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OCTOBER 2026

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CELEBRATING FAYE BARFIELD'S RETIREMENT

After more than 23 years of dedicated service to the Firm, partner Faye Barfield will retire on October 15, 2026.

Faye joined the Firm on September 2, 2003, beginning a successful second career in public accounting after many years as an educator. During Faye's distinguished teaching career, she served as Mathematics Chairperson at C. E. Byrd Math/Science Magnet High School and earned the respect and admiration of both students and fellow educators.

To prepare for her transition to accounting, Faye completed the accounting curriculum at Louisiana State University Shreveport and passed

the CPA examination on her first attempt. She quickly became a valued member of the Firm and has spent more than two decades providing exceptional service to clients while serving as a trusted colleague and friend to those with whom she worked.

Faye's professionalism, dedication, and commitment to excellence made her an exceptional asset to the Firm. Her retirement marks the conclusion of a professional career spanning more than four decades of service in education and public accounting. We extend our sincere appreciation for Faye's many contributions and wish her a long and rewarding retirement.

THE IMPORTANCE OF DIGITAL ESTATE PLANNING

Previous articles in our newsletter have addressed digital security and estate planning issues separately, but increasingly those subjects are becoming closely connected.

Helping Heirs and Executors in an Increasingly Digital World - For many individuals, important financial and personal records are no longer stored in filing cabinets or desk drawers. Instead, they can exist almost entirely in digital form. Bank and brokerage statements are delivered electronically, bills are paid online, tax

returns are stored in cloud accounts, and personal records often exist only on computers or smartphones.

This shift toward a digital world has created a growing challenge in estate and succession planning. Even when an individual has a valid will, trust, and other traditional legal documents, family members and executors can still face major practical problems if they cannot locate or access digital information after death or incapacity.

(Continued on reverse)

In many estates today, the greatest difficulty is not determining who inherits the assets. Rather, it is determining where the assets are and how to gain access to the records needed to administer them.

The Modern Estate Is Increasingly Digital – A generation ago, heirs could often identify assets by reviewing paper statements, checkbooks, insurance policies, and correspondence kept at home. Today, electronic delivery has largely eliminated that paper trail.

Important information may now exist only behind passwords and multi-factor authentication systems. Common examples include:

- Online bank and brokerage accounts
- Retirement and insurance portals
- Credit card and payment accounts
- Email accounts
- Tax and accounting records
- Cloud storage services
- Automatic bill payment systems
- Password manager applications

In some cases, heirs may not even know certain accounts or assets exist. Automatic payments, online subscriptions, and electronically managed credit card accounts can create additional complications if family members cannot quickly identify and access those accounts.

Passwords and Cellphones Have Become Critical – Many financial institutions now require two-factor authentication before granting access to online accounts. In practical terms, this often means that a security code is sent by text message to the account owner's cellphone.

As a result, gaining access to the cellphone of an incapacitated person or decedent can become extremely important. Without access to the phone, even known usernames and passwords might not be sufficient to enter financial accounts or email systems.

Families should therefore consider whether a trusted person would realistically be able to

unlock and use the cellphone if necessary. This issue is becoming increasingly important in modern estate administration.

Create a Digital Estate Inventory – One helpful step an individual can take is preparing a digital estate inventory. This does not necessarily require listing every password. Instead, it should function as a roadmap for heirs and executors.

A useful inventory might include:

- Financial institutions and account descriptions
- Contact information for attorneys, accountants, and advisors
- The location of estate planning documents
- Information regarding password managers
- Cellphone and computer access instructions
- Locations of backup drives or cloud storage
- Important automatic payments and subscriptions

One should consider using a digital password manager (e.g., Keeper, 1Password, etc.) that allows the user to designate a trusted emergency contact person in advance and establish a waiting period after which that emergency person may request access to the password manager. The account owner is notified of any such request and, if the owner does not object during a set period of time, access by the emergency person is allowed.

Organization Can Be a Final Gift to the Family – Families dealing with illness or death already face emotional stress. Disorganized digital records, unknown passwords, and inaccessible accounts can significantly increase frustration, delay administration, and sometimes result in overlooked assets or unpaid obligations.

Thoughtful organization can greatly simplify matters for surviving family members. A periodic review of digital records, passwords, cellphone access, and account organization can help reduce confusion and administrative difficulties. In today's increasingly electronic world, digital estate planning is becoming not merely a convenience, but an essential part of estate and succession planning.

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Tax & Business Alert

OCTOBER 2026

GET AHEAD OF TAXABLE BENEFITS

As year end approaches, businesses have plenty of tax and payroll tasks competing for attention. One easy-to-overlook area is employee and owner benefits. Identifying taxable benefits before the final payroll runs of 2026 can help prevent reporting errors, payroll tax problems and unexpected Form W-2 adjustments.

TAKE STOCK OF FRINGE BENEFITS

Many fringe benefits are excluded from employees' taxable income, yet employers generally may still deduct their cost as a business expense. Benefits that don't qualify for an exclusion usually must be included in employees' taxable compensation.

Common examples of benefits that may be excluded from taxable wages include employer-provided health insurance, dependent care assistance, group-term life insurance, educational assistance and certain transportation benefits (but the employer can't deduct them), subject to various limits.

Taxable fringe benefits may include personal use of a company vehicle, many entertainment and sporting event tickets, gift cards and other cash-equivalent benefits. Generally, the taxable amount is the benefit's fair market value, less any amount paid by the employee or excludable by law. Special valuation rules may apply.

KNOW WHAT'S NEW

The One Big Beautiful Bill Act (OBBBA), enacted in July 2025, made several changes affecting benefits, including dependent care and educational assistance.

For 2026, the maximum exclusion for employer-provided dependent care assistance increased to \$7,500 (\$3,750 for married taxpayers filing separately).



The OBBBA also made qualifying student loan payments permanently eligible for the educational assistance exclusion and added inflation adjustments after 2026. For 2026, employers generally can provide up to \$5,250 in tax-free educational assistance, including qualifying student loan payments.

DON'T OVERLOOK SPECIAL OWNER RULES

Fringe-benefit rules can differ for business owners, depending on the entity type and benefit involved. For instance, one particularly important year-end payroll issue applies to S corporation shareholder-employees who own more than 2% of the company. Health and accident insurance premiums paid or reimbursed by the S corporation generally must be included in the

shareholder-employee's Form W-2 wages for federal income tax purposes.

Provided certain requirements are met, the premiums generally aren't subject to Social Security, Medicare or federal unemployment taxes. Proper reporting can also affect the shareholder's ability to claim the self-employed health insurance deduction.

COULD YOU OWE THE NIIT?

Selling a highly appreciated investment late in the year could trigger an additional tax cost: the 3.8% net investment income tax (NIIT). If you're considering a significant transaction before January 1, first estimate the potential tax impact and evaluate planning opportunities.

HOW THE NIIT WORKS

You may be subject to the NIIT if you invest outside of tax-deferred accounts and your modified adjusted gross income (MAGI) exceeds the applicable threshold: \$200,000 for single filers and heads of household, \$250,000 for married couples filing jointly or \$125,000 for married taxpayers filing separately. These thresholds aren't indexed for inflation, so more taxpayers are subject to the NIIT now than when the tax first went into effect.

The NIIT equals 3.8% of the lesser of your net investment income or the amount by which your MAGI exceeds the applicable threshold.

Net investment income generally includes taxable interest, dividends, capital gains, rents, royalties, nonqualified annuities and income from passive business activities. Wages, Social Security benefits, tax-exempt interest and income from nonpassive business activities (other than certain financial trading businesses) generally *aren't* included.

Distributions from IRAs and qualified retirement plans also *aren't* net investment income. But taxable

ACT BEFORE YEAR END

Don't wait until Forms W-2 are prepared. Failing to account for taxable benefits properly can lead to insufficient federal income and payroll tax withholding, underpaid employer payroll taxes, penalties and incorrect wage reporting. Contact us to review employee and owner benefits and determine the proper tax treatment before year end. ■

distributions can increase MAGI and, therefore, increase the amount of investment income exposed to the tax.

WATCH FOR A YEAR-END SPIKE

A one-time transaction, such as selling appreciated stock or investment real estate, can push MAGI above the NIIT threshold. Before closing a large sale in 2026, consider whether changing the timing or structure could reduce your NIIT exposure.

For example, you can postpone the stock sale until 2027 or structure the real estate transaction as an installment sale to spread the gain over multiple tax years. If you're at NIIT risk and you've already realized gains in 2026, harvesting capital losses before year end may offset those gains and reduce both MAGI and net investment income. (Keep the wash-sale rules in mind when selling securities at a loss.)

Investors should also account for dividends, mutual fund capital gain distributions and other investment income expected before year end. These amounts can increase both MAGI and net investment income, potentially increasing your NIIT exposure.

Reducing MAGI can also help. Depending on your circumstances and eligibility, maximizing pretax contributions to an employer retirement plan, making deductible traditional IRA contributions or contributing to a Health Savings Account may lower MAGI.

If you have flexibility over the timing of other taxable income, deferring it until 2027 may also help reduce your 2026 MAGI. Remember that itemized deductions don't reduce MAGI and, therefore, won't reduce NIIT exposure.

PROJECT AND PLAN

NIIT planning shouldn't drive an investment decision. Current market conditions, cash flow needs and your broader financial goals are important. But if a large transaction is on the horizon, modeling the tax consequences before acting is a good idea. We can help project your 2026 MAGI and NIIT exposure and plan accordingly. ■



TAX-SMART BUILDING IMPROVEMENTS

If your business is planning improvements to a building before year end, careful planning may allow you to maximize your 2026 tax deduction. A special safe harbor can allow qualifying small businesses to deduct such expenditures currently — but only if expenses don't exceed the applicable limit.

COULD YOU QUALIFY?

Normally, a business that has performed repairs or maintenance on a building can expense those costs and take an immediate deduction. But costs incurred to *improve* a building must be depreciated over several years. The safe harbor for small businesses allows costs that might be considered improvements to be currently deducted up to certain limits.

The safe harbor is generally available to businesses with average annual gross receipts of \$10 million or less for the three preceding tax years. It applies to an eligible building that the business owns or leases and that has an unadjusted basis of \$1 million or less.

For the safe harbor to apply, the total amount paid during the tax year for repairs, maintenance, improvements and similar activities on the building must not exceed the lesser of:

- \$10,000, or
- 2% of the building's unadjusted basis.

WATCH THE ANNUAL LIMIT

The annual limit makes tracking building expenditures important. If total costs exceed the applicable threshold, the safe harbor doesn't apply to any of the expenditures for that building.

Before authorizing additional work, review how much you've already spent. If you're close to the limit, another project before year end could push you over the threshold. It may make sense to postpone nonessential work until the following year.



Expenditures that don't qualify for the safe harbor may still be currently deductible, but you must evaluate them under the general tangible property regulations. Under those rules, costs that result in a betterment, restoration or adaptation to a new or different use generally must be capitalized.

SEEK GUIDANCE

If repairs or improvements are on your year-end agenda, contact us before moving ahead. We can review your building's unadjusted basis and your year-to-date expenditures to help determine whether the safe harbor could benefit your business. ■

TAX CALENDAR

October 13

Employees must report September tip income of \$20 or more to employers (Form 4070).

October 15

Individuals whose personal federal income tax returns for 2025 received an automatic extension must file them no later than today and pay any tax, interest and penalties due. In addition:

- Those with offshore bank accounts must file the Financial Crimes Enforcement Network (FinCEN) Report 114 "Report of Foreign Bank and Financial Accounts" (also known as the "FBAR"), if not filed already. (This report received an automatic extension to today if not filed by the original due date of April 15.)
- Calendar-year C corporations that obtained an extension should file their 2025 Form 1120 by this date.
- If the monthly deposit rule applies, employers must deposit the tax for payments for September Social Security, Medicare, withheld income tax and nonpayroll withholding.

November 2

Employers must file Form 941 for the third quarter of 2026 (November 10 if all taxes are deposited in full and on time).

Also, employers must deposit FUTA taxes owed through September if the liability is more than \$500.

November 10

Employees must report October tip income of \$20 or more to employers (Form 4070).

November 16

Calendar-year tax-exempt organizations that obtained an extension should file their 2025 returns. In addition:

- If the monthly deposit rule applies, employers must deposit the tax for payments for October Social Security, Medicare, withheld income tax and nonpayroll withholding.

December 10

Employees must report November tip income of \$20 or more to employers (Form 4070).

December 15

Calendar-year corporations must pay fourth quarter 2026 estimated tax payments. In addition:

- If the monthly deposit rule applies, employers must deposit the tax for payments for November Social Security, Medicare, withheld income tax and nonpayroll withholding.

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CHARITABLE GIVERS GET A NEW TAX BREAK

Individuals who claim the standard deduction can now deduct certain charitable contributions, creating a tax-saving opportunity for year-end giving.

HOW THE DEDUCTION WORKS



Beginning in 2026, taxpayers who take the standard deduction may deduct up to \$1,000 of qualifying charitable contributions, or up to \$2,000 for married couples filing jointly. Only cash contributions qualify, such as gifts made by check, debit or credit card, payment app or payroll deduction. Contributions of property, such as clothing, household items or securities, *don't* qualify.

The rules differ for taxpayers who itemize deductions. Itemizers generally may deduct qualifying cash and property contributions, subject to applicable limitations. Beginning in 2026, itemized charitable deductions generally are allowed only to the extent total charitable contributions exceed 0.5% of adjusted gross income (AGI). So, if your AGI is \$100,000, your first \$500 of charitable contributions for the year won't be deductible.

For any charitable donation, you must give to a qualified charity. Gifts made directly to individuals *aren't* deductible.

REVIEW YOUR YEAR-END GIVING

If you expect to claim the standard deduction, you may want to make qualifying charitable gifts before December 31. Doing so could reduce your taxable income while supporting causes that are important to you. Be sure to keep records supporting any deduction claimed. We're available if you have questions. ■