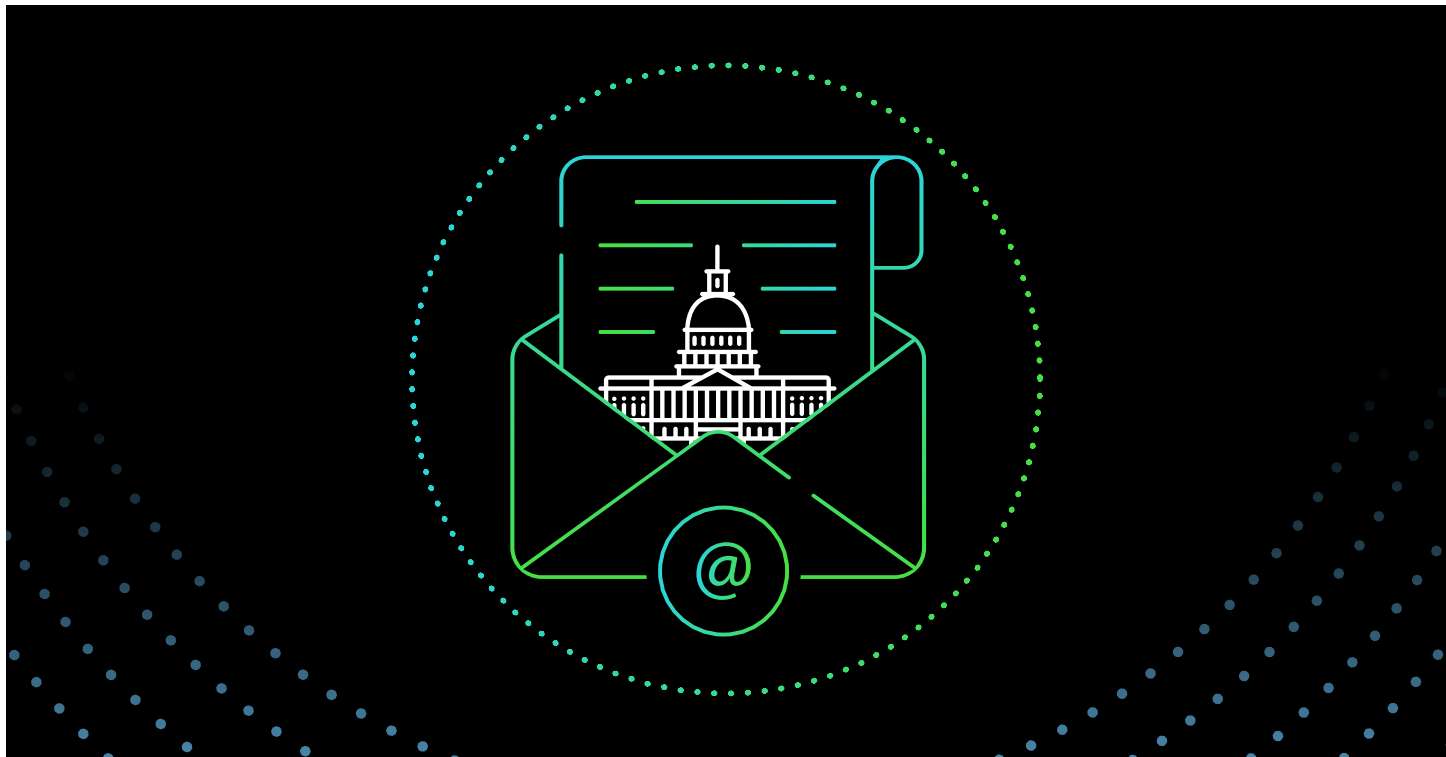




Tax News & Views

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Government shutdown ends

After more than 40 days of a government shutdown, the Senate and House passed – and President Trump signed – a funding package reopening the federal government. However, the measure notably omits a central issue of the stalemate: an extension of the enhanced premium tax credit (PTC), an expiring provision that was originally enacted under the Affordable Care Act (ACA, [P.L. 111-148](#)) and boosted by the American Rescue Plan Act ([P.L. 117-2](#)) and the Inflation Reduction Act ([P.L. 117-169](#)). The enhanced PTC expands eligibility and increases the subsidy benefit to help qualifying individuals and families afford health insurance through the Health Insurance Marketplace, commonly known as the exchanges.

Meanwhile, other critical challenges – including missed paychecks, increased travel delays, and disruptions to social programs, such as SNAP (*Supplemental Nutrition Assistance Program*, often referred to as “food stamps”) – were consequences of the prolonged shutdown, contributing to mounting pressure across Congress as members responded to growing concerns from constituents and affected communities.

Immediately before signing the congressionally approved funding package, President Trump – placing blame on Democrats for the shutdown – highlighted that, “for the past 43 days, Democrats in Congress shut down the government of the United States [in what he considered to be] an attempt to extort American taxpayers for hundreds of billions of dollars...” He further declared that “[w]e’re sending a clear message that we will never give into extortion.”

The agreed-upon measure includes a full-fiscal year 2026, three-bill “minibus” that will fund agencies and functions covered under the Military Construction-VA, Agriculture-FDA and Legislative Branch appropriations bills, through the end of September 2026. It also provides for temporary funding of other government functions, but only through January 30, 2026. Additionally, the package provides federal workforce protections, including retroactive pay for both furloughed workers and those who worked during the funding lapse (“excepted” personnel), safeguards against future Reductions-In-Force (RIFs) until the funding package has expired, and rehiring personnel affected by RIFs during the shutdown – including 1,446 employees at the Treasury Department – approximately 1,300 of whom are IRS personnel. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 41, Oct.17, 2025.)

On November 9, the Senate Appropriations Committee posted updated documents on the funding package, including:

01. Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2026 ([documents](#));
02. Agriculture, Rural Development, Food and Drug Administration, and Related Agency Act, 2026 ([documents](#));
03. Legislative Branch Act ([documents](#)); and
04. Continuing Appropriations Act, 2026 ([documents](#)).

Senate passes it first

After 14 failed procedural votes to advance the House-approved, Republican-drafted CR – the Continuing Appropriations and Extensions Act, 2026 – the Senate finally broke the impasse on November 9, by voting 60-40 to clear a key procedural hurdle. The following day, the Senate approved the revised funding package, sending it to the House and paving the way to end the government shutdown. (Revised and retitled –the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026 ([H.R. 5371](#)); the nonpartisan Congressional Budget Office released three tables that provide [estimates](#) of the budgetary impact of the Senate-approved funding package.)

A bipartisan group of lawmakers led by Sens. Jeanne Shaheen (D-N.H.), Susan Collins (R-Maine), and others helped negotiate a deal to end the shutdown. The breakthrough came only after revisions were made to address certain concerns. For example, Sen. Tim Kaine (D-Va.) [secured](#) protections for the federal workforce, including guaranteed back pay for both furloughed and “excepted” employees – a critical issue for Virginia’s large population of federal personnel – in exchange for his support.

Senate Appropriations Committee Chair Collins hailed the agreement both [before](#) the November 9 procedural vote and again on November 10 after the Senate [passed](#) the measure, emphasizing its benefits for the American people.

“This short-term continuing resolution would reopen government immediately, provide back pay to all federal workers, and fund important federal programs on which many Americans rely. The three full-year appropriations bills would support veterans, troops, farmers, and rural communities in Maine and across the country,” said Collins. “As the Chair of the Appropriations Committee, I am delighted with today’s accomplishment, and I hope the House of Representatives will pass this legislation quickly so we can put an end to this unnecessary government shutdown.”

In contrast, Sen. Elizabeth Warren (D-Mass.) [released](#) a statement in opposition to the funding agreement, maintaining that advancing it without lowering healthcare costs is a mistake. “Republicans in Congress extended tax breaks for billionaires and billionaire corporations, but they refused to extend tax credits to lower health insurance premiums for millions of working people. A simple one-year extension of these tax credits would cost less than Donald Trump’s \$40 billion bailout for Argentina,” Warren said.

Who’s in and who’s out?: Seven Senate Democrats and one Independent broke ranks to join Republicans to support the revised funding measure. Republican Sen. Rand Paul of Kentucky – whose [amendment](#) to remove a provision included in the funding agreement that will strengthen the regulation of hemp was rejected before the bill’s passage – was the sole Republican to vote against the package. Those Democrats voting in favor of the measure included Sens. Catherine Cortez Masto and Jacky Rosen of Nevada, Minority Whip Dick Durbin of Illinois, John Fetterman of Pennsylvania, Maggie Hassan and Jeanne Shaheen of New Hampshire, and Tim Kaine. They were joined by one

Independent, Angus King of Maine, who caucuses with the Democrats. Cortez Masto, Fetterman, and King have long backed efforts to reopen the government; this time, however, five additional Democrats joined them, providing the crucial votes to clear the 60-vote threshold that had stymied prior efforts to advance the original House-passed temporary spending patch.

Notably absent from the roster of supporters was Senate Minority Leader Chuck Schumer (D-N.Y.), who has led efforts to tie government funding to the extension of the enhanced PTC. At the end of last week, Schumer floated an offer of a one-year extension of the enhanced credit in exchange for his support of the House-approved measure to reopen the government; however, it drew swift Republican backlash. On Saturday, Senate Majority Leader John Thune (R-S.D.) **dismissed** the plan as a “non-starter,” claiming it masked rising premiums and padded insurance company profits. Despite the heated rhetoric, Thune agreed to hold a vote on a Democratic healthcare proposal next month before the enhanced credit expired; yet, Speaker Mike Johnson (R-La.) has offered no assurances that the measure will receive consideration in the House, casting doubt on its overall prospects – even in the Senate, passage is far from assured.

Then it went to the House

After more than 50 days since the House was last in session, Speaker Johnson reconvened the lower chamber on Wednesday, November 12 and, by a vote of 222-209, saw the House approve the Senate-passed funding package, with six Democrats crossing party lines to support the measure (two House Republicans voted against). The vote followed action by the House Rules Committee to advance the measure, enabling GOP leadership to bring the Senate-approved bill to the floor.

Before the House vote, the White House **issued** a Statement of Administration Policy, strongly endorsing the Senate-approved funding package, and urged every member of Congress to support what it called a “responsible, good-faith product to finally put an end to the longest shutdown in history.” The statement further indicated that “if this bill were presented to the president in its current form, he would sign it into law.”

In contrast, House Minority Leader Hakeem Jeffries (D-N.Y.) **opposed** the Senate-approved measure, and stated on the House floor that – “I rise today in strong opposition to this woefully inadequate spending bill that fails to decisively address the Republican healthcare crisis and fails to extend the Affordable Care Act tax credits for tens of millions Americans” – a message he has reiterated many times over the past several months.

As the vote approached, the margin for passage narrowed after Rep. Adelita Grijalva (D-Ariz.) was sworn in on November 12 – nearly two months after winning a special election – meaning Republicans could lose only two votes and still pass the measure. However, the loss of two Republicans – Reps. Thomas Massie of Kentucky and Greg Steube of Florida – were easily offset by the decision of six House Democrats to support the measure, including Reps. Henry Cuellar of Texas, Donald Davis of North Carolina, Jared Golden of Maine (also the sole Democrat to support the House-approved, Republican-drafted CR on September 19), Adam Gray of California, Marie Gluesenkamp Perez of Washington, and taxwriter Thomas Suozzi of New York.

What leadership is saying: Speaker Johnson, House Majority Leader Steve Scalise (R-La.), Majority Whip Tom Emmer (R-Minn.), and Conference Chair Lisa McClain (R-Mich.) **issued** a statement after the House passed the funding bill to reopen the government, placing blame squarely on the Democrats. They said that “[t]he Democrat Shutdown is finally over thanks to House and Senate Republicans. There is absolutely no question now that Democrats are responsible for millions of American families going hungry, millions of travelers left stranded in airports, and our troops left wondering if they would receive their next paycheck.”

House Democrats have remained largely – but not completely – united throughout this process. Leader Jeffries has contended that Republicans have not succeeded in lowering costs and held the GOP responsible for the current healthcare challenges. On the day of the decisive vote, Jeffries – along with House Democrat leaders Whip Katherine Clark (D-Mass.) and Caucus Chair Pete Aguilar (D-Calif.) – **issued** a joint statement, declaring that “House Democrats will continue our fight to lower the high cost of living, decisively address the Republican healthcare crisis and extend the Affordable Care Act tax credits. We will fight to protect Medicaid, Medicare, hospitals, nursing homes and community-based health clinics.”

Democratic leadership also invited Republicans to join the effort to extend the enhanced premium credit, referencing a procedural tool known as a discharge petition to advance a vote on a three-year extension. “Now is the time for so-called traditional Republicans to join with House Democrats, sign the discharge petition and force a vote on our bill to extend the Affordable Care Act tax credits for three years,” Jeffries said.

Fate of the enhanced PTC?

As policymakers debate the future of the enhanced premium credit, alternative proposals have been emerging. For instance, Health, Education, Labor & Pensions Committee Chairman Bill Cassidy (R-La.) – also a member of the Finance Committee – has suggested creating a pre-funded account that would allow taxpayers to pay for healthcare directly, rather than channeling subsidies to insurance companies. Cassidy [argued](#) this approach would reduce healthcare costs for families, introduce meaningful insurance market reforms, and empower Americans to manage their own care through a federally-funded flexible spending account.

“If we extend the enhanced premium tax credits, \$26 billion go to insurance companies,” Cassidy told reporters Monday. “If we put it into a flexible spending account, 100 percent is going to the person who’s making a decision of where to spend their dollars.”

President Trump [endorsed](#) the concept on social media and in comments he made in the White House immediately before signing the congressionally approved funding package into law – possibly giving the proposal a boost. He posted on social media that he is “recommending to Senate Republicans that the Hundreds of Billions of Dollars currently being sent to money sucking Insurance Companies in order to save the bad Healthcare provided by ObamaCare, be sent directly to the people so that they can purchase their own much better, healthcare and have money left over.” Although Trump has largely stayed on the sidelines of the healthcare debate during the government shutdown, his recent endorsement could signal a shift in his willingness to engage with Congress on this issue.

Meanwhile, some House lawmakers are pursuing their own approach to address healthcare costs. Reps. Sam Liccardo (D-Calif.) and Kevin Kiley (R-Calif.) introduced bipartisan legislation – the Fix It Act ([H.R. 6010](#)) – to extend the enhanced PTC for two additional years while capping eligibility at six times the poverty level (\$192,000 for a family of four). According to a [press release](#) by Rep. Liccardo, there would be a roughly \$5 billion savings over two years. “Our bill offers a unique, innovative solution, drawing on proposals supported by members on both sides of the aisle and both houses of Congress,” said Liccardo.

Kiley, for his part, stated that “[o]ur bipartisan legislation will assure Americans are spared from a massive increase in healthcare costs that is just around the corner.” He added that “[i]t provides a two-year extension for tax credits that 22 million Americans rely on and does so in a fiscally responsible way – without increasing the deficit. This will provide short-term relief while we tackle broader reforms to lower the cost of care.” (For prior coverage on another proposal to address the looming expiration, Rep. Jen Kiggans (R-Va.) bipartisan legislation on extending the enhanced PTC for one year, see [Tax News & Views](#), Vol. 26, No. 44, Nov. 7, 2025.)

With open enrollment for ACA coverage already underway as of November 1 and 2025 rapidly drawing to a close, it remains uncertain whether there is sufficient time to draft, enact, and implement a plan to address healthcare affordability for 2026. Given Speaker Johnson’s lack of commitment to action and the fact that lawmakers have suggested a range of proposals – the previously mentioned one- and two-year extensions as well as other variations – there is a clear lack of political consensus at this stage. Against this backdrop, the Senate Finance Committee will [hold](#) a hearing titled, “The Rising Cost of Health Care: Considering Meaningful Solutions for all Americans,” on Wednesday, November 19 at 10:00 a.m., where the extension of the enhanced PTC – and other proposals – are likely to be a topic of discussion.

Next Steps

As the policy debate shifts from reopening the government to addressing longer-term priorities, attention now turns to whether lawmakers can reach agreement on healthcare affordability measures, including the future of the enhanced PTC or some other variation of the provision. At the same time, Congress still faces the task of passing the remaining full-year appropriations bills, which are in various stages of the legislative process – underscoring that the work to fully fund the government for FY2026 is far from complete. The clock is already ticking toward another funding deadline in two and a half months.

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New IRS guidance allows trusts to keep tax status when staking digital assets

The IRS released on November 10 new digital asset guidance, [Rev. Proc. 2025-31](#), which provides for a safe harbor for trusts that otherwise qualify as investment trusts under Treas. Reg. § 301.7701-4(c) and as grantor trusts to stake digital assets without risking their status for

federal income tax purposes. Additionally, the Rev. Proc. allows trusts to amend their agreement to authorize staking at any time during the nine-month period beginning on November 10, 2025. Such an amendment will not affect the trust's status as an investment or grantor trust, as long as the safe harbor requirements are satisfied.

The new guidance aims to give crypto exchange-traded products or funds (ETPs or ETFs) a clear path to stake digital assets and share staking rewards with their retail investors, according to Treasury Secretary and IRS Acting Commissioner Scott Bessent in a social media [post](#). He heralded the new Rev. Proc. for unlocking more upside in the cryptocurrency space. "This move increases investor benefits, boosts innovation, and keeps America the global leader in digital asset and blockchain technology," he wrote.

Safe harbor requirements

To satisfy the safe harbor, trusts must abide by 14 separate requirements, several of which include:

- Interests in a trust are traded on a national securities exchange;
- A trust can own only cash and a single type of digital asset (as defined by section 6045(g)(3)(D)), transactions for which are carried out on a permissionless network that uses a proof-of-stake consensus mechanism to validate those transactions;
- A trust's digital assets are held by a custodian, acting on behalf of the trust, at digital asset addresses controlled by the custodian (for federal tax purposes, the trust retains ownership of the digital assets at all times);
- To protect or conserve the trust's property, the trust's digital assets are indemnified from slashing due to the activities of the staking providers; and
- Only new assets received by the trust as a result of staking its digital assets are additional units, in the same form, of the single type of digital asset held by the trust.

Prior guidance, orders, and proposals

The guidance this week fulfilled one of the priorities in the Treasury Department and the IRS 2025 – 2026 Priority Guidance Plan – which outlined 105 regulatory projects scheduled for completion by June 30, 2026, including six items on digital assets. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 39, Oct. 3, 2025.)

Earlier in the year, President Trump issued [Executive Order 14178](#) (Strengthening American Leadership in Digital Financial Technology) that established the Working Group on Digital Asset Markets. A [report](#) from the working group provided a roadmap for potential IRS and Treasury guidance, as well as legislative recommendations, to address a range of tax-related digital asset issues. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 35, Aug. 1, 2025.)

Congress has taken its own steps on digital asset policy. The House Ways and Means Subcommittee on Oversight held a hearing on digital assets this summer where taxwriter Max Miller (R-Ohio) signaled plans to develop a forthcoming proposal to address key issues, such as the taxation of staking and mining, income recognition, reducing the burden for *de minimis* transactions, and clarifying the treatment of charitable contributions of digital assets. Meanwhile in the upper chamber, Sen. Cynthia Lummis (R-Wyo.) introduced a bill to reform the tax treatment of digital assets, [S.2207](#); the bill has been referred to the Senate Finance Committee. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 33, July 18, 2025 and [Tax News & Views](#), Vol. 26, No. 39, Oct. 3, 2025 (Senate Finance Committee hearing examining taxation of digital assets).)

Trump withdraws Korb's nomination, personnel changes at Ways and Means

President Trump [announced](#) on social media that he was withdrawing the nomination of Donald Korb for Treasury's assistant general counsel – a role that is effectively synonymous with the IRS chief counsel – just days after the Senate moved a step closer to confirming Korb for the post. No additional details have been released as of press time.

Senate Majority Leader John Thune (R-S.D.) filed cloture on Korb's nomination on November 10, triggering the countdown to a final confirmation vote. Had he been confirmed, it would have marked Korb's second time leading the agency's legal department; he previously served as IRS chief counsel under President George W. Bush from 2004 to 2008. The IRS has only two positions requiring Senate confirmation: chief counsel and commissioner. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 40, Oct. 10, 2025.)

With his nomination now withdrawn, the path forward remains uncertain. Kenneth Kies, Treasury's assistant secretary for tax policy, currently serves as the acting IRS chief counsel and may remain in that role for the foreseeable future.

Arrington to retire: Meanwhile, in Congress, House Budget Committee Chairman Jodey Arrington (R-Texas) – who also serves on the Ways and Means Committee – has announced that he will not seek re-election and will retire from Congress at the end of his current term in January 2027. Arrington has been a key figure in shaping fiscal policy during his tenure, particularly through his leadership on budget negotiations and tax reform discussions. Other House Ways and Means Committee Members who have chosen not to run for re-election next year include Reps. Randy Feenstra (R-Iowa) and David Schweikert (R-Ariz.) who will both seek their states' governorships, while Reps. Danny Davis (D-Ill.), Lloyd Doggett (D-Texas), and Dwight Evans (D-Pa.) plan to retire at the end of this Congress.

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Trump announces pending trade pacts with Argentina, Ecuador, El Salvador, and Guatemala

President Trump [announced](#) preliminary trade agreements with four South and Central American nations, according to a White House fact sheet on November 13, which also indicated that the United States, Argentina, Ecuador, El Salvador, and Guatemala will work quickly in the coming weeks to finalize the deals for signature. Joint Statements outlined a framework for an Agreement on reciprocal trade with each country, while Argentina's statement included provisions for both trade and investment.

All four trading partners agreed they would not impose digital services taxes (DSTs) – a measure that has been viewed by some as unfairly targeting US technology companies with discriminatory tax policies. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 43, Oct. 31, 2025.)

The four countries also agreed to several additional concessions on exports. For example, [Argentina](#) agreed to provide preferential market access to certain US medicines, chemicals, machinery, information technology products, medical devices, motor vehicles and a range of agricultural products. As to agricultural market access, Argentina agreed to open its market to US live cattle, permit US poultry exports within a year and not restrict market access for products that use certain cheese and meat terms. Additionally, the US will remove the reciprocal tariffs on certain unavailable natural resources and non-patented articles for use in pharmaceutical applications.

For [Ecuador](#), the US agreed to remove reciprocal tariffs on certain qualifying exports, while it committed to reduce or eliminate tariffs on machinery, health products, information and communication products – referred to as ICT goods – chemicals, motor vehicles and certain agricultural products, while also establishing tariff-rate quotas on a number of other agricultural goods.

[El Salvador](#) has committed to addressing a wide range of non-tariff barriers affecting trade in priority areas, including streamlining regulatory requirements and approvals for US exports, such as pharmaceutical products and medical devices; removing import restrictions on remanufactured goods; accepting US auto standards; streamlining certificate of free sale requirements, accepting electronic certificates; removing apostille requirements; and expediting product registration requirements for US exports. Furthermore, the US will remove the reciprocal tariffs on El Salvador's exports to the United States for certain qualifying exports that cannot be grown, mined, or naturally produced in the United States in sufficient quantities, as well as certain products, such as textiles and apparel products, originating under the CAFTA-DR (Dominican Republic-Central American Free Trade Agreement).

[Guatemala](#) has committed to addressing a wide range of non-tariff barriers affecting trade in priority areas, including streamlining regulatory requirements and approvals for US exports, such as pharmaceutical products and medical devices. Also, the US will remove the reciprocal tariffs on Guatemala's exports to the United States for certain qualifying exports that cannot be grown, mined, or naturally produced in the United States in sufficient quantities, as well as certain products, such as textiles and apparel products, originating under the CAFTA-DR.

Trump floats a tariff “dividend”

While the shutdown was ongoing and before it was resolved, President Trump has floated what he referred to as a “dividend” to be paid from tariff revenues. Over the weekend, he [announced](#) on social media that a dividend of at least \$2,000 per person will be distributed to everyone

– excluding high-income individuals, citing the nation’s strong economic performance. Following up on his idea Monday, Trump [stated](#) in a social media post that, after paying out the dividend, additional tariff revenue will be used to pay down the national debt.

The timing of the president’s announcement closely followed Supreme Court oral arguments on whether certain country-focused tariffs issued by the administration pursuant to the International Emergency Economic Powers Act (IEEPA) were authorized. The IEEPA gives the president authority to regulate imports and exports to deal with a national emergency (among other economic transactions), but does not expressly delegate the power to raise tariffs on imports. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 44, Nov. 7, 2025.)

Furthermore, the federal government has [collected](#) \$195 billion in custom duties in FY2025, according to the Treasury Department’s final monthly statement on receipts and outlays. However, it remains unclear whether these revenues would be sufficient to fund the proposed dividends or whether Congress will approve their creation.

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