

TAXWARE TIMES

WINTER 2025
SINCE 1979



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HOLIDAY HOURS

Our office will be closed for the days listed below to celebrate the winter holiday season.

CHRISTMAS

December 25th, 2025
December 26th, 2025

NEW YEARS DAY

January 1st, 2026

Happy Holidays!



Warmest Holiday Greetings from Your Taxware Team!

May this holiday season fill your days with peace, joy, and special moments with the people you cherish most. As we look toward the new year, we wish you good health, happiness, and continued prosperity.

Thank you for being an essential part of our story. Here's to the future and all we will achieve together!

With sincere appreciation and warmest wishes,
Your Taxware Team

"BUT I THOUGHT THERE WASN'T TAX ON TIPS, OVERTIME, AND SOCIAL SECURITY?"

BY MICHAEL NIELSON, VICE PRESIDENT

I can already hear these conversations firing up with clients as we dive into the next filing season* – especially with the One Big Beautiful Bill Act (OBBBA) shaking things up*. There are definitely some new tax breaks in these areas, but as expected, it isn't exactly black and white. These will probably be the hot topics as we meet with clients this year, and we'll need to explain how they do or don't affect their tax returns. Let's take a look at each one.

No Tax on Tips: First of all, it isn't an absolute "No Tax on Tips" – it's really a deduction to reduce taxable income. This deduction is for "Qualified Tips" and only certain occupations make the cut to qualify for the tip deduction. The IRS has a list of qualified occupations, and it includes the usual suspects you'd expect: Waitstaff, bartenders, Uber drivers, etc. Heads up: It's based on jobs that customarily got tips pre-2025, so no funny business reclassifying income. See the link below for the IRS list. And sadly, I don't see us accountants and Tax Preparers fitting in the category that qualifies for a deduction on tips.

This deduction has a max of \$25,000 annually – but it's temporary, just

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TAXWARE SYSTEMS ANNUAL SEMINAR!



The new tax year is just around the corner, and we're excited to invite you to Taxware Systems' Annual Seminar. These sessions are designed to prepare you and your staff with the updates, tools, and training you need for a successful season.

This year's webinar format makes it easy for your whole office to join in and learn together. One registration link covers all December seminar dates, but you need to select which sessions you will attend. You will receive the Zoom link and reminders directly to your inbox.

We look forward to connecting with you and sharing important updates for 2025.

taxwaresystems.com/seminar

November Session Winners!

TaxComm: 3 Months Subscription - Glenn M., California
The TaxBook: Client Handouts Subscription - Ruth H., Texas
Republic Bank: \$50 Amazon Gift Card - Grace Y., California
SBTPG Bank: \$50 Gift Card - Eulalia E., New York
Textellent: Free Textellent Service until 4/30/26 - Kuljeen B., California
Refund Advantage: \$100 Gift Card - Yvonne Z., California

TAXWARE TEAM SPOTLIGHT

Since joining Taxware Systems in November 2020, Luis Martinez has become an indispensable part of our team. With no prior tax experience, Luis took a bold leap into a new field, driven by his passion for working with people and we're so glad he did! His natural curiosity, dedication to learning, and genuine care for our clients have made him a standout leader. Luis brings a refreshing energy to our Taxware family, creating an environment that's not only productive but also welcoming and supportive.

When asked what his favorite part of the job is, he shared that "Taxware is one of the best places I've ever worked. Connecting with our clients in a way that makes them feel seen -not just like another number - is what makes this job so rewarding."

Outside the office, Luis enjoys gaming, tinkering with small projects, and diving into apocalyptic movies like Dante's Peak and Volcano. His love for learning and problem-solving shines through in everything he does, whether he's managing a tech support team or increasing his knowledge about software programming. Taxware deeply appreciates Luis's leadership, technical expertise, and the positive culture he fosters.

We are proud to have him guiding our team and supporting our valued tax professional clients.



LUIS MARTINEZ //
TECHNICAL SUPPORT MANAGER

WHEN IRS UNCERTAINTY ARISES, TAX PROS CAN RELY ON PROTECTION PLUS



Tax season will be here before we know it and with the uncertainty surrounding the government shutdown, we can anticipate what's to come: endless IRS hold times, navigating legislation changes, and a potential influx of automated notices. It's hard to dedicate time to tax resolution when you're balancing everything else. But here's the good news: you can reclaim your time with Protection Plus.

Protection Plus is your dedicated tax resolution department, committed to reducing your administrative burden and assisting you every step of the way with our \$1 Million Tax Protection™.

We'll spend up to \$1,000,000 resolving state and IRS notices, inquiries, and audits, giving you and your clients peace of mind when it matters most.

With our expert CPAs and EAs, you can relax knowing you won't have to deal with the IRS or state agencies directly. We provide thorough case assessments, professional responses, and full support until a resolution is reached.

Protection Plus integrates seamlessly with your Taxware software, making it easy to get started. [Register today](#) or [schedule a call](#) with a representative to learn more.

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"BUT I THOUGHT THERE WASN'T TAX ON TIPS, OVERTIME, AND SOCIAL SECURITY?" CONTINUED

through 2028. It also has a phase out based on modified adjusted gross income (MAGI) that starts at \$150k for Single filers and \$300k for Joint filers. If the "qualified Tip" amount is less than \$25k and their MAGI is under \$150K for single filers or less than \$300k for Joint filers, these individuals will essentially pay no federal income tax on tips. For those with tips above \$25k, or MAGI above the phase out thresholds, the deduction will be limited. Oh, and to claim it, they'll need a valid SSN for employment – and if married, file jointly. But for those that qualify, which should be many, they should see a substantial tax break for qualified tip earners.

No Tax on Overtime: Just like with the Tips, this is a deduction on overtime pay (*not an exemption*) that also has some limitations. The deduction is limited to \$12,500 for single filers and \$25,000 for joint filers. The deduction also has a phase out that starts at \$150k MAGI for single filers and \$300k for Married filers.

What qualifies for the deduction? Only the "Overtime Premium" – yep, "Overtime premium" = the extra pay you get above your normal hourly rate for working overtime hours under the Fair Labor Standards Act (FLSA).

It is NOT the full overtime paycheck. It is only the premium bonus portion – the "half" in "time-and-a-half." Quick reminder: This cuts income taxes, but FICA (Social Security/Medicare) still applies to the whole shebang.

Example: Client's regular pay rate \$30/hr, and their overtime rate \$45/hr (time and a half), only the extra \$15 qualifies for the deduction. Client works an extra 8 hours of overtime during the week and they are paid time and a half for those 8 hours. That 8 hours results in total pay of \$360, the normal pay rate would have been \$240. Only the \$120 is the Overtime Premium.

No Tax on Social Security: I've had a handful of clients freaking out, saying "No Tax on Social Security". There actually is a new "Senior Deduction" for individuals over the age of 65, and in some cases it may offset some or all of the taxable Social Security benefits – but the deduction actually has no ties to the amount of Social Security received. This one's a straight-up \$6,000 for single filers and \$12,000 for married filers bonus and is available whether you take the standard deduction or itemize. This Bonus deduction also has a phase out starting at \$75k MAGI for single filers and \$150k for joint filers. When MAGI exceeds about \$175k/\$250k, the bonus deduction is reduced to zero. Eligibility note: SSN required, and married folks file jointly to claim it. It's temporary too – through 2028.

How are we going to gather the information needed for these deductions?

In 2025 tax year employers will not specifically be reporting these items on the W-2 (good news: IRS is waiving penalties for messy reporting this year—it gets cleaner in 2026). We can probably gather the Tips from the "Social Security tips" box 7 on the W-2, but a final paystub will probably be the most likely place to get the reported tips and also the overtime. Keep in mind that most paychecks will report the total amount of overtime pay. It will be our job as preparers to crunch the "Overtime Premium" – maybe use Box 14 on the W-2 if they note it there.

The Senior Bonus Deduction will be computed automatically based on filing status, Ages and income reported on the tax return.

[Treasury, IRS issue guidance listing occupations where workers customarily and regularly receive tips under the One, Big, Beautiful Bill | Internal Revenue Service](#) - Found on IRS.gov



WINTAX 1040 PROGRAM DETAILED TRAINING

**January 7th, 2026
at 10AM PT**

New to Taxware Systems? This is the training you and your staff will want to attend. This detailed training will take you step-by-step through creating a tax return and more.

[REGISTER HERE](#)

PTIN APPLICATIONS & RENEWAL

Preparer tax identification number (PTIN) applications and renewals for 2025 are now being processed.

Instructions are linked here:

[LEARN MORE](#)



Last Chance!

With most of the tax season stress behind you, we'd love to hear your feedback! If you've enjoyed working with us, please take a moment to leave us a Google review - it really helps us grow and continue serving you better.

All new Google reviews will be added into a drawing for an Amazon gift card! The winner will be announced at Taxware's Annual Seminar in December.

[Click here to create your review!](#)



As tax professionals, you already know the value of building lasting client relationships during filing season – but what if those relationships generated revenue all year long? Winpay by Taxware Systems empowers you to expand your services by offering payroll processing to your existing clients, turning seasonal work into a steady income stream. For just \$400 yearly, this flexible payroll and check-writing software lets you easily calculate and print payroll checks.

Winpay goes beyond basic check printing with powerful features tailored for tax pros: e-file Forms 940 and 941 directly, create California DE9/DE9C files, export all paycheck data to CSV for seamless accounting integration, and choose between live or after-the-fact payroll entry. Robust reporting and live, friendly support ensure accuracy and efficiency, while full customization adapts to any business need.

Contact us today to get started with Winpay!



\$25 OFF

\$100 OFF

YOUR SOFTWARE RENEWAL WITH THEIR PURCHASE.

You can send us your referrals through our website at taxwaresystems.com/refer-a-friend or have them call us at **800.877.1065**. Make sure they tell us you sent them!

- ♥ Write a review on our Facebook page
- ♥ Send an email
- ♥ Phone-a-Friend
- ♥ Leave us a Google review



IMPORTANT YEAR-END MAINTENANCE SCHEDULE & HOLIDAY OFFICE CLOSURE

As we prepare our infrastructure for the new year, please take note of the following schedule below for Taxware Systems electronic filing and related services:

Weekly Maintenance: (starting December 8, 2025) Every Monday and Tuesday, the Taxware Systems electronic filing systems and servers will be unavailable while we perform required maintenance.

Full Year-End Maintenance Shutdown: From December 23, 2025 at 5PM PST, through the date the IRS Modernized e-File (MeF) system reopens in January 2026, our electronic filing systems will be completely offline for the annual full maintenance cycle.

Bank Pre-Acknowledgment (PreACK) System: The bank pre-acknowledgment process will resume as soon as the banks announce their official opening date, which is typically early January. We will notify you as soon as that date is confirmed.

Office Holiday Closure: Our office will be closed on December 25, 2025 and December 26, 2025, in observance of the Christmas holiday. We will also be closed on January 1, 2026 for New Year's Day.

We appreciate **your** understanding and patience while we complete these necessary updates to ensure a smooth and reliable tax season in 2026. If you have any urgent filings or questions before these dates, please don't hesitate to contact us.

PROFORMA ORGANIZER

Download the updated Proforma Organizer today!

It is available on our website by clicking on the link below. Are you registered on our website? If so, and if we have your current email address, you already received an email notification from us with a link to this newsletter. Registering through the website gives you access to all available support tools

taxwaresystems.com/users/clientLandingPage.asp

PROGRAM RELEASE

The initial release of our 2025 Tax Year software will be available for download mid December through the **Client Login Portal** located on our website.

An announcement of the exact date will be made via email and within the messages of your programs.

taxwaresystems.com/users/clientLandingPage.asp

IRS TO PHASE OUT PAPER TAX REFUND CHECKS

The IRS, in coordination with the U.S. Treasury, will begin phasing out paper tax refund checks, starting with individual taxpayers, beginning September 30, 2025, in compliance with **Executive Order 14247**. This shift is part of a broader move toward electronic payments. Taxpayers should keep using current forms and procedures until new guidance is released before the 2026 filing season.

The transition aims to enhance security, speed, and efficiency. Paper checks are significantly more vulnerable to loss or theft and take much longer to deliver, while direct deposit typically provides refunds within 21 days. Electronic payments also cost less for the government to process.

Most taxpayers already receive refunds electronically – 93% in 2025, with only 7% still receiving checks. To support individuals without bank accounts, the IRS will offer alternatives such as prepaid debit cards, digital wallets, and limited exceptions. Taxpayers are encouraged to verify or establish banking information now.

About 800,000 direct deposits are rejected annually due to incorrect account details, highlighting the importance for tax professionals to double-check ACH information with clients.

Executive Order 14247 also affects payments to the IRS, though current payment methods remain unchanged for now. Additional instructions for 2025 returns will be available ahead of the 2026 filing season, with ongoing updates posted at [IRS.gov/modernpayments](https://irs.gov/modernpayments).

Read more about this on our blog here: taxwaresystems.com/irs-to-phase-out-paper-tax-refund-checks-starting-with-individual-taxpayers

BANK ENROLLMENT REMINDER!

Don't Forget! Bank Enrollment Applications will be submitted through your 2024 Wintax 1040 Program. Enrollment for all four banks is now fully integrated.

Instructions on how to begin your enrollment application can be found on our website using the link below.

taxwaresystems.com/bank-enrollment-instructions

For more information on the current programs and offerings for the upcoming tax season we have linked the banks on our website linked below.

taxwaresystems.com/bank-products



COMING SOON: TAXCOMM DOCUMENT INTELLIGENCE

Get ready for an all-new, AI-powered upgrade to your workflow. Soon, TaxComm will introduce Document Intelligence, a powerful system designed to automatically extract, organize, and connect tax documents like never before.

This new feature will deliver lightning-fast data extraction from common tax forms (W-2s, 1099s, 1098s, and more) across PDFs, JPGs, and PNGs – at just \$0.02 per page. Annual subscribers will receive 500 included pages, and additional pages can be added in \$5 blocks for 250 pages.

With configurable autoscan settings, documents uploaded by tax pros or clients will automatically extract data when criteria are met, streamlining your workflow from the moment files enter the system. Extracted data powers smart document management with automatic categorization, clear document identifiers, status tracking, notes, and easy filter/search tools.

You'll also gain AI-driven insights, including document-level guidance (like unusual codes or values) and client-level analysis (such as prior-year matching or social security max checks).

Best of all, TaxComm will soon introduce TaxComm Connect – a real-time, two-way integration with Wintax 2025. This lets you instantly send extracted documents into Wintax and view the data immediately inside the return.

A smarter, faster, more connected tax document experience is on the way.

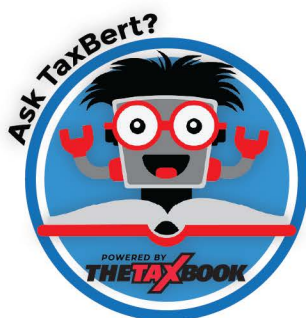
[Learn more at TaxComm.Com](https://taxcomm.com)

THE TAX BOOK

Introducing TaxBert + TTB WebLibrary Plus – the most powerful, AI-enhanced tax research combo on the market, now available to you for only \$299 (regularly \$389). This exclusive Taxware only price gives you access to the tools that top tax professionals are already raving about.

What is TaxBert?

Think of TaxBert as your personal tax research assistant, available 24/7, trained on TheTaxBook's rock-solid content. It will cite pages from TTB which provide links to IRS source documents.



Ask it anything, anytime.

Use natural, conversational language. Ask follow-up questions. Request client letters or email drafts. TaxBert gives you fast, reliable answers – complete with source citations so you can dig deeper when needed.

With just one click on the TaxBert icon inside your program, you'll be able to:

- ▶ Ask tax research questions in plain English
- ▶ Get fast, accurate answers – anytime, 24/7
- ▶ View TheTaxBook research content, including links to IRS source documents
- ▶ Draft client letters, emails, and more in seconds

Taxware Client Exclusive Price \$299 (Regularly \$389)

Purchase here: store.taxwaresystems.com

PROTECT YOUR DATA THIS TAX SEASON WITH REGULAR BACKUPS

It is very important to remember that with Taxware Systems, YOU own your own client data. You are not paying for a software that will retain your client data in the event that you close your business or choose to use another software. We have always felt that this is important for tax professionals. So the creation and retention of proper backups is important for this season as well as reference to prior seasons.

As you move through another busy tax season, don't forget to safeguard your work. Backing up your data regularly is one of the most important steps you can take to prevent data loss. Our built-in **Backup** and **Backup Scheduler** tools make it easy to save your files automatically or whenever needed – whichever fits your workflow best.

The Backup feature is available in both our Individual and Business programs. If you don't currently have the software installed, you can download it directly from our website. Need help? Our support team is happy to assist – just give us a call at **909.931.3131**.

Tech Tip

Check out the tutorial on our blog to learn more about the Backup Scheduler and how to set it up.

We even have a video tutorial!

taxwaresystems.com/tech-tips-backup-scheduler