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Happy Holidays from Hetletved CPA!

Each year, we look for ways to improve efficiency and better serve our clients. Our Tax Disclosures Worksheet helps us do both and is necessary for accurately preparing your tax return. This worksheet has also helped many clients identify deductions and credits that can result in significant tax savings. Please complete, sign, and include it with your 2025 tax paperwork.

In this year's letter, we are highlighting several of the most applicable questions:

- **Direct Deposit/ACH information.** The IRS is no longer accepting checks and will not be sending paper refund checks.
- **Form 1095-A.** Health insurance purchased on the healthcare exchange requires that you file a tax return as well as Form 8962 with it. If you purchased health insurance from healthcare.gov, you will not be able to electronically file your tax return without first providing us with form 1095-A.
- **Retirement Contributions.** The single best tax saving strategy, however, we do not need information on your retirement contributions if they were made through your employer. That information is provided to us on your W-2. We are looking for contributions that were made outside of an employer plan. This is important as there are limitations on Traditional, Roth, and SEP contributions.
- Three questions that must be answered on all tax returns concern digital currency, foreign bank accounts, and providing 1099s (if applicable for a business).
- **Health Savings Accounts.** It may come as a surprise to most, but anyone with an HSA must file a form 8889 with their tax return. In most cases, you will receive form 1099-SA. This gives the amount spent from the HSA in a year. However, if you don't spend any money from your HSA in a year, you must let us know by recording \$0 spent on our form. Failure to do so could result in an IRS letter questioning your account.
- **Drivers License info.** The IRS and the state of ND have requested this information for several years. It is optional. It is requested from taxpayers to help avoid identity theft. For that reason, we feel it should be included on all tax returns. Please provide it. Getting this information from clients has been a struggle, so we've made the decision not to contact you if it is left off our form.
- **Estimated Tax Payments.** Any taxpayer that owes more than \$1,000 to the IRS as of filing could be subject to the penalty for not making estimated tax payments. Unfortunately, there is no way that we as tax preparers can look up what payments were made. We ask that this line of our disclosure be filled in to confirm you made estimated tax payments as well as the amounts.

The most newsworthy item in the income tax world for 2025 was the passage of the BBB (Big Beautiful Bill) Below is a summary of the most applicable law changes relevant to our clients. While this information has been in the news rather frequently since its passage in July, we feel there has been a lot of misinformation regarding many of the items in the bill. Please read closely.

- **Increased child tax credit.** The bill increases the child tax credit to \$2,200 from \$2,000 for all dependents under age 17.
- **Senior Deduction.** All taxpayers age 65 or over are allowed an additional deduction of \$6,000. While this will most certainly reduce tax for seniors and may even remove the filing requirement for many, it does not mean that your social security benefits won't be taxable. Secondly, this deduction phases out as income is increased, so not all will receive the deduction.

- **Auto Loan Interest Deduction.** This applies to new cars purchased in 2025. The vehicle purchased must have been assembled in the US to take the deduction.
- **Tips Deduction.** There is now a deduction for tips received and reported up to \$25,000. This applies to both employees and some self-employed businesses. Not all tips are eligible.
- **Overtime Deduction.** Taxpayers are now allowed to deduct the overtime premium from their income up to \$25,000 if their employer is required to pay overtime. Unfortunately, “no tax on overtime” isn’t completely correct. A deduction is allowed for essentially 1/3 of the overtime pay received. Again, the employer must be required to pay overtime for the employee to take this deduction.
- **Starting in 2026.** There will be a deduction for charitable contributions up to \$1,000. The taxpayer is not required to itemize deductions to utilize this deduction
- **Also in 2026.** The 1099 threshold (previously \$600) is increased to \$2,000.

Here is a quick summary of our Hetletved CPA tax preparation procedure:

- When you drop off your paperwork or upload your documents to our client portal, we ask that you include a completed and signed disclosure worksheet (included), all tax documents received (W-2s, 1099s, K-1 etc), and all other completed worksheets.
  - Separate worksheets are required for these specific operations: business, rental activities, farming, and daycare. See our website for worksheets. [www.hetcpa.com/worksheets](http://www.hetcpa.com/worksheets)
  - If you are using our client portal, please email to confirm your documents have been uploaded.
- In the event that we need more information, or to discuss your tax return, we call, text, or email.
- Once your return is complete, you will be contacted by email or text to sign the necessary documents. A tax return cannot and will not be filed by our office without your signature(s).
  - Due to IRS regulations, we cannot accept anything other than a “wet signature” from all taxpayers. The pages must be printed out and signed in ink. Let us know if you need us to print them. We’d be happy to mail you a copy.
  - There may be several documents that must be signed. Please look through them and sign all pages before returning them to our office.
- Once your return has been filed, you’ll generally receive any refunds due within about 3 weeks. If you have tax due, you must pay the amount due by the due date. The easiest way to pay your tax due is through IRS direct pay.
- We must receive your documents by April 1<sup>st</sup> to ensure that your return will be prepared by the filing date. We do not automatically file for extensions, so please contact us to do so.

We will not email tax returns, W-2’s, or other documents with personal identifying information on them. However, we have other ways of making documents available in a secure fashion. Just let us know.

Tax tables, mileage rates, the standard deduction, estate planning limits, and retirement contribution limits are available on our resources page at [www.hetcpa.com/resources](http://www.hetcpa.com/resources).

### Tips

- Reminder: check your retirement account (401k, 403b, IRAs etc.) beneficiaries to ensure they are correct.
- We recommend you check your social security earnings annually. [www.ssa.gov](http://www.ssa.gov)
- Confirm that your SSN is correct on all tax documents received and follow up if you find an error.
- Always wait to file a dependent’s tax return until after yours is completed. Along the same lines, please provide us with all dependent’s income information (W-2s, 1099s, etc) even if you are not requesting our assistance in the preparation of their tax returns. It may affect your tax return.
- Making estimated tax payments? Visit our website: [www.hetcpa.com/estimated-tax-payments](http://www.hetcpa.com/estimated-tax-payments). Both the IRS and the ND state tax department have options for making your payments online.
- If you would like us to prepare any 1099’s and/or W-2’s, we must have the necessary information by January 15<sup>th</sup>. We always recommend you get a W-9 from the individual, independent contractor or business before you pay them.

Every year we are reminded how much we value your business, and we want to say thank you! Please contact us if you have any questions.