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115TH CONGRESS
1ST SESSION

H. R. 3641

To make permanent the Internal Revenue Service Free File program.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 2017

Mr. ROSKAM (for himself, Mr. KIND, Mr. SENSENBRENNER, Mr. FRANKS of Arizona, Mr. ISSA, Mr. CONAWAY, Ms. ESHOO, Ms. LOFGREN, and Mr. BUTTERFIELD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To make permanent the Internal Revenue Service Free File program.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Free File Permanence Act of 2017''.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) The Internal Revenue Service Free File program (hereinafter referred to as the ''IRS Free File Program'') as established by the IRS pursuant

to public rulemaking and set forth in the Federal Register, Vol. 67, No. 213, Monday, November 4, 2002, pages 67247–67251, and in implementing agreements and governing rules and requirements between the IRS and the tax software and electronic industry between 2003 and 2015, has been successful and significant in the efforts of the Federal Government to increase the electronic filing of individual income tax returns of low and moderate income taxpayers.

(2) By the end of the current tax return filing season more than 50,000,000 Federal individual income tax returns will have been prepared and filed electronically for free over the life of the IRS Free File program.

(3) The IRS Free File program offers Federal individual income tax return preparation and electronic filing services to more than 70 percent of taxpayers, approximately 100,000,000 taxpayers at the end of the current tax filing period, with tax software and electronic filing provided at no cost to the taxpayers who use the service or to the Federal Government from tax software and electronic filing companies participating in the program.

(4) By the end of the current tax return filing season, it is estimated that the IRS Free File program will have saved taxpayers approximately $1,500,000,0000 and will have saved the Federal Government about $125,000,000 in processing costs.

(5) In addition to the IRS Free File Program, the Internal Revenue Service also provides Taxpayer Assistance Centers, Tax Counseling for the Elderly, and Volunteer Income Tax Assistance (VITA) programs. Each of these programs represent important sources of taxpayer assistance and provide taxpayer services through different modalities to serve low and moderate income taxpayers.

SEC. 3. FREE FILE PROGRAM.

(a) The Secretary of the Treasury, or the Secretary's delegate, shall continue to operate the IRS Free File Program as established by the Internal Revenue Service and published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), including any subsequent agreements and governing rules established pursuant thereto.

(b) The IRS Free File Program shall continue to provide free commercial-type online individual income tax preparation and electronic filing services to the lowest 70 percent of taxpayers by income. The number of taxpayers eligible to receive such services each year shall be calculated by the Internal Revenue Service annually based on prior year aggregate taxpayer adjusted gross income data.

(c) In addition to the services described in subsection (b), and in the same manner, the IRS Free File Program shall continue to make available to all taxpayers (without regard to income) a basic, online electronic fillable forms utility.

(d) The IRS Free File Program shall continue to work cooperatively with the private sector to provide the free individual income tax preparation and the electronic filing services described in subsections (b) and (c).

(e) The IRS Free File Program shall work cooperatively with State government agencies to enhance and expand the use of the program to provide needed benefits to the taxpayer while reducing the cost of processing returns.

(f) Nothing in this Act is intended to impact the continuity of services provided under Taxpayer Assistance Centers, Tax Counseling for the Elderly, and Volunteer Income Tax Assistance programs.

SEC. 4. INNOVATIONS.

(a) The Secretary of the Treasury, or the Secretary's delegate, shall work with the private sector through the IRS Free File Program to identify and implement, consistent with applicable law, innovative new program features to improve and simplify the taxpayer's experience with completing and filing individual income tax returns in voluntary compliance.

(b) The Internal Revenue Service, and members of the tax software and electronic industry with whom the Internal Revenue Service works through the Free File Program, shall support and promote improvements within the program by mutually testing, piloting, and offering innovative solutions to—

(1) simplify taxpayer compliance with the internal revenue laws;

(2) reduce taxpayer compliance burdens;

(3) increase individual income tax return accuracy through financial data authentication;

(4) strengthen the tax system against existing and emerging fraud and threats of fraud through cybersecurity collaboration;

(5) avoid duplication of effort in the tax system;

(6) simplify the tax system;

(7) maximize the use of electronic technology; and

(8) reduce information reporting burdens.

SEC. 5. REPORT TO CONGRESS.

Not later than June 30th of each calendar year after 2017, the Electronic Tax Administration Advisory Committee, as established by 26 U.S.C. 6011 note, is required to file an annual report to the Committees on Ways and Means, Appropriations, and Committee on Finance, on—

(1) IRS Free File website statistics—percentage of taxpayers who came to the site and completed a return;

(2) Free File program cybersecurity standards to protect taxpayers from Stolen Identity Refund Fraud;

(3) demographic information on taxpayers using Free File;

(4) IRS marketing and education efforts to promote Free File to eligible taxpayers;

(5) simplifications and innovations to improve the Free File program for the next tax season to ensure the program remains state-of-art; and

(6) State and local participation of IRS programs that serve Free File eligible taxpayers.

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