



January 8, 2026

AICPA-Endorsed Tax Legislation 119th and 118th Congresses

The American Institute of CPAs (AICPA) is proud to endorse federal tax legislation that would improve taxpayer compliance, strengthen tax administration, and invest in the future of the profession. To inquire about introducing companion legislation, to ask for more information on endorsed bills, or to request AICPA endorsement of federal tax proposals, please contact Todd Sloves, Director of Congressional and Political Affairs – AICPA at Todd.Sloves@aicpa-cima.com.

Investing in the Future

NOW
LAW!

Freedom to Invest in Tomorrow’s Workforce Act (119th Congress – [S. 756/ H.R. 1151](#) - Enacted 7/4/2025 - [Public Law 119-21](#)) ([AICPA letter](#), [AICPA written statement](#)) Sponsors: Sen. Amy Klobuchar (D-MN) and Sen. Mike Braun (R-IN), Rep. Rob Wittman (R-VA) and Rep. Jennifer McClellan (D-VA)

The bill allows 529 plan funds to be used for expenses associated with obtaining or maintaining a recognized postsecondary credential, such as costs related to the CPA exam. The language of this bill was included in [H.R. 1](#) (also known as the One Big Beautiful Bill Act) and became law ([Public Law No: 119-21](#)) on July 4, 2025.

The Tax-Free Pell Grant Act (119th Congress - [S. 1610 / H.R. 2543](#)) ([AICPA letter](#)) Sponsors: Sen. Sheldon Whitehouse (D-RI) and Sen. Chuck Grassley (R-IA), Rep. Lloyd Doggett (D-TX), and Rep. Mike Kelly (R-PA)

This legislation would exclude Pell Grants from taxable income and would reduce the complexity of claiming other tax credits (e.g., the American Opportunity Tax Credit (AOTC)) by not requiring Pell Grants to be subtracted from qualified tuition and related expenses in calculating the eligible amount for such other tax credits. Given the complexity involved in determining whether and to what extent to allocate Pell Grants to qualified tuition and related expenses versus living expenses in order to maximize certain education-related tax credits, this legislation would provide a welcomed simplification in the overly complex area of education-related credits and deductions.

Disaster Relief

NOW
LAW!

Filing Relief for Natural Disasters Act (119th Congress - [H.R. 517](#), [S. 132](#) - Enacted 7/24/2025 - [Public Law 119-29](#)) ([AICPA letter](#), [AICPA letter](#), [AICPA press statement](#), [AICPA press statement](#))

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

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

Federal Disaster Responsibility Act (118th Congress - [H.R. 5343 / S. 2721](#)) ([AICPA letter](#)) Sponsors: Rep. Kate Cammack (R-FL), Sen. Rick 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.

Tax Relief for Victims of Crimes, Scams, and Disasters Act (119th Congress - [H.R. 3469/S. 1773](#)) ([AICPA letter](#))

Sponsors: 119th Congress – Sen. Ashley Moody (R-FL) and Sen. Tammy Baldwin (D-WI), and Rep. W. Gregory Steube (R-FL) and Rep. Jamie Raskin (D-MD)

The bill would repeal the suspension of personal casualty loss deductions not attributable to a federally declared or state declared disaster. In addition, the bill 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.

Casualty Loss Deduction Restoration Act (118th Congress - [H.R. 4539/ S. 2236](#)) ([AICPA letter](#))

Sponsors: 118th Congress - Rep. Joe Courtney (D-CT) and Rep. Dan Crenshaw (R-TX), Sen. Bill Cassidy (R-LA) and Sen. Richard 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 and would impose a maximum deduction limitation of \$50,000 per year for tax years 2018-2025. In addition, the bill 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 Related Extensions of Deadlines Act (119th Congress - [H.R. 1491](#) – Enacted 12/26/25 – [Public Law No. 119-64](#)) ([AICPA letter](#), [AICPA letter](#), [AICPA press statement](#))

Disaster Tax Lookback Parity Act (118th Congress - [H.R. 8007](#))

Sponsors: Rep. Greg Murphy (R-NC) and Rep. Jimmy 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.

Tax Fairness for Disaster Victims Act (119th Congress – [H.R. 3975](#)) ([AICPA letter](#))

Sponsors: Rep. Timothy Kennedy (D-NY)

The Tax Fairness for Disaster Victims Act would allow individuals impacted by federally declared disasters to elect the prior year's earned income for purposes of the Earned Income Tax Credit (EITC). The Working Families Tax Relief Act would allow taxpayers to use their prior year's earned income for calculating their EITC and child tax credit (CTC) eligibility.

**NOW
LAW!**

Improving Taxpayer Compliance

Simplify Automatic Filing Extensions (SAFE) Act (119th Congress - [H.R. 990](#)) – ([AICPA one pager](#))

Sponsors: Rep. Judy Chu (D-CA) and Rep. Mike 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. The language of this bill has been included in the Senate’s [bipartisan Taxpayer Assistance and Service Act discussion draft](#).

The Tax Administration Simplification Act (119th Congress - [H.R. 1075](#)) ([AICPA letter](#))

Sponsors: Rep. LaHood (R-IL) and Rep. Schneider (D-IL)

Among other items, this bill contains two provisions supported by the AICPA. It would apply the so-called “mailbox rule,” which already applies to payments and documents sent to IRS through traditional mail, to electronically submitted tax returns and payments so the IRS can record payments and documents submitted to the IRS electronically on the day the payment or document is submitted instead of when they are received or reviewed at a later date. The Electronic Filing and Payment Fairness Act (119th Congress [H.R. 1152](#)) ([AICPA letter](#), [AICPA statement](#), [AICPA press statement](#)), sponsored by Sen. Blackburn (R-TN) and Sen. Cortez Masto (D-NV), also would apply the “mailbox rule” to electronic submissions. H.R. 1075 also would revise the estimated tax payments deadline to fall on a true quarterly intervals – January 15, April 15, July 15, and October 15 – for individual taxpayers, small businesses, estates, and trusts. The Tax Deadline Simplification Act (118th Congress - [H.R. 3708](#)) ([AICPA letter](#)), sponsored by Rep. Lesko (R-AZ) and Rep. Schneider (D-IL), also would similarly revise the estimated tax payments deadline to true quarterly intervals. designed to reduce taxpayer confusion and improve taxpayer compliance. H.R. 1075 incorporates recommendations in the National Taxpayer Advocate's recent Annual Report to Congress designed to reduce taxpayer confusion and improve taxpayer compliance, and the language of this bill has been included in the Senate’s [bipartisan Taxpayer Assistance and Service Act discussion draft](#).

Improving IRS Customer Service Act (118th Congress - [S.5280](#)) ([AICPA Press Statement](#))

Sponsors: Sen. Warner (D-VA) and Sen. Cassidy (R-LA)

This bill contains a number of proposals designed to improve the taxpayer and tax practitioner experience with the IRS. The legislation establishes a dashboard to inform taxpayers of backlogs and wait times, expands electronic access to information and refunds, expands callback technology and online accounts, does away with installment agreement fees, and offers collection alternatives to those facing economic hardships. Collectively, these proposals will strengthen the public’s confidence in the tax administration system.

The Red Tape Reduction Act (119th Congress – [S. 1425](#)) (118th Congress - [S. 1761](#) - Enacted 7/4/2025 - [Public Law 119-21](#)) ([AICPA letter](#))

*Sponsors: Sen. Maggie Hassan (D-NH) and Sen. Bill Cassidy (R-LA) – 119th Congress
Sen. Sherrod Brown (D-OH) and Sen. Bill Cassidy (R-LA) – 118th Congress*

The bill would increase for third-party payment platforms the Form 1099-K reporting threshold from \$600 to \$10,000 (S. 1761 in the 118th Congress) and to \$20,000 (S. 1425 in the 119th Congress). The IRS has already delayed implementation of the Form 1099-K reporting

**NOW
LAW!**

threshold, which was changed in 2021 to \$600 from \$20,000. Language similar to this bill to restore the reporting threshold to \$20,000 was included in [H.R. 1](#) (also known as the One Big Beautiful Bill Act) and became law ([Public Law No: 119-21](#)) on July 4, 2025.

**NOW
LAW!**

Internal Revenue Service Math and Taxpayer Help Act (119th Congress - [H.R. 998](#) - Enacted 11/25/2025 - [Public Law 119-39](#)) ([AICPA statement](#), [AICPA press statement](#))

Sponsors: Rep. Randy Feenstra (R-IA), Rep. Brad Schneider (D-IL)

This law requires that additional, clearer information be included on math and clerical error IRS notices.

Survivors Assistance for Fear-free and Easy (SAFE) Tax Filing Act of 2025 (119th Congress – [S. 2129](#)) ([AICPA letter](#))

Sponsors: Sen. John Fetterman (D-PA), Sen. John Cornyn (R-TX), Sen. Catherine Cortez Masto (D-NV), and Sen. Joni Ernst (R-IA)

The bill would allow survivors of domestic abuse or spousal abandonment to file their taxes as if they were not married. Current law requires survivors to file their taxes jointly with their abuser or as Married Filing Separately, which can reduce their tax refund. This bill ends the requirement that survivors contact their abusers to get the tax refund they're eligible for.

Facilitating Useful Loss Limitations to Help Our Unique Service Economy (FULL HOUSE) Act (119th Congress - [S. 2230](#)) ([AICPA letter](#))

Fair Accounting for Income Realized from Betting Earnings Taxation (FAIR BET) Act (119th Congress - [H.R. 4304](#)) ([AICPA letter](#))

Winnings and Gains Expense Restoration (WAGER) Act (119th Congress - [H.R. 4630](#)) ([AICPA letter](#))

The FULL HOUSE Act would restore the wagering loss treatment under section 165(d) existing prior to H.R. 1, restoring the taxpayer's ability to deduct all wagering losses to the extent of wagering gain. The FAIR BET Act would modify the wagering loss limitation enacted in H.R. 1 by increasing the allowable deduction from 90% to 100% of wagering losses incurred during the taxable year, limited to the amount of wagering gains. The WAGER Act would modify the wagering loss limitation enacted in H.R. 1 by removing the reference to a percentage and allowing taxpayers to deduct the amount of wagering losses for any taxable year to the extent of wagering gains. These bills would simplify and clarify the treatment of wagering losses by restoring the previous policy. These bills would reduce complexity, promote tax neutrality, and provide certainty in the reporting of net wagering activity.

Business Tax Provisions

Mobile Workforce State Income Tax Simplification Act (119th Congress – [S. 1443](#)) ([AICPA letter](#), [AICPA statement](#), [AICPA Press Statement](#))

Sponsors: Sen. John Thune (R-SD) and Sen. Catherine Cortez Masto (D-NV)

The bill would provide uniformity for nonresident state and local income tax withholding and a reasonable de minimis exception (working in nonresident state more than 30 days) from the assessment of state and local income tax in a jurisdiction in which an employee does not reside.

**NOW
LAW!**

Paid Family and Medical Leave Tax Credit Extension and Enhancement Act (119th Congress - [S. 400 / H.R. 996](#) - Enacted 7/4/2025 - [Public Law No. 119-21](#)) ([AICPA Press Statement](#))

Sponsors: Sen. Deb Fischer (R-NE) and Sen. Angus King (I-ME); Rep. Randy Feenstra (R-IA), Rep. Stephanie Bice (R-OK), and Rep. Marie Gluesenkamp-Perez (D-WA)

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. The language of this bill was included in H.R. 1 (also known as the One Big Beautiful Bill Act) and became law ([Public Law No: 119-21](#)) on July 4, 2025.

**NOW
LAW!**

American Innovation and Jobs Act (119th Congress – [S. 1639/ H.R. 1990](#) - - Enacted 7/4/2025 - [Public Law No. 119-21](#)) ([AICPA letter](#))

Sponsors: Sen. Maggie Hassan (D-NH) and Sen. Todd Young (R-IN), Rep. Ron Estes (R-KS) and Rep. John Larson (D-CT)

The bill reverses a change in the 2017 tax law that limits companies from fully deducting research and experimentation investments each year. The language of this bill was included in H.R. 1 (also known as the One Big Beautiful Bill Act) and became law ([Public Law No: 119-21](#)) on July 4, 2025.

Book Minimum Tax Repeal Act (119th Congress – [S. 796](#)) (118th Congress – [H.R. 3210](#)) ([AICPA Press Statement](#))

Sponsors: Sen. John Barrasso (R-WY), Rep. Jodey 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.