



Tax News & Views

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Senate Finance panel debates options to address Social Security trust fund; Congress passes housing bill, Trump delays signing

On June 24, the Senate Finance Committee’s Social Security, Pensions, and Family Policy Subcommittee held a [hearing](#) on the future of the Social Security trust fund.

Social Security taxes under the Federal Insurance Contribution Act (FICA) are imposed at 6.2 percent for both the employer and the employee (12.4 percent total) on wages up to the annual wage base limit of \$184,600 for tax year 2026. ([Publication 15 \(Circular E\), Employer’s Tax Guide](#), for use in 2026)

During the hearing, Chairman Grassley said the Social Security trust fund shortfall cannot be addressed solely by increasing taxes on upper-income taxpayers – as traditionally proposed by Democrats – or by focusing exclusively on waste, fraud, and abuse as often suggested by

Republican lawmakers. He outlined three core objectives for strengthening the program, including the need for a balanced approach that incorporates revenue and spending reforms, and cautioned that a package relying only on tax increases is unlikely to secure the 60 votes needed in the Senate.

The chairman also raised concerns that proposals to eliminate the cap on income subject to the payroll tax could, in his view, impose “punitive” tax increases on small businesses, particularly if the cap is not indexed for inflation. Sen. Bill Cassidy (R-La.) echoed those concerns, questioning the potential impact on businesses of proposals that rely primarily on expanding the tax base to shore up the program.

Meanwhile, Democratic taxwriters, including Subcommittee Ranking Member Bernie Sanders (I-Vt.), Sheldon Whitehouse (D-R.I.), and Senate Finance Committee Ranking Member Ron Wyden (D-Ore.) emphasized ways to expand the income base subject to Social Security payroll taxes to help with the program’s finances. Focusing on income inequality, Ranking Member Sanders pointed to legislation he introduced last year under which the payroll tax that funds Social Security would apply to all incomes above \$250,000 annually – including capital gains and dividend income – arguing that higher-income taxpayers currently pay a smaller share of their income toward the program than lower- and middle-income workers. He maintained that a tax increase under the legislation would only apply to the wealthiest nine percent of Americans. (Social Security Expansion Act ([S.770](#)))

OBBBA and affordability

Meanwhile, at a Senate Banking, Housing, and Urban Affairs Committee [hearing](#) on affordability, Chairman Tim Scott (R-S.C.) opened by noting the upcoming one-year anniversary of the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)) – now referred to by many Republicans as the Working Families Tax Cuts Act – and described the law as putting more money in the hands of American families. He said that 97 percent of Americans are receiving a tax cut this year under the law, with the largest benefits accruing to households earning less than \$200,000 annually – amounting to roughly \$300 per month. Sen. Chris Van Hollen (D-Md.), however, argued that the law disproportionately benefits higher-income taxpayers and comes at the expense of others.

House, Senate adopt housing bill, President Trump delays signing

In other news, on Tuesday the House passed a revised bicameral, bipartisan version of the 21st Century ROAD to Housing Act ([H.R. 6644](#)) by a recorded vote of 358-32 under suspension of the rules – a fast-track procedure that allows for limited debate, no amendments, and passage upon an affirmative two-thirds vote – following overwhelming bipartisan Senate approval the prior day, with all opposing votes in both chambers cast by Republicans. The agreed-upon bill includes provisions aimed at curbing institutional investment in certain single-family homes as part of a broader effort to address housing affordability.

The bill’s bipartisan backing in both chambers – including support from House Financial Services Committee Chairman French Hill (R-Ark.) and Ranking Member Maxine Waters (D-Calif.), along with Senate Banking, Housing, and Urban Affairs Committee Chairman Tim Scott (R-S.C.) and Ranking Member Elizabeth Warren (D-Mass.) – reflects a relatively rare area of policy agreement amid broader divisions in Congress.

Although the bill was expected to be signed into law by President Trump, two days later, he canceled the planned signing event at the Capitol, writing on [social media](#) that he would instead prioritize passage of a measure largely focused on vote integrity issues, the SAVE America Act ([H.R. 7296](#)), despite the housing bill’s support among a majority of Republican lawmakers and its focus on promoting housing affordability – an issue that could take on added political significance ahead of the midterm elections. The following day, Speaker Mike Johnson (R-La.) met with President Trump and later will send the housing bill to the White House, triggering the 10-day period for presidential action, during which the president may sign the bill, allow it to become law without signature, or veto it – potentially setting up a congressional override vote.

For the updated text and section-by-section summary of the bill, see a June 16 Senate Banking, Housing, and Urban Affairs [press release](#).

(For prior coverage of President Trump’s order to stop large investors from purchasing single-family homes, see [Tax News & Views](#), Vol. 27, No. 5, Jan. 30, 2026; for prior coverage of earlier congressional activity, see [Tax News & Views](#), Vol. 27, No. 11, March 13, 2026; [Tax News & Views](#), Vol. 27, No. 19, May 22, 2026, and [Tax News & Views](#), Vol. 27, No. 23, June 19, 2026.)

Reconciliation 3.0

The president’s focus on the SAVE America Act comes as movement toward a third reconciliation bill in the 119th Congress appears limited, with some Republican lawmakers expressing doubt about the path forward, even as Speaker Johnson remains publicly optimistic. A budget

resolution – the blueprint for initiating the reconciliation process – has yet to emerge, underscoring potential timing constraints with the July 4 recess approaching, and the window for advancing a reconciliation package this year continuing to narrow. Any effort to advance another budget package would face slim margins in both chambers, difficult political tradeoffs, and sensitive votes, particularly as the midterm elections near. Against this backdrop, a potential measure could include tax provisions focused on affordability, defense-related funding, elements of voter-integrity legislation, and initiatives aimed at combating waste, fraud, and abuse. Lawmakers continue to discuss size, scope, and potential offsets for such a package with limited consensus emerging thus far.

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Trump nominates Jim Gadwood for IRS chief counsel; NTA issues report to Congress

President Trump [nominated](#) Jim Gadwood to be the new IRS chief counsel, one of two positions at the agency that require Senate confirmation. If confirmed, Gadwood – who is currently serving as vice chair of the tax department at the law firm of Miller & Chevalier – would become the fourth person to hold this position since President Trump took office. Gadwood has worked in a range of industry sectors including automotive, aerospace, energy, hospitality, technology, and public utility according to the firm's website.

The chief counsel, who is appointed by the president with the advice and consent of the Senate, is the chief legal advisor to the IRS commissioner on all matters relating to the interpretation, administration, and enforcement of the tax code, and plays a key role in developing guidance and regulations that implement tax legislation, such as guidance issued under the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)).

Senate Finance Committee Ranking Member Ron Wyden issued a [press release](#) that day, framing the nomination as part of a broader critique of the administration's tax enforcement and oversight approach. Wyden said the nominee "[w]ill face a lot of tough questions, particularly on the sweetheart audit immunity deal Trump handed himself and his family," adding that the nominee "[n]eeds to go through the Finance Committee's rigorous vetting process."

The last confirmed IRS chief counsel was Marjorie Rollinson, the first woman to permanently serve in the role. After her official departure coinciding with the transition to the Trump administration, the position saw a series of interim appointments: William Paul briefly served in an acting capacity, followed by Andrew De Mello, a senior attorney in the chief counsel's office, and subsequently, Treasury Assistant Secretary for Tax Policy Kenneth Kies. Although former IRS Chief Counsel Donald Korb was nominated for a return to the position, he was not confirmed; President Trump withdrew the nomination just days after Senate Majority Leader John Thune (R-S.D.) filed cloture, which would have set up a final confirmation vote. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 36, Sept. 5, 2025; and [Tax News & Views](#), Vol. 26, No. 45, Nov. 14, 2025.)

Kies assumed the role of IRS acting chief counsel in July 2025 and continued in that capacity following the withdrawal of Korb's nomination. On June 17, 2026, the IRS issued [Chief Counsel Advice CC-2026-002](#) directing modifications to the signature block on documents prepared on behalf of the office, reflecting the absence of a Senate-confirmed chief counsel. Under the Vacancies Reform Act of 1998 (5 USC. sections 3345 et seq.), Kies' authority to serve in an acting capacity expired on that date; however, President Trump's June 23 nomination of James Gadwood to the post allows Kies to continue to serve as the acting official.

NTA's report to Congress cites successful filing season, ongoing challenges

In other news at the IRS, National Taxpayer Advocate (NTA) Erin M. Collins released her [Fiscal Year 2027 Objectives Report](#) to Congress, describing a largely successful 2026 filing season overall and attributing much of that success to the agency's ongoing technology transformation efforts. By the end of the filing season, the IRS had processed nearly 139 million individual income tax returns and issued more than 90 million refunds. The report noted that the vast majority of returns were processed automatically and without issue, with most taxpayers experiencing a smooth filing process. (IRS press release [IR-2026-79](#))



"The IRS is often held up as the poster child for antiquated government technology infrastructure, and there is certainly some truth to that characterization. But the IRS has been improving its technology year by year, and as long as it gets the IT right, most taxpayers file their returns and receive their refunds without delay," wrote Collins.

Some taxpayers, however, encountered challenges, including refund delays and difficulties accessing taxpayer services, with the report noting that taxpayers requiring "individual assistance, manual review, or flexibility" too often faced delays and obstacles to resolution. In the preface – under "lessons from the filing season" – the NTA emphasized that, while a "digital-first strategy" can improve tax administration, it should not become "digital-only," underscoring the need to maintain access to telephone and in-person assistance, clear communication, and effective case resolution to ensure taxpayers can understand their obligations. She added that "[t]hose principles are fundamental to taxpayer rights and essential to maintaining public confidence in our tax system."

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Supreme Court connects tax foreclosure compensation to auction sales price; transitional guidance on QOZs

In *Pung v. Isabella Cnty., Mich.*, No. 25-95 (June 23, 2026), the Supreme Court held that "just compensation" in the tax foreclosure context is measured by the auction sales price obtained at a fairly conducted sale, not the property's hypothetical fair market value, consistent with historical tax sale practices.

The decision followed lower court rulings that arose after local tax authorities began foreclosure proceedings and sold the Pung family home for \$76,008 at public auction to satisfy \$2,241.93 in real property taxes owed by Pung. The house had been assessed at \$194,400 for tax purposes. Pung brought suit in federal court, and the District Court granted Pung partial summary judgment on a Fifth Amendment claim but rejected Pung's claim under the Eighth Amendment excessive fines clause. The Sixth Circuit affirmed.

According to the Supreme Court's opinion written by Justice Samuel Alito, neither the Fifth nor the Eighth Amendment requires the government to compensate former owners based on a hypothetical fair-market value of their property. "Pung's fair-market-value theory would impose unprecedented burdens on jurisdictions that wish to collect unpaid taxes and might well make tax sales impractical," Alito wrote. The Supreme Court vacated and remanded the case to the Sixth Circuit to address whether the procedure the county followed in seizing and selling Pung's property was unfair.

Treasury, IRS intend to issue proposed rules on QOZs

On June 18, the Treasury Department and the IRS issued [Notice 2026-40](#), announcing plans to issue proposed regulations on qualified opportunity zones (QOZs) under sections 1400Z-1 and 1400Z-2, as amended by section 70421 of the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)), including transitional guidance related to certain qualifying investments. The forthcoming proposed regulations are anticipated to include proposed rules similar to the rules in sections 3 through 5 of the notice.

Notice 2026-37 sets renewable electricity production credit rates

[Notice 2026-37](#) provides the inflation adjustment factor and reference price for calendar year 2026 for purposes of the renewable electricity production credit under section 45. These amounts are used in determining the availability of the credit and apply to calendar year 2026 sales of kilowatt hours of electricity produced in the United States or a possession thereof from qualified energy resources.

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Ways and Means to explore tax policy in the world of sports and athletics

The House Ways and Means Committee is scheduled to [hold](#) a hearing Tuesday, June 30, at 10:00 a.m. EST, exploring the impact of federal tax policy as it applies to the growing business of professional and amateur sports. As of press time, the committee has not released a witness list. At the same time, the staff of the Joint Committee on Taxation published a report ([JCX-19-26](#)) this week describing present law related to selected sports industry tax issues.

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