

## 2025 Year End Tax Update

Following are some new issues that have come up recently. If you would like to discuss any of these issues further, please contact the office and set up a time with Daniel or Andrew.

### *One Big Beautiful Bill (OB BB) Impact:*

There were many changes to individual tax returns that may impact your tax return, following are some that require different documentation than prior years:

- 1) Overtime – If you are paid overtime on your wages, be sure to secure some sort of documentation to show the amount received in 2025. This will not be broken out on form W-2 for 2025.
- 2) Tips – If you received tips, make sure you have something to show the amount received in 2025, this information can vary by taxpayer.
- 3) Itemized Deductions – With the increase to the amount that can be deducted for State and Local Taxes (SALT), many people may be better off taking the itemized deductions vs. the standard deduction. Items to keep in mind are mortgage interest, charitable contributions, tabs paid for vehicles.

### *Office Hours – Non-Tax Season:*

The office is by appointment only during the non-tax season (June thru January). If you need to stop by the office to pick up a return or any other reason you will need to call and set up a time, or use our “make appointment” link at the bottom of our website ([www.jacobsontax.com](http://www.jacobsontax.com)).

### *Sending Digital Documents to Office:*

**Going forward if you want to send us digital documents you must do it thru our portal. We cannot retrieve files from Gmail, google docs, drop box or other open source file storage system as this is a security issue.**

*Copies of return:*

There are two ways to receive your copy of your return:

- 1) Paper copy will need to be picked up from the office or mailed to you. Mailing may incur in an additional fee.
- 2) Digital copy, via SafeSend Link. This link will contain instructions, signature forms, payment vouchers, invoices and a copy of the return. Original documents you send to us will need to be picked up from the office. If you request, we can scan and upload them to the SafeSend link, or mail them to you. Mailing may incur an additional fee.

*Pass Thru Entity Tax Quarterly Estimates:*

If your business elected the Minnesota Pass Thru Entity (PTE) tax, don't forget to make your quarterly payments. If the amount in total is greater than \$10,000 you must pay electronically thru the MN Revenue website or MN Revenue assess a penalty.

*Identity Protection PIN's (IPIN's):*

If you are concerned with security regarding the filing of your taxes the strongest action you can take is to get an Identity Protection PIN. This PIN can be obtained thru the IRS "Identity Protection PIN Opt-In" program. This can be done via their website, [www.irs.gov](http://www.irs.gov).

If you take this action, you will need to provide the office with your unique PIN every year so we can submit the return. The IRS will issue a new PIN every year.

*2025 Tax Projections:*

This time of year that is best to do projections and consulting for 2025. These can be useful to prevent penalties, even out tax payments and prevent surprises when the 2025 tax return is filed. Please contact the office if you would like to discuss this service.

*Business Travel and Meals Deductions:*

There have been several changes in the substantiation requirements for business meals and travel expenses. It is very important to have proper documentation for these expenses. This documentation includes:

- a. Log of each expense stating date, client and business purpose
- b. Receipts of expense
- c. Mileage log if personal auto is involved

Keep in mind, business entertainment currently is no longer available as a deduction. This includes any event where entertainment is provided, regardless of the intent of the expenditure.

*Minnesota Secretary of State Annual Renewal:*

All separate entities (LLC's, Partnerships and Corporations) must file annually with the secretary of state office. If this is not done the entities will be considered "inactive" and could be "dissolved" by the secretary of state office. As part of your preparation services, we attempt to determine if this filing has occurred when we prepare your return. If it has not, we do attempt to submit the annual registration on your behalf. Always remember to review your filing status to ensure your entity is not dissolved by the secretary of state.

We hope your summer and fall went well, and that the holiday season is off to a great start. As always, contact the office if you have any questions about these issues, or any others that come up during the year.

Sincerely,  
Jacobson & Young

Daniel T. Jacobson, CPA, MBT

Andrew Young, EA