



Newsletter

FEBRUARY 2026

Freddi Eberhart & Associates Inc. would like to thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time. Also, thank you for recommending us to your family, friends, and associates. We truly appreciate your referrals.

This Month:

February 14

- Valentine's Day

February 16

- Presidents' Day

Reminders

- Organize filing records (1099s, 1098s, W-2s, etc.)
- Begin tax planning for 2026

A little preparation can change the entire tax return experience. In this month's newsletter, read about how getting organized early with a clear checklist can help you gather the right information and avoid last-minute pressure.

You'll also learn how spotting easy-to-miss income sources can help you avoid a long and frustrating cleanup later, and how new tax law makes temporary permanent.

As always, should you have any questions, please call. And feel free to forward this information to someone who could use it!

Your Ultimate Tax Filing Checklist

A smooth tax filing experience starts before your return is prepared. When your information is organized and easy to follow, everything moves faster and feels far less stressful. This checklist gives you a simple, practical way to gather all your tax information.

- **Use last year as your cheat sheet.** Start with your most recent tax return. Skim it to remind yourself what showed up last year and what's likely to appear again. This keeps you from forgetting income sources or hunting for documents you never needed in the first place.

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Your Ultimate Tax Filing Checklist

- **Lock down the basics first.** Confirm names, addresses, Social Security numbers, and bank details. Small errors here can cause outsized delays later, so handle this upfront before you touch anything else.
- **Create one home for everything.** Pick a single folder, digital or paper. Give every tax-related document one clear landing spot so nothing drifts off and disappears.
- **Sort documents by income or expense type.** Group forms by what they represent, not who sent them. Keep job income together, side income together, and investment income together. This mirrors how a return is built and makes patterns obvious.
- **Capture income that doesn't come with a form.** Write down cash, side gigs, resale activity, or digital payments that didn't generate official paperwork. If money came in, assume you need to report it on your tax return.
- **Pull records that support deductions and credits.** Gather mortgage interest, property taxes, charitable donations, medical costs, education expenses, and childcare records. When in doubt, include it with your tax documents.
- **Flag big life changes in plain language.** Make a short list of what changed last year – new job, move, marriage, divorce, baby, home purchase or sale. These details often drive tax outcomes more than numbers alone.
- **Summarize business or side income cleanly.** Provide totals instead of a shoebox full of receipts. List income, categorize expenses, include mileage and home office details, and note any estimated payments you made. Clarity here saves real time.
- **Label files like a stranger will read them.** Name documents so someone else instantly understands them. Include the year and a brief description. Clear labels prevent follow-up questions and missing pieces.
- **Note what's missing instead of guessing.** If a document hasn't arrived yet, say so. Don't estimate, round, or substitute last year's numbers. Accuracy beats speed every time.
- **Write down questions outside the documents.** Collect your questions in one place rather than scattering comments throughout your files. This keeps the review process clean and focused.
- **Do one final scan before.** Does everything make sense? If yes, you're ready to hand it off with confidence.

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Your Ultimate Tax Filing Checklist (Cont'd)

A little preparation goes a long way. When you organize your information clearly, your tax return can be prepared more efficiently, reviewed more thoroughly, and filed with greater confidence.

Easy-to-Miss Income Sources That Can Cause Tax Headaches Later

The IRS is getting pretty good at comparing your income reports against what you claim on your tax return. The result is a notice in the mail called a correspondence audit. If you get one, it unfortunately takes a long time to straighten it out. In an effort to help you avoid this hassle, here are several easy-to-miss income sources and some ideas to help capture this IRS reported income when filing your tax return.

Easy-to-overlook income sources

- **Side gigs and freelance work.** Extra projects and informal work sometimes feel more like favors than income. The IRS, though, still generally views any paid work as taxable. The upside is that these activities often come with deductible expenses, which can help offset the income when they are tracked from the start.
- **Selling items online.** Online selling frequently starts as a hobby or decluttering your living space. But pay attention when your sales turn profitable or more regular. Knowing where this line is can help you decide when you need to step up your recordkeeping.
- **Small amounts from accounts and apps.** Taking a moment to notice interest, bonuses, or app payments helps ensure these amounts are accounted for before tax time, when they are more likely to be flagged through automated reporting by the IRS and other tax authorities.
- **Refunds and reimbursements.** Money coming back to you often feels like a non-event. Keeping brief notes about refunds and reimbursements makes it easier to confirm whether they're taxable and ensures they're treated correctly if questions arise later.
- **Insurance payouts and settlements.** Insurance payments usually need a review. Understanding what the payment covers – replacement costs, lost income, or another purpose – helps determine how it should be reported, if at all.
- **Unemployment compensation.** Keep all records. This one is often confusing because during COVID, the federal government temporarily made this income tax-free. It is no longer the case.

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Easy-to-Miss Income Sources That Can Cause Tax Headaches Later (Cont'd)

What you can do

To reduce the chances of missing these types of income, the following simple habits can make a meaningful difference:

- **Keep a running list of income sources.** When money comes from outside a regular paycheck, make a quick note of it. A short entry on your phone or a simple spreadsheet creates a reliable reference later and reduces the chance of last-minute guesswork.
- **Save documents as you receive them.** Tax forms, payout summaries, and transaction statements often arrive at different times. Placing them in a single digital or physical folder keeps everything in one place, so nothing is missed when you are ready to file.
- **Look at spam and junk email folders.** Many vendors are now sending 1099s digitally via email. If they get tagged as spam email you may never see it. So keep a list and if you are missing a form, check these folders.
- **Review accounts before preparing.** Before your tax return is prepared, scan your bank accounts, payment apps, and online platforms for deposits that may not feel like income. A quick review can catch items that didn't generate an official tax form but still need to be reported.

New Tax Law Makes Temporary Permanent

One Big Beautiful Bill Act (OBBBA) removes some uncertainty

Planning your future tax obligations was tough. That's because when the the last major tax legislation passed in 2017, Congress made much of it temporary because the the extra debt burden it places on the federal government. That all changed (plus the debt ceiling) with the passage of the One Big Beautiful Bill Act (OBBBA). Here is a list of the temporary tax laws that will now create more certainty for 2026 and beyond.

- * **Tax rates remain unchanged.** They WERE scheduled to be increased with the top rate returning to 39.6%. Instead it stays at 37%.
- * **Personal exemptions are now gone...**permanently.

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New Tax Law Makes Temporary Permanent (Cont'd)

- * **The higher child tax credit stays in place.** It was scheduled to go back to \$1,000 per qualifying child. Instead, it not only remains high, but it sees an increase for 2025 and beyond as it is set to \$2,200 per qualifying child.
- * **The changes in itemized deductions remains in place.** This includes the \$750,000 limit in mortgage interest deduction. The tax limitation for those who itemize (but it does go from \$10,000 to \$40,000 for most taxpayers).
- * **Higher standard deductions stay in place** (indexed for inflation), which should continue to reduce the burden of itemizing deductions for most.
- * **The Qualified Business deduction commonly known as the QBI is also continued.** This deduction for small businesses whose businesses are taxed on their personal tax return will make tax planning more predictable for solo practitioners and other small businesses.
- * **Higher Estate and Gift Exemptions.** Even the higher Estate and Gift tax exemptions remain. They were scheduled to drop from over \$15 million single (\$30 million joint) to approximately half that amount.

This is but a few of the expiring tax rules that are extended. While most of the above is permanent, some is not AND the projections are this bill will add to the already growing national debt. This means, it is subject to legislative review in future years. But for now use this tax clarity to your advantage with quality tax planning.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.