



DEBORAH L. PENCE, LLC

INCOME TAX PREPARATION SERVICES

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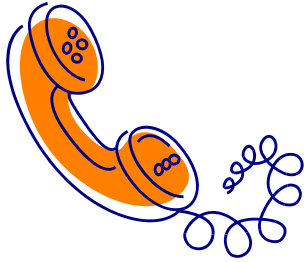
It's Tax Time Again!

It's once again time to start thinking about filing your 2025 Income Tax Return! For in person appointments we will continue to ask that only two people come for tax appointments in my office. Most appointments are 30-45 minutes and I usually use all of that time up with each client, and very rarely run early enough that you would need to be here for your appointment more than ten minutes ahead. If you don't want or need an in-person visit, you can always drop off your return with the receptionist (or use the drop slot in the door if it's after hours). Over the last couple of years there has been some confusion on the following office policies and procedures:

- ⇒ If you have questions during the tax filing season, I am not able to come out and talk about it in between appointments. When I don't have clients in my office I am working on returning phone calls, emails, and completing drop-off returns. Voicemails and emails may not be returned same-day, and are often done after 8 pm when appointments are done for the day. Please keep in mind when calling the office (or dropping/picking up items) that our receptionists cannot answer any tax related questions. My assistant, Megan, can answer most questions you may have if you need immediate assistance.
- ⇒ I must have signatures on the 8879 e-file form before I can submit your tax return. Per IRS regulations, both parties must sign individually on a joint return. If your spouse is unable to be physically present to sign due to work demands, illness, etc. we can send them an electronic signature link or you can take it home and return it.
- ⇒ Payment is expected upon completion or pickup of the tax return. We can take cash, check, Venmo, or debit/credit card payments.
- ⇒ I cannot retrieve your tax documents during your appointment. If you need to upload your documents to the portal (as opposed to bringing physical copies with you), it will need to be done at least two days prior to your appointment so that I have adequate time to get it printed. Additionally, I cannot access your tax documents on my computer via a third party system, or your employer's website.

I will be offering the following options for preparing your 2025 tax return:

- ♦ Drop-off/Mail-in: Feel free to mail-in or drop-off your tax information at my office and Megan or I will call or email you with any questions that I may have. Your documents can be picked up and signed at my office (or online via Docu-Sign), and your return put in your secure online portal. I can also mail your documents back to you at your expense. These returns will be completed in the order in which they are received. Because it can take up to three weeks for turn around, drop-offs received after March 25 will have extensions filed and will be processed by the deadline in October.
- ♦ Upload: **I cannot send or accept tax documents through email.** You may upload your tax documents using your secure portal. After finishing your return, your copy of the tax return will be available in the portal. **When uploading documents, I ask that you consolidate your items into one or two .pdf files instead of 10-20 individual files or .jpeg.** These returns also have a March 25 deadline to submit to my office for completion. Signatures can be done electronically or in-person.
- ♦ In-person appointments: I am seeing clients in my office by appointment only. Please call my receptionist to make an appointment, and **make sure to let her know if there are multiple returns to complete so enough time is allowed.** Due to client volume, if you are missing documents and we are unable to complete your return during your appointment, I am unable to make additional appointments to complete it. Once I get all items needed, returns will be worked on in the order the information is received alongside my dropoff returns.



WEBSITE: www.taxesbydebbie.com

OFFICE PHONE: 816-795-9882

OFFICE FAX: 816-795-9883

CONTACT RECEPTIONIST: Phone Ext-0

CONTACT MEGAN: Phone Ext-4 Email—assistant.dlpence@gmail.com

CONTACT DEBBIE: Phone Ext-2 Email—dlpence@gmail.com

TAX SEASON OFFICE HOURS (JANUARY 26TH TO APRIL 14TH, 2026)

MONDAY THROUGH THURSDAY 9:00 AM TO 7:00 PM FRIDAY 9:00 AM TO 5:00 PM

SATURDAY 9:00 AM TO 2:00 PM CLOSED ON SUNDAY

PLEASE NOTE THAT I DO NOT TAKE APPOINTMENTS ON WEDNESDAYS TO ALLOW TIME TO CATCH UP ON RETURNING EMAILS/PHONE CALLS TO CLIENTS AS WELL AS WORK ON DROP-OFF RETURNS

IMPORTANT DEADLINES FOR 2025 TAX RETURNS

MARCH 16: BUSINESS TAX RETURNS DUE (PARTNERSHIPS, LLC'S AND S-CORPS)

APRIL 15: INDIVIDUAL, C-CORPORATIONS, AND TRUST TAX RETURNS DUE

SEPTEMBER 15: PARTNERSHIP AND S-CORP EXTENDED RETURNS DUE

OCTOBER 15: INDIVIDUAL AND C-CORP EXTENDED RETURNS DUE

ESTIMATED PAYMENT DATES 2026 TAX YEAR

APRIL 15, JUNE 15, SEPTEMBER 15, JANUARY 15 (2027)

Online Portal and Online Security

In the last couple of years the IRS has made cyber security a top priority. As part of this, they have issued a number of rules and regulations for paid tax preparers, and one of those mandates is that I am no longer able to receive tax documents via email. Anything that has your address, date of birth, social security number etc. should not be sent to me this way for safety reasons. Please use your online portal for this. You can find a link to the portal on my website.

In addition, I use the portal to store electronic copies of your tax returns. While you can still get a paper copy, there is rarely a need to have this as most institutions that need your tax return data have moved away from hard copies and instead want digital data. The portal also serves as a quicker alternative to send and receive information outside of tax season when we aren't in the office every day. You can use it on any electronic device, including your cell phone. If you forget your password it can be easily reset without needing to call the office by using the "Forgot Username/Password" feature on the login page.

IP Pin and IRS Accounts

An Identity Protection PIN is a six-digit number that prevents someone else from filing a tax return using your social security number. The IP PIN is known only to you and the IRS and helps to verify your identity when you file your return. You can request an IP PIN on the IRS website. You will have to first validate your identity via ID.ME and once you have that account setup you can use it to register for a personal IRS login. An IRS account also allows you access to prior year tax transcripts, notices, and payment history. If you request an IP PIN your return cannot be filed without it so make sure I get the letter. This number changes each tax year, for each person on the return. (For example you and your spouse would each have to request one separately if you both want one.)

2025 Tax Law Highlights—So Many Changes!

- **Standard Deduction Increase:** Single —\$15,750, Married Joint—\$31,500 Head of Household—\$23,625
- **Child Tax Credit:** This increased to \$2,200 per child age 16 and under. The credit begins to phase out if your income is above \$200,000 single and \$400,000 joint. Additionally if your 17-23 year old is a dependent on your return AND is in school full time, you can get a credit for \$500.
- **Other Dependent Credit:** \$500 for parents or other qualifying individuals that live with you. They must not have earned income more than \$5200.
- **Dependent Care Credit:** You can get a credit for 20-35% of childcare expenses up to \$3,000 per child under age 13 (\$6000 max for multiple kids). You cannot claim the credit if you pay for childcare but are not working or in school. The credit is limited to your out of pocket costs. If you receive reimbursement funds from your employer you may not qualify. FOR THE 2026 TAX YEAR, this credit becomes more generous.
- **Earned Income Credit:** You must be between 25 and 65 if you don't have children, you can't claim the credit if filing Married Separate, and must have earned income on your return. You cannot claim the credit if you have investment income more than \$11,950. The IRS has announced EITC refunds will not be received before March 3, 2026 for this tax year.
- **Educator Expenses:** This remains at \$300 for 2025, with changes coming in 2026.
- **1099-K Update:** For the 2025 tax year this form is not required unless your sales are over \$20,000.
- **IRA Contributions:** Limits remain at \$7000 (\$8000 over 50) for both Traditional and Roth accounts for 2025. For Roth contributions your AGI must be below \$165,000 (\$246,000 joint). 2026 limits increase slightly to \$7500 (\$8600 over age 50).
- **Energy and Clean Vehicle Credits:** This is the last year to get a tax break for energy efficient home improvements. Items must have been installed by 12-31-25 (doors, windows, furnaces, a/c, etc.) For items placed into service in 2025, you need to include the manufacturer's four-character alphanumeric **Qualified Manufacturer Identification Number (QMID)** or PIN on Form 5695. For electric vehicles, you must have the “time of sale” report from the dealer. See www.energy.gov for more details.
- **Changes for Schedule A (Itemizing):** The cap on state and local taxes (SALT taxes) has been increased to \$40,000, up from \$10,000, if you make less than \$500k. This will have an impact on many of you, so be sure to include your form 1098-INT from your mortgage company, personal property tax, and all donations with your tax documents this year.
- **New Crypto Form:** Digital Asset brokers are now required to report transactions on form 1099-DA. For 2025 they are only required to report gross proceeds. You will be responsible for reporting the cost basis to me. Beginning in 2026 they must add the cost basis.
- **Deduction for Seniors:** Also known as the “no tax on social security” deduction, those age 65 and older will get an additional deduction of \$6000 per individual. There are income limits with phaseouts starting at \$75k (\$150k married joint) and phasing out completely at \$175k (\$250k married) . This is only for tax years 2025-2028, and you DO NOT have to receive social security to qualify.

2025 STANDARD MILEAGE RATES:
BUSINESS: 70 CENTS PER MILE
MEDICAL: 21 CENTS PER MILE
CHARITABLE: 14 CENTS PER MILE

2026 STANDARD MILEAGE RATES :
BUSINESS: 72.5 CENTS PER MILE
MEDICAL: 20.5 CENTS PER MILE
CHARITABLE: 14 CENTS PER MILE

2025 Tax Law Highlights—Continued

- **New Payment and Refund Rules:** In the fall of 2025 the IRS phased out paper checks for income tax refunds. If you are due a refund this upcoming tax season, it will have to be direct deposited into your bank account, put onto a prepaid debit card, or into a digital wallet (Paypal, Venmo, Apple Pay). Additionally they are encouraging taxpayers to pay any tax liability electronically—via ACH (no fee) or debit card (fees apply). While they haven't yet made electronic payments mandatory, it will be coming very soon. It is also a good idea to make electronic payments to IRS as you get your receipt of payment immediately and the post office is changing the way they postmark. Paying electronically will avoid any late payments due to postmark dates.
- **Auto Interest Deduction:** If you bought a NEW vehicle Jan 1, 2025 or after, you can deduct up to \$10,000 of the interest paid on the auto loan per year even if you take the standard deduction. The vehicle must be new, have had it's final assembly in the U.S. and be for personal use only. For me to put this on your return I must have either the 1098-VLI form OR the year end statement showing the interest paid, AND I must have the VIN. Your return will reject without that information. The deduction starts phasing out if your income is above \$100k (\$200k married). No deduction is allowed if income is over \$150k (\$250k married filing joint).
- **No Tax on Tips:** This is really a deduction, not a dollar for dollar reduction in income tax. If you work in certain IRS approved industries, you can deduct up to \$25,000 of your tips. The income phaseout is \$150,000 single (\$300k married filing joint). The tips will be reported on your W-2. If you have tips to claim that aren't on your W-2, I will have to add them as income to be able to deduct it and you will pay social security and Medicare tax on these tips.
- **No Tax on Overtime:** Again, this is another new deduction, maxing out at \$12,500 and like the others has an income phaseout of \$150k (\$300k married). It applies only to the "half" portion of your overtime pay rate—essentially subtract your regular hourly rate from your OT pay rate and that amount is the figure that is used as OT hours worked. Bonuses, hazard pay, and tips earned don't qualify. For 2025 employers are not required to report this amount on your W-2. I can accept the following documents to use on your return: W-2 (if reported in box 14), a written statement from your employer, or your final 2025 paystub from which

F.A.Q. 2025 Edition

Can my high school or college kid claim themselves? Generally No. The IRS requires them to be a dependent on their parent's return if they are in school full time. **They can file their own return, but they need to make sure they mark themselves as a "dependent"**. If they don't do it correctly, your return will reject and often results in amending their return before you can submit yours. You are forced to file on paper potentially waiting up to 6 months for any refund.

I got a letter and the IRS is coming after me, what do I do? I actually hear this several times per tax season. The IRS will not show up at your door, no matter how threatening the letter sounds. If you receive any statements from IRS/MO/KS/KCMO please drop them off at my office for me to review or upload to your portal. During tax season it may take several days before you hear back from me, but I will look into it.

I took money out of my retirement account and paid taxes at that time, why do I still owe? Many clients don't realize that when you take it out before age 59 1/2, you owe 10% in penalties AND federal income tax AND state income tax. It's very costly to remove funds early. If you can take a loan from the account that is the better way to go. Yes, you have to pay it back but you are paying back yourself. If you let me know ahead of time, I can help guide you with the best option.

Schedule C and Business Income Updates

- √ QBI Deduction: Partnerships, S-Corporations, Farmers, Trusts, Estates, and sole proprietorships are again allowed to deduct 20% of business related income, subject to certain wage limits and exceptions.
- √ 100% Bonus Depreciation was brought back (and made retroactive to January 1, 2025), and also made permanent. This means you can get a deduction for the full cost of eligible assets that you purchase in the year they go into service for your business.
- √ Don't forget to keep track of your auto mileage! You must have detailed records that include dates, travel location, and beginning and ending mileage. For Schedule C clients I must have make, model, and year of the vehicle, beginning and ending mileage for the year, and the business mileage for the year. If you use more than one vehicle for business purposes, I need all of this information separately stated for each one.
- √ Consider claiming Office In Home expenses for your business! This is available to both home owners and renters. You must own a business or file a schedule C and use your principal residence as your primary place of business to be eligible. If you have office space available outside of your home, you are not eligible for this deduction (even if you don't use the available outside office). I will need to know total square footage of your home as well as total square footage used exclusively for business purposes. At the time of your appointment, please have all of your utility costs totaled, as well as any mortgage interest and homeowners or renters insurance costs for the year.
- √ If you have income from a partnership or S-Corporation that provides you a K-1 for your personal return, I will need two things along with your K-1: 1. "Statement A-QBI Pass Through Entity Reporting",. This is a statement that shows your business' QBI deduction information and is required to be completed with the business tax return and 2. A basis worksheet. If I handle your business accounting and taxes I will have this on file. If I don't, whomever completes the business return is required to provide this to you, even if the K-1 shows a loss.
- √ Many clients have begun using apps like Venmo, CashApp, Paypal, Zelle, etc. to both send and receive payments. Please be aware that any use of these apps must be included as part of your business reporting. Any funds received on behalf of your business must be counted as income and any payments you make must be accounted for on your Profit and Loss statement, regardless of if it's being transferred to and from your business or personal bank accounts. (For example, if you receive funds for services and then purchase goods with those funds directly from the app without ever transferring to a bank account, we must include that on your business financial statements.) The IRS considers these companies to be financial institutions, meaning if you are using them for business purposes they have the right to access all transactions upon request. If you are using these apps for your company, make sure you have an account that is separate from your personal one.
- √ Don't forget to file your 1099s! This is often overlooked by those that file Schedule C. and Schedule E for rental property. If you pay an individual or independent contractor more than \$600 annually (\$2000 beginning in 2026) for labor services provided, you must file form 1099-NEC by January 31. Please note that this only applies to cash or check payments, NOT payments via debit/credit cards or third party vendors. There are severe fines imposed if you don't file these, or if you file them late. I have several clients that I provide this service for. Please reach out to me by January 25th if you think this may apply to you.
- √ Beginning in 2026, business owners can no longer deduct meals provided to employees (company provided lunch or dinner).



PERSONAL INFO (New Clients Only)

- ☐ Copy of last year's tax return
- ☐ Dates of birth & Social Security Numbers for yourself, spouse, and dependents



INCOME DOCUMENTS

- ☐ W-2 (Wages & Salaries)
- ☐ 1099-R (Pensions, IRAs, 401(k) distributions)
- ☐ SSA-1099 (Social Security benefits)
- ☐ 1099-G (Unemployment compensation)
- ☐ Royalty Income & expenses (1099-MISC)
- ☐ Self-employment income & expenses - see worksheets on my website (1099-NEC)
- ☐ Railroad Retirement benefits (RTA-1099)
- ☐ Gambling or Lottery winnings (W-2G)
- ☐ Jury duty pay, prizes, or awards
- ☐ Any other income from any source
- ☐ K-1s from Partnerships, S-Corporations (w/ QBI & Basis)
- ☐ K-1s from Trusts or Estates



INVESTMENTS & CRYPTO

- ☐ 1099-INT (Bank or Investment Interest)
- ☐ 1099-DIV (Dividends)
- ☐ ALL 1099-B forms from brokerage & crypto accounts
- ☐ Records of IRA/SEP/KEOGH contributions or rollovers
- ☐ Cryptocurrency transactions (1099-DA)



REAL ESTATE SALES & RENTAL PROPERTY (see website for more detailed worksheets)

- ☐ Rental income & expenses
- ☐ Closing statements for purchase and/or sale
- ☐ Records of home or property improvements



EDUCATION EXPENSES

- ☐ 1098-T (College Tuition Paid) and list of school expenses
 Important: I cannot process education credits without Form 1098-T
- ☐ State tuition program contributions (529) or distributions (1099-Q))
- ☐ Student loan interest paid (1098-E)
- ☐ Out of pocket classroom expenses (educators)



HEALTH INSURANCE & HSA/FSA

- ☐ Form 1095-A (Health Insurance Marketplace ONLY)
 Your return will reject without this form.
- ☐ Long Term Care premiums paid
- ☐ HSA distributions (1099-SA)
- ☐ HSA contributions made outside employer payroll



OTHER INCOME & EXPENSES (If Applicable)

- ☐ Child care paid (must have provider name, address, SSN or business EIN, and amount paid).
- ☐ Adoption expenses
- ☐ Estimated tax payments made
- ☐ OT wages paid (statement from employer or final 2025 paystub)
- ☐ Interest paid on auto loan + vehicle VIN (2025 purchases only)



ITEMIZED DEDUCTIONS

- ☐ Medical expenses, totaled by category - RX, Dr visits, Chiropractor, etc. (out-of-pocket only - must not have been paid with FSA or HSA funds)
- ☐ Total of medical miles driven
- ☐ Mortgage interest (1098)
- ☐ Property tax paid receipts
- ☐ List of charitable donations (cash, check or card)
- ☐ FMV & your cost of goods donated to thrift store, as well as name, address, and tax id of organization donated to