

Your year, what it cost, and the four things to do about it.

This is not your return. The return is filed and it is in the portal. This is the part that is worth reading: what moved, why the bill looks the way it does, and the decisions that are still open while there is time to make them. Every number has last year beside it — a figure on its own tells you nothing.

ILLUSTRATIVE SAMPLE · NOT A CLIENT FILE

TWO YEARS, SIDE BY SIDE

Where the money went

	2026	2025	CHANGE
Wages (both)	214,600	198,400	+8%
S corporation K-1 — ordinary	96,250	41,900	+130%
Interest and dividends	11,480	9,120	+26%
Capital gain — sale of rental	128,900	—	new
Rental income, net	—	14,300	-100%
Total income	451,230	263,720	+71%
Adjustments	(18,400)	(17,200)	+7%
Adjusted gross income	432,830	246,520	+76%
Deductions — itemized	(46,210)	(41,880)	+10%
Qualified business income deduction	(19,250)	(8,380)	+130%
Taxable income	367,370	196,260	+87%
Federal tax	88,140	36,420	+142%
Payments and withholding	(62,300)	(38,900)	+60%
Balance due / (refund)	25,840	(2,480)	swing

WHAT TO DO

Four recommendations, each with a date

1 Your withholding has not caught up with the K-1

The S corp more than doubled and nothing changed on your W-4. That is most of the \$25,840 you owe this year. Fix it in January, not next April.

W-4 REVISED · JANUARY 2027

2 Start paying estimates on the K-1 income

Four payments instead of one bill. Same money, no underpayment penalty, and it stops a five-figure surprise from landing in the same month as the return.

FIRST PAYMENT APRIL 15, 2027

3 The rental sale used up a one-time move

The gain is taxed this year and it is done. What we should talk about before December is whether the proceeds go somewhere that generates basis, because right now they are sitting in cash earning interest you are taxed on at the top rate.

PLANNING CALL BEFORE DECEMBER 15

4 Reasonable compensation on the S corp needs a look

Your salary did not move and the profit did. That ratio is the single most examined item on a closely held S corporation, and the time to document it is while the year is open.

BEFORE THE 2027 PAYROLL IS SET

INCLUDED WITH THIS SNAPSHOT

Your walkthrough — 7 minutes

A screen recording of your own return, not a generic explainer. Watch it once and the table above stops being a table. Chapters so you can skip to the part you care about.

0:00	What changed this year, in one minute
1:10	The rental sale — how the gain was computed and what it cost
2:45	Your K-1, and why the tax on it arrived as a bill
4:05	The four recommendations, with the dates
6:20	What we need from you, and when

Palacio, Palacio & Zimmerman, LLC · Tax year 2026