

2026 TAX CHANGES GUIDE

Understand what changed.

Keep more of your money.

ALSO INSIDE:

The 7 P's of Tax Preparation

A strategic framework for financial clarity

ROOTED IN CULTURE · BUILT FOR WEALTH



2026



What This Means For You

The IRS makes adjustments every year — but 2026 brings changes that directly affect what you keep. Income thresholds have moved. Deductions have been updated. Credits have new rules. And enforcement is increasing.

This guide breaks down what changed, why it matters, and



"Tax season shouldn't be the first time you look at your numbers."

— Gigi Craig, Red Dahlia Financial

What's Inside:

- **2026 Key IRS Changes**
New thresholds, deductions & credits
- **The 7 P's Framework**
Year-round tax preparation strategy
- **IRS Red Flags**
What triggers audits — and how to avoid them
- **Your 90-Day Action Plan**
Clear next steps with timelines
- **About Red Dahlia**
How we help you keep more

This Guide Is For You If:

- › You're self-employed or run a business
- › You file with multiple income streams
- › You've received an IRS notice
- › You want to stop reacting, start planning
- › You want a financial partner, not just a preparer

What Changed. What It Means.

01 Income Threshold Adjustments

Tax brackets shifted due to inflation. Standard deduction increases to \$15,000 for single filers and \$30,000 for married filing jointly. Review withholding now — even small changes can mean hundreds more in your pocket.

› Review your W-4 or estimated payments

02 Standard Deduction Updates

Standard deductions increased across all filing statuses. If you've been itemizing, run the numbers — the higher standard deduction may now work in your favor. This especially affects mortgage interest deductions.

› Compare itemized vs. standard for your situation

03 Credit Rule Changes

Child Tax Credit, Earned Income Credit, and Education Credits have updated phase-out thresholds. Clean energy credits expanded. Business owners should review the Qualified Business Income deduction limits.

› Verify eligibility for all credits you've claimed

04 Increased IRS Enforcement

Audit rates increased for unreported income, gig economy earnings, and crypto transactions. New 1099-K rules mean payment apps now report transactions over \$600. Documentation is no longer optional.

› Document all income sources — no exceptions

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THE 7 P'S OF TAX PREPARATION

A year-round framework for financial clarity.

- | | | |
|----|--------------------|--|
| 01 | Position | Know where you stand before you file. |
| 02 | Planning | Strategy happens all year — not just April. |
| 03 | Paperwork | If you can't document it, you can't deduct it. |
| 04 | Profit | Understand what you actually keep after taxes. |
| 05 | Protection | Shield your assets. Reduce your risk. |
| 06 | Payments | Stay current. Penalties are expensive. |
| 07 | Preparation | File with confidence, not panic. |

7 P'S

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Why the 7 P's Exist

After 16 consecutive tax seasons working with families, entrepreneurs, and small business owners, one pattern became impossible to ignore: most people weren't failing at taxes because they were irresponsible. They were failing because no one had ever given them a clear framework for preparation.

The 7 P's of Tax Preparation was built to change that. It's not a checklist. It's a system — one that takes you from reactive to proactive, from confused to confident, from scrambling in April to already knowing your numbers in January.

Each 'P' represents a pillar of financial readiness. Together they form a complete picture of what it actually takes to walk into tax season prepared, protected, and positioned to keep more of what you've earned.

**"Most people don't have a tax problem.
They have a preparation problem.
The 7 P's fix that."**

— Gardner "Gigi" Craig, Founder · Red Dahlia Financial

The following pages walk through each of the 7 P's in depth. Read in order for the full framework.

The 7 P's at a Glance

01	POSITION Know your starting point. Filing status · income sources · entity type · life changes	Page 7 →
02	PLANNING Strategy before the deadline. Quarterly estimates · retirement timing · year-round decisions	Page 8 →
03	PAPERWORK Document everything. W-2s · 1099s · receipts · mileage · bank statements	Page 9 →
04	PROFIT Know what you actually keep. Revenue vs taxable income · deductions · QBI deduction	Page 10 →
05	PROTECTION Reduce risk. Shield assets. Entity structure · audit protection · insurance intersections	Page 11 →
06	PAYMENTS Stay current. No penalties. Estimated payments · installment plans · payment options	Page 12 →
07	PREPARATION File with confidence. Review · sign · understand every line of your return	Page 13 →

Each P is covered in detail on the following pages.



01 POSITION

Know Where You Stand Before You File.

Your tax position is the foundation everything else is built on.

It starts before you ever touch a form. What is your filing status? Are you filing as an individual, a business owner, or both? Do you have employees? Multiple income streams? A side business with no separate entity?

Your position determines which forms you need, which deductions you qualify for, and what strategy makes the most sense. Most tax mistakes happen here — not in the math, but in the setup.

Red Dahlia Financial reviews your position before we touch your paperwork. We look at your full financial picture, not just last year's return.



ACTION STEPS

- Confirm your filing status (Single, MFJ, HOH, etc.)
- List all income sources — W-2, 1099, business, rental
- Identify your business entity type
- Note life changes: marriage, new dependent, home purchase

REFLECTION

Do you know your current tax position — and has anything changed this year?



02 PLANNING

Tax Strategy Happens All Year. Not Just in April.

By the time you sit down to file, most of your options are already gone.

The decisions that reduce your tax bill happen in January, in June, in October — not on April 14th.

Good planning means knowing your estimated tax obligation before the year ends. It means making retirement contributions strategically. It means timing business expenses, asset purchases, and income recognition to work in your favor.

This is where Red Dahlia goes beyond filing. We help you build a year-round strategy so you're never surprised — and never overpaying.

ACTION STEPS

- Schedule quarterly tax review appointments
- Set up or review estimated tax payment schedule
- Max retirement contributions before year-end
- Review timing of large purchases or equipment

REFLECTION

Do you have a tax plan, or are you just reacting to April every year?



P 03 PAPERWORK

If You Can't Document It, You Can't Deduct It.



The IRS doesn't take your word for it — and neither should you.

Every deduction, every credit, every business expense needs documentation. A receipt you can't find is money you've already lost.

Good paperwork isn't about being organized for its own sake. It's about protecting your return in the event of an audit, and making sure every dollar you're entitled to is actually claimed.

The Dahlia Ledger was built specifically for this — track income, expenses, and mileage in real time, so when tax season arrives, your documentation is already complete.

ACTION STEPS

- Set up a digital folder system for tax documents
- Use the Dahlia Ledger for real-time expense tracking
- Keep mileage logs if you drive for business
- Reconcile bank and credit card statements monthly

REFLECTION

If you were audited tomorrow, could you document every deduction?



04 PROFIT

Understand What You Actually Keep After Taxes.

Revenue is exciting. Profit is what matters.

And taxable income is what determines your bill. Understanding the difference between gross revenue, net profit, and taxable income is one of the most important financial skills a business owner can develop.

Many business owners overpay because they don't understand which expenses are legitimately deductible. Others underpay — unintentionally — because they don't track income accurately.

This P is about clarity. Knowing your numbers is how you make better business decisions — and how you build a financial life that actually grows.

ACTION STEPS

- Run a profit and loss statement every quarter
- Understand the difference between personal and business expenses
- Review Qualified Business Income (QBI) deduction eligibility
- Project year-end taxable income with your tax professional

REFLECTION

Do you know your real profit — after taxes, after expenses — right now?

P 05 PROTECTION

Shield What You've Built. Reduce Risk Before It Finds You.



Protection in tax preparation means two things.

Protecting your assets through smart structure — and protecting your return from IRS scrutiny.

The right business entity can save you thousands in self-employment taxes. Proper separation of personal and business finances protects your personal assets. Adequate documentation protects your deductions. Consistent filing history protects your credibility.

This is also where insurance — life, business, liability — intersects with your financial plan. Red Dahlia Financial looks at protection holistically, not just as a tax strategy but as a wealth-building foundation.

ACTION STEPS

- Review your business entity structure
- Ensure personal and business accounts are separate
- Review insurance: life, liability, and business coverage
- Document home office and vehicle use carefully

REFLECTION

Is your business structured to protect your personal assets and reduce your tax liability?



06 PAYMENTS

Stay Current. Penalties Are Expensive.

The IRS expects to be paid as you earn — not just in April.

For the self-employed, freelancers, and small business owners, that means quarterly estimated tax payments. Missing them doesn't just create a bill — it creates penalties and interest on top.

If you've fallen behind, there are options. The IRS offers installment agreements, currently-not-collectible status, and other resolution pathways. But the best strategy is staying current.

Red Dahlia Financial helps clients calculate accurate quarterly estimates and set up payment schedules that work — so you're never behind.

ACTION STEPS

- Calculate and schedule all 4 quarterly payments for the year
- Set aside 25–30% of self-employment income as it arrives
- If behind, explore IRS installment agreement options
- Review prior year balance due before this year's return is filed

REFLECTION

Are your tax payments current, or are you building a balance for later?

P 07 PREPARATION

File With Confidence. Not Panic.



The final P is where all the other P's come together.

If you've worked through Position, Planning, Paperwork, Profit, Protection, and Payments — then Preparation is not a scramble. It's a completion.

Preparation means reviewing your return thoroughly before it's filed. It means understanding what's on it. It means asking questions. It means not just handing over a stack of documents and hoping.

At Red Dahlia Financial, we walk every client through their return before we file it. You should understand what you're signing. You should know what changed from last year. You should leave feeling more informed — not more confused.

ACTION STEPS

- Gather all documents before your appointment — not during
- Review your prior year return for carryforwards
- Read your return before signing — understand every line
- Ask what you can do differently next year

REFLECTION

When you file this year, will you understand exactly what's on your return — and why?

IRS Red Flags

What triggers scrutiny — and how to stay off the radar.

● Large Round-Number Deductions

Deducting exactly \$10,000 or \$5,000 for expenses raises flags. Real expenses are rarely round numbers. Keep actual receipts and documentation.

● High Business Meal Deductions

The IRS watches meal deductions closely. Only 50% is deductible, and documentation of business purpose is required for each event.

● Home Office Misuse

Must be used regularly and exclusively for business. A desk in your bedroom doesn't qualify. A dedicated room may — with proper documentation.

● Unreported 1099 Income

The IRS receives copies of every 1099 issued to you. If it's in their system and not on your return, expect a notice.

● Cryptocurrency Transactions

Every crypto sale, exchange, or conversion is a taxable event. New IRS reporting requirements make unreported transactions increasingly visible.

● Cash Business Without Records

Service businesses with high cash volume and low reported income attract scrutiny. Consistent bookkeeping is your protection.

This information is educational. Contact Red Dahlia Financial for advice specific to your situation.

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Your 4-Step Action Plan

01

REVIEW

Look at last year's return.

Pull your most recent return. Compare it to this year's income and expenses. Note any carryforwards — losses, credits, or deductions that roll forward. Understanding where you started is the first step to planning where you're going.

02

FIX

Address what's not working.

Are you behind on estimated payments? Is your withholding off? Did you miss deductions you were entitled to? File an amended return if needed. Address any IRS notices before filing. Fix the foundation before building on it.

03

PREPARE

Get your documents in order now.

Don't wait for January. Set up your folder system now. Track remaining expenses. Confirm your 1099s and W-2s will arrive. Schedule your appointment with Red Dahlia Financial before slots fill.

04

ORGANIZE

Build the system that makes next year easier.

One tax season of good habits changes everything. Set up the Dahlia Ledger. Schedule quarterly reviews. Open a separate business account. Put your estimated payment dates in your calendar today.

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"The best time to get your taxes right was last year. The second best time is now."

ABOUT THE FOUNDER



**16 consecutive tax seasons.
One framework built from experience.
Now I'm building wealth."**

With 16 consecutive tax seasons of experience — starting in 2008 — Gigi Craig built Red Dahlia Financial into a full-service financial house. What began in tax preparation grew into a complete system: bookkeeping, business formation, credit, insurance, and mortgage origination.

But she kept noticing the same thing: her clients knew how to make money. Most didn't know how to keep it.

So she went deeper — tax preparation, bookkeeping, business formation, credit, insurance, and mortgage origination. The full architecture of financial clarity.

Today, Red Dahlia Financial is the firm she wished she'd had when starting out — sophisticated enough for serious wealth, warm enough for real people.

EXPERTISE

- › Tax Services & Resolution
- › Business Formation & Strategy
- › Credit Consulting
- › Life & Insurance Services
- › Bookkeeping & Financial Systems
- › Mortgage Origination



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You've worked hard to earn it. Now let's build a strategy to keep more of it.

Red Dahlia Financial is now accepting new clients for the 2026 tax season.

FREE CONSULTATION

Book a complimentary 30-minute call. We'll review your situation and map your next steps.

→ reddahliafinancial.com

PRIOR YEAR REVIEW

Already filed? We'll review your prior year return for missed deductions and errors.

→ [Schedule a review today](#)

JOIN OUR COMMUNITY

Monthly tax tips, deadline reminders, and financial strategies delivered to your inbox.

→ [Sign up at our website](#)

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This guide is for educational purposes only and does not constitute tax or legal advice.
Consult a qualified tax professional for advice specific to your situation.