

Accounting & Tax Hot Topics

2026 Financial Institutions Virtual Symposium

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Agenda

1. Recent FASB Updates
2. FASB Research Projects
3. Auditing Updates
4. SEC Updates



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Upcoming Effective Dates



Public Business Entities (PBE) & Smaller Reporting Companies (SRC)

For fiscal years/annual periods beginning after:



December 15, 2025

- 2024-04 Induced Conversions
- 2025-05
  Credit Losses for Account receivable & Contract Assets



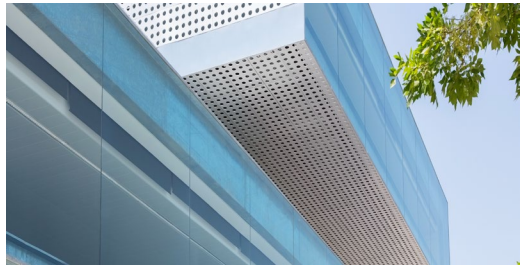
December 15, 2026

- **2024-03, 2025-01 DISE**
- 2025-03 Business Combinations & Consolidation
- 2025-04 Stock Compensation & Revenue Recognition
- 2025-07 Derivatives & Hedging
- **2025-08 Purchased Loans (ASC 326)**
- **2025-09 Hedge Accounting Improvements**
- 2025-12 Codification Improvements
- **2026-01 Initial Measurement of PIK Dividends on Equity Classified Preferred Stock**



December 15, 2027

- **2025-06 Internal Use Software**
- 2025-11 Interim Reporting
- 2026-02 Environmental credits and Environmental Credit Obligations
- 2026-03 Equity Securities Subject to Contractual Sale Restrictions



December 15, 2028

- 2025-10 Accounting for Government Grants Received by Business Entities

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Private Company & Nonprofits

For fiscal years/annual periods beginning after:



December 15, 2025

- **2023-09 Income Taxes**
- 2024-01 Profits Interests
- 2024-02 Codification Improvements
- 2024-04 Induced Conversions
- 2025-05 Credit Losses for Account receivable & Contract Assets



December 15, 2026

- 2025-03 Business Combinations & Consolidation
- 2025-04 Stock Compensation & Revenue Recognition
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- 2025-12 Codification Improvements
- **2026-01 Initial Measurement of PIK Dividends on Equity-Classified Preferred Stock**



December 15, 2027

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- 2026-03 Equity Securities Subject to Contractual Sale Restrictions



December 15, 2028

- 2025-11 Interim Reporting
- 2026-02 Environmental credits and Environmental Credit Obligations

December 15, 2029

- 2025-10 Governmental Grants

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ASU 2025-08

Financial Instruments – Credit Losses (Topic 326)

Purchased Loans



ASU 2025-08, Financial Instruments – Credit Losses (Topic 326)

Purchased Loans

Refresher

- The ASU removes the previous distinction in accounting between purchased credit-deteriorated (PCD) assets and non-PCD assets by applying the ACL “gross-up” accounting method - formerly used only for PCD assets - to most acquired loans. These loans will now be designated as “Purchased Seasoned Loans” (PSL).

Key Provisions:

- Eliminates the Day 1 credit loss expense on PSLs. PSLs must be accounted for using the gross-up approach, similar to PCD assets.
- Loans (excluding credit cards) acquired without credit deterioration and deemed “seasoned” are purchased seasoned loans and accounted for using the gross-up approach at acquisition.

Transition & Effective Date

- Prospective application to loans that are acquired on or after the initial application date
- Effective for all entities with annual periods beginning after December 15, 2026 including interim periods. Early adoption is permitted for any annual or interim reporting period for which the entity’s financial statements have not yet been issued.

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ASU 2025-08: Impact on Footnote Disclosures

The FASB deliberately added **no new PSL-specific disclosures**. Existing ASC 326 credit-quality and allowance rollforward disclosures continue to apply — the only update is now to explicitly include the acquired PSL allowance.

Allowance for Credit Losses — Rollforward (illustrative footnote)

(in thousands)	Year ended 12/31/20X7
Beginning balance	**$ 12,400**
Initial allowance on PCD assets	350
Initial allowance on purchased seasoned loans (PSLs)	**1,000**
Provision for credit losses	2,150
Charge-offs	(900)
Recoveries	300
Ending balance	**$ 15,300**

NEW

✓ What changed (one line)

- ASC 326-20-50-13 rollforward now includes a line for the **initial ACL recognized on PSLs**.
- The acquired allowance flows into the **existing** loan footnote — no separate PSL note.

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ASU 2025-08: What assets are in scope?

In-scope assets

- Loan receivables acquired, including revolving credit arrangements
- Home equity lines of credit (HELOCs)
- Loan receivables acquired through a business combination
- Loan receivables acquired in an asset acquisition
- Purchased loan portfolios
- Loan receivables acquired through consolidation of a variable interest entity

Out-of-scope assets

- Credit card receivables
- Debt securities
- Trade receivables arising from transactions accounted for under Topic 606 (Revenue from Contracts with Customers)

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ASU 2025-08: What Qualifies as a Purchased Seasoned Loan?

A PSL is a loan that meets either of the following criteria and is not a purchased asset with credit deterioration, or a financial asset listed as excluded

Path 1 — Automatically Seasoned

- **Any business combination (ASC 805-20)**
  All loans acquired in a business combination are deemed seasoned automatically — no 90-day or originator test. This captures the typical bank-merger loan portfolio.

Path 2 — Seasoned Only If BOTH Are Met

- **Acquired > 90 days after origination**
  The loan must be purchased more than 90 days after its original origination date.
- **Acquirer had no origination involvement**
  The buyer was not the originator and had no involvement via prior commitment, relationship, or other indirect arrangement.

Seasoning determination is performed at the **individual** asset level. As a result, a financial institution can purchase a large portfolio of loans with only a portion of the purchased portfolio meeting the necessary criteria.

Fails the test? — A loan failing the seasoning test (e.g., acquired near origination, or acquirer helped originate) is accounted for as if the acquirer originated it. This results in the institution immediately recognizing an allowance for credit loss through provision expense.

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ASU 2024-03

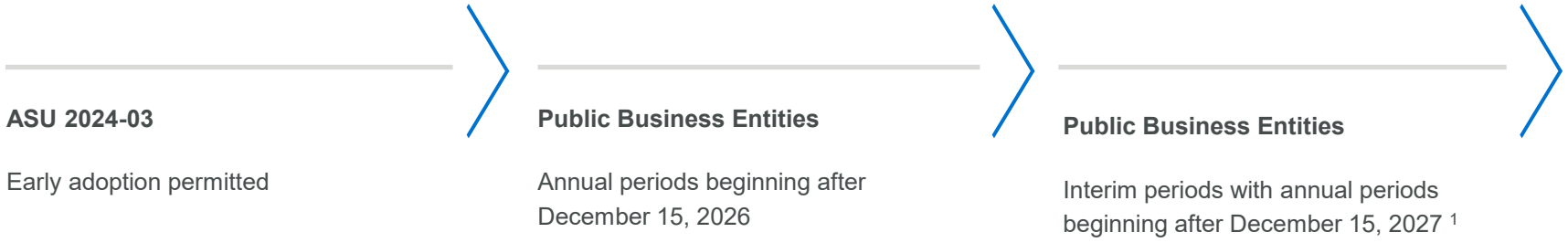
Expense Disaggregation (DISE)



ASU 2024-03, Expense Disaggregation (DISE)

Summary

- PBEs will be required to disclose additional expense details in annual & interim financial statement notes.
- No changes to existing presentation requirements or to the face of the income statement. ASU 2024-03 covers where information will appear in the financial statement notes since certain current disclosures will now be included with the new disaggregated tabular disclosures.
- Early adoption is permitted. An entity can apply the guidance either:
  - Retrospectively to all prior periods presented in the financial statements, or
  - Prospectively to financial statements issued for reporting periods after the effective date



[1] A amended by ASU 2025-01

Resource: 1) Details on FASB's Public Company Expense Disclosures (DISE)
2) Unpacking-DISE-Insights-Into-Disaggregation-Requirements.pdf

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ASU 2024-03, Expense Disaggregation (DISE)

Expenses Subject to Disaggregation

1. Purchases of Inventory
2. Employee Compensation
3. Depreciation
4. Intangible Asset Amortization
5. Depreciation, Depletion, & Amortization (DD&A) for oil-and-gas producing activities

For interim & annual reporting periods, an entity must disaggregate—in a tabular format disclosure in the notes to financial statements—all relevant expense captions presented on the face of the income statement in continuing operations that contains one or more of the five expenses noted above.

Bank takeaway: noninterest expense captions still contain three of the five triggers (compensation, depreciation, intangible amortization). Banks applying Reg S-X Rule 9-04 may use “salaries and employee benefits” as employee compensation.

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ASU 2023-09

Income Tax Disclosures



ASU 2023-09, Income Tax Disclosures
Summary

- PBEs are required to prepare an annual detailed, tabular tax rate reconciliation.
- All other entities would be required to provide qualitative disclosure on specific categories & individual jurisdictions that result in significant differences between the statutory & effective tax rates.
- All entities would be required to annually disclose taxes paid disaggregated by federal, state, & foreign taxes, as well as disaggregating taxes by individual jurisdiction if taxes paid exceed 5% of total income taxes paid.
- All entities also must include the income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic & foreign, as well as the income tax expense (or benefit) from continuing operations disaggregated by federal, state, & foreign.

Effective Dates
ASU 2023-09
Early adoption permitted

PBEs
Annual periods beginning after December 15, 2024

All Others
Annual periods beginning after December 15, 2025

Resource: FASB Finalizes New Income Tax Disclosures

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ASU 2023-09, Income Tax Disclosures

Rate Reconciliation – Eight Required Categories

1 State & local income tax, net of federal effect

Current and deferred state and local taxes that drive the difference from the statutory rate.

2 Foreign tax effects

Separately disclose any foreign jurisdiction at or above the 5% threshold, and individual reconciling items by nature at 5%.

3 Enactment of tax law or rate changes

Cumulative effect on current and deferred tax assets and liabilities at the date of enactment.

4 Effect of cross-border tax laws

Incremental domestic tax on foreign-source income; may be shown net of the related credit.

5 Tax credits

Domestic, foreign and R&D credits (GILTI and state credits sit in other categories). Bank lens: LIHTC and similar credits.

6 Changes in valuation allowances

Valuation allowances on deferred tax assets, initially recognized or adjusted; primary (federal) jurisdiction only.

7 Nontaxable or nondeductible items

Permanent book-tax differences such as share-based compensation and goodwill. Bank lens: tax-exempt interest and BOLI.

8 Changes in unrecognized tax benefits

Changes in judgment on prior-period tax positions; current-year positions go in their related category.

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ASU 2025-09

Derivatives and Hedging (Topic 815)

Hedge Accounting Improvements



ASU 2025-09, Derivatives and Hedging (Topic 815)

Hedge Accounting Improvements

Background

- Addresses several incremental hedge accounting issues arising from the global reference rate reform initiative.

Key areas include:

- Similar risk assessment for cash flow hedges (Issue 1)
- Hedging forecasted interest payments on choose-your-rate debt (Issue 2)
- Cash flow hedges of nonfinancial forecasted transactions (Issue 3)
- Net written options as hedging instruments (Issue 4)
- Dual hedges using foreign-currency-denominated debt (Issue 5)

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ASU 2025-09, Derivatives and Hedging (Topic 815)

Hedge Accounting Improvements: 5 Key Provisions

Issue	What changes	Practical effect
1. Similar risk exposure in cash flow hedges	A group of forecasted transactions needs only a similar (not shared) risk exposure, assessed at inception and on an ongoing basis	More forecasted transactions can be hedged as a group if the derivative is highly effective against each hedged risk
2. Choose-your-rate debt	New cash flow hedge model for interest on variable-rate debt where the borrower can change the rate index and tenor	Simplified assumptions for probability and effectiveness; applies to existing, forecasted and replacement debt
3. Nonfinancial forecasted transactions	Eligible components of spot-market and forward-market transactions, and subcomponents in pricing formulas, can be hedged	The variable price component must be clearly and closely related to the asset (normal purchases and normal sales criteria)
4. Net written options	Removes the net written option test for compound derivatives in cash flow or fair value hedges of interest rate risk	Simpler designation of these compound derivatives as hedging instruments
5. Dual hedges of foreign-currency debt	Debt that is both a net investment hedging instrument and a fair value hedged item no longer creates a mismatch	Fair value hedge basis adjustment is excluded from net investment hedge effectiveness; spot remeasurement goes straight to earnings

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ASU 2025-09, Derivatives and Hedging (Topic 815)

Hedge Accounting Improvements

Transition & Effective Date

- Prospective application to all hedging relationships.
- Election can be made to apply new standard to the hedging relationships that existed as of the date of adoption.

ASU 2025-09

Early adoption permitted

Public Business Entities

Annual periods beginning after December 15, 2026, including interim periods

All other entities

Annual periods beginning after December 15, 2027, including interim periods

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ASU 2025-06

Improvements to the Accounting for Internal-Use Software



ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)
Improvements to the Accounting for Internal-Use Software

Background

- Modernizes guidance in ASC 350-40 for internal-use software costs by eliminating reference to linear, stage-based development, *e.g.*, preliminary, application, post-implementation, which no longer reflects how software is built today.

Key Provisions

- **Eliminates stage-based model**: Removes references to software development stages, *e.g.*, preliminary, application development, post-implementation.
- **New recognition threshold**: Entities must capitalize software costs when:
  - Management authorizes and commits funding for the software project.
  - It is probable the project will be completed, and the software will function as intended (the "probable-to-complete" threshold).

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ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)
Improvements to the Accounting for Internal-Use Software

Key Provisions (cont'd.)

Probable-to-complete:

Entities must assess whether significant uncertainty exists in the development activities when evaluating the "probable-to-complete" threshold.

Evaluation of significant uncertainty:

Significant uncertainty exists when software includes novel or unproven features, or key performance requirements are not identified or are subject to substantial change.

Disclosure Requirements:

- Entities must provide ASC 360-10 disclosures for all capitalized software costs.

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ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)
Improvements to the Accounting for Internal-Use Software

Transition & Effective Date

- Prospective: Apply the guidance only to software costs incurred after the adoption.
- Modified Retrospective: Apply prospective to new and in-process projects, while derecognizing capitalized costs of in-process projects that no longer meet new criteria via a cumulative-effect adjustment to opening retained earnings (or other equity).
- Retrospective: Apply the new rules as if ASU 2025-06 has always been in effect and recognize a cumulative-effect adjustment at the beginning of the earliest year presented.
- Annual periods after Dec 15, 2027 (incl. interims).
- Early adoption is permitted.

ASU 2025-06

Early adoption permitted

All Entities

Annual periods beginning after December 15, 2027, including interim periods

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ASU 2026-01

Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock



ASU 2026-01, Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock

Background

- Provides guidance on how an entity should initially measure paid-in-kind (PIK) dividends on equity-classified preferred stock given existing diversity in practice.

Key Provisions/Scope

- The amendments in the ASU applies to PIK dividends on preferred stock classified as **equity**, including preferred stock that is classified as temporary equity in accordance with SEC Staff Announcement, *Classification and Measurement of Redeemable Securities.*
- Require PIK dividends issued on preferred stock to be initially measured on the basis of the PIK dividend rate stated in the preferred stock agreement. For example, if the preferred stock agreement specifies that PIK dividends are calculated by multiplying the PIK dividend rate by the liquidation value of the preferred stock outstanding, an entity should measure the PIK dividend at that amount.
- The ASU did not change the recognition principles of when an entity should accrue dividends on equity-classified preferred stock. Entities should continue to apply existing recognition guidance on **when** to accrue dividends on equity-classified preferred stock.

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ASU 2026-01, Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock

Transition and Effective Date

- Applied on a prospective basis or on a modified retrospective basis for equity-classified preferred stock instruments that are outstanding as of the initial application date.
  - Prospective basis – Applied to PIK dividends recognized on equity-classified preferred stock instruments on or after the initial application date.
  - Modified retrospective basis – Applied via a cumulative-effect adjustment to opening balance of retained earnings (or other appropriate components of equity) as of the beginning of the earliest period presented. The amount of the cumulative adjustment recognized should reflect the cumulative impact of PIK dividends issued on equity-classified preferred stock instruments that are outstanding as of the initial application date.
- An entity that applies the amendments in this ASU should follow the disclosure requirements in ASC 250, *Accounting Changes and Error Corrections*.



ASU 2026-01

Early adoption permitted

All Entities

Annual periods beginning after December 15, 2026, including interim periods

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Research Projects



Top 5 FASB Current Projects Impacting Financial Institutions

Project	Why it matters to financial institutions	Current stage	Expected date
Targeted Improvements to Interest Rate Risk Hedging & Net Investment Hedging	Expands hedge accounting for banks' interest rate and foreign-currency exposures. Builds on ASU 2025-09 (slides 18–24).	Redeliberation complete; staff drafting final ASU	Final ASU in Q1 2027
Fair Value Hedging—Portfolio Layer Method for Liabilities	Extends the portfolio layer method to hedges of liabilities, such as deposits.	Board deliberations	Ongoing
Mortgage Servicing Rights—Recapture	Addresses accounting for recapture provisions in mortgage servicing arrangements.	Exposure Draft issued in Sept 2026	Comments due Nov 9th
Private Credit Disclosures	Enhances disclosures for private credit lending and investment activity.	Board deliberations	Ongoing
Credit Losses (CECL)—Post-Implementation Review	Evaluates whether the CECL standard is meeting its objectives and weighs its cost and complexity, especially for smaller banks and credit unions.	Post-Implementation Review	Final PIR expected December 2026

Also on the radar

Participating Interests (Topic 860)
Project added Sept 16, 2026 to address diversity in practice on loan participations (sale vs. secured borrowing).

Crypto Asset Transfers & Stablecoins
Staff drafting a proposed ASU: stablecoins that are financial assets follow ASC 860 transfer guidance. Exposure Draft expected 4Q 2026.

Cash Equivalents—Certain Digital Assets
Exposure Draft on cash equivalent classification of certain digital assets. Comments due Nov 19, 2026.

Source: FASB Current Projects technical agenda (fasb.org/projects/current-projects) and Board meeting minutes, as of October 30, 2026.

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Audit Updates



AICPA Auditing Standards Update: New SASs

SAS 151: Fraud

- **Issued Oct 2026**: supersedes AU-C 240, Consideration of Fraud in a Financial Statement Audit.
- **Fraud lens** applied to risk assessment under AU-C 315; presumed fraud risk in revenue recognition is unchanged.
- **New emphasis:** understanding the entity's whistleblower mechanisms, clearer responses and communication when fraud is suspected, and added documentation.
- **Effective:** periods ending on or after Dec 15, 2028; early implementation permitted.

SAS 150: External Confirmations

- **Approved May 2026;** published July 2026.
- **Cash confirmations:** auditors must confirm cash and cash equivalents held by third parties unless certain conditions exist.
- **Modernized:** direct access to a knowledgeable external source counts as a confirmation, with guidance on intermediaries and new conditions for negative confirmations.
- **Effective:** periods ending on or after Dec 15, 2028; early adoption permitted.

SAS 149: Group Audits

- Effective for periods ending on or after **Dec 15, 2026**.
- **Risk Based Approach:** engagement team uses professional judgment to identify components for audit work based on assessed risks of material misstatement
- **New Terminology:** Adds "component auditor" and "referred-to auditor."

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PCAOB Standards Update: What's Effective and What's Next

Effective December 15, 2026

- **QC 1000, A Firm's System of Quality Control:** a risk-based QC system that firms design, implement, operate, monitor and document, with annual evaluation and Form QC reporting.
- **AS 2901:** new framework for responding to engagement deficiencies identified after the auditor's report is issued.

QC 1000 amendments

- **Updated** to reduce compliance cost after implementation feedback.
- **Amended:** the external quality control function for firms auditing more than 100 issuers is rescinded, and the "design-only" requirement is narrowed.
- **Added flexibility:** QC roles can go to non-firm personnel or be split
- Inspections to become more QC focused
- **Status:** Effective December 15, 2026

On the horizon

- **Standard-setting agenda (updated Sept 30, 2026):** comfort letters (negative assurance), independence, fraud, noncompliance with laws and regulations, and going concern.
- **Research agenda:** data and technology, firm and engagement performance metrics, and audit committee communications.
- **Nov 3, 2026 open meeting:** proposed targeted amendments to AS 6101, Letters for Underwriters.

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SEC Updates



Recent Securities and Exchange Commission Rule Proposals

Part of Commission Chair Paul Atkins' priorities to A-C-T (Advance-Clarify-Transform) and to "Make IPOs Great Again"

Three rule proposals issued in May 2026 — comment periods are closed; final rules still pending

May 5, 2026

Semiannual Reporting

- Optional: elect semiannual reporting each year on the 10-K cover, using new Form 10-S (mirrors Form 10-Q)
- Same deadlines and auditor interim review; quarterly stays the default
- Watch: comfort letters, debt covenants, SOX timing

Comments closed July 6

May 19, 2026

EGC Accommodations & Filer Status Simplification

- LAF float threshold rises from $700M to $2B (met two years running)
- AF and SRC categories eliminated; non-LAFs become nonaccelerated filers with scaled disclosure
- New small-NAF tier (assets of $35M or less) gets extra filing time

Comments closed July 20

May 19, 2026

Registered Offering Reform

- Broader Form S-3 eligibility for shelf offerings
- WKSI-style communication flexibilities extended to more issuers
- State law registration preempted; Form S-1 gets expanded incorporation by reference

Comments closed July 27

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One Big Beautiful Bill Updates



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The Act
The Big “3”

Bonus Depreciation

- Act permanently reinstates 100% bonus depreciation for most tangible personal property acquired after January 19, 2025.
- Does not generally apply if a binding contract to acquire the property existed prior to January 20, 2025.
- Election to use reduced bonus depreciation percentage in first taxable year ending after January 19, 2025.

Section 163(j)

- Limitation previously was based on 30% of tax basis EBIT.
- Act permanently increases the limitation to 30% of tax basis EBITDA.
- Change is effective for tax years beginning after December 31, 2024.

Section 174/174A Research Costs

- TCJA required capitalization and five-year amortization of domestic R&E expenses beginning in 2022.
- Under the Act, domestic R&E expenses may be deducted when incurred for tax years beginning after December 31, 2024.
- Foreign R&E expenses continue to be capitalized and amortized over 15 years.
- Retroactive relief available:
  - All taxpayers have the option to deduct previously capitalized domestic research costs in first tax year beginning after December 31, 2024, or alternatively take the deduction over the first two tax years beginning after December 31, 2024.

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Charitable Contributions
What Changed in 2026

A new minimum threshold means the first slice of your giving no longer produces a deduction.

Corporations: Give Above 1% of Taxable Income to Deduct Anything

- With $1 million of taxable income, a $50,000 gift produces a $40,000 deduction.
- The existing 10% ceiling stays.

Individuals: A 0.5% Floor

- On a $1 million contribution base, the first $5,000 of contributions are not deductible.
- Consider ceilings also, *e.g.,* 60% cash contributions, and the potential 2/37th itemized deduction limitation.
- Owners of partnerships and S corporations should consider as contributions made at entity level flow to them.

In General, Amounts Over the Ceiling Carry Forward

- Amounts below the floor do not carry forward unless there is also an excess contribution carryforward.

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Charitable Contributions
Proper Classification

A payment to a nonprofit is not automatically a charitable gift. What the business receives in return, and its intent, decide the treatment—and only charitable treatment is subject to the new floors.



Charitable Contribution

- Given with charitable intent, with no substantial benefit expected in return.
- Your name or logo is simply acknowledged by the organization.
- If you receive goods or services, only the amount above their fair market value qualifies; token benefits do not reduce it.
- Subject to the new 1% and 0.5% floors.



Business Expense

- The payment buys advertising or promotion for your business.
- Arrangements that include promotional language, pricing, endorsements, comparative statements, or inducements to purchase.
- Deducted as an ordinary and necessary business cost, outside the floors.
- Not automatically the better answer—run the numbers before deciding.

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Information Reporting Updates



Information Reporting
Vehicle Loan Interest

No Tax on Car Loan Interest

- Individuals will get federal income tax deduction for qualified interest paid on a new car loan for 2025 through 2028.
- Maximum deduction of $10,000.
- Must be a new car acquired after December 31, 2024.
- Final assembly of the car must have been in the United States.
- Deduction phases out for individuals with income starting at $100,000 ($200,000 for MFJ).
- Used cars do not qualify.
- Reported by financial institution on a 1098-VLI starting in 2026 and includes:
  - Interest received, year, make, model, VIN, loan origination date, loan application date, principal outstanding, refund of overpaid interest (if any)



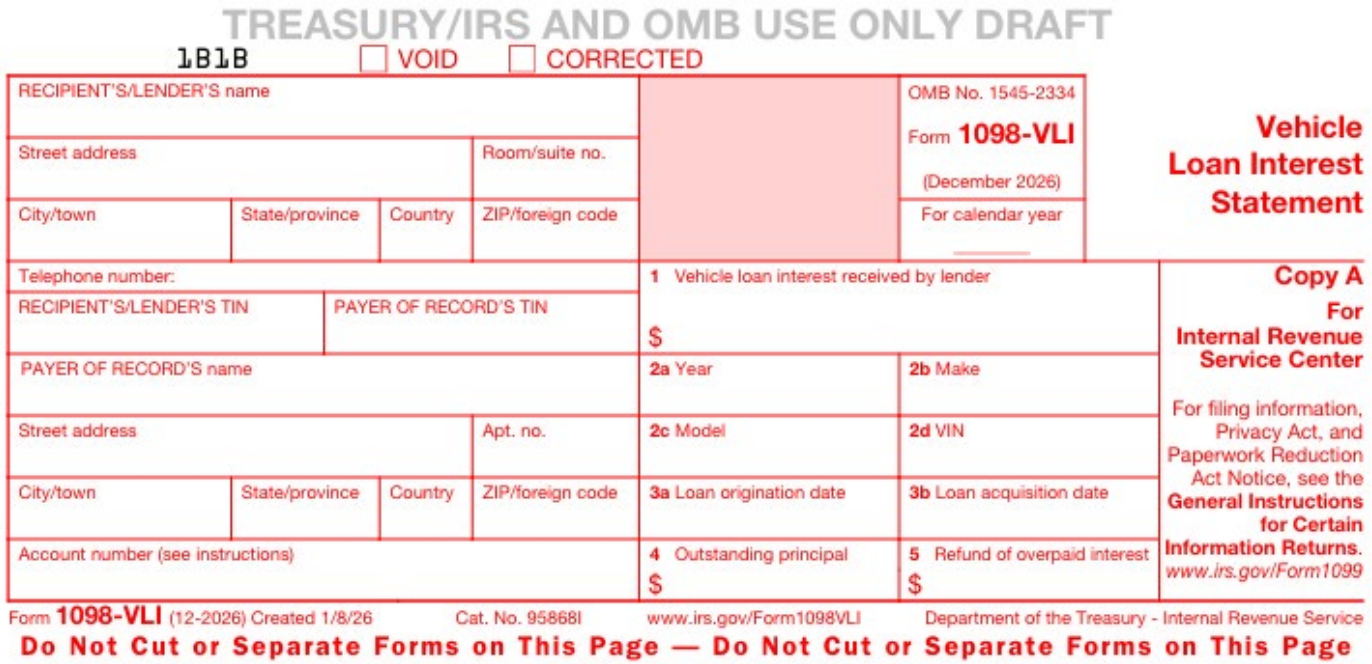
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Information reporting
1098-VLI

- IRS provided transition relief for 2025, form was not required (IRS notice 2025-57) but relief did not extend to 2026
- Specified passenger vehicles loans
  - Original use begins with taxpayer (new)
  - Personal use (greater than 50%)
  - Assembled in US
    - See NHTSA.gov
  - Passenger vehicle (car, van, SUV, motorcycle)
- Form required for loans with $600 or more of interest
- Due to recipient Jan 31. Due to IRS Mar 31 (if filed electronically)

Draft Form



TREASURY/IRS AND OMB USE ONLY DRAFT

1B1B ☐ VOID ☐ CORRECTED

RECIPIENT'S/LENDER'S name				OMB No. 1545-2334 Form **1098-VLI** (December 2026)	**Vehicle Loan Interest Statement**
Street address			Room/suite no.		
City/town	State/province	Country	ZIP/foreign code	For calendar year	
Telephone number:				**1** Vehicle loan interest received by lender $	**Copy A** **For Internal Revenue Service Center** For filing information, Privacy Act, and Paperwork Reduction Act Notice, see the **General Instructions for Certain Information Returns.** *www.irs.gov/Form1099*
RECIPIENT'S/LENDER'S TIN	PAYER OF RECORD'S TIN				
PAYER OF RECORD'S name				**2a** Year	**2b** Make
Street address			Apt. no.	**2c** Model	**2d** VIN
City/town	State/province	Country	ZIP/foreign code	**3a** Loan origination date	**3b** Loan acquisition date
Account number (see instructions)				**4** Outstanding principal $	**5** Refund of overpaid interest $

Form **1098-VLI** (12-2026) Created 1/8/26 Cat. No. 95868I www.irs.gov/Form1098VLI Department of the Treasury - Internal Revenue Service

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Information Reporting
Reporting Provisions

Increased Threshold for 1099-MISC and 1099-NEC Reporting

- Raises reporting threshold from $600 to $2,000 for payments made after December 31, 2025.
- Makes conforming changes to backup withholding rules.
- The $2,000 threshold is indexed for inflation beginning in 2027.

Form 1099-DA Digital Asset Reporting

- Digital asset brokers generally report sales and exchanges on Form 1099-DA.
- Sales reporting began for 2025 sales, and basis-related reporting generally expands for covered digital asset sales beginning in 2026.
- IRS transition relief for backup withholding on 2025–2026 digital asset sales does not eliminate information reporting obligations.

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State Tax Considerations



State Taxes

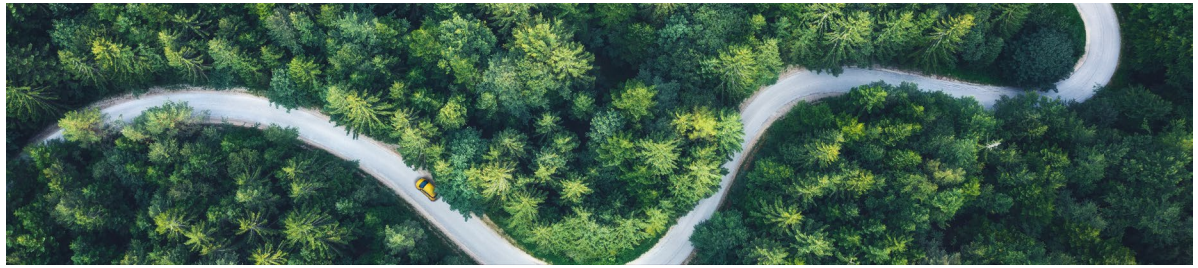
Sourcing and Pass-Through Entity Tax (PTET)



Market Based Sourcing Updates

More states are moving to market-based sourcing of investment adviser and asset management fees. Market-based rules source receipts to where investors or beneficial owners are domiciled.

- California – tax years starting on or after January 1, 2026
- Arkansas – where receipts exceed $250,000 on or after January 1, 2026.
- Kansas – sales other than tangible personal property on or after January 1, 2027.



Pass-Through Entity Tax

While the OBBBA temporarily increased the SALT deduction cap to a maximum of $40,000, this sunsets as of December 31, 2030.

States are considering removing their own sunsets for PTET.

- Illinois, Utah, and Virginia have made PTET permanent.
- California extended PTET through December 31, 2030
- Oregon and Minnesota extended PTET through tax years ending December 31, 2027.
- Maine enacts PTET regime tax years on or after January 1, 2026

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