



Peoples Tax Service Inc

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Happy New Year from Peoples Tax Service !!!

Greetings to our faithful and valued clients. We hope that this year has treated you well and brought you many successes. As we approach the new tax year, we want to ensure that you are fully informed about all the new tax laws and office procedures that will be implemented. Staying updated on these changes is essential for obtaining all the tax benefits available to you while ensuring that you remain compliant with regulations. We are committed to providing you with the necessary resources and guidance that will help make this year a successful one for your financial planning and tax preparation.

We are dedicated to giving you efficient and timely tax preparation. Please review the order of operation regarding scheduling appointments so that we can guarantee that you will receive quality service.

If you are filing tax return, please have the following available upon arrival of your appointment.

Personal Information

You will need the following information for yourself, your spouse, and all dependents listed on the return:

- Full legal names and dates of birth
- Social Security Numbers (SSN) or Taxpayer Identification Numbers (ITIN)
- Current mailing address
- Government-issued photo identification (e.g., driver's license, passport)
- Bank account and routing numbers for direct deposit of refunds
- Copies of last year's federal and state tax returns (ONLY if we did not prepare your return in our office)
- **Identity Protection PIN (IP PIN) if one was issued to you by the IRS .**
 - If you, your spouse OR ANY dependents were issued an IP PIN, your return **CAN NOT** be processed without it!

****Instructions on how to obtain this IP Pin located on the final page of this newsletter.****

Income Documentation

Gather all forms and records that show money you earned during the tax year. **These DOCUMENTS are MANDATORY to be issued to you by January 31st .**

- **Form W-2 (Wage and Tax Statement):** Reports wages, salary, and taxes withheld by your employer(s).
- **Form W-2G:** Reports gambling and lottery winnings.
- **Form 1099-INT:** Reports interest income received from banks or brokers.
- **Form 1099-DIV:** Reports dividends and

distributions from stocks or mutual funds.

- **Form 1099-G:** Reports government payments like unemployment.
- **Form 1099-R:** Reports distributions from retirement plans, pensions, or annuities.
- **Form SSA-1099:** Reports Social Security benefits received.
- **Form 1099-NEC:** Reports non-employee compensation, typically for

freelance or independent contractor work.

- **Form 1099-K:** Reports payments from payment cards and online marketplaces.
- **Form 1099-MISC:** Reports other miscellaneous income, such as rent or awards.
- **Schedules K-1:** Reports income from partnerships, S corporations, estates, and trusts.

Deductions and Credits Information

- Collect documentation for any expenses that may qualify for deductions or credits, which can reduce your taxable income or tax bill.
- Homeownership: Form 1098 (mortgage interest statement), real estate/personal property tax records, receipts for energy-saving improvements
- Education expenses: **Forms 1098-T** (tuition statement) and 1098-E (student loan interest statement), receipts for other qualified expenses
- Childcare expenses: Total amount paid, and the provider's name, address, and tax identification number (SSN or EIN)
- Medical expenses: Records of amounts paid for healthcare, insurance, and to doctors/hospitals (only the portion exceeding a certain percentage of AGI is typically deductible, and only if you itemize)
- Charitable donations: Receipts and records for cash and non-cash donations, including mileage logs for volunteer driving
- **Health Insurance: Form 1095-A if you enrolled through the Health Insurance Marketplace (Exchange)**
- Retirement contributions: Form 5498 for IRA or HSA contributions
- Self-employed expenses: Profit and loss statements, receipts, mileage logs, home office details, and records of estimated tax payments made (Form 1040-ES)
- Clients should also note any major life events during the year, such as marriage, divorce, or the birth of a child, as these can affect filing status and eligibility for certain credits.

Drop off Instructions

Please submit all documents directly to our receptionist unless it is after hours or if you are not feeling well. In these cases, we kindly request that you consider alternative methods of submission. You can email the documents to our designated office email account, or, if you prefer, you may use our secure document drop-off box located outside the main entrance. This way, you can ensure that your sensitive information remains protected at all times. Your cooperation in this matter is greatly appreciated, as it helps us maintain a smooth and efficient process while safeguarding your privacy.

Additionally, if you decide to send your documents by email, please make sure that every file is properly labeled with your name and the reason for the submission, along with the year, so that our staff can process them quickly and effectively. We are here to help you with any worries you may have about the submission process, and we value your cooperation and understanding in

helping us maintain an orderly and effective workflow.

"One Big Beautiful Bill Act" (OBBBA), was signed into law on July 4, 2025. Among the changes it made to many tax laws , was an increased standard deduction for tax year 2025 (taxes filed in 2026).

Currently SC does not adopt 2025 federal changes so SC taxpayers will add back deductions taken on the federal.

	Pre-OBBBA standard deduction for 2025	Updated standard deduction for 2025	Increase
Single filer and married filing separately	\$15,000	\$15,750	\$750
Married filing jointly and surviving spouse	\$30,000	\$31,500	\$1,500
Head of household	\$22,500	\$23,625	\$1,125

Other Changes

For the 2025 tax year, individuals age 65 and older are eligible for two separate additional deductions: the **longstanding extra standard deduction** and a **new temporary bonus deduction**.

Existing Additional Standard Deduction (IRS Annual Adjustment)

- ◆ This amount is added to the basic standard deduction for those who are 65 or older or blind.
 - Single or Head of Household~~ \$2,000
 - Married Filing Jointly or Separately ~~ \$1,600
- ◆ If a married couple both qualify (both are 65+), they can claim a combined additional \$3,200.
- ◆ If an individual is both 65 or older and blind, the amount doubles for that person.

New bonus deduction

- ◆ Seniors who are 65 and older by the end of the year may also be eligible to deduct up to an additional \$6,000 if they meet certain modified adjusted gross income (MAGI) limits. Joint filers who both meet the age and income qualifications can double their deduction to \$12,000.
 - ✓ **Single filers and heads of household:** \$75,000 or less (MAGI).
 - ✓ **Joint filers and surviving spouses:** \$150,000 or less (MAGI).
- ◆ No Tax on Qualified Tips: A deduction of up to \$25,000 for qualified tips is available for employees and self-employed individuals, with transition relief for employer reporting requirements in 2025.

- ◆ No Tax on Qualified Overtime Pay: Individuals can deduct qualified overtime compensation exceeding their regular rate, up to \$12,500 (\$25,000 for joint filers).
- ◆ Deduction for Car Loan Interest: Interest paid on loans for qualified personal use vehicles can be deducted, with a maximum annual deduction of \$10,000 and income phase-outs.
- ◆ Child Tax Credit: The maximum credit is increased to \$2,200 per child, with up to \$1,700 potentially refundable.
- ◆ Expiring Clean Vehicle Credits: Credits for new, used, and commercial clean vehicles will end for vehicles acquired after September 30, 2025
- ◆ Only ONE clean vehicle tax credit can be claimed per eligible vehicle purchase.
- ◆ For tax years 2025 through 2028, (OBBBA), allows eligible taxpayers to deduct up to \$10,000 annually in interest paid on a qualified new car loan. This is an "above-the-line" deduction, meaning you do not need to itemize to claim it. There are certain qualifications the vehicle must meet to claim this deduction. (Please ask one of our tax preparers).
- ◆ New tax credit to employers that provide paid family and medical leave for their employees.
- ◆ Eligible employers may claim the credit, which is equal to a percentage of wages they pay to qualifying employees while they're on family and medical leave. The credit is effective for wages paid in taxable years beginning after December 31, 2017, and before January 1, 2026.
- ◆ In 2025, employers can claim the Employer-Provided Childcare Credit, which is a general business tax credit up to \$150,000 per year. This credit is equal to 25% of qualified facility expenditures and 10% of qualified resource and referral expenditures.
 - Credit Amount: The maximum credit an employer can claim is \$150,000 annually.
 - Calculation: The credit is a combination of two percentages:
 - 25% of costs related to acquiring, constructing, rehabilitating, expanding, or operating a qualified childcare facility. This includes costs for training and increased compensation for childcare workers.
 - 10% of costs paid or incurred for providing childcare resource and referral services to employees.
 - Eligibility: To be eligible, employers must incur qualified childcare expenditures for services that are available to all employees and do not discriminate in favor of highly compensated employees. If the facility is the employer's principal trade or business, at least 30% of enrollees must be dependents of the employees
- ◆ For the 2025 tax year, the maximum adoption credit is **\$17,280 per eligible child**, and up to **\$5,000 of this credit is refundable**. The credit is subject to modified adjusted gross income (MAGI) limitations.

- ◆ The One Big Beautiful Bill (OBBA) Act, signed into law in July 2025, has restored the previous, higher reporting thresholds for third-party payment platforms (Cash App, Venmo, PayPal, eBay) for the 2025 tax year. Starting in 2025 and beyond, those entities are only required to send you a Form 1099-K
 - You're still required to report the income even if you do not receive a form showing the payments you received
- ◆ **SALT** (State and Local Taxes) Deduction Cap: The \$10,000 SALT deduction limit was set to expire in 2025, however the OBBA increased the cap to \$40,000 for 2025 for those with incomes up to \$500,000. This increased cap will rise by 1% annually through 2029 and default back to \$10,000 in 2030.
- ◆ **Energy Credits:** The federal tax credits for new electric vehicles end after September 30, 2025, and the 30% residential solar tax credit for homeowners ends on December 31, 2025.

Trump accounts

- The One Big Beautiful Bill permits Trump Accounts to be established for American children who have not reached age 18.
- An American child born after December 31, 2024 and before January 1, 2029 for whom a Trump Account is established will receive an initial \$1,000 deposit from the government, with the potential for parents to contribute up to an additional \$5,000 per year initially.
 - Employers may make an annual contribution of up to \$2,500 to a Trump Account and that contribution will not impact the employee's taxable income.

Improvements to Property Damaged by Catastrophic Weather Event

- ◆ Applies to real property or personal property used as a residence, which was damaged during the October 2015 flood, Hurricane Matthew (2016), Hurricane Florence (2018), or Hurricane Helene (2024) Improvements made after the event and before June 30, 2026, are not considered improvements and may not be reassessed at a higher rate because of the assistance provided.

Hours Of Operation

Monday – Friday 8:00 am -7:00 pm

Saturday: 9:00 am – 6:pm

Sunday: By Appointment ONLY

This year, we kindly ask all clients (who are able) to establish an IRS Portal prior to having their taxes prepared. Having an online IRS account offers numerous advantages, primarily providing convenience, and immediate, secure access to your tax information and management tools. It streamlines interaction with the IRS and helps you manage your tax obligations more efficiently.

Key Advantages of an IRS Online Account

- ◆ Access to Tax Records and Information: You can securely view and access a wide range of your personal tax information online anytime, eliminating the need for paper records or phone calls.
- ◆ Request and retrieve your Identity Protection PIN (IP PIN),
 - a six-digit number that prevents someone else from filing a tax return using your SSN or ITIN
 - This is especially useful for parents that have an issue with others trying to claim their dependents
 - A new Ip Pin will be issued for each tax year going forward
- ◆ Make a same day payment
- ◆ Set up an online payment plan
- ◆ View payment history
- ◆ Access tax records and transcripts(Missing income statements)
- ◆ Digital copies of select IRS notices
- ◆ Go paperless and receive digital copies of select IRS notices and letters.
- ◆ Use the Document Upload Tool to securely submit requested documentation online when you receive a specific notice with an access code, which speeds up processing times.
- ◆ View the status of certain audits (currently for correspondence audits conducted by mail)

Step 1: go to <https://www.irs.gov/>



Step 2: click get your tax records

Access tax records and transcripts in your Individual Online Account

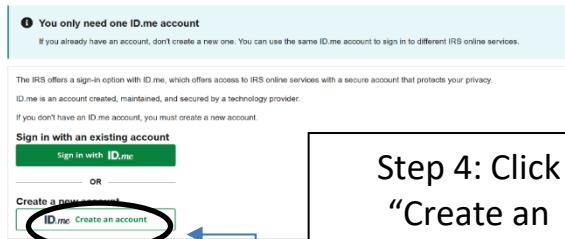
You can view your tax records in your [Individual Online Account](#). This is the fastest, easiest way to:

- View, print or download your transcripts
- Find out how much you owe
- Look at your payment history
- See your prior year adjusted gross income (AGI)
- View other tax records
- Information return documents to assist in filing your claims



Step 3: Click sign into your online account

Sign In or Create a New Account



Step 4: Click "Create an account"

If you are unable to complete this process, we can assist you for a fee of \$45.00.