CONSTRUCTION ACCOUNTING THAT REVEALS PROBLEMS EARLY: JOB COSTING, CHANGE ORDERS, AND WIP REPORTING

Construction businesses can stay profitable on paper while margin quietly slips away on individual jobs. This article explains how job costing, change-order management, and work-in-progress reporting work together to surface problems early. Learn what to look for in each system and how to keep all three telling the same story before issues become year-end surprises.

DIVORCE AND YOUR TAX RETURN: WHAT THE SETTLEMENT MAY NOT RESOLVE

A divorce settlement divides assets and establishes legal rights, but it does not resolve every tax question that follows. Filing status, child-related benefits, property basis, retirement transfers, and prior joint return liability all require a separate tax review. Understanding where the settlement ends and tax law begins can help you avoid costly surprises after the divorce is final.

IRS RAISES THE STANDARD MILEAGE RATES FOR THE SECOND HALF OF 2026

The IRS raised the standard mileage rates for the second half of 2026, effective July 1st, with the business rate increasing from 72.5 cents to 76 cents per mile. Taxpayers who use their vehicle for business, medical, or qualifying moving purposes will need to track mileage separately for each half of the year. Learn what the new rates mean for your deductions, reimbursement policies, and recordkeeping.

WHEN AND WHY EVERY BUSINESS OWNER NEEDS A BUSINESS VALUATION

Most business owners carry a rough estimate of what their company is worth, but that mental number is not a valuation, and the gap between the two can be costly. A formal, methodology-based business valuation is required in a wide range of situations, including selling or transferring a business, estate planning, lending, divorce, equity compensation, and shareholder disputes. Working with a credentialed valuator and involving your CPA early ensures the resulting number is defensible when it matters most.

S CORPORATIONS 101: FAQS FOR BUSINESS OWNERS

S-corporations are one of the most frequently discussed (but often misunderstood) tax structures for small business owners. While they can offer real savings on self-employment taxes, the benefits aren’t automatic –

they depend on your income level, involvement in the business, and whether you're ready to manage the added compliance responsibilities. Here's what you need to know about how S-corps work, who they're right for, and what's required to maintain one.

IT'S WEDDING SEASON! THE TAX CHANGES COUPLES MISS

Getting married triggers significant tax changes that catch many couples off guard, from a new filing status that takes effect the moment you say "I do," to withholding gaps that can result in an unexpected tax bill in April. Beyond filing and withholding, newlyweds also need to address name and address updates, healthcare coverage decisions, HSA eligibility changes, and dependent-related credits before year-end. Tackling these adjustments proactively, rather than waiting until tax season, helps couples avoid penalties, protect their refunds, and start their financial life together on solid footing.

FILED AN EXTENSION? HOW TO USE THE TIME BETWEEN NOW AND OCTOBER 15TH

Filing a tax extension buys you time, but only if you use it wisely. From revisiting your April payment estimate to gathering missing documents and staying on top of current-year obligations, the months between now and October 15th are a valuable planning window. Read on to learn how to make the most of your extension and avoid a costly repeat of the same tax challenges next year.

A FINANCIAL GUIDE FOR HEIRS NAVIGATING INHERITED ASSETS

Inheriting assets involves complex tax rules and time-sensitive decisions that can impact your financial outcome. This guide covers what heirs need to know about real estate, retirement accounts, and other inherited assets.

POTENTIAL REFUND OPPORTUNITIES FOR IRS INTEREST AND PENALTIES FOLLOWING KWONG V. UNITED STATES

It is important for you to be aware that a recent federal court decision in *Kwong v. United States* ("Kwong") has opened the door for certain taxpayers to pursue refunds of IRS-assessed **interest and penalties**, particularly in situations involving late payment or estimated tax underpayments during the period between 1/20/2020 and 7/11/2023. While the ruling is nuanced and fact-specific, it raises meaningful opportunities for taxpayers who previously paid amounts that may not have been properly assessed due to the Federal Government declaring Covid-19 a federal disaster.

According to the National Taxpayer Advocate, "[u]nder the reasoning of the Kwong decision, you may be entitled

to a refund or abatement of certain amounts assessed during the COVID period, including:

- Penalties assessed for failure to timely file returns, failure to pay taxes, or failure to make estimated tax payments;
- Interest that began accruing earlier than it should have, or not at all; and
- Overpayment interest for the 2020–2023 disaster period."

The IRS usually does not issue refunds or abate tax/penalty assessments while the law is uncertain. Currently the Kwong case is being litigated through the appeals process. However, based on the court decision, all refund claims will need to be **filed by 7/10/2026**. If you plan on filing, all paperwork will be due to TBC by June 30th in order to meet the deadline.

Given the uncertainty and the potential for further litigation or IRS guidance, taxpayers should consider filing a protective refund claim. A protective refund claim keeps your ability to claim a refund intact while the court case is still pending.

Contact your TBC advisor to assist with:

- Evaluating eligibility under the *Kwong* decision;
- Quantifying potential refund claims;
- Preparing and filing Form 843 protective claims;
- Monitoring developments and managing IRS correspondence.

Considering this development, taxpayers should consider conducting a targeted review of prior filings and payments made during the affected period to determine whether you may be eligible to file refund claims. Given the technical complexity and fact-dependent nature of the Kwong decision, a careful analysis of each taxpayer's specific circumstances is important. Proactive evaluation now may help preserve potential refund opportunities before the 7/10/2026 refund claim due date.

If you are in need of assistance or are looking for more information on potential refund opportunities for IRS interest and penalties, please feel free to reach out to your trusted TBC advisor.

CLIENT ADVISORY: IRS CP53E LETTERS AND EMERGING SCAM ACTIVITY

In recent weeks, we have seen an uptick in scam activity involving IRS Notice CP53E from the Internal Revenue Service. While CP53E letters are a legitimate form of IRS correspondence, fraudsters are exploiting them to obtain sensitive financial and personal information from taxpayers.

Scammers replicate the format and language of official IRS notices to create convincing fraudulent letters. These communications may:

- Instruct recipients to "correct" or "verify" bank account details
- Request Social Security numbers, dates of birth, or account credentials
- Direct recipients to fraudulent websites or phone numbers

A genuine CP53E notice is issued when:

- A taxpayer's return includes a direct deposit request, and
- The IRS is unable to complete the deposit (commonly due to incorrect or rejected bank account details)

In these cases, the IRS converts the refund to a paper check and mails it to the taxpayer's address of record. Importantly, a legitimate CP53E notice does not require the taxpayer to resubmit banking information.

Red Flags to Identify Fraudulent Notices:

Have caution if a CP53E-related communication includes:

- Requests for sensitive information (e.g., full SSN, bank login credentials, PINs)
- Urgent or threatening language implying immediate penalties or enforcement
- QR codes directing to non-IRS domains (anything not ending in *.gov*)
- Contact information that does not match official IRS listings

As a rule, the IRS does not solicit confidential financial data through unsolicited correspondence tied to refund processing issues.

Follow a structured IRS Notice verification approach:

1. Access their IRS Online Account
   - Navigate directly to (do not use embedded links on email or letter)
2. Validate notice details
   - Confirm the notice number (CP53E), applicable tax year, and identifying information
3. Contact the IRS using official channels
   - Use phone numbers published on , not those printed on the suspicious letter
4. Consult with your TBC advisor
   - Maybe you weren't supposed to receive a refund
   - If refund delivery details or account information appear inconsistent

Reminder to always take caution:

- Do not respond directly to any notice that appears suspicious
- Do not provide personal or banking information based solely on mailed instructions
- Always verify through official IRS channels or your TBC advisor

The increasing presence of scam activity tied to IRS Notices CP53E makes us aware of a broader trend: fraudsters increasingly leverage legitimate tax processes to create credible phishing attempts. By reinforcing verification protocols and being aware of common red flags, it can significantly reduce the risk of identity theft and financial loss.

For any questions regarding IRS notices or refund processing, we encourage you to speak with your trusted TBC advisor.
