

113TH CONGRESS
1ST SESSION

H. R. 295

To amend the Internal Revenue Code of 1986 to prevent identity theft and tax fraud, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2013

Mr. NUGENT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to prevent identity theft and tax fraud, 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.**

4 This Act may be cited as the “Protect and Save Act
5 of 2013”.

1 **SEC. 2. AUTHORITY TO DISCLOSE RETURN AND RETURN IN-**
2 **FORMATION IN FEDERAL AND STATE PROS-**
3 **ECUTION LAW ENFORCEMENT.**

4 (a) IN GENERAL.—Subsection (k) of section 6103 of
5 the Internal Revenue Code of 1986 is amended by adding
6 at the end the following new paragraph:

7 “(11) DISCLOSURE OF CERTAIN RETURN IN-
8 FORMATION IN CONNECTION WITH IDENTITY THEFT
9 AND FRAUDULENT RETURNS.—

10 “(A) IN GENERAL.—In the case of an in-
11 vestigation pertaining to the misuse of the iden-
12 tity of another person for purposes of filing a
13 false or fraudulent return of tax, upon receipt
14 of a written request which meets the require-
15 ments of subparagraph (C), the Secretary may
16 disclose return information to officers and em-
17 ployees of any Federal law enforcement agency,
18 or any officers and employees of any State or
19 local law enforcement agency, who are person-
20 ally and directly engaged in the investigation of
21 any crimes implicated in such misuse, but only
22 if any such law enforcement agency is part of
23 a team with the Internal Revenue Service in
24 such investigation.

25 “(B) LIMITATION ON USE OF INFORMA-
26 TION.—Information disclosed under this sub-

1 paragraph shall be solely for the use of such of-
2 ficers and employees to whom such information
3 is disclosed in such investigation.

4 “(C) REQUIREMENTS.—A request meets
5 the requirements of this clause if—

6 “(i) the request is made by the head
7 of the agency (or his delegate) involved in
8 such investigation, and

9 “(ii) the request sets forth the specific
10 reason why such disclosure may be rel-
11 evant to the investigation.

12 “(D) NOTIFICATION.—The Secretary shall
13 determine whether or not to grant the disclo-
14 sure request described in subparagraph (A) and
15 notify the petitioning law enforcement agency
16 within 30 days of receiving the request. This
17 determination shall be expedited in instances
18 where the crimes of murder, murder for hire, or
19 arson are involved as certified by the requesting
20 agency’s head.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Paragraph (2) of section 6103(a) of such
23 Code is amended by inserting “or (k)(11)” after
24 “subsection (i)(7)(A)”.

1 (2) Paragraph (4) of section 6103(p) of such
2 Code is amended—

3 (A) in the matter preceding subparagraph
4 (A) by inserting “or (11)” after “(k)(10)”, and
5 (B) in subparagraph (F)(ii) by striking “or
6 (10)” and inserting “(10) or (11)”.

7 (3) Paragraph (2) of section 7213(a) of such
8 Code is amended by inserting “(k)(11),” after
9 “(7)(A)(ii),”.

10 (c) **EFFECTIVE DATE.**—The amendment made by
11 subsection (a) shall apply to disclosures made after the
12 date of the enactment of this Act.

13 (d) **RULE OF CONSTRUCTION.**—Nothing in section
14 6103 of the Internal Revenue Code of 1986 may be con-
15 strued to prohibit Federal law enforcement officials from
16 coordinating with State and local law enforcement agen-
17 cies already investigating related crimes.

18 **SEC. 3. LOCAL LAW ENFORCEMENT LIAISON.**

19 Section 7803 of the Internal Revenue Code of 1986
20 is amended by adding at the end the following new sub-
21 section:

22 “(e) **LOCAL LAW ENFORCEMENT LIAISON.**—

23 “(1) **ESTABLISHMENT.**—The Commissioner of
24 Internal Revenue shall establish within the Criminal

1 Investigation Division of the Internal Revenue Serv-
2 ice the position of Local Law Enforcement Liaison.

3 “(2) DUTIES.—The Local Law Enforcement
4 Liaison shall—

5 “(A) coordinate the investigation of tax
6 fraud with State and local law enforcement
7 agencies,

8 “(B) communicate the status of tax fraud
9 cases involving identity theft, and

10 “(C) carry out such other duties as dele-
11 gated by the Commissioner of Internal Rev-
12 enue.”.

13 **SEC. 4. PIN SYSTEM FOR PREVENTION OF IDENTITY THEFT**
14 **TAX FRAUD.**

15 (a) IN GENERAL.—Not later than 1 year after the
16 date of the enactment of this Act, the Secretary of the
17 Treasury (or the Secretary’s delegate) shall implement an
18 identify theft tax fraud prevention program under which—

19 (1) a person who has filed an identity theft affi-
20 davit with the Secretary may elect—

21 (A) to be provided with a unique personal
22 identification number to be included on any
23 Federal tax return filed by such person, or

24 (B) to prevent the processing of any Fed-
25 eral tax return submitted in an electronic for-

1 mat by a person purporting to be such person,
2 and

3 (2) the Secretary will provide additional identity
4 verification safeguards for the processing of any
5 Federal tax return filed by a person described in
6 paragraph (1) in cases where a unique personal
7 identification number is not included on the return.

8 **SEC. 5. STUDY ON THE USE OF PREPAID DEBIT CARDS AND**
9 **COMMERCIAL TAX PREPARATION SOFTWARE**
10 **IN TAX FRAUD.**

11 (a) IN GENERAL.—The Comptroller General of the
12 United States shall conduct a study to examine the role
13 of prepaid debit cards and commercial tax preparation
14 software in facilitating fraudulent tax returns through
15 identity theft.

16 (b) REPORT.—Not later than 6 months after the date
17 of the enactment of this Act, the Comptroller General shall
18 submit to the Committee on Finance of the Senate and
19 the Committee on Ways and Means of the House of Rep-
20 resentatives a report with the results of the study con-
21 ducted under subsection (a), together with any rec-
22 ommendations.

23 **SEC. 6. STUDY ON THE USE OF E-FILING IN TAX FRAUD.**

24 (a) IN GENERAL.—The Comptroller General of the
25 United States shall conduct a study to examine the role

1 filing tax returns electronically (e-filing) and electronic tax
2 returns play in either facilitating or preventing fraudulent
3 tax returns through identity theft.

4 (b) REPORT.—Not later than 6 months after the date
5 of the enactment of this Act, the Comptroller General shall
6 submit to the Committee on Finance of the Senate and
7 the Committee on Ways and Means of the House of Rep-
8 resentatives a report with the results of the study con-
9 ducted under subsection (a), together with any rec-
10 ommendations.

11 **SEC. 7. RESTRICTION ON ACCESS TO THE DEATH MASTER**
12 **FILE.**

13 (a) IN GENERAL.—The Secretary of Commerce shall
14 not disclose information contained on the Death Master
15 File to any person with respect to any individual who has
16 died at any time during the previous two calendar years
17 in which the request for disclosure is made or the suc-
18 ceeding calendar year unless such person is certified under
19 the program established under subsection (b).

20 (b) CERTIFICATION PROGRAM.—

21 (1) IN GENERAL.—The Secretary of Commerce
22 shall establish a program to certify persons who are
23 eligible to access the information described in sub-
24 section (a) contained on the Death Master File.

1 (2) CERTIFICATION.—A person shall not be cer-
2 tified under the program established under para-
3 graph (1) unless the Secretary determines that such
4 person has a legitimate fraud prevention interest in
5 accessing the information described in subsection
6 (a).

7 (c) IMPOSITION OF PENALTY.—Any person who is
8 certified under the program established under subsection
9 (b), who receives information described in subsection (a),
10 and who during the period of time described in subsection
11 (a)—

12 (1) discloses such information to any other per-
13 son, or

14 (2) uses any such information for any purpose
15 other than to detect or prevent fraud,

16 shall pay a penalty of \$1,000 for each such disclosure or
17 use, but the total amount imposed under this subsection
18 on such a person for any calendar year shall not exceed
19 \$50,000.

20 (d) EXEMPTION FROM FREEDOM OF INFORMATION
21 ACT REQUIREMENT WITH RESPECT TO CERTAIN
22 RECORDS OF DECEASED INDIVIDUALS.—

23 (1) IN GENERAL.—The Social Security Admin-
24 istration shall not be compelled to disclose to any
25 person who is not certified under the program estab-

1 lished under subsection (b) the information de-
2 scribed in subsection (a).

3 (2) TREATMENT OF INFORMATION.—For pur-
4 poses of section 552 of title 5, United States Code,
5 this section shall be considered a statute described
6 in subsection (b)(3)(B) of such section 552.

7 **SEC. 8. EXTENSION OF AUTHORITY TO DISCLOSE CERTAIN**
8 **RETURN INFORMATION TO PRISON OFFI-**
9 **CIALS.**

10 (a) IN GENERAL.—Section 6103(k)(10) of the Inter-
11 nal Revenue Code of 1986 is amended by striking sub-
12 paragraph (D).

13 (b) REPORT FROM FEDERAL BUREAU OF PRIS-
14 ONS.—Not later than 6 months after the date of the enact-
15 ment of this Act, the head of the Federal Bureau of Pris-
16 ons shall submit to Congress a detailed plan on how it
17 will use the information provided from the Secretary of
18 the Treasury under section 6103(k)(10) of the Internal
19 Revenue Code of 1986 to reduce prison tax fraud.

20 (c) SENSE OF HOUSE REGARDING STATE PRISON
21 AUTHORITIES.—It is the sense of the House that the
22 heads of State agencies charged with the administration
23 of prisons should—

24 (1) develop plans for using the information pro-
25 vided by the Secretary of the Treasury under section

1 6103(k)(10) of the Internal Revenue Code of 1986
2 to reduce prison tax fraud, and

3 (2) coordinate with the Internal Revenue Serv-
4 ice with respect to the use of such information.

5 **SEC. 9. TREASURY REPORT ON INFORMATION SHARING**

6 **BARRIERS WITH RESPECT TO IDENTITY**

7 **THEFT.**

8 (a) REVIEW.—

9 (1) IN GENERAL.—The Secretary of the Treas-
10 ury (or the Secretary’s delegate) shall review wheth-
11 er current Federal tax laws and regulations related
12 to the confidentiality and disclosure of return infor-
13 mation prevent the effective enforcement of local,
14 State, and Federal identity theft statutes. The re-
15 view shall consider whether greater information
16 sharing between the Internal Revenue Service and
17 Federal, State and local law enforcement authorities
18 would improve the enforcement of criminal laws at
19 all levels of government.

20 (2) CONSULTATION.—In conducting the review
21 under paragraph (1), the Secretary shall solicit the
22 views of, and consult with, State and local law en-
23 forcement officials. Among the Federal agencies the
24 Secretary shall consult in conducting the review are
25 the following:

1 (A) The Department of Veterans Affairs.

2 (B) The Department of Justice.

3 (C) The United States Postal Inspection
4 Service.

5 (D) The Social Security Administration.

6 (b) REPORT.—Not later than 180 days after the date
7 of enactment of this Act, the Secretary shall submit a re-
8 port with the results of the review conducted under sub-
9 section (a), along with any legislative recommendations,
10 to the Committee on Finance of the Senate and the Com-
11 mittee on Ways and Means of the House of Representa-
12 tives.

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