PROFESSIONAL MANAGEMENT
HEALTHCARE CONSULTANTS, INC.

Serving the Medical and Dental Community Since 1951

2026

Accounting Procedures & Information

IRS CIRCULAR 230 NOTICE: Any federal tax advice contained in this communication (or in any attachment) is not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing, or recommending any transaction or matter addressed in this communication.

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Accounting CS – Professional Accounting Software

Accounting CS is our professional accounting software. Our clients can manage all their bookkeeping needs such as paying bills, recording deposits, and in-house payroll processing. We can collaborate with our clients in real time, meaning both you and your accountant can view screens at the same time. Access to your business checkbook requires an online portal. There is a small monthly fee for the Accounting CS Check Writing feature, as well as the Accounting CS Payroll Writing feature. Training is provided by a PMHCC staff member.

The online portal offers the following digital features:

- The Documents section in the online portal allows your accountant to send files electronically such as General Ledger Reports, Financial Statements, Tax Returns, Payroll Reports, etc. to the Documents section. You have the capability to download and/or print the documents.
- The File Exchange feature in the online portal enables you to access and upload documents between yourself and a PMHCC staff member. You have the capability to download and/or print documents.

Part of our payroll services offer the following digital features:

- Your employees can receive their payroll check stubs (including their W-2's) electronically through a feature called Employee Self Service.
- As mentioned above, our payroll department can send your payroll reports electronically to your online portal.
- There is a feature called Remote Payroll Services. This feature allows you the capability to enter employee time, changes in payroll deductions, address changes, print reports and this information is sent electronically to our accounting software to process your payroll.
- If you are interested in a web-based timekeeping product, we have a business relationship with Swipeclock. There are many features available with this product including maintaining PTO accruals, allowing employees to request PTO and several reports are available for printing. It integrates with our accounting software allowing us to process your payroll. There is even a TimeWorks Mobile app available that allows your employees to download to their phone to clock in and clock out, request PTO, check the status of hours worked and much more.

If you are interested in any of these features, please contact your consultant today!

IRS Provides Adjustments for 2026

The tax items for tax year 2026 of greatest interest to most taxpayers include the following dollar amounts:

- **The standard deduction** for married couples filing jointly for tax year 2026 rises to $32,200, up $700 from the prior year. For single taxpayers and married individuals filing separately, the standard deduction rises to $16,100 for 2026, up $350, and for heads of households, the standard deduction will be $24,150 for tax year 2026, up $525.

- **The personal exemption** for tax year 2026 remains at 0. This elimination of the personal exemption was a provision in the Tax Cuts and Jobs Act and is extended by the new tax bill.

- **Marginal Rates:** For tax year 2026, the top tax rate remains 37% for individual single taxpayers with incomes greater than $640,600 ($768,700 for married couples filing jointly).

  The other rates are:
  - 35% for incomes over $256,225 ($512,450 for married couples filing jointly).
  - 32% for incomes over $201,775 ($403,550 for married couples filing jointly).
  - 24% for incomes over $105,700 ($211,400 for married couples filing jointly).
  - 22% for incomes over $50,400 ($100,800 for married couples filing jointly).
  - 12% for incomes over $12,400 ($24,800 for married couples filing jointly).
    The lowest rate is 10% for incomes of single individuals with incomes of $12,400 or less ($24,800 for married couples filing jointly).
- **Itemized Deductions:** The new tax bill (OBBBA) effectively caps the value of allowable itemized deductions at 35% for taxpayers in the highest (37%) tax bracket. The state and local tax (SALT) deduction limit has increased to $40,000 for most taxpayers with MAGI under $500,000

- **The Alternative Minimum Tax exemption** amount for tax year 2026 is $90,100 and begins to phase out at $500,000 ($140,200 for married couples filing jointly for whom the exemption begins to phase out at $1,000,000).

- The tax year 2026 maximum **Earned Income Tax Credit** amount is $8,231 for qualifying taxpayers who have three or more qualifying children, an increase of $185 from $8,046 in tax year 2025. The IRS has a table providing maximum EITC amount for other categories, income thresholds and phase-outs.

- For tax year 2026, **the monthly limitation for the qualified transportation** fringe benefit and the monthly limitation for qualified parking increases to $340, an increase of $15 from the limit for 2025.

- For the taxable years beginning in 2026, **the dollar limitation for employee salary reductions** for contributions to health flexible spending arrangements increases to $3,400.

- For tax year 2026, participants who have self-only coverage in a **Medical Savings Account**, the plan must have an annual deductible that is not less than $2,900, an increase of $50 from tax year 2025, but not more than $4,400, an increase of $100 from tax year 2025. For self-only coverage, the maximum out-of-pocket expense amount is $5,850, an increase of $150 from 2025. For tax year 2026, for family coverage, the annual deductible is not less than $5,850, an increase of $150 from tax year 2025; however, the deductible cannot be more than $8,750, an increase of $200 versus the limit for tax year 2025. For family coverage, the out-of-pocket expense limit is $10,700 for tax year 2026, an increase of $200 from tax year 2025.

- For tax year 2026, the **foreign earned income exclusion** is $132,900, increased from $130,000 from tax year 2025.

- **Estates of decedents** who die during 2026 have a basic exclusion amount of $15,000,000 which increased from $13,990,000 for estates of decedents who died in 2025.

- **The annual exclusion for gifts** remains the same at $19,000 for calendar year 2026.

- **The maximum credit allowed for adoptions** for tax year 2026 is the amount of qualified adoption expenses up to $17,670, increased from $17,280 from 2025. The amount of credit that be refundable is $5,120.

- **Above-the-line charitable deductions.** Included in the new tax bill is an above the line deduction for qualifying cash charitable contribution up to $2,000 for married joint filers and $1,000 for single filers.

- **The modified adjusted gross income amount** used by taxpayers to determine the reduction in the Lifetime Learning Credit provided in § 25A(d)(2) is not adjusted for inflation for taxable years beginning after Dec. 31, 2020. The Lifetime Learning Credit is phased out for taxpayers with modified adjusted gross income more than $80,000 ($160,000 for joint returns).

- **Child Tax Credit:** The new tax bill made the child tax credit permanent with a maximum of $2,200 for each qualifying child. Income phaseouts are $400,000 for married joint filers and $200,000 for single and head of household filers.

Beneficial Ownership Information (BOI)

UPDATE: As of March 26, 2025 the Financial Crimes Enforcement Network (FINCEN) determined that all entities created in the United States and their beneficial owners are exempt from the requirement to report beneficial ownership information to FINCEN.

Bonus and Section 179 Depreciation

The 2025 Tax Bill (One Big Beautiful Bill Act) updated section 179 and additional first year (bonus) depreciation.

- The new bill makes 100% bonus depreciation permanent for all qualifying purchases after January, 19, 2025
- For property placed in service after 2024 section 179 expenses limits are increased to $2,500,000 and the phasedown threshold is increased to $4,000,000.

Required Minimum Tax Distributions (RMD)

Required minimum distributions (RMDs) are the minimum amounts you must withdraw from your retirement accounts each year. In 2024 and beyond, you must start taking withdrawals from your traditional IRA, SEP, SIMPLE IRA, and retirement plan accounts when you reach 73.

You can calculate your required minimum distribution by doing the following:

- Figure out the balance of your retirement account
- Find your age on the table listed below and note the distribution period number
- Divide the total balance of your retirement account by the distribution period
- This is your required minimum distribution

Age	Distribution Period in Years
73	26.5 Years
74	25.5 Years
75	24.6 Years
76	23.7 Years
77	22.9 Years
78	22.0 Years
79	21.1 Years
80	20.2 Years
81	19.4 Years
82	18.5 Years
83	17.7 Years

84	16.8 Years
85	16.0 Years
86	15.2 Years
87	14.4 Years
88	13.7 Years
89	12.9 Years
90	12.2 Years
91	11.5 Years
92	10.8 Years
93	10.1 Years
94	9.5 Years
95	8.9 Years
96	8.4 Years
97	7.8 Years
98	7.3 Years
99	6.8 Years
100	6.4 Years

Independent Contractors

The independent contractors that you do identify and hire for work will need to provide you with their mailing address and Employer Identification Number or Social Security number. You will need this information from your attorney and your property owner if your office is rented. Other individuals/firms that may qualify as independent contractors include building/leasehold improvement services, lawn maintenance services, and computer repair/maintenance services. These companies or individuals should be given a W-9 when services are contracted and certainly prior to any payments. Please fax us a copy of the W-9 to maintain for processing 1099's at year-end. You can download a W-9 at http://www.irs.gov/pub/irs-pdf/fw9.pdf .

If a company issues a payment to a vendor without first obtaining a Form W-9, the payment could be subject to mandatory backup withholding at a 24% rate. Even when it is later determined that the vendor is not subject to backup withholding (for example, the vendor is later determined to be a corporation), if the company did not obtain a Form W-9 prior to issuing payment, there may still be an issue: on audit, the IRS has pursued the collection of a failure-to deposit penalty on the amount that should have been withheld—because at the time of payment, the company did not know that the vendor payment was exempt from backup withholding

Labor Law Workplace Posters

Federal Law requires employers to display US Department of Labor posters where employees can readily observe them. You do not have to purchase these posters from any source. Just follow the instructions below to obtain FREE posters either by Internet or postal mail.

Go to the website www.dol.gov/general/topics/posters#workplace-posters which will take you to the "Poster Page," then click on the following:

EQUAL EMPLOYMENT OPPORTUNITY IS THE LAW. You then can select English, Spanish, or Chinese version. This poster will open in color but will print in black and white also on a single 8 ½ x 11-inch page. You may obtain free copies also at www1.eeoc.gov/employers/poster.cfm

Fair Labor Standards Act (FLSA) (Minimum wage)

Wages and the Fair Labor Standards Act | U.S. Department of Labor (dol.gov)

Choose the size to print (small B&W-13k will print in black ink on a single 8 ½ x 11-inch page). It is only available in pdf format, so you must have Adobe© Acrobat© Reader© version 5 or later. To obtain posters or for more information about poster requirements or other compliance assistance matters, you may contact the U.S. Department of Labor at 1-866-4-USA-DOL (1-866-487-2365).

HSA Employer and Employee Contributions

A health savings account (HSA) is an account owned by a qualified individual who is generally your employee or former employee. Any contributions that you make to an HSA become the employee's property and cannot be withdrawn by you. Contributions to the account are used to pay current or future medical expenses of the account owner, his or her spouse, and any qualified dependent. The medical expenses must not be reimbursable by insurance or other sources and their payment from HSA funds (distribution) will not give rise to a medical expense deduction on the individual's federal income tax return

Eligibility. A qualified individual must be covered by a High Deductible Health Plan (HDHP) and not be covered by other health insurance except for permitted insurance listed under section 223(c)(3) or insurance for accidents, disability, dental care, vision care, long-term care, or (in the case of plan years beginning on or before December 31, 2023) telehealth and other remote care.

For calendar year 2026, a qualifying HDHP must have a deductible of at least $1,700 for self-only coverage or $3,400.00 for family coverage and must limit annual out-of-pocket expenses of the beneficiary to $8,500 for self-only coverage and $17,000 for family coverage.

There are no income limits that restrict an individual's eligibility to contribute to an HSA nor is there a requirement that the account owner has earned income to contribute.

Exceptions. An individual is not a qualified individual if he or she can be claimed as a dependent on another person's tax return. Also, an employee's participation in a health FSA or health reimbursement arrangement (HRA) generally disqualifies the individual (and employer) from making contributions to his or her HSA. However, an individual may qualify to participate in an HSA if he or she is participating in only a limited-purpose FSA or HRA or a post-deductible FSA.

Employer contributions. Up to specified dollar limits, cash contributions to the HSA of a qualified individual (determined monthly) are exempt from federal income tax withholding, social security tax, Medicare tax, and FUTA tax if you reasonably believe that the employee can exclude the benefits from gross income. For 2026, you can contribute up to $4,400 for self-only coverage under an HDHP or $8,750 for family coverage under an HDHP to a qualified individual's HSA.s

The contribution amounts listed above are increased by $1,000 for a qualified individual who is age 55 or older at any time during the year. For two qualified individuals who are married to each other and who are each age 55 or older at any time during the year, each spouse's contribution limit is increased by $1,000, provided each spouse has a separate HSA. No contributions can be made to an individual's HSA after he or she becomes enrolled in Medicare Part A or Part B.

Reimbursing Staff For Health/Medical Insurance Costs

Under the IRS guidance related to the implementation of the ACA (Affordable Care Act), employers were not allowed to directly reimburse employees for the cost of individual market health insurance for both small (fewer than fifty employees) and large groups. There were steep fines to employers for noncompliance.

However, the **21st Century Cures Act** allowed small employers to start reimbursing employees for individual market health insurance premiums starting in 2017. Note: The Trump Administration has finalized new regulations that allow employers of any size to reimburse employees for the cost of individual market coverage **starting in 2020.**

To allow businesses with fewer than 50 employees which does not offer a group health insurance plan, a **QSEHRA (Qualified Small Employer Health Reimbursement Arrangements**) needs to be established. This will allow the small businesses to reimburse employees, tax-free, for some or all the cost of purchasing individual market health insurance (on or off-exchange). If the plan is purchased on-exchange, the employee could still be eligible for a premium subsidy in the exchange, but the value of the QSEHRA is considered when determining affordability of the coverage, and the amount of the ACA subsidy is reduced by the amount that the employee receives from the employer through the QSEHRA. If the employee is not eligible for a premium subsidy in the exchange or they opt to buy their coverage outside the exchange where subsidies are not available, a QSEHRA could directly benefit the employee if the employer decides to take advantage of the QSEHRA.

The maximum amount under the QSEHRA that an employer can reimburse in 2024 is $6,350 for a single employee coverage and $12,800 for family coverage. Of course, these amounts are indexed each year by the IRS. Additionally, the maximum is prorated by month should the employee be hired during the year.

New Regulations allowing employers of any size to reimburse Individual Market Premiums starting in 2020:
Prior to 2020, current regulations do not allow large employers to reimburse employees' individual market premiums. The employers with fifty or more full-time employees are required to offer health insurance (purchased from an insurance company or self-insured) to avoid the ACS employer mandate penalty and face the steep fines as indicated above if they reimbursed the employees for individual market premiums.

In October 2018, the Department of Labor, Treasury and Health & Human Services published proposed regulations allowing the **use of HRA's** in conjunction with individual market coverage, regardless of the size of the employer. The regulations were **finalized in June 2019 and takes effect as of January 2020** allowing large employers to fulfill the ACA's employer mandate by offering an individual coverage HRA used to reimburse employees for the cost of individual market health insurance.

While QSEHRA's can only be offered if the employer does not offer any group health insurance at all, the new rules allow employers to offer some employees a group health plan, while offering others an HRA that can be used to reimburse individual market premiums. However, this distinction must be based on Bonafide employee classifications. For example, full-time versus part-time employees, and employees cannot be offered an option of either a group plan or an HRA. No class of employees can be offered a choice between a group health plan and an individual coverage HRA – in other words, the employer must make the choice of which option to offer to each class of employees.

Additionally, the final rule stipulates that if a class of employees is offered an individual coverage HRA, it must include a minimum number of employees: at least 10 if the business has fewer than 100 employees; at least 10 percent of employees if the business has between 100 and 200 employees; and at least 20 employees if the business has 200 + employees.

As is the case of QSEHRA's, there can be a somewhat complex interaction between premium subsidy eligibility and individual coverage HRA's. A person can receive a QSEHRA benefit and a premium subsidy, depending on the circumstance as mentioned above, but cannot receive both a premium subsidy and an individual coverage HRA benefit. It will be difficult for an enrollee to sort out the details regarding premiums subsidies and how that eligibility is affected if their employer offers an individual coverage HRA when enrollment starts for 2020.

One more item, unlike QSEHRA's, the final rule for individual coverage HRA's does not limit how much employers can reimburse employees for their individual market coverage. Businesses will have to be consistent in terms of the amounts they offer to members of a class of employees. The reimbursement amounts can vary based on the employee's age, however, the age-based adjustment to reimbursement amounts cannot vary by more than a 3:1 ratio.

It is expected that the final rule will increase millions of people to start receiving individual coverage HRA's in 2020 and grow each year.

Pursuant to the 21st Century Cures Act, under these plans for employers with fewer than fifty full-time employees, the business can reimburse an employee's individually purchased health insurance and other medical costs of up to $6,150 per year for an individual and $12,450 for family (2024 limits). Only employees who obtain their own health insurance that meets the minimum requirements of Obamacare "minimum essential coverage" may benefit from the QSEHRA. Otherwise, reimbursements to the employee without this coverage must be included in the employee's taxable income. Minimum essential coverage includes all individually purchased private insurance, government insurance such as Medicare, and the employee's or spouse's job-based insurance. The employee must provide proof that they have coverage.

All eligible employees must be covered by the QSEHRA. Except the following:

1. Have not completed 90 days of service
2. Are under age 25

3. Are part-time or seasonal employees
4. Are covered by a collective bargaining agreement if health benefits were the subject of good faith bargaining, or
5. Are nonresident aliens with no earned income from sources within the United States

It cannot be used for sole proprietors, partners in partnerships or members of LLCs.

The employer must do the following to establish the plan:
1. Give all eligible employees written notice of the plan 90 days before the beginning of the plan year.
2. The notice must include the following:
   a. List the amount of the employee's permitted benefit for the year
   b. Require the employee to provide information about the QSEHRA to any health insurance exchange to which the employee applies for advance payment of premium assistance tax credits to help pay for health insurance, and
   c. Contain a warning that, if the employee is not covered under minimum essential coverage for any month, the employee may have to pay tax on any plan reimbursements.
   An employer that fails to provide the required notice may be subject to a $50 per employee per failure penalty, up to a $2,500.00 calendar year maximum for all such failures.

Expenses that can be reimbursed:
1. Diagnosis, cure, mitigation, treatment or prevention of disease, or any prevention of disease, or any expense paid to affect the structure or function of the human body.
2. Premiums of health and accident insurance, health insurance deductible and co-payments
3. Acupuncture, chiropractors, eyeglasses and contact lenses, dental treatment, laser eye surgery, psychiatric care, and treatment for learning disabilities.
4. Prescription medications but not nonprescription medications.

Reimbursement Procedures:
1. Employees submit written requests for reimbursement of their covered medical expenses.
2. Employer pays only after receiving proof from the employee that he or she has minimum essential coverage.
3. No salary reduction contributions may be made under the QSEHRA
4. Any unused reimbursement amounts may be rolled over to be used in future years.
5. Employer must report the total reimbursements made during the year on the employee's Form W-2. However, if the requirements covered are satisfied, these will be tax free to the employee and tax deductible by the employer.

Educational Assistance

This exclusion applies to educational assistance the employer provides to employees under an educational assistance program. The exclusion also applies to graduate-level courses.

Educational assistance means amounts the employer pays or incurs for employees' education expenses. These expenses generally include the cost of books, equipment, fees, supplies, and tuition. However, these expenses do not include the cost of a course or other education involving sports, games, or hobbies, unless the education has a reasonable relationship to the business, or is required as part of a degree program.

Education expenses do not include the cost of tools or supplies (other than textbooks) the employee is allowed to keep at the end of the course. Nor do they include the cost of lodging, meals, or transportation. The employee must be able to provide substantiation to the employer that the educational assistance provided was used for qualifying education

Exclusion for employer payments of student loans. *Section 2206 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), expanded the definition of educational assistance to include certain employer payments of student loans paid after March 27, 2020. The exclusion applies to the payment by an employer, whether paid to the employee or to a lender, of principal or interest on any qualified education loan incurred by the employee for the employee's education. Qualified education loans are defined in chapter 11 of Pub. 970. This exclusion was made permanent in the 2025 tax bill (OBBBA).*

Educational assistance program. An educational assistance program is a separate written plan that provides educational assistance only to the employees. The program qualifies only if all the following tests are met.

- The program benefits employees who qualify under rules set up by the employer that do not favor highly compensated employees. To determine whether the program meets this test, do not consider employees excluded from your program who are covered by a collective bargaining agreement if there is evidence that educational assistance was a subject of good-faith bargaining.

- The program does not provide more than 5% of its benefits during the year for shareholders or owners (or their spouses or dependents). A shareholder or owner is someone who owns (on any day of the year) more than 5% of the stock or of the capital or profits interest of your business.

- The program does not allow employees to choose to receive cash or other benefits that must be included in gross income instead of educational assistance.

- The employer gives reasonable notice of the program to eligible employees.

The program can cover former employees if their employment is the reason for the coverage.

For this exclusion in 2026, a highly compensated employee is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.

2. The employee received more than $160,000 in pay for the preceding year.

The employer can choose to ignore test (2) if the employee was not also in the top 20% of employees when ranked by pay for the preceding year.

Employee. For this exclusion, treat the following individuals as employees.

A current employee.

A former employee who retired, left on disability, or was laid off.

A leased employee who has provided services to the employer on a substantially full-time basis for at least a year if the services are performed under the employer's primary direction or control.

The employer (if the employer is a sole proprietor).

A partner who performs services for a partnership.

Exclusion from wages. The exclusion is up to $5,250 of educational assistance the employer provides to an employee under an educational assistance program from the employee's wages each year.

Assistance over $5,250. If the employer does not have an educational assistance plan, or the employer provides an employee with assistance exceeding $5,250, the employer must include the value of these benefits as wages, unless the benefits are working condition benefits. Working condition benefits may be excluded from wages. Property or a service provided is a working condition benefit to the extent that if the employee paid for it, the amount paid would have been allowable as a business or depreciation expense.

Educational assistance in excess of the excludable amount is subject to **Federal, Social Security and Medicare Taxes.**

Education as a Working Benefit Condition

Certain job-related education you provide to an employee may qualify for exclusion as a working condition benefit. To qualify, the education must meet the same requirements that would apply for determining whether the employee could deduct the expenses had the employee paid the expenses. Degree programs do not necessarily qualify as a working condition benefit. Each course in the program must be evaluated individually for qualification as a working condition benefit. The education must meet at least one of the following tests.

- Education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer.
- Education maintains or improves skills needed in the job.

However, even if the education meets one or both above tests, it is not qualifying education if it:

- Is needed to meet the minimum educational requirements of the employee's present trade or business, or
- Is part of a program of study that will qualify the employee for a new trade or business.

North Carolina Update

Income Tax Rate — The rate for tax years on or after January 1, 2024, is 4.5% of the taxpayer's North Carolina taxable income, down from the previous rate of 4.75%. This is part of a 3-year gradual decrease announced on September 22nd, 2023, by Governor Roy Cooper.

Tax Year	NC Income Tax Rate
2025	4.25%
2026	3.99%
2027	3.99%

Businesses

Corporate Tax Rate — The Corporate tax rate is 2.0% for the tax years 2026 and 2027. The corporate tax rate is further scheduled to drop to 1% in 2028 and 2029 and to 0% in 2030.

Franchise Tax Rate — North Carolina implements a flat minimum tax of $200 for the first $1 million of an S corporation's tax base, and an additional tax of $1.50 per $1,000 of a corporation's tax base that exceeds $1 million. This tax may not be lower than $200. This rate reduction is for taxable years beginning on or after January 1, 2019, and is applicable to the calculation of state franchise tax reported on the 2018 and later North Carolina corporate income tax returns.

Annual Report — North Carolina removed the Department of Revenue from the annual report process. The Annual Report must be filed directly with the NC Secretary of State instead of the option to file with the Department of Revenue in paper form. There is no longer a line designated for payment of the annual report fee with your tax return.

Retirement Plans: 2026 Annual Plan Contribution Limits

	2026	2025	2024	2023
Compensation	$360,000	$350,000	$345,000	$330,000
Limits on Benefits and Contributions				
Defined contribution plans	$72,000	$70,000	$69,000	$66,000
Cash Balance/Defined benefit plans	$290,000	$280,000	$275,000	$265,000
401(k), 403(b) and 457 plan elective deferrals	$24,500	$23,500	$23,000	$22,500
SIMPLE plan elective deferrals	$17,000	$16,500	$16,000	$15,000
IRA	$7,500	$7,000	$7,000	$6,500
Catch-up Contributions				
401(k), 403(b) and 457 plans	$8,000	$7,500	$7,500	$7,500
SIMPLE plans	$4,000	$3,500	$3,500	$3,500
IRA	$1,100	$1,000	$1,000	$1,000
SECURE 2.0 Catch-up Contributions				
401(k), 403(b) and 457 plans	$12,000	$11,250		
SIMPLE plans	$5,250	$5,250		
"Highly Compensated" definition	$160,000	$160,000	$155,000	$150,000
"Key Employee" definition				
Officer	$235,000	$230,000	$220,000	$215,000
One percent owner	$150,000	$150,000	$150,000	$150,000

Quick Facts Data Sheet

	2026	2025	2024	2023	2022
Standard Deduction:					
MFJ or QW	$32,200	31,500	29,200	27,700	25,900
Single & MFS	$16,100	15,750	14,600	13,850	12,950
HOH	$24,150	23,625	21,900	20,800	19,400
Personal Exemption	0	0	0	0	0
Kiddie Tax unearned income threshold	$1,350	1,350	1,300	1,250	1,150
Section 179 limit	$2,560,000	1,250,000	1,220,000	1,080,000	1,080,000
Section 179 – SUV limit	$32,000	31,300	30,500	28,900	27,000
Section 179 – qualifying property phase-out threshold	$4,090,000	3,130,000	3,050,000	2,890,000	2,700,000
Standard mileage allowances:					
Business	72.5¢	70¢	67¢	62.5¢	58.5¢
Charity work	14¢	14¢	14¢	14¢	14¢
Medical/moving	20.5¢	21¢	21¢	22¢	18¢
Health Savings Accounts – contribution limit:					
Self-only coverage	$4,400	4,300	4,150	3,850	3,650
Family coverage	$8,750	8,550	8,300	7,750	7,300
Additional contribution limit – age 55 or older	$1,000	1,000	1,000	1,000	1,000
Health flexible spending arrangements – contribution limit	$3,400	3,300	3,200	3,050	2,850
Maximum earnings subject to Social Security Tax	$184,500	176,100	168,600	160,200	147,000
Estate and gift tax exclusion	$15,000,000	13,990,000	13,610,000	12,920,000	12,060,000
Gift tax annual exclusion	$19,000	19,000	18,000	17,000	16,000

Tax Calendar 2026 Updates

January 15, 2026

Individuals: Make 4th quarter payment of your estimated tax for 2025.

February 2, 2026

All employers: Give your employees their copies of Form W-2 for 2025.

File Form W-3 along with Copy A of all the Form W-2s you issued for 2025. Whether you file using paper forms or electronically.

Give an annual information statement to recipients of certain payments you made during 2025 (Form 1099 or Form 1099-NEC).

February 16, 2026

Individuals: If you claimed exemption from income tax withholding for 2025 on the Form W-4 you gave your employer, you must file a new Form W-4 by this date to continue your exemption for another year.

March 2, 2026

All businesses: File an information return (Form 1096) with IRS for certain payments you made during 2025.

March 16, 2026

S corporations: File a 2025 calendar year income tax return. If you want an automatic 6-month extension, file Form 7004.

S elections: File Form 2553 to choose to be treated as an S corporation, beginning with calendar year 2025.

Partnerships: File a 2025 calendar year return (Form 1065) and provide each partner with a copy of Schedule K-1. If you want an automatic 6-month extension to file the return and provide Schedule K-1, file Form 7004.

March 31, 2026

All businesses: Electronically file those information returns listed under March 2nd above (e.g., Form 1099s, Form W-2s, etc.). (March 2nd is the due date for non-electronic filers.)

April 15, 2026

Individuals: File an income tax return for 2025 (Form 1040) and pay any tax due. If you want an automatic 6-month extension to file, file Form 4868 and estimate your tax.

Contributions to an IRA for 2025 must be made by this date. Contribute to Solo 401(k) plan or Simplified Employee Pension Plan (SEP) for 2025 if filing of Form 1040 was not extended.

Contribute to Health Savings Account (HSA) for 2025.

If you are not paying your 2026 income tax through withholding, pay the first installment of your 2026 estimated tax by this date.

C corporations: File a 2025 calendar year income tax return and pay any tax still due. If you want an automatic 6-month extension, file Form 7004 and deposit what you estimate you owe.

Corporations: Deposit the first installment of estimated income tax for 2026.

June 15, 2026

Individuals: Make the second installment payment of your 2026 estimated tax.

Corporations: Deposit the second installment of estimated income tax for 2026.

July 31, 2026

All employers: If you maintain an employee benefit plan, file Form 5500 for calendar year 2025.

September 15, 2026

Individuals: Make the third installment payment of your 2026 estimated tax.

S corporations: File 2025 calendar year income tax return (Form 1120S) and pay tax due if you were given an automatic 6-month extension.

Corporations: Deposit the third installment of estimated income tax for 2026.

Partnerships: File a 2025 calendar year return (Form 1065) if you were given an automatic 6-month extension.

October 15, 2026

Individuals: If you have an automatic 6-month extension to file your income tax return for 2025, file Form 1040 and pay any tax, interest, and penalty due.

Contribute to Solo 401(k) plan or Simplified Employee Pension (SEP) for 2025 if filing of Form 1040 was extended.

C corporations: File 2025 calendar year income tax return (Form 1120) and pay tax due if you were given an automatic 6-month extension.

December 15, 2026

Individuals: Required Minimum Distribution (RMD) by individuals who are seventy-three or older at the end of 2026

Corporations: Deposit the fourth installment of estimated income tax for 2026.

Contribution to employer sponsored retirement plan for 2026 (401(k), 403(b), 457 or federal thrift savings plans)

Appendix A

Employee Expense Reimbursement Voucher

MONTH:________ YEAR:______ DATE:__________________

LOCATION OF MEETING:____ TO

MY EMPLOYER:

During the month, I incurred expenses connected with my employment. I understand the rules and policy for reimbursement and certify that all such expenses are related to my employment. I am attaching substantiating documentation including receipts and other proof of my expenditures.

<u>**DESCRIPTION OF EXPENSE**</u>	<u>**AMOUNT**</u>
1. Meeting registration fees and commercial travel and lodging while away from home	$__________
2. Dues	$__________
3. Meals	$__________
4. Auto travel ______________ Miles x ___¢ per mile	$__________
5. Telephone - Business portion and long-distance business calls made from personal telephone	$__________
6. Advertising/promotions expense incurred on behalf of employer	$__________
7. Other employment related expenses: ________________________________ ________________________________ ________________________________	$__________
TOTAL REIMBURSEMENT	$__________

____________________________________ ____________

SIGNATURE DATE

Appendix B

<u>How to Substantiate Certain Business Expenses</u>

IF you have expenses for:	THEN you must keep records that show details of the following elements:			
	Amount	**Time**	**Place or Description**	**Business Purpose and Business Relationship**
Travel	Cost of each separate expense for travel, lodging and meals. Incidental expenses may be totaled in reasonable categories such as taxis, daily meals for traveler, etc.	Dates you left and returned for each trip and number of days spent on business	Destination or area of your travel (name of city, town, or other designation).	Purpose: Business purpose for the expense of the business benefit gained or expected to be gained. Relationship: N/A
Business Meals	Cost of the meal.	Date of business meeting.	Name and address of location of place of business meeting. Also see Business Purpose.	Purpose: Business purpose for the expense of the business benefit gained or expected to be gained. Relationship: Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you. You must also prove that you or your employee was present at the meeting.
Gifts	Cost of the Gift. Fair Market Value as of Date of Gift.	Date of the Gift	Description of the Gift.	
Transportation	Cost of each separate expense. For car expense, the cost of the car and any improvement, the date you started using it for business and mileage for each business use and the total miles for the year.	Date of the expense. For car expense, the date of the use of the car.	Your business destination.	Purpose: Business purpose for the expense. Relationship: N/A

Appendix C

How the IRS Determines Who is an Employee

The IRS has issued a list of twenty factors designated as guides to determine whether an individual you hire to perform a job is an employee or an independent contractor. If you answer any of these questions "yes," you may have an employee.

	YES	NO
1. Do you need to instruct the person about when, where, and how to work?	☐	☐
2. Do you need to train the worker to do the job?	☐	☐
3. Is the worker integrated into your normal business operation?	☐	☐
4. Are the services rendered personally by the worker or can he delegate the work?	☐	☐
5. Are you responsible for the worker's assistants and or subordinates?	☐	☐
6. Is there a continuing relationship with this worker?	☐	☐
7. Do you set the worker's hours?	☐	☐
8. Do you restrict the worker's freedom as to when and for whom he will work?	☐	☐
9. Is the worker required to perform his tasks on your premises?	☐	☐
10. Do you control the order or sequence of the tasks to be completed?	☐	☐
11. Do you have a high level of supervision over the person?	☐	☐
12. Do you pay by time instead of by the job?	☐	☐
13. Do you pay the person's travel and other expenses?	☐	☐
14. Do you furnish his or her tools and material?	☐	☐
15. Do you invest in the facilities that are used in performing the services?	☐	☐
16. Do you restrict the profit or loss the person can earn from his services?	☐	☐
17. Does the person perform similar services for more than one business at a time?	☐	☐
18. Does the person make his services available to the public?	☐	☐
19. Do you have the right to fire the person even if he meets your contract specifications?	☐	☐
20. Can the person quit the job without any liability?		

While a "yes" answer to any one of the foregoing items will not necessarily indicate an employment relationship, the more "yes" boxes that are checked, the more likely the person is an employee rather than an independent contractor. Please contact us prior to issuing checks if you are unsure if you have an employee or independent contractor.

Appendix D
Client Letters

Home Office Deduction

There are very strict and specific rules governing the home office deduction and claiming the deduction will vary depending on your employment status – self-employed or employee. The following will highlight the requirements for both.

SELF EMPLOYED INDIVIDUALS

If you are **self-employed** (file a Schedule C Profit or Loss from Business on your personal tax return) and work out of an office in your home, to deduct home office expenses, you must use the space <u>exclusively</u> and <u>regularly</u>:

1. As a principal place of business, or
2. As a place to meet or deal with clients and customers in the normal course of business, or
3. "in connection with" the business if the space is a separate structure from the residence. What does exclusive and regular use mean?

Exclusive Use: Your home office is used for business purposes only. There is no requirement that the business portion of a room be physically separated from the rest of the room by a wall or other demarcation. But, any personal use of the space, no matter how small, means the exclusive use test is failed.

Regular Use: The area used for business is used on a continuing basis. Occasional or incidental business use does not meet the regular use test, even if the area is used for no other purpose. Tax Court found that a dentist who used his home office to treat emergency patients failed to meet the regular use requirement because the use was only occasional and not to meet with patients in the normal course of his business.

<u>Administrative and Management Activities</u>. A home office will also qualify as a principal place of business if:

- The taxpayer exclusively and regularly uses the office to conduct administrative or management activities of the taxpayer's business, and
- There is no other fixed location of the business where the taxpayer conducts substantial administrative or management activities

You can have another office away from the residence and still claim the home office deduction if the above criteria are met. The correct test to apply here is where the administrative or management work is actually done – not where it could be done.

If you satisfy any of the tests above (principal place of business, place to meet with clients or separate structure test), you will be entitled to above-the-line business expense deductions for the following:

- the "*<u>direct expenses</u>*" of the home office -e.g., the costs of painting or repairing the home office, depreciation deductions for furniture and fixtures used in the home office, etc.; and
- the "*<u>indirect expenses</u>*" of maintaining the home office -e.g., the properly allocable share of utility costs, depreciation (39 years – straight line), insurance, etc., for your home, as well as an allocable share of mortgage interest, and real estate taxes.

In addition, if your home office is your "principal place of business", you can deduct all daily transportation costs (commuting costs) incurred in going between your residence and other work locations in the same trade or business.

Computing the home office deduction: The computation of the home office deduction for indirect expenses is based on the allocation of the home office usage versus total usage. Any reasonable method can be used, including allocations based on either square footage or number of rooms used for business to total rooms in the house. Courts held that square footage method is more reasonable where the rooms in the home were not equal size. Total area is not defined, but courts allowed taxpayers to consider living space only.

Amount limitations. The business portion of qualified residence interest, property taxes and casualty losses are deducted without limit. However, the deduction for the business portion of the home operating costs (such as insurance or utilities) is limited to the business' income minus deductions allowed regardless of whether the home is used for business. Deductions that are disallowed are carried forward to the following year.

Sales of homes with home offices. If you sell - at a profit - a home that contains, or contained, a home office, the otherwise available $250,000/$500,000 exclusion for gain on the sale of a principal residence will not apply to the portion of your profit equal to the amount of depreciation you claimed on the home office. In addition, the exclusion will not apply to the portion of your profit allocable to a home office that is separate from the dwelling unit. Otherwise, the home office will not affect your eligibility for the exclusion.

Simplified method for computing home office deduction. A simplified method for computing the qualified home office deduction is available. Under this method, the deduction equals $5 multiplied by the home's square footage used for qualified business use (up to three hundred square feet).

EMPLOYEES

In the case of an employee, the business use of the home must be for the convenience of the employer. This requirement is satisfied if:

- you maintain your home office as a condition of employment—in other words, if your employer specifically requires you to maintain the home office and work there;
- your home office is necessary for the functioning of your employer's business; or
- your home office is necessary to allow you to perform your duties as an employee properly.

The convenience of the employer requirement is hard to meet. If the employee has an office furnished by the employer, it is unlikely that working from home is for the employer's convenience. Merely doing work for your employer in your home office does not make your use of your home office for the convenience of your employer. Employees can no longer deduct the use of your home office on form 2106.

Solution: To overcome this limitation, have the employer reimburse the employee for expenses directly related to the home office and allocated expenses. The arrangement will qualify as tax-free working condition fringe if it is considered an "accountable plan." (pays only deductible business-related expenses, requires the employee to substantiate the expenses, and requires the employee to return any amount in excess of the substantiated expenses to the corporation)

Proper planning can be the key to nailing down the optimum tax treatment for your office at home expenses. We are prepared to assist you with advice about any of the issues discussed above.

Sincerely,

Professional Management Healthcare Consultants, Inc.

Business Meals

Dining with clients and customers is a fundamental cost of doing business. Unfortunately, this type of expense requires you to jump through several extra hoops to qualify as deductible and is subject to limitations. Nevertheless, if you pay careful attention to the rules outlined below, the expenses should qualify as deductible.

(1) Ordinary and necessary business expenses. All business expenses must meet the general deductibility requirement of being "ordinary and necessary" in carrying on the business. These terms have been broadly defined to mean customary or usual, and appropriate or helpful.

(2) "Directly related" or "associated with." A second level of tests especially applicable to meals expense must also be satisfied. Under them, the business meal must be either "directly related to" or "associated with" the business. "Directly related" means involving an "active" discussion aimed at getting "immediate" revenue. Thus, a specific, concrete business benefit is expected to be derived, not just general goodwill from making a client or associate view you favorably. And the principal purpose for the event must be business. Also, you must have engaged actively during the event, via a meeting, discussion, etc.

(3) Substantiation. Almost as important as qualifying for the deduction are the requirements for proving that it qualifies. The use of reasonable estimates is not enough to stand up to IRS challenge. You must be able to establish the amount spent, the time and place, the business purpose, and the business relationship of the individuals involved. Obviously, you must set up careful and detailed record-keeping procedures to keep track of each business meal and to justify its business connection. For expenses of $75 or more, documentary proof (receipt, etc.) is required.

(4) Deduction limitations. Several additional limitations apply. First, expenses that are "lavish or extravagant" are not deductible. This is generally a "reasonableness" test and does not impose any fixed limits on the cost of meals. Expenses incurred at first class restaurants can qualify as deductible. More importantly, however, once the expenditure qualifies, it is only 50%.

Substantiation Requirements

To substantiate meals expense, at minimum, you must document the following:

1. *The amount of expense, time, and place*: Date of meal and duration of discussion. Also, name and address or location of place of meal.
2. *Business purpose*: Business reason or the business benefit gained or expected to be gained. Nature of business discussion or activity.
3. *Business relationship*: Occupations, names, titles and/or other information about persons present that shows business relationship to taxpayer. Taxpayer must prove that he or his employee was present if it was a business meal.

The importance of substantiation cannot be overemphasized, especially with meals. The so-called Cohan rule that sometimes allows taxpayers to estimate the amount of certain business expenses is not available for meal expenses.

To help you fulfill the substantiation requirements, we have included with this letter a monthly meals and entertainment log.

Sincerely,

Professional Management Healthcare Consultants, Inc.

MEALS LOG

MONTH ____________________________ YEAR_____________

DATE & TIME	MEALS $	PURPOSE OF & LOCATION	NAMES OF PARTICIPANTS	BUSINESS DISCUSSION

Business Travel

The purpose of this letter is to advise you of the rules for deducting the cost of your out-of-town business travel. In general, expenses for transportation and lodging are deductible for travel *away from home overnight* on business. "Away from home" means, away from the individual's tax home. The tax home includes the entire city or general area where the taxpayer regularly conducts business. The tax home is determined without regard to where the taxpayer's family home is located. Taxpayers are also allowed to deduct the cost of meals, even if they are "personal," i.e., not connected with business, although, as with all deductible meals, only 50% of the cost is allowed.

The *overnight requirement* is met if the taxpayer is away from home longer than an ordinary workday and is away long enough that (s)he cannot reasonably be expected to complete the trip without sleep or rest.

Combined business/pleasure travel: Some allocations may be required if the taxpayer's trip involves both business and personal activities and a portion of the travel expenses may be nondeductible personal expenses rather than deductible business expenses. One set of rules applies to domestic travel (inside the US) and a separate set of rules applies to foreign travel.

Domestic Travel: The proper treatment of the travel expenses depends on how much of the trip was business related. Whether the trip is primarily business or primarily personal related depends on facts and circumstances. An important factor is the amount of time spent on personal activities compared to the amount of time spent on activities directly relating to business, although this is not the sole factor

- *Primarily Business*: the deductible travel expenses include the cost of getting to and from the business destination and all business-related expenses. Personal costs are not deductible.
- *Primarily Personal*: the cost of getting to and from the destination are non-deductible, however any business costs incurred while at the destination are deductible expenses.

Foreign Travel: If the primary purpose of the trip is for business, but some time is spent on personal activities, travel costs are allocated between deductible business expenses and nondeductible personal expenses using the day-to-day allocation method:

Total travel expenses x (number of business days/total days outside of US)

Here transportation days are considered business days. Weekends and holidays are also business days if they fall between business days.

Safe Harbor for 100% deduction: Even if time is spent on non-business activities, the trip is considered entirely for business if one of the following conditions is met.

- No more than seven consecutive days are spent outside the US. Caution: out-of-pocket costs incurred on personal days are not deductible; or
- Less than 25% of total time on the trip is devoted to nonbusiness activities; or
- The taxpayer has no substantial control over arranging the trip; or
- The taxpayer establishes that personal vacation was not a major consideration

Conventions

Only business-related conventions and seminars can generate deductions for travel expenses. No travel expense deductions are allowed for attending conventions or seminars (within or outside of the US) that are investment related.

Conventions held outside of North America: In addition to proving business relationship, the taxpayer must establish that it is as reasonable for the meeting to be held outside of North America as in it. Reasonableness is based on the purpose of the meeting, activities taking place at the meeting, activities of sponsors, homes of sponsors and other relevant factors.

Cruise Ship Conventions: A deduction of up to $2,000, per person, per year is allowed for expenses incurred in connection with a business seminar held on a cruise ship as long as (1) it is directly related to the taxpayer's trade or business, (2) the ship is a US flagship and (3) all ports of call are located within the US or its possessions. To deduct, taxpayers must attach two written statements to their tax return:

- *Statement #1:* Signed by taxpayer. Must specify the number of hours spent on business activities and total days of the trip and program of business activities.
- *Statement #2:* Signed by an officer of the sponsoring organization. Must include a detailed schedule of each day of the meeting and the number of hours taxpayer attended.

Substantiation Requirements

To substantiate travel expenses, at minimum, you must document the following:

The amount of the expense: Amount of each separate expense for transportation, lodging, and meals.

The time and place of entertainment: Date taxpayer left and returned for each trip, and number of days for business. Also, name of city or other destination.

Business purpose: Business reason for travel, or nature of business benefit gained or expected from travel.

In addition to a travel log documenting the above, taxpayers are also required to keep documentary evidence (receipts, canceled checks) to substantiate travel expenditures. Caution: A credit card statement is not enough documentary evidence of a lodging expense. Instead, a hotel bill showing the components of the charge is required

Per Diem Method: Taxpayers may use a per diem method of substantiation in lieu of accounting for and deducting the actual amount of travel costs. Per diem rates are accepted by the IRS for meals, lodging and other incidental expenses and they vary depending on the travel location. The per diem method is available to (1) employers for use with an employee reimbursement plan, (2) employees not covered by an accountable or other expense allowance arrangement, and (3) self-employed individuals. Self-employed individuals and employees who are not covered by an employer reimbursement plan can use the optional per diem method only for deducting meals and incidental expenses, not for lodging. Similarly, corporate employers cannot use the per diem that includes lodging for owner employees with more than 10% ownership, based on direct and indirect ownership.

For your convenience and to help you fulfill the substantiation requirements, we have included with this letter a business travel log.

Sincerely,

Professional Management Healthcare Consultants, Inc.

Employee Name		
Trip Dates	Start on	
	End on	
Purpose		

Date	Transportation			Lodging	Meals				Other Incidental Expenses $
	From (origin)	to (destination)	$	$	Breakfast $	Lunch $	Dinner $	Snacks $	

TRAVEL LOG

Club Dues Deduction

You asked me whether you can deduct dues for clubs at which you entertain customers or that otherwise may be relevant to your business. These dues may or may not be deductible, depending on the type of club and its purpose.

Your business generally cannot deduct dues paid to a club organized for business, pleasure, recreation, or other social purposes. This disallowance rule takes in country clubs, golf clubs, business luncheon clubs, athletic clubs, and even airline and hotel clubs. However, you can deduct 50% of the cost of otherwise allowable business meals at a club, even if the dues you pay to the club are nondeductible. For example, if you have a business dinner with a client at your country club, 50% of the cost of the dinner is deductible as a business expense.

The club-dues disallowance rule generally does not affect dues paid to professional organizations including bar associations and medical associations, or civic or public-service-type organizations, such as the Lions, Kiwanis, or Rotary clubs. The dues paid to local business leagues, chambers of commerce and boards of trade also are not considered nondeductible club dues. However, an organization is not exempt from the disallowance rule if its principal purpose is to provide entertainment facilities to its members, or to conduct entertainment activities for them.

Finally, keep in mind that even if the general club-dues disallowance rule does not apply, there is no deduction for dues unless you can show that the amount you pay is an ordinary and necessary business expense.

NC Escheat Fund

North Carolina's unclaimed property laws require all companies and institutions operating in the state to examine their books and other accounting records by a specific deadline to determine whether they are in possession of dormant, unclaimed property.

If you are in possession of unclaimed property, you are required to file a Holder Report with the Unclaimed Property Division, and to remit the unclaimed property to the Department of State Treasurer.

Unclaimed property includes uncashed vendor checks and payroll checks that typically have been abandoned for one to five years. By law, these funds are escheated, or turned over, to the North Carolina Department of State Treasurer for safekeeping. Business holders of unclaimed property must comply with North Carolina's unclaimed property laws and requirements. "Business Holders" means any business entity in possession of unclaimed property.

The reporting process involves for four simple steps:

STEP 1:

1. Determine which properties have reached their Dormancy Period:
   Refer to the attached Class Codes and Dormancy Periods Chart to determine the dormancy period for each type of unclaimed property identified. Below is the dormancy period for uncashed vendor checks and payroll checks.

Class Codes	Dormancy Period
CK13 - Vendor Checks	5 Years
MS01 - Wages, Payroll, Salary	1 Year

2. Determine Reporting Due Dates:
   Refer to the attached Conversion Table to determine the reporting due date for each type of unclaimed property. The property's dormancy period determined from the Class Codes and Dormancy Periods Chart (item 1 above) with the "X-year property" section of the Conversion Tables.

   Definitions:
   - Issue Year – The date the property became due and payable to the owner
   - Hold Period – The date the property had reached its dormancy holding period
   - Notice to Owners – Suggested date that the holder sends a due diligence notice
   - Report Due Prior To – The date the property is due to be reported as unclaimed property to the State of North Carolina

STEP 2:

1. Attempt to locate the owner:
   - For items $50.00 or greater, holders should make a good faith effort to locate the owner and send a due diligence letter to the owner's last known address. Below is an example of a due diligence letter. North Carolina General Statute 116B-59(b) requires that you mail notices not more than 120 or less than 60 days from the reporting due date. The reporting due date for business or organizations is November 1.

STEPS 3 AND 4:

After you have completed steps 1 and 2, it is time to prepare your report and remit the report and funds to N. C. State Treasurer. At this point, if you prefer, your analyst can assist with the preparation of the report. If you choose to prepare the report yourself, we can provide you will additional written instructions.

Additionally, the business holder, you, must retain the supporting documentation for five (5) years after filing the report.

Sincerely,

Professional Management Healthcare Consultants, Inc

Date

Recipient's Name
Recipient's Address

Our records indicate you appear to be the owner of the funds or property listed below. No transactions or other activity has been noted for a significant period.

INSERT: Full description of funds or property type being held, such as check number, date of check and dollar amount. Include any additional information which would assist the owner in identifying the property.

If you have an interest in the funds or property, and wish to prevent the funds or property from being reported as unclaimed property to the State of North Carolina, please sign this notice and return it to:

Your company name
Your company address

If satisfactory proof of claim is not presented by October 1, 2017, the law requires us to remit these funds or property to the North Carolina Department of State Treasurer – Unclaimed Property Division by November 1, 2017, to whom all further claims must be directed. The funds or property will be available for claim from the North Carolina State Treasurer's Office – Unclaimed Property Division after January 1, 2018.

Please sign below to acknowledge ownership of the above listed funds or property.

____ Signature

____
Print Name

____
Print Street Address

____
Print City, State, ZIP

NAUPA CLASS CODES AND DORMANCY PERIODS

Class Code		Dormant Period
ACCOUNT BALANCES DUE		
AC01	Checking Accounts	5
AC02	Savings Accounts	5
AC03	Matured CD or Savings Cert.	10
AC04	Christmas Club Funds	5
AC05	Money-Deposit to Secure Funds	5
AC06	Security Deposits	5
AC07	Unidentified Deposits	5
AC08	Suspense Accounts	5
AC09	Individual Retirement Accounts	3
AC99	Aggregate Account Balances <$50	
UNCASHED CHECKS		
CK01	Cashier's Checks	7
CK02	Certified Checks	7
CK03	Registered Checks	7
CK04	Treasurer's Checks	5
CK05	Drafts	5
CK06	Warrants	5
CK07	Money Orders	7
CK08	Traveler's Checks	15
CK09	Foreign Exchange Checks	5
CK10	Expense Checks	5
CK11	Pension Checks	5
CK12	Credit Checks or Memos	5
CK13	Vendor Checks	5
CK14	Checks Written Off to Income	5
CK15	Other Outstanding Official Checks	5
CK16	CD Interest Checks	5
CK99	Aggregate Uncashed Checks < $50	
SAFE DEPOSIT BOXES & SAFEKEEPING		
SD01	*Safe Deposit Box Contents	2
SD02	*Safekeeping/Loan Collateral	5
SD03	*Other Tangible Property	5
SD99	Aggregate Safe Deposit Boxes & Safekeeping Items <$50	
COURT DEPOSITS		
CT01	Escrow Funds	1
CT02	Condemnation Awards	1
CT03	Missing Heirs' Funds	1
CT04	Suspense Accounts	1
CT05	Other Court Deposits	1
CT06	Real Property Proceeds	#
CT07	Cash Bonds	1
CT08	Partial Payments	1
CT09	Judgments	1
CT10	Trust Funds	1
CT99	Aggregate Court Deposits < $50	1
DEMUTUALIZATION		
DM01	Cash	3
DM02	Stock	3
DM99	Aggregate Demutualization Property < $50	3

Class Code		Dormant Period
INSURANCE		
IN01	Individual Policy Benefits or Claim Payments	5
IN02	Group Policy Benefits or Claim Benefits	5
IN03	Proceeds Due Beneficiaries	3
IN04	Proceeds from Matured Policies Endowments or Annuities	3
IN05	Premium Refunds	5
IN06	Unidentified Remittances	5
IN07	Other Amounts Due Under Policy Terms	5
IN08	Agent Credit Balances	5
IN99	Aggregate Trust Property <$50	
TRUST, INVESTMENTS, AND ESCROW ACCOUNTS		
TR01	** Paying Agent Accounts	3
TR02	**Undelivered/Uncashed Dividends	3
TR03	Funds held in Fiduciary Capacity	5
TR04	Escrow Accounts	5
TR05	Trust Vouchers	5
TR99	Aggregate Trust Property <$50	5
MINERAL PROCEEDS & MINERAL INTERESTS		
MI01	Net Revenue Interest	5
MI02	Royalties	5
MI03	Overriding Royalties	5
MI04	Production Payments	5
MI05	Working Interest	5
MI06	Bonuses	5
MI07	Delay Rentals	5
MI08	Shut-In Royalties	5
MI09	Minimum Royalties	5
MI99	Aggregate Mineral Interests < $50	
MISCELLANEOUS CHECKS & INTANGIBLE PERSONAL PROPERTY		
MS01	Wages, Payroll, Salary	1
MS02	Commissions	1
MS03	Workers' Compensation Benefits	5
MS04	Payment for Goods & Services	5
MS05	Customer Overpayments	^3/5
MS06	Unidentified Remittances	^3/5
MS07	Unrefunded Overcharges	^3/5
MS08	Accounts Payable	5
MS09	Credit Balances (3 Retail/5 Other)	^3/5
MS10	Discounts Due	^3/5
MS11	Refunds Due	^3/5
MS12	Unredeemed Gift Certificates	***3
MS13	Unclaimed Loan Collateral	5
MS14	Pension & Profit Sharing Plans (IRA, KEOGH)	3
MS15	Dissolution or Liquidation	1
MS16	Misc Outstanding Checks	5
MS17	Misc Intangible Prop	5
MS18	Suspense Liabilities	5
MS19	Layaway Deposits & Payments	3
MS20	Rents	5
MS99	Aggregate Misc Checks & Intangible Personal Property <$50	

Class Code		Dormant Period
SECURITIES		
SC01	**Dividends	3
SC02	**Interest (Bond Coupons)	3
SC03	Principal Payments	3
SC04	**Equity Payments	3
SC05	**Profits	3
SC06	Funds Paid to Purchase Shares	3
SC07	Funds For Stocks & Bonds	3
SC08	Shares of Stock (Returned by Post Office)	3
SC09	Cash for Fractional Shares	3
SC10	Unexchanged Stock & Fractional Shares of Successor Corp	3
SC11	Other Cert of Ownership	3
SC12	Underlying Shares or Other Outstanding Certificates	3
SC13	Funds for Liquidation Redemption of Surrendered Stocks or Bonds	3
SC14	Debentures	3
SC15	US Govt Securities	3
SC16	Mutual Fund Shares	3
SC17	Warrants (Rights)	3
SC18	Matured Bond Principal	3
SC19	Dividend Reinvestment Plans	3
SC20	Credit Balances	3
SC99	Aggregate Security Related Cash < $50	3
UTILITIES		
UT01	Utility Deposits	1
UT02	Membership Fees	1
UT03	Refunds or Rebates	1
UT04	Capital Credit Distributions	3
UT99	Aggregate Utility Property < $50	
MISCELLANEOUS		
ZZZZ	Properties Not Identified Above	5

* This property should be reported on Form ASD-127 prior to submitting the property.

** Specify Date Range (i.e. the date of the first and last payments) on "Periodic Payments" (i.e. outstanding dividend checks) if multiple payments of same property type are being reported for a single property owner.

*** 60% of the unredeemed portion of the face value if an expiration period is displayed on the certificate. Gift certificates with no expiration date, or a statement that the expiration date does not apply in North Carolina, do not escheat.

^If as a result of retail business transaction, 3 year dormancy period; otherwise, 5 year dormancy period

Under Court Supervision REV 08/2013

Dormancy Chart

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
UNCLAIMED PROPERTY DIVISION

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

ALLEN MARTIN
DEPUTY TREASURER

North Carolina Unclaimed Property Report Conversion Table
Businesses and Organizations Only

Use the tables below to determine specific holding periods, timing of due diligence notices and reporting deadlines for the various unclaimed property types. Refer to the NAUPA Class Code and Dormancy Period Chart for Non-Governmental Holders to determine the appropriate class code and dormancy period when preparing unclaimed property reports.

1 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE
7/1/17 TO 6/30/18	6/30/19	8/15/19	11/1/19
7/1/18 TO 6/30/19	6/30/20	8/15/20	11/1/20
7/1/19 TO 6/30/20	6/30/21	8/15/21	11/1/21
7/1/20 TO 6/30/21	6/30/22	8/15/22	11/1/22
7/1/21 TO 6/30/22	6/30/23	8/15/23	11/1/23
7/1/22 TO 6/30/23	6/30/24	8/15/24	11/1/24

7 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/11 TO 6/30/12	6/30/19	8/15/19	11/1/19
7/1/12 TO 6/30/13	6/30/20	8/15/20	11/1/20
7/1/13 TO 6/30/14	6/30/21	8/15/21	11/1/21
7/1/14 TO 6/30/15	6/30/22	8/15/22	11/1/22
7/1/15 TO 6/30/16	6/30/23	8/15/23	11/1/23
7/1/16 TO 6/30/17	6/30/24	8/15/24	11/1/24

2 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/16 TO 6/30/17	6/30/19	8/15/19	11/1/19
7/1/17 TO 6/30/18	6/30/20	8/15/20	11/1/20
7/1/18 TO 6/30/19	6/30/21	8/15/21	11/1/21
7/1/19 TO 6/30/20	6/30/22	8/15/22	11/1/22
7/1/20 TO 6/30/21	6/30/23	8/15/23	11/1/23
7/1/21 TO 6/30/22	6/30/24	8/15/24	11/1/24

10 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/08 TO 6/30/09	6/30/19	8/15/19	11/1/19
7/1/09 TO 6/30/10	6/30/20	8/15/20	11/1/20
7/1/10 TO 6/30/11	6/30/21	8/15/21	11/1/21
7/1/11 TO 6/30/12	6/30/22	8/15/22	11/1/22
7/1/12 TO 6/30/13	6/30/23	8/15/23	11/1/23
7/1/13 TO 6/30/14	6/30/24	8/15/24	11/1/24

3 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/15 TO 6/30/16	6/30/19	8/15/19	11/1/19
7/1/16 TO 6/30/17	6/30/20	8/15/20	11/1/20
7/1/17 TO 6/30/18	6/30/21	8/15/21	11/1/21
7/1/18 TO 6/30/19	6/30/22	8/15/22	11/1/22
7/1/19 TO 6/30/20	6/30/23	8/15/23	11/1/23
7/1/20 TO 6/30/21	6/30/24	8/15/24	11/1/24

15 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/03 TO 6/30/04	6/30/19	8/15/19	11/1/19
7/1/04 TO 6/30/05	6/30/20	8/15/20	11/1/20
7/1/05 TO 6/30/06	6/30/21	8/15/21	11/1/21
7/1/06 TO 6/30/07	6/30/22	8/15/22	11/1/22
7/1/07 TO 6/30/08	6/30/23	8/15/23	11/1/23
7/1/08 TO 6/30/09	6/30/24	8/15/24	11/1/24

5 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/13 TO 6/30/14	6/30/19	8/15/19	11/1/19
7/1/14 TO 6/30/15	6/30/20	8/15/20	11/1/20
7/1/15 TO 6/30/16	6/30/21	8/15/21	11/1/21
7/1/16 TO 6/30/17	6/30/22	8/15/22	11/1/22
7/1/17 TO 6/30/18	6/30/23	8/15/23	11/1/23
7/1/18 TO 6/30/19	6/30/24	8/15/24	11/1/24

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