

Referral Bonus is Back!!

After hiring another CPA and support staff in 2025, we are excited to bring back our very popular referral bonus program! We are more excited that the bonus is larger than ever!!! When you refer a new-to-us client for any annual tax prep/filing work, we will pay you \$100 with deep appreciation when they pay their invoice. Or, if you prefer, we will deduct referral bonus from your invoice this year or in a future year. You may refer as many new clients as you like, each one will give you \$100! Just let us know of your referral or have the new client let us know you referred them, and we will track and pay it from there.



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2025 Tax Year Changes

The 2025 tax law changes will bring **significant** impacts to many clients, though those impacts will be felt differently depending on tax parameters of individuals and families. Some will have limited impact (\$0 to a few hundred annual savings) and some will save thousands of dollars. Unlike with the 2017 tax law changes, IRS said it will not automatically change withholding amounts to reflect new tax law for 2025, this means many will have higher refunds or owe less for 2025. However, IRS is changing withholding for 2026 with payroll providers. It is particularly important to check in with us about withholding going forward, so please do so. Here are some major highlights of changes

- Child Tax Credit Increases from \$2,000 to \$2,200.¹ Trump accounts can be opened for child under 18 and funded starting 7/4/26, and for new babies born in 2025 or after, Treasury will provide initial seed money of \$1,000.²
- Each senior person above age 65 may receive up to \$6,000 reduction of taxable income.² This deduction begins to phase out at the \$75k taxable income level (\$150k couples). The standard deduction available to seniors also increases slightly from 2024 levels to \$2,000 per person/\$3,200 per couple. (Social Security will still be taxed, depending on global income.)³
- Bonus depreciation on some technology/equipment/building investment business expenses increases from 60% to 100%; these are better tax times for business owners who have more expensive purchases to make.⁴ Research and development expenses can now be immediately expensed.⁴
- Many of those in states with higher property/income/sales taxes may now be able to itemize due to the SALT deduction cap increase,³ particularly those homeowners who still have mortgage interest. Mountain Tax will advise if this applies to your return and help you maximize itemization.
- 1099-K income will now be reported for returns above \$20,000 and 200+ transactions (a major shift from previous threshold of \$5,000), smaller business owners may not receive these forms anymore.⁵
- Those who purchase new (used/leases do not count) vehicles that have undergone final assembly in the U.S. in 2025 may deduct up to \$10,000 in vehicle loan interest payments if their taxable income is below \$100k (\$200k couples). This deduction can occur whether you itemize or not, the loan company will send a statement of interest paid at year's end.²
- There are so many new changes, they are **CONTINUED ON NEXT PAGE**—the first time we've ****ever**** had a two-page newsletter!!

Ask our team anytime about tax changes: taxhelp@mountaintaxservices.com

Retirement Withdrawals and Consultation

Compared to past years, we are finding in 2025/26 a more of our clients that took retirement hardship withdrawals than past years. An important reminder: always check in with us when planning any withdrawal from Traditional retirement accounts so we can advise and keep you from being stuck with a surprise tax bill in the Spring. Even relatively small withdrawals can have significant tax implications, shifting incomes for credits/deductions or moving into higher tax brackets and changing income for issues like student loans on income-based repayments or healthcare credits. Checking in with us for withholding advice is free to all clients twice a year, so please just send an email or give us a call about any planned withdrawals or other changes to your income/expenses/credits any time.

No matter your age now, we also provide more in-depth consultation about retirement taxes to help clients project tax issues in the future and address them with careful planning. You may for example be able to enact what's commonly called a "backdoor" Roth conversion⁶ or other conversions to save taxes in future. There are many other strategies to reduce overall tax imprints when it comes to retirement as well. Many taxpayers do not know about things like Required Minimum Distributions (RMDs)⁷ and how they affect taxes or on "bunching" withdrawals across tax years or tax loss harvesting strategies; we would love to help educate on these and many other topics. This in-depth workup is invoiced at our hourly rate (\$195 hourly) and can yield thousands, or many tens of thousands of dollars, of tax savings and/or retirement fund increases with



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2025 Tax Year Changes (Cont'd)

- Up to \$12,500 of true overtime pay (the ½ in time and a half pay) can be deducted annually for those under \$150k (single) and \$300k (married) income levels.²
- Credit for energy-efficient home improvements and electric/hybrid vehicles will rapidly phase out; 2025 may be the last year to use these Federal tax opportunities.²
- Required Minimum Distributions for those with higher Traditional retirement account amounts continue at age 73, unless you were born after 1960, then age 75.⁷
- Certain tip income up to \$25k yearly can be deducted. This will primarily affect higher-income taxpayers with tip income as many with tipped income are already under income thresholds for Federal taxation.²
- Health Savings Account eligibilities greatly expanded.²

Student Loans & Tax Issues

There is an incredible amount of uncertainty about student loans in 2026. We know that the S.A.V.E. plan will end this summer and a replacement R.A.P. (Repayment Assist. Plan) will be enacted, but not all the regulations regarding these changes have finalized.⁸ While we very much understand the major questions these changes bring, currently we cannot fully answer some questions with certainty. We will keep abreast of finalized changes and advise our clients with student loans accordingly.

Many have not paid student loan interest in years, please be sure to let Mountain Tax know if you have so we may account for this powerful tax deduction if you paid student interest in 2025 or 2026.

Mountain Tax can continue to help reduce student loan income-based repayments through several strategies that reduce taxable income, as well as in helping married clients with student loans consider the various costs and benefits of filing separately vs. filing jointly. These are incredibly complex decisions with tax and loan payment implications, but we are happy to help consult with tax clients around these issues. As noted, we will do our best to advise, but there remains some uncertainty and we will advise as to these uncertainties so you can make the best decisions possible.

REFERENCES 1 <https://www.irs.gov/credits-deductions/individuals/child-tax-credit> 2 <https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions> 3 https://apps.irs.gov/app/vita/content/00/00_13_005.jsp 4 <https://www.irs.gov/instructions/i1040sc> 5 <https://www.irs.gov/businesses/understanding-your-form-1099-k> 6 <https://investor.vanguard.com/investor-resources-education/article/how-to-set-up-backdoor-ira> 7 <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds> 8 <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-agreement-missouri-end-biden-administrations-illegal-save-plan> 9 <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill> 10 <https://www.kiplinger.com/taxes/major-changes-to-the-charitable-deduction> 11 <https://www.irs.gov/publications/p15t>

2026 Tax Year Changes

There are some helpful changes for 2026 tax year that our clients should know about now. Here is a brief on major changes:

- Charitable giving of cash/check to qualified public charities of up to \$1,000 per person/\$2,000 per couple can be deducted even if you do not itemize.¹⁰ If you do itemize, the cap is now more generous; limits are increased otherwise from 50% to 60% of AGI for high-income earners.¹⁰
- The senior, tip, overtime, and car loan deductions that started in 2025 have deeper impacts in 2026, and employer withholding will be advised by IRS, resulting in taxpayers having larger paychecks/less withholding compared to 2025.¹¹
- Estate tax exemption increases substantially, from \$13.99 million in 2025 to \$15 million in 2026.⁹
- Most clean energy improvements to home and for vehicles ended in 2025. The tax Federal incentive of expenses like solar, door/window efficiency, energy efficient furnace or water heater upgrades will not be available.²
- Employers will have increased availability of credits for employer-provided childcare tax credit, so some employers may increase these benefits for employees.⁹
- Tax brackets, credits, and Standard Deduction amounts continue to be adjusted for inflation, resulting in less taxes for most. The Standard Deduction moves from \$15,750/\$31,500 for single/married in 2025 to \$16,100/\$32,200.⁹

Ask our team anytime about tax changes (click to email):
taxhelp@mountaintaxservices.com

New Client Engagement

We have a new client engagement outline to help those new to us understand our exceptional and responsive services (click link):
<https://www.mountaintaxservices.com/new-clients-page>

Returning Client Preferences

We instituted the following online form so we can best tailor our approach to your specific preferences and needs (click link):
<https://www.mountaintaxservices.com/preferences>

Secure Document Upload Center (Client Xchange)

In addition to accepting documents via email, fax, phone, message, Facebook, online logins, etc, etc, for the best security in document transmittal, we continue to offer clients a secure tax center upload portal. Email us for a new sign-up OR those who have used the platform before can sign-in directly: <https://www.mytaxdocs.com?o=6576>

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