

114TH CONGRESS
2D SESSION

H. R. 5725

To amend the Internal Revenue Code of 1986 to require website-based, real-time responses to requests to verify taxpayer income for legitimate business purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2016

Mr. MCHENRY 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 require website-based, real-time responses to requests to verify taxpayer income for legitimate business 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 “IRS Data Verification
5 Modernization Act of 2016”.

6 **SEC. 2. DISCLOSURE OF TAXPAYER INFORMATION FOR**
7 **THIRD-PARTY INCOME VERIFICATION.**

8 (a) IN GENERAL.—Section 6103(c) of the Internal
9 Revenue Code of 1986 is amended—

1 (1) by striking “The Secretary may” and in-
2 serting the following:

3 “(1) IN GENERAL.—The Secretary shall”, and
4 (2) by adding at the end the following new
5 paragraph:

6 “(2) DISCLOSURE FOR INCOME
7 VERIFICATION.—With respect to any program estab-
8 lished by the Secretary to disclose returns and re-
9 turn information to an entity engaged in the process
10 of confirming the income of a taxpayer for a legiti-
11 mate business purpose, or a designee of any such en-
12 tity, the Secretary shall ensure the following:

13 “(A) The disclosure process is conducted
14 entirely through fully automated and electronic
15 means accessible through the Internet.

16 “(B) The disclosure process is able to be
17 completed in as close to real-time as is prac-
18 ticable.

19 “(3) SECURITY REQUIREMENTS FOR RECIPI-
20 ENTS.—The recipients authorized to receive returns
21 or return information on behalf of taxpayers shall
22 maintain adequate security to protect the informa-
23 tion being disclosed.”.

24 (b) EFFICIENT USE OF AGENCY RESOURCES.—In es-
25 tablishing the program to electronically automate income

1 verification disclosures under section 6103(c)(2) of the In-
2 ternal Revenue Code of 1986, as added by this section,
3 the Secretary shall, to the extent practicable, make use
4 of resources in operation or in development at the Internal
5 Revenue Service, including databases, application pro-
6 gramming interfaces, and other computerized systems,
7 programs, and resources.

8 (c) REPORT.—Not later than 6 months after the date
9 of the enactment of this Act, the Secretary of the Treasury
10 shall submit a written report to Congress on any progress
11 made on the implementation of section 6103(c)(2) of the
12 Internal Revenue Code of 1986, as added by this section.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply with respect to disclosures made
15 after the date that is one year after the date of the enact-
16 ment of this Act.

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