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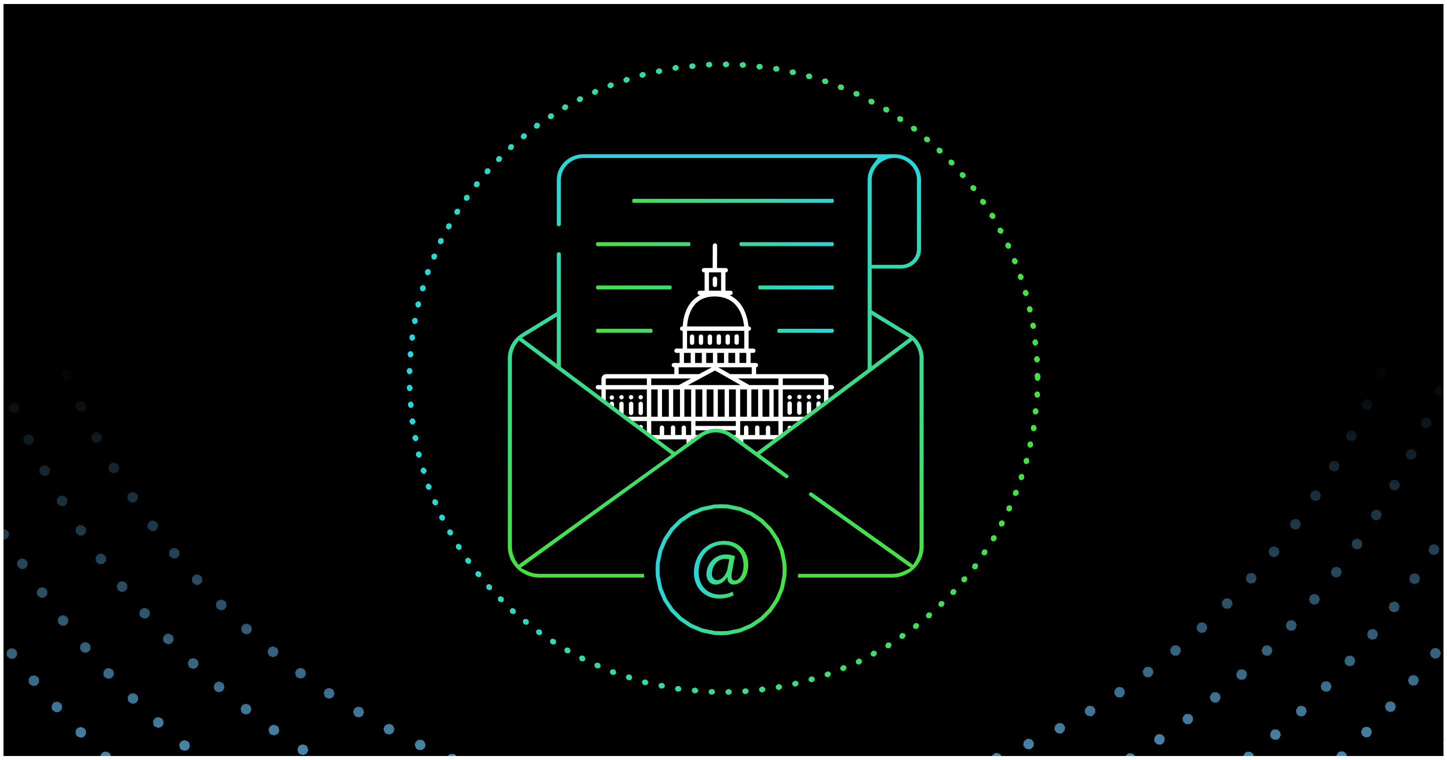

Tax News & Views

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Senate Finance Committee advances bipartisan TAS Act

On July 30, the Senate Finance Committee voted 26-1 to advance the Taxpayer Assistance and Service Act (TAS Act, S.3931), a bipartisan tax administration and procedural reform package sponsored by Senate Finance Committee Chairman Mike Crapo (R-Idaho) and Ranking Member Ron Wyden (D-Ore.). Sen. Elizabeth Warren (D-Mass.) was the only senator on the committee who voted in opposition. Some of the bill's provisions originated as recommendations of the National Taxpayer Advocate and are aimed at improving IRS-taxpayer communication, streamlining tax compliance, and expanding access to timely, expert assistance. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 9, Feb. 27, 2026.)

In their opening statements, Chairman Crapo and Ranking Member Wyden emphasized both the bipartisan nature of the legislation and its focus on improving the administration of the tax system. Chairman Crapo described the TAS Act as a "taxpayer first" proposal comprising more than 60 provisions intended to enhance the "taxpayer experience" and improve interactions with the IRS. "This product reflects years of bipartisan efforts to translate stories of casework frustrations into tangible fixes designed to make the IRS work more efficiently for the American people," Crapo said.

Ranking Member Wyden likewise described the proposal as a package of "common-sense changes" that would streamline tax administration and "bring our tax code into the 21st century." He said the legislation would help ensure taxpayers receive timely refunds, improve IRS customer service, and make it easier for taxpayers to obtain assistance during filing season and throughout the year.

Specifics of the bill

The proposal is organized into 10 titles comprising more than 60 individual provisions. These titles include:

- Tax administration and customer service
- American citizens abroad
- Judicial review
- Office of the Taxpayer Advocate
- Tax return preparers
- Appeals
- Whistleblowers
- Hostages
- Small businesses
- Miscellaneous

Across those titles, the legislation includes a broad range of tax administration reforms. Among its changes, it would require additional digitization of tax returns and correspondence, expand online taxpayer account capabilities, improve refund tracking tools, and establish public dashboards providing information on IRS backlogs and wait times.

The measure also would strengthen taxpayer procedural protections and expand access to judicial review. Among such provisions, it would authorize the Tax Court to issue subpoenas before hearings to facilitate settlements, make additional changes to court procedures and taxpayer appeal rights, and clarify the court's authority to provide relief from judgments and orders in certain circumstances, including cases involving fraud. The bill likewise includes provisions intended to strengthen the independence and effectiveness of the IRS Independent Office of Appeals and the Office of the Taxpayer Advocate, including giving these offices greater authority over the attorneys who provide legal support for their activities.

In addition, the legislation contains several targeted provisions affecting specific taxpayer groups. The bill would revise procedures governing whistleblower award determinations, strengthen oversight of tax return preparers, modify certain international tax administration rules affecting US citizens living abroad, and include measures intended to address compliance and administrative challenges facing small businesses.

Senators highlight individual provisions

Several senators used their opening statements to highlight specific provisions of the proposal. Collectively, the provisions discussed during the markup illustrated the breadth of the legislation, incorporating numerous bipartisan tax administration proposals into a single package.

Sen. James Lankford (R-Okla.), for example, focused on tax-exempt organizations, noting that many of these organizations rely on volunteers to help carry out their mission and face "unique challenges." He discussed a provision relating to review by the IRS Independent Office of Appeals in cases when the agency proposes to deny or revoke tax-exempt status, arguing that the changes would help promote a more "fair and neutral" process for all nonprofit organizations.

Sen. Charles Grassley (R-Iowa) highlighted provisions aimed at strengthening the IRS whistleblower program. He said the changes would help ensure that individuals who "risk their careers" to report corporate noncompliance can be confident that their identities will be protected and that any whistleblower awards will be determined fairly and in a timely manner. Separately, the IRS marked National Whistleblower Day with a press release this week stressing the impact of its whistleblower program, noting that information provided by whistleblowers has contributed to more than $8 billion in enforcement collections and more than $1.4 billion in award payments since the program's inception in 2007.

Sen. Mark Warner (D-Va.), meanwhile, pointed to provisions intended to improve taxpayer interactions with the IRS, noting that taxpayers can sometimes spend hours waiting on hold to speak with an IRS representative. Under the TAS Act, the IRS would be expected to deploy "universal callback technology" by calendar year 2028, allowing taxpayers to request a callback if a call to an applicable phone line has not been answered within five minutes.

Sen. Tina Smith (D-Minn.) also highlighted a provision in the proposal that would extend from March 1 to April 15 the deadline for farmers and fishermen to file their tax returns and pay any tax shown on those returns without triggering an estimated tax penalty.

Audit immunity amendment: Several other senators offered and withdrew amendments addressing other issues of interest to them. Only one was put to a vote. Ranking Member Wyden offered an amendment to nullify the agreement reached between President Trump and the Justice Department earlier this year providing audit immunity to the president and his family as well as related businesses for returns filed prior to the settlement date. He contended that it creates a two-tier system of justice and is fundamentally unfair. Though several committee Republicans have also expressed concern about that agreement, Sen. Thom Tillis (R-N.C.) argued that he was working to address that issue in connection with the pending nomination of Todd Blanche to be attorney general. Similarly, Chairman Crapo urged defeat of the amendment, arguing that the addition of a partisan provision would jeopardize passage of the bipartisan bill. The amendment was then defeated along party lines. The lone Democrat dissent on final passage pointed to the existing audit immunity agreement as the reason for objection.

IRS National Taxpayer Advocate

In addition to members of the Senate Finance Committee, National Taxpayer Advocate Erin Collins issued a statement after the committee voted to favorably report the legislation. Collins praised the measure for "protecting taxpayer rights, reducing unnecessary burdens, and improving tax administration for millions of taxpayers." She added that, taken together, the bill's more than 60 provisions represent "far-reaching practical and common-sense improvements" that would help the agency better serve taxpayers. (NTA press release)

What does it cost?

The Joint Committee on Taxation (JCT) estimated that the chairman's mark would reduce federal budget receipts by $49 million over fiscal years 2027 through 2036. Two of the proposal's costliest provisions are those that would create the automation of a refund offset bypass for certain low-income taxpayers and waive installment agreement fees for individuals whose adjusted gross incomes do not exceed 250 percent of the applicable poverty level.

All relevant documents to the TAS Act are available on the Senate Finance Committee website.

House tax administration proposals

The House Ways and Means Committee has already approved more than a dozen bipartisan proposals,[i] reflective of many of those contained within the TAS, about half of which subsequently were passed by the House. The Senate Finance Committee-approved legislation included measures, such as those aimed at providing tax-filing relief for hostages (H.R. 9496), improving the IRS whistleblower program (H.R. 7959), facilitating the scanning and digitization of tax returns, (H.R. 6956) and improving IRS services through technology modernization (H.R. 7971).

(For prior coverage of legislative action on the tax administration proposals, see *Tax News & Views*, Vol. 26, No. 13, April 4, 2025; *Tax News & Views*, Vol. 26, No. 48, Dec. 12, 2025; *Tax News & Views*, Vol. 27, No. 17, May 1, 2026; *Tax News & Views*, Vol. 27, No. 25, July 2, 2026.)

Next steps

The committee's approval of the TAS Act marks the next step forward for the legislation, although Senate leadership has not announced plans for floor consideration. With the Senate set to recess for the month of August next week and with a short pre-election session in September, supporters likely see the post-election "lame duck" legislative session as the most likely opening for further action.

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Senate advances package of noms, including Brooke to serve as Treasury deputy secretary; Bessent promotes Trump accounts

On July 30, the Senate voted 50-47 to begin the floor process for consideration of an ***en bloc*** package of more than 70 nominations, including Francis Brooke to serve as deputy secretary of the Treasury Department. With a successful vote this week, it is expected these nominations will be confirmed before the Senate begins its August recess. Reporting to Secretary Scott Bessent, Brooke will serve as the department's second-ranking official and will play a key role in overseeing Treasury's operations and implementing the administration's economic agenda. Movement on his confirmation comes as Treasury continues working on implementing guidance under the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21). (For prior coverage, see *Tax News & Views*, Vol. 27, No. 27, July 24, 2026.)

Brooke's nomination cleared the Finance Committee on July 23 by a 14-13 margin. During the Senate Finance Committee hearing on his nomination the prior week, Senate Finance Committee Chairman Mike Crapo (R-Idaho) endorsed Brooke's nomination and highlighted his experience, saying it would position him to support Treasury Secretary Scott Bessent and provide experienced leadership as the department carries out its responsibilities across tax, economic, and financial policy matters. Ranking Member Ron Wyden (D-Ore.), by contrast, said Brooke had failed to provide Congress with "straight answers" on issues involving the president and questioned whether he possessed the independence necessary to serve as Treasury's second-ranking official.

The ***en bloc*** package of nominations also includes Erin Browne to serve as Treasury undersecretary for international affairs, and Sriprakash Kothari and George McMaster, to serve as assistant secretaries of the Treasury for economic policy and financial markets, respectively.

Bessent promotes Trump accounts at financial literacy meeting

The pending confirmation comes as Treasury continues work on a range of OBBBA-related projects, including the recently launched Trump Accounts program. Treasury Secretary Scott Bessent used a July 27 meeting of the Financial Literacy and Education Commission to highlight Trump Accounts, a new tax-preferred investment account for minors created under section 70204 of the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21). Bessent said the accounts are intended to promote financial literacy and encourage broader participation in the stock market "by creating a new generation of shareholders" with a direct stake in investment performance. He also highlighted Treasury's financial education efforts, including what he described as 15 learning modules available through the Trump Accounts' application, which can be accessed on the Trump Account website.

The Trump Accounts' provision also established a pilot program that provides a one-time $1,000 seed investment from the federal government for eligible beneficiaries born after December 31, 2024, and before January 1, 2029. Taxpayers must file Form 4547, Trump Account Election(s), to establish an account. Although the accounts officially began to accept contributions just a few weeks ago (on July 4, 2026), Bessent said approximately 7 million children are already enrolled in the program, with 86 percent coming from families earning less than $200,000 annually. (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)

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Thune intends to bring CR to floor next week, reconciliation plans remain unsettled

With just one week remaining before the Senate is scheduled to begin a five-week state work period, Senate Majority Leader John Thune (R-S.D.) said in floor remarks on July 30 that he intends to bring a largely clean continuing resolution (CR) to the Senate floor the week of August 3rd, urging his fellow senators to support the measure. The CR, if approved, would keep the government operating past the end of fiscal year 2026 at the end of September and avoid a shutdown of many federal government functions as happened at the end of fiscal year 2025. Thune's comments echoed remarks he made earlier this week that he believes "we're on a path" to advancing a government funding measure before senators depart for the August state work period. He added that Senate Appropriations Committee Chair Susan Collins (R-Maine) is working with appropriators to draft a bipartisan continuing resolution to fund the government until after the midterm elections, although legislative text has not been publicly released. Senate lawmakers are expected to proceed next week to a roll call vote on a legislative vehicle for an anticipated CR.

The House recently passed its version of a continuing resolution – Making continuing appropriations for fiscal year 2027, and for other purposes, H.R. 9770) – which would fund the federal government, including the Treasury Department and the IRS, at current levels through December 4, roughly one month after the midterm elections. The measure passed largely along party lines. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 27, July 24, 2026.)

While Majority Leader Thune signaled that government funding remains the Senate's immediate focus, he also continued to downplay expectations for near-term action on a fiscal year 2027 budget resolution, which would be used to pave the way for another budget reconciliation effort. That timeline differs from the approach advocated by President Trump, who, writing in a series of social media posts (July 27 post, July 28 post), urged Senate Republicans to remain in Washington D.C. during the month of August to approve the Save America Act (H.R. 7296) and a fiscal year 2027 budget resolution.

Majority Leader Thune, however, has continued to push back on those calls, saying the SAVE America Act currently lacks the sufficient support to pass the Senate, noting that Republicans do not currently have the votes needed to reach the 60-vote threshold. He also acknowledged the challenges facing a third reconciliation effort, saying Republicans currently do not have the "50 votes" needed to adopt a budget resolution, which unlike most legislation can advance with a simple majority. Thune expressed hope that support could eventually coalesce. Notably, the House's adoption of the fiscal year 2027 budget resolution, the Concurrent Resolution on the Budget for Fiscal Year 2027, H. Con. Res. 113, focused on additional defense funding, farm aid, and election security spending but did not provide reconciliation instructions to the Ways and Means Committee, suggesting House leaders are not currently planning to use this reconciliation vehicle for additional tax legislation. However, as the Senate will need to amend the House-passed budget resolution before the reconciliation process can begin in earnest, the inclusion of instructions to the tax writing committees remains a possibility.

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OBBBA's car loan interest deduction rules under OIRA review

The Office of Information and Regulatory Affairs (RIN: 1545-BR75) received for review final regulations implementing amendments made by section 70203 of the law commonly known as the One Big Beautiful Bill Act (OBBBA, P.L. 119-21). The final rule will provide guidance on the deduction of qualified passenger vehicle loan interest and information reporting requirements for taxable years beginning after December 31, 2024, and before January 1, 2029. (Proposed regulations, REG-113515-25) (For prior coverage, see *Tax News & Views*, Vol. 27, No. 2, Jan. 9, 2026.)

The above-the-line deduction is capped at a maximum of $10,000 of interest during a given taxable year and begins to be phased out when the taxpayer's modified adjusted gross income exceeds $100,000 ($200,000 for joint filers). It applies to interest paid from tax year 2025 through 2028 on a qualified passenger vehicle, which is defined to include various types of personal and recreational vehicles and provides that the deduction is only available for vehicles whose final assembly occurs in the United States.

For further analysis on the OBBBA, see: *A closer look: Inside the new tax law* prepared by Deloitte Tax LLP's professionals.

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Trade corner

Trump, Greer express frustration around Europe trade deal

President Donald Trump said on social media July 24 that imported goods originating from the European Union could face new tariffs due to fines on large US technology companies, amplifying US Trade Representative Jamieson Greer's statement a day earlier indicating uncertainty around the US-European Union trade deal announced about a year ago, known as the Turnberry agreement. "The European Union will pay a very big price for this illegal and highly unethical conduct, which I have consistently warned them about," Trump posted. "The penalties will be entirely reversed and, we anticipate, a substantial TARIFF to be placed on them at the earliest possible moment." Greer on July 23 said a recently announced European Commission fine of nearly $1 billion on a top US tech firm was "the latest in an increasingly aggressive approach" following prior commission action under Europe's digital markets law on the company's operating system and search services and an EU announcement of its largest ever state-backed loan to an aviation company there. "We are trying to resolve our concerns with the EU's Digital Markets Act and other actions through responsible, constructive dialogue," Greer said. "But a real dialogue can only take place during a ceasefire. The EU's recent actions undermine these efforts and pose a real risk to the continuation of transatlantic stability with respect to trade."

On June 25, the EU Council formally adopted two regulations implementing the commitments in the Joint Statement of August 21, 2025, announcing a US-EU framework on an agreement on "reciprocal, fair and balanced trade," commitments that had been informally agreed upon on May 20 when the European Parliament and European Council announced a provisional agreement. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 25, July 2, 2026.)

Tariff offset process opened for car and medium- and heavy-duty vehicle engines

The Commerce Department issued a notice on July 29 launching the process for domestic manufacturers of automobile engines and medium- and heavy-duty vehicle (MHDV) engines to apply for import adjustment offsets for tariffs on imported automobile parts and MHDV parts. Import adjustment offsets, when approved, allow for a reduction of tariffs based on the amount of automobiles, medium- and heavy-duty vehicles and engines assembled in the US, and are intended to encourage increased US automotive production activity. Import adjustment offsets have only been made available for tariffs on automobile and medium- and heavy-duty vehicle parts under section 232 of the Trade Expansion Act of 1962.

This new engine offset process aligns with offsets for automobile manufacturers and MHDV manufacturers, with offset accruals based on the aggregate value of automobile engine and MHDV engines assembled in the US by the engine makers, with the same accrual percentage rate and US assembly restrictions as provided for car and MHDV makers. According to the notice, in the first two years of the engine offset process, only engine production operations that use two or more US-originating core engine components are eligible for offsets. For the third and any subsequent years, only engine production operations that use four or more US-originating core engine components qualify. The notice defined a core engine component as US-originating if it has been substantially transformed in the US, such as when it has undergone processing in the US "which results in an article having a fundamental change in form, appearance, nature, or character from that of any imported article used in its production."The procedures exclude certain engine assembly operations determined to be limited production operations from being considered in the calculation of offsets.

New suits challenge latest section 301 tariffs

Multiple lawsuits have been filed against the Trump administration over newly announced tariffs of 10 percent and 12.5 percent under section 301 of the Trade Act of 1974 on goods originating from 60 jurisdictions that USTR determined did not impose and/or adequately enforce a prohibition on goods produced with forced labor, which USTR found gives them advantages over US competition. The new Section 301 tariffs took effect July 24, directly after the temporary global 10 percent tariffs imposed under section 122 of the Trade Act of 1974 expired. One of the lawsuits, filed July 24 in the US Court of International Trade, said, "USTR failed to establish the required connection between the alleged foreign practices and the tariffs imposed," among other charges. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 27, July 24, 2026.)

Senate advances sanctions, tariff language

The Senate on July 29 advanced H.R. 5334, a House-passed bipartisan measure being used as a legislative vehicle for consideration of legislation to broaden Russia sanctions that includes expanded tariff powers for the executive branch. Senators from both sides of the aisle voted 84-12 in favor of a motion to proceed, a procedural step to advance the sanctions measure, titled the Lindsey O. Graham Sanctioning

Russia Act of 2026. An initial procedural step was agreed to a day earlier by a vote of 86-12 to start proceedings on the bill, for which supporters have provided a summary. Further action has been held up as some Republican and Democratic lawmakers oppose the tariff authority included in the legislation.

Provisions include tariffs of up to 100 percent on the top five countries importing Russian crude oil or natural gas, and an exception for countries importing less than 15 percent of Russia's natural gas exports so long as they are taking "significant steps" towards reducing those imports. The bill also includes a requirement for the US Trade Representative to reassess the top five importing countries in each category every 180 days and alter rates or covered countries based on purchasing behavior changes. An extra provision would also extend sanctions on Iran. (For prior coverage, see *Tax News & Views*, Vol. 27, No. 26, July 17, 2026.)

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