



# WASHINGTON TAX BRIEF

January 29, 2020

# More Helpful Hints



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- Click this blue button. Slide the control to the left or right to fit your needs.



## Ask your questions

- Feel free to submit content-related questions to the speaker by clicking this red button.
- Someone is available to assist with your technology and CPE-related questions.



## Download your materials

- Access today's slides and learning materials by clicking this green 'Resources' button at any time during this presentation.
- If you need help accessing these materials, send a message through the Q&A application.



## About the Washington Tax Brief

Webcast series to update you on:

- The regulatory and political environment for tax issues
- AICPA's advocacy efforts to:
  - protect your professional interests
  - support sound tax policy
  - promote effective tax administration
- Open to all AICPA members
- Open to all state society staff and committee members



# Today's Presenters



**Kristin Esposito, CPA, MST**  
Senior Manager  
AICPA Tax Policy & Advocacy



**Edward Karl, CPA**  
Vice President  
Taxation



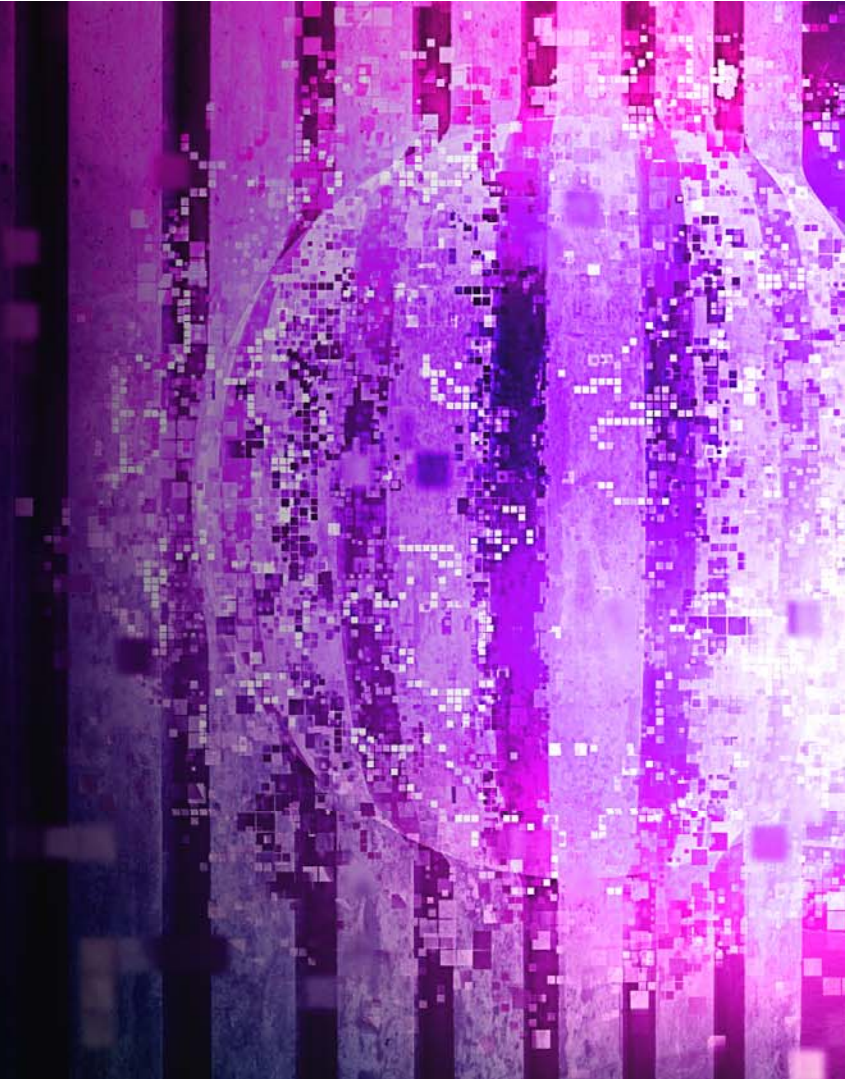
**Elizabeth Young, JD, LLM, CPA**  
Senior Manager  
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# Today's Agenda

- 1 ● Year-End Spending Package
- 2 ● The Taxpayer First Act
- 3 ● TCJA Implementation: Latest Report
- 4 ● Hot Topics

# Year-End Spending Package



# Two Appropriations Bills Signed December 20, 2019

- **Consolidated Appropriations Act, 2020 (H.R. 1158)**
  - ✓ Funds 4 “divisions” of federal agencies
  - ✓ Includes \$270M increase for IRS
- **Further Consolidated Appropriations Act, 2020 (H.R. 1865)**
  - ✓ Funds remainder of agencies
  - ✓ Includes extenders
  - ✓ Repeals parking tax
  - ✓ Repeals health care taxes
  - ✓ Passes SECURE Act

# Extenders

- **Business & Energy**
  - Credit for biodiesel producers
  - Paid family & medical leave credit
- **Individual**
  - Tuition & related expenses deduction
  - Qualified principal residence deduction
- **Most reinstated from January 1, 2018 to December 31, 2020**
  - Several extended to 12/31/22
- **Filing of amended returns may be necessary**







## Repeal of Parking Tax

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- Retroactively eliminates the TCJA requirement for tax-exempts to pay tax on the costs of employee parking
- See IRS website for how to claim a refund or credit.



## Repeal of Health Care Taxes

Cadillac Tax

Medical Device Excise Tax

Annual Fee on Health Care Providers



# The Setting Every Community Up for Retirement Enhancement Act (The SECURE Act)

Most comprehensive retirement plan legislation since the Pension Protection Act of 2006

## Why the SECURE Act?

- State of retirement savings in the U.S. is dire
- Retirement savings not addressed in the TCJA
- Bipartisan support





# The SECURE Act: Key Individual Provisions

- Increase in Start Date of Required Minimum Distributions (RMDs)
  - Previous trigger: Age 70 ½
  - New trigger: Age 72
  - Effective for individuals who reach Age 70 ½ after December 31, 2019
- Repeal of Maximum Age for Making Contributions to Traditional IRAs
  - Previous law: Individuals could not contribute after attaining Age 70 1/2
  - The SECURE Act: Any individual with earned income can contribute to a traditional IRA at any age

# The SECURE Act: Key Business Provisions

- Auto-Enrollment
  - New tax credit for employers adopting auto-enrollment retirement plans: \$500 credit for three years
  - Increase in 10% cap for auto-enrollment to 15%
- Long-Term Part-Time Employees Can Participate in Employer's 401(k)
  - Previous law: Must work 1,000 hours or more per year
  - SECURE Act: Must work 500 hours or more per year for 3 consecutive years



# The SECURE Act: Key Pay-for

## Elimination of Stretch IRAs

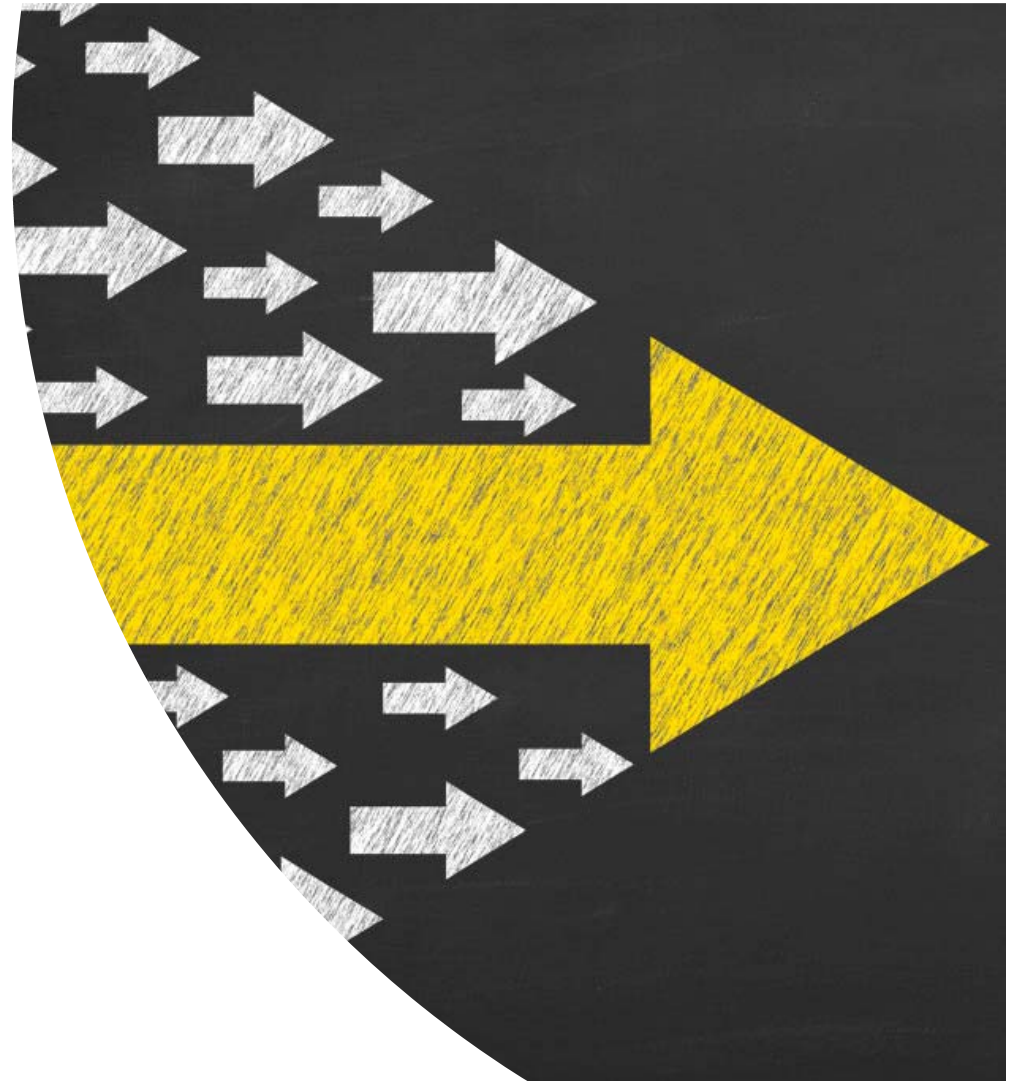
- Prior law: Non-spouse beneficiary of IRA could stretch out distributions even over several generations
- SECURE Act: 10-year maximum distribution period for inherited IRAs
  - Exceptions for certain beneficiaries: spouse, disabled or chronically ill individuals, children who haven't reached age of majority, individuals no more than 10 years younger than the account owner.



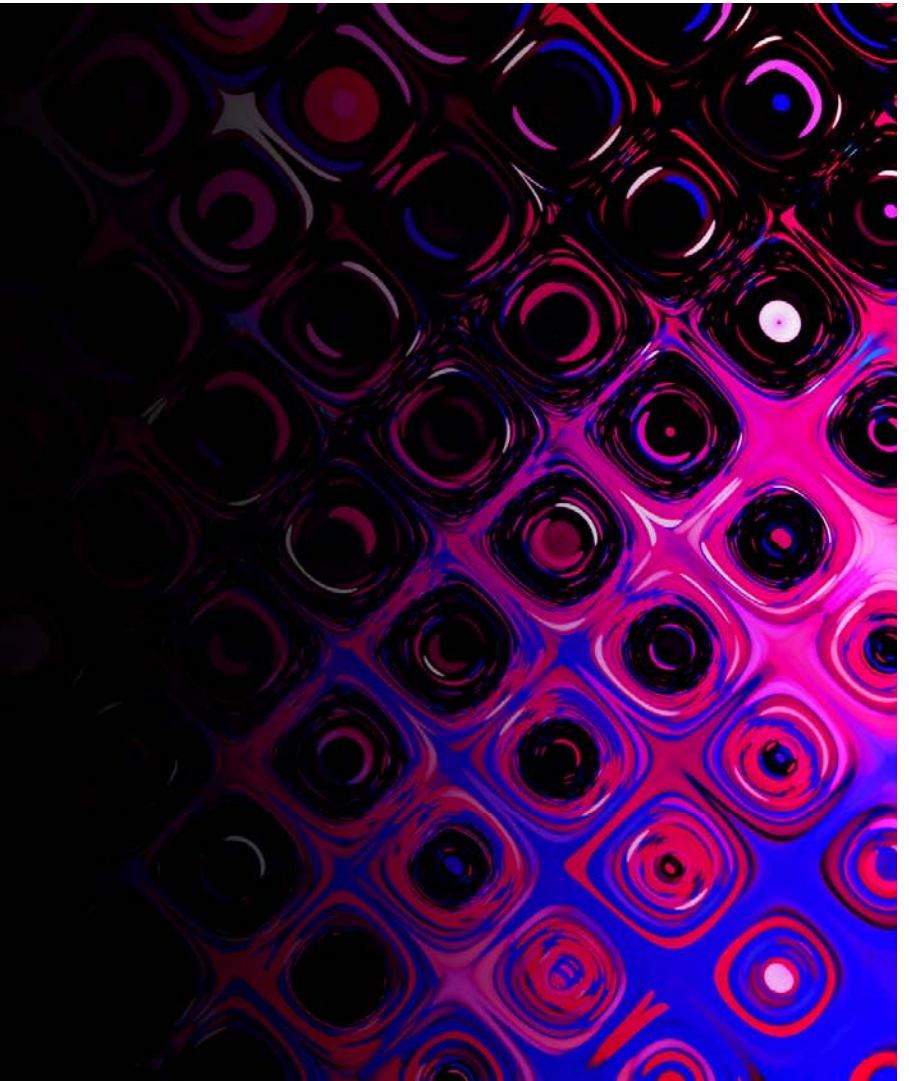


## Year End Spending Package: What's Missing?

- Technical corrections
  - 15-year life for QIP in commercial buildings
- Refundable individual credits
- Increase or repeal the \$10,000 cap on deductions of S&L taxes by individuals



# Taxpayer First Act



# The Taxpayer First Act

- Expands and strengthens taxpayer rights;
- Modernizes IRS' technology;
- Enhances its cyber security; and
- Generally reforms IRS into a more taxpayer-friendly agency

Brief History



Tax Practitioner Coalition Meetings in 2017



Aligned Advocacy Efforts



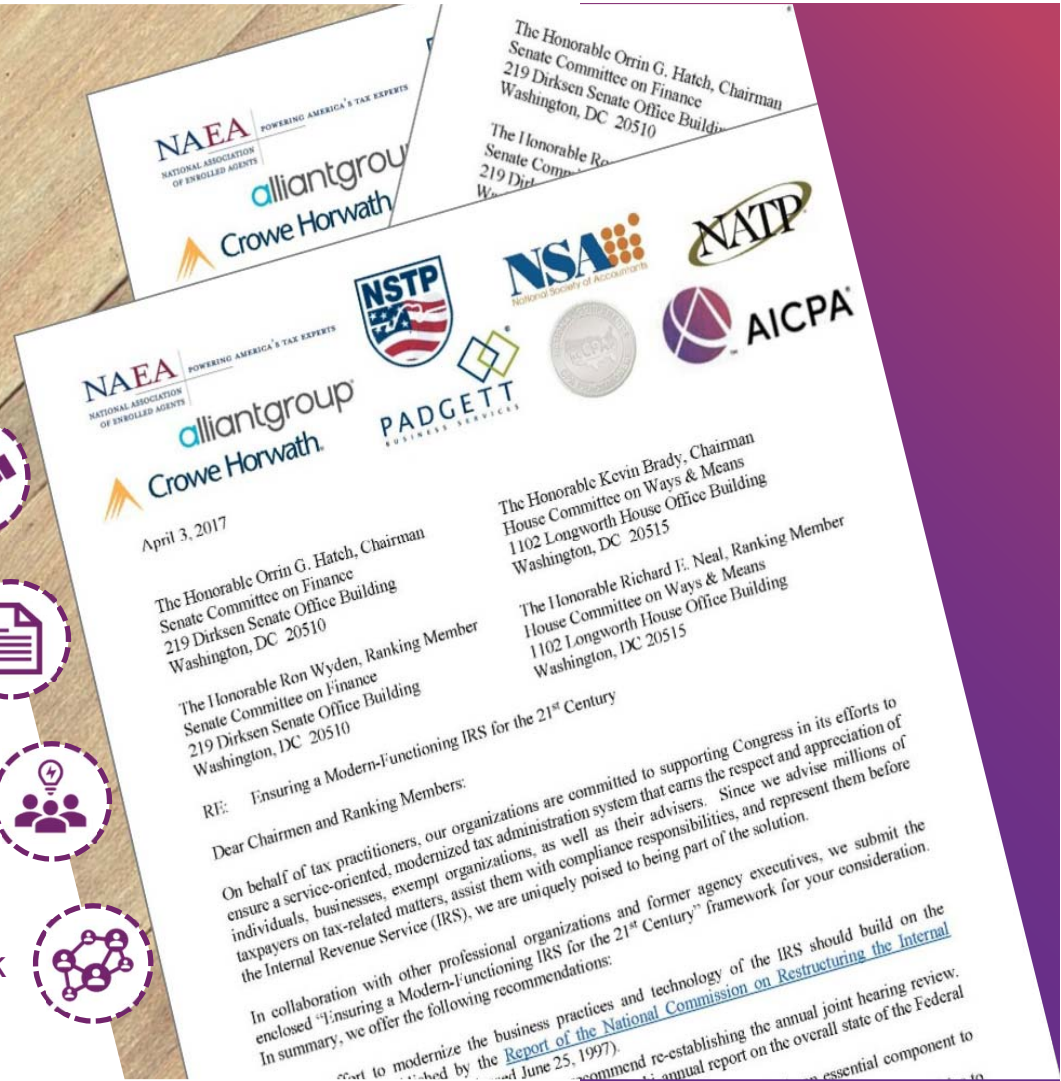
Passage of the Taxpayer First Act



TFA Office Forums



Tax Practitioner Group Feedback





# Tax Practitioner Group Feedback

Over 45 tax practitioner groups participated

Hundreds of thousands of taxpayers are represented

Our process; our goals

Importance of working with the IRS

Over half of all tax returns are prepared by tax professionals





The background of the slide features a hand pointing towards the right, overlaid on a complex digital network of blue nodes and lines. The nodes are of varying sizes and are connected by thin lines, creating a mesh-like structure. The background is dark blue with a subtle pattern of binary code (0s and 1s) and a vertical light blue glow in the center.

# Taxpayer First Act Report Areas

- Employee Training Strategy
- Customer Service Strategy
- Redesign of IRS



# Practitioner Services Division

- Empower practitioners to help taxpayers
- Ultimately help all taxpayers
- Create efficiencies for practitioners
- Empower IRS telephone assistants
- Better access to taxpayer information
- Generally improves tax administration



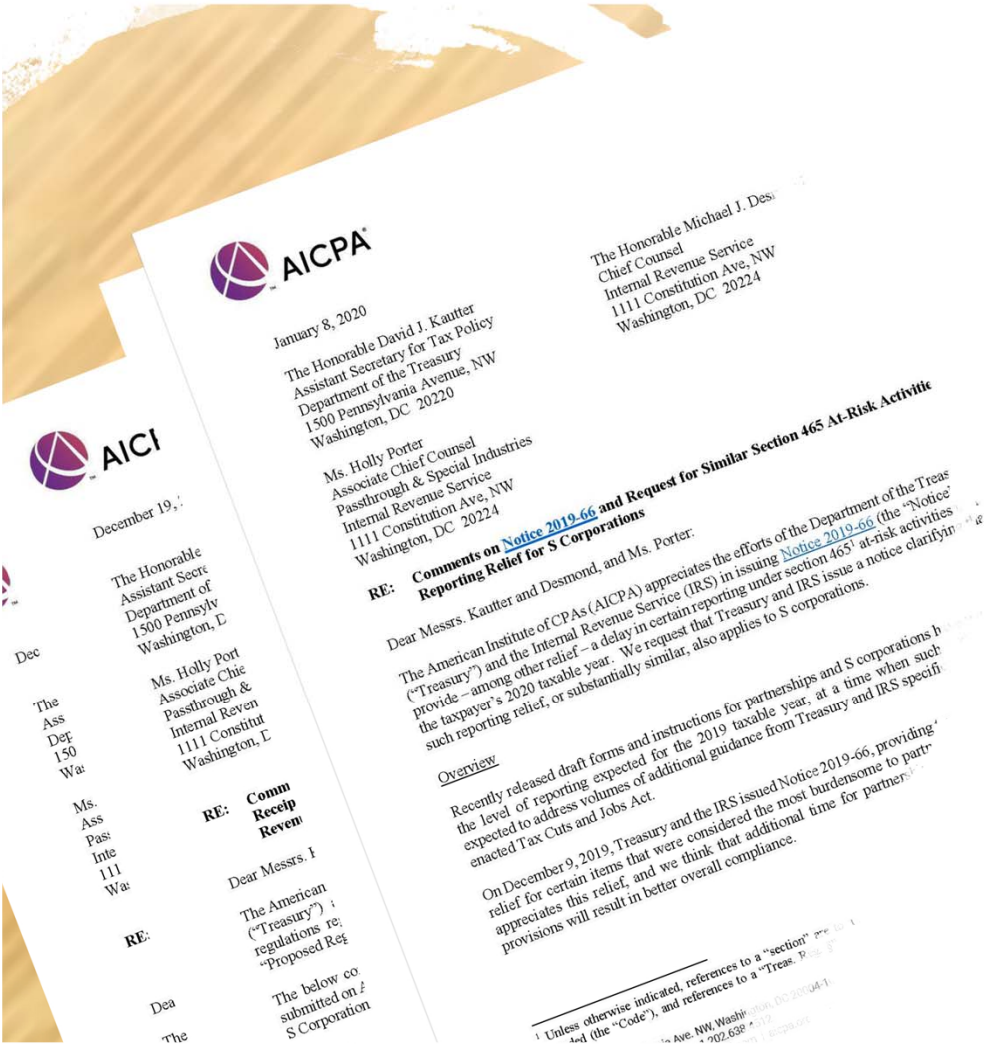
# TCJA Implementation: Latest Report



# TCJA Implementation: Latest Report

- Qualified Opportunity Funds
- Limitation on Executive Compensation
- International Tax
  - BEAT
  - Foreign Tax Credit

# AICPA Recent Comment Letters



- December 19, 2019 – Section 1371(f) proposed regulations on eligible terminated S Corporations
- December 19, 2019 – Section 382(h) Related to Built-in Gain and Loss
- December 2, 2019 – The Public Consultation Document – Global Anti-Base Erosion Proposal (“GloBE”)



# Hot Topics



## New Gig Economy Tax Center

- The IRS has launched a new Gig Economy Tax Center on [IRS.gov](https://www.irs.gov)
- Helps taxpayers in the emerging segment of the economy that is also known as the sharing, on-demand or access economy
- Educating gig economy workers about their tax obligations helps them with filing requirements, quarterly estimated payments, self-employment taxes, FICA and other deductible business expenses

# New Tax Withholding Estimator

- Incorporates the changes from the redesigned Form W-4
- Updated withholding estimator and redesigned 2020 Form W-4 on [IRS.gov](https://www.irs.gov).



# Organisation for Economic Co-operation and Development



**Modernization of the International Tax System to Reflect the Digital Age**



# Advocating for the Accounting Profession

- Tax Policy White Paper
- May 2019 Programme of Work
- Pillar One Public Consultation
  - Profit allocation and nexus
- Pillar Two Public Consultation
  - Global minimum tax

# AICPA Position on OECD Programme of Work

Nexus rules should be clear, measurable, predictable, & applied consistently & neutrally

“Arms-length” standard provides basis to address concerns




To ensure single taxation, inclusive framework must:  
(1) implement consensus; &  
(2) repeal unilateral actions

Inclusive framework must adopt mechanisms to resolve controversy

# Reactions from Washington

- Joint statement from tax writing committees
- Letter from Treasury Secretary Mnuchin



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- Inclusive Framework meeting in January 2020
  - G20 Finance Ministers meeting in February 2020
  - G20 summit in Saudi Arabia in November 2020
  - Consensus by the end of 2020
  - Many technical issues to be explored and resolved
  - Impact assessments carried out

**What's Next?**



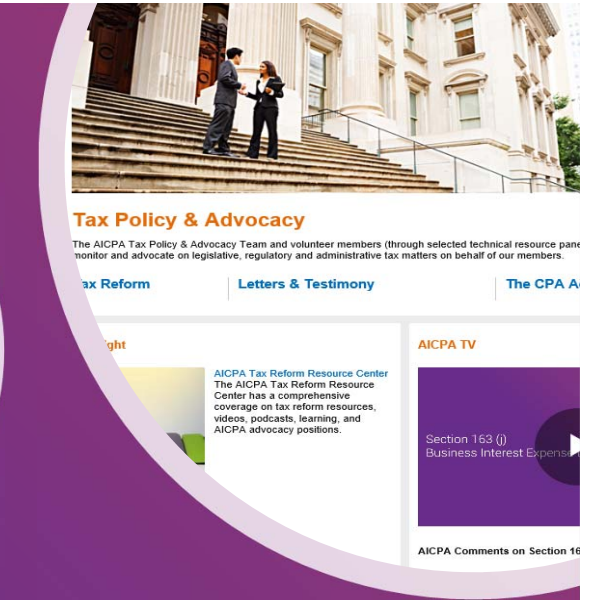
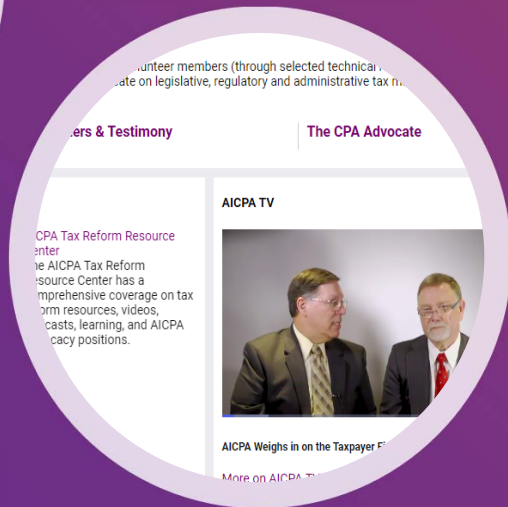
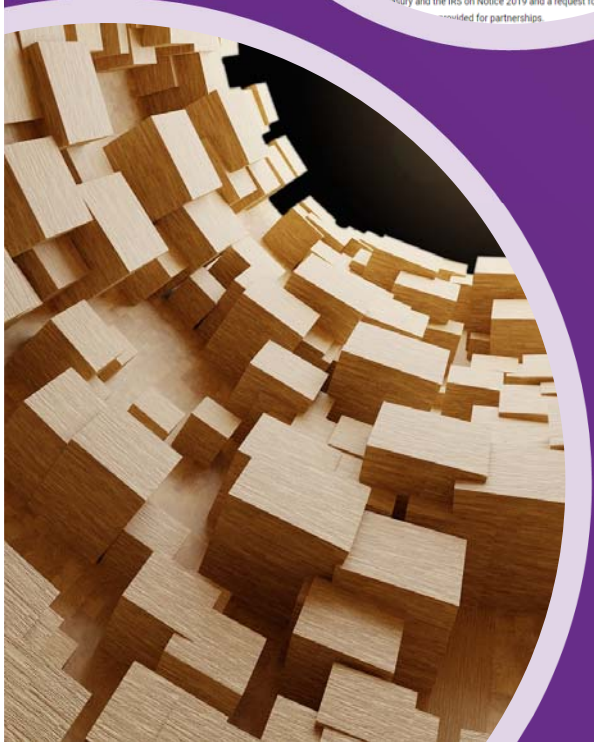


# QUESTIONS

[AICPA Tax Policy and Advocacy - Website](#)

[AICPA Tax Advocacy Comment Letters - Website](#)

[AICPA Tax Practitioner LinkedIn Group](#)



[www.aicpa.org/advocacy/tax](http://www.aicpa.org/advocacy/tax)

# AICPA Tax Policy & Advocacy Webpages

[www.aicpa.org/advocacy/tax/2020taxadvocacycommentletters.html](http://www.aicpa.org/advocacy/tax/2020taxadvocacycommentletters.html)

[aicpa.org/advocacy/tax/washingtontaxbrief.html](https://aicpa.org/advocacy/tax/washingtontaxbrief.html)

## AICPA Washington Tax Brief

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June 24, 2020

# Thank you

