

## IRS MOVING AWAY FROM PAPER

---

- **Payments by check:** The IRS is significantly limiting the ability to pay by check starting this tax season—electronic payment will be the standard going forward
- **Hardship exceptions** will still be available for those with disabilities or other unique circumstances
- **Refund checks:** The IRS is also stopping paper refund checks for most individuals—direct deposit will become standard
- **Why pay online?** You get instant proof of receipt; mailed checks may not even reach the IRS given the complexity of their addresses
- **California note:** These changes are federal only—California is not changing its processes

## HEALTH INSURANCE & ACA FORMS

---

- If you have **ACA marketplace insurance**, you will receive a **Form 1095-A**
- You **cannot e-file** your return without this form—the IRS knows if you're enrolled
- **Common problem:** Individuals report low income when signing up for better benefits, but the government "trues up" everything when you file
- This can result in **rejected returns** and unexpected penalties

## FRAUD PREVENTION TOOLS

---

- **Identity Protection PINs (IP PINs):** A free, 6-digit PIN issued by the IRS that must be included with your return—without it, the IRS won't accept your filing
- Originally issued to fraud victims, but now **strongly recommended for everyone** as an additional layer of protection
- **5071C Identity Verification Letters:** The IRS may require you to verify your identity before processing your return
- Triggers include: switching tax preparers, filing from an unusual location, or major life changes (marriage, divorce, moving)
- These letters **halt your return** until you contact the IRS and verify your identity—you're not in trouble, it's just a security measure

## ESSENTIAL TAKEAWAYS

---

- ✓ **Go electronic:** IRS is phasing out paper checks for payments and refunds
- ✓ Get an **Identity Protection PIN**—it's free and adds crucial fraud protection
- ✓ Don't rush to file—wait for potential **corrected 1099s** from investment firms
- ✓ If you have **ACA insurance**, make sure your 1095-A matches your actual income
- ✓ Major life changes may trigger **identity verification**—it's normal, not a problem
- ✓ **Married filing separately** rarely provides any tax benefit
- ✓ Plan ahead: **October & November** are the best months for tax strategy

**Action Item:** If you haven't already, apply for a free IRS Identity Protection PIN at [irs.gov](https://irs.gov) to protect yourself from tax fraud.

# CORRECTED 1099 & INVESTMENT FORMS

---

- Investment institutions are issuing **more corrected 1099s** than ever due to new reporting requirements
- **Our recommendation:** Even if your return is complete in early February, consider holding off on filing to allow time for corrected forms
- Filing early and then receiving a corrected 1099 means you'll potentially need to **file an amended return**—a headache worth avoiding

## MAJOR LIFE EVENTS

---

- Having a child or new dependent
- Marriage or divorce
- Moving or changing residence
- Changing states

These events can trigger IRS verification letters—not because you're in trouble, but to confirm your identity.

## MARRIED FILING SEPARATELY?

---

- You're placed in **worse tax brackets** than filing jointly
- Many credits and deductions are **lost entirely** when filing separately

## WHAT YOU CAN STILL DO FOR 2025

---

- **October & November** are the prime months for tax planning—but since we're now in 2026, options are limited
- **IRA Contributions:** \$7,000 (or \$8,000 if over 50)—must be made by **April 15, 2026**
- **Roth IRA:** Same limits, but no deduction—contributions grow tax-free
- **HSA Contributions:** Can still contribute for 2025 if you have a qualifying high-deductible health plan

**Investment Advisory Disclosure:** Fee-based financial planning and investment advisory services are offered by Wolfgang Capital LLC, an SEC Registered Investment Adviser. Registration as an investment adviser does not imply any level of skill or training. Insurance products and services are offered through Wolfgang Financial Group LLC dba Wolfgang Financial and Insurance Agency (CA LIC # 0K07551). Tax Services offered through Wolfgang Tax & Accounting LLP. The aforementioned companies are affiliated companies. Legal services offered through Drovetta Law APC, an unaffiliated company. Neither Wolfgang Financial Group LLC nor Wolfgang Capital LLC provide legal or tax advice. You should always consult an attorney or tax professional regarding your specific legal or tax situation.

**Educational Content Only:** This summary is provided for educational and informational purposes only and should not be construed as personalized tax, legal, or investment advice. The information presented reflects general tax concepts that may not apply to your specific situation. Past performance is not indicative of future results.

**Professional Consultation Recommended:** Tax and investment decisions are highly personal and depend on your specific financial situation, income sources, and goals. We strongly recommend consulting with a qualified CPA or tax professional before implementing any tax strategies.