



## 2025 YEAR-END NEWSLETTER

# HORNING'S ACCOUNTING & TAX SERVICE

### IN THIS NEWSLETTER

Letter from David .....	Pg 2
We've Moved!.....	Pg 3
2025 Tax Planning & Tips.....	Pg 4
Filing Deadlines.....	Pg 6
Year-Round Pointers.....	Pg 7
What to Bring/Send.....	Pg 7
2025 Questionnaire.....	Pg 8
Client Update Form/Money Saving Offers.....	Pg 9
Services Offered by HATS.....	Pg 10
2025 Data Taker Forms.....	Pg 11

*On July 4, 2025, President Donald Trump signed into law his signature One Big Beautiful Bill Act (OBBA). The new law extends some changes enacted under the Tax Cuts and Jobs Act while creating some new provisions for certain taxpayers. Tax laws, whether new or old, continue providing opportunities for the wise and traps for the unwary. For many, tax savings can be achieved by acting before the year ends. The information and strategies provided within this newsletter may or may not be appropriate for your situation. It's important to consult with your tax professional before implementing them.*

1544 N Rico Circle - MESA, AZ 85213

TEL: 480-833-3265 - [WWW.HORNINGSACCOUNTING.COM](http://WWW.HORNINGSACCOUNTING.COM)

EXPERIENCED IN ALL YOUR TAX AND ACCOUNTING NEEDS, BOTH BUSINESS & PERSONAL

# FROM THE DESK OF DAVID H. HORNING

Hello Everyone,

As we begin the new tax season, we are pleased to welcome 2026 and to celebrate our 39th year of business in Arizona!

Our move to a new home and office is progressing smoothly. We are now seeing clients at our new address located at 1544 N Rico Circle in Mesa, AZ 85213 (map on page 3). We look forward to seeing you all at our new office!

Several changes are coming for the 2025 tax filing year. While many will not affect most clients, updates to the standard deduction, nontaxable tips, overtime income, depreciation, tax credits, and earned income credits may benefit you. **The enclosed newsletter outlines key updates for this year. Please review it in full.**

Many clients now email or fax tax documents before their appointment, which helps reduce in-office meeting time. You are also welcome to send documents by mail; drop off your paperwork at our office (we will notify you when it is ready to sign); and of course, in-person appointments are always welcome! Please let us know your preference when scheduling.

We have included an appointment sheet to confirm whether you prefer a paper or electronic copy of your return. This is especially important if your return is prepared without an in-person meeting.

Due to changes in itemized deductions, more clients may be eligible to itemize this year. Please provide documentation for medical expenses, insurance, property taxes, auto license renewals, sales taxes on large purchases, and all contributions. This includes both cash and non-cash deductions. Increases to the maximum allowable interest and taxes paid will benefit many clients.

As in previous years, please provide copies of auto purchase contracts, property purchase and sale contracts, total mileage, and business-use miles for all business vehicles. We also need a list of all estimated taxes paid in 2025 for your 2025 return.

If you have Marketplace insurance and a Premium Tax Credit, we require a copy of Form 1095-A. This form caused significant delays last year and must be obtained from your health insurance provider. We cannot e-file your return without it.

We look forward to seeing you this year and hope you had a happy and healthy 2025.

Sincerely,

David & Priscilla Horning

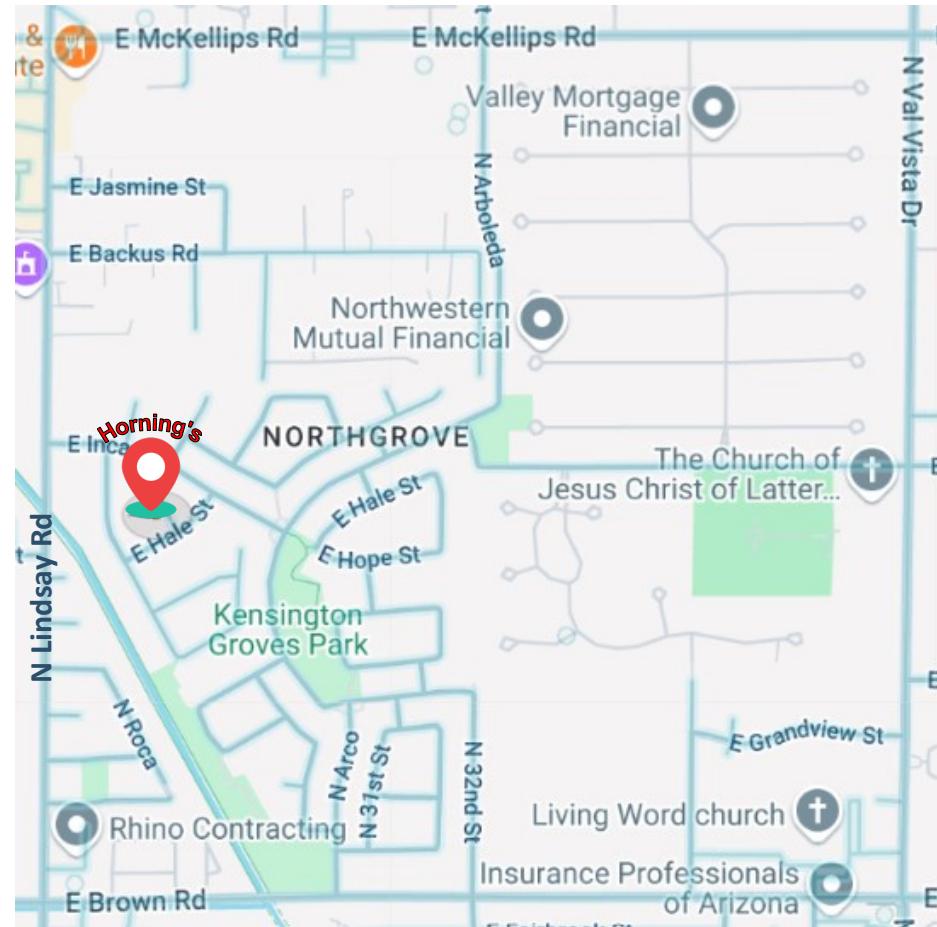




# WE'VE MOVED!

We are excited to inform you that effective immediately we have moved our home and office to a new location!

**Horning's Accounting & Tax Service**  
1544 N. Rico Cir  
Mesa, AZ 85213



This move is part of our ongoing efforts to serve you better and continue providing the high level of service and support you've come to expect from us.

Please update your records accordingly, and feel free to reach out if you have any questions.

We look forward to welcoming you at our new location!

Warm Regards,  
Horning's Accounting & Tax Service

# 2025 TAX PLANNING & TIPS

## New Rules Effective for 2025

### No Tax on Tips

For tax years 2025-2028, certain tipped employees are allowed a new deduction for the money earned on qualified cash tips. You can claim this deduction even if you don't itemize your taxes and it's allowed in addition to the standard deduction.

You can deduct up to \$25,000 of your tips each year, however, the amount you can deduct starts to shrink if your modified adjusted gross income, (MAGI) is too high:

- Single - the deduction goes down if your MAGI is over \$150,000.
- Married and filing jointly, the deduction goes down if your MAGI is over \$300,000.

Your tips must meet a few rules to qualify:

1. You must have reported the tips to your employer using the correct IRS forms.
2. The tips must be given to you voluntarily by the customer; they can't be negotiated or a required service charge.
3. Tips from certain professional jobs, such as lawyers, doctors, accountants, financial advisors, or consultants, do not qualify.

Other Important Rules:

- If you're married, you must file jointly with your spouse.
- You must provide a valid social security number (SSN).
- You can't use these tips for the new deduction and also use them for the qualified business income deduction.

A few rules remain unchanged:

- You must report all your tips to your employer.
- Your employer must continue to take out income and payroll taxes from the tips you report.
- Tips are taxable income. This new deduction just temporarily makes some of that income potentially tax-free.

### No Tax on Overtime Pay

A new temporary deduction (2025-2028) is in effect for certain overtime wages. This means you might not have to pay federal income tax on a portion of the extra money you earn working beyond 40 hours a week.

How Much Can You Deduct?

- Up to \$12,500 per year of qualified overtime.
- If you are married and filing jointly, this limit increases to \$25,000.

The amount you can deduct phases out by \$100 for every \$1,000 of modified adjusted gross income (MAGI) above certain levels.

- \$150,000 for single filers
- \$300,000 for joint filers

### What Kind of Overtime Qualifies?

To count as "qualified overtime compensation," the pay must be for the time worked over 40 hours in a week and be required by the Fair Labor Standards Act (FLSA). Only the portion of overtime pay that exceeds your regular rate ("the premium" or "half-time" in a time-and-a-half scenario) qualifies.

Overtime paid beyond what is required by FLSA (e.g. employer -discretionary overtime) generally does not qualify for this new deduction.

### To Claim the Deduction

1. Your employer must report the total amount of your qualified overtime pay on your Form W-2 (or on Form 1099 if you are a non-employee).
2. If you are married, you must file a joint tax return to take this deduction.
3. You must include a valid social security number (SSN) on your tax return.

### New Deduction for Car Loan Interest

Previously, the interest paid on a loan for a personal-use vehicle was generally not tax-deductible. The OBBBA changes this by allowing you to deduct the interest you pay on loans used to purchase a new personal-use car, minivan, van, SUV, pickup truck, or motorcycle. This is only a temporary deduction for tax years 2025 - 2028.

You can deduct up to \$10,000 of qualified car loan interest each year. A qualified car loan is one that is taken out after December 31, 2024.

This is an "above-the-line" deduction that reduces your taxable income, and you can claim it even if you take the standard deduction and don't itemize.

To claim this new deduction, you must meet several specific requirements:

- Vehicle purchased must be new and you must be the first person to use it.
- The car loan must be secured by a first lien on the vehicle.
- The vehicle must be a standard passenger car, minivan, van, SUV, pickup, or motorcycle with a gross vehicle weight rating (GVWR) under 14,000 pounds. This excludes very large commercial vehicles.
- The vehicle's final assembly must occur in the United States.

- You will need to report the Vehicle Identification Number (VIN) on your tax return.

This deduction is subject to an income limit based on your modified adjusted gross income (MAGI). If your income is above these levels, the amount you can deduct will be proportionally reduced:

- Single Taxpayers: The deduction starts to decrease when your MAGI is over \$100,000.
- Married Filing Jointly: The deduction starts to decrease when your MAGI is over \$200,000.

### New Deduction for Seniors

If you (or your spouse, if married filing jointly) are age 65 or older by the end of the tax year, you may qualify for this new \$6,000 per qualifying person deduction. This could be as much as \$12,000 if both you and your spouse qualify.

This deduction is available for your tax returns starting with the 2025 tax year and will last through the 2028 tax year. This deduction is available in addition to the standard deduction or your itemized deductions.

This deduction is intended for taxpayers below a certain income level. If your adjusted gross income (AGI) is too high, the deduction will be reduced or eliminated:

- Single Filers – the deduction starts to phase out if your AGI is over \$75,000. It is completely gone if your AGI reaches \$175,000 or more.
- Married Filing Jointly – the deduction starts to phase out if your AGI is over \$150,000. It is completely gone if your AGI reaches \$250,000 or more.

You must include the social security number of the qualifying individual(s) on your tax return. If the SSN is missing or wrong, the IRS can quickly deny the deduction without a full audit.

As a reminder, the old rules for taxing social security benefits are still in place. Whether your benefits are taxed (up to 85%) depends on your total income, which the IRS calls “provisional income.”

Higher-income seniors with a lot of money coming from pensions, investments, or other retirement sources may still have a portion of their social security benefits taxed.

The media hype claiming that this new provision eliminates the tax on social security benefits is somewhat misleading. Careful planning ensures that you are making the most of this deduction.

### Retirement Plan Changes

For years, workers aged 50 and over have been able to make “catch-up contributions” to their 401(k) and other retirement plans allowing them to save more as they near the end of their careers.

In December 2022, President Biden signed the Setting Every Community Up for Retirement Enhancement 2.0 Act of 2022 (SECURE 2.0). The Act creates a new, higher catch-up limit for workers who are aged 60, 61, 62, or 63. This new rule goes

into effect in 2025.

The new limit for this age group is the greater of:

- \$10,000, or
- 150% of the regular catch-up limit for that year.

For example, for 2025, the standard catch-up limit for those aged 50 and over is \$7,500. So, for workers aged 60-63, the new “super catch-up” limit is \$11,250 (150% of \$7,500) because that is greater than \$10,000.

## Additional Information

**Standard Mileage Rate.** In lieu of tracking actual expenses, taxpayers can use the standard mileage rate when computing the deductible costs of operating vehicles owned or leased by them for business purposes. The following rates are applicable for the 2025 tax year:

2024 Mileage Rates	
Business	\$0.70
Medical	\$0.21
Moving	\$0.21*
Charitable	\$0.14

\*Applies to members of the Armed Forces on active duty who move pursuant to a military order.

**Health savings accounts.** If you become eligible in December 2025 to make health savings account (HSA) contributions, you can make a full year’s worth of deductible HSA contributions for 2025 provided you make them by April 15, 2026. For 2025, the maximum contribution you can make is \$4,300 for self-only coverage, and \$8,550 for family coverage. You can contribute an additional \$1,000 if you are over age 55. You must be covered under a high-deductible health plan to qualify.

**SALT Limitation.** The deduction for state and local tax (SALT) is increased in 2025 for those who itemize their deductions. The deduction increases to \$40,000 with additional increases through 2029. In 2030 the deduction reverts back to \$10,000.

**Educator Expenses.** For 2025, eligible educators can deduct up to \$300 of unreimbursed qualified expenses. Eligible educators are K-12 teachers, instructors, counselors, principals, or aides who worked at least 900 hours during a school year in a school providing elementary or secondary education.

If both taxpayers on a joint return are eligible educators, each can deduct up to \$300, for a total of up to \$600.

**IRA Contributions.** Eligible taxpayers may contribute up to \$7,000 to a traditional or Roth IRA for 2025. An additional \$1,000 is allowed for taxpayers over age 50. Contributions for 2025 must be made no later than April 15, 2026.

**The End of Paper Checks.** Beginning September 30, 2025, the IRS will no longer issue paper refund checks. As for tax payments, taxpayers should continue to use existing options until further notice. Additional guidance should be issued

prior to the 2026 filing season.

## Notable Changes for 2026

**Charitable Giving.** Beginning in 2026 individuals who don't itemize deductions are entitled to a charitable deduction of up to \$1,000 (\$2,000 for a joint return). To qualify contributions must be in cash, must be made to a public charity, cannot be made to a §509(a)(3) supporting organization or to establish or maintain a donor advised fund.

## Year-End Planning

As year-end approaches now is the perfect time to review your investment portfolio and consider your options for managing income, deductions and capital gains and losses. Below are some helpful strategies and important considerations to keep in mind.

The key to effective tax planning is timing. As your income, gains, and losses for the year become clearer, you can plan to make strategic decisions to reduce your tax liability.

**Recognize Long-Term Gains.** If you expect to be subject to a higher tax rate in the future, it may be beneficial to recognize long-term capital gains in 2025 to take advantage of the lower current rate.

**Accelerate Deductions or Defer Income.** Depending on your current situation, it may be advantageous to adjust your current year income and deductions to maximize tax savings.

These strategies can be achieved using some simple techniques.

Are you expecting a year-end bonus? Asking your employer to defer it to 2026 may help your bottom line in 2025 by keeping your AGI lower allowing you to save tax on social security benefits or allow for higher deductions or certain tax credits.

Consider paying year-end expenses with your credit card and deferring payment until 2026. This approach enables a current tax year deduction.

## Privacy Policy

We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information, and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.



# TAX TIME 2025 FILING DEADLINES

Wondering when the deadline is this year to file your business or personal taxes?  
File your return or file an extension by the following dates:

**March 16, 2026**

Filing Deadline for  
Partnerships and  
S-Corporations

**April 15, 2026**

Filing Deadline for  
Individuals and  
C-Corporations

Have a Tax or Financial  
Question for David?



Send him an e-mail:  
[david@horningsaccounting.com](mailto:david@horningsaccounting.com)

## Ask Us About QuickBooks Online!

Horning's Accounting & Tax Service continues to offer QuickBooks Online to our clients! QuickBooks makes online accounting easy! Cloud based software that works on your PC, Mac, tablets, and smartphones.

**With QuickBooks Online You Can:**

- Organize everything in one place
- Record your sales and get paid
- Keep track of money you spend
- Connect bank and credit card accounts
- And So Much More!



# Year-Round Tax Planning Pointers for Taxpayers



## HERE ARE SOME SIMPLE THINGS TAXPAYERS CAN DO THROUGHOUT THE YEAR TO MAKE FILING SEASON LESS STRESSFUL

### ORGANIZE TAX RECORDS.

Create a system that keeps all important information together. Taxpayers can use a software program for electronic recordkeeping or store paper documents in clearly labeled folders. They should add tax records to their files as they receive them. Organized records will make tax return preparation easier and may help taxpayers discover overlooked deductions or credits.

### IDENTIFY FILING STATUS.

A taxpayer's filing status determines their filing requirements, standard deduction, eligibility for certain credits and the correct amount of tax they should pay. Changes in family life - marriage, divorce, birth and death — may affect a person's tax situation, including their filing status and eligibility for certain tax credits and deductions.

### UNDERSTAND ADJUSTED GROSS INCOME (AGI).

AGI and tax rate are important factors in figuring taxes. AGI is the taxpayer's income from all sources minus any adjustments. Generally, the higher a taxpayer's AGI, the higher their tax rate and the more tax they pay. Tax planning can include making changes during the year that lower a taxpayer's AGI.

### CHECK WITHHOLDING.

Since federal taxes operate on a pay-as-you-go basis, taxpayers need to pay most of their tax as they earn income. Taxpayers should check that they're withholding enough from their pay to cover their taxes owed, especially if their personal or financial situations change during the year. If they want to change their tax withholding, taxpayers should provide their employer with an updated Form W-4.

### MAKE ADDRESS AND NAME CHANGES.

Taxpayers should notify the United States Postal Service, employers and the IRS of any address change. Report any name change to the Social Security Administration. Making these changes as soon as possible will help make filing their tax return easier.

### SAVE FOR RETIREMENT.

Saving for retirement can also lower a taxpayer's AGI. Certain contributions to a retirement plan at work and to a traditional IRA may also reduce taxable income.

(IRS.GOV, IRS Tax Tip 2024-52)

## WHAT TO BRING (OR SEND IN) FOR YOUR TAX PREPARATION APPOINTMENT

### INCOME - BRING ALL DOCUMENTS THAT APPLY

- Employment Income - W-2 form(s)
- Self-Employment Income - 1099-NEC and/or 1099-K
- Retirement or Disability Benefits. SSA-1099. 1099-R
- Unemployment Income 1099-G for unemployment benefits.
- Records of Income not Reported on 1099 Forms

### OTHER SOURCES OF INCOME

- Refund of State/Local Income Taxes -1099-G
- Scholarships/Fellowships 1098-T
- Income or Loss from the Sale of Stocks, Bonds, or Real Estate
- Alimony Received.
- Statements for Prizes or Lottery/Gambling Winnings.
- Interest and Dividends - 1099-INT/1099-DIV
- Records for Any Other Income

### EXPENSES - BRING DOCUMENTATION FOR ALL THAT APPLY

- Record of Estimated Tax Payments
- Retirement Contributions, including a 401(k) or IRA
- State and Local Taxes you've paid.
- Mortgage Statements and Property Tax Bills - If you are a homeowner
- College Tuition - Form 1098-T
- Student Loan Statements - Form 1098-E

- **Childcare Expenses** - Including payment records/receipts and provider's name, address, and federal tax ID # (SSN or EIN)
- **Charitable Donations** - Cash and Non-Cash Contributions
- **Medical and Dental Bills** - Including prescriptions, copays and medical mileage
- **Auto License Plate/Registration Fees**
- **Records for Supplies Used as an Educator**

### THOSE WITH BUSINESSES AND/OR RENTALS

- **Mileage logs** - Total miles and business miles per vehicle
- **Office in Home Expenses** – Mortgage/mortgage interest, insurance, utilities, repairs, maintenance, depreciation and rent
- **Business use of cell phones and internet**
- **Medical Insurance Costs**

### OTHER TAX DOCUMENTS OR NOTICES

- **New Additions** - Birth Certificates and Social Security Numbers for New Additions to Your Family (No Animals)
- **Form 1095-A** if you had coverage through the Health Insurance Marketplace
- **Other Documents** from the IRS, Health Insurance Marketplace, your state tax agency, or anything that says "IMPORTANT TAX DOCUMENT"

# 2025 Tax Preparation Questionnaire

The following worksheet is designed to allow us to get information to assist us in assuring that questions concerning the 2025 Tax changes are answered by everyone. Please answer the following questions to make sure we do not forget to ask these questions during your appointment time.

Did you have a new dependent during 2025? Yes  No

If so, make sure you bring in the SSA Card. We need the name, SSN and date of birth

Did you Purchase a new vehicle in 2025? Yes  No

If so, we will need the Purchase contract.

Did you make any improvements on your home? Yes  No

If so, we need receipts for any A/C, Water Heater, Doors or Windows.

If you are a W2 Wage Earner, did you have any overtime or Tips? Yes  No

If so, we will need your last pay stub of 2025 showing overtime wages.

If we are preparing your tax return electronically, are you needing to sign through the Docusign electronic signature system? Yes  No

Are you planning on paying the tax preparation fee online using e-check, credit card or Venmo payment option? Yes  No

Are you needing to have a copy of your return mailed to you? Yes  No

Did your address and/or Phone number change since 2025? Yes  No

If so, please fill out the Client Update Form on the next page

Did you have a Marketplace Medical Insurance in 2025? Yes  No

If so, we will need your 1095A from your medical provider

If you owe money or get money back, you will need to pay the IRS electronically using a bank account or provide a bank account to get your refund. Make sure we have your bank account information, or it hasn't changed since last year.

You can email this form to [david@horningsaaccounting.com](mailto:david@horningsaaccounting.com) or text it to 830-582-8155.

# CLIENT UPDATE FORM

If you had any changes in 2025, please complete this form  
and bring with you to your tax appointment or email it to:  
[david@horningsaccounting.com](mailto:david@horningsaccounting.com)

Name \_\_\_\_\_

Spouse \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone: \_\_\_\_\_ Cell: \_\_\_\_\_

E-mail: \_\_\_\_\_

Any new dependents in 2025?  Yes  No

If yes, please provide full name and social security #:

Full Name: \_\_\_\_\_

Social Security #: \_\_\_\_\_

## Additional Notes/Comments:

**NEW CLIENT TAX PREP**  
**SAVE 10%**

Bring in this coupon to receive a **10% discount** on tax preparation. **NEW CLIENTS ONLY**  
If you are an existing client, receive a 10% discount for each new client you refer (Up to 10)

Horning's Accounting & Tax Service  
830 S Revere Mesa, AZ 85210 Phone 480-833-3265

  
**Early Bird Discount**  
Bring in this coupon and have your taxes prepared by February 28th to receive an additional **10% Off** your tax preparation fees.

Horning's Accounting & Tax Service  
830 S Revere Mesa, AZ 85210 Phone 480-833-3265

**VETERANS DISCOUNT**

  
**SAVE 10%**  
Veterans, bring in this coupon to receive a 10% discount on tax preparation

**THANK YOU FOR YOUR SERVICE!**

Horning's Accounting & Tax Service  
830 S Revere Mesa, AZ 85210 Phone 480-833-3265

# Services Offered by Horning's Accounting & Tax Service

## Accounting

\* **Computerized Bookkeeping Services.** Computerized full general ledger, general journal. Accounts payable, accounts receivable, financial statements, bank reconciliation and payroll.

\* **Accounts payable and Accounts Receivable** Monthly check writing and billing process

\* **QuickBooks Pro Advisors.**

We can offer a discount on all QuickBooks products and have free trials that you can have to test out the product before purchasing it.



## LLC/Corporate

### Corporation Set-up

Includes Preparation of Corporate Articles; Filing Fee; Corporate Binder with Corporate Seal; SS-4; Joint Tax Application and Sub S Election (if applicable)

### Corporate Compliance

State required annual registered agent services; Stock transfer ledger maintenance; Advance notification of all your annual reports; and preparation of annual corporate meeting minutes.

### Medical Reimbursement Plan

Allows qualified small business owners a 100% deduction of all family medical expenses such as vision, prescription drugs; co-pays and deductibles.

**Set-up of Corporations & LLC's in any state** We now have the ability to set-up a corporation in any state.

## Payroll

### Payroll Processing

Report your payroll hours to us and we will calculate your payroll amounts including employer and employee taxes and provide payroll checks and reports.

### Payroll Tax Reporting

Prepare A1WP (Withholding Tax), A1-QRT (Withholding Liability) A1R (Reconciliation), DES Quarterly reports; Prepare Form 940 and 941.



## Investments & Retirement

If you need assistance in the areas of Life Insurance, Disability Insurance, Annuities or other Retirement Products such as IRA or 401K please call us and set up an appointment with David to provide you with a Complimentary Financial Analysis to see what your real needs are.

Don't wait till you have an insurance agent sitting in front of you trying to sell you a policy.



## Tax

- \* **Tax Preparation** (personal & business)
- \* **Tax Consulting**
- \* **Audit Services**
- \* **Year Round Income Tax Services**

## Insurance

- \* **Life Insurance**
- \* **Medical Insurance**

## Referrals

As many of you may have noticed, we have a shelf in our office containing business cards of our clients offering an array of services.



We invite you to be a part of our business referral network. We promote our clients, to our clients! Referrals are the best form of advertising!

As usual, we are offering a 10% discount for any new client and a 10% discount to our existing clients for each new client referred to us.

## Notary Public

- \* Real Estate - Powers of Attorney
- \* Affidavits - Titles
- \* Wide Range of Notarial Services