



## Highlights

- Average refunds for 2025 tax year up 11 percent
- IRS continues implementation of OBBBA provisions
- Small administrative bills introduced; reconciliation looms

## Inside

No Hiccups During Filing Season .....	1
Implementing OBBBA.....	2
Potential Legislation .....	2
Other Changes.....	3

## Tax Briefing | 2026 Post-Filing Season Update

# Implementing OBBBA Dominates a Quiet 2026 Tax Filing Season

Another filing season has come to a close, and the headline has been the smooth operation of filing season. While practitioners have been grinding through return prep, the 2026 tax filing season for the IRS was focused on implementing the tax provisions of the One Big Beautiful Bill Act.

And while there was no significant legislation debated during the filing season, a number of administrative bills were introduced, suggesting that there might be a purely tax administration bill pushed before the year ends. Additionally, the potential of one (or two) reconciliation bills looms over the remainder of 2026.

### ■ No Hiccups During Filing Season

Despite the decreased Internal Revenue Service personnel due to cuts of more than

25 percent of the agency's workforce as a result of the Department of Government Efficiency, there were no reported significant issues with the 2026 tax filing season.

IRS CEO Frank Bisignano told the Senate Finance Committee during an April 15, 2026, hearing that the tax season saw 134 million individual returns filed, with 98 percent of them being filed electronically. Eighty percent of taxpayers received refunds, with 98 percent of them being issued electronically, with an average refund of \$3,400 (up 11 percent from the previous year).

And although there are still ongoing questions regarding service time and specific issues like delays related to the small percentage of people who still need paper checks to get their refunds, the filing season generally passed uneventfully. Democratic members of the House Ways and Means Committee noted that as of

*“...the 2026 tax filing season for the IRS was focused on implementing the tax provisions of the One Big Beautiful Bill Act.”*

the beginning of March, about 830,000 taxpayers had their refunds delayed due to the move away from paper checks based on the White House Executive Order 14247, which mandates using electronic funds transfer to issue payments and refunds.

Despite everything running relatively smoothly, the White House is looking to decrease the agency’s budget even further by \$1.4 billion in fiscal year 2027, which is raising questions on whether the agency will be able to maintain certain levels of compliance activities, particularly against wealthy taxpayers and corporations with complicated returns, although Bisignano testified that significant money continues to be collected.

### ■ Implementing OBBBA

In addition to a smooth process of receiving tax returns and processing refunds for those not needing paper checks, the IRS spent much of the tax season implementing OBBBA. In fact, Bisignano in his testimony before the Senate Finance Committee attributed the rise in refunds to three specific provisions – No Tax On Tips, No Tax On Overtime, and No Tax On Car Loan Interest.

“When you look at all of this, it’s the reason we talk about the historic refunds,” he testified, adding that the senior deduction also contributed to greater refunds this tax season.

The final regulations on the No Tax On Tips deduction came fairly late in the season, but it was available for taxpayers to claim if they filed earlier, as the tax forms were already available shortly after the tax season began. According to OBBBA and the newly-issued final regulations, an eligible individual can claim an income tax deduction for qualified tips received in tax years 2025 through 2028. The deduction is limited to \$25,000 per tax year and starts to phase out when modified adjusted gross income is above \$150,000 (\$300,000 for joint filers). An employer must report qualified tips on an employee’s Form W-2, or the employee must report the tips on Form 4137. A service recipient must report

qualified tips on an information return furnished to a nonemployee payee (Form 1099-NEC, Form 1099-MISC, Form 1099-K).

A “qualified tip” is a cash tip received in an occupation that customarily and regularly received tips on or before December 31, 2024. An amount is not a qualified tip unless (1) the amount received is paid voluntarily without any consequence for nonpayment, is not the subject of negotiation, and is determined by the payor; (2) the trade or business in which the individual receives the amount is not a specified service trade or business under Code Sec. 199A(d)(2); and (3) other requirements established in regulations or other guidance are satisfied.

The final regulations identified the occupations that would be eligible for this provision, including the addition of visual artists, floral designers, gas pump attendants.

For other deductions, the IRS has issued proposed rules in addition to the schedules used by taxpayers to claim the deductions on their filed tax returns, as well as FAQs to help them navigate eligibility and the claiming of them. The agency also issued FAQs on the OBBBA changes to the adoption tax credit covering documentation requirements, refundability and carryforward rules, and other issues.

### ■ Potential Legislation

While no major legislation is expected, a tax administration bill could be on the horizon. The House Ways and Means Committee advanced five bills with full committee bipartisan support.

First up was the Survivor Justice Prevention Act (H.R. 2347) would exclude damages (other than punitive damages) received on account of any sexual act or sexual contact from being taxed as income. Next was the Federal Disaster Tax Relief Act of 2025 (H.R. 5366), which would codify a modified version of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 by allowing qualified net disasters losses of more than \$500 and are more than 10 percent of adjusted gross income.

The Supporting Early-childhood Educators Deduction Act of 2025 (H.R. 5334) would allow early childhood educators to have access to deductions that other teachers have access to. The Taxpayer Experience Improvement Act (H.R. 7959) would offer a number of provisions aimed at improving customer interactions with the IRS. A bill to strengthen whistleblower protections also was passed out of the committee.

At a session just prior to the beginning of the tax filing season, the committee advanced H.R. 6956 (The BARCODE Efficiency Act), which would require the IRS to increase and improve the use of barcodes, barcode scanning technology, and optical character recognition technology to digitize certain federal tax return information and correspondence.

Separately, the Senate Finance Committee introduced a single bill with an administrative focus on IRS activities. The Taxpayer Assistance and Services Act would include a number of provisions, including digitized more tax returns to support faster refunds, upgrading the “Where’s My Refund” tool, upgrading online accounts, strengthening standards for paid tax preparers, increasing the independence of the National Taxpayer Advocate and the IRS Independent Office of Appeals, and protecting fraud victims from indefinite IRS scrutiny.

During the tax filing season, Senate Finance Committee Ranking Member Ron Wyden (D-Ore.) attempted to open debate on overturning corporate alternative minimum tax guidance made in IRS Notice 2025-28, but it failed on a procedural vote (47-51) to advance the measure.

One OBBBA item that is likely to get further scrutiny down the line is the changes to the gambling loss deduction, which was dropped from 100 percent of losses against gambling winnings to 90 percent of losses in the law. The proposed regulations on making the change operational were also released at the end of the tax filing season, with comments on it due by June 16, 2026.

Hanging over all these smaller bills is another shot at a reconciliation bill (or maybe two bills). The GOP can pass a reconciliation bill in the Senate with a simple majority, just as was done in 2025 with OBBBA. With the potential of losing control of the House and possibly the Senate in the 2026 mid-term elections, the GOP may see these reconciliation bills as the last chance to implement any lingering GOP priorities, though the content of reconciliation bills is limited under Senate rules.

The first of these reconciliation bills is expected in the next month or two, though the expectation is that the first bill will likely be limited to funding for the Department of Homeland Security and will not contain any tax provisions. After that, lawmakers will likely turn attention to the November elections, but the possibility of a lame duck reconciliation bill after the election cannot be discounted. The changes contained in a second reconciliation bill at the end of the year cannot be predicted at this point, but as mentioned above, this could be the last chance for the GOP, so anything, including tax changes, is a possibility (subject to the rules of the Senate). That said, with an extraordinarily slim margin in the House, passing any bill is difficult, let alone after an election where some of the necessary votes to pass legislation could be uninterested in returning to Washington after getting voted out of office.

## ■ Other Changes

The IRS during the tax season offered a number of changes to the Tax Pro Accounts, including providing the ability to manage business Centralized Authorization File (CAF) access, link the business CAF number to the company’s Employer Identification Number, view taxpayer information associated with the business CAF within the scope of active authorizations, and with and withdraw active authorizations on behalf of the tax professional business.



# Resources for the Post-Filing Season



## U.S. Master Tax Guide® (2027)

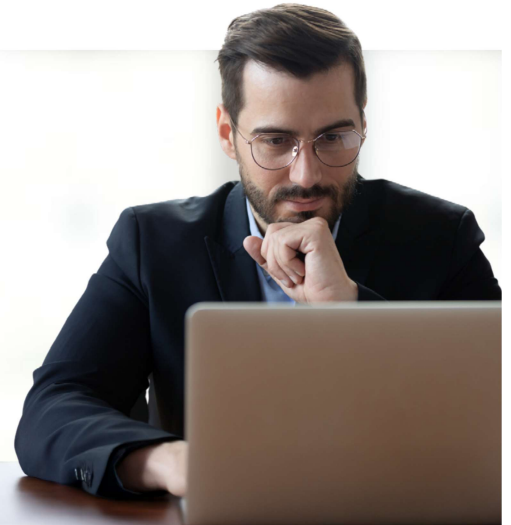
Covers today's federal tax law, helping to identify tax planning opportunities, ensure accuracy when filing taxes, and maximize your knowledge of all the latest tax law developments.

[Pre-Order Now →](#)

## Live Webinars from CCH® CPELink

Get coverage of today's hot topics from knowledgeable instructors in an easy-to-use format that fits your schedule.

[Learn More →](#)



## Take Your Tax Research to the Next Level with CCH® AnswerConnect

Get expert-vetted answers to complex tax questions fast. CCH AnswerConnect delivers always-current guidance, powered by AI you can trust. Because when the stakes are high, a wrong tax answer is more than inefficient — it's risky.

[Learn More →](#)

