

“THE NEWSLEDGER”

GO FOR A RIDE IN UNCLE SAM'S TAX TAXI!

- The 2026 tax free cap for employer provided parking, mass transit passes and commuter vans is \$340 per month.
- The new Social Security annual wage base for 2026 is \$184,500.
- Starting in 2026 high income taxpayers itemized deductions will be limited at the 35% federal income tax rate.
- Starting in 2026 only 90% of gambling losses can be used to offset winnings on Schedule A of your 1040 form.
- In 2026, the standard deductions is as follows: joint filers \$32,000; singles \$16,100, and head of households \$24,150; plus \$1,650 for each filer over the age of 65.
- In 2026, the caps for traditional and Roth IRA's increases to \$7,500; plus \$1,100 catch-up for individuals over 50. The income ceilings increase to \$252,000 for couples and \$168,000 for others.
- Teachers can now deduct up to \$350 for 2026 out-of-pocket school expenditures.
- Don't forget about the senior \$6,000 deduction made available to reduce the taxation of Social Security. Be careful as the deduction phases out above \$150,000 income for joint filers and \$75,000 for others; otherwise all taxpayers over 65 qualify.
- The \$12,500 tax deduction per taxpayer for overtime compensation phases out for joint filers beginning at \$300,000 and \$150,000 for others.
- College students who are now paid for name, image, and likeness must pay federal and state income taxes, as well as self-employment taxes.
- Whistle blowers can now file electronically to receive their awards.
- IRS fired the National Treasury Employees Union in 2025. The Union represented two-thirds of all Service employees. Litigation is ongoing!
- 2026 bonus depreciation on business vehicles is \$20,300.
- Beginning in 2026 the threshold for reporting casino gambling winnings on form W-2G is \$2,000; to be adjusted annually for inflation.
- IRS's backlog of unanswered written correspondence at the end of the 2025 filing season was 7.6 million.
- Claiming a foreign earned income exclusion is an IRS major red flag!
- Up to \$5,120 of the 2026 adoption credit is fully refundable – even if you have no taxable income or income tax liability.
- The 3.8% surtax on net investment income was meant to hit the wealthy. However, IRS reported that the tax has grown from 3

million returns in 2013 to over 7 million returns in 2022. Trusts and estates are being hit hard with this tax as their tax begins at the \$16,000 income level.

- The IRS standard mileage allowance for business use of a vehicle increases to 72.5 cents a mile for 2026.
- The new fee for seeking an IRS corporate private letter ruling is \$43,700!
- In community property states the value of your residence is increased to its full market value upon the death of a spouse; in all other states the stepped-up-basis only applies to the deceased ownership portion of the home.
- Beginning in 2026 itemizers can deduct mortgage insurance premiums on acquisition indebtedness as part of their mortgage interest write-off. Be aware there are phase-out provisions.
- The new 1% excise tax on U.S. transfers sent abroad applies to relevant cash transfers from the U.S. to other countries regardless of whether the sender is a U.S. citizen.
- Congress has reduced IRS's budget by 9% for 2026 to \$11.2 billion.
- The majority of paid income tax preparers of individual returns are unenrolled preparers; not surprisingly most of the errors and problems come from this group according to the IRS.
- Taxpayers only owe late-filing or late-payment penalties if they owe a tax.
- IRS is attempting to eliminate refund checks. If you insist on a physical check expect a six to ten week delay.
- You can not apply for an offer-in-compromise if you are in bankruptcy.

- If you did not receive your anticipated IRS refund it may be because you owed another debt to the federal or state governments. IRS does offsets for unpaid federal taxes, federal agency nontax debts, state income tax obligations and unpaid child support.

THE "GIFT" OF "TIPS" ACCORDING TO UNCLE SAM!

The IRS has released the final regulations for the \$25,000 tip deduction. For the years 2025 through 2028 most tips will be viewed as non-taxable gifts. The tips must be from an occupation that traditionally receives tips/gifts. The funds must be paid voluntarily and the deduction begins to phase out as modified adjusted gross income exceeds \$300,000 for joint filers and \$150,000 for singles. The amounts given must be properly reported on the appropriate IRS forms and separate from other types of payment on said forms. For self-employed the deduction cannot exceed the net income of the business.

CONGRESS JOINS NEW YORK CITY IN THE GROCERY BUSINESS

Grocers are increasingly using small electronic digital shelf price tags to label products. The labels allow stores to quickly and easily change the price of shelf items. Federal and state lawmakers are attempting to outlaw this practice, claiming that the electronics are potential tools of abuse. They claim automation can result in price gouging, surge pricing, discriminatory pricing and lead to job losses! Grocers argue the automation will improve pricing accuracy and lower consumer costs. We question – WHAT GIVES THE GOVERNMENT THE RIGHT TO DICTATE BUSINESS COST PRACTICES?

FACTS ABOUT OUR WORLD THAT I KNOW YOU DID NOT ASK FOR BUT HERE THEY ARE ANYWAY! READ ON IF YOU DARE!

- Foreigners who pay a \$15,000 processing fee and gift \$1 million to Uncle Sam can become lawful permanent U.S. citizens.
- Medicare does not cover healthcare outside the U.S.

- Physical books are on the rebound. Retail chain bookseller Barnes & Noble is in the process of opening many new brick and mortar stores; thanks to serious readers preference for physical books and physical stores in which to browse and buy them.
- The Venezuelan oil industry is in decrepit shape after years of socialist mismanagement. So despite the huge reserves don't expect a flood of new oil from them in the near future.
- Drones can only lift about a 1:1 payload-to-weight ratio. Expect innovative drone concepts to kick off big advantages in coming years as these ratios improve.
- The NCAA has decided to allow college sports teams to place up to two advertising patches on student athletes uniforms. The ad patches will generate millions of dollars in revenue for top college teams.
- Last year the NCAA agreed to allow schools to share up to \$20.5 million in revenue with student athletes.
- Farmers anticipate that net farm income will drop by about 1% for 2026. That will be 16% below the record highs set in 2022.
- The cost of babysitting has skyrocketed. The national average hourly rate for babysitters in 2026 for one child is \$26.24 per hour and \$29.87 for two children. Rates have increased by about \$8 an hour over the past five years.
- Artificial intelligence assistants can now act as agents surfing the web for all sorts of bargain purchases. They can order groceries, book flights or even haggle with suppliers.
- Several states are experimenting with variable speed limits, using digital roadway signs that temporarily lower or increase speed limits if road conditions change. (NOTE: OK for government but not grocery stores!)
- The U.S. had 2,274 cases of measles in 2025; the most since 1991.
- The U.S. has always been and continues to be the world's largest producer of helium.
- It is anticipated that pharmaceutical sales will increase by more than 5% during 2026. The U.S. will account for 40% of the increase.
- High inflation will force the Federal Reserve not to reduce interest rates during the second half of 2026.
- NASA plans to land four astronauts on the moon in 2028; China has plans to do the same by 2030.
- Traffic deaths in the U.S. have decreased by 7% from 2024 to 2025, while the number of miles driven has increased by 1%.
- The global space economy is expected to exceed \$1 trillion annually by 2034.
- China accounts for 90% of commercial drone production. To counter China the U.S. has launched a drone program with a \$1.1 billion effort. The goal is to produce hundreds of thousands of low-cost, weaponized drones by 2027.
- Expect the U.S. gross national product to grow at a 2% rate for 2026.
- Medicare beneficiaries can now pay only \$50 per month for the new line of obesity drugs. Insurers are on the hook for any excess costs per a new agreement with your Uncle Sam.
- Medical marijuana has been reclassified to a much lesser dangerous drug. As a Schedule III drug many of the banking and interstate commerce problems have been solved. The change still does not make marijuana legal for federal purposes!

- Auto repair and maintenance costs have increased by nearly 50% since the pandemic.
- The cost of living has increased by 24% since 2021.
- The U.S. is now the world's largest producer of oil.
- Property taxes are rising faster than inflation! Examples are Baltimore – up to 27%, St. Louis – up to 11%, and Kansas City – up to 8%.
- Allegiant Air and Sun Country Airlines are combining; the new company will operate more than 650 routes servicing over 175 cities. Their focus is on affordable leisure travel.
- Fines for data privacy violations in the U.S. have resulted in companies paying in excess of \$3.4 billion in 2025.
- Obamacare premiums have more than doubled during the last year, causing enrollment to fall for the first time.
- The push to revoke noncitizen commercial drivers licenses to improve road safety could result in over 200,000 fewer truck drivers.
- Uncle Sam has a chronic shortage of air traffic controllers – their answer – encourage young gamers to apply for the jobs. Young gamers possess the “hard skills” needed for these difficult positions.

CASH-NOW ADS TARGET PEOPLE RECEIVING ONGOING PAYMENT STREAMS!

Companies offer immediate access to money that would otherwise be paid over several years – at hugely discounted amounts. Especially for the poor or uneducated getting the money right away sounds enticing. However, typically you must give up to 30% of the fair market value of your award to get the cash. People often forget that the government has already taken its determined share

before you receive a cent! If you are in dire need of the funds it is best to get multiple offers so you can negotiate your best deal. You should consult with an accountant to establish any additional tax implications and perhaps hire a broker who specializes in negotiating such deals. If you consider yourself a savvy investor be certain that you are a better investor than the cash-now companies. “GOOD LUCK”!

RETIREMENT PLAN DIVORCE – IRS SAYS “MAKE MY DAY”

Splitting retirement accounts in a divorce can result in nasty tax situations. IRS fines pre-age 59 ½ taxpayers 10% for early distributions from retirement plans. This penalty is in addition to any regular income taxes due. In certain situations the 10% penalty can be avoided. For 401(k) early payouts resulting from court orders dividing the plan assets; the penalty is waived. For pension distributions you must hire an actuary to calculate the present value of the future benefits and get a court order for the distribution; to eliminate the penalty. For IRA's the withdrawn funds must be directly moved to the other spouses legal IRA; which will not only eliminate the penalty but also postpone any potential income taxes until the funds are subsequently extracted from the spousal IRA.

“SALT” TASTES LIKE “HOT PEPPER” TO WEALTHY TAXPAYERS!

The cap for deducting state and local taxes through 2029 has increased to \$40,000. After 2029 the cap reverts back to \$10,000. However the present cap has income limitations that can bring the current deduction back down to \$10,000. The \$40,000 write-off begins to phase out for taxpayers with modified adjusted gross income over \$500,000. The cap is reduced by 30% of the excess of the taxpayers AGI over \$500,000, until it reaches \$600,000, at which time the minimum \$10,000 deduction applies.

“B”OB “A”ND “D”AVES DAD JOKES

- Why do kangaroo moms hate rainy days? Because then the kids have to play inside!
- What has a head and a tail but no body? A coin!

- Why did the sea monster eat 5 ships loaded with potatoes? Because no one can eat just one POTATO SHIP!
- Where do lizards go when their tails fall off? Any retail store!
- 3 potatoes are standing on the corner. Which one is the prostitute? The one that says – “IDAHO”!
- What do you call a typo on a tombstone? A grave mistake!
- What kind of pants does a ghost hunter wear? Just a PARANORMAL JEANS!
- A local dentist received an award from the ADA for dentist of the year... What was his reward? It was a little PLAQUE!
- What do you call a wreath made of nothing but \$100 bills? A-WREATH-OF-FRANKLINS!
- What do you call a rabbit that was raised in a hotel? An ingrown HARE!
- A blind man walks into a store and starts swinging his guide dog above his head. A clerk asks “Can I help you?” The blind man says “No thanks, I am just looking around!”
- A chicken who haunts a house is what? A POULTRYGUISE!
- Three moles were walking down a small tunnel – the first said “I smell sugar”, the second said “I smell honey”, the third said “I smell MOLASSES!”
- What did the dalmatian say after eating a big dinner? That hit the SPOTS!
- I was going to cook alligator for dinner. Then I realized I only have a CROC POT!

ZIMMERMAN & ASSOCIATES EVENTS

Various Z&A staff members swear that they saw a “stork” fly over our office heading toward Sean and Chloe Riley’s house. They claim that the bird is now circling the Riley residence. What could that mean? Could the stork possibly have a package for the Rileys? We think so!!

Bob and Carol Zimmerman recently joined Mickey and Minnie Mouse on a fantastic Disney Treasure cruise where they experienced many of the Disney shows, stores and pub delights. Bob was especially taken in by the “Haunted Pub”!

Rich and Mary were honored to be guests of Paul Corraine and his team at Convergent Technologies Design Group, Inc. at the MGM Grand in fabulous Las Vegas. Though the pair didn’t “Win Big” they had fun tubing on the Lazy River and enjoying the Mad Apple show at New York, New York.

Next up for our traveling duo (Rich and Mary) is a trip to the Red Rocks Amphitheatre in Colorado to see Mary’s favorite band Train. The “partners in wine” will then head off on their official honeymoon in picturesque Sicily.

FOOD FOR THOUGHT

I look up and wonder is the moon a hollow satellite, is the moon made of cheese, is the moon inhabited by aliens or is the moon our future home?