Freddi Eberhart & Associates Inc.
CERTIFIED PUBLIC ACCOUNTANTS

Newsletter

AUGUST 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:

Upcoming dates:

August 2

- Friendship Day

August 21

- National Senior Citizen Day

Sometimes the biggest financial opportunities come from paying attention to the details. In this issue, we highlight the details of several tax rules that can impact many of your life's important milestones.

You'll also find an overview of the increased business mileage rates for the second half of 2026, and a reminder how charitable contributions are effected by One Big Beautiful Bill.

As always, feel free to call if you wish a review of your situation and pass this information along to someone who might find it useful.

Understand the Tax Details of Life Events

Things to consider

Most life events have tax consequences attached to them and some of them are not obvious. Here are six situations to consider.

1. **Selling your home isn't always tax-free.** Most homeowners who sell their principle residence qualify to exclude up to $250,000 of gain, or $500,000 for married couples filing jointly. Gains above these limits are generally taxable. But there can be complications. For instance, portions of a property such as a detached office, studio, or other structure not used as part of the residence, may not qualify for the exclusion. And if two single couples are combining homes and selling one of them, you need to keep track of the rules to ensure you can use the full gain exclusion on both homes. And keeping records of home improvements is also important because those costs increase your home's value which further reduces the gain when you sell.

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Understand the Tax Details of Life Events (Cont'd)

2. **Changing jobs can create an unexpected tax bill.** Each employer withholds taxes based on the wages it pays you and the information on your Form W-4. If you work for more than one employer during the year, your total withholding may not fully account for your combined income. Reviewing your withholding after changing jobs or adding a new job can help you avoid an unexpected balance due at tax time. And if moving is involved, the cost of moving expenses are generally no longer deductible, so you may want to negotiate this cost as part of your hiring package. In addition, moving to another state may require filing multiple state tax returns. So plan accordingly.

3. **Getting married or divorced changes more than your filing status.** These major life events can reshape your entire tax picture, affecting the credits, deductions, and filing options available to you. A different filing status is often just the beginning. Even the timing is important as the tax code assumes you are married the full year, even if married on December 31st!

4. **Inheriting money or property comes with its own rules.** Many inheritances aren't considered taxable income for federal purposes the year you receive them, but inherited assets often carry their own tax rules. For example, certain inherited retirement accounts may require taxable withdrawals over a set period, while inherited property generally receives a stepped-up basis (moving from your parent/grandparent's cost to the fair market value today). And remember some states do have an inheritance tax separate from federal rules, so plan accordingly. They are: KY, MD, NE, NJ & PA.

5. **Caring for aging parents may open up additional deductions and credits.** Supporting an aging parent can sometimes create valuable tax benefits. Depending on your situation, you may qualify to claim a parent as a dependent, deduct certain medical expenses you pay on their behalf, or even claim the Child and Dependent Care Credit if you're paying for care so you can work.

6. **Major medical events and related expenses can lower your taxable income.** Large medical expenses can sometimes provide tax relief if you itemize deductions. Costs that exceed 7.5% of your adjusted gross income may qualify, and eligible expenses can include much more than doctor bills, such as certain travel, long-term care, dental treatment, and medically necessary home improvements.

The biggest tax savings aren't always found in major strategies, but in understanding the rules that apply to everyday life events. When in doubt, a little planning before making a big decision can go a long way. Please call if you have questions about your tax situation.

Mileage Deductions Gets Boost for Second Half of 2026

Just when many business owners thought they had the mileage rate memorized, the IRS changed it.

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Mileage Deductions Gets Boost for Second Half of 2026 (Cont'd)

Effective July 1, 2026, the standard business mileage rate increases, making this one of the rare years you'll need to use two different rates when calculating your deduction.

Here are the updated mileage rates for 2026:

Mileage Rates 2026	1/1-6/30	7/1-12/31
Business	**72.5 ¢**	**76.0¢**
Medical Care	**20.5¢**	**23.5¢**
Charitable Work	**14.0¢**	**14.0¢**

Here are several other tips to make the most out of your vehicle deduction:

Track your mileage throughout the year. Keep a mileage log or use a mileage-tracking app that records the date, destination, business purpose, and miles driven. Good records are essential if the IRS ever questions your deduction.

Know which trips qualify. Only business miles are deductible. Driving to meet clients, visit job sites, attend networking events, make bank deposits, purchase supplies, or travel between business locations generally qualifies. Your normal commute between home and your regular workplace does not.

Remember parking and tolls. Parking fees and tolls related to business travel are generally deductible in addition to the standard mileage rate. These costs are often overlooked but can add up over the course of a year.

Separate business and personal driving. Keep business and personal mileage clearly separated. Recording your beginning and ending odometer readings each year can help support the percentage of business use if questions ever arise.

Choose the right deduction method. The standard mileage rate is not always the best option. If you drive an expensive vehicle or have unusually high operating costs, deducting your actual vehicle expenses may produce a larger tax deduction. Compare both methods before making a decision because your choice in the first year can affect your options in future years.

Several other things to remember:

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Mileage Deduction Gets Boost for Second Half of 2026 (Cont'd)

- These rates apply to gas, electric, hybrid-electric, and diesel-powered vehicles.
- You cannot claim mileage as an itemized deduction as an employee if you aren't reimbursed for travel expenses.
- Claiming a mileage deduction for moving expenses is not allowed unless you are an active member of the Armed Forces and are ordered to move to a new permanent duty station.

Great Charitable Deduction Ideas

Even though the higher standard deduction limits make charitable deductions harder to find, there are still great options to find tax breaks within your charitable giving. Here are five tips to use charitable tax breaks:

1. **Qualified charitable distributions.** If you're age 70½ or older, you can transfer up to $111,000 (or a total of $222,000 for joint filers) directly from your IRA to a qualified charitable organization without paying any tax. Because distributions done this way are not subject to federal tax, it's like contributing with pre-tax dollars. Plus, your contribution counts as a required minimum distribution for tax purposes.
2. **Appreciated securities.** Donate appreciated property (like securities) to a qualified charity and you can deduct the current fair market value (FMV) of the property if you've owned them longer than a year. For example, if you acquired stock three years ago for $7,500 and it's now worth $10,000, you can donate it and deduct the entire $10,000 FMV if you itemize your deductions. There's no capital gains tax on the $2,500 appreciation in value – ever! This is a great strategy if you are close to or over the itemized deduction threshold in a given year.
3. **Bunching donations.** Under current tax law, the standard deduction is more than double the historic rates, effectively lowering the amount of taxpayers who will itemize their deductions. As a result, it now makes sense to "bunch" large gifts of property, like securities (see #2), in a tax year in which you expect to itemize. Conversely, if you don't anticipate itemizing in the current tax year, you may consider postponing donations into the next year. The idea is to get the most tax deductions possible over a multiyear period.

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Great Charitable Deduction Ideas (Cont'd)

4. **Leverage the new charitable deduction rule.** Beginning in 2026, you can now directly deduct charitable contributions without itemizing. The amount is $1,000 ($2,000 for a married filing joint tax return).

5. **Consider a Donor Advised Fund (DAF).** This idea is to be used in conjunction with tips 2 and 3. With this idea, you create a Donor Advise Fund. You then donate appreciated assets (stocks) into the fund (tip 2). You donate enough in one year to exceed the standard deduction for that year (tip 3). You then donate your funds out of the DAF over the years. While the money is no longer yours, you still control what qualified charities receive the money. ***Note:*** *You cannot use a DAF to qualify for the new, non-itemized charitable giving rule outlined in tip 4.*

With each of these ideas, it's essential to follow the rules when donating. If not, your good intentions may not be deemed a qualified donation for tax purposes. Ask for help if you'd like to review your situation.

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.