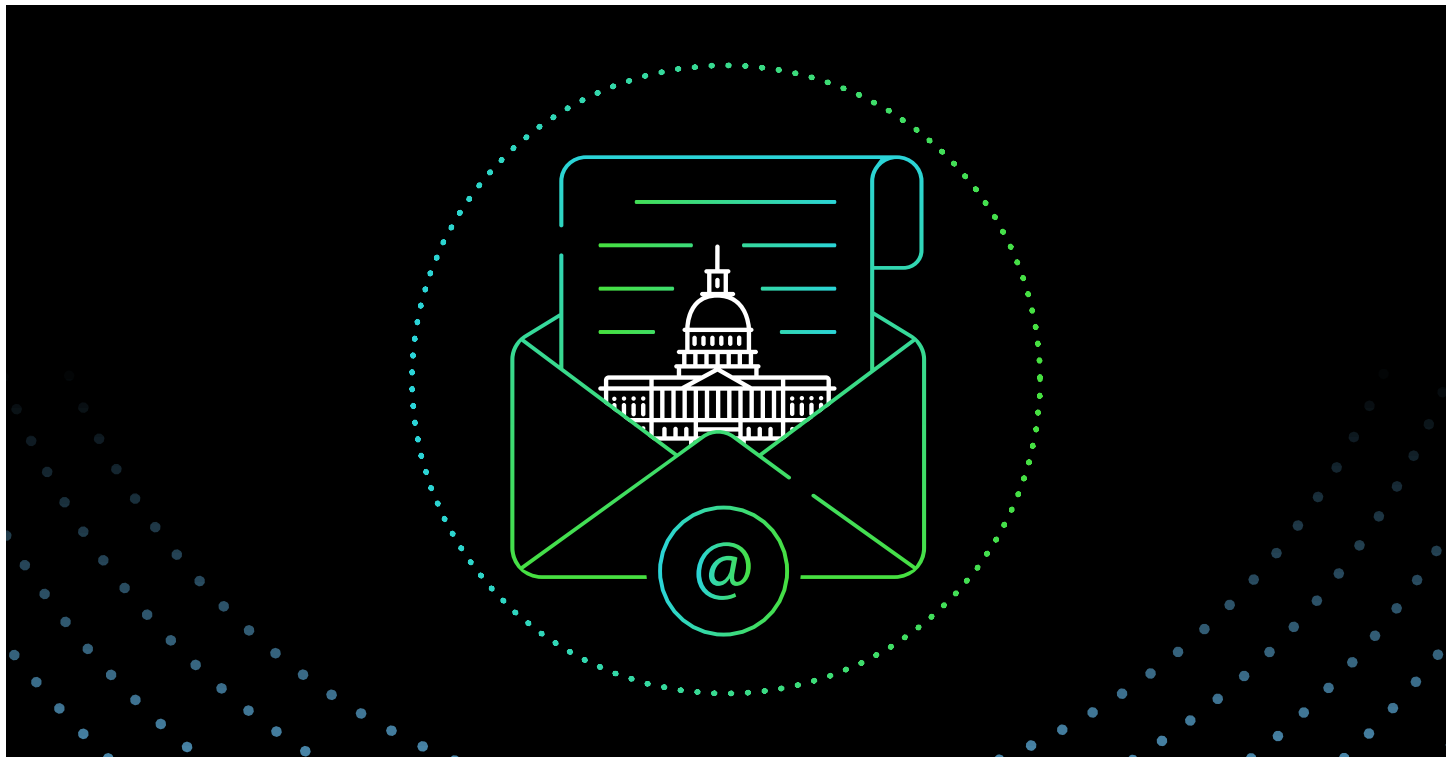




Tax News & Views

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Senate adopts TAS Act and other bipartisan tax bills before lawmakers depart for recess

The Senate passed the Taxpayer Assistance and Service Act (TAS Act, [H.R. 5349](#)) shortly before leaving Washington for a congressional recess that extends through the November midterm elections. Sponsored by Senate Finance Committee Chairman Mike Crapo (R-Idaho) and Ranking Member Ron Wyden (D-Ore.), the bipartisan package would enact a range of tax administration and procedural reforms aimed at improving IRS-taxpayer communication, streamlining tax compliance, and expanding access to timely, expert assistance. The legislation passed as a substitute amendment to the Tax Court Improvement Act (H.R. 5349), a House-passed measure. The Finance Committee cleared the tax administration bill July 30, in a 26-1 vote. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 28, July 31, 2026.)

Seeking a unanimous consent vote on the Senate floor, Sen. Crapo characterized the TAS Act as a “legacy piece of legislation,” and emphasized its bipartisan support. He said that the bill’s 65 taxpayer-focused provisions are designed to provide taxpayers with top quality service. Sen.



Wyden echoed those remarks, urging the “strongest possible support” for the measure, highlighting provisions that would strengthen the whistleblower program, improve customer service, and promote digitization of tax returns. ([Press release](#) from Sens. Crapo and Wyden after the bill was approved)

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 variety of tax administration provisions. 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. In addition, the legislation contains several targeted provisions affecting specific taxpayer groups. The bill would also revise procedures governing whistleblower award determinations, strengthen oversight of tax return preparers, and modify certain international tax administration rules affecting US citizens living abroad.

House tax administration proposals

Several provisions in the TAS Act are similar to, or are identical to, standalone tax administration bills that have already passed the House. Among them are measures to strengthen the IRS whistleblower program ([H.R. 7959](#)), facilitate the scanning and digitization of tax returns, ([H.R. 6956](#)) and improve IRS services through technology modernization ([H.R. 7971](#)).

Next steps: Attention now shifts to the House, which could take up the measure during the lame-duck session after the midterm elections. Following the Senate’s unanimous approval, it remains unclear whether the House will consider the Senate-passed bill as written, seek modifications, or use it as a framework for a broader year-end package.

(For additional 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.)

Senate passes taxpayer advocate bill

The Senate also passed by unanimous consent the bipartisan National Taxpayer Advocate Enhancement Act ([H.R. 997](#)), a separate measure that would strengthen the independence of the National Taxpayer Advocate (NTA) by authorizing the office to hire its own attorneys to represent taxpayer interests. Sponsored by Rep. Randy Feenstra (R-Iowa) and co-sponsored by Rep. Danny Davis (D-Ill.), the bill advanced through the House with overwhelming bipartisan support by a vote of 385-0. Senate approval came a day before lawmakers cleared the broader TAS Act package, which also includes a title relating to the Office of the Taxpayer Advocate.

The NTA is appointed by the Treasury secretary in consultation with the IRS commissioner and oversees the Office of the Taxpayer Advocate, which is charged with representing taxpayer interests independently in disputes with the IRS.

Next steps: The legislation now heads to President Trump for his signature. As of press time, he had not yet signed the bill but is expected to do so.

Senate passes hostages tax bill

Another bipartisan tax bill that cleared the Senate by unanimous consent is the End Tax Penalties on American Hostages Act ([H.R. 9496](#)), which was introduced by Reps. Claudia Tenney (R-N.Y.), Don Beyer (D-Va.) and Dina Titus (D-Nev.). The legislation would extend IRS due dates for hostages and persons wrongfully detained by disregarding a person's time in detention in determining deadlines, interest, and penalties for the person, similar to the rules applicable to a person deployed in a combat zone. It also would extend such relief to the spouse of the hostage or detainee. Previously, the House passed the measure by voice vote. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 31, Sept. 18, 2026.)

Next steps: The legislation now heads to President Trump for his signature. As of press time, he had not yet signed the bill but is expected to do so.

Pending nominations

The Senate's departure for recess this week has left two nominations affecting the IRS and the US Tax Court pending before the full chamber after no confirmation votes were taken. The Senate Finance Committee last week approved the nominations of James Gadwood to serve as IRS chief counsel and an assistant general counsel in the Treasury Department as well as Andrew De Mello to be a judge on the US Tax Court. However, final Senate action will now wait until after the November midterm elections.

The Office of the Chief Counsel plays a key role in developing guidance and regulations that implement tax legislation, including provisions under the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)). The US Tax Court, meanwhile, serves as an independent judicial forum for resolving tax disputes.

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TIGTA reviews tax collection, AI issues; GAO focuses on tax fraud

The Treasury Inspector General for Tax Administration (TIGTA) released reports on tax collection practices and artificial intelligence (AI) procedures, while the General Accountability Office (GAO) issued a report on tax fraud.

Tax collection practices

In a recent [report](#), TIGTA found that the IRS failed to consistently track potential Fair Tax Collection Practice (FTCP) and Fair Debt Collection Practices Act (FDCPA) violations, with many cases either miscoded or omitted from agency tracking systems. The report also uncovered dozens of potential FDCPA violations and several potential FTCP violations involving private collection agency employees. TIGTA recommended additional guidance and training for IRS employees and managers. While the IRS said it would implement corrective actions, it only partially agreed with the recommendations, favoring updated guidance and written communication over additional training in some areas. TIGTA also said that disciplinary actions taken by the contractors were consistent with their internal policies, and no taxpayer damage awards resulted from cases reviewed during the period.

AI practices

In a separate [report](#) released this week, TIGTA reviewed five AI use cases that the IRS classified as "high impact" and found shortcomings in its risk management practices. TIGTA found that the IRS did not fully document its risk evaluations, noting that two of the five lacked a documented impact assessment. The watchdog also reported that the IRS did not adequately document how it assessed the "quality and appropriateness" of data used in the AI applications. TIGTA indicated that AI risk management for high-impact use cases is important because these cases may materially affect taxpayer outcomes. The report noted that responsible use of AI depends on data that is appropriate for the AI modeling approach and use. The watchdog recommended that the IRS ensure impact assessments for high-impact AI use cases are completed in accordance with Office of Management and Budget policy and establish standard procedures for evaluating data quality in AI use cases. The IRS agreed with both recommendations.

Tax fraud

A GAO [report](#) estimated that federal tax fraud costs the federal government between \$116 billion and \$304 billion annually, equal to roughly 2 percent to 6 percent of total federal tax liability in tax year 2022, the most recent year for which an estimate is available. The estimate draws on IRS fraud and potential fraud cases, tax-gap data, and tax evasion associated with the shadow economy. Although the IRS has used fraud-detection and enforcement tools to prevent billions of dollars in improper refunds, GAO found that the agency lacks key elements of a comprehensive fraud-risk framework. In addition, while IRS routinely assesses fraud risks, GAO found that it has not developed a formal anti-fraud strategy or designated a centralized entity to coordinate fraud-prevention efforts across the agency. According to GAO, implementing those measures could strengthen IRS's ability to strategically manage fraud risks and help reduce the billions of dollars in tax revenue lost to fraud each year.

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Treasury, IRS release Trump Account regs on auto enrollment, investment fund strategy rules, priority guidance plan

The Treasury Department and the IRS released guidance on a variety of tax issues, including new temporary and proposed regulations on the auto enrollment procedures for Trump Accounts and rules involving potentially abusive investment strategies for financial products. They also released the 2026-2027 Priority Guidance Plan, outlining projects they expect to address during the coming year.

Treasury, IRS unveil plan to auto-enroll millions of children in Trump Accounts

The Treasury Department and the IRS released temporary ([T.D. 10056](#)) and proposed regulations ([CC-00226466-26](#)) providing guidance on the operation of Trump Accounts under section 530A. A key feature of the temporary regulations is the establishment of automatic enrollment procedures for eligible children for whom a Trump Account election has not previously been made. The guidance also establishes a master group trust feature that allows individual Trump Accounts to hold eligible investments indirectly through their interests in the trust without disclosing taxpayer information. In addition, the regulations provide rules governing account activation, administration, and the process for claiming automatically established accounts.

Treasury Secretary Scott Bessent said in a [press release](#) this week that the guidance would help expand participation in the program.

"Millions of children have already enrolled in Trump Accounts. With automatic enrollment, over 60 million more eligible children now have an account ready to be claimed." He added that, "[t]his is a transformative milestone in the Trump Administration's effort to give every American child the opportunity to build generational wealth and jump-start their financial future."

Trump Accounts were established by section 70204 of the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)). They are a new type of tax-preferred savings account for minors that are in some ways similar to a traditional individual retirement account. The program allows for annual non-deductible cash contributions up to \$5,000 (indexed for inflation) to the account before the calendar year in which the beneficiary reaches age 18. It also allows for a tax-preferred employer contribution of up to \$2,500 (indexed for inflation) per employee or his or her dependent.

Under the OBBBA, a pilot program provides for a one-time government-funded contribution of \$1,000 to beneficiaries born after December 31, 2024, and before January 1, 2029. The IRS developed and released [Form 4547, Trump Account Election\(s\)](#) – which taxpayers must file to open a Trump Account for the exclusive benefit of an eligible child. The website, www.trumpaccounts.gov provides additional program information, including frequently asked questions and answers.

The guidance also provides requirements for establishing accounts and rules governing qualified general contributions, including qualified stock contributions. The guidance would affect Trump Account trustees, beneficiaries, responsible parties, and eligible donors making contributions to the accounts. The proposed regulations also withdrew a prior notice of rulemaking ([REG-117270](#)) and repropounded those regulations as CC-00226466-26.

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

Treasury, IRS provides guidance on certain potentially abusive investment fund strategies

[Notice 2026-62](#) provides guidance on certain investment fund strategies involving financial products and describes certain additional actions under consideration that the Treasury Department considers to be potentially abusive. The notice requests comments on the transactions. Concurrently with this notice, the Treasury Department and the IRS issued [Rev. Rul. 2026-20](#), which addresses the federal tax treatment of a specific transaction involving a newly formed exchange traded fund. (Deloitte Tax LLP tax [alert](#))

Treasury, IRS eliminate 71 guidance items

As part of President Trump's push for deregulation, [Notice 2026-58](#) identified and made obsolete 71 items of published guidance, including revenue rulings, revenue procedures, notices, and announcements contained in the Internal Revenue Bulletin. (For prior coverage of the Department of Government Efficiency deregulatory initiative, see [Tax News & Views](#), Vol. 26, No. 9, .Feb. 28, 2025.)

Other recently issued guidance

The following is a list of the other recently issued guidance.

01. Proposed regulations ([REG-117095-25](#)) on qualified farmland sales. (IRS [press release](#))
02. [Notice 2026-52](#) on the penalty for failing to deposit remittance excise tax; this relief builds on [Notice 2025-55](#).
03. [Notice 2026-60](#) providing updated per diem rates for meals and incidental expenses.
04. [Notice 2026-63](#) provides relief for taxpayers affected by the 2025-2026 terrorist attack in Israel. (IRS [press release](#))
05. Proposed regulations ([REG-117199-25](#)) on the federal scholarship tax credit. (IRS [press release](#))

In addition, Deloitte Tax LLP issued a special [alert](#) on proposed regulations ([REG-119886-25](#)) addressing racial nondiscrimination in private schools. (Treasury [press release](#), IRS [press release](#))

Priority guidance plan

The Treasury Department and the IRS released the [2026-2027 Priority Guidance Plan](#), which identifies 121 guidance projects for the plan year running from Oct. 1, 2026, through Sept. 30, 2027. The plan highlights priorities including implementation of the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)), deregulation and burden reduction, as well as guidance on tax-exempt organizations, tribal tax issues, digital assets, and other areas. An appendix also lists routine projects that are typically included each plan year.

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

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Republicans announce OBBBA field hearing

Congressional Republicans continue to spotlight the economic benefits they say stem from the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)). As part of that effort, House Ways and Means Committee Chairman Jason Smith (R-Mo.) [announced](#) that the committee will hold a field hearing in Collierville, Tennessee on Oct. 6 at 9:00 a.m. CT focused on the law's effects on small businesses, manufacturing, and working families. As of press time, a witness list had not yet been announced.

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Trade corner

White House releases details on trade with China after Trump hosts Chinese leader

The US and China recommended low-barrier trade in non-sensitive goods worth approximately \$30 billion to each side, according to a White House announcement on September 25 after President Donald Trump hosted Chinese President Xi Jinping in Washington. Goods that may be included are US [imports](#) of small appliances, toys, sporting goods, holiday decorations and children's safety equipment like car seats in a list of 77 items, as well as more than 1,600 US [exports](#) of agricultural goods, fish and seafood, wood, cosmetics, medical devices and more. The proposed plan came together through the new US-China Board of Trade, which was first announced after Trump visited Beijing in May. Negotiators who labeled the myriad recommendations [the "30-for-30" framework](#) said tariff reductions on the products on the two approved lists will be determined and implemented per the two sides' domestic legal processes, and they don't expect adjustments more than once a year. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 19, May 22, 2026.)

Beyond the Board of Trade news, the White House announcement – released in the form of a [fact sheet](#) – also said the two countries established their new Board of Investment, as first announced in May, to discuss potential investment opportunities and impediments. In addition, China agreed to import at least 10 million metric tons of US coal next year and again in 2028. It also said Trump and Xi intend to attend upcoming summits that each are scheduled to host later this year – the Asia-Pacific Economic Cooperation meeting in November in Shenzhen, China, and the G20 leaders' meeting in December in Miami.

Just ahead of Trump's meeting Xi, Treasury Secretary Scott Bessent said in a television interview on September 23 that the US and China would extend a trade truce by two months. "That is going to be extended until January 10 to give us more time to see what we can do on the economic front," he told Fox News. US Trade Representative Jamieson Greer later described the two-month extension as a time to take stock of commerce between the two countries, telling CNBC September 25 that it was a "compliance" period and adding that "it's a time for us to assess, reassess and determine whether or not to continue this period of relative peace on the economic front with the Chinese" related to agriculture and critical mineral commitments.

The fact sheet did not directly address the status of a trade truce between the two nations, set to expire November 10, though it said they continue to work on US concerns regarding supply chain shortages of rare earths and other critical minerals, "with the goal of ensuring shipment levels return to appropriate levels." The detente, which dates to last fall, delayed tariffs on cargo handling equipment and increases to existing tariffs and paused tight export restrictions on items such as Chinese rare earth minerals and US advanced microprocessors, for example.

Commerce issues rule to prevent polysilicon stockpiling

A [temporary final rule](#) from the Commerce Department took effect on September 22 to keep companies from stockpiling polysilicon or polysilicon derivatives before import adjustments under section 232 of the Trade Expansion Act of 1962 become effective on December 4. The temporary rule, which is effective through December 3, announced the criteria and explained the process the Bureau of Industry and Security (BIS) will use to monitor existing companies for evidence of stockpiling, such as flagging "volumes substantially greater than their historic averages," according to the temporary rule. It also explained how BIS will limit a newly established importer's ability to stockpile, and subject companies that are stockpiling to an import prohibition if necessary. The temporary rule also establishes the process for such companies to obtain a waiver from any import prohibitions imposed pursuant to this rule, and imposes certain import limitations on new importers that register with Customs and Border Protection on or after August 6, the issuance date of [Presidential Proclamation 11052](#), "Adjusting Imports of Polysilicon and Its Derivatives Into the United States." (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 29, Aug. 7, 2026.)

Notice defines drugs, countries exempt from 100 percent tariffs

The Commerce Department issued a [notice](#) on September 23 defining pharmaceutical products and listing jurisdictions eligible for a zero percent tariff rate pursuant to [Presidential Proclamation 11020](#), "Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients Into the United States." The proclamation, issued on April 2, set a 100 percent tariff rate on patented pharmaceuticals and ingredients under section 232 of the Trade Expansion Act of 1962. Products eligible for the exemption fall into nine categories: drugs where all approved indications are designated as orphan; nuclear medicines; plasma-derived therapies; fertility drugs; cell therapy products; gene therapy products; antibody drug conjugates; medical countermeasures related to chemical, biological, radiological and nuclear threats; and animal health products. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 15, April 17, 2026.)

The notice also includes definitions for the nine categories of eligible products. Jurisdictions eligible for the tariff adjustment include Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, the European Union, Guatemala, India, Indonesia, Japan, Jordan, Malaysia, North Macedonia, the Republic of Korea, Switzerland and Liechtenstein, Taiwan, Thailand, the United Kingdom and Vietnam. The notice also sets forth the process to apply for an exemption from the section 232 tariff for pharmaceuticals products that “meet an urgent US health need.”

President signs new law expanding Russia sanctions, tariffs

On September 18, Trump [signed](#) into law the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, broadening sanctions on Russia and expanding tariff powers for the executive branch via [Senate amendments](#) to H.R. 5334. One provision mandates a 500 percent tariff on Russian imports; another authorizes tariffs up to 100 percent on the top five countries importing Russian crude oil or natural gas or that are among the top five facilitators of Russian oil sanctions evasion, with 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 new law also requires the US Trade Representative to reassess the top five importing countries in each category every 180 days and alter rates or the covered countries based on purchasing behavior changes. “If necessary, I will have to use them,” Trump said of the new tariff authority in a speech September 22 at the United Nations. The law also extends sanctions on Iran. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 31, Sept. 18, 2026, and [Tax News & Views](#), Vol. 27, No. 29, Aug. 7, 2026.)

Early childhood educators: The Russia sanctions bill also includes an unrelated provision expanding the educator expense deduction to certain early childhood educators, including pre-kindergarten teachers. The educator provision became law after the Senate repurposed a House-passed bill containing the measure as the legislative vehicle for the Russia sanctions legislation. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 32, Sept. 25, 2026.)

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A note on our publication schedule

The Senate adjourned for its congressional recess and is not scheduled to return until the week of November 9th, following the midterm elections. The House is currently on a district work period and likewise is not expected to return until after the elections. Barring any significant and unexpected developments on the tax policy front, the next edition of *Tax News & Views* will not be published until the week of November 9th.

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