

coverage standards, and therefore won't be renewed. It goes without saying that ACA is bound to be an issue in next year's mid-term elections.

**Government shutdown.** The 16-day government shutdown in October happened because there was a spending and debt ceiling impasse between Democrats and Republicans. Although Republicans took much of the heat for the shutdown, it nevertheless seemed to reflect badly on everyone in Washington, and had wide-reaching effects, including delaying any number of things that the government needed to do, such as issuing guidance on the 3.8% tax (see above). The shutdown also delayed the start of the 2013 filing season, which the IRS has now announced will begin on January 31, 2014, or about 10 days later than usual (this means that taxpayers who are anticipating a refund – and therefore want to file early – will have to wait a little longer). As mentioned above, the recent budget agreement, which was born of this shutdown, should forestall another one...but another crisis is possible when the debt ceiling suspension expires in early February. Given the public's fury over the shutdown, however, it is hard to believe that Democrats and Republicans won't reach an agreement over the debt ceiling – the mid-term elections next November are not that far away, and voters do have memories!

**"Nuclear option."** Senate Democrats recently exercised the so-called "nuclear option," so as to limit potential filibusters on presidential executive and judicial nominees (other than those for the Supreme Court). In other words, all presidential nominees who are subject to the Senate's "Advice and Consent" can have their nomination put forth for Senate confirmation on 51 votes, and can't be filibustered, which requires 60 votes to overcome. Needless to say, Senate Republicans are unhappy with this rule change, and warn that Democrats will be even unhappier with it when they (the Democrats) are again in the minority, as will inevitably happen at some point. This move is significant, and may make bipartisan cooperation on immigration and tax reform even more improbable. 2014 will be interesting.

**"Permanency."** Much of this discussion has referred to "permanent" changes in the tax law, such as how ATRA made the 2001 and 2003 tax cuts permanent, along with the generous \$5 million exclusion against gift and estate taxes. But how long a shelf-life do these provisions really have? Here's a thought: they are there until Congress later changes them. In other words, perhaps what separates a temporary provision from a permanent one is whether there's a built-in expiration date – if the provision has one, it's an "extender"; if it doesn't, it's "permanent." And if tax reform actually happens, all bets are off!

## **December 7520 rate issued**

The IRS has issued the December 2013 applicable federal rates: the December 7520 rate remains at 2.0%, where it was in November. December's mid-term rates are as follows: 1.65% (annual), 1.64% (semiannual and quarterly), and 1.63% (monthly), a slight drop from November's midterm rates of 1.73% (annual), 1.72% (semiannual and quarterly), and 1.71% (monthly).