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Tax Changes Ahead With the One Big Beautiful Bill Act

As most know by now, on July 4th, 2025, President Trump signed into law the One Big Beautiful Bill Act. In addition to making permanent certain parts of the Tax Cuts and Jobs Act of 2017, it also eliminates energy credits, impacts the taxable income of certain tipped employees and taxpayers on social security. Here are brief summaries of the most asked about sections of the bill.

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Wentzville Office Closing

Staffing has become a serious problem throughout our industry. As long-time tax professionals retire, it has become more and more difficult to replace them. As mentioned in another article, our much beloved Steve Hollrah hung up his green visor this year. Joe Whelan did the same last year. Since they represented a significant portion of the Wentzville office workforce, we made the difficult decision to close our Wentzville location effective October 16, 2025.

All Wentzville clients are encouraged to redirect to either our O'Fallon office at 2434 Highway K (inside the State Farm office) which is open seasonally through April 15th, or our year-round office at 3023 North St. Peters Parkway in St. Peters.

Walk In Tuesdays & Wednesdays(St. Peters Office Only)

As always, Tuesdays are walk-in day for those who can't get an appointment (or just like watching the fish). Beginning on Tuesday, January 27th the doors at the St. Peters office will be open from 8AM to 6PM for walk-ins. We'll provide donuts for as long as they last, and coffee all day. Owner Anna Griffin will cover this day. **There will be no walk-in Tuesday on April 14th.**

Like last year, tax manager Doug Osgood will also take walk-ins on Wednesdays from 8AM to 6PM beginning Wednesday, January 28th. **There will be no walk-in Wednesday on April 15th.**

Personal Extensions

As we have done in years past, we are happy to file your personal extension. There is no charge for this service, however, we will not automatically file your extension. If you need an extension, call us or send us an email and we'll be sure to get it filed. **Any balance due MUST be paid by April 15th regardless of extensions. There are NO extensions for payments—only filing.**

More Important Updates 

SOCIAL SECURITY: A Senior Deduction has mistakenly been called the “no tax on social security” deduction. The senior deduction, as it’s called, is an additional deduction of \$6,000 per taxpayer aged 65 or older. This kicks in regardless of whether the taxpayer takes the standard deduction or itemizes. There are some restrictions. First, married taxpayers who file separate are not eligible for this extra deduction. Second, the deduction phases out when the modified adjusted income exceeds \$75,000 or \$150,000 for married joint filers. This deduction is set to expire after 2028.

SALT: The much talked about limit on state and local taxes (SALT) has been increased from \$10,000 to \$40,000. For tax years 2026 through 2029, this limit gradually increases to \$41,624 and reverts to \$10,000 for tax year 2030. This provision will have limited impact for most of our clients as both housing prices and taxes are relatively low in Missouri.

Save The Date

Important dates for this upcoming season:

Monday, January 5th—St Peters office re-opens from holiday weekend

Monday, January 26th—O’Fallon office opens Monday through Friday

Saturday, January 31st—All offices begin weekend hours

Monday, March 16th—Last day to timely file partnership and S-corporation returns without extensions

Wednesday, April 15th—Tax day. Last day to timely file personal returns and calendar year C-corporation, trust, and estate returns without extensions.

Saturday, May 9th—Shred day at Sederburg

Tuesday, September 15th—Last day to timely file partnership and S-corporation returns on extension.

Wednesday, September 30th—Last day to timely file trust and estate returns on extension.

Thursday, October 15th—Last day to timely file personal returns and calendar year C-corporation returns on extension

Save FIVE Dollars

Please bring in at least five non-perishable food items and we’ll give you \$5.00 off your tax preparation fee. Last year over 1,000 items were donated to local food banks.

Congratulations Steve Hollrah

Congratulations go out to Steve Hollrah. Officially effective on October 15th, 2025, he will be fully retired. We wish him the best as he sets out on a new journey.

Most itemizing under current law is driven by mortgage interest and state and local taxes. The increased limit phases out for incomes in excess of \$500,000. These limits are halved (\$20,000) for married taxpayers filing separate.

TIPS: Certain employees who rely on tips for a portion of their income, MAY receive a deduction of up to \$25,000 against eligible tip income. The rules here are restrictive. Service charges, for example the mandatory 18% for groups, are not considered tips and are thus not eligible for this deduction. Eligible tips remain subject to federal income tax withholding, Social Security, and Medicare taxes. The deduction begins to phase out at \$150,000 modified adjusted gross income for single taxpayers or \$300,000 for married taxpayers filing joint. Married taxpayers filing separate are not eligible for this deduction. This provision is set to expire after tax year 2028.



OVERTIME: The OBBBA created a deduction for certain overtime worked. Overtime subject to the FLSA of 1938 is eligible. The deduction is only for the premium portion of overtime—in other words, the half of “time and a half.” The deduction is capped at \$12,500 per taxpayer. Exempt employees (generally salaried) are not eligible. It is currently unclear whether overtime paid via a collectively bargained agreement will be eligible. For tax year 2025 it may be helpful for every client to include their final paycheck stub with their normal tax documents such as W-2s and 1099s. The modified adjusted gross limit for single taxpayers is \$150,000 and \$300,000 for married taxpayers filing joint. Married taxpayers who file separate are not eligible for this deduction.

CHILD TAX CREDIT: The OBBBA increases the child tax credit from its current base of \$2,000 to \$2,200. Phase out of this begins at a modified adjusted gross of \$200,000 for single taxpayers and \$400,000 for married taxpayers filing a joint return.



The IRS and Your Wallet continued from page 2

HOME MORTGAGE INTEREST: In addition to making the acquisition debt ceiling of \$750,000 permanent, the OBBBA added back mortgage insurance premiums (MIP or PMI) as a deductible expense, but only for taxpayers whose modified adjusted gross is \$100,000 or below. For married taxpayers filing separate the MAGI is \$50,000.

HELOC INTEREST: Interest paid on home equity lines of credit are generally not deductible but amounts directly related to home improvement projects, or the purchase of the taxpayer's main or second home.

CHARITABLE CONTRIBUTIONS: Beginning with tax year 2026, in a return to a pandemic-related deduction, there is an up to \$1,000 (\$2,000 for married taxpayers filing jointly) charitable contribution deduction for non-itemizers. Taxpayers do not have to itemize deductions to qualify, but this only applies to cash / check / credit card contributions. Non-cash contributions to organizations do not qualify for this.

CAR LOAN INTEREST DEDUCTION: Loans on new vehicles meeting all qualifications will be deductible regardless of whether the taxpayer can itemize or not. While there are other qualifiers, the key ones are that the vehicle must be new and final assembly must be in the United States. Only vehicles purchased on or after January 1st, 2025 qualify. The loan must be the initial lien. As of right now we believe the VIN must be reported on the tax return, so be sure to bring that information. This deduction is only for taxpayers with incomes below \$100,000 or \$200,000 for married taxpayers filing joint.

CHILD AND DEPENDENT CARE CREDIT: The amount of qualifying day care expense is increased from \$5,000 to \$7,500.

REPEAL OF GREEN ENERGY CREDITS: Effective after December 31, 2025, the energy efficient home improvement credit (on windows, doors, insulation, etc.) will no longer be available. All products in this category must be paid and installed by that date or no credit will be issued. In addition, the residential clean energy credit (solar, etc) will no longer be available effective after December 31, 2025. In this case, the qualifying equipment must be paid for by December 31, 2025, but can be installed after to still qualify. The credit for certain new and

used electric vehicles expired on September 30, 2025 and is no longer available.

There are many other changes in the OBBBA. Be sure to check with your tax professional if you have questions.

Changes to Missouri

While the Missouri legislature made several changes to the tax code, these are the only two changes of note for 2025.

CAPITAL GAINS: Effective tax year ending December 31, 2025, Missouri allows a subtraction for 100% of the capital gains included as income on the federal return. This impacts personal returns only and is not allowed for businesses.

PROPERTY TAX/RENT CREDIT: For the first time in thirty years, the Missouri legislature has made adjustments to the income limits and maximum credit amounts for the Property Tax Credit and the Rent Tax Credit, both designed for certain low income, handicapped, and retired taxpayers. The changes for tax year 2025 are slight, but effective for tax year 2026 many more taxpayers will qualify for this refundable credit.



*** Paper Check Changes ***

Due to an executive order, effective October 1, 2025, the Internal Revenue Service will no longer issue paper checks. In certain cases, they will issue a prepaid debit card, but generally speaking all returns must designate direct deposit for the refund method.

In addition, effective October 1, 2025, the IRS will also no long accept paper checks. Taxes due to the federal government must be paid on-line via IRS.gov. We have a document available to guide taxpayers through the on-line process.



From Anna's Desk

The tax world is an ever-changing environment. The One Big Beautiful Bill Act has brought a host of changes. The tax portion of the bill was over 300 pages while the entire bill topped out at over 850 pages. You can rest assured we've got you covered. Over the months since its passage, we have spent countless classroom hours studying its many provisions and their impact on your return. While there are still many provisions we're awaiting guidance from the IRS on, we will continue to study and stay informed so as to provide you the best possible information available.

Last year saw the closure of several St. Charles County tax businesses. While other firms turned people away, we have continued to accept new clients and we don't anticipate any change to that policy for this coming year. This year we've again dealt with retirements within our ranks which has led to staffing issues and the closure of our Wentzville office. Despite the retirements and this office closure, we remain committed to providing all of you with quality work and excellent service.

On a different note, Amy Goodman has returned to the Sederburg family. We're overjoyed to welcome her back. Also, in another bit of exciting news, both Doug Osgood and I have joined the board of directors of the Missouri Chapter of the National Tax Professionals Association. Among other things, we hope to use our voices to influence educational initiatives to encourage more young people to steer toward a career in taxes.

My associates and I are looking forward to seeing you again this coming year.

Many Happy Returns,

Anna

Anna Griffin, Enrolled Agent

Federal Government On-line Accounts

The Federal government, including the Internal Revenue Service, is transitioning to ID.me accounts for accessing your government services accounts. The IRS has made the switch and the Social Security Administration is also making the change-over. This means that to access your accounts on-line, you'll need to set up your ID.me account. It's usually a quick process, taking no more than 10-15 minutes, but is designed to make your Federal government account log-ins more secure. Once you have an account, you can log in the your IRS account to request transcripts, make payments, set up payment plans, and many other things. We strongly encourage our clients to establish their ID.me account and begin using it to make all of their personal tax payments. Not only is it more secure, but it is more reliable than the US Postal Service and payments can be tracked more easily.

We Love Referrals

The sincerest form of flattery you can show us is your referral to friends and colleagues. Our thank you for referring us is \$25 off your 2026 tax return and entry into a drawing for a \$250 Visa gift card.

