



Tax News & Views

In this issue:

GAO reports on IRS operations as filing season moves forward.....	1
Treasury, IRS release guidance on digital assets, 163(j), nonpersonal use vehicles	3
House votes down balanced budget amendment.....	3
Trade corner: Ideas to update WTO aired during congressional hearing	4

GAO reports on IRS operations as filing season moves forward

The Government Accountability Office (GAO) [issued](#) a report this week reviewing IRS management and long-term operational planning – “Management of Agency Reforms and Workforce Planning Needed to Address Severe Risks to Future IRS Operations” – finding that the 2025 filing season was “mostly insulated” from the effects of IRS staffing reductions. GAO reported that filing-season staff who accepted deferred resignations or early retirement offers remained at the agency through the filing season last year, which IRS officials told GAO helped support a more successful filing season performance.

The report also discussed broader workforce changes and related planning efforts, as well as leadership developments at the agency and identified changes related to implementing new tax law provisions, including those enacted under the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)). (For prior coverage of leadership developments at the IRS, see [Tax News & Views](#), Vol. 27, No. 11, March 13, 2026.)

Considering these and other findings, GAO made three recommendations, calling on the IRS to develop a plan to address its taxpayer correspondence backlog, update its strategic workforce plan, and establish an implementation team to manage agency reform efforts. IRS neither agreed nor disagreed with these recommendations.

Turning to this year's filing season

The report comes as the 2026 filing season moves toward the April 15 deadline for individual income tax returns, with the IRS again managing peak processing and taxpayer service demands. The current filing season is the first since passage of the OBBBA last summer.

In its March 13 filing season update for the week ending March 6, the IRS [reported](#) cumulative filing statistics for individual income tax returns, comparing the same point in the filing season in 2025 and 2026. The average refund amount was \$3,676 in the 2026 period, compared with \$3,324 in 2025 – an increase of 10.6 percent that was [unchanged](#) from the prior week's report. The average refund declined by \$66 from the prior week, while returns received totaled 60,719,000, compared with 61,429,000 in 2025, a decline of 1.2 percent. Additionally, as the IRS has highlighted its online and web-based tools during filing season, visits to [irs.gov](#) have increased from roughly 210,850,000 in 2025 to 321,515,000 in 2026. (In announcing the first day of the filing season, the IRS [provided](#) a list of online tools and resources available to assist taxpayers with filing.)

Filing-season performance typically fluctuates as the April deadline approaches, and IRS officials have previously cautioned that early filing-season data may shift as additional returns are received and processed.

Implementing the OBBBA during the 2026 filing season

While the GAO assessed IRS readiness for OBBBA implementation as part of its broader review, the law's provisions are now being administered during the current filing season, offering an early look at how these changes are playing out in practice. The GAO report noted that implementing new tax provisions is a complex process involving coordination across Treasury, IRS, and the tax industry, including updates to information-technology systems, tax forms and schedules, and taxpayer guidance. Following enactment of the OBBBA, IRS readiness efforts indicated most programs were on track to meet their goals, though, the GAO expressed concern that some technology systems were not expected to be ready by the start of the 2026 filing season.

Among other changes, the OBBBA introduced new deductions related to tipped income and overtime pay, which GAO said requires changes to IRS systems and reporting processes. As part of that effort, the IRS released a new [Schedule 1-A](#) and related instructions, which are part of the [Form 1040 instructions](#), to report deductions for tipped income, overtime pay, interest on certain new car loans, and the enhanced deduction for seniors, regardless of whether the taxpayer itemizes. The IRS also recently [unveiled](#) enhancements to the IRS tax withholding estimator to reflect changes in credits and deductions made by the OBBBA.

Last week, the Treasury Department released a [fact sheet](#) showing that the overtime pay deduction appeared on 15.5 million returns, making it the most frequently used provision reported on the new Schedule 1-A to date, followed by the enhanced senior deduction at 9.2 million returns. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 11, March 13, 2026.)

Other OBBBA provisions that have similarly required new administrative processes includes the establishment of "Trump Accounts," tax-preferred investment accounts for minors, which are scheduled to launch on July 4, 2026. As part of its implementation efforts, the IRS has launched a new [website](#) with information about the accounts, including frequently asked questions and answers, and has also released [Form 4547](#), Trump Account Election(s), which taxpayers must file to open a Trump Account. In testifying before the House Ways and Means Committee earlier in the month, IRS Chief Executive Officer Frank J. Bisignano said initial demand for the accounts has been strong, noting that the IRS had received roughly 2 million Forms 4547 as of last month. (For prior coverage of Bisignano's testimony, see [Tax News & Views](#), Vol. 27, No. 10, March 6, 2026.)

For further analysis of the OBBBA, see: [A closer look: Inside the new tax law](#) prepared by Deloitte Tax LLP's professionals.

Looking ahead: With the OBBBA having advanced through Congress via the budget reconciliation process last year, Republicans are debating whether to pursue another party-line reconciliation bill. Some GOP lawmakers favor a party-line option again, while others have cautioned that Republicans' razor-thin majority in Congress and timing constraints could complicate the effort. Additionally, there is no consensus on what a possible reconciliation package would include. President Trump has not, to date, endorsed a second partisan tax-and-

spending package, and his public messaging has offered no clear signal about whether – or in what form – he would support another such effort.

Steven Grodnitzky

Tax Policy Group
Deloitte Tax LLP

Treasury, IRS release guidance on digital assets, 163(j), nonpersonal use vehicles

Several items of guidance were issued this week, including a notice to extend temporary relief for certain digital assets, a revenue procedure providing procedural guidance under section 163(j), and final regulations clarifying the definition of qualified nonpersonal use vehicles.

Temporary relief for digital assets

The Treasury Department and the IRS issued [Notice 2026-20](#), extending the temporary relief under section 1.1012-1(j)(3)(ii) that was provided in [Notice 2025-7](#). Specifically, the notice allows eligible taxpayers to use certain alternative methods for making an adequate identification – within the meaning of section 1.1012-1(j)(3)(ii) – for units of a digital asset held in a broker's custody that are sold, disposed of, or transferred.

Transitional guidance under sections 163(j), 168(k)

The Treasury Department and the IRS released [Rev. Proc. 2026-17](#) to provide transitional guidance under sections 163(j) and 168(k) for taxpayers who previously elected to be treated as an electing real property trade or business, electing farming business, or excepted regulated utility trade or business, but who now wish to withdraw the election in light of the various amendments to sections 163(j)(8) and 168(k) under the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)).

Substantiation requirements and qualified nonpersonal use vehicles

The Treasury Department and the IRS released final regulations ([T.D. 10043](#)) relating to the definition of qualified nonpersonal use vehicles, which are excepted from the substantiation requirements that apply to certain listed property. These final regulations add unmarked vehicles used by firefighters, members of a rescue squad, or ambulance crew as a new type of qualified nonpersonal use vehicle. (Proposed regulations ([REG-106595-22](#)) were issued that would amend section 1.274 to add certain unmarked vehicles to the list of qualified nonpersonal use vehicles.)

Steven Grodnitzky

Tax Policy Group
Deloitte Tax LLP

House votes down balanced budget amendment

On Wednesday, the House voted 211-207 to reject a joint resolution ([H.J. Res. 139](#)) that would have proposed an amendment to the US Constitution requiring a balanced federal budget, reviving a long-debated idea that has repeatedly fallen short of the two-thirds vote needed to advance.

The measure – considered under suspension of the rules – was introduced by Rep. Andy Biggs (R-Ariz.) and would prohibit total federal expenditures in a year from exceeding the average annual federal receipts collected in the prior three years, adjusted for changes in the population of US citizens and inflation. It would also require a two-thirds roll-call vote in each chamber for any bill establishing a new tax or increasing an existing tax rate. Furthermore, under the amendment, Congress may authorize specific expenditures in excess of the aforementioned limit with a roll-call vote for any year in which a declaration of war is in effect.

“This amendment restores the most basic principle of fiscal responsibility: you cannot spend what you do not have. Families and businesses live by that rule – it is long past time that the federal government does too,” [said](#) Biggs in a press release at the time he introduced the bill.



“Trillion-dollar deficits have become routine, and Washington behaves as if there is no limit to the damage it can impose. This amendment puts guardrails on a system that has run completely off the road,” he added.

Several House Democratic lawmakers, including Jamie Raskin of Maryland and Lloyd Doggett of Texas, spoke on the floor this week against the Republican-backed balanced budget amendment, arguing that it was not a serious effort to address fiscal responsibility, given what they described as roughly \$4 trillion added to the national debt through Republican-enacted tax cuts alongside spending on the war in Iran, while Republicans control the House, Senate, and White House. Only one House Democratic lawmaker, Rep. Henry Cuellar of Texas, voted in favor of the amendment, joining 210 Republicans.

“This proposed constitutional amendment pretends to address a problem that the Republicans created and that Republicans have refused to address legislatively, even though they have all the political control and all the legislative tools they need at their disposal to address it,” said Raskin. “We don’t need a balanced budget constitutional amendment. We just need a balanced budget. If you believe in a balanced budget, bring us one. Show it to us. You control the Congress. But don’t start a fiscal wildfire with your out-of-control spending and then throw the Constitution into the flames, too,” he added.

The vote came amid ongoing debate over rising federal deficits and long-term debt levels, with some lawmakers weighing approaches to fiscal restraint.

CBO flags deficit impact of OBBBA at FY2027 appropriations hearing

While the House rejected the balanced budget amendment, concerns about persistent deficits and rising debt also surfaced this week during a House Appropriations Legislative Branch Subcommittee hearing on FY2027 funding. Nonpartisan Congressional Budget Office (CBO) Director Phillip Swagel, testifying on CBO’s FY2027 appropriations request, responded to lawmakers’ questions about the fiscal impact of the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)). Swagel said the OBBBA is projected to increase federal deficits by \$4.7 trillion (over the budget window), including debt service costs, thereby adding to the federal debt, noting that the estimate reflects dynamic scoring assumptions made against a backdrop of already elevated debt levels. The comments followed Democrats’ concerns that the OBBBA’s tax cuts are “not offset” by spending reductions or other revenue increases to cover the cost.

During the hearing, Acting Comptroller General of the Government Accountability Office (GAO) Orice Williams Brown testified about GAO’s FY2027 appropriations request.

Steven Grodnitzky

Tax Policy Group
Deloitte Tax LLP

Trade corner: Ideas to update WTO aired during congressional hearing

World Trade Organization (WTO) member nations should agree to permanently ban customs duties on electronic transmissions or e-commerce when they gather next week in Cameroon for the WTO’s 14th ministerial conference, lawmakers and witnesses said during a March 17 [hearing](#) of the House Ways and Means Trade Subcommittee. That issue was among several recommendations discussed at the hearing about the ministerial meeting – often referred to as MC14 – that could improve the WTO from a US perspective. Other suggested changes included strengthening the WTO process for resolving disputes between nations, stricter most-favored-nation rules, and more rigid standards for developing countries to qualify for special and differential treatment.

“As I think most of my colleagues here would acknowledge, given the WTO’s requirement for consensus-based decisions, real negotiated outcomes are time and time again undermined by a handful of spoiler countries. This undermines progress at the WTO, and most importantly, does not allow us to address long-standing priorities, such as a stronger agriculture agreement, or developing standards for emerging industries,” [said](#) the subcommittee’s chairman, Rep. Adrian Smith (R-Neb.).

“Significant reform therefore is required at the WTO for the sake of its long-term durability and relevance in the global trading system. Even so, I believe that the WTO still can provide value to the United States and American industries, including at the upcoming ministerial conference,” he added.

Smith and other subcommittee members from both parties, however, acknowledged limits to possible outcomes emerging from MC14, with witnesses largely concurring.

The subcommittee's ranking member, Rep. Linda Sanchez (D-Calif.), and other Democrats on the panel, disagreed, criticizing the administration's reciprocal tariffs recently invalidated by the Supreme Court. Sanchez [urged](#) WTO members to "recognize the importance of the institution as a forum to convene, set rules, and resolve disputes," though she also called for reforms to address unfair, non-market practices like incorporating labor standards at the WTO. "WTO members must seek meaningful WTO reforms that strengthen the system while preserving its core foundations." (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 8, Feb. 22, 2026.)

Aaron Lorenzo

Tax Policy Group
Deloitte Tax LLP

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.