

EWH 2026 TAX UPDATES

MISCELLANEOUS UPDATES

Mileage	2025	2026
Optional standard mileage rate for business use of a personal vehicle.	70.0¢	72.5¢

Annual Gift Exclusion	\$19,000	\$19,000
Annual gift exclusion amount.		

Social Security Wage Base Limit	\$176,100	\$184,500
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The FICA wage limit for Social Security.

IRA, Pension & HSA Limits

	2025	2026
Simple IRA		
Regular Contribution	\$16,500	\$17,500
Over Age 50 Contribution	\$3,500	\$3,500
Super Catch Up (Ages 60-63)	\$1,750	\$1,750
Max Deferral (Ages 60-63)	\$21,750	\$22,750

Traditional & Roth IRA		
Regular Contribution	\$ 7,000	\$ 7,500
Over Age 50 Contributions	\$ 1,000	\$ 1,000
Total	\$ 8,000	\$ 8,500

401(k)		
Regular Contribution	\$23,500	\$24,500
Over Age 50 Contributions	\$ 7,500	\$ 7,500
Super Catch Up (Ages 60-63)	\$ 3,750	\$ 3,750
Max Deferral (Ages 60-63)	\$34,750	\$35,750

HSA - Individual		
Regular Contribution	\$ 4,300	\$ 4,400
Over Age 55 Contributions	\$ 1,000	\$ 1,000
Total	\$5,300	\$5,400

HSA – Family		
Regular Contribution	\$ 8,550	\$ 8,750
Over Age 55 Contributions	\$ 1,000	\$ 1,000
Total	\$9,550	\$9,550

Digital Assets

Digital assets (including cryptocurrency and NFTs) continue to require disclosure on the individual tax return. Transactions such as sales, exchanges, or use for purchases may result in taxable income. We must ask you to verify this for us to avoid IRS penalties.

Refundable Tax Credits

Certain refundable tax credits are subject to enhanced IRS due diligence requirements. As a result, your tax preparer may request additional information if you claim credits such as the Earned Income Credit, Child Tax Credit, or American Opportunity Credit.

A taxpayer claiming these credits may experience additional delays in receiving tax refunds.

Corporate Transparency Act (BOI Reporting)

Beneficial Ownership Information (BOI) reporting requirements have been significantly limited. As of March 26, 2025, most U.S. domestic companies and U.S. persons are no longer required to file BOI reports with FinCEN. Certain foreign entities or foreign-owned structures may still be subject to reporting requirements. For current guidance, see FinCEN's website: www.fincen.gov/boi.

One Big Beautiful Tax Bill (OBBB)

Several federal energy credits ended or were significantly limited after December 31, 2025.

New deductions for qualified tip income, overtime pay, auto loan interest, and an increased standard deduction for eligible seniors were introduced in 2025 and are scheduled to apply through December 31, 2028.

MORE UPDATES AND REMINDERS

Multi-state Sales & Use Tax Compliance

In 2018, the Supreme Court upheld states' rights to subject businesses outside its physical jurisdiction to sales and use tax. Since the ruling, most states have adopted the Court's minimum level of economic activity of 200 transactions or \$100,000 of in-state sales. At this point, businesses are required to collect and remit sales tax to that state.

As a small business, the burden has now fallen on the business owner to understand and comply with all state's filing requirements in which you do business.

For more information on how this will affect you and your business, please contact your CPA.

Sales Tax Exemption Certificate

If you sell goods or services to companies that are claiming an exemption from sales tax, be sure to obtain an exemption certificate and keep it on file. The Wisconsin Department of Revenue will require this form if you are audited. If an exemption form cannot be produced in an audit, the Department of Revenue will charge you the sales tax, plus interest and penalties.

Use Tax

If, in the past year, you have purchased equipment or supplies from an out-of-state supplier and were not charged sales tax, you will have to pay a use tax of 5.0% - 7.9%. This does not include inventory purchases or resale items. Please inform us if this is the case.

Vehicle Logbooks

If you have a vehicle that you use in your business, you must support what percentage is used for business versus personal use. The best way to do this is to maintain a daily record of all business and personal miles. If there is no logbook, the IRS may disallow some or all vehicle expense.

1099 Reporting Requirements

If you pay a non-employee for services performed in the course of your business, you may be required to issue a Form 1099-NEC. For payments made through December 31, 2025, reporting is generally required when total payments to a vendor or contractor exceed **\$600**. Beginning with payments made after December 31, 2025, the reporting threshold increases to **\$2,000**.

Businesses are required to obtain a completed Form W-9 before issuing payment. If a valid W-9 is not received, **backup withholding may be required**. Please notify our office immediately if backup withholding is applied so it can be properly reported.

Penalties for failure to file required Forms 1099 can be significant. Depending on how late the form is filed and whether the failure is considered intentional, IRS penalties generally range from **\$100 to \$540 per Form 1099**, with **maximum annual penalties exceeding \$1 million** for some businesses. W-9 forms are available for download from our website, www.ewhsba.com/payroll/, or from our office.

Receipts & Documentation

Records and receipts must be kept for all purchases. A cancelled check or credit card statement is not proof of the expense to the IRS. You must have a detailed receipt to substantiate the business purpose of what you purchased. You must also keep all year end documentation, e.g., inventory valuation, accounts payable, and/or receivable details, etc. Without the receipt or supporting documentation, the deduction will be disallowed.

Record Retention Guidelines & other popular forms are available for download from our website, www.ewhsba.com, or from our office.

1099K

OBBB Act reinstated the \$20,000/200-transaction reporting rules for third party payors issuing Form 1099K for calendar years ending after December 31, 2024. This would include any payments received from PayPal, eBay, Marketplace, Uber/Lyft drivers, etc. Receipt of a Form 1099K does not automatically mean the income is taxable; however, it must be reviewed and properly reported on the tax return.