



Tax News & Views

In this issue:

GOP taxwriters tout OBBBA benefits as Dems say costs outweigh any gains.....	1
Tax administration and housing bills advance; digital asset measure introduced.....	3
Treasury, IRS release guidance on partnership interests, long-term care.....	5
Trade corner: White House details US-China deal after Trump's state visit; reduced rates for drug manufacturers.....	5
A note on our publication schedule.....	6

GOP taxwriters tout OBBBA benefits as Dems say costs outweigh any gains

On May 20, the House Ways and Means Committee's Tax Subcommittee [held](#) a hearing on how the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)) – increasingly referred to by some Republicans as the Working Families Tax Cuts – has affected workers' income and take-home pay.

Republicans highlight targeted tax relief for working Americans

In his opening statement, Tax Subcommittee Chair Mike Kelly (R-Pa. focused on what he described as “real people, with real jobs, in real life” and argued that passage of the OBBBA both prevented a significant tax increase and provided additional relief through tax cuts. He stressed that more than 60 million taxpayers during the 2026 filing season claimed at least one of the new deductions in the law, including the following:

- **Tipped income:** More than 7 million taxpayers claimed; average deduction exceeding \$7,000;
- **Overtime pay:** Nearly 28 million taxpayers claimed; average deduction roughly \$3,100;
- **Seniors:** More than 34 million taxpayers claimed; average deduction approximately \$7,500; and
- **Interest on certain auto loans:** More than 1 million taxpayers claimed; average deduction more than \$1,800.

These new deductions may be claimed regardless of whether a taxpayer itemizes. Kelly also maintained that the OBBBA reduced taxes across income groups, stating that taxpayers in every income quintile saw tax relief, and indicated that annual wages this year are expected to rise by roughly \$7,200 per worker.

Other Republican taxwriters also used the hearing to argue that the OBBBA delivers meaningful benefits to working families, putting more money in their pockets. House Ways and Means Committee Chairman Jason Smith (R-Mo.), pointed to a taxpayer whom he said received a \$10,000 refund on her 2026 tax return as evidence of the bill's real-world "impact." Rep. David Schweikert (R-Ariz.) emphasized that many of the bill's tax relief provisions include income caps or phaseouts, arguing that the benefits are not primarily directed to high-income taxpayers; he and House Budget Committee Chairman Jodey Arrington (R-Texas) also contended that the United States already has one of the most "progressive" income tax systems in the industrialized world.

Rep. Lloyd Smucker (R-Pa.) also pushed back on Democrats' claims of the impact of OBBBA's change to Medicaid, arguing that the bill is intended to ensure program benefits are reserved for eligible individuals. His comments came as Medicaid remained one of Democrats' sharpest lines of attack against the legislation. Further, other Republican taxwriters pointed to specific OBBBA provisions that they said would provide targeted relief to households and small businesses, including:

Standard deduction: Rep. Beth Van Duyne (R-Texas) said that the OBBBA provision that stood out most was the boosted standard deduction, maintaining that more than 90 percent of filers claimed this deduction and said it was adjusted annually for inflation. Under the OBBBA, the standard deduction for taxpayers who do not itemize deductions on [Form 1040](#), Schedule A, was prevented from a scheduled reduction under existing law and further increased for 2025 to \$31,500 for married taxpayers, filing jointly, \$23,625 for heads of household, and \$15,750 for single filers or married individuals filing separately.

Section 199A deduction: Rep. David Kustoff (R-Tenn.) highlighted the section 199A deduction, which he said is "putting more money into the pockets of small businesses." The OBBBA modified section 199A by preventing its expiration, by permanently extending the 20 percent deduction, adjusting the phase-in limitation range, and establishing a \$400 minimum deduction for active qualified business income (QBI). The modifications apply to taxable years beginning after December 31, 2025.

Trump Accounts: Rep. Blake Moore (R-Utah) stressed the potential benefits of Trump Accounts – tax-preferred accounts for minors created under the OBBBA. While accounts are allowed to be opened for all minors with a valid Social Security Number, under the pilot program, eligible beneficiaries born after December 31, 2024, and before January 1, 2029, may receive a one-time \$1,000 federal seed contribution if the account is established and the required election is made. To open an account, taxpayers must file [Form 4547](#), Trump Account Election(s). According to the program website, Trump Accounts will launch on July 4, 2026, and contributions to the accounts may begin on that date. Additional details, including frequently asked questions and answers, are available at www.trumpaccounts.gov. (For prior coverage of proposed regulations on Trump Accounts, see [Tax News & Views](#), Vol. 27, No. 10, March 6, 2026.) (For a [Tax News & Views](#) podcast on Trump Accounts, see [link](#))

'Is the squeeze worth the juice'

Democratic taxwriters, however, framed the OBBBA as a lopsided trade-off, arguing that its tax benefits are outweighed by the costs it imposes on working families. Ranking Member Mike Thompson (D-Calif.), for example, argued that Congress can provide targeted tax relief without delivering a "windfall" to corporations and the wealthiest taxpayers, particularly when the tradeoff is reduced support for healthcare, including Medicaid and nutrition assistance.

Rep. Suzan DelBene (D-Wash.) similarly contended that the OBBBA primarily benefits "wealthy and well-connected" taxpayers, while any relief for working families is being eroded by tariffs, rising healthcare costs, and the war in Iran. Rep. Gwen Moore (D-Wis.) added that workers who may benefit from the bill's tipped income deduction could still be worse off overall if they also depend on health coverage from the Affordable Care Act (ACA, [P.L. 111-148](#)), especially after the enhanced premium tax credit expired after December 31, 2025. The credit, which

was originally enacted under the ACA, helps qualifying individuals and families afford health coverage obtained through the Health Insurance Marketplace, also known as the exchanges. The credit was later enhanced through the American Rescue Plan Act (P.L. 117-2) and the Inflation Reduction Act (P.L. 117-169) to broaden eligibility and increase the subsidy benefit. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 4, Jan. 23, 2026.)

Rep. Donald Beyer (D-Va.) noted that the national debt is currently roughly \$40 trillion and argued that permanently expanding the estate tax exclusion would further worsen the fiscal outlook. In particular, he pointed to how the provision primarily favors wealthy families while adding to long-term debt pressure. The OBBBA prevented the existing estate tax exclusion from being reduced by half and further increased the estate tax amount to \$15 million on transfers made after December 31, 2025, with inflation indexing beginning after 2026. Rep. Moore similarly cited projected increases in the national debt totaling trillions of dollars, stating that the policy amounts to “robbing Peter to pay Paul.”

Beyond concerns that the OBBBA's benefits did not justify its costs, Ranking Member Thompson raised what he described as the administration's misuse of taxpayer funds, pointing to a settlement reached this week between the Justice Department and the IRS in a lawsuit filed by President Trump over the disclosure of his tax returns. He characterized the roughly \$1.8 billion settlement, which created an “Anti-Weaponization Fund” to hear and resolve claims of alleged government “weaponization” and “lawfare,” as a “political payout fund.” On May 18, the Justice Department issued a [press release](#), which includes the texts of the [settlement agreement](#), the establishment of a [release clause](#), and related [provisions](#) governing the settlement fund.

Separately, House Ways and Means Committee Ranking Member Richard Neal (D-Mass.) and House Judiciary Committee Ranking Member Jamie Raskin (D-Md.) [sent](#) a letter to Treasury Secretary Scott Bessent, IRS Chief Executive Officer Frank J. Bisignano, and Justice Department Acting Attorney General Todd Blanche pressing them for more information about the settlement, describing the \$1.776 billion fund as a “massive slush fund.” The letter comes ahead of Secretary Bessent's expected testimony before the House Ways and Means Committee and the Senate Finance Committee during the first week in June, following the Memorial Day recess. (Ranking Member Neal's [press release](#))

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Tax administration and housing bills advance; digital asset measure introduced

This week brought legislative action and a new proposal, including House-passed measures affecting tax administration and procedure and investor-owned housing, as well as newly introduced legislation related to the tax treatment of digital assets.

House passes bill meant to improve due process for taxpayers

On May 19, the House passed legislation that supporters said would improve due process for taxpayers – the Taxpayer Due Process Enhancement Act, [H.R. 6506](#) – which was sponsored by Rep. Nathaniel Moran (R-Texas) and co-sponsored by Rep. Terri Sewell (D-Ala.) – both House Ways and Means Committee members. The measure passed unanimously by voice vote during a fast-track process known as suspension of the rules, whereby legislation can bypass regular debate and amendment processes and pass with at least a two-thirds majority vote. The bill would suspend the period of limitations on filing a claim for credit or refund during collection action proceedings, prohibit the crediting of overpayments against disputed tax liability during such proceedings, and expand the Tax Court's jurisdiction. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 48, Dec. 12, 2025.)

Its passage marks the latest in a series of bipartisan tax administration measures that have advanced through the House. Across the Capitol, Senate Finance Committee Chairman Mike Crapo (R-Idaho) and Ranking Member Ron Wyden (D-Ore.) introduced a tax administration [bill](#) that includes a broad set of provisions. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 9, Feb. 27, 2026.)

House votes overwhelmingly for housing bill that limits institutional investors in residential real estate

On May 20, the House voted 396-13 to pass bipartisan legislation that, among other provisions, would restrict certain purchases of single-family homes by large institutional investors. The measure ([H. Res. 1299](#), an amended version of the 21st Century ROAD to Housing Act) was led by House Financial Services Committee Chairman French Hill (R-Ark.) and Ranking Member Maxine Waters (D-Calif.). The House measure



amended an earlier Senate-passed version of the bill, including by revising the institutional investor ban. President Trump gave the House measure his formal backing in a [Statement of Administration Policy](#), indicating he would sign the latest version into law if the Senate is able to pass it.

“The 21st Century ROAD to Housing Act is transformational legislation that will immediately address the housing affordability problem and bring the American Dream back within reach for millions of young and working American families,” House Speaker Mike Johnson (R-La.) said in a [statement](#) after passage. “This bill delivers on our promise to reduce restrictive regulations, increase the housing supply, limit institutional investing in the housing market, and drive down the price of homes nationwide.”

Shortly after House passage, the lead Senate negotiators, Senate Banking Committee Chairman Tim Scott (R-S.C.) and Ranking Member Elizabeth Warren (D-Mass.), said in a [joint statement](#) that “there’s still work to be done.” Congressional action followed repeated urging by Trump, who has on multiple occasions this year pressed lawmakers to restrict home purchases by large institutional investors. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 5, Jan. 30, 2026; [Tax News & Views](#), Vol. 27, No. 9, Feb. 27, 2026; [Tax News & Views](#), Vol. 27, No. 18, May 15, 2026.)

Bipartisan taxwriters unveil long-awaited digital asset legislation

Digital assets have been a topic of policy debate and legislative activity, particularly with respect to the tax treatment of digital asset transactions. A week after a bipartisan cryptocurrency roundtable for Ways and Means panel members, two of those taxwriters, Reps. Max Miller (R-Ohio) and Steven Horsford (D-Nev.), introduced the PARITY Act ([H.R. 8899](#)) addressing the tax treatment of digital assets, building on a discussion draft that they released several months ago. Reps. Mike Carey (R-Ohio) and Suzan DelBene (D-Wash.), also Ways and Means Committee members, are additional cosponsors of the bill.

The legislation includes provisions related to the following:

- Tax treatment of regulated payment stablecoin transactions;
- Digital assets trading safe harbor;
- Tax treatment of digital asset lending agreements and related matters
- Application of wash sale rules to digital assets;
- Mark-to-market election;
- Application of constructive sale rules to digital assets;
- Treatment of digital assets acquired through validation activities;
- Charitable contributions and qualified appraisals;
- Tax treatment of certain digital asset activities; and
- Study and report on relief for digital asset consumer transactions.

“As America continues to lead the world in innovation, our tax code has failed to keep pace with the rapid growth of digital assets and modern financial technology,” [said](#) Rep. Miller. Rep. Horsford [added](#) that “[i]nnovation should not come at the expense of accountability or fairness,” and said that [w]ith clear rules of the road, everyday people not just large corporations and the ultra-wealthy can safely participate in these emerging technologies, build wealth, and help close the wealth gap.”

The bipartisan bill was referred to the House Ways and Means Committee, where Chairman Smith has expressed interest – as most recently at the Tax Council Policy Institute Symposium last week – in advancing bipartisan legislation. Still, the timing and form of any path forward remains uncertain, and it is not yet clear whether a measure like this would advance as a standalone bill, be revised in committee, or move as part of a broader legislative package before reaching President Trump’s desk.

T&I Committee approves reauthorization bill, with potential tax implications

Following a bipartisan [agreement](#) to advance a surface transportation reauthorization bill (latest edition of AINS [link](#)), the House Transportation & Infrastructure (T&I) Committee approved the BUILD America 250 Act a surface transportation reauthorization bill that would provide new federal infrastructure funding and, among other provisions, impose fees on electric and hybrid vehicles that are aimed to help shore up the Highway Trust Fund. The markup came as lawmakers and the president weighed a federal gas tax holiday amid rising fuel prices, a debate with direct implications for the same trust fund. The reauthorization bill could also carry tax policy implications, as the excise taxes that fund the Highway Trust Fund fall within the jurisdiction of the congressional tax-writing committees, potentially requiring separate action by those panels.

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Treasury, IRS release guidance on partnership interests, long-term care

The Treasury Department and the IRS released final regulations on returns relating to sales or exchanges of certain partnership interests, and a notice on qualified long-term care distributions.

Treasury, IRS release final regulations on returns relating to sales or exchanges of certain partnership interests

The Treasury Department and the IRS released final regulations ([T.D. 10048](#)) modifying information reporting obligations with respect to sales or exchanges of certain interests in partnerships owning inventory or unrealized receivables, adopting the proposed regulations ([REG-108822-25](#)) without change. No comments pertaining to the proposed regulations were received, and no public hearing was requested or held.

Treasury, IRS release guidance on qualified long-term care distributions

The Treasury Department and the IRS released guidance ([Notice 2026-33](#)) for providers of certified long-term care insurance (issuers) relating to the disclosure and reporting requirements under sections 401(a)(39) and 6050Z. It also provides guidance under sections 72(t)(2)(N) and 401(a)(39) for plan administrators making, and individuals receiving, qualified long-term care distributions, including setting forth safe harbors for plan administrators.

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Trade corner: White House details US-China deal after Trump's state visit; reduced rates for drug manufacturers

A White House [fact sheet](#) issued May 17 outlined some terms of a US-China agreement following President Trump's recent visit to Beijing.

According to the fact sheet, China agreed to:

- Buy 200 US aircraft;
- Buy at least \$17 billion worth of US agricultural products annually through 2028, including a prorated amount this year, on top of China's earlier soybean purchase commitment;
- Import more US beef and poultry;

- Address US concerns over shortages of rare earths and other critical minerals, specifically citing yttrium, scandium, neodymium and indium;
- Address US concerns regarding prohibitions or restrictions on the sale of rare earth production and processing equipment and technologies.

In addition to spotlighting new trade for certain goods between the two nations, the fact sheet also highlighted the establishment of a Board of Trade for the two countries “to manage bilateral trade across non-sensitive goods,” and a Board of Investment “for discussing investment-related issues.” Lastly, Trump invited Chinese President Xi Jinping to Washington in the fall.

Drugmakers given a month to apply for reduced tariff rate

The Bureau of Industry and Security issued procedures for pharmaceutical manufacturers to get reduced tariffs on imports of their pharmaceutical products and ingredients in exchange for onshoring their manufacturing operations. The agency [notice](#), published in the Federal Register May 13, gives companies until June 12 to submit their applications for company-specific onshoring agreements to the Department of Commerce. Companies that reach such agreements are eligible for a reduced tariff rate under Section 232 of the Trade Expansion Act of 1962. Absent an approved onshoring agreement with the Commerce Department, certain pharmaceuticals and associated active pharmaceutical ingredients face tariffs of up to 100 percent starting later this year, based on Presidential Proclamation [11020](#) issued on April 2 by Trump. A provision in the proclamation allows companies with Commerce Department-approved onshoring plans to receive a 20 percent duty rate, and for some the rate will be zero until January 20, 2029, if they also strike Most Favored Nation pricing deals with the Department of Health and Human Services.

Medium- and heavy-duty vehicle adjustment announced

The International Trade Administration issued a [notice](#) on May 15 to allow domestic manufacturers of medium- and heavy-duty vehicles (MHDV) to apply for import adjustment offsets based on the value of those vehicles assembled in the US, except for heavy-duty vehicles that are assembled in the US with imported “chassis, chassis gliders, chassis with engine, or engines.” Import adjustment offsets may be used to reduce tariffs on MHDV parts and automobile parts under Section 232 of the Trade Expansion Act of 1962. The announcement followed Presidential Proclamation [10984](#) issued on October 17, 2025, which subjected imported MHDVs and certain key MHDV parts to a 25 percent tariff, plus a 10 percent tariff on imported buses, effective November 4, 2026. The International Trade Administration also stated that a process to apply for import adjustment offsets based on US engine assembly operations will be published in the future.

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A note on our publication schedule

The House and Senate will be out of session the week of May 25 for the Memorial Day recess. Therefore, absent any unexpected tax policy developments, the next edition of *Tax News & Views* will be published the week of June 1 when Congress is scheduled to return.

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