



Tax News and Industry Updates

2025
Volume 13, Issue 4

Scott
Associates

Certified
Public
Accountants

Scott Associates CPAs

650 Brighton Ave - Ste 201

Portland, ME 04102-1035

(207) 772-0441

www.PortlandCPA.com

Inside This Issue

No More Paper Checks After September 30th.....	1
No Changes to Information Returns for 2025 Despite OBBBA Changes.....	1
Filing Relief for Natural Disasters Act.....	2
IRS FAQs on Termination of Energy Credits.....	2
IRS Terminated Employees Without Following Internal Procedures.....	3

No More Paper Checks After September 30th

Cross References

- treasury.gov

On August 14, 2025, the U.S. Department of the Treasury announced that the federal government will stop issuing paper checks for most federal payments on September 30, 2025. If you are one of the few people who still receives a federal benefit check, it's time to switch to an electronic payment method.

"Reducing paper checks has been a longstanding bipartisan goal that our administration is finally putting into action. Thanks to President Trump, this will help reduce fraud and theft. It will also remove delays that prevent hardworking Americans from receiving their vital payments," said Secretary of the Treasury Scott Bessent.

No action is required for the vast majority of Americans who already receive federal benefit payments electronically.

If you are still receiving a paper check for Social Security, Veterans benefits, or any other federal benefit, enroll in direct deposit using one of the following options.

- Call the federal agency that pays your benefits and follow their instructions for enrolling in direct deposit.
- Enroll online at GoDirect.gov
- Call the Electronic Payment Solution Center at 800-967-6857, Monday – Friday 9:00 a.m.–7:00 p.m. ET

If you do not have a bank account to receive direct deposit you can safely access resources to open an account at FDIC: [GetBanked](http://GetBanked.com) or MyCreditUnion.gov.

You can also sign up for a Direct Express® Debit Mastercard®. Direct Express® is a Treasury-sponsored debit card where you can receive your monthly benefit payments electronically. Individuals without a bank account can sign up by calling Treasury's Electronic Payment Solution Center at 800-967-6857 or by contacting their paying agency directly.

Always beware of government impersonation scams. Before responding to a request, check it out and, verify it by contacting the agency using a website or phone number you know is real. If you're unsure, ask a trusted source, like your bank, a friend or family member for help.



No Changes to Information Returns for 2025 Despite OBBBA Changes

Cross References

- IR-2025-82

The Internal Revenue Service has announced that, as part of its phased implementation of the One Big Beautiful Bill Act (OBBBA), there will be no changes to certain

information returns or withholding tables for tax year (TY) 2025 related to the new law.

Key points for TY 2025 relating to OBBBA provisions.

- Form W-2, existing Forms 1099, and Form 941 and other payroll return forms will remain unchanged for TY 2025.
- Federal income tax withholding tables will not be updated for these provisions for TY 2025.
- Employers and payroll providers should continue using current procedures for reporting and withholding.

These decisions are intended to avoid disruptions during the tax filing season and to give the IRS, business and tax professionals enough time to implement the changes effectively.

Looking ahead to TY 2026. The IRS is working on new guidance and updated forms for TY 2026. These will include changes to how tips and overtime pay are reported. The IRS will coordinate with employers, payroll providers and tax professionals to ensure a smooth transition.

More information will be shared in the coming months about how taxpayers can claim OBBBA-related tax benefits when they file their returns. The Treasury Department and the IRS are preparing additional guidance for both reporting entities and individual taxpayers.

Note: OBBBA enacted new deductions for qualified tips, qualified overtime pay, and qualified passenger vehicle loan interest that are effective for tax year 2025. The law requires payors to report separate amounts on the recipient's W-2 or 1099 that provide the information needed to determine the deductible amount. The IRS is waiving this requirement for tax year 2025, presumably because of the complexity for payors that would need to account for these amounts halfway through the tax year in which they apply. Future guidance will likely allow payors to estimate these amounts on separate statements to be issued to the recipients, using some type of reasonable method to determine the estimated amounts.

Filing Relief for Natural Disasters Act

Cross References

- H.R. 517 (Public Law 119-29)

Signed into law on July 24, 2025, the Filing Relief for Natural Disasters Act authorizes the IRS to postpone federal tax deadlines for taxpayers affected by a qualified state-declared disaster, upon written request by the state governor. The new law also increases the automatic extension of federal tax deadlines for certain taxpayers.

Under prior law, the IRS may postpone federal tax deadlines for taxpayers affected by a federally-declared disaster, including (but not limited to) deadlines for (1) filing federal tax returns, (2) paying federal taxes, (3) making retirement plan contributions, and (4) tax assessments and collections.

The new law authorizes the IRS to postpone these federal tax deadlines for taxpayers affected by a qualified state-declared disaster upon written request by the state's governor (or the District of Columbia mayor). A state includes the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

The new law defines a qualified state-declared disaster as any natural catastrophe, fire, flood, or explosion that causes damage of sufficient severity and magnitude to warrant a request to postpone such federal tax deadlines.

Under prior law, an automatic 60-day extension of these federal tax deadlines applies to certain relief workers, individuals killed or injured as a result of a federally-declared disaster, and taxpayers whose principal residence, business, or tax records are located in a federally-declared disaster area. The new law increases to 120 days the automatic extension of federal tax deadlines for these taxpayers.

IRS FAQs on Termination of Energy Credits

Cross References

- FS-2025-05, August 21, 2025

The IRS recently issued new frequently asked questions (FAQs) on the termination of certain energy credits under the One Big Beautiful Bill Act (OBBBA).

These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address any particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if an FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability. Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment

of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on IRS.gov to ensure that taxpayers, who may have relied on a prior version, can locate that version if they later need to do so.

Q1. Which energy credits and deductions are expiring under OBBBA, and what are their new termination dates?

A1. OBBBA accelerated the termination of several energy credit and deduction provisions. The following incentives expire the soonest:

Code Section	Section Title	Termination Date
25C	Energy efficient home improvement credit	The credit will not be allowed for any property placed in service after December 31, 2025.
25D	Residential clean energy credit	The credit will not be allowed for any expenditures made after December 31, 2025.
25E	Previously-owned clean vehicles credit	The credit will not be allowed with respect to any vehicle acquired after September 30, 2025.
30C	Alternative fuel vehicle refueling property credit	The credit will not be allowed for any property placed in service after June 30, 2026.
30D	New clean vehicle credit	The credit will not be allowed for any vehicle acquired after September 30, 2025.
45L	New energy efficient home credit	The credit will not be allowed for any qualified new energy efficient home acquired after June 30, 2026.
45W	Qualified commercial clean vehicle credit	The credit will not be allowed for any vehicle acquired after September 30, 2025.
179D	Energy efficient commercial buildings deduction	The deduction will not be allowed with respect to any property construction of which begins after June 30, 2026.

Q2. For purposes of the expiring clean vehicle credits under sections 25E, 30D, and 45W, what does “acquired” mean?

A2. For purposes of sections 25E, 30D, and 45W, a vehicle is “acquired” as of the date a written binding contract is entered into and a payment has been made. A payment includes a nominal downpayment or a vehicle trade-in.

Q3. What effect does “acquisition” of a vehicle have on a taxpayer’s ability to claim a credit under sections 25E, 30D, and 45W?

A3. Acquiring a vehicle prior to the termination date is an initial step, but acquisition alone does not immediately entitle a taxpayer to a credit. Sections 25E(a), 30D(a), and 45W(a) require the vehicle be “placed in service” to claim the respective credit (see IRS.gov for additional requirements). If a taxpayer acquires a vehicle by having a written binding contract in place and a payment made on or before September 30, 2025, then the taxpayer will be entitled to claim the credit when they place the vehicle in service (namely, when they take possession of the vehicle), even if the vehicle is placed in service after September 30, 2025. Taxpayers should receive a time of sale report from the dealer at the time they take possession or within three days of taking possession of the vehicle.

Q4. Can an election to transfer a clean vehicle credit be made at the time of acquisition?

A4. Acquisition alone does not immediately entitle a taxpayer to a credit. Taxpayers should wait until the time of sale to make the credit transfer election. The election to transfer the credit generally occurs at the time of sale, which is when the taxpayer takes possession (see Treas. Reg. secs. 1.25E-1(b)(19), 1.25E-3(b)(7) and 1.30D-2(b)(47), and 1.30D-5(b)(10)), and Rev. Proc. 2023-33.)

Q5. What will happen to the Energy Credits Online portal with the new termination periods for the clean vehicle credits?

A5. New user registration for the Clean Vehicle Credit program through the Energy Credits Online portal will close on September 30, 2025. The portal will remain open beyond September 30, 2025, for limited usage by previously registered users to submit time of sale reports and updates to such reports, such as when a vehicle has been returned.



IRS Terminated Employees Without Following Internal Procedures

Cross References

- TIGTA Report No. 2025-IE-R028, August 14, 2025

As part of the President’s actions to reduce the size of the federal government’s workforce, the Office of Personnel Management issued guidance for agencies to terminate probationary employees. As a result of these efforts, in February 2025, the Department of Treasury directed the IRS to begin sending termination notices to probationary employees. The letters notified employees that they were terminated for performance reasons and current mission needs.

As these activities were taking place, several senior IRS officials raised concerns to the Treasury Inspector General for Tax Administration (TIGTA) that probationary employees did not have documented performance issues. TIGTA also received letters from several members of Congress requesting a review on the dismissal of probationary employees to determine if the dismissals complied with IRS policies and whether individual performance was considered. TIGTA recently issued a report assessing the actions the IRS has taken to terminate its probationary employees.

There have been ensuing court challenges since notices were sent to probationary employees in February 2025 terminating their employment. Subsequently, IRS and Treasury Department leadership decided that all 7,315 probationary employees sent termination notices must return to full work status by May 2025. These employees were notified of their mandatory return date along with onboarding instructions. These employees had previously been placed on administrative leave after court rulings in March 2025. TIGTA’s evaluation focused on the actions and processes that the IRS followed when it sent termination notices in February and March 2025 to probationary employees.

The IRS identified more than 16,000 employees who were still in their probationary period. After exempting employees who were either deemed essential personnel for tax filing season, had appeal rights, were involved in law enforcement, or were military spouses, the IRS issued termination letters to 7,315 probationary employees. The time between identifying employees and issuing termination notices was 29 days. All probationary employees received the same letter that cited performance as a reason for termination. TIGTA confirmed that nearly all the terminated probationary employees either did not have a performance rating on record or were rated as “Fully Successful” or better. TIGTA determined that 51 percent had no performance rating of record. For the remaining 49 percent, 3,251 (90 percent) had a “Fully Successful” rating, and 305 (8 percent) had an “Outstanding” or “Exceeded Fully Successful” rating. As a result, TIGTA concluded that the IRS did not consider individual employee performance when terminating probationary employees.

Performance Rating	Number of probationary employees
Below Fully Successful	43
Fully Successful and Above	3,556
No Performance Rating	3,716

Prior to the termination notices being sent, senior IRS officials refused to sign the notices and raised concerns that many of these employees did not have documented performance issues. Despite these concerns, the IRS’s Human Capital Office sent the notices. However, the IRS did not correctly identify all mission critical services and employees when it identified probationary employees who were exempt from termination. After sending out termination notices, the IRS later attempted to re-hire a small number of employees who had incorrectly been identified for termination.

In July 2025, the U.S. Supreme Court stayed the federal court’s prohibition on covered agencies implementing Agency Reduction in Force and Reorganization Plans and issuing or executing reduction in force (RIF) notices. At the time TIGTA published its report, it is unclear whether any probationary employees will remain reinstated or be terminated in a future large-scale RIF.

