II

114TH CONGRESS
1ST SESSION

S. 1578

To amend the Internal Revenue Code of 1986 to enhance taxpayer rights, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 16, 2015

Mr. GRASSLEY (for himself and Mr. THUNE) 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 enhance taxpayer rights, and for other purposes.

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

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Bill of Rights Enhancement Act of 2015".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE VI—THE RIGHT TO QUALIFY SERVICE

TITLE I—TAXPAYER BILL OF RIGHTS AND INTERNAL REVENUE SERVICE ACCOUNTABILITY

SEC. 101. DUTY TO ENSURE THAT IRS EMPLOYEES ARE FAMILIAR WITH AND ACT IN ACCORD WITH CERTAIN TAXPAYER RIGHTS.

(a) IN GENERAL.—Section 7803(a) of the Internal Revenue Code of 1986 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) EXECUTION OF DUTIES IN ACCORD WITH TAXPAYER RIGHTS.—In discharging his duties, the Commissioner shall ensure that employees of the Internal Revenue Service are familiar with and act in accord with taxpayer rights as afforded by other provisions of this title, including—

"(A) the right to be informed,

"(B) the right to quality service,

"(C) the right to pay no more than the correct amount of tax, "(D) the right to challenge the position of the Internal Revenue Service and be heard,

"(E) the right to appeal a decision of the Internal Revenue Service in an independent forum,

"(F) the right to finality,

"(G) the right to privacy,

"(H) the right to confidentiality,

"(I) the right to retain representation, and

"(J) the right to a fair and just tax system.".

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

SEC. 102. REVISIONS RELATING TO TERMINATION OF EMPLOYMENT OF IRS EMPLOYEES FOR MISCONDUCT.

(a) TERMINATION FOR TAKING OFFICIAL ACTIONS FOR POLITICAL PURPOSES.—Paragraph (10) of section 1203(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended to read as follows:

"(10) performing, delaying, or failing to perform (or threatening to perform, delay, or fail to perform) any official action (including any audit) with respect to a taxpayer for purpose of extracting personal gain or benefit or for a political purpose.''.

(b) NOTIFICATION OF DECISION NOT TO TERMINATE EMPLOYMENT.—Section 1203(c) of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended by adding at the end the following new paragraph:

``(4) NOTIFICATION.—In any case in which the Commissioner exercises the authority under paragraph (1), the Commissioner shall submit to the chairman and ranking member of the Committee on Finance of the Senate and the chairman and ranking member of the Committee on Ways and Means of the House of Representatives of the reasons for taking a personnel action other than termination.''.

SEC. 103. CODIFICATION OF RULES FOR RETENTION OF INTERNAL REVENUE SERVICE EMAILS.

(a) RETENTION OF RECORDS.—Email records of the Internal Revenue Service shall be retained in an appropriate electronic system that supports records management and litigation requirements, including the capability to identify, retrieve, and retain the records, in accordance with this subsection:

(1) Prior to the date on which the Treasury Inspector General for Tax Administration makes the

certification under subsection (c)(1), the Commissioner of Internal Revenue and the Chief Counsel for the Internal Revenue Service shall retain all email records.

(2) Not later than December 31, 2016, the Commissioner of Internal Revenue and the Chief Counsel for the Internal Revenue Service shall maintain email records of all principal officers and specified employees of the Internal Revenue Service for a period of 15 years beginning on the date such record was generated.

(b) TRANSMISSION OF RECORDS TO THE NATIONAL ARCHIVES.—Not later than the last day of the 15-year period described in subsection (a)(2), the Commissioner of Internal Revenue and the Chief Counsel for the Internal Revenue Service shall transfer the email records of principal officers of the Internal Revenue Service to the Archivist of the United States.

(c) COMPLIANCE.—

(1) CERTIFICATION.—On the date that the Treasury Inspector General for Tax Administration determines that the Internal Revenue Service has a program in place that complies with the requirements of subsections (a)(2) and (b), the Treasury Inspector General for Tax Administration shall cer-

tify to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives that the Internal Revenue Service is in compliance with such requirements.

(2) REPORTS.—

(A) INTERIM REPORT.—Not later than March 1, 2016, the Treasury Inspector General for Tax Administration shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the steps being taken by the Commissioner of Internal Revenue and the Chief Counsel for the Internal Revenue Service to comply with the requirements of subsections (a)(2) and (b).

(B) FINAL REPORT.—Not later than March 1, 2017, the Treasury Inspector General for Tax Administration shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives describing whether the Internal Revenue Service is in compliance with the requirements of subsections (a)(2) and (b).

(d) DEFINITIONS.—

(1) PRINCIPAL OFFICERS.—For purposes of this section, the term ‘‘principal officer’’ means, with respect to the Internal Revenue Service—

(A) any employee whose position is listed under the Internal Revenue Service in the most recent version of the United States Government Manual published by the Office of the Federal Register,

(B) any employee who is a senior staff member reporting directly to the Commissioner of Internal Revenue, and

(C) any—

(i) associate counsel, deputy counsel, or division head in the Office of the Chief Counsel for the Internal Revenue Service, and

(ii) any employee who is a senior staff member,

who reports directly to such Chief Counsel.

(2) SPECIFIED EMPLOYEES.—The term ‘‘specified employee’’ means, with respect to the Internal Revenue Service, any employee who—

(A) holds a Senior Executive Service position (as defined in section 3132 of title 5, United States Code) in the Internal Revenue

Service or the Office of Chief Counsel for the Internal Revenue Service), and

(B) is not a principal officer of the Internal Revenue Service.

TITLE II—THE RIGHT TO PRIVACY

SEC. 201. CRIMINAL PENALTY FOR UNAUTHORIZED DISCLOSURE OR INSPECTION.

(a) UNAUTHORIZED DISCLOSURE.—Section 7213 is amended by striking ''$5,000'' each place it appears in subsections (a) and (d) and inserting ''$20,000''.

(b) UNAUTHORIZED INSPECTION.—Section 7213A(b)(1) is amended by striking ''$1,000'' and inserting ''$5,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring after the date of the enactment of this Act.

SEC. 202. CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE OR INSPECTION.

(a) NOTICE TO TAXPAYER.—Subsection (e) of section 7431 is amended by adding at the end the following new sentences: ''The Secretary shall also notify such taxpayer if the Internal Revenue Service or, upon notice to the Secretary by a Federal or State agency, if such Federal or State agency, proposes an administrative determination as to disciplinary or adverse action against an employee arising from the employee's unauthorized inspection or disclosure of the taxpayer's return or return information. The notice described in this subsection shall include the date of the inspection or disclosure and the rights of the taxpayer under such administrative determination.''.

(b) PAYMENT AUTHORITY CLARIFIED.—

(1) IN GENERAL.—Section 7431 is amended by adding at the end the following new subsection:

``(i) PAYMENT AUTHORITY.—Claims pursuant to subsection (a)(1) shall be payable out of funds appropriated under section 1304 of title 31, United States Code.''.

(2) ANNUAL REPORTS OF PAYMENTS.—The Secretary of the Treasury shall annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding payments made from the United States Judgment Fund under section 7431(i) of the Internal Revenue Code of 1986.

(c) BURDEN OF PROOF FOR GOOD FAITH EXCEPTION RESTS WITH PERSON MAKING INSPECTION OR DISCLOSURE.—Section 7431(b) is amended by adding at the end the following new flush sentence:

"In any proceeding involving the issue of the existence of good faith, the burden of proof with respect to such issue shall be on the person who made the inspection or disclosure.".

(d) REPORTS.—Subsection (p) of section 6103 is amended by adding at the end the following new paragraph:

"(9) REPORT ON WILLFUL UNAUTHORIZED DISCLOSURE AND INSPECTION.—As part of the report required by paragraph (3)(C) for each calendar year, the Secretary shall furnish information regarding the willful unauthorized disclosure and inspection of returns and return information, including the number, status, and results of—

"(A) administrative investigations,

"(B) civil lawsuits brought under section 7431 (including the amounts for which such lawsuits were settled and the amounts of damages awarded), and

"(C) criminal prosecutions.".

(e) INCREASE IN AMOUNT OF DAMAGES PER VIOLATION.—

(1) IN GENERAL.—Subparagraph (A) of section 7431(c)(1) is amended to read as follows:

"(A) the sum of—

"(i) $5,000 for each act of unauthorized inspection of a return or return information with respect to which such defendant is found liable, and

"(ii) $10,000 for each act of unauthorized disclosure of a return or return information with respect to which such defendant is found liable, or".

(2) PUNITIVE DAMAGES.—

(A) IN GENERAL.—Section 7431(c) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) in the case of willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus".

(B) CONFORMING AMENDMENT.—Subparagraph (B) of section 7431(c) is amended to read as follows:

"(B) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus".

(f) EFFECTIVE DATES.—

(1) NOTICE.—The amendment made by subsection (a) shall apply to determinations made after the date which is 180 days after the date of the enactment of this Act.

(2) PAYMENT AUTHORITY.—The amendment made by subsection (b)(1) shall take effect on the date which is 180 days after the date of the enactment of this Act.

(3) BURDEN OF PROOF.—The amendments made by subsection (c) shall apply to inspections and disclosures occurring on and after the date which is 180 days after the date of the enactment of this Act.

(4) REPORTS.—Subsection (b)(2) and the amendment made by subsection (d) shall apply to calendar years ending after the date which is 180 days after the date of the enactment of this Act.

(5) INCREASE IN DAMAGES.—The amendment made by subsection (e) shall apply to proceedings commenced after the date of the enactment of this Act.

SEC. 203. IRS EMPLOYEES PROHIBITED FROM USING PERSONAL EMAIL ACCOUNTS FOR OFFICIAL BUSINESS.

No officer or employee of the Internal Revenue Service may use a personal email account to conduct any official business of the Government.

SEC. 204. COMPLIANCE BY CONTRACTORS WITH CONFIDENTIALITY SAFEGUARDS.

(a) IN GENERAL.—Section 6103(p), as amended by this Act, is amended by adding at the end the following new paragraph:

"(10) DISCLOSURE TO CONTRACTORS AND OTHER AGENTS.—Notwithstanding any other provision of this section, no return or return information shall be disclosed to any contractor or other agent of a Federal, State, or local agency unless such agency, to the satisfaction of the Secretary—

"(A) has requirements in effect which require each such contractor or other agent which would have access to returns or return information to provide safeguards (within the meaning of paragraph (4)) to protect the confidentiality of such returns or return information,

"(B) agrees to conduct an on-site review every 3 years (or a mid-point review in the case of contracts or agreements of less than 3 years in duration) of each contractor or other agent to determine compliance with such requirements,

"(C) submits the findings of the most recent review conducted under subparagraph (B) to the Secretary as part of the report required by paragraph (4)(E), and

"(D) certifies to the Secretary for the most recent annual period that such contractor or other agent is in compliance with all such requirements.

The certification required by subparagraph (D) shall include the name and address of each contractor and other agent, a description of the contract or agreement with such contractor or other agent, and the duration of such contract or agreement. The requirements of this paragraph shall not apply to disclosures pursuant to subsection (n) for purposes of Federal tax administration.".

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 6103(p)(8) is amended by inserting "or paragraph (10)" after "subparagraph (A)".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to disclosures made after the date of the enactment of this Act.

(2) CERTIFICATIONS.—The first certification under section 6103(p)(10)(D) of the Internal Revenue Code of 1986, as added by subsection (a), shall be made with respect to the portion of calendar year 2015 following the date of the enactment of this Act.

TITLE III—THE RIGHT TO APPEAL IN AN INDEPENDENT FORUM AND TO CHALLENGE THE INTERNAL REVENUE SERVICE POSITION AND BE HEARD

SEC. 301. INCREASE IN LIMITATIONS ON CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED COLLECTION ACTIONS.

(a) IN GENERAL.—Section 7433(b) is amended by striking "$1,000,000 ($100,000" and inserting "$1,500,000 ($150,000".

(b) PUNITIVE DAMAGES IN THE CASE OF RECKLESS OR INTENTIONAL ACTION.—Subsection (b) of section 7433 is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and by moving such subparagraphs 2 ems to the right,

(2) by striking ''In any action'' and inserting the following:

''(1) IN GENERAL.—In any action'', and

(3) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES FOR WILLFUL AND RECKLESS ACTIONS.—In any action brought under subsection (a) or petition filed under subsection (e) in which the defendant is found to be liable and to have acted recklessly or intentionally, the court may award the plaintiff punitive damages.''.

(c) PERIOD FOR BRINGING ACTION.—Paragraph (3) of section 7433(d) is amended by striking ''the date the right of action accrues'' and inserting ''the later of the date of on which administrative remedies available within the Internal Revenue Service have been exhausted or the date on which the taxpayer reasonably could have discovered that the actions of the officer or employee were done in disregard of a provision of this title or any regulation promulgated under this title''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply in the case of proceedings commenced after the date of the enactment of this Act.

SEC. 302. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY.

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 is amended by striking "9 months" and inserting "2 years".

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 is amended—

(1) by striking "9 months" in paragraph (1) and inserting "2 years", and

(2) by striking "9-month" in paragraph (2) and inserting "2-year".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

SEC. 303. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) is amended—

(1) in subparagraph (B) by inserting after "509(a))" the following: "or as a private operating foundation (as defined in section 4942(j)(3))"; and

(2) by amending subparagraph (C) to read as follows:

"(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in section 501(c) (other than paragraph (3)) or 501(d) which is exempt from tax under section 501(a), or".

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking "United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia" and inserting the following: "United States Tax Court (in the case of any such determination or failure) or the Court of Federal Claims or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A), (B), or (D) of paragraph (1)),".

(c) TECHNICAL AMENDMENT.—Section 7428, as amended by subsection (b), is amended by striking "Claims Court" each place it appears in subsection (a), (b)(2), and (c)(1)(C)(iii) and inserting "Court of Federal Claims".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed after the date of the enactment of this Act.

TITLE IV—THE RIGHT TO A FAIR AND JUST TAX SYSTEM

SEC. 401. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.

(a) IN GENERAL.—Section 6159 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

"(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

SEC. 402. INDIVIDUALS HELD HARMLESS ON IMPROPER LEVY ON INDIVIDUAL RETIREMENT PLAN.

(a) IN GENERAL.—Section 6343 is amended by adding at the end the following new subsection:

"(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.—

"(1) IN GENERAL.—If the Secretary determines that an individual retirement plan has been levied upon in a case to which subsection (b) or (d)(2)(A) applies and property or an amount of money is returned to the individual who is the beneficiary of such plan—

"(A) the individual may contribute such property or an amount equal to the sum of—

"(i) the amount of money returned by the Secretary on account of such levy, and

"(ii) interest paid under subsection (c) on such amount of money,

into an individual retirement plan (other than an endowment contract) to which a rollover contribution of a distribution from the plan levied upon is permitted if such contribution is made not later than the due date (not including extensions) for filing the return of tax for the taxable year in which such property or amount of money is returned, and

"(B) the Secretary shall, at the time such property or amount of money is returned, notify such individual that a contribution described in subparagraph (A) may be made.

"(2) TREATMENT AS ROLLOVER.—The distribution on account of the levy and any contribution under paragraph (1) with respect to such distribution shall be treated for purposes of this title as if such distribution and contribution were part of a rollover contribution described in section 408(d)(3)(A)(i); except that—

"(A) the contribution shall be treated as having been made to the individual retirement plan for the taxable year in which the distribution on account of the levy occurred, and the interest paid under subsection (c) shall be treated as earnings within such plan after the contribution and as not includible in gross income, and

"(B) such contribution shall not be taken into account under section 408(d)(3)(B).

"(3) REFUND, ETC., OF INCOME TAX ON LEVY.—Except in the case of a rollover contribution under this subsection from an individual retirement plan that is not a Roth IRA to a Roth IRA, if any amount is includible in gross income for a taxable year by reason of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover contribution under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

"(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.

"(5) TREATMENT OF INHERITED ACCOUNTS.—For purposes of paragraph (1)(A), section 408(d)(3)(C) shall be disregarded in determining whether an individual retirement plan is a plan to which a rollover contribution of a distribution from the plan levied upon is permitted.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 after December 31, 2015.

SEC. 403. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122(b) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 404. AUTHORITY OF THE NATIONAL TAXPAYER ADVOCATE TO COMMENT ON TREASURY REGULATIONS.

(a) IN GENERAL.—Section 7805 is amended by adding at the end the following new subsection:

''(g) REVIEW OF IMPACT OF REGULATIONS ON TAXPAYER RIGHTS.—

"(1) SUBMISSIONS TO NATIONAL TAXPAYER ADVOCATE.—Prior to publication of any proposed or temporary regulation by the Secretary, the Secretary shall submit such regulation to the National Taxpayer Advocate for comment on the impact of such regulation on taxpayer rights or taxpayer burden. Not later than the date 4 weeks after the date of such submission, the National Taxpayer Advocate shall submit comments, if any, on such regulation to the Secretary.

"(2) CONSIDERATION OF COMMENTS.—In prescribing any final regulation which supersedes a proposed or temporary regulation with respect to which the National Taxpayer Advocate has submitted comments—

"(A) the Secretary shall consider the comments of the National Taxpayer Advocate on such proposed or temporary regulation, and

"(B) the Secretary shall discuss its response to such comments in the preamble of such final regulation.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to regulations issued after the date of the enactment of this Act.

SEC. 405. INDIVIDUAL ESTIMATED TAX.

(a) INCREASE IN EXCEPTION FOR INDIVIDUALS OWING SMALL AMOUNT OF TAX.—Section 6654(e)(1) is amended by striking "$1,000" and inserting "$2,000".

(b) COMPUTATION OF ADDITION TO TAX.—Section 6654 is amended by striking subsections (a) and (b) and inserting the following:

"(a) ADDITION TO THE TAX.—

"(1) IN GENERAL.—Except as otherwise provided in this section, in the case of any underpayment of estimated tax by an individual for a taxable year, there shall be added to the tax under chapter 1, the tax under chapter 2, and the tax under chapter 2A for such taxable year the sum of the amounts determined under paragraph (2) for each day for which there is an underpayment.

"(2) AMOUNT OF ADDITION TO TAX.—The amount determined under this paragraph for any day shall be the product of—

"(A) the underpayment rate established under subsection (b)(2) for such day, multiplied by

"(B) the amount of the underpayment for such day.

"(b) AMOUNT OF UNDERPAYMENT; UNDERPAYMENT RATE.—For purposes of subsection (a)—

"(1) AMOUNT.—The amount of underpayment on any day shall be the excess (if any) of—

"(A) the sum of the required installments for the taxable year the due dates for which are on or before such day, over

"(B) the sum of the amounts of estimated tax payments made for such taxable year on or before such day.

"(2) DETERMINATION OF UNDERPAYMENT RATE.—

"(A) IN GENERAL.—The underpayment rate with respect to any day in an installment underpayment period shall be the underpayment rate established under section 6621 for the first day of the calendar quarter in which such installment underpayment period begins.

"(B) INSTALLMENT UNDERPAYMENT PERIOD.—For purposes of subparagraph (A), the term 'installment underpayment period' means the period beginning on the day after the due date for a required installment and ending on the due date for the subsequent required installment (or in the case of the 4th required installment, the 15th day of the 4th month following the close of a taxable year).

"(C) DAILY RATE.—The rate determined under subparagraph (A) shall be applied on a daily basis and shall be based on the assumption of 365 days in a calendar year.

"(3) TERMINATION OF ESTIMATED TAX UNDERPAYMENT.—No day after the end of the installment underpayment period for the 4th required installment specified in paragraph (2)(B) for a taxable year shall be treated as a day of underpayment with respect to such taxable year.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 406. CORPORATE ESTIMATED TAX.

(a) INCREASE IN SMALL TAX AMOUNT EXCEPTION.—Section 6655(f) is amended by striking "$500" and inserting "$1,000".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 407. INCREASE IN LARGE CORPORATION THRESHOLD FOR ESTIMATED TAX PAYMENTS.

(a) IN GENERAL.—Section 6655(g)(2) is amended—

(1) by striking "$1,000,000" in subparagraph (A) and inserting "the applicable amount",

(2) by striking "the $1,000,000 amount specified in subparagraph (A)" in subparagraph (B)(ii) and inserting "the applicable amount",

(3) by redesignating subparagraph (B) as subparagraph (C), and

(4) by inserting after subparagraph (A) the following new subparagraph:

"(B) APPLICABLE AMOUNT.—For purposes of this paragraph, the applicable amount is $1,000,000 increased (but not above $1,500,000) by $50,000 for each taxable year beginning after 2015.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 408. EXPANSION OF INTEREST NETTING.

(a) IN GENERAL.—Subsection (d) of section 6621 is amended by adding at the end the following new sentence: "Solely for purposes of the preceding sentence, section 6611(e) shall not apply.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to interest accrued after December 31, 2015.

SEC. 409. CLARIFICATION OF APPLICATION OF FEDERAL TAX DEPOSIT PENALTY.

Nothing in section 6656 of the Internal Revenue Code of 1986 shall be construed to permit the percentage specified in subsection (b)(1)(A)(iii) thereof to apply other than in a case where the failure is for more than 15 days.

TITLE V—THE RIGHT TO BE INFORMED

SEC. 501. COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN DISCLOSABLE TO EITHER SPOUSE BASED ON ORAL REQUEST.

(a) IN GENERAL.—Paragraph (8) of section 6103(e) is amended by striking ‘‘in writing’’ the first place it appears.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 502. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX REFUND PURPOSES.

Section 6103(m)(1) is amended by striking ‘‘taxpayer identity information to the press and other media’’ and by inserting ‘‘a person’s name and the city and State of the person’s mailing address to the press, other media, and through any other means of mass communication,’’.

SEC. 503. RELEASE OF INFORMATION REGARDING THE STATUS OF CERTAIN INVESTIGATIONS.

(a) IN GENERAL.—Subsection (e) of section 6103 is amended by adding at the end the following new paragraph:

"(11) DISCLOSURE TO CERTAIN RELEVANT PERSONS OF INFORMATION REGARDING STATUS OF CERTAIN INVESTIGATIONS.—

"(A) INFORMATION UPON REQUEST.—With respect to any investigation conducted by the officers and employees of the Treasury Inspector General for Tax Administration which relates to possible violations of the internal revenue laws or related statutes, the Secretary and the Attorney General may, upon written request by any relevant person, disclose to such person (or such person's designee)—

"(i) whether there is or has been such an investigation with respect to which such person is a relevant person, and

"(ii) if there is or has been such an investigation—

"(I) whether such investigation is on-going or has been completed, and

"(II) if such investigation has been completed, the conclusions of such investigation, including whether there was a referral to administrative authorities or for criminal prosecution, and the contact information of the person handling the referred matter.

"(B) NOTIFICATION UPON CONCLUSION.—Not later than 30 days after the completion of any investigation—

"(i) which is conducted by the officers and employees of the Treasury Inspector General for Tax Administration, and

"(ii) the results of which indicate that—

"(I) there is substantial evidence that there has been a violation of the internal revenue laws or related statutes, and

"(II) such violation involves one or more relevant persons,

the Secretary shall disclose to all such relevant persons (or designees) the conclusions of the investigation, including whether there was a referral to administrative authorities or for criminal prosecution, and the contact information of the person handling the referred matter.

"(C) RELEVANT PERSON.—For purposes of this paragraph, the term 'relevant person' means, with respect to any investigation—

"(i) any complainant who provided information to the Treasury Inspector General for Tax Administration related to the investigation, and

"(ii) any taxpayer who is directly connected with the matter being investigated.".

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

SEC. 504. MANDATORY ELECTRONIC FILING FOR ANNUAL RETURNS OF EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Section 6033 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) MANDATORY ELECTRONIC FILING.—Any organization required to file a return under this section shall file such return in electronic form.".

(b) INSPECTION OF ELECTRONICALLY FILED ANNUAL RETURNS.—Subsection (b) of section 6104 is amended by adding at the end the following: ''Any annual return required to be filed electronically under section 6033(n) shall be made available by the Secretary to the public in machine readable format as soon as practicable.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) TRANSITIONAL RELIEF.—

(A) SMALL ORGANIZATIONS.—

(i) IN GENERAL.—In the case of any small organizations, or any other organizations for which the Secretary determines the application of the amendments made by subsection (a) would cause undue burden without a delay, the Secretary may delay the application of such amendments, but not later than taxable years beginning 2 years after the date of the enactment of this Act.

(ii) SMALL ORGANIZATION.—For purposes of clause (i), the term ''small organization'' means any organization—

(I) the gross receipts of which for the taxable year are less than $200,000, and

(II) the aggregate gross assets of which at the end of the taxable year are less than $500,000.

(B) ORGANIZATIONS FILING FORM 990–T.—In the case of any organization described in section 511(a)(2) of the Internal Revenue Code of 1986 which is subject to the tax imposed by section 511(a)(1) of such Code on its unrelated business taxable income, or any organization required to file a return under section 6033 of such Code and include information under subsection (e) thereof, the Secretary may delay the application of the amendments made by this section, but not later than taxable years beginning 2 years after the date of the enactment of this Act.

TITLE VI—THE RIGHT TO QUALIFY SERVICE

SEC. 601. FREE ELECTRONIC FILING.

(a) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall, in cooperation with the private sector technology industry, maintain a program that provides free individual income tax preparation and electronic filing services to low-income taxpayers and elderly taxpayers.

(b) REQUIREMENTS OF PROGRAM.—The Secretary shall by regulation or other guidance prescribe with respect to the program—

(1) the qualifications, selection process, and contract term for businesses participating in the program,

(2) a process for periodic review of businesses participating in the program,

(3) procedures for terminating business participation in the program for failure to comply with any program requirements, and

(4) such other procedures as the Secretary determines are necessary or appropriate to carry out the purposes of the program.

(c) FREE FILE PROGRAM.—The Internal Revenue Service Free File program, as set forth in the notice published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), shall be treated as meeting the requirements of subsection (a).

SEC. 602. ACCESS TO APPEALS.

Subsection (b) of section 3465 of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended by striking "an appeals officer is regularly available within each State" and inserting "there is at least one appeals officer and one settlement officer located and permanently available in each State, the District of Columbia, and Puerto Rico".

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