

Tax Filing Deadlines Are Rapidly Approaching

Article Highlights:

- Filing due date
- Balance due payments
- Contributions to a Roth or traditional IRA
- Individual refund claims for tax year 2022
- Filing extension
- Foreign Bank and Financial Accounts Report (FBAR)
- Estimated tax payments for the first quarter of 2026

Just a reminder to those who have not yet filed their 2025 federal tax return that the filing due date, April 15, 2026, is the due date to either file your return and pay any taxes owed, or file for the automatic extension and pay the tax you estimate to be due for 2025.

In addition, the April 15, 2026, deadline also applies to the following:

- **Tax year 2025 balance-due payments** – Taxpayers that are filing extensions are cautioned that the filing extension is an extension to file, NOT an extension to pay a balance due. Late payment penalties and interest will be assessed on any balance due, even for returns on extension. Taxpayers anticipating a balance due will need to estimate this amount and include their payment with the extension request.
- **Tax year 2025 contributions to a Roth or traditional IRA** – April 15 is the last day contributions for 2025 can be made to either a Roth or traditional IRA, even if an extension is filed.
- **Individual refund claims for tax year 2022** – The regular three-year statute of limitations expires on April 15 for the 2022 tax return. Thus, no refund will be granted for a 2022 original or amended return that is filed after April 15, 2026.
- **Filing Extension** - A tax return extension provides taxpayers with additional time to file their federal income tax return, shifting the due date from April 15 to October 15. To secure this extension, Form 4868, the Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, must be filed by the original April 15 deadline. Taxpayers are required to estimate and pay any expected balance due by April 15 to avoid interest and penalties. Failure to pay the full estimated amount can result in late payment penalties, even if an extension has been granted for the filing itself. Therefore, accurate estimation and timely payment are essential to ensure the extension is valid and to minimize potential additional charges.
- **Foreign Bank and Financial Accounts Report (FBAR)** – For the tax year 2025, the FBAR is due on April 15, 2026, aligning with the standard federal income tax filing deadline. The FBAR is required for taxpayers with \$10,000 or more in a foreign account at any time during 2025. If you fail to meet the initial April 15 deadline, an automatic extension is granted, extending the deadline to October 15 of 2026. It's important to ensure that the FBAR is filed by this extended deadline to avoid draconian penalties.
- **Individual estimated tax payments for the first quarter of 2026** – The deadline for the first installment of the 2026 estimated tax payments is also April 15, 2026. In many cases the amount of estimated tax payments required for 2026 is predicated on the tax determined for 2025. So, although the filing deadline of your individual return for 2025

may be October 15 if you filed for an extension, it may be necessary to estimate your 2026 tax liability prior to April 15 to determine your first 2026 quarterly estimated payment due April 15.

Missing information – If this office is holding up the completion of your returns because of missing information, please forward that information as quickly as possible to meet the deadlines. Keep in mind that the ending days of tax season are very hectic, and your returns may not be completed if you wait until the last minute. If it is apparent that the information will not be available in time for the April 15 deadline, then let the office know right away so that an extension request, and 2026 estimated tax vouchers if needed, may be prepared.

Is your return completed but you are unable to pay your tax liability? Please call to discuss your options.

If your returns have not yet been completed, please call right away so that we can schedule an appointment and/or file an extension if necessary.

Avoid the Postal Service Drop Boxes, Your Tax Return Might Not Get Postmarked by April 15th

Article Highlights:

- The "Mailbox Rule" Has Changed
- The New 2025 USPS Postmark Rule
- How to Secure Proof of Mailing
- Obtaining a Manual Postmark (Hand-Cancel)
- Best Practices for Time-Sensitive Mailings

For decades, taxpayers have relied on a simple principle known as the "Mailbox Rule." Formally enshrined in Internal Revenue Code Section 7502, this rule states that "timely mailing is timely filing"—meaning if you drop your return in the mail by the deadline, it is legally considered filed on time, even if the IRS receives it days or weeks later.

The "Mailbox Rule" Just Changed: Protecting Your 2025 Tax Deadlines

However, as of **December 24, 2025**, the United States Postal Service (USPS) implemented a significant rule change that could put your "timely filing" status at risk.

The New 2025 USPS Postmark Rule

Under the new regulations (DMM 608.11), the USPS has clarified that a machine-applied postmark reflects the date an item enters an **automated regional processing facility**, not necessarily the date it was handed to a postal employee or dropped in a collection box.

As the USPS consolidates its network under the "Delivering for America" plan, mail often travels much further to reach these regional hubs. This means if you drop your tax return in a blue collection box on the April deadline, it may not be processed and postmarked until the following day or later, potentially resulting in a late filing penalty from the IRS.

How to Secure Proof of Mailing

To avoid the risks of automated processing delays, taxpayers should use one of the following methods to establish a definitive date of mailing:

- **USPS Certified Mail®:** This is the gold standard for tax filings. When you send mail this way, you receive a receipt with a postmark that the IRS legally recognizes as the filing date. It also provides proof of delivery or a delivery attempt.
- **USPS Registered Mail®:** While more expensive and primarily used for high-value items, it provides the highest level of security and a date-stamped receipt that serves as prima facie evidence of filing.

- **Certificate of Mailing:** You can purchase a Certificate of Mailing at the retail counter for a small fee. This provides official evidence that the mail piece was presented for mailing on a specific date, though it does not provide tracking or proof of delivery.
- **Retail Counter Postage:** Purchasing a [Postage Validation Imprint \(PVI\)](#) label at a post office counter automatically includes the date of acceptance, which serves as a valid postmark.

Obtaining a Manual Postmark (Hand-Cancel)

If you do not want to pay for Certified Mail but need to ensure your envelope is postmarked with the current date, you can request a manual postmark (also known as a hand-cancel or local postmark).

1. **Go to the Counter:** You must present your mail piece to a retail associate at a Post Office station or branch.
2. **Request the Stamp:** Ask the associate to "hand-cancel" or "manually postmark" the envelope. This service is provided free of charge.
3. **Verify the Date:** The associate will apply a handstamp directly to the envelope in your presence, ensuring the date reflects the actual day of deposit rather than the day it reaches a regional hub.

Best Practices for Time-Sensitive Mailings

- **Avoid the Blue Box:** Do not rely on street-side collection boxes or office mailrooms on the day of a deadline. These are subject to pick up schedules that may miss the daily cut-off for same-day processing.
- **Authorized Private Couriers:** If not using the USPS, you may only use "Designated Private Delivery Services" (such as specific UPS or FedEx services) to qualify for the Mailbox Rule.
 - **For FedEx, only the following services qualify:** FedEx First Overnight, FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2 Day, FedEx International Next Flight Out, FedEx International Priority, FedEx International First, and FedEx International Economy.
 - **For United Parcel Service (UPS), the following methods qualify:** UPS Next Day Air Early AM, UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.
- **Keep Your Receipts:** The USPS does not keep copies of your mailing receipts. Retain your certified mail stub or certificate of mailing in your permanent tax records.
- **File and Pay Electronically:** The safest way to ensure a timely filing is to use the IRS Free File or another e-file service, which provides an immediate electronic acknowledgement of receipt.

It's essential to stay informed and proactive in our approach to mailing important documents. The recent changes to the USPS postmark rules underscore the importance of choosing the right mailing option to ensure your tax returns are considered timely filed if not e-filing.

If you have any questions or need further clarification related to these USPS changes, feel free to reach out to this office for assistance.

Charitable Giving in 2026: Navigating New Tax Laws and Maximizing Your Gift's Impact

Article Highlights:

- Charitable Giving for Non-Itemizers
- New AGI Floor for Itemizers
- Cash Contribution AGI Limitation Made Permanent
- Phaseout of Itemized Deductions
- Strategic Charitable Giving in 2026
- Charitable Giving Documentation: What You Need to Know in 2026
 - Documentation for Cash Contributions
 - Documentation for Non-Cash Contributions
- Common Pitfalls to Avoid

As the landscape of charitable giving continues to evolve, 2026 ushers in significant changes in the tax treatment of donations. For both itemizers and non-itemizers, understanding the new rules is crucial to maximizing the benefits of charitable contributions and ensuring compliance with tax obligations. Among the key changes are new guidelines for non-itemizers wishing to claim deductions for cash donations, an adjusted gross income (AGI) floor for itemizers, and a phaseout of itemized deductions for high-income taxpayers. This article aims to provide an in-depth look at these developments and offer guidance for donors navigating the 2026 charitable giving landscape.

New Charitable Giving for Non-Itemizers: For most past years, taxpayers claiming the standard deduction have been unable to get a tax benefit for the charitable donations they made, as federal tax law typically has reserved this benefit for those who itemize deductions on their tax returns. However, changes in 2026 carve out a notable exception for cash donations.

Under the new provisions, non-itemizers can now claim a deduction for cash contributions, though it requires meeting a set of documentation standards. Non-itemizers must maintain bank records or written communication from the eligible charitable organizations to substantiate their donations. This requirement ensures that only legitimate contributions are deducted and underscores the importance of meticulous record-keeping. Examples of qualifying charities include churches, nonprofit educational and medical institutions, and public charities. Contributions to donor advised funds or supporting organizations do not qualify.

One critical distinction for non-itemizers is the cash donation limitation. Unlike itemizers, who can potentially deduct a substantial percentage of their income, non-itemizers face more restrictive caps on their deductible contributions. For joint filers, the deduction limit is \$2,000, and for other individuals the cap is \$1,000. Donors should be aware that these limitations might influence their giving strategies.

New AGI Floor for Itemizers: For itemizers, the tax landscape is changing with the introduction of an AGI floor for charitable contributions. Starting in 2026, the One Big Beautiful Bill Act (OBBBA) imposes a 0.5% AGI floor for itemized deductions on charitable contributions. This new threshold means that only contributions exceeding 0.5% of a taxpayer's AGI will be deductible. The rationale behind this change is to encourage substantial giving and ensure that deductions primarily benefit those with significant charitable activities.

Example: Consider a taxpayer with an AGI of \$200,000. Under the new rule, only the amount contributed exceeding \$1,000 (0.5% of AGI) will qualify for a deduction. This change emphasizes the need for strategic planning, as smaller donations might no longer provide the same tax incentives, potentially impacting the charitable strategies of many itemizing taxpayers.

The effect can be more profound for higher income taxpayers. For instance, a taxpayer with an AGI of \$500,000, will be unable to get any tax benefit from the first \$2,500 of charitable contributions.

Cash Contribution AGI Limitation Made Permanent: In 2026, the 60% of AGI limitation for cash contributions was made permanent, offering a reliable option for taxpayers looking to

maximize their charitable deductions. This means that donors can deduct cash contributions up to 60% of their AGI, which can be particularly advantageous for those inclined to give in cash rather than assets.

By comparison, other types of contributions, such as non-cash gifts, have different AGI limitations. Non-cash contributions face a 50% AGI cap, while contributions to most other organizations, like fraternal societies, are limited to 30% of AGI. When donating capital gain property, the limit is even tighter at 20% of AGI for gifts to qualified organizations. These variations highlight the flexibility cash donations offer to those looking to benefit maximally from their philanthropic efforts.

Phaseout of Itemized Deductions: Another significant change in 2026 involves the reintroduction of a phaseout for itemized deductions, reminiscent of the former Pease limitation. Targeted at high-income taxpayers, this phaseout reduces the allowable amount of itemized deductions, including charitable contributions, once income exceeds a certain threshold. The 2026 phaseout threshold for joint filers is roughly \$769,000 (one-half that if married and filing separately), and \$641,000 for others.

Example: A taxpayer with an income significantly above the threshold will see a reduction in the total itemized deductions they can claim. This phaseout operates as a percentage of the excess income, capping the amount that high earners can deduct from their total taxable income. It applies not only to charitable giving but also to other itemized deductions, creating a more complex landscape for planning and executing tax-efficient charitable strategies.

This phaseout could have a profound impact on how high-income individuals approach their charitable giving. For example, a philanthropist accustomed to donating substantial amounts may have to adjust their timing or contribution method to align with the phaseout rules, possibly increasing their focus on maximizing deductions through cash or other high-limit contributions.

Strategic Charitable Giving in 2026: As donors look to navigate these changes, strategic planning becomes essential. Here are some tips for maximizing charitable impact while ensuring tax efficiency:

- 1. Diversify Donation Methods:** Consider mixing cash and non-cash contributions to take full advantage of varying AGI limitations and potentially broaden the scope of tax benefits.
- 2. Document Meticulously:** Ensure comprehensive documentation for cash donations, even for non-itemizers, to safeguard deductions and avoid possible IRS challenges.
- 3. Plan High-Impact Donations:** For substantial donations, focus on giving strategies that exceed the AGI floor, enabling full deduction potential while supporting causes aligned with personal and philanthropic values.
- 4. Consider Multi-Year Planning:** For those affected by the phaseout, spread out contributions over several years or make use of donor-advised funds to manage deductions more effectively and mitigate the impact of the phaseout.
- 5. Engage with Financial Advisors:** Collaborate with tax professionals to explore opportunities and develop a tailored approach that aligns with the latest laws and maximizes benefits.

Charitable Giving Documentation – What You Need to Know in 2026: In the ever-evolving landscape of tax regulations, it's reassuring to note that there has been no change in the documentation requirements for proving charitable giving under OBBBA. However, understanding and adhering to these requirements remains crucial for taxpayers wishing to claim deductions on their cash and non-cash charitable contributions. This article provides a comprehensive guide to the documentation you need to ensure your charitable giving is not only effective but also compliant with IRS standards.

Documentation for Cash Contributions - Cash contributions are one of the most straightforward forms of charitable giving, but they also require careful documentation to qualify for tax deductions. Here's what you need to know:

1. Contributions Under \$250: For cash contributions under \$250, taxpayers must keep a reliable bank record such as a canceled check, bank statement, or credit card statement. Alternatively, a written communication from the charitable organization stating the amount and date of the contribution is also acceptable. This documentation must clearly identify the recipient organization to validate the donation.

2. Contributions of \$250 or More: For cash donations of \$250 or more, a contemporaneous written acknowledgment from the receiving charitable organization is essential. This written acknowledgment must include:

- The amount of cash contributed.
- A statement as to whether the organization provided any goods or services in exchange for the donation, and if so, a description and estimate of the value of those goods or services.
- If only intangible religious benefits (such as admission to a worship service) were received, the acknowledgment must indicate this without needing to estimate their value.

3. Payroll Deductions: For contributions made via payroll deductions, employees must retain a pay stub, Form W-2, or other documents furnished by the employer indicating the amount donated. Additionally, a pledge card or other document from the recipient organization is needed, detailing the intended allocation.

Documentation for Non-Cash Contributions - Non-cash contributions, such as property, goods, or securities, require a more nuanced documentation approach:

1. Contributions Less Than \$250: A receipt from the charitable organization is required for non-cash contributions valued at less than \$250. The receipt must include:

- The organization's name.
- The date and location of the contribution.
- A reasonably detailed description of the donated property.

2. Contributions Between \$250 and \$500: Non-cash donations in this range necessitate an acknowledgment from the organization with the following elements:

- The name and address of the charitable organization.
- A description of the donated property
- An affirmation from the charity regarding any goods or services provided in return, including their value or the nature of any intangible religious benefits received.

3. Contributions Over \$500 and up to \$5,000: Taxpayers must provide the same acknowledgement as for donations between \$250 and \$500. Additionally, they should document:

- How the taxpayer acquired the property (purchase, gift, inheritance, etc.).
- The approximate acquisition date.
- The property's cost basis, especially if available.

4. **Contributions Over \$5,000:** For these substantial non-cash contributions, a qualified appraisal is mandatory unless the property is publicly traded securities. The appraisal must be produced by a qualified appraiser who meets IRS regulations, and the taxpayer must complete Form 8283, detailing the contribution and attaching it to their tax return.

Common Pitfalls to Avoid: While assembling documentation for charitable contributions, taxpayers should avoid common errors that could lead to denied deductions:

- **Incomplete Acknowledgments:** Ensure every statement includes all the required elements, particularly for donations of \$250 or more. Missing information such as the "no goods or services were provided" statement can invalidate a deduction.
- **Delayed Acknowledgments:** Obtain documentation contemporaneously, ideally before filing your tax return or the due date, including any extensions.
- **Overstating Fair Market Value Estimates:** For non-cash donations, especially in-kind goods or used items, accurately determine and document their fair market value.

Conclusion: Charitable giving in 2026 presents new challenges and opportunities for taxpayers. Whether dealing with the fresh AGI floor, the permanency of the 60% cash contribution limit, or the re-emergence of itemized deduction phaseouts, donors need to understand and adapt to these changes.

By staying informed and engaging in strategic planning, taxpayers can continue to make impactful charitable contributions while optimizing their tax benefits.

Contact this office with questions.

Thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time.

Aaron Bagby
Kramer, Jensen & Bagby, LLC

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