



WASHINGTON TAX BRIEF

January 29, 2020

More Helpful Hints



Adjust your volume

- Be sure your computer's sound is turned on.
- 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

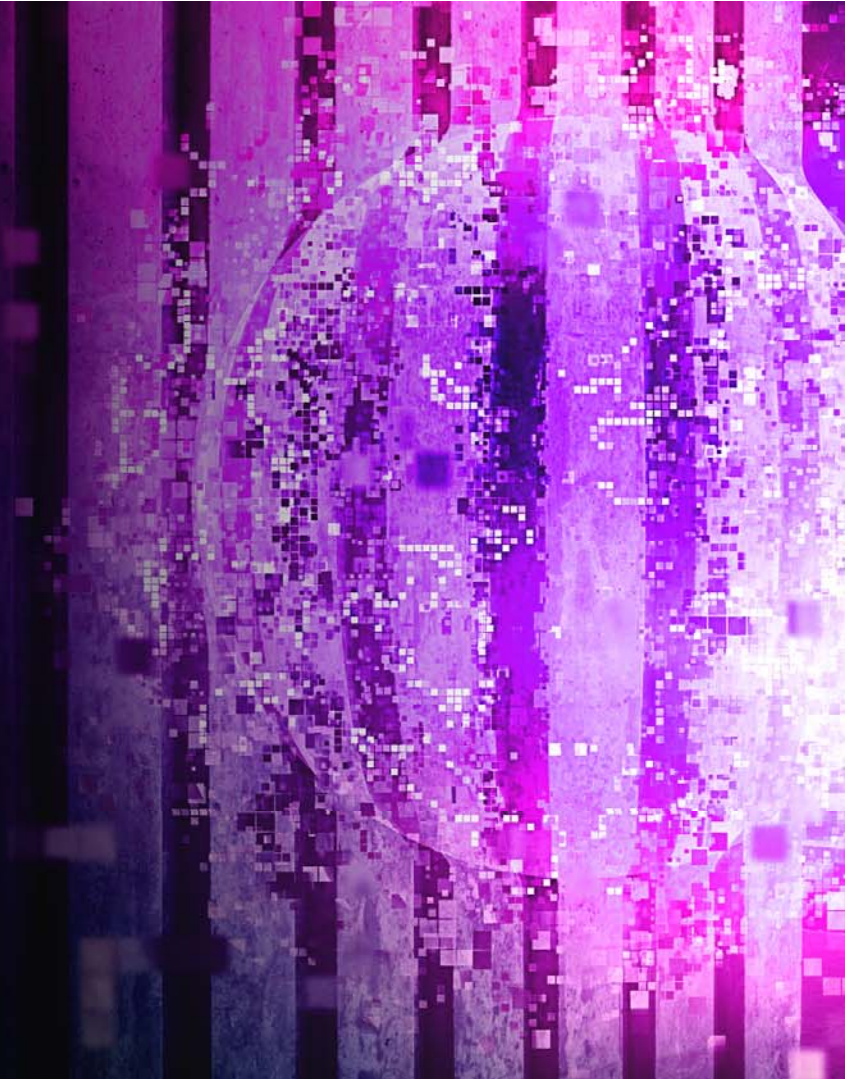


Elizabeth Young, JD, LLM, CPA
Senior Manager
AICPA Tax Policy & Advocacy

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

- 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

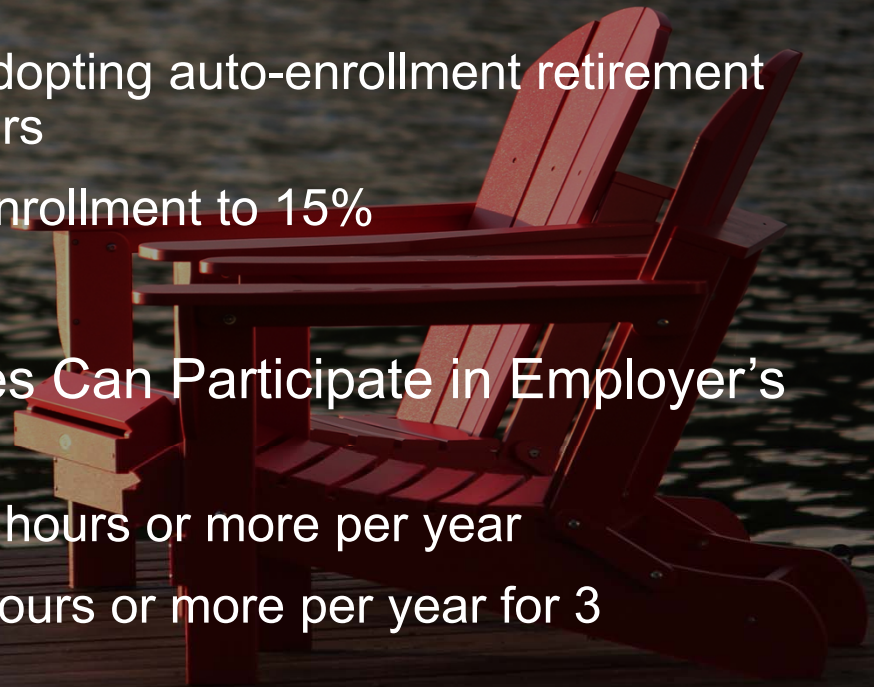


The SECURE Act: Key Individual Provisions

- 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

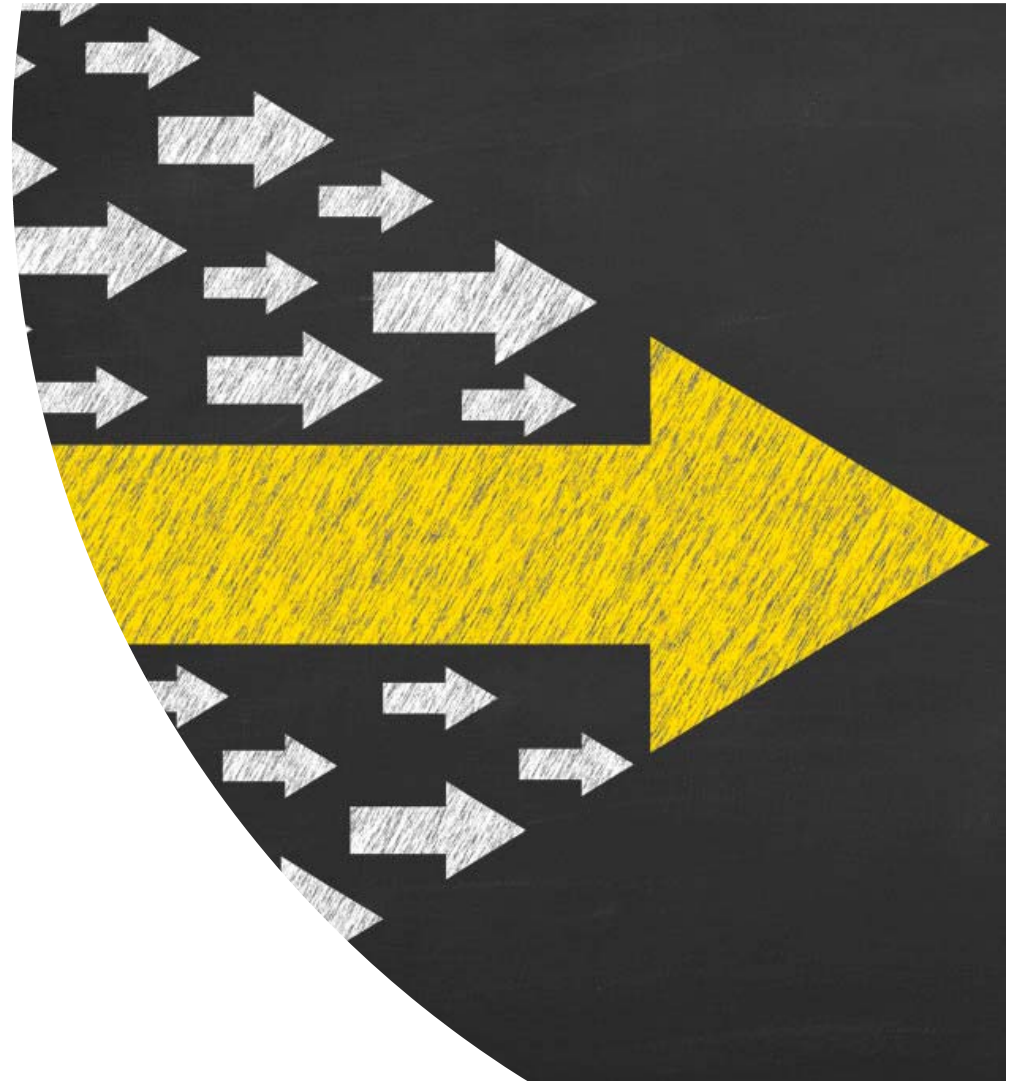
Elimination of Stretch IRAs

- 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.

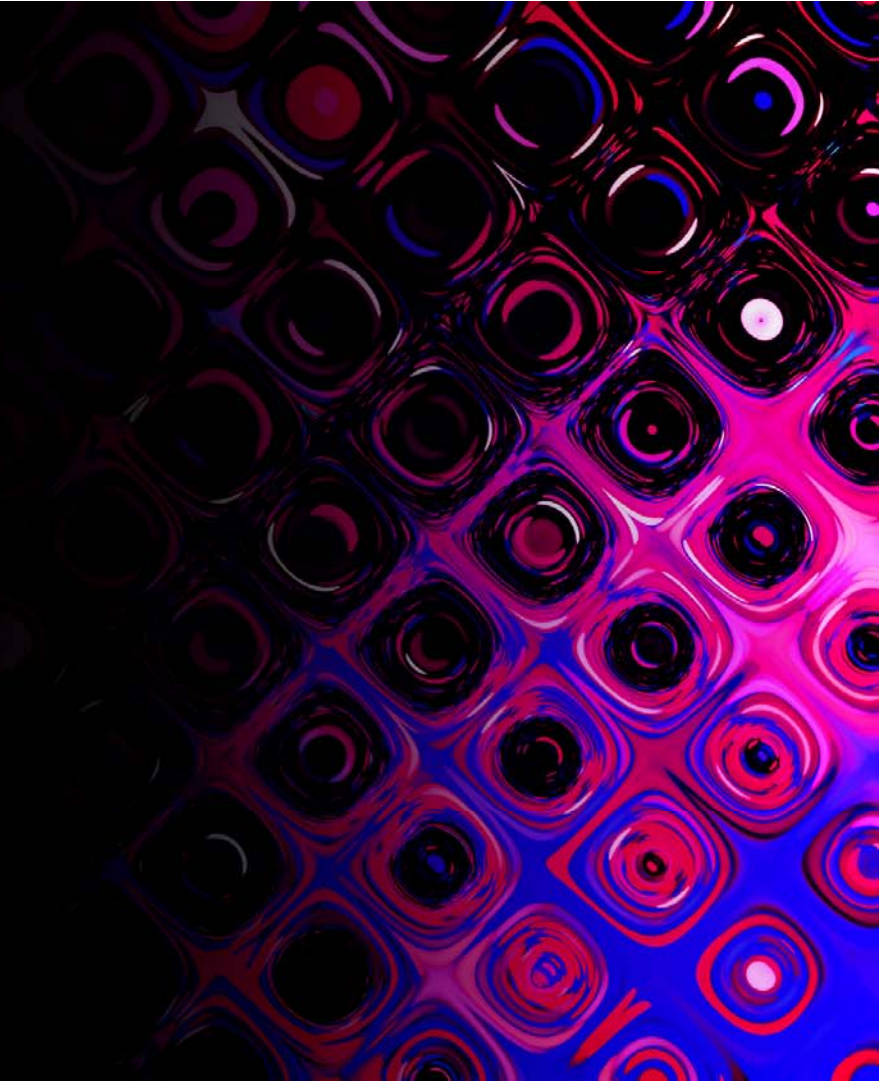


Year End Spending Package: What's Missing?

- 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



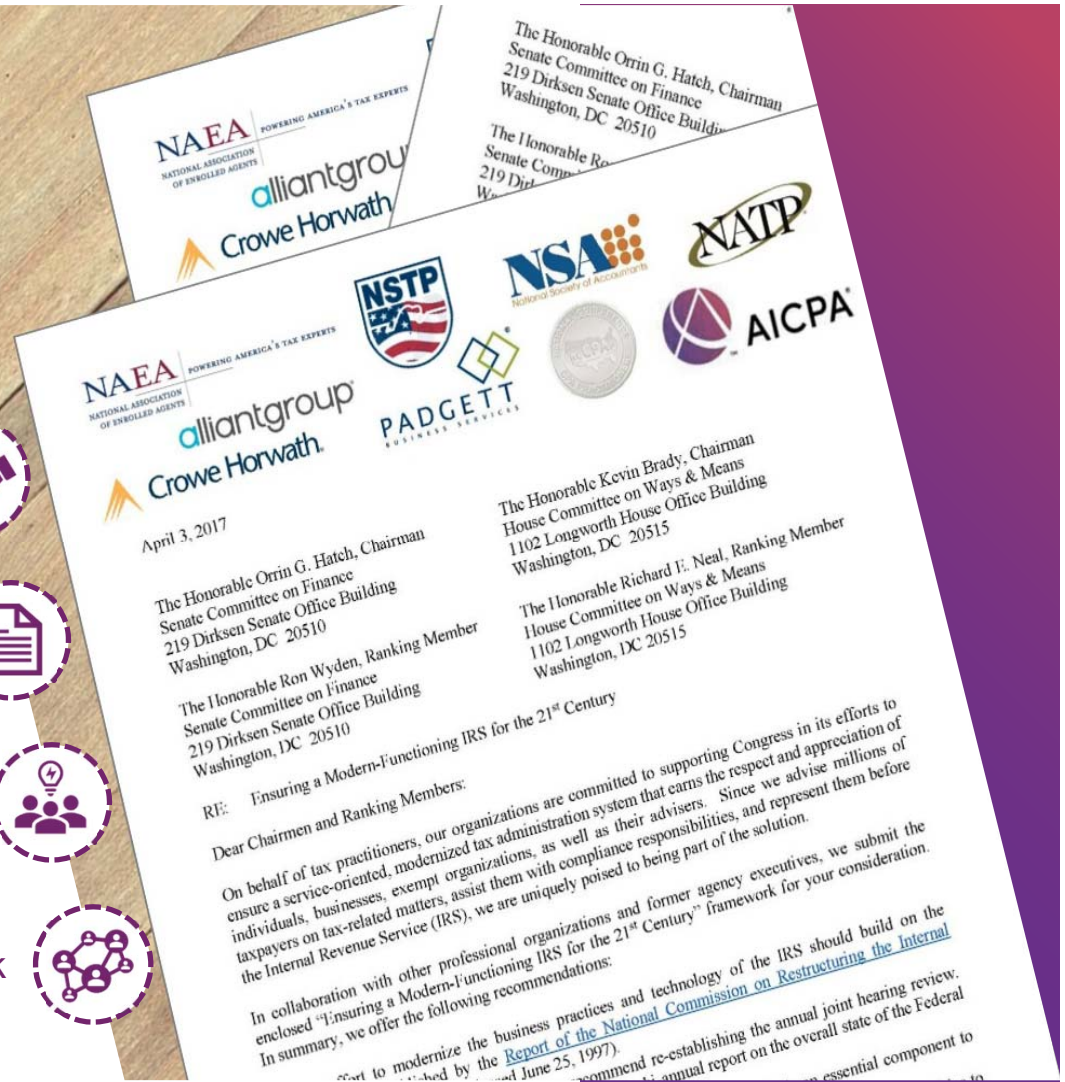
Passage of the Taxpayer First Act



TFA Office Forums



Tax Practitioner Group Feedback



Tax Practitioner Group Feedback

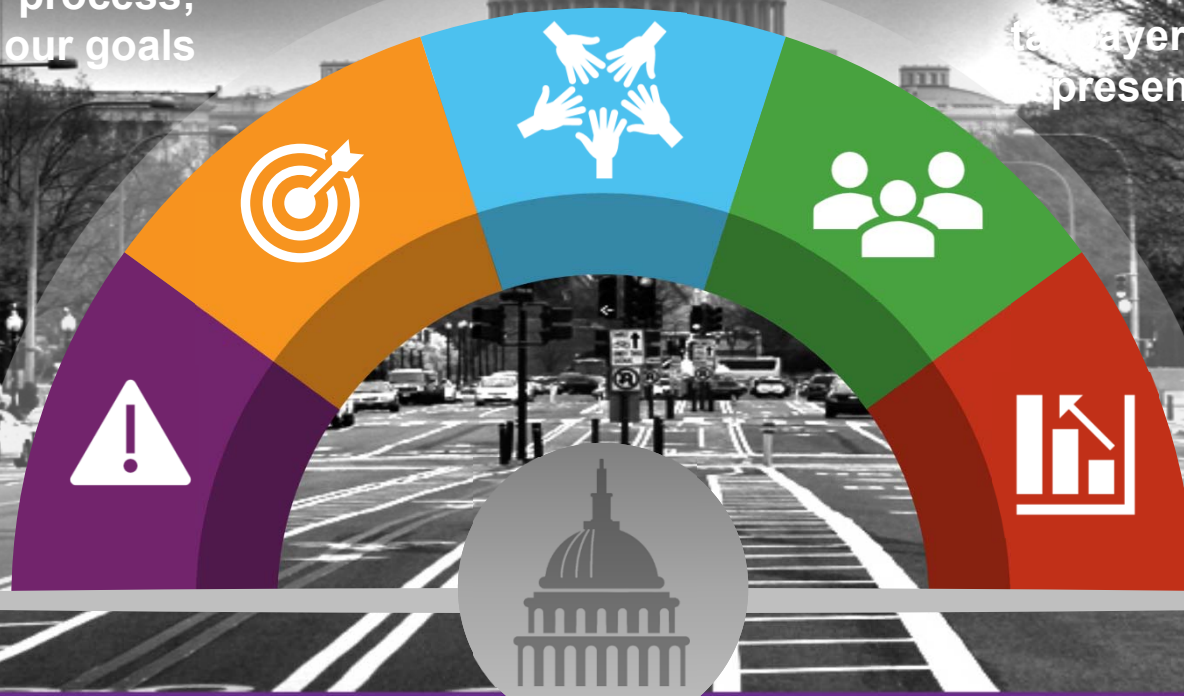
Over 45 tax
practitioner groups
participated

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





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

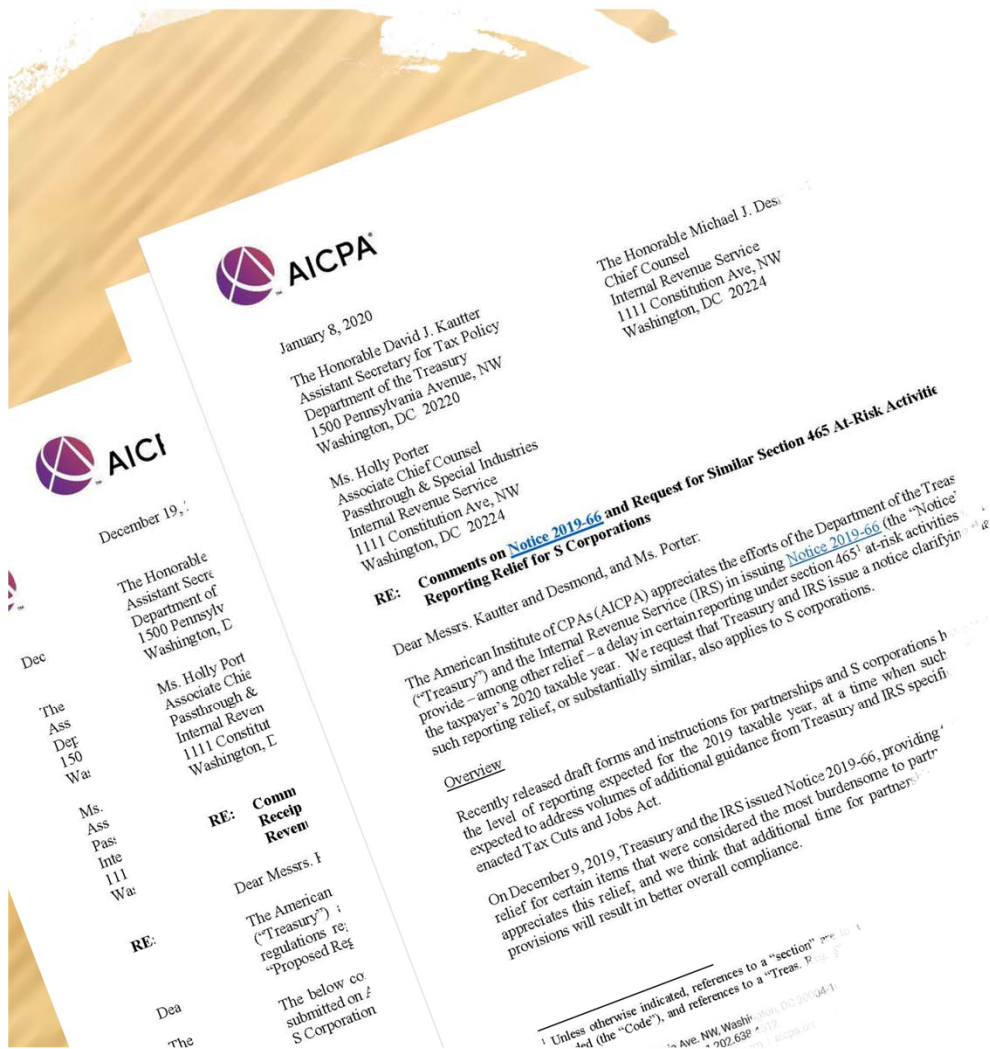


TCJA Implementation: Latest Report

- 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.

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, measureable, 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



- 
- 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?

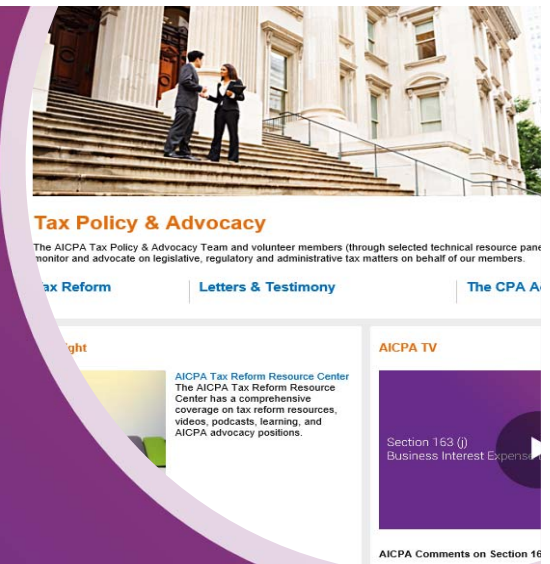
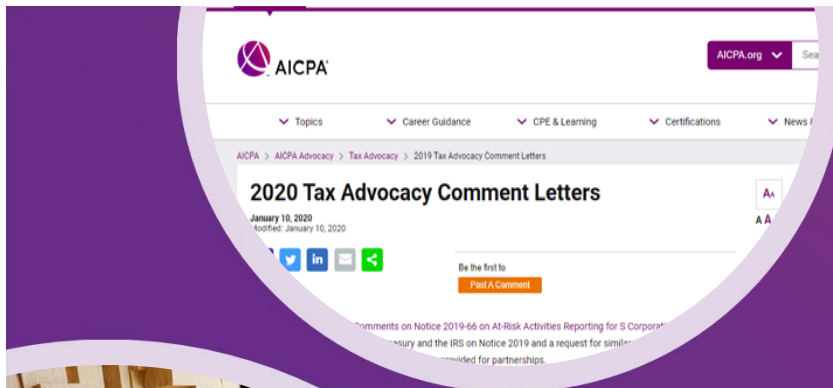


QUESTIONS

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

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

[AICPA Tax Practitioner LinkedIn Group](#)



www.aicpa.org/advocacy/tax

AICPA Tax Policy & Advocacy Webpages

www.aicpa.org/advocacy/tax/2020taxadvocacycommentletters.html

aicpa.org/advocacy/tax/washingtontaxbrief.html

AICPA Washington Tax Brief

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

Don't miss our next free webcast!

June 24, 2020

Thank you

