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**ACCOUNTING**

## AICPA News May 2019

A roundup of recent news from the AICPA. The American Institute of CPAs (AICPA) issued a formal thank you to both the U.S. Treasury and the IRS for providing taxpayers with more extensive relief from penalties associated with underpayment of ...

**Mary Girsch-Bock** • May. 13, 2019



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**AICPA Thanks Treasury and IRS for Penalty Relief**

The [American Institute of CPAs \(AICPA\)](#) issued a formal thank you to both the U.S. Treasury and the IRS for providing taxpayers with more extensive relief from penalties associated with underpayment of their 2018 tax liability in response to the IRS announcement that they are lowering the threshold to qualify for penalty relief from 85 percent to 80 percent.

Edward Karl, CPA, CGMA, vice president of taxation for the American Institute of CPAs, believes that as a result of the Tax Cuts and Jobs Act (TCJA), and the elimination of personal and dependency exemptions, many Americans were unable to accurately estimate taxes and may have inadvertently underpaid their tax liability for 2018. “Our members have continued to tell us that an 85 percent threshold was not sufficient, as many taxpayers continue to struggle with the uncertainty and changes created by the Tax Cuts and Jobs Act (TCJA),” said Karl.

## **U.S. Business Executives Gloomy About Global Economy**

A recent AICPA survey has found that an increasing number of business executives are concerned about the global economy, with only 34 percent of CFOs and senior-level CPAs expressing optimism about the current prospects for the global economy, down from 71 percent a year ago. Respondents cited continuing trade tensions, a cooling economy in China, and Brexit fallout in the U.K. and European Union as the factors contributing to a sense of pessimism. In fact, 43 percent of respondents cited a global economic slowdown as their biggest concern, with respondents indicating decreased optimism about their own company’s prospects for the coming year.

## **Angela Newell to Chair of Financial Reporting Executive Committee**

The AICPA recently named Angela Newell, CPA, CGMA, Chairman of the [Financial Reporting Executive Committee](#) (FinREC), which serves as the AICPA’s official voice on financial reporting matters. The committee membership currently includes representatives from business and industry, public practice and academia.

Newell, currently national assurance partner, BDO Dallas, TX, will replace outgoing chair Jim Dolinar, and will assume the chair position after the Committee’s May 2019 meeting. She currently holds a Bachelor of Science in Mathematics and an M.S. in Accounting from the University of Arkansas, Fayetteville, AR.

# AICPA Comments to IRS on Proposed Foreign Tax Credit Regulations

The AICPA recently made recommendations to the IRS about its proposed regulations *Guidance Related to the Foreign Tax Credit, Including Guidance Implementing Changes Made by the Tax Cuts and Jobs Act (TCJA)* (REG-105600-18).

Recommendations were made in the following areas:

1. Stock basis determination in connection with IRS Code section 965(b)
2. Allocation/apportionment of research and experimentation expenses
3. Stock characterization of a noncontrolled 10-percent corporation
4. Attributing current year taxes to a Controlled Foreign Corporation's earnings and profits
5. Modification of the definition of an "exempt asset" as it relates to assets generating foreign-derived intangible income
6. Clarification when a withholding tax imposed on a disregarded dividend is related to Subpart F or Tested Income Group

## Financial Tips for Consumers

The AICPA estimates that 63 percent of Americans can't pass a basic financial literacy test. With April being National Financial Literacy Month, they have shared the following financial tips:

- Use credit cards cautiously
- It's never too early to start saving
- Do a financial checkup
- When purchasing a vehicle, plan ahead and read all of the fine print
- Have a financial emergency backup plan
- Do your homework when it comes to student loans

Visit the AICPA's [360 Degrees of Financial Literacy Website](#) for additional tips, tools and resources.

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