



May 30, 2024

To: The Tax Reform Project

RE: AICPA Tax Legislative Proposals

Dear Tax Reform Project:

As requested, the American Institute of CPAs (AICPA) is submitting for your consideration recommended technical fixes and legislative proposals in the federal tax area. While many of the submitted recommendations can be found in the [2023 AICPA Compendium of Tax Legislative Proposals – 61 Simplification and Technical Proposals](#) (“Compendium”) and our [updated 14 disaster relief tax legislative proposals](#), several additional recommendations can be found in our attached list of AICPA-endorsed tax bills from the 118<sup>th</sup> Congress.

The AICPA is the world’s largest member association representing the accounting profession, with more than 400,000 members in the United States and worldwide, and a history of serving the public interest since 1887. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America’s largest businesses.

The AICPA urges you to consider the enclosed proposals for inclusion in your report for future tax legislation. If you would like to discuss any of these proposals in more depth or have any questions, please contact Eileen Sherr, Director – AICPA Tax Policy & Advocacy, at (202) 434-9256 or [Eileen.Sherr@aicpa-cima.com](mailto:Eileen.Sherr@aicpa-cima.com); Lauren Pfingstag, Director – AICPA Congressional and Political Affairs, at (407) 257- 0607, or [Lauren.Pfingstag@aicpa-cima.com](mailto:Lauren.Pfingstag@aicpa-cima.com); or (830) 372-9692 or [bvickers@alamo-group.com](mailto:bvickers@alamo-group.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Blake Vickers", written in a cursive style.

Blake Vickers, CPA, CGMA  
Chair, AICPA Tax Executive Committee  
Encl.



April 2024

## AICPA-Endorsed Tax Legislation 118<sup>th</sup> Congress

The American Institute of CPAs (AICPA) has [endorsed](#) federal tax legislation that would improve taxpayer compliance and strengthen tax administration.

### **Simplify Automatic Filing Extensions (SAFE) Act ([H.R. 3566](#)) – Senate Bill Pending ([AICPA one pager](#))**

*Sponsors: Rep. Chu (D-CA) and Rep. Carey (R-OH)*

The bill would allow individual taxpayer filing for a federal tax filing extension to calculate and rely on a safe harbor of 125% of the *prior year* tax (“125% safe harbor”), to be paid in by the original due date, to avoid penalties. This proposal would reduce the time and cost associated with filing tax extensions.

### **Paid Family and Medical Leave Tax Credit Extension and Enhancement Act ([S. 3680](#)) ([AICPA Press Statement](#))**

*Sponsors: Sen. Fischer (R-NE) and Sen. King (I-ME)*

The bill would provide certainty to businesses by making the paid family leave tax credit permanent and would provide additional options for financing paid leave. The bill includes a provision that allows eligible employers to receive the credit for leave offered in excess of any state or local mandates, offering an incentive for employers who wish to offer more leave than a state or local requirement. To increase awareness and uptake of the credit, the bill also requires the Small Business Administration and Internal Revenue Service to conduct targeted outreach, education, and technical assistance to the business community.

### **Tax Deadline Simplification Act ([H.R. 3708](#)) – Seeking Senate Bill ([AICPA letter](#))**

*Sponsors: Rep. Lesko (R-AZ) and Rep. Schneider (D-IL)*

The bill would set the estimated tax installment deadlines to 15 days after the end of each quarter, moving the deadlines to January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, and October 15<sup>th</sup>. This legislation affects individual taxpayers, small businesses, estates, and trusts. The proposal reflects a long-standing recommendation offered by the National Taxpayer Advocate designed to reduce taxpayer confusion and improve taxpayer compliance.

**Filing Relief for Natural Disasters Act ([S. 1815](#)/ [H.R. 3861](#)) ([AICPA letter](#))**

*Sponsors: Sen. Cortez Masto (D-NV) and Sen. Kennedy (R-LA), Rep. Chu (D-CA) and Rep. Kustoff (R-TN)*

The bill would give the IRS the authority to extend federal tax filing deadlines following state-declared disaster instead of waiting for a federally-declared disaster. The bill would also expand the mandatory federal filing extension from 60 days to 120 days. This bill should allow the IRS to offer tax relief more quickly to victims of natural disasters.

**Electronic Communication Uniformity Act ([S. 1338](#)) – Seeking House Bill ([AICPA letter](#))**

*Sponsors: Sen. Cortez Masto (D-NV) and Sen. Blackburn (R-TN)*

The bill would give the IRS the authority to treat electronically submitted tax payments and documents as submitted on the day they are transmitted, even if the IRS processes them at a later date. This practice – known as the “mailbox rule” – already applies to payments and documents sent to the IRS through traditional mail. This proposal reflects a new recommendation offered by the National Taxpayer Advocate.

**The Red Tape Reduction Act ([S.1761](#)) ([AICPA letter](#))**

*Sponsors: Sen. Brown (D-OH) and Sen. Cassidy (R-LA)*

The bill would increase the Form 1099-K reporting threshold from \$600 to \$10,000 for third-party payment platforms. The IRS has already delayed implementation of the Form 1099-K reporting threshold, which was changed in 2021 from \$600 to \$20,000.

**American Innovation and Jobs Act ([S. 866](#) / [H.R. 2673](#)) ([AICPA letter](#))**

*Sponsors: Sen. Hassan (D-NH) and Sen. Young (R-IN)*

The bill reverses a change in the 2017 tax law that limits companies from fully deducting research and experimentation investments each year.

**Freedom to Invest in Tomorrow’s Workforce Act ([S. 722](#) / [H.R. 1477](#)) ([AICPA letter](#))**

*Sponsors: Sen. Klobuchar (D-MN) and Sen. Braun (R-IN), Rep. Spanberger (D-VA) and Rep. Wittman (R-VA)*

The bill would allow 529 plan funds to be used for expenses associated with obtaining or maintain a recognized postsecondary credential, such as costs related to the CPA exam.

**Supply Chain Disruptions Relief Act ([S. 443](#) / [H.R. 700](#)) ([AICPA letter](#))**

*Sponsors: Sen. Brown (D-OH) and Sen. Scott (R-SC), Rep. Kildee (D-MI) and Rep. Arrington (R-TX)*

The bill would deem the auto dealers experiencing qualified liquidations of new motor vehicle inventory between March 2020 and January 2022 to have satisfied the requirements for a qualified liquidation of LIFO inventory under Section 473(c), which is a section of the IRC that gives the Treasury Department the authority to allow LIFO relief to businesses if a “major foreign trade interruption” makes inventory replacement difficult.

**Book Minimum Tax Repeal Act ([S. 1559](#) / [H.R. 3210](#)) ([AICPA Press Statement](#))**

*Sponsors: Sen. Barrasso (R-WY), Rep. Arrington (R-TX)*

The bill repeals the 15% alternative tax on the financial statement (i.e., book) income of certain corporations. The tax applies to companies that report over \$1 billion in profits to their shareholders.

**Federal Disaster Responsibility Act ([H.R. 5343](#) / [S. 2721](#)) ([AICPA letter](#))**

*Sponsors: Rep. Cammack (R-FL), Sen. Scott (R-FL)*

While recent disaster tax bills provided special rules for more generous casualty loss deductions attributable to qualified disasters, the special rules were limited in scope (specific disasters) and ended on December 27, 2020. This bill applies the special rules to more qualified disasters occurring between December 27, 2020, and December 31, 2023. This would address the inconsistent tax treatment taxpayers are experiencing.

**Casualty Loss Deduction Restoration Act ([H.R. 4539](#) / [S.2236](#)) ([AICPA letter](#))**

*Sponsors: Rep. Courtney (D-CT) and Rep. Crenshaw (R-TX), Sen. Cassidy (R-LA) and Sen. Blumenthal (D-CT)*

The bill would repeal the suspension imposed by the Tax Cut and Jobs Act for tax years 2018-2025 of personal casualty loss deductions not attributable to a federally- declared disaster, subject to a maximum deduction of \$50,000 per year for tax years 2018-2025. In addition, the proposed legislation would extend the period of limitation on filing a claim for credit or refund of tax as a result of a deductible personal casualty loss for tax years 2018-2025.

**Disaster Tax Lookback Parity Act ([H.R. 8007](#)) – Seeking Senate Bill ([AICPA letter](#))**

*Sponsors: Rep. **Murphy (R-NC)** and Rep. **Panetta (D-CA)***

When taxpayers are affected by a major disaster such as a wildfire, flood, earthquake, or hurricane, the Internal Revenue Service (IRS) often provides relief in the form of extended filing and payment deadlines. However, this relief typically does not extend the cutoff for refund or credit claims, which is still based on the original filing deadline. As a result, under current law, taxpayers affected by a major disaster often have less time to make a refund or credit claim than those who are not affected. This bill would extend the amount of time disaster victims would have to file a tax refund or credit.