Punita Ahuja CPA PLLC
MONTHLY CLIENT TAX NEWSLETTER



November 2026 Tax Update

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What changed—and what to review before year-end

1099 season, a possible new form, and open enrollment. A higher 1099 reporting threshold, a new e-file system, and a full repayment rule for Marketplace credits change what to file, what to track, and what to decide before December 31.

1099-NEC reporting threshold rises to $2,000

$2,000

For payments made in 2026, a business files Form 1099-NEC only when it paid a nonemployee **$2,000 or more for services in the year, per payee** — up from $600. The same $2,000 figure covers several Form 1099-MISC categories, including rent, prizes and awards, and attorney gross proceeds. Royalties keep their $10 threshold.

No form does not mean the income is untaxed. Backup-withholding rules and the corporation and attorney exceptions still apply. 2026 Forms 1099-NEC are due to recipients and the IRS by **February 1, 2027**, because January 31 is a Sunday. Filers of 10 or more information returns must e-file.

FIRE retires November 19 — IRIS takes over

Nov 19

The IRS is retiring the FIRE e-filing system. The last day to change Transmitter Control Code (TCC) applications is **November 9**, and the last filing through FIRE is **November 19, 2026 at 3:00 PM ET**.

From January 1, 2027, IRIS is the only e-file system for information returns. A direct IRIS filing needs its own new TCC — a FIRE TCC does not carry over — and processing can take up to about 45 days, so applications should go in now.

Possible new Schedule 3-A for refundable credits

PROPOSED

PROPOSED — NOT FINAL

Treasury and the IRS proposed rules that would treat the refunded portion of the Earned Income Tax Credit (EITC), the Child Tax Credit (including the Additional Child Tax Credit), the American Opportunity Tax Credit, and the Adoption Credit as federal public benefits. Filers claiming the refundable portions may need to complete a new Schedule 3-A affirming U.S. citizenship, U.S. national, or qualified-alien status.

The comment period closed October 5, 2026, and the rule must be finalized by December 31, 2026 to apply to 2026 returns. For 2026, the EITC investment-income limit is $12,200 and the maximum adjusted gross income is $70,244 for joint filers with three or more qualifying children. The item should be flagged in intake now so documentation is ready if the rule is finalized.

Planning signal

Contractor totals, TCC status, and credit documentation decide how smooth January filing will be. A short review in November leaves time to correct records, submit an IRIS TCC application, and gather status documents before year-end deadlines arrive.

For information only, not professional advice. General information only; individual tax treatment depends on the facts.

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Year-end planning opportunities

NOVEMBER 2026

Tips and overtime deductions — what to track now for 2026

$25,000

The new Schedule 1-A claims the “no tax on tips” deduction of up to **$25,000 of qualified tips** and the overtime deduction of up to **$12,500 of qualified overtime premium** ($25,000 on a joint return). Only the premium half of time-and-a-half counts — not the whole overtime check. Both deductions phase out above $150,000 of modified adjusted gross income ($300,000 joint).

Starting with 2026 income, each deduction is limited to what the employer reports: tips in W-2 Box 12, code TP, and overtime premium in code TT. Pay statements should be checked now, while an error can still be corrected before Forms W-2 are issued.

Premium tax credit repayment cap is gone for 2026 — and open enrollment is open

3.7M

The One, Big, Beautiful Bill Act repealed the cap on repaying excess advance premium tax credits. For 2026 returns, **any excess advance credit is repaid in full**. Previously, repayment was capped at $375 to $3,250 for households under 400% of the federal poverty level. Treasury and the IRS estimate that about 3.7 million returns in 2028 will include excess advance premium tax credit repayments.

Marketplace open enrollment runs **November 1, 2026 to January 15, 2027**; enrollment by December 15, 2026 starts coverage on January 1, 2027. 2026 income should be estimated carefully when choosing advance credits, because an underestimate now becomes a full repayment at filing.

In brief: 2027 HSA limits are official

HSA limits for 2027
$4,500 for self-only coverage and $9,000 for family coverage. Both figures are official.

Still to come
The IRS has not yet announced the 2027 tax brackets or the 2027 401(k) and IRA limits. An announcement is expected in mid-November.

Paying the IRS by card
The IRS can now accept tax payments directly by credit or debit card under final regulations effective October 19, 2026.

Tax calendar

November 9
Last day to change FIRE TCC applications.

November 19, 3:00 PM ET
Last filing through FIRE.

December 7
Medicare open enrollment ends.

December 15
ACA enrollment deadline for coverage starting January 1, 2027.

December 31
Year-end tax planning deadline.

February 1, 2027
2026 Forms 1099-NEC due to recipients and the IRS.

Records to gather

Keep 1099 payment records and contractor totals, pay statements showing tips and overtime, Marketplace premium and advance credit notices, and IRIS TCC application confirmations with the 2026 tax file.

For information only, not professional advice. General information only; individual tax treatment depends on the facts.
Information current as of November 5, 2026. Sources: IRS, U.S. Treasury, HealthCare.gov and federal tax legislation.