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December 1, 2025

Dear Client,

There are numerous tax law changes for 2025 to consider for your taxes. The information included in this letter is still being interpreted fully. Beware that some changes may result from final IRS instructions.

Our weekday holiday office closings and office hours are as follows....

December 24 through December 28	OFFICE CLOSED	<i>MERRY CHRISTMAS!!</i>
December 31 through January 4	OFFICE CLOSED	<i>HAPPY NEW YEAR!!</i>
April 16 through May 3	OFFICE CLOSED	

Our office hours from **January 5 through April 15** will be from 8:00 am to 6:00 pm on Monday through Thursday and 8:00 am to 5:00 pm on Friday. We will be open on Saturdays **by appointment only** during tax season.

We want to inform you that it is VERY IMPORTANT to get us your tax information well before the due date of the returns. We will not be able to finish returns if the information is submitted too close to the deadline. To complete your returns by April 15th, we will need your information by March 19th. To complete your returns on extension, our new policy is that we must have all your information by August 15th. The only exception would be K-1 documents from partnerships or corporations.

Our website address is www.houshcpa.com and our email addresses are as follows:

Wade Housh:	wade@houshcpa.com	Tara Bilby:	tara@houshcpa.com
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Sincerely,

Wade Megan Michael

Federal Standard Deduction for 2025

<i>Filing Status</i>	<i>Under age 65</i>	<i>Age 65 or over</i>
Single	\$15,750	\$17,750
Married Filing Joint	\$31,500	\$34,700 *
Head of Household	\$23,625	\$25,625

***Both** are age 65 or over

Maximum Social Security Taxable Wages

<i>2025</i>	<i>2026</i>
\$176,100	\$184,500

Maximum Earnings before Social Security Retirement Benefits Reduced

<i>Age</i>	<i>2025</i>	<i>2026</i>
Under Full Retirement Age	\$23,400	\$24,480
Year Full Retirement Age Met	\$5,180 per month	\$5,430 per month
Full Retirement Age	No Limit	No Limit

Taxable Social Security Benefits for 2025

<i>Filing Status</i>	<i>Provisional Income**</i>	<i>Up to this percentage of your benefits will be taxed</i>
Single or Head of Household	Less than \$25,000	0%
	Between \$25,000 and \$34,000	50%
		85%
	Over \$34,000	
Married Filing Joint	Less than \$32,000	0%
	Between \$32,000 and \$44,000	50%
		85%
	Over \$44,000	
Married Filing Separate	Over \$0	85%

** Provisional Income is generally defined as adjusted gross income plus tax-free interest and dividend income, plus 50% of Social Security benefits received.

ONE BIG BEAUTIFUL BILL TAX LAW CHANGES

- Tip deductions are available if you meet certain criteria and your tips are qualified tips for 2025. Keep a log of tips and you may have to estimate for 2025. If you are a waiter or waitress, your tips should be noted on your W-2 if your employer tracked them correctly.
- Overtime deductions are available if you meet certain criteria for 2025. You may have to get information from your employer in order for us to calculate the deduction since this information has not historically been on your W-2.
- The new Senior deduction is \$6,000 per individual if your income is below certain thresholds. We will automatically calculate this for you if you are 65 or older. Many media reports indicated that social security is not taxable. That is not completely true; however, this additional deduction is designed to offset taxable social security.
- Interest paid deduction on new vehicles that are assembled (final assembly) in the United States may be available if you meet certain requirements.

OTHER TAX STRATEGIES

Overview

The following list of tax strategies is not a “one-size-fits-all” solution. Each idea may or may not work in your particular situation. We encourage you to speak with us if you have any questions.

Personal Income Tax Ideas & Strategies

- **529 accounts** for future private school and college expenses (KS and some other states).
- **Health Savings Accounts** offer a way to get tax deductions for your out-of-pocket medical expenses. Find out if you qualify for this.
- ***Qualified Charitable Contributions from an IRA*** can reduce your taxable income (criteria must be met).
- **IRA's – ROTH:** Best long-term tax savings plan!
- Use Flexible Spending Accounts through your employer to get pre-tax deductions for medical bills.
- Capital Gains have lower tax rates compared to ordinary income. Take advantage of the lower rates.

Business Income Tax Ideas & Strategies

- Bonus depreciation for 2025 is back to 100% of the cost.
- Don't forget to keep track of mileage for personal vehicles used in your business. The mileage rate for 2025 is \$.70 per mile.
- ***Pay your children*** – A business owner or farmer (operating as a sole proprietor) may be able to improve the family's tax situation by hiring their children and issuing the appropriate payroll tax forms and filings.
- Use 1031 exchanges for business real estate to defer gains on sale. Consult with a realtor or qualified intermediary BEFORE you sell any real estate if this is something you want to consider.
- Consider selling real estate on contract rather than receiving a lump sum. Currently, interest rates are higher and may provide quality income as well. Always consider using a qualified attorney to help you with these types of agreements. This has the potential to help you save taxes by spreading out the capital gain income. This does not work on the sale of personal property.
- ***Utilize SEP or SIMPLE IRA retirement plans*** – To defer income and income tax, you may be able to utilize a business retirement plan that is tailored for small businesses. Your business can establish a SEP or SIMPLE IRA, each of which has different advantages.
- ***100% deductible medical insurance and medical expenses*** – If you are self-employed, a partner in a partnership, a member of a LLC, or a stockholder in a C corporation, you may be able to save tax dollars by setting up an "employee benefit plan" ("BASE 105"). This plan allows you to deduct (as a business expense) 100% of your qualifying health insurance and "out of pocket" medical expenses. Due to changing regulations, be sure to contact us if you are interested in this type of plan. If you already utilize BASE 105, we will send you a letter to assist you in preparing year-end reports. If you are enrolled in ***BASE 105***, to be able to deduct eligible medical expenses, you must have paid wages to your spouse on or before December 31. Furthermore, be sure that you have properly **documented** the hours worked and duties performed to ensure the deductions under this plan qualify.

REMINDERS

- If you **OR** your corporation, LLC or partnership have paid \$600 or more (*in the course of a trade or business*) in the calendar year of 2025 to an individual, partnership or LLC for rent, machine hire, commissions, interest, or contract labor, you are required to file a 1099 with the IRS. It is not necessary to file a 1099 when the recipient is a corporation (a bank, for example). **The due dates for these to be filed with the IRS is now January 31st.**
- ***BACK UP YOUR DOCUMENTS, FILES, AND QUICKBOOKS FILES!!!!***
- Use last year's "**SOURCE DOCUMENTS**" as a guide or checklist for the documents and information needed to complete your tax return. Last year's "Source Documents" has a bright **orange** cover sheet.
- If you are **SELF-EMPLOYED**, be sure to write a check to your spouse (on or before December 31) to reimburse for business or farm auto mileage (for business miles driven in a *personal* vehicle for which actual expenses are *not* being deducted for this vehicle). **MILEAGE LOGS ARE IMPORTANT!**
- If you have foreign assets or signature authority over a foreign bank account, you may be required to file FinCen114. Please make us aware of any foreign assets you may have.
- If you pay **ESTIMATED TAXES**, your final estimate for this tax year is due January 15.
- Please review your "Statement of Earnings" at www.socialsecurity.gov/mystatement. It is important that you review this to ensure your earnings are correct and your account is credited appropriately