have a bank account to receive direct deposit, they can safely access resources to open an account at FDIC: Get Banked - <https://www.fdic.gov/getbanked>
- Or at My Credit union: <https://mycreditunion.gov/>
- Social Security Administration (for SS and SSI) - Phone: (800) 772-1213
- Department of Veterans Affairs - Phone: (800) 827-1000

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## No More Paper Checks



- The client can also sign up for a Direct Express® Debit Mastercard®
  - Direct Express® is a Treasury-sponsored debit card where they can receive their monthly benefit payments electronically
- Individuals without a bank account can sign up by calling Treasury's Electronic Payment Solution Center at 800-967-6857 or by contacting their paying agency directly
- Before responding to a request, check it out and verify by contacting the agency using a website or phone number they know is real

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## What About Payments Methods?

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- The IRS currently still accepts paper checks for tax payments, though it strongly encourages clients to use modern, secure electronic payment methods
- The phase-out beginning September 30, 2025, primarily affects the issuance of paper refund checks by the government
- Here are the various ways the client can pay their federal taxes, with electronic options being the most recommended:

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## What About Payments Methods?

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- Electronic Payment Options
- **IRS Direct Pay:** This free service allows the client to pay directly from their bank account without any fees or registration
  - The client can schedule payments up to a year in advance and receive email notifications. Make a payment with IRS Direct Pay
  - <https://www.irs.gov/payments/direct-pay-with-bank-account>
- **Electronic Federal Tax Payment System (EFTPS)**
  - Recommended for businesses or individuals making large or recurring estimated tax payments
  - Enrollment is required, so the client should enroll on the EFTPS website
  - <https://www.eftps.gov/eftps/>

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## What About Payments Methods?

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- **Electronic Funds Withdrawal (EFW)**

- If the client files their taxes electronically (using tax software or a tax professional), they can authorize a direct debit from their bank account as part of the e-filing process
- This method is free

- **IRS Online Account**

- The client can sign in to their IRS Online Account to view their balance, payment history, and make payments directly from their bank account

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## What About Payments Methods?

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- **Debit or Credit Card/Digital Wallet**

- The client can pay online, by phone, or via a mobile device through an authorized third-party payment processor
- The processor charges a convenience fee, but the IRS does not receive any portion of this fee
- <https://www.irs.gov/payments/pay-your-taxes-by-debit-or-credit-card>

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## What About Payments Methods?

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- If the client cannot pay electronically, these options are still available **for now:**
- **Check or Money Order**
  - The client can still mail a check or money order made payable to the "U.S. Treasury" – how long this will last is questionable
  - Include name, address, daytime phone number, Social Security Number or EIN, the tax year, and related tax form number on the memo line
- For income tax payments, include a completed Form 1040-V, Payment Voucher, and mail it to the correct address listed in the form's instructions

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## What About Payments Methods?

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- **Cash**
- The client can make cash payments at a participating retail partner location (such as 7-Eleven stores) using the PayNearMe option
- This involves a multi-step process, and processing fees apply, with a limit of \$500 or \$1,000 per payment, depending on the source
- The IRS urges starting this process early to avoid delays

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# 1040X



- How to Get Your Refund
- The method the client receives the refund depends on how the tax return was submitted:
- If the client electronically filed Form 1040X For tax years 2021 and later, they could request direct deposit by entering their bank account and routing number on the form
- If you paper-filed Form 1040X: the client will receive a refund as a paper check mailed to the address listed on the return – though this method is unknown how it will be affected by the September 30 termination of refund checks
- While paper checks are being phased out, they are still issued in certain circumstances or as a default if no electronic information is provided, although they may take longer to process (potentially several weeks longer than direct deposit)

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## Polling Question #1



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# New Trump Accounts

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## Tax Deferred Investment Accounts for Children – Trump Accounts – Guidance Issued IR-2025-117: Notice 2025-68



- Treasury and the IRS issued a notice announcing upcoming regulations and providing guidance regarding Trump Accounts, which are a new type of individual retirement account (IRA) for eligible children
- [Notice 2025-68](#) provides a general overview of how Trump Accounts work and addresses certain initial questions about creating initial and rollover Trump Accounts, the \$1,000 pilot program contribution, other contributions – including qualified general contributions and §128 employer contributions – eligible investments, distributions, reporting, and coordination with the rules applicable to other types of IRAs
- In addition, if an election to open the initial Trump account is being made at the same time as an election to receive a pilot program contribution under § 6434, then the individual authorized to make the election is also the authorized individual for opening the initial Trump account

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## Authorized Individual – Two Options

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- Authorized individual to elect to **only open an initial Trump account**
- If the only election being made is to open an initial Trump account (and no election for a pilot program contribution is being made), an authorized individual is a legal guardian, parent, adult sibling, or grandparent of the child, in that order of priority
- If more than one person meets the conditions to be an authorized individual, subject to the order of priority, and no prior Trump account election has been made for the child, then any of the authorized individuals can make the election
- For example, if the child does not have a legal guardian, then either parent of the child can make the election regardless of filing status
- The authorized individual who is making the election must enter their information in Form 4547, Part I, and then complete Parts II and IV

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## Authorized Individual – Two Options

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- By making the election, the authorized individual is representing, under penalties of perjury, that he or she is authorized to open the initial Trump account for the child
- For **example**, if an adult sibling is making the election, they would be representing that there was neither a legal guardian nor parent of the child available to make the election
- For calendar year 2026, this election may be made on [IRS Form 4547](#) (once it is released) at any time, including at the same time that the 2025 income tax return is filed or through the online tool or application
- The online tool or application for making the elections is expected to be available on [trumpaccounts.gov](https://trumpaccounts.gov) in the middle of 2026

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## Authorized Individual – Two Options

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- Authorized individual to elect to **both open an initial Trump account and to request a pilot program contribution**
- If both an election to open an initial Trump account and an election for a pilot program contribution are being made, an authorized individual is an individual who anticipates that the child will be his or her qualifying child for the tax year in which the election is made
- In addition, if the client is filing the Form 4547 with their 2025 income tax return, then they do not have to have claimed the child as a dependent on the 2025 income tax return
- If it is later determined that the child is not the individual's qualifying child for the year the election is made, these elections may still be effective as long as the child has satisfied the other requirements for receiving the pilot program contribution

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## Authorized Individual – Two Options

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- The authorized individual who is making these elections must enter their information in Form 4547, Part I, and complete Parts II, III, and IV
- By making these elections, the authorized individual is representing, under penalties of perjury, that he or she is authorized to open the initial Trump account for the child
- After the election is made (and after the Treasury Department coordinates with the trustee of the initial Trump account), Treasury or its agent will send information to the individual who made the election to activate the account through an authentication process and complete the opening of the initial Trump account
- Treasury or its agent will send this information starting in May 2026

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## Tax Deferred investment Accounts for Children – Trump Accounts – Seed Account

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- **Pilot Program:** Under a newborn pilot program, for U.S. citizens born between January 1, 2025, and December 31, 2028, the federal government will contribute \$1,000 per child into every eligible account ([§ 6434](#))
- A Trump account is a type of traditional individual retirement account (IRA) – treated as a trust
- If the IRS determines that an eligible individual does not have an account opened for them by the first tax return where the child is claimed as a qualifying child, the IRS will establish an account on the child's behalf
- Parents have the option to opt out of the account
- Contributions to a Trump account during the growth period are not includible in income by the account beneficiary when made
- <https://trumpaccounts.gov/> can be used to establish an account (middle of 2026)

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## Trump Accounts- Seed \$1,000

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- A Trump account can be established only for a child who has a work-eligible Social Security number
- The \$1,000 one-time federal contribution for children born in 2025 through 2028 is available only if the child is a US citizen
- Do the parents have to have a valid Social Security number (SSN) that is work-eligible? – the new guidance does not address this issue but the current draft states that the individual making the election states a SSN is needed
- For newborns, only parents or guardians can open a Trump account for their child
- The first date on which contributions can be made to Trump accounts is July 4, 2026
- “Growth Period” - ends before January 1 of the calendar year in which the account beneficiary attains age 18 (growth period)

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# Tax Deferred Investment Accounts for Children – Trump Accounts – Guidance Issued IR-2025-117: Notice 2025-68



- Contributions to Trump Accounts **cannot be made before July 4, 2026**
- Additionally, the federal government will make a one-time \$1,000 pilot program contribution to the Trump Account of each eligible child for whom an election is made, who is a U.S. citizen and who is born on or after January 1, 2025, through December 31, 2028
- Form 4547 will be used to make the election
- For the exclusive benefit of an eligible individual or such eligible individual’s beneficiaries and must be designated as a Trump Account
- FAQ’s begin on page 10 of Notice 2025-68

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## Form 4547 Trump Account Election



TREASURY/IRS AND OMB USE ONLY DRAFT

Form <b>4547</b> (December 2025) Department of the Treasury Internal Revenue Service	<b>Trump Account Election(s)</b>  Go to <a href="http://www.irs.gov/Form4547">www.irs.gov/Form4547</a> for instructions and the latest information.	OMB No. 1545-XXXX
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If you have a child that is eligible for a Trump account, and you want to open a Trump account for that child, complete Form 4547.

- For each child that is eligible and for whom you want to open a Trump account, complete Parts I, II, and IV.
- For each child that is eligible to receive a \$1,000 Pilot Program Contribution, check the box in Part III, line 7, in order to receive the contribution.

**Part I Parent/Guardian or Other Authorized Individual Information**  
**Note:** The parent/guardian or other authorized individual listed in Part I will be the responsible party for the Trump account.

First name	Middle name	Last name	Social security number
Home address (number and street). If you have a P.O. box, see instructions.		Apartment number	Date of birth
City, town, or post office. If you have a foreign address, also complete spaces below.	County	State	ZIP code
Foreign country name	Foreign province/state/county	Foreign postal code	Email address



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# Form 4547 Trump Account Election



DRAFT — DO NOT FILE

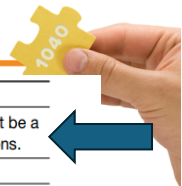
DRAFT — DO NOT FILE

<b>Part II Child's Information</b> If more than two children, see instructions.		(i) Child 1	(ii) Child 2
<b>1a</b>	First name		
<b>b</b>	Middle name		
<b>c</b>	Last name		
<b>2</b>	Social security number		
<b>3</b>	Date of birth		
<b>4</b>	Relationship		
<b>5</b>	<b>Home Address</b> Check here if address is same as Part I. Otherwise, complete lines 5a through 5f. If you have a foreign address, complete lines 5g, 5h, and 5i.	<input type="checkbox"/>	<input type="checkbox"/>
<b>a</b>	Number and street		
<b>b</b>	Apartment number		
<b>c</b>	City, town, or post office		
<b>d</b>	County		
<b>e</b>	State		
<b>f</b>	ZIP code		
<b>g</b>	Foreign country name		
<b>h</b>	Foreign province/state/county		
<b>i</b>	Foreign postal code		
<b>6</b>	Check box if you are authorized to open the Trump account for the child. See instructions.	<input type="checkbox"/>	<input type="checkbox"/>



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# Form 4547 Trump Account Election



<b>Part III Pilot Program Contribution Election</b> For a child to qualify to receive the \$1,000 Pilot Program Contribution to their Trump account, the child must have been born in 2025–2028, must be a qualifying child of the individual opening the Trump account, must be a U.S. citizen, and must have a valid social security number. See instructions.		(i) Child 1	(ii) Child 2
<b>7</b>	Check box if child qualifies for, and you want the child to receive, a Pilot Program Contribution	<input type="checkbox"/>	<input type="checkbox"/>



**Part IV Consent to Disclose Information**  
By completing this form, you authorize the IRS, Treasury, and their agent(s) to create and maintain a Trump account with respect to the eligible child(ren) listed on this form. You also authorize the IRS, Treasury, and their agent(s) to disclose the fact that a Trump account has been established for the eligible child(ren) listed above to any parent, guardian, or authorized individual of the eligible child who is permitted to make an election to request creation of the Trump account.

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this form, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
	Your signature _____		Date _____		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name			Firm's EIN	
	Firm's address			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 959270 Form **4547** (12-2025) Created 10/6/25

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## Rollover Trump Account and Governing Document

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- Notice 2025-68 explains this information starting on Page 13 of the notice

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## Notice 2025-68 Other Information

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- Pilot Program rules begin on page 16 – this is the \$1,000 must be a qualified child for the tax year the election is made
- If an individual makes an election in anticipation that the eligible child will be the individual's qualifying child under § 152(c) and complies with all other rules promulgated by the Secretary for § 6434 elections, the election will not be rendered ineffective solely on the basis that it is later determined that the eligible child does not meet the definition of a qualifying child of the individual for the tax year in which the election is made

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## Tax Deferred Investment Accounts for Children – Trump Accounts – Guidance Issued IR-2025-117 : Notice 2025-68

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- Certain governmental entities and charities may also make qualified general contributions to Trump Accounts, if given to a qualified class of account beneficiaries
- Other persons are also able to make contributions up to an aggregate limit of \$5,000 per year for years 2026 and 2027
- Furthermore, an employer may contribute to a Trump Account of the employee or the employee's dependent up to \$2,500 per year (**which counts against the \$5,000 annual limit**) under an employer's Trump Account contribution program, and the contribution will not count toward the employee's taxable income
- The annual contribution limits are indexed to inflation and will adjust starting after 2027

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## § 128 Employer Contributions

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- For a calendar year, up to \$2,500 (subject to cost-of-living adjustments after 2027) may be excluded from gross income of the employee under [§ 128\(b\)\(1\)](#) for a contribution made by an employer pursuant to a Trump account contribution program
- This annual limit is **per employee** and not per dependent of the employee
- For example, if an employee has two or more children that have Trump accounts, an employer with a Trump account contribution program may only contribute up to \$2,500 in the aggregate for 2026 to those Trump accounts

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## § 128 Employer Contributions & the § 125 CAF Plan

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- A Trump account contribution program may be offered via salary reduction under a [§ 125](#) cafeteria plan if the contribution is made to the Trump account of the **employee's dependent but not if the contribution is made to the Trump account of the employee**
- Although a Trump account contribution program would be a qualified benefit under § 125(f)(1), a contribution under the Trump account contribution program to a Trump account of the employee would provide deferred compensation under § 125(d)(2)(A), because the employee would have a vested right to compensation that may be payable to that individual in a later year
- The Treasury Department and the IRS intend to address rules related to the coordination of Trump account contribution programs and § 125 cafeteria plans in proposed regulations

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## Tax Deferred Investment Accounts for Children – Trump Accounts – Guidance Issued IR-2025-117 : Notice 2025-68

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- The funds in Trump Accounts must be invested in certain mutual funds or exchange-traded funds that track the S&P 500 or another index of primarily American equities
- Amounts generally cannot be withdrawn from Trump Accounts before January 1st of the calendar year in which the child turns 18 years old
- After that point, the account generally is treated as a traditional IRA and generally is subject to the same rules as other traditional IRAs
- The notice addresses certain areas of interest to prospective trustees of Trump Accounts and to those individuals, such as parents and guardians, who would like to establish and/or contribute to these accounts

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## Tax Deferred Investment Accounts for Children – Trump Accounts – Guidance Issued IR-2025-117 : Notice 2025-68

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- The IRS has posted a draft version of Form 4547, Trump Account Election(s) to Draft Tax Forms
- When final, the new form can be used to establish a Trump Account and to enroll in the pilot program
- You can visit <http://trumpaccounts.gov>
- The Act creates a new tax-deferred investment account for children, called a "Trump account" - NOT a ROTH account
- Specifically, these accounts are eligible to receive contributions from parents, relatives, employers, and other taxable entities as well as non-profit and government entities
- To be eligible for an account, the child must be a U.S. citizen and have a Social Security number (SSN)
- No income tax deductions are allowed for contributions before age 18

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## Tax Deferred investment Accounts for Children – Trump Accounts

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- **Contributions:**
  - Contributions to a Trump account are limited to \$5,000 annually of after-tax dollars
  - The \$5,000 contribution limit is indexed for inflation
  - Contributions provided to Trump accounts from tax exempt entities, such as private foundations, are not subject to the \$5,000 annual limit
  - These contributions from unrelated third parties must be provided to all children within a qualified group (i.e. all children in a state, specific school district or educational institution, etc.)
  - No additional contributions of any kind shall be made to Trump accounts after the beneficiary has attained age 18
- **Distributions:** Subject to some exceptions, Trump account holders may not take distributions until age 18

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- 44 pages
  - Overview and Purpose
  - Contributions
  - Eligible Investments
  - Distributions
  - Reporting
  - Coordination with IRA Rules
  - Qualified General Contributions
  - §128 Employer Contributions

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## Trump Accounts



- No distributions may be taken before the age of 18
- Beginning in the year in which the beneficiary turns 18, withdrawals can be made from a Trump account at any time for any reason, if the beneficiary is willing to incur a 10 percent penalty
- To avoid the penalty, a withdrawal must be made after age 59 ½ or must satisfy an IRA penalty exception
- Required minimum distributions are the same for Trump accounts as for traditional IRAs

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# Trump Accounts



- Starting at age 18, funds may be withdrawn penalty-free for specific uses:
  - First-home purchase (up to \$10,000 may be used)
  - Post-secondary education (unlimited amounts may be used)
  - Birth or adoption of a first child (up to \$5,000 may be used)
  - Certain emergencies like a natural disaster expenses up to \$22,000




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# Comparison Chart - AI Generated



## Side-by-Side Comparison of Savings Tools for Children

(Trump Account vs 529 Plan vs UGMA/UTMA vs Roth IRA vs Savings Account)

Feature	Trump Account	529 Plan	UGMA / UTMA	Roth IRA (Minor)	Regular Savings Account 
<b>Primary Purpose</b>	Long-term investment account for children (converts to IRA at age 18)	Education savings (tax-free for qualified education)	General-purpose asset transfer to child	Retirement savings for children with earned income	Simple savings / liquidity
<b>Who Can Contribute</b>	Parents, family, friends, employers, charities, some gov entities	Anyone	Anyone	Anyone (child must have earned income)	Anyone
<b>Contribution Limits</b>	~\$5,000/yr (plus up to \$2,500 employer)	State-determined; very high (often >\$300k lifetime)	No formal limit (but subject to gift-tax rules)	\$7,000/yr (2025 limit)	No limit
<b>Tax Benefits</b>	Tax-deferred growth; no deduction; seed \$1,000 for eligible kids	Tax-free growth + tax-free withdrawals for qualified education	None (earnings taxed to child)	Tax-free growth; tax-free withdrawals in retirement	None
<b>Control</b>	Parent/guardian controls until child is 18	Account owner controls (often parent) even after child reaches 18	Control transfers to child at 18 or 21	Controlled by guardian until age of majority	Control transfers to child if titled jointly or custodially

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# Tip Reporting and Deduction for Self-Employed



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## Increase in Threshold for Requiring Information Reporting with Respect to Certain Payees § 70433



- **Current Law:** Under current law, the reporting threshold for payments by a business for services performed by an independent contractor or subcontractor and for certain other payments is generally \$600
  - Provision:
  - This provision generally increases the threshold to \$2,000
  - The \$2,000 will be adjusted for inflation in 2027
  - The new threshold is based on payments during the calendar year
  - This provision is effective for payments made after December 31, 2025

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# 2026 1099- NEC



## TREASURY/IRS AND OMB USE ONLY DRAFT

7171  VOID  CORRECTED

PAYER'S name				1a Nonemployee compensation	OMB No. 1545-0116
Street address			Room/suite no.	\$	Form <b>1099-NEC</b>
City/town		State/province	Country	ZIP/foreign code	(Rev. December 2026)
Telephone number:				1b Cash tips	For calendar year
PAYER'S TIN		RECIPIENT'S TIN		\$	
RECIPIENT'S name				1c Treasury tipped occupation code	1d Overtime compensation
Street address			Apt. no.	\$	\$
City/town		State/province	Country	ZIP/foreign code	3 Excess golden parachute payments
Account number (see instructions)				2nd TIN not.	\$
				<input type="checkbox"/>	\$
				4 Federal income tax withheld	5 State tax withheld
				\$	\$
				6 State/Payer's state no.	7 State income
				\$	\$

**Nonemployee Compensation**

**Copy A**  
For Internal Revenue Service Center  
For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the General Instructions for Certain Information Returns.

[www.irs.gov/Form1099](http://www.irs.gov/Form1099)

Form **1099-NEC** (Rev. 12-2026) Created 10/21/25 Cat. No. 72590N [www.irs.gov/Form1099NEC](http://www.irs.gov/Form1099NEC) Department of the Treasury - Internal Revenue Service  
**Do Not Cut or Separate Forms on This Page – Do Not Cut or Separate Forms on This Page**

DRA

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## What Will Be the Reporting Guidelines in 2026 for Reporting Tips for a Business When the Threshold for Filing Becomes \$2,000?



- The question is a valid question that came up in the Year End Webinars
- **Example:** Massage Therapist – self employed
- Business is responsible for keeping track of income and tips separately if they want to claim the tip deduction
- Form 1099-NEC/MISC Threshold: For payments made after December 31, 2025, the threshold for filing Form 1099-NEC, Nonemployee Compensation and Form 1099-MISC, Miscellaneous Information to a contractor increases from \$600 to \$2,000 in a calendar year
- Tips paid to an independent contractor (if applicable) would fall under this threshold for reporting purposes based on our current knowledge

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## What Will Be the Reporting Guidelines in 2026 for Reporting Tips for a Business When the Threshold for Filing Becomes \$2,000?

- **Backup Withholding:** The threshold for triggering backup withholding on reportable payments has also increased to \$2,000, aligning with the new 1099 thresholds
- The business would report normal self-employed income and place tip income in the other income line
- Then the client would not need to file Form 4137 - as self-employment tax and income tax would be figured on the net profit
- Keep in mind the tip deduction is limited to net profit from the business
- Then take the tip deduction file Schedule 1-A

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## Schedule 1-A

**Part II No Tax on Tips**

**Caution:** Fill out Part II only if you received qualified tips. These tips must have been received in an occupation listed at [IRS.gov/TippedOccupations](https://www.irs.gov/TippedOccupations). You and/or your spouse who received qualified tips must have a valid social security number to claim the deduction. If married, you must file jointly to claim this deduction. See instructions.

4	Qualified tips received as an employee. If you received tips as an employee with respect to employment with more than one employer, enter -0- on lines 4a and 4b and see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions.			
	a	Enter qualified tips included on Form W-2, box 7, but see the instructions if Form W-2, box 5 is more than \$176,100 or you received tips that are not subject to social security and Medicare taxes	4a	
	b	Qualified tips included on Form 4137, line 1, row A, column (c). If Form 4137 is not filed, enter -0-	4b	
	c	If you only received qualified tips as an employee with respect to employment with one employer, enter the larger of line 4a or line 4b. Otherwise, see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions	4c	
5	Qualified tips received in the course of a trade or business. Qualified tip amount included in Form 1099-NEC, box 1; Form 1099-MISC, box 3; or Form 1099-K, box 1a. Do not enter more than the net profit from the trade or business. If you received qualified tips in the course of more than one trade or business or in more than one occupation, see instructions		5	
6	Add lines 4c and 5		6	
7	Enter the smaller of the amount on line 6 or \$25,000		7	
8	Enter the amount from line 3		8	
9	Enter \$150,000 (\$300,000 if married filing jointly)		9	
10	Subtract line 9 from line 8. If zero or less, enter the amount from line 7 on line 13		10	
11	Divide line 10 by \$1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)		11	
12	Multiply line 11 by \$100		12	
13	<b>Qualified tips deduction.</b> Subtract line 12 from line 7. If zero or less, enter -0-		13	

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## Schedule 1-A Instructions

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- As we await the posting of the instructions – Line 5 of the Form Schedule 1-A is currently the only way to report
- Hopefully the instructions will clarify if no 1099 was required to be filed
- No need to file the [Form 4137](#) – this is an employer/employee

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## New Guidance – [Notice 2025-69](#)

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- Under [§ 224\(a\)](#) an individual may deduct an amount equal to the qualified tips received as a non-employee during the taxable year and included on a statement furnished to the individual (a Form 1099-MISC, 1099-NEC, or 1099-K), subject to certain limitations
- Under §§ 6041(d)(3), 6041A(e)(3), and 6050W(f)(2), payors must include on the applicable Form 1099 the portion of (or a separate accounting of) payments that have been reasonably designated as cash tips and the occupation described in § 224(d)(1) of the individual receiving the tips
- Only cash tips separately accounted for on the applicable Form 1099 are included in calculating the deduction

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## Tips Deduction Reminders

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- As a self-employed worker, the client can only deduct tip-based work up to the amount of the net income
- The deduction is available to eligible clients, regardless of whether they itemize or take the standard deduction
- A below the line deduction that will not impact any self-employment tax
- <https://public-inspection.federalregister.gov/2025-18278.pdf> - list of eligible occupations

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## Tips Deduction Reminders

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- This write-off is not available if the filing status is married filing separately
- The IRS defines qualified tips as “voluntary cash or charged tips received from customers or through tip sharing” – no service charges
- The full deduction is available for single filers with an adjusted gross income (AGI) of less than \$150,000 (\$300,00 for joint filers), then starts being phased out
- Not allowed for SSTB’s – [Specified Service Trade or Business](#)
- This is a temporary deduction available from tax years 2025 through 2028

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## New Guidance – Notice 2025-69

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- However, for tax year 2025, a separate accounting of cash tips received by a non-employee will not appear on the Form 1099 furnished to the non-employee
- Therefore, Treasury and the IRS have determined that, for purposes of satisfying the requirements of § 224(a) for tax year 2025, a non-employee may –
  1. treat the § 224(a) requirement that qualified tips be included on a statement furnished pursuant to the requirements of §§ 6041(d)(3), 6041A(e)(3), or 6050W(f)(2) as satisfied if the non-employee’s cash tips are included in the total amounts reported as other income on the Form 1099-MISC, nonemployee compensation on the Form 1099-NEC, or payment card/third-party network transactions on the Form 1099-K furnished to the non-employee, and

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## New Guidance – Notice 2025-69

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2. calculate the amount of qualified tips (subject to the other limitations and requirements for qualified tips under § 224) using earnings statements or other documentation such as receipts, point of-sale system reports, daily tip logs, third party settlement organization records, or other documentary evidence that corroborates the calculation of the total amount of tips that are qualified tips for tax year 2025

## Additional Guidance – Notice 2025-69

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- If a payor issues an earnings statement to contractors who provide services to the payor, the contractor may use the amount designated as tips by the payor on the earnings statement in determining the amount of qualified tips, provided the other limitations and requirements for qualified tips are satisfied, and provided the contractor maintains a copy of the earnings statement in accordance with IRS recordkeeping requirements - Need a tip code and no service charges
- Non-employee payees may also consult with the payor regarding any available information that may assist in determining and documenting the amount of qualified tips

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## Additional Guidance – Notice 2025-69

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- Although the occupation of a non-employee payee receiving tips will not appear on a 2025 Form 1099 furnished to the non-employee payee, the payee is still responsible for determining whether the tips received by the payee were received in an occupation that customarily and regularly received tips on or before December 31, 2024, and the OBBBA additions

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## Example



- Individual D is a self-employed travel guide who operates as a sole proprietor
- In 2025, Individual D receives \$7,000 in tips from customers paid through a third-party settlement organization as defined in [§ 6050W\(b\)\(3\)](#)
- For tax year 2025, Individual D receives a Form 1099-K from an online booking platform that is a third-party settlement organization showing \$55,000 of total payments
- The Form 1099-K does not separately identify the tips
- However, Individual D keeps a log of each tour that shows the date, customer, and tip amount received
- Because Individual D has daily tip logs substantiating the \$7,000 tip amount, D may use the \$7,000 tip amount in determining qualified tips for tax year 2025

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## Bottom Line



- Recordkeeping will be an important aspect for 2025-2028 to take the tip and overtime deduction
- Allocated tips need to be handled separately as they are not included in Box 1 of the W-2 and require Form 4137
- Allocated tip are notoriously problematic
- Did the client keep a record on Form 4070 even if not an employee or do they have another record of tips received?

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# Form 4070



Form **4070**  
(Rev. August 2005)  
Department of the Treasury  
Internal Revenue Service

## Employee's Report of Tips to Employer

OMB No. 1545-0074

Employee's name and address	<b>Social security number</b> : : : :
Employer's name and address (include establishment name, if different)	<b>1</b> Cash tips received
	<b>2</b> Credit and debit card tips received
	<b>3</b> Tips paid out
Month or shorter period in which tips were received from , to	<b>4</b> Net tips (lines <b>1 + 2 - 3</b> )
Signature	Date

For Paperwork Reduction Act Notice, see the instructions on the back of this form.

Cat. No. 41320P

Form **4070** (Rev. 8-2005)

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## Example 1 for an Employee



- Employee A is a restaurant server
- The amount reported in A's Form W-2 Box 7 is \$18,000 of social security tips
- A did not report any additional tips on Form 4137
- A may use \$18,000 in determining the amount of qualified tips for tax year 2025

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## Example 2 for an Employee



- Employee B is a bartender
- During tax year 2025, B reports \$20,000 in tips to B's employer on Form 4070
- B's 2025 Form W-2 reports \$200,000 in Box 1, an amount in excess of the social security wage base, and \$15,000 in Box 7
- Additionally, B reports \$4,000 of unreported tips on Form 4137, line 4, and includes this amount in income on B's Form 1040
- B may use either the \$15,000 in Box 7 of the Form W-2, or the \$20,000 of tips reported to B's employer on Forms 4070 in determining the amount of qualified tips for tax year 2025
- Regardless of the option chosen, B may also include the \$4,000 of unreported tips from Form 4137, line 4, in determining the amount of qualified tips

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## Polling Question #2



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# New Guidance on Overtime

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## Example 1 – Overtime from Notice 2025-69



- Individual A has access to a payroll system that shows totals of amounts paid to Individual A in 2025, including the FLSA Overtime Premium paid during 2025
- In 2025, Individual A is last paid wages on December 22, 2025, for the payroll period beginning on November 30, 2025, and ending on December 13, 2025
- The payroll system shows \$5,000 as the “overtime premium” that Individual A was paid during 2025
- For purposes of determining the amount of qualified overtime compensation received in tax year 2025, Individual A may include \$5,000 (the FLSA Overtime Premium)

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## Example 2 – Overtime from Notice 2025-69



- Assume the same facts as in Example 1 except that Individual A's pay stub, shows a total "overtime" amount of \$15,000 (which is the FLSA Overtime Premium combined with the portion of the individual's regular wages for the hours worked over 40 in a workweek)
- For purposes of determining the amount of qualified overtime compensation received in tax year 2025, the individual may include \$5,000 (the FLSA Overtime Premium, computed by dividing \$15,000 by 3)

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## Example 3 – Overtime from Notice 2025-69



- Individual B's employer has a practice of paying overtime at a rate of two times an employee's regular rate of pay and Individual B was paid \$20,000 in overtime pay under that practice, although [29 USC § 207](#) only requires Individual B's employer to pay at one and one-half times the employee's regular rate
- Individual B's last pay stub for 2025 shows "overtime premium" of \$10,000 paid in 2025 (which is Individual B's overtime premium paid at a rate of two times the individual's regular rate)
- For purposes of determining the amount of qualified overtime compensation received in tax year 2025, Individual B may include \$5,000 (\$10,000 divided by 2)

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## Example 4 – Overtime from Notice 2025-69



- Assume the same facts as in Example 3 except that Individual B’s pay stub shows a total “overtime” amount of \$20,000 (which is Individual B’s overtime premium paid at a rate of two times the individual’s regular rate of pay combined with the portion of the individual’s regular wages for the hours worked over 40 in a work week)
- For purposes of determining the amount of qualified overtime compensation received in tax year 2025, Individual B may include \$5,000 (the FLSA Overtime Premium, computed by dividing \$20,000 by 4)

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## Example 5 – Overtime from Notice 2025-69



- Individual C works in law enforcement and is paid \$15,000 of total annual overtime pay on a “work period” basis of 14 days that complies with § 207(k) of the FLSA
- For purposes of determining the amount of qualified overtime compensation received in tax year 2025, Individual C may include \$5,000 (\$15,000 divided by 3)

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## Example 6 – Overtime from Notice 2025-69



- Individual D works for a State or local government agency that gives compensatory time at a rate of one and one-half hours for each overtime hour worked under 29 USC 207(o)
- In 2025, Individual D was paid wages of \$4,500 with respect to compensatory time off taken in accordance with § 207(o)
- For purposes of determining the amount of qualified overtime compensation received in tax year 2025, Individual D may include \$1,500, one-third of these wages for purposes of determining qualified overtime compensation under § 225(c)

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## Basic Overtime Deduction Rules



- Overtime pay is subject to specific federal and state laws regarding both payment and taxation
- Under the federal Fair Labor Standards Act (FLSA), eligible non-exempt employees must be paid overtime at a rate of at least 1.5 times their regular rate of pay for all hours worked over 40 in a single workweek
- The primary "deduction rule" as of the current date (December 11, 2025) is a new, temporary federal income tax deduction for qualified overtime compensation, effective from 2025 through 2028
- **The Deduction:** Eligible individuals can deduct the "premium portion" (the extra half of time-and-a-half pay) of their FLSA-required overtime compensation from their federal taxable income

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## Basic Overtime Deduction Rules



- No double time
- No Holiday pay
- SSN required
- [§ 225\(e\)](#) provides that if the client is a married individual (within the meaning of § 7703), § 225 applies only if the taxpayer and the taxpayer's spouse file a joint return for the tax year
- That is, the deduction is not available for a taxpayer who is married and files separately

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## Other News



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## Lapse of Enhanced Premium Tax Credits – Repayment Cap



- Under pre-Act law, a "repayment cap" limited the additional tax to an applicable dollar amount, for taxpayers whose household income was less than 400% of the federal poverty line (FPL) for a family of the size involved
- For tax years beginning in 2025, the applicable dollar amounts are \$750 if household income is less than 200% of the FPL, \$1,950 if household income is at least 200% but less than 300% of the FPL, and \$3,250 if household income is at least 300% but less than 400% of the FPL
- For unmarried individuals other than surviving spouses or heads of household, the applicable dollar amounts are one-half of the above amounts
- The Act strikes [§ 36B\(f\)\(2\)\(B\)](#), which provides for the repayment cap
- Act Sec. 71305(a) amends Code Sec. 36B(f)(2) )
- **As a result, all taxpayers will have to repay their excess advance PTC payments in their entirety. This change is effective for tax years beginning after December 31, 2025**

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## Keys Items Which Need to Be Addressed



- Did client receive a Form 1099-K?
- Check for life events – birth of child or no longer being able to claim the child as a dependent, purchase home, divorce, child off to college, and dependent care issues (do not forget to input Box 10 amount into your system), any Energy Efficient items placed in service, just not a contract but must be placed in service
- Recent identity theft
- Withholding is adequate for income
- Do they have an IP PIN?
- Do they know how to track their refund?

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## 2026 Standard Mileage Rate



- The official **2026 standard mileage rates have not been released yet** by the IRS
- The Internal Revenue Service (IRS) typically announces the rates for the upcoming year in **December** of the current year

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## Other Standard Mileage Rates



Period	Business use	Charity use	Medical or military moving	Source
2025	70	14	21	<a href="#">IR-2024-312</a>
2024	67	14	21	<a href="#">IR-2023-239</a>
2023	65.5	14	22	<a href="#">IR-2022-234</a>
7/1/2022-12/31/2022	62.5	14	22	<a href="#">IR-2022-124</a>
1/1/2022-6/30/2022	58.5	14	18	<a href="#">IR-2021-251</a>
2021	56	14	16	<a href="#">IR-2020-279</a>
2020	57.5	14	17	<a href="#">IR-2019-215</a>

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## TAS States Automatic Penalty Relief and New Digital Tools Coming

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- Starting in the next filing season, the IRS will automatically apply the First-Time Abatement (FTA) penalty waiver to all qualifying clients without requiring them to request it
- **Eligibility:** The relief generally applies to failure-to-file, failure-to-pay, and failure-to-deposit penalties
- To qualify, a client must have had no unreversed penalties (other than estimated tax penalties) in the three preceding tax years
- **Implementation Date:** This change will take effect starting with the deadline for filing 2025 returns (April 15, 2026)

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## TAS States Automatic Penalty Relief and New Digital Tools Coming

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- To enhance efficiency and taxpayer experience, the Taxpayer Advocate Service (TAS) is developing several online upgrades
- **Case Status Portal:** TAS is testing a public-facing online portal, similar to the IRS's "Where's My Refund" tool, which will allow taxpayers and practitioners to track the status of open cases with TAS
  - This tool is expected to be available to the public by the end of 2026
- **System Modernization:** TAS has also replaced its outdated case management system with a new one called "Phoenix" to improve internal processing
- These initiatives are part of a broader effort by the IRS to utilize modern technology to simplify processes and improve taxpayer service, moving many common inquiries to digital platforms

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2026 Form W-4 Draft -

<https://www.irs.gov/pub/irs-dft/fw4--dft.pdf>



TREASURY/IRS AND OMB USE ONLY DRAFT

Form **W-4** **Employee's Withholding Certificate** OMB No. 1545-0074  
 Department of the Treasury Internal Revenue Service  
 Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Give Form W-4 to your employer. Your withholding is subject to review by the IRS. **2026**

**Step 1: Enter Personal Information**

(a) First name and middle initial Last name  
 Address  
 City or town, state, and ZIP code

(b) Social security number  
 Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.

(c)  Single or Married filing separately  
 Married filing jointly or Qualifying surviving spouse  
 Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)  
 Caution: To claim certain credits or deductions on your tax return, you (and/or your spouse if married filing jointly) are required to have a social security number valid for employment. See page 2 for more information.

**TIP:** Consider using the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App) to determine the most accurate withholding for the rest of the year if you: are completing this form after the beginning of the year; expect to work only part of the year; or have changes during the year in your marital status, number of jobs for you (and/or your spouse if married filing jointly), dependents, other income (not from jobs), deductions, or credits. Have your most recent pay stub(s) from this year available when using the estimator. At the beginning of next year, use the estimator again to recheck your withholding.

**Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5.** See page 2 for more information on each step, who can claim exemption from withholding, and when to use the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App).

**Step 2: Multiple Jobs or Spouse Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do **only one** of the following.

(a) Use the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App) for the most accurate withholding for this step (and Steps 3-4). If you or your spouse have self-employment income, use this option; or  
 (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; or  
 (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than Step 2(b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, Step 2(b) is more accurate.

**Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs.** Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

DRAFT — DO NOT FILE

DRAFT — DO NOT FILE

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2026 Form W-4 Draft - <https://www.irs.gov/pub/irs-dft/fw4--dft.pdf> - New Area for Some Deductions Step 4(b)



Step 4(b) — Deductions Worksheet (Keep for your records.)

See the Instructions for Schedule 1-A (Form 1040) for more information about whether you qualify for the deductions on lines 1a, 1b, 1c, 3a, and 3b.

1 Deductions for qualified tips, overtime compensation, and passenger vehicle loan interest.

a **Qualified tips.** If your total income is less than \$150,000 (\$300,000 if married filing jointly), enter an estimate of your qualified tips up to \$25,000 . . . . . **1a** \$ \_\_\_\_\_

b **Qualified overtime compensation.** If your total income is less than \$150,000 (\$300,000 if married filing jointly), enter an estimate of your qualified overtime compensation up to \$12,500 (\$25,000 if married filing jointly) of the "and-a-half" portion of time-and-a-half compensation . . . . . **1b** \$ \_\_\_\_\_

c **Qualified passenger vehicle loan interest.** If your total income is less than \$100,000 (\$200,000 if married filing jointly), enter an estimate of your qualified passenger vehicle loan interest up to \$10,000 . . . . . **1c** \$ \_\_\_\_\_

2 Add lines 1a, 1b, and 1c. Enter the result here . . . . . **2** \$ \_\_\_\_\_

3 **Seniors age 65 or older.** If your total income is less than \$75,000 (\$150,000 if married filing jointly):

a Enter \$6,000 if you are age 65 or older before the end of the year . . . . . **3a** \$ \_\_\_\_\_

b Enter \$6,000 if your spouse is age 65 or older before the end of the year and has a social security number valid for employment . . . . . **3b** \$ \_\_\_\_\_

4 Add lines 3a and 3b. Enter the result here . . . . . **4** \$ \_\_\_\_\_

5 Enter an estimate of your student loan interest, deductible IRA contributions, educator expenses, alimony paid, and certain other adjustments from Schedule 1 (Form 1040), Part II. See Pub. 505 for more information . . . . . **5** \$ \_\_\_\_\_

6 **Itemized deductions.** Enter an estimate of your 2026 itemized deductions from Schedule A (Form 1040). Such deductions may include qualifying:

a **Medical and dental expenses.** Enter expenses in excess of 7.5% (0.075) of your total income . . . . . **6a** \$ \_\_\_\_\_

b **State and local taxes.** If your total income is less than \$505,000 (\$252,500 if married filing separately), enter state and local taxes paid up to \$40,400 (\$20,200 if married filing separately) . . . . . **6b** \$ \_\_\_\_\_

c **Home mortgage interest.** If your home acquisition debt is less than \$750,000 (\$375,000 if married filing separately), enter your home mortgage interest expense (including mortgage insurance premiums) . . . . . **6c** \$ \_\_\_\_\_

d **Gifts to charities.** Enter contributions in excess of 0.5% (0.005) of your total income . . . . . **6d** \$ \_\_\_\_\_

e **Other itemized deductions.** Enter the amount for other itemized deductions . . . . . **6e** \$ \_\_\_\_\_

7 Add lines 6a, 6b, 6c, 6d, and 6e. Enter the result here . . . . . **7** \$ \_\_\_\_\_

8 **Limitation on itemized deductions.**

a Enter your total income . . . . . **8a** \$ \_\_\_\_\_

b Subtract line 4 from line 8a. If line 4 is greater than line 8a, enter -0- here and on line 10. Skip line 9 . . . . . **8b** \$ \_\_\_\_\_

DRAFT — DO NOT FILE

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## Treasury to Bar 'Non-Qualified Aliens' From Refundable Tax Credits

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- Treasury announced it will issue a notice of proposed rulemaking to classify the refunded portions of five individual income tax credits as "federal public benefits" under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)
- The move, detailed in a slip opinion from the Department of Justice November 20, would prevent "non-qualified aliens," including those in the U.S. illegally, from receiving cash payments from these credits
- <https://www.justice.gov/olc/media/1419131/dl>

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## De-CAFinating Your Client Authorizations- Practice Good Records Hygiene by Filing a FOIA Request for a CAF77 Report and Withdrawing Unneeded Authorizations

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- To fulfill professional obligations, practitioners – attorneys, certified public accountants, enrolled agents, enrolled retirement plan agents, and enrolled actuaries – as well as tax return preparers who participate in the Internal Revenue Service's Annual Filing Season Program (AFSP), must comply with Circular 230, Regulations Governing Practice before the Internal Revenue Service (31 CFR Subtitle A, Part 10), which is administered and enforced by the IRS's Office of Professional Responsibility (OPR)
- A prerequisite to representing a client before the IRS is filing a Form 2848, Power of Attorney and Declaration of Representative, or power of attorney (POA) generated by using IRS Tax Pro Account
- Completed authorizations, which specify the tax years/periods and taxes to which they relate, including tax form numbers (as applicable), are recorded on the CAF

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## De-CAFinating Your Client Authorizations- Practice Good Records Hygiene by Filing a FOIA Request for a CAF77 Report and Withdrawing Unneeded Authorizations

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- **Importance of Withdrawing Unneeded Authorizations**
- A [Form 2848](#) (or Tax Pro Account equivalent) will remain in effect until it is:
  1. revoked by the client
  2. withdrawn by the representative or
  3. removed from IRS records under the established IRS records retention schedule
- As long as an authorization is listed as active in the CAF, the possibility exists that a cyberthief could misuse the authorization to gain access to valuable taxpayer information

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## De-CAFinating Your Client Authorizations- Practice Good Records Hygiene by Filing a FOIA Request for a CAF77 Report and Withdrawing Unneeded Authorizations

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- **Importance of Withdrawing Unneeded Authorizations**
- Because a practitioner's obligation to maintain client confidences never ends, they should withdraw their authorization after a tax engagement ends
- There is no fixed form for withdrawing an authorization, but it must be done in writing, must list all pertinent tax matters and tax periods, and must contain the withdrawing representative's signature and date
- A straightforward way to meet these requirements is to write "WITHDRAW" across the top of the first page of a copy of the Form 2848, with a current signature and date below the annotation and then file it with the same CAF Unit where the form was originally filed

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## De-CAFinating Your Client Authorizations- Practice Good Records Hygiene by Filing a FOIA Request for a CAF77 Report and Withdrawing Unneeded Authorizations

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- **Importance of Withdrawing Unneeded Authorizations**
- The form instructions list where the request should be sent and provide additional guidance on what the practitioner should do if they do not have a copy of the authorization form
- It is a best practice to maintain an up-to-date list of client authorizations that a practitioner has open with the IRS and to withdraw those that are no longer needed
- A tax practitioner can confirm the accuracy of their records by requesting a list of active authorizations – [a CAF77 request](#) – from the IRS under the Freedom of Information Act (FOIA)
- A sample of the request is available on the IRS’s FOIA Guidelines webpage

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## De-CAFinating Your Client Authorizations- Practice Good Records Hygiene by Filing a FOIA Request for a CAF77 Report and Withdrawing Unneeded Authorizations

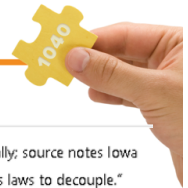
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- **Importance of Withdrawing Unneeded Authorizations**
- <https://www.irs.gov/privacy-disclosure/freedom-of-information-act-foia-guidelines>
- After processing the CAF77 request, the IRS will provide a printout or electronic copy of the practitioner's current authorizations
- The practitioner may review the list and send a signed withdrawal request for all authorizations that should be removed from the CAF
- The CAF Unit will then remove the authorizations
- While keeping an up-to-date list of authorizations is always a best practice, requesting a CAF77 report would be especially prudent if the practitioner is leaving, selling, or retiring from their practice

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## Current State Coupling/Uncoupling with OBBBA as of December 3, 2025 – Check Your State Rules



State	Approach to OBBBA (as of late 2025)	Notes / Key Status
Iowa	Coupled (Rolling / automatic — likely)	Iowa historically adopts federal tax-code changes automatically; source notes Iowa among states "automatically conform[ing] ... unless they pass laws to decouple."
Montana	Coupled (automatic/rolling)	Also listed among states likely to conform to OBBBA.
North Dakota	Coupled (automatic/rolling)	Listed with other "rolling conformity states."
Oregon	Coupled (automatic/rolling)	Also named among the states conforming automatically under OBBBA.
Various static-conformity states (unspecified)	<i>Decoupled for now</i> — not yet legally updated to reflect OBBBA	Because many static-conformity states' "code-as-of" date predates OBBBA, these states must pass legislation to adopt OBBBA; until they do, OBBBA provisions (like expanded SALT deduction, tip/overtime exemptions, business-deductions) do <b>not</b> apply at state level. <a href="#">Grant Thornton +1</a>
Hybrid / "selective conformity / partial decoupling" states	Mixed adoption: may accept some provisions (e.g. SALT changes) but not all (e.g. bonus depreciation, business interest limitation, R&E deduction)	States retain discretion to pick which parts of federal law to adopt — some may decouple from business-deduction changes while keeping (or vice versa) the SALT/tip-overtime rules. <a href="#">Grant Thornton +1</a>

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## Polling Question #3



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# Questions?



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## Upcoming Webinars:

- Business Energy Incentives Update (12/17) - 2-3pm ET - Johnson
- Ethics: Part 3 (12/18) - 1-2pm ET - Maitre
- Ethics: Part 4 (12/18) - 2:30-3:30pm ET - Maitre



Monthly Newsletter: [cpehours.com/about/blog](http://cpehours.com/about/blog)

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