



2025 Federal Policy Update

Connecticut Society of CPAs
July 16, 2025



Todd Sloves

Director, Congressional and Political Affairs



Bipartisan bill: Disaster relief

- A bipartisan measure, H.R. 517 (119), passed Senate by unanimous consent and is now awaiting President's signature
- Allows IRS to grant tax relief when a governor declares disaster or state emergency rather than waiting for a federal disaster declaration
- Authorizes the IRS to postpone federal tax deadlines upon written request by the state's governor
- Will apply to declarations made after the date the law is enacted
- Will increase automatic extension to 120 days from 60 days



POLITICO

EUROPE PRO E&E NEWS

Disaster relief done — what next?

By BERNIE BECKER | 07/14/2025 10:00 AM EDT

WELL, LOOK AT THAT: It wasn't exactly a unicorn, but something relatively uncommon happened last week — Congress enacted a narrow, uncontroversial tax provision.

With good reason, too: The Senate cleared a bipartisan measure, H.R. 517 (119), by unanimous consent Thursday that would offer quicker relief from tax filing deadlines for those affected by natural disasters, in large part in response to the deadly flooding in Texas.

In essence, the bill allows states in areas where the federal government's filing deadlines take longer to process to request a delay.

Sen. Catherine Cortez Masto (D-NV) said the bill is a "commonsense" measure that will help states like Texas.

"This bill will allow those impacted by a natural disaster to have certainty that tax filing deadlines will be extended earlier in the process, and sometimes before the disaster occurs, so they can focus on their safety," said Mark Koziel, the president of the American Institute of CPAs.

AICPA tax reform legislation wins – 1 of 2

Pass-through entity tax
(PTET) SALT deductions

Reporting forms 1099-K,
Misc., and NEC

100% bonus depreciation

Section 174 R&E
expenditures

Section 163(j) business
interest deduction

Section 529 accounts

AICPA tax reform legislation wins – 2 of 2

Section 199A qualified
business income deduction

Controlled Foreign
Corporation (CFC)
look-thru rule &
downward attribution rule

Alternative
minimum tax (AMT)

Paid family medical leave
tax credit extension

Excess
business losses

Contingent fees
legislation dropped



June 6, 2025

The Honorable Mike Crapo, Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden, Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Wyden:

Representing the American Institute of CPAs (AICPA) and state CPA societies in 53 states and jurisdictions, we write to you today to urge you to retain the ability for all states and jurisdictions to deduct state and local taxes at the entity level. The House-pass-through entities to deduct state and local taxes at the entity level. The House-passed *One Big Beautiful Bill Act* eliminates this deduction for specified service trades or businesses (SSTBs), which includes accountants, doctors, nurses, pharmacists and other professionals. This will result in a tax increase for accountants throughout the country.

The pass-through entity tax (PTET) deduction of state and local taxes has mostly provided for parity between corporations and pass-throughs. We believe that this is discriminatory and unfair. At a time in which tax reform is focused on job creation and economic growth, this will have the opposite impact. In fact, an analysis by the Tax Foundation shows that the House bill language eliminating the deduction for SSTBs will reduce GDP by 0.2 percent.

If this provision is signed into law, CPAs across the country will be worse off than they were with the passage of the Tax Cuts and Jobs Act in 2017. The House-passed *One Big Beautiful Bill Act* does not provide simplicity nor fairness to millions of pass-through businesses that are job creators in our local towns and cities. As you consider tax reform in the Senate, we urge you to retain the current ability for pass-throughs to deduct entity-level state and local taxes.



>As

Nebraska Society of CPAs
Nevada Society of CPAs
New Hampshire Society of CPAs
New Jersey Society of CPAs
New Mexico Society of CPAs
New York State Society of CPAs
North Carolina Association of CPAs
North Dakota CPA Society
The Ohio Society of CPAs
Oklahoma Society of CPAs
Oregon Society of CPAs
Pennsylvania Institute of CPAs
Puerto Rico Society of CPAs
Rhode Island Society of CPAs
South Carolina Association of CPAs
South Dakota CPA Society
Tennessee Society of CPAs
Texas Society of CPAs
Utah Association of CPAs
Vermont Society of CPAs
Virgin Islands Society of CPAs
Virginia Society of CPAs
Washington Society of CPAs
West Virginia Society of CPAs
Wisconsin Institute of CPAs
Wyoming Society of CPAs

53 states and jurisdictions urged Congress to retain PTET SALT deductibility

Thank you!

What's next legislatively?



Technical
corrections



FOR IMMEDIATE RELEASE

January 30, 2025

Release: [HERE](#)

CONTACT: [Mandi Critchfield](#)

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Crapo, Wyden Issue Discussion Draft to Improve IRS Administration

Legislation would implement fixes to improve the taxpayer experience

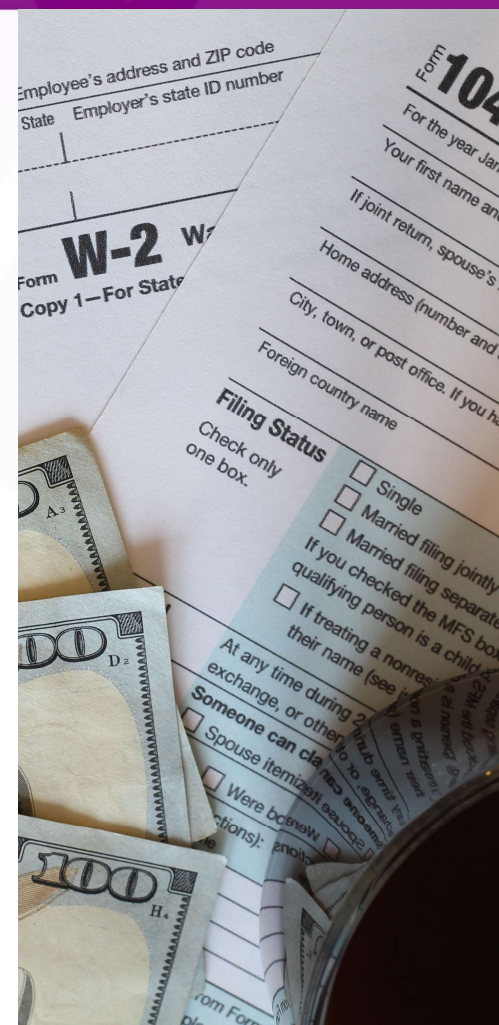
Washington D.C.— U.S. Senate Finance Committee Chairman Mike Crapo (R-Idaho) and Ranking Member Ron Wyden (D-Oregon) released a discussion draft of bipartisan legislation making an array of common-sense fixes to Internal Revenue Service (IRS) procedure and administration.

"As the tax filing season gets underway, this draft legislation suggests practical ways to improve the taxpayer

Taxpayer Assistance & Service
Act Discussion Draft

Taxpayer Assistance and Service (TAS) Act Discussion Draft

- Crapo/Wyden release the TAS Act discussion draft on January 30
- One of the most significant bi-partisan tax packages in recent year
- Notable provisions included:
 - **Preparer regulations**
 - Sec. 504. Authority to Deny, Revoke, or Suspend Preparer Tax Identification Numbers
 - **True Quarterly estimated payment deadlines**
 - Sec. 903. Quarterly Installments for Estimated Income Tax Payments by Individuals
 - **SAFE Act**
 - Sec. 904. Establishment of a Failure-to-Pay Penalty Safe Harbor for Individuals
 - **The Mailbox rule**
 - Sec. 905. Extension of Mailbox Rule to Electronic Submissions and Payments



Government Funding



- Congress working on the 12 appropriations bills
 - House first Floor vote this week on Military Construction and Veterans Affairs



- Government funding deadline is **September 30**
 - All 12 bills or a continuing resolution (CR) must be passed and signed into law, or a full or partial shutdown will occur



- President's FY 2026 proposed budget requests
 - SEC flat budget of \$2.15 billion for FY 2026
 - IRS FY 2026 budget of \$9.8 billion, which is a decrease of 20% from the FY 2025 enacted level of \$12.3 billion

H.R. 1 key tax provisions

Slide 9

GU1

LS: can you pick a background that is different from the next slide?

Guest User, 2025-07-14T13:41:05.845

Individual tax provisions



Extension of TCJA provisions for individuals

Law prior to H.R. 1	H.R. 1
Individual income tax rates	
<ul style="list-style-type: none"> • Temporary reduction of tax rates through 2025 • Tax rates: 10%, 12%, 22%, 24%, 32%, 35%, & 37% • Bracket thresholds are adjusted annually for inflation 	<ul style="list-style-type: none"> • Permanent extension of TCJA rates beginning in 2026 • Tax rates: 10%, 12%, 22%, 24%, 32%, 35%, & 37% • Bracket thresholds are adjusted annually for inflation
Personal exemptions	
<ul style="list-style-type: none"> • Personal exemptions suspended for 2018–2025 	<ul style="list-style-type: none"> • Permanent repeal of personal exemptions after 2017
Child Tax Credit	
<ul style="list-style-type: none"> • Credit of \$2k per child • Reverts to \$1k after 2025 	<ul style="list-style-type: none"> • Permanent extension and increase to \$2.2k per child • Makes permanent the refundable portion of credit of \$1.7k • SSN of Taxpayer (or spouse) and qualifying child required • Effective for tax years beginning 1/1/2026 • Refundable portion adjusted annually for inflation
Standard deduction	
<ul style="list-style-type: none"> • Temporary increased standard deduction (\$12k S, \$24k MFJ, \$18k HH) through 2025 • Beginning 2026 reverts to pre-TCJA amounts (\$3k S, \$6k MFJ, \$4k HH) • Adjusted annually for inflation 	<ul style="list-style-type: none"> • Permanent extension of increased TCJA deduction (\$15,750 S, \$31,500 MFJ, \$23,625 HH for 2025) • Adjusted annually for inflation • Effective for tax years beginning 1/1/2026

Extension of TCJA provisions for individuals

Law prior to H.R. 1	H.R. 1
Mortgage interest deduction	
<ul style="list-style-type: none">• Home equity interest deduction suspended (except when used to buy, improve or expand the home) until after 2025• \$750,000 acquisition indebtedness limit expires after 2025	<ul style="list-style-type: none">• Permanent suspension of home equity interest deduction (except when used to buy, improve or expand the home) and extension of lower acquisition indebtedness limit• Exception for mortgage insurance premiums returns• Effective for taxable years beginning after 12/31/2025
State and local tax deduction	
<ul style="list-style-type: none">• SALT deduction limited to \$10k expires after 2025	<ul style="list-style-type: none">• SALT deduction limited to \$40,000 in 2025, \$40,400 in 2026, 1% increases in 2027-2029, and \$10,000 in 2030• SALT deduction phases out for MAGI greater than \$500K in 2025, \$505K in 2026, and 1% increases for 2027-2029, but will not phase out below \$10K• Effective for taxable years beginning after 12/31/2024
Casualty and theft loss deductions	
<ul style="list-style-type: none">• Casualty or theft loss suspended until after 2025, except for losses from federally declared disasters	<ul style="list-style-type: none">• Permanent extension of casualty or theft loss suspension, except for federally declared or state declared disasters• Effective for taxable years beginning after 12/31/2025

Extension of TCJA provisions for individuals

Law prior to H.R. 1	H.R. 1
Miscellaneous itemized deductions	
<ul style="list-style-type: none"> Temporarily suspended for 2018-2025 Reinstated in 2026 subject to 2% floor limitation 	<ul style="list-style-type: none"> Permanently suspends misc. itemized deductions Allows deduction for educator expenses Effective for taxable years beginning after 12/31/2025
Charitable Contribution	
<ul style="list-style-type: none"> Charitable deductions allowed for itemizers 	<ul style="list-style-type: none"> Imposes 0.5% floor on charitable contributions for itemizers Deduction of up to \$1k / \$2k MFJ for non-itemizers Permanent extension of increased contribution limitation for cash gifts made to qualified charities Effective for taxable years beginning after 12/31/2025
AMT	
<ul style="list-style-type: none"> Higher exemption and phase-outs expire after 2025 	<ul style="list-style-type: none"> Permanently extends AMT exemption Phaseouts revert to 2018 levels of \$500k/\$1M MFJ Effective for taxable years beginning after 12/31/2025
Estate and gift tax	
<ul style="list-style-type: none"> Unified estate & gift tax exemption of \$13.61 million (2024, inflation adjusted) Reverts to \$5 million (indexed) after 2025 	<ul style="list-style-type: none"> Permanent extension of increase in unified estate & gift tax exemption to \$15M per person (\$30M for married filing jointly) Effective for decedents passing away after 12/31/2025 Indexes the exemption amount for inflation after 2026

Other key individual provisions – temporary (2025-2028)

Law prior to H.R. 1	H.R. 1
No tax on overtime	
<ul style="list-style-type: none"> Overtime pay included in taxable income 	<ul style="list-style-type: none"> Temporary deduction capped at \$12.5k (\$25k MFJ) Phase out if MAGI >\$300k MFJ and \$150k for all others Adjusted for inflation beginning in 2026 Effective for taxable years beginning after 12/31/2024, and before 1/1/2029
No tax on tips	
<ul style="list-style-type: none"> Tips included in taxable income, subject to federal income and FICA taxes 	<ul style="list-style-type: none"> Temporary deduction for cash tips Limited to \$25k and subject to phase outs if MAGI > \$300k MFJ and \$150k for all others Adjusted for inflation beginning in 2026 Effective for taxable years beginning after 12/31/2024, and before 1/1/2029
Deduction for auto loan interest	
<ul style="list-style-type: none"> Personal interest on car loans not deductible 	<ul style="list-style-type: none"> Temporary deduction up to 10k (2025-2028) on new cars purchased 2025-2028, if assembled in US Phase out if MAGI >\$200k MFJ and \$100k for all others Not adjusted for inflation Effective for taxable years beginning after 12/31/2024, and before 1/1/2029
Deduction for seniors aged 65+	
<ul style="list-style-type: none"> Seniors receive a slightly higher personal exemption, but no stand-alone senior deduction 	<ul style="list-style-type: none"> Temporary \$6k exemption Phase out if income > \$150k MFJ and \$75k for all others Effective for taxable years beginning after 12/31/2024, and before 1/1/2029

Business tax provisions



Extension of TCJA provisions for businesses

Law prior to H.R. 1	H.R. 1
Bonus depreciation	
<ul style="list-style-type: none"> Current expensing: 40% for 2025, 20% for 2026, 0% thereafter 	<ul style="list-style-type: none"> Permanent restoration of 100% first year bonus depreciation, effective for property acquired on or after 1/19/2025
Section 179 enhanced small business depreciation expensing	
<ul style="list-style-type: none"> Current expensing of up to \$1.16M of qualifying property with phase-outs beginning at \$2.89M, both indexed for inflation 	<ul style="list-style-type: none"> Increases current expensing up to \$2.5M of qualifying property with phase-outs beginning at \$4.0M Effective for property placed in service after 12/31/2024
Section 163(j) business interest limitation	
<ul style="list-style-type: none"> Temporarily reinstates EBITDA limitation under Sec. 163(j) (2025 – 2029) Adjusted taxable income (ATI) computed without regard to deduction for depreciation, amortization, or depletion 	<ul style="list-style-type: none"> Permanently reinstates EBITDA limitation under Sec. 163(j), starting in 2025 ATI computed without regard to deduction for depreciation, amortization, or depletion ATI excludes subpart F and GILTI inclusions and associated Sec. 78 gross-up, and amounts determined under Sec. 956 Applies to tax years beginning after 12/31/2025

Extension of TCJA provisions for businesses

Law prior to H.R. 1	H.R. 1
Paid family and medical leave credit	
<ul style="list-style-type: none">• Credit to eligible employers of 12.5% to 25% of wages paid to qualifying employees on family and medical leave• Credit to end after 2025	<ul style="list-style-type: none">• Permanently extends credit• Expands scope of credit to allow employers to claim credit based on wages paid to employees on family or medical leave or premiums paid for qualified leave insurance policies• Changes effective after 12/31/2025
Section 174 research & experimental expenditures	
<ul style="list-style-type: none">• Domestic R&E expenditures amortized over 5 years• Foreign R&E expenditures amortized over 15 years	<ul style="list-style-type: none">• Permanent and immediate expensing of domestic R&E, starting in 2025 – automatic, no special elections required• Retroactive expensing for small businesses with avg. annual gross receipts ≤ \$31M after 12/31/2021; can amend 2022-2024 returns for refunds by 7/4/26 or take catch-up deductions as sec. 481(a) adjustments going forward• Businesses > \$31M can accelerate remaining amortization from 2022-2024 over one or two years, starting in 2025, with transition rules for expenses incurred 12/31/2021 - 1/1/2025• Foreign R&E expenditures remains amortized over 15 years

Extension of TCJA provisions for passthroughs

Law prior to H.R. 1	H.R. 1
Section 199A pass-through deduction	
<ul style="list-style-type: none">• Pass-through owners entitled to 20% deduction for QBI, expires after 2025• For SSTBs, QBI deduction limited between \$100K/\$50K (MFJ/all others) above minimum threshold and phases out thereafter	<ul style="list-style-type: none">• Permanent extension of 20% deduction• QBI deduction limitation phase-in range increases to \$150K/\$75K (MFJ/all others)• Deduction cliff remains for SSTBs exceeding max threshold• Effective for taxable years beginning after 12/31/2025
State and local tax deduction for pass-through entities	
<ul style="list-style-type: none">• Passthrough owners subject to \$10K SALT deduction limit• 36 states and 1 locality implemented pass-through entity tax (PTET) SALT deduction legislation• SALT deducted at entity level is not limited	<ul style="list-style-type: none">• Pass-through owners subject to increased SALT deduction limits for 2025-2029, and \$10K limit would return in 2030• SALT deducted at entity level would not be limited• Effective for taxable years beginning after 12/31/2024
Section 461(l) excess business loss deduction	
<ul style="list-style-type: none">• Excess business loss limitation expires after 2025• Any excess loss business loss is treated as an NOL carryforward to next tax year	<ul style="list-style-type: none">• Permanent limitation on excess business losses, effective for taxable years beginning after 12/31/2026• Any excess loss business loss is treated as an NOL carryforward to next tax year, effective for taxable years beginning after 12/31/2025

Other key business provisions

Law prior to H.R. 1	H.R. 1
Sec. 1202 Small Business Stock Gain Exclusion	
<ul style="list-style-type: none">• Excludes from gross income gain on sale or exchange of qualified small business stock (QSBS) held for > 5 years• 100% exclusion for stock acquired after 9/27/2010• 50% or 75% for stock acquired before 9/27/2010 depending on the acquisition date• Eligibility limit on corporate-level aggregate assets of \$50M	<ul style="list-style-type: none">• Tiered exclusion on the gain on the sale or exchange of QSBS from gross income• 100% exclusion if held for 5 or more years, 75% if held for at least 4 years, 50% if held for at least 3 years• Increased eligibility limit on corporate-level aggregate-assets to \$75 million• Applies to taxable years beginning after the date of enactment
Corporate Charitable Deduction	
<ul style="list-style-type: none">• Corporations can deduct charitable contributions up to 10% of taxable income• Contributions over 10% may be carried forward to the next 5 taxable years, subject to same 10% limit each year	<ul style="list-style-type: none">• Corporations can deduct charitable contributions up to 10% of taxable income• Creates a floor of 1% of taxable income• Contributions over 10% ceiling may be carried forward to the next 5 taxable years and amounts disallowed under 1% floor may be carried forward if contributions > 10% ceiling• Applies to taxable years beginning after 12/31/2025

International tax provisions



TCJA extension of international provisions

Law prior to H.R. 1

H.R. 1

Global intangible low-taxed income (GILTI)

- Deduction for corporations for 2025 is 50% and set to be reduced to 37.5% after 12/31/2025

- Deduction for corporations is permanently reduced to 40% after 12/31/25
- Net deemed tangible income return currently utilized in determining US shareholder's GILTI inclusion is eliminated
- Renames GILTI to Net CFC tested income (NCTI)
- Applies to taxable years beginning after 12/31/2025

Foreign-derived intangible income (FDII)

- Deduction for corporations for 2025 is 37.5% and set to be reduced to 21.875% after 12/31/2025

- Deduction for corporations reduced to 33.34% after 12/31/25
- Modifies definition of deduction eligible income
- Renames FDII to foreign-derived deduction eligible income (FDDEI)
- Applies to taxable years beginning after 12/31/2025

TCJA extension of international provisions

Law prior to H.R. 1

H.R. 1

Base erosion and anti-abuse tax (BEAT)

- The BEAT rate is 5% in 2018, 10% in 2019 – 2025, and 12.5% in 2026 and beyond

- Permanently increases the BEAT rate to 10.5% of modified taxable income after 12/31/25
- Retains the current law treatment of the research credit and certain other credits in the BEAT computation on a permanent basis
- Applies to taxable years beginning after 12/31/2025

Section 954(c)(6)

- Temporary extension of section 954(c)(6) look-through rule for controlled foreign corporations (CFCs) to expire after 2025

- Permanent extension of section 954(c)(6) look-through rule for CFCs, effective after 12/31/25
- Applies to taxable years beginning after 12/31/2025

Other key international provisions

Law prior to H.R. 1	H.R. 1
Section 958(b)	
<ul style="list-style-type: none"> Section 958 applies the constructive ownership rules of section 318(a) with modifications 	<ul style="list-style-type: none"> Restores limitation on downward attribution of stock ownership in applying constructive ownership rules under section 958(b) Creates new section 951B Effective for taxable years beginning after 12/31/2025
Sourcing of inventory for foreign tax credit limitation	
<ul style="list-style-type: none"> Income from sale or exchange of inventory property produced in the U.S. treated as U.S. source income 	<ul style="list-style-type: none"> Sourcing certain income from sale of inventory produced in the U.S. solely for foreign tax credit limitation under section 904 – 50% limitation Effective for taxable years beginning after 12/31/2025
Repeal of election for 1-month deferral for tax year	
<ul style="list-style-type: none"> A specified foreign corporation may elect for a taxable year beginning 1-month earlier 	<ul style="list-style-type: none"> Repeal of election for 1-month deferral in determination of taxable year of specified foreign corporations Effective for taxable years beginning after 11/30/2025

Other tax provisions



Other key tax provisions

Law prior to H.R. 1	H.R. 1
Employee Retention Credit (ERC)	
<ul style="list-style-type: none">• Employers could file 2020 claims through 4/15/2024 and 2021 claims through 4/15/2025• IRS has 3-year statute of limitations, except 5 years for Q3 and Q4 2021 claims	<ul style="list-style-type: none">• No payment of Q3 & Q4 2021 ERC claims filed after 1/31/2024• Defines COVID-ERTC promoter & increases penalties on them• Extends statute of limitations to 6 years for IRS and taxpayers
Section 529 plans	
<ul style="list-style-type: none">• Use of 529 plans limited to qualified K-12 and higher education• Annual withdrawal limit on qualified K-12 tuition expenses of \$10k, no annual withdrawal limit on other qualified expenses	<ul style="list-style-type: none">• Expands use of 529 plans to include certain postsecondary credentialing expenses (e.g., expenses to obtain and maintain CPA license)• Increases annual withdrawal of qualified K-12 tuition expenses to \$20k, no annual withdrawal limit on other qualified expenses• Effective for distributions made after date of enactment
Section 4960 excise tax	
<ul style="list-style-type: none">• Subjects exempt orgs to 21% tax on compensation paid over \$1M for top five highest compensated employees	<ul style="list-style-type: none">• Amends "covered employees" to include all employees of exempt org.• Effective for tax years after 12/31/2025

Form 1099 reporting



Form 1099 information reporting

Law prior to H.R. 1	H.R. 1
Form 1099-K	
<ul style="list-style-type: none">Reporting threshold of \$20k, or 200 transactions before 2024, \$5,000 in 2024, \$2,500 in 2025, \$600 thereafter	<ul style="list-style-type: none">Increases reporting threshold from \$600 to \$20k over 200 transactionsEffective 2025, H.R. 1 reverts to pre-American Rescue Plan Act
Form 1099-NEC	
<ul style="list-style-type: none">Reporting threshold of \$600	<ul style="list-style-type: none">Increases reporting threshold from \$600 to \$2k for payments made after 12/31/25Indexed annually for inflation beginning in 2027Effective for payments made after 12/31/2025
Form 1099-MISC	
<ul style="list-style-type: none">Reporting threshold of \$600	<ul style="list-style-type: none">Increases reporting threshold from \$600 to \$2k for payments made after 12/31/25Indexed annually for inflation beginning in 2027Effective for payments made after 12/31/2025

Energy credits

Clean energy tax credits

Law prior to H.R. 1

Consumer Green Energy Tax Credits

- Consumer green energy tax credits generally terminate after 12/31/2032

H.R. 1

- Termination of consumer green energy tax credits is accelerated as follows:
 - Previously-owned clean vehicle credit terminates for vehicles acquired after 9/30/2025
 - Clean vehicle credit terminates for vehicles acquired after 9/30/2025
 - Qualified commercial clean vehicle credit terminates for vehicles acquired after 9/30/2025
 - Alternative fuel vehicle refueling property credit terminates for property placed in service after 6/30/2026
 - Energy efficient home improvement credit terminates for property placed in service after 12/31/2025
 - Residential clean energy credit terminates for any expenditures made after 12/31/2025
 - New energy efficient home credit terminates for property acquired after 6/30/2026

Clean energy tax credits

Law prior to H.R. 1

H.R. 1

Clean electricity production credit (PTC)

- | | |
|--|---|
| <ul style="list-style-type: none">• The PTC (Section 45Y) is available for electricity produced by clean energy, including solar and wind at a qualified facility• Credit is available at 100% through 2033 and then phases out as follows: 2034 (75%), 2035 (50%), and after 2035 (0%) | <ul style="list-style-type: none">• Terminates credits for wind and solar facilities projects for which construction begins 12 months after the date of enactment and are placed in service after 12/31/2027• No credit allowed for a facility beginning construction after 12/31/2025 with material assistance from a prohibited foreign entity |
|--|---|

Clean electricity investment credit (ITC)

- | | |
|---|--|
| <ul style="list-style-type: none">• The ITC (Section 48E) is available for electricity stored at qualified facilities or energy storage technology, including solar and wind• Credit is available at 100% through 2033 and then phases out as follows: 2034 (75%), 2035 (50%), and after 2035 (0%) | <ul style="list-style-type: none">• Terminates credits for wind and solar facilities projects for which construction begins 12 months after the date of enactment and are placed in service after 12/31/2027 |
|---|--|

Beyond the law: IRS implementation





Implementation guidance

Treasury proposed regulations and final regulations

IRS revenue procedures and revenue rulings

IRS form and publication changes

IRS notices

IRS FAQs

IRS announcements

IRS website

AICPA regulatory advocacy process

Identify emerging legislative, regulatory and administrative issues

Develop positions and advocate for sound tax policy and effective administration

Comment on regulations, legislation, tax forms, and IRS service levels

Represent CPA tax practitioners before the government, the public and other practitioner groups

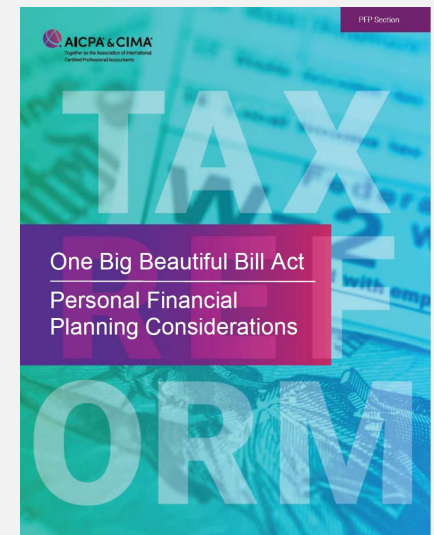
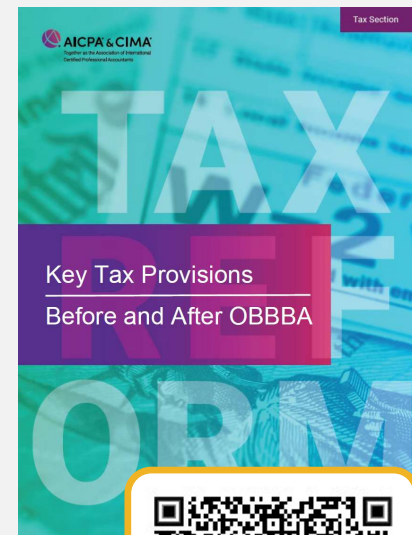
National Taxpayer Advocate Report to Congress

- Successful 2025 Filing Season
- IRS processed over 98% of individual returns (138.1 million of 140.6 million received)
 - Paper returns decreased by 4.3% from 2024 (4.4 million in 2025)
 - 22 additional tax forms eligible for e-filing
 - Direct deposit refunds increased by 1.3% (1 million more)
 - Potentially fraudulent returns decreased by 46%
- High level of phone service
- Expanded functionality of individual online accounts

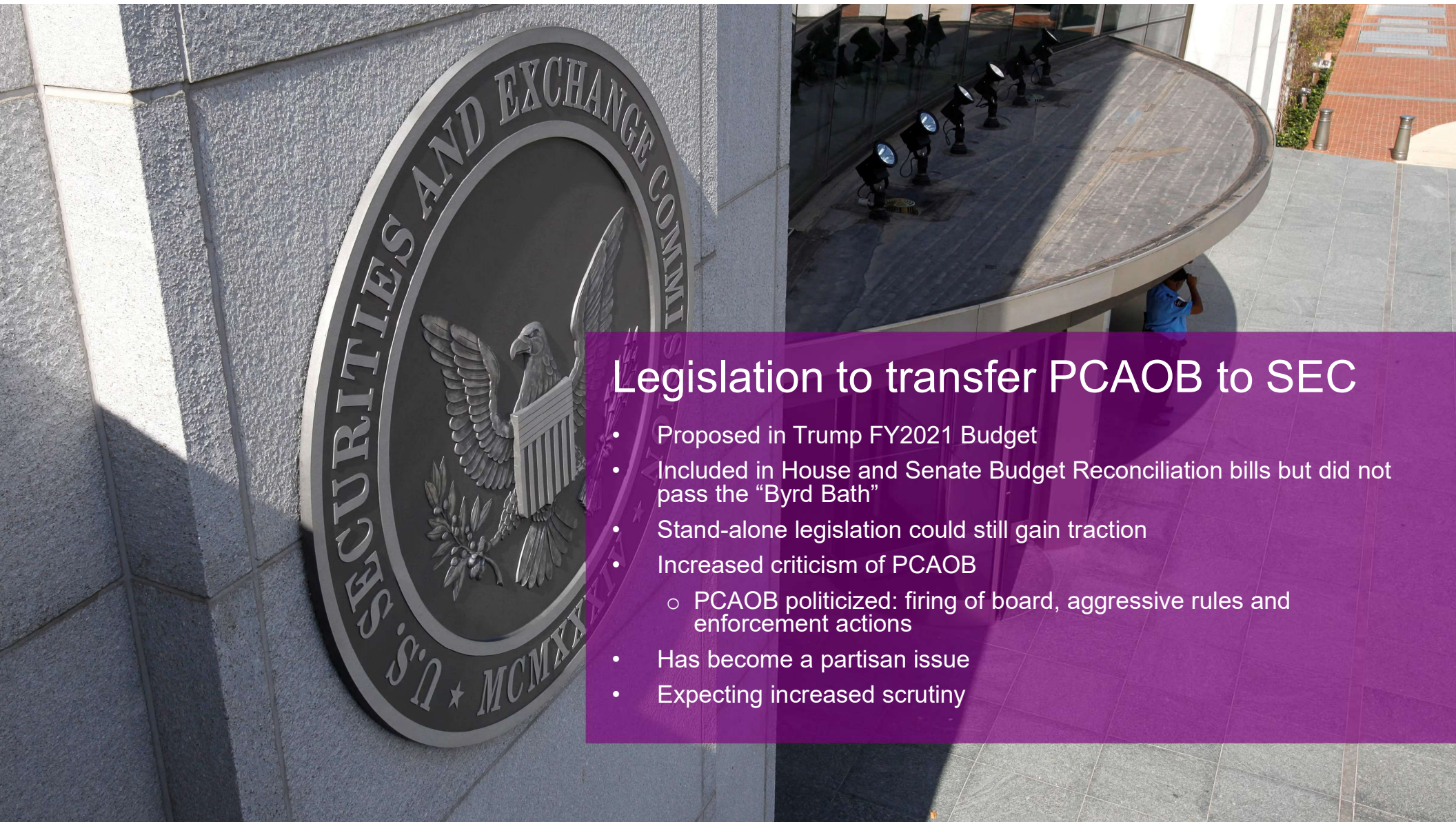
IRS Business Operating Division/Function	Staffing as of January 25, 2025	Projected Staffing After Separations	Percent Change From January 25, 2025
Chief Counsel	2,740	2,387	▼ -12.88%
Chief Financial Office (CFO)	578	404	▼ -30.10%
Chief Operating Officer (COO)	139	71	▼ -48.92%
Chief Tax Compliance Officer (CTCO)	10	1	▼ -90.00%
Communications and Liaison (C&L)	379	211	▼ -44.33%
Criminal Investigation (CI)	3,589	3,221	▼ -10.25%
Direct File (DF)	27	5	▼ -81.48%
Enterprise Case Management Office (ECMO)	51	15	▼ -70.59%
Facilities Management and Security Services (FMSS)	1,212	894	▼ -26.24%
Human Capital Office (HCO)	2,927	2,079	▼ -28.97%
Independent Office of Appeals (Appeals)	1,775	1,275	▼ -28.17%
Information Technology (IT)	8,647	6,316	▼ -26.96%
IRS Headquarters (HQ)	50	22	▼ -56.00%
Large Business and International (LB&I)	6,763	5,402	▼ -20.12%
Office of Chief Risk Officer (CRO)	37	21	▼ -43.24%
Office of Civil Rights and Compliance (OCRC)	178	90	▼ -49.44%
Office of Professional Responsibility (OPR)	21	15	▼ -28.57%
Online Services (OLS)	220	97	▼ -55.91%
Privacy, Government Liaison and Disclosure (PGLD)	656	456	▼ -30.49%
Procurement	585	306	▼ -47.69%
Research, Applied Analytics and Statistics (RAAS)	620	442	▼ -28.71%
Return Preparer Office (RPO)	119	75	▼ -36.97%
Small Business/Self-Employed (SB/SE)	24,120	15,566	▼ -35.46%
Tax Exempt/Government Entities (TE/GE)	2,286	1,670	▼ -26.95%
Taxpayer Advocate Service (TAS)	1,970	1,480	▼ -24.87%
Taxpayer Experience Officer (TXO)	106	55	▼ -48.11%
Taxpayer Services (TS)	42,134	33,053	▼ -21.55%
Transformation and Strategy Office (TSO)	80	4	▼ -95.00%
Whistleblower Office (WO)	94	69	▼ -26.60%
TOTAL	102,113	75,702	▼ -25.86%

2025 Final Legislative Charts: Key Tax Provisions and PFP Considerations

- Key Tax Provisions —
Before and After OBBBA
- One Big Beautiful Bill Act —
Personal Financial Planning Considerations
- Key Tax Provisions —
Final Legislation with Comparison
Across 2025 Reconciliation Bills
- Additional resources coming soon!



[Access resources](#)



Legislation to transfer PCAOB to SEC

- Proposed in Trump FY2021 Budget
- Included in House and Senate Budget Reconciliation bills but did not pass the “Byrd Bath”
- Stand-alone legislation could still gain traction
- Increased criticism of PCAOB
 - PCAOB politicized: firing of board, aggressive rules and enforcement actions
- Has become a partisan issue
- Expecting increased scrutiny

Hearing on Sarbanes-Oxley

House Financial Services Committee held hearing:

- "Reassessing Sarbanes-Oxley: The Cost of Compliance in Today's Capital Markets"
- Focus on compliance costs of 404b
- Draft legislation to raise 404b threshold
 - Would exempt many companies currently required to comply
 - Not introduced to date



COMMITTEE ON
Financial Services

Legislation on SOX 404(b)

- House Financial Services hearing earlier this year
- Increases threshold for 404(b)
- Exempts nearly 700 companies who are currently required to comply with 404(b), including:
 - 14 China-based
 - 9 UK-based
 - 7 each from Bermuda and Israel
- Could be included in a capital formation package
- No bill sponsor
- Conversations with Hill staff expressing concerns






Legislation to Reorganize the SEC

- Introduced by Rep. Troy Downing (R-MT)
- Consolidates divisions within SEC
 - Moves Office of the Chief Accountant into Division of Corporate Finance
- Expectation that the SEC makes changes soon
- Legislation will be amended to reflect anticipated SEC changes


H.R. 2911, Accounting STEM Pursuit Act, reintroduced



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NEWS

AICPA Signals Strong Support for Legislation Recognizing Accounting as STEM

Apr 14, 2025 · 3 min read



Washington, D.C. (April 15, 2025) – The [American Institute of CPAs \(AICPA\)](#) is signaling its strong support for bipartisan legislation to establish the accounting profession as a career pathway through Science, Technology, Engineering and Math (STEM). [H.R. 2911](#), the *Accounting STEM Pursuit Act*, introduced by Representatives Young Kim (R-CA) and Haley Stevens (D-MI), would allow K-12 grant funding to be used for accounting education, with a focus on improving access for underrepresented students. This will help ensure future leaders are highly skilled and prepared to meet the public's evolving needs.

Over time, technology has evolved and many professions, including accounting, have evolved with it. Today, many are unaware that digital technology tools are automating and improving many old accounting tasks, opening up avenues for more creative work such as data analysis, advising on business decisions and hunting down fraud. Accountants use predictive modeling to help clients make strategic decisions. By using math and developing technology to solve complex issues, accountants empower communities and drive trust in financial markets. Accounting professionals must master these new technologies and seek innovative solutions to ensure they meet and surpass the demands of our global economy.

STEM recognition for accounting at the K-12 level, coupled with the potential for

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“Crypto Week”

GENIUS Act – Stablecoin legislation

- Monthly exam lacks internal controls requirement
- Annual financial statement audit for issuers with more than \$50 billion in issuance
- Passed the Senate June 17
- Expected to be included in “crypto week” legislation in the House week of July 14
- CLARITY Act, House crypto market structure bill, includes amending language recommended by the profession.
Would require:
 - Internal controls around the issuers’ reserve account
 - An annual attestation over the monthly exams and internal controls

PROOF Act – Proof of Reserves legislation (Senate)

- PCAOB/AICPA Joint Rulemaking
- Requires PCAOB standards, but not inspection
- Profession working on bill improvements

CLARITY Act – Market Structure legislation (House)

- Would set up a comprehensive regulatory framework for digital assets



Questions?



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Thank you

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