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**In-person appointments:**

Clients are seen by appointment only. **If you or anyone else in your household are feeling sick, please use one of our other options or call to reschedule your appointment.** Likewise, our staff will not be working in the office if they are feeling sick.

Please let the receptionist know if you have multiple returns so they can schedule us enough time to complete them.

**Drop-off/Mail-in Services:**

You can leave your documents with the receptionist during business hours or use the secure lockbox at our front door. My staff or I will call or email with any questions. I can review your return when completed over the phone or virtually.

**Remote/virtual tax service:**

Our remote tax services offer the opportunity to submit, review and complete your tax returns virtually over video conference. The process works as follows:

1. Submit your documents using one of the following:
  - Client Portal – I will email you an invitation to your secure client portal if you have not previously set one up. You will upload your tax documents after set-up.
  - **Please do not send any attachments or confidential information via email.**
2. Call or email to set up a time for a video conference or phone call to complete and review the return. I will go over the return on screen with you and answer any questions as normal.
3. You will receive a pdf copy of your tax return uploaded to your secure client portal or paper copy can be mailed. Signatures and payment may be done electronically as well.



Please call our receptionist for your appointment. Please note, our receptionists cannot answer tax questions.  
If you need immediate assistance, my assistant Megan can answer most questions.  
Website: [AEBTAX.COM](http://AEBTAX.COM) Office phone: 816-795-9882  
Receptionist: Ext 0  
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The **One Big Beautiful Bill Act (OBBBA)**, signed July 4, 2025, makes the 2017 tax cuts permanent and adds new deductions for your 2025 and 2026 tax returns.

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## 1. The "No Tax on Overtime" Deduction

For the first time, employees can deduct a portion of their overtime pay.

- **What is deductible:** Only the "premium" portion of the pay (the "half" in time-and-a-half). For example, if an employee's regular rate is \$20/hr and they earn \$30/hr for overtime, they can deduct the \$10/hr premium.
- **The Limits:** Capped at \$12,500 annually for individuals and \$25,000 for married couples.
- **Phase-out:** The deduction begins to phase out at a Modified Adjusted Gross Income (MAGI) of \$150,000 (\$300,000 for joint filers) and is fully gone at \$275,000 (\$550,000 for joint).

## 2. The "No Tax on Tips" Deduction

Service workers in "customarily tipped occupations" (as defined by the Treasury's 68 eligible job codes) receive a major break.

- **What is deductible:** Up to \$25,000 of qualified cash or credit card tips.
- **Eligibility:** Must be in an eligible occupation (e.g., servers, bartenders, valets, home cleaners) and earn under the MAGI threshold of \$150,000 (\$300,000 joint).
- **The Catch:** This only applies to federal *income* tax. Tips are still subject to Social Security and Medicare (FICA) taxes.

## 3. SALT Cap Relief

- **SALT Deduction:** The State and Local Tax (SALT) cap—previously a flat \$10,000—has been raised to \$40,000 for 2025. It will be indexed for inflation starting in 2026, providing significant relief for homeowners in high-tax states.

## 4. American-Made Auto Loan Interest Deduction

Taxpayers can now deduct interest paid on loans for new personal vehicles.




- **Requirements:** The vehicle must be purchased new (not leased, not used) after Dec 31, 2024, and must have had final assembly in the USA.
- **The Limits:** Maximum annual deduction of \$10,000.
- **Phase-out:** Begins at \$100,000 MAGI (\$200,000 joint).
- **Filing:** To claim this, taxpayers must provide the vehicle's VIN to verify its US-assembly status.

## 5. The Senior "Bonus" Deduction

This is a brand-new deduction for those ages 65 and older.

- **The Benefit:** An additional \$6,000 deduction per qualifying individual (\$12,000 for a couple where both are 65+).
- **Phase-out:** It begins to phase out at \$75,000 (\$150,000 joint) and is fully eliminated at \$175,000 (\$250,000 joint).

### 2026 Tax Provisions

Tax Provision	Max Benefit (Single)	Max Benefit (Joint)	Income Phase-out (Single / Joint)	Current Status
 Overtime Pay	\$12,500	\$25,000	\$150,000 / \$300,000	Temporary (thru 2028)
 Tipped Income	\$25,000	\$50,000	\$150,000 / \$300,000	Temporary (thru 2028)
 Senior Bonus	\$6,000	\$12,000	\$75,000 / \$150,000	Temporary (thru 2028)
 Auto Loan Interest	\$10,000	\$10,000	\$100,000 / \$200,000	Temporary (thru 2028)
 SALT Deduction	\$40,400	\$40,400	\$505,000 / \$505,000	**Permanent**

## **Energy Credits**

Many popular consumer energy credits have been accelerated to expire **this tax year (2025)**.

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### **For Homeowners: The "Sunset" of Efficiency Credits**

The OBBBA has moved up the expiration dates for nearly all residential energy credits. To claim these on your 2025 return, the work must have been completed by December 31, 2025.

- **Residential Clean Energy Credit:** This 30% credit for solar panels, wind turbines, and geothermal heat pumps officially expired on December 31, 2025. Any expenditures made in 2026 are no longer eligible for a federal credit.
- **Energy Efficient Home Improvement Credit:** The credit of up to \$3,200 for heat pumps, biomass stoves, insulation, and windows also ended on December 31, 2025.
- **EV Charger Credit:** There is a small window remaining here. You can still claim a 30% credit (up to \$1,000) for hardware and installation of a home EV charger, but only if it is placed in service by **June 30, 2026**.

### **For Car Buyers: The End of EV Credits**

The "Clean Vehicle" credits that were part of the 2022 Inflation Reduction Act have been repealed by the OBBBA.

- **New & Used EV Credits:** These credits (up to \$7,500) were terminated for any vehicle acquired after September 30, 2025.
- **What about 2026?** There are currently no federal tax credits available for purchasing electric vehicles in 2026. However, you can still claim the new American-Made Auto Loan Interest Deduction (up to \$10,000) for any US-assembled vehicle, regardless of whether it's gas or electric.



# Gambling

Here is the breakdown for your **2026** gambling tax update:

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## 1. The New "90% Rule" (The Big Change)

Starting January 1, 2026, the OBBBA introduces a cap on how much of your losses you can deduct.

- **The Old Rule (through 2025):** You could deduct 100% of your documented gambling losses, up to the amount of your winnings. If you won \$10,000 and lost \$10,000, your net taxable income was \$0.
- **The New Rule (2026):** You can now only deduct 90% of your losses.
- **The Result:** This creates "Phantom Income." If you win \$10,000 and lose \$10,000 in 2026, you can only deduct \$9,000 in losses. You will be taxed on the remaining \$1,000, even though you didn't actually make a profit.



## 2. Higher Reporting Thresholds (The Good News)

For the first time since 1977, the IRS has raised the threshold for when a casino or sportsbook must issue a Form W-2G.

- **New Limit:** The threshold for slot machines and bingo has increased from \$1,200 to \$2,000.
- **Inflation Adjustment:** Starting in 2027, this \$2,000 limit will be indexed for inflation, so it will continue to rise automatically.
- **Impact:** This means fewer "hand-pays" at the casino and less immediate paperwork for mid-sized jackpots.
- **Warning:** A higher reporting threshold does *not* mean the money is tax-free. You are still legally required to report all winnings, even if you don't receive a W-2G.

### 3. Recordkeeping is Now Survival

- **The "Gambling Diary":** A daily log of the date, type of wager, establishment name, and the amount won or lost.
- **Supporting Docs:** Keno tickets, slot club win/loss statements, and race track tickets.

### 2026 Gambling Tax **Financial Summary (OBBBA Rules)**

Financial Summary	Small Winner	Break-Even	Small Loser
 Total Annual Winnings	\$10,000	\$10,000	<b>\$8,000</b>
 Total Annual Losses	(\$8,000)	(\$10,000)	<b>(\$12,000)</b>
 Actual Net Cash Position	<b>+\$2,000</b>	<b>\$0</b>	<b>(\$4,000)</b>
 2026 Deduction Rule	90% of Losses	90% of Wins/Losses	90% of losses, capped at winnings
 Allowable Deduction	<b>\$7,200</b>	<b>\$9,000</b>	<b>\$8,000</b>
 Taxable "Phantom" Income	<b>\$2,800</b>	<b>\$1,000</b>	<b>\$0</b>

### Simplified Slot Machine Log

					
Date	Casino / Location	Machine # / Area	Cash In	Cash Out	Net Win/Loss
01/16/2026	Harrah's NKC	Buffalo Gold #123	\$100.00	\$250.00	<b>+\$150.00</b>
01/16/2026	Harrah's NKC	Wheel of Fortune	\$50.00	\$0.00	<b>-\$50.00</b>
<b>Total</b>			<b>\$150.00</b>	<b>\$250.00</b>	<b>+\$100.00</b>





## Federal Refund Deposits

The IRS has transitioned to a fully electronic refund system. This change is part of a government-wide mandate to reduce fraud, lower costs, and speed up payments.

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### What This Means for You

If you are expecting a refund on your 2025 tax return, you must provide electronic deposit information. The IRS will no longer default to mailing a paper check if banking information is missing.

- **Mandatory Electronic Delivery:** All individual tax refunds will now be issued via Direct Deposit, Prepaid Debit Card, or authorized Digital Wallets (such as certain verified PayPal or Venmo accounts with routing numbers).
- **The "6-Week Hold":** If you file a return without banking information and do not have an approved hardship waiver, the IRS will hold your refund for a minimum of six weeks while they attempt to contact you to secure electronic deposit details.
- **Security Benefit:** The IRS notes that paper checks are 16 times more likely to be lost, stolen, or fraudulently altered than electronic transfers.



### Options for the "Unbanked"

If you do not have a traditional checking or savings account, you still have options to receive your refund:

1. **Prepaid Debit Cards:** Most "reloadable" cards (like those found at major retailers) now provide a routing and account number specifically for tax refunds.
2. **Digital Apps:** Apps like CashApp, Venmo, and PayPal offer direct deposit features. Ensure you have "verified" your identity within the app to receive a refund.
3. **Low-Cost Accounts:** The IRS has partnered with the FDIC to help taxpayers open "Bank On" certified accounts that have no overdraft fees and low monthly costs.



## How to Request a "Hardship Waiver"

Limited exceptions will be granted for individuals who truly cannot use electronic methods (e.g., those in remote rural areas without internet, certain individuals with disabilities, or those with deeply held religious beliefs).

- **To apply:** You must check the "Electronic Waiver Request" box on your 1040 or log into your IRS Individual Online Account to submit a request.
- **Expect Delays:** Even with an approved waiver, paper checks will be printed in "batches" only once per month, meaning your refund will take significantly longer than a direct deposit.

## ⚠ Beware of "Check Scams"

Because of this policy change, scammers are currently sending fake emails and texts claiming they can "bypass" the electronic requirement or asking for your bank details to "register" you for a check.

- **The Golden Rule:** The IRS will **never** ask for your bank information via text, email, or social media. We will only enter this information directly into your encrypted tax return.

## ● Venmo

Venmo is a popular choice for tax refunds because it often processes government payments faster than traditional banks.

1. Open the Venmo app.
2. Tap on the "Me" tab (your profile icon).
3. Tap the Settings gear in the top right.
4. Select "Direct Deposit."
5. Your 9-digit Routing Number and Account Number will be displayed here.
  - *Note: You may need to complete a quick identity verification in the app if you haven't used this feature before.*





## The 1099-K: A Massive Rollback

There is significant good news for side-earners. The controversial \$600 threshold that was supposed to take effect this year was eliminated.

- **The Threshold Reversal:** The reporting limit has been retroactively returned to \$20,000 and 200 transactions.
- **What this means for you:** If you sold a few items on eBay or used Venmo to manage a small side-hustle, you likely will not receive a 1099-K this year unless you were doing high-volume business.

**The "Income is still Income" Rule:** Even if you don't receive a 1099-K, you are still legally required to report any business profit on your tax return. The IRS is simply reducing the amount of "noisy" paperwork for small-scale transactions.

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## The 1099-DA: The "Digital Asset" Era Begins

Starting with the 2025 tax year (the returns we are filing now), the IRS has introduced Form 1099-DA. This is the first standardized form for reporting cryptocurrency and NFT transactions.

- **Who will receive one:** If you sold, traded, or exchanged any digital assets (Bitcoin, NFTs, etc.) on a platform like Coinbase, etc. in 2025.
- **The "Basis" Gap:** For this first year (2025 returns), brokers are only required to report your Gross Proceeds (how much you sold for). They are not yet required to report your "Cost Basis" (what you originally paid).
- **Your Responsibility:** Because the 1099-DA won't show your profit or loss—just the total sales—you must provide us with your own cost-basis records.

**Tip:** In 2026, brokers will begin tracking "Cost Basis" automatically, but for the return you are filing *today*, your personal record-keeping is the only thing standing between you and a massive tax bill on crypto sales.



## Deadline Reminder: 1099-DA

Because this is a new form, the IRS has granted brokers a slight extension. You may not receive your 1099-DA until **February 17, 2026**.

## Mortgage Insurance Premiums (PMI)

While the new law makes this permanent, it officially kicks in for the 2026 tax year. For the 2025 returns we are filing now, we cannot yet deduct these premiums.

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### 1. (2025 Tax Year)







- **NOT Deductible:** The mortgage insurance premium deduction remained expired for the 2025 tax year. If you see "Mortgage Insurance" listed on their Form 1098 for 2025, you cannot claim it on the return.

### 2. (2026 Tax Year)

- **Deductible & Permanent:** Starting January 1, 2026, mortgage insurance premiums (PMI, FHA, VA, and USDA fees) will officially be treated as deductible mortgage interest.

## Who Qualifies in 2026?

Once the deduction begins next year, the following rules will apply:

Requirement	Rule
 <b>Loan Type</b>	<ul style="list-style-type: none"><li>• Must be “acquisition debt” (used to buy, build, or improve your primary home).</li></ul>
 <b>Income Cap</b>	<ul style="list-style-type: none"><li>• Fully deductible if your Adjusted Gross Income (AGI) is \$100,000 or less.</li></ul>
 <b>Phase-out</b>	<ul style="list-style-type: none"><li>• The deduction is reduced by 10% for every \$1,000 your AGI exceeds \$100k.</li></ul>
 <b>Hard Cutoff</b>	<ul style="list-style-type: none"><li>• This deduction is completely eliminated once AGI hits \$110,000.</li></ul>
 <b>Filing Method</b>	<ul style="list-style-type: none"><li>• You must itemize on Schedule A to claim this benefit. </li></ul>

# Charitable Giving

The deduction for people who make charitable contributions but don't itemize has been brought back for 2026. However, to pay for this, the law introduces a "floor" for those who do.

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## 1. For Non-Itemizers (The "Universal" Deduction)

- **Filing Now (2025 Returns):** For the 2025 returns we are filing today, there is no special "non-itemizer" deduction.
- **Starting in 2026:** You can now take an "above-the-line" deduction of up to \$1,000 (\$2,000 for married couples) for cash gifts to public charities.
- **Excluded:** This new deduction cannot be used for gifts to Donor-Advised Funds (DAFs) or private foundations. It must go directly to a "qualified operating charity" (like your local food bank or house of worship).

## 2. For Itemizers (The 0.5% "Hurdle")

- **The Floor:** You can only deduct charitable gifts that exceed 0.5% of your Adjusted Gross Income (AGI).
- **The Math:** If your AGI is \$200,000, your "floor" is \$1,000. If you give \$5,000 to charity, you can only deduct \$4,000 (\$5,000 total - \$1,000 floor).

## 3. The "Top Bracket" Haircut

For clients in the highest tax bracket (37%), the "value" of their charitable deduction has been slightly reduced.

- **The Change:** Starting in 2026, itemized deductions for top-earners are capped at a 35% tax benefit.
- **The Reality:** Even though you are in the 37% bracket, every \$1.00 you give to charity only reduces your tax bill by \$0.35, not \$0.37.



## The New "Trump Account" (TA) for Children

A Trump Account is essentially a "Child IRA" that allows families to invest for a minor's future without the child needing any earned income.

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- **The \$1,000 Seed:** U.S. citizen children born 2025–2028 qualify for a one-time government deposit. You must claim this by filing IRS Form 4547 with the 2025 tax return.
- **Annual Contributions:** Starts July 4, 2026. Families can contribute up to \$5,000/year total. Private "bonus" grants (e.g., \$250 from foundations) may apply in certain ZIP codes.
- **Restricted Investing:** Funds must stay in low-cost U.S. stock index funds (S&P 500) until the child turns 18. Shifting to "safe" assets (cash/bonds) is prohibited during the growth phase.
- **Age 18 Transition:** The account is "locked" until the year the child turns 18, at which point it automatically converts to a Traditional IRA.
- **Usage:** After 18, funds can be used for anything. The 10% penalty is waived for college tuition or a first-time home purchase, though earnings are taxed as ordinary income.

### Here are the primary disadvantages to consider:

While Trump Accounts offer a \$1,000 government seed for children born 2025–2028, they have several rigid constraints compared to 529 plans:

- **Tax-Deferred, Not Tax-Free:** Unlike 529s, withdrawals are taxed as ordinary income. Large withdrawals at age 18+ can spike a student's tax bracket and reduce FAFSA eligibility.
- **Mandated Market Risk:** Funds are legally required to be in U.S. stock index funds. You cannot shift to "safe" investments (bonds/cash) as the child approaches college age.
- **The Age-18 "Hard Lock":** No withdrawals are allowed for any reason until the child turns 18. This excludes using funds for K–12 tuition, tutoring, or emergencies.

- **Roth IRA is Superior for Teens:** If a child has a job, a Roth IRA is better—growth is tax-free (not just deferred) and original contributions can be withdrawn anytime.
- **Shared Contribution Cap:** The \$5,000 annual limit is shared between parents and employers. Notably, the employer's \$2,500 tax-free contribution is often an aggregate limit per employee, not per child.

**The Verdict:** You should absolutely open a Trump Account to claim the free \$1,000 federal seed. However, for your own family savings, a 529 plan or a Roth IRA usually provides better tax efficiency and more control.

## Summary Comparison

 Feature 	Trump Account	529 Education Plan	Roth IRA (for Minors)
Federal Seed	✅ Yes (\$1,000)	❌ No	❌ No
Tax on Growth	Taxed as Income	✅ Tax-Free	✅ Tax-Free
Investment Choice	S&P 500 Only	 Flexible	Highly Flexible
Access Before 18	❌ Prohibited	❌ Permitted (w/ penalty)	Contributions only 

## 529 Plans

There is an expansion in how you can use 529 plans

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- **K-12 Expansion:** The annual withdrawal limit doubles to \$20,000 per student. **(Tax year 2026)**
- **New Qualified Costs:** Funds now cover tutoring, standardized testing (SAT/ACT), homeschooling materials, and educational therapies (ADHD, speech, etc.). **(Tax year 2025)**
- **Career & Trades:** 529s now pay for vocational training (HVAC, plumbing), professional licensing exams (CPA, Bar, Nursing), and continuing education (CE). **(Tax year 2025)**

### The Missouri Advantage (MOST 529)

The MOST 529 plan conforms to these federal changes, and Missouri taxpayers can still deduct contributions of up to \$16,000 (married filing jointly) annually.

## Educator Expenses: 2025 vs. 2026

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### Tax Year 2025 (Current Filing)

- **Limit:** \$300 max (\$600 if both spouses are educators).
- **Hard Cap:** Expenses exceeding \$300 are not deductible.

### Tax Year 2026 (Planning Ahead)

- **Limit:** \$350 max (\$700 if both spouses are educators).
- **Uncapped Itemizing:** If an educator spends *more* than \$350, they can now deduct the full remaining amount as an itemized deduction on Schedule A.
- **Expanded Eligibility:** Now includes interscholastic sports coaches and athletic administrators.
- **Broader Scope:** Covers "instructional activity" (field trips, outdoor learning, competitions), not just traditional classroom supplies.





# Missouri State Taxes

## 1. Elimination of Capital Gains Tax (First in the Nation)

Missouri has become the first state with an income tax to fully exempt capital gains.







- **The Change:** Starting January 1, 2025, individuals can subtract 100% of their federally reported capital gains (both short-term and long-term) from their Missouri adjusted gross income.

## 2. Transition to a 4% Flat Tax (Effective 2026)

Missouri is moving away from its traditional bracket system toward a simplified model.

- **The New Rate:** For tax years beginning on or after January 1, 2026, Missouri will implement a 4.0% flat income tax rate on all taxable income, replacing the previous 4.7% top rate.
- **Elimination of Federal Deduction:** To help fund this lower rate, the state has eliminated the deduction for federal income taxes paid starting in 2026.

## Missouri Senior Property Tax Credit Limits: 2025 vs. 2026

Feature	2025 Tax Year	2026 Tax Year
Max Credit (Homeowners) 	\$1,100	\$1,550
Max Credit (Renters) 	\$750	\$1,055
Income Limit (Single Homeowner) 	\$30,000	\$42,200
Income Limit (Married Homeowner) 	\$34,000	\$48,000
Income Limit (Renters) 	\$27,500 – \$29,200	\$38,200 – \$41,000
Income Exemption 	\$4,000	\$5,800



## Kansas State Taxes

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**Grocery Sales Tax (0.0%):** As of January 1, 2025, the state portion of the sales tax on groceries has been eliminated.

**Social Security is Now 100% Tax-Free:** Starting in 2024, all Social Security benefits included in your federal income are 100% tax-exempt, regardless of your income level.

**Kansas Unborn Child Exemption:** Starting in 2025, Kansas recognizes the costs of pregnancy by allowing a "double exemption" in the year a child is born. Parents receive both the standard dependent exemption and an additional \$2,320 unborn child exemption (\$4,640 total). This also applies to pregnancies resulting in a stillbirth.



## Kansas City Taxes

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**The Electronic Filing Mandate:** All 2025 Kansas City (RD-109 and RD-108) tax returns must now be filed electronically via the QuickTax portal to avoid penalties.

**New Refund Deadline:** KCMO E-Tax refunds (Form RD-109NR) must be filed by April 15, 2026; late requests without an extension will be automatically denied.