

New Releases for 2026

Charitable Giving Without Itemizing

This is the headline change for 2026: taxpayers can now deduct charitable contributions *even if they claim the standard deduction*. No more choosing between the standard deduction and getting credit for your generosity — you can have both.

Charitable Giving Deductions

Single Filers	Up to \$1,000
Married Filing Jointly	Up to \$2,000

If you give regularly to church, charity, or community organizations, make sure you're keeping your receipts — this deduction is easy to miss if you don't usually itemize.



1099 Threshold Moves to \$2,000

If your business files 1099s, you get some significant relief for the 2026 filing year. The new reporting threshold is \$2,000 for Forms 1099-NEC and 1099-MISC.

For example, if you pay a subcontractor or vendor a total of \$1,800 in 2026, you can skip filing the 1099 since it's under the threshold.

Be careful applying this change, since there are some exceptions. When in doubt, always contact your accountant.

Exceptions to the \$2,000 Rule

- Direct sales of consumer goods for resale remain at \$5,000.
- **States other than Pennsylvania may have different thresholds** (PA's tax code follows federal). Some states need time to update their tax code to reflect the new dollar amount, and some states have state-specific thresholds that still apply.

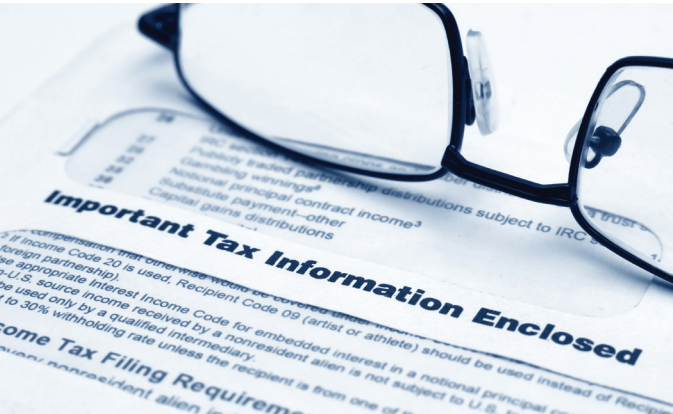


ALERT: We've seen a noticeable uptick in correspondence from the IRS over the past year. The IRS has begun using AI (artificial intelligence) to scan returns, and this has led to more letters and notices being generated — some routine, some requiring a timely response.

A Word About IRS Correspondence

If you receive any letter or notice from the IRS, or any other taxing agency, please send it to your accountant right away.

The sooner we see it, the sooner we can review it, respond appropriately, and keep small issues from becoming bigger ones. Don't sit on it, and don't assume it will resolve itself — we're here to help.



Changes to Local Sales Tax Rules for Two PA Counties: Philadelphia & Allegheny

Vendors selling taxable products or services to customers in Philadelphia and Allegheny counties must now collect and remit local sales taxes. The sales tax rates are 2% for Philadelphia County and 1% for Allegheny County.

The law passed by the Pennsylvania General Assembly was **enacted on July 12, 2026, with a retroactive date of tax years after December 31, 2025.**

Since vendors may need time to adjust to the new law, it will not be enforced until **October 1, 2026**. However, vendors must make every effort to start collecting and remitting locals sales taxes as soon as possible.

What's Changed

- Local sales tax was based on **point of sale** (where vendor was located).
- Local sales tax is now based on **point of destination** (where product or service is delivered).

What Stays the Same

- Pennsylvania's state sales tax rules have not changed. State sales tax must be collected whenever taxable items or services are sold.
- State and local use tax rules have not changed. If sales tax is not collected at the time of purchase, purchasers still owe use tax when taxable items or services are used in Philadelphia or Allegheny Counties.

Team Member Spotlight

Krista Zimmerman



Career. After teaching school for eight terms, I was ready for a change. A friend told me about Gehman and encouraged me to check it out. I started working on the secretarial team and after three weeks transferred to the payroll department, where I have worked for eight years. Currently, my role is Payroll Manager.

Learning Goals. I would enjoy learning more about photography and design.

Places Lived. I have lived in the town of New Holland my entire life.

Days Off. I prioritize visiting my nieces' and nephews' classrooms and visiting the school where I taught. If I'm off for a week, I'm likely traveling somewhere new.

Verlon Miller



Career. After meeting Ken Nisly, a long-term acquaintance, at a men's conference, I was intrigued by his job and pursued joining the advising team at Gehman. I began working here ten months later. It was a direct answer to prayer and a perfect fit since I enjoy people and numbers. I have worked here for over 10 years, and my current role is Business Advising Manager.

Family. This year marks 35 years of marriage to my wife Jerri. We have 5 children and 6 grandchildren.

Favorite Podcast: *Anabaptist Perspectives*. My interest is partly because my children are involved in it, but mostly because faith directs my life and history helps to inform my present perspectives.

Days Off. I enjoy dates with my wife, home projects, and church-related work.



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Tax Planning Begins Now

Proactive tax planning can help you take advantage of deductions and reduce your tax burden.

Schedule a consultation with your tax advisor today — before December arrives and you're out of time.

Inspiring Confidence™

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Rising PA Sales Tax Audits

Pennsylvania has ramped up sales tax audits. Unfortunately, many business owners simply aren't aware of everything that's taxable. Sales tax isn't just about retail goods — a surprising number of services fall under it too.

Several areas often catch people off guard.

Yes, These Are Taxable

- Cleaning Services
- Puppy Sales
- Machinery & Equipment Rentals

If your business offers services or sells goods that you're not 100% sure about, now is a great time to ask your accountant. A quick review now is a lot less painful than an audit letter or penalties later.