



# FEDERAL TAX WEEKLY

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## IRS-CI Names Gary Shapley as Deputy Chief

*IR-2025-35*

The IRS Criminal Investigation (IRS-CI) has named Gary Shapley as deputy chief, effective March 19, 2025. IRS-CI is the law enforcement arm of the IRS, responsible for conducting financial crime investigations. Shapley will now oversee 20 field offices and 14 foreign posts, including more than 2,000 special agents investigating tax fraud and other financial crimes.

Shapley joined the IRS in 2009 as an IRS-CI special agent and has significant experience conducting international cases that involve foreign financial institutions and high-net worth individuals with complex financial assets. Further, Shapley recently served as a senior advisor to Secretary Scott Bessent at the Department of Treasury and as a supervisory special agent for IRS-CI's International Tax and Financial Crime group before that.

"Gary has been instrumental in many of our cases with an international nexus, and he brings a wealth of knowledge to the role of IRS-CI deputy chief," said IRS-CI Chief Guy Ficco. Shapley holds a bachelor's degree in accounting and business administration from the University of Maryland and a Master of Business Administration from the University of Baltimore.

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## U.S. and Switzerland Enter into Competent Authority Arrangement

*Announcement 2025-8*

The United States and the Swiss Confederation entered into a Competent Authority Arrangement under paragraph 3 of Article 25 (Mutual Agreement Procedure) of the Convention for the Avoidance of Double Taxation with Respect to Taxes on Income, signed on October 2, 1996, and amended by the Protocol signed on September 23, 2009. The arrangement addresses the eligibility of certain U.S. and Swiss pension or other retirement arrangements, including individual retirement savings plans, for benefits under paragraph 3 of Article 10 (Dividends) of the Convention.

Under this arrangement, the competent authorities confirmed that specified retirement plans and corresponding Swiss retirement arrangements established under Swiss pension laws may qualify for exemption from dividend withholding tax, provided they do not control the company paying the dividend and meet the applicable treaty requirements, including Article 22 (Limitation on Benefits).

The arrangement also includes procedures for U.S. group trusts claiming refunds from Swiss tax authorities, requiring disclosure of the participating funds' information to establish eligibility. The list of qualifying arrangements is not exhaustive, and additional

retirement plans may apply for consideration under the Mutual Agreement Procedure. The Service clarified that the arrangement supersedes the prior agreement signed on May 6, 2021, and applies retroactively to dividends paid on or after January 1, 2020.

# IRS Informs Taxpayers of ABLE Accounts for Disability-Related Savings

The IRS informed taxpayers that Achieving a Better Life Experience (ABLE) accounts allow individuals with disabilities and their families to save for qualified expenses without affecting eligibility for government assistance programs. These tax-advantaged accounts can be used to cover essential costs such as education, housing, healthcare, and other disability-related expenses.

For 2025, the annual contribution limit is \$19,000, with certain employed beneficiaries eligible to contribute additional amounts based on their earnings. The IRS also reminded taxpayers that ABLE account holders may qualify for the Saver's Credit, a non-refundable tax credit that offsets a portion of their contributions. Eligible taxpayers can claim this credit using Form 8880. Additionally, families may roll over funds from a Section 529 plan into an ABLE account for the same beneficiary or a qualifying family member, subject to the annual contribution limit.

While ABLE contributions are not deductible for federal tax purposes, withdrawals remain tax-free if used for qualified disability expenses. The IRS emphasized

## AFRs Issued For April 2025

Rev. Rul. 2025-8

The IRS has released the short-term, mid-term, and long-term applicable interest rates for April 2025.

### Applicable Federal Rates (AFR) for April 2025

	Annual	Semiannual	Quarterly	Monthly
<b>Short-Term</b>				
AFR	4.16%	4.12%	4.10%	4.09%
110% AFR	4.58%	4.53%	4.50%	4.49%
120% AFR	5.00%	4.94%	4.91%	4.89%
130% AFR	5.43%	5.36%	5.32%	5.30%
<b>Mid-Term</b>				
AFR	4.21%	4.17%	4.15%	4.13%
110% AFR	4.64%	4.59%	4.56%	4.55%
120% AFR	5.06%	5.00%	4.97%	4.95%
130% AFR	5.49%	5.42%	5.38%	5.36%
150% AFR	6.36%	6.26%	6.21%	6.18%
175% AFR	7.43%	7.30%	7.23%	7.19%
<b>Long-Term</b>				
AFR	4.61%	4.56%	4.53%	4.52%
110% AFR	5.08%	5.02%	4.99%	4.97%
120% AFR	5.54%	5.47%	5.43%	5.41%
130% AFR	6.02%	5.93%	5.89%	5.86%

### Adjusted AFRs for April 2025

	Annual	Semiannual	Quarterly	Monthly
Short-term adjusted AFR	3.15%	3.13%	3.12%	3.11%
Mid-term adjusted AFR	3.20%	3.17%	3.16%	3.15%
Long-term adjusted AFR	3.49%	3.46%	3.45%	3.44%

The Code Sec. 382 adjusted federal long-term rate is 3.49%; the long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months) is 3.67%; the Code Sec. 42(b)(1) appropriate percentages for the 70% and 30% present value low-income housing credit are 8.02% and 3.44%, respectively, however, under Code Sec. 42(b)(2), the appropriate percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%; and the Code Sec. 7520 AFR for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest is 5.00%.

that states administer ABLE programs, and eligibility is generally limited to individuals who became disabled before age 26. Taxpayers seeking further guidance can refer to Publication 907, Tax Highlights for Persons with Disabilities.

# Washington Round-Up

## NTA Supports Taxpayer Assistance And Service Act.

National Taxpayer Advocate Erin Collins signaled her support for the Taxpayer Assistance and Services Act, released jointly in a discussion draft issued by the leadership of the Senate Finance Committee on January 30, 2025. The discussion draft includes 68 provisions, including about 40 that have been recommended by Collins in current and past annual reports to Congress. “One of the provisions that I am most passionate about, which would streamline taxpayers’ right to judicial review of adverse IRS determinations, is Section 310 of the TAS Act, Authorization of Tax Court to Hear Refund Suits,” Collins wrote in a March 18, 2025, blog post. “This provision

would expand the Tax Court’s jurisdiction, thus allowing taxpayers to file refund suits with the Tax Court.” She called this provision, if enacted, a “game-changer for taxpayers,” adding that this change “would level the playing field for those wanting judicial review of their refund claims where the taxpayer might not be able to afford proceeding in district court or claims court.”

**AICPA Identifies Legislative Priorities.** The American Institute of CPAs in a March 6, 2025, letter to the leadership of both the Senate Finance Committee and the House Ways and Means Committee identified nine specific legislative priorities for the coming year. Included in the priorities are a couple of

items from the Tax Cuts and Jobs Act, including extending Sec. 174 research and development costs expensing and the higher exemption amounts for the individual alternative minimum tax. The group also asked for permanent and consistent tax relief to those affected by natural disasters; retention of the qualified business income deduction and expansion of the QBI deduction limit phase; and increasing the Form 1099-K reporting threshold from \$600 to \$10,000 or above for third-party platforms. A copy of this and other 2025 tax policy and advocacy comment letters can be found at <https://www.aicpa-cima.com/advocacy/article/2025-tax-policy-and-advocacy-comment-letters>.

## TAX BRIEFS

### Gross Income

A public safety officer was allowed to exclude from gross income lump sum and annual benefits received under a state retirement plan for injuries sustained in the line of duty. The officer was permanently disabled while performing official duties and received benefits pursuant to statutes determined to be in the nature of a workmen’s compensation act. Because the payments were not based on age, length of service, or employee contributions, the IRS concluded that the amounts were excludable under Code Sec. 104(a)(1), to the extent they exceeded any immediately payable retirement benefit.

*IRS Letter Ruling 202512001*

### Retirement Income

An individual failed to demonstrate error in the IRS’s determination of a deficiency

for unreported retirement income and was liable for an accuracy-related penalty. The Tax Court found that the retirement distribution was includible in gross income under Code Sec. 61 and subject to an additional tax under Code Sec. 72(t) because it was withdrawn before the threshold age without meeting any statutory exception. The IRS satisfied its burden of production by presenting third-party information returns verifying the unreported income, shifting the burden of proof to the taxpayer.

*Campana, TC, Dec. 62,631(M)*

### Seriously Delinquent Tax Debt

An individual failed to establish that the IRS erroneously certified a seriously delinquent tax debt under Code Sec. 7345, as the statute precludes challenges to the underlying liability, and partial payments

do not satisfy the conditions for reversal. The Tax Court determined that the tax liability exceeded the statutory threshold, and no exception under Code Sec. 7345(b)(2) applied.

*Pfirman, TC, Dec. 62,630(M)*

### Statute of Limitations

The six-year statute of limitations did not expire on an individual taxpayer’s counts on (1) tax evasion; and (2) aiding preparing a false return, under Code Sec. 6531. The court observed that the relevant total excludable days the taxpayer was not pertinent to each particular count implicated. Therefore, the said counts were properly tolled under Code Sec. 6531(8).

*Erickson, DC Minn., 2025-1 ustc ¶150,121*