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Tracking Tax News You Need to Know



Taxpayer Argues IRS Summons for Crypto Records Violates Privacy Rights

A taxpayer filed an appeal with the U.S. Court of Appeals for the First Circuit on January 31, claiming a third-party summons by the IRS for cryptocurrency transaction records violated constitutional privacy protections. In [Harper v. Werfel](#), a taxpayer sued the IRS after his account activity, balances and other information on cryptocurrency transactions were acquired. A federal district court rejected the taxpayer's argument as he voluntarily provided the information to crypto exchange Coinbase.

Tax Court: Microcaptive Arrangements Not Insurance Nor Eligible for Deductions

The U.S. Tax Court held in [Swift v. Commissioner](#) that the taxpayer petitioners are not entitled to deductions for insurance premiums paid to microcaptive insurance companies. The IRS previously denied the taxpayers' deductions of insurance premiums, determining the microcaptives were used for purposes of tax avoidance and financial planning. The court found on February 1 that the microcaptive arrangements did not have elements of risk distribution or commonly accepted notions of insurance.

House to Vote on SALT Deduction Cap Bill

The House Rules Committee voted February 1 to advance a bill on state and local tax (SALT) deductions to increase the capped amount from \$10,000 to \$20,000. Under the [SALT Marriage Penalty Elimination Act](#), married taxpayers filing jointly with adjusted gross income under \$500,000 would be allowed to deduct up to \$20,000 for the 2023 tax year. The SALT deduction was capped at \$10,000 by the Tax Cuts and Jobs Act in 2017. The bill is set to be voted on by the House.



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