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105TH CONGRESS
1ST SESSION

H. R. 2658

To amend the Internal Revenue Code of 1986 to prohibit the Internal Revenue Service from using the threat of audit to compel agreement with the Tip Reporting Alternative Commitment or the Tip Rate Determination Agreement.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 1997

Mr. KINGSTON (for himself, Mr. MCNULTY, and Mr. RAMSTAD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to prohibit the Internal Revenue Service from using the threat of audit to compel agreement with the Tip Reporting Alternative Commitment or the Tip Rate Determination Agreement.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) the Tip Reporting Alternative Commitment Agreement and the Tip Rate Determination Agreement are voluntary agreements developed by the In-

ternal Revenue Service and the restaurant industry as a means of improving the reporting of tip income;

(2) there have been reports that the Internal Revenue Service may be compelling members of the restaurant industry to accept such voluntary agreement by using the possibility of audit to intimidate; and

(3) the Internal Revenue Service has the authority to perform audits to assure taxpayer compliance with the internal revenue laws.

SEC. 2. PROHIBITION ON USING THE THREAT OF AUDIT TO COMPEL AGREEMENT WITH THE TIP REPORTING ALTERNATIVE COMMITMENT.

Section 7602 of the Internal Revenue Code of 1986 (relating to examination of books and witnesses) is amended by adding at the end the following new subsection:

"(d) NO THREAT OF SUMMONS OR EXAMINATIONS TO COMPEL AGREEMENT WITH TIP REPORTING ALTERNATIVE COMMITMENT OR THE TIP RATE DETERMINATION AGREEMENT.—The Secretary shall not use the threat of making an examination or issuing a summons under subsection (a) to compel a taxpayer to agree to or sign the Tip Reporting Alternative Commitment Agreement (TRAC) or the Tip Rate Determination Agreement (TRDA).''

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