Meet the Team
Tax Policy & Advocacy

AICPA & CIMA
Together as the Association of International Certified Professional Accountants

Kristin Esposito
Director

Peter Mills
Senior Manager

Arlene Schwartz
Senior Manager
AICPA Council Members
Lobby Congress

• Expand Section 529 Savings Plan Usage
• Recognize Accounting as a STEM Profession
• Federal Tax Filing Extension Safe Harbor
• Resolution on the Fiscal State of the Nation
Increasing CPA Pipeline Through Expansion of Section 529 Savings Plans

- AICPA endorses the *Freedom to Invest in Tomorrow’s Workforce Act* in both the House and Senate

- Expansion to include expenses required to obtain or maintain recognized postsecondary credentials (including CPA-related credentials)

- AICPA stands up for the CPA profession
Accounting as a (Science, Technology, Engineering, Math (STEM) Profession

- AICPA supports accounting to be recognized as a STEM curriculum under the Technology field and endorses:
  - *Accounting STEM Pursuit Act* in the House
  - *STEM Education in Accounting Act* in the Senate
- Allow existing STEM K-12 grant funding to be used for accounting awareness and education, which would help students gain interest in accounting at an earlier age
H.R. 3566 – Simplify Automatic Filing Extensions Act

- Introduced with Republican and Democrat co-sponsors
- No failure to pay penalty for individuals who pay 125% of prior year tax
- Does not change or remove any existing rules
- Interest still runs on any taxes not paid by April 15
American Families and Jobs Act

- Tax Cuts for Working Families Act (H.R. 3936)
- Small Business Jobs Act (H.R. 3937)
- Build it in America Act (H.R. 3938)
Tax Cuts for Working Families Act

- Renames the standard deduction the “guaranteed deduction”
- Bonus guaranteed deduction in 2024 & 2025:
  - $2,000 for single and married filing separate individuals
  - $3,000 for heads of household
  - $4,000 for married filing jointly
- Phased out at 5% rate for modified adjusted gross income over:
  - $200K - Single & married filing separate
  - $300K - Heads of household
  - $400K - Married filing jointly
Small Business Jobs Act

• Form 1099-NEC (subcontract labor) reporting threshold increase from $600 to $5,000, starting in 2024

• Form 1099-K reporting threshold would revert back to $20,000 / 200 transactions annually for third-party network transactions, retroactive to 2022

• Modifications to the section 1202 gain exclusion from qualified small business stock (QSBS):
  - Increase exclusion for gains from QSBS from 50% up to 100%:
    - New 50% exclusion for stock held for at least 3 years
    - New 75% exclusion for stock held for at least 4 years
    - 100% exclusion for stock held at least 5 years remains unchanged
  - Can add qualified convertible debt instrument holding period to holding period required to qualify for exclusion
  - Extends exclusion for gains to stock in S corps (currently limited to C corps)
Small Business Jobs Act

- Increases section 179 limits on expensing depreciable business assets: immediate expensing for small businesses to $2.5M (effective in 2024)

- Establishes qualified rural opportunity zone to give investors in rural counties in “persistent poverty” tax advantages to invest in these zones
Build it in America Act

• Suspends TCJA’s requirement to capitalize and amortize certain section 174 R&E expenses (retroactive to 2022 and ending at end of 2025)

• Extends rules that allow taxpayers to add back depreciation, amortization, and depletion to adjusted taxable income for purposes of calculating the interest expense limitation, (starting in 2023 and expiring at end of 2025)

• Extends 100% bonus depreciation from Jan. 1, 2023, through 2025 (2026 for longer production period property and certain aircraft)
Build it in America Act

• Provides two elections with respect to certain foreign income taxes paid or accrued to certain Western Hemisphere countries (effective on date of enactment)

• Imposes 60% excise tax on certain purchases of U.S. agricultural interests by disqualified persons from certain countries (effective on date of enactment)

• Restores clean vehicle credit to immediately prior to the enactment of Inflation Reduction Act, but retains the limits based on modified AGI and manufacturer suggested retail price, and continues to impose modified critical mineral and battery component requirements
The Pay-fors

Repeal four credits enacted as part of the Inflation Reduction Act:

- Clean electricity production credit
- Clean electricity investment credit
- Credit for previously-owned clean vehicles
- Credit for qualified commercial clean vehicles
Working Families Tax Relief Act

• Child Tax Credit (CTC) Enhancements
  • Increase to $3,000 for children aged 6-17 and $3,600 for children from 0-5
  • Make the credit fully refundable
  • Deliver the CTC monthly

• Earned Income Tax Credit (EITC) Enhancements
  • Nearly triple the EITC for workers without children
  • Make the credit available for people starting at age 19
  • Eliminate the maximum age

• Make permanent the American Rescue Plan’s expansion of the EITC and CTC
Daniel Werfel Confirmed as New IRS Commissioner

- Confirmed by Senate March 9th
- Term: March 13, 2023 – Nov. 12, 2027
- Prior Government Service
  - Acting IRS Commissioner under President Obama
  - Controller and Acting Deputy Director Office of Management Budget (OMB) under President Obama
  - Acting Controller of OMB under President George W. Bush
2023 Tax Filing Season Survey Results:
Tax Practitioners’ Experiences with the IRS
Overall satisfaction with the quality of taxpayer services from the IRS
On the practitioner priority hotline, how often were practitioners able to reach an IRS representative?
How long did practitioners wait before calls to the IRS were either answered or disconnected (by the practitioner or the IRS)?
Practitioners experiencing an IRS “courtesy disconnect”
How long did it take for IRS to provide a “substantive response” to correspondence (as opposed to a computer-generated letter acknowledgement letter)?

In 2023, nine percent of practitioners did not represent taxpayers who received an IRS notice.
Is the IRS currently a “modern-functioning, evolutionary and respected federal agency for the 21st century”?

2023

- Disagree, 84%
- Neutral, 7%
- Agree, 8%
- Not Sure, 1%

2017

- Disagree, 80%
- Neutral, 9%
- Agree, 10%
- Not Sure, 1%
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<th>Year</th>
<th>Written Communications</th>
<th>Telephone Communications</th>
<th>E-services &amp; other technology</th>
<th>Issuance of forms, guidance</th>
<th>Technical Assistance</th>
<th>Other</th>
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<td>36%</td>
<td>33%</td>
<td>19%</td>
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<td>41%</td>
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<td>27%</td>
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</tr>
<tr>
<td>2023</td>
<td>34%</td>
<td>24%</td>
<td>29%</td>
<td>2%</td>
<td>3%</td>
<td>8%</td>
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</tbody>
</table>

What changes at the IRS would make the biggest impact on your practice?
IRS’s IRA Strategic Operating Plan (FY2023-2031)

Five Main Objectives:
1. Dramatically improve services to help taxpayers
2. Quickly resolve taxpayer issues
3. Expand enforcement
4. Deliver cutting-edge technology
5. Attract and retain diverse workforce

Timeline to achieve objectives is through 2027

JoA article: IRS unveils $80 billion spending plan
IRA ‘22 $80B appropriations to IRS

Given the historic low levels of IRS taxpayer services, AICPA is concerned about imbalance between the funding for taxpayer services and enforcement.
Reallocation of $21.4B in Funds

• Fiscal Responsibility Act of 2023 explicitly rescinded $1.39B
• Additional $20B in funds to be reallocated to “non-defense priorities”
• $10B each in fiscal year 2024 and 2025
• Effect on IRS Strategic Operating Plan unclear
• White House official – will not “fundamentally change” what IRS does
• IRS – no immediate impact to customer service
ADVOCATING FOR MEMBER PRIORITIES
IRS Priority Guidance Plan and AICPA Comments

- IRS plan for issuing guidance in the year
- AICPA submits comments of suggestions of needed guidance

We are pleased to announce the release of the third quarter update to the 2022–2023 Priority Guidance Plan.

In Notice 2022-21, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (Service) solicited recommendations for items to be included in the plan from all interested parties, including taxpayers, tax practitioners, and industry groups. The Treasury Department and the Service recognize the importance of public input in formulating a Priority Guidance Plan that focuses resources on guidance items that are most important to taxpayers and tax administration. Solicitation of input on, and issuance of, this plan reflects an emphasis on taxpayer engagement with the Treasury Department and the Service through a variety of channels, consistent with the directive of the Taxpayer First Act, Pub. L. 116-25, 133 Stat. 981.

The 2022–2023 Priority Guidance Plan contains 205 guidance projects, 79 of which were completed by March 31, 2023. In addition to the items on the 2022–2023 plan, the Appendix lists the more routine guidance that is generally published each year.
An Act

Making consolidated appropriations for the fiscal year ending September 30, 2023, and for providing emergency assistance for the situation in Ukraine, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Consolidated Appropriations Act, 2023”.

SEC. 2. TABLE OF CONTENTS.

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.
Sec. 4. Explanatory statement.
Sec. 5. Statement of appropriations.
Sec. 6. Adjustments to compensation.

DIVISION A—AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2023

Title I—Agricultural Programs
Title II—Farm Production and Conservation Programs
Title III—Rural Development Programs
Title IV—Domestic Food Programs
Title V—Foreign Assistance and Related Programs
Title VI—Related Agency and Food and Drug Administration
Title VII—General Provisions

DIVISION B—COMMERCE, JUSTICE, SCIENCE, AND RELATED AGENCIES APPROPRIATIONS ACT, 2023

Title I—Department of Commerce
Title II—Department of Justice
Title III—Science
Title IV—Related Agencies
Title V—General Provisions

DIVISION C—DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2023

Title I—Military Personnel
Title II—Operation and Maintenance
Title III—Procurement
Title IV—Research, Development, Test and Evaluation
Title V—Revolving and Management Funds
Title VI—Other Department of Defense Programs
Title VII—Related Agencies
Hot Tax Advocacy Initiatives

- Employee Retention Credit
- CA Disaster Relief
- Losses on Digital Assets
- Excise Tax on Stock Buybacks
- Corp AMT
- Remote and Hybrid Working
AICPA Tax Policy & Advocacy Webpages

For more information about the Tax Policy and Advocacy team check out our website and comment letters page.

Website
https://us.aicpa.org/advocacy/tax

Comment letters
https://us.aicpa.org/advocacy/tax/2023taxadvocacycommentletters.html
OTHER HOT TAX TOPICS
Statements of Standards for Tax Services (SSTS)

• SSTSs are enforceable tax practice standards for AICPA members
• In 2022 AICPA issued an exposure draft of proposed revisions to modernize the SSTSs.
• An invitation to comment was also issued to members
• Comments were received and incorporated into the final SSTS, which was approved by the AICPA’s Tax Executive Committee in May 2023
• Changes are effective January 1, 2024
• AICPA SSTS webpage
IESBA has put forth on its Proposed Revisions to the Code Addressing Tax Planning and Related Services exposure draft to strengthen the ethical expectations for professional accountants (PA) in business and in public practice when performing tax planning (TP) activities.

In the United States, licensed professional accountants are referred to as Certified Public Accountants (CPAs). A license to practice is granted by an individual state board of accountancy, which governs the behavior of CPAs licensed to practice in their respective jurisdiction. While not all CPAs are AICPA members, most state boards use the AICPA Code of Professional Conduct and related practice standards as part of their licensing and oversight regimes.
OECD Global Tax Reform

• Background and Purpose of OECD and Tax Reforms

• Global Tax Reform using two “Pillars”
  o Pillar One – A Digital Services Tax
  o Pillar Two – A Global Minimum Tax

• United States Stance on Pillar Two

• Implications to International Enterprises and Their Business Partners
Beneficial ownership information (BOI) reporting

Starting Jan. 1, 2024, most entities created or registered to do business in the U.S. will need to report information on their beneficial owners to FinCEN under the Corporate Transparency Act.

Visit the BOI resource center →

Tax Section members can access an expanded FAQ guide.
While the ERC is an opportunity to consider for your business, the eligibility rules and credit calculations are complex with significant consequences if done improperly.

- ERC: Fact or Fiction?
- Employee Retention Credit Client Documentation Memo Template
- Employee Retention Credit Decision Tree
- ERC FAQs

Visit the ERC resource library→
Digital assets, virtual currencies and blockchain

- Crypto Loss Tax Reporting: Fact or Fiction?
- State guidance on taxation and reporting of digital assets
- Virtual currency and digital assets tax guidance and resources

Visit library →
Disaster tax relief resources

- Casualty loss FAQ
- Disaster tax relief FAQ and latest developments
- Disaster tax relief procedures and processes

Visit the Disaster Relief Resource Center →
Free for AICPA members

AICPA Washington Tax Brief

The latest news, advocacy, exclusive videos, resources and learning in one place

Oct. 25, 2023, 1pm ET | Webcast | 1 CPE credit

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AICPA members can participate in the town halls for free and earn CPE!

You can also catch the replay on AICPA TV or as a podcast on Apple, Google or Spotify.
2023 Future-Focused Tax Practice Forum

July 19, 1pm or July 25, 3pm ET
2 CPE credits

Free for Tax Section members
2023 Summer Tax Tax Rewind
A quarterly roundup of the latest tax updates

- Tax planning
- Legislative changes and reforms
- IRS tax practice and procedures

August 16, 1pm ET | Webcast | 2 CPE credits
Tax Section

Your go-to source for tax developments and professional insights

- Engagement letters
- Tax return checklists
- State tax resource center
- IRS guidance and support
- Free CPE
- The Tax Adviser magazine
- Video learning library
- Weekly e-newsletter
Follow the Tax Section Odyssey podcast for professional insights and the latest tax developments.

- The 5 Ws of beneficial ownership information (BOI) reporting
- The digital download — ChatGPT, AI and data security
- Employee retention credit and professional responsibilities
- When to call an audible on the passthrough entity tax
- Uncovering the intricacies — Schedules K-2 and K-3

taxodyssey.libsyn.com
IRS guidance and resources

- Collection appeal options chart
- Formal written protest issue response letter
- Letter to request installment agreement
- Payment agreements guide
- Penalty abatement templates
- Third-party authorization guidance

View resources →
IRS Schedules K-2 and K-3 guidance and resources

- Client information letter
- IRS guidance and forms
- AICPA advocacy
- Tax Section Odyssey podcast episodes:
  - Uncovering the intricacies — Schedules K-2 and K-3
  - Making sense of new international passthrough reporting
  - Transitional challenges for Schedules K-2 and K-3

Visit library →