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FINANCIAL IDEAS FOR TODAY AND TOMORROW

Footnotes

Tax Savvy Tips

The U.S. tax code is constantly changing. What saved you money last year might cost you this year. Between shifting income thresholds, changing deduction rules and overlooked credits, you now need to stay focused on your tax plan throughout the year. Here are several bits of tax wisdom that can help you lower your bill to the IRS.

Phaseouts matter (a lot). A lot of tax breaks, such as child tax credits, tax benefits for college costs or the new senior deduction don't disappear all at once. Instead, they phase out slowly as your income rises. This means earning a bit more could quietly cost you some of these benefits.

What you can do: Keep an eye on how much income you're earning and how it will impact these phaseouts. You might be able to stay in the sweet spot so you don't lose the value of your deductions or credits by putting more into your retirement account or timing when you receive certain payments.

Are itemized deductions going the way of the dinosaur? Not so fast! Yes, the standard deduction is now higher than ever (\$31,500 for married couples, \$15,750 for singles in 2025), which has made itemizing less common. But with

an increase of the state and local tax (SALT) deduction from \$10,000 to \$40,000, you may be shifting back to itemizing your deductions without realizing it.

What you can do: Don't assume you'll be taking the standard deduction again this year. Add up your potential itemized deductions, especially if your expenses vary, to see how close you are to being able to itemize. Consider bunching charitable contributions or property taxes into one year to clear the standard deduction hurdle.

Timing is everything (especially with capital gains). If you sell assets held longer than a year, you'll likely qualify for long-term capital gains rates (0%, 15% or 20%). But miss that time by even a day and you could pay ordinary income rates, which can be nearly double. Strategic timing can also help you harvest losses to offset gains and reduce your overall tax bill.

What you can do: If possible, hold investments that are profitable for at least one year and a day before selling to qualify for lower tax rates. Use end-of-year tax-loss harvesting to offset gains and stagger sales across tax years if needed.

Don't sleep on the Qualified Business Income deduction. If you're a small business owner, self-employed or even a gig worker, you may be eligible for a 20% deduction on your qualified business income. Planning how and when revenue hits your books could make or break your eligibility for this significant deduction.

What you can do: Review how your business is structured and how much income you're reporting. You may be able to reduce taxable income through retirement contributions, shifting income between years or reclassifying your business activities.

Tax-deferred doesn't mean tax-free. Traditional 401(k)s and IRAs offer tax deferral, not tax elimination. When you withdraw funds in retirement, you'll pay ordinary income tax on the distributions. If you expect to be in a high tax bracket in retirement, it may be a better idea to contribute to a Roth account now and pay taxes up front.

What you can do: Schedule a planning session to discuss whether diversifying your retirement

accounts between traditional and Roth makes sense for your situation. Also consider planning for the timing of distributions from these accounts to be as tax efficient as possible. Run long-term tax projections to decide which type of contribution makes sense today. Consider partial Roth conversions during lower-income years.

Tax planning isn't a once-a-year scramble, but rather a year-round strategy. And with these pieces of prevailing tax wisdom, you can be better prepared to cut your tax bill. Please call if you have any questions about your tax situation.



Jennifer Decker, CPA,
is a partner in our
Cedar Rapids office.

FROM THE PEN OF A PARTNER



Safe Shopping Checklist: Before, During and After

With the holiday season upon us, here are some tips to stay safe while shopping.

Start with the seller, not the sale. If a tempting link pulls you in from a social ad, don't click through. Type the retailer's name into your browser, check the URL letter-for-letter and skim recent reviews for delivery or refund complaints.

Scan the site itself. Look for grainy logos or product images copied from other retailers. Right-click product photos (or long-press on mobile), select "Search image with Google" or "Search by image," and see if they appear on other sites under a different brand. A missing "About" page, no physical address or contact forms that only list an email are other giveaways.

At checkout, use credit cards. They carry dispute rights if the seller disappears or the item never arrives. Avoid gift cards, wires or person-to-person transfers; those are harder to reverse and figure prominently in loss-heavy frauds. Bank transfers and payment apps made up the largest aggregate losses last year, while credit cards were the most frequently reported method — a reminder to choose the option with recourse.

Keep an eye on the account you shop with.

Turn on multifactor authentication for your email; most credential-theft scams need a password and a one-time code to work. During the holidays, go through your bank statements every few days. Small test charges often precede bigger hits. Keep order confirmations and screenshots, too.

Treat delivery messages as suspect until you know otherwise. "Can't deliver your package" texts are a common lure. Don't tap the link. Open the retailer's app or the shipper's site directly and check your shipping status there.

If something feels off, act right away.

Contact the seller, then your card issuer to start a dispute. Change any password you may have entered on a questionable site and don't reuse it elsewhere. Report the incident to the FTC; those reports feed the Consumer Sentinel system investigators use to track repeat scams and seasonal spikes.

See a bad charge? Call your card issuer the same day and open a dispute. Reset any password you used on the site. And, for the next two billing cycles, check your statements and set alerts for new credit inquiries or account changes.

Business Income Tax Services

Do you operate a small business or rental operation? Do you have a large, complex entity operating in multiple states? If so, Hogan - Hansen possesses the experience and skills necessary to help you. Our staff are experienced in preparing and filing income tax returns for diverse businesses of all sizes, operating in any state within the United States. But our service is much more than simply filling out a return and filing it.

We look for opportunities - ways in which you can reduce your taxable income and keep more of your money to reinvest in your business.

Our staff welcome the opportunity to review your income tax returns with you so that you understand what is being reported to the government. Our goal is for you to feel comfortable that your income tax returns are accurate and complete. If the government would select your return for an audit, you can be assured that Hogan - Hansen will be there for you to lead the way and guide you through the process.

In addition to preparing your business income tax returns, we can help you plan for the future in the following ways:

- Consulting services for business expansion, reorganization or liquidation
- Designing a buy-sell agreement to ensure a smooth transition of ownership
- Preparing estate plans, including gifting opportunities
- Analyzing opportunities to expand or sell your business
- Reviewing employee compensation and benefit plans
- Evaluating an employee stock option plan

Year-End Tax Planning Tips for Your Business

As 2025 winds down, here are some ideas to help you prepare for filing your upcoming tax return:

INFORMATIONAL RETURNS. Identify all vendors who require a 1099-MISC and a 1099-NEC. Obtain tax identification numbers (TINs) for each of these vendors if you have not already done so.

FORM 1099-K PLANNING. Consider labeling business and personal accounts separately on platforms like Venmo and PayPal. Mixing funds could cause reporting errors, especially as platforms enhance their 1099-K tracking capabilities.

BE PREPARED FOR OVERTIME AND TIP HEADACHES. Tax-free tip and overtime income should be reported to your employees to prove their deduction. Be prepared to track both tips and overtime pay from your payroll system.

SHIFTING INCOME AND EXPENSES. Consider accelerating income, or deferring earnings, based on profit projections.

SEPARATION OF EXPENSES. Review business accounts to ensure personal expenses are not present. Reimburse the business for any expenses discovered during this review.

CREATE EXPENSE REPORTS. Having expense reports with supporting invoices and business credit card statements with corresponding invoices will help substantiate your deductions in the event of an audit.

FIXED ASSET PLANNING. Section 179 or bonus depreciation expensing versus traditional depreciation is a great planning tool. However, the qualified assets must be placed in service prior to year end.

LEVERAGING BUSINESS MEALS. Business meals with clients or customers are 50% deductible. Retain the necessary receipts and documentation that note when the meal took place, who attended and the business purpose on each receipt.

CHARITABLE OPPORTUNITIES. Consider any last-minute deductible charitable giving including donations of long-term capital gain stocks.

CELL PHONE RECORD REVIEW. Review your telephone records for qualified business use. While expensing a single landline out of a home office can be difficult to deduct, cell phone use can be documented and deducted for business purposes.

INVENTORY REVIEW. Review your inventory for proper counts and remove obsolete or worthless products. Keep track of the obsolete and worthless amounts for a potential deduction.

REVIEW YOUR RECEIVABLES. Focus on collection activities and review your uncollectible accounts for possible write-offs.

REVIEW YOUR ESTIMATED TAX PAYMENTS. Recap your year-to-date estimated tax payments and compare them to your forecast of full year earnings. Make your 2025 fourth quarter estimated tax payment by January 15, 2026.



*This holiday season,
we're filled with
gratitude for clients
like you who make
our work at Hogan -
Hansen so rewarding.
Thank you for your
business, your trust
and your confidence.*

*Warmest wishes for a
holiday season filled
with joy and peace.*



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1601 Golden Aspen Drive, Suite 107

Ames, IA 50010

1201 SW State Street, Suite 101

Ankeny, IA 50023

2750 First Avenue, NE, Suite 150

Cedar Rapids, IA 52402

200 North Adams Avenue

Mason City, IA 50401

3128 Brockway Road

Waterloo, IA 50701

www.hoganhansen.com

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*The road to
success is
always under
construction.*

- LILY TOMLIN

**Blessed is the man who
has found his work.**

- ELBERT HUBBARD

**Am I not destroying my enemies
when I make friends of them?**

- ABRAHAM LINCOLN

NOTABLE QUOTES

**A good friend will stick with
you until you are un-stuck.**

- UNKNOWN

**The greatest mistake
you can make in life is
continually fearing
you will make one.**

- UNKNOWN

Nick Aarsen
Principal

Jennifer Decker
Principal

Steve Duggan
Principal

Eric Hanna
Principal

Damian Hurmence
Principal

Laura Monaghan
Principal

Dennis Muyskens
Principal

Lisa Wall
Principal

Kristi Wick
Principal

Ames
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