CRESSEY RICE TAX SERVICE

2026 Summer Tax Newsletter

Your Tax Care Professionals & Partner in Tax Planning

Welcome to our summer newsletter! We enjoy staying connected throughout the year and sharing timely tax updates, planning ideas, and office news. As always, if your life or income changes, let us know before tax season—we're here to help.

2025 Taxes – The Final Stretch & Fee Incentive

The filing deadline for 2025 tax returns is fast approaching. Business partnership, corporate, and S corporation tax returns are due September 15th. Individual tax returns are due October 15th.

Although the payment deadline was April 15th, there is a much higher penalty for late filing (on top of the late-payment penalty) which is based on the amount you owe the IRS or state revenue agencies. To ensure that we have ample time to work with you on your tax return, we ask that you send us your 2025 tax documents and information ASAP. Now is the time to get your return on our work schedule.

📅 **August 15th**
Tax documents/info received after this date
+$100 Individual Fee
+$200 Business Fee

📅 **September 15th**
Tax documents/info received after this date
+$200 Additional Fee

📅 Your Tax Planning Resource

We encourage clients to take advantage of our complementary tax planning and reach out to us whenever questions come up. Each client receives one free comprehensive annual tax planning session with the current tax return. Tax questions are always welcome.

Here are just a few life events that can affect your taxes; reaching out before the end of the tax year can make a significant difference. A quick phone call before making a major financial decision can often prevent costly surprises the following April.

Starting, closing or selling a business

Selling a property or investments (stocks, digital currencies)

Marriage or Divorce/Separation

Children – turning 17 and/or off to college

Retirement fund withdraws or Roth conversions

Retirement or job change planning

Inheritance

💰 Tax Deduction Updates

- New for 2026 taxes, you can now deduct up to $1,000 (single/head of household) and $2,000 (married filing jointly) of money donated to 501c(3) non-profit organizations. On top of this charitable deduction, you are still allowed to claim the standard deduction based on your filing status. If you Itemize your tax deductions because they exceed the standard deduction amount, 100% of your monetary donations already make a difference.
- Taxpayers aged 65 and older are receiving a deduction up to $6,000 each from taxable income. This new deduction does have limitations based on your other income, so the impact varies.
- The overtime deduction allows eligible employees to deduct the overtime premium (1/3 overtime pay) they earn above their regular rate of pay on qualified overtime wages. Beginning with the 2026 tax year, this deduction can only be claimed if the qualified overtime amount is reported on your annual W-2 Form. If you have questions about how your overtime is reported, your payroll department is the best place to start.
- Eligible employees' tips deduction is still in effect and is a reduction of your taxable income up to $25,000 (with income limitations). These eligible tips for employees will also need to be reported through your W2 to qualify for the deduction.

Even if you don't qualify for every new deduction, it's worth asking us. Some of these rules have income limits or reporting requirements that can affect your eligibility.

📌 Tax Rule Changes

- To receive your tax refund, the IRS now requires direct deposit into a checking or savings account. This is in effect for all returns being filed, no matter what tax year you're filing. The IRS will no longer mail you a refund check for a tax return refund.
- The IRS requirements for issuing a 1099-NEC (non-employee compensation) and 1099-MISC (miscellaneous information) have been raised from the previous $600 or more paid per year to the new threshold of $2,000 or more. This will reduce the number of 1099's that your business receives and reduce the number of 1099's that your business needs to issue.
- Babies born between January 1, 2025, and December 31, 2028, qualify for a $1,000 contribution to a retirement account. To set this up and initiate the $1,000 contribution, you need to submit form 4547. You can do that through your IRS account or download the app.

🛡 The IRS & You

The IRS will never initiate contact with you via a phone call. Original contact from the IRS will come in the form of a letter. The only reason they would call is if you are working directly with an IRS agent and you are expecting their specific call. Scammers continue to impersonate the IRS through phone calls, text messages, and emails. Remember, the IRS will not initiate contact this way.

If you receive a letter from the IRS, do not hesitate to open the letter and send us a copy of the letter. Many times, you only have 30 days to respond to the letter. We will always help you understand what the letter means (free service).

If your tax situation warrants a phone call inquiry or written response to the IRS, Cressey can make that phone call on your behalf and/or assist with scripting the response (for a fee). Part of the process for Cressey to call the IRS is a required 2848 form that is a "tax power of attorney," which we prepare and have you sign for

Cressey to be able to speak with the IRS. Each 2848 form lists the tax years and reasons you are giving her this permission.

Every taxpayer should create an account with the IRS where you can view your tax records, create an Identity Protection Pin (if you have one, it's needed to e-file your tax return), manage your payments & balances, and block others from creating a fake IRS profile in your name. Here is the link: https://www.irs.gov/your-account

Meet the CRTS Team

Cressey – Your Enrolled Agent who has been preparing tax returns for individuals and small businesses for over 25 years. She is the "last stop" of your tax return before you receive the review copy and works closely with clients to wrap up the returns and do proactive tax planning.

Shasta – Our office manager and lead on payroll and Washington state business desk. She prepares all returns before they are reviewed by Cressey. Having worked closely with Cressey and her clients for over four years, Shasta is a great resource when it comes to tax questions and client care.

Kari – On the front line, she is our main person answering phones, checking emails, Intuit Link, and assisting clients with payments and Docusign. Kari is often the first friendly voice you'll hear when you call. She helps connect you to "the next step," and makes certain that we take special care of all our clients.

Katie – Front desk extraordinaire who has worked with Cressey part-time for over 6 years. She assists with phones, emails, Intuit Link, and Docusign.

Sasha – Our resident "double-checker," she monitors our various jobs & communications, sending client reminders and making sure we have your taxes in-process. This is especially helpful during tax season. You may receive emails or Intuit Link messages from Sasha as she scans through our "on hold" jobs.

Rick – Our behind-the-scenes secret weapon and sense-of-humor monitor, he helps with our odds and ends of managing our digital files, preparing mail and checking the PO Box.

Office Hours

February 1st – April 15th: Monday – Friday 8:30am – 3pm (Pacific Time)

April 16th – January 31st: Monday – Thursday 8:30am – 3pm (Pacific Time)

Cressey's schedule is more flexible, and she will schedule phone calls outside of these hours and days when needed.

Thank you for trusting Cressey Rice Tax Service. We truly appreciate the opportunity to serve you and your family, We look forward to helping you throughout the year.