



JANUARY 2026

## TAX TIPS & MORE

- \* Drop offs will be accepted in our SECURE 24 hour drop slot at the front door as well as at the front desk and via REVVER. PLEASE DO NOT SEND CONFIDENTIAL DOCUMENTS VIA EMAIL!!!

**Drop offs after March 31st will be subject to an extension .**

## OPERATION WE CARE

Please carefully consider making a monetary donation to **Operation We Care** when visiting our office this tax season. ITL will be matching every donation dollar for dollar up to \$1,000! **Operation We Care** is an IRS recognized exempt organization whose purpose is to aid and support deployed members of the Armed Forces of the United States of America and their families.

**ITL CLIENT NOTIFICATION:** Our office will retain the most recent 3 years tax returns as required. Taxpayers should retain 10 years with supporting documentation.

### 2025 REMINDERS:

- **REQUIRED DOCUMENT:** Form 1095-A MARKET PLACE HEALTH INSURANCE (if applicable)

### 2025 CHANGES: Please see pages 2 & 3

#### REQUIRED QUESTION:

- At any time during 2025 did the taxpayer or spouse (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)?

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Check out our "**Find It**" tool on our website:

[www.itlaccounting.com](http://www.itlaccounting.com) to track your refund status for Federal and State refunds.

# 2025 TAX LAW CHANGES

## FEDERAL:

- **Standard Deduction: Single = \$15,750 Married Joint = \$31,500 \*Age 65 or older or blind:** An additional standard deduction can be claimed for each qualifying person.
  - \$2,000 for single or head of household filers.
  - \$1,600 per qualifying individual for married couples filing jointly or separately.
- **New Deduction for Seniors:** Allows additional deduction of \$6,000 for each filer that has reached age 65 by 12/31/2025. Phase out applies to single filers making more than \$75,000 or joint filers making more than \$150,000.
- **Car Loan Interest Deduction:** There is a new deduction for car loan interest if you bought a NEW (not used) car in 2025 (2026-2028 also) FOR PERSONAL USE ONLY, IF it was assembled in the US. The deduction is limited to the lesser of qualified interest paid or \$10,000 annually. This deduction phases out starting at \$100,000 of income if single & \$200,000 if filing jointly. A qualified vehicle is a car, minivan, van, SUV, pick-up truck or motorcycle, with a gross vehicle weight rating of less than 14,000 pounds, and that has undergone final assembly in the US. This rule eliminates the deduction for campers, trailers and motor homes. The taxpayer must include the VIN of the qualified vehicle on the tax return. This amount is deductible in addition to the standard deduction, so you don't need to itemize.
- **Tip Deduction:** For those folks whose W-2 reflects tip income, they can deduct the lesser of the tip income from their W-2's or \$25,000. This deduction phases out starting at \$150,000 of income if single, and \$300,000 if filing jointly. This amount is deductible in addition to the standard deduction, so you don't need to itemize.
- **Overtime Deduction:** For those folks whose W-2 reflects overtime pay income they can deduct the lesser of the qualified overtime income from their individual W-2's or \$12,500 each. Qualified overtime is the additional overtime premium paid for hours worked over 40 in a week. This deduction phases out starting at \$150,000 of income if single, and \$300,000 if filing jointly. This amount is deductible in addition to the standard deduction, so you don't need to itemize.

- **Tax Credits:** 1) The credit for children reported as dependents on your returns increases from \$2,000 to \$2,200. 2) The credits for insulation, storm windows, doors, furnaces, water heaters, solar power, geothermal energy and wind energy systems end on 12/31/2025.
- **NO MORE PAPER CHECKS:** The IRS will no longer accept nor issue paper checks. All tax payments (including estimated tax payments) must be paid electronically. All refunds from the IRS will be issued via direct deposit.

**STATE:**

- **Flat Tax:** Prior to 2025, Louisiana had a graduated income tax system with three brackets and rates ranging from 1.85% to 4.25%. This has been replaced with a flat 3% rate for all taxable income.
- **Standard Deduction:** The standard deduction has significantly increased for 2025. For single filers and married couples filing separately, the standard deduction is \$12,500 (was \$4,500). For married couples filing jointly, heads of households, and qualifying widow(er)s, the standard deduction is \$25,000 (was \$9,000).
- **Retirement Income Exemption:** The amount of retirement income that can be excluded from taxation for individuals 65 and older has been increased from \$6,000 to \$12,000.