

*Nerenberg & Kulawiak, Inc.*  
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January 2026

**Happy New Year!**

Another tax season is upon us! As we move into the start of another filing season, now is a great time to begin gathering your tax documents. Getting organized early can help reduce stress and ensure a smooth and accurate tax return. As always, we're here to help guide you through the process and answer questions along the way. Our goal is to make tax time as smooth and straightforward as possible. There are many changes this year that will undoubtedly generate more questions from us to prepare your return. We generally will e-mail a list of questions so be sure to check your Spam and Junk folders in case our e-mail landed there. Be sure to respond one time with answers to all of the questions in order to facilitate a timely completion of your return.

**2025 Tax Returns:** Our office tax season hours will begin on Monday, February 2nd. Our tax season office hours are Monday – Friday 8:30 am – 8:00 pm and Saturdays 8:30 am – 4:00 pm. The office is closed on Sundays. If you have not yet called for a sit-down appointment, please call now as there are limited openings available. If you drop off/upload your documents after March 21st, we cannot guarantee the return will be completed by the deadline and an extension will have to be filed and you may be responsible for penalties and interest if you owe money. As a reminder we will not automatically file an extension without a request from you to do so. The extension is just an extension of time to file, not an extension of time to pay. Without preparing your return, we will not know how much you should send in with your extension request. If you have a phone or virtual appointment with John, we will need your tax documents uploaded to SmartVault or dropped off at the office at least 2 weeks before your appointment. If you are mailing your documents to John, you can mail them to the address below:

Kulawiak Financial Services  
1000 S. Commons Dr.  
Suite 103 Box 394  
Myrtle Beach, SC 29588

**SmartVault Portal:** We highly encourage you to use our SmartVault portal. For security reasons, we can no longer accept tax documents via e-mail. For those of you that have activated your SmartVault account, the web address is [nkinc.smartvault.com](http://nkinc.smartvault.com) (please note there is no www. ahead of the address). There is no cost to sign up for your account and you will have access to your tax documents and tax returns dating back to 2012. If you have not established your SmartVault account yet, please e-mail us and we can send the invitation link for you to register.

**Residential Energy Credit:** 2025 is the **final** year for the Residential Energy Credit. Appliances do not qualify but new windows, exterior doors, air conditioning systems, furnaces, hot water heaters, and insulation all qualify. Each improvement is listed and calculated separately so if you have multiple energy saving improvements, we will need each improvement and the amount spent listed separately. New for this year is we will also need the Qualified Manufacturer

ID Number for each improvement. The Department of Energy website has a product lookup if you don't have that information. That website is, <https://www.regulations.doe.gov/product-lookup/>.

**New for This Year:** As part of the One Big Beautiful Bill Act (OBBBA), taxpayers can exclude from income a portion of Overtime Pay. The maximum annual deduction is \$12,500 (\$25,000 for Married Filing Joint filers). This deduction is for tax years 2025-2028 and it starts phasing out at income over \$150,000 (\$300,000 for MFJ filers). The deductible amount is only the amount of pay that exceeds the regular rate of pay. Generally, this is the half portion of time and a half. For the 2025 tax year, this information is not required to be on the W2, so you will need to get a statement from your employer/payroll with the qualified overtime amount or your final paystub with the overtime and rate of pay clearly shown.

Also for tax years 2025-2028, the OBBBA created a deduction for workers in certain occupations to exclude tips from their Adjusted Gross Income. Generally this amount should be in box 7 of your W2. Here is the list of the occupations that qualify for this deduction, <https://home.treasury.gov/system/files/136/Tipped-Occupations-Detailed-8-27-2025.pdf>.

There has been some misinformation and confusion on the taxability of Social Security. The taxation of your Social Security benefits has not changed. We will still need your 1099 from Social Security. There is a temporary Senior Deduction of up to \$6000 for taxpayers age 65 or over. That deduction is available regardless if you are collecting Social Security or not. This deduction starts phasing out at \$75,000 of income for Single filers (\$150,000 for MFJ).

If you purchased a new car in 2025, you may be entitled to deduct the interest paid on that new car loan. The vehicle must be used for personal use (not business use) and final assembly must have been in the United States. Vehicles with a VIN starting with 1, 4, or 5 typically qualify for the deduction. We will need the interest paid and the VIN in order to qualify for the deduction.

The OBBBA also increased the State And Local Tax deduction to \$40,000. Previously the cap on this deduction was \$10,000 which made itemizing your deductions more rare and most taxpayers took the standard deduction. It's possible that many of you will go back to itemizing your deductions in 2025 due to this increase. So please include your out-of-pocket medical expenses and charitable contributions along with your tax documents. As a reminder, we do not provide valuations for non-monetary donations to charities. In order to take that deduction, we will need the name and address of the organization you donated the items to, the date of your donation, a list of what was donated, and the donated value of the donation. We have valuation guides on our website from the Salvation Army and Goodwill that can help assist you in calculating the total donated value. Here are those links, [Salvation Army Valuation Guide.pdf](#) and [Goodwill Donation Valuation Guide.pdf](#)

**Required Worksheets for Federal Tax Credits:** For those who claim the Earned Income Tax Credit, Child Tax Credit, and/or American Opportunity Credit, as well as the Head of Household filing status we will once again have worksheets for you to complete and include with your tax documents. Even if you filled out a worksheet for any of these in the past, we are required to have you complete a new worksheet for that same credit/filing status on your 2025 tax return. We do need them completed and signed by you prior to us working on your tax return. It would be extremely helpful if you could complete them and include them with your documents ahead of time, but we will have extra copies in the office if needed.

For clients with college tuition expenses, we will need a copy of Form 1098-T to calculate the credit. If 529 College Savings Plan funds were used to pay for some or all of the college expenses, we will also need the 1099Q provided by the 529 financial institution along with the copy of the college bursar's statement or tuition statement for each semester. These might only be accessible by the student on their student portal.

**Tax Checklist:** Enclosed in this letter is our annual checklist of items to bring with you (or mail in) as well as copies of the worksheets for the various credits. For our drop-off and mail-in clients, we are again requiring you to complete our Drop Off/Mail In form prior to working on your return. This newsletter as well as the annual checklist and worksheets for the credits are all on our website, <https://www.kulawiakfinancialservices.com/Client-Newsletters-and-Forms.9.htm>.

Best Regards,

*Ed, John, Carrie, & Michele*

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**Courtesy of Nerenberg & Kulawiak, Inc.**

*Phone: 973-347-3552*

**1. Personal Information**

Married or divorced in 2025? If divorced, bring copy of divorce decree

Change of dependents? Name, date of birth, SS#--Any in college, what year?

Change in address/phone number?

Your job title/Spouse's job title

Any changes coming in 2026?

Direct deposit your refund into the same account as last year?

If you have a new bank account, please include a voided check.

**Taxpayer & Spouse government id (passport, driver's license)**

**Do you have a financial interest or signature authority on a non-US bank or financial account? YES or NO**

**In 2025 did you receive or sell, exchange, gift, or dispose of a digital asset/cryptocurrency? YES or NO**

**Would you like a paper copy of your tax return for an additional \$5 fee? YES or NO**

**2. Income**

All W-2's

Any 1099's:

-Interest and Dividends

-Unemployment (*NJ Unemployment 1099G is only on the unemployment website*)

-Pensions & Annuities

Sale of Property--Closing/Settlement statement plus dates of purchase & sale, purchase & sales price, cost of improvements

Social Security Benefits - Form 1099-SSA

Sale of Stock/Mutual Fund--Form 1099-B showing sales date and sales amount.

Lottery/Gambling Income and Losses

Other Income--Prizes & Awards, Alimony received

Rental Property Income & Expenses - HUD-1 from purchase/sale of property

Self Employed business income & expenses

**3. Deductions**

**\*New\* Overtime Deduction - Statement from employer or paystub showing qualified overtime**

IRA Contributions including Roth IRA contributions

529 Plan Contributions: Include a year end statement. Many states now have a deduction or credit for contributions to a 529.

Alimony Paid--amount & social security number of recipient

Property Taxes Paid

Closing/Settlement Statement from closing of new house or re-finance

Home Mortgage Interest (Form 1098, not the escrow statement)

Contributions to charity - Need letter from organization & cancelled checks. Cash no longer allowed

Clothing/property donations - Must have itemized list detailing name & address of organization & donated value

Rent paid for apartment-Not deductible on federal return, but many states have a rent deduction

**\*New\* Car Loan Interest Paid - Form 1098-VLI or statement of interest paid in 2025 & VIN (only for cars bought in 2025)**

Student Loan Interest Paid - Form 1098-E

NY & PA filers - Job Required expenses such as union dues, uniforms, etc. are still deductible.

**(Over)**

#### 4. Credits

Child Care--Name, address, and tax id number of provider

Breakdown of amount paid for each child

Education expenses (Tuition, books, etc.)

Form 1098-T will be mailed or posted to the student's online account.

#### 5. Estimated Taxes Paid

	<u>Date Paid</u>	<u>Amount Paid</u>	<u>Check Number</u>
Federal 1st Qtr. (Due 04/15/2025)			
Federal 2nd Qtr. (Due 06/16/2025)			
Federal 3rd Qtr. (Due 09/15/2025)			
Federal 4th Qtr. (Due 01/15/2026)			
State 1st Qtr. (Due 04/15/2025)			
State 2nd Qtr. (Due 06/16/2025)			
State 3rd Qtr. (Due 09/15/2025)			
State 4th Qtr. (Due 01/15/2026)			

#### 6. Medical Expenses/Health Insurance

Health Insurance Paid - - Including COBRA but exclude pre-tax insurance from paycheck

Was everyone on the return covered by insurance all 12 months? If not, what months and who was not covered?

Prescriptions - - In January, your pharmacy will have a print out with the total for each member of your household.

Medical Expenses-- Doctor visits, glasses, contacts, chiropractors, dentists, hearing aides, & mileage

Long Term Care Insurance premiums paid - Separate amounts for taxpayer and spouse

#### 7. Residential Energy Saver Credit

Amount spent on New Energy Efficient Property. Each improvement is listed & calculated separately.

Windows	Doors	Air Conditioning	Water heater	Insulation	Furnace
\$	\$	\$	\$	\$	\$

\*New for 2025\* - We also must list the Qualified Manufacturer ID Number for each improvement

#### 8. NJ Veterans Exemption

If you have not already completed the NJ Veterans form and submitted it to NJ along with your DD-214 you can obtain all of that online here: <https://www.state.nj.us/treasury/taxation/military/vetexemption.shtml>. Just notify us that you have submitted the paperwork to NJ prior to preparing your tax return.