LINDSEY & WALDO
CERTIFIED PUBLIC ACCOUNTANTS
"You see the numbers, we look for the opportunities."

SPECIAL POINTS OF INTEREST:

- Is your new vehicle eligible?
- Tax record keeping guidelines
- Updated mileage rates
- Richard's reads, referrals, and reviews
- And more...

INSIDE THIS ISSUE:

Taxing Times

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

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New in 2025: A Tax Deduction for Interest on New Vehicle Loans

For the first time in decades, consumer auto loan interest is tax-deductible. If you bought a new personal vehicle in 2025, or if you're thinking about buying one this year, there's a new tax break you should know about.

For qualifying purchases, you may be able to deduct the interest you pay on a loan for a new car, motorcycle, or light truck—even if you don't itemize deductions. This deduction is available for tax years 2025 through 2028 and can be worth up to **$10,000 per year**.

What makes a vehicle eligible?
To qualify, the vehicle and loan must meet a few requirements:

- **The vehicle must be new**, not used, and assembled in the United States
- It must be for **personal use** (not business-only use)
- The vehicle must weigh **under 14,000 pounds**
- You must be the **original owner**
- The loan must be a **first lien** and made by an unrelated lender
- The loan must be **originated after December 31, 2024**

Income limits apply
The deduction begins to phase out if your income is over:

- **$100,000** (single filers)
- **$200,000** (married filing jointly)

If your income is above these levels, the deduction may be reduced or eliminated.

What information we'll need from you
To claim this deduction accurately, we'll ask you for a few items:

- A statement from your lender showing **how much interest you paid during the year**
- The **Vehicle Identification Number (VIN)** for the car
- Basic loan details confirming it meets the requirements above

The VIN is especially important because the IRS requires it to be reported each year the deduction is claimed. It also allows us to confirm that the vehicle was assembled in the U.S. (This can be verified using the VIN decoder on the National Highway Traffic Safety Administration website.)

Planning tip
If you're considering a new vehicle purchase, this deduction could be an added tax benefit—but, only if the rules are met and the right information is provided. Let us know before or after your purchase so we can help you understand how it may affect your tax situation. ※

How Long to Keep Tax Returns (And What to Shred Right Now)

That overflowing file drawer? Let's tame it.

You know the one... stuffed with years-old envelopes, scattered 1099s, and a few W-2s (bearing accidental coffee stains). It's home to all your "just in case" tax paperwork.

But, here's the truth: keeping everything "just in case" isn't helping you. It might actually be *hurting* your ability to prep accurately and find deductions. And, it puts you at greater risk if the IRS ever comes knocking on your door.

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How Long to Keep Tax Returns (And What to Shred Right Now)

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Which is why today, I want to talk about how long to keep tax returns (and what to toss) – so your tax situation is organized AND protected.

What Tax Records Should You Keep?

You don't need to keep *everything*. Just the right things. Here's what to hold onto:

- Proof of income & expenses: W-2s, 1099s, K-1s, brokerage statements, rental income records
- Receipts & documentation for deductions: Charitable donations, property taxes, medical bills, business expenses, child care costs
- Mortgage interest statements (Form 1098)
- Retirement plan contributions (Form 5498) and IRA rollovers/distributions (Form 1099-R)
- Health insurance (Form 1095-A/B/C) Records of home improvements (for basis adjustments when selling)
- Documentation of stock purchases & sales (dates, amounts, and cost basis)
- Tax return copies (at least the last 7 years — often helpful when amending returns or applying for loans)
- Vital documents: Social Security cards, marriage licenses, divorce decrees, military discharge papers, etc.

↳ *The IRS puts it plain and simple: Keep records that support items shown on your return.*

How Long to Keep Tax Returns

This is where a lot of clutter starts. Let's simplify it:

Basic Guideline: 3 Years

The IRS typically has three years from your filing date to audit your return or assess additional tax. Even if you file early, it's treated as filed on the official due date (including extensions).

To amend a return for a refund or credit, you generally have three years from filing or two years from payment — whichever is later. Because of these timelines, it's smart to keep all tax records for at least three years, in case of an audit or to claim missed tax benefits.

Longer Than 3 Years

- If you underreported income by 25 percent or more, the IRS has up to 6 years to assess additional tax.
- If you didn't report 5K or more in foreign financial assets, the IRS also has 6 years to audit and assess tax.
- If you're dealing with bad debt deductions or losses from worthless securities, the window to claim a refund or credit is 7 years.
- If you're claiming the foreign tax credit, you may need to keep documents for up to 10 years.
- If you didn't file a return, there's no statute of limitations. The IRS can assess tax at any time, so keep those records indefinitely.
- If the IRS suspects fraud or intentional errors, there's also no time limit on their ability to review or assess tax. Holding onto your documentation can help defend your return if questioned.
- Keep W-2 forms until you retire — they can help verify lifetime earnings if Social Security data is ever off.

Special Rules for Business Owners and Gig Workers

If you run a business or have a side gig, the rules change a bit for you:

- Payroll records: Keep for at least 4 years
- Receipts for business expenses: 7 years minimum
- Client contracts or agreements: While active + at least 4 years
- Mileage logs and vehicle expense records: For every tax year they're claimed

State Tax Caveats

When it comes to hanging onto your state tax documents, the rules can vary quite a bit (depending on where you live). Some states allow for a longer look-back period than the IRS.
The safest move? Hold onto your state tax records for at least four to five years — or longer, if your state recommends it. Every state has its own rules, so it's worth checking with your local tax authority to be sure.

Investment & Property-Related Documents

- For property like a home or rental: keep the purchase price, records of capital improvements, and any documentation for depreciation (for rentals or business use) until at least

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How Long to Keep Tax Returns (And What to Shred Right Now)

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3 years after you sell or dispose of the asset, since they affect gain/loss calculations.
- For investment assets (e.g., stocks or bonds): Keep all records tied to basis, purchase dates, and sales for at least 3 years after the year of sale.
- For IRAs, 401(k)s, or other retirement accounts: Keep contribution and withdrawal records for at least 3 years after the account is fully distributed.

What to Shred

Now that you know what to keep... here's what to say (a bittersweet) goodbye to:

- Old ATM/deposit slips after verifying with statements
- Paid utility bills, credit card statements, and bank statements — if available digitally
- Receipts for non-deductible personal items
- Documents beyond their IRS-suggested time frame
- Expired warranties or insurance paperwork
- Pre-approved credit offers
- Sticky notes with login info or Social Security numbers
- Loan docs for debts you paid off more than 7 years ago

When your records are in order, everything about your taxes gets easier: filing, deductions, audits (perish the thought), and even applying for mortgages or student aid. ※

2026 Standard Mileage Rates

The IRS recently released the 2026 standard mileage rates for use in deducting automobile expenses for business, charitable, medical and moving purposes. The following chart reflects the new 2026 rates compared to the 2025 rates.

	2026	2025
Business rate per mile (cents)	72.5	70.0
Medical and moving rate per mile (cents)	20.5	21.0
Charitable rate per mile (cents)	14.0	14.0

The 14 cent per mile rate for charitable miles is set by statue and remains unchanged since 2022. Moving expenses are allowed only for active duty military who move pursuant to a military order.

The rates apply to electric and hybrid vehicles, as well as gasoline and diesel-powered vehicles.

Taxpayers can choose to calculate the actual costs of using their vehicles rather than using the standard mileage rates. ※

We Believe in Referrals

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.

Banker
Executive Coach
Attorney
Realtor
Financial Advisor
Mortgage Broker

Cultured Marble
Printer
Life Insurance
Auto and Home Insurance
Custom Embroidered Gifts
Human Resources

Home Inspector
Foundation Repair
Gutters and Drainage
Signage
Commercial Cleaning
Branding

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REMINDER:
S Corp and Partnership
tax returns are due!

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What Our Clients Are Saying

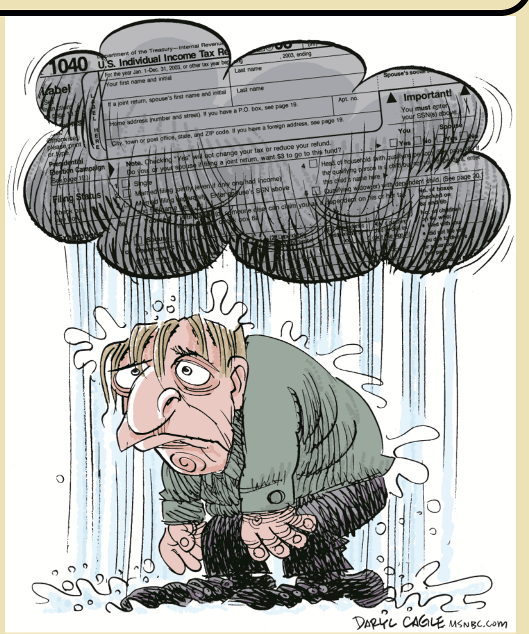
I am very grateful for your company's help with a problem this year. I had always done my taxes myself, so I was a little anxious about going to a tax professional. I received a one-time lump sum after the death of a sibling. Friends and relatives I talked with all were sure there would be no tax issue. But, surprise, got a 1099-R that showed the amount had not been taxed and tax was owed. I e-filed the federal income tax after 4 or 5 tries and much time, blood, sweat, and tears, but I could not figure out the state taxes. Paula Waldo was recommended to me by a neighbor. She explored the situation with me and took care of everything. She and Kristen were so professional and courteous. It is such a relief to have this matter settled. And it is good to know how smoothly and quickly Mrs. Waldo was able to take care of this problem.

~ Kathy Hayes, Mobile, AL

Listen to Richard, "File Early":
Because I listened to Richard, I got my refund in less than a week from the time the IRS received my return.
Because I listened to Richard, I got my stimulus check directly deposited before anybody else I know.
Because I listened to Richard, I have one less thing to stress about and there is more than enough uncertainty without having to worry about the IRS.
Because I listened to Richard, I learned when to turn the news off and sit on the swing under my amazing tree and listen to the birds.
Because I listened to Richard, through his eyes I "got to see remarkable lives of generosity, love, and integrity laid out before us with regularity."

Thanks, Richard, for keeping me focused on what is important.

~ Idalia Barker, Jasper, AL



IT'S NOT WINTER, SPRING, SUMMER, OR FALL...
IT'S TAX SEASON.

What I'm Reading...

NOW
The Burning Blue
by Frank A. Mason

RECENTLY
The Color of Death
by Trey Gowdy & Christopher Greyson