

BARCODE AUTOMATION FOR REVENUE COLLECTION TO
 ORGANIZE DISBURSEMENT AND ENHANCE EFFICIENCY
 ACT

FEBRUARY 20, 2026.—Committed to the Committee of the Whole House on the State
 of the Union and ordered to be printed

Mr. SMITH of Missouri, from the Committee on Ways and Means,
 submitted the following

R E P O R T

[To accompany H.R. 6956]

The Committee on Ways and Means, to whom was referred the
 bill (H.R. 6956) to require electronically prepared tax returns to in-
 clude scannable code when submitted on paper, and to require the
 use of optical character recognition technology for paper documents
 received by the Internal Revenue Service, having considered the
 same, reports favorably thereon with an amendment and rec-
 ommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Barcode Automation for Revenue Collection to Organize Disbursement and Enhance Efficiency Act” or the “BARCODE Efficiency Act”.

SEC. 2. SCANNING AND DIGITIZATION OF TAX RETURNS AND CORRESPONDENCE.

(a) RETURNS PREPARED ELECTRONICALLY AND SUBMITTED ON PAPER.—With respect to any Federal tax return which is prepared electronically, but is printed and filed on paper—

(1) such return shall bear a code which, when scanned, converts the data included in such return to electronic format, and

(2) subject to subsection (b)(1)(B), the Internal Revenue Service shall use barcode scanning technology to convert the data included in such return to electronic format.

(b) OPTICAL CHARACTER RECOGNITION SOFTWARE.—With respect to—

(1) any Federal tax return which—

(A) is not prepared electronically and is printed and filed on paper, or

(B) is described in subsection (a)(1) but, for any reason, the data included in such return cannot be accurately converted into electronic format, or

(2) any correspondence which is received by the Internal Revenue Service in a paper form (with the exception of any such correspondence which has been received by the Internal Revenue Service in electronic format), the Internal Revenue Service shall use optical character recognition technology (or any functionally similar technology) to transcribe such return or correspondence.

(c) EXCEPTION.—

(1) IN GENERAL.—Subsection (a) or (b) shall not apply to the extent that the Secretary of the Treasury or the Secretary’s delegate determines that the technology described in such subsection is slower or less reliable than—

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

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

(2) REPORT TO CONGRESS.—Any exception to the application of subsection (a) or (b) pursuant to paragraph (1) shall not take effect unless the Secretary provides a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding the determination made under such paragraph within 30 days of such determination.

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

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

(2) any estate tax return (as described in section 6018 of such Code) or gift tax return (as described in section 6019 of such Code) received on or after January 1 of the first calendar year beginning more than 24 months after the date of enactment of this Act, and

(3) any other return or correspondence received on or after January 1 of the first calendar year beginning more than 12 months after the date of enactment of this Act.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

The bill, H.R. 6956, the “BARCODE Efficiency Act,” as amended, was ordered reported by the Committee on Ways and Means on January 14, 2025.

The bill provides that taxpayers that prepare their returns electronically but print and file the returns on paper must print their returns with a scannable code that enables the IRS to convert

paper-filed tax returns into an electronic format using scanning technology.

The bill requires the IRS to use optical character recognition (“OCR”) technology (or any functionally similar technology) to transcribe (1) any return not prepared electronically and printed and filed on paper; (2) any return prepared electronically but printed and filed on paper using a scannable code that cannot be used to accurately convert data into an electronic format; and (3) any correspondence received by the IRS in paper form (unless such correspondence is also received in electronic form).

B. BACKGROUND AND NEED FOR LEGISLATION

In 1986, the IRS began an electronic filing (“e-filing”) pilot program with the goal increase the efficiency and accuracy in processing tax returns and limit the need to manually entering data from every paper return in the country. During the first year of the pilot program, the IRS received approximately 25,000 tax returns submitted through e-filing, when the program launched nationwide in 1990, the IRS processed over 4.2 million electronically filed tax returns, and most recently, the IRS received over 154 million tax returns via e-filing in 2025.

However, in 2025, over 165 million returns were received by the IRS, meaning that over 10 million returns were not received through e-filing. While innovative technology has improved over the last four decades, the returns filed on paper, rather than through e-filing, are still subject to potential manual entry issues, such as intensive labor and human error.

This bill requires that tax returns prepared electronically, but printed and filed on paper, include a barcode that would allow IRS to scan and digitize the information contained in the return. This requirement enhances the efficiency of the IRS by reducing the time employees would normally take to manually enter data from the return and remove, or limit, the chance for human error that may occur through manual entry. The bill also requires that the IRS use optical character recognition software to scan and digitally upload handwritten returns, paper correspondence, and tax returns prepared electronically and then printed and filed on paper if the data cannot be accurately scanned with the barcode. This requirement will increase efficiency by allowing IRS to use current technology to scan other documents that are not covered by the first provision and reduce the need for manual entry.

This bill creates an exception to the above listed requirements by providing the Secretary of Treasury the authority to determine whether or not to apply the requirements of the bill if the Secretary determines that the technology proscribed therein is slower or less reliable than manual entry or any other process that is current used by the IRS. The bill also requires the Secretary of Treasury to provide a report to Congress to any such exception within 30 days of determination.

C. LEGISLATIVE HISTORY

Background

H.R. 6956 was introduced on January 7, 2026, and was referred to the Committee on Ways and Means.

Committee Hearings

On February 11, 2025, the Committee on Ways and Means Oversight Subcommittee held a hearing titled, “IRS Return on Investment and the Need for Modernization” to examine the lack of return on investment from funding provided to the IRS by the Inflation Reduction Act and the need for information technology modernization at the agency.

Committee Action

The Committee on Ways and Means marked up H.R. 6956, on January 14, 2026, and order the bill, as amended, favorably reported (with a quorum being present).

D. DESIGNATED HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearings were used to develop and consider H.R. 6956:

On February 11, 2025, the Committee on Ways and Means Oversight Subcommittee held a hearing titled, “IRS Return on Investment and the Need for Modernization” to examine the lack of return on investment from funding provided to the IRS by the Inflation Reduction Act and the need for information technology modernization at the agency.

II. EXPLANATION OF THE BILL

A. SCANNING AND DIGITIZATION OF TAX RETURNS AND CORRESPONDENCE

PRESENT LAW

Every citizen, whether residing in or outside the United States, and every resident of the United States within the meaning of section 7701(b) must file an income tax return if the individual has income that equals or exceeds the exemption amount.¹ Regulations issued by the Department of the Treasury (“Treasury”) require individual taxpayers to make this return using Form 1040, U.S. Individual Income Tax Return.² Similarly, every corporation subject to Federal income tax, regardless of the amount of its gross or taxable income for the taxable year, is required to file a return.³ Various returns are also required to be submitted by certain employers, partnerships, estates, trusts, noncitizen nonresident individuals, and taxpayers subject to Federal gift tax, estate tax, generation-skipping transfer tax, excise taxes, and other miscellaneous Federal taxes.

In 1998, Congress declared a policy that (1) paperless filing should be the preferred and most convenient means of filing Federal tax and information returns, (2) the goal of the Internal Revenue Service (“IRS”) should be to receive at least 80 percent of all returns electronically by 2007, and (3) the IRS should encourage private-sector competition to increase electronic filing.⁴ Section 6011(f), also enacted in 1998, authorizes Treasury to advertise the

¹Sec. 6012(a)(1); Treas. Reg. sec. 1.6012-1(a)(1).

²Treas. Reg. sec. 1.6012-1(a)(6).

³ec. 6012(a)(2).

⁴The Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105-206, sec. 2001.

benefits of electronic tax administration programs and to make payment of appropriate incentives for electronically-filed returns.

Treasury generally is authorized to prescribe regulations providing standards for determining which returns must be filed on magnetic media or in another machine-readable form.⁵ However, except under certain circumstances, Treasury “may not require returns of any tax imposed by subtitle A on individuals, estates, and trusts, to be other than on paper forms supplied by the Secretary.”⁶

REASONS FOR CHANGE

The Committee believes that modernizing the IRS’s processing of paper returns and correspondence is essential to improving efficiency and reducing errors. Currently, paper filings require manual transcription, which is time-consuming, costly, and prone to mistakes that can delay refunds and increase taxpayer burden. The Committee believes that requiring barcodes on electronically prepared paper returns and mandating the use of scanning and optical character recognition technology for other paper submissions will accelerate processing, improve accuracy, and allow the IRS to allocate resources more effectively. These changes will enhance taxpayer service and strengthen the integrity of the tax administration system.

EXPLANATION OF PROVISION

The provision provides that taxpayers that prepare their returns electronically but print and file the returns on paper must print their returns with a scannable code that enables the IRS to convert paper-filed tax returns into an electronic format using scanning technology. The provision requires that any electronically prepared return filed on paper include a barcode to facilitate IRS digitization. However, the absence of a barcode does not affect the validity of the return under the Code. Returns submitted without a barcode will still be considered properly filed and will be processed by the IRS using alternative methods, such as optical character recognition or manual transcription. The provision does not impose penalties or authorize rejection of returns for failure to include a barcode.

The provision also requires the IRS to use optical character recognition (“OCR”) technology (or any functionally similar technology) to transcribe (1) any return not prepared electronically and printed and filed on paper; (2) any return prepared electronically but printed and filed on paper using a scannable code that cannot be used to accurately convert data into an electronic format; and (3) any correspondence received by the IRS in paper form (unless such correspondence is also received in electronic form).

An exception to these requirements applies to the extent the Secretary of the Treasury or his delegate determines that the scannable code or the OCR technology is slower or less reliable than the process of manually transcribing the returns or correspondence re-

⁵Sec. 6011(e). The statute uses the term “magnetic media,” and applicable Treasury regulations specify that magnetic media includes electronic filing. Treas. Reg. sec. 301.6011-2(a)(1).

⁶Sec. 6011(e)(1). In this context, “Secretary” refers to the Secretary of the Treasury or his delegate. See sec. 7701(a)(11).

ceived in paper form (or any other process normally used by the IRS).

Under the provision, any such exception applies only if the Secretary of the Treasury (or his delegate) provides a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate within 30 days of making a determination of the exception.

Although the provision applies by its terms to all returns, most corporate, exempt organization, and partnership returns (including amended returns) are already required to be filed electronically under the Code and the regulations thereunder.⁷ Therefore, in practice, the provision will primarily affect individual income tax returns and estate and gift tax returns.⁸

EFFECTIVE DATE

The provision is effective for individual income tax returns received on or after January 1 of the first calendar year beginning more than 180 days after the date of enactment.

The provision is effective for estate tax returns or gift tax returns received on or after January 1 of the first calendar year beginning more than 24 months after the date of enactment.

The provision is effective for any other return or correspondence received on or after January 1 of the first calendar year beginning more than 12 months after the date of enactment.

III. VOTE OF THE COMMITTEE

In compliance with the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of H.R. 6956, the “Barcode Automation for Revenue Collection to Organize Disbursement and Enhance Efficiency Act,” on January 14, 2026.

H.R. 6956 was ordered favorably reported to the House of Representatives as amended by a roll call vote of 42 yeas to 0 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)	X	.....	.....	Mr. Neal	X	.....	.....
Mr. Buchanan	X	.....	.....	Mr. Doggett	X	.....	.....
Mr. Smith (NE)	X	.....	.....	Mr. Thompson	X	.....	.....
Mr. Kelly	X	.....	.....	Mr. Larson	X	.....	.....
Mr. Schweikert	X	.....	.....	Mr. Davis	X	.....	.....
Mr. LaHood	X	.....	.....	Ms. Sánchez	X	.....	.....
Mr. Arrington	X	.....	.....	Ms. Sewell .....	.....	.....	.....
Mr. Estes	X	.....	.....	Ms. DelBene	X	.....	.....
Mr. Smucker	X	.....	.....	Ms. Chu	X	.....	.....
Mr. Hern	X	.....	.....	Ms. Moore (WI)	X	.....	.....
Mrs. Miller (WV)	X	.....	.....	Mr. Boyle	X	.....	.....

⁷ Sec. 6011(e).

⁸ See IRS, *Amended and Superseding Corporate Returns*, available at <https://www.irs.gov/businesses/corporations/amended-and-superseding-corporate-returns> (stating that if the original corporate return was required to be e-filed, the amended return generally must also be e-filed); see also IRS, *Instructions for Form 990 (Return of Organization Exempt From Income Tax)*, available at <https://www.irs.gov/pub/irs-pdf/i990.pdf> (noting on page six that electronic filing of amended exempt organization returns is available only for the current tax year and the two prior tax periods, and older returns must be paper-filed); and IRS, *Guidance for Amended Partnership Returns*, available at <https://www.irs.gov/e-file-providers/guidance-for-amended-partnership-returns> (explaining that amended partnership returns may be e-filed if the original return was e-filed).

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Dr. Murphy				Mr. Beyer	X		
Mr. Kustoff	X			Mr. Evans	X		
Mr. Fitzpatrick	X			Mr. Schneider	X		
Mr. Steube				Mr. Panetta	X		
Ms. Tenney	X			Mr. Gomez	X		
Mrs. Fischbach	X			Mr. Horsford	X		
Mr. Moore (UT)	X			Ms. Plaskett	X		
Ms. Van Dyne	X			Mr. Suozzi	X		
Mr. Feenstra	X						
Ms. Malliotakis	X						
Mr. Carey	X						
Mr. Yakym	X						
Mr. Miller (OH)	X						
Mr. Bean	X						
Mr. Moran	X						

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 6956 as reported.

The staff of the Joint Committee on Taxation estimates that the bill has a negligible effect on Federal fiscal year budget receipts.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

The Congressional Budget Act of 1974, as amended stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation ("JCT") will be the official estimates for all tax legislation considered by Congress. As such CBO incorporates these estimates into its cost estimates of the effects of the legislation. The estimates for the revenue provisions of H.R. 6956, as reported were provided by JCT (see Part IV, A).

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill does not authorize funding, so no statement of general performance goals and objectives is required.

C. APPLICABILITY OF HOUSE RULE XXI, CLAUSE 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that “A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present.” The Committee has carefully reviewed the bill, and states that the bill does not provide such a Federal income tax rate increase.

D. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

E. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

F. DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

G. TAX COMPLEXITY ANALYSIS

Section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998 (the “IRS Reform Act”) requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Treasury Department) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code and has widespread applicability to individuals or small businesses.

The staff of the Joint Committee on Taxation has determined that there are no provisions that are of widespread applicability to individuals or small businesses.

