

111TH CONGRESS
2D SESSION

H. R. 4994

To amend the Internal Revenue Code of 1986 to reduce taxpayer burdens and enhance taxpayer protections, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2010

Mr. LEWIS of Georgia (for himself, Mr. LEVIN, Mr. RANGEL, Mr. STARK, Mr. McDERMOTT, Mr. NEAL of Massachusetts, Mr. TANNER, Mr. POMEROY, Mr. LARSON of Connecticut, Mr. KIND, Mr. PASCRELL, Ms. BERKLEY, Mr. CROWLEY, Mr. VAN HOLLEN, Mr. MEEK of Florida, Ms. SCHWARTZ, Mr. DAVIS of Illinois, Ms. LINDA T. SÁNCHEZ of California, Mr. HIGGINS, Mr. YARMUTH, and Mr. BECERRA) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to reduce taxpayer burdens and enhance taxpayer protections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Taxpayer Assistance Act of 2010”.

1 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
 2 1986.—Except as otherwise expressly provided, whenever
 3 in this Act an amendment or repeal is expressed in terms
 4 of an amendment to, or repeal of, a section or other provi-
 5 sion, the reference shall be considered to be made to a
 6 section or other provision of the Internal Revenue Code
 7 of 1986.

8 (c) TABLE OF CONTENTS.—The table of contents of
 9 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—CELL PHONES AND ELECTRONIC FILING

Sec. 101. Removal of cellular telephones and similar telecommunications equip-
 ment from listed property.

Sec. 102. Electronic filing exemption for religious reasons.

Sec. 103. Accelerate interest on refunds for returns filed electronically.

TITLE II—COLLECTION

Sec. 201. Study on the effectiveness of collection alternatives.

Sec. 202. Repeal of partial payment requirement on submissions of offers-in-
 compromise.

TITLE III—TAXPAYER ASSISTANCE AND PROTECTION IMPROVEMENTS

Sec. 301. Referrals to Low-Income Taxpayer Clinics permitted.

Sec. 302. Programs for the benefit of low-income taxpayers.

Sec. 303. EITC outreach.

Sec. 304. Taxpayer notification of suspected identity theft.

Sec. 305. Clarification of IRS unclaimed refund authority.

Sec. 306. Study on delivery of tax refunds.

Sec. 307. Study on timely processing and use of information returns.

Sec. 308. Study on easing the burden of in-person tax payments.

TITLE IV—REVENUE PROVISIONS

Sec. 401. Expansion of bad check penalty to electronic payments.

Sec. 402. Increase in information return penalties.

Sec. 403. Budget compliance.

1 **TITLE I—CELL PHONES AND**
2 **ELECTRONIC FILING**

3 **SEC. 101. REMOVAL OF CELLULAR TELEPHONES AND SIMI-**
4 **LAR TELECOMMUNICATIONS EQUIPMENT**
5 **FROM LISTED PROPERTY.**

6 (a) IN GENERAL.—Subparagraph (A) of section
7 280F(d)(4) (defining listed property) is amended by add-
8 ing “and” at the end of clause (iv), by striking clause (v),
9 and by redesignating clause (vi) as clause (v).

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to taxable years beginning after
12 December 31, 2009.

13 **SEC. 102. ELECTRONIC FILING EXEMPTION FOR RELIGIOUS**
14 **REASONS.**

15 Paragraph (3) of section 6011(e) (relating to special
16 rule for tax return preparers) is amended by adding at
17 the end the following new subparagraph:

18 “(D) EXEMPTION FOR RELIGIOUS REA-
19 SONS.—The Secretary may exempt from re-
20 quirements under subparagraph (A) a tax re-
21 turn preparer who—

22 “(i) is a member of a recognized reli-
23 gious sect or division thereof, and

1 “(ii) is an adherent of established
 2 teachings or tenets that do not permit the
 3 use of magnetic media.”.

4 **SEC. 103. ACCELERATE INTEREST ON REFUNDS FOR RE-**
 5 **URNS FILED ELECTRONICALLY.**

6 (a) IN GENERAL.—Subsection (e) of section 6611
 7 (relating to disallowance of interest on certain overpay-
 8 ments) is amended by adding at the end the following new
 9 paragraph:

10 “(4) SPECIAL RULE.—In the case of any indi-
 11 vidual income tax return relating to income tax filed
 12 by electronic means, paragraph (1) shall be applied
 13 by substituting ‘30 days’ for ‘45 days’ each place it
 14 appears.”.

15 (b) EFFECTIVE DATE.—The amendments made by
 16 subsection (a) shall apply to taxable years beginning after
 17 December 31, 2011.

18 **TITLE II—COLLECTION**

19 **SEC. 201. STUDY ON THE EFFECTIVENESS OF COLLECTION**
 20 **ALTERNATIVES.**

21 (a) IN GENERAL.—The Secretary of the Treasury
 22 shall conduct a study to assess the effectiveness of collec-
 23 tion alternatives, especially offers-in-compromise, on long-
 24 term tax compliance. Such a study shall analyze a group
 25 of taxpayers who applied for offers-in-compromise 5 or

1 more years ago and compare the amount of revenue col-
 2 lected from the taxpayers whose offers were accepted with
 3 the amount of revenue collected from the taxpayers whose
 4 offers were rejected, and compare, among the taxpayers
 5 whose offers were rejected, the amount they offered with
 6 the amounts collected.

7 (b) REPORT.—Not later than 1 year after the date
 8 of enactment of this Act, the Secretary of the Treasury
 9 shall submit a report to Congress containing the results
 10 of the study conducted under subsection (a).

11 **SEC. 202. REPEAL OF PARTIAL PAYMENT REQUIREMENT**
 12 **ON SUBMISSIONS OF OFFERS-IN-COM-**
 13 **PROMISE.**

14 (a) IN GENERAL.—Section 7122 is amended by strik-
 15 ing subsection (c) and by redesignating subsections (d),
 16 (e), (f), and (g) as subsection (c), (d), (e), and (f), respec-
 17 tively.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (3) of section 7122(d) is amend-
 20 ed—

21 (A) by inserting “and” at the end of the
 22 subparagraph (A),

23 (B) by striking “, and” at the end of sub-
 24 paragraph (B) and inserting a period, and

25 (C) by striking subparagraph (C).

1 (2) Subsection (f) of section 6159 is amended
 2 by striking “section 7122(e)” and inserting “section
 3 7122(d)”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to offers submitted after the date
 6 of the enactment of this Act.

7 **TITLE III—TAXPAYER ASSIST-**
 8 **ANCE AND PROTECTION IM-**
 9 **PROVEMENTS**

10 **SEC. 301. REFERRALS TO LOW-INCOME TAXPAYER CLINICS**
 11 **PERMITTED.**

12 (a) IN GENERAL.—Subsection (c) of section 7526 is
 13 amended by adding at the end the following new para-
 14 graph:

15 “(6) TREASURY EMPLOYEES PERMITTED TO
 16 REFER TAXPAYERS TO QUALIFIED LOW-INCOME TAX-
 17 PAYER CLINICS.—Notwithstanding any other provi-
 18 sion of law, officers and employees of the Depart-
 19 ment of the Treasury may refer taxpayers for advice
 20 and assistance to qualified low-income taxpayer clin-
 21 ics receiving funding under this section.”.

22 (b) EFFECTIVE DATE.—The amendment made by
 23 this section shall apply to referrals made after the date
 24 of the enactment of this Act.

1 **SEC. 302. PROGRAMS FOR THE BENEFIT OF LOW-INCOME**
 2 **TAXPAYERS.**

3 (a) VOLUNTEER INCOME TAX ASSISTANCE PRO-
 4 GRAMS.—Chapter 77 (relating to miscellaneous provi-
 5 sions) is amended by inserting after section 7526 the fol-
 6 lowing new section:

7 **“SEC. 7526A. VOLUNTEER INCOME TAX ASSISTANCE PRO-**
 8 **GRAMS.**

9 “(a) IN GENERAL.—The Secretary may, subject to
 10 the availability of appropriated funds, make grants to pro-
 11 vide matching funds for the development, expansion, or
 12 continuation of volunteer income tax assistance programs.

13 “(b) VOLUNTEER INCOME TAX ASSISTANCE PRO-
 14 GRAM.—For purposes of this section, the term ‘volunteer
 15 income tax assistance program’ means a program—

16 “(1) which does not charge taxpayers for its re-
 17 turn preparation services,

18 “(2) which operates programs to assist low- and
 19 moderate-income (as determined by the Secretary)
 20 taxpayers in preparing and filing their Federal in-
 21 come tax returns, and

22 “(3) in which all of the volunteers who assist in
 23 the preparation of Federal income tax returns meet
 24 the requirements prescribed by the Secretary.

25 “(c) SPECIAL RULES AND LIMITATIONS.—

1 “(1) AGGREGATE LIMITATION.—Unless other-
 2 wise provided by specific appropriation, the Sec-
 3 retary shall not allocate more than \$20,000,000 per
 4 year (exclusive of costs of administering the pro-
 5 gram) to grants under this section.

6 “(2) OTHER APPLICABLE RULES.—Rules simi-
 7 lar to the rules under paragraphs (2) through (6) of
 8 section 7526(c) shall apply with respect to the
 9 awarding of grants to volunteer income tax assist-
 10 ance programs.”.

11 (b) INCREASE IN AUTHORIZED GRANTS FOR LOW-IN-
 12 COME TAXPAYER CLINICS.—Paragraph (1) of section
 13 7526(c) (relating to aggregate limitation) is amended by
 14 striking “\$6,000,000” and inserting “\$20,000,000”.

15 (c) CLERICAL AMENDMENTS.—

16 (1) Section 7526(c)(5) is amended by inserting
 17 “qualified” before “low-income”.

18 (2) The table of sections for chapter 77 is
 19 amended by inserting after the item relating to sec-
 20 tion 7526 the following new item:

“Sec. 7526A. Volunteer income tax assistance programs.”.

21 (d) EFFECTIVE DATE.—The amendments made by
 22 this section shall take effect for authorized grants made
 23 after the date of the enactment of this Act.

1 **SEC. 303. EITC OUTREACH.**

2 (a) IN GENERAL.—Section 32 (relating to earned in-
3 come) is amended by adding at the end the following new
4 subsection:

5 “(n) NOTIFICATION OF POTENTIAL ELIGIBILITY FOR
6 CREDIT AND REFUND.—

7 “(1) IN GENERAL.—To the extent possible and
8 on an annual basis, the Secretary shall provide to
9 each taxpayer who—

10 “(A) for any preceding taxable year for
11 which credit or refund is not precluded by sec-
12 tion 6511, and

13 “(B) did not claim the credit under sub-
14 section (a) but may be allowed such credit for
15 any such taxable year based on return or return
16 information (as defined in section 6103(b))
17 available to the Secretary,
18 notice that such taxpayer may be eligible to claim
19 such credit and a refund for such taxable year.

20 “(2) NOTICE.—Notice provided under para-
21 graph (1) shall be in writing and sent to the last
22 known address of the taxpayer.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall take effect on the date of the enactment
25 of this Act.

1 **SEC. 304. TAXPAYER NOTIFICATION OF SUSPECTED IDEN-**
2 **TITY THEFT.**

3 (a) IN GENERAL.—Chapter 77 (relating to miscella-
4 neous provisions), as amended by this Act, is amended by
5 adding at the end the following new section:

6 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
7 **THEFT.**

8 “If, in the course of an investigation under the inter-
9 nal revenue laws, the Secretary determines that there was
10 or may have been an unauthorized use of the identity of
11 the taxpayer or a dependent of the taxpayer, the Secretary
12 shall, to the extent permitted by law—

13 “(1) as soon as practicable and without jeop-
14 ardizing such investigation, notify the taxpayer of
15 such determination, and

16 “(2) if any person is criminally charged by in-
17 dictment or information with respect to such unau-
18 thorized use, notify such taxpayer as soon as prac-
19 ticable of such charge.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for chapter 77 is amended by adding at the end the fol-
22 lowing new item:

“Sec. 7529. Notification of suspected identity theft.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to determinations made after the
25 date of the enactment of this Act.

1 **SEC. 305. CLARIFICATION OF IRS UNCLAIMED REFUND AU-**
2 **THORITY.**

3 Paragraph (1) of section 6103(m) (relating to tax re-
4 funds) is amended by inserting “, and through any other
5 means of mass communication,” after “media”.

6 **SEC. 306. STUDY ON DELIVERY OF TAX REFUNDS.**

7 (a) IN GENERAL.—The National Taxpayer Advocate
8 shall conduct a study on the feasibility of delivering tax
9 refunds on debit cards, prepaid cards, and other electronic
10 means to assist individuals that do not have access to fi-
11 nancial accounts or institutions.

12 (b) REPORT.—Not later than 1 year after the date
13 of enactment of this Act, the National Taxpayer Advocate
14 shall submit a report to Congress containing the results
15 of the study conducted under subsection (a).

16 **SEC. 307. STUDY ON TIMELY PROCESSING AND USE OF IN-**
17 **FORMATION RETURNS.**

18 (a) IN GENERAL.—The Secretary of the Treasury
19 shall conduct a study on the administrative and legislative
20 changes that would be needed to receive and process infor-
21 mation returns before processing income tax returns.

22 (b) REPORT.—Not later than 1 year after the date
23 of the enactment of this Act, the Secretary shall submit
24 a report to the Committee on Ways and Means of the
25 House of Representatives and the Committee on Finance
26 of the Senate containing the results of the study conducted

1 under subsection (a), together with such recommendations
2 as the Secretary considers necessary or appropriate for
3 implementation of these changes.

4 **SEC. 308. STUDY ON EASING THE BURDEN OF IN-PERSON**
5 **TAX PAYMENTS.**

6 (a) IN GENERAL.—The Secretary of the Treasury
7 shall conduct a study on how to reduce the number of tax-
8 payers making payments at IRS Taxpayer Assistance
9 Centers. The report shall include an analysis of—

10 (1) whether the Federal Tax Deposit Coupon
11 (Form 8109) could be expanded so that it can be
12 used with all Federal tax deposits and payments,
13 and

14 (2) what current or new return filing, payment,
15 and proof of payment options could be implemented
16 to reduce the burden of in-person payments.

17 (b) REPORT.—Not later than 1 year after the date
18 of the enactment of this Act, the Secretary shall submit
19 a report to the Committee on Ways and Means of the
20 House of Representatives and the Committee on Finance
21 of the Senate containing the results of the study conducted
22 under subsection (a), together with such recommendations
23 as the Secretary considers necessary or appropriate.

TITLE IV—REVENUE PROVISIONS

SEC. 401. EXPANSION OF BAD CHECK PENALTY TO ELECTRONIC PAYMENTS.

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended by adding at the end the following: “Except as otherwise provided by the Secretary, any authorization of a payment by commercially acceptable means (within the meaning of section 6311) shall be treated for purposes of this section in the same manner as a check.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to authorizations of payments made after December 31, 2010.

SEC. 402. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Subsections (a)(1), (b)(1)(A), and (b)(2)(A) of section 6721 are each amended by striking “\$50” and inserting “\$100”.

(2) AGGREGATE ANNUAL LIMITATION.—Subsections (a)(1), (d)(1)(A), and (e)(3)(A) of section 6721 are each amended by striking “\$250,000” and inserting “\$1,500,000”.

1 (b) REDUCTION WHERE CORRECTION WITHIN 30
2 DAYS.—

3 (1) IN GENERAL.—Subparagraph (A) of section
4 6721(b)(1) is amended by striking “\$15” and insert-
5 ing “\$30”.

6 (2) AGGREGATE ANNUAL LIMITATION.—Sub-
7 sections (b)(1)(B) and (d)(1)(B) of section 6721 are
8 each amended by striking “\$75,000” and inserting
9 “\$250,000”.

10 (c) REDUCTION WHERE CORRECTION ON OR BEFORE
11 AUGUST 1.—

12 (1) IN GENERAL.—Subparagraph (A) of section
13 6721(b)(2) is amended by striking “\$30” and insert-
14 ing “\$60”.

15 (2) AGGREGATE ANNUAL LIMITATION.—Sub-
16 sections (b)(2)(B) and (d)(1)(C) of section 6721 are
17 each amended by striking “\$150,000” and inserting
18 “\$500,000”.

19 (d) AGGREGATE ANNUAL LIMITATIONS FOR PER-
20 SONS WITH GROSS RECEIPTS OF NOT MORE THAN
21 \$5,000,000.—Paragraph (1) of section 6721(d) is amend-
22 ed—

23 (1) by striking “\$100,000” in subparagraph
24 (A) and inserting “\$500,000”,

1 (2) by striking “\$25,000” in subparagraph (B)
2 and inserting “\$75,000”, and

3 (3) by striking “\$50,000” in subparagraph (C)
4 and inserting “\$200,000”.

5 (e) PENALTY IN CASE OF INTENTIONAL DIS-
6 REGARD.—Paragraph (2) of section 6721(e) is amended
7 by striking “\$100” and inserting “\$250”.

8 (f) ADJUSTMENT FOR INFLATION.—Section 6721 is
9 amended by adding at the end the following new sub-
10 section:

11 “(f) ADJUSTMENT FOR INFLATION.—

12 “(1) IN GENERAL.—For each fifth calendar
13 year beginning after 2012, each of the dollar
14 amounts under subsections (a), (b), (d) (other than
15 paragraph (2)(A) thereof), and (e) shall be increased
16 by such dollar amount multiplied by the cost-of-liv-
17 ing adjustment determined under section 1(f)(3) de-
18 termined by substituting ‘calendar year 2011’ for
19 ‘calendar year 1992’ in subparagraph (B) thereof.

20 “(2) ROUNDING.—If any amount adjusted
21 under paragraph (1)—

22 “(A) is not less than \$75,000 and is not
23 a multiple of \$500, such amount shall be
24 rounded to the next lowest multiple of \$500,
25 and

1 “(B) is not described in subparagraph (A)
2 and is not a multiple of \$10, such amount shall
3 be rounded to the next lowest multiple of \$10.”.

4 (g) EFFECTIVE DATE.—The amendments made by
5 this section shall apply with respect to information returns
6 required to be filed on or after January 1, 2011.

7 **SEC. 403. BUDGET COMPLIANCE.**

8 The budgetary effects of this Act, for the purpose of
9 complying with the Statutory Pay-As-You-Go Act of 2010,
10 shall be determined by reference to the latest statement
11 titled “Budgetary Effects of PAYGO Legislation” for this
12 Act, submitted for printing in the Congressional Record
13 by the Chairman of the Committee on the Budget of the
14 House of Representatives, provided that such statement
15 has been submitted prior to the vote on passage.

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