

114TH CONGRESS
2D SESSION

S. 2789

To amend the Internal Revenue Code of 1986 to establish a free online tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information.

IN THE SENATE OF THE UNITED STATES

APRIL 13, 2016

Ms. WARREN (for herself, Mrs. SHAHEEN, Ms. BALDWIN, Mr. SANDERS, Mr. FRANKEN, Mr. UDALL, Mr. WHITEHOUSE, Mr. MARKEY, and Mr. LEAHY) 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 establish a free online tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information.

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 “Tax Filing Simplifica-
5 tion Act of 2016”.

1 **SEC. 2. PROHIBITION ON AGREEMENTS RESTRICTING GOV-**
 2 **ERNMENT TAX PREPARATION AND FILING**
 3 **SERVICES.**

4 The Secretary of the Treasury, or the Secretary's del-
 5 egate, may not enter into any agreement after the date
 6 of the enactment of this Act which restricts the Sec-
 7 retary's legal right to provide tax return preparation serv-
 8 ices or software or to provide tax return filing services.

9 **SEC. 3. GOVERNMENT-ASSISTED TAX PREPARATION AND**
 10 **FILING SERVICES.**

11 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
 12 enue Code of 1986 is amended by adding at the end the
 13 following new section:

14 **“SEC. 7529. GOVERNMENT-ASSISTED TAX-RETURN PREPA-**
 15 **RATION PROGRAMS.**

16 “(a) ESTABLISHMENT OF PROGRAMS.—The Sec-
 17 retary shall establish and operate the following programs:

18 “(1) ONLINE TAX PREPARATION AND FILING
 19 SOFTWARE.—Not later than January 31, 2018, soft-
 20 ware for the preparation and filing of individual in-
 21 come tax returns for taxable years beginning after
 22 2016.

23 “(2) TAXPAYER DATA ACCESS.—Not later than
 24 March 1, 2018, a program under which taxpayers
 25 may download third-party provided return informa-

1 tion relating to individual income tax returns for
2 taxable years beginning after 2016.

3 “(3) TAX RETURN PREPARATION.—Not later
4 than March 1, 2018, a program under which eligible
5 individuals (as defined under subsection (c)(1)) may
6 elect to have income tax returns for taxable years
7 beginning after 2016 prepared by the Secretary.

8 “(b) REQUIREMENTS FOR TAXPAYER DATA ACCESS
9 PROGRAM.—

10 “(1) IN GENERAL.—Return information under
11 the program established under subsection (a)(2)
12 shall be made available—

13 “(A) not later than 15 days after the Sec-
14 retary receives such information, and

15 “(B) through a secure function that allows
16 a taxpayer to download such information from
17 the Secretary’s website in both a printable doc-
18 ument file and in a computer-readable form
19 suitable for use by automated tax preparation
20 software.

21 “(2) THIRD-PARTY PROVIDED RETURN INFOR-
22 MATION DEFINED.—For purposes of this section, the
23 term ‘third-party provided return information’
24 means—

1 “(A) information reported to the Secretary
 2 through an information return (as defined in
 3 section 6724(d)(1)),

4 “(B) information reported to the Secretary
 5 pursuant to section 232 of the Social Security
 6 Act, and

7 “(C) such other information reported to
 8 the Secretary as is determined appropriate by
 9 the Secretary for purposes of the program es-
 10 tablished under subsection (a)(2).

11 “(c) TAX RETURN PREPARATION.—

12 “(1) ELIGIBLE INDIVIDUAL.—For purposes of
 13 the program established under subsection (a)(3)—

14 “(A) IN GENERAL.—Except as provided in
 15 subparagraphs (B) and (C), the term ‘eligible
 16 individual’ means, with respect to any taxable
 17 year, any individual who—

18 “(i) elects to participate in the pro-
 19 gram established under subsection (a)(3),

20 “(ii) is an unmarried individual (other
 21 than a surviving spouse (as defined in sec-
 22 tion 2(a))) or the head of a household (as
 23 defined in section 2(b)),

1 “(iii) does not claim any deduction al-
 2 lowed under section 62 for purposes of de-
 3 termining adjusted gross income,

4 “(iv) claims the standard deduction
 5 under section 63,

6 “(v) claims no deduction under sec-
 7 tion 151 for any individual who is a de-
 8 pendent (as defined in section 152),

9 “(vi) does not file Schedule C, and

10 “(vii) has no income other than in-
 11 come from—

12 “(I) wages (as defined in section
 13 3401),

14 “(II) interest, or

15 “(III) dividends.

16 “(B) LIMITATION ON ELIGIBILITY FOR
 17 TAX YEAR 2017.—With respect to any taxable
 18 year beginning in 2017, the term ‘eligible indi-
 19 vidual’ shall only include such populations of in-
 20 dividuals described in subparagraph (A) as is
 21 determined by the Secretary.

22 “(C) EXPANSION OF ELIGIBILITY AFTER
 23 TAX YEAR 2017.—

24 “(i) IN GENERAL.—At the discretion
 25 of the Secretary, with respect to any tax-

1 able year beginning after December 31,
2 2017, the term ‘eligible individual’ may in-
3 clude populations of individuals who would
4 not otherwise satisfy the requirements es-
5 tablished under subparagraph (A), such as
6 married individuals, heads of households,
7 taxpayers who are eligible to claim the
8 earned income tax credit under section 32
9 and have dependents, taxpayers who are el-
10 igible to claim the child tax credit under
11 section 24, taxpayers who claim deductions
12 allowed under section 62 for purposes of
13 determining adjusted gross income, and
14 taxpayers with income from nonemployee
15 compensation.

16 “(ii) REPORT.—Not later than August
17 31, 2019, the Secretary shall submit a re-
18 port to Congress that contains rec-
19 ommendations for such legislative or ad-
20 ministrative actions as the Secretary deter-
21 mines necessary with respect to expanding
22 the populations of individuals that may
23 qualify as eligible individuals for purposes
24 of the program established under sub-
25 section (a)(3).

1 “(2) RETURN MUST BE FILED BY INDIVIDUAL.—No return prepared under the program established under subsection (a)(3) shall be treated as
2 filed before the date such return is submitted by the
3 taxpayer as provided under the rules of section
4 6011.
5

6 “(d) VERIFICATION OF IDENTITY.—An individual
7 shall not participate in any program described in sub-
8 section (a) or access any information under such a pro-
9 gram unless such individual has verified their identity to
10 the satisfaction of the Secretary.
11

12 “(e) TAXPAYER RESPONSIBILITY.—Nothing in this
13 section shall be construed to absolve the taxpayer from
14 full responsibility for the accuracy or completeness of his
15 return of tax.

16 “(f) PROHIBITION ON FEES.—No fee may be im-
17 posed on any taxpayer who participates in any program
18 established under subsection (a).

19 “(g) INFORMATION PROVIDED FOR WAGE AND SELF-
20 EMPLOYMENT INCOME.—For purposes of subsection
21 (a)(2), in the case of information relating to wages paid
22 for any calendar year after 2016 required to be provided
23 to the Commissioner of Social Security under section
24 205(c)(2)(A) of the Social Security Act (42 U.S.C.
25 405(c)(2)(A)), the Commissioner shall make such infor-

1 mation available to the Secretary not later than February
 2 15 of the calendar year following the calendar year to
 3 which such wages and self-employment income relate.”.

4 (b) FILING DEADLINE FOR INFORMATION RE-
 5 TURNS.—Section 6071(b) of such Code is amended to
 6 read as follows:

7 “(b) INFORMATION RETURNS.—Returns made under
 8 part III of this chapter shall be filed on or before January
 9 31 of the year following the calendar year to which such
 10 returns relate. Section 6081 shall not apply to returns
 11 under such part III.”.

12 (c) CONFORMING AMENDMENT TO SOCIAL SECURITY
 13 ACT.—Section 205(c)(2)(A) of the Social Security Act (42
 14 U.S.C. 405(c)(2)(A)) is amended by adding at the end the
 15 following new sentence: “For purposes of the preceding
 16 sentence, the Commissioner shall require that information
 17 relating to wages paid be provided to the Secretary of the
 18 Treasury not later than February 15 of the year following
 19 the calendar year to which such wages and self-employ-
 20 ment income relate.”.

21 (d) CLERICAL AMENDMENT.—The table of sections
 22 for chapter 77 of such Code is amended by adding at the
 23 end the following new item:

“Sec. 7529. Government-assisted tax-return preparation programs.”.

24 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
 25 authorized to be appropriated to carry out the amend-

1 ments made by this section such sums as may be necessary
2 for each of fiscal years 2017 through 2021.

3 (f) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to returns for taxable years begin-
5 ning after December 31, 2016.

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