Alloy Silverstein
Accountants and Advisors

FALL 2025

client*alert*

Watch Out for These Tax Surprises

Our tax code offers opportunities to save but also contains traps that can lead to an unexpected bill. Small changes in your income, investments, or personal circumstances can trigger tax consequences you may not see coming. Here are some of the most common surprises:

1. **Home office tax surprise:** Deducting home office expenses now may mean a tax bill later. When you sell your home you've been living in, a portion of the profit related to your office space may be taxable, even if you qualify for the home sale exclusion.
2. **Kids getting older tax surprise:** Many tax breaks for children disappear as they grow, including the Child Tax Credit. If your child turns 17 in 2025, you can't claim the credit when filing your 2025 return in 2026—a potential $2,200 surprise.
3. **Limited loss tax surprise:** Investment losses can offset gains, but if you have no gains to match, you can only deduct up to $3,000 of losses each year. The rest carries forward, which could delay your full tax benefit.
4. **Planning next year's tax obligation tax surprise:** Using last year's return to plan this year's taxes isn't enough. Life changes such as a raise, move, or new job, can alter your tax situation.

Schedule a tax planning session today to avoid these common surprises on your 2025 return.

Scammers Up Their Game With AI

Scammers are stepping up their game with artificial intelligence, using it to create emails, calls, and texts that look and sound like the real thing. Here's how they're using AI and what you can do to stay protected.

- **AI-powered phishing attacks:** AI can craft messages that look and sound authentic, tricking victims into clicking malicious links or providing personal information.
- **Deepfake scams:** Scammers create realistic videos and audio clips that impersonate real people.
- **Generate realistic conversations:** Scammers use AI chatbots that can hold realistic conversations with potential victims to trick you into sharing sensitive information or sending money.

You can protect yourself by being skeptical of unexpected messages, verifying identities through a trusted channel and using multi-factor authentication to safeguard your accounts.

What the One Big Beautiful Bill Act Means for You

The newly passed One Big Beautiful Bill Act (OBBBA) brings lasting changes to federal tax laws by making many temporary provisions permanent and introducing several new benefits. Whether you're filing as an individual or managing a business, here's what you should know:

For individuals

- Tax rates remain unchanged. The higher tax brackets that were scheduled to return in 2026 will no longer take effect, meaning current rates will stay in place for the foreseeable future.
- Standard deduction increases. Starting in 2025, the standard deduction will be $31,500 for joint filers, $23,625 for heads of household, and $15,750 for single filers.

- Charitable deductions expand. Starting in 2026, taxpayers who take the standard deduction can also deduct up to $1,000 ($2,000 for joint filers) in charitable contributions.
- Energy tax credits begin to sunset. Credits for electric vehicles (EV) purchases and many residential energy upgrades will expire after 2025.
- Child Tax Credit increases. The credit rises to $2,200 per qualifying child in 2025, with no changes to the current income phaseouts ($200,000 single/$400,000 joint).
- Elimination of certain deductions is now permanent. The law confirms the removal of personal exemptions and most miscellaneous itemized deductions, such as unreimbursed employee expenses.
- Estate and gift tax exemptions increase. The exemption climbs to $15 million beginning in 2026, with annual inflation adjustments thereafter.
- New temporary provisions (2025–2028):
  - Tips up to $25,000 and overtime pay in excess of regular rate up to $12,500 (single) or $25,000 (joint) can now be deducted from income.
  - A new $6,000 deduction is available for seniors, phasing out above AGI of $75,000 (single) and $150,000 (joint).
  - "Trump Accounts" will be pre-funded with $1,000 for children born between 2025 and 2028.
- SALT deduction cap increases. The state and local tax deduction limit rises to $40,000 in 2025 with a 1% annual increase through 2029. It reverts to $10,000 in 2030. The deduction is subject to phaseout above $500,000 MAGI.
- The 20% QBI deduction is now permanent. Even those with modest qualified business income may see at least a $400 deduction.

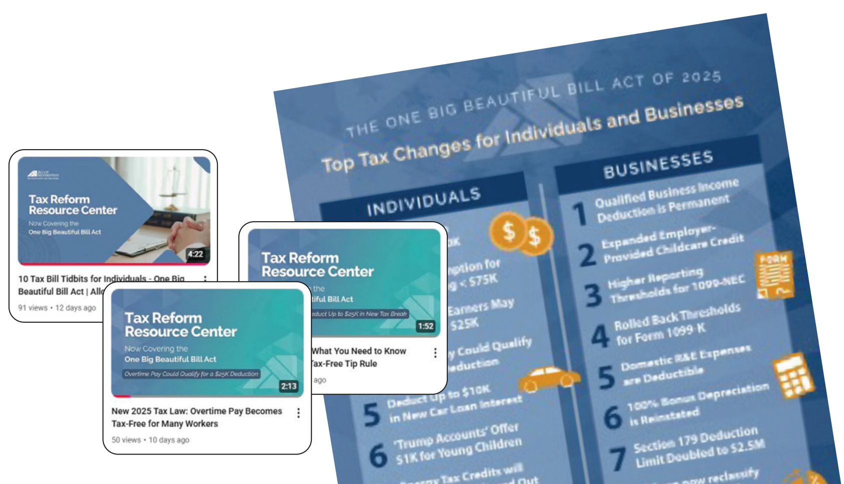
For businesses

- Reporting requirements ease. Form 1099-K is required if there are more than 200 transactions or $20,000. The 1099-NEC threshold rises from $600 to $2,000 in 2026, with annual COLA adjustments.
- Full expensing remains. Bonus depreciation and expanded Section 179 limits continue, along with retroactive full expensing of R&D costs.
- C corporation tax rate stays the same. No increase or reduction was included in the bill.

OBBBA Resource Center

OBBBA brings comprehensive tax changes for both individuals and businesses that require proactive tax planning.

Visit our OBBBA Resource Center to stay informed about significant tax law changes and business matters that impact you. Don't miss articles, videos, webinar recordings, and more.
AlloySilverstein.com/tax-reform



BUSINESS Alert

Tax-Free Tips Are Here: Start Tracking Now!

The One Big Beautiful Bill Act (OBBBA) makes tip income tax-free. But as with any new tax law, the fine print matters, and some of these details still need clarification.

The basic facts

From January 1, 2025 through December 31, 2028 you can deduct up to $25,000 as a deduction equal to the amount of qualified tips you receive during the year. These tips must be included on IRS approved statements furnished to the individual to take advantage of the deduction.

There is an income limit of $150,000 for single filers and $300,000 for joint filers. This income limit is modified adjusted gross income, including the tips. The deduction amount is reduced (but not lower than zero) by $100 for each $1,000 in excess of these amounts.

Qualified tips

- The tip must be given in the ordinary course of business
- It must be paid voluntarily
- Is not subject to negotiation
- It is determined by the payer

What business and services qualify?

A list of qualifying businesses will be published on or before December 31, 2025.

Stay informed by visiting our Tax Reform Resource Center at AlloySilverstein.com/tax-reform.

The fine print matters.

If you think you may qualify for this deduction, start getting your tip records in order now. The IRS will clarify the rules within the next 90 days. Have questions? Contact us to review your financials together.

FINANCIAL Alert

Custodial Accounts for Kids: Teaching Tool with Trade-Offs

Many parents are turning to custodial accounts to help kids learn about saving and investing. These accounts, managed by an adult until the child turns 18 or 21 (depending on the state), come in two forms:

- UGMA (Uniform Gifts to Minors Act): Allows basic assets like cash, stocks, and mutual funds.
- UTMA (Uniform Transfers to Minors Act): Includes additional assets like real estate and intellectual property.

Why parents like them:

- Easy to set up at most banks and brokerages.
- Potential tax benefits: unearned income is taxed at the child's lower rate, up to a point.
- No contribution limits and funds can be used for anything that benefits the child.

But there are trade-offs:

- **The Kiddie Tax:** In 2025, unearned income over $2,700 is taxed at the parent's rate—up to 37%.
- **Impact on financial aid:** Custodial accounts count as student assets on FAFSA and can reduce aid eligibility. A 529 plan may be a better option for college savings.
- **Loss of control:** When the child comes of age, they can spend the money however they choose.

Bottom line: Custodial accounts are a great teaching tool but understand the trade-offs before you commit.

Alloy Happenings

Ren Cicalese III, CPA, MST

- Presented *"A Big Beautiful Breakdown of the New Tax Law"* as an Alloy Academy webinar on July 17 and to members of the Burlington County Regional Chamber of Commerce on July 29.

Kelly Raso, CPA

- Appointed to the Hammonton Community Endowment Advisory Board.

Janine Kiriluk

- Presented *"Summer Bookkeeping Review: Clean Up, Catch Up, and Plan Ahead"* as an Alloy Academy webinar, June 25.

Ronald Donato Jr., CFP ®, MBA and Heather Sherrill

- Presented *"Understanding and Planning for Long-Term Care"* as an Alloy Academy webinar, July 23.

Angela Venti, Francesca Venti

- Represented Abacus Payroll, Inc. at the NJCPA Annual Convention in Atlantic City, NJ, June 3-5.

Welcome

- **Emily Leary,** a bookkeeper in our Client Advisory Services division.

*Team members of the Alloy Silverstein Group proudly raised **$11,121.10** in pledges for the firm's 2025-26 United Way Employee Campaign.*

*On June 4, Alloy Silverstein presented "Pour Decisions: Smart Moves for Women's Futures" at Saddlehill Winery. Panelists included **Anne D'Amico, CPA, PFS, Kelly Raso, CPA, Kim Sheehan, CPA, PFS, Julie Strohlein, CPA, Heather Sherrill,** and **Angela Venti**.*

***We can bring our presentation to you!** Do you have a group or audience that could benefit from a "for women, by women" financial empowerment conversation? This is not your average financial seminar. Email Angela Venti at AVenti@alloysilverstein.com for details.*

Alloy Spotlight

Zachary Stutzman, Bookkeeper, Client Advisory Services

This quarter, our Alloy Spotlight is on Zachary Stutzman, a Bookkeeper within our growing Client Advisory Services (CAS) division. Since joining the firm just over a year ago, Zach has brought precision, curiosity, and a behind-the-scenes mindset that adds real value to our clients' operations.

Zach earned his associate's degree from Rowan College at Burlington County and developed an interest in bookkeeping thanks to an enthusiastic accounting professor. Before Alloy Silverstein, he was Office Manager and Bookkeeper at a local landscaping, arborist, and tree removal company—an experience that sparked a lasting appreciation for the industry. "I know everything about it," he shares, "from job pricing to rigging a fall line."

Zach thrives on learning how different industries operate and finds satisfaction in keeping clients organized and supported. Clients appreciate his responsiveness, client-focused mindset, and ability to pinpoint gaps in financial understanding. He believes success comes down to three key qualities: attention to detail, strong communication, and knowing when to ask for help. "We have skills not all business owners have," Zach shares. "By handling the finances, we free them up to focus on fieldwork."

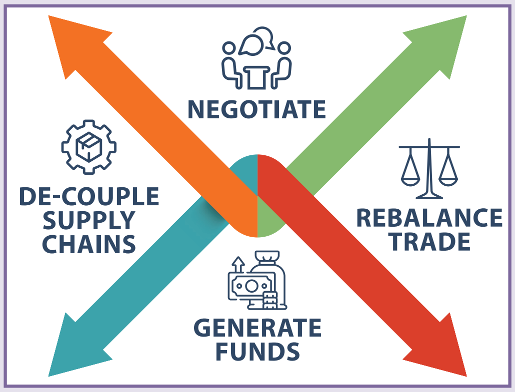
Born in Mount Holly, NJ, Zach now lives in Shamong, NJ, and enjoys being surrounded by nature. Outside of work, he's a reality TV fan—especially Survivor and Big Brother—and stays active flying freestyle FPV drones, snowboarding with his dad, and riding Onewheels. Most recently, Zach celebrated a major milestone: marrying his wife Chelsea on June 13, 2025. Congratulations, Zach!

Something 2 Consider

TARIFFIC! (so far)

By Ronald V. Donato, Jr., CFP®, MBA

Do you remember the Trump-declared Liberation Day for tariffs, which was April 2, 2025? At that time (I have witnesses at the office and with clients) I felt that this was a negotiating tactic, and that by mid-summer the markets would be happy and we would have more predictability. However, this is not about me being right. Instead, I grossly underestimated what was happening. Note that the following is a summary since I don't have the space to provide all the charts and quotes.



To recap: when Liberation Day was declared, the equity markets had a "tariff tantrum" and dropped precipitously because the popular 'economists' on media said that inflation would be super high, we would have massive supply shortages, the stock markets would be destroyed, and generally everything that could possibly go wrong would go wrong. If you looked at history, however, you knew a couple of things. In 2018 when the China tariff issue first arose, the markets dropped and then turned positive with a vengeance in 2019. At one time in the U.S., the only source of revenue for the government was tariffs (no income taxes, imagine it). Finally, tariffs could provide much needed revenue for the government. And yes, in 2018 and 2019 inflation was very much kept in check. Therefore, many of us surmised that we could have a similar positive result, or at least not as dire a consequence from tariffs as the so-called experts predicted.

Then we had the tax bill (Alloy recently did a great webinar regarding this, and you should watch it), which passed, although not with everything that everybody wanted; but with a lot of worker, family, and retiree-friendly pieces. That creates more predictability.

But as I indicated, I was wrong about a couple of things. First, we knew that the President touted tariff changes so that the existing trading and supply chain paradigm would be restructured to be fairer to the U.S. The current tariff situation had to be reworked to reflect the current reality, not the post-WWII and third-world China history. But there are other things that are important, and which seem to be moving in a positive direction:

- As of this writing, the S&P 500 is up year-to-date 9.41%. I was (maybe) wrong, as I predicted that the S&P 500 would be up about 6-7% by year end.
- Billions of dollars have been pledged and provided for factories and other business operations in the U.S as a result of the negotiations. I did not think that this would happen as fast as it has.
- Tariff agreements have been reached with many countries already, with the latest being the EU. To my surprise, economic negotiations have also helped to quell the India/Pakistan recent hostilities and the Thailand/Cambodia border dispute.

We are seeing positive effects from this four-pronged approach: Negotiate with economic pressure, rebalance trade to reduce the trade deficit and boost domestic production, de-couple supply chains to escape dependence on certain countries, and generate funds to reduce the deficit and fund domestic goals (you may have noted that we had a surplus in June!). I am surprised it is working this well already but also will keep an eye out for bumps in the process.

In Remembrance

Elizabeth J. Havens, December 27, 1972 - June 7, 2025

We are saddened to share the passing of our colleague Elizabeth "Beth" Havens. A kind and dedicated member of our bookkeeping team since 2023, Beth will be dearly missed. Our heartfelt condolences go out to her family, friends, and all who knew her.

ALLOY SILVERSTEIN
ACCOUNTANTS AND ADVISORS

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Tax Deadlines

September 15, 2025

- Third quarter individual estimated tax payments for 2025 are due.
- Filing deadline for extended 2024 S-corporation and partnership returns.

October 15, 2025

- Filing deadline for extended 2024 individual tax returns and calendar year C-corporation returns.

October 31, 2025

- Deadline for eligible NJ residents to apply for property tax relief.

During November

- The new tax law is here. Consult with your advisor for a tax planning session to estimate your 2025 income tax liability and review options for minimizing taxes.

What the IRS is Up to

Dependent Care and Health Savings Account (HSA) Limits Increase for 2026

The IRS has released the 2026 cost-of-living adjusted limits for health savings accounts (HSAs), high-deductible health plans, along with an increased limit for Dependent Care Flexible Spending Accounts (FSA). The maximum HSA contribution limit for individuals with self-only coverage rises to $4,400, and the limit for family coverage rises to $8,750. To qualify as a high-deductible health plan (HDHP), the minimum deducible for self-only coverage will be $1,700, and family coverage will be $3,400. New tax legislation raises the annual contribution limit for Dependent Care FSA to $7,500 per household, up from $5,000 (or $3,750 for married couples filing separately).

IRS Reminds Taxpayers to Stay Vigilant Year-Round

The IRS reminds individuals and businesses to always be alert of scam and fraud attempts. Watch out for fake tax form requests, install anti-virus software, beware of post-disaster scams, and enforce both strong passwords and multi-factor authentication. Visit **irs.gov/phishing** to learn how to validate a message from the IRS or how to report suspicious activity.