



Coleman & Associates

Fully Integrated Tax, Accounting & Financial Services

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In This Issue

- It's Tax Time! Ideas to Get Organized
- Direct Deposit is Mandatory for Individual Tax Refunds
- Federal Agencies Stopped Sending Paper Checks
- IRS sets 2026 business standard mileage rate at 72.5 cents per mile, up 2.5 cents
- Important Tax Filing & USPS Update
- Five Great Money Tips

Important Dates:

January 15

- 4th quarter installment of 2025 estimated income tax is due for individuals, calendar-year corporations and calendar-year trusts & estates.

February 2 (because January 31 falls on a Saturday)

- Deadline for filing W-2s
- Deadline for filing 1099-NECs

It's Tax Time! Ideas to Get Organized

With tax season officially underway, here are several ideas to make filing your return as stress-free as possible:

- ✓ **Gather your tax information for filing.** Items you'll need include K-1s, W-2s, 1099s and other forms you receive from your business, employers, brokers, banks, and others. If you find any errors, contact the issuer immediately to request a corrected copy. And if you have tip or overtime income, be prepared to break this income out to take advantage of tax-free savings as this will not necessarily be broken out on your W-2.
- ✓ **Organize your records.** Once you've started gathering your information, find a place in your house and put all the documents there as you receive them, or consider scanning documents to store on your computer. You can also take pictures of the documents with your phone as backup. Missing information is one of the biggest reasons filing a tax return becomes delayed.
- ✓ **Create a February 16th reminder.** This is the day your 1040 organizer and tax documents are due (or March 16th if you have a brokerage account).
- ✓ **Add an April 15th reminder.** This is the deadline for filing your 2025 individual income tax return, completing gift tax returns, making contributions to a Roth or traditional IRA for 2025, and for paying the first installment of 2026 individual estimated taxes.
- ✓ **Know the deadlines for business returns.** If we prepare your business returns, you must submit your records to us by February 1st. The deadline for filing partnership and S corporation returns is March 16th. Calendar-year C corporation tax returns are due by April 15th.

- ✓ **Review your child's income.** Your child may be required to file a 2025 income tax return. A 2025 return is generally required if your child has earned more than \$15,750, or has investment income such as dividends, interest, or capital gains that total more than \$1,350.
- ✓ **Contribute to your IRA and HSA.** You can still make 2025 IRA and HSA contributions through either April 15th or when you file your tax return, whichever date is earlier. The maximum IRA contribution for 2025 is \$7,000 (\$8,000 if age 50 or older). The maximum HSA contribution is \$4,300 for single taxpayers and \$8,550 for families.
- ✓ **Calculate your estimated tax if you need to extend.** If you file an extension, you'll want to do a quick calculation to estimate your 2025 tax liability. If you owe Uncle Sam any money, you'll need to write a check by April 15th even if you do extend.

Direct Deposit is Mandatory for Individual Tax Refunds

The IRS stopped issuing paper checks on September 30, 2025, therefore direct deposit is mandatory for individual tax refunds. You can expect to receive your direct deposit refund generally within three weeks of your return being accepted.

You will need to provide your banking information if you are owed a refund this year, if we don't already have this information on file.

If we already have your banking information on file, we ask you to verify the accuracy of that information each year as part of the annual questionnaire.

Federal Agencies Stopped Sending Paper Checks

In general, all federal agencies stopped sending and receiving paper checks after September 30, 2025. This includes the agencies listed below (among others):

- The Internal Revenue Service (IRS)
- Social Security Administration (SSA)
- Department of Veterans Affairs (VA)
- U.S. Department of the Treasury
- U.S. Department of Labor (DOL)
- Railroad Retirement Board.

Why the change?

According to the Bureau of Fiscal Service, check fraud has increased nationwide by 385% since the beginning of the COVID-19 pandemic. This fraud has impacted IRS and Social Security payments. Additionally, issuing paper checks is relatively expensive, costing the federal government about 50 cents per payment compared to an electronic funds transfer (EFT), which may cost less than 15 cents per check. Physical checks are also 16 times more likely to get "lost, stolen, altered, or delayed," making printed payment methods more inefficient than digital payments.

How do I enroll in direct deposit?

You may enroll online for digital payments from several federal agencies (like Social Security, Veterans Affairs, SSI, etc.) at GoDirect.gov or by calling Go Direct at 1-877-874-6347. But if you need assistance setting up your online payment method, you can also contact the SSA at 1-800-772-1213.

Similarly, federal tax refund assistance may be reached via the IRS at 1-800-829-1040. For all other federal agencies, visit the applicable website for potential ways to receive assistance setting up your digital payment.

IRS Sets 2026 Business Standard Mileage Rate at 72.5 cents per mile, up 2.5 cents

The Internal Revenue Service announced that the optional standard mileage rate for business use of automobiles will increase by 2.5 cents in 2026, while the mileage rate for vehicles used for medical purposes will decrease by half a cent, reflecting updated cost data and annual inflation adjustments.

Beginning January 1, 2026, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 72.5 cents per mile driven for business use, up 2.5 cents from 2025.
- 20.5 cents per mile driven for medical purposes, down a half cent from 2025.
- 20.5 cents per mile driven for moving purposes for certain active-duty members of the Armed Forces (and now certain members of the intelligence community), reduced by a half cent from last year.
- 14 cents per mile driven in service of charitable organizations, equal to the rate in 2025.

The rates apply to fully-electric and hybrid automobiles, as well as gasoline and diesel-powered vehicles.

Important Tax Filing & USPS Update

The IRS considers any tax return **postmarked on or before April 15** as filed on time—even if it's received several days later. However, the United States Postal Service (USPS) has announced important changes to how postmark dates are determined.

What's Changed?

USPS clarified that a postmark date is **no longer based on when you drop your mail off**. Instead, it's tied to **when the mail is first processed at an automated USPS facility**.

How to Ensure a Same-Day Postmark

If you need a document postmarked on the *same day* you deliver it to USPS, you must use specific retail services outlined in the final rule:

- **Request a Manual Postmark:**
Present your mailpiece at a USPS retail counter and request a *manual (local) postmark*. This postmark is applied at the time of acceptance, ensuring the date matches when USPS takes possession.
- **Postage Validation Imprint (PVI):**
When you pay for postage at a retail counter, the PVI label applied by the USPS employee reflects the official date of acceptance.

➤ **Certificates of Mailing:**

Customers may purchase a Certificate of Mailing or use **Registered Mail** or **Certified Mail** to receive a receipt that serves as proof of the date the item was presented for mailing.

Important Reminder:

Customer-applied, pre-printed labels (such as those from Self-Service Kiosks, Click-N-Ship, or postage meters) **only show when postage was printed—not when USPS accepted the item.**

Five Great Money Tips

Creating a sound financial foundation for you and your family is a great goal. Here are five thoughts that may help.

1. **Pay yourself first.** Treat saving money with the same care you pay your bills. Take a percentage of everything you earn and save it. Using this technique can help build your savings balance and keep you from living paycheck to paycheck.
2. **Know and use the Rule of 72.** You can roughly calculate the number of years compound interest will take to double your money using the Rule of 72. Do this by dividing 72 by your rate of return to estimate how long it takes to double your money. For example, 10% interest will double an investment in 7.2 years; investments with an 8% return will double in nine years. Use this concept to understand the power of saving and investing.
3. **Use savings versus debt for purchases.** Unpaid debt is like compound interest but in reverse. For instance, using a credit card with a 12% interest rate to pay \$1,500 for home appliances costs over \$2,000 if paid back over 5 years. The result is that you have to work harder and earn more to pay for the items you purchase. A better idea may be to save and then buy your dream item.
4. **Understand amortization.** When a bank loans you money, it gives you a specific interest rate and a set number of years to pay it back. Each payment you make contains interest as well as a reduction of the amount owed, called principal. Most of the interest payments are front-loaded, while the last few payments are virtually all principal. Making additional principal payments at the beginning of the loan's term will decrease the amount of interest you pay to the bank and help you pay off the loan more quickly.
5. **Taxes are complex and require help.** Tax laws are complicated. They are made even more complex when the rules change, like this year!. Even worse, the IRS is not in the job of telling you when you forget to take a deduction. The best way to stay out of the IRS spotlight AND minimize your taxes is to ask for help.

As always, contact the office with questions by emailing us at info@colemancpas.com or calling 773-444-3100. We are here to help.

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