



FIRST CAPITAL
— CPAS AND ADVISORS —

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December 26, 2025

Dear Valued Client,

We are excited to share year-end updates to ensure a smooth upcoming tax season for you and our staff. If you have not yet received the letter notifying you of the changes to our Firm, I am pleased to inform you that Mark A. Frazier CPA & Associates, Inc. is now operating as First Capital CPAs & Advisors, Inc. For more information, please see our Introduction Letter (attached).

To help you gather your 2025 tax documents, please use the enclosed Tax Document Checklist.

It is imperative that all farmers, business owners & rental owners issue Form 1099-NEC for any payments you make for services totaling \$600 or more. Rent payments of \$600 or more continue to be reported on Form 1099-MISC. These forms are due January 31, 2026. The IRS has increased fines for non-compliance and is increasing enforcement through audits. We are happy to assist you with preparing the 1099s.

IRS scrutiny of foreign accounts means you need to be absolutely clear about any non-US accounts or income so we can report it correctly.

Cryptocurrency activities continue to cause significant tax issues for individuals who believe they are not reportable. Bluntly, cryptocurrency is taxable, reportable, and carries severe penalties for non-reporting, so make sure to discuss it with us if you dipped your toes in that water.

Office Operations

1. Our office will be preparing taxes in three ways this tax season.
 - i. Drop off - you drop off your Questionnaire and tax info, we prepare the return, and we notify you within a week for pickup.
 - ii. Meet and greet - you schedule an appointment with our office, we meet with you to discuss tax issues, questions, etc., we prepare the return after the meeting, and we notify you within a week for pickup.
 - iii. Full virtual, no contact tax preparation through E-Delivery - allows you to send tax information through a secure portal, receive your copy of your return in a PDF format, enables you to sign all necessary forms electronically, and make payment for our services. Just call our office, and we will send you the portal link to get the process started.
2. Regardless of the tax preparation method you choose, we respectfully ask that you complete the enclosed Questionnaire, which can be completed electronically or by using the printed form. If completing electronically, please upload to our secure portal.
3. We will not prepare returns while waiting this year.

4. We do not automatically file income tax extensions for our clients; you must contact our office via email or fax to request that we prepare an extension. There will be a \$25.00 service charge for 2025 tax extensions.
5. NEW in 2026! Starting in January of 2026, we are offering an optional add-on to our tax service. If you would like access to professional tax advice/planning throughout the year, we are making available a package that includes two hours of phone/face time plus unlimited email support. By adding this service to your tax preparation, you will receive a discount on our hourly rate and email support in preparation for the 2027 tax filing season.

New Developments

- For those who worked overtime or received tips in 2025, please include final pay stubs for each location worked in 2025.
- If you are interested in 2025 tax updates, please see the enclosed 2025 Tax Updates document.
- Visit our website and subscribe to our newsletter to stay up-to-date on tax changes all year long.

We want you to know that we value your business and look forward to serving you in the upcoming year. Please call us with any questions.

Sincerely,

/s/

/s/

Jamie A. Miller CPA

Kim J. Fallon CPA

To: Valued Clients of the Firm formerly known as Mark A. Frazier CPA & Associates, Inc.

From: Jamie A. Miller, CPA, & Melissa Miller

Re: Acquisition Update and What to Expect

Dear Valued Client,

We are pleased to share exciting news. Jamie has acquired the accounting practice formerly owned by Mark Frazier, CPA. The firm will operate as First Capital CPAs & Advisors, Inc. Our top priority is to ensure a smooth transition and uninterrupted service to you.

About Us

- We have lived and served in our community for over 20 years. We are proud parents of three amazing kids and four wonderful grandchildren.
- Melissa has 20+ years of financial oversight, team management, and advanced reporting/reconciliation systems.
- Jamie joined Mark's Firm in 2024 and brought 20+ years of experience in small business accounting, tax preparation and planning, budgeting, and financial/system audits/reviews.



What Stays the Same

- Your primary points of contact and the trusted team you know
- Quality and timeliness of service you rely on
- Our commitment to confidentiality and data security
- Your current engagements, deadlines, and service level expectations

What Changes (in a Positive Way)

- The new firm name and branding: First Capital CPAs & Advisors, Inc.
- A streamlined, client-friendly approach to communications and scheduling
- Expanded resources and additional capabilities to support your needs

Transition Plan and What You Can Expect

- We have reviewed all engagements and tax deadlines to ensure seamless continuity
- For our business clients, we will introduce improved channels for secure document exchange and communications and billing efficiencies (details forthcoming)
- Fees will remain relatively unchanged (two exceptions include the price increase for the changes to our payroll services that we began implementing in April, and the inclusion of processing fees when paying with a credit card)

How to Reach Us

- Phone: 740.775.6882
- Email: “team member’s first name”@firstcapitalcpas.com
- Office Address: 461 N. High Street, Chillicothe, OH 45601
- Website: firstcapitalcpas.com

Next Steps for You

- If you have existing relationships with Mark or Cheryl, rest assured, they will provide transition support as needed to ensure continuity
- Visit our website and get to know more about us
- Watch for our year-end letter with more updates and preparation for the upcoming tax season

We are grateful for the trust you have placed in the team and look forward to serving you with renewed energy and commitment. If you have questions or would like to schedule an introductory meeting, please contact us at your convenience.

Thank you for your continued partnership. We are excited for this opportunity to help drive financial success for you and our community.

Sincerely,

Jamie and Melissa Miller

Tax Document Checklist

W-2 for Wages	W-2G for gambling	1099-INT for interest
Driver's Licenses	1099-B Brokerage	SSA-1099 Social Security
1099-NEC for income	1099-MISC for income	1099-K for income
1099-R for retirement	1098-T for tuition	1099-SA for HSAs
1098-INT for mortgages	1099-G for refunds & Unemployment	1099-DIV for dividends
5498 for IRA Values	IRA and Roth IRA Contributions for 2025	Identity Protection PIN (if applicable)

- Statement from employer regarding the amount eligible for overtime/tips deduction or final pay stubs (as applicable)
- Interest on automobile loans (new vehicles purchased in 2025 with final assembly in the US). Provide VIN
- K-1s from Investments in S-Corps and Partnerships
- Child Care Costs, with the name, address, amount and ID # of the recipient
- Charitable Donations - total amounts and recipients
- Property tax paid on your home and other real estate, property or cars
- Estimated tax payments and dates
- Any letters received from the IRS or state/municipal tax authorities
- Our Engagement
- Letter
- Form 7216 (as applicable)

2025 Tax Updates

Congress enacted the One Big Beautiful Bill Act (OBBBA) on July 4, 2025, making wide-ranging changes to individual and business taxes beginning as early as 2025. Below is a practical summary of what's new, what to do before year-end, and where rules are heading next filing season.

What's new for 2025—at a glance

- Higher standard deduction and a larger Child Tax Credit (CTC). For 2025, the standard deduction increases to \$31,500 MFJ (\$15,750 single/MFS; \$23,625 HoH), and CTC rises to \$2,200 per qualifying child; the IRS will index these amounts for 2026.
- New personal deductions (2025–2028): “No Tax on Tips,” “No Tax on Overtime,” and “No Tax on Car Loan Interest,” each with eligibility rules, dollar caps, and phase-outs.
- New deduction for seniors (2025–2028): An additional \$6,000 per eligible individual (separate from and in addition to the standard deduction for seniors under prior law), with phase-outs at higher incomes.
- SALT limit expanded and income-based phase-down (beginning 2025): SALT cap effectively increased with a phase-down for higher-income taxpayers (minimum floor of \$10,000).
- Clean vehicle credits end early: New, used and commercial clean vehicle credits are no longer available for vehicles acquired after Sept. 30, 2025.
- Several energy home and building incentives terminate early (various mid-2026 end dates).
- Small-business and corporate R&D: Domestic R&D is again deductible (new §174A), foreign R&D remains capitalized (amended §174), with coordinated §280C credit interactions; transition elections and method changes available.
- Third-party network reporting reverts to \$20,000/200-transactions (Form 1099-K).
- Opportunity Zones modernized and rural incentives enhanced.

Individuals and families

Standard deduction and CTC (2025). The standard deduction increases to \$31,500 MFJ; \$15,750 single/MFS; \$23,625 HoH. The maximum Child Tax Credit rises to \$2,200 per eligible child in 2025, with indexing for 2026.

New deduction—No Tax on Tips (2025–2028). Employees and certain self-employed individuals can deduct up to \$25,000 of “qualified tips” received in listed tipped occupations and properly reported (limits and phase-outs apply; SSTB limitations apply to self-employed). The IRS will publish the occupation list and has issued proposed guidance; employers will have new reporting for cash tips and occupations.

New deduction—No Tax on Overtime (2025–2028). Deduct the “half” portion of required FLSA time-and-a-half overtime pay, up to \$12,500 (\$25,000 MFJ), with income phase-outs and reporting requirements.

New deduction—No Tax on Car Loan Interest (2025–2028). Deduct up to \$10,000 of interest on a qualifying first-lien loan for a new, personal-use passenger vehicle with final assembly in the U.S. (various conditions apply; VIN must be reported). Lenders have new reporting under §6050AA and the IRS granted transition relief for 2025.

New deduction for seniors (2025–2028). An additional \$6,000 per eligible individual (up to \$12,000 MFJ where both spouses qualify), phasing out at MAGI above \$75,000 (\$150,000 MFJ). Social Security number and joint filing requirements apply.

SALT deduction. OBBBA replaces the prior \$10,000 cap with a higher “applicable limitation amount” from 2025 (e.g., \$40,000 for 2025, with inflation adjustments and an income-based phase-down), but not below \$10,000.

Vehicles and clean energy

Clean vehicle credits: early sunset (acquired after Sept. 30, 2025). The New Clean Vehicle Credit (§30D), Previously-Owned Clean Vehicle Credit (§25E), and Commercial Clean Vehicle Credit (§45W) are not allowed for vehicles acquired after Sept. 30, 2025. “Acquired” relates to a binding contract and payment; the vehicle still must be placed in service to claim.

Home and building incentives—accelerated termination. The energy efficient home improvement credit (§25C) ends for property placed in service after Dec. 31, 2025; the residential clean energy credit (§25D) ends for expenditures made after Dec. 31, 2025; the new energy efficient home builder credit (§45L) ends for homes acquired after June 30, 2026; the §179D deduction ends for property whose construction begins after June 30, 2026.

Small-business and corporate updates

Domestic vs. foreign R&D (effective generally for years beginning after 12/31/2024). OBBBA adds §174A, allowing a current deduction for domestic research or experimental expenditures, while amended §174 continues 15-year amortization for foreign research; §280C is conformed. Transition elections allow eligible small taxpayers to apply §174A retroactively or accelerate recovery of remaining TCJA §174 amounts; automatic method changes and elections are available per IRS guidance.

Qualified business income (§199A). OBBBA introduces a minimum \$400 deduction for active QBI where aggregate active QBI \geq \$1,000, with inflation adjustments after 2026; various coordination clarifications were added.

Opportunity Zones. OBBBA revises designation rules, extends the regime, creates enhancements for rural areas, and modifies substantial improvement thresholds for rural tracts, among other changes to §§1400Z-1 and 1400Z-2.

ERC limitation (compliance). For third and fourth quarter 2021 ERC claims filed after Jan. 31, 2024, the IRS is barred from allowing or refunding those claims on or after July 4, 2025 (with limited exceptions).

1099-K threshold restored. OBBBA reinstated the prior Form 1099-K de minimis rules for third-party network transactions (>\$20,000 and >200 transactions). The IRS has posted FAQs and transition details.

Reporting and payroll—transition notes for 2025

- No changes to W-2, payroll returns, or withholding tables for 2025 to implement the new deductions. Employers should continue current procedures; updated forms and systems are expected in 2026.
- Car loan interest reporting (§6050AA): Lenders must begin information reporting of specified passenger vehicle loan interest; the IRS granted transition relief for calendar year 2025 if a compliant annual/online statement of total interest paid is provided to borrowers by Jan. 31, 2026.

Withholding and year-end actions

- To account for the new deductions (tips, overtime, car loan interest, seniors) in 2025 paychecks, the IRS recommends using the 2025 Step 4(b) Deductions Worksheet on a new Form W-4; the Tax Withholding Estimator is not yet fully updated for these deductions. Re-check withholding at the start of 2026.
- If you plan to claim vehicle-related credits or energy home credits, confirm acquisition and placed-in-service timing relative to the new sunset dates.

Looking ahead to 2026

- Inflation adjustments. The IRS has released 2026 brackets and amounts reflecting OBBBA changes (standard deduction, rates, AMT, etc.).
- Payroll/reporting. Expect updated forms and procedures for tips and overtime reporting in 2026 as the IRS implements OBBBA changes.
- Charitable donations. For individuals claiming the standard deduction, beginning in 2026, up to \$1,000 for single filers and \$2,000 for married couples filing jointly may claim a separate deduction for cash contributions to qualified public charities.