

105TH CONGRESS  
1ST SESSION

# H. R. 2563

To amend the Internal Revenue Code of 1986 to restrict the authority to examine books and witnesses for purposes of tax administration.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 1997

Ms. DUNN (for herself, Mr. TANNER, Mr. WATKINS, Mr. MATSUI, Mr. WELLER, Mr. KLECZKA, Mr. SAM JOHNSON of Texas, Mr. ENGLISH of Pennsylvania, Mr. HOUGHTON, Mr. RAMSTAD, Mr. BARCIA, Mr. STENHOLM, Ms. DANNER, Mr. NEAL of Massachusetts, Mr. MCINTYRE, Mr. HERGER, and Mr. ENSIGN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to restrict the authority to examine books and witnesses for purposes of tax administration.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer Confidential-  
5 ity Act of 1997”.

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1 **SEC. 2. RESTRICTIONS ON AUTHORITY TO EXAMINE BOOKS**  
2 **AND WITNESSES.**

3 (a) IN GENERAL.—Subsection (b) of section 7602 of  
4 the Internal Revenue Code of 1986 (relating to examina-  
5 tion of books and witnesses) is amended to read as follows:

6 “(b) CLARIFICATION OF AUTHORITY TO SUMMON,  
7 ETC.—

8 “(1) IN GENERAL.—Except as provided in para-  
9 graph (2), the authority granted by subsection (a)  
10 shall be limited to—

11 “(A) factual information on which the re-  
12 turn is based,

13 “(B) factual information documenting  
14 gross income,

15 “(C) factual information which may be rel-  
16 evant or material to determining the taxpayer’s  
17 income where the Secretary determines that  
18 there is a reasonable indication of unreported  
19 income, and

20 “(D) other information which may be rel-  
21 evant or material to—

22 “(i) collecting any liability referred to  
23 in subsection (a), or

24 “(ii) an inquiry into any offense con-  
25 nected with the administration or enforce-  
26 ment of the internal revenue laws.

1           “(2) EXCEPTION FOR JOHN DOE SUMMONS.—  
2       Paragraph (1) shall not apply to a summons with  
3       respect to which the requirements of section 7609(f)  
4       are met.

5           “(3) FACTUAL INFORMATION.—For purposes of  
6       this subsection, the term ‘factual information’ does  
7       not include information reflecting thought processes,  
8       theories, analyses, opinions, and mental impres-  
9       sions.”

10       (b) CONFORMING AMENDMENTS.—

11           (1) Paragraph (1) of section 7602(a) of such  
12       Code is amended by striking “which may be relevant  
13       or material to such inquiry”.

14           (2) Paragraphs (2) and (3) of section 7602(a)  
15       of such Code are each amended by striking “, as  
16       may be relevant or material to such inquiry”.

17           (3) Subsection (a) of section 7602 of such Code  
18       is amended by striking “or collecting any such liabil-  
19       ity,” and inserting “collecting any such liability, or  
20       inquiring into any offense connected with the admin-  
21       istration or enforcement of the internal revenue  
22       laws,”.

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

