

# LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

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



## SPECIAL POINTS OF INTEREST:

- **Should you adjust your withholding?**
- **Plan where you end up**
- **Side-gig tax strategies**
- **Referrals**
- **Funnies**
- **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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## Avoiding April Surprises

You ever get a surprise in April? You either owe way more than you thought, or your refund is not what you expected.

I want to bring this to your attention now, because mid-year is the best time to adjust course. Why? If your withholding from your paycheck is off, it's compounding every pay period. Your strongest ally here is time.

### What is withholding?

Taxpayers need to pay their tax as they receive their income, and they do this through withholding. For employees, "withholding" refers to the federal income tax portion of each paycheck that an employer takes out for tax purposes. It can also be the amount from earnings self-employed people and others voluntarily set aside to pay their estimated taxes.

### How taxpayers can check their withholding

Go to the IRS Tax Withholding Estimator. It's a free, easy to use tool that helps workers and retirees estimate the amount of federal income tax to withhold from their paychecks now for the taxes they will owe next year. The estimator will tell you if you're on track or if you're heading for an April "surprise".

The estimator reflects the changes to credits and deductions under the One Big Beautiful Bill. This includes the deduction for tips, overtime, car loan interest, and enhanced deduction for seniors. It also accounts for updates tied to family-related credits, homeownership, and charitable giving.

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## If You Don't Know Where You're Going... Any Road Will Take You There

Imagine going up to the airline ticket counter and telling the agent you would like to purchase a ticket to go on a wonderful vacation, but you aren't sure where you want to go or when you want to go. What do you think their response would be? Maybe something like: "When you figure out where you want to go and when you want to go, come back and I'll help you. Now please step aside so I can help the next person in line."

In Lewis Carroll's *Alice's Adventures in Wonderland*, there is a wonderful passage where the Cheshire Cat addresses this same issue by saying to Alice: "If you don't know where you are going any road will take you there."

Over the years, I've had many conversations with business owners about their goals. The answers often sound like this: "I want to grow," "I want to make more money," or "I want things to get better." Those are good aspirations—but they're not a plan.

And without a plan, progress is usually slower, more difficult, and far less predictable.

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## If You Don't Know Where You're Going... Any Road Will Take You There

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### Clarity Changes Everything

The businesses that make real progress have one thing in common: the owner has taken the time to clearly define what success looks like.

### Take a few minutes and think about your ideal business. Write down your answers.

- Of all the kinds of work you could be doing, what do you want to do the most?
- How many hours do you want to work each week?
- How would you like to divide up your working time?
- Who are your ideal clients, customers, colleagues, and employees?
- What would your business's physical environment look like?
- How large a space would you want?
- What would it look and feel like?
- How much revenue and profits would you want?
- How many clients, billable hours, etc. would you have?
- What would be the mix of clients or services that you would provide?

Try to be as specific as possible. Instead of "more revenue," think in terms of actual numbers and timelines. Instead of "better clients," define what "better" means to you.

### Write your answers in present tense as if you've already achieved them.

Don't worry if your picture is a little fuzzy or you can't answer all the questions. You are striving for clarity not perfection. This exercise will help you develop the focus necessary to

achieve your heart's desire. You will find that this exercise is not easy because it takes a lot of time and effort, and some deep soul searching.

### Take the time to think

Set your notes aside for a few days, then revisit them. You'll likely find new ideas and a sharper sense of direction. Continue refining your vision over time, and consider discussing it with trusted advisors, family members, or mentors.

Each pass through this process helps you focus your efforts and make better day-to-day decisions.

### Momentum Follows Direction

Once you've defined where you're going, something interesting happens: decisions become easier.

You'll recognize the right opportunities more quickly. You'll also become more comfortable saying "no" to the things that don't fit.

That's where momentum begins.

### A Final Thought

Every business owner ends up somewhere. The question is whether it's by design or by default.

If you haven't taken the time to clearly define where you want your business to go, now is a good time to start. It's one of the most valuable investments you can make—not just in your business, but in how you spend your time and energy every day. ✖

## Avoiding April Surprises—continued from page 1

### What are the benefits of using the IRS Tax Withholding Estimator?

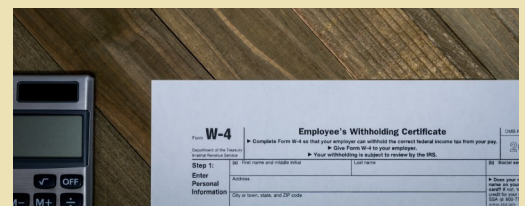
By using the estimator, the IRS says taxpayers can manage their estimates based on any personal life changes, such as buying a home, changing jobs, having a child, or changing their marital status.

For people who recently completed their 2025 tax return, the IRS advises using the IRS Tax Withholding Estimator to consider all income sources such as full-time wages, side jobs, and any sale of services or goods.

### What you'll need

For an effective tax withholding estimate, you'll need certain documents including:

- All income statements, including your spouse's if filing jointly
- Data from other sources of earnings
- Your most recent tax return.



The best thing you can do right now is **not** sit on your hands until January. Adjust your withholding. Run the numbers. Document what you need. These mid-year moves could save you dollars and stress during next tax season. ✖

## Freelance Income Tax Strategies That Actually Work

As someone who's worked with plenty of freelancers, independent contractors, and gig workers over the years, I can tell you one thing for certain: tax planning with inconsistent income is not easy.

Your February might bring in \$2K while your October delivers \$15K. And the standard "save X percent of your income for taxes" guidance falls flat. But, with the right strategies, irregular income can actually become a tax advantage.

Let me walk you through exactly how to turn your unpredictable earnings into a strong tax strategy.

### Make Estimated Tax Payments

The IRS expects you to pay as you earn, not wait until April 15th. And if you miss these deadlines, you'll face some hefty penalties.

You'll want to abide by the safe harbor rule: pay the lesser of 90 percent of your current year's tax liability OR 100 percent of last year's liability (110 percent if your prior year AGI exceeded 150K). You'll avoid penalties even if you underpay slightly.

And don't just divide last year's tax by four and call it good. When you have a banner month, immediately calculate 25-40 percent for taxes and set it aside. In slower months, you might pay less.



### Focus on Tax-Advantaged Accounts

This is where freelancers have an advantage: a Solo 401(k) lets you contribute both as the employee AND the employer. For 2026, that means up to \$24.5K in employee contributions (plus \$8K catch-up if you're 50+) PLUS up to 25 percent of your net self-employment earnings as employer contributions. (Phew.)

Or consider a SEP-IRA instead. It's simpler to set up and maintain, though the contribution limits are slightly lower.

And if you have a qualified High-Deductible Health Plan, an HSA is a must-have: contributions are tax-deductible, investments grow tax-free, and qualified medical withdrawals are tax-free.

Now, for Traditional vs. Roth IRAs, here's my strategy for inconsistent income: In low-income years, a Roth IRA contribution can be smart. You're paying tax now when your marginal rate is low, meaning tax-free withdrawals in the future (when your income might be much higher). In high-income years, if you've maxed out other options, a "backdoor Roth IRA" strategy might be an option if your income exceeds the direct Roth contribution limits.

### Take Advantage of Deductions

There are a lot of deductions on the table for freelancers. And while this is by no means an exhaustive list, here are some of the front-runners I'd recommend looking into:

- *Home Office Deduction:* If you use part of your home exclusively for business, this could be significant.
- *Vehicle Expenses:* Track every business mile religiously. At 72.5 cents per mile for 2026, this adds up fast.
- *Self-Employment Tax Deduction:* You can deduct half of your self-employment tax as an above-the-line deduction.
- *The Qualified Business Income (QBI) deduction:* This is potentially 20 percent of your qualified business income. Let's talk through this one together, because the rules are complex.
- *Bonus Depreciation and Section 179:* These allow you to deduct the full cost of qualifying equipment in the year it's placed in service.

The imperative here: keep meticulous records. You'll need them to claim these deductions. And, if the IRS audits your tax return, you're responsible for proving the legitimacy of every income and expense item you reported.

Maybe you've had years where a big tax bill caught you completely off guard. Or months where you hesitated to send invoices because you weren't sure how it would affect your tax situation.

That's why I'm not giving you cookie-cutter freelance income tax advice here. I've worked with freelancers long enough to know the only solution here is a plan that actually fits the way your income ebbs and flows. ✖

## We Believe in Referrals

refer our clients and associates to other qualified businesspeople in the community.

We really believe in the process of referrals, so part of the service we provide is to be sure to

To the right, 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 products or services.

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|----------------------|----------------------|
| * Printer            | * Financial Advisor  |
| * Health Insurance   | * Signs              |
| * Realtor            | * Payroll Processing |
| * Business Insurance | * Cultured Marble    |
| * HR Services        | * Banker             |
| * Graphic Artist     | * Cleaning Services  |
| * Life Insurance     | * Drainage Solutions |
| * Travel Agent       | * Mortgage Lender    |
| * Home Repairs       | * Home Inspector     |



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## Resist, I Could Not

- ◆ **Have you heard about the restaurant on the moon?**  
Great food, no atmosphere.
- ◆ **I don't trust stairs.**  
They're always up to something.
- ◆ **People in Athens rarely get up before sunrise.**  
Dawn is tough on Greece.
- ◆ **I only seem to get sick on weekdays.**  
I must have a weekend immune system.
- ◆ **Did you know your pupils are the last part to stop working when you die?**  
They dilate.
- ◆ **Where do pirates get all their hooks?**  
Second hand stores.
- ◆ **What do you call a line of men waiting to get haircuts?**  
A barberqueue.
- ◆ **I thought the dryer was shrinking my clothes.**  
Turns out it was the refrigerator all along.
- ◆ **What did the ocean say to the beach?**  
Nothing, it just waved.
- ◆ **I ordered a chicken and an egg from Amazon.**  
I'll let you know...
- ◆ **Did you hear about the guy who invented the knock-knock joke?**  
He won the no-bell prize.



## Happy Donald Duck Day

Donald Duck Day is celebrated in honor of Donald Duck's cartoon debut. Donald first appeared in *The Wise Little Hen* on June 9, 1934. But he wouldn't meet Mickey Mouse until his second appearance in *Orphan's Benefit* later that year. From there, it wasn't long before Daisy Duck and nephews Huey, Dewey, and Louie were introduced. In spite of their superior diction, they weren't able to steal the spotlight from Donald. You can't replace his grumpy, nearly incomprehensible charm, and it's why Donald has been in more movies (200+) than any other Disney character.

In his signature blue sailor suit with no pants, Donald's diverse character has allowed him to be featured in a plethora of roles, from an army officer, a teacher, and to an uncle to three ducklings. Donald is also the most published non-superhero ever. Such is his popularity that Donald is a national hero in Finland!



Happy Birthday, Donald!  
We hope that Daisy bakes your favorite cake. ※



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