

114TH CONGRESS
2D SESSION

S. 2581

To ensure that enforcement of Federal tax law by the Internal Revenue Service is not influenced by political bias, inaccurate sources of information, or bias at the individual examiner or department level, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 2016

Mr. BURR introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To ensure that enforcement of Federal tax law by the Internal Revenue Service is not influenced by political bias, inaccurate sources of information, or bias at the individual examiner or department level, 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 “Biased IRS Audit Sys-
5 tems Prevention Act”.

6 **SEC. 2. ENSURING AUDIT TRANSPARENCY AND FAIRNESS.**

7 (a) AUDIT TRANSPARENCY.—

(1) IN GENERAL.—The Secretary shall—

(A) not later than the time a taxpayer is notified a tax return has been selected for an audit by the Internal Revenue Service, provide to the taxpayer sufficient information regarding the reason the tax return was selected for an audit, and

(B) preserve, in accordance with paragraph (3), and make available for review by an applicable oversight entity, any information or criteria used by the Internal Revenue Service in selecting a tax return for auditing.

(2) INFORMATION REQUIRED TO BE DISCLOSED TO THE TAXPAYER.—For purposes of paragraph (1)(A):

(A) RETURNS SELECTED BASED ON COMPUTER MODELING.—In the case of any tax return selected for auditing based in whole or in part upon computer modeling, the information disclosed to the taxpayer shall include a description of any data used in such modeling which was—

(i) provided by the taxpayer, including whether such information was filed electronically by the taxpayer or transcribed

1 from a return which was printed and filed
2 on paper, and

3 (ii) provided from information ob-
4 tained by the Internal Revenue Service
5 from sources other than the taxpayer.

6 (B) RETURNS SELECTED OTHER THAN BY
7 COMPUTER MODELING.—In the case of any tax
8 return selected for auditing based in whole or
9 in part upon a method other than computer
10 modeling, the information disclosed to the tax-
11 payer shall include the method employed and
12 any data sources used by the examiner, includ-
13 ing the methodology employed by the examiner
14 for determining the validity of such sources.

15 (C) NO REQUIREMENT TO DISCLOSE IDEN-
16 TITY OF ANOTHER TAXPAYER.—The Secretary
17 is not required to disclose the return informa-
18 tion (as defined in section 6103(b) of the Inter-
19 nal Revenue Code of 1986) of any person other
20 than the taxpayer whose return has been se-
21 lected for audit.

22 (3) METHODOLOGY FOR PRESERVING INFORMA-
23 TION FOR OVERSIGHT.—For purposes of paragraph
24 (1)(B)—

1 (A) IN GENERAL.—The Secretary shall
 2 document and record how many returns are se-
 3 lected for auditing based on—

4 (i) randomized selection,

5 (ii) scoring under the Discriminant
 6 Index Function System,

7 (iii) a determination by an Internal
 8 Revenue Service examiner,

9 (iv) any methodology not described in
 10 clauses (i) through (iii), and

11 (v) any combination of methodologies
 12 described in clauses (i) through (iv).

13 (B) INTERNALLY OBTAINED INFORMA-
 14 TION.—In the case of any tax return which is
 15 selected for audit in whole or in part based on
 16 information obtained by the Internal Revenue
 17 Service from sources other than the taxpayer,
 18 the Secretary shall document and record the
 19 source of such information.

20 (4) DEFINITIONS.—For purposes of this sub-
 21 section:

22 (A) APPLICABLE ENTITY.—The term “ap-
 23 plicable oversight entity” means any entity with
 24 responsibility for oversight of the activities of
 25 the Internal Revenue Service, including Con-

gress, the Treasury Inspector General for Tax Administration, the Comptroller General, the National Taxpayer Advocate, and the Internal Revenue Service Oversight Board (as described in section 7802 of the Internal Revenue Code of 1986).

(B) SECRETARY.—The term “Secretary” means the Secretary of the Treasury or such Secretary’s delegate.

(5) EFFECTIVE DATE.—This subsection shall apply to tax returns selected for audit after the date of the enactment of this Act.

(b) TERMINATION OF RESEARCH AUDITS.—

(1) IN GENERAL.—The Internal Revenue Service may not conduct any audit, investigation, or examination of a taxpayer that is primarily for the purpose of research.

(2) TRANSFER OF RESOURCES TO PREVENT TAX IDENTITY THEFT.—

(A) IN GENERAL.—To the maximum extent possible, the Commissioner of Internal Revenue shall repurpose resources for the National Research Program to combating tax refund fraud and identity theft.

1 (B) REPORT.—Not later than 6 months
2 after the date of the enactment of this Act, the
3 Commissioner of Internal Revenue shall submit
4 to Congress a report on the resources that have
5 been repurposed pursuant to subparagraph (A).

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