

Get your work done without an FTE. Here's how.

Before bringing someone on full time, take a step back and ask if there's a more efficient way to get the work done. Here are several alternatives to consider.

► **Virtual assistants (VAs).** VAs can take a wide range of tasks off your plate, including email management, scheduling, customer support, research, and more. They're often affordable, flexible, and quick to onboard. Many VAs work on a contract or hourly basis, so you're only paying for the time and tasks you actually need.

Best for: *Solopreneurs or small teams who are bogged down with admin work. VAs are especially useful when you need consistent help without a full 40-hour commitment.*

► **Part-time specialists & freelancers.** If you need help with design, marketing, or development projects, a skilled contractor who can solve the

problem efficiently and disappear until you need them again may be the answer. Hiring freelancers allows you to access high-level talent without the long-term cost. It also gives you flexibility to scale up or down based on your current workload and budget.

Best for: *Project-based work, specialized tasks, or when testing new initiatives.*

► **Co-op models & revenue-sharing partnerships.** If you're bootstrapping, consider aligning with others who want to grow with you. Co-op models, equity partnerships, or revenue-sharing deals can allow you to bring on collaborators without the salary. For example if you need a content strategist or a sales lead, but can't afford to pay them full-time, consider finding someone who wants to build something too. Then share the upside, not the cost.

Best for: *Early-stage startups, passion-driven projects, or creative ventures*

where equity or shared ownership makes sense.

► **Interns, apprenticeships & junior hires.** If you're willing to mentor someone, internships or apprenticeships can offer low-cost help while building future talent. You can also consider hiring part-time junior staff who grow with the company over time.

Best for: *When you have processes in place and time to train someone.*

► **Automation.** Before hiring someone to handle repetitive tasks, ask yourself *Can an AI tool do this faster, cheaper, and better?* Automation can handle everything from onboarding emails to invoicing to social media posting, but do your research before deciding which app works best for you.

Best for: *Data entry, lead routing, scheduling, task reminders, email sequences, customer updates, basically anything predictable and repeatable.* ♦

NOTE: This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

03-231 ©2025

Sample Copy (Item #: 33-201) - To Order Call:

tangiblevalues™
TAX AND ACCOUNTING PRODUCTS

Home of **Tax-Aid** and **HG Forms**
1.800.888.5803 • www.tangiblevalues.com

► Inside this issue

Building a contingency plan that keeps you ready **2**

Bookkeeping tips to get you ready for year-end **3**

Cash Flow Corner **3**

Get your work done without an FTE. Here's how. **4**

Tax & Business letter

WINTER 2025

New tax laws & filing requirements

Here's a summary of what to look for this year and next.

✓ Tax-free tips and overtime.

Employers should be prepared to provide employees with separate totals of cash tips and overtime so employees can claim and support the deduction for qualified tips or overtime for tax year 2025. Starting in 2026, occupation codes as well as total tips and overtime must be reported on an employee's Form W-2.

✓ **Form 1099-K changes.** After many years of changes, no 1099-Ks are required unless your business receives more than \$20,000 in payments from a processor along with the dual requirement of having recorded 200 or more transactions. You may still, however, receive a Form 1099-K in error. If you receive one, don't throw it away! Include it



with your other tax documents for proper reporting on your business's 2025 tax return.

✓ **Other Form 1099 changes.** If your business uses cryptocurrency to enable transactions, be prepared to issue and receive the new Form 1099-DA. And beginning in tax year 2026, the 1099-NEC and 1099-MISC forms will have a reporting threshold of \$2,000 per recipient, up from

\$600. This threshold will be indexed for inflation starting in 2027. Be sure to update your accounting software to track vendor payments against this new dollar threshold.

✓ **Qualified Business Income (QBI) deduction.** The QBI deduction of 20% is now permanent. There will also be a minimum deduction of \$400 for taxpayers who have at least \$1,000 of qualified business income.

✓ **Employer-provided childcare credit.** All businesses can now claim a 40% credit on qualified expenses (up from 25%), up to a maximum credit of \$500,000 (up from \$150,000). Other qualifying smaller businesses may deduct 50% of expenses, with a maximum credit of \$600,000.

✓ **Research and experimental (R&E) expensing.** Businesses can fully deduct domestic R&E costs from January 1, 2025 to 2029. ♦



IRSTAX NOTES

Year-end review checklist for your business

Here are several items to consider reviewing that could impact your business's tax liability as 2025 comes to a close.

- **Examine your entity structure.** Look at whether your current entity form still fits your goals, reduces risks, and supports tax efficiency, especially in light of new tax laws passed in 2025.
- **Audit all vehicle logs.** Confirm mileage records, usage notes, and business purpose so your documentation holds up if questioned by the IRS or other tax authorities.
- **Evaluate the timing of fixed asset purchases.** Decide if buying in late 2025 or early 2026 gives you better deductions and cash flow.

Interest rates unchanged for fourth quarter of 2025

Interest rates for the fourth quarter of 2025 remain unchanged compared to last quarter. These rates include: 7% for overpayments (6% for corporations); 4.5% for the portion of a corporate overpayment over \$10,000; 7% for underpayments and 9% for large corporation underpayments. ♦

Tax CALENDAR



January 15, 2026

- ☐ Due date for the fourth installment of 2025 individual estimated tax.

1st Quarter

- ☐ Estimate your 2026 income tax liability and review options for minimizing your 2026 taxes. Call to schedule a tax planning review.



Building a contingency plan that keeps you ready

Disruptions are part of running a business, which is why a contingency plan is so important. It's not a panic button or a worst-case-scenario script, but just a clear, practical way to stay ready for disruptions. Here are some ideas to build one that works.

▶ Start with what actually matters.

You don't have to prepare for every storm on the horizon. Focus on the ones that could truly shake your business. Map out key areas such as revenue, vendors, tech, data, people, communication, and customer service. Then ask: What would shut these areas down tomorrow? That's your real list. If most of your sales depend on one product, for example, that's a weak spot on which to focus your preparation.

▶ **Play out scenarios.** Sketch out several likely (or likely enough) scenarios, such as your POS system crashing on your busiest day, your delivery partner going under, or a local power outage hits for 48 hours. Walk through what you'd do today if any of your likely scenarios occur. This isn't about predicting the future. It's about rehearsing what to do if it ever happens.

▶ Build a team-based response.

Your contingency plan works better when your team knows what the backup plan is, what their role is, and how to act quickly. Assign roles before the chaos shows up. Who's the point person if there's a tech failure? Who handles customer communication? Who knows the backup vendor?

▶ Keep a grab-and-go info kit.

Have a small stash of ready-when-you-need-it information. Think of it like your business's emergency contacts and cheat codes. Considerations include key contacts (vendors, IT support, landlord, etc.), account

logins and passwords (stored securely), customer support scripts for common disruptions, backup vendor list, insurance and legal documents.

▶ **Test it – lightly.** You don't need a full-on drill, but do a light run-through once or twice a year. Think of it like a fire drill without the alarms. For example, shut off your wifi for an hour and see what breaks. Or ask a key team member to disappear for the day. What happens? Does anything get delayed?

You can't prevent every problem. But you can prevent a small disruption from becoming a full-blown crisis. Building a contingency plan isn't about bracing for the worst. It's about making sure your business can bend without breaking. ♦



Bookkeeping tips to get you ready for year-end

Here are several clear, practical tips to help you close out the year properly and be ready to file your tax return in early 2026.

- **Pay attention to owner contributions and draws.** Depending on your situation, you'll want to take a look at your owners' equity section and ensure any transactions in this account are correct. These accounts are often stumbling blocks to preparing an accurate tax return.
- **Break out large, one-off expenses.** You may want to separate large, non-recurring expenses such as a one-time investment or moving certain costs below your operating margin so you have a cleaner picture of your business's run rate. This is especially helpful when analyzing profitability or preparing for a loan or investment pitch.
- **Create a temporary catch-all account.** Consider creating a temporary account called Year-End Review and move questionable transactions there. Then systematically go through each one. This keeps your main accounts clean while flagging everything that needs attention.
- **Review loans and credit lines for misapplied payments.** Loan payments often include principal and interest, but many times the full payment is simply recorded as an expense. This is incorrect, as the principal portion of your monthly payment reduces the loan balance, while only the interest is deductible as an expense.
- **Audit your recurring subscriptions.** Many businesses slowly bleed money through unused software or services. Go through your monthly recurring charges and verify which expenses are still providing value. Cancel or downgrade the rest.
- **Check for duplicate vendor entries.** Sometimes a vendor gets entered twice with slightly different names (e.g., Google Inc. vs Google LLC), leading to fragmented records and duplicate payments. Run a vendor report and consolidate where needed. This is especially important if you pay vendors via bill pay or checks and rely on name-based lookups.
- **Look for negative expense or income accounts.** Negative amounts in expense accounts might mean you recorded a refund or return incorrectly, while negative income could signal a misclassified credit memo or discount. Conduct a search for negatives in your reports and double-check the original entries.
- **Get expense reports.** If you use credit cards for your business, review all statements and ensure accompanied expense reports, along with supporting invoices, are complete and approved. ♦

CASHFLOWCORNER

Tips to keep cash flowing heading into the new year

Here are several practical cash flow strategies to set you up for a solid start to 2026.

- **Renegotiate vendor terms, even temporarily.** Many business owners think vendor terms are set in stone, but often they're not. Consider asking your vendors for longer payment terms, a small discount for paying early, or lower order minimums. If you've been a reliable customer, you may be surprised how flexible vendors can be. Even a couple extra weeks to pay or smaller order requirements can give your cash flow some much-needed breathing room.
- **Convert fixed costs to variable.** Fixed costs can really weigh on your cash flow, especially when sales are uneven. The start of a new year is a great time to take a hard look at your recurring expenses to see if any can be tied to performance or usage instead of being flat fees. Things like marketing retainers, software subscriptions, or even staffing costs are often more flexible than they seem. Maybe your marketing agency is open to a commission-based setup, or a contractor might prefer project-based work over a salary. Shifting costs this way gives you more of a financial cushion without cutting back on what you can get done.
- **Run a cash injection promotion for existing customers only.** Instead of spending heavily to acquire new customers, tap into the warmest audience you have: your existing customers. A short-term, pre-paid-only offer just for returning clients can generate quick, reliable cash without the cost of new customer acquisition. These types of promotions can take the form of special bundles, time-limited discounts, or add-on services offered only to your loyal base. Since the trust is already built, the conversion rate is typically higher and the turnaround is faster.
- **Use your tax strategy to create a cash cushion.** Tax planning can directly impact your cash position, especially if you act before December 31st. Accelerating deductible expenses such as marketing, equipment, or bonuses can lower your taxable income for the year. On the flip side, if you don't urgently need cash, you may want to defer invoicing or other income to January to reduce your current year's liability. Also, if your income is lower than expected for Q4 2025, consider if your final estimated tax payment can be reduced. These adjustments can create short-term flexibility and ease the pressure of year-end expenses. ♦