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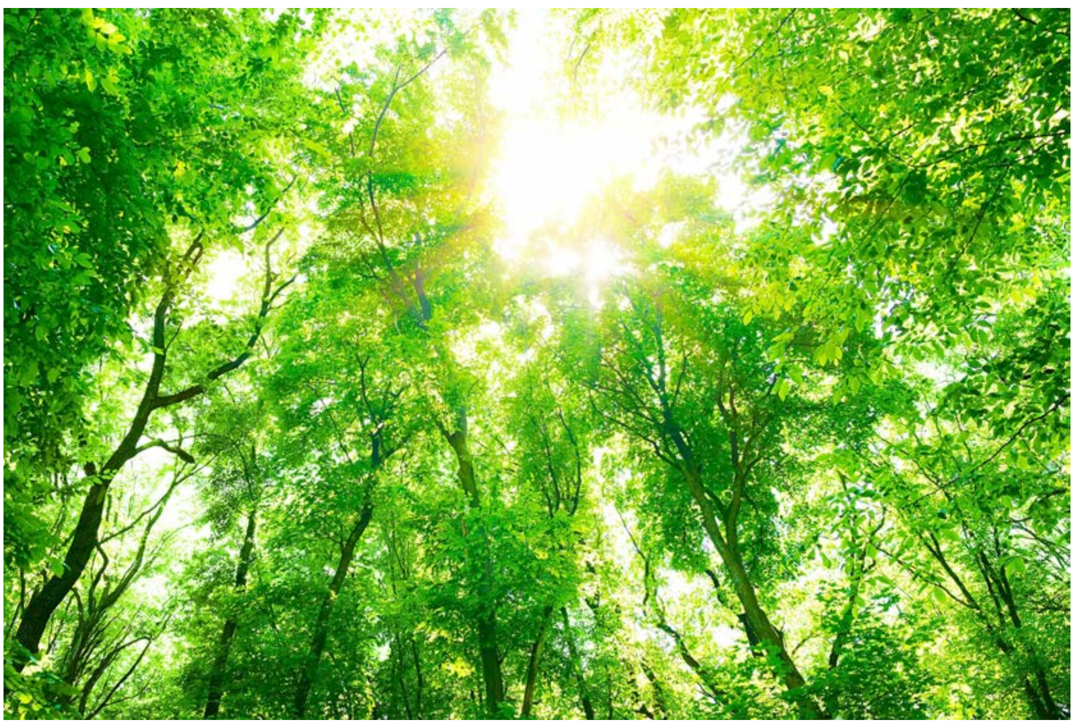

With a tax code that's now up to 6,871 pages, you may not be too shocked to learn that the IRS has more than 1,000 tax forms to help you report every conceivable type of income you may earn.

With so many tax forms to keep track of, it's easy to lose track of one every now and then. To lend you a helping hand this tax season, this newsletter edition goes through several pieces of tax return information that are easy to miss.

Also read about how tax laws scheduled to expire at the end of 2025 may leave you with a higher tax bill, how banks try to avoid paying loyal customers top interest rates, and scammers that are upping their game with the help of AI.

Please pass this information on to anyone that may find it useful and call if you have any questions or concerns.

Tax Return Information That's Easy to Miss

To ensure your tax return is filed quickly and without error, double-check this list of commonly-overlooked items. These little pesks are among the commonly missed items reported as hold ups to filing individual tax returns:

- Missing forms. Using last year's tax return as a checklist, double check that all your W-2s and 1099s are received and applied to your tax return. Missing items here will be caught by the IRS mismatch program, creating an unwanted correspondence audit. If you are missing a form, contact the company responsible for

Upcoming dates:

March 17
 - Due date for partnership and S corporation tax returns (Forms 1065, 1120S)

The New Banking Problem

Everyone needs to be aware and alert

issuing them as soon as possible.

- Dependent information. If you added a new dependent in 2024, provide the name, Social Security number and birth date to have them added to your tax return. If you have a dependent that shares custody with someone else, discuss the plan for who is going to claim this person. Your tax return cannot be filed if there is a conflict in this area.

- Cost basis information. If you sold any assets (typically investments or real estate), you need to know how much it cost you to determine your taxable capital gain or loss. Check your investment statements to ensure that your broker includes the required information and that you believe it is accurate. Sometimes it's difficult to find this information on the Form 1099-B summary, but it might be listed later in the statement details.

- Schedule K-1s. As an owner of a partnership or S corporation, you will need to receive a Form K-1 that reports your share of the profit or loss from the business activity. When you receive your K-1, pay special attention to box 17 (code V) for S corporations and box 20 (code Z) for partnerships. This is where information is included for the Qualified Business Income Deduction.

- Digital asset transactions. If you are buying or selling cryptocurrency or other digital assets, provide details to support the cost basis and sales price of each transaction.

- Forms or documents with no explanation. If you receive a tax form, but have no explanation for the form, questions will arise. For instance, if you receive a retirement account distribution form, it may be deemed income. If it is part of a qualified rollover, no tax is due. An explanation is required to file your information

Immediate Required Action: *Review your savings account interest rate and take necessary action to avoid potential deceptive, unreasonable, and obscure rules that are keeping your money from making a reasonable interest rate!*

Background

When interest rates rose due to inflation, banks and credit unions quickly raised their interest rates on credit cards, mortgages and loans, but were reluctant to reward loyal customers with higher interest on their deposit balances. They simply decided to put the extra profit in their pockets or were afraid they could not afford to pay market interest on their deposits.

These *deceptive* and *unreasonable* practices are words used by the Consumer Financial Protection Bureau (CFPB) in describing one bank's practice to avoid paying market rates to many of their loyal depositors. So which tricks are being used?

Some common practices

- The mirror trick. Create a new savings account with a similar correctly.

- **Missing signatures.** Both you and your spouse need to review and sign the e-file approval forms before the tax return can be filed. The sooner you review and approve your tax return, the sooner it can be filed.

By knowing these commonly missed pieces of information, hopefully your tax filing experience will be a smooth one.

Tax Uncertainty Requires Preparedness

You will soon have to confront a higher tax bill if Congress doesn't extend many credits, deductions, and lower tax rates that are set to expire at the end of this year.

Here's who should be considering ongoing tax planning sessions as this uncertainty plays out in Congress and the Executive office:

- **Your income will increase in 2025.** Maybe you are looking to move jobs or obtain a promotion. This should trigger a planning session as marginal rates currently max out at 37% at a fairly

name to one that earns less than ½ of one percent of interest. But the new account gets a much higher interest rate (allegedly 14 times higher!). Then, don't be great at telling the current account holders, so they do not realize they are being grossly underpaid for their deposits. *Example: Capital One (See CFPB lawsuit)*

-Why do this? *It dramatically lowers the bank's interest expense since they do not roll the old, low interest accounts into the new, higher interest account. But they still offer a competitive savings product to attract new money.*

- **The CD trap.** Grossly underpay those with savings deposits, especially small, local businesses. Instead, offer CDs with better interest rates. Then introduce *EXTREMELY* high early withdrawal penalties (compared to traditional early withdrawal penalties historically used on CDs.) *Classic examples: Chase Bank and US Bank, but there are many more!*

- ***Why do this?*** *It makes it a lot easier for the bank treasury group to forecast the bank's net interest income spread, as their deposit interest expense is more predictable.*

- **The trained seal mirror trick.** A major national credit union took the mirror trick above, then created additional rules to ensure ONLY new money gets the better interest rate. So they only make the new, similarly named, high

high income, but that could all change beginning in 2026.

- You were an itemized deductions taxpayer. A number of taxpayers may begin itemizing deductions again in 2026 if the rules expire as they are currently scheduled to. This means planning your expenses in light of this impending roll back of rules will take some thought. This is especially true if you have high state income and real estate taxes.

- You have a large estate. The current estate exemption ($13.99 million in 2025 for single taxpayers, $27.98 million for married) drops back to $5 million in 2026. While this reset amount will be adjusted for inflation going forward, gifting money or other assets can help reduce the size of your taxable estate while taking advantage of this historically high exemption amount.

- You have investments. Review your investments to be as tax efficient as possible. Municipal bonds and tax-deferred plans like 401(k)s and IRAs may also become more attractive after 2025. Also consider tax-loss harvesting strategies to offset future gains. Another idea: if your tax rate will be lower in 2025 compared to 2026, consider selling appreciated assets in 2025 at a lower tax rate, then immediately purchase the asset again. Remember that wash sales rules only apply to losses, not gains!

- You have pass-through business income. If you are a small business owner, assess how the loss of the Qualified Business Income deduction will affect your tax liability. Review whether you should change your entity type to minimize the loss of this deduction.

By starting to plan now, you can be ready for whatever tax environment

interest bearing account available to *NEW* deposits into the credit union. So, no transferring funds from another internal account to get the higher interest.

PLUS, you are required to set up automatic deposits in the account each month to obtain the best interest. To get the high rate, you need to transfer your money out of the bank, then keep it somewhere else for a time, then transfer it back. In other words, you need to be trained in the tricks to get the reasonable interest rate. Just like a seal.

- Why do this? *Banks don't want to pay these higher interest rates on existing deposits.*

What to do now

- Understand the impact. If you aren't watchful, your savings account is earning much less than 1 percent interest when you could be earning over 4 percent in a similar account *EVERY DAY*.

- Fight inertia. What all these tricks have in common is the benefit of inertia. These practices are commonly used by cell phone companies. They give the best deal to the new guy while gently deceiving their long-term subscribers. When is the last time you looked? Well, look now!

- Find the right account. Often the answer is within your bank by getting into the right account. But you may find it is at another institution. Be willing to set up the

you'll be navigating in 2025.

Manage Your Business's Unemployment Taxes

As a business owner, you're required to pay three different types of payroll taxes.

1. **FICA** (Federal Insurance Contributions Act) is the tax used to fund Social Security and Medicare programs.
2. **FUTA** (Federal Unemployment Tax Act). Employers pay this federal tax to provide unemployment benefits to laid-off workers.
3. **SUTA** (State Unemployment Tax Act). State governments also collect taxes known as SUTA that finance each state's unemployment insurance fund.

While FICA may be easy to understand, unemployment tax calculations are easily misunderstood.

How FUTA and SUTA taxes are calculated

right account at the right place. Current high yield savings rates with FDIC coverage range from 3.5% to 4.8%.

- Develop fluid management. With secure online transfers, it is now easier than ever to keep your money working hard for you (using high interest rates). This also includes moving excess funds in your checking account. So securely link these accounts, actively monitor them, and transfer your funds to their best use at the highest interest rate. You'll be amazed at how much interest income you can earn!

Scammers Up Their Game With AI

Scammers are becoming increasingly sophisticated, with more emails, phone calls and text messages crafted to look and sound like the real thing.

This is often because thieves are adding artificial intelligence to its arsenal of tools to transform their tricks into messaging that genuinely looks like its coming

- The FUTA calculation. The federal unemployment tax rate is 6% on the first $7,000 of each employee’s income, regardless of where the company does business. In addition, employers who pay their state’s SUTA taxes on time can receive a maximum credit of 5.4%, reducing the FUTA rate to 0.6%. Certain employee benefits—employer contributions to health plans, pensions, and group life insurance premiums, for example—are also excluded from the calculation.

- SUTA taxes are more complicated. Tax rates and taxable thresholds (known as wage bases) vary from state to state, industry to industry, and business to business. In Oregon, for example, the first $54,300 of an employee’s salary is taxed under SUTA. In Arkansas, that threshold is $7,000. In Oregon, a new employer is taxed at a rate of 2.4%, but more established businesses in that state have rates ranging from 0.9% to 5.4%. In Arkansas, the tax rate can range from 0.1% to 5.0%. Other factors affecting your SUTA tax liability include the business's history of on-time payments to the state insurance fund and the number of former employees receiving unemployment benefits.

How to reduce your SUTA and FUTA tax bills

- Hire cautiously. If you employ someone who doesn’t work out, you could end up with additional unemployment claims and a higher SUTA tax rate.

- Train vigorously. To increase productivity and reduce turnover, target your investment in continuing education. Keep employees happy and loyal. Again, high turnover leads to unemployment claims, which leads to bigger SUTA tax bills.

- Terminate judiciously. If you must

from a person you know and trust.

Here are the top ways that scammers are using AI and what you can do to protect yourself.

How Scammers are Using AI

-AI-Powered Phishing Attacks. Phishing attacks have been around for decades, but AI makes them far more convincing. AI can analyze large amounts of data to craft messages that look and sound authentic, increasing the chances of tricking victims into clicking malicious links or providing personal information.

- Deepfake Scams. Deepfake technology allows scammers to create realistic videos and audio clips that impersonate real people. Some examples include fake videos of CEOs instructing employees to transfer money or of celebrities endorsing fraudulent products.

- Generate Realistic Conversations. Scammers are using AI chatbots that can hold realistic conversations with potential victims. These bots can appear very convincing while pretending to be customer service agents, a friend or family member, or even government officials. The goal is to trick you into sharing sensitive information or sending money.

- Fake Profiles. AI can scan all of a person's online footprint to create a realistic profile and social media accounts. Scammers then use these fake personas to try reduce personnel, consider offering severance or outplacement benefits to terminated employees. The sooner they return to the job market, the fewer the unemployment claims that will be factored into your company's SUTA tax calculation.

- Dispute carefully. Take the time to verify the accuracy of unemployment claims, as bogus representations by former workers can drive up your SUTA taxes. If an employee was fired for gross misconduct and thus disqualifying himself or herself from collecting unemployment, have strong documentation to support the termination.

- Pay regularly. Under federal guidelines, employers who make their SUTA contributions on time can reduce the amount of FUTA taxes by up to 90%.

Remember, you do not need to navigate the complications inherent in filing your business taxes.

They can be complicated and easily overlooked when you add things like sales taxes and income taxes.

If you have questions or need help please call.

and steal information and money from you.

Protect Yourself from AI-Driven Scams

- Be skeptical of unsolicited messages. If you receive an email, text, or call from a company or person you don't recognize, verify its authenticity before responding. Do this by contacting the company or person directly using official channels.

- Use multi-factor authentication (MFA). Constantly using MFA on every website you visit may cause some frustration, but it's nothing compared to the frustration you may experience if your identity or money are stolen. Even if scammers steal your password, they'll need an additional verification step to access your accounts.

- Verify identities. If someone claims to be a friend, boss, or family member requesting money, first verify their identity through another channel, such as a phone call or video chat.

- Look for red flags. AI-generated scams often contain small inconsistencies—such as unnatural speech patterns in voice messages, slight facial distortions in deepfake videos, or unusual grammar in AI-generated texts. Trust your instincts and independently verify whenever you can.

Ideas to Improve Your Personal Cash Flow

One of the most common reasons businesses fail is due to lack of proper cash flow.

The same is often true in many households.

Here's how this concept of cash flow applies to you along with some ideas to improve it.

Cash flow defined

Cash flow equals cash coming in (wages, interest, Social Security benefits, etc.) and cash going out in the bills you pay and money you spend. If more is coming in than going out, you have positive cash flow. If the opposite is true, you have negative cash flow. Unfortunately, calculating and forecasting cash flow can get complicated. Some bills are due weekly, others monthly. A few larger bills may need to be paid quarterly or annually.

Create your cash flow snapshot

Before improving your cash flow, you need to be able to visualize it. While there are software tools to generate a statement of cash flow, you can also take a snapshot of your cash flow by creating a simple monthly spreadsheet:

- Type each month across the top of the spreadsheet with an annual total.
- Note all your revenue (cash inflows), then create a list of expenses (cash outflows) in the left-hand column.

- Enter your income and bills by month. Create a monthly subtotal of all your inflows. Do the same for your cash outflows. Then subtract the expenses from income. Positive numbers? You have positive cash flow. Negative numbers? You have negative cash flow.
- Create a cumulative total for the year under each month to see which months will need additional funds and which months will have excess funds.

Ideas to improve your cash flow

- **Identify your challenges.** See if you have months where more cash is going out than is coming in to your bank account. This often happens when large bills are due. If possible, try to balance these known high-expense months throughout the course of the year. Common causes are:
  - Holidays
  - Property tax payments
  - Car and homeowners insurance
  - Income tax payments
  - Vacations
- **Build a reserve.** If you know there are challenging months, project how much additional cash you will need and begin to save for this during positive cash months.
- **Cut back on annuities.** See what monthly expense drivers are in your life. Can any of them be reduced? Can you live with fewer cell phone add-ons? How about cutting costs in your cable or streaming bill? Is it time for an insurance review?
- **Shop your current services.** Some of your larger bills may create an opportunity for savings. This is especially true with home, rental and car insurance.
- **Create savings habits to add to cash flow.** Consider paying a bill to yourself in your cash outflows. This saved money is a simple technique to create positive cash flow each month to build an emergency reserve.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

Click Here!