

115TH CONGRESS
1ST SESSION

H. R. 3340

To amend the Internal Revenue Code of 1986 to provide taxpayer protection and assistance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2017

Mr. DOGGETT (for himself, Ms. JUDY CHU of California, Ms. DELBENE, Mr. HIGGINS of New York, Mr. LEVIN, Ms. SEWELL of Alabama, and Mr. THOMPSON of California) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, 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 provide taxpayer protection and assistance, 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 “Strengthening Taxpayer Rights Act of 2017”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
 2 shall be considered to be made to a section or other provi-
 3 sion of the Internal Revenue Code of 1986, as amended.

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

Sec. 1. Short title; etc.

TITLE I—PREPARATION OF TAX RETURNS

Sec. 101. Preparer penalties with respect to preparation of returns and other submissions.

Sec. 102. Limit redisclosures and uses of consent-based disclosures of tax return information.

TITLE II—IMPROVING IRS PROCEDURES

Sec. 201. Modification of requirements relating to tax lien information contained in consumer credit reports.

Sec. 202. De novo tax court review of innocent spouse relief determinations.

Sec. 203. Removal of nonpayment period from list of triggering events for returns relating to cancellation of indebtedness.

Sec. 204. Special rules for levies that attach to a fixed and determinable right.

6 **TITLE I—PREPARATION OF TAX** 7 **RETURNS**

8 **SEC. 101. PREPARER PENALTIES WITH RESPECT TO PREPA-** 9 **RATION OF RETURNS AND OTHER SUBMIS-** 10 **SIONS.**

11 (a) INCLUSION OF OTHER SUBMISSIONS IN PENALTY
 12 PROVISIONS.—

13 (1) UNDERSTATEMENT OF TAXPAYER'S LIABIL-
 14 ITY BY TAX RETURN PREPARER.—

15 (A) IN GENERAL.—Section 6694 is amend-
 16 ed by striking “return or claim of refund” each
 17 place it appears and inserting “return, claim of
 18 refund, or other submission to the Secretary”.

1 (B) CONFORMING AMENDMENTS.—Section
2 6694, as amended by paragraph (1), is amend-
3 ed by striking “return or claim” each place it
4 appears and inserting “return, claim, or other
5 submission to the Secretary”.

6 (2) INCREASE IN PENALTY IN CASE OF GROSS
7 MISCONDUCT.—Subsection (b) of section 6694 is
8 amended by adding at the end the following new
9 paragraph:

10 “(4) INCREASE IN PENALTY IN CASE OF GROSS
11 MISCONDUCT.—In the case of an understatement to
12 which this section applies that is attributable to the
13 tax return preparer’s making a false or fraudulent
14 return or claim for refund without the taxpayer’s
15 knowledge, subsection (a) shall be applied by sub-
16 stituting ‘100 percent of the amount of the under-
17 statement’ for ‘50 percent of the amount derived (or
18 to be derived) by the tax return preparer with re-
19 spect to the return or claim’. This penalty shall be
20 in addition to any other penalties provided by law.”.

21 (3) OTHER ASSESSABLE PENALTIES.—

22 (A) IN GENERAL.—Section 6695 is amend-
23 ed by striking “return or claim for refund”
24 each place it appears and inserting “return,
25 claim for refund, or other submission”.

1 (B) CONFORMING AMENDMENTS.—Section
2 6695, as amended by paragraph (1), is amend-
3 ed by striking “return or claim” each place it
4 appears and inserting “return, claim, or other
5 submission”.

6 (b) INCREASE IN CERTAIN OTHER ASSESSABLE PEN-
7 ALTY AMOUNTS.—

8 (1) IN GENERAL.—Subsections (a), (b), and (c)
9 of section 6695 are each amended by striking “\$50”
10 and inserting “\$1,000”.

11 (2) REMOVAL OF ANNUAL LIMITATION.—Sub-
12 sections (a), (b), and (c) of section 6695 are each
13 amended by striking the last sentence thereof.

14 (c) REVIEW BY THE TREASURY INSPECTOR GEN-
15 ERAL FOR TAX ADMINISTRATION.—Subparagraph (A) of
16 section 7803(d)(2) is amended by striking “and” at the
17 end of clause (iii), by striking the period at the end of
18 clause (iv) and inserting “, and”, and by adding at the
19 end the following new clause:

20 “(v) a summary of the penalties as-
21 sessed and collected during the reporting
22 period under sections 6694 and 6695 and
23 under the regulations promulgated under
24 section 330 of title 31, United States
25 Code, and a review of the procedures by

1 which violations are identified and pen-
2 alties are assessed under those sections,”.

3 (d) ADDITIONAL CERTIFICATION ON DOCUMENTS
4 OTHER THAN RETURNS.—

5 (1) IDENTIFYING NUMBER REQUIRED FOR ALL
6 SUBMISSIONS TO THE IRS BY TAX RETURN PRE-
7 PARERS.—The first sentence of paragraph (4) of
8 section 6109(a) is amended by striking “return or
9 claim for refund” and inserting “return, claim for
10 refund, statement, or other document”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by paragraph (1) shall apply to any return, claim for
13 refund, or submission to the Secretary that is filed
14 after the date of the enactment of this Act.

15 (e) COORDINATION WITH SECTION 6060(a).—The
16 Secretary of the Treasury shall coordinate the require-
17 ments under the regulations promulgated under sections
18 330 and 330A of title 31, United States Code, with the
19 return requirements of section 6060 of the Internal Rev-
20 enue Code of 1986.

21 (f) EFFECTIVE DATE.—The regulations required by
22 this section shall be prescribed not later than one year
23 after the date of the enactment of this Act.

1 **SEC. 102. LIMIT REDISCLOSURES AND USES OF CONSENT-**
2 **BASED DISCLOSURES OF TAX RETURN INFOR-**
3 **MATION.**

4 (a) IN GENERAL.—Subsection (c) of section 6103 is
5 amended by striking “However, return” and inserting the
6 following: “Persons designated by the taxpayer to receive
7 return information shall not use the information for any
8 purpose other than the express purpose for which consent
9 was granted and shall not disclose return information to
10 any other person without the express permission of, or re-
11 quest by, the taxpayer. Return”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to disclosures after the date of the
14 enactment of this Act.

15 **TITLE II—IMPROVING IRS**
16 **PROCEDURES**

17 **SEC. 201. MODIFICATION OF REQUIREMENTS RELATING TO**
18 **TAX LIEN INFORMATION CONTAINED IN CON-**
19 **SUMER CREDIT REPORTS.**

20 (a) IN GENERAL.—Paragraph (3) of section 605(a)
21 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(3))
22 is amended to read as follows:

23 “(3) TAX LIENS.—The following tax liens:

24 “(A) Any tax lien released pursuant to sec-
25 tion 6325(a) of the Internal Revenue Code of

1 1986 not more than 2 years after the date that
2 the notice of such lien was filed.

3 “(B) Any tax lien released pursuant to sec-
4 tion 6325(a) of such Code—

5 “(i) more than 2 years after the date
6 that the notice of such lien was filed, and

7 “(ii) more than 2 years before the re-
8 port.

9 “(C) Any tax lien if—

10 “(i) the notice of such lien was not
11 refiled during the required refiling period
12 (as defined in section 6323(g)(3) of such
13 Code), and

14 “(ii) such period ends more than 6
15 years before the report.

16 “(D) Any tax lien the notice of which is
17 withdrawn pursuant to section 6323(j)(1) of
18 such Code.

19 “(E) Any tax lien released pursuant to sec-
20 tion 6326(b) of such Code if the notice of such
21 lien was erroneously filed.”.

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

1 **SEC. 202. DE NOVO TAX COURT REVIEW OF INNOCENT**
2 **SPOUSE RELIEF DETERMINATIONS.**

3 (a) IN GENERAL.—Section 6015 is amended—

4 (1) in subsection (e), by adding at the end the
5 following new paragraph:

6 “(6) STANDARD AND SCOPE OF REVIEW.—Any
7 review of a determination made under this section
8 shall be reviewed de novo by the Tax Court and shall
9 be based upon—

10 “(A) the administrative record established
11 at the time of the determination, and

12 “(B) any additional newly discovered or
13 previously unavailable evidence.”; and

14 (2) by amending subsection (f) to read as fol-
15 lows:

16 “(f) EQUITABLE RELIEF.—

17 “(1) IN GENERAL.—Under procedures pre-
18 scribed by the Secretary, if—

19 “(A) taking into account all the facts and
20 circumstances, it is inequitable to hold the indi-
21 vidual liable for any unpaid tax or any defi-
22 ciency (or any portion of either), and

23 “(B) relief is not available to such indi-
24 vidual under subsection (b) or (c),

25 the Secretary may relieve such individual of such li-
26 ability.

1 “(2) LIMITATION.—A request for equitable re-
2 lief under this subsection may be made with respect
3 to any portion of any liability that—

4 “(A) has not been paid, provided that such
5 request is made before the expiration of the ap-
6 plicable period of limitation under section 6502,
7 or

8 “(B) has been paid, provided that such re-
9 quest is made during the period in which the
10 individual could submit a timely claim for re-
11 fund or credit of such payment.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to petitions or requests filed or
14 pending on and after the date of the enactment of this
15 Act.

16 **SEC. 203. REMOVAL OF NONPAYMENT PERIOD FROM LIST**
17 **OF TRIGGERING EVENTS FOR RETURNS RE-**
18 **LATING TO CANCELLATION OF INDEBTED-**
19 **NESS.**

20 (a) IN GENERAL.—Subsection (c) of section 6050P
21 is amended by adding at the end the following new para-
22 graph:

23 “(4) DETERMINING DATE OF DISCHARGE.—
24 Whether an entity has discharged the indebtedness
25 of any person shall not be determined based solely

1 on the passage of a specified period of time during
2 which the entity has not received payment on such
3 indebtedness.”.

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

7 **SEC. 204. SPECIAL RULES FOR LEVIES THAT ATTACH TO A**
8 **FIXED AND DETERMINABLE RIGHT.**

9 (a) IN GENERAL.—Section 6331 is amended by re-
10 designating subsection (l) as subsection (m) and by insert-
11 ing after subsection (k) the following new subsection:

12 “(l) LIMITATION ON LEVY AFTER EXPIRATION OF
13 COLLECTION PERIOD.—

14 “(1) PENALTIES AND INTEREST.—In the case
15 of a levy that attaches to a fixed and determinable
16 right to payments or other property, penalties, addi-
17 tions to tax, and interest shall not accrue after the
18 expiration of the period of limitations provided in
19 section 6502.

20 “(2) RETIREMENT AND DISABILITY PAY-
21 MENTS.—In the case of a levy on benefits under title
22 II of the Social Security Act, benefits under a plan
23 on account of a disability, or retirement benefits or
24 amounts held in a retirement plan, such levy is not
25 enforceable with respect to such benefits or amounts

1 after the expiration of the period of limitations pro-
2 vided in section 6502 unless the taxpayer has com-
3 mitted a flagrant act (as defined in section
4 6334(f)(2)).”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to levies served after the date of
7 the enactment of this Act.

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