AICPA Update

KS CPA 76th Annual Tax Conference
November 19, 2026

Todd Sloves
Director of Congressional & Political Affairs



Reema Patel
Senior Manager, Tax Policy & Advocacy

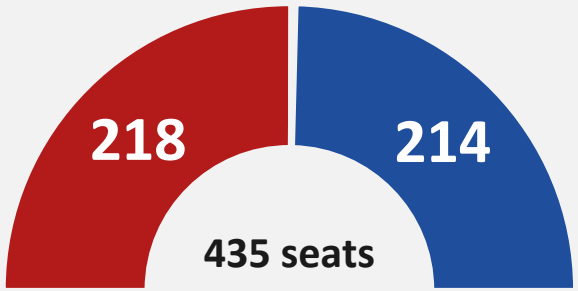




Post-election Update

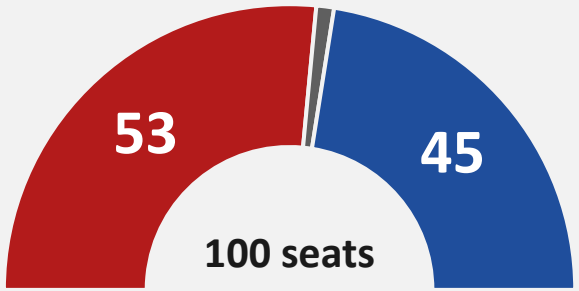
119th Congress — Current Party Composition (2026)

HOUSE OF REPRESENTATIVES



Republicans	**218**
Independent (caucuses with GOP)	**1**
Vacancies	**2**
Democrats	**214**

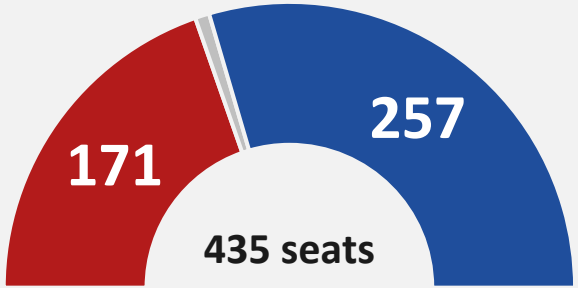
SENATE



Republicans	**53**
Independents (caucus with Democrats)	**2**
Democrats	**45**

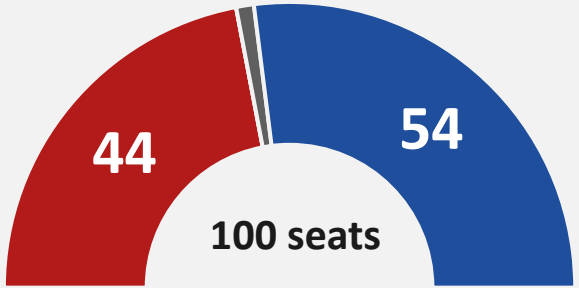
120th Congress — Projected Party Composition* (2027)

HOUSE OF REPRESENTATIVES



Republicans	171
Not yet called	7
Democrats	257

SENATE



Republicans	44
Not yet called	0
Independents (caucus with Democrats)	2
Democrats	54

*Called by the Associated Press as of 12 p.m., November 18, 2026

120th Congress

Chamber Leadership

House Speaker



Hakeem Jeffries
D - New York

Senate Majority Leader



Charles Schumer
D - New York

House Minority Leader



Jim Jordan
R - Ohio

Senate Minority Leader



John Thune
R - South Dakota

Senate Finance leadership

Chair



Ron Wyden
D - Oregon

Ranking Member



Mike Crapo
R - Idaho

House Ways and Means Leadership

Chair



Richard Neal
D - Massachusetts

Ranking Member



Jason Smith
R - Missouri

Projected leadership scenario

Ways and Means will add at least a dozen new members

Republican	Democrat
Jason Smith (MO), Chair	Richard E. Neal (MA), Ranking Member
~~Vern Buchanan (FL)~~	~~Lloyd Doggett (TX)~~
Adrian Smith (NE)	~~Mike Thompson (CA)~~ **(Tax Sub)**
Mike Kelly (PA)	~~John B. Larson (CT)~~
~~David Schweikert (AZ)~~	~~Danny K. Davis (IL)~~
Darin LaHood (IL)	Linda T. Sánchez (CA)
~~Jodey C. Arrington (TX)~~	Terri A. Sewell (AL)
Ron Estes (KS)	Suzan K. DelBene (WA)
Lloyd Smucker (PA)	Judy Chu (CA)
~~Kevin Hern (OK)~~	Gwen Moore (WI)
Carol D. Miller (WV)	Brendan F. Boyle (PA)
~~Gregory F. Murphy (NC)~~	Donald S. Beyer, Jr. (VA)
David Kustoff (TN)	~~Dwight Evans (PA)~~

Republican	Democrat
~~Brian K. Fitzpatrick (PA)~~	Bradley Scott Schneider (IL)
W. Gregory Steube (FL)	Jimmy Panetta (CA)
Claudia Tenney (NY)	~~Jimmy Gomez (CA)~~
Michelle Fischbach (MN)	Steven Horsford (NV)
Blake D. Moore (UT)	~~Stacey E. Plaskett (VI)~~
Beth Van Duyne (TX)	Thomas R. Suozzi (NY)
~~Randy Feenstra (IA)~~	
Nicole Malliotakis (NY)	
~~Mike Carey (OH)~~	
Rudy Yakym III (IN)	
~~Max L. Miller (OH)~~	
Aaron Bean (FL)	
Nathaniel Moran (TX)	

Ratio — **26 majority** **19 minority**

Departing — **9 Republicans** **7 Democrats**

Senate Finance Republicans reshaped

Republican	Democrat
Mike Crapo (ID), Chair	Ron Wyden (OR), Ranking Member
Chuck Grassley (IA)	Maria Cantwell (WA)
~~John Cornyn (TX)~~	Michael F. Bennet (CO)
John Thune (SD)	Mark R. Warner (VA)
Tim Scott (SC)	Sheldon Whitehouse (RI)
~~Bill Cassidy (LA)~~	Margaret Wood Hassan (NH)
James Lankford (OK)	Catherine Cortez Masto (NV)
~~Steve Daines (MT)~~	Elizabeth Warren (MA)
Todd Young (IN)	Bernard Sanders (VT)
John Barrasso (WY)	~~Tina Smith (MN)~~
Ron Johnson (WI)	Ben Ray Luján (NM)
~~Thom Tillis (NC)~~	Raphael G. Warnock (GA)
~~Marsha Blackburn (TN)~~	Peter Welch (VT)
~~Roger Marshall (KS)~~	

Current Ratio



14 Majority



13 Minority

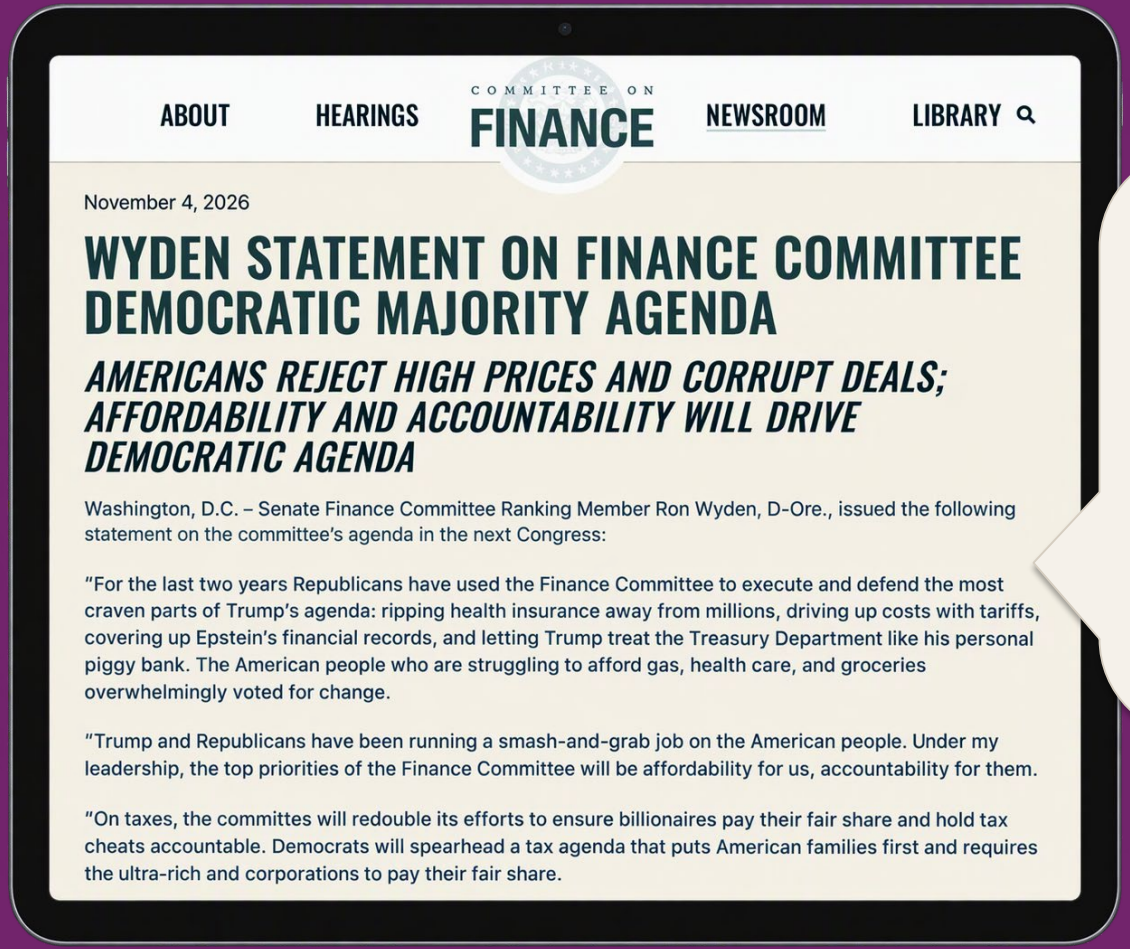
Departing



6 Republicans



1 Democrat



"On taxes, the committee will redouble its efforts to ensure billionaires pay their fair share and hold tax cheats accountable.

Democrats will spearhead a tax agenda that puts American families first and requires the ultra-rich and corporations to pay their fair share."

Wyden Lines Up Oversight Probes for 2027

As Senate Finance ranking member, Wyden has spent two years setting up probes.

Bloomberg Tax Daily Tax Report: State

Big Tech, Audit Immunity Deal Top Wyden's Growing List of Probes

Macon Atkinson | Nov. 9, 2026, 4:50 AM EST

The Senate's top tax writer has been steadily laying the groundwork for the key role he will play in Democrats' oversight efforts next Congress.

Sen. Ron Wyden (D-Ore.), who has served on Senate Finance since 2005, has wielded his power as ranking member to tee up a flurry of investigations in previous sessions. He's all but assured to be a thorn in President Donald Trump's side…

FIVE AREAS OF FOCUS

1	**BIG TECH**	Led Senate Democrats pressing Meta on using R&D tax credits to fund data centers.
2	**TRUMP AUDIT DEAL**	Fought the IRS deal shielding Trump from audits; backed Neal bill to rescind it.
3	**IRS STAFFING**	Pressed IRS CEO Bisignano on staffing contradictions and cuts to advanced leave.
4	**TAX AVOIDANCE**	Urged Treasury to curb long-short loss strategies; probing Big Four Malta shelters.
5	**BIG PHARMA**	Multiyear probe of offshore profit-shifting by Pfizer, Amgen, Merck and Abbott.

Source: Macon Atkinson, "Big Tech, Audit Immunity Deal Top Wyden's Growing List of Probes," Bloomberg Tax, Nov. 9, 2026. Article preview recreated from the source.

Oversight: Dems split on corporate scrutiny in 120th Congress

The Democratic majority will face pressure to scrutinize private entities' actions during the first two years of the Trump administration.

Shared priority

Oversight of the Trump administration

Point of division

Whether to investigate entities that acted to stay in the administration's good graces

Potential focus

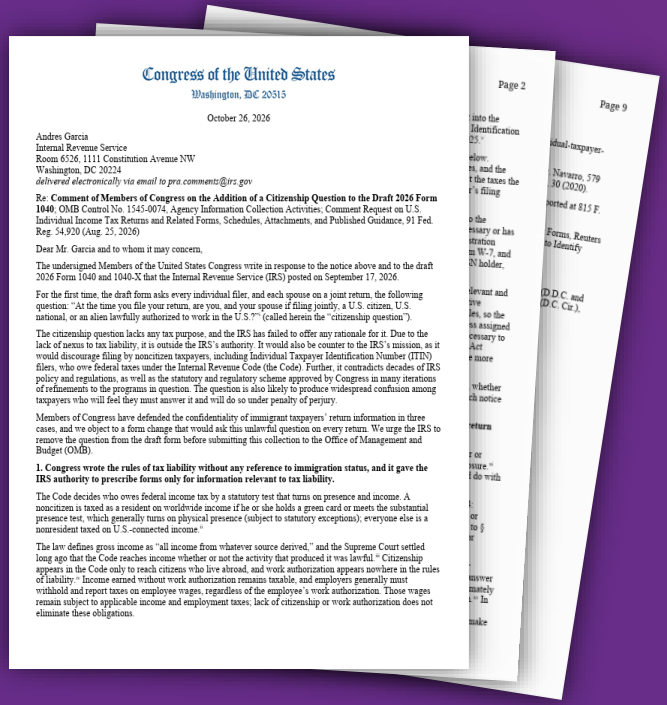
- Tech and social media companies
- Cryptocurrency firms
- Contributors to the White House ballroom and other administration projects







IRS oversight comes into focus



Congress of the United States
Washington, DC 20515

October 26, 2026

Andres Garcia
Internal Revenue Service
Room 6526, 1111 Constitution Avenue NW
Washington, DC 20224
delivered electronically via email to pra.comments@irs.gov

Re: **Comment of Members of Congress on the Addition of a Citizenship Question to the Draft 2026 Form 1040**; OMB Control No. 1545-0074; Agency Information Collection Activities; Comment Request on U.S. Individual Income Tax Returns and Related Forms, Schedules, Attachments, and Published Guidance, 91 Fed. Reg. 54,920 (Aug. 25, 2026)

Dear Mr. Garcia and to whom it may concern,

The undersigned Members of the United States Congress write in response to the notice above and to the draft 2026 Form 1040 and 1040-X that the Internal Revenue Service (IRS) posted on September 17, 2026.

For the first time, the draft form asks every individual filer, and each spouse on a joint return, the following question: "At the time you file your return, are you, and your spouse if filing jointly, a U.S. citizen, U.S. national, or an alien lawfully authorized to work in the U.S.?" (called herein the "citizenship question").

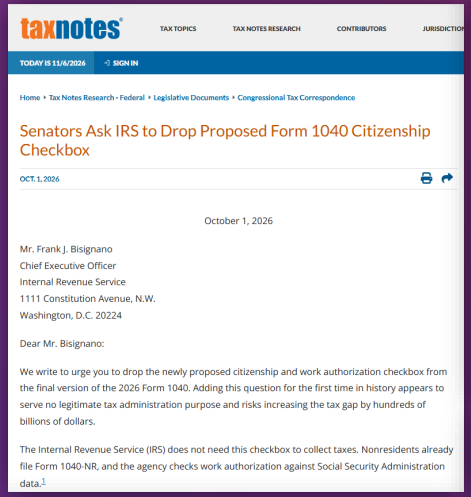
The citizenship question lacks any tax purpose, and the IRS has failed to offer any rationale for it. Due to the lack of nexus to tax liability, it is outside the IRS's authority. It would also be counter to the IRS's mission, as it would discourage filing by noncitizen taxpayers, including Individual Taxpayer Identification Number (ITIN) filers, who owe federal taxes under the Internal Revenue Code (the Code). Further, it contradicts decades of IRS policy and regulations, as well as the statutory and regulatory scheme approved by Congress in many iterations of refinements to the programs in question. The question is also likely to produce widespread confusion among taxpayers who will feel they must answer it and will do so under penalty of perjury.

Members of Congress have defended the confidentiality of immigrant taxpayers' return information in three cases, and we object to a form change that would ask this unlawful question on every return. We urge the IRS to remove the question from the draft form before submitting this collection to the Office of Management and Budget (OMB).

1. Congress wrote the rules of tax liability without any reference to immigration status, and it gave the IRS authority to prescribe forms only for information relevant to tax liability.

The Code decides who owes federal income tax by a statutory test that turns on presence and income. A noncitizen is taxed as a resident on worldwide income if he or she holds a green card or meets the substantial presence test, which generally turns on physical presence (subject to statutory exceptions); everyone else is a nonresident taxed on U.S.-connected income.[i]

The law defines gross income as "all income from whatever source derived," and the Supreme Court settled long ago that the Code reaches income whether or not the activity that produced it was lawful.[ii] Citizenship appears in the Code only to reach citizens who live abroad, and work authorization appears nowhere in the rules of liability.[iii] Income earned without work authorization remains taxable, and employers generally must withhold and report taxes on employee wages, regardless of the employee's work authorization. Those wages remain subject to applicable income and employment taxes; lack of citizenship or work authorization does not eliminate these obligations.



taxnotes

TODAY IS 11/6/2026 · SIGN IN

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Senators Ask IRS to Drop Proposed Form 1040 Citizenship Checkbox

OCT. 1, 2026

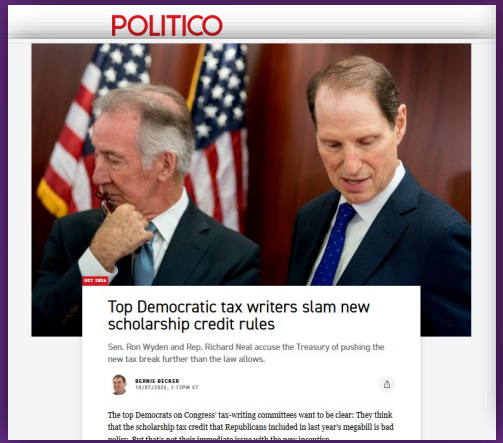
October 1, 2026

Mr. Frank J. Bisignano
Chief Executive Officer
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Mr. Bisignano:

We write to urge you to drop the newly proposed citizenship and work authorization checkbox from the final version of the 2026 Form 1040. Adding this question for the first time in history appears to serve no legitimate tax administration purpose and risks increasing the tax gap by hundreds of billions of dollars.

The Internal Revenue Service (IRS) does not need this checkbox to collect taxes. Nonresidents already file Form 1040-NR, and the agency checks work authorization against Social Security Administration data.[1]



POLITICO

OCT 2026

Top Democratic tax writers slam new scholarship credit rules

Sen. Ron Wyden and Rep. Richard Neal accuse the Treasury of pushing the new tax break further than the law allows.

BERNIE BECKER
10/07/2026, 1:13PM ET

The top Democrats on Congress' tax-writing committees want to be clear: They think that the scholarship tax credit that Republicans included in last year's megabill is bad



POLITICO

2 WEEKS AGO

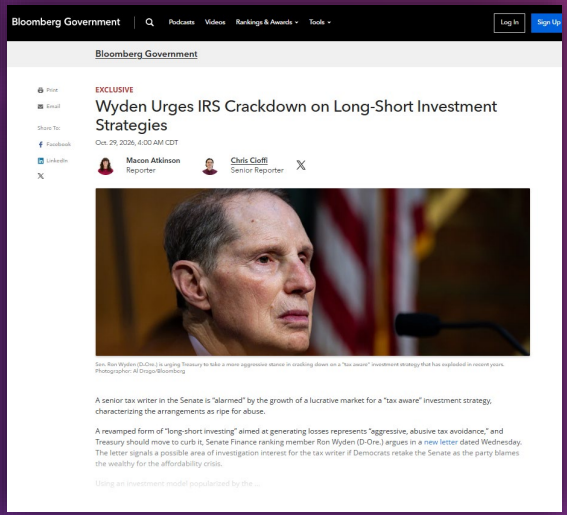
Ways and Means Democrats ask Treasury about **delayed IRS data**

Ten House tax writers led by Rep. Mike Thompson want to know why detailed tax-filing data has been held back for months.

BRIAN FALER
10/22/2026, 11:52AM ET

Rep. Mike Thompson (D-Calif.), the top Democrat on the House Ways and Means Tax Subcommittee, and nine of his fellow tax writers are demanding the Treasury Department explain why it is delaying the release of tax-filing data showing how Republicans' 2025 tax cuts affected millions of people's returns.

In a letter to Treasury Secretary Scott Bessent, the lawmakers point to a recent POLITICO report about how the agency was holding up a slew of data normally released in the wake of tax season that shows which income groups claimed which tax break and how much they paid in tax, among other things.



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Bloomberg Government

EXCLUSIVE

Wyden Urges IRS Crackdown on Long-Short Investment Strategies

Oct. 29, 2026, 4:00 AM CDT

Macon Atkinson, Reporter
Chris Cioffi, Senior Reporter

Sen. Ron Wyden (D-Ore.) is urging Treasury to take a more aggressive stance in cracking down on a "tax aware" investment strategy that has exploded in recent years. Photographer: Al Drago/Bloomberg

A senior tax writer in the Senate is "alarmed" by the growth of a lucrative market for a "tax aware" investment strategy, characterizing the arrangements as ripe for abuse.

A revamped form of "long-short investing" aimed at generating losses represents "aggressive, abusive tax avoidance," and Treasury should move to curb it, Senate Finance ranking member Ron Wyden (D-Ore.) argues in a new letter dated Wednesday. The letter signals a possible area of investigation interest for the tax writer if Democrats retake the Senate as the party blames the wealthy for the affordability crisis.

What is the Democratic tax agenda?



November 4, 2026

POLITICO

Richard Neal makes Ways and Means chair bid official



The Massachusetts Democrat led his party on the tax-writing committee during the final two years of the last Trump administration

By DANNY NGUYEN

Rep. Richard Neal is officially looking to retake the gavel of the Ways and Means Committee after Democrats reclaimed the House on Election Day.

"For the last four years, House Republicans have twisted their majority, their solemn responsibility to serve the people, and focused on making life harder for families, cutting taxes for billionaires and ignoring their important oversight prerogative to serve as a check on the executive," the Massachusetts Democrat wrote to colleagues in a letter dated Nov. 4, obtained by POLITICO. "That changes under a Democratic majority."

Newspaper-style mockup

"Democratic leaders are also looking […] restore enhanced premium tax credits for people who are insured through ACA marketplaces that the GOP allowed to lapse at the end of last year. Neal, a leadership ally, is likely to oversee these efforts, too."

"He suggested he would go after the Trump administration's efforts to share taxpayer information with immigration officials looking to accelerate deportations by promising to protect "families and their private information from those looking to exploit it.""

"He did not discuss, however, whether he would indulge committee members who want to seize Trump's still-undisclosed tax returns, or how the panel would address the audit immunity deal for the president as part of a settlement with the Department of Justice."

Deadlines will drive tax dealmaking

TBD IN 2027

Government funding deadline:
TBD in 2027 after current December 11 expiration

EARLY 2027

Debt limit:
Expected to be reached in early 2027

END OF 2028

Expiring popular OBBBA provisions:
“No tax on tips,” “No tax on overtime,” “no tax on car loan interest,” and enhanced senior deduction, all expire at end of 2028

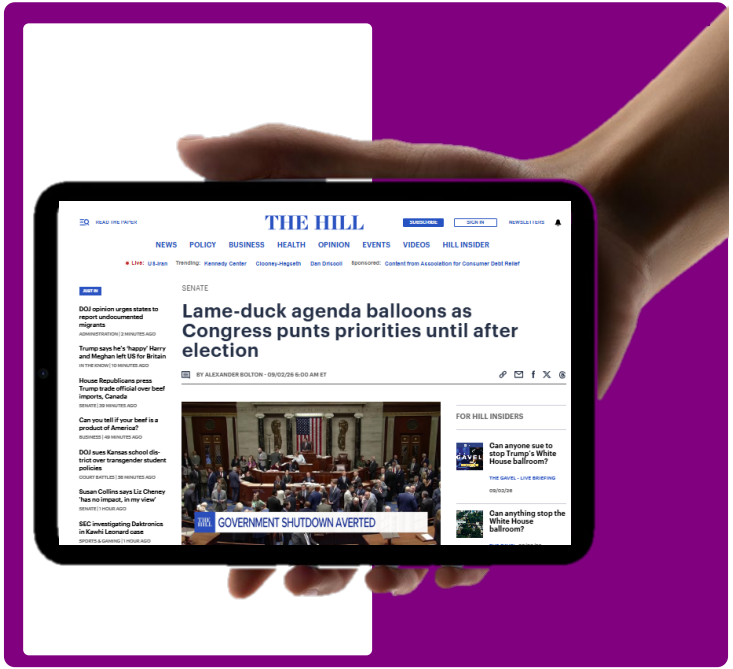


Lame Duck Session Priorities

Congress left many major legislative goals unfinished until after Election Day.

LEGISLATIVE PRIORITIES

- FY2027 Government funding beyond Dec. 11 / Debt limit?
- National Defense Authorization Act
- Energy Infrastructure Permitting Reform
- Tax Extenders
- Crypto market structure / digital asset taxation
- AI regulation legislation
- Name, Image, Likeness legislation
- Potential budget reconciliation 3.0 / Defense funding
- Nominations (Senate only)



6-7 WEEKS | Congress only has 6-7 weeks to accomplish before end of session.

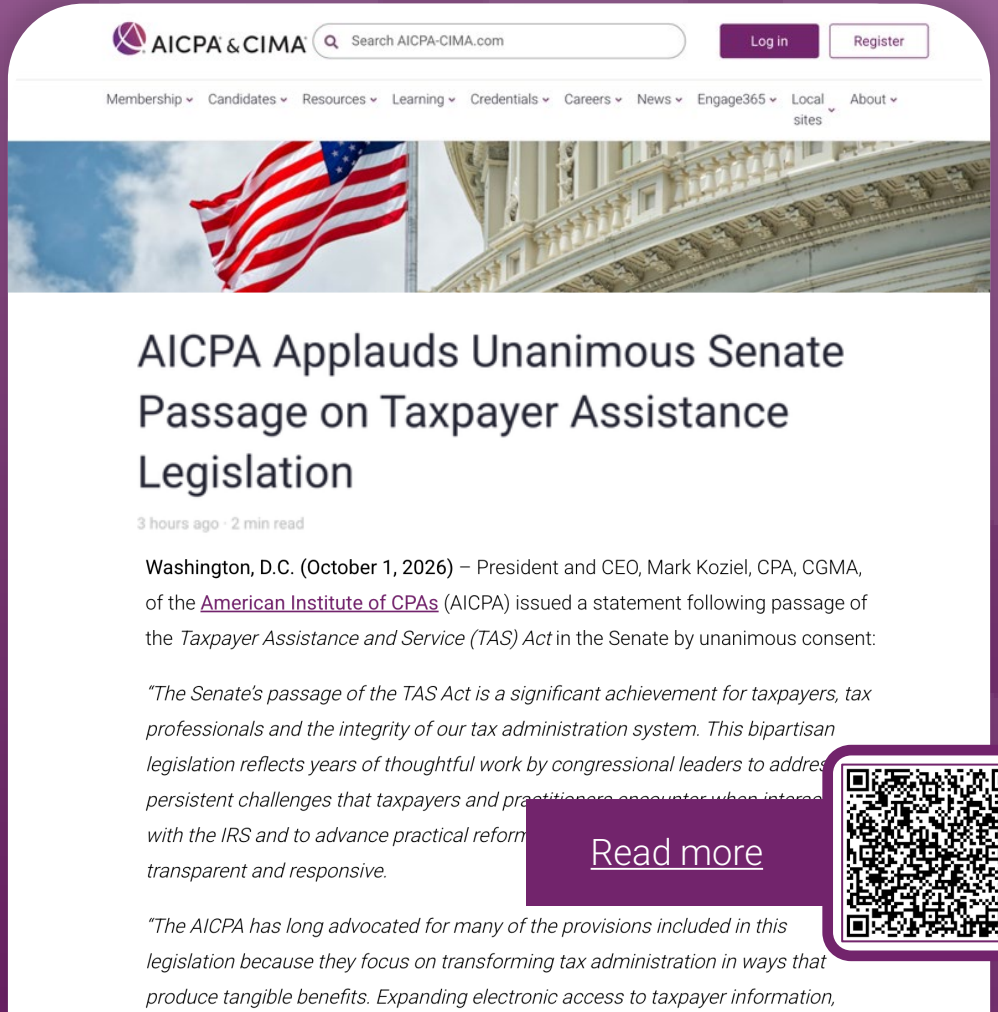
Legislative Update

Taxpayer Assistance and Service (TAS) Act passes Senate unanimously

Bill includes a number of stand-alone House-passed provisions

Outlook:

- Possible expedited passage in the House (“suspension of the rules”)
- Potential inclusion on year-end must-pass package



2026 tax extenders

Expiring provisions being considered for lame duck

1. Work Opportunity Tax Credit (retroactive reinstatement)
2. Repeal of wagering loss limitation
3. U.S.-Taiwan tax agreement
4. Advanced manufacturing investment credit
5. Seven-year recovery period for motorsports entertainment complexes (retroactive reinstatement)

Other expiring provisions

1. Credit for elective deferrals and IRA contributions by certain individuals
2. Credit for alternative fuel vehicle refueling property
3. Small agri-biodiesel producer credit
4. Credit for construction of new energy-efficient homes
5. Beginning-of-construction date for energy-efficient commercial buildings deduction

Potential standalone bill

Taxpayer Assistance & Service Act

Simplify Automatic Filing Extensions (SAFE) Act

- Makes the extension process simpler
- Eliminates uncertainty
  - No failure to pay penalty for individuals who pay 125% of prior year tax



Does not apply if:

- No prior year return was filed
- Prior year return was a short year
- Single status on prior year return changes to married filing joint status
  - Both spouses' returns will be considered



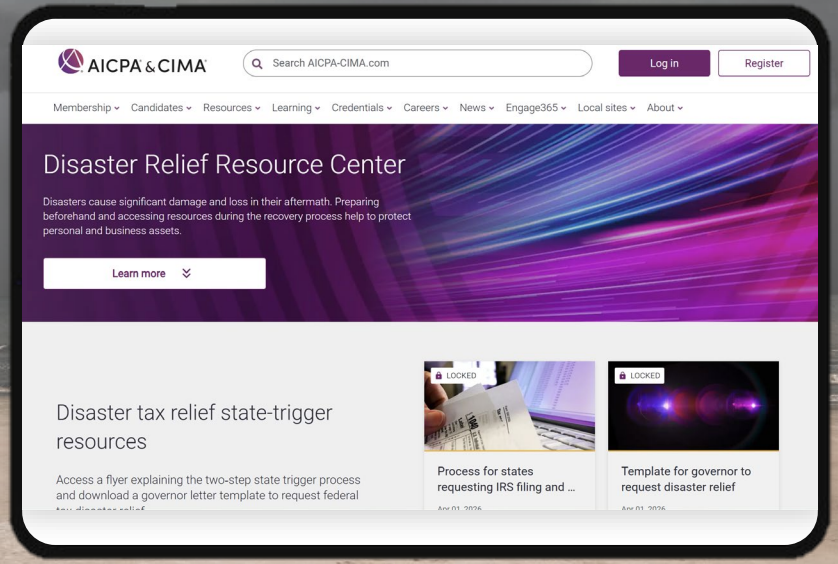
Estimated score of provision is $4 billion

Disaster Tax Relief

H.R. 5366, *Doug LaMalfa Federal Disaster Tax Relief Certainty Act*

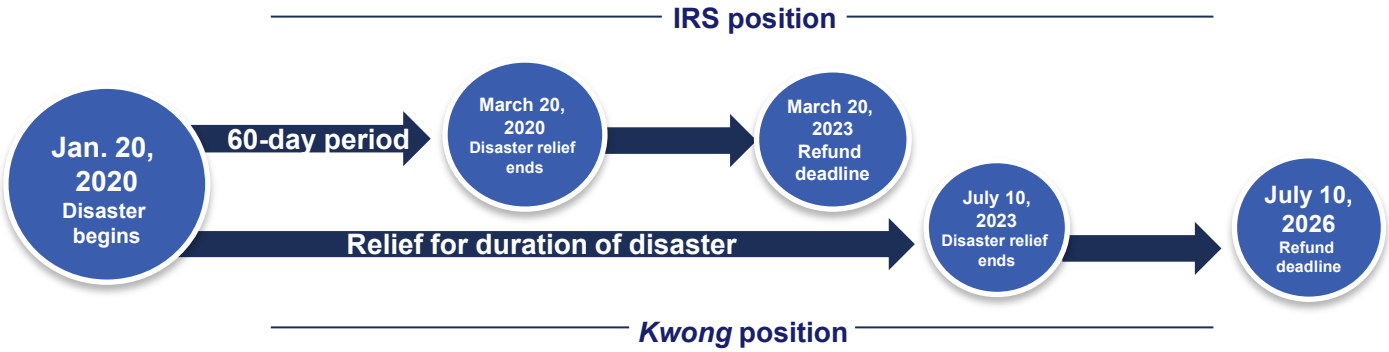
Became law on Sept 11, 2026

- Extends favorable qualified disaster loss treatment (i.e., no 10% AGI limit, can add losses to standard deduction) for disasters occurring before 2027
- Excludes payments for qualified wildfire relief from income for certain fires before 2027
- Adds the qualified disaster loss language to the Internal Revenue Code



Disaster Relief Resource Center includes Disaster Tax Relief FAQs and Latest Developments

Kwong claims update



IRS responses	Next steps
Denial of refund claim	Calendar 2-year deadline to sue; consider Appeals
Erroneous denial of protective claim	Consider contacting IRS to challenge denial; denial should be inoperable, but calendar 2-year deadline
Refund/protective claim non-processable	IRS has not acted or provided disallowance notice; 2-year deadline should not start
Partial refund claim disallowance	Calendar 2-year deadline to sue; consider Appeals
Letter stating additional time needed	Monitor claim; 2-year deadline should not start

National Taxpayer Advocate blog

***Kwong v. United States* Resources**

- *Kwong v. United States* Resource Center
- *Kwong v. United States* Frequently Asked Questions (FAQs)
- IRS urged by national taxpayer advocate to pause Kwong claims denials (JofA)

Regulatory Update

AICPA Priorities Reflected in Treasury and IRS 2026–2027 Priority Guidance Plan

Initial Priority Guidance Plan released September 29, 2026

121 guidance projects

Areas of alignment with AICPA recommendations:

- OBBBA implementation
- Reduce administrative burden
- Business tax implementation

AICPA Advocacy in Action

- ✓ **CAMT**
  §§ 55, 56A and 59
- ✓ **Business interest**
  § 163(j)
- ✓ **Qualified business income**
  § 199A
- ✓ **Qualified small business stock**
  § 1202
- ✓ **Research expenditures**
  §§ 174 and 174A
- ✓ **Trump Accounts**
  §§ 128, 530A and related
- ✓ **Employer guidance**
  §§ 45S, 162(m) and 274(o)
- ✓ **Tax-exempt compensation**
  § 4960

Trump Accounts: New Auto-Enrollment and Contribution Rules

Previous framework

Eligibility + affirmative election

- **Requirements:**
  - Under age 18 at year-end
  - SSN issued before election
  - Election made by authorized person using Form 4547
- **Prior proposal & guidance:**
  - Relied on an affirmative election
  - Broad auto-enrollment not available due to information sharing constraints

What changed

Auto-accounts + enrollment

- **Auto account enrollment:**
  - Treasury will establish Trump account for children who do not already have one
  - No parent or guardian action required
- **Key Impact:**
  - Eligible children can receive qualified general contributions
  - Projected to increase number of children with accounts to 60 million
- **Auto-enrollment to began October 1, 2026**

Funding expanded

General contributions + stock gifts

Funding Expansion:

- 501(c)(3)s can fund broad-based contributions
- Contributions can now include publicly traded domestic stock
- Treasury confirms section 170 deduction for qualifying charitable funding arrangements, including from DAFs

Regulations: Temporary | Proposed

Final Car Loan Interest Regulations

Up to

$10,000

Car loan interest deduction 2025–2028

Key rules

- MAGI phaseout above $100,000 ($200,000 MFJ)
- New, US-assembled vehicle verified via VIN
- 14,000 lbs. maximum gross vehicle weight
- First-lien loan requirement
- Primarily personal use
- Available regardless of itemization

What's new in the final regulations

- ✓ Broadened vehicle eligibility
- ✓ Expanded qualifying financed costs
- ✓ Clarified deductible interest and finance charges
- ✓ Provided flexibility under first-lien requirements
- ✓ Clarified refinancing limitations
- ✓ Confirmed treatment of negative trade-in equity

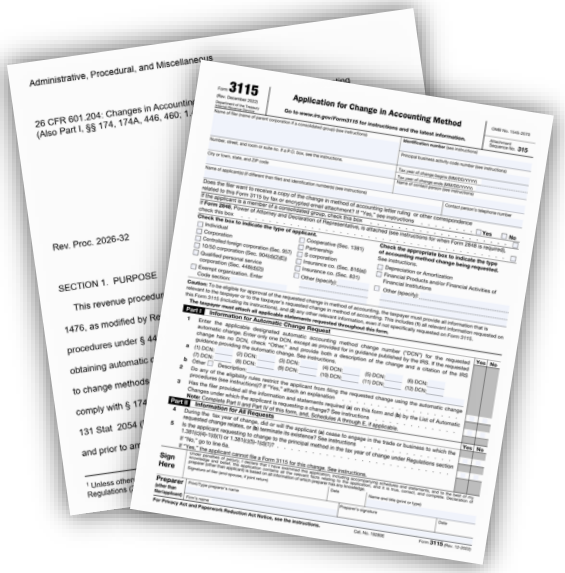


Scan here or click for link

AICPA Resource: Key insights and takeaways — Specified Passenger Vehicle Loan Interest

Update to accounting method changes for R&E expenses

Revenue Procedure 2026-32, released on Sept.4



R&E method changes

Updated automatic accounting method change procedures under sections 174 and 174A

Construction contracts

Updated automatic change procedures for certain residential construction contracts

Through 2027

Extends the 5-year waiver rule for domestic R&E expenses, allowing taxpayers to make another method change

No separate Form 3115

For taxpayers who filed a tax return before Sept. 21, 2026, using the new methods in the Rev. Proc.

AICPA resource: Summary of IRS released R&E expense guidance under H.R. 1

Foreign currency gain or loss

New CFC exemption election

Reduces compliance and reporting requirements by allowing CFCs to opt out of computing and recognizing section 987 foreign currency gain or loss.

Election procedures

Use Form 8964-ELE with an attached election statement

Make the election at the start of the tax year

The election is generally irrevocable

Transition relief

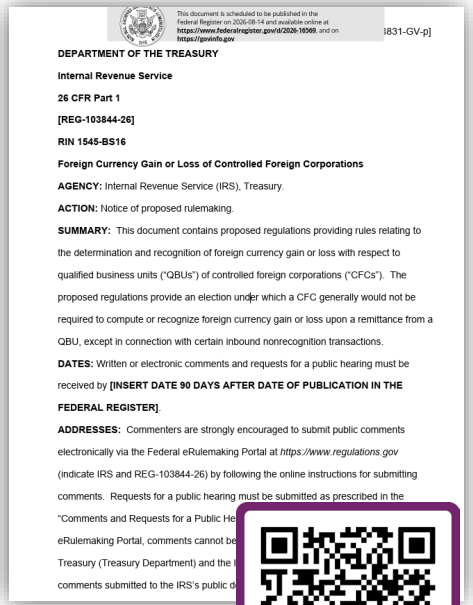
Oct. 15, 2027

For tax years beginning in 2025, make the election on an originally filed or amended return by this date.

80%

Partnership ownership by exempt CFCs

A partnership at least 80% owned by exempt CFCs receives similar treatment as an exempt CFC.



This document is scheduled to be published in the Federal Register on 2026-08-14 and available online at **https://www.federalregister.gov/d/2026-16569**, and on **https://govinfo.gov**

[831-GV-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-103844-26]

RIN 1545-BS16

Foreign Currency Gain or Loss of Controlled Foreign Corporations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations providing rules relating to the determination and recognition of foreign currency gain or loss with respect to qualified business units ("QBUs") of controlled foreign corporations ("CFCs"). The proposed regulations provide an election under which a CFC generally would not be required to compute or recognize foreign currency gain or loss upon a remittance from a QBU, except in connection with certain inbound nonrecognition transactions.

DATES: Written or electronic comments and requests for a public hearing must be received by **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG-103844-26) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Requests for a Public He

eRulemaking Portal, comments cannot be

Treasury (Treasury Department) and the I

comments submitted to the IRS's public d

Scan Me or Click for Link

Proposed CFC pro rata share regulations

OBBBA change

Ownership during the year

A U.S. shareholder's pro rata share of a CFC's subpart F income and tested income or loss reflects ownership during the year, rather than ownership at year-end.

Proposed mechanics

Daily proration allocates CFC income or loss among U.S. shareholders based on the days each owns stock in the CFC.

Ownership changes

Detailed rules address changes in ownership.

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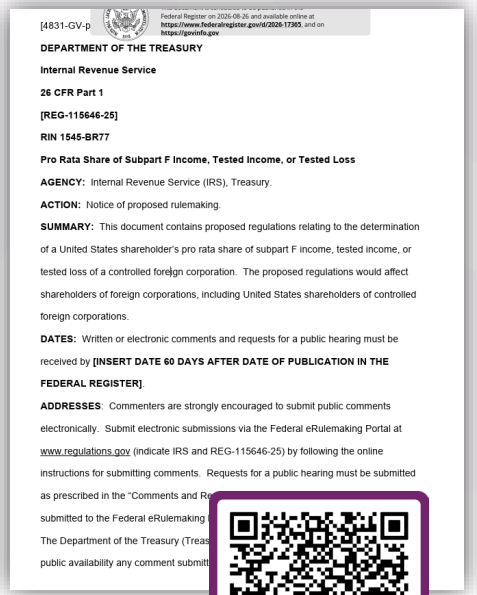
AICPA Resource: H.R. 1 International Tax Provisions Summary



[4831-GV-p

Federal Register on 2026-09-26 and available online at https://www.federalregister.gov/d/2026-17365, and on https://govinfo.gov

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-115646-25]

RIN 1545-BR77

Pro Rata Share of Subpart F Income, Tested Income, or Tested Loss

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to the determination of a United States shareholder's pro rata share of subpart F income, tested income, or tested loss of a controlled foreign corporation. The proposed regulations would affect shareholders of foreign corporations, including United States shareholders of controlled foreign corporations.

DATES: Written or electronic comments and requests for a public hearing must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at www.regulations.gov (indicate IRS and REG-115646-25) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "Comments and Re

submitted to the Federal eRulemaking

The Department of the Treasury (Treas

public availability any comment submitt

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For proposed regulations

Tax Relief for State Declared Disasters

State-trigger process

01 State governor submits a written request to Treasury Secretary

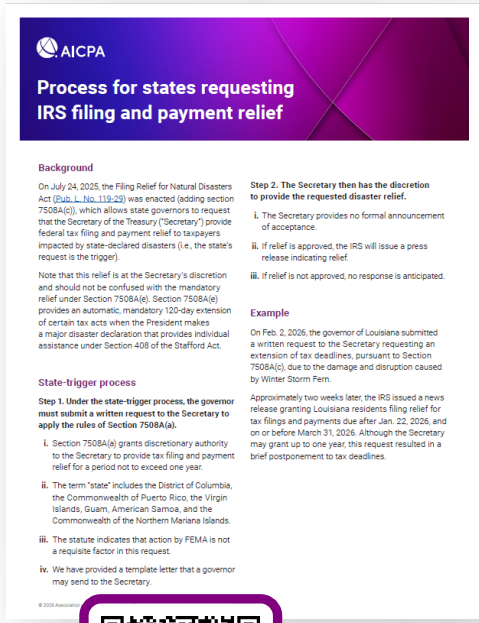
02 Submit request via email; and cc: governmental/state liaison

03 Secretary has discretion to grant relief

Written request requirements IRM 25.16.1.2.2

IRS issued disaster relief table IRM 25.16.1.4.2(10)

State trigger granted for Florida and Alabama



Read more

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Thank you

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