

119TH CONGRESS  
2D SESSION

# S. 3931

To improve services provided to taxpayers by the Internal Revenue Service.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 2026

Mr. CRAPO (for himself and Mr. WYDEN) introduced the following bill; which  
was read twice and referred to the Committee on Finance

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## A BILL

To improve services provided to taxpayers by the Internal  
Revenue Service.

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

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

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Taxpayer Assistance and Service Act” or the “TAS Act”.

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

1       (c) REFERENCES TO SECRETARY.—For purposes of  
 2 this Act, the term “Secretary” means the Secretary of the  
 3 Treasury or the Secretary’s delegate.

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

Sec. 1. Short title; etc.

#### TITLE I—TAX ADMINISTRATION AND CUSTOMER SERVICE

Sec. 101. Digitization of tax returns and correspondence.

Sec. 102. Establishment of dashboard to inform taxpayers of backlogs and wait times.

Sec. 103. Expansion of electronic access to information about returns and refunds.

Sec. 104. Expansion of callback technology.

Sec. 105. Expansion of online accounts.

Sec. 106. Automation of refund offset bypass.

Sec. 107. Installment agreement fees eliminated for certain individuals.

Sec. 108. Individuals facing economic hardships informed of collection alternatives.

Sec. 109. Quarterly notices to certain taxpayers with delinquencies.

Sec. 110. Low-income taxpayer clinic funding unlocked.

Sec. 111. Chief Counsel reviews of offers-in-compromise streamlined.

Sec. 112. Modification of procedural requirements for penalties and disallowance periods.

Sec. 113. Return of amounts collected by IRS in excess of accepted offer-in-compromise amount.

Sec. 114. Extension of period for return of amounts subject to wrongful levy.

Sec. 115. Reports to Congress.

#### TITLE II—AMERICAN CITIZENS ABROAD

Sec. 201. Report on combined tax and foreign bank and financial account reporting.

Sec. 202. Study and reports on simplification.

Sec. 203. Simplification of currency exchanges rules.

Sec. 204. Increase in threshold for simplified foreign tax credit rules and reporting.

Sec. 205. Extension of time for persons outside of the United States to request abatement of math error.

#### TITLE III—JUDICIAL REVIEW

Sec. 301. Authorization of subpoenas before hearings to facilitate settlements.

Sec. 302. Clarification of Tax Court authority to order relief from a judgment or order.

Sec. 303. Authorization of special trial judges to hear additional cases and address contempt.

Sec. 304. Disqualification of judges and special trial judges.

Sec. 305. Notice and review with respect to multi-year bans on claiming credits.

- Sec. 306. Authorization of de novo review of innocent spouse relief by the Tax Court and other courts.
- Sec. 307. Clarification of certain court filing deadlines.
- Sec. 308. Clarification of Tax Court jurisdiction to determine tax liability in collection due process appeals.
- Sec. 309. Authorization of the Tax Court to issue refunds in collection due process cases.
- Sec. 310. Authorization of the Tax Court to hear suits for refunds or credits.
- Sec. 311. Authorization to use deficiency procedures for certain penalties.
- Sec. 312. Authorization to allow claims for refund in certain cases where full tax not paid.
- Sec. 313. Adjustment of threshold for small disputes.

#### TITLE IV—OFFICE OF THE TAXPAYER ADVOCATE

- Sec. 401. NTA authorization to direct hire attorneys.
- Sec. 402. NTA authorization to make personnel decisions.
- Sec. 403. Access to Internal Revenue Service information, legal advice, and meetings.
- Sec. 404. Repeal of limitation period suspension for taxpayers seeking assistance from TAS.
- Sec. 405. Operations to assist taxpayers experiencing hardships during lapse in appropriations.

#### TITLE V—TAX RETURN PREPARERS

- Sec. 501. Penalties for tax return preparers who improperly alter returns.
- Sec. 502. Penalties for failure to provide valid preparer identification numbers.
- Sec. 503. Penalties for improper tax preparation or misappropriation of refunds.
- Sec. 504. Authority to deny, revoke, or suspend preparer tax identification numbers.

#### TITLE VI—APPEALS

- Sec. 601. Authorization for Office of Appeals to hire attorneys.
- Sec. 602. Authorization for Office of Appeals to direct hire certain individuals.
- Sec. 603. Responses to claims for refund required; appeal of claims for refund authorized.
- Sec. 604. Appeals of returned offers.
- Sec. 605. Purposes and duties of Independent Office of Appeals; right of appeal clarified.

#### TITLE VII—WHISTLEBLOWERS

- Sec. 701. Standard and scope of review of whistleblower award determinations.
- Sec. 702. Exemption from sequestration.
- Sec. 703. Whistleblower privacy protections.
- Sec. 704. Modification of IRS whistleblower report.
- Sec. 705. Interest on whistleblower awards.
- Sec. 706. Correction regarding deductions for attorney's fees.

#### TITLE VIII—HOSTAGES

- Sec. 801. Postponement of tax deadlines for hostages and individuals wrongfully detained abroad.

Sec. 802. Refund and abatement of penalties and fines paid by eligible individuals.

#### TITLE IX—SMALL BUSINESSES

Sec. 901. Implementation of voluntary withholding agreements for payments to independent contractors.

Sec. 902. Establishment of failure-to-pay penalty safe harbor for individuals.

Sec. 903. Extension of mailbox rule to electronic submissions and payments.

Sec. 904. Specificity of third-party contact notices.

#### TITLE X—MISCELLANEOUS

Sec. 1001. Authority for redisclosure of certain tax information related to education loans to the Congressional Budget Office.

Sec. 1002. Authorization to require large partnerships to file on magnetic media.

Sec. 1003. Limitation period not extended for victims of preparer fraud.

Sec. 1004. Technical amendment related to the Disaster Related Extension of Deadlines Act.

## 1 **TITLE I—TAX ADMINISTRATION** 2 **AND CUSTOMER SERVICE**

### 3 **SEC. 101. DIGITIZATION OF TAX RETURNS AND COR-** 4 **RESPONDENCE.**

5 (a) RETURNS ACCEPTED ELECTRONICALLY.—Any  
6 Federal tax return which any person is required to file  
7 with the Secretary, as well as any amendments to such  
8 return—

9 (1) may be filed by such person electronically,  
10 and

11 (2) if such return or amendment is filed elec-  
12 tronically, shall be processed electronically by the  
13 Secretary.

14 (b) DIGITIZATION OF RETURNS AND CORRESPOND-  
15 ENCE.—The Internal Revenue Service shall use optical

1 character recognition technology (or any functionally simi-  
2 lar technology) to transcribe—

3 (1) any return which is received by the Internal  
4 Revenue Service only in a paper form, or

5 (2) any correspondence which is received by the  
6 Internal Revenue Service only in a paper form.

7 (c) EXCEPTIONS.—

8 (1) IN GENERAL.—Subsection (b) shall not  
9 apply to any technology to the extent that the Sec-  
10 retary determines such technology is slower or less  
11 reliable than—

12 (A) the process of manually transcribing  
13 returns or correspondence received in a paper  
14 form, or

15 (B) any other process that the Internal  
16 Revenue Service is using or would otherwise  
17 use.

18 (2) REPORT TO CONGRESS.—Any exception to  
19 the application of a technology described in sub-  
20 section (b) pursuant to paragraph (1) shall not take  
21 effect unless the Secretary provides a report to the  
22 Committee on Ways and Means of the House of  
23 Representatives and the Committee on Finance of  
24 the Senate regarding the determination made by the

1 Secretary under such paragraph within 30 days of  
 2 such determination.

3 (d) EFFECTIVE DATE.—This section shall apply to—

4 (1) any individual income tax return (as defined  
 5 in section 6011(e)(3)(C) of the Internal Revenue  
 6 Code of 1986) received on or after January 1 of the  
 7 first calendar year beginning more than 180 days  
 8 after the date of enactment of this Act,

9 (2) any estate tax return (as described in sec-  
 10 tion 6018 of such Code) or gift tax return (as de-  
 11 scribed in section 6019 of such Code) received on or  
 12 after January 1 of the first calendar year beginning  
 13 more than 24 months after the date of enactment of  
 14 this Act, and

15 (3) any other return or correspondence received  
 16 on or after January 1 of the first calendar year be-  
 17 ginning more than 18 months after the date of en-  
 18 actment of this Act.

19 **SEC. 102. ESTABLISHMENT OF DASHBOARD TO INFORM**  
 20 **TAXPAYERS OF BACKLOGS AND WAIT TIMES.**

21 (a) IN GENERAL.—The Secretary shall require the  
 22 Internal Revenue Service to provide in real time on its  
 23 public website, to the extent practicable, the following:

24 (1) Separately with respect to each applicable  
 25 phone number extension—

1 (A) the number of callers connected to  
2 speak directly with a representative of the In-  
3 ternal Revenue Service,

4 (B) the number of callers connected to  
5 speak with an automated system,

6 (C) the number of callers who are waiting  
7 to be connected to speak directly with a rep-  
8 resentative of the Internal Revenue Service or  
9 an automated system,

10 (D) the longest amount of time that any  
11 caller has been waiting to be connected to speak  
12 directly with a representative of the Internal  
13 Revenue Service, and

14 (E) whether callback service is currently  
15 available, and if not, when such service is  
16 scheduled to be available.

17 (2) An application or tool embedded on the  
18 website which—

19 (A) displays all of the information de-  
20 scribed in paragraph (1), and

21 (B) estimates the approximate wait time to  
22 speak directly with a representative of the In-  
23 ternal Revenue Service.

24 (3) An application programming interface which  
25 allows any person to access the information de-

1 scribed in subsection (a)(1) using automation and to  
2 create an application or tool embedded on a website  
3 to display such information.

4 (4) For each applicable phone number exten-  
5 sion, a summary of the information described in  
6 paragraph (1) with respect to the prior month, in-  
7 cluding—

8 (A) the average and median length of calls,

9 (B) the average and median amount of  
10 time that callers were speaking directly with a  
11 representative of the Internal Revenue Service,

12 (C) the number and percent of calls that  
13 were directed to an automated system,

14 (D) the number and percent of calls that  
15 were disconnected or terminated by the Internal  
16 Revenue Service,

17 (E) the number of callers who were trans-  
18 ferred to another applicable phone number ex-  
19 tension after the call was initially answered by  
20 a representative of the Internal Revenue Serv-  
21 ice,

22 (F) the average and median amount of  
23 time that callers described in subparagraph (E)  
24 were on hold following the transfer, and



1 (G) the number and percent of callers who  
2 indicated that they received the answers or  
3 service for which they were contacting the In-  
4 ternal Revenue Service.

5 (b) DETECTION OF AUTOMATED CALLS.—The Sec-  
6 retary shall require the Internal Revenue Service to use  
7 technology to detect and screen out automated calls.

8 (c) INFORMATION REGARDING DELAYS.—For any  
9 week in which there was a significant delay with respect  
10 to any applicable item (referred to in this subsection as  
11 an “applicable week”), the Secretary shall require the In-  
12 ternal Revenue Service to provide on its public website,  
13 during the week subsequent to the applicable week, infor-  
14 mation with respect to each such applicable item regarding  
15 the earliest date on which any such applicable items that  
16 were processed during the applicable week were received  
17 by the Internal Revenue Service.

18 (d) DEFINITIONS.—For purposes of this section—

19 (1) APPLICABLE ITEM.—The term “applicable  
20 item” means each category of tax return, claim,  
21 statement, or other document filed with the Internal  
22 Revenue Service.

23 (2) APPLICABLE PHONE NUMBER EXTEN-  
24 SION.—The term “applicable phone number exten-  
25 sion” means any extension or application which may

1 be reached by calling a phone number which is listed  
2 by the Internal Revenue Service on any website,  
3 publication, form, or instruction which is available to  
4 the public and—

5 (A) operated by the Internal Revenue Serv-  
6 ice accounts management function,

7 (B) operated by the Internal Revenue  
8 Service automated collection function,

9 (C) managed by the Internal Revenue  
10 Service Joint Operations Center,

11 (D) managed and staffed by a contractor  
12 on behalf of the Internal Revenue Service, or

13 (E) received not less than 200,000 calls  
14 during the preceding calendar year.

15 (3) SIGNIFICANT DELAY.—The term “signifi-  
16 cant delay” means, in the case of any applicable  
17 item for any week, the failure to process all of such  
18 applicable items which were received by the Internal  
19 Revenue Service at least 21 days before the first day  
20 of the week.

21 (e) EFFECTIVE DATE.—The requirements of this sec-  
22 tion shall apply to periods beginning after the date which  
23 is 12 months after the date of enactment of this Act.

1 **SEC. 103. EXPANSION OF ELECTRONIC ACCESS TO INFOR-**  
2 **MATION ABOUT RETURNS AND REFUNDS.**

3 Not later than January 1 of the first calendar year  
4 beginning more than 12 months after the date of enact-  
5 ment of this Act, through a website and mobile applica-  
6 tion, the Secretary shall provide individualized, specific,  
7 and up-to-date information to taxpayers regarding their  
8 tax returns and amended returns, including information  
9 with respect to whether the Internal Revenue Service  
10 has—

11 (1) received such return and entered such re-  
12 turn into their systems,

13 (2) completed processing such return, includ-  
14 ing—

15 (A) the date on which the Internal Rev-  
16 enue Service issued any refund of any overpay-  
17 ment of tax,

18 (B) the estimated date on which the tax-  
19 payer can expect to receive such refund, and

20 (C)(i) if the refund will be issued by elec-  
21 tronic fund transfer, the financial account to  
22 which such refund will be deposited, includ-  
23 ing—

24 (I) the partial or full account number  
25 for such account, and

1 (II) the name and routing number of  
2 the financial institution, or

3 (ii) if the refund will be issued by paper  
4 check, the address to which the check will be  
5 mailed, or

6 (3) suspended processing such return, includ-  
7 ing—

8 (A) the reason for the suspension, and

9 (B) in the case of any information which  
10 was requested by the Internal Revenue Serv-  
11 ice—

12 (i) the information requested,

13 (ii) the form and manner for submis-  
14 sion of such information, and

15 (iii) the date on which such informa-  
16 tion is due to be submitted to the Internal  
17 Revenue Service.

18 **SEC. 104. EXPANSION OF CALLBACK TECHNOLOGY.**

19 It is the sense of Congress that—

20 (1) taxpayers contacting the Internal Revenue  
21 Service should have the option to receive a callback,  
22 and

23 (2) not later than calendar year 2028, the In-  
24 ternal Revenue Service should provide any taxpayer  
25 (including any taxpayer residing outside of the

1 United States) the option to receive a callback for  
 2 any call made by the taxpayer to an applicable  
 3 phone number extension (as defined in section  
 4 102(d)(2) of this Act) which has not been answered  
 5 within 5 minutes.

6 **SEC. 105. EXPANSION OF ONLINE ACCOUNTS.**

7 (a) IN GENERAL.—Not later than January 1 of the  
 8 first calendar year beginning more than 18 months after  
 9 the date of enactment of this Act, the Secretary shall  
 10 make available a website or mobile application which al-  
 11 lows any taxpayer (including any taxpayer residing outside  
 12 of the United States) the ability to—

13 (1) in a manner consistent with any applicable  
 14 limitations under section 6103 of the Internal Rev-  
 15 enue Code of 1986, view any return (as defined in  
 16 section 6103(b)(1) of the Internal Revenue Code of  
 17 1986), document, notice, or letter (with the excep-  
 18 tion of any educational item which has no legal ef-  
 19 fect) which, during the applicable period (as defined  
 20 in subsection (d)), has been—

21 (A) sent by the Internal Revenue Service  
 22 to such taxpayer, or

23 (B) filed with (or, in the case of any docu-  
 24 ment not required to be filed, sent to) the In-  
 25 ternal Revenue Service—

1 (i) by such taxpayer,

2 (ii) by a person described in sub-  
3 section (c) of section 6103 of the Internal  
4 Revenue Code of 1986 with respect to such  
5 taxpayer, or

6 (iii) with respect to such taxpayer in  
7 a manner described in subsection (e) of  
8 such section,

9 (2) with respect to any document, notice, or let-  
10 ter sent to such taxpayer by the Internal Revenue  
11 Service, respond to such document, notice, or letter  
12 by uploading or otherwise transmitting the tax-  
13 payer's response through the website or mobile ap-  
14 plication, and

15 (3) in the case of—

16 (A) any representative of such taxpayer  
17 who is authorized to practice before the Depart-  
18 ment of the Treasury pursuant to section 330  
19 of title 31, United States Code,

20 (B) any tax return preparer (as defined in  
21 section 7701(a)(36) of the Internal Revenue  
22 Code of 1986) with an identifying number (as  
23 described in section 6109(a)(4) of such Code),  
24 or

25 (C) any qualified reporting agent,

1 permit such representative, preparer, or agent, to  
2 the extent authorized by the taxpayer, to access the  
3 information described in paragraph (1) or transmit  
4 any information described in paragraph (2).

5 (b) AVAILABILITY FOR VIEWING.—With respect to  
6 any return, document, notice, or letter described in para-  
7 graph (1) of subsection (a), such return, document, notice,  
8 or letter shall be made available for viewing by the tax-  
9 payer (or, pursuant to paragraph (3) of such subsection,  
10 any representative, tax return preparer, or qualified re-  
11 porting agent authorized by the taxpayer) as soon as is  
12 practicable and within such periods as are established pur-  
13 suant to regulations prescribed by the Secretary.

14 (c) ACCESS TO MULTIPLE ACCOUNTS BY REP-  
15 RESENTATIVE, PREPARER, OR AGENT.—For purposes of  
16 subsection (a)(3), the website or mobile application shall  
17 allow a representative, tax return preparer, or qualified  
18 reporting agent to be able to access information for mul-  
19 tiple taxpayers who have provided permission under such  
20 subsection without any requirement to individually and  
21 separately access the account of each such taxpayer.

22 (d) APPLICABLE PERIOD.—

23 (1) IN GENERAL.—Subject to paragraph (2),  
24 for purposes of subsection (a)(1), the term “applica-  
25 ble period” means the preceding 6-year period.

1           (2) PROSPECTIVE APPLICATION.—The term  
 2           “applicable period” shall not include any years end-  
 3           ing before the date of enactment of this Act.

4           (e) QUALIFIED REPORTING AGENT.—

5           (1) IN GENERAL.—For purposes of this section,  
 6           the term “qualified reporting agent” means a per-  
 7           son—

8                   (A) which is properly authorized as an  
 9                   agent to sign and file employment tax returns,  
 10                  make related payments and deposits, and per-  
 11                  form such other acts on behalf of a taxpayer  
 12                  under procedures set forth by the Secretary,

13                  (B) which has met such requirements as  
 14                  may be established by the Secretary, and

15                  (C) for which authorization has not been  
 16                  revoked or suspended by the Secretary pursuant  
 17                  to procedures established by the Secretary.

18           (2) EMPLOYMENT TAX RETURN.—For purposes  
 19           of paragraph (1)(A), the term “employment tax re-  
 20           turn” means—

21                   (A) any return required to be filed by an  
 22                   employer to report the obligations of the em-  
 23                   ployer and its employees under section 3101,  
 24                   3111, 3301, or 3402 of the Internal Revenue  
 25                   Code of 1986, and



1 (B) such other returns as designated by  
 2 the Secretary.

3 (f) PREVENTING UNAUTHORIZED DISCLOSURE OF  
 4 RETURN INFORMATION BY PERSONS DESIGNATED BY  
 5 TAXPAYERS.—Not later than January 1 of the first cal-  
 6 endar year beginning more than 18 months after the date  
 7 of enactment of this Act, the Secretary shall—

8 (1) establish a program to investigate and ad-  
 9 dress—

10 (A) any access, use, or disclosure of return  
 11 information (as defined in section 6103(b) of  
 12 the Internal Revenue Code of 1986) by any per-  
 13 son which is in excess of the authorization per-  
 14 mitted to such person pursuant to subsection  
 15 (a)(3), and

16 (B) any related misconduct, and

17 (2) annually publish, on the public website of  
 18 the Internal Revenue Service, the actions undertaken  
 19 pursuant to the program described in paragraph (1),  
 20 such as the number of complaints investigated, the  
 21 number of persons whose access was revoked, and  
 22 other relevant statistical data.

23 (g) FOCUS GROUPS.—For purposes of subsection (a),  
 24 prior to the date that the website or mobile application  
 25 described in such subsection is made available, the Sec-

1   retary shall conduct focus groups with taxpayers and tax  
 2   professionals to ensure that any amounts appropriated or  
 3   otherwise made available for such purposes are expended  
 4   in an appropriate manner.

5   **SEC. 106. AUTOMATION OF REFUND OFFSET BYPASS.**

6       (a) IN GENERAL.—Section 6402(a) is amended—

7           (1) by striking “In the case” and inserting the  
 8       following:

9           “(1) AUTHORITY.—Except as provided in para-  
 10      graph (2), in the case”, and

11          (2) by adding at the end the following new  
 12      paragraphs:

13          “(2) SPECIAL RULE FOR CERTAIN INDIVID-  
 14      UALS.—In the case of an overpayment with respect  
 15      to any taxable year for which a credit is allowed to  
 16      an applicable taxpayer under section 32, the Sec-  
 17      retary shall, subject to subsections (c), (d), (e), and  
 18      (f), refund such overpayment in an amount not to  
 19      exceed the amount of the credit allowed under such  
 20      section for such taxable year.

21          “(3) APPLICABLE TAXPAYER.—For purposes of  
 22      paragraph (2), the term ‘applicable taxpayer’ means  
 23      a taxpayer who was classified by the Secretary as  
 24      currently not collectible (within the meaning of sec-

1       tion 6343(e)) prior to the date on which the refund  
2       was requested by the taxpayer.”.

3       (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to offsets made after the date  
5 which is 12 months after the date of enactment of this  
6 Act.

7       **SEC. 107. INSTALLMENT AGREEMENT FEES ELIMINATED**  
8                               **FOR CERTAIN INDIVIDUALS.**

9       (a) IN GENERAL.—Section 6159(f) is amended by  
10 striking paragraph (2) and inserting the following:

11               “(2) WAIVER.—No fee shall be imposed on an  
12 installment agreement under this section in the case  
13 of—

14               “(A) any taxpayer with an adjusted gross  
15 income, as determined for the most recent year  
16 for which such information is available, which  
17 does not exceed 250 percent of the applicable  
18 poverty level (as determined by the Secretary),  
19 or

20               “(B) any taxpayer which has—

21               “(i) entered into the installment  
22 agreement using the public website of the  
23 Internal Revenue Service, and

1                   “(ii) agreed to make payments under  
 2                   the installment agreement by electronic  
 3                   payment through a debit instrument.”.

4           (b) EFFECTIVE DATE.—The amendment made by  
 5 this section shall apply to installment agreements entered  
 6 into after the date which is 12 months after the date of  
 7 enactment of this Act.

8   **SEC. 108. INDIVIDUALS FACING ECONOMIC HARDSHIPS IN-**  
 9                   **FORMED OF COLLECTION ALTERNATIVES.**

10          (a) IN GENERAL.—Not later than 12 months after  
 11 the date of enactment of this Act, the Secretary shall—

12               (1) establish a program to identify taxpayers  
 13               who—

14                       (A) are reasonably likely to be experiencing  
 15                       an economic hardship, and

16                       (B) have an unpaid tax liability, and

17               (2) in the case of any taxpayer described in  
 18 paragraph (1) who requests to enter into an agree-  
 19 ment described in section 6159(a) of the Internal  
 20 Revenue Code of 1986, provide such taxpayer with  
 21 information regarding other options which the Inter-  
 22 nal Revenue Service makes available to taxpayers  
 23 who have an unpaid tax liability and are experi-  
 24 encing an economic hardship, including—

1 (A) an agreement described in such section  
2 for partial collection of a tax liability,

3 (B) an offer-in-compromise (as described  
4 in section 7122 of such Code), and

5 (C) classification as currently not collect-  
6 ible (within the meaning of section 6343(e) of  
7 such Code).

8 (b) ECONOMIC HARDSHIP.—For purposes of this sec-  
9 tion, in determining whether a taxpayer is reasonably like-  
10 ly to be experiencing an economic hardship, such deter-  
11 mination shall be made in the same manner as determined  
12 under section 6343(a)(1)(D) of the Internal Revenue Code  
13 of 1986 based on—

14 (1) the most recent income and asset data  
15 which the Secretary has received from a return or a  
16 report from, or with respect to, such taxpayer, and

17 (2) the schedules described in section  
18 7122(d)(2)(A) of such Code.

19 (c) REPORT.—Not later than 2 years after the date  
20 of enactment of this Act, the Secretary, in consultation  
21 with the National Taxpayer Advocate, shall submit a re-  
22 port to the Committee on Ways and Means of the House  
23 of Representatives and the Committee on Finance of the  
24 Senate regarding—

1           (1) the accuracy of the Internal Revenue Serv-  
 2           ice with respect to identifying taxpayers who are  
 3           reasonably likely to be experiencing an economic  
 4           hardship under subsection (a)(1),

5           (2) whether such identification procedures may  
 6           be appropriately applied for other purposes, and

7           (3)(A) the number of taxpayers with an unpaid  
 8           tax liability who were identified as reasonably likely  
 9           to be experiencing an economic hardship under sub-  
 10          section (a)(1),

11          (B) the options described in subsection (a)(2)  
 12          that were provided to such taxpayers, and

13          (C) the status of the tax liabilities of such tax-  
 14          payers.

15 **SEC. 109. QUARTERLY NOTICES TO CERTAIN TAXPAYERS**  
 16 **WITH DELINQUENCIES.**

17          (a) IN GENERAL.—Section 7524 is amended—

18           (1) in the heading, by striking “**ANNUAL NO-**  
 19           **TICE**” and inserting “**NOTICE**”,

20           (2) by striking “Not less often than annually”  
 21           and inserting the following:

22           “(a) IN GENERAL.—Except as provided in subsection  
 23           (b), not less often than quarterly”, and

24           (3) by adding at the end the following:

1 “(b) INFORMATION ON PENALTIES AND INTEREST.—

2 The notice described in subsection (a) shall include—

3 “(1) an estimate of the amount of penalties and  
4 interest that may accrue if the delinquent tax debt  
5 is not fully paid within the period remaining under  
6 section 6502(a), and

7 “(2) programs and services that can provide as-  
8 sistance to the taxpayer.

9 “(c) EXCEPTION.—The requirement under subsection  
10 (a) shall not apply—

11 “(1) during any period in which an agreement  
12 described in section 6159(a) or an accepted offer-in-  
13 compromise (as described in section 7122) is in ef-  
14 fect, or

15 “(2) in the case of a taxpayer for which the  
16 Secretary has determined that the tax is not collect-  
17 ible (within the meaning of section 6343(e)).”.

18 (b) CONFORMING AMENDMENT.—The table of sec-  
19 tions for chapter 77 is amended by striking the item relat-  
20 ing to section 7524 and inserting the following new item:

“Sec. 7524. Notice of tax delinquency.”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall take effect on the date which is 24  
23 months after the date of enactment of this Act.

1 **SEC. 110. LOW-INCOME TAXPAYER CLINIC FUNDING UN-**  
2 **LOCKED.**

3 (a) MATCHING FUNDS.—Paragraph (5) of section  
4 7526(c) is amended to read as follows:

5 “(5) REQUIREMENT OF MATCHING FUNDS.—

6 “(A) IN GENERAL.—With respect to any  
7 grant provided to a low-income taxpayer clinic  
8 under this section, such clinic shall provide  
9 matching funds equal to the applicable percent-  
10 age of the amount of such grant.

11 “(B) MATCHING FUNDS.—

12 “(i) IN GENERAL.—For purposes of  
13 this paragraph, the term ‘matching funds’  
14 may include—

15 “(I) the salary (including fringe  
16 benefits) of individuals performing  
17 services for the low-income taxpayer  
18 clinic, and

19 “(II) the cost of equipment used  
20 in the low-income taxpayer clinic.

21 “(ii) EXCLUSION.—For purposes of  
22 this paragraph, the term ‘matching funds’  
23 shall not include any indirect expenses,  
24 such as general overhead of the institution  
25 sponsoring the low-income taxpayer clinic.



1                   “(C) APPLICABLE PERCENTAGE.—For  
 2                   purposes of subparagraph (A), the applicable  
 3                   percentage shall be 100 percent, except that the  
 4                   Secretary may establish a lower percentage (not  
 5                   below 25 percent) if the Secretary determines  
 6                   that such percentage would expand the coverage  
 7                   of the low-income taxpayer clinic to additional  
 8                   taxpayers.”.

9           (b) TECHNICAL AMENDMENTS.—Section 7526(c), as  
 10           amended by subsection (a), is further amended—

11                   (1) by striking paragraphs (1) and (2), and  
 12                   (2) by redesignating paragraphs (3) through  
 13                   (6) as paragraphs (1) through (4).

14           (c) EFFECTIVE DATE.—The amendments made by  
 15           this section shall apply to calendar years beginning after  
 16           the date of enactment of this Act.

17   **SEC. 111. CHIEF COUNSEL REVIEWS OF OFFERS-IN-COM-**  
 18                   **PROMISE STREAMLINED.**

19           (a) IN GENERAL.—Section 7122(b) is amended by  
 20           striking “in any case” and all that follows through “his  
 21           delegate” and inserting “in any case which the Secretary  
 22           determines presents a significant legal issue, there shall  
 23           be placed on file in the office of the Secretary the opinion  
 24           of the General Counsel for the Department of the Treas-  
 25           ury, or the Counsel’s delegate”.

1 (b) CONFORMING AMENDMENTS.—Section 7122(b) is  
 2 amended by striking the second and third sentences.

3 (c) EFFECTIVE DATE.—The amendments made by  
 4 this section shall apply to offers-in-compromise submitted  
 5 or pending on or after the date of the enactment of this  
 6 Act.

7 **SEC. 112. MODIFICATION OF PROCEDURAL REQUIREMENTS**  
 8 **FOR PENALTIES AND DISALLOWANCE PERI-**  
 9 **ODS.**

10 (a) IN GENERAL.—Section 6751(b) is amended—  
 11 (1) by striking paragraph (1) and inserting the  
 12 following:

13 “(1) IN GENERAL.—No penalty under this title  
 14 shall be assessed, and no disallowance period shall  
 15 take effect, unless—

16 “(A) the decision (as defined by the Sec-  
 17 retary in regulations) to apply such penalty or  
 18 disallowance period, as applicable, is personally  
 19 approved (in writing on an electronic form)  
 20 by—

21 “(i) the immediate supervisor of the  
 22 individual making such decision, or

23 “(ii) the Internal Revenue Service Of-  
 24 fice of Servicewide Penalties (or any suc-  
 25 cessor organization), and

1 “(B) the approval described in subpara-  
 2 graph (A) is obtained on or before the date any  
 3 appealable notice is sent to the taxpayer regard-  
 4 ing the application of such penalty or disallow-  
 5 ance period.”, and

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

7 “(3) APPEALABLE NOTICE.—For purposes of  
 8 this subsection, the term ‘appealable notice’ means  
 9 the first written notice issued to a taxpayer that pro-  
 10 vides the taxpayer an opportunity to—

11 “(A) appeal the decision to the Internal  
 12 Revenue Service Independent Office of Appeals,  
 13 or

14 “(B) petition a Federal court for review of  
 15 the decision.”.

16 (b) DISALLOWANCE PERIOD.—Section 6751 is  
 17 amended by adding at the end the following new sub-  
 18 section:

19 “(d) DISALLOWANCE PERIOD.—

20 “(1) IN GENERAL.—For purposes of this sec-  
 21 tion, the term ‘disallowance period’ means—

22 “(A) with respect to any credit under sec-  
 23 tion 24, the period determined under section  
 24 24(g)(1),

1 “(B) with respect to any credit under sec-  
 2 tion 25A, the period determined under section  
 3 25A(b)(4)(A), and

4 “(C) with respect to any credit under sec-  
 5 tion 32, the period determined under section  
 6 32(k)(1).

7 “(2) APPROVAL REQUIRED FOR DISALLOWANCE  
 8 PERIOD AUTOMATICALLY CALCULATED THROUGH  
 9 ELECTRONIC MEANS.—With respect to the applica-  
 10 tion of any disallowance period, subsection (b)(2)(B)  
 11 shall not apply.”.

12 (c) EFFECTIVE DATE.—The amendments made by  
 13 this section shall apply to notices sent after the date which  
 14 is 12 months after the date of the enactment of this Act.

15 (d) REPORT.—Not later than 24 months after the  
 16 date of enactment of this Act, and annually thereafter,  
 17 the Secretary shall make publicly available a report re-  
 18 garding all penalties assessed by the Internal Revenue  
 19 Service pursuant to the Internal Revenue Code of 1986  
 20 during the preceding calendar year, with all relevant data  
 21 regarding such penalties to be collected and reported with  
 22 respect to—

23 (1) every organizational unit of the Internal  
 24 Revenue Service that has power to assess, abate, or  
 25 otherwise enforce any penalty imposed by the Inter-

1       nal Revenue Service under the Internal Revenue  
2       Code of 1986, and

3               (2) the progression of such penalties at each  
4       step of the determination, assessment, and review  
5       processes, as well as the final result with respect to  
6       such penalties.

7       **SEC. 113. RETURN OF AMOUNTS COLLECTED BY IRS IN EX-**  
8                       **CESS OF ACCEPTED OFFER-IN-COMPROMISE**  
9                       **AMOUNT.**

10       (a) IN GENERAL.—Section 7122 is amended by add-  
11       ing at the end the following:

12       “(h) RETURN AMOUNTS COLLECTED IN EXCESS OF  
13       PAYMENT AMOUNT OF ACCEPTED OFFER-IN-COM-  
14       PROMISE.—

15               “(1) IN GENERAL.—Subject to paragraph (2),  
16       in the case of any taxpayer for which an offer-in-  
17       compromise has been accepted under this section,  
18       any proceeds collected from such taxpayer after ac-  
19       ceptance of the offer-in-compromise which are in ex-  
20       cess of any remaining payments scheduled under  
21       such compromise shall be transferred to the tax-  
22       payer.

23               “(2) EXCEPTION.—Paragraph (1) shall not  
24       apply if—

1           “(A) the taxpayer and the Secretary have  
2 specifically agreed otherwise, or

3           “(B) the Secretary has—

4                 “(i) determined that, under the terms  
5 of the compromise, such compromise is in  
6 default, and

7                 “(ii) elected to terminate such com-  
8 promise.”.

9           (b) AUTHORITY TO RELEASE LEVY AND RETURN  
10 PROPERTY.—Section 6343 is amended—

11                 (1) in subsection (a)(1)—

12                         (A) in subparagraph (D), by striking “or”  
13 at the end,

14                         (B) in subparagraph (E), by striking the  
15 period at the end and inserting “, or”, and

16                         (C) by adding at the end the following sub-  
17 paragraph:

18                                 “(F) subject to subsection (h)(2) of section  
19 7122, an offer-in-compromise is accepted under  
20 such section with respect to the liability for  
21 which the levy was imposed.”, and

22                 (2) in subsection (d)(2)—

23                         (A) in subparagraph (C), by striking “or”  
24 at the end,

1 (B) in subparagraph (D), by striking the  
 2 comma at the end and inserting “, or”, and

3 (C) by adding at the end the following sub-  
 4 paragraph:

5 “(E) subject to subsection (h)(2) of section  
 6 7122, an offer-in-compromise is accepted under  
 7 such section with respect to the liability for  
 8 which the levy was imposed,”.

9 (c) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to any compromise made under  
 11 section 7122 of the Internal Revenue Code of 1986 which  
 12 is accepted by the Secretary after the date of enactment  
 13 of this Act.

14 **SEC. 114. EXTENSION OF PERIOD FOR RETURN OF**  
 15 **AMOUNTS SUBJECT TO WRONGFUL LEVY.**

16 (a) IN GENERAL.—Section 6343(b) is amended, in  
 17 the flush text following paragraph (3), by striking “the  
 18 date of such levy” and inserting “the date that the Sec-  
 19 retary received any such amount”.

20 (b) EFFECTIVE DATE.—The amendments made by  
 21 this section shall apply to any money levied upon or any  
 22 amount of money received from the sale of property after  
 23 the date which is 12 months after the date of enactment  
 24 of this Act.

1 **SEC. 115. REPORTS TO CONGRESS.**

2 (a) IMPLEMENTATION.—Not later than the date  
3 which is 2 years after the date of enactment of this Act,  
4 the Secretary (following consultation with the National  
5 Taxpayer Advocate, the Treasury Inspector General for  
6 Tax Administration, and the Comptroller General of the  
7 United States) shall provide a report to the Committee  
8 on Ways and Means of the House of Representatives and  
9 the Committee on Finance of the Senate regarding the  
10 actions taken by the Internal Revenue Service to imple-  
11 ment this title and the amendments made by this title,  
12 including—

13 (1) an analysis of successes and challenges with  
14 respect to implementation of such title, and

15 (2) any recommendations to Congress with re-  
16 spect to the implementation or administration of  
17 such title.

18 (b) FRAUD.—

19 (1) IN GENERAL.—Not later than the date  
20 which is 12 months after the date of enactment of  
21 this Act, and annually thereafter, the Secretary shall  
22 provide a report to the Committee on Ways and  
23 Means of the House of Representatives and the  
24 Committee on Finance of the Senate regarding ef-  
25 forts made by the Internal Revenue Service to iden-  
26 tify, prevent, and resolve each type of tax fraud, in-



cluding first-person fraud and stolen identity refund fraud.

(2) INFORMATION INCLUDED IN REPORT.—The report described in paragraph (1) shall include—

(A) a detailed description, timeline, and analysis of any efforts undertaken by the Internal Revenue Service and any of the other members of the Security Summit during the most recent tax filing season to address and prevent each type of tax fraud, including—

(i) any specific information or guidelines provided by the Internal Revenue Service to any of the other members of the Security Summit (and vice versa) with respect to tax fraud, including—

(I) any “be on the lookout” alerts or other warnings,

(II) updated guidelines or restrictions,

(III) potential threat analyses,

(IV) specific data or analytics,

and

(V) any other actionable threat information, and

1           (ii) any specific recommendations pro-  
2           vided by the Internal Revenue Service to  
3           any of the other members of the Security  
4           Summit (and vice versa) with respect to  
5           identifying, preventing, and resolving tax  
6           fraud, including any potential improve-  
7           ments to data, analytics, information shar-  
8           ing, and collaboration between the Internal  
9           Revenue Service and other members of the  
10          Security Summit,

11          (B) a detailed description and timeline of  
12          any interactions between the Internal Revenue  
13          Service and any provider of tax filing options  
14          which does not participate in the Security Sum-  
15          mit, including—

16               (i) any specific information or guide-  
17               lines provided by the Internal Revenue  
18               Service to such provider (and vice versa)  
19               with respect to each type of tax fraud, in-  
20               cluding any items described in subclauses  
21               (I) through (V) of subparagraph (A)(i),  
22               and

23               (ii) any specific recommendations pro-  
24               vided by the Internal Revenue Service to  
25               such provider (and vice versa) with respect

1 to identifying, preventing, and resolving  
2 tax fraud, including any potential improve-  
3 ments to data, analytics, information shar-  
4 ing, and collaboration between the Internal  
5 Revenue Service and such provider, and

6 (C) with respect to the most recently com-  
7 pleted tax filing season—

8 (i) with respect to each specific type  
9 or form of tax fraud that has been identi-  
10 fied by the Internal Revenue Service, any  
11 relevant data and analysis regarding the  
12 amount of such fraud during such tax fil-  
13 ing season, including detailed numerical  
14 data regarding such fraud in relation to  
15 each separate Federal tax return form (in-  
16 cluding any amended returns) and the  
17 manner in which such returns were filed,  
18 and

19 (ii) the total dollar amount of fraudu-  
20 lent claims for refund—

21 (I) for which any disbursement  
22 was erroneously made, and

23 (II) which were identified and  
24 disallowed prior to any disbursement  
25 being made.

1           (3) PUBLICLY AVAILABLE.—Data included in  
 2           the report described in paragraph (1) shall be made  
 3           available on the public website of the Internal Rev-  
 4           enue Service, provided that such data is appro-  
 5           priately redacted by the Secretary.

6           (c) COMPLEXITY REPORT.—For purposes of section  
 7           4022 of the Internal Revenue Service Restructuring and  
 8           Reform Act of 1998 (26 U.S.C. 7801 note), the submis-  
 9           sion of the report required under section 7803(c)(2)(B)  
 10          of the Internal Revenue Code of 1986 shall not satisfy  
 11          the requirement under subsection (a) of section 4022 of  
 12          such Act to conduct an analysis of the sources of com-  
 13          plexity in administration of the Federal tax laws and re-  
 14          port the results of such analysis.

## 15       **TITLE II—AMERICAN CITIZENS** 16                               **ABROAD**

### 17       **SEC. 201. REPORT ON COMBINED TAX AND FOREIGN BANK** 18                               **AND FINANCIAL ACCOUNT REPORTING.**

19          (a) STUDY.—

20               (1) IN GENERAL.—The Secretary of the Treas-  
 21               ury (or the Secretary’s delegate) shall conduct a  
 22               study on—

23                       (A) combining and simplifying reporting  
 24                       required under section 5314 of title 31, United  
 25                       States Code, and sections 6038, 6038A, 6038B,

1           6038C, 6038D, 6039F, 6046A, and 6048 of  
2           the Internal Revenue Code of 1986; and

3           (B) eliminating duplicative requests for in-  
4           formation from nonresident United States tax-  
5           payers.

6           (2) CONSULTATION.—The study conducted  
7           under paragraph (1) shall include input from the  
8           National Taxpayer Advocate and nonresident United  
9           States taxpayers.

10          (b) REPORT.—Not later than 180 days after the date  
11       of enactment of this Act, the Secretary of the Treasury  
12       (or the Secretary’s delegate) shall submit to Congress a  
13       report on the study conducted under subsection (a), which  
14       shall include any actions taken by the Secretary as a result  
15       of such study and any recommendations for legislative  
16       changes necessary to effectuate the goals described in  
17       paragraphs (1) and (2) of subsection (a).

18       **SEC. 202. STUDY AND REPORTS ON SIMPLIFICATION.**

19           (a) GAO STUDY AND REPORT.—

20           (1) IN GENERAL.—The Comptroller General of  
21       the United States shall conduct a study on the bur-  
22       dens of compliance with Federal tax laws applicable  
23       to individuals who are United States persons (as de-  
24       fined in section 7701(a)(30) of the Internal Revenue  
25       Code of 1986) living abroad.

1           (2) FACTORS CONSIDERED.—The study con-  
2       ducted under subsection (a) shall identify problems  
3       relating to compliance of Federal tax laws for such  
4       United States persons, including burdens specific to  
5       low-income and moderate-income individuals, related  
6       to—

7           (A) understanding and complying with  
8       United States tax obligations, including obliga-  
9       tions with respect to—

10           (i) the duty to file returns and pay  
11       taxes while living abroad, including in the  
12       absence of tax treaties that otherwise  
13       eliminate double taxation of income;

14           (ii) the filing (including through elec-  
15       tronic means) of Federal tax returns and  
16       any reports required under section 5314 of  
17       title 31, United States Code, in a timely,  
18       accurate, and affordable manner;

19           (iii) foreign retirement plans treated  
20       as passive foreign investment companies;  
21       and

22           (iv) foreign currency gains;

23           (B) receiving and responding to inquiries  
24       from the Internal Revenue Service and the Fi-  
25       nancial Crimes Enforcement Network about re-

1 turns and reports described in subparagraph  
2 (A)(ii), and access to services of such agencies  
3 with respect to such returns and reports;

4 (C) access to financial products and serv-  
5 ices abroad, including local retirement vehicles  
6 and bank accounts;

7 (D) access to affordable tax preparation  
8 services for United States income tax obliga-  
9 tions; and

10 (E) compliance burdens that are dispro-  
11 portionate to the amount of tax owed.

12 (3) REPORT.—Not later than 1 year after the  
13 date of the enactment of this Act, the Comptroller  
14 General shall submit to the Secretary of the Treas-  
15 ury and to Congress, and make publicly available, a  
16 report on the study conducted under paragraph (1).

17 (b) TREASURY REPORT.—Not later than 1 year after  
18 the date on which the Comptroller General submits the  
19 report under subsection (a)(3), the Secretary of the Treas-  
20 ury shall submit to Congress a report that describes—

21 (1) actions taken by the Department of the  
22 Treasury to address any problems identified by the  
23 Comptroller General in such report; and

24 (2) any legislation necessary to address such  
25 problems.

1 **SEC. 203. SIMPLIFICATION OF CURRENCY EXCHANGES**

2 **RULES.**

3 (a) INCREASE IN THRESHOLD FOR EXCLUSION FOR  
4 PERSONAL TRANSACTIONS.—

5 (1) IN GENERAL.—The second sentence of sec-  
6 tion 988(e)(2) is amended by striking “\$200” and  
7 inserting “\$1,000”.

8 (2) INFLATION ADJUSTMENT.—Section 988(e)  
9 is amended by adding at the end the following new  
10 paragraph:

11 “(4) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of any  
13 taxable year beginning after 2025, the \$1,000  
14 amount in paragraph (2) shall be increased by  
15 an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-  
18 termined under section 1(f)(3) for the cal-  
19 endar year in which the taxable year be-  
20 gins, determined by substituting in sub-  
21 paragraph (A)(ii) thereof ‘calendar year  
22 2024’ for ‘calendar year 2016’.

23 “(B) ROUNDING.—If any amount as ad-  
24 justed under subparagraph (A) is not a multiple  
25 of \$50, such dollar amount shall be rounded to  
26 the next lowest multiple of \$50.”.



1 (b) FOREIGN CURRENCY LOSSES RELATED TO  
 2 SALES OF PERSONAL RESIDENCES.—

3 (1) IN GENERAL.—Section 165(c) is amended  
 4 by striking “and” at the end of paragraph (2), by  
 5 striking the period at the end of paragraph (3) and  
 6 inserting a comma, and by adding at the end the fol-  
 7 lowing new paragraphs:

8 “(4) foreign currency losses not described in  
 9 paragraph (1) or (2) with respect to qualified mort-  
 10 gage debt, but only to the extent of any gain recog-  
 11 nized during the taxable year on the sale of a quali-  
 12 fied residence (as defined in section 163(h)(5))  
 13 which is located outside of the United States or any  
 14 possession of the United States and which secures  
 15 such qualified mortgage debt, and

16 “(5) losses (not described in paragraph (1) or  
 17 (2)) from the sale or exchange of a qualified resi-  
 18 dence (as so defined) which is located outside of the  
 19 United States or any possession of the United  
 20 States, but only to the extent of any foreign cur-  
 21 rency gain recognized during the taxable year with  
 22 respect to qualified mortgage debt secured by such  
 23 qualified residence.”.

24 (2) QUALIFIED MORTGAGE DEBT.—Section 165  
 25 is amended by redesignating subsection (m) as sub-

1 section (n) and by inserting after subsection (l) the  
 2 following new subsection:

3 “(m) DEFINITIONS RELATED TO QUALIFIED MORT-  
 4 GAGE DEBT AND FOREIGN CURRENCY GAINS AND  
 5 LOSSES.—For purposes of this section—

6 “(1) QUALIFIED MORTGAGE DEBT.—The term  
 7 ‘qualified mortgage debt’ means—

8 “(A) any acquisition indebtedness (as de-  
 9 fined in section 163(h)(3)(B), determined with-  
 10 out regard to clause (ii) thereof) of an indi-  
 11 vidual,

12 “(B) any home equity indebtedness (as de-  
 13 fined in section 163(h)(3)(C), determined with-  
 14 out regard to clause (ii) thereof) of an indi-  
 15 vidual, and

16 “(C) any other indebtedness (including any  
 17 non-debt that functions as debt) which is re-  
 18 lated to the purchase or ownership of real es-  
 19 tate by, or for the benefit of, individuals and  
 20 which is approved under regulations or guid-  
 21 ance provided by the Secretary.

22 “(2) FOREIGN CURRENCY LOSS.—The term  
 23 ‘foreign currency loss’ means, with respect to any  
 24 qualified mortgage debt, any loss which would be de-  
 25 scribed in section 988(b)(2) if the transaction involv-

1       ing the qualified mortgage debt were treated as a  
2       section 988 transaction.

3               “(3) FOREIGN CURRENCY GAIN.—The term  
4       ‘foreign currency gain’ means, with respect to any  
5       qualified mortgage debt, any gain which would be  
6       described in section 988(b)(1) if the transaction in-  
7       volving the qualified mortgage debt were treated as  
8       a section 988 transaction.”.

9               (3) CHARACTER AND SOURCE OF LOSS.—Sec-  
10       tion 165(f) is amended to read as follows:

11               (A) by striking “Losses from” and insert-  
12       ing the following:

13               “(1) IN GENERAL.—Losses from”, and

14               (B) by adding at the end the following new  
15       paragraph:

16               “(2) SPECIAL RULE FOR AMOUNTS ATTRIB-  
17       UTABLE TO QUALIFIED MORTGAGE DEBT.—The  
18       character and source of any foreign currency loss  
19       with respect to qualified mortgage debt which is al-  
20       lowed under section 165(c)(4) shall be the same  
21       character and source as the character and source of  
22       the gain on the sale of the qualified residence which  
23       secures such qualified mortgage debt.

24               “(3) SPECIAL RULE FOR LOSSES FROM THE  
25       SALE OR EXCHANGE OF QUALIFIED RESIDENCES.—

1       The character and source of any loss from the sale  
 2       or exchange of a qualified residence which is allowed  
 3       under subsection (c)(5) shall be the same character  
 4       and source as the character and source of the gain  
 5       of the qualified mortgage debt secured by such  
 6       qualified residence.”.

7               (4) TREATMENT OF FOREIGN CURRENCY LOSS  
 8       DEDUCTION.—Section 62(a) is amended by inserting  
 9       after paragraph (21) the following new paragraph:

10              “(22) CERTAIN FOREIGN CURRENCY LOSSES.—  
 11       The deduction allowed by section 165(c)(4).”.

12       (c) SPECIAL RULE FOR HOME MORTGAGE REFI-  
 13       NANCING TRANSACTIONS.—Section 989 is amended by re-  
 14       designating subsection (c) as subsection (d) and by insert-  
 15       ing after subsection (b) the following new subsection:

16              “(c) SPECIAL RULE FOR HOME MORTGAGE REFI-  
 17       NANCING TRANSACTIONS.—In the case of the refinancing  
 18       of any qualified mortgage debt (as defined in section  
 19       165(m)) in a nonfunctional currency—

20              “(1) no foreign currency gain or loss shall be  
 21       recognized, and

22              “(2) the amount of foreign currency gain or  
 23       loss on the repayment of such debt shall be deter-  
 24       mined by reference to the liability of the borrower at  
 25       the time the debt was originally incurred (as deter-

1        mined under regulations or other guidance pre-  
 2        scribed by the Secretary).”.

3        (d) ELECTION TO USE AVERAGE EXCHANGE RATE  
 4 WITH RESPECT TO CERTAIN FOREIGN CURRENCY  
 5 TRANSACTIONS.—Section 989, as amended by subsection  
 6 (c), is further amended by redesignating subsection (d) as  
 7 subsection (e) and by inserting after subsection (c) the fol-  
 8 lowing new subsection:

9        “(d) ELECTION TO AGGREGATE TRANSACTION WITH  
 10 RESPECT TO FOREIGN EARNED INCOME.—

11            “(1) IN GENERAL.—In the case of a qualified  
 12 individual who makes an election under this sub-  
 13 section—

14            “(A) all transactions during a calendar  
 15 year which involve an item of qualified income  
 16 or expense shall be treated as 1 transaction,  
 17 and

18            “(B) the amount of foreign currency gain  
 19 or loss attributable to such transaction shall be  
 20 determined by using the average exchange rate  
 21 for the calendar year.

22            “(2) QUALIFIED INDIVIDUAL.—For purposes of  
 23 this subsection, the term ‘qualified individual’ has  
 24 the meaning given such term under section  
 25 911(d)(1).

1 “(3) ITEM OF QUALIFIED INCOME OR EX-  
 2 PENSE.—For purposes of this subsection, the term  
 3 ‘item of qualified income or expense’ means—

4 “(A) foreign earned income (as defined in  
 5 section 911(b)(1)(A), determined without re-  
 6 gard to section 911(b)(1)(B)), and

7 “(B) any other item of income or expense  
 8 specified by the Secretary in regulations.”.

9 (e) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to transactions in taxable years  
 11 beginning after the date of the enactment of this Act.

12 **SEC. 204. INCREASE IN THRESHOLD FOR SIMPLIFIED FOR-**  
 13 **EIGN TAX CREDIT RULES AND REPORTING.**

14 (a) IN GENERAL.—Subparagraph (B) of section  
 15 904(j)(2) is amended by striking “\$300 (\$600” and in-  
 16 serting “\$1,000 (\$2,000”.

17 (b) INFLATION ADJUSTMENT.—Section 904(j) is  
 18 amended by adding at the end the following new para-  
 19 graph:

20 “(4) INFLATION ADJUSTMENT.—

21 “(A) IN GENERAL.—In the case of any  
 22 taxable year beginning in a calendar year after  
 23 2025, each of the dollar amounts under para-  
 24 graph (2)(B) shall be increased by an amount  
 25 equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-  
3 termined under section 1(f)(3) for the cal-  
4 endar year in which the taxable year be-  
5 gins, determined by substituting in sub-  
6 paragraph (A)(ii) thereof ‘calendar year  
7 2024’ for ‘calendar year 2016’.

8 “(B) ROUNDING.—If any amount as ad-  
9 justed under subparagraph (A) is not a multiple  
10 of \$50, such dollar amount shall be rounded to  
11 the next lowest multiple of \$50.”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 the date of the enactment of this Act.

15 **SEC. 205. EXTENSION OF TIME FOR PERSONS OUTSIDE OF**  
16 **THE UNITED STATES TO REQUEST ABATE-**  
17 **MENT OF MATH ERROR.**

18 (a) IN GENERAL.—Section 6213(b)(2)(A) is amend-  
19 ed by inserting “(120 days in the case of a notice ad-  
20 dressed to a person outside the United States)” after “60  
21 days”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to notices sent after the date that  
24 is 180 days after the date of the enactment of this Act.

# 1      **TITLE III—JUDICIAL REVIEW**

## 2      **SEC. 301. AUTHORIZATION OF SUBPOENAS BEFORE HEAR-** 3                    **INGS TO FACILITATE SETTLEMENTS.**

4            Section 7456(a) is amended to read as follows:

5            “(a) IN GENERAL.—

6                    “(1) ADMINISTRATION OF OATHS.—For the ef-  
 7            ficient administration of the functions vested in the  
 8            Tax Court or any division thereof, any judge or spe-  
 9            cial trial judge, the clerk or the clerk’s deputies, as  
 10           such, or any other employee of the Tax Court des-  
 11           ignated in writing for the purpose by the chief judge,  
 12           may administer oaths or affirmations.

13                   “(2) EXAMINATION.—Any judge or special trial  
 14           judge may examine parties or witnesses.

15                   “(3) SUBPOENA AUTHORITY.—Any judge or  
 16           special trial judge may require, by subpoena ordered  
 17           by the Tax Court or any division thereof and signed  
 18           by the judge or special trial judge (or by the clerk  
 19           of the Tax Court or by any other employee of the  
 20           Tax Court when acting as deputy clerk), any of the  
 21           following:

22                            “(A) The attendance and testimony of par-  
 23           ties or witnesses.

24                            “(B) The production of books, papers, doc-  
 25           uments, electronically stored information, or



1           tangible things from any place in the United  
 2           States by any party or witness having custody  
 3           or control thereof for purposes of discovery or  
 4           for use of the things produced as evidence in  
 5           accordance with the rules and orders of the Tax  
 6           Court.

7           Any such subpoena shall be issued and served, and  
 8           compliance therewith shall be compelled, as provided  
 9           in the rules and orders of the Tax Court.

10           “(4) DEPOSITIONS.—Pursuant to rules and or-  
 11           ders of the Court, the deposition of a witness may  
 12           be taken before any designated individual competent  
 13           to administer oaths under this title. Any deposition  
 14           testimony shall be reduced to writing by the indi-  
 15           vidual taking the deposition, or under such individ-  
 16           ual’s direction, and shall be subscribed by the depo-  
 17           nent.”.

18 **SEC. 302. CLARIFICATION OF TAX COURT AUTHORITY TO**  
 19 **ORDER RELIEF FROM A JUDGMENT OR**  
 20 **ORDER.**

21           Section 7481 is amended—

22           (1) by striking “and (d),” in subsection (a) and  
 23           inserting “(d), and (e),”; and

24           (2) by adding at the end the following new sub-  
 25           section:

1 “(e) RELIEF FROM A JUDGMENT OR ORDER.—

2 “(1) CORRECTIONS BASED ON CLERICAL MIS-  
3 TAKES; OVERSIGHTS AND OMISSIONS.—

4 “(A) IN GENERAL.—The Tax Court may  
5 correct a clerical mistake, or a mistake arising  
6 from oversight or omission, whenever one is  
7 found in a judgment, order, or other part of the  
8 record. The Tax Court may do so on motion or  
9 on its own, with or without notice.

10 “(B) APPELLATE COURT LEAVE REQUIRED  
11 ON APPEAL.—After an appeal has been dock-  
12 eted in the appellate court, and while such ap-  
13 peal is pending, any such mistake may be cor-  
14 rected only with the appellate court’s leave.

15 “(2) GROUNDS FOR RELIEF FROM A FINAL  
16 JUDGMENT OR ORDER.—On motion and just terms,  
17 the Tax Court may relieve a party or its legal rep-  
18 resentative from a final judgment or order for any  
19 of the following reasons:

20 “(A) Mistake, inadvertence, surprise, or  
21 excusable neglect.

22 “(B) Newly discovered evidence that, with  
23 reasonable diligence, could not have been dis-  
24 covered in time to move for a new trial under  
25 rules prescribed by the Court and that would

1           have a reasonable likelihood of changing the  
2           outcome.

3           “(C) Fraud (whether previously called in-  
4           trinsic or extrinsic), misrepresentation, or mis-  
5           conduct by an opposing party.

6           “(D) The judgment is void.

7           “(E) Any other circumstance where justice  
8           so requires.

9           “(3) TIMING AND EFFECT OF THE MOTION.—

10           “(A) TIMING.—A motion under paragraph  
11           (2)—

12                   “(i) must be made within a reasonable  
13           time, and

14                   “(ii) in the case of a reason described  
15           in subparagraphs (A), (B), or (C), not  
16           later than 1 year after the entry of the  
17           judgment or order.

18           “(B) EFFECT ON FINALITY.—While pend-  
19           ing, any such motion does not affect the judg-  
20           ment’s finality or suspend its operation.

21           “(4) OTHER POWERS TO GRANT RELIEF.—This  
22           subsection shall not limit the Tax Court’s power to  
23           set aside a judgment for fraud on the Tax Court.

24           “(5) COURT OF APPEALS JURISDICTION.—If  
25           the Tax Court provides relief from a judgment or

1       order that is otherwise final under this section, ei-  
 2       ther or both parties may obtain review of such relief  
 3       by filing a notice of appeal under this subchapter  
 4       within 90 days of the Court’s judgment or order di-  
 5       recting such relief.”.

6   **SEC. 303. AUTHORIZATION OF SPECIAL TRIAL JUDGES TO**  
 7                   **HEAR ADDITIONAL CASES AND ADDRESS**  
 8                   **CONTEMPT.**

9       (a) CONSENT TO ASSIGNMENT.—Section 7443A(b) is  
 10      amended by striking “and” at the end of paragraph (6),  
 11      by redesignating paragraph (7) as paragraph (8), and by  
 12      inserting after paragraph (6) the following new paragraph:

13               “(7) upon the consent of the parties, and pur-  
 14      suant to rules promulgated by the Tax Court, any  
 15      proceeding not described in paragraphs (1) through  
 16      (6), and”.

17      (b) AUTHORIZING SPECIAL TRIAL JUDGE.—Section  
 18      7443A(c) is amended by striking “or (6)” and inserting  
 19      “(6), or (7)”.

20      (c) CONTEMPT AUTHORITY.—Section 7443A is  
 21      amended by adding at the end the following new sub-  
 22      section:

23               “(f) INCIDENTAL POWERS.—A special trial judge ap-  
 24      pointed under this section shall have the independent  
 25      power to punish for contempt of the authority of the Tax

1 Court as provided in section 7456(c), except the sentence  
 2 imposed by such a special trial judge for any contempt  
 3 shall not exceed the penalties for a Class C misdemeanor  
 4 as set forth in sections 3571(b)(6) and 3581(b)(8) of title  
 5 18, United States Code. This subsection shall not be con-  
 6 strued to limit the authority of a special trial judge to  
 7 order sanctions under any other statute or any rule of the  
 8 Tax Court prescribed pursuant to section 7453.”.

9 (d) EFFECTIVE DATE.—The amendments made by  
 10 subsections (a) and (b) shall take effect on the date the  
 11 United States Tax Court adopts rules implementing the  
 12 consent procedures of section 7443A.

13 **SEC. 304. DISQUALIFICATION OF JUDGES AND SPECIAL**  
 14 **TRIAL JUDGES.**

15 (a) IN GENERAL.—Part II of subchapter C of chap-  
 16 ter 76 is amended by adding at the end the following new  
 17 section:

18 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR SPECIAL**  
 19 **TRIAL JUDGE.**

20 “Section 455 of title 28, United States Code, shall  
 21 apply to judges, special trial judges, and proceedings of  
 22 the Tax Court.”.

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

“Sec. 7467. Disqualification of judge or special trial judge.”.

1 **SEC. 305. NOTICE AND REVIEW WITH RESPECT TO MULTI-**  
 2 **YEAR BANS ON CLAIMING CREDITS.**

3 (a) NOTICE.—

4 (1) IN GENERAL.—Section 6212(a) is amend-  
 5 ed—

6 (A) by striking “If the” and inserting the  
 7 following:

8 “(1) NOTICE.—If the”,

9 (B) by striking “Such notice shall include  
 10 a notice” and inserting the following:

11 “(2) MATTERS INCLUDED.—Such notice shall  
 12 include—

13 “(A) a notice”,

14 (C) by striking period at the end of the  
 15 second sentence and inserting “, and”, and

16 (D) by adding at the end the following new  
 17 subparagraph:

18 “(B) in any case in which such deficiency  
 19 for a taxable year is attributable to the denial  
 20 of a credit under section 24, 25A, or 32, a  
 21 statement—

22 “(i) identifying the credit or credits  
 23 which are denied and providing the  
 24 grounds for each such denial,

25 “(ii) informing the taxpayer that, un-  
 26 less the denial is overturned on appeal, the

1 taxpayer will not be able to claim such  
 2 credit for any subsequent taxable year un-  
 3 less the taxpayer provides information re-  
 4 quired by the Secretary to demonstrate eli-  
 5 gibility for the credit, and

6 “(iii) in any case in which the Sec-  
 7 retary has made a determination to impose  
 8 a disallowance period under section  
 9 24(g)(1), 25A(b)(4)(A), or 32(k)(1), pro-  
 10 viding the grounds for such disallowance  
 11 period (and the length of the disallowance  
 12 period unless overturned on appeal).”.

13 (2) EFFECTIVE DATE.—The amendments made  
 14 by this subsection shall apply to notices mailed 36  
 15 months after the date of enactment of this Act.

16 (b) AUTHORITY OF THE TAX COURT.—

17 (1) IN GENERAL.—Section 6214 is amended by  
 18 redesignating subsection (e) as subsection (f) and by  
 19 inserting after subsection (d) the following new sub-  
 20 section:

21 “(e) JURISDICTION WITH RESPECT TO MULTI-YEAR  
 22 BANS WITH RESPECT TO CERTAIN CREDITS.—

23 “(1) IN GENERAL.—The Tax Court shall have  
 24 jurisdiction—

1           “(A) to redetermine the imposition of any  
 2           disallowance period with respect to any credit  
 3           under section 24, 25A, or 32 for the taxable  
 4           year in which such disallowance period was im-  
 5           posed if the deficiency relates to such taxable  
 6           year, and

7           “(B) to determine whether any such dis-  
 8           allowance period should be imposed if claim  
 9           therefor is asserted by the Secretary in the an-  
 10          swer or an amended answer filed in accordance  
 11          with the rules of the Tax Court.

12          “(2) DISALLOWANCE PERIOD.—For purposes of  
 13          this subsection, the term ‘disallowance period’ has  
 14          the meaning given such term under section  
 15          6751(d).”.

16          (2) EFFECTIVE DATE.—The amendments made  
 17          by this subsection apply to petitions filed on or after  
 18          the date of enactment of this Act.

19          (3) TRANSITION RULE FOR REVIEW OF PRE-  
 20          VIOUSLY IMPOSED DISALLOWANCE PERIODS.—

21                 (A) IN GENERAL.—In the case of any defi-  
 22                 ciency which is attributable to an entry on the  
 23                 return claiming a credit under section 24, 25A,  
 24                 or 32 of the Internal Revenue Code of 1986 for  
 25                 a taxable year in a disallowance period de-



scribed in subparagraph (B), the Tax Court shall have jurisdiction to redetermine whether the disallowance period was properly imposed.

(B) DISALLOWANCE PERIOD DESCRIBED.—A disallowance period is described in this subparagraph if the notice of the deficiency under section 6212 of such Code for the taxable year with respect to which the determination to impose the disallowance period was made—

(i) did not include the grounds for such disallowance period, and

(ii) was mailed before the date that is 36 months after the date of the enactment of this Act.

(C) DISALLOWANCE PERIOD.—For purposes of this paragraph, the term “disallowance period” has the meaning given such term under section 6751(d) of the Internal Revenue Code of 1986 (as added by this Act).

(D) REFUNDS.—Notwithstanding section 6512(b)(1) of the Internal Revenue Code of 1986, in the case of a petition with respect to a disallowance period described in subparagraph (B), the Tax Court shall have jurisdiction to determine the amount of an overpayment for any

1 taxable year in the disallowance period, and  
 2 such amount shall, notwithstanding section  
 3 6511, when the decision of the Tax Court has  
 4 become final, be credited or refunded to the  
 5 taxpayer. If a notice of appeal in respect of the  
 6 decision of the Tax Court is filed under section  
 7 7483 of such Code, the Secretary of the Treas-  
 8 ury (or the Secretary’s delegate) is authorized  
 9 to refund or credit the overpayment determined  
 10 by the Tax Court to the extent the overpayment  
 11 is not contested on appeal.

12 (c) BURDEN OF PRODUCTION.—

13 (1) IN GENERAL.—Section 7491(c) is amend-  
 14 ed—

15 (A) by striking “Notwithstanding” and in-  
 16 serting the following:

17 “(1) IN GENERAL.—Notwithstanding”.

18 (B) by striking “with respect to the liabil-  
 19 ity” and inserting “with respect to—

20 “(A) the liability”,

21 (C) by striking the period after “title” and  
 22 inserting “, and”,

23 (D) by adding at the end the following new  
 24 paragraph:

1 “(A) the application of any disallowance  
 2 period (as defined in section 6751(d)) to any  
 3 individual.”, and

4 (E) by adding at the end the following new  
 5 paragraph:

6 “(2) STANDARD OF PROOF FOR CERTAIN DIS-  
 7 ALLOWANCE PERIODS.—In the case of any court  
 8 proceeding with respect to any disallowance period  
 9 described in section 24(g)(1)(B)(ii),  
 10 25A(b)(4)(A)(ii)(I), or 32(k)(1)(B)(i), the standard  
 11 of proof shall be the same standard as required in  
 12 a proceeding under section 7454(a).”.

13 (2) EFFECTIVE DATE.—The amendments made  
 14 by this subsection shall apply to court proceedings  
 15 beginning after the date that is 36 months after the  
 16 date of the enactment of this Act in connection with  
 17 disallowance periods (as defined in section 6751(d)  
 18 of the Internal Revenue Code of 1986, as added by  
 19 this Act) determined after such date.

20 (d) MODIFICATION OF DISALLOWANCE PERIOD.—

21 (1) CHILD TAX CREDIT.—Section 24(g)(1) is  
 22 amended—

23 (A) in subparagraph (B), by striking “for  
 24 which there was a final determination that the  
 25 taxpayer’s claim of credit under this section

1           was” each place it appears in clauses (i) and  
 2           (ii) and inserting “for which a notice of defi-  
 3           ciency has been sent under section 6212(a)  
 4           which notifies the taxpayer that the taxpayer’s  
 5           claim of credit under this section was denied, or  
 6           a determination that has become final under  
 7           section 7481 has been made by the Tax Court  
 8           to deny such claim,” and

9           (B) by adding at the end the following new  
 10          subparagraph:

11           “(C) ALLOWANCE OF PREVIOUSLY DENIED  
 12          CREDITS AFTER TAX COURT CONSIDERATION.—  
 13          Notwithstanding subparagraphs (A) and (B), a  
 14          taxable year shall not be treated as a taxable  
 15          year in the disallowance period if the Tax Court  
 16          determines that the disallowance period was not  
 17          properly imposed for such year pursuant to sec-  
 18          tion 6214(e).”.

19          (2) AMERICAN OPPORTUNITY TAX CREDIT.—

20          Section 25A(b)(4)(A) is amended—

21           (A) in clause (ii), by striking “for which  
 22           there was a final determination that the tax-  
 23           payer’s claim of the American Opportunity  
 24           Credit under this section was” each place it ap-  
 25           pears in subclauses (I) and (II) and inserting

1 “for which a notice of deficiency has been sent  
 2 under section 6212(a) which notifies the tax-  
 3 payer that the taxpayer’s claim of credit under  
 4 this section was denied, or a determination that  
 5 has become final under section 7481 has been  
 6 made by the Tax Court to deny such claim,”  
 7 and

8 (B) by adding at the end the following new  
 9 clause:

10 “(iii) ALLOWANCE OF PREVIOUSLY  
 11 DENIED CREDITS AFTER TAX COURT CON-  
 12 sideration.—Notwithstanding clauses (i)  
 13 and (ii), a taxable year shall not be treated  
 14 as a taxable year in the disallowance pe-  
 15 riod if the Tax Court determines that the  
 16 disallowance period was not properly im-  
 17 posed for such year pursuant to section  
 18 6214(e).”.

19 (3) EARNED INCOME TAX CREDIT.—Section  
 20 32(k)(1) is amended—

21 (A) in subparagraph (B), by striking “for  
 22 which there was a final determination that the  
 23 taxpayer’s claim of credit under this section  
 24 was” each place it appears in clauses (i) and  
 25 (ii) and inserting “for which a notice of defi-

ciency has been sent under section 6212(a) which notifies the taxpayer that the taxpayer's claim of credit under this section was denied, or a determination that has become final under section 7481 has been made by the Tax Court to deny such claim," and

(B) by adding at the end the following new subparagraph:

“(C) ALLOWANCE OF PREVIOUSLY DENIED CREDITS AFTER TAX COURT CONSIDERATION.—Notwithstanding subparagraphs (A) and (B), a taxable year shall not be treated as a taxable year in the disallowance period if the Tax Court determines that the disallowance period was not properly imposed for such year pursuant to section 6214(e).”.

(4) SUSPENSION OF RUNNING OF LIMITATIONS PERIOD FILING OF A CLAIM FOR CREDIT OR REFUND.—Section 6511(d) is amended by adding at the end the following new paragraph:

“(9) SPECIAL RULES RELATING TO DISALLOWANCE PERIODS.—The running of the periods described in subsections (a) and (b)(2) with respect to any claim for a credit allowed under section 24, 25A, or 32 for any taxable year in a disallowance

1 period (as defined in section 6751(d)) shall be sus-  
2 pended during any period in which the imposition of  
3 such disallowance period is pending before the Tax  
4 Court.”.

5 (5) EFFECTIVE DATE.—

6 (A) IN GENERAL.—The amendments made  
7 by paragraphs (1), (2), and (3) shall apply to—

8 (i) taxable years beginning after the  
9 date that is 36 months after the date of  
10 the enactment of this Act, and

11 (ii) disallowance periods (as defined in  
12 section 6751(d) of the Internal Revenue  
13 Code of 1986, as added by this Act) in  
14 taxable years beginning on or before such  
15 date if the notice of deficiency for the tax-  
16 able year with respect to which the deter-  
17 mination to impose such disallowance pe-  
18 riod was made was sent after such date.

19 (B) SUSPENSION OF RUNNING OF LIMITA-  
20 TIONS PERIOD.—The amendment made by  
21 paragraph (4) shall apply to petitions filed after  
22 the date of the enactment of this Act.

1 **SEC. 306. AUTHORIZATION OF DE NOVO REVIEW OF INNO-**  
 2 **CENT SPOUSE RELIEF BY THE TAX COURT**  
 3 **AND OTHER COURTS.**

4 (a) REVIEW.—Section 6015(e)(7) is amended by  
 5 striking “by the Tax Court and shall be based upon” and  
 6 all that follows and inserting a period.

7 (b) EFFECTIVE DATE.—The amendment made by  
 8 this section shall apply to petitions and requests filed or  
 9 pending on or after the date of the enactment of this Act.

10 (c) NO INFERENCE.—Nothing in the amendment  
 11 made by this section shall be construed to limit the author-  
 12 ity or jurisdiction of the Tax Court or any other court  
 13 to grant relief under section 6015 of the Internal Revenue  
 14 Code of 1986 or to review any relief granted under such  
 15 section.

16 **SEC. 307. CLARIFICATION OF CERTAIN COURT FILING**  
 17 **DEADLINES.**

18 (a) IN GENERAL.—

19 (1) TREATMENT OF DEADLINES.—Section 7451  
 20 is amended by redesignating subsection (b) as sub-  
 21 section (c) and by inserting after subsection (a) the  
 22 following new subsection:

23 “(b) TREATMENT OF DEADLINES FOR CERTAIN PE-  
 24 TITIONS.—The deadlines for filing petitions under sections  
 25 6015(e)(1)(A), 6213(a), and 6330(d)(1)(A) shall be con-



1 sidered nonjurisdictional claims-processing rules subject to  
 2 waiver, forfeiture, estoppel and equitable tolling.”.

3 (2) CONFORMING AMENDMENT.—Section  
 4 7459(d) is amended—

5 (A) by striking “If a petition” and insert-  
 6 ing the following:

7 “(1) IN GENERAL.—If a petition”,

8 (B) by inserting “, unless the dismissal is  
 9 for lack of jurisdiction” after “determined by  
 10 the Secretary”,

11 (C) by striking “, or unless the dismissal  
 12 is for lack of jurisdiction”, and

13 (D) by adding at the end the following new  
 14 paragraph:

15 “(2) EXCEPTION.—Paragraph (1) shall not  
 16 apply with respect to any dismissal which is solely  
 17 based on a decision of the Tax Court that equitable  
 18 tolling does not apply to extend the deadline for fil-  
 19 ing a petition.”.

20 (b) TOLLING OF TIME IN CERTAIN CASES.—Section  
 21 7451(c), as redesignated by subsection (a), is amended by  
 22 striking “date” and inserting “day (in whole or in part)”.

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

1 (d) NO INFERENCE.—The amendments made by sub-  
 2 section (a) shall not be construed to create any inference  
 3 with respect to the treatment of—

4 (1) any case brought under section  
 5 6015(e)(1)(A), 6213(a), or 6330(d)(1)(A) of the In-  
 6 ternal Revenue Code of 1986 for which there is a  
 7 final determination by the Tax Court before the date  
 8 of the enactment of this Act, or

9 (2) any other petition filed with the Tax Court  
 10 under any other provision of the Internal Revenue  
 11 Code of 1986 before, on, or after such date.

12 **SEC. 308. CLARIFICATION OF TAX COURT JURISDICTION TO**  
 13 **DETERMINE TAX LIABILITY IN COLLECTION**  
 14 **DUE PROCESS APPEALS.**

15 (a) IN GENERAL.—Section 6330(c)(2)(B) is amended  
 16 by inserting “in the Tax Court (other than through a suit  
 17 for a refund under section 7442(b))” after “otherwise  
 18 have an opportunity to dispute such tax liability”.

19 (b) UNDERLYING TAX LIABILITY.—Section  
 20 6330(c)(4) is amended by striking “An issue may not be  
 21 raised” and inserting “An issue which is not related to  
 22 the amount or existence of the underlying tax liability may  
 23 not be raised”.

1 **SEC. 309. AUTHORIZATION OF THE TAX COURT TO ISSUE**  
 2 **REFUNDS IN COLLECTION DUE PROCESS**  
 3 **CASES.**

4 (a) IN GENERAL.—Section 6330(d)(1) is amended—  
 5 (1) by striking “The person may” and inserting  
 6 the following:

7 “(A) IN GENERAL.—The person may”,  
 8 (2) by inserting “and, unless a challenge was  
 9 precluded under subsection (c), with respect to the  
 10 determination of any overpayments of tax for the  
 11 taxable periods or events at issue in the determina-  
 12 tion” after “matter”, and

13 (3) by adding at the end the following new sub-  
 14 paragraphs:

15 “(B) DETERMINATION AND ENFORCEMENT  
 16 OF OVERPAYMENTS.—Rules similar to the rules  
 17 of paragraphs (1) and (2) of section 6512(b)  
 18 shall apply for purposes of this paragraph.

19 “(C) LIMITATION ON AMOUNT OF CREDIT  
 20 OR REFUND.—

21 “(i) IN GENERAL.—In the case of any  
 22 petition under subparagraph (A), no credit  
 23 or refund shall be allowed or made of any  
 24 portion of the tax unless the Tax Court de-  
 25 termines as part of its decision that such  
 26 portion was paid—

1 “(I) after the notice described in  
2 subsection (a)(1) or section  
3 6320(a)(1) (as the case may be) was  
4 given,

5 “(II) within the period which  
6 would be applicable under section  
7 6511(b)(2), (c), or (d), if, on the date  
8 the notice described in subsection  
9 (a)(1) or section 6320(a)(1) (as the  
10 case may be) was given, a claim had  
11 been filed (whether or not filed) stat-  
12 ing the grounds upon which the Tax  
13 Court finds that there is an overpay-  
14 ment, or

15 “(III) within the period which  
16 would be applicable under section  
17 6511(b)(2), (c), or (d), in respect of  
18 any claim for refund filed within the  
19 applicable period specified in section  
20 6511 and before the date the notice  
21 described in subsection (a)(1) or sec-  
22 tion 6320(a)(1) (as the case may be)  
23 was given—

24 “(aa) which had not been  
25 disallowed before that date,

1 “(bb) which had been dis-  
 2 allowed before that date and in  
 3 respect of which a timely suit for  
 4 refund could have commenced as  
 5 of that date, or

6 “(cc) in respect of which a  
 7 suit for refund had been com-  
 8 menced before that date and  
 9 within the period specified in sec-  
 10 tion 6532.

11 In a case described in subclause (II)  
 12 where the date the notice described in  
 13 subsection (a)(1) or section  
 14 6320(a)(1) (as the case may be) is  
 15 given is during the third year after  
 16 the due date (determined without re-  
 17 gard to any extensions) for filing the  
 18 return of tax and no return was filed  
 19 before such date, the applicable period  
 20 under subsections (a) and (b)(2) of  
 21 section 6511 shall be 3 years.

22 “(ii) DATE NOTICE WAS GIVEN.—For  
 23 purposes of this subparagraph—

24 “(I) if notice was given under  
 25 subsection (a)(2) or section

1                   6320(a)(2) by mail, the date the no-  
 2                   tice was given shall be the date such  
 3                   notice was mailed, and

4                   “(II) if notice was given under  
 5                   subsection (a)(2) or 6320(a)(2) by  
 6                   leaving such notice at the dwelling or  
 7                   usual place of business of the person,  
 8                   the date the notice was given shall be  
 9                   the date such notice was left.”.

10           (b) CONFORMING AMENDMENT.—Section 6330(e)(1)  
 11 is amended by inserting “section 6511 (relating to limita-  
 12 tions on credit or refund),” after “section 6502 (relating  
 13 to collection after assessment)”.

14           (c) EFFECTIVE DATE.—The amendments made by  
 15 this section shall apply to cases pending on or after the  
 16 date of the enactment of this Act.

17 **SEC. 310. AUTHORIZATION OF THE TAX COURT TO HEAR**  
 18 **SUITS FOR REFUNDS OR CREDITS.**

19           (a) IN GENERAL.—Section 7442 is amended—

20                   (1) by striking “The Tax Court” and inserting  
 21                   the following:

22                   “(a) IN GENERAL.—The Tax Court”, and

23                   (2) by adding at the end the following new sub-  
 24                   section:

25                   “(b) ACTIONS FOR REFUNDS.—

1 “(1) JURISDICTION.—

2 “(A) IN GENERAL.—In addition to any  
3 other court authorized by law, the Tax Court  
4 shall, subject to section 7422, have jurisdiction  
5 over any action, not exceeding the applicable  
6 amount, for the recovery of any internal rev-  
7 enue tax alleged to have been erroneously or il-  
8 legally assessed or collected, or any penalty  
9 claimed to have been collected without authority  
10 or of any sum alleged to have been excessive or  
11 in any manner wrongfully collected under the  
12 internal revenue laws to the same extent as the  
13 district courts of the United States.

14 “(B) APPLICABLE AMOUNT.—For purposes  
15 of this paragraph, the applicable amount  
16 means—

17 “(i) \$2,000,000 for any one taxable  
18 year, in the case of taxes imposed by sub-  
19 title A,

20 “(ii) \$2,000,000, in the case of the  
21 tax imposed by chapter 11,

22 “(iii) \$2,000,000 for any one calendar  
23 year, in the case of the tax imposed by  
24 chapter 12,

1                   “(iv) \$2,000,000 for any 1 taxable pe-  
 2                   riod (or, if there is no taxable period, tax-  
 3                   able event) in the case of any tax imposed  
 4                   by subtitle C, D, or E, and

5                   “(v) \$2,000,000, in the case of any  
 6                   other amount collected.

7                   “(2) FURTHER NOTICE OF DEFICIENCY.—If the  
 8                   Secretary prior to the hearing of a suit brought by  
 9                   a taxpayer under paragraph (1) mails to the tax-  
 10                  payer a notice that a deficiency has been determined  
 11                  in respect of the tax which is the subject matter of  
 12                  the taxpayer’s suit, the proceedings in the taxpayer’s  
 13                  suit shall be stayed during the period of time in  
 14                  which the taxpayer may file a petition with the Tax  
 15                  Court for a redetermination of the asserted defi-  
 16                  ciency, and for 60 days thereafter. If the taxpayer  
 17                  files such a petition with the Tax Court, such peti-  
 18                  tion shall be consolidated with the suit brought  
 19                  under paragraph (1).”.

20                  (b) CONFORMING AMENDMENTS.—

21                  (1) Section 7422(k) is amended by adding at  
 22                  the end the following new paragraph:

23                  “(5) For jurisdiction of the Tax Court, see sec-  
 24                  tion 7442(b).”.



1           (2) Section 7482(b)(1) is amended by striking  
 2           “or” at the end of subparagraph (F), by striking the  
 3           period at the end of subparagraph (G) and inserting  
 4           “, or”, and by adding at the end the following new  
 5           subparagraph:

6                       “(H) in the case of a petition under sec-  
 7           tion 7442(b)—

8                       “(i) the legal residence of the peti-  
 9                       tioner if the petitioner is an individual, and

10                      “(ii) the principal place of business or  
 11                      principal office or agency if the petitioner  
 12                      is an entity other than an individual.”.

13           (3) Section 1346(a) of title 28, United States  
 14           Code, is amended—

15                      (A) in the matter preceding paragraph (1),  
 16                      by striking “, concurrent with the United  
 17                      States Court of Federal Claims,”,

18                      (B) in paragraph (1), by striking “Any”  
 19                      and inserting “Concurrent with the United  
 20                      States Court of Federal Claims and the Tax  
 21                      Court, any”, and

22                      (C) in paragraph (2), by striking “Any”  
 23                      and inserting “Concurrent with the United  
 24                      States Court of Federal Claims, any”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to actions filed after the date that  
 3 is 12 months after the date of the enactment of this Act.

4 **SEC. 311. AUTHORIZATION TO USE DEFICIENCY PROCE-**  
 5 **DURES FOR CERTAIN PENALTIES.**

6 (a) IN GENERAL.—Chapter 63 is amended by adding  
 7 at the end the following new subchapter:

8 **“Subchapter D—Treatment of Penalties**

“Sec. 6251. Assessment of certain penalties under deficiency procedures.

9 **“SEC. 6251. ASSESSMENT OF CERTAIN PENALTIES UNDER**  
 10 **DEFICIENCY PROCEDURES.**

11 “(a) IN GENERAL.—The Secretary may treat the  
 12 amount of any applicable penalty as a deficiency of tax  
 13 to which subchapter B applies (and such deficiency may  
 14 be assessed as provided in such subchapter).

15 “(b) APPLICABLE PENALTY.—For purposes of this  
 16 section—

17 “(1) IN GENERAL.—The term ‘applicable pen-  
 18 alty’ means any penalty imposed under this title  
 19 which the Secretary identifies in guidance as not  
 20 otherwise assessable (determined without regard to  
 21 this section).

22 “(2) EXCEPTION.—Such term shall not include  
 23 any penalty expressly required to be recovered in a  
 24 civil or criminal action.

1 “(c) SPECIAL RULES.—

2 “(1) LIMITATION ON ASSESSMENT AFTER NO-  
3 TICE OF DEFICIENCY.—If the Secretary sends a no-  
4 tice of deficiency with respect to an applicable pen-  
5 alty as provided in section 6212, the Secretary may  
6 not thereafter, except as otherwise provided in sec-  
7 tions 6213 and 6215, assess such penalty for the  
8 same taxable period or with respect to the same act  
9 (or failure to act) occurring before the date of such  
10 notice unless such notice has been rescinded as pro-  
11 vided in section 6212(d).

12 “(2) ADDITIONAL DEFICIENCY LETTERS RE-  
13 STRICTED.—If the Secretary has mailed to the tax-  
14 payer a notice of deficiency as provided in section  
15 6212(a) with respect to an applicable penalty, and  
16 the taxpayer files a petition with the Tax Court  
17 within the time prescribed in section 6213(a), the  
18 Secretary shall have no right to determine any addi-  
19 tional deficiency with respect to an act (or failure to  
20 act) to which such petition relates.

21 “(3) EXCEPTIONS.—Paragraphs (1) and (2)  
22 shall not apply to any penalty imposed under section  
23 6038(b)(2), 6038A(d)(2), or 6038D(d)(2).

24 “(4) COORDINATION WITH OTHER PROVI-  
25 SIONS.—Any applicable penalty treated as a defi-

1       ciency under this section shall be subject to the re-  
 2       quirements of sections 6212, 6213, 6214, 6215,  
 3       6503, and, as applicable, 6751(b).”.

4       (b) CONFORMING AMENDMENT.—The table of sub-  
 5       chapters for chapter 63 is amended by adding at the end  
 6       the following new item:

“SUBCHAPTER D—TREATMENT OF PENALTIES”.

7       (c) NO INFERENCE.—Nothing in the amendments  
 8       made by this section shall be construed to create any infer-  
 9       ence with respect to the treatment of any applicable pen-  
 10      alty (as defined in section 6251(b) of the Internal Revenue  
 11      Code of 1986, as added by subsection (a)) before the date  
 12      of the enactment of this Act.

13   **SEC. 312. AUTHORIZATION TO ALLOW CLAIMS FOR REFUND**  
 14                   **IN CERTAIN CASES WHERE FULL TAX NOT**  
 15                   **PAID.**

16      (a) IN GENERAL.—Section 7422, as amended by this  
 17      Act, is amended by redesignating subsection (k) as sub-  
 18      section (l) and by inserting after subsection (j) the fol-  
 19      lowing new subsection:

20      “(k) SPECIAL RULE FOR ACTIONS WHERE THERE  
 21      IS AN AGREEMENT IN EFFECT WITH THE TAXPAYER  
 22      UNDER SECTION 6159 OR WHEN THE TAXPAYER IS IN  
 23      CURRENTLY NOT COLLECTIBLE STATUS.—

24           “(1) IN GENERAL.—The district courts of the  
 25      United States, the United States Court of Federal

1 Claims, and the Tax Court shall not fail to have ju-  
 2 risdiction over any applicable action brought by a  
 3 taxpayer to determine the correct amount of tax li-  
 4 ability of such taxpayer solely because the full  
 5 amount of such liability has not been paid.

6 “(2) APPLICABLE ACTION.—For purposes of  
 7 this subsection, the term ‘applicable action’ means  
 8 any action to determine the correct amount of the  
 9 tax liability of such taxpayer (or for any refund with  
 10 respect thereto) with respect to any amount if, as of  
 11 the date such action is filed—

12 “(A) such amount—

13 “(i) is the subject of an agreement  
 14 under section 6159 for which all install-  
 15 ments the due date for which is on or be-  
 16 fore the date the action is filed have been  
 17 paid, or

18 “(ii) has been determined by the Sec-  
 19 retary to be not collectible (within the  
 20 meaning of section 6343(e)), and

21 “(B) there is no pending procedural period  
 22 with respect to such amount.

23 “(3) PENDING PROCEDURAL PERIOD.—For  
 24 purposes of paragraph (2)(B), there is a pending  
 25 procedural period with respect to an amount if—

1           “(A) a notice has been provided under sec-  
2           tion 6320 or 6330 with respect to such amount,  
3           and

4           “(B)(i) the time period under such notice  
5           for requesting a hearing has not expired,

6           “(ii) a hearing has been requested, or

7           “(iii) the period under section 6330(d)(1)  
8           for appealing any determination of all issues  
9           considered at such a hearing has not expired.

10          “(4) PERMISSIVE DISMISSAL.—

11           “(A) REQUEST FOR DISMISSAL.—The  
12           United States (or the Secretary, in the case of  
13           a case in the Tax Court) may request the dis-  
14           missal of an applicable action if the taxpayer is  
15           no longer in compliance with an installment  
16           agreement under section 6159 or is no longer in  
17           currently not collectible status (within the  
18           meaning of section 6343(e)).

19           “(B) COURT ACTION.—In any case in  
20           which there is a request for dismissal under  
21           subparagraph (A), the court may, with or with-  
22           out taking any evidence or holding a hearing,  
23           dismiss the action with leave to refile when ei-  
24           ther the full amount of such liability has been  
25           paid or the conditions in paragraph (2) are met

1 at the time of refiling. In deciding whether to  
2 dismiss the action, the court may consider the  
3 extent to which the action has proceeded, the  
4 extent to which full payment has been made,  
5 any burden that may result to the taxpayer, the  
6 United States, the Secretary, or the court from  
7 such dismissal (including reasons the taxpayer  
8 is no longer in compliance with an installment  
9 agreement under section 6159), and any other  
10 reason relating to the policy of the full payment  
11 rule. A dismissal under this paragraph shall not  
12 be reviewed by any other court.

13 “(5) PROHIBITION ON COLLECTION OF DIS-  
14 ALLOWED LIABILITY.—If the court redetermines  
15 under paragraph (1) the correct amount of tax li-  
16 ability of the taxpayer, no part of such liability  
17 which is disallowed by a decision of such court which  
18 has become final may be collected by the Secretary,  
19 and amounts paid in excess of the amount deter-  
20 mined by the court as correctly paid shall be re-  
21 funded.”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to actions filed on or after the date  
24 that is 12 months after the date of the enactment of this  
25 Act.

1 **SEC. 313. ADJUSTMENT OF THRESHOLD FOR SMALL DIS-**  
 2 **PUTES.**

3 (a) IN GENERAL.—Section 7463 is amended—

4 (1) by striking “\$50,000” each place it appears  
 5 in subsections (a) and (f) and inserting “\$100,000”,  
 6 and

7 (2) by adding at the end the following new sub-  
 8 section:

9 “(g) INFLATION ADJUSTMENT.—

10 “(1) IN GENERAL.— In the case of any petition  
 11 or appeal filed in a calendar year beginning after  
 12 2026, each of the \$100,000 amounts in subsections  
 13 (a) and (f) shall be increased by an amount equal  
 14 to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-  
 17 mined under section 1(f)(3) for the calendar  
 18 year, determined by substituting ‘calendar year  
 19 2025’ for ‘calendar year 2016’ in subparagraph  
 20 (A)(ii) thereof.

21 “(2) ROUNDING.—If any increase determined  
 22 under paragraph (1) is not a multiple of \$1,000,  
 23 such increase shall be rounded to the next lowest  
 24 multiple of \$1,000.”.

25 (b) CONFORMING AMENDMENTS.—



1           (1) The heading for section 7463 is amended by  
 2       striking “**DISPUTES INVOLVING \$50,000 OR**  
 3       **LESS**” and inserting “**SMALL DISPUTES**”.

4           (2) The item relating to section 7463 in the  
 5       table of section for part II of subchapter C of chap-  
 6       ter 76 is amended by striking “Disputes involving  
 7       \$50,000 or less” and inserting “Small disputes”.

8       (c) **EFFECTIVE DATE.**—The amendments made by  
 9       this section shall apply to proceedings commencing after  
 10      the date of the enactment of this Act.

## 11           **TITLE IV—OFFICE OF THE** 12           **TAXPAYER ADVOCATE**

### 13      **SEC. 401. NTA AUTHORIZATION TO DIRECT HIRE ATTOR-** 14           **NEYS.**

15      Section 7803(c)(2)(D) is amended—

16           (1) in clause (i)—

17                   (A) in subclause (I), by striking “and” at  
 18                   the end,

19                   (B) in subclause (II), by striking the pe-  
 20                   riod at the end and inserting “; and”, and

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

22                                   “(III) appoint counsel in the Of-  
 23                                   fice of the Taxpayer Advocate to re-  
 24                                   port directly to the National Taxpayer  
 25                                   Advocate or delegate thereof.”, and

(2) by adding at the end the following:

“(iii) COUNSEL.—For purposes of clause (i)(III)—

“(I) the National Taxpayer Advocate may utilize direct hire authority to recruit and appoint qualified applicants, without regard to any preference requirements,

“(II) any counsel appointed pursuant to such clause shall not report to the Chief Counsel for the Internal Revenue Service and shall not represent the Government in litigation,

“(III) any legal interpretation of counsel appointed pursuant to such clause shall not be binding on the Secretary, and

“(IV) pursuant to section 301(f)(2) of title 31, United States Code, and subsection (b)(2)(A), the Chief Counsel for the Internal Revenue Service shall continue to provide advice to the National Taxpayer Advocate and the Office of the Taxpayer Advocate.”.

1 **SEC. 402. NTA AUTHORIZATION TO MAKE PERSONNEL DE-**  
 2 **CISIONS.**

3 (a) IN GENERAL.—Section 7803(c)(2)(D)(i)(II) is  
 4 amended by striking “any employee of any local office of  
 5 a taxpayer advocate described in subclause (I)” and in-  
 6 serting “any officer or employee of the Office of the Tax-  
 7 payer Advocate”.

8 (b) EFFECTIVE DATE.—The amendment made by  
 9 this section shall take effect on the date which is 12  
 10 months after the date of enactment of this Act.

11 **SEC. 403. ACCESS TO INTERNAL REVENUE SERVICE INFOR-**  
 12 **MATION, LEGAL ADVICE, AND MEETINGS.**

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

15 “(6) ACCESS TO INFORMATION AND MEET-  
 16 INGS.—

17 “(A) IN GENERAL.—Upon request, the  
 18 Commissioner shall provide the Office of the  
 19 Taxpayer Advocate with access to any of the  
 20 following:

21 “(i) In the case of any request made  
 22 by a taxpayer for assistance by the Office  
 23 of the Taxpayer Advocate which is open  
 24 and pending—

25 “(I) any return or return infor-  
 26 mation (as such terms are defined in

1 section 6103(b)) which the National  
2 Taxpayer Advocate determines is nec-  
3 essary to assist such taxpayer,

4 “(II) any legal advice provided by  
5 the staff of the Office of Chief Coun-  
6 sel to any employee of the Internal  
7 Revenue Service (including any legal  
8 advice prepared in contemplation of  
9 litigation) which the National Tax-  
10 payer Advocate determines is nec-  
11 essary to assist such taxpayer, regard-  
12 less of whether such legal advice can-  
13 not be disclosed to such taxpayer, and

14 “(III) any meeting between such  
15 taxpayer and any employee of the In-  
16 ternal Revenue Service.

17 “(ii) To the extent necessary to per-  
18 form a full and substantive analysis in-  
19 cluded in any report described in para-  
20 graph (2)(B)—

21 “(I) any relevant document, data,  
22 or statistical information, and

23 “(II) any legal advice provided by  
24 the staff of the Office of the Chief  
25 Counsel to any employee of the Inter-

1                   nal Revenue Service (including any  
2                   legal advice prepared in contemplation  
3                   of litigation).

4                   “(iii) Legal advice from the staff of  
5                   the Office of Chief Counsel on any matter  
6                   or issue.

7                   “(B) DEADLINE.—Access to any informa-  
8                   tion, advice, or meeting described in subpara-  
9                   graph (A) shall be provided by the Commis-  
10                  sioner not later than—

11                  “(i) the date which is 2 weeks after  
12                  the date on which a written request sub-  
13                  mitted by the Office of the Taxpayer Advoca-  
14                  te has been received by the Commis-  
15                  sioner, or

16                  “(ii) such date as is otherwise agreed  
17                  to by the Commissioner and the Office of  
18                  the Taxpayer Advocate.

19                  “(C) MEETINGS.—For purposes of sub-  
20                  paragraph (A)(i)(III), the Commissioner shall  
21                  be deemed to have satisfied the requirement  
22                  under such subparagraph if the Commissioner  
23                  has extended an invitation to attend the meet-  
24                  ing to the Office of the Taxpayer Advocate,  
25                  without regard to whether such an invitation

1           was declined by any employee of the Office of  
2           the Taxpayer Advocate.

3           “(D) PRIVILEGE.—Any access provided to  
4           the Office of the Taxpayer Advocate pursuant  
5           to this paragraph with respect to information or  
6           legal advice from the staff of the Office of Chief  
7           Counsel shall have no effect on any privilege  
8           which otherwise applies to such information or  
9           legal advice.”.

10          (b) ANNUAL REPORTS.—Section 7803(c)(2)(B)(ii) is  
11       amended—

12               (1) in subclause (XII), by striking “and” at the  
13       end,

14               (2) in subclause (XIII), by striking the period  
15       at the end and inserting “; and”, and

16               (3) by adding at the end the following new sub-  
17       clause:

18                       “(XIV) identify any failure by  
19                       the Commissioner to provide access to  
20                       any information, advice, or meeting  
21                       described in subparagraph (A) of  
22                       paragraph (6) by the date required  
23                       under subparagraph (B) of such para-  
24                       graph.”.

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

4 **SEC. 404. REPEAL OF LIMITATION PERIOD SUSPENSION**  
 5 **FOR TAXPAYERS SEEKING ASSISTANCE FROM**  
 6 **TAS.**

7 (a) IN GENERAL.—Section 7811 is amended—  
 8 (1) by striking subsection (d), and  
 9 (2) by redesignating subsections (e) through (g)  
 10 as subsections (d) through (f), respectively.

11 (b) CONFORMING AMENDMENT.—Section 6306(k)(2)  
 12 is amended by striking “section 7811(g)” and inserting  
 13 “section 7811(f)”.

14 (c) EFFECTIVE DATE.—The amendments made by  
 15 this section shall take effect on the date of enactment of  
 16 this Act.

17 **SEC. 405. OPERATIONS TO ASSIST TAXPAYERS EXPERI-**  
 18 **ENCING HARDSHIPS DURING LAPSE IN AP-**  
 19 **PROPRIATIONS.**

20 Notwithstanding section 1341(a) of title 31, United  
 21 States Code, during any lapse in appropriations, the Com-  
 22 missioner and the Office of the Taxpayer Advocate may  
 23 incur obligations in advance of appropriations for such  
 24 amounts as may be necessary—

(1) to assist any taxpayer who is or may be experiencing an economic hardship (within the meaning of section 6343(a)(1)(D) of the Internal Revenue Code of 1986) as a result of any action or inaction by the Internal Revenue Service, and

(2) for the purpose of complying with any Taxpayer Assistance Order issued pursuant to section 7811 of such Code.

## **TITLE V—TAX RETURN PREPARERS**

### **SEC. 501. PENALTIES FOR TAX RETURN PREPARERS WHO IMPROPERLY ALTER RETURNS.**

(a) IN GENERAL.—Paragraph (1) of section 6696(e) is amended to read as follows:

“(1) RETURN.—The term ‘return’ means—

“(A) any return of any tax imposed by this title,

“(B) any administrative adjustment request under section 6227,

“(C) any partnership adjustment tracking report under section 6226(b)(4)(A), and

“(D) any other document purporting to be a return, request, or report described in subparagraphs (A) through (C).”.



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

4 **SEC. 502. PENALTIES FOR FAILURE TO PROVIDE VALID**  
 5 **PREPARER IDENTIFICATION NUMBERS.**

6 (a) IN GENERAL.—Section 6695 is amended—

7 (1) by striking subsection (c) and inserting the  
 8 following:

9 “(c) FAILURE TO FURNISH VALID IDENTIFYING  
 10 NUMBER.—

11 “(1) IN GENERAL.—

12 “(A) PENALTY.—Any person who is a tax  
 13 return preparer with respect to any return or  
 14 claim for refund and who fails to furnish an  
 15 identifying number which complies with section  
 16 6109(a)(4)(A) with respect to such return or  
 17 claim shall pay a penalty of \$250 for such fail-  
 18 ure.

19 “(B) NON-COMPLIANCE.—For purposes of  
 20 this paragraph, an identifying number shall be  
 21 deemed to not comply with section  
 22 6109(a)(4)(A) if such identifying number—

23 “(i) is assigned to another person,

24 “(ii) does not exist,

25 “(iii) is inactive or expired,

1 “(iv) has been withdrawn,

2 “(v) is suspended or has been revoked,

3 or

4 “(vi) is otherwise invalid for use by  
5 the tax return preparer.

6 “(2) EXCEPTION.—The penalty imposed under  
7 paragraph (1) shall not apply if it is shown that  
8 such failure is due to reasonable cause and not due  
9 to willful neglect.

10 “(3) LIMITATION.—The maximum penalty im-  
11 posed under this subsection on any person with re-  
12 spect to documents filed during any calendar year  
13 shall not exceed \$75,000.”,

14 (2) by redesignating subsection (h) as sub-  
15 section (i),

16 (3) by inserting after subsection (g) the fol-  
17 lowing new subsection:

18 “(h) USE OF INVALID OR APPROPRIATED ELEC-  
19 TRONIC FILING IDENTIFICATION NUMBER.—

20 “(1) IN GENERAL.—Any person who is an elec-  
21 tronic return originator with respect to any return  
22 or claim for refund who fails to use, with respect to  
23 such return or claim, an electronic filing identifica-  
24 tion number which is assigned to such person by the  
25 Secretary, shall pay a penalty of \$250 for such fail-

1       ure, unless it is shown that such failure is due to  
 2       reasonable cause and not due to willful neglect.

3               “(2) DEFINITIONS.—For purposes of this sub-  
 4       section—

5               “(A) ELECTRONIC RETURN ORIGINATOR.—

6               “(i) IN GENERAL.—The term ‘elec-  
 7       tronic return originator’ means a person  
 8       who originates the electronic submission of  
 9       1 or more returns or claims for refund on  
 10      behalf of other taxpayers.

11              “(ii) EXCEPTIONS.—The term ‘elec-  
 12      tronic return originator’ shall not include a  
 13      person merely because such person origi-  
 14      nates an electronic submission described in  
 15      clause (i)—

16              “(I) by providing services which  
 17      are limited to typing, reproduction, or  
 18      other mechanical assistance to a per-  
 19      son described in such subclause,

20              “(II) at the direction of an em-  
 21      ployer (or of an officer or employee of  
 22      the employer) by whom such person is  
 23      regularly and continuously employed,

24              “(III) as a fiduciary, or

1 “(IV) in response to a determina-  
 2 tion by the Secretary that directly or  
 3 indirectly affects the tax liability of a  
 4 taxpayer.

5 “(B) ELECTRONIC FILING IDENTIFICATION  
 6 NUMBER.—

7 “(i) IN GENERAL.—The term ‘elec-  
 8 tronic filing identification number’ means  
 9 an identification number assigned by the  
 10 Secretary to a person authorized to file re-  
 11 turns in electronic format on behalf of  
 12 other taxpayers.

13 “(ii) SUSPENSION OR REVOCATION.—  
 14 In the case of any electronic filing identi-  
 15 fication number which has been suspended  
 16 or revoked by the Secretary, such number  
 17 shall not be deemed valid for purposes of  
 18 paragraph (1).”, and

19 (4) in subsection (i)(1), as redesignated by  
 20 paragraph (2), by striking “and (g)” and inserting  
 21 “(g), and (h)”.

22 (b) MODIFICATION OF DEFINITION OF TAX RETURN  
 23 PREPARER.—Section 7701(a)(36) is amended—

24 (1) by striking subparagraph (A) and inserting  
 25 the following:

1           “(A) IN GENERAL.—The term ‘tax return  
 2           preparer’ means any person who prepares for  
 3           compensation, or who employs one or more per-  
 4           sons to prepare for compensation, any return of  
 5           tax imposed by this title, any document pur-  
 6           porting to be a return of tax imposed by this  
 7           title, or any claim for refund of tax imposed by  
 8           this title. For purposes of the preceding sen-  
 9           tence, the preparation of a substantial portion  
 10          of a return, document purporting to be a re-  
 11          turn, or claim for refund shall be treated as if  
 12          it were the preparation of such return, docu-  
 13          ment purporting to be a return, or claim for re-  
 14          fund.”, and

15          (2) in subparagraph (B)—

16                (A) in clause (ii), by striking “return or  
 17                claim for refund” and inserting “return, docu-  
 18                ment purporting to be a return, or claim for re-  
 19                fund”, and

20                (B) in clause (iii), by striking “return or  
 21                claim for refund” and inserting “return, docu-  
 22                ment purporting to be a return, or claim for re-  
 23                fund”.

24          (c) PREVENTION OF INADVERTENT ERRORS INVOLV-  
 25          ING IDENTIFYING NUMBERS.—

1           (1) IN GENERAL.—Not later than 18 months  
2       after the date of enactment of this Act, the Sec-  
3       retary shall establish a program to improve vol-  
4       untary compliance with respect to requirements  
5       under subsections (c) and (h) of section 6695 of the  
6       Internal Revenue Code of 1986 (as amended by this  
7       section) and avoid the imposition of penalties under  
8       such subsections.

9           (2) CONSULTATION.—The program described in  
10      paragraph (1) shall be established by the Secretary  
11      following consultation with—

12                (A) the National Taxpayer Advocate,

13                (B) qualified low-income taxpayer clinics  
14      that have received a grant under section 7526  
15      of the Internal Revenue Code of 1986, and

16                (C) other relevant stakeholders.

17           (3) OPPORTUNITY TO CORRECT.—For purposes  
18      of the program described in paragraph (1), the Sec-  
19      retary shall—

20                (A) prior to acceptance for processing,  
21      identify—

22                       (i) any return or claim for refund  
23      which has been electronically submitted  
24      and does not include an identifying number

1           which complies with section 6109(a)(4)(A)  
 2           of the Internal Revenue Code of 1986, and  
 3           (ii) any return or claim for refund  
 4           which has been electronically submitted  
 5           and does not include an electronic filing  
 6           identification number (as defined in section  
 7           6695(h)(2)(B) of such Code), and  
 8           (B) provide an opportunity for the person  
 9           who submitted such return or claim for refund  
 10          to avoid imposition of a penalty under sub-  
 11          section (c) or (h) of section 6695 of such Code,  
 12          as applicable, if the correct identifying number  
 13          or electronic filing identification number is pro-  
 14          vided.

15       (d) CRIMINAL PENALTY.—

16           (1) IN GENERAL.—Part I of subchapter A of  
 17          chapter 75 is amended by adding at the end the fol-  
 18          lowing new section:

19       **“SEC. 7218. WILLFUL FAILURE TO PROVIDE A VALID PRE-**  
 20               **PARER IDENTIFICATION NUMBER.**

21           “(a) IN GENERAL.—Any tax return preparer who,  
 22          with respect to any return, document purporting to be a  
 23          return, or claim for refund willfully fails to furnish an  
 24          identifying number which complies with section  
 25          6109(a)(4)(A) with respect to such return or document

1 or willfully furnishes a preparer tax identification number  
 2 which is described in section 6695(c)(1)(B) with intent to  
 3 evade or defeat the application of any requirement under  
 4 any provision of this title which requires such preparer  
 5 to obtain and furnish such number, shall, in addition to  
 6 any other penalties provided by law, be guilty of a felony  
 7 and, upon conviction thereof, shall be fined not more than  
 8 \$50,000 (\$100,000 in the case of a corporation), or im-  
 9 prisoned not more than 3 years, or both, together with  
 10 the costs of prosecution.

11 “(b) PREPARER TAX IDENTIFICATION NUMBER.—In  
 12 this section, the term ‘preparer tax identification number’  
 13 means an identifying number described in section  
 14 6109(a)(4)(A).”.

15 (2) CLERICAL AMENDMENT.—The table of sec-  
 16 tions for part I of subchapter A of chapter 75 is  
 17 amended by adding at the end the following new  
 18 item:

“Sec. 7218. Willful failure to provide a valid preparer identification number.”.

19 (e) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to returns or claims for refund  
 21 filed after the date which is 18 months after the date of  
 22 enactment of this Act.



1 **SEC. 503. PENALTIES FOR IMPROPER TAX PREPARATION**  
2 **OR MISAPPROPRIATION OF REFUNDS.**

3 (a) OTHER ASSESSABLE PENALTIES WITH RESPECT  
4 TO THE PREPARATION OF TAX RETURNS FOR OTHER  
5 PERSONS.—Section 6695, as amended by the preceding  
6 provisions of this Act, is amended—

7 (1) in subsection (a)—

8 (A) by striking “\$50” and inserting  
9 “\$250”, and

10 (B) by striking “\$25,000” and inserting  
11 “\$50,000”,

12 (2) in subsection (b)—

13 (A) by striking “\$50” and inserting  
14 “\$250”, and

15 (B) by striking “\$25,000” and inserting  
16 “\$75,000”,

17 (3) in subsection (d)—

18 (A) by striking “\$50” and inserting  
19 “\$250”, and

20 (B) by striking “\$25,000” and inserting  
21 “\$50,000”,

22 (4) in subsection (e)—

23 (A) by striking “\$50” and inserting  
24 “\$250”, and

25 (B) by striking “\$25,000” and inserting  
26 “\$75,000”,

(5) in subsection (g), by striking “\$500” and inserting “\$1,000”, and

(6) in subsection (i)(1)—

(A) by striking “2014” and inserting “2025”, and

(B) by striking “calendar year 2013” and inserting “calendar year 2024”.

(b) MISAPPROPRIATION OF REFUNDS.—

(1) IN GENERAL.—Subsection (f) of section 6695 is amended to read as follows:

“(f) MISAPPROPRIATION.—

“(1) IN GENERAL.—Any person who is a tax return preparer who misappropriates any payment made in respect of the taxes imposed by this title which is issued to a taxpayer (other than the tax return preparer) shall pay a penalty in an amount determined under paragraph (2).

“(2) PENALTY.—The amount of the penalty determined under this paragraph shall, with respect to each payment described in paragraph (1), be equal to the greater of—

“(A) \$1,000, or

“(B) the full amount of such payment.

“(3) EXCEPTION.—Paragraph (1) shall not apply with respect to the deposit by a bank (within

1 the meaning of section 581) of the full amount of  
 2 the payment in the taxpayer's account in such bank  
 3 for the benefit of the taxpayer.”.

4 (2) CONFORMING AMENDMENT.—Section  
 5 6695(i)(1) is amended by striking “(f),” and insert-  
 6 ing “(f)(2)(A),”.

7 **SEC. 504. AUTHORITY TO DENY, REVOKE, OR SUSPEND PRE-**  
 8 **PARER TAX IDENTIFICATION NUMBERS.**

9 (a) IN GENERAL.—Section 6109 is amended—  
 10 (1) in subsection (a), by striking paragraph (4)  
 11 and inserting the following:

12 “(4) FURNISHING IDENTIFYING NUMBER OF  
 13 TAX RETURN PREPARER.—

14 “(A) IN GENERAL.—Any return, claim for  
 15 refund, or document purporting to be a return  
 16 or claim for refund which is prepared by a tax  
 17 return preparer shall bear such identifying  
 18 number for securing proper identification of  
 19 such preparer, their employer, or both, as may  
 20 be prescribed.

21 “(B) SUSPENSION OR REVOCATION.—In  
 22 the case of any identifying number which has  
 23 been suspended or revoked by the Secretary  
 24 under subsection (e), such number shall not be  
 25 deemed valid for purposes of subparagraph (A).

1                   “(C) DEFINITIONS.—For purposes of this  
2                   section—

3                   “(i) SPECIFIED PRACTITIONER.—The  
4                   term ‘specified practitioner’ means a cer-  
5                   tified public accountant, attorney, or en-  
6                   rolled agent—

7                   “(I) who is—

8                   “(aa) in good standing with  
9                   the Department of the Treasury  
10                  and State licensing authorities,  
11                  and

12                  “(bb) authorized to rep-  
13                  resent persons before the Depart-  
14                  ment of the Treasury under sec-  
15                  tion 330 of title 31, United  
16                  States Code, and

17                  “(II) whose professional license  
18                  or certification has not been revoked  
19                  or suspended.

20                  “(ii) RETURN; CLAIM FOR REFUND.—  
21                  The terms ‘return’ and ‘claim for refund’  
22                  have the respective meanings given to such  
23                  terms by section 6696(e).”, and

24                  (2) by inserting after subsection (d) the fol-  
25                  lowing:

1       “(e) IDENTIFYING NUMBER OF TAX RETURN PRE-  
2   PARER.—

3           “(1) IN GENERAL.—The Secretary shall main-  
4   tain a program for administration of preparer tax  
5   identification numbers required under subsection  
6   (a)(4), which shall include restrictions on the  
7   issuance of such numbers to any individual other  
8   than an individual who—

9           “(A) meets the suitability requirements of  
10   paragraph (2) and the education requirements  
11   of paragraph (3),

12          “(B) meets the state program require-  
13   ments of paragraph (4), or

14          “(C) is a specified practitioner.

15       “(2) DEMONSTRATION OF SUITABILITY.—

16           “(A) IN GENERAL.—An individual meets  
17   the suitability requirements of this paragraph if  
18   such individual has demonstrated to the Sec-  
19   retary the individual’s suitability to be a tax re-  
20   turn preparer by—

21           “(i) providing such information as the  
22   Secretary determines necessary, and

23           “(ii) passing a background check, in-  
24   cluding a review by the Secretary regard-

1 ing compliance with personal tax obliga-  
2 tions.

3 “(B) CONDUCT DEMONSTRATING LACK OF  
4 SUITABILITY.—For purposes of subparagraph  
5 (A), an individual shall be deemed to have  
6 failed to demonstrate their suitability to be a  
7 tax return preparer if—

8 “(i) any license or registration issued  
9 to such individual by a State to prepare  
10 tax returns has been suspended or revoked  
11 by such State, or

12 “(ii) the Secretary determines that  
13 such individual is described in clauses (ii)  
14 through (vi) of paragraph (5)(A).

15 “(C) REGULATIONS AND GUIDANCE.—The  
16 Secretary shall issue such regulations or other  
17 guidance as the Secretary determines necessary  
18 to carry out the purposes of this paragraph.

19 “(D) PROHIBITION ON EXAMINATIONS.—  
20 For purposes of subparagraph (A), except as  
21 provided in paragraph (3)(C)(iii), the Secretary  
22 may not require an examination as a pre-  
23 requisite for the assignment or renewal of a  
24 preparer tax identification number.

1           “(E) GRANDFATHERING OF PRIOR BACK-  
2           GROUND CHECKS.—

3           “(i) IN GENERAL.—Subject to clause  
4           (ii), for purposes of subparagraph (A)(ii),  
5           in the case of a class of individuals (as  
6           identified by the Secretary) who have  
7           passed a background check prior to the  
8           date of enactment of this subsection, the  
9           Secretary may deem such class of individ-  
10          uals to have satisfied the requirement  
11          under such subparagraph.

12          “(ii) NONAPPLICATION TO REQUIRE-  
13          MENT REGARDING COMPLIANCE WITH PER-  
14          SONAL TAX OBLIGATIONS.—Clause (i) shall  
15          not apply with respect to review by the  
16          Secretary under subparagraph (A)(ii) re-  
17          garding compliance with personal tax obli-  
18          gations.

19          “(3) EDUCATIONAL PROGRAMS.—

20          “(A) IN GENERAL.—An individual shall  
21          meet the education requirements of this para-  
22          graph if such individual completes a specified  
23          number of hours of educational programs on  
24          ethics, professional responsibility, and tax law  
25          (including recently enacted Federal income tax

1           legislation) as required by the Secretary prior  
2           to the assignment or renewal of a preparer tax  
3           identification number.

4           “(B) ADDITIONAL EDUCATIONAL REQUIRE-  
5           MENTS FOR RENEWAL.—The Secretary may re-  
6           quire any individual seeking the renewal of a  
7           preparer tax identification number to complete  
8           educational programs in addition to those re-  
9           quired under subparagraph (A). Any edu-  
10          cational programs required under this subpara-  
11          graph shall be based on—

12                   “(i) a review of returns which include  
13                   the preparer tax identification number of  
14                   such preparer, and

15                   “(ii) any errors identified by the Sec-  
16                   retary as part of the review described in  
17                   clause (i).

18           “(C) OTHER REQUIREMENTS.—For pur-  
19          poses of this paragraph, the Secretary—

20                   “(i) may not require a tax return pre-  
21                   parer to annually complete more than 18  
22                   hours of educational programs,

23                   “(ii) shall require that any edu-  
24                   cational program include written materials



1 which satisfy such standards as are estab-  
2 lished by the Secretary,

3 “(iii) shall require that any edu-  
4 cational program include a method to en-  
5 sure that the tax return preparer attended  
6 the program and sufficiently understood  
7 the material presented, and

8 “(iv) may not direct any educational  
9 program to be completed through a specific  
10 provider.

11 “(D) NOTICE OF FAILURE TO TIMELY  
12 COMPLETE REQUIREMENTS.—The Secretary  
13 shall provide any tax return preparer who fails  
14 to complete the requirements of this paragraph  
15 notice of such failure and a 30-day period in  
16 which to cure such failure.

17 “(E) PUBLICATION OF APPROVED  
18 COURSES.—The Secretary shall publish, on the  
19 public website of the Internal Revenue Serv-  
20 ice—

21 “(i) a list of educational programs  
22 which have been determined by the Sec-  
23 retary to satisfy the requirement under  
24 clause (ii) of subparagraph (C) (and, if ap-  
25 plicable, the requirement under clause (iii)

1 of such subparagraph), including the pro-  
2 viders of such programs, and

3 “(ii) any such requirements as the  
4 Secretary deems necessary to impose with  
5 respect to any additional programs re-  
6 quired under subparagraph (B), provided  
7 that such requirements are similar to the  
8 requirements provided under section 330  
9 of title 31, United States Code, or regula-  
10 tions prescribed thereunder.

11 “(4) EXEMPTION.—

12 “(A) IN GENERAL.—Subject to subpara-  
13 graph (B), any individual meets the state pro-  
14 gram requirements of this paragraph if such in-  
15 dividual maintains a valid State license or reg-  
16 istration issued by a State licensing program or  
17 State registration program (including State tax  
18 education councils) which includes examination,  
19 education, and background check requirements  
20 that are comparable to the suitability require-  
21 ments described in paragraph (2) and the edu-  
22 cation requirements described in paragraph (3).

23 “(B) GRANDFATHERING OF CERTAIN PRO-  
24 GRAMS.—For purposes of subparagraph (A),  
25 with respect to determining whether a State li-

1           censing program or State registration program  
2           (including State tax education councils) in-  
3           cludes examination, education, and background  
4           check requirements which are comparable to the  
5           suitability requirements described in paragraph  
6           (2) and the education requirements described in  
7           paragraph (3), such determination shall be  
8           made by the Secretary without regard to wheth-  
9           er such requirements were included in such pro-  
10          gram at the time that such individual was li-  
11          censed or registered under such program, pro-  
12          vided that such requirements are, as of the date  
13          that such individual requested assignment or  
14          renewal of a preparer tax identification number  
15          under this subsection, presently included in  
16          such program.

17           “(5) AUTHORITY TO REVOKE OR SUSPEND PRE-  
18          PARER TAX IDENTIFICATION NUMBER.—

19                   “(A) IN GENERAL.—The Secretary may  
20                   suspend or revoke a preparer tax identification  
21                   number if, after notice and opportunity for a  
22                   hearing, the Secretary makes a determination  
23                   that the tax return preparer—

24                           “(i) has not met—

1           “(I) the suitability requirements  
2           of paragraph (2) and the education  
3           requirements of paragraph (3), or

4           “(II) the state program require-  
5           ments of paragraph (4),

6           “(ii) is incompetent, as demonstrated  
7           by a repeated pattern of errors in returns  
8           that were prepared by such preparer which  
9           affected the determination of tax liability  
10          in such returns,

11          “(iii) is disreputable, as demonstrated  
12          by—

13               “(I) giving false or misleading in-  
14               formation under paragraph (2)(A)(i),

15               “(II) willful failure to comply  
16               with personal tax obligations,

17               “(III) an unpaid tax delin-  
18               quency—

19                       “(aa) which is outstanding  
20                       for greater than 180 days,

21                       “(bb) which is not being ac-  
22                       tively disputed, and

23                       “(cc) which is not—

1 “(AA) subject to an  
2 agreement or compromise  
3 under section 6159 or 7122,

4 “(BB) classified as cur-  
5 rently not collectible (within  
6 the meaning of section  
7 6343(e)), or

8 “(CC) subject to a  
9 pending application for such  
10 an agreement, compromise,  
11 or status,

12 “(IV) revocation or suspension of  
13 any license or registration issued by a  
14 State for the preparation of tax re-  
15 turns,

16 “(V) conviction of any criminal  
17 offense—

18 “(aa) involving dishonesty or  
19 breach of trust, or

20 “(bb) which is punishable  
21 under this title,

22 “(VI) a final determination of li-  
23 ability for a penalty pursuant to sec-  
24 tion 6694, 6695(h), 6700, 6701,  
25 6702, or 6713,

1 “(VII) subject to an injunction  
2 under section 7407 or 7408, or

3 “(VIII) any conduct similar to  
4 the conduct described in subclauses  
5 (I) through (VII), as provided under  
6 regulations prescribed by the Sec-  
7 retary,

8 “(iv) in the case of a person subject to  
9 regulation under section 330 of title 31,  
10 United States Code, or regulations pre-  
11 scribed thereunder, has violated the re-  
12 quirements under such section or such reg-  
13 ulations,

14 “(v) with intent to defraud, willfully  
15 and knowingly misleads or threatens—

16 “(I) the person whose return or  
17 claim for refund is being prepared, or

18 “(II) a prospective person seek-  
19 ing for a return or claim for refund to  
20 be prepared, or

21 “(vi) has engaged in conduct (as iden-  
22 tified in regulations or guidance issued by  
23 the Secretary) which is similar to the con-  
24 duct described in clauses (i) through (v)  
25 and that the denial, suspension, or revoca-

tion of such number would promote compliance with the requirements of this title and effective tax administration.

“(B) MONETARY PENALTY.—

“(i) IN GENERAL.—In addition to, or in lieu of, any suspension or revocation of a preparer tax identification number under subparagraph (A), the Secretary may impose a penalty in any amount not exceeding \$5,000.

“(ii) REDUCTION.—Any penalty imposed under clause (i) shall be reduced by the amount of any penalty imposed under section 6694, 6695, 6700, 6701, 6702, or 6713 with regard to the same conduct.

“(iii) ADJUSTMENT FOR INFLATION.—

“(I) IN GENERAL.—In the case of any penalty imposed during any calendar year beginning after 2025, the dollar amount in clause (i) shall be increased by an amount equal to—

“(aa) such dollar amount, multiplied by

1                   “(bb) the cost-of-living ad-  
2                   justment determined under sec-  
3                   tion 1(f)(3) for the calendar year,  
4                   determined by substituting ‘cal-  
5                   endar year 2024’ for ‘calendar  
6                   year 2016’ in subparagraph  
7                   (A)(ii) thereof.

8                   “(II)     ROUNDING.—If     any  
9                   amount determined under subclause  
10                  (I) is not a multiple of \$100, such  
11                  amount shall be rounded to the near-  
12                  est multiple of \$100.

13                  “(C)   REINSTATEMENT.—The   Secretary  
14                  shall, through regulations or other guidance, es-  
15                  tablish procedures to allow any tax return pre-  
16                  parer whose preparer tax identification number  
17                  has been suspended or revoked pursuant to sub-  
18                  paragraph (A) to have such number reissued  
19                  (or, in the case of a suspension, for such sus-  
20                  pension to be terminated), provided that such  
21                  preparer demonstrates, to the satisfaction of  
22                  the Secretary, that—

23                       “(i) the conduct described in such  
24                       paragraph which was the basis for such  
25                       suspension or revocation has been suffi-



1           ciently addressed or resolved (such as  
2           through completion of educational pro-  
3           grams described in paragraph (3) or rein-  
4           statement of a license issued by a State for  
5           the preparation of tax returns), and

6           “(ii) effective tax administration  
7           would be promoted by terminating the sus-  
8           pension of such number or reissuing such  
9           number to such preparer.

10          “(D) PRELIMINARY SUSPENSION.—

11           “(i) IN GENERAL.—After notice and  
12           opportunity to respond, the Secretary may  
13           suspend the preparer tax identification  
14           number of a tax return preparer for a pe-  
15           riod of not greater than 180 days if the  
16           Secretary determines that—

17           “(I) such tax return preparer has  
18           engaged in any conduct described in  
19           clauses (i) through (vi) of subpara-  
20           graph (A), and

21           “(II) such suspension is nec-  
22           essary to prevent serious economic  
23           harm to taxpayers or serious impair-  
24           ment of effective tax administration,

1           such as to prevent the filing of fraud-  
2           ulent returns or claims for refund.

3           “(ii) LIMITATION.—For purposes of  
4           clause (i), if the preparer tax identification  
5           number of a tax return preparer has been  
6           suspended pursuant to such clause 2 times  
7           during any 5-year period, the Secretary  
8           may not issue an additional suspension  
9           pursuant to such clause with respect to  
10          such preparer during such period unless  
11          such suspension is subsequent to a deter-  
12          mination by the Secretary to suspend or  
13          revoke the preparer tax identification num-  
14          ber of such preparer pursuant to subpara-  
15          graph (A).

16          “(E) REGULATIONS.—Not later than 24  
17          months after the date of enactment of this sub-  
18          section, the Secretary shall issue such regula-  
19          tions or other guidance as the Secretary deter-  
20          mines necessary to carry out the purposes of  
21          this paragraph, including—

22                 “(i) guidelines that identify the par-  
23                 ticular penalty applicable to any conduct  
24                 described in subparagraph (A), and

1                   “(ii) the manner of notice and oppor-  
2                   tunity to respond for purposes of subpara-  
3                   graph (D).

4                   “(F) NO INFERENCE.—Nothing in this  
5                   paragraph shall be construed to create any in-  
6                   ference with respect to the definition or mean-  
7                   ing of any term used in section 330 of title 31,  
8                   United States Code, or regulations prescribed  
9                   thereunder.

10                  “(6) APPEAL.—In the case of any tax return  
11                  preparer for whom the Secretary has made a deter-  
12                  mination—

13                       “(A) that such preparer has not met the  
14                       requirements of paragraphs (2) and (3) or of  
15                       paragraph (4) and that issuance of a preparer  
16                       tax identification number should be denied,

17                       “(B) under paragraph (5)(A) that the pre-  
18                       parer tax identification number for such pre-  
19                       parer should be suspended or revoked, or

20                       “(C) that a penalty should be imposed pur-  
21                       suant to paragraph (5)(B),

22                  such preparer shall be provided with an opportunity  
23                  to appeal such determination pursuant to procedures  
24                  (as established by the Secretary through regulations  
25                  or other guidance) which are similar to the proce-

dures provided under section 330 of title 31, United States Code, and regulations prescribed thereunder.

“(7) DISCLOSURE OF FINAL DETERMINATIONS.—

“(A) IN GENERAL.—In the case of any determination—

“(i) in which an extended suspension or revocation of a preparer tax identification number is imposed under this subsection, and

“(ii) for which all administrative and judicial appeals are exhausted, not later than 30 days following such determination, the Secretary shall publish such determination on the public website of the Internal Revenue Service, which shall include a statement of the facts and circumstances relating to such determination and the reasons for the determination.

“(B) EXTENDED SUSPENSION.—For purposes of subparagraph (A), the term ‘extended suspension’ means a suspension issued by the Secretary pursuant to paragraph (5)(A) for a period of greater than 180 days.

1           “(8) PREPARER TAX IDENTIFICATION NUM-  
2       BER.—For purposes of this subsection, the term  
3       ‘preparer tax identification number’ means an iden-  
4       tifying number described in subsection (a)(4)(A).”.

5       (b) DETERMINATIONS REGARDING PRACTICE BE-  
6       FORE THE DEPARTMENT.—Section 330 of title 31, United  
7       States Code, is amended—

8           (1) by redesignating subsection (e) as sub-  
9       section (f); and

10          (2) by inserting after subsection (d) the fol-  
11       lowing:

12       “(e) DISCLOSURE OF FINAL DETERMINATIONS.—In  
13       the case of any determination under subsection (c) or  
14       (d)—

15           “(1) in which a suspension, disbarment, or cen-  
16       sure, or other penalty is imposed, and

17           “(2) for which all administrative and judicial  
18       appeals are exhausted,

19       not later than 30 days following such determination, the  
20       Secretary shall publish such determination on a public  
21       website, which shall include a statement of the facts and  
22       circumstances relating to such determination and the rea-  
23       sons for the determination.”.

24       (c) DISCLOSURE RELATING TO MISCONDUCT BY  
25       PRACTITIONERS AND TAX RETURN PREPARERS.—

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

3           “(16) DISCLOSURE RELATING TO MISCONDUCT  
4       BY PRACTITIONERS AND TAX RETURN PREPARERS.—  
5       Under such procedures as the Secretary may pre-  
6       scribe, the Secretary may disclose returns and re-  
7       turn information to the extent the Secretary deter-  
8       mines it is necessary to publish determinations pur-  
9       suant to section 6109(e)(7) and section 330(e) of  
10      title 31, United States Code, provided that such dis-  
11      closure is redacted to remove—

12           “(A) any name, address, or other identi-  
13      fying information with respect to any persons  
14      other than the representative or tax return pre-  
15      parer who is the subject of such determination,  
16      and

17           “(B) such other information as the Sec-  
18      retary determines appropriate to protect the  
19      privacy of such persons.”.

20           (2) CONFORMING AMENDMENT.—Section  
21      6103(p)(3)(A) is amended by striking “or (9)” and  
22      inserting “(9), or (16)”.

23           (d) REQUIREMENT TO INCLUDE IDENTIFYING NUM-  
24      BER FOR PAID PREPARER OF OFFER-IN-COMPROMISE.—

1           (1) IN GENERAL.—Section 6109(a) is amended  
2       by inserting after paragraph (4) the following new  
3       paragraph:

4           “(5) FURNISHING IDENTIFYING NUMBER FOR  
5       OFFER-IN-COMPROMISE.—Any offer-in-compromise  
6       (as described in section 7122), including any re-  
7       quired schedule or statement, which has been pre-  
8       pared by any person for compensation shall include  
9       such identifying number as may be prescribed for se-  
10      curing proper identification of such person.”.

11          (2) PENALTY.—Section 7122 is amended by  
12      adding at the end the following new subsection:

13      “(h) FAILURE TO FURNISH IDENTIFYING NUM-  
14      BER.—

15          “(1) IN GENERAL.—

16              “(A) PENALTY.—Any person who prepares  
17      an offer-in-compromise (including any required  
18      schedule or statement) for compensation and  
19      who fails to include an identifying number  
20      which complies with section 6109(a)(5) with re-  
21      spect to such offer-in-compromise shall pay a  
22      penalty of \$250 for such failure.

23              “(B) NON-COMPLIANCE.—For purposes of  
24      this paragraph, an identifying number shall be

1           deemed to not comply with section 6109(a)(5)  
2           if such identifying number—

3                   “(i) is assigned to another person,  
4                   “(ii) does not exist,  
5                   “(iii) is inactive or expired,  
6                   “(iv) has been withdrawn,  
7                   “(v) is suspended or has been revoked,

8                   or

9                   “(vi) is otherwise invalid for use by  
10           the preparer.

11           “(C) ADJUSTMENT FOR INFLATION.—

12                   “(i) IN GENERAL.—In the case of any  
13           documents filed during any calendar year  
14           beginning after 2025, the \$250 amount in  
15           subparagraph (A) shall be increased by an  
16           amount equal to—

17                           “(I) such dollar amount, multi-  
18                           plied by

19                           “(II) the cost-of-living adjust-  
20                           ment determined under section 1(f)(3)  
21                           for the calendar year, determined by  
22                           substituting ‘calendar year 2024’ for  
23                           ‘calendar year 2016’ in subparagraph  
24                           (A)(ii) thereof.



1                   “(ii) ROUNDING.—If any amount de-  
2                   termined under clause (i) is not a multiple  
3                   of \$10, such amount shall be rounded to  
4                   the nearest multiple of \$10.

5                   “(2) EXCEPTION.—The penalty imposed under  
6                   paragraph (1) shall not apply if it is shown that  
7                   such failure is due to reasonable cause and not due  
8                   to willful neglect.

9                   “(3) LIMITATION.—

10                   “(A) IN GENERAL.—The maximum penalty  
11                   imposed under this subsection on any person  
12                   with respect to documents filed during any cal-  
13                   endar year shall not exceed \$75,000.

14                   “(B) ADJUSTMENT FOR INFLATION.—

15                   “(i) IN GENERAL.—In the case of any  
16                   penalty imposed during any calendar year  
17                   beginning after 2025, the \$75,000 amount  
18                   in subparagraph (A) shall be increased by  
19                   an amount equal to—

20                   “(I) such dollar amount, multi-  
21                   plied by

22                   “(II) the cost-of-living adjust-  
23                   ment determined under section 1(f)(3)  
24                   for the calendar year, determined by  
25                   substituting ‘calendar year 2024’ for

1 ‘calendar year 2016’ in subparagraph  
 2 (A)(ii) thereof.

3 “(ii) ROUNDING.—If any amount de-  
 4 termined under clause (i) is not a multiple  
 5 of \$1,000, such amount shall be rounded  
 6 to the nearest multiple of \$1,000.

7 “(4) OTHER APPLICABLE RULES.—Rules simi-  
 8 lar to the rules of section 6696 shall apply for pur-  
 9 poses of this subsection.”.

10 (e) GAO STUDY AND REPORT ON THE EXCHANGE  
 11 OF INFORMATION BETWEEN THE IRS AND STATE TAX-  
 12 ATION AUTHORITIES.—

13 (1) IN GENERAL.—Not later than 18 months  
 14 after the date of the enactment of this Act, the  
 15 Comptroller General of the United States shall con-  
 16 duct a study and submit to Congress a report on the  
 17 sharing of information between the Secretary and  
 18 State authorities, as authorized under subsections  
 19 (d) and (k)(5) of section 6103 of the Internal Rev-  
 20 enue Code of 1986, regarding identification numbers  
 21 issued to paid tax return preparers and return pre-  
 22 parer minimum standards.

23 (2) INCREASED INFORMATION SHARING.—The  
 24 study and report described in paragraph (1) shall in-  
 25 clude an analysis of the impact that increased infor-

1       mation sharing between Federal and State authori-  
 2       ties would have on efforts to enforce minimum  
 3       standards on paid tax return preparers.

4           (3) AUDIT OF INTERNAL REVENUE SERVICE.—  
 5       Section 6103(i)(8) is amended by adding at the end  
 6       the following new subparagraph:

7                   “(D) APPLICATION TO STUDY CONDUCTED  
 8                   UNDER TAXPAYER ASSISTANCE AND SERVICE  
 9                   ACT.—For purposes of this paragraph, the  
 10                  study and report described in section 504(e)(1)  
 11                  of the Taxpayer Assistance and Service Act  
 12                  shall be deemed to be an audit of the Internal  
 13                  Revenue Service.”.

14       (f) PUBLICATION OF COMMON ERRORS AND PEN-  
 15       ALTIES.—Not later than 36 months after the date of the  
 16       enactment of this Act and annually thereafter, the Com-  
 17       missioner of the Internal Revenue shall publish on the  
 18       public website of the Internal Revenue Service—

19           (1) the 10 most frequent errors found on tax  
 20       returns which were prepared by tax return preparers  
 21       (as defined in section 7701(a)(36) of the Internal  
 22       Revenue Code of 1986) during the most recent cal-  
 23       endar year for which data is available, and

24           (2) with respect to the preceding calendar year,  
 25       the top 10 reasons that tax return preparers were—

1 (A) subject to penalties imposed under the  
2 Internal Revenue Code of 1986, or

3 (B) otherwise disciplined under section  
4 6109 of such Code or section 330 of title 31,  
5 United States Code.

6 (g) RULE OF CONSTRUCTION.—Nothing in this sec-  
7 tion (or amendment made by this section) shall be con-  
8 strued to require the Secretary to eliminate or terminate  
9 any existing program or authority—

10 (1) which, pursuant to section 330 of title 31,  
11 United States Code, permits a tax return preparer  
12 to represent a taxpayer before the Department of  
13 the Treasury in cases in which such preparer pre-  
14 pared and signed the return of tax, or

15 (2) for publication of a public database on the  
16 website of the Internal Revenue Service of tax re-  
17 turn preparers who have satisfied the requirements  
18 for issuance of a preparer tax identification number  
19 (as defined in section 6109(e)(8) of the Internal  
20 Revenue Code of 1986).

21 (h) EFFECTIVE DATE.—

22 (1) IN GENERAL.—The amendments made by  
23 this section shall take effect on the date which is  
24 180 days after the date of enactment of this Act.

1           (2) TRANSITION RULES FOR EDUCATIONAL RE-  
2           QUIREMENTS FOR TAX RETURN PREPARERS.—

3           (A) ANNUAL FILING SEASON PROGRAM.—

4           In the case of any tax return preparer who, as  
5           of the date of enactment of this Act, has re-  
6           ceived a record of completion with respect to  
7           the Annual Filing Season Program established  
8           by the Internal Revenue Service, such tax re-  
9           turn preparer shall be deemed to have satisfied  
10          the education requirements of section  
11          6109(e)(3) of the Internal Revenue Code of  
12          1986 (as added by this section) for the calendar  
13          year for which such record of completion ap-  
14          plies.

15          (B) APPROVED COURSES.—In the case of  
16          any entity which, as of the date of enactment  
17          of this Act, is approved to provide continuing  
18          education for purposes of the Annual Filing  
19          Season Program established by the Internal  
20          Revenue Service, such entity shall be deemed to  
21          satisfy the applicable requirements under sec-  
22          tion 6109(e)(3) of the Internal Revenue Code of  
23          1986 until the date on which the Secretary  
24          has—

1 (i) issued such regulations or other  
2 guidance as the Secretary determines nec-  
3 essary for purposes of establishing stand-  
4 ards for educational programs under such  
5 section, and

6 (ii) pursuant to subparagraph (E) of  
7 such section, published a list of educational  
8 programs which have been determined by  
9 the Secretary to satisfy the applicable re-  
10 quirements under such section.

## 11 **TITLE VI—APPEALS**

### 12 **SEC. 601. AUTHORIZATION FOR OFFICE OF APPEALS TO** 13 **HIRE ATTORNEYS.**

14 Subparagraph (B) of section 7803(e)(6) is amended  
15 to read as follows:

16 “(B) **HIRING OF COUNSEL.**—The Chief of  
17 Appeals shall have the authority to appoint  
18 counsel in the Internal Revenue Service Inde-  
19 pendent Office of Appeals to report directly to  
20 the Chief of Appeals. Any counsel appointed  
21 pursuant to this subparagraph shall not report  
22 to the Chief Counsel for the Internal Revenue  
23 Service and shall not represent the Government  
24 in litigation. Any legal interpretation of counsel

1 appointed pursuant to this subparagraph shall  
 2 not be binding on the Secretary.”.

3 **SEC. 602. AUTHORIZATION FOR OFFICE OF APPEALS TO DI-**  
 4 **RECT HIRE CERTAIN INDIVIDUALS.**

5 Section 7803(e)(6) is amended by adding at the end  
 6 the following:

7 “(C) AUTHORITY TO APPOINT INDIVID-  
 8 UALS NOT EMPLOYED BY INTERNAL REVENUE  
 9 SERVICE.—The Secretary may utilize direct hire  
 10 authority to recruit and appoint qualified appli-  
 11 cants, without regard to any notice or pref-  
 12 erence requirements, to positions within the In-  
 13 ternal Revenue Service Independent Office of  
 14 Appeals, provided that such applicants are not  
 15 employees of the Internal Revenue Service en-  
 16 gaged in enforcement functions.”.

17 **SEC. 603. RESPONSES TO CLAIMS FOR REFUND REQUIRED;**  
 18 **APPEAL OF CLAIMS FOR REFUND AUTHOR-**  
 19 **IZED.**

20 (a) IN GENERAL.—Subsection (l) of section 6402 is  
 21 amended to read as follows:

22 “(l) EXPLANATION OF REASON FOR REFUND DIS-  
 23 ALLOWANCE; APPEALS.—

24 “(1) IN GENERAL.—Not later than the applica-  
 25 ble date, the Secretary shall review any claim for re-

1 fund, make a determination with respect to such  
 2 claim, and, in the case of a disallowance of such  
 3 claim (in whole or in part), provide the taxpayer  
 4 with a detailed written explanation for such disallow-  
 5 ance, which shall—

6 “(A) be mailed to the last known address  
 7 of the taxpayer, and

8 “(B) in the case of any taxpayer entitled  
 9 to an appeal of such determination, include in-  
 10 structions for appealing such disallowance to  
 11 the Internal Revenue Service Independent Of-  
 12 fice of Appeals.

13 “(2) FAILURE TO MAKE TIMELY DETERMINA-  
 14 TION.—

15 “(A) IN GENERAL.—In the case of any  
 16 claim for refund for which the Secretary fails to  
 17 satisfy the requirements of paragraph (1) by  
 18 the applicable date, for purposes of determining  
 19 interest on any overpayment for any period sub-  
 20 sequent to such date, the overpayment rate (as  
 21 established under section 6621(a)(1)) shall be  
 22 increased by 1 percentage point.

23 “(B) LIMITATION.—With respect to any  
 24 claim for refund described in subparagraph (A),  
 25 the amount of any increase in interest on any



1 overpayment pursuant to such subparagraph  
2 shall not exceed \$500.

3 “(C) ADJUSTMENT FOR INFLATION.—

4 “(i) IN GENERAL.—In the case of any  
5 claim for refund filed during any calendar  
6 year beginning after 2026, the \$500  
7 amount in subparagraph (B) shall be in-  
8 creased by an amount equal to—

9 “(I) such dollar amount, multi-  
10 plied by

11 “(II) the cost-of-living adjust-  
12 ment determined under section 1(f)(3)  
13 for the calendar year, determined by  
14 substituting ‘calendar year 2024’ for  
15 ‘calendar year 2016’ in subparagraph  
16 (A)(ii) thereof.

17 “(ii) ROUNDING.—If any amount de-  
18 termined under clause (i) is not a multiple  
19 of \$50, such amount shall be rounded to  
20 the nearest multiple of \$50.

21 “(3) APPEALS.—

22 “(A) IN GENERAL.—Any disallowance of a  
23 claim for refund may, within 30 days after the  
24 date such disallowance is mailed (or, if mailed  
25 to an address outside of the United States, 90

1 days), be appealed to the Internal Revenue  
2 Service Independent Office of Appeals. Notwith-  
3 standing paragraph (4) of section 6532(a), dur-  
4 ing the period in which any such appeal is  
5 pending before the Internal Revenue Service  
6 Independent Office of Appeals (and for 30 days  
7 thereafter), the 2-year period in paragraph (1)  
8 of such section for filing suit for refund after  
9 disallowance of a claim shall be suspended.

10 “(B) DEEMED DISALLOWANCE.—For pur-  
11 poses of subparagraph (A), in the case of any  
12 claim for refund for which the Secretary has  
13 failed to make a determination with respect to  
14 such claim by the date described in paragraph  
15 (5)(A), the taxpayer may elect for such claim to  
16 be deemed to have been disallowed by the Sec-  
17 retary as of such date.

18 “(4) FRIVOLOUS CLAIMS.—

19 “(A) IN GENERAL.—In the case of any  
20 frivolous claim—

21 “(i) paragraphs (1) and (3) shall not  
22 apply, and

23 “(ii) not later than the applicable  
24 date, written notification of the denial of

1           such claim shall be mailed to the last  
2           known address of the taxpayer.

3           “(B) DEFINITION.—For purposes of this  
4           paragraph, the term ‘frivolous claim’ means a  
5           claim for refund which is based on a position  
6           which—

7                   “(i) a Federal court has determined to  
8                   be frivolous, and

9                   “(ii) the Secretary has identified as  
10                  frivolous for purposes of subsection (c) of  
11                  section 6702.

12           “(5) APPLICABLE DATE.—For purposes of this  
13           subsection, the term ‘applicable date’ means, with  
14           respect to any claim for refund—

15                   “(A) the date which is 12 months after the  
16                   date of receipt of such claim by the Secretary,  
17                   or

18                   “(B) such other date as is agreed to by the  
19                   Secretary and the taxpayer.”.

20           (b) EFFECTIVE DATE.—The amendment made by  
21           this section shall apply to any claim for refund received  
22           after the date which is 12 months after the date of enact-  
23           ment of this Act.

24   **SEC. 604. APPEALS OF RETURNED OFFERS.**

25           Section 7122(e) is amended—

1 (1) by striking paragraph (1) and inserting the  
2 following:

3 “(1) for an independent administrative review  
4 of—

5 “(A) any determination that an offer-in-  
6 compromise be returned to the taxpayer be-  
7 cause such offer-in-compromise is not accepted  
8 for processing or is otherwise determined to be  
9 nonprocessable before such determination is  
10 communicated to the taxpayer, and

11 “(B) any rejection of a proposed offer-in-  
12 compromise or installment agreement made by  
13 a taxpayer under this section or section 6159  
14 before such rejection is communicated to the  
15 taxpayer, and”, and

16 (2) in paragraph (2), by striking “any rejection  
17 of such offer or agreement” and inserting “any de-  
18 termination described in paragraph (1)(A) or any re-  
19 jection described in paragraph (1)(B)”.

20 **SEC. 605. PURPOSES AND DUTIES OF INDEPENDENT OF-**  
21 **FICE OF APPEALS; RIGHT OF APPEAL CLARI-**  
22 **FIED.**

23 (a) IN GENERAL.—Section 7803(e) is amended—

24 (1) in paragraph (3)—

1 (A) in subparagraph (B), by striking  
2 “and” at the end,

3 (B) in subparagraph (C), by striking the  
4 period at the end and inserting “, and”, and

5 (C) by adding at the end the following new  
6 subparagraph:

7 “(D) without exception, evaluates and con-  
8 siderers all hazards of litigation in resolving any  
9 case referred to the Internal Revenue Service  
10 Independent Office of Appeals.”, and

11 (2) by striking paragraph (4) and inserting the  
12 following new paragraph:

13 “(4) RIGHT OF APPEAL.—

14 “(A) IN GENERAL.—Except as otherwise  
15 provided under this title, the resolution process  
16 described in paragraph (3) shall be available to  
17 all taxpayers with respect to any determination  
18 by the Secretary concerning a Federal tax con-  
19 troversy, including—

20 “(i) liability for, or any claim for re-  
21 fund of, any tax,

22 “(ii) liability for, or any claim for re-  
23 fund of, any penalty or addition to tax,

24 “(iii) eligibility for alternatives to col-  
25 lection of a tax liability, such as an agree-

1           ment or compromise under section 6159 or  
2           7122, or

3           “(iv) any exercise of discretion by the  
4           Secretary with respect to any determina-  
5           tion described in clauses (i) through (iii).

6           “(B) EXCEPTIONS.—Subparagraph (A)  
7           shall not apply with respect to any appeal—

8           “(i) which is solely based on a chal-  
9           lenge to the constitutionality or validity of  
10          any law, regulation, notice, revenue ruling,  
11          or revenue procedure issued by the Sec-  
12          retary, unless there is a final and  
13          unreviewable decision rendered by a Fed-  
14          eral court that the relevant provision of  
15          such law, regulation, notice, revenue rul-  
16          ing, or revenue procedure which is being  
17          challenged is unconstitutional or otherwise  
18          invalid,

19          “(ii) which—

20                  “(I) is based on a position  
21                  which—

22                          “(aa) a Federal court has  
23                          determined to be frivolous, and

24                          “(bb) the Secretary has  
25                          identified as frivolous for pur-

1 poses of subsection (c) of section  
2 6702, or

3 “(II) relates to any penalty im-  
4 posed under such section with respect  
5 to such position,

6 “(iii) which relates to any matter  
7 agreed upon pursuant to an agreement  
8 under section 7121,

9 “(iv) subject to subparagraph (C),  
10 during any period in which—

11 “(I) the Secretary is actively in-  
12 vestigating whether to refer the tax-  
13 payer to the Attorney General for  
14 criminal prosecution,

15 “(II) a recommendation made by  
16 the Secretary to the Attorney General  
17 for the criminal prosecution of the  
18 taxpayer for any offense connected  
19 with the administration or enforce-  
20 ment of the internal revenue laws is  
21 pending, or

22 “(III) any criminal prosecution of  
23 the taxpayer, or of any other person  
24 in a case in which the taxpayer is a  
25 witness, for any offense connected

1 with the administration or enforce-  
2 ment of the internal revenue laws is  
3 pending, or

4 “(v) with respect to any issue in a  
5 case which, based on the relevant facts and  
6 circumstances of such case, the Chief  
7 Counsel for the Internal Revenue Service—

8 “(I) has designated for litigation,  
9 and

10 “(II) is prepared to proceed with  
11 such litigation in a timely manner.

12 “(C) EXCEPTION FOR CERTAIN CRIMINAL  
13 PROSECUTIONS.—Subparagraph (B)(iv) shall  
14 not apply if the Chief Counsel for the Internal  
15 Revenue Service determines that the resolution  
16 process described in paragraph (3) would not  
17 interfere with the criminal prosecution of a tax-  
18 payer.

19 “(D) FEDERAL TAX CONTROVERSY.—For  
20 purposes of this paragraph, the term ‘Federal  
21 tax controversy’ means a dispute described in  
22 paragraph (2) or (3) of section 301.7803–2 of  
23 title 26, Code of Federal Regulations (as in ef-  
24 fect on the date of enactment of the Taxpayer  
25 Assistance and Service Act).”.



1     **TITLE VII—WHISTLEBLOWERS**

2     **SEC. 701. STANDARD AND SCOPE OF REVIEW OF WHISTLE-**  
3                 **BLOWER AWARD DETERMINATIONS.**

4             (a) IN GENERAL.—Paragraph (4) of section 7623(b)  
5 is amended—

6                 (1) by striking “appealed to” and inserting “re-  
7 viewed by”; and

8                 (2) by adding at the end the following: “Any re-  
9 view by the Tax Court under the preceding sentence  
10 shall be de novo and shall be based on the adminis-  
11 trative record established at the time of the original  
12 determination and any additional newly discovered  
13 or previously unavailable evidence.”.

14             (b) CONFORMING AMENDMENT.—The heading of  
15 paragraph (4) of section 7623(b) is amended by striking  
16 “APPEAL” and inserting “REVIEW”.

17             (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to petitions under section  
19 7623(b)(4) of the Internal Revenue Code of 1986 which  
20 are pending on, or filed on or after, the date of the enact-  
21 ment of this Act.

22     **SEC. 702. EXEMPTION FROM SEQUESTRATION.**

23             (a) IN GENERAL.—Section 255 of the Balanced  
24 Budget and Emergency Deficit Control Act of 1985 (2  
25 U.S.C. 905) is amended—

1           (1) by redesignating subsection (k) as sub-  
2           section (l); and

3           (2) by inserting after subsection (j) the fol-  
4           lowing:

5           “(k) AWARDS TO WHISTLEBLOWERS.—An award au-  
6           thorized under section 7623 of the Internal Revenue Code  
7           of 1986 shall be exempt from reduction under any order  
8           issued under this part.”.

9           (b) APPLICABILITY.—The amendment made by this  
10          section shall apply to any sequestration order issued under  
11          the Balanced Budget and Emergency Deficit Control Act  
12          of 1985 (2 U.S.C. 900 et seq.) after the date of enactment  
13          of this Act.

14       **SEC. 703. WHISTLEBLOWER PRIVACY PROTECTIONS.**

15          (a) IN GENERAL.—Paragraph (6) of section 7623(b)  
16          is amended by adding at the end the following new sub-  
17          paragraph:

18               “(D) WHISTLEBLOWER ANONYMITY BE-  
19               FORE THE TAX COURT.—Notwithstanding sec-  
20               tions 7458 and 7461, a whistleblower shall pro-  
21               ceed anonymously before the Tax Court for all  
22               proceedings under this section absent a finding  
23               by the Tax Court that a societal interest exists  
24               for disclosing the whistleblower’s identity which

1 exceeds the potential harm disclosure could  
2 cause to the whistleblower.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to petitions filed with the Tax  
5 Court which are pending on, or filed on or after, the date  
6 of the enactment of this Act.

7 **SEC. 704. MODIFICATION OF IRS WHISTLEBLOWER REPORT.**

8 (a) **IN GENERAL.**—Section 406(c) of division A of the  
9 Tax Relief and Health Care Act of 2006 is amended by  
10 striking “such use,” in paragraph (1) and inserting “such  
11 use (which shall include a list and descriptions of the top  
12 tax avoidance schemes, not to exceed 10, disclosed by  
13 whistleblowers during such year),”.

14 (b) **EFFECTIVE DATE.**—The amendments made by  
15 this section shall apply to reports for fiscal years ending  
16 after the enactment of this Act.

17 **SEC. 705. INTEREST ON WHISTLEBLOWER AWARDS.**

18 (a) **IN GENERAL.**—Section 7623(b) is amended by  
19 adding at the end the following new paragraph:

20 “(7) **INTEREST.**—

21 “(A) **IN GENERAL.**—If the Secretary has  
22 not provided notice to an individual described in  
23 paragraph (1) of a preliminary award rec-  
24 ommendation before the applicable date, the  
25 amount of any award under this subsection

1 shall include interest from such date at the  
2 overpayment rate under section 6621(a).

3 “(B) EXCEPTION.—No interest shall ac-  
4 crue under this paragraph after the date on  
5 which the Secretary provides notice to the indi-  
6 vidual of a preliminary award recommendation.

7 “(C) APPLICABLE DATE.—For purposes of  
8 this paragraph, the applicable date is the date  
9 that is 12 months after the first date on  
10 which—

11 “(i) all of the proceeds resulting from  
12 actions subject to the award recommenda-  
13 tion have been collected, and

14 “(ii) either—

15 “(I) the statutory period for fil-  
16 ing a claim or suit for refund has ex-  
17 pired, or

18 “(II) the taxpayers subject to the  
19 actions and the Secretary have agreed  
20 with finality to the tax or other liabil-  
21 ities for the periods at issue, and ei-  
22 ther the taxpayers have waived the  
23 right to file a claim or suit for refund  
24 or any claim or suit for refund has  
25 been resolved.”.

1 (b) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by  
3 this section shall take effect 180 days after the date  
4 of the enactment of this Act.

5 (2) SPECIAL RULE.—If, as of the date de-  
6 scribed in paragraph (1)—

7 (A) the Secretary has not provided notice  
8 to the individual of a preliminary award rec-  
9 ommendation as described in paragraph (7)(A)  
10 of section 7623(b) of the Internal Revenue  
11 Code of 1986, as added by this Act, and

12 (B) the applicable date provided in para-  
13 graph (7)(C) of such section, as so added, has  
14 passed,

15 the applicable date for purposes of such paragraph  
16 (7)(C) is the date that is 12 months after the date  
17 described in paragraph (1).

18 **SEC. 706. CORRECTION REGARDING DEDUCTIONS FOR AT-**  
19 **TORNEY'S FEES.**

20 (a) IN GENERAL.—Section 62(a)(21)(A)(i) is amend-  
21 ed by striking “7623(b)” and inserting “7623”.

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

# **TITLE VIII—HOSTAGES**

## **SEC. 801. POSTPONEMENT OF TAX DEADLINES FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.**

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7510 the following new section:

### **“SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POSTPONED FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.**

“(a) TIME TO BE DISREGARDED.—

“(1) IN GENERAL.—The period during which an applicable individual was unlawfully or wrongfully detained abroad, or held hostage abroad, shall be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such individual—

“(A) whether any of the acts described in section 7508(a)(1) were performed within the time prescribed thereof (determined without regard to extension under any other provision of this subtitle for periods after the initial date (as determined by the Secretary) on which such individual was unlawfully or wrongfully detained abroad or held hostage abroad),

1           “(B) the amount of any interest, penalty,  
2           additional amount, or addition to the tax for  
3           periods after such date, and

4           “(C) the amount of any credit or refund.

5           “(2) APPLICATION TO SPOUSE.—The provisions  
6           of paragraph (1) shall apply to the spouse of any in-  
7           dividual entitled to the benefits of such paragraph.

8           “(3) SPECIAL RULE FOR OVERPAYMENTS.—The  
9           rules of section 7508(b) shall apply for purposes of  
10          this section.

11          “(b) APPLICABLE INDIVIDUAL.—

12           “(1) IN GENERAL.—For purposes of this sec-  
13           tion, the term ‘applicable individual’ means any indi-  
14           vidual who is—

15           “(A) a United States national unlawfully  
16           or wrongfully detained abroad, as determined  
17           under section 302 of the Robert Levinson Hos-  
18           tage Recovery and Hostage-Taking Account-  
19           ability Act (22 U.S.C. 1741), or

20           “(B) a United States national taken hos-  
21           tage abroad, as determined pursuant to the  
22           findings of the Hostage Recovery Fusion Cell  
23           (as described in section 304 of the Robert  
24           Levinson Hostage Recovery and Hostage-Tak-  
25           ing Accountability Act (22 U.S.C. 1741(b))).

1           “(2) INFORMATION PROVIDED TO TREASURY.—

2           For purposes of identifying individuals described in  
3           paragraph (1), not later than January 1, 2027, and  
4           annually thereafter—

5                   “(A) the Secretary of State shall provide  
6           the Secretary with a list of the individuals de-  
7           scribed in paragraph (1)(A), as well as any  
8           other information necessary to identify such in-  
9           dividuals, and

10                   “(B) the Attorney General, acting through  
11           the Hostage Recovery Fusion Cell, shall provide  
12           the Secretary with a list of the individuals de-  
13           scribed in paragraph (1)(B), as well as any  
14           other information necessary to identify such in-  
15           dividuals.

16           “(c) MODIFICATION OF TREASURY DATABASES AND  
17   INFORMATION SYSTEMS.—The Secretary shall update, as  
18   necessary, any database or information system of the De-  
19   partment of the Treasury in order to ensure that the pro-  
20   visions of subsection (a) are applied with respect to each  
21   applicable individual.

22           “(d) REFUND AND ABATEMENT OF PENALTIES AND  
23   FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-  
24   BLE INDIVIDUAL.—In the case of any applicable indi-  
25   vidual—



1 “(1) for whom any interest, penalty, additional  
 2 amount, or addition to the tax in respect to any tax  
 3 liability for any taxable year ending during the pe-  
 4 riod described in subsection (a)(1) was assessed or  
 5 collected, and

6 “(2) who was, subsequent to such assessment  
 7 or collection, determined to be an individual de-  
 8 scribed in subparagraph (A) or (B) of subsection  
 9 (b)(1),

10 the Secretary shall abate any such assessment and refund  
 11 any amount collected to such applicable individual in the  
 12 same manner as any refund of an overpayment of tax  
 13 under section 6402.”.

14 (b) CLERICAL AMENDMENT.—The table of sections  
 15 for chapter 77 is amended by inserting after the item re-  
 16 lating to section 7510 the following new item:

“Sec. 7511. Time for performing certain acts postponed for hostages and indi-  
 viduals wrongfully detained abroad.”.

17 (c) EFFECTIVE DATE.—The amendments made by  
 18 this section shall apply to taxable years ending after the  
 19 date of enactment of this Act.

20 **SEC. 802. REFUND AND ABATEMENT OF PENALTIES AND**  
 21 **FINES PAID BY ELIGIBLE INDIVIDUALS.**

22 (a) IN GENERAL.—Section 7511, as added by section  
 23 801 of this Act, is amended by adding at the end the fol-  
 24 lowing new subsection:

1       “(e) REFUND AND ABATEMENT OF PENALTIES AND  
2 FINES PAID BY ELIGIBLE INDIVIDUALS.—

3               “(1) IN GENERAL.—

4                       “(A) ESTABLISHMENT.—Not later than  
5 January 1, 2027, the Secretary (in consultation  
6 with the Secretary of State and the Attorney  
7 General) shall establish a program to allow any  
8 eligible individual (or the spouse or any depend-  
9 ent (as defined in section 152) of such indi-  
10 vidual) to apply for a refund or an abatement  
11 of any amount described in paragraph (2) (in-  
12 cluding interest) to the extent such amount was  
13 attributable to the applicable period.

14                       “(B) IDENTIFICATION OF INDIVIDUALS.—  
15 Not later than January 1, 2027, the Secretary  
16 of State and the Attorney General, acting  
17 through the Hostage Recovery Fusion Cell (as  
18 described in section 304 of the Robert Levinson  
19 Hostage Recovery and Hostage-Taking Ac-  
20 countability Act (22 U.S.C. 1741(b))), shall—

21                               “(i) compile a list, based on such in-  
22 formation as is available, of individuals  
23 who were applicable individuals during the  
24 applicable period, and

1                   “(ii) provide the list described in  
2                   clause (i) to the Secretary.

3                   “(C) NOTICE.—For purposes of carrying  
4                   out the program described in subparagraph (A),  
5                   the Secretary (in consultation with the Sec-  
6                   retary of State and the Attorney General) shall,  
7                   with respect to any individual identified under  
8                   subparagraph (B), provide notice to such indi-  
9                   vidual—

10                   “(i) in the case of an individual who  
11                   has been released on or before the date of  
12                   enactment of this subsection, not later  
13                   than 90 days after the date of enactment  
14                   of this subsection, or

15                   “(ii) in the case of an individual who  
16                   is released after the date of enactment of  
17                   this subsection, not later than 90 days  
18                   after the date on which such individual is  
19                   released,

20                   that such individual may be eligible for a refund  
21                   or an abatement of any amount described in  
22                   paragraph (2) pursuant to the program de-  
23                   scribed in subparagraph (A).

24                   “(D) AUTHORIZATION.—

1                   “(i) IN GENERAL.—Subject to clause  
 2                   (ii), in the case of any refund described in  
 3                   subparagraph (A), the Secretary shall  
 4                   issue such refund to the eligible individual  
 5                   in the same manner as any refund of an  
 6                   overpayment of tax under section 6402.

7                   “(ii) EXTENSION OF LIMITATION ON  
 8                   TIME FOR REFUND.—With respect to any  
 9                   refund under subparagraph (A)—

10                   “(I) the 3-year period of limita-  
 11                   tion prescribed by section 6511(a)  
 12                   shall be extended until the end of the  
 13                   1-year period beginning on the date  
 14                   that the notice described in subpara-  
 15                   graph (C) is provided to the eligible  
 16                   individual, and

17                   “(II) any limitation under section  
 18                   6511(b)(2) shall not apply.

19                   “(2) ELIGIBLE INDIVIDUAL.—For purposes of  
 20                   this subsection, the term ‘eligible individual’ means  
 21                   any applicable individual who, for any taxable year  
 22                   ending during the applicable period, paid or incurred  
 23                   any interest, penalty, additional amount, or addition  
 24                   to the tax in respect to any tax liability for such  
 25                   year of such individual based on a determination

1       that an act described in section 7508(a)(1) which  
 2       was not performed by the time prescribed therefor  
 3       (without regard to any extensions).

4           “(3) APPLICABLE PERIOD.—For purposes of  
 5       this subsection, the term ‘applicable period’ means  
 6       the period—

7                   “(A) beginning on January 1, 2021, and

8                   “(B) ending on the date of enactment of  
 9       this subsection.”.

10       (b) EFFECTIVE DATE.—The amendment made by  
 11       this section shall apply to taxable years ending on or be-  
 12       fore the date of enactment of this Act.

## 13       **TITLE IX—SMALL BUSINESSES**

### 14       **SEC. 901. IMPLEMENTATION OF VOLUNTARY WITH-** 15                   **HOLDING AGREEMENTS FOR PAYMENTS TO** 16                   **INDEPENDENT CONTRACTORS.**

17       (a) IN GENERAL.—Section 3402(p) is amended by  
 18       redesignating paragraph (3) as paragraph (4) and by in-  
 19       serting after paragraph (2) the following new paragraph:

20           “(3) VOLUNTARY WITHHOLDING ON CERTAIN  
 21       NON-WAGE REMUNERATION.—

22                   “(A) IN GENERAL.—If, at the time a pay-  
 23       ment of applicable non-wage remuneration is  
 24       made to any person, there is a voluntary agree-  
 25       ment in effect between the person making and

1 the person receiving the payment that the appli-  
2 cable non-wage remuneration be subject to  
3 withholding, then for purposes of this chapter  
4 and so much of subtitle F as relates to this  
5 chapter, such payment shall be treated as if it  
6 were a payment of wages by an employer to an  
7 employee.

8 “(B) APPLICABLE NON-WAGE REMUNERA-  
9 TION.—For purposes of this subsection, the  
10 term ‘applicable non-wage remuneration’ means  
11 remuneration for services performed by an indi-  
12 vidual which (without regard to this paragraph)  
13 does not constitute wages.

14 “(C) REGULATIONS AND GUIDANCE.—Not  
15 later than the date that is 18 months after the  
16 date of the enactment of this subparagraph, the  
17 Secretary shall issue such regulations or other  
18 guidance as may be necessary or appropriate to  
19 carry out the provisions of this section, includ-  
20 ing such regulations or guidance for deter-  
21 mining the amount to be deducted and withheld  
22 and the types of payments which are considered  
23 to be applicable non-wage remuneration.”.

1 **SEC. 902. ESTABLISHMENT OF FAILURE-TO-PAY PENALTY**

2 **SAFE HARBOR FOR INDIVIDUALS.**

3 (a) IN GENERAL.—Section 6651(c) is amended by  
4 adding at the end the following new paragraph:

5 “(3) NO PENALTY FOR FAILURE TO PAY IN-  
6 COME TAX FOR INDIVIDUALS WHO TIMELY PAY 125  
7 PERCENT OF INCOME TAX LIABILITY FOR PRIOR  
8 YEAR.—

9 “(A) IN GENERAL.—Subsection (a)(2)  
10 shall not apply with respect to an income tax  
11 return of an individual if such individual pays,  
12 on or before the date prescribed for the pay-  
13 ment of the tax with respect to which such re-  
14 turn relates (determined with regard to any ex-  
15 tension of time for payment), 125 percent of  
16 the amount of tax shown on the income tax re-  
17 turn of such individual for the immediately pre-  
18 ceding taxable year.

19 “(B) FAILURE TO FILE; SHORT TAXABLE  
20 YEARS.—Subparagraph (A) shall not apply—

21 “(i) if the individual does not file an  
22 income tax return for the taxable year de-  
23 scribed in subparagraph (A) on or before  
24 the date prescribed therefor (determined  
25 with regard to any extension of time for  
26 filing),

1 “(ii) if the individual did not file an  
2 income tax return for the immediately pre-  
3 ceding taxable year referred to in subpara-  
4 graph (A) on or before the date prescribed  
5 therefor (determined with regard to any  
6 extension of time for filing), or

7 “(iii) if the immediately preceding  
8 taxable year referred to in subparagraph  
9 (A) was less than 12 months.

10 “(C) JOINT RETURNS.—

11 “(i) INDIVIDUALS NOT FILING JOINT  
12 RETURNS FOR THE PRECEDING TAXABLE  
13 YEAR.—In the case of a joint return, if the  
14 taxpayer did not file a joint return for the  
15 immediately preceding taxable year re-  
16 ferred to in subparagraph (A), the  
17 amounts shown on the income tax returns  
18 of both spouses for such immediately pre-  
19 ceding taxable year shall be taken into ac-  
20 count under subparagraph (A).

21 “(ii) INDIVIDUALS FILING JOINT RE-  
22 TURNS FOR THE PRECEDING TAXABLE  
23 YEAR.—

24 “(I) IN GENERAL.—Except as  
25 provided in subclause (II) or otherwise



1 provided by the Secretary, if the indi-  
2 vidual does not file a joint return for  
3 the taxable year to which subpara-  
4 graph (A) applies and filed a joint re-  
5 turn for the immediately preceding  
6 taxable year on or before the date pre-  
7 scribed therefor (determined with re-  
8 gard to any extension of time for fil-  
9 ing), the entire amount of tax shown  
10 on such joint return shall be taken  
11 into account under subparagraph (A).

12 “(II) ELECTION TO RECOMPUTE  
13 PRECEDING YEAR TAX.—If a taxpayer  
14 to whom clause (I) applies elects, in  
15 such form and such manner as the  
16 Secretary may provide, to recompute  
17 the tax for the immediately preceding  
18 taxable year as if the taxpayer was a  
19 married individual filing a separate  
20 return, only the amount shown on  
21 such recomputed separate return shall  
22 be taken into account under subpara-  
23 graph (A).

24 “(D) EXCEPTION NOT APPLICABLE UN-  
25 LESS ADDITIONAL PAYMENTS ARE MADE WITH

1           TIMELY FILED RETURN.—Subparagraph (A)  
 2           shall not apply with respect to any period be-  
 3           ginning after the date prescribed for filing the  
 4           income tax return for the taxable year (includ-  
 5           ing extensions thereof).”.

6           (b) CONFORMING AMENDMENT.—The heading of sec-  
 7           tion 6651(c) is amended by striking “RULE” and inserting  
 8           “RULES”.

9           (c) EFFECTIVE DATE.—The amendments made by  
 10          this section shall apply to taxable years beginning after  
 11          the date which is 12 months after the date of enactment  
 12          of this Act.

13   **SEC. 903. EXTENSION OF MAILBOX RULE TO ELECTRONIC**  
 14                           **SUBMISSIONS AND PAYMENTS.**

15          (a) IN GENERAL.—Section 7502(c) is amended—

16               (1) in the heading, by inserting “AND PAY-  
 17          MENT” after “FILING”,

18               (2) in paragraph (2)—

19                       (A) in the heading, by striking “; ELEC-  
 20          TRONIC FILING”, and

21                       (B) by striking “and electronic filing”, and

22               (3) by adding at the end the following:

23                       “(3) ELECTRONIC FILING AND PAYMENT.—

24                               “(A) IN GENERAL.—In the case of any  
 25          document or payment which the Secretary has

1 permitted to be filed or made by electronic  
2 means, if such document or payment is—

3 “(i) authorized to be submitted by the  
4 taxpayer using a permitted electronic  
5 means to the agency, officer, or office to  
6 which the document was required to be  
7 filed (or payment was required to be made)  
8 on or before the prescribed date (or within  
9 the period required) with respect to such  
10 document or payment, and

11 “(ii) received (or, in the case of a pay-  
12 ment, received and accounted for) no later  
13 than 3 business days after the prescribed  
14 date or period required with respect to  
15 such document or payment,

16 the date that such document or payment was  
17 authorized to be submitted (as described in  
18 clause (i)) shall be deemed to be the date that  
19 such document was filed or such payment was  
20 made.

21 “(B) EXCEPTION.—This paragraph shall  
22 not apply to any payment if Secretary deter-  
23 mines that the taxpayer (or any intermediary  
24 used by the taxpayer) used a system designed  
25 with a principal purpose of delaying the trans-

1           fer of funds to the Treasury to derive economic  
2           benefit from the period of such delay.

3           “(C) REGULATIONS.—Not later than the  
4           date which is 1 year after the date of enact-  
5           ment of the Taxpayer Assistance and Service  
6           Act, the Secretary shall issue such regulations  
7           or other guidance as the Secretary determines  
8           necessary to carry out the purposes of this  
9           paragraph, including regulations or other guid-  
10          ance describing the records or proof sufficient  
11          to demonstrate timely electronic submission.

12          “(b) EFFECTIVE DATE.—The amendments made by  
13          subsection (a) shall apply to any document or payment  
14          sent on or after the date which is 1 year after the date  
15          of enactment of this Act.”.

16   **SEC. 904. SPECIFICITY OF THIRD-PARTY CONTACT NO-**  
17                           **TICES.**

18          (a) IN GENERAL.—Paragraph (1) of section 7602(c)  
19          is amended—

20                  (1) by striking “and” at the end of subpara-  
21                  graph (A),

22                  (2) by redesignating subparagraph (B) as sub-  
23                  paragraph (C) and by inserting after subparagraph  
24                  (A) the following new subparagraph:

1 “(B) in any case in which the information  
 2 sought to be obtained from such other persons  
 3 could reasonably be provided by the taxpayer,  
 4 identifies the item of information intended to be  
 5 sought from such persons, and”, and

6 (3) by amending subparagraph (C), as redesign-  
 7 nated by paragraph (2), to read as follows:

8 “(C) provides the taxpayer with reasonable  
 9 opportunity and a period of not less than 45  
 10 days (or more, if the taxpayer requests addi-  
 11 tional time and shows reasonable cause) to re-  
 12 spond, including by providing the information  
 13 described in subparagraph (B), before contact  
 14 is made with such other persons.”.

15 (b) EXCEPTION.—Section 7602(c)(3) is amended—

16 (1) by redesignating subparagraphs (A), (B),  
 17 and (C) as clauses (i), (ii), and (iii), respectively,  
 18 and by moving such clauses 2 ems to the right,

19 (2) by striking “This subsection” and inserting  
 20 the following:

21 “(A) IN GENERAL.—This subsection”, and

22 (3) by adding at the end the following new sub-  
 23 paragraph:

24 “(B) GOOD CAUSE.—For purposes of sub-  
 25 paragraph (A)(ii), good cause includes a reason-

1           able belief that compliance with this subsection  
2           will lead to—

3                   “(i) attempts by any person to con-  
4                   ceal, remove, destroy, or alter records or  
5                   assets that may be relevant to any tax ex-  
6                   amination or collection activity;

7                   “(ii) attempts by any person to pre-  
8                   vent other persons, through intimidation,  
9                   bribery, or collusion, from communicating  
10                  any information that may be relevant to  
11                  any tax examination or collection activity;  
12                  or

13                  “(iii) attempts by any person to flee,  
14                  or otherwise avoid testifying or producing  
15                  records that may be relevant to any tax ex-  
16                  amination or collection activity.”.

17       (c) EFFECTIVE DATE.—The amendments made by  
18       this section shall apply to notices provided under section  
19       7602(c) of the Internal Revenue Code of 1986 after the  
20       date that is 12 months after the date of the enactment  
21       of this Act.

1       **TITLE X—MISCELLANEOUS**

2       **SEC. 1001. AUTHORITY FOR REDISCLOSURE OF CERTAIN**  
3               **TAX INFORMATION RELATED TO EDUCATION**  
4               **LOANS TO THE CONGRESSIONAL BUDGET OF-**  
5               **FICE.**

6       (a) IN GENERAL.—Section 6103(l)(13)(D) is amend-  
7 ed by adding at the end the following new clause:

8               “(vii) REDISCLOSURE TO THE CON-  
9               GRESSIONAL BUDGET OFFICE.—Authorized  
10              persons may, upon written request by the  
11              Director of the Congressional Budget Of-  
12              fice to the Secretary of Education, redis-  
13              close return information received under  
14              subparagraphs (A), (B), and (C) to officers  
15              and employees of the Congressional Budg-  
16              et Office for the purpose of, but only to the  
17              extent necessary in, carrying out the pur-  
18              poses described in subclause (III) of clause  
19              (i).”.

20       (b)       CONFORMING        AMENDMENT.—Section  
21 6103(l)(13)(F) is amended by striking “(iv) (v), or (vi)”  
22 and inserting “(iv), (v), (vi), or (vii)”.

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

1 (d) REPORTS.—The Secretary of Education shall an-  
 2 nually submit a written report to the Secretary of the  
 3 Treasury—

4 (1) regarding redisclosures of return informa-  
 5 tion under subparagraph (D)(vii) of section  
 6 6103(l)(13) of the Internal Revenue Code of 1986  
 7 (as added by this section), including the number of  
 8 such redisclosures; and

9 (2) regarding any unauthorized use, access, or  
 10 disclosure of return information disclosed under such  
 11 section.

12 **SEC. 1002. AUTHORIZATION TO REQUIRE LARGE PARTNER-**  
 13 **SHIPS TO FILE ON MAGNETIC MEDIA.**

14 (a) IN GENERAL.—Section 6011(e) is amended—

15 (1) by striking the first paragraph (6), as  
 16 added by section 2301(b) of the Taxpayer First Act,  
 17 and inserting the following:

18 “(6) PARTNERSHIPS REQUIRED TO FILE ON  
 19 MAGNETIC MEDIA.—Notwithstanding paragraph  
 20 (2)(A), the Secretary shall require a partnership to  
 21 file returns on magnetic media if, at the close of the  
 22 partnership’s taxable year—

23 “(A) the partnership has more than 50  
 24 partners, or



1 “(B) the value of the partnership’s assets  
 2 equals or exceeds \$1,000,000, as determined  
 3 under regulations prescribed by the Secretary.”,  
 4 and

5 (2) by redesignating the second paragraph (6),  
 6 as added by section 202(d) of the Setting Every  
 7 Community Up for Retirement Enhancement Act of  
 8 2019, as paragraph (7).

9 (b) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to returns filed on or after January  
 11 1 of the first calendar year beginning after the date of  
 12 enactment of this Act.

13 **SEC. 1003. LIMITATION PERIOD NOT EXTENDED FOR VIC-**  
 14 **TIMS OF PREPARER FRAUD.**

15 (a) IN GENERAL.—Section 6501(c)(1) is amended by  
 16 inserting “by the taxpayer” after “intent”.

17 (b) EFFECTIVE DATE.—The amendment made by  
 18 this section shall apply to assessments made or pro-  
 19 ceedings begun after the date of enactment of this Act.

20 **SEC. 1004. TECHNICAL AMENDMENT RELATED TO THE DIS-**  
 21 **ASTER RELATED EXTENSION OF DEADLINES**  
 22 **ACT.**

23 (a) IN GENERAL.—Subsection (f) of section 7508A  
 24 (as added by the Disaster Related Extension of Deadlines  
 25 Act) is redesignated as subsection (g).

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall take effect as if included in section 2(a)  
3 of the Disaster Related Extension of Deadlines Act.

