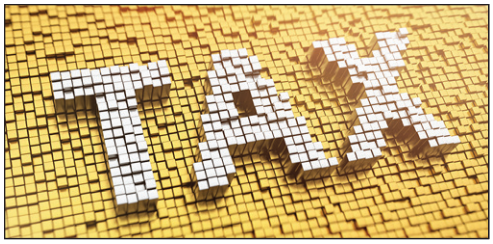

Tax News and Industry Updates

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HSA Inflation Adjusted Amounts

Cross References

- IRC §223
- Rev. Proc. 2026-24
- Rev. Proc. 2025-19
- Rev. Proc. 2024-25

The IRS announced inflation adjusted amounts for health savings accounts (HSAs) for 2027. These amounts are reflected in the chart below in comparison to the previous year.

HSA Limitations

Annual contribution is limited to:	**2027**	**2026**
Self-only coverage, under age 55	$4,500	$4,400
Self-only coverage, age 55 or older	$5,500	$5,400
Family coverage, under age 55	$9,000	$8,750
*Family coverage, age 55 or older	$10,000	$9,750
Minimum annual deductibles:		
Self-only coverage	$1,750	$1,700
Family coverage	$3,500	$3,400

continued in next column

HSA Limitations continued	**2027**	**2026**
Maximum annual deductible and out-of-pocket expense limits:		
Self-only coverage	$8,700	$8,500
Family coverage	$17,400	$17,000

* Assumes only one spouse has an HSA. See IRS Pub 969 if both spouses have separate HSAs.

Direct Primary Care Service Arrangement (DPCSA)

In general, an individual who is covered under a high deductible health plan (HDHP) is eligible to contribute to an HSA, provided that the individual is not covered under any disqualifying coverage while the individual is covered under the HDHP. Under the One Big Beautiful Bill Act (OBBBA), a DPCSA does not disqualify an individual who is covered under a HDHP from being treated as eligible to contribute to an HSA, provided the monthly fees do not exceed a certain amount. For purposes of this rule, a DPCSA means an arrangement under which such individual is provided medical care consisting solely of primary care services provided by primary care practitioners if the sole compensation for such care is a fixed periodic fee.

Effective for months beginning after December 31, 2025, the aggregate monthly fees for all DPCSAs with respect to an individual are limited to $150 ($300 in the case of an individual with any DPCSA that covers more than one individual. The $150 and $300 amounts are adjusted annually for inflation for months beginning after December 31, 2026.

Under Rev. Proc. 2026-24, for calendar year 2027, the $150 and $300 amounts remain unchanged.

Vehicle Depreciation Limits

Cross References

- Rev. Proc. 2026-15
- IRC §280F

When the actual expense method is used for deducting the business use of a vehicle, the cost of the vehicle is depreciated under MACRS using a 5-year recovery period. The Section 179 deduction is also allowed for business vehicles. The annual deduction for depreciation, including any Section 179 deduction or special depreciation allowance is limited to statutory amounts. The special depreciation allowance does not apply to IRC section 280F property. Instead, these limits are increased by $8,000 for the first year.

The annual deduction is the lesser of:

- The vehicle's basis multiplied by the business use percentage multiplied by the applicable depreciation percentage, or
- The IRC section 280F limit multiplied by the business percentage.

The IRC section 280F limits are adjusted each year for inflation. The chart below reflects the new IRC section 280F limits for 2026 in comparison to the previous year.

Vehicle Depreciation Limitations (IRC §280F)

Tax year first placed in service:	2026	2025
Vehicle depreciation limitations based on 100% business or investment use:		
1st year if special depreciation is claimed	$20,300	$20,200
1st year depreciation if no special depreciation is claimed	$12,300	$12,200
2nd year depreciation	$19,800	$19,600
3rd year depreciation	$11,900	$11,800
Each succeeding year	$7,160	$7,060

New Online Tool to Help Taxpayers Resolve Tax Debt

Cross References

- IR-2026-53
- https://www.irs.gov/payments/get-help-with-tax-debt

The Internal Revenue Service has announced a new online tool to help taxpayers understand and resolve tax debt (see link above under cross references).

The Tax Debt Help tool provides individuals and businesses with a simple, accessible way to explore payment options and identify next steps based on their situation. The tool is part of the IRS's broader effort to expand digital services and make it easier for taxpayers to meet their obligations.

"This new Tax Debt Help tool reflects the agency's commitment to making tax compliance clearer, more accessible, and less intimidating for taxpayers," said IRS Chief Executive Officer Frank J. Bisignano. "By guiding taxpayers through their options to pay with simple, interactive questions, we're helping them understand the paths available and take confident next steps. The deployment of this new tool shows the transformation underway at the IRS and the progress the agency has already made to deliver more user-friendly, digital-first services to taxpayers."

Helping taxpayers find the right option. The Tax Debt Help tool walks users through a series of straightforward questions about their financial situation and tax debt. Based on taxpayer responses, the tool will guide them to potential payment and resolution options available through the IRS.

These options may include payment plans, temporary delay of collections, or an offer in compromise for those who qualify. By presenting options in a clear, structured format, the tool helps taxpayers make informed decisions about how to resolve their tax debt.

Designed for simplicity and privacy. The tool is designed to be easy to use and accessible to a wide range of taxpayers. It does not require specialized knowledge and can be used at any time.

To protect taxpayer privacy, the tool does not require taxpayers to enter personally identifiable information. Taxpayers can explore available options without providing details such as Social Security Numbers, names, or addresses.

By expanding self-service options, the IRS is helping taxpayers resolve issues faster while reducing the need for phone calls or in-person visits.

IRS Approved Potentially Ineligible e-File Providers

Cross References

- TIGTA Report Number 2026-IE-R006, May 27, 2026

The IRS's electronic filing (e-file) program offers taxpayers an alternative to filing a paper tax return. E-file allows tax returns to be sent to the IRS electronically via an authorized IRS e-file provider.

Authorized providers must meet certain eligibility criteria and pass a suitability check before receiving a unique Electronic Filing Identification Number (EFIN). The EFINs are required to electronically file tax returns.

Responsible officials associated with an e-file application must:

- Be a United States citizen or alien lawfully admitted for permanent residence,
- Be at least 18 years of age, and
- Meet state and local licensing and/or bonding requirements for preparing and collecting tax returns.

Responsible officials who are not certified or licensed professionals must be fingerprinted to ensure that no criminal activity exists that would render them ineligible to participate in the e-file program.

The Treasury Inspector General for Tax Administration (TIGTA) initiated an evaluation to determine whether the IRS has effective processes and procedures to assign an EFIN and to identify and prevent its unauthorized use.

If the IRS does not ensure that e-file providers maintain their integrity and adhere to professional and ethical standards, it could negatively impact trust in the administration of the federal tax system.

What TIGTA found. From January 2022 through March 2025, the IRS accepted approximately 116,000 e-file provider applications. The IRS performs suitability checks on applicants for the e-file program. However, TIGTA found that programming errors, procedural updates, and unaddressed suitability issues contributed to the approval of potentially ineligible applicants. TIGTA reviewed a statistical sample of 138 Responsible Officials associated with accepted applications and found that 14 had suitability issues that were not addressed.

- 8 had tax compliance issues (i.e., they either did not file a tax return for one or more tax periods, did not pay a tax debt, or did not establish an installment agreement to pay a debt owed).
- 5 had a criminal history that the IRS had not researched and addressed, or their criminal history was not reviewed because there was no fingerprint data on file.
- 1 applicant's citizenship was not verified.

During this same period, the IRS accepted 138 individuals into the e-file program, but their citizenship status records indicated they were not eligible. In addition, approximately 6,300 individuals had an unknown citizenship status in IRS records. TIGTA selected a judgmental sample and determined that the IRS did not verify the citizenship status on 47 percent of the cases sampled.

TIGTA also identified 67 IRS employees listed as Responsible Officials on e-file applications. IRS employees are prohibited from outside employment activities that involve preparing tax returns for compensation, gift, or favor.

What TIGTA recommended. TIGTA made five recommendations to the Chief, Taxpayer Services, to improve the suitability reviews of e-file providers. Recommendations included reviewing programming specific to tax compliance to ensure that initial and continuous suitability reviews function as intended. The IRS should also ensure that individuals with an incomplete or ineligible citizenship status are verified, and a citizenship status check is included in continuous suitability reviews.

TIGTA also recommended that participants who are subject to fingerprinting requirements, and are not under continuous monitoring, submit their fingerprints and are enrolled in the Federal Bureau of Investigation's continuous monitoring service. Finally, TIGTA recommended that the IRS establishes a systemic method of identifying IRS employees during initial and continuous suitability checks.

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Extension Valid Despite Gross Underestimate of Tax Liability

Cross References

- *Karp,* US Court of Federal Claims, May 21, 2026

The taxpayer in this case carried forward $511,788 of overpayments to his 2016 tax return. He submitted Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return,* to the IRS in April of 2017 (before the due date of the 2016 return) and reported an estimated total tax liability of $0 and total payments of $511,788, with a balance due of $0.

The taxpayer did not file his 2016 tax return until October 15, 2020. The tax return showed a tax liability of $175,230 with an overpayment of $336,558. The taxpayer requested the overpayment to be credited to his 2017 tax return.

The IRS notified the taxpayer that the 2016 overpayment from his 2016 tax return could not be applied to his 2017 taxes because the 2016 tax return was filed late. The IRS said the instructions to Form 4868 state that each taxpayer must provide an estimate of tax liability as accurately as possible with the information available at the time. The IRS claimed the instructions indicate that a taxpayer will not receive the automatic extension without an accurate estimate. Since the IRS invalidated the taxpayer's extension request, the due date for obtaining a refund for 2016 was April 15, 2020 (three years after the due date of the return) rather than October 15, 2020 (three years after the due date of the extended return).

The taxpayer argued that filing Form 4868 is only one of three methods to receive an automatic six-month extension. Taxpayers can also use IRS Free File, or they can pay online and note that the payment is part of an automatic extension request. Obtaining an extension by

paying online requires no estimate at all if the taxpayer's liability is covered by payments or credits. Since the taxpayer's payment of $511,788 was more than the tax liability of $175,230, there was no balance due and no need to provide an accurate estimate of the actual tax liability.

The court agreed with the taxpayer. The government did not incur harm from an incorrect estimate when the taxpayer had the ability to avoid making an estimate at all. It would be unreasonable for the taxpayer to be penalized only because he chose an older method of payment that still includes a line requesting his estimate of total tax liability. The court stated the law disfavors setting that sort of trap for the unwary taxpayer. Although the taxpayer chose the paper Form 4868, he did not need to make more than a good-faith estimate. In submitting Form 4868, the taxpayer was aware of his substantial overpayment that was carried forward to 2016. The taxpayer therefore provided the reasonable, bona fide estimate required on his Form 4868.

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Value of Furnishings Not Included in Basis for Condo Sale

Cross References

- *Gyarmati,* T.C. Memo. 2026-27

The taxpayer purchased an unfurnished condo in Florida in 1989. Over the years, the taxpayer remodeled the condo several times.

In addition to the remodeling, the taxpayer fully furnished the condo. The furnishings included a custom-made wall unit with a built-in rear projection television, a leather sectional couch, a coffee table, a glass cocktail table, two living room chairs, a dining room table with six chairs, a hutch for dishes, teak furniture for the balconies, beds, nightstands, dressers, and armoires.

In 1992, the condo was severely damaged by Hurricane Andrew. The condo's hurricane windows failed, resulting in substantial interior water damage. The condo had no power for several days or weeks. Without air conditioning, the hot and humid conditions inside the condo led to mold growth. There was extensive mold damage to the condo and its furnishings. The taxpayer's insurance covered damage to items inside the condo but excluded damage from mold. Much of the furnishings, floor coverings, wall coverings, and drywall required replacement.

The taxpayer sold the condo in 2015 for $775,000, with net proceeds equal to $717,993 after selling costs. The sale included all of the furnishing in the condo. The IRS allowed the basis in the condo to equal the original $410,000 purchase price and $18,574 of remodeling costs, for a net gain of $289,419. At issue in this court case was whether the cost of any furnishings could be included in the basis to further reduce the $289,419 gain.

The taxpayer owned several car dealerships. One dealership was in Michigan. In addition, he is licensed by the American Society of Interior Designers (ASID) allowing him to purchase furnishings at wholesale prices. Over the years he purchased significant amounts of furniture using his ASID license, but such purchases appear to have been mostly for personal use. He would periodically store purchases at his Michigan dealership, which had substantial storage space.

The taxpayer argued that the furnishings included in the sale of the Florida condo had a fair market value of at least $62,500 and an adjusted basis of around $250,000. To support this argument, the taxpayer produced documents related to the purchase of furnishings. Most of those documents are not connected to the Florida condo in the absence of the taxpayer's testimony. One document does mention the taxpayer's Florida condo but is dated before the hurricane.

The taxpayer testified in court that he did not have a sales contract for the Florida condo and that there was no separate bill of sale for the furnishings. What he did produce for the court were furniture invoices with dates ranging from 1984 to 1994, which would have made any such furnishings between 21 and 31 years old on the date the Florida condo was sold. The court stated: "We find it unlikely that a buyer would have given much, if any, value to noncollectible furnishings that were so old."

The court also noted that many of the invoices produced predated Hurricane Andrew, and if they actually represented furniture moved to Florida at the time of purchase, it is unclear whether they survived the hurricane. Moreover, the invoices cumulatively accounted for more furniture sets than could possible have fit into the Florida condo.

The only thing the taxpayer knew for certain was that $775,000 was the total price the buyer paid for the condo. The taxpayer did not know the fair market value of the condo itself or of the furnishings allegedly sold with it. The court ruled the taxpayer failed to show that any amount of the purchase price was for furnishings and therefore could not reduce gain on the sale on account of any furnishings that might have been included in the sale.

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