



# Current Federal Tax Developments

February 5, 2024

Kaplan Financial Education

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## **This Week We Look At:**

Bipartisan extender bill is passed by the House, but faces uncertain future in the Senate

A limited, single-year SALT cap relief bill will be brought to the House floor as part of the compromise to pass the bipartisan bill

Tax filing season for 2023 return begins this week

A cautionary tale about phishing being used to obtain client tax information

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<https://www.currentfederaltaxdevelopments.com>





## Bipartisan Extenders Bill Passes House, Faces Uncertain Future in the Senate



Photo by [Alejandro Barba](#) on [Unsplash](#)

- HR 7024, "Tax Relief for American Families and Workers Act of 2024," passed House of Representatives, January 31, 2024
  - The bill passed the House of Representatives unchanged on January 31, 2024
  - Passed on a motion to suspend the rules - 357-70 in favor (required a  $\frac{2}{3}$  majority yes vote)

<https://www.congress.gov/118/bills/hr7024/BILLS-118hr7024eh.pdf>

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### VOTES BY PARTY

PARTY	YEAS	NAYS	PRESENT	NOT VOTING
Republican	169	47	0	3
Democratic	188	23	0	2
Independent	0	0	0	0
Total	357	70	0	5

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- HR 7024, “Tax Relief for American Families and Workers Act of 2024,” passed House of Representatives, January 31, 2024
  - Reports later in the week suggested that the overwhelming support in the House is not having the effect of pushing the Senate to act
  - Senate is scheduled to go out on recess beginning February 12 (one week)
  - Not clear if the bill will pass, if there will be changes and, if it does become law, when that would happen

<https://www.congress.gov/118/bills/hr7024/BILLS-118hr7024eh.pdf>



## SALT Cap Partial Short-Term Relief to Be Brought to a Vote in the House



Photo by [Alejandro Barba](#) on [Unsplash](#)

- HR 7160, “SALT Marriage Penalty Relief Act,” Introduced January 31, 2024
  - Republicans from higher tax states had threatened to block a vote on any tax bill that did not include SALT cap relief
  - Speaker Johnson has promised not to bring a bill to the floor without such a provision in 2023 in the process that led to his election as Speaker of the House
  - Agreed to bring a very limited short-term SALT relief bill to the floor in the House in order to secure passage of HR 7024

<https://www.congress.gov/bill/118th-congress/house-bill/7160/text>



## SALT Cap Partial Short-Term Relief to Be Brought to a Vote in the House

### SEC. 2. MODIFICATION OF LIMITATION ON DEDUCTION FOR CERTAIN STATE AND LOCAL TAXES.

**(a) In General.**—Section 164(b)(6) of the Internal Revenue Code of 1986 is amended by adding at the end the following: “In the case of a joint return for a taxable year beginning after December 31, 2022, and before January 1, 2024, if the taxpayer’s adjusted gross income for such taxable year is less than \$500,000, subparagraph (B) shall be applied by substituting ‘\$20,000’ for ‘\$10,000’.”.

**(b) Effective Date.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2022.

<https://www.congress.gov/bill/118th-congress/house-bill/7160/text>



## SALT Cap Partial Short-Term Relief to Be Brought to a Vote in the House



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- HR 7160, “SALT Marriage Penalty Relief Act,” Introduced January 31, 2024
  - It’s not clear if there are the votes to pass this bill, although pointing out the marriage penalty may help passage
  - Note that there is no way the IRS could automate refunds arising from this provision, as this could easily be the difference between itemizing and not itemizing deductions

<https://www.congress.gov/bill/118th-congress/house-bill/7160/text>





## Tax Filing Season Began on January 29



Photo by [Clemens van Lay](#) on [Unsplash](#)

- “2024 tax filing season starts as IRS begins accepting tax returns today; taxpayer help expands this year with more in-person hours, better service, improved tools”, IR-2024-24, January 29, 2024
  - IRS began accepting returns on January 29
  - Reminds taxpayers this year returns are due on April 15, 2024 (except in Maine or Massachusetts where it will be April 17, 2024 due to Patriot’s Day and Emancipation Day)
  - “Where’s My Refund” will provide more detailed information this year

<https://www.irs.gov/newsroom/2024-tax-filing-season-starts-as-irs-begins-accepting-tax-returns-today-taxpayer-help-expands-this-year-with-more-in-person-hours-better-service-improved-tools>

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- “2024 tax filing season starts as IRS begins accepting tax returns today; taxpayer help expands this year with more in-person hours, better service, improved tools”, IR-2024-24, January 29, 2024
  - The agency expects to receive 146 million individual income tax returns
  - Uncertainty about potential tax changes complicate filing decisions
    - IRS would recalculate refunds for child tax credit
    - But other items can't be automatically corrected by the IRS

<https://www.irs.gov/newsroom/2024-tax-filing-season-starts-as-irs-begins-accepting-tax-returns-today-taxpayer-help-expands-this-year-with-more-in-person-hours-better-service-improved-tools>

## Tax Firms - Watch Out for Phishing Emails



Photo by ElyD on Unsplash

- Kelly Phillips Erb, “How One Small Click Led To Big Headaches For A Tax And Accounting Firm,” Forbes Online, February 2, 2024
  - New Forbes newsletter begins by giving the case of a Texas CPA firm that fell victim to a phishing email
  - Part-time staffer received an email purporting to be from Microsoft for an Office 365 password expiration notice
  - After she responded to the notice and “updated” her password, the firm noticed unusual downloads - shut down her access

<https://www.forbes.com/sites/kellyphillipserb/2024/02/02/how-one-small-click-led-to-big-headaches-for-a-tax-and-accounting-firm/?sh=26a9d111758f>

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Photo by FlyD on Unsplash

- Kelly Phillips Erb, “How One Small Click Led To Big Headaches For A Tax And Accounting Firm,” Forbes Online, February 2, 2024
  - However, as the attackers had access to her email account for a period of time, they were able to do a password reset on her access to the firm portal
  - The damage was done--they had obtained access to confidential client information
  - Article details the steps the firm had to take to deal with the situation
  - Also made clear no one is “too small” to be targeted

<https://www.forbes.com/sites/kellyphillipserb/2024/02/02/how-one-small-click-led-to-big-headaches-for-a-tax-and-accounting-firm/?sh=26a9d111758f>

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  - Remember that you operate under IRS standards for data protection and, if you are a CPA, the newly effective data protection rules of SSTS §1.3
  - Steps that could have prevented or limited the damage in this situation
    - Two factor authentication (though could be limited in impact--but likely would have blocked the portal password change)
    - Training staff in likely security attacks (phishing is the big one)

<https://www.forbes.com/sites/kellyphillipserb/2024/02/02/how-one-small-click-led-to-big-headaches-for-a-tax-and-accounting-firm/?sh=26a9d111758f>

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  - Note that both of those precautions are mentioned in the SSTS that took effect on January 1, 2024
  - IRS has already warned professionals of the “new client” scams ramping up as always at the beginning of tax season.

<https://www.forbes.com/sites/kellyphillipserb/2024/02/02/how-one-small-click-led-to-big-headaches-for-a-tax-and-accounting-firm/?sh=26a9d111758f>

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