

115TH CONGRESS
2D SESSION

H. R. 5368

To amend the Internal Revenue Code of 1986 to require that certain tax refunds be made by electronic funds transfer, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2018

Mr. BISHOP of Michigan (for himself, Mrs. WALORSKI, and Mr. RENACCI) 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 that certain tax refunds be made by electronic funds transfer, 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 “Taxpayer ID Protec-
5 tion and Fraud Prevention Act”.

1 **SEC. 2. INCOME TAX REFUNDS WITH RESPECT TO ELEC-**
2 **TRONICALLY FILED RETURNS REQUIRED TO**
3 **BE MADE BY ELECTRONIC FUNDS TRANSFER.**

4 (a) IN GENERAL.—Section 6402 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(n) REFUNDS TO BE MADE BY ELECTRONIC
8 FUNDS TRANSFER.—

9 “(1) IN GENERAL.—Except as otherwise pro-
10 vided in this subsection, any refund or payment
11 made by the Secretary under this title with respect
12 to an income tax return which is filed electronically
13 shall be made by electronic funds transfer.

14 “(2) EXCEPTIONS.—The Secretary may, based
15 on standards developed by the Secretary, waive the
16 application of paragraph (1) to refunds or pay-
17 ments—

18 “(A) to persons or classes of persons for
19 whom compliance imposes a hardship, including
20 persons who do not have access to any of the
21 methods by which the Secretary makes pay-
22 ments by electronic funds transfer (including
23 bank accounts, prepaid debit cards, Direct Ex-
24 press Cards, digital wallets, and any other se-
25 cured electronic payment method as may identi-
26 fied by the Secretary), and

1 “(B) in other circumstances as may be
2 necessary.

3 “(3) REGULATIONS.—The Secretary shall issue
4 such regulations or other guidance as may be nec-
5 essary to increase the percentage of refunds and
6 payments made by electronic funds transfer, includ-
7 ing regulations or other guidance which—

8 “(A) requires recipients of refunds or pay-
9 ments required to be made by electronic funds
10 transfer to—

11 “(i) designate one or more financial
12 institutions or other authorized agents to
13 which such payments shall be made, and

14 “(ii) provide information necessary for
15 such recipient to receive such refund or
16 payment by electronic funds transfer, and

17 “(B) ensures that persons required to have
18 an account at a financial institution under sub-
19 paragraph (A) because of the application of
20 paragraph (1)—

21 “(i) will have access to such an ac-
22 count at a reasonable cost, and

23 “(ii) are given the same consumer
24 protections with respect to such account as

1 other account holders at the same financial
2 institution.”.

3 (b) NO INFERENCE WITH RESPECT TO FORM OF
4 ELECTRONIC FUNDS TRANSFER.—Nothing in the amend-
5 ment made by this section shall be interpreted to restrict
6 the form of electronic funds transfer by which the Sec-
7 retary of the Treasury, or his designee, may make refunds
8 or payments.

9 (c) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to refunds and payments made
11 after December 31, 2019.

12 **SEC. 3. REFUNDS TO PREPAID DEBIT CARDS, DIRECT EX-**
13 **PRESS CARDS, ETC.**

14 The Secretary of the Treasury, or his designee,
15 shall—

16 (1) to the maximum extent practicable, allow
17 income tax refunds to be made by electronic funds
18 transfer to prepaid debit cards, Direct Express
19 cards, digital wallets, and any other secure electronic
20 payment method as may be determined by the Sec-
21 retary,

22 (2) ensure that taxpayers are aware of the var-
23 ious methods referred to in paragraph (1) by which
24 taxpayers may received income tax refunds by elec-
25 tronic funds transfer, and

1 (3) revise references in materials provided to
2 taxpayers (including income tax returns and instruc-
3 tions) to ensure that the various accounts to which
4 refunds may be made are referenced, not simply
5 checking and savings accounts.

6 **SEC. 4. REPORT ON IMPLEMENTATION OF REQUIREMENT**
7 **THAT ALL INCOME TAX REFUNDS BE MADE**
8 **BY ELECTRONIC FUNDS TRANSFER.**

9 Not later than the date which is 1 year after the date
10 of the enactment of this Act, the Secretary of the Treas-
11 ury, or the Secretary's delegate, shall submit a written re-
12 port to Congress describing how the Secretary would im-
13 plement a requirement that all income tax refunds be
14 made by electronic funds transfer. Such report shall in-
15 clude any legislative recommendations that the Secretary
16 may have with respect to the implementation of such a
17 requirement.

18 **SEC. 5. DECREASE IN RETURN THRESHOLD FOR REQUIR-**
19 **ING ELECTRONIC FILING.**

20 (a) IN GENERAL.—Section 6011(e)(2)(A) of the In-
21 ternal Revenue Code of 1986 is amended by striking
22 “250” and inserting “25”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to returns the due date for which

1 (determined without regard to extensions) is after Decem-
2 ber 31, 2018.

3 **SEC. 6. MODIFICATION OF EARLIEST DATE ON WHICH**
4 **CREDITS OR REFUNDS IN CONNECTION WITH**
5 **CHILD TAX CREDIT AND EARNED INCOME**
6 **TAX CREDIT ARE MADE.**

7 (a) IN GENERAL.—Section 6402(m) of the Internal
8 Revenue Code of 1986 is amended by striking “the 15th
9 day of the second month” and inserting “the 1st day of
10 the third month”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to credits or refunds made after
13 December 31, 2018.

14 **SEC. 7. ANNUAL REPORT ON IMPROPER PAYMENTS.**

15 The Secretary of the Treasury, or the Secretary’s del-
16 egate, shall annually submit a written report to Congress
17 which identifies the aggregate amounts of improper pay-
18 ments made by the Internal Revenue Service. Such report
19 shall separately state the aggregate amount of such pay-
20 ments by relevant subcategories. Such subcategories shall
21 include underpayments, overpayments, payments attrib-
22 utable to identity theft, payments attributable to misiden-
23 tification other than identity theft, payments attributable
24 to other fraud, and such other subcategories as the Sec-
25 retary determines would be useful.

1 **SEC. 8. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS IDEN-**
2 **TITY THEFT.**

3 The Secretary of the Treasury (or the Secretary's
4 delegate) shall work collaboratively with the public and
5 private sectors to protect taxpayers from identity theft re-
6 fund fraud.

7 **SEC. 9. RECOMMENDATIONS OF ELECTRONIC TAX ADMIN-**
8 **ISTRATION ADVISORY COMMITTEE REGARD-**
9 **ING IDENTITY THEFT REFUND FRAUD.**

10 The Secretary of the Treasury shall ensure that the
11 advisory group convened by the Secretary pursuant to sec-
12 tion 2001(b)(2) of the Internal Revenue Service Restruc-
13 turing and Reform Act of 1998 (commonly known as the
14 Electronic Tax Administration Advisory Committee) stud-
15 ies (including by providing organized public forums) and
16 makes recommendations to the Secretary regarding meth-
17 ods to prevent identity theft refund fraud.

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