

109TH CONGRESS
2D SESSION

S. 2484

To amend the Internal Revenue Code of 1986 to prohibit the disclosure of tax return information by tax return preparers to third parties.

IN THE SENATE OF THE UNITED STATES

MARCH 30, 2006

Mr. OBAMA (for himself, Mr. MENENDEZ, Mr. HARKIN, Mrs. CLINTON, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to prohibit the disclosure of tax return information by tax return preparers to third parties.

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 “Protecting Taxpayer
5 Privacy Act”.

1 **SEC. 2. PROHIBITION ON TAX PREPARERS DISCLOSING TAX**
 2 **RETURN INFORMATION TO THIRD PARTIES.**

3 (a) IN GENERAL.—Paragraph (3) of section 7216(b)
 4 of the Internal Revenue Code of 1986 (relating to regula-
 5 tions) is amended to read as follows:

6 “(3) REGULATIONS.—

7 “(A) IN GENERAL.—Subsection (a) shall
 8 not apply to a disclosure or use of information
 9 which is permitted by regulations prescribed by
 10 the Secretary under this section.

11 “(B) DISCLOSURE TO THIRD PARTIES.—
 12 The regulations under this section shall not
 13 permit the disclosure or use of information,
 14 with respect to the return of any taxpayer, to
 15 or for any person unless such taxpayer has
 16 granted consent to such disclosure or use and
 17 such person is—

18 “(i) a member of the same affiliated
 19 group (within the meaning of section
 20 1504) as the person preparing providing
 21 services in connection with the return; or

22 “(ii) a corporate fiduciary with re-
 23 spect to the taxpayer.

24 “(C) OTHER DISCLOSURES.—Notwith-
 25 standing subparagraph (B), the regulations
 26 under this section may permit (subject to such

1 conditions as such regulations shall provide) the
2 disclosure or use of information—

3 “(i) to a person related to the tax-
4 payer with respect to whose return the in-
5 formation was obtained, but only in con-
6 nection with preparing, or providing serv-
7 ices in connection with the preparation of,
8 the return of such related taxpayer;

9 “(ii) to an attorney, an employee of
10 the Internal Revenue Service, or an officer
11 of a court for use in revenue investigations
12 or court proceedings;

13 “(iii) to the fiduciary of the taxpayer
14 with respect to whose return the informa-
15 tion was obtained if such taxpayer dies or
16 becomes incompetent, insolvent, or bank-
17 rupt;

18 “(iv) to another person engaged in the
19 business of preparing, or providing services
20 in connection with the preparation of, a
21 tax return for the purposes of assisting
22 with the preparation or processing of the
23 tax return;

24 “(v) to report the commission of a
25 crime;

1 “(vi) for quality or peer reviews; and
2 “(vii) to another person for the pur-
3 pose of assisting the operation of the busi-
4 ness of the person described in subsection
5 (a) in the case such person dies or becomes
6 incapacitated.”.

7 (b) CONFORMING AMENDMENT.—Subparagraph (B)
8 of section 7216(b)(1) of the Internal Revenue Code of
9 1986 is amended by inserting “, a Federal agency, or a
10 State agency which regulates tax return preparers” after
11 “court”.

12 (c) EFFECTIVE DATE.—The amendment made by
13 this section shall take effect on the date of the enactment
14 of this Act.

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