

116TH CONGRESS  
1ST SESSION

# H. R. 3151

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## AN ACT

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, 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,*

1 **SECTION 1. SHORT TITLE; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Taxpayer First Act”.

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

10 (c) TABLE OF CONTENTS.—The table of contents for  
11 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—PUTTING TAXPAYERS FIRST

Subtitle A—Independent Appeals Process

Sec. 1001. Establishment of Internal Revenue Service Independent Office of Appeals.

Subtitle B—Improved Service

Sec. 1101. Comprehensive customer service strategy.

Sec. 1102. Low-income exception for payments otherwise required in connection with a submission of an offer-in-compromise.

Subtitle C—Sensible Enforcement

Sec. 1201. Internal Revenue Service seizure requirements with respect to structuring transactions.

Sec. 1202. Exclusion of interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.

Sec. 1203. Clarification of equitable relief from joint liability.

Sec. 1204. Modification of procedures for issuance of third-party summons.

Sec. 1205. Private debt collection and special compliance personnel program.

Sec. 1206. Reform of notice of contact of third parties.

Sec. 1207. Modification of authority to issue designated summons.

Sec. 1208. Limitation on access of non-Internal Revenue Service employees to returns and return information.

Subtitle D—Organizational Modernization

Sec. 1301. Office of the National Taxpayer Advocate.

Sec. 1302. Modernization of Internal Revenue Service organizational structure.

### Subtitle E—Other Provisions

- Sec. 1401. Return preparation programs for applicable taxpayers.
- Sec. 1402. Provision of information regarding low-income taxpayer clinics.
- Sec. 1403. Notice from IRS regarding closure of taxpayer assistance centers.
- Sec. 1404. Rules for seizure and sale of perishable goods restricted to only perishable goods.
- Sec. 1405. Whistleblower reforms.
- Sec. 1406. Customer service information.
- Sec. 1407. Misdirected tax refund deposits.

## TITLE II—21ST CENTURY IRS

### Subtitle A—Cybersecurity and Identity Protection

- Sec. 2001. Public-private partnership to address identity theft refund fraud.
- Sec. 2002. Recommendations of Electronic Tax Administration Advisory Committee regarding identity theft refund fraud.
- Sec. 2003. Information sharing and analysis center.
- Sec. 2004. Compliance by contractors with confidentiality safeguards.
- Sec. 2005. Identity protection personal identification numbers.
- Sec. 2006. Single point of contact for tax-related identity theft victims.
- Sec. 2007. Notification of suspected identity theft.
- Sec. 2008. Guidelines for stolen identity refund fraud cases.
- Sec. 2009. Increased penalty for improper disclosure or use of information by preparers of returns.

### Subtitle B—Development of Information Technology

- Sec. 2101. Management of Internal Revenue Service information technology.
- Sec. 2102. Internet platform for Form 1099 filings.
- Sec. 2103. Streamlined critical pay authority for information technology positions.

### Subtitle C—Modernization of Consent-Based Income Verification System

- Sec. 2201. Disclosure of taxpayer information for third-party income verification.
- Sec. 2202. Limit redisclosures and uses of consent-based disclosures of tax return information.

### Subtitle D—Expanded Use of Electronic Systems

- Sec. 2301. Electronic filing of returns.
- Sec. 2302. Uniform standards for the use of electronic signatures for disclosure authorizations to, and other authorizations of, practitioners.
- Sec. 2303. Payment of taxes by debit and credit cards.
- Sec. 2304. Authentication of users of electronic services accounts.

### Subtitle E—Other Provisions

- Sec. 2401. Repeal of provision regarding certain tax compliance procedures and reports.
- Sec. 2402. Comprehensive training strategy.

## TITLE III—MISCELLANEOUS PROVISIONS

### Subtitle A—Reform of Laws Governing Internal Revenue Service Employees

Sec. 3001. Prohibition on rehiring any employee of the Internal Revenue Service who was involuntarily separated from service for misconduct.

Sec. 3002. Notification of unauthorized inspection or disclosure of returns and return information.

Subtitle B—Provisions Relating to Exempt Organizations

Sec. 3101. Mandatory e-filing by exempt organizations.

Sec. 3102. Notice required before revocation of tax-exempt status for failure to file return.

Subtitle C—Revenue Provision

Sec. 3201. Increase in penalty for failure to file.

TITLE IV—BUDGETARY EFFECTS

Sec. 4001. Determination of budgetary effects.

1     **TITLE I—PUTTING TAXPAYERS**  
 2                     **FIRST**  
 3     **Subtitle A—Independent Appeals**  
 4                     **Process**

5     **SEC. 1001. ESTABLISHMENT OF INTERNAL REVENUE SERV-**  
 6                     **ICE INDEPENDENT OFFICE OF APPEALS.**

7             (a) IN GENERAL.—Section 7803 is amended by add-  
 8     ing at the end the following new subsection:

9             “(e) INDEPENDENT OFFICE OF APPEALS.—

10                 “(1) ESTABLISHMENT.—There is established in  
 11     the Internal Revenue Service an office to be known  
 12     as the ‘Internal Revenue Service Independent Office  
 13     of Appeals’.

14                 “(2) CHIEF OF APPEALS.—

15                     “(A) IN GENERAL.—The Internal Revenue  
 16     Service Independent Office of Appeals shall be  
 17     under the supervision and direction of an offi-

1           cial to be known as the ‘Chief of Appeals’. The  
2           Chief of Appeals shall report directly to the  
3           Commissioner of Internal Revenue and shall be  
4           entitled to compensation at the same rate as  
5           the highest rate of basic pay established for the  
6           Senior Executive Service under section 5382 of  
7           title 5, United States Code.

8           “(B) APPOINTMENT.—The Chief of Ap-  
9           peals shall be appointed by the Commissioner of  
10          Internal Revenue without regard to the provi-  
11          sions of title 5, United States Code, relating to  
12          appointments in the competitive service or the  
13          Senior Executive Service.

14          “(C) QUALIFICATIONS.—An individual ap-  
15          pointed under subparagraph (B) shall have ex-  
16          perience and expertise in—

17                  “(i) administration of, and compliance  
18                  with, Federal tax laws,

19                  “(ii) a broad range of compliance  
20                  cases, and

21                  “(iii) management of large service or-  
22                  ganizations.

23          “(3) PURPOSES AND DUTIES OF OFFICE.—It  
24          shall be the function of the Internal Revenue Service

1 Independent Office of Appeals to resolve Federal tax  
2 controversies without litigation on a basis which—

3 “(A) is fair and impartial to both the Gov-  
4 ernment and the taxpayer,

5 “(B) promotes a consistent application and  
6 interpretation of, and voluntary compliance  
7 with, the Federal tax laws, and

8 “(C) enhances public confidence in the in-  
9 tegrity and efficiency of the Internal Revenue  
10 Service.

11 “(4) RIGHT OF APPEAL.—The resolution proc-  
12 ess described in paragraph (3) shall be generally  
13 available to all taxpayers.

14 “(5) LIMITATION ON DESIGNATION OF CASES  
15 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT  
16 OFFICE OF APPEALS.—

17 “(A) IN GENERAL.—If any taxpayer which  
18 is in receipt of a notice of deficiency authorized  
19 under section 6212 requests referral to the In-  
20 ternal Revenue Service Independent Office of  
21 Appeals and such request is denied, the Com-  
22 missioner of Internal Revenue shall provide  
23 such taxpayer a written notice which—

24 “(i) provides a detailed description of  
25 the facts involved, the basis for the deci-

1                   sion to deny the request, and a detailed ex-  
2                   planation of how the basis of such decision  
3                   applies to such facts, and

4                   “(ii) describes the procedures pre-  
5                   scribed under subparagraph (C) for pro-  
6                   testing the decision to deny the request.

7                   “(B) REPORT TO CONGRESS.—The Com-  
8                   missioner of Internal Revenue shall submit a  
9                   written report to Congress on an annual basis  
10                  which includes the number of requests described  
11                  in subparagraph (A) which were denied and the  
12                  reasons (described by category) that such re-  
13                  quests were denied.

14                  “(C) PROCEDURES FOR PROTESTING DE-  
15                  NIAL OF REQUEST.—The Commissioner of In-  
16                  ternal Revenue shall prescribe procedures for  
17                  protesting to the Commissioner of Internal Rev-  
18                  enue a denial of a request described in subpara-  
19                  graph (A).

20                  “(D) NOT APPLICABLE TO FRIVOLOUS PO-  
21                  SITIONS.—This paragraph shall not apply to a  
22                  request for referral to the Internal Revenue  
23                  Service Independent Office of Appeals which is  
24                  denied on the basis that the issue involved is a

1 frivolous position (within the meaning of section  
2 6702(c)).

3 “(6) STAFF.—

4 “(A) IN GENERAL.—All personnel in the  
5 Internal Revenue Service Independent Office of  
6 Appeals shall report to the Chief of Appeals.

7 “(B) ACCESS TO STAFF OF OFFICE OF  
8 THE CHIEF COUNSEL.—The Chief of Appeals  
9 shall have authority to obtain legal assistance  
10 and advice from the staff of the Office of the  
11 Chief Counsel. The Chief Counsel shall ensure,  
12 to the extent practicable, that such assistance  
13 and advice is provided by staff of the Office of  
14 the Chief Counsel who were not involved in the  
15 case with respect to which such assistance and  
16 advice is sought and who are not involved in  
17 preparing such case for litigation.

18 “(7) ACCESS TO CASE FILES.—

19 “(A) IN GENERAL.—In any case in which  
20 a conference with the Internal Revenue Service  
21 Independent Office of Appeals has been sched-  
22 uled upon request of a specified taxpayer, the  
23 Chief of Appeals shall ensure that such tax-  
24 payer is provided access to the nonprivileged  
25 portions of the case file on record regarding the



1           disputed issues (other than documents provided  
2           by the taxpayer to the Internal Revenue Serv-  
3           ice) not later than 10 days before the date of  
4           such conference.

5           “(B) TAXPAYER ELECTION TO EXPEDITE  
6           CONFERENCE.—If the taxpayer so elects, sub-  
7           paragraph (A) shall be applied by substituting  
8           ‘the date of such conference’ for ‘10 days before  
9           the date of such conference’.

10          “(C) SPECIFIED TAXPAYER.—For pur-  
11          poses of this paragraph—

12                 “(i) IN GENERAL.—The term ‘speci-  
13                 fied taxpayer’ means—

14                         “(I) in the case of any taxpayer  
15                         who is a natural person, a taxpayer  
16                         whose adjusted gross income does not  
17                         exceed \$400,000 for the taxable year  
18                         to which the dispute relates, and

19                         “(II) in the case of any other  
20                         taxpayer, a taxpayer whose gross re-  
21                         ceipts do not exceed \$5 million for the  
22                         taxable year to which the dispute re-  
23                         lates.

1                   “(ii) AGGREGATION RULE.—Rules  
2                   similar to the rules of section 448(c)(2)  
3                   shall apply for purposes of clause (i)(II).”.

4                   (b) CONFORMING AMENDMENTS.—

5                   (1) The following provisions are each amended  
6                   by striking “Internal Revenue Service Office of Ap-  
7                   peals” and inserting “Internal Revenue Service  
8                   Independent Office of Appeals”:

9                   (A) Section 6015(c)(4)(B)(ii)(I).

10                   (B) Section 6320(b)(1).

11                   (C) Subsections (b)(1) and (d)(3) of sec-  
12                   tion 6330.

13                   (D) Section 6603(d)(3)(B).

14                   (E) Section 6621(c)(2)(A)(i).

15                   (F) Section 7122(e)(2).

16                   (G) Subsections (a), (b)(1), (b)(2), and  
17                   (c)(1) of section 7123.

18                   (H) Subsections (c)(7)(B)(i) and (g)(2)(A)  
19                   of section 7430.

20                   (I) Section 7522(b)(3).

21                   (J) Section 7612(c)(2)(A).

22                   (2) Section 7430(c)(2) is amended by striking  
23                   “Internal Revenue Service Office of Appeals” each  
24                   place it appears and inserting “Internal Revenue  
25                   Service Independent Office of Appeals”.

1           (3) The heading of section 6330(d)(3) is  
2           amended by inserting “INDEPENDENT” after “IRS”.

3           (c) OTHER REFERENCES.—Any reference in any pro-  
4 vision of law, or regulation or other guidance, to the Inter-  
5 nal Revenue Service Office of Appeals shall be treated as  
6 a reference to the Internal Revenue Service Independent  
7 Office of Appeals.

8           (d) SAVINGS PROVISIONS.—Rules similar to the rules  
9 of paragraphs (2) through (6) of section 1001(b) of the  
10 Internal Revenue Service Restructuring and Reform Act  
11 of 1998 shall apply for purposes of this section (and the  
12 amendments made by this section).

13          (e) EFFECTIVE DATE.—

14           (1) IN GENERAL.—Except as otherwise pro-  
15 vided in this subsection, the amendments made by  
16 this section shall take effect on the date of the en-  
17 actment of this Act.

18           (2) ACCESS TO CASE FILES.—Section  
19 7803(e)(7) of the Internal Revenue Code of 1986, as  
20 added by subsection (a), shall apply to conferences  
21 occurring after the date which is 1 year after the  
22 date of the enactment of this Act.

## 1           **Subtitle B—Improved Service**

### 2   **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-** 3                           **EGY.**

4           (a) IN GENERAL.—Not later than the date which is  
5 1 year after the date of the enactment of this Act, the  
6 Secretary of the Treasury (or the Secretary’s delegate)  
7 shall submit to Congress a written comprehensive cus-  
8 tomer service strategy for the Internal Revenue Service.  
9 Such strategy shall include—

10           (1) a plan to provide assistance to taxpayers  
11 that is secure, designed to meet reasonable taxpayer  
12 expectations, and adopts appropriate best practices  
13 of customer service provided in the private sector,  
14 including online services, telephone call back serv-  
15 ices, and training of employees providing customer  
16 services;

17           (2) a thorough assessment of the services that  
18 the Internal Revenue Service can co-locate with  
19 other Federal services or offer as self-service op-  
20 tions;

21           (3) proposals to improve Internal Revenue Serv-  
22 ice customer service in the short term (the current  
23 and following fiscal year), medium term (approx-  
24 imately 3 to 5 fiscal years), and long term (approx-  
25 imately 10 fiscal years);



1 required in connection with the submission of an  
2 offer-in-compromise, shall not apply to any offer-in-  
3 compromise with respect to a taxpayer who is an in-  
4 dividual with adjusted gross income, as determined  
5 for the most recent taxable year for which such in-  
6 formation is available, which does not exceed 250  
7 percent of the applicable poverty level (as deter-  
8 mined by the Secretary).”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to offers-in-compromise submitted  
11 after the date of the enactment of this Act.

## 12 **Subtitle C—Sensible Enforcement**

### 13 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-** 14 **QUIREMENTS WITH RESPECT TO STRUC-** 15 **TURING TRANSACTIONS.**

16 Section 5317(c)(2) of title 31, United States Code,  
17 is amended—

18 (1) by striking “Any property” and inserting  
19 the following:

20 “(A) IN GENERAL.—Any property”; and

21 (2) by adding at the end the following:

22 “(B) INTERNAL REVENUE SERVICE SEI-  
23 ZURE REQUIREMENTS WITH RESPECT TO  
24 STRUCTURING TRANSACTIONS.—

1           “(i) PROPERTY DERIVED FROM AN IL-  
2 LEGAL SOURCE.—Property may only be  
3 seized by the Internal Revenue Service  
4 pursuant to subparagraph (A) by reason of  
5 a claimed violation of section 5324 if the  
6 property to be seized was derived from an  
7 illegal source or the funds were structured  
8 for the purpose of concealing the violation  
9 of a criminal law or regulation other than  
10 section 5324.

11           “(ii) NOTICE.—Not later than 30  
12 days after property is seized by the Inter-  
13 nal Revenue Service pursuant to subpara-  
14 graph (A), the Internal Revenue Service  
15 shall—

16                   “(I) make a good faith effort to  
17 find all persons with an ownership in-  
18 terest in such property; and

19                   “(II) provide each such person so  
20 found with a notice of the seizure and  
21 of the person’s rights under clause  
22 (iv).

23           “(iii) EXTENSION OF NOTICE UNDER  
24 CERTAIN CIRCUMSTANCES.—The Internal  
25 Revenue Service may apply to a court of

1 competent jurisdiction for one 30-day ex-  
2 tension of the notice requirement under  
3 clause (ii) if the Internal Revenue Service  
4 can establish probable cause of an immi-  
5 nent threat to national security or personal  
6 safety necessitating such extension.

7 “(iv) POST-SEIZURE HEARING.—If a  
8 person with an ownership interest in prop-  
9 erty seized pursuant to subparagraph (A)  
10 by the Internal Revenue Service requests a  
11 hearing by a court of competent jurisdic-  
12 tion within 30 days after the date on which  
13 notice is provided under subclause (ii),  
14 such property shall be returned unless the  
15 court holds an adversarial hearing and  
16 finds within 30 days of such request (or  
17 such longer period as the court may pro-  
18 vide, but only on request of an interested  
19 party) that there is probable cause to be-  
20 lieve that there is a violation of section  
21 5324 involving such property and probable  
22 cause to believe that the property to be  
23 seized was derived from an illegal source or  
24 the funds were structured for the purpose  
25 of concealing the violation of a criminal



1 law or regulation other than section  
2 5324.”.

3 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**  
4 **TO RECOVER PROPERTY SEIZED BY THE IN-**  
5 **TERNAL REVENUE SERVICE BASED ON**  
6 **STRUCTURING TRANSACTION.**

7 (a) IN GENERAL.—Part III of subchapter B of chap-  
8 ter 1 is amended by inserting before section 140 the fol-  
9 lowing new section:

10 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**  
11 **PROPERTY SEIZED BY THE INTERNAL REV-**  
12 **ENUE SERVICE BASED ON STRUCTURING**  
13 **TRANSACTION.**

14 “Gross income shall not include any interest received  
15 from the Federal Government in connection with an action  
16 to recover property seized by the Internal Revenue Service  
17 pursuant to section 5317(c)(2) of title 31, United States  
18 Code, by reason of a claimed violation of section 5324 of  
19 such title.”.

20 (b) CLERICAL AMENDMENT.—The table of sections  
21 for part III of subchapter B of chapter 1 is amended by  
22 inserting before the item relating to section 140 the fol-  
23 lowing new item:

“Sec. 139H. Interest received in action to recover property seized by the Inter-  
nal Revenue Service based on structuring transaction.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to interest received on or after the  
3 date of the enactment of this Act.

4 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**  
5 **JOINT LIABILITY.**

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

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

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

13 “(A) the administrative record established  
14 at the time of the determination, and

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

17 (2) by amending subsection (f) to read as fol-  
18 lows:

19 “(f) EQUITABLE RELIEF.—

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

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



1 tains to the failure (or potential failure) of the person or  
2 group or class of persons referred to in paragraph (2) to  
3 comply with one or more provisions of the internal revenue  
4 law which have been identified for purposes of such para-  
5 graph.”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to summonses served after the date  
8 that is 45 days after the date of the enactment of this  
9 Act.

10 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**  
11 **PLIANCE PERSONNEL PROGRAM.**

12 (a) CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR  
13 COLLECTION UNDER TAX COLLECTION CONTRACTS.—  
14 Section 6306(d)(3) is amended by striking “or” at the end  
15 of subparagraph (C) and by inserting after subparagraph  
16 (D) the following new subparagraphs:

17 “(E) a taxpayer substantially all of whose  
18 income consists of disability insurance benefits  
19 under section 223 of the Social Security Act or  
20 supplemental security income benefits under  
21 title XVI of the Social Security Act (including  
22 supplemental security income benefits of the  
23 type described in section 1616 of such Act or  
24 section 212 of Public Law 93–66), or

1           “(F) a taxpayer who is an individual with  
2           adjusted gross income, as determined for the  
3           most recent taxable year for which such infor-  
4           mation is available, which does not exceed 200  
5           percent of the applicable poverty level (as deter-  
6           mined by the Secretary),”.

7           (b) DETERMINATION OF INACTIVE TAX RECEIV-  
8           ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-  
9           TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended  
10          by striking “more than  $\frac{1}{3}$  of the period of the applicable  
11          statute of limitation has lapsed” and inserting “more than  
12          2 years has passed since assessment”.

13          (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-  
14          MENTS OFFERED UNDER TAX COLLECTION CON-  
15          TRACTS.—Section 6306(b)(1)(B) is amended by striking  
16          “5 years” and inserting “7 years”.

17          (d) CLARIFICATION THAT SPECIAL COMPLIANCE  
18          PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR  
19          PROGRAM COSTS.—

20                 (1) IN GENERAL.—Section 6307(b) is amend-  
21          ed—

22                         (A) in paragraph (2), by striking all that  
23                         follows “under such program” and inserting a  
24                         period, and

1 (B) in paragraph (3), by striking all that  
2 follows “out of such account” and inserting  
3 “for other than program costs.”.

4 (2) COMMUNICATIONS, SOFTWARE, AND TECH-  
5 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-  
6 tion 6307(d)(2)(B) is amended by striking “tele-  
7 communications” and inserting “communications,  
8 software, technology”.

9 (3) CONFORMING AMENDMENT.—Section  
10 6307(d)(2) is amended by striking “and” at the end  
11 of subparagraph (A), by striking the period at the  
12 end of subparagraph (B) and inserting “, and”, and  
13 by inserting after subparagraph (B) the following  
14 new subparagraph:

15 “(C) reimbursement of the Internal Rev-  
16 enue Service or other government agencies for  
17 the cost of administering the qualified tax col-  
18 lection program under section 6306.”.

19 (e) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as otherwise pro-  
21 vided in this subsection, the amendments made by  
22 this section shall apply to tax receivables identified  
23 by the Secretary (or the Secretary’s delegate) after  
24 December 31, 2020.

1           (2) MAXIMUM LENGTH OF INSTALLMENT  
2 AGREEMENTS.—The amendment made by subsection  
3 (c) shall apply to contracts entered into after the  
4 date of the enactment of this Act.

5           (3) USE OF SPECIAL COMPLIANCE PERSONNEL  
6 PROGRAM ACCOUNT.—The amendment made by sub-  
7 section (d) shall apply to amounts expended from  
8 the special compliance personnel program account  
9 after the date of the enactment of this Act.

10 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**  
11 **PARTIES.**

12           (a) IN GENERAL.—Section 7602(c)(1) is amended to  
13 read as follows:

14           “(1) GENERAL NOTICE.—An officer or em-  
15 ployee of the Internal Revenue Service may not con-  
16 tact any person other than the taxpayer with respect  
17 to the determination or collection of the tax liability  
18 of such taxpayer unless such contact occurs during  
19 a period (not greater than 1 year) which is specified  
20 in a notice which—

21           “(A) informs the taxpayer that contacts  
22 with persons other than the taxpayer are in-  
23 tended to be made during such period, and

24           “(B) except as otherwise provided by the  
25 Secretary, is provided to the taxpayer not later





1 (b) REQUIREMENTS FOR SUMMONS.—Clause (i) of  
2 section 6503(j)(2)(A) is amended to read as follows:

3 “(i) the issuance of such summons is  
4 preceded by a review and written approval  
5 of such issuance by the Commissioner of  
6 the relevant operating division of the Inter-  
7 nal Revenue Service and the Chief Counsel  
8 which—

9 “(I) states facts clearly estab-  
10 lishing that the Secretary has made  
11 reasonable requests for the informa-  
12 tion that is the subject of the sum-  
13 mons, and

14 “(II) is attached to such sum-  
15 mons,”.

16 (c) ESTABLISHMENT THAT REASONABLE REQUESTS  
17 FOR INFORMATION WERE MADE.—Subsection (j) of sec-  
18 tion 6503 is amended by adding at the end the following  
19 new paragraph:

20 “(4) ESTABLISHMENT THAT REASONABLE RE-  
21 QUESTS FOR INFORMATION WERE MADE.—In any  
22 court proceeding described in paragraph (3), the  
23 Secretary shall establish that reasonable requests  
24 were made for the information that is the subject of  
25 the summons.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to summonses issued after the date  
3 which is 45 days after the date of the enactment of this  
4 Act.

5 **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**  
6 **ENUE SERVICE EMPLOYEES TO RETURNS**  
7 **AND RETURN INFORMATION.**

8 (a) IN GENERAL.—Section 7602 is amended by add-  
9 ing at the end the following new subsection:

10 “(f) LIMITATION ON ACCESS OF PERSONS OTHER  
11 THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-  
12 PLOYEES.—The Secretary shall not, under the authority  
13 of section 6103(n), provide any books, papers, records, or  
14 other data obtained pursuant to this section to any person  
15 authorized under section 6103(n), except when such per-  
16 son requires such information for the sole purpose of pro-  
17 viding expert evaluation and assistance to the Internal  
18 Revenue Service. No person other than an officer or em-  
19 ployee of the Internal Revenue Service or the Office of  
20 Chief Counsel may, on behalf of the Secretary, question  
21 a witness under oath whose testimony was obtained pursu-  
22 ant to this section.”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section—

1 (1) shall take effect on the date of the enact-  
2 ment of this Act; and

3 (2) shall not fail to apply to a contract in effect  
4 under section 6103(n) of the Internal Revenue Code  
5 of 1986 merely because such contract was in effect  
6 before the date of the enactment of this Act.

7 **Subtitle D—Organizational**  
8 **Modernization**

9 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.**  
10 **CATE.**

11 (a) TAXPAYER ADVOCATE DIRECTIVES.—

12 (1) IN GENERAL.—Section 7803(c) is amended  
13 by adding at the end the following new paragraph:

14 “(5) TAXPAYER ADVOCATE DIRECTIVES.—In  
15 the case of any Taxpayer Advocate Directive issued  
16 by the National Taxpayer Advocate pursuant to a  
17 delegation of authority from the Commissioner of In-  
18 ternal Revenue—

19 “(A) the Commissioner or a Deputy Com-  
20 missioner shall modify, rescind, or ensure com-  
21 pliance with such directive not later than 90  
22 days after the issuance of such directive, and

23 “(B) in the case of any directive which is  
24 modified or rescinded by a Deputy Commis-  
25 sioner, the National Taxpayer Advocate may

1 (not later than 90 days after such modification  
2 or rescission) appeal to the Commissioner, and  
3 the Commissioner shall (not later than 90 days  
4 after such appeal is made) ensure compliance  
5 with such directive as issued by the National  
6 Taxpayer Advocate or provide the National  
7 Taxpayer Advocate with the reasons for any  
8 modification or rescission made or upheld by  
9 the Commissioner pursuant to such appeal.”.

10 (2) REPORT TO CERTAIN COMMITTEES OF CON-  
11 GRESS REGARDING DIRECTIVES.—Section  
12 7803(c)(2)(B)(ii) is amended by redesignating sub-  
13 clauses (VIII) through (XI) as subclauses (IX)  
14 through (XII), respectively, and by inserting after  
15 subclause (VII) the following new subclause:

16 “(VIII) identify any Taxpayer  
17 Advocate Directive which was not  
18 honored by the Internal Revenue  
19 Service in a timely manner, as speci-  
20 fied under paragraph (5);”.

21 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-  
22 PORTS TO CONGRESS.—

23 (1) INCLUSION OF MOST SERIOUS TAXPAYER  
24 PROBLEMS.—Section 7803(c)(2)(B)(ii)(III) is

1 amended by striking “at least 20 of the” and insert-  
2 ing “the 10”.

3 (2) COORDINATION WITH TREASURY INSPECTOR  
4 GENERAL FOR TAX ADMINISTRATION.—Section  
5 7803(e)(2) is amended by adding at the end the fol-  
6 lowing new subparagraph:

7 “(E) COORDINATION WITH TREASURY IN-  
8 SPECTOR GENERAL FOR TAX ADMINISTRA-  
9 TION.—Before beginning any research or study,  
10 the National Taxpayer Advocate shall coordi-  
11 nate with the Treasury Inspector General for  
12 Tax Administration to ensure that the National  
13 Taxpayer Advocate does not duplicate any ac-  
14 tion that the Treasury Inspector General for  
15 Tax Administration has already undertaken or  
16 has a plan to undertake.”.

17 (3) STATISTICAL SUPPORT.—

18 (A) IN GENERAL.—Section 6108 is amend-  
19 ed by adding at the end the following new sub-  
20 section:

21 “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-  
22 PAYER ADVOCATE.—Upon request of the National Tax-  
23 payer Advocate, the Secretary shall, to the extent prac-  
24 ticable, provide the National Taxpayer Advocate with sta-  
25 tistical support in connection with the preparation by the

1 National Taxpayer Advocate of the annual report de-  
2 scribed in section 7803(c)(2)(B)(ii). Such statistical sup-  
3 port shall include statistical studies, compilations, and the  
4 review of information provided by the National Taxpayer  
5 Advocate for statistical validity and sound statistical  
6 methodology.”.

7 (B) DISCLOSURE OF REVIEW.—Section  
8 7803(c)(2)(B)(ii), as amended by subsection  
9 (a), is amended by striking “and” at the end of  
10 subclause (XI), by redesignating subclause  
11 (XII) as subclause (XIII), and by inserting  
12 after subclause (XI) the following new sub-  
13 clause:

14 “(XII) with respect to any statis-  
15 tical information included in such re-  
16 port, include a statement of whether  
17 such statistical information was re-  
18 viewed or provided by the Secretary  
19 under section 6108(d) and, if so,  
20 whether the Secretary determined  
21 such information to be statistically  
22 valid and based on sound statistical  
23 methodology; and”.

24 (C) CONFORMING AMENDMENT.—Section  
25 7803(c)(2)(B)(iii) is amended by adding at the

1 end the following: “The preceding sentence  
2 shall not apply with respect to statistical infor-  
3 mation provided to the Secretary for review, or  
4 received from the Secretary, under section  
5 6108(d).”.

6 (c) SALARY OF NATIONAL TAXPAYER ADVOCATE.—  
7 Section 7803(c)(1)(B)(i) is amended by striking “, or, if  
8 the Secretary of the Treasury so determines, at a rate  
9 fixed under section 9503 of such title”.

10 (d) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as otherwise pro-  
12 vided in this subsection, the amendments made by  
13 this section shall take effect on the date of the en-  
14 actment of this Act.

15 (2) SALARY OF NATIONAL TAXPAYER ADVO-  
16 CATE.—The amendment made by subsection (c)  
17 shall apply to compensation paid to individuals ap-  
18 pointed as the National Taxpayer Advocate after  
19 March 31, 2019.

20 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**  
21 **ICE ORGANIZATIONAL STRUCTURE.**

22 (a) IN GENERAL.—Not later than September 30,  
23 2020, the Secretary of the Treasury (or the Secretary’s  
24 delegate) shall submit to Congress a comprehensive writ-

1 ten plan to redesign the organization of the Internal Rev-  
2 enue Service. Such plan shall—

3 (1) ensure the successful implementation of the  
4 priorities specified by Congress in this Act;

5 (2) prioritize taxpayer services to ensure that  
6 all taxpayers easily and readily receive the assistance  
7 that they need;

8 (3) streamline the structure of the agency in-  
9 cluding minimizing the duplication of services and  
10 responsibilities within the agency;

11 (4) best position the Internal Revenue Service  
12 to combat cybersecurity and other threats to the In-  
13 ternal Revenue Service; and

14 (5) address whether the Criminal Investigation  
15 Division of the Internal Revenue Service should re-  
16 port directly to the Commissioner of Internal Rev-  
17 enue.

18 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL  
19 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-  
20 graph (3) of section 1001(a) of the Internal Revenue Serv-  
21 ice Restructuring and Reform Act of 1998 shall cease to  
22 apply beginning 1 year after the date on which the plan  
23 described in subsection (a) is submitted to Congress.



1           **Subtitle E—Other Provisions**

2   **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-**  
3                           **CABLE TAXPAYERS.**

4           (a) IN GENERAL.—Chapter 77 is amended by insert-  
5 ing after section 7526 the following new section:

6   **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-**  
7                           **PLICABLE TAXPAYERS.**

8           “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX  
9 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-  
10 retary shall establish a Community Volunteer Income Tax  
11 Assistance Matching Grant Program under which the Sec-  
12 retary may, subject to the availability of appropriated  
13 funds, make grants to provide matching funds for the de-  
14 velopment, expansion, or continuation of qualified return  
15 preparation programs assisting applicable taxpayers and  
16 members of underserved populations.

17           “(b) USE OF FUNDS.—

18                   “(1) IN GENERAL.—Qualified return prepara-  
19 tion programs may use grants received under this  
20 section for—

21                           “(A) ordinary and necessary costs associ-  
22 ated with program operation in accordance with  
23 cost principles under the applicable Office of  
24 Management and Budget circular, including—

1           “(i) wages or salaries of persons co-  
2           ordinating the activities of the program,

3           “(ii) developing training materials,  
4           conducting training, and performing qual-  
5           ity reviews of the returns prepared under  
6           the program,

7           “(iii) equipment purchases, and

8           “(iv) vehicle-related expenses associ-  
9           ated with remote or rural tax preparation  
10          services,

11          “(B) outreach and educational activities  
12          described in subsection (c)(2)(B), and

13          “(C) services related to financial education  
14          and capability, asset development, and the es-  
15          tablishment of savings accounts in connection  
16          with tax return preparation.

17          “(2) REQUIREMENT OF MATCHING FUNDS.—A  
18          qualified return preparation program must provide  
19          matching funds on a dollar-for-dollar basis for all  
20          grants provided under this section. Matching funds  
21          may include—

22                 “(A) the salary (including fringe benefits)  
23                 of individuals performing services for the pro-  
24                 gram,

1           “(B) the cost of equipment used in the  
2           program, and

3           “(C) other ordinary and necessary costs  
4           associated with the program.

5           Indirect expenses, including general overhead of any  
6           entity administering the program, shall not be  
7           counted as matching funds.

8           “(c) APPLICATION.—

9           “(1) IN GENERAL.—Each applicant for a grant  
10          under this section shall submit an application to the  
11          Secretary at such time, in such manner, and con-  
12          taining such information as the Secretary may rea-  
13          sonably require.

14          “(2) PRIORITY.—In awarding grants under this  
15          section, the Secretary shall give priority to applica-  
16          tions which demonstrate—

17                 “(A) assistance to applicable taxpayers,  
18                 with emphasis on outreach to, and services for,  
19                 such taxpayers,

20                 “(B) taxpayer outreach and educational  
21                 activities relating to eligibility and availability  
22                 of income supports available through this title,  
23                 including the earned income tax credit, and

24                 “(C) specific outreach and focus on one or  
25                 more underserved populations.

1           “(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-  
2           termining matching grants under this section, the  
3           Secretary shall only take into account amounts pro-  
4           vided by the qualified return preparation program  
5           for expenses described in subsection (b).

6           “(d) PROGRAM ADHERENCE.—

7           “(1) IN GENERAL.—The Secretary shall estab-  
8           lish procedures for, and shall conduct not less fre-  
9           quently than once every 5 calendar years during  
10          which a qualified return preparation program is op-  
11          erating under a grant under this section, periodic  
12          site visits—

13                  “(A) to ensure the program is carrying out  
14                  the purposes of this section, and

15                  “(B) to determine whether the program  
16                  meets such program adherence standards as the  
17                  Secretary shall by regulation or other guidance  
18                  prescribe.

19           “(2) ADDITIONAL REQUIREMENTS FOR GRANT  
20          RECIPIENTS NOT MEETING PROGRAM ADHERENCE  
21          STANDARDS.—In the case of any qualified return  
22          preparation program which—

23                  “(A) is awarded a grant under this section,  
24                  and

25                  “(B) is subsequently determined—

1                   “(i) not to meet the program adher-  
2                   ence standards described in paragraph  
3                   (1)(B), or

4                   “(ii) not to be otherwise carrying out  
5                   the purposes of this section,

6                   such program shall not be eligible for any additional  
7                   grants under this section unless such program pro-  
8                   vides sufficient documentation of corrective meas-  
9                   ures established to address any such deficiencies de-  
10                  termined.

11                  “(e) DEFINITIONS.—For purposes of this section—

12                   “(1) QUALIFIED RETURN PREPARATION PRO-  
13                   GRAM.—The term ‘qualified return preparation pro-  
14                   gram’ means any program—

15                   “(A) which provides assistance to individ-  
16                   uals, not less than 90 percent of whom are ap-  
17                   plicable taxpayers, in preparing and filing Fed-  
18                   eral income tax returns,

19                   “(B) which is administered by a qualified  
20                   entity,

21                   “(C) in which all volunteers who assist in  
22                   the preparation of Federal income tax returns  
23                   meet the training requirements prescribed by  
24                   the Secretary, and

1           “(D) which uses a quality review process  
2 which reviews 100 percent of all returns.

3           “(2) QUALIFIED ENTITY.—

4           “(A) IN GENERAL.—The term ‘qualified  
5 entity’ means any entity which—

6                   “(i) is an eligible organization,

7                   “(ii) is in compliance with Federal tax  
8 filing and payment requirements,

9                   “(iii) is not debarred or suspended  
10 from Federal contracts, grants, or coopera-  
11 tive agreements, and

12                   “(iv) agrees to provide documentation  
13 to substantiate any matching funds pro-  
14 vided pursuant to the grant program under  
15 this section.

16           “(B) ELIGIBLE ORGANIZATION.—The term  
17 ‘eligible organization’ means—

18                   “(i) an institution of higher education  
19 which is described in section 102 (other  
20 than subsection (a)(1)(C) thereof) of the  
21 Higher Education Act of 1965 (20 U.S.C.  
22 1002), as in effect on the date of the en-  
23 actment of this section, and which has not  
24 been disqualified from participating in a  
25 program under title IV of such Act,

1           “(ii) an organization described in sec-  
2           tion 501(c) and exempt from tax under  
3           section 501(a),

4           “(iii) a local government agency, in-  
5           cluding—

6                       “(I) a county or municipal gov-  
7                       ernment agency, and

8                       “(II) an Indian tribe, as defined  
9                       in section 4(13) of the Native Amer-  
10                      ican Housing Assistance and Self-De-  
11                      termination Act of 1996 (25 U.S.C.  
12                      4103(13)), including any tribally des-  
13                      ignated housing entity (as defined in  
14                      section 4(22) of such Act (25 U.S.C.  
15                      4103(22))), tribal subsidiary, subdivi-  
16                      sion, or other wholly owned tribal en-  
17                      tity,

18           “(iv) a local, State, regional, or na-  
19           tional coalition (with one lead organization  
20           which meets the eligibility requirements of  
21           clause (i), (ii), or (iii) acting as the appli-  
22           cant organization), or

23           “(v) in the case of applicable tax-  
24           payers and members of underserved popu-  
25           lations with respect to which no organiza-

1                   tions described in the preceding clauses are  
2                   available—

3                               “(I) a State government agency,  
4                               or

5                               “(II) an office providing Cooper-  
6                               ative Extension services (as estab-  
7                               lished at the land-grant colleges and  
8                               universities under the Smith-Lever  
9                               Act of May 8, 1914).

10                   “(3) APPLICABLE TAXPAYERS.—The term ‘ap-  
11                   plicable taxpayer’ means a taxpayer whose income  
12                   for the taxable year does not exceed an amount  
13                   equal to the completed phaseout amount under sec-  
14                   tion 32(b) for a married couple filing a joint return  
15                   with three or more qualifying children, as deter-  
16                   mined in a revenue procedure or other published  
17                   guidance.

18                   “(4) UNDERSERVED POPULATION.—The term  
19                   ‘underserved population’ includes populations of per-  
20                   sons with disabilities, persons with limited English  
21                   proficiency, Native Americans, individuals living in  
22                   rural areas, members of the Armed Forces and their  
23                   spouses, and the elderly.

24                   “(f) SPECIAL RULES AND LIMITATIONS.—



1           “(1) DURATION OF GRANTS.—Upon application  
2 of a qualified return preparation program, the Sec-  
3 retary is authorized to award a multi-year grant not  
4 to exceed 3 years.

5           “(2) AGGREGATE LIMITATION.—Unless other-  
6 wise provided by specific appropriation, the Sec-  
7 retary shall not allocate more than \$30 million per  
8 fiscal year (exclusive of costs of administering the  
9 program) to grants under this section.

10          “(g) PROMOTION OF PROGRAMS.—

11           “(1) IN GENERAL.—The Secretary shall pro-  
12 mote tax preparation through qualified return prepa-  
13 ration programs through the use of mass commu-  
14 nications and other means.

15           “(2) PROVISION OF INFORMATION REGARDING  
16 QUALIFIED RETURN PREPARATION PROGRAMS.—The  
17 Secretary may provide taxpayers information regard-  
18 ing qualified return preparation programs receiving  
19 grants under this section.

20           “(3) REFERRALS TO LOW-INCOME TAXPAYER  
21 CLINICS.—Qualified return preparation programs re-  
22 ceiving a grant under this section are encouraged, in  
23 appropriate cases, to—

24           “(A) advise taxpayers of the availability of,  
25 and eligibility requirements for receiving, advice

1 and assistance from qualified low-income tax-  
2 payer clinics receiving funding under section  
3 7526, and

4 “(B) provide information regarding the lo-  
5 cation of, and contact information for, such  
6 clinics.”.

7 (b) CLERICAL AMENDMENT.—The table of sections  
8 for chapter 77 is amended by inserting after the item re-  
9 lating to section 7526 the following new item:

“Sec. 7526A. Return preparation programs for applicable taxpayers.”.

10 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**  
11 **INCOME TAXPAYER CLINICS.**

12 (a) IN GENERAL.—Section 7526(e) is amended by  
13 adding at the end the following new paragraph:

14 “(6) PROVISION OF INFORMATION REGARDING  
15 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-  
16 withstanding any other provision of law, officers and  
17 employees of the Department of the Treasury may—

18 “(A) advise taxpayers of the availability of,  
19 and eligibility requirements for receiving, advice  
20 and assistance from one or more specific quali-  
21 fied low-income taxpayer clinics receiving fund-  
22 ing under this section, and

23 “(B) provide information regarding the lo-  
24 cation of, and contact information for, such  
25 clinics.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall take effect on the date of the enactment  
3 of this Act.

4 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**  
5 **TAXPAYER ASSISTANCE CENTERS.**

6 Not later than 90 days before the date that a pro-  
7 posed closure of a Taxpayer Assistance Center would take  
8 effect, the Secretary of the Treasury (or the Secretary's  
9 delegate) shall—

10 (1) make publicly available (including by non-  
11 electronic means) a notice which—

12 (A) identifies the Taxpayer Assistance  
13 Center proposed for closure and the date of  
14 such proposed closure; and

15 (B) identifies the relevant alternative  
16 sources of taxpayer assistance which may be  
17 utilized by taxpayers affected by such proposed  
18 closure; and

19 (2) submit to Congress a written report that in-  
20 cludes—

21 (A) the information included in the notice  
22 described in paragraph (1);

23 (B) the reasons for such proposed closure;  
24 and

1 (C) such other information as the Sec-  
2 retary may determine appropriate.

3 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**  
4 **GOODS RESTRICTED TO ONLY PERISHABLE**  
5 **GOODS.**

6 (a) IN GENERAL.—Section 6336 is amended by strik-  
7 ing “or become greatly reduced in price or value by keep-  
8 ing, or that such property cannot be kept without great  
9 expense”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to property seized after the date  
12 of the enactment of this Act.

13 **SEC. 1405. WHISTLEBLOWER REFORMS.**

14 (a) MODIFICATIONS TO DISCLOSURE RULES FOR  
15 WHISTLEBLOWERS.—

16 (1) IN GENERAL.—Section 6103(k) is amended  
17 by adding at the end the following new paragraph:

18 “(13) DISCLOSURE TO WHISTLEBLOWERS.—

19 “(A) IN GENERAL.—The Secretary may  
20 disclose, to any individual providing information  
21 relating to any purpose described in paragraph  
22 (1) or (2) of section 7623(a), return informa-  
23 tion related to the investigation of any taxpayer  
24 with respect to whom the individual has pro-  
25 vided such information, but only to the extent

1 that such disclosure is necessary in obtaining  
2 information, which is not otherwise reasonably  
3 available, with respect to the correct determina-  
4 tion of tax liability for tax, or the amount to be  
5 collected with respect to the enforcement of any  
6 other provision of this title.

7 “(B) UPDATES ON WHISTLEBLOWER IN-  
8 VESTIGATIONS.—The Secretary shall disclose to  
9 an individual providing information relating to  
10 any purpose described in paragraph (1) or (2)  
11 of section 7623(a) the following:

12 “(i) Not later than 60 days after a  
13 case for which the individual has provided  
14 information has been referred for an audit  
15 or examination, a notice with respect to  
16 such referral.

17 “(ii) Not later than 60 days after a  
18 taxpayer with respect to whom the indi-  
19 vidual has provided information has made  
20 a payment of tax with respect to tax liabil-  
21 ity to which such information relates, a no-  
22 tice with respect to such payment.

23 “(iii) Subject to such requirements  
24 and conditions as are prescribed by the

1 Secretary, upon a written request by such  
2 individual—

3 “(I) information on the status  
4 and stage of any investigation or ac-  
5 tion related to such information, and

6 “(II) in the case of a determina-  
7 tion of the amount of any award  
8 under section 7623(b), the reasons for  
9 such determination.

10 Clause (iii) shall not apply to any information  
11 if the Secretary determines that disclosure of  
12 such information would seriously impair Fed-  
13 eral tax administration. Information described  
14 in clauses (i), (ii), and (iii) may be disclosed to  
15 a designee of the individual providing such in-  
16 formation in accordance with guidance provided  
17 by the Secretary.”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) CONFIDENTIALITY OF INFORMA-  
20 TION.—Section 6103(a)(3) is amended by strik-  
21 ing “subsection (k)(10)” and inserting “para-  
22 graph (10) or (13) of subsection (k)”.

23 (B) PENALTY FOR UNAUTHORIZED DIS-  
24 CLOSURE.—Section 7213(a)(2) is amended by

1 striking “(k)(10)” and inserting “(k)(10) or  
2 (13)”.

3 (C) COORDINATION WITH AUTHORITY TO  
4 DISCLOSE FOR INVESTIGATIVE PURPOSES.—  
5 Section 6103(k)(6) is amended by adding at the  
6 end the following new sentence: “This para-  
7 graph shall not apply to any disclosure to an in-  
8 dividual providing information relating to any  
9 purpose described in paragraph (1) or (2) of  
10 section 7623(a) which is made under paragraph  
11 (13)(A).”.

12 (b) PROTECTION AGAINST RETALIATION.—Section  
13 7623 is amended by adding at the end the following new  
14 subsection:

15 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-  
16 TION CASES.—

17 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-  
18 TECTION FOR EMPLOYEES.—No employer, or any of-  
19 ficer, employee, contractor, subcontractor, or agent  
20 of such employer, may discharge, demote, suspend,  
21 threaten, harass, or in any other manner discrimi-  
22 nate against an employee in the terms and condi-  
23 tions of employment (including through an act in the  
24 ordinary course of such employee’s duties) in re-  
25 prisal for any lawful act done by the employee—

1           “(A) to provide information, cause infor-  
2 mation to be provided, or otherwise assist in an  
3 investigation regarding underpayment of tax or  
4 any conduct which the employee reasonably be-  
5 lieves constitutes a violation of the internal rev-  
6 enue laws or any provision of Federal law relat-  
7 ing to tax fraud, when the information or as-  
8 sistance is provided to the Internal Revenue  
9 Service, the Secretary of the Treasury, the  
10 Treasury Inspector General for Tax Adminis-  
11 tration, the Comptroller General of the United  
12 States, the Department of Justice, the United  
13 States Congress, a person with supervisory au-  
14 thority over the employee, or any other person  
15 working for the employer who has the authority  
16 to investigate, discover, or terminate mis-  
17 conduct, or

18           “(B) to testify, participate in, or otherwise  
19 assist in any administrative or judicial action  
20 taken by the Internal Revenue Service relating  
21 to an alleged underpayment of tax or any viola-  
22 tion of the internal revenue laws or any provi-  
23 sion of Federal law relating to tax fraud.

24           “(2) ENFORCEMENT ACTION.—



1           “(A) IN GENERAL.—A person who alleges  
2 discharge or other reprisal by any person in vio-  
3 lation of paragraph (1) may seek relief under  
4 paragraph (3) by—

5           “(i) filing a complaint with the Sec-  
6 retary of Labor, or

7           “(ii) if the Secretary of Labor has not  
8 issued a final decision within 180 days of  
9 the filing of the complaint and there is no  
10 showing that such delay is due to the bad  
11 faith of the claimant, bringing an action at  
12 law or equity for de novo review in the ap-  
13 propriate district court of the United  
14 States, which shall have jurisdiction over  
15 such an action without regard to the  
16 amount in controversy.

17           “(B) PROCEDURE.—

18           “(i) IN GENERAL.—An action under  
19 subparagraph (A)(i) shall be governed  
20 under the rules and procedures set forth in  
21 section 42121(b) of title 49, United States  
22 Code.

23           “(ii) EXCEPTION.—Notification made  
24 under section 42121(b)(1) of title 49,  
25 United States Code, shall be made to the

1 person named in the complaint and to the  
2 employer.

3 “(iii) BURDENS OF PROOF.—An ac-  
4 tion brought under subparagraph (A)(ii)  
5 shall be governed by the legal burdens of  
6 proof set forth in section 42121(b) of title  
7 49, United States Code, except that in ap-  
8 plying such section—

9 “(I) ‘behavior described in para-  
10 graph (1)’ shall be substituted for ‘be-  
11 havior described in paragraphs (1)  
12 through (4) of subsection (a)’ each  
13 place it appears in paragraph (2)(B)  
14 thereof, and

15 “(II) ‘a violation of paragraph  
16 (1)’ shall be substituted for ‘a viola-  
17 tion of subsection (a)’ each place it  
18 appears.

19 “(iv) STATUTE OF LIMITATIONS.—A  
20 complaint under subparagraph (A)(i) shall  
21 be filed not later than 180 days after the  
22 date on which the violation occurs.

23 “(v) JURY TRIAL.—A party to an ac-  
24 tion brought under subparagraph (A)(ii)  
25 shall be entitled to trial by jury.

1           “(3) REMEDIES.—

2           “(A) IN GENERAL.—An employee pre-  
3           vailing in any action under paragraph (2)(A)  
4           shall be entitled to all relief necessary to make  
5           the employee whole.

6           “(B) COMPENSATORY DAMAGES.—Relief  
7           for any action under subparagraph (A) shall in-  
8           clude—

9                   “(i) reinstatement with the same se-  
10                   niority status that the employee would  
11                   have had, but for the reprisal,

12                   “(ii) the sum of 200 percent of the  
13                   amount of back pay and 100 percent of all  
14                   lost benefits, with interest, and

15                   “(iii) compensation for any special  
16                   damages sustained as a result of the re-  
17                   prisal, including litigation costs, expert wit-  
18                   ness fees, and reasonable attorney fees.

19           “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-  
20           ing in this section shall be deemed to diminish the  
21           rights, privileges, or remedies of any employee under  
22           any Federal or State law, or under any collective  
23           bargaining agreement.

1           “(5) NONENFORCEABILITY OF CERTAIN PROVI-  
2           SIONS WAIVING RIGHTS AND REMEDIES OR REQUIR-  
3           ING ARBITRATION OF DISPUTES.—

4           “(A) WAIVER OF RIGHTS AND REM-  
5           EDIES.—The rights and remedies provided for  
6           in this subsection may not be waived by any  
7           agreement, policy form, or condition of employ-  
8           ment, including by a predispute arbitration  
9           agreement.

10           “(B) PREDISPUTE ARBITRATION AGREE-  
11           MENTS.—No predispute arbitration agreement  
12           shall be valid or enforceable, if the agreement  
13           requires arbitration of a dispute arising under  
14           this subsection.”.

15           (c) EFFECTIVE DATE.—

16           (1) IN GENERAL.—The amendments made by  
17           subsection (a) shall apply to disclosures made after  
18           the date of the enactment of this Act.

19           (2) CIVIL PROTECTION.—The amendment made  
20           by subsection (b) shall take effect on the date of the  
21           enactment of this Act.

22   **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

23           The Secretary of the Treasury (or the Secretary’s  
24           delegate) shall provide helpful information to taxpayers

1 placed on hold during a telephone call to any Internal Rev-  
2 enue Service help line, including the following:

3 (1) Information about common tax scams.

4 (2) Information on where and how to report tax  
5 scams.

6 (3) Additional advice on how taxpayers can pro-  
7 tect themselves from identity theft and tax scams.

8 **SEC. 1407. MISDIRECTED TAX REFUND DEPOSITS.**

9 Section 6402 is amended by adding at the end the  
10 following new subsection:

11 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not  
12 later than the date which is 6 months after the date of  
13 the enactment of the Taxpayer First Act, the Secretary  
14 shall prescribe regulations to establish procedures to allow  
15 for—

16 “(1) taxpayers to report instances in which a  
17 refund made by the Secretary by electronic funds  
18 transfer was not transferred to the account of the  
19 taxpayer;

20 “(2) coordination with financial institutions for  
21 the purpose of—

22 “(A) identifying the accounts to which  
23 transfers described in paragraph (1) were  
24 made; and

1           “(B) recovery of the amounts so trans-  
2           ferred; and

3           “(3) the refund to be delivered to the correct  
4           account of the taxpayer.”.

5           **TITLE II—21ST CENTURY IRS**  
6           **Subtitle A—Cybersecurity and**  
7           **Identity Protection**

8           **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**  
9           **IDENTITY THEFT REFUND FRAUD.**

10          The Secretary of the Treasury (or the Secretary’s  
11          delegate) shall work collaboratively with the public and  
12          private sectors to protect taxpayers from identity theft re-  
13          fund fraud.

14          **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**  
15          **MINISTRATION ADVISORY COMMITTEE RE-**  
16          **GARDING IDENTITY THEFT REFUND FRAUD.**

17          The Secretary of the Treasury shall ensure that the  
18          advisory group convened by the Secretary pursuant to sec-  
19          tion 2001(b)(2) of the Internal Revenue Service Restruc-  
20          turing and Reform Act of 1998 (commonly known as the  
21          Electronic Tax Administration Advisory Committee) stud-  
22          ies (including by providing organized public forums) and  
23          makes recommendations to the Secretary regarding meth-  
24          ods to prevent identity theft and refund fraud.

1 **SEC. 2003. INFORMATION SHARING AND ANALYSIS CENTER.**

2 (a) IN GENERAL.—The Secretary of the Treasury (or  
3 the Secretary’s delegate) may participate in an informa-  
4 tion sharing and analysis center to centralize, standardize,  
5 and enhance data compilation and analysis to facilitate  
6 sharing actionable data and information with respect to  
7 identity theft tax refund fraud.

8 (b) DEVELOPMENT OF PERFORMANCE METRICS.—  
9 The Secretary of the Treasury (or the Secretary’s dele-  
10 gate) shall develop metrics for measuring the success of  
11 such center in detecting and preventing identity theft tax  
12 refund fraud.

13 (c) DISCLOSURE.—

14 (1) IN GENERAL.—Section 6103(k), as amend-  
15 ed by this Act, is amended by adding at the end the  
16 following new paragraph:

17 “(14) DISCLOSURE OF RETURN INFORMATION  
18 FOR PURPOSES OF CYBERSECURITY AND THE PRE-  
19 VENTION OF IDENTITY THEFT TAX REFUND  
20 FRAUD.—

21 “(A) IN GENERAL.—Under such proce-  
22 dures and subject to such conditions as the Sec-  
23 retary may prescribe, the Secretary may dis-  
24 close specified return information to specified  
25 ISAC participants to the extent that the Sec-  
26 retary determines such disclosure is in further-

1           ance of effective Federal tax administration re-  
2           lating to the detection or prevention of identity  
3           theft tax refund fraud, validation of taxpayer  
4           identity, authentication of taxpayer returns, or  
5           detection or prevention of cybersecurity threats.

6           “(B) SPECIFIED ISAC PARTICIPANTS.—For  
7           purposes of this paragraph—

8           “(i) IN GENERAL.—The term ‘speci-  
9           fied ISAC participant’ means—

10           “(I) any person designated by  
11           the Secretary as having primary re-  
12           sponsibility for a function performed  
13           with respect to the information shar-  
14           ing and analysis center described in  
15           section 2003(a) of the Taxpayer First  
16           Act, and

17           “(II) any person subject to the  
18           requirements of section 7216 and  
19           which is a participant in such infor-  
20           mation sharing and analysis center.

21           “(ii) INFORMATION SHARING AGREE-  
22           MENT.—Such term shall not include any  
23           person unless such person has entered into  
24           a written agreement with the Secretary  
25           setting forth the terms and conditions for



1 the disclosure of information to such per-  
2 son under this paragraph, including re-  
3 quirements regarding the protection and  
4 safeguarding of such information by such  
5 person.

6 “(C) SPECIFIED RETURN INFORMATION.—

7 For purposes of this paragraph, the term ‘spec-  
8 ified return information’ means—

9 “(i) in the case of a return which is  
10 in connection with a case of potential iden-  
11 tity theft refund fraud—

12 “(I) in the case of such return  
13 filed electronically, the internet pro-  
14 tocol address, device identification,  
15 email domain name, speed of comple-  
16 tion, method of authentication, refund  
17 method, and such other return infor-  
18 mation related to the electronic filing  
19 characteristics of such return as the  
20 Secretary may identify for purposes of  
21 this subclause, and

22 “(II) in the case of such return  
23 prepared by a tax return preparer,  
24 identifying information with respect to  
25 such tax return preparer, including

1 the preparer taxpayer identification  
2 number and electronic filer identifica-  
3 tion number of such preparer,

4 “(ii) in the case of a return which is  
5 in connection with a case of a identity  
6 theft refund fraud which has been con-  
7 firmed by the Secretary (pursuant to such  
8 procedures as the Secretary may provide),  
9 the information referred to in subclauses  
10 (I) and (II) of clause (i), the name and  
11 taxpayer identification number of the tax-  
12 payer as it appears on the return, and any  
13 bank account and routing information pro-  
14 vided for making a refund in connection  
15 with such return, and

16 “(iii) in the case of any cybersecurity  
17 threat to the Internal Revenue Service, in-  
18 formation similar to the information de-  
19 scribed in subclauses (I) and (II) of clause  
20 (i) with respect to such threat.

21 “(D) RESTRICTION ON USE OF DISCLOSED  
22 INFORMATION.—

23 “(i) DESIGNATED THIRD PARTIES.—  
24 Any return information received by a per-  
25 son described in subparagraph (B)(i)(I)

1 shall be used only for the purposes of and  
2 to the extent necessary in—

3 “(I) performing the function such  
4 person is designated to perform under  
5 such subparagraph,

6 “(II) facilitating disclosures au-  
7 thORIZED under subparagraph (A) to  
8 persons described in subparagraph  
9 (B)(i)(II), and

10 “(III) facilitating disclosures au-  
11 thORIZED under subsection (d) to par-  
12 ticipants in such information sharing  
13 and analysis center.

14 “(ii) RETURN PREPARERS.—Any re-  
15 turn information received by a person de-  
16 scribed in subparagraph (B)(i)(II) shall be  
17 treated for purposes of section 7216 as in-  
18 formation furnished to such person for, or  
19 in connection with, the preparation of a re-  
20 turn of the tax imposed under chapter 1.

21 “(E) DATA PROTECTION AND SAFE-  
22 GUARDS.—Return information disclosed under  
23 this paragraph shall be subject to such protec-  
24 tions and safeguards as the Secretary may re-  
25 quire in regulations or other guidance or in the

1 written agreement referred to in subparagraph  
2 (B)(ii). Such written agreement shall include a  
3 requirement that any unauthorized access to in-  
4 formation disclosed under this paragraph, and  
5 any breach of any system in which such infor-  
6 mation is held, be reported to the Treasury In-  
7 spector General for Tax Administration.”.

8 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-  
9 ALTIES.—

10 (A) Section 6103(a)(3), as amended by  
11 this Act, is amended by striking “or (13)” and  
12 inserting “, (13), or (14)”.

13 (B) Section 7213(a)(2), as amended by  
14 this Act, is amended by striking “or (13)” and  
15 inserting “, (13), or (14)”.

16 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**  
17 **FIDENTIALITY SAFEGUARDS.**

18 (a) IN GENERAL.—Section 6103(p) is amended by  
19 adding at the end the following new paragraph:

20 “(9) DISCLOSURE TO CONTRACTORS AND  
21 OTHER AGENTS.—Notwithstanding any other provi-  
22 sion of this section, no return or return information  
23 shall be disclosed to any contractor or other agent  
24 of a Federal, State, or local agency unless such  
25 agency, to the satisfaction of the Secretary—

1           “(A) has requirements in effect which re-  
2           quire each such contractor or other agent which  
3           would have access to returns or return informa-  
4           tion to provide safeguards (within the meaning  
5           of paragraph (4)) to protect the confidentiality  
6           of such returns or return information,

7           “(B) agrees to conduct an on-site review  
8           every 3 years (or a mid-point review in the case  
9           of contracts or agreements of less than 3 years  
10          in duration) of each contractor or other agent  
11          to determine compliance with such require-  
12          ments,

13          “(C) submits the findings of the most re-  
14          cent review conducted under subparagraph (B)  
15          to the Secretary as part of the report required  
16          by paragraph (4)(E), and

17          “(D) certifies to the Secretary for the most  
18          recent annual period that such contractor or  
19          other agent is in compliance with all such re-  
20          quirements.

21          The certification required by subparagraph (D) shall  
22          include the name and address of each contractor or  
23          other agent, a description of the contract or agree-  
24          ment with such contractor or other agent, and the  
25          duration of such contract or agreement. The require-

1       ments of this paragraph shall not apply to disclo-  
2       sures pursuant to subsection (n) for purposes of  
3       Federal tax administration.”.

4       (b)       CONFORMING        AMENDMENT.—Section  
5       6103(p)(8)(B) is amended by inserting “or paragraph  
6       (9)” after “subparagraph (A)”.

7       (c) EFFECTIVE DATE.—The amendments made by  
8       this section shall apply to disclosures made after Decem-  
9       ber 31, 2022.

10   **SEC. 2005. IDENTITY PROTECTION PERSONAL IDENTIFICA-**  
11                                   **TION NUMBERS.**

12       (a) IN GENERAL.—Subject to subsection (b), the Sec-  
13       retary of the Treasury or the Secretary’s delegate (here-  
14       after referred to in this section as the “Secretary”) shall  
15       establish a program to issue, upon the request of any indi-  
16       vidual, a number which may be used in connection with  
17       such individual’s social security number (or other identi-  
18       fying information with respect to such individual as deter-  
19       mined by the Secretary) to assist the Secretary in  
20       verifying such individual’s identity.

21       (b) REQUIREMENTS.—

22               (1) ANNUAL EXPANSION.—For each calendar  
23       year beginning after the date of the enactment of  
24       this Act, the Secretary shall provide numbers  
25       through the program described in subsection (a) to

1 individuals residing in such States as the Secretary  
2 deems appropriate, provided that the total number  
3 of States served by such program during such year  
4 is greater than the total number of States served by  
5 such program during the preceding year.

6 (2) NATIONWIDE AVAILABILITY.—Not later  
7 than 5 years after the date of the enactment of this  
8 Act, the Secretary shall ensure that the program de-  
9 scribed in subsection (a) is made available to any in-  
10 dividual residing in the United States.

11 **SEC. 2006. SINGLE POINT OF CONTACT FOR TAX-RELATED**  
12 **IDENTITY THEFT VICTIMS.**

13 (a) IN GENERAL.—The Secretary of the Treasury (or  
14 the Secretary's delegate) shall establish and implement  
15 procedures to ensure that any taxpayer whose return has  
16 been delayed or otherwise adversely affected due to tax-  
17 related identity theft has a single point of contact at the  
18 Internal Revenue Service throughout the processing of the  
19 taxpayer's case. The single point of contact shall track the  
20 taxpayer's case to completion and coordinate with other  
21 Internal Revenue Service employees to resolve case issues  
22 as quickly as possible.

23 (b) SINGLE POINT OF CONTACT.—

1           (1) IN GENERAL.—For purposes of subsection  
2           (a), the single point of contact shall consist of a  
3           team or subset of specially trained employees who—

4                   (A) have the ability to work across func-  
5                   tions to resolve the issues involved in the tax-  
6                   payer’s case; and

7                   (B) shall be accountable for handling the  
8                   case until its resolution.

9           (2) TEAM OR SUBSET.—The employees included  
10          within the team or subset described in paragraph (1)  
11          may change as required to meet the needs of the In-  
12          ternal Revenue Service, provided that procedures  
13          have been established to—

14                   (A) ensure continuity of records and case  
15                   history; and

16                   (B) notify the taxpayer when appropriate.

17 **SEC. 2007. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

18          (a) IN GENERAL.—Chapter 77 is amended by adding  
19          at the end the following new section:

20 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**  
21 **THEFT.**

22          “(a) IN GENERAL.—If the Secretary determines that  
23          there has been or may have been an unauthorized use of  
24          the identity of any individual, the Secretary shall, without



1 jeopardizing an investigation relating to tax administra-  
2 tion—

3 “(1) as soon as practicable—

4 “(A) notify the individual of such deter-  
5 mination,

6 “(B) provide instructions on how to file a  
7 report with law enforcement regarding the un-  
8 authorized use,

9 “(C) identify any steps to be taken by the  
10 individual to permit law enforcement to access  
11 personal information of the individual during  
12 the investigation,

13 “(D) provide information regarding actions  
14 the individual may take in order to protect the  
15 individual from harm relating to the unauthor-  
16 ized use, and

17 “(E) offer identity protection measures to  
18 the individual, such as the use of an identity  
19 protection personal identification number, and

20 “(2) at the time the information described in  
21 paragraph (1) is provided (or, if not available at  
22 such time, as soon as practicable thereafter), issue  
23 additional notifications to such individual (or such  
24 individual’s designee) regarding—

1           “(A) whether an investigation has been ini-  
2           tiated in regards to such unauthorized use,

3           “(B) whether the investigation substan-  
4           tiated an unauthorized use of the identity of the  
5           individual, and

6           “(C) whether—

7                   “(i) any action has been taken against  
8                   a person relating to such unauthorized use,  
9                   or

10                   “(ii) any referral has been made for  
11                   criminal prosecution of such person and, to  
12                   the extent such information is available,  
13                   whether such person has been criminally  
14                   charged by indictment or information.

15           “(b) EMPLOYMENT-RELATED IDENTITY THEFT.—

16                   “(1) IN GENERAL.—For purposes of this sec-  
17                   tion, the unauthorized use of the identity of an indi-  
18                   vidual includes the unauthorized use of the identity  
19                   of the individual to obtain employment.

20                   “(2) DETERMINATION OF EMPLOYMENT-RE-  
21                   LATED IDENTITY THEFT.—For purposes of this sec-  
22                   tion, in making a determination as to whether there  
23                   has been or may have been an unauthorized use of  
24                   the identity of an individual to obtain employment,  
25                   the Secretary shall review any information—

1           “(A) obtained from a statement described  
2           in section 6051 or an information return relat-  
3           ing to compensation for services rendered other  
4           than as an employee, or

5           “(B) provided to the Internal Revenue  
6           Service by the Social Security Administration  
7           regarding any statement described in section  
8           6051,

9           which indicates that the social security account num-  
10          ber provided on such statement or information re-  
11          turn does not correspond with the name provided on  
12          such statement or information return or the name  
13          on the tax return reporting the income which is in-  
14          cluded on such statement or information return.”.

15          (b) ADDITIONAL MEASURES.—

16               (1) EXAMINATION OF BOTH PAPER AND ELEC-  
17               TRONIC STATEMENTS AND RETURNS.—The Sec-  
18               retary of the Treasury (or the Secretary’s delegate)  
19               shall examine the statements, information returns,  
20               and tax returns described in section 7529(b)(2) of  
21               the Internal Revenue Code of 1986 (as added by  
22               subsection (a)) for any evidence of employment-re-  
23               lated identity theft, regardless of whether such state-  
24               ments or returns are submitted electronically or on  
25               paper.

1           (2) IMPROVEMENT OF EFFECTIVE RETURN  
2           PROCESSING PROGRAM WITH SOCIAL SECURITY AD-  
3           MINISTRATION.—Section 232 of the Social Security  
4           Act (42 U.S.C. 432) is amended by inserting after  
5           the third sentence the following: “For purposes of  
6           carrying out the return processing program de-  
7           scribed in the preceding sentence, the Commissioner  
8           of Social Security shall request, not less than annu-  
9           ally, such information described in section  
10          7529(b)(2) of the Internal Revenue Code of 1986 as  
11          may be necessary to ensure the accuracy of the  
12          records maintained by the Commissioner of Social  
13          Security related to the amounts of wages paid to,  
14          and the amounts of self-employment income derived  
15          by, individuals.”.

16          (3) UNDERREPORTING OF INCOME.—The Sec-  
17          retary of the Treasury (or the Secretary’s delegate)  
18          shall establish procedures to ensure that income re-  
19          ported in connection with the unauthorized use of a  
20          taxpayer’s identity is not taken into account in de-  
21          termining any penalty for underreporting of income  
22          by the victim of identity theft.

23          (c) CLERICAL AMENDMENT.—The table of sections  
24          for chapter 77 is amended by adding at the end the fol-  
25          lowing new item:

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

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to determinations made after the  
3 date that is 6 months after the date of the enactment of  
4 this Act.

5 **SEC. 2008. GUIDELINES FOR STOLEN IDENTITY REFUND**  
6 **FRAUD CASES.**

7 (a) IN GENERAL.—Not later than 1 year after the  
8 date of the enactment of this Act, the Secretary of the  
9 Treasury (or the Secretary’s delegate), in consultation  
10 with the National Taxpayer Advocate, shall develop and  
11 implement publicly available guidelines for management of  
12 cases involving stolen identity refund fraud in a manner  
13 that reduces the administrative burden on taxpayers who  
14 are victims of such fraud.

15 (b) STANDARDS AND PROCEDURES TO BE CONSID-  
16 ERED.—The guidelines described in subsection (a) may in-  
17 clude—

18 (1) standards for—

19 (A) the average length of time in which a  
20 case involving stolen identity refund fraud  
21 should be resolved;

22 (B) the maximum length of time, on aver-  
23 age, a taxpayer who is a victim of stolen iden-  
24 tity refund fraud and is entitled to a tax refund

1           which has been stolen should have to wait to re-  
2           ceive such refund; and

3           (C) the maximum number of offices and  
4           employees within the Internal Revenue Service  
5           with whom a taxpayer who is a victim of stolen  
6           identity refund fraud should be required to  
7           interact in order to resolve a case;

8           (2) standards for opening, assigning, reas-  
9           signing, or closing a case involving stolen identity re-  
10          fund fraud; and

11          (3) procedures for implementing and accom-  
12          plishing the standards described in paragraphs (1)  
13          and (2), and measures for evaluating such proce-  
14          dures and determining whether such standards have  
15          been successfully implemented.

16 **SEC. 2009. INCREASED PENALTY FOR IMPROPER DISCLO-**  
17 **SURE OR USE OF INFORMATION BY PRE-**  
18 **PARERS OF RETURNS.**

19          (a) IN GENERAL.—Section 6713 is amended—

20               (1) by redesignating subsections (b) and (c) as  
21               subsections (c) and (d), respectively; and

22               (2) by inserting after subsection (a) the fol-  
23               lowing new subsection:

24               “(b) ENHANCED PENALTY FOR IMPROPER USE OR  
25               DISCLOSURE RELATING TO IDENTITY THEFT.—

1           “(1) IN GENERAL.—In the case of a disclosure  
2 or use described in subsection (a) that is made in  
3 connection with a crime relating to the misappropriation of another person’s taxpayer identity (as defined in section 6103(b)(6)), whether or not such  
4 crime involves any tax filing, subsection (a) shall be  
5 applied—  
6

7           “(A) by substituting ‘\$1,000’ for ‘\$250’,  
8 and  
9

10           “(B) by substituting ‘\$50,000’ for  
11 ‘\$10,000’.

12           “(2) SEPARATE APPLICATION OF TOTAL PENALTY LIMITATION.—The limitation on the total  
13 amount of the penalty under subsection (a) shall be  
14 applied separately with respect to disclosures or uses  
15 to which this subsection applies and to which it does  
16 not apply.”.

17           (b) CRIMINAL PENALTY.—Section 7216(a) is amended by striking “\$1,000” and inserting “\$1,000 (\$100,000  
18 in the case of a disclosure or use to which section 6713(b)  
19 applies)”.

20           (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to disclosures or uses on or after  
22 the date of the enactment of this Act.  
23  
24

1                   **Subtitle B—Development of**  
2                   **Information Technology**

3   **SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE**  
4                   **INFORMATION TECHNOLOGY.**

5           (a) DUTIES AND RESPONSIBILITIES OF INTERNAL  
6 REVENUE SERVICE CHIEF INFORMATION OFFICER.—Sec-  
7 tion 7803, as amended by section 1001, is amended by  
8 adding at the end the following new subsection:

9           “(f) INTERNAL REVENUE SERVICE CHIEF INFORMA-  
10 TION OFFICER.—

11                   “(1) IN GENERAL.—There shall be in the Inter-  
12 nal Revenue Service an Internal Revenue Service  
13 Chief Information Officer (hereafter referred to in  
14 this subsection as the ‘IRS CIO’) who shall be ap-  
15 pointed by the Commissioner of Internal Revenue.

16                   “(2) CENTRALIZED RESPONSIBILITY FOR IN-  
17 TERNAL REVENUE SERVICE INFORMATION TECH-  
18 NOLOGY.—The Commissioner of Internal Revenue  
19 (and the Secretary) shall act through the IRS CIO  
20 with respect to all development, implementation, and  
21 maintenance of information technology for the Inter-  
22 nal Revenue Service. Any reference in this sub-  
23 section to the IRS CIO which directs the IRS CIO  
24 to take any action, or to assume any responsibility,



1 shall be treated as a reference to the Commissioner  
2 of Internal Revenue acting through the IRS CIO.

3 “(3) GENERAL DUTIES AND RESPONSIBIL-  
4 ITIES.—The IRS CIO shall—

5 “(A) be responsible for the development,  
6 implementation, and maintenance of informa-  
7 tion technology for the Internal Revenue Serv-  
8 ice,

9 “(B) ensure that the information tech-  
10 nology of the Internal Revenue Service is secure  
11 and integrated,

12 “(C) maintain operational control of all in-  
13 formation technology for the Internal Revenue  
14 Service,

15 “(D) be the principal advocate for the in-  
16 formation technology needs of the Internal Rev-  
17 enue Service, and

18 “(E) consult with the Chief Procurement  
19 Officer of the Internal Revenue Service to en-  
20 sure that the information technology acquired  
21 for the Internal Revenue Service is consistent  
22 with—

23 “(i) the goals and requirements speci-  
24 fied in subparagraphs (A) through (D),  
25 and

1                   “(ii) the strategic plan developed  
2                   under paragraph (4).

3                   “(4) STRATEGIC PLAN.—

4                   “(A) IN GENERAL.—The IRS CIO shall  
5                   develop and implement a multiyear strategic  
6                   plan for the information technology needs of the  
7                   Internal Revenue Service. Such plan shall—

8                   “(i) include performance measure-  
9                   ments of such technology and of the imple-  
10                  mentation of such plan,

11                  “(ii) include a plan for an integrated  
12                  enterprise architecture of the information  
13                  technology of the Internal Revenue Service,

14                  “(iii) include and take into account  
15                  the resources needed to accomplish such  
16                  plan,

17                  “(iv) take into account planned major  
18                  acquisitions of information technology by  
19                  the Internal Revenue Service, and

20                  “(v) align with the needs and stra-  
21                  tegic plan of the Internal Revenue Service.

22                  “(B) PLAN UPDATES.—The IRS CIO  
23                  shall, not less frequently than annually, review  
24                  and update the strategic plan under subpara-  
25                  graph (A) (including the plan for an integrated

1 enterprise architecture described in subpara-  
2 graph (A)(ii)) to take into account the develop-  
3 ment of new information technology and the  
4 needs of the Internal Revenue Service.

5 “(5) SCOPE OF AUTHORITY.—

6 “(A) INFORMATION TECHNOLOGY.—For  
7 purposes of this subsection, the term ‘informa-  
8 tion technology’ has the meaning given such  
9 term by section 11101 of title 40, United States  
10 Code.

11 “(B) INTERNAL REVENUE SERVICE.—Any  
12 reference in this subsection to the Internal Rev-  
13 enue Service includes a reference to all compo-  
14 nents of the Internal Revenue Service, includ-  
15 ing—

16 “(i) the Office of the Taxpayer Advoca-  
17 cate,

18 “(ii) the Criminal Investigation Divi-  
19 sion of the Internal Revenue Service, and

20 “(iii) except as otherwise provided by  
21 the Secretary with respect to information  
22 technology related to matters described in  
23 subsection (b)(3)(B), the Office of the  
24 Chief Counsel.”.

1 (b) INDEPENDENT VERIFICATION AND VALIDATION  
2 OF THE CUSTOMER ACCOUNT DATA ENGINE 2 AND EN-  
3 TERPRISE CASE MANAGEMENT SYSTEM.—

4 (1) IN GENERAL.—The Commissioner of Inter-  
5 nal Revenue shall enter into a contract with an inde-  
6 pendent reviewer to verify and validate the imple-  
7 mentation plans (including the performance mile-  
8 stones and cost estimates included in such plans) de-  
9 veloped for the Customer Account Data Engine 2  
10 and the Enterprise Case Management System.

11 (2) DEADLINE FOR COMPLETION.—Such con-  
12 tract shall require that such verification and valida-  
13 tion be completed not later than the date which is  
14 1 year after the date of the enactment of this Act.

15 (3) APPLICATION TO PHASES OF CADE 2.—

16 (A) IN GENERAL.—Paragraphs (1) and (2)  
17 shall not apply to phase 1 of the Customer Ac-  
18 count Data Engine 2 and shall apply separately  
19 to each other phase.

20 (B) DEADLINE FOR COMPLETING  
21 PLANS.—Not later than 1 year after the date of  
22 the enactment of this Act, the Commissioner of  
23 Internal Revenue shall complete the develop-  
24 ment of plans for all phases of the Customer  
25 Account Data Engine 2.

1 (C) DEADLINE FOR COMPLETION OF  
2 VERIFICATION AND VALIDATION OF PLANS.—In  
3 the case of any phase after phase 2 of the Cus-  
4 tomer Account Data Engine 2, paragraph (2)  
5 shall be applied by substituting “the date on  
6 which the plan for such phase was completed”  
7 for “the date of the enactment of this Act”.

8 (c) COORDINATION OF IRS CIO AND CHIEF PRO-  
9 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-  
10 ICE.—

11 (1) IN GENERAL.—The Chief Procurement Offi-  
12 cer of the Internal Revenue Service shall—

13 (A) identify all significant IRS information  
14 technology acquisitions and provide written no-  
15 tification to the Internal Revenue Service Chief  
16 Information Officer (hereafter referred to in  
17 this subsection as the “IRS CIO”) of each such  
18 acquisition in advance of such acquisition, and

19 (B) regularly consult with the IRS CIO re-  
20 garding acquisitions of information technology  
21 for the Internal Revenue Service, including  
22 meeting with the IRS CIO regarding such ac-  
23 quisitions upon request.

24 (2) SIGNIFICANT IRS INFORMATION TECH-  
25 NOLOGY ACQUISITIONS.—For purposes of this sub-

1 section, the term “significant IRS information tech-  
2 nology acquisitions” means—

3 (A) any acquisition of information tech-  
4 nology for the Internal Revenue Service in ex-  
5 cess of \$1 million; and

6 (B) such other acquisitions of information  
7 technology for the Internal Revenue Service (or  
8 categories of such acquisitions) as the IRS CIO,  
9 in consultation with the Chief Procurement Of-  
10 ficer of the Internal Revenue Service, may iden-  
11 tify.

12 (3) SCOPE.—Terms used in this subsection  
13 which are also used in section 7803(f) of the Inter-  
14 nal Revenue Code of 1986 (as added by subsection  
15 (a)) shall have the same meaning as when used in  
16 such section.

17 **SEC. 2102. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

18 (a) IN GENERAL.—Not later than January 1, 2023,  
19 the Secretary of the Treasury or the Secretary’s delegate  
20 (hereafter referred to in this section as the “Secretary”)  
21 shall make available an internet website or other electronic  
22 media, with a user interface and functionality similar to  
23 the Business Services Online Suite of Services provided  
24 by the Social Security Administration, that provides access

1 to resources and guidance provided by the Internal Rev-  
2 enue Service and allows persons to—

3 (1) prepare and file Forms 1099;

4 (2) prepare Forms 1099 for distribution to re-  
5 cipients other than the Internal Revenue Service;  
6 and

7 (3) maintain a record of completed, filed, and  
8 distributed Forms 1099.

9 (b) **ELECTRONIC SERVICES TREATED AS SUPPLE-**  
10 **MENTAL; APPLICATION OF SECURITY STANDARDS.**—The  
11 Secretary shall ensure that the services described in sub-  
12 section (a)—

13 (1) are a supplement to, and not a replacement  
14 for, other services provided by the Internal Revenue  
15 Service to taxpayers; and

16 (2) comply with applicable security standards  
17 and guidelines.

18 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**  
19 **INFORMATION TECHNOLOGY POSITIONS.**

20 (a) **IN GENERAL.**—Subchapter A of chapter 80 is  
21 amended by adding at the end the following new section:

1 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**  
2 **INFORMATION TECHNOLOGY POSITIONS.**

3 “In the case of any position which is critical to the  
4 functionality of the information technology operations of  
5 the Internal Revenue Service—

6 “(1) section 9503 of title 5, United States  
7 Code, shall be applied—

8 “(A) by substituting ‘during the period be-  
9 ginning on the date of the enactment of section  
10 7812 of the Internal Revenue Code of 1986,  
11 and ending on September 30, 2025’ for ‘Before  
12 September 30, 2013 in subsection (a)’,

13 “(B) without regard to subparagraph (B)  
14 of subsection (a)(1), and

15 “(C) by substituting ‘the date of the enact-  
16 ment of the Taxpayer First Act’ for ‘June 1,  
17 1998’ in subsection (a)(6),

18 “(2) section 9504 of such title 5 shall be ap-  
19 plied by substituting ‘During the period beginning  
20 on the date of the enactment of section 7812 of the  
21 Internal Revenue Code of 1986, and ending on Sep-  
22 tember 30, 2025’ for ‘Before September 30, 2013’  
23 each place it appears in subsections (a) and (b), and

24 “(3) section 9505 of such title shall be ap-  
25 plied—





1           (2) is accomplished in as close to real-time as  
2           is practicable.

3           (b) QUALIFIED DISCLOSURE.—For purposes of this  
4 section, the term “qualified disclosure” means a disclosure  
5 under section 6103(c) of the Internal Revenue Code of  
6 1986 of returns or return information by the Secretary  
7 to a person seeking to verify the income or creditworthi-  
8 ness of a taxpayer who is a borrower in the process of  
9 a loan application.

10          (c) APPLICATION OF SECURITY STANDARDS.—The  
11 Secretary shall ensure that the program described in sub-  
12 section (a) complies with applicable security standards and  
13 guidelines.

14          (d) USER FEE.—

15           (1) IN GENERAL.—During the 2-year period be-  
16 ginning on the first day of the sixth calendar month  
17 beginning after the date of the enactment of this  
18 Act, the Secretary shall assess and collect a fee for  
19 qualified disclosures (in addition to any other fee as-  
20 sessed and collected for such disclosures) at such  
21 rates as the Secretary determines are sufficient to  
22 cover the costs related to implementing the program  
23 described in subsection (a), including the costs of  
24 any necessary infrastructure or technology.

1           (2) DEPOSIT OF COLLECTIONS.—Amounts re-  
2           ceived from fees assessed and collected under para-  
3           graph (1) shall be deposited in, and credited to, an  
4           account solely for the purpose of carrying out the  
5           activities described in subsection (a). Such amounts  
6           shall be available to carry out such activities without  
7           need of further appropriation and without fiscal year  
8           limitation.

9   **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**  
10                   **BASED DISCLOSURES OF TAX RETURN INFOR-**  
11                   **MATION.**

12           (a) IN GENERAL.—Section 6103(c) is amended by  
13           adding at the end the following: “Persons designated by  
14           the taxpayer under this subsection to receive return infor-  
15           mation shall not use the information for any purpose other  
16           than the express purpose for which consent was granted  
17           and shall not disclose return information to any other per-  
18           son without the express permission of, or request by, the  
19           taxpayer.”.

20           (b) APPLICATION OF PENALTIES.—Section  
21           6103(a)(3) is amended by inserting “subsection (c),” after  
22           “return information under”.

23           (c) EFFECTIVE DATE.—The amendments made by  
24           this section shall apply to disclosures made after the date

1 which is 180 days after the date of the enactment of this  
2 Act.

3           **Subtitle D—Expanded Use of**  
4                           **Electronic Systems**

5 **SEC. 2301. ELECTRONIC FILING OF RETURNS.**

6           (a) IN GENERAL.—Section 6011(e)(2)(A) is amended  
7 by striking “250” and inserting “the applicable number  
8 of”.

9           (b) APPLICABLE NUMBER.—Section 6011(e) is  
10 amended by striking paragraph (5) and inserting the fol-  
11 lowing new paragraphs:

12                   “(5) APPLICABLE NUMBER.—

13                           “(A) IN GENERAL.—For purposes of para-  
14 graph (2)(A), the applicable number shall be—

15                                   “(i) except as provided in subpara-  
16 graph (B), in the case of calendar years  
17 before 2021, 250,

18                                   “(ii) in the case of calendar year  
19 2021, 100, and

20                                   “(iii) in the case of calendar years  
21 after 2021, 10.

22                           “(B) SPECIAL RULE FOR PARTNERSHIPS  
23 FOR 2018, 2019, 2020, AND 2021.—In the case of  
24 a partnership, for any calendar year before  
25 2022, the applicable number shall be—

1 “(i) in the case of calendar year 2018,  
2 200,

3 “(ii) in the case of calendar year  
4 2019, 150,

5 “(iii) in the case of calendar year  
6 2020, 100, and

7 “(iv) in the case of calendar year  
8 2021, 50.

9 “(6) PARTNERSHIPS REQUIRED TO FILE ON  
10 MAGNETIC MEDIA.—Notwithstanding paragraph  
11 (2)(A), the Secretary shall require partnerships hav-  
12 ing more than 100 partners to file returns on mag-  
13 netic media.”.

14 (c) RETURNS FILED BY A TAX RETURN PRE-  
15 PARER.—Section 6011(e)(3) is amended by adding at the  
16 end the following new subparagraph:

17 “(D) EXCEPTION FOR CERTAIN PRE-  
18 PARERS LOCATED IN AREAS WITHOUT INTER-  
19 NET ACCESS.—The Secretary may waive the re-  
20 quirement of subparagraph (A) if the Secretary  
21 determines, on the basis of an application by  
22 the tax return preparer, that the preparer can-  
23 not meet such requirement by reason of being  
24 located in a geographic area which does not

1           have access to internet service (other than dial-  
2           up or satellite service).”.

3           (d) CONFORMING AMENDMENT.—Section 6724(c) is  
4 amended by striking “250 information returns (more than  
5 100 information returns in the case of a partnership hav-  
6 ing more than 100 partners)” and inserting “the applica-  
7 ble number (determined under section 6011(e)(5) with re-  
8 spect to the calendar year to which such returns relate)  
9 of information returns”.

10          (e) EFFECTIVE DATE.—The amendments made by  
11 this section shall take effect on the date of the enactment  
12 of this Act.

13 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**  
14 **TRONIC SIGNATURES FOR DISCLOSURE AU-**  
15 **THORIZATIONS TO, AND OTHER AUTHORIZA-**  
16 **TIONS OF, PRACTITIONERS.**

17          Section 6061(b)(3) is amended to read as follows:

18           “(3) PUBLISHED GUIDANCE.—

19           “(A) IN GENERAL.—The Secretary shall  
20 publish guidance as appropriate to define and  
21 implement any waiver of the signature require-  
22 ments or any method adopted under paragraph  
23 (1).

24           “(B) ELECTRONIC SIGNATURES FOR DIS-  
25 CLOSURE AUTHORIZATIONS TO, AND OTHER AU-

1 THORIZATIONS OF, PRACTITIONERS.—Not later  
2 than 6 months after the date of the enactment  
3 of this subparagraph, the Secretary shall pub-  
4 lish guidance to establish uniform standards  
5 and procedures for the acceptance of taxpayers’  
6 signatures appearing in electronic form with re-  
7 spect to any request for disclosure of a tax-  
8 payer’s return or return information under sec-  
9 tion 6103(c) to a practitioner or any power of  
10 attorney granted by a taxpayer to a practi-  
11 tioner.

12 “(C) PRACTITIONER.—For purposes of  
13 subparagraph (B), the term ‘practitioner’  
14 means any individual in good standing who is  
15 regulated under section 330 of title 31, United  
16 States Code.”.

17 **SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT**  
18 **CARDS.**

19 Section 6311(d)(2) is amended by adding at the end  
20 the following: “The preceding sentence shall not apply to  
21 the extent that the Secretary ensures that any such fee  
22 or other consideration is fully recouped by the Secretary  
23 in the form of fees paid to the Secretary by persons paying  
24 taxes imposed under subtitle A with credit, debit, or  
25 charge cards pursuant to such contract. Notwithstanding

1 the preceding sentence, the Secretary shall seek to mini-  
2 mize the amount of any fee or other consideration that  
3 the Secretary pays under any such contract.”.

4 **SEC. 2304. AUTHENTICATION OF USERS OF ELECTRONIC**  
5 **SERVICES ACCOUNTS.**

6 Beginning 180 days after the date of the enactment  
7 of this Act, the Secretary of the Treasury (or the Sec-  
8 retary’s delegate) shall verify the identity of any individual  
9 opening an e-Services account with the Internal Revenue  
10 Service before such individual is able to use the e-Services  
11 tools.

12 **Subtitle E—Other Provisions**

13 **SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN**  
14 **TAX COMPLIANCE PROCEDURES AND RE-**  
15 **PORTS.**

16 Section 2004 of the Internal Revenue Service Re-  
17 structuring and Reform Act of 1998 (26 U.S.C. 6012  
18 note) is repealed.

19 **SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.**

20 Not later than 1 year after the date of the enactment  
21 of this Act, the Commissioner of Internal Revenue shall  
22 submit to Congress a written report providing a com-  
23 prehensive training strategy for employees of the Internal  
24 Revenue Service, including—



1           (1) a plan to streamline current training proc-  
2           esses, including an assessment of the utility of fur-  
3           ther consolidating internal training programs, tech-  
4           nology, and funding;

5           (2) a plan to develop annual training regarding  
6           taxpayer rights, including the role of the Office of  
7           the Taxpayer Advocate, for employees that interface  
8           with taxpayers and the direct managers of such em-  
9           ployees;

10          (3) a plan to improve technology-based training;

11          (4) proposals to—

12                (A) focus employee training on early, fair,  
13                and efficient resolution of taxpayer disputes for  
14                employees that interface with taxpayers and the  
15                direct managers of such employees; and

16                (B) ensure consistency of skill development  
17                and employee evaluation throughout the Inter-  
18                nal Revenue Service; and

19          (5) a thorough assessment of the funding nec-  
20          essary to implement such strategy.

1       **TITLE III—MISCELLANEOUS**  
2                   **PROVISIONS**  
3       **Subtitle A—Reform of Laws Gov-**  
4           **erning Internal Revenue Serv-**  
5           **ice Employees**

6       **SEC. 3001. PROHIBITION ON REHIRING ANY EMPLOYEE OF**  
7                   **THE INTERNAL REVENUE SERVICE WHO WAS**  
8                   **INVOLUNTARILY SEPARATED FROM SERVICE**  
9                   **FOR MISCONDUCT.**

10       (a) **IN GENERAL.**—Section 7804 is amended by add-  
11 ing at the end the following new subsection:

12       “(d) **PROHIBITION ON REHIRING EMPLOYEES INVOL-**  
13 **UNTARILY SEPARATED.**—The Commissioner may not hire  
14 any individual previously employed by the Commissioner  
15 who was removed for misconduct under this subchapter  
16 or chapter 43 or chapter 75 of title 5, United States Code,  
17 or whose employment was terminated under section 1203  
18 of the Internal Revenue Service Restructuring and Reform  
19 Act of 1998 (26 U.S.C. 7804 note).”.

20       (b) **EFFECTIVE DATE.**—The amendment made by  
21 subsection (a) shall apply with respect to the hiring of em-  
22 ployees after the date of the enactment of this Act.

1 **SEC. 3002. NOTIFICATION OF UNAUTHORIZED INSPECTION**  
2 **OR DISCLOSURE OF RETURNS AND RETURN**  
3 **INFORMATION.**

4 (a) IN GENERAL.—Subsection (e) of section 7431 is  
5 amended by adding at the end the following new sen-  
6 tences: “The Secretary shall also notify such taxpayer if  
7 the Internal Revenue Service or a Federal or State agency  
8 (upon notice to the Secretary by such Federal or State  
9 agency) proposes an administrative determination as to  
10 disciplinary or adverse action against an employee arising  
11 from the employee’s unauthorized inspection or disclosure  
12 of the taxpayer’s return or return information. The notice  
13 described in this subsection shall include the date of the  
14 unauthorized inspection or disclosure and the rights of the  
15 taxpayer under such administrative determination.”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to determinations proposed after  
18 the date which is 180 days after the date of the enactment  
19 of this Act.

20 **Subtitle B—Provisions Relating to**  
21 **Exempt Organizations**

22 **SEC. 3101. MANDATORY E-FILING BY EXEMPT ORGANIZA-**  
23 **TIONS.**

24 (a) IN GENERAL.—Section 6033 is amended by re-  
25 designating subsection (n) as subsection (o) and by insert-  
26 ing after subsection (m) the following new subsection:

1       “(n) MANDATORY ELECTRONIC FILING.—Any orga-  
2 nization required to file a return under this section shall  
3 file such return in electronic form.”.

4       (b) OTHER REPORTS AND RETURNS.—

5           (1) POLITICAL ORGANIZATIONS.—Section  
6 527(j)(7) is amended by striking “if the organization  
7 has” and all that follows through “such calendar  
8 year”.

9           (2) UNRELATED BUSINESS INCOME TAX RE-  
10 TURNS.—Section 6011 is amended by redesignating  
11 subsection (h) as subsection (i) and by inserting  
12 after subsection (g) the following new subsection:

13       “(h) MANDATORY E-FILING OF UNRELATED BUSI-  
14 NESS INCOME TAX RETURN.—Any organization required  
15 to file an annual return under this section which relates  
16 to any tax imposed by section 511 shall file such return  
17 in electronic form.”.

18       (c) INSPECTION OF ELECTRONICALLY FILED AN-  
19 NUAL RETURNS.—Section 6104(b) is amended by adding  
20 at the end the following: “Any annual return required to  
21 be filed electronically under section 6033(n) shall be made  
22 available by the Secretary to the public as soon as prac-  
23 ticable in a machine readable format.”.

24       (d) EFFECTIVE DATE.—

1           (1) IN GENERAL.—Except as provided in para-  
2 graph (2), the amendments made by this section  
3 shall apply to taxable years beginning after the date  
4 of the enactment of this Act.

5           (2) TRANSITIONAL RELIEF.—

6           (A) SMALL ORGANIZATIONS.—

7           (i) IN GENERAL.—In the case of any  
8 small organizations, or any other organiza-  
9 tions for which the Secretary of the Treas-  
10 ury or the Secretary’s delegate (hereafter  
11 referred to in this paragraph as the “Sec-  
12 retary”) determines the application of the  
13 amendments made by this section would  
14 cause undue burden without a delay, the  
15 Secretary may delay the application of  
16 such amendments, but such delay shall not  
17 apply to any taxable year beginning on or  
18 after the date that is 2 years after the en-  
19 actment of this Act.

20           (ii) SMALL ORGANIZATION.—For pur-  
21 poses of clause (i), the term “small organi-  
22 zation” means any organization—

23           (I) the gross receipts of which for  
24 the taxable year are less than  
25 \$200,000; and

1 (II) the aggregate gross assets of  
2 which at the end of the taxable year  
3 are less than \$500,000.

4 (B) ORGANIZATIONS FILING FORM 990-  
5 T.—In the case of any organization described in  
6 section 511(a)(2) of the Internal Revenue Code  
7 of 1986 which is subject to the tax imposed by  
8 section 511(a)(1) of such Code on its unrelated  
9 business taxable income, or any organization re-  
10 quired to file a return under section 6033 of  
11 such Code and include information under sub-  
12 section (e) thereof, the Secretary may delay the  
13 application of the amendments made by this  
14 section, but such delay shall not apply to any  
15 taxable year beginning on or after the date that  
16 is 2 years after the enactment of this Act.

17 **SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF**  
18 **TAX-EXEMPT STATUS FOR FAILURE TO FILE**  
19 **RETURN.**

20 (a) IN GENERAL.—Section 6033(j)(1) is amended by  
21 striking “If an organization” and inserting the following:

22 “(A) NOTICE.—If an organization de-  
23 scribed in subsection (a)(1) or (i) fails to file  
24 the annual return or notice required under ei-

1           ther subsection for 2 consecutive years, the Sec-  
2           retary shall notify the organization—

3                   “(i) that the Internal Revenue Service  
4                   has no record of such a return or notice  
5                   from such organization for 2 consecutive  
6                   years, and

7                   “(ii) about the revocation that will  
8                   occur under subparagraph (B) if the orga-  
9                   nization fails to file such a return or notice  
10                  by the due date for the next such return  
11                  or notice required to be filed.

12           The notification under the preceding sentence  
13           shall include information about how to comply  
14           with the filing requirements under subsections  
15           (a)(1) and (i).

16                   “(B) REVOCATION.—If an organization”.

17           (b) EFFECTIVE DATE.—The amendment made by  
18           this section shall apply to failures to file returns or notices  
19           for 2 consecutive years if the return or notice for the sec-  
20           ond year is required to be filed after December 31, 2019.

## 21           **Subtitle C—Revenue Provision**

### 22           **SEC. 3201. INCREASE IN PENALTY FOR FAILURE TO FILE.**

23           (a) IN GENERAL.—The second sentence of subsection  
24           (a) of section 6651 is amended by striking “\$205” and  
25           inserting “\$330”.

1 (b) INFLATION ADJUSTMENT.—Section 6651(j)(1) is  
2 amended—

3 (1) by striking “2014” and inserting “2020”,

4 (2) by striking “\$205” and inserting “\$330”,

5 and

6 (3) by striking “2013” and inserting “2019”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to returns required to be filed after  
9 December 31, 2019.

## 10 **TITLE IV—BUDGETARY EFFECTS**

### 11 **SEC. 4001. DETERMINATION OF BUDGETARY EFFECTS.**

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

Passed the House of Representatives June 10, 2019.

Attest:

*Clerk.*





116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

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**H. R. 3151**

**AN ACT**

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, and for other purposes.