

# H & R Pyes Tax & Accounting Services

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HAPPY NEW YEAR! Another year has come and gone, and we are once again preparing for tax season. Our website has been updated with our engagement documents; paper copies will be printed and mailed to those of you who requested them last year.



2025 was a good year for me personally – I went to Disney in May with my friend Bridgette. I had not been to Disney since 2019. We had a great trip and got to visit with Cheryl and her husband Bob. She said to say hello to everyone. She is enjoying life in Florida but she does miss her children terribly. Speaking of her children – her youngest child, Quinn – got married in October. Cheryl and Bob, along with a few of their friends, came home for the wedding. We missed Chelsea's wedding due to the pandemic, so John and I were glad to be able to attend. Chelsea actually performed the ceremony which made it even more poignant. It was great to be part of such a joyous celebration

John and I took a quick trip to Canada in October. Even though I had a slight scooter mishap, we enjoyed ourselves and plan on going to Niagara Falls next fall. We are also planning John's first ever visit to Disney World in May of this year! We will, of course, be seeing Cheryl and her hubby again.



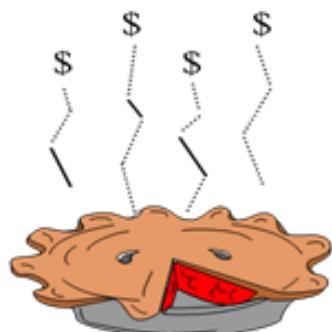
*National Society of Tax Professionals*

*Institute of Management Accountants*

\*An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by either passing a three-part comprehensive IRS test covering individual and business tax returns, or through experience as a former IRS employee.



What do accountants' spouses say to fall asleep when they have [insomnia](#)?  
"Sweetie, tell me about your job."



# Important info for your 2025 Tax Return

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## ONE BIG BEAUTIFUL BILL ACT

This bill was enacted by Congress in 2025. The stated purpose was to “simplify tax and preserve benefits introduced by the Tax Cuts and Jobs Act of 2018. It also introduced new tax breaks supporting working class individuals and seniors.

Four changes that **may** affect many taxpayers. NOTE: Maine **will not** be adopting any of these four deductions.

**1. NO TAX ON TIPS:** Up to \$25,000 in cash or cash equivalent tips, voluntarily paid to a worker in a qualified occupation, if the employer is NOT a specified service trade or business, may be deducted from total income, subject to income limitations and phase outs. Your employer may report this amount on your 2025 W2 or on a separate statement. Married taxpayers **must file jointly** to take this deduction.

**2. NO TAX ON OVERTIME:** Up to \$12,500 per taxpayer in overtime pay may be deducted from the taxpayer’s income; again, subject to income limitations and phaseouts. Only the overtime portion of your pay is deductible, not your base hourly wage. Again, your employer may report this information on your 2025 W2 or on a separate statement. And like, the tips deduction, married taxpayers **must file jointly** to take this deduction.

**3. DEDUCTIONS FOR SENIORS:** this is discussed on the Personal Check off List.

**4. NO TAX ON NEW CAR INTEREST:** If you purchased a **new, qualifying vehicle** using a loan beginning after January 1, 2025 and it was for 100% personal use (cannot be used AT ALL for business purposes), up to \$10,000 in interest paid may be deductible. This deduction is available to both standard and itemized deduction filers! You will need to provide your VIN on the tax return. You will receive a statement from your lender with the amount of the qualified interest paid during the year; they will also report that amount to the IRS.

**AGAIN, Maine will not be adopting any of these four deductions.**

## THE FEDERAL ADOPTION TAX CREDIT

This tax credit is now worth up to \$17,280 per eligible child, up from \$16,810 in 2024. A big change is that the credit is now partially refundable, up to \$5,000; meaning low-income tax payers who owe little to no tax can now receive a portion of the credit back as a refund!

## What's Reportable As Income?

In a nutshell? Everything. Did you pick up a side hustle to earn a little extra cash? Helped a friend out in their business? Take a temp job during Christmas? If you earned it, Uncle Sam wants a piece of it. Even if you did not receive a 1099, it is reportable income. The good news is, depending on the nature of the income, you may be able to deduct allowed expenses against it by filing a Schedule C. Some examples of people who may need to file this form are Uber/Lyft drivers; Ebay and other online sellers, Door Dashers, Musicians, Artists, Handymen, etc. etc. So, keep track of your expenses (and mileage if you are driving).

## Paying Others

If you hire someone as personal help like home healthcare or personal assistants and they are not in business for themselves, then they may be considered your employee for tax purposes. This will require you to put them on payroll and filing a Schedule H with your 1040 return to report and pay payroll taxes, as well as providing them with a W2 at the end of the year.

If you are a business and hire someone or another business to do something or provide a service, and they are not on your payroll, then you will need to provide them with a 1099 at the end of the year. If the business you hire is a corporation or an S Corp then you do not need to provide them with a 1099.

## Social Security

Full retirement age varies depending on the year you were born.

- Age 66 if born between 1943 – 1954
- Age 66 years and 2 months if born in 1955
- Age 66 and 4 months if born in 1956
- Age 66 and 6 months if born in 1957
- Age 66 and 8 months if born in 1958
- Age 66 and 10 months if born in 1959
- Age 67 if born in 1960 or later

If you are collecting Social Security benefits and you are not at full retirement age, you may earn up to \$2,040.00 per month, for a total of \$24,480 for the year. In the year you reach full retirement age, you can earn up to \$5,430 per month, for a total of \$65,160.00. If you exceed the earnings limits, you will have to repay some of your social security benefits.

## Retirement Matters

If you still have a way to go before retirement age, now is the time to start planning. It's never too late. As long as you are working, and are not at your full retirement age, you can make contributions. If you haven't already, start putting money into your company's retirement plan. They don't have one? Open an IRA.

## Retirement Contribution Limits

| Type of Plan                             | 2025      | 2026     |
|--|-----------|----------|
| <b>401k/401b</b>                         |           |          |
| under 50                                 | \$23,500  | \$24,500 |
| Age 50 and over                          | \$31,000, | \$32,500 |
| Age 60 thru 63                           | \$34,750  | \$35,750 |
| <b>IRA and Roth</b>                      |           |          |
| under 50                                 | \$7,000   | \$7,500  |
| 50 and older                             | \$8,000   | \$8,600  |
| <b>Simple IRA for 2025</b>               |           |          |
| Under 50                                 | \$16,500  | \$17,000 |
| 50 and over                              | \$20,000  | \$21,000 |
| Age 60 to 63                             | \$21,750  | \$22,250 |
|  |           |          |
| 403(b) Additional Service Based Catch Up |           | \$3,000  |

## HSA Contribution Limits

| Type of Plan             | 2025         | 2026         |
|--------------------------|--------------|--------------|
| <b>Self-Coverage</b>     | \$4,300      | \$4,400      |
| Family Coverage          | \$8,750      | \$8,750      |
| 55 and over - additional | \$1,000 each | \$1,000 each |

**NOTE:** You CANNOT be enrolled in Medicare

## State and Local Tax (SALT)

The deduction for State and Local taxes has been increased to a maximum of \$40,000 for 2025 through 2029. This means that if you have over \$10,000 in state taxes paid (state income tax, real estate taxes, excise tax, etc.) you may be able to itemize your deductions this year and beat the standard deduction. Your total combined itemized deductions must exceed the standard deduction to be used. Your primary itemized deductions consist of your mortgage interest, state taxes paid, and charitable contributions. Medical expenses **may also** be used if they are high enough.

## Trump Savings Account

This is a new account designed for children born between 2025 and 2029, which will provide a one time government deposit of \$1,000 and can be funded by parents, employers and other organizations. These accounts are intended to be used for long-term savings and work like a traditional IRA for withdrawals after the beneficiary turns 18, though funds are accessible before age 18 for certain purposes like education. This is not a tax item. I do not know much at all about this; I'm just providing this information to you so you will be aware should you have a new baby or grandbaby in the specified time frame.



Make every day account!

## Energy Credits

The following energy credits expired at the end of 2025, which means this tax year was the last year to receive a credit for:

- Electric vehicles (must have been purchased before 9/30/2025)
- Electric vehicle chargers
- Heat pumps and heat pump hot water heaters
- Residential doors, windows, weatherization and insulation
- High efficiency ACs, boilers, furnaces, wood and pellet stoves
- Electrical panel upgrades
- Home energy audits
- Rooftop solar and battery storage
- Geothermal heating

## Miscellaneous

Remember, all of the engagement documents for tax year 2025 can now be found on our website – [www.pyestax.com](http://www.pyestax.com).

Please be sure to include all the **required** engagement documents with your tax documents.

You can mail your documents to our office, email them to [hollypye@pyestax.com](mailto:hollypye@pyestax.com) (please put 2025 TAX DOCUMENTS on the subject line) or you can go old school and actually schedule an in office appointment.

Please be sure I have your documents at least 3 days prior to your scheduled appointment.

The last filing date for the 2025 tax year is April 15, 2026.

I realize that you have several options for preparing your taxes. As always, I appreciate the trust you place in me.

And finally, remember –

**Don't pass the Pyes by, or your taxes may be too high!**

Contacting me: You can reach me by phone at 207-443-6183; please leave a message if I don't answer. Please be sure to leave your phone number and best time for a return call. You can also email me at [hollypye@pyestax.com](mailto:hollypye@pyestax.com). Please be sure to have a subject line and write a detailed message. If it is an **urgent** matter, please call my cell at 207-319-6985.

Also, please note that I have a separate email for administrative purposes. Should you receive an email from [support@pyestax.com](mailto:support@pyestax.com), that is Pyes Tax. It's not a scam. My email gets hundreds of emails a day; in an effort to keep the things that need priority attention separate, I may utilize that email address.



**If you didn't pre-schedule your appointment, please contact me as soon as possible to get on my schedule.**

For those of you who have prescheduled your appointments, reminder postcards are in the process of being mailed. If you cannot make your scheduled appointment, please call as soon as possible to reschedule. Thank you.

