



# CG UHLENBERG LLP

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CERTIFIED PUBLIC ACCOUNTANTS

November 21, 2025

## **Re: Year-end tax and financial planning for small businesses**

As we approach the end of the year, it's a great time to take stock of your financial health and ensure your tax strategies are working for you. This year has brought unique challenges and opportunities — from new tax legislation and economic shifts to changes in work arrangements and personal circumstances. Our goal is to help you navigate these developments and position yourself for financial success in the coming year.

In this letter, you'll find a summary of key tax law changes, important deadlines and actionable planning ideas. Whether you're looking to maximize deductions, plan for retirement or address life changes, we're here to provide guidance and support every step of the way.

**Let's work together to make sure you're prepared for year-end and beyond. Please contact us to discuss any questions you may have.**

### **Analysis of your financial statements**

Look at where your business is positioned with income and expenses to close out the tax year. This may mean getting caught up on your bookkeeping to have a better picture of where your tax situation stands. This is a critical part of the tax planning process. This is also the time to project any remaining income and expenses that may be received or owed before the end of the year. We can help you analyze your financial statements for tax savings and planning opportunities.

### **Research and Experimental (R&E) expenses**

Domestic R&E expenditures are now immediately deductible for tax years beginning after Dec. 31, 2024. Foreign R&E expenditures must still be capitalized and amortized over 15 years. Certain taxpayers, including many small businesses, may use transition relief to deduct remaining unamortized domestic R&E from 2022–2024. We can help you review your R&E activities to confirm eligibility, coordinate any Sec. 280C interactions, and time elections to maximize the benefit.

### **Qualified Business Income (QBI) deduction**

The 20% QBI deduction for certain business income is now permanent, with expanded phase-in ranges and a minimum deduction of \$400 for taxpayers with at least \$1,000 of qualified business income. It could be time to review your business structure and income to ensure you are positioned to maximize this deduction.

### **Capital expenditures**

“Bonus” depreciation (100% expensing of qualifying property) is permanently extended for property acquired and placed in service on or after Jan. 19, 2025. Sec. 179 expensing limits are increased to \$2.5 million. We can help you prioritize expenditures, placed-in-service timing and state conformity.

### **Clean energy incentives**

Many clean energy incentives are scheduled to terminate in 2025 and 2026. If you have invested or are considering investing in these areas, let us help you determine how to maximize the available benefits.

### **Information reporting thresholds**

Form 1099-K reporting threshold for third-party settlement organizations reverts to \$20,000 and 200 transactions per payee per year for 2025. The Form 1099-NEC/MISC threshold for reporting payments to service providers remains at \$600 for 2025 and increases to \$2,000 in 2026 and will be indexed for inflation. It is important to review your vendor payments and reporting systems to ensure compliance.

### **Business meals**

As you enter the holiday season and have more social gatherings with your customers and employees, keep in mind the rules for business meal deductions. There are circumstances where certain business meals may qualify for a 100% deduction. It is important to properly categorize your expenses.

### **Net operating losses (NOLs)**

If your deductions for the year are more than your income for the year, you may have an NOL. In general, you can use an NOL by deducting it from your income in other year(s), but it is limited to 80% of your taxable business income in any one year. We can advise you on any potential tax benefits and limits.

### **Digital assets and virtual currency**

Digital assets are defined as any digital representations of value that are recorded on a cryptographically secured distributed ledger or any similar technology. For example, digital assets include non-fungible tokens (NFTs) and virtual currencies, such as cryptocurrencies and stablecoins.

Beginning with transactions occurring in 2025, the IRS has implemented new reporting requirements. For certain transactions through a broker or certain digital asset platforms, you may receive a new Form 1099-DA in early 2026. It is important to note that you are responsible for accurately reporting all taxable digital asset transactions on your tax return, even if you do not receive a Form 1099-DA. It is important to maintain detailed records of all digital asset purchases,

sales, exchanges and related transactions to substantiate that reporting. The IRS continues to increase its scrutiny and reporting requirements in this area.

Contact us to help if you have questions about your digital asset activity, how these new rules may affect you or if you need assistance with recordkeeping or tax reporting for digital assets.

### **Additional tax and financial planning considerations**

- **Charitable contributions** — For tax year 2025, the maximum allowable contribution deduction is limited to 10% of a corporation's taxable income. In 2026, contributions will have a new limitation of 0.5% of income. Flowthrough entities' charitable contributions may be limited based on the owner's taxable income. Careful planning is needed to capture the tax benefit potential of charitable contributions.
- **Transactions between a business and its owners** — Transactions between a business and its owners, such as loans, distributions, or compensation, carry important tax implications. We can help you structure these arrangements to ensure compliance while achieving the most tax-efficient results.
- **Partnership audit and adjustment rules** — Changes to the partnership audit and adjustment rules have been in effect for a few years but we are still seeing some partnerships and their partners blindsided at the unpleasant consequences that can arise from these rules. Careful planning today can help mitigate any unfavorable consequences to both the entity and the partners themselves.
- **State and local tax (SALT) considerations** — Businesses have numerous state and local tax matters to consider for compliance and planning purposes, including where income and sales are subject to tax, sourcing of income and the application of elective taxes that many states have for partnerships and S corporations. Let us help you with your SALT needs, including sales/use and franchises taxes.
- **Retirement plans** — Have you revisited your company's retirement plan lately? Recent legislation has provided new opportunities to consider.
- **Employee vs. independent contractor** — Ensure all required employment tax filings are up to date and correct. It is important to review worker classification (employee vs. independent contractor) to avoid significant penalties.
- **Estimated tax payments** — Let's review your estimated tax payments to ensure they align with your projected income and cash flow. Adjustments now can help avoid surprises and better manage liquidity through year-end.

## **Year-end planning equals fewer surprises**

As the year draws to a close, thoughtful planning can help you minimize surprises and position yourself for greater financial success. Our team is committed to guiding you through these changes and helping you make informed decisions tailored to your unique situation.

Thank you for trusting us as your advisors. We look forward to supporting you now and in the year ahead.

Sincerely,

CG Uhlenberg LLP