CAROL A. REITHMILLER, CPA, PLLC

January 7, 2026

Dear Business Client,

Now that 2026 is here, it is important to address certain tax requirements. Please review the following topics which may impact the required reporting for your business for the 2025/2026 tax years.

2026 – HUGE Change – Update your Chart of Accounts!

Most snacks and meals provided on-site by employers become 0% deductible. No deductions for coffee, soda, granola bars, Gatorade, water, candy in reception area, et cetera. Still ok to take at 50% for 2025.

Still deductible at 50%: business meals (detail client name and business purpose) and travel meals (away from home on business).100% deductible meals are allowed for Employee Events (Christmas Party, summer picnics, et cetera) and at Public Events (marketing event, open house). Still deductible for 2026: Restaurants and caterers that provide meals for their staff.

2025 Just a Reminder

All tax information can be sent electronically, via mail or by drop-off. Please call to verify our hours (704-583-9090) and to receive a link to safely send us your documents.

We are offering a $5 discount for those only receiving their returns electronically (no paper copy).

There will be a $100 fee for any changes made after the tax return has already been prepared.

W-2 and Form 1099 Reporting

Employers must have all W-2s and Form 1099-MISC **filed** by **January 31, 2026**. Certain items are required to be reported as wages. Such items include non-accountable employee business reimbursements, noncash payments of fringe benefits, and taxable cost of life insurance more than $50,000 and employee moving expenses. If you have paid for any of your employee's expenses in a non-accountable plan (a plan in which no documents are received from the employee), please let us know. Employer-paid medical insurance should be added to each employee's W-2 in Box 12 under Code DD. There is no tax affect from reporting this insurance. Penalties can be assessed by the IRS if not filed timely. **If issuing more than ten 1099's, please note that they will need to be filed electronically.**

We need to know the **number of W-2s** issued to e-file, so please include that number in the information that you provide. Please provide copies of all officer W2's. Also indicate if you have filed any Form 1099's.

Reasonable Compensation

We cannot prepare income tax returns for firms that do not pay their shareholders reasonable compensation. The three factors that must be used to determine the salary of all shareholder-employees are: the services provided by the shareholder, the services of non-shareholder employees and the capital and equipment of the corporation. Please contact us **before January 26, 2026,** if you are concerned that you have not met this requirement.

Business Tax Returns

S - Corporation tax returns are due on **March 16, 2026**. We require this information by Monday, **February 16, 2026,** to ensure that your tax returns will be filed timely and accurately. Extensions for both federal and state(s) will extend the time to file until September 15, 2026. Federal extensions are available for $120, and each state or city (if applicable) extension will be $120 additional.

Business Personal Property

All business entities are required to report their business personal property listing each year to the respective authority regardless of whether the client owns fixed assets. This listing consists of certain fixed assets within the business and any lease obligations for assets used within the business and office supplies. Our cost for preparing and submitting your business personal property listing is normally between $187 to $261; can be more depending on the complexity and activity of fixed assets.

The following paragraphs detail the extension and return due dates for North and South Carolina.

North Carolina – The due dates vary per county but are between January 31st and April 15th. The due date for Mecklenburg County is January 31st. Extensions are available for North Carolina. Preparing and submitting an extension is due on or before January 31st. Our fee is $120. If you would like us to prepare your business personal property listing the information is due to us by Monday, January 19, 2026. Extensions are due to us by Friday, January 23, 2026.

South Carolina - The due dates are March 15th or April 15th depending on the filing date of the federal return. Extensions are not available for South Carolina. If you would like us to prepare your business personal property listing or related extension the information is due to us by Monday, February 16, 2026 or Monday, March 16, 2026, respectively.

Property Purchased by Businesses

Just a reminder that all business taxpayers must have, at a minimum, a written capitalization policy that they follow for book purposes. If this is something your business does not currently have, we can help you establish a policy. This policy must be in place now.

Enclosed is an extension form, please complete and send to us if you require an extension. Extensions will not be prepared without this signed form. Verbal extensions will not be accepted.

Please call me at your convenience so we can address any questions you may have.

Sincerely,

Carol A. Reithmiller

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