

LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



SPECIAL POINTS OF INTEREST:

- Electronic payments are the future
- Teens and money
- Who is your ideal customer?
- Referrals
- Automobile depreciation limits

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Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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Trump Orders Treasury to Switch to Electronic Payments

Phasing out paper checks. On March 25, 2025, President Donald J. Trump signed an Executive Order to modernize how the government handles money, switching from old-fashioned paper-based payments to fast, secure electronic payments.

- The Order mandates that, effective September 30, 2025, the federal government will cease issuing paper checks for all disbursements, including intragovernmental payments, benefits, vendor payments, and tax refunds.
- All executive departments and agencies must transition to modern, electronic funds transfer (EFT) methods like direct deposit, debit/credit card payments, digital wallets, and real time transfers.
- Payments made to the federal government, such as fees, fines, loans, and taxes, must also be processed electronically where permissible under existing law.
- Treasury will phase out physical lockbox services and expedite electronic collection of federal receipts.
- A comprehensive public awareness campaign will be launched to inform federal payment recipients of the shift to electronic options and offer guidance on setting up digital payments.
- Exceptions will be made for people without banking or electronic payment access, certain emergency payments, certain law enforcement activities, and other special cases qualifying for an exception under the Order or other existing law.
- This Executive Order does not establish a Central Bank Digital Currency (CBDC).



Defending against financial fraud and improper payments. President Trump is cracking down on waste, fraud, and abuse in government by modernizing outdated paper-based payment systems that impose unnecessary costs, delays, and security risks.

- Paper-based payments such as checks and money orders impose unnecessary costs, delays, risk of fraud, lost payments, theft, and inefficiencies.
- Mail theft complaints have increased substantially since 2020.
- Historically, Treasury checks are 16 times more likely to be reported lost or stolen, returned undeliverable, or altered than electronic funds transfer.
- Maintaining the physical infrastructure and specialized technology for digitizing paper records cost the American taxpayer over \$657 million in fiscal year 2024 alone.
- Check fraud is becoming more common, with banks issuing about 680,000 reports of check fraud in 2022 – nearly double the number from 2021.
- Digital payments are more efficient, less costly, and less vulnerable to fraud. ✳

Source : <https://www.whitehouse.gov/fact-sheets/>

Knowing Your Ideal Customer

As is often cited, more fortunes were made during the Great Depression than during any other time up to that point (and well beyond, even when you adjust for inflation).

I say this to point you (and myself) higher, and to lift our vision about what is possible -- especially with all of the continued doom, anger and gloom in the media, and among our friends' posts on Facebook.

(Friendly reminder: NOW is a great time to chop your social media browsing.)

The fact is, though, it's never been easier or more cost-effective to reach the kind of people we want to reach with our message.

And when we do it right, we can all keep our costs down (while profits stay steady, or even increase).

Continued on page 3 ➔

A Case for Teens Having Credit Cards

In the age of virtual currency, rising inflation, and online shopping, helping your teenager get their feet under them when it comes to money seems like an absolute necessity.

“To contract new debts is not the way to pay old ones.” - George Washington

So, wouldn't it be great if you could pry your teen from perma-scrolling TikTok and Snapchat long enough to teach them a few things about money? However, you might be surprised to find that one great money education tool for them (or anyone) is having a credit card.

Yep, you read that right. Giving your teen a credit card could really help them learn a few things about money and managing it.

Think about it: You have to handle paying the balance and watch your spending when it seems effortless (at least until the bill arrives). You learn the ins and outs of interest, credit scores, and paying off a tab over time. It'd be tough to find a better money teacher than that.

Obviously, this is going to mean some hard work and lots of one-on-one time to keep them from going off the deep end, but it might just be worth it.

So, let's jump a little deeper into why you should give your teen a credit card.

They grow up so fast

You may think they're still a baby (as a parent, it's hard to let go), but your teen is one step away from adulthood and is likely no stranger to credit cards already (note: 18 is still the minimum age to get a credit card). Recent surveys have shown that nearly one-third of high school grads had at least one credit card, and a lot of them had two (the percentage is even higher for undergrad students).

It's a sure bet that even if your teen doesn't have a card, some of their friends do. One in four of those surveyed kids had also already racked up \$1,000 in debt.

A thousand dollars - why on earth would I want to give my teenager a chance to do that? A valid question. There's always the danger they'll run up a big bill, and you'll have to decide whether or not you will pay it off for them.

But, a credit card can come in handy in an emergency, like a car breakdown (think automatic warranties or roadside assistance). Aside from the lessons we mentioned earlier, a card can help your teen establish a credit score - which they're absolutely going to need as a grown-up.

And the only way to really learn how to handle money and credit is to have money and credit to handle, right?

Uneasy money

Some credit card companies restrict the ages when teens can be cardholders - even those that are connected to your account and for which your kid is an authorized user. So, set a few restrictions of your own and do a little planning before you hand over the plastic.

- First, let your teen cut their teeth on a savings or checking account. These are a good starting point because they usually come with debit cards, meaning your teen has access to convenient spending - a good test to see how they'll handle that temptation. And you'll be able to monitor the account. Be warned: Debit cards don't always come with the same fraud protection as credit cards.
- Before you try a card with a high credit limit, use a secured credit card. This links the credit limit to whatever's in your teen's bank account, which acts as "frozen" collateral to pay off whatever debt they rack up.
- A prepaid credit card can be another option. You limit the spending by funding the card with money from one of your other accounts, such as checking (or the teen's own money). Be warned again: These cards can have sneaky and stiff fees.
- Add your teen to one of your credit cards as an authorized or joint owner. Some credit card companies have age limitations on this, so check with your credit card company first.

Trust but verify

Nobody likes the notion of spying on their kid, but one of your most important jobs after your teen gets a credit card is to watch the spending, at least for a little while. Check those balances as often as you can. Have your teen keep a record, too - and discuss right up front what purchases are off-limits.

Many credit card monitoring apps can ping you with a warning about purchases - and sorry to say it, but kids have historically been a cause of millions of dollars of unauthorized purchases on places like Amazon. Getting a refund on these purchases can also be tricky even if you do have zero liability and fraud protection. The buyers were your *own* teens, after all.

Here's every parent's favorite question: *Should I bail them out of a big bill?* It's up to you. Everybody makes mistakes - but remember that riding to their rescue over and over won't teach your kid the right lesson when it comes to handling money.

Just to be safe, get ready for the first month of sticker shock. It never hurts to be prepared ... ✖



Knowing Your Ideal Customer—*continued from page 1*

Who is your ideal customer?

And this particular tax accountant LOVES that.

Many clients I see approach their marketing from the following perspective:

"I need more customers, so I will run an advertising campaign. I will then choose a good media and come up with the kind of ad which works best for that medium. This will ensure success."

Actually, this seems to be completely backwards.

The most successful clients I work with have the following approach:

"What is my exact target market and what do they want? Next, since I know my target market and what they want, I can create a message which matches up with what they care about (not just what I provide). Lastly, the right media isn't a big deal because I just pick the one which reaches my target prospect most effectively."

Do you see the difference between these two approaches?

What this is really talking about is coming up with the **right prospect list**.

In selecting a list, you want to target people most likely to have an existent interest in what you have to offer, as well as some things in common with your present good customers.

These commonalities might be found in age, sex, occupation, income level, neighborhood or geographic area, credit card ownership, family size, magazine subscribed to, or any number of other demographics. These factors are called demographics and the professional sources from whom you might rent mailing lists can be incredibly sophisticated in finding or compiling a mailing list of people who conform to your set of desired demographics.

This is ESPECIALLY true these days, with the sophisticated targeting options available on Facebook, LinkedIn, Google (or other online advertising), and in direct mail list acquisition.

In business-to-business marketing the same sophistication is available. Lists of companies can be obtained by size, sales volume, asset value, number of employees, type of business, geographic area, magazines subscribed to, credit rating and other factors. Lists of executives, owners, sales managers, personnel managers, purchasing agents, stockholders, or secretaries are also readily available. You can even target **ONLY** employees of a particular company on Facebook.

List selection can be as simple or sophisticated as you need or want to make it. The owner of an upper-class club might want to obtain a mail-

ing list of homeowners within a 50-mile radius of his restaurant who have at least one bank credit card.

A private jet manufacturer might want the list of corporate officers and business owners with net worths in excess of \$1M, all across the country.

As a rule, the more demographic factors you can use in controlling the list for direct mail, the costlier the mailing list. But, to a great degree, extra money spent narrowing down the list to fit your desired factors is money well spent.

Ironically, in online marketing, sometimes the narrower the demographic, the CHEAPER the list becomes. And that makes this tax accountant happy for the sake of your business.

Again, all the time and money spent on this narrowing is very well spent, because you reduce the "waste factor" in your marketing when you can narrowly slice down your target to the most responsive possible.

And look -- I'm not a marketing expert, per se. There are plenty of agencies and experts who can help you more directly.

But, I HATE waste! It rubs against my cold, green-shaded nature. So, let's get rid of it together, shall we? ✕

Looking for Someone You Can Rely On?

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

- *Mortgage Broker
- *Signs
- *Heating & A/C Repair
- *Cultured Marble
- *Realtor
- *Auto/Home/Life Insurance
- *Printer
- *Home Inspector
- *Banker

- *Custom Monogramming & Embroidery
- *Business Coach
- *Home Repairs
- *Estate Planning Law
- *Investment Advisor
- *Medicare Supplements
- *Digital Marketing
- *Roofer
- *Supplemental Insurance





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Depreciation Limits for Automobiles

In general, all property used in a trade or business or held for the production of income is potentially depreciable. However, it may take longer for you to depreciate a "luxury" automobile than it would other business property because additional limitations apply.

First, note that the term "luxury" is not in the text of the Code, only in the title of the applicable Code Section. Second, note that a separate depreciation allowance for a car only comes into play if you choose to determine the cost of its business use by the "actual expense" method. If, instead, you use the standard mileage rate (67¢ per business mile driven in 2024; 70¢ per mile in 2025), a depreciation allowance is built in as part of the rate.

If you are using the actual expense method in calculating the depreciation allowance, were it not for the additional limitations (below), you would be able to write-off a significant portion of the cost of the vehicle in the year you place it into service, since bonus depreciation is available for most vehicles (at 60% for 2024 and 40% for 2025). And for the unrecovered portion (or if you elect out of bonus depreciation), you generally would deduct the remainder of the cost of the vehicle under the regular depreciation tables over a 6-year span according to the following percentages: Year 1, 20%; Year 2, 32%; Year 3, 19.2%; Years 4 and 5, 11.52%; and Year 6, 5.76%. Six years are involved because depreciation is deemed to start in the middle of Year 1 (in most cases) and end in the middle of Year 6.

Note that bonus depreciation is being phased down to zero between 2023 and 2027. Also, the amount of bonus and regular depreciation is reduced in proportion to non-business use, and bonus depreciation and the regular percentages are not available for cars used 50% or less for business purposes. For these, straight-line depreciation is required.



Under the added cost recovery limitations specifically for passenger automobiles, you are limited to defined depreciation ceilings. These ceilings are indexed for inflation, and typically change each calendar year. The ceilings operate to extend depreciation beyond the sixth year for cars costing more than what the total capped depreciation allowance would be over the six years. For most cars first put in service in calendar year 2024, the ceiling is \$20,400 (for the initial year). The annual ceiling amounts for those cars for later years are: Year 2, \$19,800; Year 3, \$11,900; and for all later years, \$7,160. You cannot avoid these limitations for ordinary passenger vehicles via an election to expense the car under Code Sec. 179, because any automobile basis for which the expensing election is claimed is included in applying the limitations.

What is the impact of these limitations from the standpoint of the business decisions you must make? They raise the "after-tax" cost of automobiles used in your business. That is, the true cost of regular equipment used in the business will be its actual cost reduced by the tax benefits enjoyed via depreciation deductions, including the time value of those deductions. To the extent these deductions are reduced (deferred to future years), generally the tax benefits are less, and the true cost is higher. It may be advisable to consider this factor in deciding how much to spend on automobiles used in your business.

Code Sec. 179 limits for "sport utility vehicles" (SUV) are higher: \$30,500 for 2024 and \$31,300 for 2025. The Code defines an SUV as a 4-wheeled passenger vehicle between 6,000- and 14,000-pounds gross vehicle weight.

Note that lessees of vehicles aren't subject to the above limitations. But a lessee of an expensive vehicle must include in income during each year of the lease amounts specified by IRS in annual guidance. The inclusion of these amounts, which increase with the value of the car, effectively reduces the deductions allowed to the taxpayer for lease payments. ✖

If and only to the extent that this publication contains contributions from tax professionals who are subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, the publisher, on behalf, of those contributors, hereby states that any U.S. federal tax advice that is contained in such contributions was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purposes. *