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Dear Client,

Happy New Year! 2025 was a very short year, may 2026 be a good one for each of you.

There have been a couple of changes in our office since we prepared your 2024 tax return. After 20 years Kim Dennis retired in June. She will be missed. So, that leads to a second change. Isabella joined us in June as the face at the front desk and voice on the phone. Please welcome her when you communicate with her.

There were several changes in the tax world for 2025. Some of the more visible have to do with the exemption of some overtime and tips from taxable income. And the ability to deduct some interest paid on vehicle loans. However, there are caveats in the details of each of these new benefits.

The IRS will no longer be issuing refunds by paper check. They are moving towards issuing all refunds by Direct Deposit into a bank account. If you have not already done so, please be prepared to let us know what bank account you would like your refunds deposited into. Likewise, the IRS is also working towards electronic payments of balance due and estimated tax payments. We will be able to setup AutoPay of payments to the IRS when we prepare your tax return. Let us know if you would like us to do so.

Keeping with the electronic payment theme: Let us know if you would prefer to pay our invoice online and we will email you an invoice that will allow you to do that.

An important issue is the format used when sending us documents. Please don't send us 'photos' of documents, as we cannot easily process them (and they are frequently too blurry to read the information accurately). **A more reliable and useful format is PDF.** If you don't have a scanner, don't fret. Your smartphone can be used as a scanner. Google "iPhone PDF scanner" or "Android PDF scanner" to find out how. Unfortunately, we are not qualified as tech support, but many 10-year-olds are.

How can you get your tax material to us?

1. Drop-off in the office M-F 8:30-5:00, no need to call or make an appointment.
2. Use our dropbox outside the entrance to the building 24/7.
3. Upload documents to our portal anytime. If you don't have access to a portal yet, let us know and we will send you a link.
4. Of course, the postal service still works (most of the time).

Looking forward to another tax season,

All of us at Scott Associates

Items Needed Checklist - For your 2025 Tax Return Preparation

- 1. **Completed Tax Item Worksheet** (found on the back of this form).
- 2. Providing us with amounts rather than the actual documents can result in **inaccurate** reporting. Please provide us with copies of **all** Forms:
W-2, W-2P, 1095 (A, B and/or C), 8965, 1098, 1098-T, 1099-(???), K-1, etc, etc, etc.
- 3. Closing statements on purchase, sale or refinancing of real estate.
- 4. 2025 Escrow statements (if not already provided).
- 5. If you purchased rental property, bring the property tax bill (needed for allocating cost between land and building).
- 6. All 1099-B forms reporting investment sales in 2025, as well as purchase date and cost Information (which may be included on the year-end tax statement).
- 7. 1099 forms reporting unemployment compensation, state tax refunds, and Social Security benefits received.
- 8. Social Security numbers and birth dates for all dependents (if not previously supplied).
- 9. Name, address, and tax ID numbers of all **child care providers** as well as the amount paid to each. This information is needed before the Dependent Care Credit can be taken.
- 10. **New clients** should bring copies of their last year's federal and state tax returns.
- 11. For interest deduction purposes: all year-end lender loan statements including those refinanced or paid-off during the year relating only to your personal residence or second home (check with us to see if your boat or RV qualifies).
- 12. If you have recently retired and are receiving a pension or annuity, please furnish any correspondence pertaining to options or exclusions regarding such pension or annuity.
- 13. Total of all **items purchased** through the mail, over the internet or out of state which you purchased **without paying a sales tax**. In Maine there is a 5.5% Use Tax on such items. The state of Maine does provide an optional formula method to compute this tax.
- 14. **Charitable** donations of \$250 or more require a receipt, a canceled check is not sufficient. You must have a bank record or a written communication from the recipient as proof of the contribution. For all "non-cash" charitable contributions we will need to know what you gave, to whom, when you bought it and when you gave it. We will also need to know what you paid for it and its fair market value on the date you gave it.
- 15. If you made **estimated tax payments** to the IRS and/or the State, we need to know the date and amount of each payment made in and/or for 2025. Please use the "Estimated Tax Payments Made" section on the other side of this sheet.
- 16. A list of college loan interest and qualified higher education expenses paid **and** Form 1098-T from each educational institution.
- 17. Activity in **foreign** bank, investment and trust accounts for the calendar year.
- 18. Any other documents you feel may be helpful or questions you might have.

Tax Item Worksheet - for items paid in 2025

| Medical (A) | |
|---------------------------|-----------|
| Prescription drugs | \$ _____ |
| Health Ins. Premiums | \$ _____ |
| Medicare Premiums (on SS) | \$ _____ |
| Dental Ins. Premiums | \$ _____ |
| Long-Term Care Ins. | \$ _____ |
| Dr. _____ | \$ _____ |
| Dr. _____ | \$ _____ |
| DDS _____ | \$ _____ |
| OD _____ | \$ _____ |
| Hospital _____ | \$ _____ |
| Medical Lodging | \$ _____ |
| Glasses & Hearing Aids | \$ _____ |
| Lab. and X-ray | \$ _____ |
| Miles driven for Medical | _____ mi. |

| Contributions | |
|----------------------------|-----------|
| House of Worship | \$ _____ |
| Payroll Deductions | \$ _____ |
| United Way | \$ _____ |
| Heart/Lung/Cancer/PBS/etc. | \$ _____ |
| Salvation Army | \$ _____ |
| Goodwill | \$ _____ |
| Miles driven for Charity | _____ mi. |

Note: Provide information on Non-Cash donations

| Taxes | |
|--------------------------------|----------|
| State & Local Income Taxes | \$ _____ |
| Real Estate Taxes | \$ _____ |
| Other Property Taxes | \$ _____ |
| Vehicle Excise taxes | \$ _____ |
| Vehicle Excise taxes | \$ _____ |
| Boat Excise taxes | \$ _____ |
| Sales Tax on vehicle purchased | \$ _____ |

| Due Diligence Documents (please provide) | |
|---|--|
| <u>Proof of Residency of a Qualifying Child</u> | |
| School records or statement | |
| Health care provider statement | |
| Medical records | |
| Child care provider records | |
| Placement agency statement | |
| <u>Proof of Disability of Qualifying Child</u> | |
| Statement of medical doctor | |
| Statement of other health care provider | |
| Statement of social services agency | |
| <u>Proof of Education Expenses</u> | |
| Form 1098-T from College or University | |
| Transcripts | |
| Billing statements or Invoices | |

| Interest (B) | |
|-----------------------------------|----------|
| Home mortgage - 1st* | \$ _____ |
| Home mortgage - 2nd* | \$ _____ |
| Home equity loan (C) | \$ _____ |
| Education Loans | \$ _____ |
| Mortgage Insurance | \$ _____ |
| * If paid to an individual, list: | |
| Name _____ | |
| Address _____ | |
| City, St, Zip _____ | |
| Soc. Sec. # _____ | |

| Other Information | |
|-----------------------------------|------------------|
| Alimony (Paid? or Received?) | \$ _____ |
| Date of Divorce: | / / |
| IRA deposits - Taxpayer (T or R?) | \$ _____ / _____ |
| IRA deposits - Spouse (T or R?) | \$ _____ / _____ |
| SEP deposits | \$ _____ |

| Estimated Tax Payments Made | | | | |
|------------------------------------|-----------|------------|----------|--|
| Due Date | Date Paid | Federal \$ | State \$ | |
| 1/15/2025 | | | | |
| 4/15/2025 | | | | |
| 6/15/2025 | | | | |
| 9/15/2025 | | | | |
| 1/15/2026 | | | | |

| Child Care expense | |
|----------------------------------|----------|
| | \$ _____ |
| | \$ _____ |
| | \$ _____ |
| Child Care provider information: | |
| Name _____ | |
| Street _____ | |
| City, St, Zip _____ | |
| SS (or EI) # _____ | |

(A) Total medical expense deduction is subject to an exclusion equal to 7.5% of Adjusted Gross Income.

(B) Only home mortgage, home equity loan interest (see (C) below), points paid to buy or improve your main home, investment interest expense (up to amount of your investment income), student loan interest (with some limitations) and interest paid in the operation of a business or income producing property is deductible.

(C) Interest paid on Home Equity Loans is **only deductible** if loan proceeds were used to buy, build, or substantially improve the taxpayer's home that secures the loan.