

LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

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



SPECIAL POINTS OF INTEREST:

- Potential tax deductions
- You may be required to file fewer forms
- Thanks for the referrals
- Engage in crisis anticipation
- Referrals, and more...

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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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9 Simple, Easily-Overlooked Tax Deductions

Should filing your taxes be easy?

Perhaps. But, in the complexity comes opportunity.

With all the changes from the One Big Beautiful Bill Act (OBBBA) this year, it's likely the only Americans who won't be affected are those that don't have to file a tax return. Filing a relatively straightforward tax return correctly (with maximum tax saving advantages), is truly a Herculean task these days.

Yes, you can take the increased standard deduction. But, what if your calculations are wrong and there was much, much more you could have deducted? Does it feel good to just... "hope" that you took everything into account? Here are nine overlooked tax deductions that are just a start to the sort of things that we can help you find that might benefit you. Perhaps there are more. But you never know until you ask...

Pet food and veterinary bills: You can deduct veterinary bills and pet food, **but only if they are for your foster pet**. As an example, Jan Van Duchenne, a California family lawyer, devoted most of her time outside of work caring for feral cats, 70 to 80 at one time. A tax court found that she was entitled to much of her claimed \$12,068 in cat care expenses as a charitable deduction on her income taxes. In another case, *Seawright v. Commissioner*, a couple ran a junkyard. They put food out to attract wild cats to control snakes and rats, making the junkyard safer for customers. When they claimed the cat food as a business expense, the IRS said no way. However, the tax court disagreed.

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1099 Filing Threshold Increases in 2026

Currently, if a business pays an unincorporated independent contractor (non-employee) \$600 or more for services during a calendar year by check, cash, or direct deposit, it must file a Form 1099-NEC.

A 1099-NEC must also be filed when an attorney or physician is paid \$600 or more for business-related services, regardless of whether they are incorporated, or not.

The One Big Beautiful Bill Act (OBBBA) changes the thresholds for filing these forms.

Starting in 2026 (that is for payments made in 2026 and later), the threshold for filing Form 1099-NEC goes up to \$2,000. Moreover, starting in 2027, the threshold will be adjusted for inflation each year in \$100 increments. This should substantially reduce the number of forms businesses have to file.

The \$2,000 threshold for 2026 and later also applies to backup withholding of 24 percent by hiring firms. Such withholding is required when an independent contractor fails to provide a valid Form W-9 using the contractor's correct taxpayer identification number.

There is a big exception to the 1099-NEC reporting requirements. A business never has to file a Form 1099-NEC when it pays its independent contractor using a third-party settlement organization (TPSO) such as PayPal, a credit card, or a debit card. Those payments are reported by the TPSO on Form 1099-K.

Note: If you have rental property, you may be *in business* and subject to the 1099 filing requirements. ✖



9 Simple, Easily-Overlooked Tax Deductions—continued from page 1

Swimming pools: If swimming pools are used for medical purposes, *as prescribed by a doctor*, they can be tax-deductible. In *Cherry v. Commissioner*, the taxpayer had emphysema and installed a swimming pool after his doctor ordered an exercise regimen. The primary purpose of the pool was medical care, so he was able to deduct the pool, part of the cost of heating the pool, pool chemicals and part of insuring the pool area.

Fitness: Fitness is tax-deductible, *if your doctor signs off on it*, and tells you that your life might be in danger if you don't start exercising and lose weight. The cost for remedies that help you drop a few pounds, improve your heart rate, or reduce your cholesterol might all be deductible.

Pre-college education: Generally, you cannot deduct education expenses for children in grades K-12, however, the IRS allows for tuition costs for private institutions to be paid from 529 Savings Plans. Now, investment earnings in a 529 Savings Plan can pay for private school tuition tax free, and many states now offer deductions for contributions into 529 Plans.

Deadbeat friends: Did you lend a friend cash in a pinch, never to see the money again? Don't despair—all is not lost. You can write off the unpaid amount if there's no hope to collect your payment.

Organ donation: Organ donors can deduct not only any medical costs associated with the donation, but also cost of transportation.

Bariatric surgery: The IRS ruled that obesity is a medical disease, which means that specific treatments aimed at curbing obesity are allowable deductions, including bariatric surgery. As with all medical expenses, under the tax reform legislation, you can only deduct unreimbursed expenses that exceed 7.5% of your adjusted gross income (AGI).

Addiction treatment: Drinking, smoking, and drug abuse are serious medical hazards, so the IRS has ruled that you can write off expenses related to quitting. Eligible deductions can include the cost of any products or programs designed to help you quit, including nicotine patches or other aids. Inpatient treatment at a drug or alcohol facility including meals, lodging, and some transportation expenses can also be deducted as medical expenses. Additionally, transportation to and from meetings like Alcoholics Anonymous or Narcotics Anonymous, if attended based on doctor's orders, can also be written off.

Bingo: Bingo-playing taxpayers can deduct the amount lost in a given year, up to the amount that was won. The IRS allows taxpayers to deduct losses for other types of wagering, too. To do so, they must keep a detailed diary of the kind of wager, where they placed it, who they were with, and how much they won or lost. ✖



Thank you

Thanks to YOU, the word is spreading. Thanks to our clients and friends who graciously referred us to their friends, neighbors, customers, and relatives in the last couple of months! We enjoy building our practice based on the positive comments and referrals from people just like you.

We couldn't do it without you!

~ Darrell Manning ~ Paige Montgomery ~ Mike & Debbie Gautreaux ~
 ~ Christian Soutullo ~ Anthony Horton ~ Kevin Ryan ~ Eric Cromwell ~ Naude Gouws ~
 ~ Chris Collins ~ Lynn Gane ~ Karen Ivey ~ Nancy Sanchez ~ Anna Stovba ~
 ~ John Hart ~ John Willis ~ Liz Campbell ~ Tim White ~ Morgan Harlan ~
 ~ Darrell Horton ~ Mark & Wendy Evans ~ Sharon Feaster ~ John & Lana Rouss ~
 ~ Allison Lamey Swann ~ Mike McNair ~

The Way of the Billionaire

J. Paul Getty (1892–1976), oil tycoon and philanthropist, became the richest man in the world during his time by practicing a few basic principles of risk-taking and reward throughout his life. I've gathered them for you -- and these apply to other areas of life as well, beyond just the running of your business.

How to Assess a Decision

Whenever J. Paul Getty was considering a business decision, he would ask, "What's the worst possible thing that could happen in this situation?" Then, when he was clear about the worst possible outcome, he focused all his attention on making sure that it didn't happen.

Murphy Sub-Laws

Remember Murphy's Law: "Whatever can go wrong will go wrong."

Per Getty, there are several secondary laws to Murphy's Law, such as, "Whatever can go wrong will go wrong at the worst possible time," and, "Of all the things that can go wrong, the most expensive thing will go wrong at the worst possible time."

Another sub-law is, "Everything takes longer than your best calculation." In advising, Getty would take the very best estimate of break-even for any business venture, and then triple it to arrive at a more realistic number.

Always Add a Fudge Factor

Another sub-law is, "Everything costs more than you can possibly anticipate in advance." In minimizing risk in any venture, always add a "fudge factor" to account for the degree of uncertainty.

Having learned from Getty, whenever I now do a business plan, I always add 20 percent to the total of all costs that I can identify, to come up with a more probable cost. Anything less than this, whether in business or your personal life, is likely to be an exercise in self-delusion, and to open you up for some unhappy surprises.

Once you have identified the worst possible things that could go wrong, make a list of everything that you could do to offset these negative factors. Engage in "crisis anticipation". Look down the road, into the future, and imagine every possible crisis that could arise as the result of changing external circumstances.

Do The Things You Fear

Getty wrote that one of the very best ways to develop your ability to take intelligent risks is to consciously and deliberately do the things you fear, one step at a time.

A very good way to overcome the fear of risk-taking is to set clear, written, measurable goals for yourself, and then to review those goals regularly. When you have clear goals and plans, and you continually work on them and evaluate your progress each day, you will see what you're doing right and how you can improve your performance. You'll feel more competent and capable and will feel better about yourself. You'll become more thoughtful and reflective and willing to take on even greater challenges. You'll feel like "the master of your fate and the captain of your soul". And, your likelihood of success will become greater and greater.

Now, here are three steps you can immediately take to put these ideas from Getty into action:

First, take any worry situation in your life today and ask, "What is the worst possible thing that could happen?" Then, go to work to make sure it doesn't occur.

Second, look into the future and determine the worst things that could happen. Engage in "crisis anticipation" regularly and continually by taking steps to guard against your worst-case scenarios.

Third, work from clear, written goals and detailed plans. Review them regularly. Consider alternatives and always look for ways to increase the likelihood of your success.

If some of these concepts seem "tried and true" ... well, they are.

And, there's a reason for that. Maybe this should be the day you tried them anew. ※





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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.

- Signs
- Banker
- Medicare Advantage Plans
- HR Consultant
- Financial Advisor
- Life Insurance
- Graphic Designer
- Mortgage Broker
- Home Inspector
- Digital Media Consultant
- Cultured Marble
- Printer
- Estate Planning
- Referral Marketing
- Bookkeeping
- Payroll Processing
- Auto and Home Insurance
- Realtor



The Real-Life Grinch Who Banned Christmas

In 1647, the English Parliament passed a law making Christmas illegal. The Puritan leader, Oliver Cromwell, who considered feasting and revelry on what was supposed to be a holy day to be immoral, banned the celebration of Christmas festivities. The ban was lifted only when the Puritans lost power in 1660.

As important as Christmas is to us today, it's only been in the past couple of centuries that it has been recognized as an official American holiday. Alabama was the first state in the Union to officially recognize Christmas as a holiday, in 1836.

The first department store to feature a visit with Santa was the J. W. Parkinson's store in Philadelphia in 1841. Astonishingly, no other department stores copied this event until 1891 when a store in Boston repeated it. Before long, lines of children formed at stores across America to sit on Santa's lap and tell him their Christmas wish list. The department store Santa has been immortalized in films such as *Miracle on 34th Street* and *A Christmas Story*.

Why are there 12 days of Christmas? Traditionally, it took the "Three Kings" this number of days to find the baby Jesus. Their arrival on the twelfth day was celebrated in the form of the Feast of Epiphany in medieval France, and later in other countries.

One of the most popular Christmas songs ever may have been written for Thanksgiving. "The One Horse Open Sleigh," written by James Pierpont, was originally published in 1857. Two years later, the title was changed to "Jingle Bells", or "The One Horse Open Sleigh." It was apparently written as a comical song and used in minstrel shows at the time. It has been reported that Pierpont, a church organist, wrote his popular song for his father's Sunday school class for Thanksgiving, but it proved so popular, it was sung at Christmas. Interestingly enough, this "merry little jingle" makes no mention of Christmas. ❄️

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