

105TH CONGRESS  
1ST SESSION

# S. 521

To amend the Internal Revenue Code of 1986 to impose civil and criminal penalties for the unauthorized access of tax returns and tax return information by Federal employees and other persons, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 8, 1997

Mr. COVERDELL (for himself, Mr. INHOFE, Mr. HUTCHINSON, Mr. HAGEL, and Mr. SHELBY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to impose civil and criminal penalties for the unauthorized access of tax returns and tax return information by Federal employees and other persons, and for other purposes.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Taxpayer Privacy Pro-  
5       tection Act”.

1 **SEC. 2. PROTECTING THE PRIVACY OF TAXPAYERS.**

2 (a) CIVIL PENALTY FOR UNAUTHORIZED ACCESS OF  
 3 RETURNS AND RETURN INFORMATION.—Section 7431 of  
 4 the Internal Revenue Code of 1986 (relating to civil dam-  
 5 ages for unauthorized disclosure of returns and return in-  
 6 formation) is amended—

7 (1) by inserting “or accesses” after “discloses”  
 8 in subsection (a)(1),

9 (2) by inserting “OR ACCESS” after “DISCLO-  
 10 SURE” in the heading for subsection (a)(1),

11 (3) by inserting “(or former officer or em-  
 12 ployee)” after “officer or employee” both places it  
 13 appears in subsection (a),

14 (4) by inserting “or access” after “disclosure”  
 15 each place it appears in subsections (b), (c)(1), and  
 16 (d),

17 (5) by inserting “the earlier of notification to  
 18 or” after “after the date of” in subsection (d), and

19 (6) by inserting “**or access**” after “**disclo-**  
 20 **sure**” in the heading.

21 (b) CRIMINAL PENALTY FOR UNAUTHORIZED AC-  
 22 CESS OF RETURNS AND RETURN INFORMATION.—Section  
 23 7213 of the Internal Revenue Code of 1986 (relating to  
 24 unauthorized disclosure of information) is amended—

25 (1) in subsection (a)(1)—

1 (A) by striking “this paragraph” and in-  
2 serting “this subparagraph”,

3 (B) by striking “It shall be unlawful” and  
4 inserting the following:

5 “(A) DISCLOSURE.—It shall be unlawful”,  
6 and

7 (C) by adding at the end the following new  
8 subparagraph:

9 “(B) ACCESS.—It shall be unlawful for  
10 any officer, employee, or other person described  
11 in subparagraph (A) willfully to access without  
12 authorization any return or return information  
13 (as defined in section 6103(b)). Any violation of  
14 this subparagraph shall be punishable by dis-  
15 missal from office or discharge from employ-  
16 ment and, further, shall be a misdemeanor pun-  
17 ishable upon conviction by a fine in any amount  
18 not exceeding \$1,000, or imprisonment of not  
19 more than 1 year, or both, together with costs  
20 of prosecution, and, if necessary, by dismissal  
21 from office or discharge from employment.”,  
22 and

23 (2) by inserting “**or access**” after “**disclo-**  
24 **sure**” in the heading.

1       (c) NOTIFICATION OF UNAUTHORIZED ACCESS.—  
 2 Section 6103 of the Internal Revenue Code of 1986 (relat-  
 3 ing to confidentiality and disclosure of returns and return  
 4 information) is amended by redesignating subsection (q)  
 5 as subsection (r) and by inserting after subsection (p) the  
 6 following new subsection:

7       “(q) UNAUTHORIZED ACCESS PROHIBITED.—

8               “(1) IN GENERAL.—Except as authorized by  
 9 this title, no officer or employee (or former officer  
 10 or employee) of the United States shall access any  
 11 return or return information.

12               “(2) NOTIFICATION.—Upon discovery that a  
 13 taxpayer’s return or return information has been  
 14 accessed in violation of paragraph (1), the taxpayer  
 15 shall be notified immediately.”.

16       (d) CONFORMING AMENDMENTS.—

17               (1) The table of sections for part 1 of sub-  
 18 chapter A of chapter 75 of the Internal Revenue  
 19 Code of 1986 is amended by inserting “or access”  
 20 after “disclosure” in the item relating to section  
 21 7213.

22               (2) The table of sections for subchapter B of  
 23 chapter 76 of such Code is amended by inserting “or  
 24 access” after “disclosure” in the item relating to  
 25 section 7431.

1       (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to actions by officers or employees  
3 after the date of the enactment of this Act.

