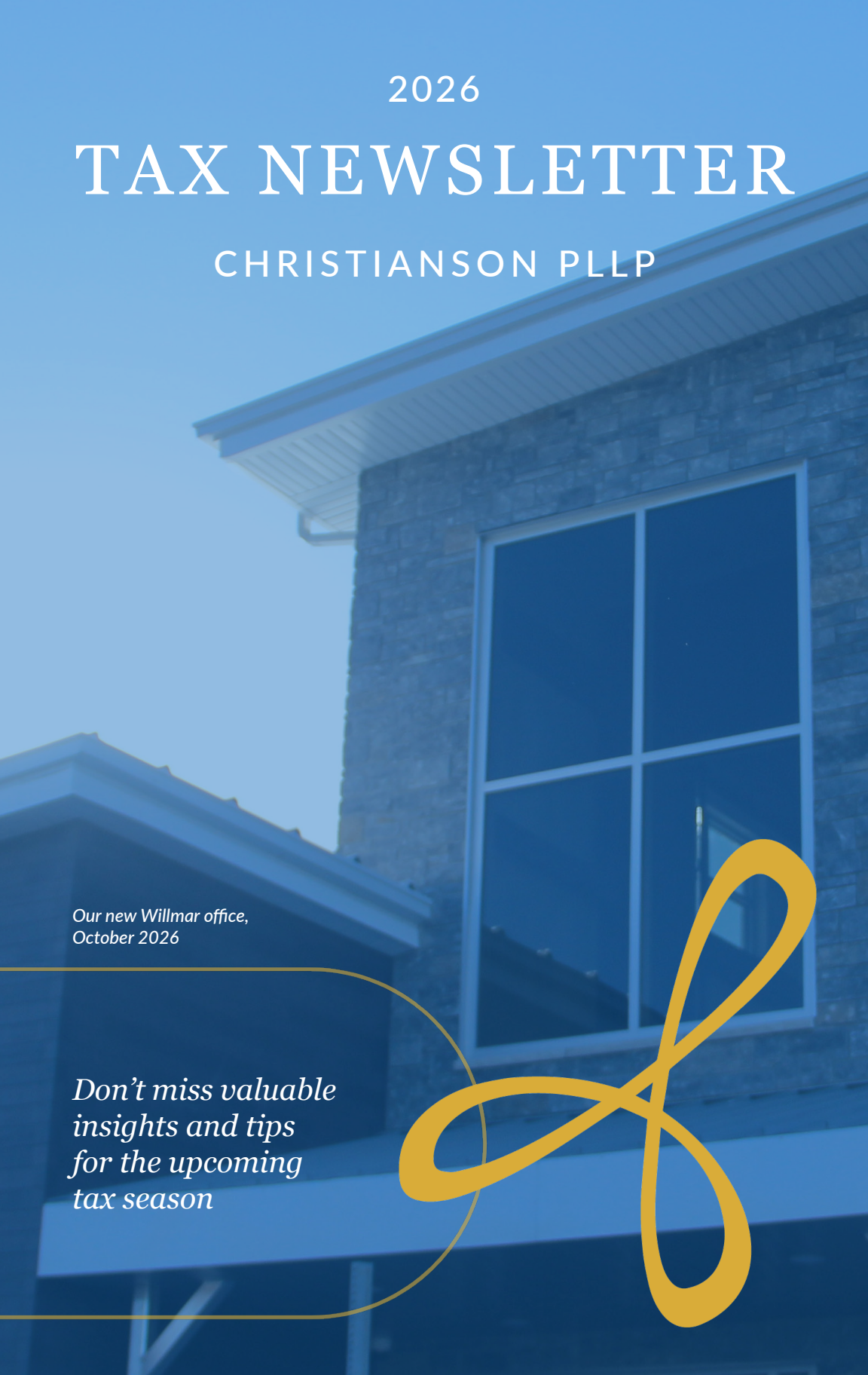
2026

TAX NEWSLETTER

CHRISTIANSON PLLP



Our new Willmar office, October 2026

Don't miss valuable insights and tips for the upcoming tax season

Table Of Contents

Office Hours and Locations....4

Safesend.....5

1040 Tax Organizers.....5

Important Rules for Secure File Transmission 5

Important Tax Deadlines 6

Prepare for your Tax Meeting 7

Tax Law Changes for Individuals 8

Tax Law Changes for Businesses and Employers 10

Estate, Gift, and Family Planning.....12

Health, Benefits, and Retirement Planning 13

Minnesota Tax Updates.....14

Farm Tax Notables 17

Estate Planning.....21

Tax Planning for Individuals.22

Tax Planning for Businesses and Employers.....23

Tax Tables.....24

Firm Updates.....31

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Joel Gratz, CPA; Sara DeRoo, CPA; Dustin Kotrba, CPA; Chelsey Mueller, CPA; Teresa Carlson, EA; Bradley Pederson, CPA; Kari Buttenhoff, CPA; Jamey Cline

Greetings from the Partners and Colleagues at Christianson PLLP. As we continue to grow and evolve, we remain focused on the relationships and values that have guided our Firm. We are honored to support the businesses, farms, families, and organizations that strengthen the communities we serve.

We are also on the eve of an exciting new chapter in leadership. Partner Sara DeRoo will be transitioning to a new role as Chief Executive Officer, effective January 1, 2027. Joel Gratz, who has served as CEO since 2021, will transition from the firm's top leadership role to further his focus on serving clients and supporting industry growth initiatives as a leader within our agribusiness practice.

The Firm is also pleased to announce the addition of two more partners effective January 1, 2027. These individuals are Kathryn Mueller, CPA and leader within attestation and the renewable energy industry; and Orin Manuel, CPA, service line development leader for the Firm.

As the business landscape continues to evolve, strategic tax planning remains more important than ever. From agriculture and renewable energy to small business and specialty industries, our professionals are helping clients navigate changing regulations, identify opportunities, and make informed decisions with confidence. We encourage you to reach out to your Christianson advisor to discuss strategies tailored to your specific goals and circumstances. As always, we are committed to being trusted advisors through meaningful relationships, practical guidance, and proactive solutions.

Thank you for your continued patronage. We appreciate the opportunity to serve you and wish you, your family, and your team continued success in the year ahead.

WILLMAR

1920 Highway 12 East
Willmar, MN 56201

Phone: 320.235.5937

Toll Free: 888.852.5937

Open Monday - Friday, 8 am - 5 pm or by appointment

Client Support Staff: Angelica Wilhelmi, Sarah Wennerberg, and Jean Raatz

Secure document drop box available 24/7 at front door

Our Willmar Office is Moving!

We'll be open for clients in our new office starting ***December 14, 2026***

Please update your records

LITCHFIELD

194 South Litchfield Avenue
Litchfield, MN 55355

Phone: 320.373.1040

Open Monday - Friday, 8 am - 4 pm or by appointment

Client Support Staff: Kresson Gruthusen and Lindsay Nygaard

Secure document drop box available 24/7 at front door

PAYNESVILLE

705 State Highway 55
Paynesville, MN 56362

Phone: 320.268.9988

Open Monday - Friday, 8 am - 4 pm or by appointment

Client Support Staff: Shanda Anderson

Secure document drop box available 24/7 at front door

REDWOOD FALLS

140 East Second Street
Redwood Falls, MN 56283

Phone: 507.637.5725

Open Monday - Friday, 8 am - 4 pm or by appointment

Client Support Staff: Tammy Altermatt

SAUK CENTRE

850 Main Street South
Sauk Centre, MN 56378

Phone: 320.352.5231

Open Monday - Friday, 8:30 am – 4:30 pm or by appointment

Client Support Staff: Aimee Deters

This guide explains how to use SafeSend, securely share documents, receive and complete your tax organizer, meet important deadlines, and prepare for your tax appointment.

SafeSend: The Smart Way to Send, Sign, and Save

SafeSend is a secure, digital platform designed to streamline your tax engagement experience. SafeSend allows you to sign engagement letters, complete fillable organizers, securely upload documents, and receive and electronically sign your completed tax return.

Client Benefits:

- Digital, fillable organizers for tax information.
- Secure source document upload.
- Receive and review tax returns securely.
  - For individuals: e-sign forms to e-file, receive estimated tax reminders, and pay taxes/invoices online.
  - For business returns: download, sign, and distribute K-1s electronically.
  - Provide your digitized tax return to bankers, lenders, and other parties
- Go paperless—faster, easier, and more environmentally friendly.

It's fast, secure, easy to use, and 100% free for you!

SafeSend Client Portal:
Offers one secure, guided place to manage your tax engagements year after year. You will receive an email invitation with instructions on setting up your portal.

For more information aabout SafeSend, visit **christiansoncpa.com/safesend**

1040 TAX ORGANIZERS

Your 2026 tax organizer will be emailed to you in January through SafeSend from noreply@safesendreturns.com. To confirm that we have your preferred email address, contact us at ClientServices@christiansoncpa.com. Paper copies are available for pickup or mailing by request only. If you requested a paper copy last year, we have saved your preference.

IMPORTANT RULES FOR SECURE FILE TRANSMISSION

Protecting your financial information is our highest priority. IRS data-security rules require financial documents sent electronically to be encrypted. Please do not send documents by regular email or text; instead, use SafeSend or the secure link provided by your tax preparer. Unencrypted messages may be blocked.

Please provide ***all your tax documents at one time*** whenever possible. Dropping them off or uploading documents

a few at a time increases the risk that your preparer will not have everything needed to complete your return and may delay processing.

You can share documents securely with us in either of the following ways:

Electronically

- Our SafeSend Gather software allows secure transmission of tax documents.
- Use the secure SafeSend link below your tax preparer's email signature to upload your documents.

In January, you will receive an email with a secure link. SafeSend will guide you through signing the engagement letter, answering custom questions, completing your organizer, and uploading each tax document with any notes for your preparer. After all documents are uploaded, click FINISH to alert our staff that your information is ready for tax preparation.

Drop Off / Mail

Our clients are always welcome to give us tax documents directly or via mail.

We accept documents at the front desk at all locations during office hours. See the Office Hours and Locations section for addresses and hours. Locked, secure document drop boxes are available 24/7 in Willmar, Litchfield, and Paynesville.

IMPORTANT TAX DEADLINES

To give us the best opportunity to prepare your return accurately and file it by the applicable deadline, you must have all necessary information to your preparer at least 14 days before the filing deadline. We reserve the right to extend your tax return as needed and will communicate with you should this situation arise.

- Farmer filing deadline is March 1 unless a January tax deposit or quarterly estimates are made
- Partnership and S-corporation deadline is March 15
- Individual tax and regular corporation deadlines are April 15
- Trust and gift tax return deadline is April 15

If you are unable to provide your information on time, you may ask us to file an extension on your behalf. An extension gives you additional time to file your return, but it does not extend the time to pay. Any estimated tax due must still be paid by the original filing deadline.



Joel Gratz making a new friend at Minnesota Farm Fest, August 2026

We want your Christianson tax meeting to go as smoothly as possible! Here are some tips to keep in mind:

- ☐ Review your personalized organizer, check for changes, and add information that will provide insight to the preparer
- ☐ Read through the questions, checking boxes as needed
- ☐ Write any questions you may have in the organizer
- ☐ Provide all documents that say "tax information" or otherwise look important and remove from envelope



Gabe Williams, Torry Kerfeld, and Tim Borgmann at the Lynx National Golf Course for the Stearns County Corn Growers Association, August 2026

What's Changing?

Paper Checks Are Being Phased Out

The IRS is transitioning refunds and payments from paper checks to electronic methods. Refunds may be issued by direct deposit or other approved methods, with limited exceptions.

Transition to Electronic Payments

The IRS encourages taxpayers to use approved electronic methods for estimated taxes, balances due, penalties, and other payments. Checks and money orders are still being accepted during the transition.

Electronic Payment Options

- Electronic Funds Withdrawal (your tax preparer will schedule the payment when your return is electronically filed, based on your instructions)
- IRS Direct Pay (for individuals)
- Electronic Federal Tax Payment System (EFTPS) (for businesses and individuals)
- Debit or credit card payments through authorized processors
- Digital wallets
- IRS Online Account (to manage payments and view balances)

Federal Tax Updates

The Federal Income Tax Brackets and Standard Deduction for 2026 can be found on page 24.

Child Tax Credit and Other Dependent Credit

The Child Tax Credit is $2,200 per qualifying child for 2026, with up to $1,700 refundable for eligible taxpayers.

Phaseout thresholds remain $400,000 for married filing jointly and $200,000 for other filers and are not indexed for inflation.

The $500 non-refundable credit for other dependents remains available.

Temporary Senior Deduction

Taxpayers age 65 or older may qualify for a $6,000 senior deduction, or $12,000 if both spouses qualify on a joint return.

The deduction phases out by 6% of Modified Adjusted Gross Income (MAGI) over $75,000, or $150,000 for married filing jointly, and is fully phased out at $175,000, or $250,000 for married filing jointly.

Married taxpayers must generally file jointly to claim the deduction.

SALT Cap

The federal SALT cap is $40,400 for 2026, with a $20,200 cap for married filing separately.

The increased SALT cap is phased down when MAGI exceeds $505,000 for 2026, with fully phased-down taxpayers limited to $10,000.

The cap is scheduled to increase by 1% per year after 2026 and before 2030, then revert to $10,000 after 2030.

"No Tax on Tips" Reporting for 2026

For 2026, qualified tips for employees are expected to be reported on Form W-2 using Code TP, with the Treasury Occupation Code reported separately; for non-employees, qualified tips are reported on Form 1099-MISC or Form 1099-NEC with the occupation code.

Qualified Overtime Deduction and Reporting

The qualified overtime deduction applies for tax years 2025 through 2028 and is limited to the FLSA premium portion of overtime compensation.

The deduction is capped at $12,500 per individual return or $25,000 for a joint return and phases out for MAGI over $150,000, or $300,000 for joint filers.

For 2026 through 2028, employers must report qualified overtime compensation on Form W-2, Box 12, using Code TT; amounts not properly reported cannot be considered for the deduction.

Passenger Vehicle Loan Interest Deduction

For 2025 through 2028, individuals may deduct up to $10,000 of interest paid on qualified passenger vehicle loans.

Eligible loans must be used to purchase a new personal-

use vehicle, with original use beginning with the taxpayer, final assembly in the United States, and gross vehicle weight rating under 14,000 pounds.

Taxpayers must include the vehicle identification number, and the deduction phases out when MAGI exceeds $100,000, or $200,000 for joint filers.

Charitable Deduction Changes Beginning in 2026

Beginning in 2026, non-itemizers may deduct up to $1,000 of qualifying cash charitable contributions, or $2,000 for a joint return.

Qualifying non-itemizer contributions must be cash gifts to public charities and cannot be made to supporting organizations or donor advised funds.

For itemizers, charitable contributions deducted on Schedule A are reduced by 0.5% of adjusted gross income for tax years beginning after December 31, 2025.

Educator Expenses

Miscellaneous itemized deductions are permanently eliminated. However, educators may still deduct unreimbursed employee expenses, such as books, supplies, computer equipment, and supplemental materials used for instructional purposes. Starting in 2026, the previous $300 above-the-line deduction for educator expenses will be removed and replaced by an itemized deduction on Schedule A. Importantly, the $300 cap will no longer apply.

Education Credits

The American Opportunity Tax Credit remains a maximum of $2,500 per eligible student, calculated as 100% of the first $2,000 of qualified expenses plus 25% of the next $2,000.

The AOTC and Lifetime Learning Credit phase out over MAGI of $80,000 to $90,000 for single filers and $160,000 to $180,000 for joint filers.

Married taxpayers filing separately are not eligible for these education credits.

Alternative Minimum Tax

The AMT exemption phaseout rate increases to 50% after 2025, causing the exemption to phase out faster for higher-income taxpayers. The updated chart can be found on page 24.

Earned Income Tax Credit

The 2026 maximum EITC amounts are $664 with no qualifying children, $4,427 with one qualifying child, $7,316 with two qualifying children, and $8,231 with three or more qualifying children 46.

For 2026, EITC is unavailable if disqualified investment income exceeds $12,200.

Form 1099 Reporting Threshold Increase

Beginning in 2026, the general Form 1099-MISC and Form 1099-NEC reporting threshold increases from $600 to $2,000.

The threshold will be indexed for inflation beginning in 2027, and the change applies only to the $2,000 threshold; other thresholds, such as $10 or $5,000 thresholds for certain items, remain unchanged.

Christianson Form 1099 Delivery and Timelines

The process for sending and receiving 1099 information will be similar to 2025, utilizing SafeSend for secure electronic delivery.

If we processed your 1099s in 2025, you will receive an email in mid-to-late December containing an electronic form prefilled with last year's information. Please review the form and update it with your 2026 information. **Complete and submit the form no later than 01.15.2027 to avoid an additional RUSH fee.**

2026 Reporting Thresholds

- The reporting threshold for Forms 1099-MISC and 1099-NEC increased from $600 to $2,000.
- The following reporting thresholds remain unchanged for 2026:
  - Interest: $10
  - Dividends: $10
  - Retirement distributions: $10
  - Gross proceeds paid to attorneys: $600

Business Meals and Employer-Provided Food After 2025

For amounts paid or incurred after December 31, 2025, deductions are disallowed for employer-operated eating facilities, food and beverages associated with those facilities, and meals furnished on the employer's business premises for the employer's convenience, subject to limited exceptions.

Depreciation Expensing

100% Bonus Depreciation

100% bonus depreciation is now a permanent provision. MN requires an 80% addback of federal bonus depreciation which is subsequently subtracted equally over the next 5 years.

Section 179 Expensing

Taxpayers may expense up to $2,560,000 of qualified assets per year, with this limit adjusted annually for inflation.

There is no expiration for this provision. To qualify, the total additions of qualified assets by the taxpayer must not exceed $4,090,000, also adjusted for inflation, in the applicable tax year.



Sara DeRoo given the Exemplary Leadership Award by the Willmar Lakes Area Chamber of Commerce, February 2026

OBBBA Reporting Changes for 2026 Forms W-2

The One Big Beautiful Bill Act (OBBBA) introduces new employer reporting requirements for 2026 Forms W-2. The new law created federal deductions for qualified tips and qualified overtime compensation, and employers are responsible for accurately tracking and reporting these amounts.

Qualified Overtime Compensation Reporting

- Must be separately reported on Form W-2
- Only the overtime premium portion required under the Fair Labor Standards Act (FLSA) qualifies.
- Overtime wages remain subject to Social Security, Medicare, and other applicable payroll taxes

Qualified Tip Reporting

- Must be separately reported on Form W-2 for employees working in eligible tipped occupations
- Treasury occupation codes will be used to identify employees who qualify for the federal tip deduction

New Form W-2 Reporting Fields

- Box 12 Code TT – Total qualified overtime compensation
- Box 12 Code TP – Total cash tips reported to the employer
- Box 14b – Treasury Tipped Occupation Code(s) for eligible tipped employees

Jamey Cline, Danielle Anderson, Rebecca Johnson, Lexi Kopacek, Kathryn Muller, and Soka Naranbaatar at the Fuel Ethanol Worksop, June 2026



Prepare Now

- Review your payroll software capabilities and updates for OBBBA compliance
  - Connect with your payroll provider to know where you stand
- Verify overtime pay codes properly separate the qualifying overtime premium
- Ensure tipped employees are assigned appropriate occupation codes

Federal Estate, Gift, and GST Exemption

Beginning in 2026, the federal estate, gift, and GST exemption is permanently increased to $15 million, with inflation adjustments after 2026.

The top federal estate tax rate remains 40%.

Annual Gift Tax Exclusion

The annual gift tax exclusion remains $19,000 per gift recipient for 2026, or $38,000 per gift recipient for married couples who split gifts.

Gift-splitting generally requires a gift tax return even if the split gifts do not exceed $38,000 per gift recipient.

Adoption Credit

The 2026 adoption credit is $17,670 per qualifying child.

The credit phases out for MAGI from $265,080 to $305,080.

Up to $5,120 of the 2026 adoption credit is refundable.



Christianson's pumpkin for Fall'n to Fun Fest in Litchfield, September 2026

Heath Savings Account (HSA) and High Deductible Health Plan (HDHP) Contribution Updates

The 2026 HSA contribution limits are $4,400 for self-only HDHP coverage and $8,750 for family HDHP coverage.

The 2026 HDHP minimum deductible is $1,700 for self-only coverage and $3,400 for family coverage.

The 2026 HDHP out-of-pocket maximum is $8,500 for self-only coverage and $17,000 for family coverage.

The HSA age-55 catch-up contribution remains $1,000.

IRA Limits for 2026

The 2026 IRA contribution limit is $7,500, with a $1,100 catch-up contribution for individuals age 50 or older by year-end.

Total 2026 IRA contributions across traditional and Roth IRAs are limited to $7,500, or $8,600 for taxpayers age 50 or older.

Employer Retirement Plan Limits for 2026

For 2026, the elective deferral limit is $24,500 for 401(k), 403(b), 457 plans, and SARSEPs, and $17,000 for most SIMPLE plans and SIMPLE IRAs.

The 2026 defined contribution annual additions limit is $72,000, and the annual compensation limit is $360,000.

The 2026 catch-up limit is $8,000 for 401(k), 403(b), SARSEP, and

457(b) plans, and $4,000 for SIMPLE IRA and SIMPLE 401(k) plans.

Participants age 60, 61, 62, or 63 may be eligible for 2026 super catch-up contributions of $11,250 for 401(k), 403(b), SARSEP, and 457(b) plans, or $5,250 for SIMPLE IRA and SIMPLE 401(k) plans.

SEP contributions for 2026 are limited to the lesser of either 25% of compensation or $72,000.

Roth Catch-Up Rule for Higher-Income Participants

For tax years beginning after December 31, 2025, catch-up contributions under 401(k), 403(b), and 457(b) plans generally must be made as Roth contributions for participants whose prior-year FICA wages exceed $150,000 for 2026.

The Roth catch-up rule does not apply to SEPs or SIMPLE IRAs.



Allison Dingmann, Aimee Deters, Chelsey Mueller, and Shanda Anderson at the BBE Color Run, October 2026

Minnesota Income Tax and Standard Deduction and Dependent Exemption

The Minnesota Income Tax Brackets for 2026 and the Standard Deduction and Dependent Exemption for 2026 can be found on page 26.

Minnesota Property Tax Refund Updates

For the 2025 Homestead Credit Refund a law change increased the homeowner property tax refund by nearly 15%. Returns filed before July 15, 2026 will be automatically adjusted to include the increase.

For the homeowner refund tied to 2025 income and 2026 property taxes, the regular refund generally requires owning and occupying the home on January 2, 2026, and 2025 household income under $142,490.

The special homeowner refund generally requires owning and occupying the same home on January 2, 2025, and January 2, 2026; a net property tax increase of more than 12%; an increase of at least $100; and that the increase was not due to improvements.

Minnesota Estate Tax Filing Threshold

Minnesota's estate tax filing threshold remains $3,000,000 for deaths in 2020 and later.

Minnesota also allows a $2,000,000 subtraction for qualified small business property or qualified farm property.

Minnesota Student Loan Credit

The credit amount depends on your income, loan payments, and original loan amount. The maximum credit is $500 each year or $1,000 for married couples who file a joint return (if both spouses made payments on their own qualified loans).



Amelia Bloedel's gradutation from L.E.A.D. of Kandiyohi County with Lindsey Fischer and Teresa Carlson, April 2026

Minnesota Secure Choice Retirement Program

Minnesota Secure Choice launched in January 2026, creating a state-facilitated retirement program designed for employees who do not have access to an employer sponsored retirement plan. Employers with 5 or more employees must register to participate in the program if they do not already offer a tax qualified retirement plan. There is a phase in period for this, and it's based on employer size.

- **100+ Employees –** Compliance Deadline 6.30.26
- **50-99 Employees –** Compliance Deadline 12.31.26
- **25-49 Employees –** Compliance Deadline 6.30.27
- **10-24 Employees –** Compliance Deadline 12.31.27
- **5-9 Employees –** Compliance Deadline 6.30.28

Qualified employees include part-time and full-time status. Temporary or seasonal employees are exempt if they work 180 days or less at the time they are hired. Seasonal employees who work more than the 180 day threshold are included in the total employee count when determining qualified status.

Responsibilities as an Employer

All qualified employers should have received their unique Access Code via email or mail. This Access Code will allow the employer to certify an exemption of the program if they offer a qualified plan OR opt into the program. Don't wait until your compliance deadline get started on this process.



The Christiason Crew at Rockin Robbins to celebrate our opening act sponsorship, July 2026

If you opt into the program, here are a few key points worth noting.

- There are no employer fees
- Employers do not contribute a match nor are they able to
- Employers with less than 5 employees can still choose to opt in
- There are no fiduciary responsibilities
- Employee contributions will be made through payroll deductions and remitted to the program each pay period by the employer
- Employees are automatically enrolled into a Roth IRA but can choose to participate in a Traditional IRA
- Employees can opt out of the program, the employer just has to offer the plan

Minnesota Paid Family Medical Leave Reporting for 2026 Forms W-2

Although the IRS has delayed certain federal reporting for paid leave state wages, Minnesota is requiring employee premium contributions and additional employer contributions above the required amount to be reported on Forms W-2 for 2026.



McKenna Taylor and Maleia Sandgren with their spouses at Pork Chop Open in Sanborn, July 2026

Employee Premium Contributions

Employee paid premiums are post-tax deductions and reported in Box 14 of Form W-2. Recommended codes to use are:

- MNPFML (most used) – Combined Family & Medical Leave contribution
- MNPML – Medical Leave contribution only
- MNPFL – Family Leave contribution only

Box 14 reporting is informational purposes and does not affect taxable wages. For employees who itemize deductions on their federal income tax return, their portion of contributions may be deductible, following the State and Local Tax (SALT) deduction limitation.

Employer Paid Premium Contributions

The employer's required minimum contribution is not taxable to the employee. However, if an employer chooses to pay more than the required employer share (.22 for a small employer or .44 for a large employer) the additional amount is treated as a taxable fringe benefit and should be included in:

- Box 1 – Federal wages
- Box 3 – Social Security wages
- Box 5 – Medicare wages
- Box 16 – Minnesota wages

Minnesota Pass-Through Entity Tax (PTET) Extension Through 2027

Minnesota's 2026 tax bill extended the Minnesota Pass-Through Entity Tax (PTET) election through tax year 2027.

For many S corporation shareholders and partnership members, PTET can help preserve the benefit of state income tax deductions that may otherwise be limited on the federal return by the SALT cap (which is $40,400 for 2026 and begins phasing down when MAGI exceeds $505,000, with a fully phased-down cap of $10,000).

Planning reminder: PTET is an annual election and should be evaluated each year based on the entity's income, the owners' federal itemized deduction picture, and expected Minnesota tax liabilities. This continues to be a key planning tool for higher-income owners and owners who do not otherwise benefit from itemizing.

- ☐ Filing farm tax returns on April 15th is possible if you elect to make a tax deposit by January 15.

This is a viable option when you have several tax documents that aren't received until the last week of February (right before the normal March 1 filing deadline)

- ☐ If farming as a C-corporation, the land rent paid to you does not qualify for the 199A deduction but would if you elected to be an S-corporation.
- ☐ Utilizing commodity wage to pay employees will save payroll taxes for you and the employee.
- ☐ If you take the standard deduction, utilizing commodity gifts to your charities will provide a tax benefit, whereas cash donations generally will not have any direct tax benefit due to high standard deduction limits.
- ☐ If you are estate planning with planned gifts to your beneficiaries while you are living, consider gifting commodities to them. Benefits include:
  - You will have less farm income to be taxed (saving you income and self-employment taxes).
  - Recipients will need to report short-term capital gain income if they sell the grain within 12 months of receiving the gift.
  - If beneficiaries hold for longer, they would receive long-term capital gain tax treatment. The objective is to lower your estate while moving income to a lower tax bracket.
- ☐ If your spouse does not have a job off the farm and your farm income qualifies for the earned income tax credit, pay your spouse a commodity wage before the end of the year to maximize this credit.
- ☐ If you are a sole proprietor and your spouse owns farmland, consider paying them land rent to save self-employment taxes.
- ☐ If you recently retired from farming and sell your farmland within 2 years, the capital gain will not be subject to the net investment income tax.
- ☐ If you have a contract to sell inventory immediately after calendar year-end, you can elect to take this contract into income in the previous tax year.
- ☐ For minor children, it is more tax efficient to pay a commodity wage versus providing a commodity gift.
- ☐ The Minnesota Beginning Farmer Tax Credit provides state tax credits to landlords and sellers (asset owners) who rent or sell farmland, equipment, livestock, and other ag assets to beginning farmers in the current tax year.

The Minnesota State Legislature appropriates 4 million dollars annually. Applications are approved on a first-come, first-served basis. Applications for 2027 will open the first week of January. Tax credits details are available on page 27.

Beginning farmers in Minnesota, certified by the Rural Finance Authority (RFA), may be eligible for a nonrefundable credit equal to 100% of the amount paid for participating in a financial management program up to $1,500. The credit is available for up to 3 years.

Farm Succession Planning

Effective farm succession planning is essential to ensure a smooth transition of your agricultural business to the next generation while minimizing estate tax exposure. With the higher federal estate tax exemptions preserved under the One Big Beautiful Bill Act, farmers have expanded opportunities to transfer assets through lifetime gifts, trusts, and strategic use of annual exclusions. It's important to coordinate federal and Minnesota estate tax rules, as Minnesota's exemption remains lower and certain gifts made within three years of death are added back to the taxable estate.

Early planning is essential. Clear identification of heirs, use of trusts, and consideration of capital gains deferral options for farmland sales can help preserve your legacy, reduce tax burdens, and avoid probate complications for your family.

IRC Section 1062: Installment Payment Option for Farmland Sales

IRC Section 1062 allows eligible taxpayers who sell qualifying farmland to a qualified farmer to spread the federal income tax on the gain over four years, without interest. This can provide a cash flow advantage compared to traditional gain recognition methods.

To qualify, the land must have been used as farmland for most of the previous 10 years and be sold to a farmer actively engaged in farming. The sale must also include a legally enforceable covenant restricting nonagricultural use of the property for 10 years after the sale.

The provision applies to farmland sales occurring after July 4, 2025. IRS guidance also allows taxpayers making the election to reduce estimated tax payment requirements in the year of sale. Because the election is irrevocable, taxpayers should ensure all qualifying requirements and documentation are properly in place before electing this treatment.



Staff at the new Willmar office beam-signing ceremony, April 2026

Residual Soil Fertility

Residual fertility refers to plant available nutrients that remain in the soil at the time you acquire land. Because these nutrients are used up over future crop years, the IRS treats them more like a consumable asset than a permanent improvement to land. Properly documented residual fertility can be deducted or depreciated, reducing taxable income while preserving your agronomic plans.

Residual fertility deductions and depreciation are generally considered under three key sections of the Internal Revenue Code:

- Section 180 – Allows for the current deduction of certain soil and water conservation expenses, including fertilizer, by taxpayers engaged in farming.
- Section 167 – Provides for depreciation deductions on property used in a trade or business or held for the production of income.
- Section 168 – Establishes the rules for depreciating assets that last beyond one year, typically under Modified Accelerated Cost Recovery System (MACRS).

The IRS expects residual fertility deductions to be well-supported. In 2026, we have provided residual fertility services to farmers and landlords providing significant improvement to their tax position. Let's talk about how this can be used not only for your farm or rental operation, but part of your transition and estate planning as well.

R&D Tax Credits For Farmers

Recent court guidance has reinforced that agriculture can qualify for the federal and state research and development tax credits when farmers are using a documented process to improve crops, livestock, production methods, or farm efficiency.

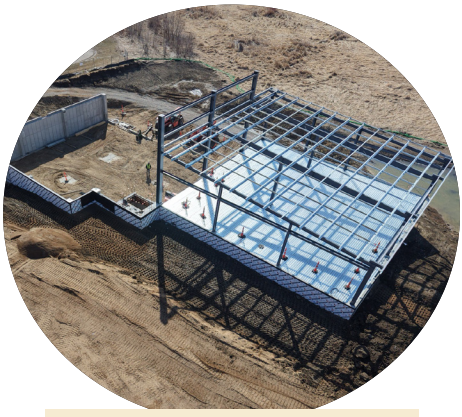
Qualified activities generally involve a process of experimentation intended to improve a product, process, formula, technique, invention, or software used in the business. Some common examples of could include:

- Comparing different feed rations, additives, enzymes, probiotics, or mineral programs to improve growth, feed conversion, milk production, animal health, or survivability.
- Testing vaccine protocols, disease prevention strategies, ventilation changes, stocking densities, genetics, or animal handling practices.
- Evaluating seed varieties, planting populations, fertility programs, biological products, herbicide or fungicide programs, irrigation strategies, or tillage practices to improve yield, quality, standability, water use, or pest resistance.
- Experimenting with sugarbeet, dry bean, pea, sweet corn, or other specialty crop production practices to improve quality specifications, harvest timing, disease control, or processing characteristics.

- Developing or improving systems for manure management, nutrient utilization, water quality, precision agriculture, automation, or production data analysis.

The R&D credit is not automatic. The strongest claims are built from records that already exist in the farm operation and show what was being tested, why it was uncertain, how the trial was designed, what data was collected, and what was learned.

If your operation has been testing new ways to improve production, reduce losses, increase quality, manage disease, improve efficiency, or make better use of inputs, now is a good time to revisit whether those activities may qualify for the R&D tax credit. Our team will help navigate through your trial information with you and prepare the necessary documentation and reporting required to take advantage of this credit for your farm operation.



First days of construction on our new Willmar office, March 2026

45Z for Farmers

We're entering the second year of renewable fuel producers taking advantage of the lucrative 45Z Clean Fuel Production Tax Credit. The credit rewards fuel producers based on the carbon intensity (CI) of the fuel they produce, with lower CI translating into a greater tax credit per gallon.

The big news is that farming practices ("Regenerative Ag") are now part of the 45Z equation. This provides renewable fuel producers another opportunity to lower the CI of their fuel and increase the value of the tax credit on each gallon for its owners.

For farmers wanting to participate, the process begins with a nutrient management plan and practices such as no-till, reduced till and cover crops to reduce the CI of the their commodities they produce feedstocks. There are several documentation requirements the farmer must maintain and provide to the fuel producer so that the plant's CI can be verified by an independent auditor.

This creates an opportunity for farmers to help lower the facility's CI, while creating additional value from the crops they produce and deliver to a fuel producer who has elected to factor in the regenerative ag component to their 45Z calculation.

Please reach out if you want to learn more about how on-farm practices can benefit you.

Although the OBBBA kept the higher federal estate tax exemptions in place, Minnesota's exemption remains at $3,000,000. However, this can increase to $5,000,000 if you own qualifying farmland or business assets. The larger federal exemptions provide opportunities to use gifting strategies that can reduce your Minnesota taxable estate. Even though most people will not be affected by federal estate taxes, many still need to consider and plan for Minnesota estate tax. Keep in mind that only gifts made within three years before your death are added back to your Minnesota taxable estate.

Estate planning isn't just about estate taxes. Planning in advance can also make the process easier for family members after your death and avoid probate where applicable.

Estate Planning Must Haves

1. Pour-over will documenting

a.Personal representative

b.Care for minor children

c. Identification of beneficiaries and specific assets they are to receive

d. Charitable donations from your estate

2.Durable power of attorney

3.Medical directive

4.Beneficiary review on life insurance and investments including payable upon death designations

5. Retirement planning

6. Gifting plan while living if needed/desired

7. Revocable Living Trust for both spouses

a. Establishment of trustees

b. Very specific language on beneficiaries and assets they are to receive

c. Listing of assets included in the trust



Emily Thomas, Gabe Williams, Andrew Miller, Tony Moritz, and Dawson Hemmesch enjoy a Twins game, July 2026

- ☐ The IRS has launched an online tool to help taxpayers check their withholding by doing a "Paycheck Checkup." You will need your most recent paystubs and your most recent income tax return. Visit **irs.gov/paycheck-checkup to learn more.**
- ☐ Maximize your contributions to Health Savings Accounts (HSAs). For 2026, the contribution limits are $4,400 for individuals and $8,750 for families. If you are age 55 or older, you can make an additional $1,000 catch-up contribution. For 2027, the limits increase to $4,500 for individuals and $9,000 for families.
- ☐ Consider contributing to traditional or Roth IRA accounts. Contributions to a traditional IRA may be tax-deductible (subject to income limits), but withdrawals are taxed as income. Roth IRA contributions are not deductible; however, qualified withdrawals, including earnings, are tax-free if made after you have had the account for at least five years and are age 59 1/2 or older, after death or disability, or for a first-time home purchase. The 2026 contribution limit is $7,500, plus an additional $1,100 if you are 50 or older.
- ☐ If you are age 70 1/2 or older and have an IRA, consider making charitable contributions directly from your IRA using Qualified Charitable Distributions (QCDs) to maximize tax benefits. QCDs are not counted as taxable income, which can also reduce the taxable portion of your Social Security benefits and increase your eligibility for Minnesota Property Tax refunds. The maximum annual QCD limit is $111,000 per person. If you must take required minimum distributions and make charitable donations, making those donations directly from your IRA is highly recommended.
- ☐ For families with a college student who began classes in fall 2026 and have not yet paid $4,000 in tuition expenses, pay spring tuition before year-end to qualify for the full American Opportunity Credit ($2,500). If this credit reduces your tax liability to zero, you may receive a refund of up to 40% of any remaining credit, up to $1,000.
- ☐ If you make large charitable donations, consider "bunching" your contributions into every other year to maximize your federal tax benefit. You may also use a donor-advised fund, which allows you to make a lump-sum contribution and distribute funds to charities over time at your direction.
- ☐ If your income in 2026 is significantly lower than usual, placing you in a lower tax bracket, consider converting some of your retirement funds to a Roth IRA or accelerating income to take advantage of the lower tax rate.

- ☐ Review wages to S-Corp owners/spouses to determine maximum 199A deduction.
- ☐ Review guaranteed payments to partners to determine maximum 199A deduction.
- ☐ Try to plan for level taxable income over the years.
- ☐ Place new business equipment and machinery into service before year end to qualify for bonus depreciation/Section 179 expensing.
- ☐ Set up a self-employed retirement plan if you are self-employed and haven't done so yet (most plans need to be established before the close of the calendar tax year).
- ☐ Increase your basis in a partnership or S Corporation if doing so allows you to deduct a loss from it for this year.
- ☐ Utilize payment of wages to children working in closely held businesses to capture the higher standard deduction for children and fund college.
- ☐ Review business structure for regular corporations and S-corporations to maximize tax brackets and the 199A deduction.
- ☐ Utilize PTE election. PTE tax must be paid before year end for deduction.
- ☐ Schedule a tax planning appointment! A tax planning appointment before year end is the best way to maximize your tax savings.

Our team celebrating at the annual Gala for the Redwood Area Chamber and Tourism, February 2026



Sara DeRoo, Amanda Fredin, Lisa Mueller, and Jordan Albrecht at the MAFMIC annual convention, February 2026



2026 Federal Income Tax Brackets and Rates

Taxable income limits

Rate	Married Filing Joint	Single	Head of Household
10%	up to $24,800	up to $12,400	up to $17,700
12%	$24,801 - $100,000	$12,401 - $50,400	$17,701 - $67,450
22%	$100,001 - $211,400	$50,401 - $105,700	$67,451- $105,700
24%	$211,401 - $403,550	$105,701 $201,775	$105,701 - $201,775
32%	$403,551 - $512,451	$201,776 - $256,225	$201,776 – $256,200
35%	$512,451- $768,700	$256,226 - $640,600	$256,201 - $640,600
37%	over $768,701	over $640,601	over $640,601

Additional Federal Tax Rates

Individual	10% - 37%
Long-Term Capital Gains	0 – 20%
Qualified Dividends	0 – 20%
Self-Employment	15.3%
Medicare Surtax/Passive Income	3.8%
Medicare Surtax/Active Income	0.9%

Capital Gains and Dividend Rates

Rate	Married Filing Joint	Single	Head of Household
0%	up to $98,900	up to $49,450	up to $66,200
15%	$99,901 - $613,700	$49,451 - $545,500	$66,201 - $579,600
20%	over $613,701	over $545,501	over $579601

Standard Mileage Rates 2026

Purpose	January 1–June 30	July 1 – December 31
Business	72.5¢/mile	76¢/mile
Medical/Moving	20.5¢/mile	23.5¢/mile
Military Moving	20.5¢/mile	23.5¢/mile
Charitable	14¢/mile	14¢/mile

This change was announced by the IRS in July 2026. The modification results from recent increases in the price of fuel.

Federal Standard Deduction

Single or Married Filing Separately	$16,100
Married Filing Jointly	$32,200
Head of Household	$24,150

Additional $2,050 single/ $1,650 MFJ for taxpayers who are blind, disabled or 65+

Alternative Minimum Tax

Filing Status	2026 AMT Exemption	2026 Phaseout Begins
Single	$90,100	$500,000
Married filing jointly /	$140,200	$1,000,000
Married filing separately	$70,100	$500,000

2026 Minnesota Income Tax Brackets

Taxable income ranges

Rate	*Married Filing Joint*	*Married Filing Separate*	*Single*	*Head of Household*
5.35%	up to $48,700	up to $24,350	up to $33,310	up to $41,010
6.80%	$48,701 - $193,480	$24,351 - $96,740	$33,311 $109,430	$41,011- $164,800
7.85%	$193,481 - $337,930	$96,741 - $168,965	$109,431 - $203,150	$164,801 - $270,060
9.85%	over $337,931	over $168,966	over $203,151	over $270,061

Minnesota 2026 Standard Deduction and Dependent Exemptions

Married filing jointly standard deduction	$30,600
Married filing separately standard deduction	$15,300
Single standard deduction	$15,300
Head of Household standard deduction	$23,000
Dependent exemption	$5,300
Additional standard deduction - married or surving spouse	$1,600
Additional standard deduction - single or head of household	$2,000

The Minnesota Beginning Farmer Tax Credit

	Tax Credit Amount	*Maximum Tax Credit*
Cash Rentals	10% of annual rental income	$7,000
Share Crop Rentals	15% of annual rental income	$10,000
Sales	8 or 12% of sales price	$50,000
Beginning Farmer FBM Tuition Reimbursement	Equal to tuition paid	$1,500

Minnesota Minimum Wage Update for 2027

- $11.87 per hour for all employers
- $9.68 per hour training wage for employees under age 20 during their first 90 days of employment

Now is a good time for employers to begin reviewing payroll budgets, hiring plans, and labor costs in preparation for these changes.

Stay up-to-date by signing up for year-round communications

Internship Opportunities



Summer interns Jacob Streed, Brett DeRoo, Callie Macht, Ciarra Resmen, and Stephen Orsten at a Willmar Stingers game, June 2026

Christianson provides meaningful exposure to the accounting profession for young adults via our s**ummer internship program.**

Highlights of this experience include real project work, mentorship, networking opportunities, and professional development activities. Many participants choose to return as full-time team members after graduation, making the internship experience an important first step toward a rewarding career with our firm.

Whether you're a high school student considering a future in accounting or a college student pursuing an accounting degree, our programs are designed to help you grow. Learn more at **christiansoncpa.com/careers/internship-opportunities/**

Notes

Searching for your next role?

WHY CHOOSE CHRISTIANSON

The guiding star

Our firm's purpose is to Help People Succeed, whether it be our client, our co-workers, or our communities

Our roots are agriculture



Our clients include multi-generational farm families, livestock farms, row crop farms, and specialty crop farms



We support sustainability

We work closely with the diverse industries that feed, fuel and clothe our nation, from ethanol to livestock production

Grow in your career



We promote based on the energy you bring to your performance and the team, not just longevity



Work life harmony

Our Partners believe in balance and family time as much as hard work and perseverance

Check out our openings and learn more about what we're all about!

christiansoncpa.com/careers/

The growth of our firm continues to be driven by the incredible people who make Christianson what it is today. As we reflect on the past year, we're proud to share a few highlights and milestones that demonstrate our commitment to serving clients, investing in our team, and building for the future.

Our people continued to achieve remarkable things in 2026. Sara DeRoo was named a Forbes Best-In-State Top CPA for the second consecutive year. We were also honored to be named a 2026 Top Workplace by the Minnesota Star Tribune, an award based entirely on employee feedback. Andrew Miller earned his CPA this spring, a testament to his hard work. Tanner Dahle and Tony Moritz officially became Enrolled Agents (EA) in 2026 as well. These achievements reflect the talent and dedication that continue to set our team apart.

We also proudly awarded $1,000 accounting scholarships to: Haley Johnson from Atwater Cosmos Grove-City High School; Riley Laumer from Willmar High School; Madeline Prentice from New London-Spicer High School; and Bree Radermacher from Belgrade- Brooten-Elrosa High School. Supporting the next generation of leaders remains an important part of who we are. Scholarship applications will open again in March. Learn more at **christiansoncpa.com/scholarship.**

In November 2026, our sixth annual Camp Christianson will bring employees from across Minnesota and beyond together under the theme "Building Our Future Together." As we prepare to move into our new headquarters in Willmar and celebrate nearly 40 years in business, our annual all-firm gathering provides an opportunity for us to reconnect. We're excited to celebrate how far we've come while looking ahead to an even brighter future.



Company photo from Camp Christianson 2025

Christianson PLLP
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Willmar, MN 56201

Our Willmar office is moving, see page 4 for details

CHRISTIANSON
CPAs & Consultants