

115TH CONGRESS
2D SESSION

H. R. 7227

AN ACT

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, 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,*

1 **SECTION 1. SHORT TITLE; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Taxpayer First Act of 2018”.

4 (b) AMENDMENT OF 1986 CODE.—Except as other-
5 wise expressly provided, whenever in this Act an amend-
6 ment or repeal is expressed in terms of an amendment
7 to, or repeal of, a section or other provision, the reference
8 shall be considered to be made to a section or other provi-
9 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

TITLE I—PUTTING TAXPAYERS FIRST

Subtitle A—Independent Appeals Process

Sec. 1001. Establishment of Internal Revenue Service Independent Office of Appeals.

Subtitle B—Improved Service

Sec. 1101. Comprehensive customer service strategy.

Sec. 1102. IRS Free File Program.

Sec. 1103. Low-income exception for payments otherwise required in connection with a submission of an offer-in-compromise.

Subtitle C—Sensible Enforcement

Sec. 1201. Internal Revenue Service seizure requirements with respect to structuring transactions.

Sec. 1202. Exclusion of interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.

Sec. 1203. Clarification of equitable relief from joint liability.

Sec. 1204. Modification of procedures for issuance of third-party summons.

Sec. 1205. Private debt collection and special compliance personnel program.

Sec. 1206. Reform of notice of contact of third parties.

Sec. 1207. Modification of authority to issue designated summons.

Sec. 1208. Limitation on access of non-Internal Revenue Service employees to returns and return information.

Subtitle D—Organizational Modernization

Sec. 1301. Office of the National Taxpayer Advocate.

Sec. 1302. Modernization of Internal Revenue Service organizational structure.

Subtitle E—Other Provisions

- Sec. 1401. Return preparation programs for applicable taxpayers.
- Sec. 1402. Provision of information regarding low-income taxpayer clinics.
- Sec. 1403. Notice from IRS regarding closure of taxpayer assistance centers.
- Sec. 1404. Rules for seizure and sale of perishable goods restricted to only perishable goods.
- Sec. 1405. Whistleblower reforms.
- Sec. 1406. Customer service information.
- Sec. 1407. Misdirected tax refund deposits.

TITLE II—21ST CENTURY IRS

Subtitle A—Cybersecurity and Identity Protection

- Sec. 2001. Public-private partnership to address identity theft refund fraud.
- Sec. 2002. Recommendations of Electronic Tax Administration Advisory Committee regarding identity theft refund fraud.
- Sec. 2003. Information sharing and analysis center.
- Sec. 2004. Compliance by contractors with confidentiality safeguards.
- Sec. 2005. Report on electronic payments.
- Sec. 2006. Identity protection personal identification numbers.
- Sec. 2007. Single point of contact for tax-related identity theft victims.
- Sec. 2008. Notification of suspected identity theft.
- Sec. 2009. Guidelines for stolen identity refund fraud cases.
- Sec. 2010. Increased penalty for improper disclosure or use of information by preparers of returns.

Subtitle B—Development of Information Technology

- Sec. 2101. Management of Internal Revenue Service information technology.
- Sec. 2102. Internet platform for Form 1099 filings.
- Sec. 2103. Streamlined critical pay authority for information technology positions.

Subtitle C—Modernization of Consent-Based Income Verification System

- Sec. 2201. Disclosure of taxpayer information for third-party income verification.
- Sec. 2202. Limit redisclosures and uses of consent-based disclosures of tax return information.

Subtitle D—Expanded Use of Electronic Systems

- Sec. 2301. Electronic filing of returns.
- Sec. 2302. Uniform standards for the use of electronic signatures for disclosure authorizations to, and other authorizations of, practitioners.
- Sec. 2303. Payment of taxes by debit and credit cards.
- Sec. 2304. Requirement that electronically prepared paper returns include scannable code.
- Sec. 2305. Authentication of users of electronic services accounts.

Subtitle E—Other Provisions

- Sec. 2401. Repeal of provision regarding certain tax compliance procedures and reports.
- Sec. 2402. Comprehensive training strategy.

TITLE III—MISCELLANEOUS PROVISIONS

Subtitle A—Reform of Laws Governing Internal Revenue Service Employees

Sec. 3001. Electronic record retention.

Sec. 3002. Prohibition on rehiring any employee of the Internal Revenue Service who was involuntarily separated from service for misconduct.

Sec. 3003. Notification of unauthorized inspection or disclosure of returns and return information.

Subtitle B—Provisions Relating to Exempt Organizations

Sec. 3101. Mandatory e-filing by exempt organizations.

Sec. 3102. Notice required before revocation of tax exempt status for failure to file return.

Subtitle C—Tax Court

Sec. 3301. Disqualification of judge or magistrate judge of the Tax Court.

Sec. 3302. Opinions and judgments.

Sec. 3303. Title of special trial judge changed to magistrate judge of the Tax Court.

Sec. 3304. Repeal of deadwood related to Board of Tax Appeals.

1 **TITLE I—PUTTING TAXPAYERS**
2 **FIRST**
3 **Subtitle A—Independent Appeals**
4 **Process**

5 **SEC. 1001. ESTABLISHMENT OF INTERNAL REVENUE SERV-**
6 **ICE INDEPENDENT OFFICE OF APPEALS.**

7 (a) IN GENERAL.—Section 7803 is amended by add-
8 ing at the end the following new subsection:

9 “(e) INDEPENDENT OFFICE OF APPEALS.—

10 “(1) ESTABLISHMENT.—There is established in
11 the Internal Revenue Service an office to be known
12 as the ‘Internal Revenue Service Independent Office
13 of Appeals’.

14 “(2) CHIEF OF APPEALS.—

1 “(A) IN GENERAL.—The Internal Revenue
2 Service Independent Office of Appeals shall be
3 under the supervision and direction of an offi-
4 cial to be known as the ‘Chief of Appeals’. The
5 Chief of Appeals shall report directly to the
6 Commissioner of the Internal Revenue Service
7 and shall be entitled to compensation at the
8 same rate as the highest rate of basic pay es-
9 tablished for the Senior Executive Service under
10 section 5382 of title 5, United States Code.

11 “(B) APPOINTMENT.—The Chief of Ap-
12 peals shall be appointed by the Commissioner of
13 the Internal Revenue Service without regard to
14 the provisions of title 5, United States Code, re-
15 lating to appointments in the competitive serv-
16 ice or the Senior Executive Service.

17 “(C) QUALIFICATIONS.—An individual ap-
18 pointed under subparagraph (B) shall have ex-
19 perience and expertise in—

20 “(i) administration of, and compliance
21 with, Federal tax laws,

22 “(ii) a broad range of compliance
23 cases, and

24 “(iii) management of large service or-
25 ganizations.

1 “(3) PURPOSES AND DUTIES OF OFFICE.—It
2 shall be the function of the Internal Revenue Service
3 Independent Office of Appeals to resolve Federal tax
4 controversies without litigation on a basis which—

5 “(A) is fair and impartial to both the Gov-
6 ernment and the taxpayer,

7 “(B) promotes a consistent application and
8 interpretation of, and voluntary compliance
9 with, the Federal tax laws, and

10 “(C) enhances public confidence in the in-
11 tegrity and efficiency of the Internal Revenue
12 Service.

13 “(4) RIGHT OF APPEAL.—The resolution proc-
14 ess described in paragraph (3) shall be generally
15 available to all taxpayers.

16 “(5) LIMITATION ON DESIGNATION OF CASES
17 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT
18 OFFICE OF APPEALS.—

19 “(A) IN GENERAL.—If any taxpayer which
20 is in receipt of a notice of deficiency authorized
21 under section 6212 requests referral to the In-
22 ternal Revenue Service Independent Office of
23 Appeals and such request is denied, the Com-
24 missioner of the Internal Revenue Service shall
25 provide such taxpayer a written notice which—

1 “(i) provides a detailed description of
2 the facts involved, the basis for the deci-
3 sion to deny the request, and a detailed ex-
4 planation of how the basis of such decision
5 applies to such facts, and

6 “(ii) describes the procedures pre-
7 scribed under subparagraph (C) for pro-
8 testing the decision to deny the request.

9 “(B) REPORT TO CONGRESS.—The Com-
10 missioner of the Internal Revenue Service shall
11 submit a written report to Congress on an an-
12 nual basis which includes the number of re-
13 quests described in subparagraph (A) which
14 were denied and the reasons (described by cat-
15 egory) that such requests were denied.

16 “(C) PROCEDURES FOR PROTESTING DE-
17 NIAL OF REQUEST.—The Commissioner of the
18 Internal Revenue Service shall prescribe proce-
19 dures for protesting to the Commissioner of the
20 Internal Revenue Service a denial of a request
21 described in subparagraph (A).

22 “(D) NOT APPLICABLE TO FRIVOLOUS PO-
23 SITIONS.—This paragraph shall not apply to a
24 request for referral to the Internal Revenue
25 Service Independent Office of Appeals which is

1 denied on the basis that the issue involved is a
2 frivolous position (within the meaning of section
3 6702(c)).

4 “(6) STAFF.—

5 “(A) IN GENERAL.—All personnel in the
6 Internal Revenue Service Independent Office of
7 Appeals shall report to the Chief of Appeals.

8 “(B) ACCESS TO STAFF OF OFFICE OF
9 THE CHIEF COUNSEL.—The Chief of Appeals
10 shall have authority to obtain legal assistance
11 and advice from the staff of the Office of the
12 Chief Counsel. The Chief Counsel shall ensure
13 that such assistance and advice is provided by
14 staff of the Office of the Chief Counsel who
15 were not involved in the case with respect to
16 which such assistance and advice is sought and
17 who are not involved in preparing such case for
18 litigation.

19 “(7) ACCESS TO CASE FILES.—

20 “(A) IN GENERAL.—In any case in which
21 a conference with the Internal Revenue Service
22 Independent Office of Appeals has been sched-
23 uled upon request of a specified taxpayer, the
24 Chief of Appeals shall ensure that such tax-
25 payer is provided access to the nonprivileged

1 portions of the case file on record regarding the
2 disputed issues (other than documents provided
3 by the taxpayer to the Internal Revenue Serv-
4 ice) not later than 10 days before the date of
5 such conference.

6 “(B) TAXPAYER ELECTION TO EXPEDITE
7 CONFERENCE.—If the taxpayer so elects, sub-
8 paragraph (A) shall be applied by substituting
9 ‘the date of such conference’ for ‘10 days before
10 the date of such conference’.

11 “(C) SPECIFIED TAXPAYER.—For pur-
12 poses of this paragraph—

13 “(i) IN GENERAL.—The term ‘speci-
14 fied taxpayer’ means—

15 “(I) in the case of any taxpayer
16 who is a natural person, a taxpayer
17 whose adjusted gross income does not
18 exceed \$400,000 for the taxable year
19 to which the dispute relates, and

20 “(II) in the case of any other
21 taxpayer, a taxpayer whose gross re-
22 ceipts do not exceed \$5,000,000 for
23 the taxable year to which the dispute
24 relates.

1 “(ii) AGGREGATION RULE.—Rules
 2 similar to the rules of section 448(c)(2)
 3 shall apply for purposes of clause (i)(II).”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) The following provisions are each amended
 6 by striking “Internal Revenue Service Office of Ap-
 7 peals” and inserting “Internal Revenue Service
 8 Independent Office of Appeals”:

9 (A) Section 6015(c)(4)(B)(ii)(I).

10 (B) Section 6320(b)(1).

11 (C) Subsections (b)(1) and (d)(3) of sec-
 12 tion 6330.

13 (D) Section 6603(d)(3)(B).

14 (E) Section 6621(c)(2)(A)(i).

15 (F) Section 7122(e)(2).

16 (G) Subsections (a), (b)(1), (b)(2), and
 17 (c)(1) of section 7123.

18 (H) Subsections (c)(7)(B)(i), and (g)(2)(A)
 19 of section 7430.

20 (I) Section 7522(b)(3).

21 (J) Section 7612(c)(2)(A).

22 (2) Section 7430(c)(2) is amended by striking
 23 “Internal Revenue Service Office of Appeals” each
 24 place it appears and inserting “Internal Revenue
 25 Service Independent Office of Appeals”.

1 (3) The heading of section 6330(d)(3) is
2 amended by inserting “INDEPENDENT” after “IRS”.

3 (c) OTHER REFERENCES.—Any reference in any pro-
4 vision of law, or regulation or other guidance, to the Inter-
5 nal Revenue Service Office of Appeals shall be treated as
6 a reference to the Internal Revenue Service Independent
7 Office of Appeals.

8 (d) SAVINGS PROVISIONS.—Rules similar to the rules
9 of paragraphs (2) through (6) of section 1001(b) of the
10 Internal Revenue Service Restructuring and Reform Act
11 of 1998 shall apply for purposes of this section (and the
12 amendments made by this section).

13 (e) EFFECTIVE DATE.—

14 (1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, the amendments made by
16 this section shall take effect on the date of the en-
17 actment of this Act.

18 (2) ACCESS TO CASE FILES.—Section
19 7803(e)(7) of the Internal Revenue Code of 1986, as
20 added by subsection (a), shall apply to conferences
21 occurring after the date which is 1 year after the
22 date of the enactment of this Act.

1 **Subtitle B—Improved Service**

2 **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-**
3 **EGY.**

4 (a) IN GENERAL.—Not later than the date which is
5 1 year after the date of the enactment of this Act, the
6 Secretary of the Treasury shall submit to Congress a writ-
7 ten comprehensive customer service strategy for the Inter-
8 nal Revenue Service. Such strategy shall include—

9 (1) a plan to provide assistance to taxpayers
10 that is secure, designed to meet reasonable taxpayer
11 expectations, and adopts appropriate best practices
12 of customer service provided in the private sector,
13 including online services, telephone call back serv-
14 ices, and training of employees providing customer
15 services;

16 (2) a thorough assessment of the services that
17 the Internal Revenue Service can co-locate with
18 other Federal services or offer as self-service op-
19 tions;

20 (3) proposals to improve Internal Revenue Serv-
21 ice customer service in the short term (the current
22 and following fiscal year), medium term (approx-
23 imately 3 to 5 fiscal years), and long term (approx-
24 imately 10 fiscal years);

1 (4) a plan to update guidance and training ma-
2 terials for customer service employees of the Internal
3 Revenue Service, including the Internal Revenue
4 Manual, to reflect such strategy; and

5 (5) identified metrics and benchmarks for quan-
6 titatively measuring the progress of the Internal
7 Revenue Service in implementing such strategy.

8 (b) **UPDATED GUIDANCE AND TRAINING MATE-**
9 **RIALS.**—Not later than 2 years after the date of the enact-
10 ment of this Act, the Secretary of the Treasury (or the
11 Secretary’s delegate) shall make available the updated
12 guidance and training materials described in subsection
13 (a)(4) (including the Internal Revenue Manual). Such up-
14 dated guidance and training materials (including the In-
15 ternal Revenue Manual) shall be written in a manner so
16 as to be easily understood by customer service employees
17 of the Internal Revenue Service and shall provide clear
18 instructions.

19 **SEC. 1102. IRS FREE FILE PROGRAM.**

20 (a) **IN GENERAL.**—

21 (1) The Secretary of the Treasury, or the Sec-
22 retary’s delegate, shall continue to operate the IRS
23 Free File Program as established by the Internal
24 Revenue Service and published in the Federal Reg-
25 ister on November 4, 2002 (67 Fed. Reg. 67247),

1 including any subsequent agreements and governing
2 rules established pursuant thereto.

3 (2) The IRS Free File Program shall continue
4 to provide free commercial-type online individual in-
5 come tax preparation and electronic filing services to
6 the lowest 70 percent of taxpayers by adjusted gross
7 income. The number of taxpayers eligible to receive
8 such services each year shall be calculated by the In-
9 ternal Revenue Service annually based on prior year
10 aggregate taxpayer adjusted gross income data.

11 (3) In addition to the services described in
12 paragraph (2), and in the same manner, the IRS
13 Free File Program shall continue to make available
14 to all taxpayers (without regard to income) a basic,
15 online electronic fillable forms utility.

16 (4) The IRS Free File Program shall continue
17 to work cooperatively with the private sector to pro-
18 vide the free individual income tax preparation and
19 the electronic filing services described in paragraphs
20 (2) and (3).

21 (5) The IRS Free File Program shall work co-
22 operatively with State government agencies to en-
23 hance and expand the use of the program to provide
24 needed benefits to the taxpayer while reducing the
25 cost of processing returns.

1 (b) INNOVATIONS.—The Secretary of the Treasury,
2 or the Secretary’s delegate, shall work with the private
3 sector through the IRS Free File Program to identify and
4 implement, consistent with applicable law, innovative new
5 program features to improve and simplify the taxpayer’s
6 experience with completing and filing individual income
7 tax returns through voluntary compliance.

8 **SEC. 1103. LOW-INCOME EXCEPTION FOR PAYMENTS OTH-**
9 **ERWISE REQUIRED IN CONNECTION WITH A**
10 **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

11 (a) IN GENERAL.—Section 7122(c) is amended by
12 adding at the end the following new paragraph:

13 “(3) EXCEPTION FOR LOW-INCOME TAX-
14 PAYERS.—Paragraph (1), and any user fee otherwise
15 required in connection with the submission of an
16 offer-in-compromise, shall not apply to any offer-in-
17 compromise with respect to a taxpayer who is an in-
18 dividual with adjusted gross income, as determined
19 for the most recent taxable year for which such in-
20 formation is available, which does not exceed 250
21 percent of the applicable poverty level (as deter-
22 mined by the Secretary).”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to offers-in-compromise submitted
25 after the date of the enactment of this Act.

1 **Subtitle C—Sensible Enforcement**

2 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-**
3 **QUIREMENTS WITH RESPECT TO STRUC-**
4 **TURING TRANSACTIONS.**

5 Section 5317(c)(2) of title 31, United States Code,
6 is amended—

7 (1) by striking “Any property” and inserting
8 the following:

9 “(A) IN GENERAL.—Any property”; and

10 (2) by adding at the end the following:

11 “(B) INTERNAL REVENUE SERVICE SEI-
12 ZURE REQUIREMENTS WITH RESPECT TO
13 STRUCTURING TRANSACTIONS.—

14 “(i) PROPERTY DERIVED FROM AN IL-
15 LEGAL SOURCE.—Property may only be
16 seized by the Internal Revenue Service
17 pursuant to subparagraph (A) by reason of
18 a claimed violation of section 5324 if the
19 property to be seized was derived from an
20 illegal source or the funds were structured
21 for the purpose of concealing the violation
22 of a criminal law or regulation other than
23 section 5324.

24 “(ii) NOTICE.—Not later than 30
25 days after property is seized by the Inter-

1 nal Revenue Service pursuant to subpara-
2 graph (A), the Internal Revenue Service
3 shall—

4 “(I) make a good faith effort to
5 find all persons with an ownership in-
6 terest in such property; and

7 “(II) provide each such person so
8 found with a notice of the seizure and
9 of the person’s rights under clause
10 (iv).

11 “(iii) EXTENSION OF NOTICE UNDER
12 CERTAIN CIRCUMSTANCES.—The Internal
13 Revenue Service may apply to a court of
14 competent jurisdiction for one 30-day ex-
15 tension of the notice requirement under
16 clause (ii) if the Internal Revenue Service
17 can establish probable cause of an immi-
18 nent threat to national security or personal
19 safety necessitating such extension.

20 “(iv) POST-SEIZURE HEARING.—If a
21 person with an ownership interest in prop-
22 erty seized pursuant to subparagraph (A)
23 by the Internal Revenue Service requests a
24 hearing by a court of competent jurisdic-
25 tion within 30 days after the date on which

1 notice is provided under subclause (ii),
2 such property shall be returned unless the
3 court holds an adversarial hearing and
4 finds within 30 days of such request (or
5 such longer period as the court may pro-
6 vide, but only on request of an interested
7 party) that there is probable cause to be-
8 lieve that there is a violation of section
9 5324 involving such property and probable
10 cause to believe that the property to be
11 seized was derived from an illegal source or
12 the funds were structured for the purpose
13 of concealing the violation of a criminal
14 law or regulation other than section
15 5324.”.

16 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**
17 **TO RECOVER PROPERTY SEIZED BY THE IN-**
18 **TERNAL REVENUE SERVICE BASED ON**
19 **STRUCTURING TRANSACTION.**

20 (a) IN GENERAL.—Part III of subchapter B of chap-
21 ter 1 is amended by inserting before section 140 the fol-
22 lowing new section:

1 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**
 2 **PROPERTY SEIZED BY THE INTERNAL REV-**
 3 **ENUE SERVICE BASED ON STRUCTURING**
 4 **TRANSACTION.**

5 “Gross income shall not include any interest received
 6 from the Federal Government in connection with an action
 7 to recover property seized by the Internal Revenue Service
 8 pursuant to section 5317(c)(2) of title 31, United States
 9 Code, by reason of a claimed violation of section 5324 of
 10 such title.”.

11 (b) CLERICAL AMENDMENT.—The table of sections
 12 for part III of subchapter B of chapter 1 is amended by
 13 inserting before the item relating to section 140 the fol-
 14 lowing new item:

“Sec. 139H. Interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to interest received on or after the
 17 date of the enactment of this Act.

18 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**
 19 **JOINT LIABILITY.**

20 (a) IN GENERAL.—Section 6015 is amended—

21 (1) in subsection (e), by adding at the end the
 22 following new paragraph:

23 “(7) STANDARD AND SCOPE OF REVIEW.—Any
 24 review of a determination made under this section

1 shall be reviewed de novo by the Tax Court and shall
2 be based upon—

3 “(A) the administrative record established
4 at the time of the determination, and

5 “(B) any additional newly discovered or
6 previously unavailable evidence.”; and

7 (2) by amending subsection (f) to read as fol-
8 lows:

9 “(f) EQUITABLE RELIEF.—

10 “(1) IN GENERAL.—Under procedures pre-
11 scribed by the Secretary, if—

12 “(A) taking into account all the facts and
13 circumstances, it is inequitable to hold the indi-
14 vidual liable for any unpaid tax or any defi-
15 ciency (or any portion of either), and

16 “(B) relief is not available to such indi-
17 vidual under subsection (b) or (c),

18 the Secretary may relieve such individual of such li-
19 ability.

20 “(2) LIMITATION.—A request for equitable re-
21 lief under this subsection may be made with respect
22 to any portion of any liability that—

23 “(A) has not been paid, provided that such
24 request is made before the expiration of the ap-

1 plicable period of limitation under section 6502,
2 or

3 “(B) has been paid, provided that such re-
4 quest is made during the period in which the
5 individual could submit a timely claim for re-
6 fund or credit of such payment.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to petitions or requests filed or
9 pending on or after the date of the enactment of this Act.

10 **SEC. 1204. MODIFICATION OF PROCEDURES FOR ISSUANCE**
11 **OF THIRD-PARTY SUMMONS.**

12 (a) IN GENERAL.—Section 7609(f) is amended by
13 adding at the end the following flush sentence:

14 “The Secretary shall not issue any summons described in
15 the preceding sentence unless the information sought to
16 be obtained is narrowly tailored to information that per-
17 tains to the failure (or potential failure) of the person or
18 group or class of persons referred to in paragraph (2) to
19 comply with one or more provisions of the internal revenue
20 law which have been identified for purposes of such para-
21 graph.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to summonses served after the date
24 of the enactment of this Act.

1 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**
2 **PLIANCE PERSONNEL PROGRAM.**

3 (a) CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR
4 COLLECTION UNDER TAX COLLECTION CONTRACTS.—
5 Section 6306(d)(3) is amended by striking “or” at the end
6 of subparagraph (C) and by inserting after subparagraph
7 (D) the following new subparagraphs:

8 “(E) a taxpayer substantially all of whose
9 income consists of disability insurance benefits
10 under section 223 of the Social Security Act or
11 supplemental security income benefits under
12 title XVI of the Social Security Act (including
13 supplemental security income benefits of the
14 type described in section 1616 of such Act or
15 section 212 of Public Law 93–66), or

16 “(F) a taxpayer who is an individual with
17 adjusted gross income, as determined for the
18 most recent taxable year for which such infor-
19 mation is available, which does not exceed 200
20 percent of the applicable poverty level (as deter-
21 mined by the Secretary).”.

22 (b) DETERMINATION OF INACTIVE TAX RECEIV-
23 ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-
24 TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended
25 by striking “more than $\frac{1}{3}$ of the period of the applicable

1 statute of limitation has lapsed” and inserting “more than
2 2 years has passed since assessment”.

3 (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-
4 MENTS OFFERED UNDER TAX COLLECTION CON-
5 TRACTS.—Section 6306(b)(1)(B) is amended by striking
6 “5 years” and inserting “7 years”.

7 (d) CLARIFICATION THAT SPECIAL COMPLIANCE
8 PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR
9 PROGRAM COSTS.—

10 (1) IN GENERAL.—Section 6307(b) is amend-
11 ed—

12 (A) in paragraph (2), by striking all that
13 follows “under such program” and inserting a
14 period; and

15 (B) in paragraph (3), by striking all that
16 follows “out of such account” and inserting
17 “for other than program costs”.

18 (2) COMMUNICATIONS, SOFTWARE, AND TECH-
19 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-
20 tion 6307(d)(2)(B) is amended by striking “tele-
21 communications” and inserting “communications,
22 software, technology”.

23 (3) CONFORMING AMENDMENT.—Section
24 6307(d)(2) is amended by striking “and” at the end
25 of subparagraph (A), by striking the period at the

1 end of subparagraph (B) and inserting “, and”, and
2 by inserting after subparagraph (B) the following
3 new subparagraph:

4 “(C) reimbursement of the Internal Rev-
5 enue Service or other government agencies for
6 the cost of administering the qualified tax col-
7 lection program under section 6306.”.

8 (e) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as otherwise pro-
10 vided in this subsection, the amendments made by
11 this section shall apply to tax receivables identified
12 by the Secretary (or the Secretary’s delegate) after
13 December 31, 2019.

14 (2) MAXIMUM LENGTH OF INSTALLMENT
15 AGREEMENTS.—The amendment made by subsection
16 (c) shall apply to contracts entered into after the
17 date of the enactment of this Act.

18 (3) USE OF SPECIAL COMPLIANCE PERSONNEL
19 PROGRAM ACCOUNT.—The amendment made by sub-
20 section (d) shall apply to amounts expended from
21 the special compliance personnel program account
22 after the date of the enactment of this Act.

1 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**
2 **PARTIES.**

3 (a) IN GENERAL.—Section 7602(c)(1) is amended to
4 read as follows:

5 “(1) GENERAL NOTICE.—An officer or em-
6 ployee of the Internal Revenue Service may not con-
7 tact any person other than the taxpayer with respect
8 to the determination or collection of the tax liability
9 of such taxpayer unless such contact occurs during
10 a period (not greater than 1 year) which is specified
11 in a notice which—

12 “(A) informs the taxpayer that contacts
13 with persons other than the taxpayer are in-
14 tended to be made during such period, and

15 “(B) except as otherwise provided by the
16 Secretary, is provided to the taxpayer not later
17 than 45 days before the beginning of such pe-
18 riod.

19 Nothing in the preceding sentence shall prevent the
20 issuance of notices to the same taxpayer with respect
21 to the same tax liability with periods specified there-
22 in that, in the aggregate, exceed 1 year. A notice
23 shall not be issued under this paragraph unless
24 there is an intent at the time such notice is issued
25 to contact persons other than the taxpayer during
26 the period specified in such notice. The preceding

1 sentence shall not prevent the issuance of a notice
 2 if the requirement of such sentence is met on the
 3 basis of the assumption that the information sought
 4 to be obtained by such contact will not be obtained
 5 by other means before such contact.”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to notices provided, and contacts
 8 of persons made, after the date which is 45 days after
 9 the date of the enactment of this Act.

10 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**
 11 **IGNATED SUMMONS.**

12 (a) IN GENERAL.—Paragraph (1) of section 6503(j)
 13 is amended by striking “coordinated examination pro-
 14 gram” and inserting “coordinated industry case pro-
 15 gram”.

16 (b) REQUIREMENTS FOR SUMMONS.—Clause (i) of
 17 section 6503(j)(2)(A) is amended to read as follows:

18 “(i) the issuance of such summons is
 19 preceded by a review and written approval
 20 of such issuance by the Commissioner of
 21 the relevant operating division of the Inter-
 22 nal Revenue Service and the Chief Counsel
 23 which—

24 “(I) states facts clearly estab-
 25 lishing that the Secretary has made

1 reasonable requests for the informa-
2 tion that is the subject of the sum-
3 mons, and

4 “(II) is attached to such sum-
5 mons,”.

6 (c) ESTABLISHMENT THAT REASONABLE REQUESTS
7 FOR INFORMATION WERE MADE.—Subsection (j) of sec-
8 tion 6503 is amended by adding at the end the following
9 new paragraph:

10 “(4) ESTABLISHMENT THAT REASONABLE RE-
11 QUESTS FOR INFORMATION WERE MADE.—In any
12 court proceeding described in paragraph (3), the
13 Secretary shall establish that reasonable requests
14 were made for the information that is the subject of
15 the summons.”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to summonses issued after the date
18 of the enactment of this Act.

19 **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**
20 **ENUE SERVICE EMPLOYEES TO RETURNS**
21 **AND RETURN INFORMATION.**

22 (a) IN GENERAL.—Section 7602 is amended by add-
23 ing at the end the following new subsection:

24 “(f) LIMITATION ON ACCESS OF PERSONS OTHER
25 THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-

1 PLOYEES.—The Secretary shall not, under the authority
 2 of section 6103(n), provide any books, papers, records, or
 3 other data obtained pursuant to this section to any person
 4 authorized under section 6103(n), except when such per-
 5 son requires such information for the sole purpose of pro-
 6 viding expert evaluation and assistance to the Internal
 7 Revenue Service. No person other than an officer or em-
 8 ployee of the Internal Revenue Service or the Office of
 9 Chief Counsel may, on behalf of the Secretary, question
 10 a witness under oath whose testimony was obtained pursu-
 11 ant to this section.”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section—

14 (1) shall take effect on the date of the enact-
 15 ment of this Act; and

16 (2) shall not fail to apply to a contract in effect
 17 under section 6103(n) of the Internal Revenue Code
 18 of 1986 merely because such contract was in effect
 19 before the date of the enactment of this Act.

20 **Subtitle D—Organizational** 21 **Modernization**

22 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.**
 23 **CATE.**

24 (a) TAXPAYER ADVOCATE DIRECTIVES.—

1 (1) IN GENERAL.—Section 7803(c) is amended
2 by adding at the end the following new paragraph:

3 “(5) TAXPAYER ADVOCATE DIRECTIVES.—In
4 the case of any Taxpayer Advocate Directive issued
5 by the National Taxpayer Advocate pursuant to a
6 delegation of authority from the Commissioner of
7 the Internal Revenue Service—

8 “(A) the Commissioner or a Deputy Com-
9 missioner shall modify, rescind, or ensure com-
10 pliance with such directive not later than 90
11 days after the issuance of such directive, and

12 “(B) in the case of any directive which is
13 modified or rescinded by a Deputy Commis-
14 sioner, the National Taxpayer Advocate may
15 (not later than 90 days after such modification
16 or rescission) appeal to the Commissioner and
17 the Commissioner shall (not later than 90 days
18 after such appeal is made) ensure compliance
19 with such directive as issued by the National
20 Taxpayer Advocate or provide the National
21 Taxpayer Advocate with a detailed description
22 of the reasons for any modification or rescission
23 made or upheld by the Commissioner pursuant
24 to such appeal.”.

1 (2) REPORT TO CERTAIN COMMITTEES OF CON-
 2 GRESS REGARDING DIRECTIVES.—Section
 3 7803(c)(2)(B)(ii) is amended by redesignating sub-
 4 clauses (VIII) through (XI) as subclauses (IX)
 5 through (XII), respectively, and by inserting after
 6 subclause (VII) the following new subclause:

7 “(VIII) identify any Taxpayer
 8 Advocate Directive which was not
 9 honored by the Internal Revenue
 10 Service in a timely manner, as speci-
 11 fied under paragraph (5),”.

12 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-
 13 PORTS TO CONGRESS.—

14 (1) INCLUSION OF MOST SERIOUS TAXPAYER
 15 PROBLEMS.—Section 7803(c)(2)(B)(ii)(III) is
 16 amended by striking “at least 20 of the” and insert-
 17 ing “the 10”.

18 (2) COORDINATION WITH TREASURY INSPECTOR
 19 GENERAL FOR TAX ADMINISTRATION.—Section
 20 7803(c)(2) is amended by adding at the end the fol-
 21 lowing new subparagraph:

22 “(E) COORDINATION WITH TREASURY IN-
 23 SPECTOR GENERAL FOR TAX ADMINISTRA-
 24 TION.—Before beginning any research or study,
 25 the National Taxpayer Advocate shall coordi-

1 nate with the Treasury Inspector General for
2 Tax Administration to ensure that the National
3 Taxpayer Advocate does not duplicate any ac-
4 tion that the Treasury Inspector General for
5 Tax Administration has already undertaken or
6 has a plan to undertake.”.

7 (3) STATISTICAL SUPPORT.—

8 (A) IN GENERAL.—Section 6108 is amend-
9 ed by adding at the end the following new sub-
10 section:

11 “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-
12 PAYER ADVOCATE.—The Secretary shall, upon request of
13 the National Taxpayer Advocate, provide the National
14 Taxpayer Advocate with statistical support in connection
15 with the preparation by the National Taxpayer Advocate
16 of the annual report described in section
17 7803(c)(2)(B)(ii). Such statistical support shall include
18 statistical studies, compilations, and the review of infor-
19 mation provided by the National Taxpayer Advocate for
20 statistical validity and sound statistical methodology.”.

21 (B) DISCLOSURE OF REVIEW.—Section
22 7803(c)(2)(B)(ii), as amended by subsection
23 (a), is amended by redesignating subclause
24 (XII) as subclause (XIII) and by inserting after
25 subclause (XI) the following new subclause:

1 “(XII) with respect to any statis-
 2 tical information included in such re-
 3 port, include a statement of whether
 4 such statistical information was re-
 5 viewed or provided by the Secretary
 6 under section 6108(d) and, if so,
 7 whether the Secretary determined
 8 such information to be statistically
 9 valid and based on sound statistical
 10 methodology.”.

11 (C) CONFORMING AMENDMENT.—Section
 12 7803(c)(2)(B)(iii) is amended by adding at the
 13 end the following: “The preceding sentence
 14 shall not apply with respect to statistical infor-
 15 mation provided to the Secretary for review, or
 16 received from the Secretary, under section
 17 6108(d).”.

18 (c) SALARY OF NATIONAL TAXPAYER ADVOCATE.—
 19 Section 7803(c)(1)(B)(i) is amended by striking “, or, if
 20 the Secretary of the Treasury so determines, at a rate
 21 fixed under section 9503 of such title”.

22 (d) EFFECTIVE DATE.—

23 (1) IN GENERAL.—Except as otherwise pro-
 24 vided in this subsection, the amendments made by

1 this section shall take effect on the date of the en-
2 actment of this Act.

3 (2) SALARY OF NATIONAL TAXPAYER ADVOCATE.—The amendment made by subsection (c)
4 shall apply to compensation paid to individuals ap-
5 pointed as the National Taxpayer Advocate after the
6 date of the enactment of this Act.
7

8 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**
9 **ICE ORGANIZATIONAL STRUCTURE.**

10 (a) IN GENERAL.—Not later than September 30,
11 2020, the Commissioner of the Internal Revenue Service
12 shall submit to Congress a comprehensive written plan to
13 redesign the organization of the Internal Revenue Service.
14 Such plan shall—

15 (1) ensure the successful implementation of the
16 priorities specified by Congress in this Act;

17 (2) prioritize taxpayer services to ensure that
18 all taxpayers easily and readily receive the assistance
19 that they need;

20 (3) streamline the structure of the agency in-
21 cluding minimizing the duplication of services and
22 responsibilities within the agency;

23 (4) best position the Internal Revenue Service
24 to combat cybersecurity and other threats to the In-
25 ternal Revenue Service; and

1 (5) address whether the Criminal Investigation
2 Division of the Internal Revenue Service should re-
3 port directly to the Commissioner.

4 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL
5 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-
6 graph (3) of section 1001(a) of the Internal Revenue Serv-
7 ice Restructuring and Reform Act of 1998 shall cease to
8 apply beginning 1 year after the date on which the Com-
9 missioner of the Internal Revenue Service submits to Con-
10 gress the plan described in subsection (a).

11 **Subtitle E—Other Provisions**

12 **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-** 13 **CABLE TAXPAYERS.**

14 (a) IN GENERAL.—Chapter 77 is amended by insert-
15 ing after section 7526 the following new section:

16 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-** 17 **PLICABLE TAXPAYERS.**

18 “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX
19 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-
20 retary shall establish a Community Volunteer Income Tax
21 Assistance Matching Grant Program under which the Sec-
22 retary may, subject to the availability of appropriated
23 funds, make grants to provide matching funds for the de-
24 velopment, expansion, or continuation of qualified return

1 preparation programs assisting applicable taxpayers and
2 members of underserved populations.

3 “(b) USE OF FUNDS.—

4 “(1) IN GENERAL.—Qualified return prepara-
5 tion programs may use grants received under this
6 section for—

7 “(A) ordinary and necessary costs associ-
8 ated with program operation in accordance with
9 cost principles under the applicable Office of
10 Management and Budget circular, including—

11 “(i) wages or salaries of persons co-
12 ordinating the activities of the program,

13 “(ii) developing training materials,
14 conducting training, and performing qual-
15 ity reviews of the returns prepared under
16 the program,

17 “(iii) equipment purchases, and

18 “(iv) vehicle-related expenses associ-
19 ated with remote or rural tax preparation
20 services,

21 “(B) outreach and educational activities
22 described in subsection (c)(2)(B), and

23 “(C) services related to financial education
24 and capability, asset development, and the es-

1 tablishment of savings accounts in connection
2 with tax return preparation.

3 “(2) REQUIREMENT OF MATCHING FUNDS.—A
4 qualified return preparation program must provide
5 matching funds on a dollar-for-dollar basis for all
6 grants provided under this section. Matching funds
7 may include—

8 “(A) the salary (including fringe benefits)
9 of individuals performing services for the pro-
10 gram,

11 “(B) the cost of equipment used in the
12 program, and

13 “(C) other ordinary and necessary costs
14 associated with the program.

15 Indirect expenses, including general overhead of any
16 entity administering the program, shall not be
17 counted as matching funds.

18 “(c) APPLICATION.—

19 “(1) IN GENERAL.—Each applicant for a grant
20 under this section shall submit an application to the
21 Secretary at such time, in such manner, and con-
22 taining such information as the Secretary may rea-
23 sonably require.

1 “(2) PRIORITY.—In awarding grants under this
2 section, the Secretary shall give priority to applica-
3 tions which demonstrate—

4 “(A) assistance to applicable taxpayers,
5 with emphasis on outreach to, and services for,
6 such taxpayers,

7 “(B) taxpayer outreach and educational
8 activities relating to eligibility and availability
9 of income supports available through this title,
10 including the earned income tax credit, and

11 “(C) specific outreach and focus on one or
12 more underserved populations.

13 “(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-
14 termining matching grants under this section, the
15 Secretary shall only take into account amounts pro-
16 vided by the qualified return preparation program
17 for expenses described in subsection (b).

18 “(d) PROGRAM ADHERENCE.—

19 “(1) IN GENERAL.—The Secretary shall estab-
20 lish procedures for, and shall conduct not less fre-
21 quently than once every 5 calendar years during
22 which a qualified return preparation program is op-
23 erating under a grant under this section, periodic
24 site visits—

1 “(A) to ensure the program is carrying out
2 the purposes of this section, and

3 “(B) to determine whether the program
4 meets such program adherence standards as the
5 Secretary shall by regulation or other guidance
6 prescribe.

7 “(2) ADDITIONAL REQUIREMENTS FOR GRANT
8 RECIPIENTS NOT MEETING PROGRAM ADHERENCE
9 STANDARDS.—In the case of any qualified return
10 preparation program which—

11 “(A) is awarded a grant under this section,
12 and

13 “(B) is subsequently determined—

14 “(i) not to meet the program adher-
15 ence standards described in paragraph
16 (1)(B), or

17 “(ii) not to be otherwise carrying out
18 the purposes of this section,

19 such program shall not be eligible for any additional
20 grants under this section unless such program pro-
21 vides sufficient documentation of corrective meas-
22 ures established to address any such deficiencies de-
23 termined.

24 “(e) DEFINITIONS.—For purposes of this section—

1 “(1) QUALIFIED RETURN PREPARATION PRO-
2 GRAM.—The term ‘qualified return preparation pro-
3 gram’ means any program—

4 “(A) which provides assistance to individ-
5 uals, not less than 90 percent of whom are ap-
6 plicable taxpayers, in preparing and filing Fed-
7 eral income tax returns,

8 “(B) which is administered by a qualified
9 entity,

10 “(C) in which all volunteers who assist in
11 the preparation of Federal income tax returns
12 meet the training requirements prescribed by
13 the Secretary, and

14 “(D) which uses a quality review process
15 which reviews 100 percent of all returns.

16 “(2) QUALIFIED ENTITY.—

17 “(A) IN GENERAL.—The term ‘qualified
18 entity’ means any entity which—

19 “(i) is an eligible organization,

20 “(ii) is in compliance with Federal tax
21 filing and payment requirements,

22 “(iii) is not debarred or suspended
23 from Federal contracts, grants, or coopera-
24 tive agreements, and

1 “(iv) agrees to provide documentation
2 to substantiate any matching funds pro-
3 vided pursuant to the grant program under
4 this section.

5 “(B) ELIGIBLE ORGANIZATION.—The term
6 ‘eligible organization’ means—

7 “(i) an institution of higher education
8 which is described in section 102 (other
9 than subsection (a)(1)(C) thereof) of the
10 Higher Education Act of 1965 (20 U.S.C.
11 1002), as in effect on the date of the en-
12 actment of this section, and which has not
13 been disqualified from participating in a
14 program under title IV of such Act,

15 “(ii) an organization described in sec-
16 tion 501(c) and exempt from tax under
17 section 501(a),

18 “(iii) a local government agency, in-
19 cluding—

20 “(I) a county or municipal gov-
21 ernment agency, and

22 “(II) an Indian tribe, as defined
23 in section 4(13) of the Native Amer-
24 ican Housing Assistance and Self-De-
25 termination Act of 1996 (25 U.S.C.

1 4103(13)), including any tribally des-
 2 ignated housing entity (as defined in
 3 section 4(22) of such Act (25 U.S.C.
 4 4103(22))), tribal subsidiary, subdivi-
 5 sion, or other wholly owned tribal en-
 6 tity,

7 “(iv) a local, State, regional, or na-
 8 tional coalition (with one lead organization
 9 which meets the eligibility requirements of
 10 clause (i), (ii), or (iii) acting as the appli-
 11 cant organization), or

12 “(v) in the case of applicable tax-
 13 payers and members of underserved popu-
 14 lations with respect to which no organiza-
 15 tions described in the preceding clauses are
 16 available—

17 “(I) a State government agency,
 18 or

19 “(II) an office providing Cooper-
 20 ative Extension services (as estab-
 21 lished at the land-grant colleges and
 22 universities under the Smith-Lever
 23 Act of May 8, 1914).

24 “(3) APPLICABLE TAXPAYERS.—The term ‘ap-
 25 plicable taxpayer’ means a taxpayer whose income

1 for the taxable year does not exceed an amount
2 equal to the completed phaseout amount under sec-
3 tion 32(b) for a married couple filing a joint return
4 with three or more qualifying children, as deter-
5 mined in a revenue procedure or other published
6 guidance.

7 “(4) UNDERSERVED POPULATION.—The term
8 ‘underserved population’ includes populations of per-
9 sons with disabilities, persons with limited English
10 proficiency, Native Americans, individuals living in
11 rural areas, members of the Armed Forces and their
12 spouses, and the elderly.

13 “(f) SPECIAL RULES AND LIMITATIONS.—

14 “(1) DURATION OF GRANTS.—Upon application
15 of a qualified return preparation program, the Sec-
16 retary is authorized to award a multi-year grant not
17 to exceed 3 years.

18 “(2) AGGREGATE LIMITATION.—Unless other-
19 wise provided by specific appropriation, the Sec-
20 retary shall not allocate more than \$30,000,000 per
21 fiscal year (exclusive of costs of administering the
22 program) to grants under this section.

23 “(g) PROMOTION OF PROGRAMS.—

24 “(1) IN GENERAL.—The Secretary shall pro-
25 mote tax preparation through qualified return prepa-

1 ration programs through the use of mass commu-
2 nications and other means.

3 “(2) PROVISION OF INFORMATION REGARDING
4 QUALIFIED RETURN PREPARATION PROGRAMS.—The
5 Secretary may provide taxpayers information regard-
6 ing qualified return preparation programs receiving
7 grants under this section.

8 “(3) VITA GRANTEE REFERRAL.—Qualified re-
9 turn preparation programs receiving a grant under
10 this section are encouraged, in appropriate cases,
11 to—

12 “(A) advise taxpayers of the availability of,
13 and eligibility requirements for receiving, advice
14 and assistance from qualified low-income tax-
15 payer clinics receiving funding under section
16 7526, and

17 “(B) provide information regarding the lo-
18 cation of, and contact information for, such
19 clinics.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for chapter 77 is amended by inserting after the item re-
22 lating to section 7526 the following new item:

“Sec. 7526A. Return preparation programs for applicable taxpayers.”.

1 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**
2 **INCOME TAXPAYER CLINICS.**

3 (a) IN GENERAL.—Section 7526(c) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(6) PROVISION OF INFORMATION REGARDING
7 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-
8 withstanding any other provision of law, officers and
9 employees of the Department of the Treasury may—
10 “(A) advise taxpayers of the availability of,
11 and eligibility requirements for receiving, advice
12 and assistance from one or more specific quali-
13 fied low-income taxpayer clinics receiving fund-
14 ing under this section, and
15 “(B) provide information regarding the lo-
16 cation of, and contact information for, such
17 clinics.”.

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

21 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**
22 **TAXPAYER ASSISTANCE CENTERS.**

23 Not later than 90 days before the date that a pro-
24 posed closure of a Taxpayer Assistance Center would take
25 effect, the Secretary of the Treasury (or the Secretary’s
26 delegate) shall—

1 (1) make publicly available (including by non-
2 electronic means) a notice which—

3 (A) identifies the Taxpayer Assistance
4 Center proposed for closure and the date of
5 such proposed closure; and

6 (B) identifies the relevant alternative
7 sources of taxpayer assistance which may be
8 utilized by taxpayers affected by such proposed
9 closure; and

10 (2) submit to Congress a written report that in-
11 cludes—

12 (A) the information included in the notice
13 described in paragraph (1);

14 (B) the reasons for such proposed closure;
15 and

16 (C) such other information as the Sec-
17 retary may determine appropriate.

18 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**
19 **GOODS RESTRICTED TO ONLY PERISHABLE**
20 **GOODS.**

21 (a) IN GENERAL.—Section 6336 of the Internal Rev-
22 enue Code of 1986 is amended by striking “or become
23 greatly reduced in price or value by keeping, or that such
24 property cannot be kept without great expense”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to property seized after the date
3 of the enactment of this Act.

4 **SEC. 1405. WHISTLEBLOWER REFORMS.**

5 (a) MODIFICATIONS TO DISCLOSURE RULES FOR
6 WHISTLEBLOWERS.—

7 (1) IN GENERAL.—Section 6103(k) is amended
8 by adding at the end the following new paragraph:

9 “(13) DISCLOSURE TO WHISTLEBLOWERS.—

10 “(A) IN GENERAL.—The Secretary may
11 disclose, to any individual providing information
12 relating to any purpose described in paragraph
13 (1) or (2) of section 7623(a), return informa-
14 tion related to the investigation of any taxpayer
15 with respect to whom the individual has pro-
16 vided such information, but only to the extent
17 that such disclosure is necessary in obtaining
18 information, which is not otherwise reasonably
19 available, with respect to the correct determina-
20 tion of tax liability for tax, or the amount to be
21 collected with respect to the enforcement of any
22 other provision of this title.

23 “(B) UPDATES ON WHISTLEBLOWER IN-
24 VESTIGATIONS.—The Secretary shall disclose to
25 an individual providing information relating to

1 any purpose described in paragraph (1) or (2)
2 of section 7623(a) the following:

3 “(i) Not later than 60 days after a
4 case for which the individual has provided
5 information has been referred for an audit
6 or examination, a notice with respect to
7 such referral.

8 “(ii) Not later than 60 days after a
9 taxpayer with respect to whom the indi-
10 vidual has provided information has made
11 a payment of tax with respect to tax liabil-
12 ity to which such information relates, a no-
13 tice with respect to such payment.

14 “(iii) Subject to such requirements
15 and conditions as are prescribed by the
16 Secretary, upon a written request by such
17 individual—

18 “(I) information on the status
19 and stage of any investigation or ac-
20 tion related to such information, and

21 “(II) in the case of a determina-
22 tion of the amount of any award
23 under section 7623(b), the reasons for
24 such determination.

1 Clause (iii) shall not apply to any information
2 if the Secretary determines that disclosure of
3 such information would seriously impair Fed-
4 eral tax administration. Information described
5 in clauses (i), (ii), and (iii) may be disclosed to
6 a designee of the individual providing such in-
7 formation in accordance with guidance provided
8 by the Secretary.”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) CONFIDENTIALITY OF INFORMA-
11 TION.—Section 6103(a)(3) is amended by strik-
12 ing “subsection (k)(10)” and inserting “para-
13 graph (10) or (13) of subsection (k)”.

14 (B) PENALTY FOR UNAUTHORIZED DIS-
15 CLOSURE.—Section 7213(a)(2) is amended by
16 striking “(k)(10)” and inserting “(k)(10) or
17 (13)”.

18 (C) COORDINATION WITH AUTHORITY TO
19 DISCLOSE FOR INVESTIGATIVE PURPOSES.—
20 Section 6103(k)(6) is amended by adding at the
21 end the following new sentence: “This para-
22 graph shall not apply to any disclosure to an in-
23 dividual providing information relating to any
24 purpose described in paragraph (1) or (2) of

1 section 7623(a) which is made under paragraph
2 (13)(A).”.

3 (b) PROTECTION AGAINST RETALIATION.—Section
4 7623 is amended by adding at the end the following new
5 subsection:

6 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-
7 TION CASES.—

8 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-
9 TECTION FOR EMPLOYEES.—No employer, or any of-
10 ficer, employee, contractor, subcontractor, or agent
11 of such employer, may discharge, demote, suspend,
12 threaten, harass, or in any other manner discrimi-
13 nate against an employee in the terms and condi-
14 tions of employment (including through an act in the
15 ordinary course of such employee’s duties) in re-
16 prisal for any lawful act done by the employee—

17 “(A) to provide information, cause infor-
18 mation to be provided, or otherwise assist in an
19 investigation regarding underpayment of tax or
20 any conduct which the employee reasonably be-
21 lieves constitutes a violation of the internal rev-
22 enue laws or any provision of Federal law relat-
23 ing to tax fraud, when the information or as-
24 sistance is provided to the Internal Revenue
25 Service, the Secretary of Treasury, the Treas-

1 ury Inspector General for Tax Administration,
2 the Comptroller General of the United States,
3 the Department of Justice, the United States
4 Congress, a person with supervisory authority
5 over the employee, or any other person working
6 for the employer who has the authority to inves-
7 tigate, discover, or terminate misconduct, or

8 “(B) to testify, participate in, or otherwise
9 assist in any administrative or judicial action
10 taken by the Internal Revenue Service relating
11 to an alleged underpayment of tax or any viola-
12 tion of the internal revenue laws or any provi-
13 sion of Federal law relating to tax fraud.

14 “(2) ENFORCEMENT ACTION.—

15 “(A) IN GENERAL.—A person who alleges
16 discharge or other reprisal by any person in vio-
17 lation of paragraph (1) may seek relief under
18 paragraph (3) by—

19 “(i) filing a complaint with the Sec-
20 retary of Labor, or

21 “(ii) if the Secretary of Labor has not
22 issued a final decision within 180 days of
23 the filing of the complaint and there is no
24 showing that such delay is due to the bad
25 faith of the claimant, bringing an action at

1 law or equity for de novo review in the ap-
2 propriate district court of the United
3 States, which shall have jurisdiction over
4 such an action without regard to the
5 amount in controversy.

6 “(B) PROCEDURE.—

7 “(i) IN GENERAL.—An action under
8 subparagraph (A)(i) shall be governed
9 under the rules and procedures set forth in
10 section 42121(b) of title 49, United States
11 Code.

12 “(ii) EXCEPTION.—Notification made
13 under section 42121(b)(1) of title 49,
14 United States Code, shall be made to the
15 person named in the complaint and to the
16 employer.

17 “(iii) BURDENS OF PROOF.—An ac-
18 tion brought under subparagraph (A)(ii)
19 shall be governed by the legal burdens of
20 proof set forth in section 42121(b) of title
21 49, United States Code, except that in ap-
22 plying such section—

23 “(I) ‘behavior described in para-
24 graph (1)’ shall be substituted for ‘be-
25 havior described in paragraphs (1)

1 through (4) of subsection (a)’ each
2 place it appears in paragraph (2)(B)
3 thereof, and

4 “(II) ‘a violation of paragraph
5 (1)’ shall be substituted for ‘a viola-
6 tion of subsection (a)’ each place it
7 appears.

8 “(iv) STATUTE OF LIMITATIONS.—A
9 complaint under subparagraph (A)(i) shall
10 be filed not later than 180 days after the
11 date on which the violation occurs.

12 “(v) JURY TRIAL.—A party to an ac-
13 tion brought under subparagraph (A)(ii)
14 shall be entitled to trial by jury.

15 “(3) REMEDIES.—

16 “(A) IN GENERAL.—An employee pre-
17 vailing in any action under paragraph (2)(A)
18 shall be entitled to all relief necessary to make
19 the employee whole.

20 “(B) COMPENSATORY DAMAGES.—Relief
21 for any action under subparagraph (A) shall in-
22 clude—

23 “(i) reinstatement with the same se-
24 niority status that the employee would
25 have had, but for the reprisal,

1 “(ii) the sum of 200 percent of the
2 amount of back pay and 100 percent of all
3 lost benefits, with interest, and

4 “(iii) compensation for any special
5 damages sustained as a result of the re-
6 prisal, including litigation costs, expert wit-
7 ness fees, and reasonable attorney fees.

8 “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-
9 ing in this section shall be deemed to diminish the
10 rights, privileges, or remedies of any employee under
11 any Federal or State law, or under any collective
12 bargaining agreement.

13 “(5) NONENFORCEABILITY OF CERTAIN PROVI-
14 SIONS WAIVING RIGHTS AND REMEDIES OR REQUIR-
15 ING ARBITRATION OF DISPUTES.—

16 “(A) WAIVER OF RIGHTS AND REM-
17 EDIES.—The rights and remedies provided for
18 in this subsection may not be waived by any
19 agreement, policy form, or condition of employ-
20 ment, including by a predispute arbitration
21 agreement.

22 “(B) PREDISPUTE ARBITRATION AGREE-
23 MENTS.—No predispute arbitration agreement
24 shall be valid or enforceable, if the agreement

1 requires arbitration of a dispute arising under
2 this subsection.”.

3 (c) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 subsection (a) shall apply to disclosures made after
6 the date of the enactment of this Act.

7 (2) CIVIL PROTECTION.—The amendment made
8 by subsection (b) shall take effect on the date of the
9 enactment of this Act.

10 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

11 The Secretary of the Treasury (or the Secretary’s
12 delegate) shall provide helpful information to taxpayers
13 placed on hold during a telephone call to any Internal Rev-
14 enue Service help line, including the following:

15 (1) Information about common tax scams.

16 (2) Information on where and how to report tax
17 scams.

18 (3) Additional advice on how taxpayers can pro-
19 tect themselves from identity theft and tax scams.

20 **SEC. 1407. MISDIRECTED TAX REFUND DEPOSITS.**

21 Section 6402 is amended by adding at the end the
22 following new subsection:

23 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not
24 later than the date which is 6 months after the date of
25 the enactment of the Taxpayer First Act of 2018, the Sec-

1 retary shall prescribe regulations to establish procedures
2 to allow for—

3 “(1) taxpayers to report instances in which a
4 refund made by the Secretary by electronic funds
5 transfer was erroneously delivered to an account at
6 a financial institution for which the taxpayer is not
7 the owner;

8 “(2) coordination with financial institutions for
9 the purpose of—

10 “(A) identifying erroneous payments de-
11 scribed in paragraph (1); and

12 “(B) recovery of the erroneously trans-
13 ferred amounts; and

14 “(3) the refund to be delivered to the correct
15 account of the taxpayer.”.

16 **TITLE II—21ST CENTURY IRS**
17 **Subtitle A—Cybersecurity and**
18 **Identity Protection**

19 **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**
20 **IDENTITY THEFT REFUND FRAUD.**

21 The Secretary of the Treasury (or the Secretary’s
22 delegate) shall work collaboratively with the public and
23 private sectors to protect taxpayers from identity theft re-
24 fund fraud.

1 **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**
2 **MINISTRATION ADVISORY COMMITTEE RE-**
3 **GARDING IDENTITY THEFT REFUND FRAUD.**

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

12 **SEC. 2003. INFORMATION SHARING AND ANALYSIS CENTER.**

13 (a) IN GENERAL.—The Secretary of the Treasury (or
14 the Secretary’s delegate) may participate in an informa-
15 tion sharing and analysis center to centralize, standardize,
16 and enhance data compilation and analysis to facilitate
17 sharing actionable data and information with respect to
18 identity theft tax refund fraud.

19 (b) DEVELOPMENT OF PERFORMANCE METRICS.—
20 The Secretary of the Treasury (or the Secretary’s dele-
21 gate) shall develop metrics for measuring the success of
22 such center in detecting and preventing identity theft tax
23 refund fraud.

24 (c) DISCLOSURE.—

1 (1) IN GENERAL.—Section 6103(k), as amend-
2 ed by this Act, is amended by adding at the end the
3 following new paragraph:

4 “(14) DISCLOSURE OF RETURN INFORMATION
5 FOR PURPOSES OF CYBERSECURITY AND THE PRE-
6 VENTION OF IDENTITY THEFT TAX REFUND
7 FRAUD.—

8 “(A) IN GENERAL.—Under such proce-
9 dures and subject to such conditions as the Sec-
10 retary may prescribe, the Secretary may dis-
11 close specified return information to specified
12 ISAC participants to the extent that the Sec-
13 retary determines such disclosure is in further-
14 ance of effective Federal tax administration re-
15 lating to the detection or prevention of identity
16 theft tax refund fraud, validation of taxpayer
17 identity, authentication of taxpayer returns, or
18 detection or prevention of cybersecurity threats.

19 “(B) SPECIFIED ISAC PARTICIPANTS.—For
20 purposes of this paragraph—

21 “(i) IN GENERAL.—The term ‘speci-
22 fied ISAC participant’ means—

23 “(I) any person designated by
24 the Secretary as having primary re-
25 sponsibility for a function performed

1 with respect to the information shar-
2 ing and analysis center described in
3 section 2003(a) of the Taxpayer First
4 Act of 2018, and

5 “(II) any person subject to the
6 requirements of section 7216 and
7 which is a participant in such infor-
8 mation sharing and analysis center.

9 “(ii) INFORMATION SHARING AGREE-
10 MENT.—Such term shall not include any
11 person unless such person has entered into
12 a written agreement with the Secretary
13 setting forth the terms and conditions for
14 the disclosure of information to such per-
15 son under this paragraph, including re-
16 quirements regarding the protection and
17 safeguarding of such information by such
18 person.

19 “(C) SPECIFIED RETURN INFORMATION.—
20 For purposes of this paragraph, the term ‘spec-
21 ified return information’ means—

22 “(i) in the case of a return which is
23 in connection with a case of potential iden-
24 tity theft refund fraud—

1 “(I) in the case of such return
2 filed electronically, the internet pro-
3 tocol address, device identification,
4 email domain name, speed of comple-
5 tion, method of authentication, refund
6 method, and such other return infor-
7 mation related to the electronic filing
8 characteristics of such return as the
9 Secretary may identify for purposes of
10 this subclause, and

11 “(II) in the case of such return
12 prepared by a tax return preparer,
13 identifying information with respect to
14 such tax return preparer, including
15 the preparer taxpayer identification
16 number and electronic filer identifica-
17 tion number of such preparer,

18 “(ii) in the case of a return which is
19 in connection with a case of a identity
20 theft refund fraud which has been con-
21 firmed by the Secretary (pursuant to such
22 procedures as the Secretary may provide),
23 the information referred to in subclauses
24 (I) and (II) of clause (i), the name and
25 taxpayer identification number of the tax-

1 payer as it appears on the return, and any
 2 bank account and routing information pro-
 3 vided for making a refund in connection
 4 with such return, and

5 “(iii) in the case of any cybersecurity
 6 threat to the Internal Revenue Service, in-
 7 formation similar to the information de-
 8 scribed in subclauses (I) and (II) of clause
 9 (i) with respect to such threat.

10 “(D) RESTRICTION ON USE OF DISCLOSED
 11 INFORMATION.—

12 “(i) DESIGNATED THIRD PARTIES.—
 13 Any return information received by a per-
 14 son described in subparagraph (B)(i)(I)
 15 shall be used only for the purposes of and
 16 to the extent necessary in—

17 “(I) performing the function such
 18 person is designated to perform under
 19 such subparagraph,

20 “(II) facilitating disclosures au-
 21 thorized under subparagraph (A) to
 22 persons described in subparagraph
 23 (B)(i)(II), and

24 “(III) facilitating disclosures au-
 25 thorized under subsection (d) to par-

1 ticipants in such information sharing
2 and analysis center.

3 “(ii) RETURN PREPARERS.—Any re-
4 turn information received by a person de-
5 scribed in subparagraph (B)(i)(II) shall be
6 treated for purposes of section 7216 as in-
7 formation furnished to such person for, or
8 in connection with, the preparation of a re-
9 turn of the tax imposed under chapter 1.

10 “(E) DATA PROTECTION AND SAFE-
11 GUARDS.—Return information disclosed under
12 this paragraph shall be subject to such protec-
13 tions and safeguards as the Secretary may re-
14 quire in regulations or other guidance or in the
15 written agreement referred to in subparagraph
16 (B)(ii). Such written agreement shall include a
17 requirement that any unauthorized access to in-
18 formation disclosed under this paragraph, and
19 any breach of any system in which such infor-
20 mation is held, be reported to the Treasury In-
21 specter General for Tax Administration.”.

22 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-
23 ALTIES.—

1 (A) Section 6103(a)(3), as amended by
 2 this Act, is amended by striking “or (13)” and
 3 inserting “(13), or (14)”.

4 (B) Section 7213(a)(2), as amended by
 5 this Act, is amended by striking “or (13)” and
 6 inserting “(13), or (14)”.

7 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**
 8 **FIDENTIALITY SAFEGUARDS.**

9 (a) IN GENERAL.—Section 6103(p) is amended by
 10 adding at the end the following new paragraph:

11 “(9) DISCLOSURE TO CONTRACTORS AND
 12 OTHER AGENTS.—Notwithstanding any other provi-
 13 sion of this section, no return or return information
 14 shall be disclosed to any contractor or other agent
 15 of a Federal, State, or local agency unless such
 16 agency, to the satisfaction of the Secretary—

17 “(A) has requirements in effect which re-
 18 quire each such contractor or other agent which
 19 would have access to returns or return informa-
 20 tion to provide safeguards (within the meaning
 21 of paragraph (4)) to protect the confidentiality
 22 of such returns or return information,

23 “(B) agrees to conduct an on-site review
 24 every 3 years (or a mid-point review in the case
 25 of contracts or agreements of less than 3 years

1 in duration) of each contractor or other agent
2 to determine compliance with such require-
3 ments,

4 “(C) submits the findings of the most re-
5 cent review conducted under subparagraph (B)
6 to the Secretary as part of the report required
7 by paragraph (4)(E), and

8 “(D) certifies to the Secretary for the most
9 recent annual period that such contractor or
10 other agent is in compliance with all such re-
11 quirements.

12 The certification required by subparagraph (D) shall
13 include the name and address of each contractor or
14 other agent, a description of the contract or agree-
15 ment with such contractor or other agent, and the
16 duration of such contract or agreement. The require-
17 ments of this paragraph shall not apply to disclo-
18 sures pursuant to subsection (n) for purposes of
19 Federal tax administration.”.

20 (b) CONFORMING AMENDMENT.—Section
21 6103(p)(8)(B) is amended by inserting “or paragraph
22 (9)” after “subparagraph (A)”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to disclosures made after Decem-
25 ber 31, 2022.

1 **SEC. 2005. REPORT ON ELECTRONIC PAYMENTS.**

2 Not later than 2 years after the date of the enact-
3 ment of this Act, the Secretary of the Treasury (or the
4 Secretary's delegate), in coordination with the Bureau of
5 Fiscal Service and the Internal Revenue Service, and in
6 consultation with private sector financial institutions, shall
7 submit a written report to Congress describing how the
8 government can utilize new payment platforms to increase
9 the number of tax refunds paid by electronic funds trans-
10 fer. Such report shall weigh the interests of reducing iden-
11 tity theft tax refund fraud, reducing the Federal Govern-
12 ment's costs in delivering tax refunds, the costs and any
13 associated fees charged to taxpayers (including monthly
14 and point-of-service fees) to access their tax refunds, the
15 impact on individuals who do not have access to financial
16 accounts or institutions, and ensuring payments are made
17 to accounts at a financial institution that complies with
18 section 21 of the Federal Deposit Insurance Act, chapter
19 2 of title I of Public Law 91-508, and subchapter II of
20 chapter 53 of title 31, United States Code (commonly re-
21 ferred to collectively as the "Bank Secrecy Act") and the
22 USA PATRIOT Act. Such report shall include any legisla-
23 tive recommendations necessary to accomplish these goals.

1 **SEC. 2006. IDENTITY PROTECTION PERSONAL IDENTIFICA-**
2 **TION NUMBERS.**

3 (a) IN GENERAL.—Subject to subsection (b), the Sec-
4 retary of the Treasury or the Secretary’s delegate (here-
5 after referred to in this section as the “Secretary”) shall
6 establish a program to issue, upon the request of any indi-
7 vidual, a number which may be used in connection with
8 such individual’s social security number (or other identi-
9 fying information with respect to such individual as deter-
10 mined by the Secretary) to assist the Secretary in
11 verifying such individual’s identity.

12 (b) REQUIREMENTS.—

13 (1) ANNUAL EXPANSION.—For each calendar
14 year beginning after the date of the enactment of
15 this Act, the Secretary shall provide numbers
16 through the program described in subsection (a) to
17 individuals residing in such States as the Secretary
18 deems appropriate, provided that the total number
19 of States served by such program during such year
20 is greater than the total number of States served by
21 such program during the preceding year.

22 (2) NATIONWIDE AVAILABILITY.—Not later
23 than 5 years after the date of the enactment of this
24 Act, the Secretary shall ensure that the program de-
25 scribed in subsection (a) is made available to any in-
26 dividual residing in the United States.

1 **SEC. 2007. SINGLE POINT OF CONTACT FOR TAX-RELATED**
2 **IDENTITY THEFT VICTIMS.**

3 (a) IN GENERAL.—The Secretary of the Treasury (or
4 the Secretary’s delegate) shall establish and implement
5 procedures to ensure that any taxpayer whose return has
6 been delayed or otherwise adversely affected due to tax-
7 related identity theft has a single point of contact at the
8 Internal Revenue Service throughout the processing of the
9 taxpayer’s case. The single point of contact shall track the
10 taxpayer’s case to completion and coordinate with other
11 Internal Revenue Service employees to resolve case issues
12 as quickly as possible.

13 (b) SINGLE POINT OF CONTACT.—

14 (1) IN GENERAL.—For purposes of subsection

15 (a), the single point of contact shall consist of a
16 team or subset of specially trained employees who—

17 (A) have the ability to work across func-
18 tions to resolve the issues involved in the tax-
19 payer’s case; and

20 (B) shall be accountable for handling the
21 case until its resolution.

22 (2) TEAM OR SUBSET.—The employees included
23 within the team or subset described in paragraph (1)
24 may change as required to meet the needs of the In-
25 ternal Revenue Service, provided that procedures
26 have been established to—

1 (A) ensure continuity of records and case
2 history; and

3 (B) notify the taxpayer when appropriate.

4 **SEC. 2008. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

5 (a) IN GENERAL.—Chapter 77 is amended by adding
6 at the end the following new section:

7 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
8 **THEFT.**

9 “(a) IN GENERAL.—If the Secretary determines that
10 there has been or may have been an unauthorized use of
11 the identity of any individual, the Secretary shall, without
12 jeopardizing an investigation relating to tax administra-
13 tion—

14 “(1) as soon as practicable, notify the indi-
15 vidual of such determination and provide—

16 “(A) instructions on how to file a report
17 with law enforcement regarding the unauthor-
18 ized use of the identity of the individual,

19 “(B) the identification of any forms nec-
20 essary for the individual to complete and submit
21 to law enforcement to permit access to personal
22 information of the individual during the inves-
23 tigation,

24 “(C) information regarding actions the in-
25 dividual may take in order to protect the indi-

1 vidual from harm relating to such unauthorized
2 use, and

3 “(D) an offer of identity protection meas-
4 ures to be provided to the individual by the In-
5 ternal Revenue Service, such as the use of an
6 identity protection personal identification num-
7 ber, and

8 “(2) at the time the information described in
9 paragraph (1) is provided (or, if not available at
10 such time, as soon as practicable thereafter), issue
11 additional notifications to such individual (or such
12 individual’s designee) regarding—

13 “(A) whether an investigation has been ini-
14 tiated in regards to such unauthorized use,

15 “(B) whether the investigation substan-
16 tiated an unauthorized use of the identity of the
17 individual, and

18 “(C) whether—

19 “(i) any action has been taken against
20 a person relating to such unauthorized use,
21 or

22 “(ii) any referral has been made for
23 criminal prosecution of such person and, to
24 the extent such information is available,

1 whether such person has been criminally
2 charged by indictment or information.

3 “(b) EMPLOYMENT-RELATED IDENTITY THEFT.—

4 “(1) IN GENERAL.—For purposes of this sec-
5 tion, the unauthorized use of the identity of an indi-
6 vidual includes the unauthorized use of the identity
7 of the individual to obtain employment.

8 “(2) DETERMINATION OF EMPLOYMENT-RE-
9 LATED IDENTITY THEFT.—For purposes of this sec-
10 tion, in making a determination as to whether there
11 has been or may have been an unauthorized use of
12 the identity of an individual to obtain employment,
13 the Secretary shall review any information—

14 “(A) obtained from a statement described
15 in section 6051 or an information return relat-
16 ing to compensation for services rendered other
17 than as an employee, or

18 “(B) provided to the Internal Revenue
19 Service by the Social Security Administration
20 regarding any statement described in section
21 6051,

22 which indicates that the social security account num-
23 ber provided on such statement or information re-
24 turn does not correspond with the name provided on
25 such statement or information return or the name

1 on the tax return reporting the income which is in-
2 cluded on such statement or information return.”.

3 (b) ADDITIONAL MEASURES.—

4 (1) EXAMINATION OF BOTH PAPER AND ELEC-
5 TRONIC STATEMENTS AND RETURNS.—The Sec-
6 retary of the Treasury (or the Secretary’s delegate)
7 shall examine the statements, information returns,
8 and tax returns described in section 7529(b)(2) of
9 the Internal Revenue Code of 1986 (as added by
10 subsection (a)) for any evidence of employment-re-
11 lated identity theft, regardless of whether such state-
12 ments or returns are submitted electronically or on
13 paper.

14 (2) IMPROVEMENT OF EFFECTIVE RETURN
15 PROCESSING PROGRAM WITH SOCIAL SECURITY AD-
16 MINISTRATION.—Section 232 of the Social Security
17 Act (42 U.S.C. 432) is amended by inserting after
18 the third sentence the following: “For purposes of
19 carrying out the return processing program de-
20 scribed in the preceding sentence, the Commissioner
21 of Social Security shall request, not less than annu-
22 ally, such information described in section
23 7529(b)(2) of the Internal Revenue Code of 1986 as
24 may be necessary to ensure the accuracy of the
25 records maintained by the Commissioner of Social

1 Security related to the amounts of wages paid to,
2 and the amounts of self-employment income derived
3 by, individuals.”.

4 (3) UNDERREPORTING OF INCOME.—The Sec-
5 retary (or the Secretary’s delegate) shall establish
6 procedures to ensure that income reported in con-
7 nection with the unauthorized use of a taxpayer’s
8 identity is not taken into account in determining any
9 penalty for underreporting of income by the victim
10 of identity theft.

11 (c) CLERICAL AMENDMENT.—The table of sections
12 for chapter 77 is amended by adding at the end the fol-
13 lowing new item:

“Sec. 7529. Notification of suspected identity theft.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to determinations made after the
16 date that is 6 months after the date of the enactment of
17 this Act.

18 **SEC. 2009. GUIDELINES FOR STOLEN IDENTITY REFUND**
19 **FRAUD CASES.**

20 (a) IN GENERAL.—Not later than 1 year after the
21 date of the enactment of this Act, the Secretary (or the
22 Secretary’s delegate), in consultation with the National
23 Taxpayer Advocate, shall develop and implement publicly
24 available guidelines for management of cases involving sto-
25 len identity refund fraud in a manner that reduces the

1 administrative burden on taxpayers who are victims of
2 such fraud.

3 (b) STANDARDS AND PROCEDURES TO BE CONSID-
4 ERED.—The guidelines described in subsection (a) may in-
5 clude—

6 (1) standards for—

7 (A) the average length of time in which a
8 case involving stolen identity refund fraud
9 should be resolved;

10 (B) the maximum length of time, on aver-
11 age, a taxpayer who is a victim of stolen iden-
12 tity refund fraud and is entitled to a tax refund
13 which has been stolen should have to wait to re-
14 ceive such refund; and

15 (C) the maximum number of offices and
16 employees within the Internal Revenue Service
17 with whom a taxpayer who is a victim of stolen
18 identity refund fraud should be required to
19 interact in order to resolve a case;

20 (2) standards for opening, assigning, reas-
21 signing, or closing a case involving stolen identity re-
22 fund fraud; and

23 (3) procedures for implementing and accom-
24 plishing the standards described in paragraphs (1)
25 and (2), and measures for evaluating such proce-

1 dures and determining whether such standards have
2 been successfully implemented.

3 **SEC. 2010. INCREASED PENALTY FOR IMPROPER DISCLO-**
4 **SURE OR USE OF INFORMATION BY PRE-**
5 **PARERS OF RETURNS.**

6 (a) IN GENERAL.—Section 6713 is amended—

7 (1) by redesignating subsections (b) and (c) as
8 subsections (c) and (d), respectively; and

9 (2) by inserting after subsection (a) the fol-
10 lowing new subsection:

11 “(b) ENHANCED PENALTY FOR IMPROPER USE OR
12 DISCLOSURE RELATING TO IDENTITY THEFT.—

13 “(1) IN GENERAL.—In the case of a disclosure
14 or use described in subsection (a) that is made in
15 connection with a crime relating to the misappropriation of another person’s taxpayer identity (as defined in section 6103(b)(6)), whether or not such
16 crime involves any tax filing, subsection (a) shall be
17 applied—
18 applied—

19 “(A) by substituting ‘\$1,000’ for ‘\$250’,
20 and
21 “(B) by substituting ‘\$50,000’ for

22 ‘\$10,000’.
23 “(2) SEPARATE APPLICATION OF TOTAL PEN-

24 ALTY LIMITATION.—The limitation on the total
25 ALTY LIMITATION.—The limitation on the total

1 amount of the penalty under subsection (a) shall be
 2 applied separately with respect to disclosures or uses
 3 to which this subsection applies and to which it does
 4 not apply.”.

5 (b) CRIMINAL PENALTY.—Section 7216(a) is amend-
 6 ed by striking “\$1,000” and inserting “\$1,000 (\$100,000
 7 in the case of a disclosure or use to which section 6713(b)
 8 applies)”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to disclosures or uses on or after
 11 the date of the enactment of this Act.

12 **Subtitle B—Development of** 13 **Information Technology**

14 **SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE** 15 **INFORMATION TECHNOLOGY.**

16 (a) DUTIES AND RESPONSIBILITIES OF INTERNAL
 17 REVENUE SERVICE CHIEF INFORMATION OFFICER.—Sec-
 18 tion 7803, as amended by section 1001, is amended by
 19 adding at the end the following new subsection:

20 “(f) INTERNAL REVENUE SERVICE CHIEF INFORMA-
 21 TION OFFICER.—

22 “(1) IN GENERAL.—There shall be in the Inter-
 23 nal Revenue Service an Internal Revenue Service
 24 Chief Information Officer (hereafter referred to in
 25 this subsection as the ‘IRS CIO’) who shall be ap-

1 pointed by the Commissioner of the Internal Rev-
2 enue Service.

3 “(2) CENTRALIZED RESPONSIBILITY FOR IN-
4 TERNAL REVENUE SERVICE INFORMATION TECH-
5 NOLOGY.—The Commissioner of the Internal Rev-
6 enue Service (and the Secretary) shall act through
7 the IRS CIO with respect to all development, imple-
8 mentation, and maintenance of information tech-
9 nology for the Internal Revenue Service. Any ref-
10 erence in this subsection to the IRS CIO which di-
11 rects the IRS CIO to take any action, or to assume
12 any responsibility, shall be treated as a reference to
13 the Commissioner of the Internal Revenue Service
14 acting through the IRS CIO.

15 “(3) GENERAL DUTIES AND RESPONSIBIL-
16 ITIES.—The IRS CIO shall—

17 “(A) be responsible for the development,
18 implementation, and maintenance of informa-
19 tion technology for the Internal Revenue Serv-
20 ice,

21 “(B) ensure that the information tech-
22 nology of the Internal Revenue Service is secure
23 and integrated,

1 “(C) maintain operational control of all in-
2 formation technology for the Internal Revenue
3 Service,

4 “(D) be the principal advocate for the in-
5 formation technology needs of the Internal Rev-
6 enue Service, and

7 “(E) consult with the Chief Procurement
8 Officer of the Internal Revenue Service to en-
9 sure that the information technology acquired
10 for the Internal Revenue Service is consistent
11 with—

12 “(i) the goals and requirements speci-
13 fied in subparagraphs (A) through (D),
14 and

15 “(ii) the strategic plan developed
16 under paragraph (4).

17 “(4) STRATEGIC PLAN.—

18 “(A) IN GENERAL.—The IRS CIO shall
19 develop and implement a multiyear strategic
20 plan for the information technology needs of the
21 Internal Revenue Service. Such plan shall—

22 “(i) include performance measure-
23 ments of such technology and of the imple-
24 mentation of such plan,

1 “(ii) include a plan for an integrated
2 enterprise architecture of the information
3 technology of the Internal Revenue Service,

4 “(iii) include and take into account
5 the resources needed to accomplish such
6 plan,

7 “(iv) take into account planned major
8 acquisitions of information technology by
9 the Internal Revenue Service, including
10 Customer Account Data Engine 2 and the
11 Enterprise Case Management System, and

12 “(v) align with the needs and stra-
13 tegic plan of the Internal Revenue Service.

14 “(B) PLAN UPDATES.—The IRS CIO
15 shall, not less frequently than annually, review
16 and update the strategic plan under subpara-
17 graph (A) (including the plan for an integrated
18 enterprise architecture described in subpara-
19 graph (A)(ii)) to take into account the develop-
20 ment of new information technology and the
21 needs of the Internal Revenue Service.

22 “(5) SCOPE OF AUTHORITY.—

23 “(A) INFORMATION TECHNOLOGY.—For
24 purposes of this subsection, the term ‘informa-
25 tion technology’ has the meaning given such

1 term by section 11101 of title 40, United States
2 Code.

3 “(B) INTERNAL REVENUE SERVICE.—Any
4 reference in this subsection to the Internal Rev-
5 enue Service includes a reference to all compo-
6 nents of the Internal Revenue Service, includ-
7 ing—

8 “(i) the Office of the Taxpayer Advo-
9 cate,

10 “(ii) the Criminal Investigation Divi-
11 sion of the Internal Revenue Service, and

12 “(iii) except as otherwise provided by
13 the Secretary with respect to information
14 technology related to matters described in
15 subsection (b)(3)(B), the Office of the
16 Chief Counsel.”.

17 (b) INDEPENDENT VERIFICATION AND VALIDATION
18 OF THE CUSTOMER ACCOUNT DATA ENGINE 2 AND EN-
19 TERPRISE CASE MANAGEMENT SYSTEM.—

20 (1) IN GENERAL.—The Commissioner of the In-
21 ternal Revenue Service shall enter into a contract
22 with an independent reviewer to verify and validate
23 the implementation plans (including the performance
24 milestones and cost estimates included in such
25 plans) developed for the Customer Account Data

1 Engine 2 and the Enterprise Case Management Sys-
2 tem.

3 (2) DEADLINE FOR COMPLETION.—Such con-
4 tract shall require that such verification and valida-
5 tion be completed not later than the date which is
6 1 year after the date of the enactment of this Act.

7 (3) APPLICATION TO PHASES OF CADE 2.—

8 (A) IN GENERAL.—Paragraphs (1) and (2)
9 shall not apply to phase 1 of the Customer Ac-
10 count Data Engine 2 and shall apply separately
11 to each other phase.

12 (B) DEADLINE FOR COMPLETING
13 PLANS.—Not later than 1 year after the date of
14 the enactment of this Act, the Commissioner of
15 the Internal Revenue Service shall complete the
16 development of plans for all phases of the Cus-
17 tomer Account Data Engine 2.

18 (C) DEADLINE FOR COMPLETION OF
19 VERIFICATION AND VALIDATION OF PLANS.—In
20 the case of any phase after phase 2 of the Cus-
21 tomer Account Data Engine 2, paragraph (2)
22 shall be applied by substituting “the date on
23 which the plan for such phase was completed”
24 for “the date of the enactment of this Act”.

1 (c) COORDINATION OF IRS CIO AND CHIEF PRO-
2 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-
3 ICE.—

4 (1) IN GENERAL.—The Chief Procurement Offi-
5 cer of the Internal Revenue Service shall—

6 (A) identify all significant IRS information
7 technology acquisitions and provide written no-
8 tification to the Internal Revenue Service Chief
9 Information Officer (hereafter referred to in
10 this subsection as the “IRS CIO”) of each such
11 acquisition in advance of such acquisition, and

12 (B) regularly consult with the IRS CIO re-
13 garding acquisitions of information technology
14 for the Internal Revenue Service, including
15 meeting with the IRS CIO regarding such ac-
16 quisitions upon request.

17 (2) SIGNIFICANT IRS INFORMATION TECH-
18 NOLOGY ACQUISITIONS.—For purposes of this sub-
19 section, the term “significant IRS information tech-
20 nology acquisitions” means—

21 (A) any acquisition of information tech-
22 nology for the Internal Revenue Service in ex-
23 cess of \$1,000,000; and

24 (B) such other acquisitions of information
25 technology for the Internal Revenue Service (or

1 categories of such acquisitions) as the IRS CIO,
2 in consultation with the Chief Procurement Of-
3 ficer of the Internal Revenue Service, may iden-
4 tify.

5 (3) SCOPE.—Terms used in this subsection
6 which are also used in section 7803(f) of the Inter-
7 nal Revenue Code of 1986 (as amended by sub-
8 section (a)) shall have the same meaning as when
9 used in such section.

10 **SEC. 2102. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

11 (a) IN GENERAL.—Not later than January 1, 2023,
12 the Secretary of the Treasury or the Secretary’s delegate
13 (hereafter referred to in this section as the “Secretary”)
14 shall make available an Internet website or other elec-
15 tronic media, with a user interface and functionality simi-
16 lar to the Business Services Online Suite of Services pro-
17 vided by the Social Security Administration, that will pro-
18 vide access to resources and guidance provided by the In-
19 ternal Revenue Service and will allow persons to—

20 (1) prepare and file Forms 1099;

21 (2) prepare Forms 1099 for distribution to re-
22 cipients other than the Internal Revenue Service;
23 and

24 (3) maintain a record of completed and sub-
25 mitted Forms 1099.

1 (b) ELECTRONIC SERVICES TREATED AS SUPPLE-
 2 MENTAL; APPLICATION OF SECURITY STANDARDS.—The
 3 Secretary shall ensure that the services described in sub-
 4 section (a)—

5 (1) are a supplement to, and not a replacement
 6 for, other services provided by the Internal Revenue
 7 Service to taxpayers; and

8 (2) comply with applicable security standards
 9 and guidelines.

10 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**
 11 **INFORMATION TECHNOLOGY POSITIONS.**

12 (a) IN GENERAL.—Subchapter A of chapter 80 is
 13 amended by adding at the end the following new section:

14 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**
 15 **INFORMATION TECHNOLOGY POSITIONS.**

16 “In the case of any position which is critical to the
 17 functionality of the information technology operations of
 18 the Internal Revenue Service—

19 “(1) section 9503 of title 5, United States
 20 Code, shall be applied—

21 “(A) by substituting ‘during the period be-
 22 ginning on the date of the enactment of section
 23 7812 of the Internal Revenue Code of 1986,
 24 and ending on September 30, 2023’ for ‘Before
 25 September 30, 2013 in subsection (a)’,

1 “(B) without regard to subparagraph (B)
2 of subsection (a)(1), and

3 “(C) by substituting ‘the date of the enact-
4 ment of the Taxpayer First Act of 2018’ for
5 ‘June 1, 1998’ in subsection (a)(6),

6 “(2) section 9504 of such title 5 shall be ap-
7 plied by substituting ‘During the period beginning
8 on the date of the enactment of section 7812 of the
9 Internal Revenue Code of 1986, and ending on Sep-
10 tember 30, 2023’ for ‘Before September 30, 2013’
11 each place it appears in subsections (a) and (b), and

12 “(3) section 9505 of such title shall be ap-
13 plied—

14 “(A) by substituting ‘During the period be-
15 ginning on the date of the enactment of section
16 7812 of the Internal Revenue Code of 1986,
17 and ending on September 30, 2023’ for ‘Before
18 September 30, 2013’ in subsection (a), and

19 “(B) by substituting ‘the information tech-
20 nology operations’ for ‘significant functions’ in
21 subsection (a).”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for subchapter A of chapter 80 is amended by adding at
24 the end the following new item:

“Sec. 7812. Streamlined critical pay authority for information technology posi-
tions.”.

1 **Subtitle C—Modernization of Con-**
2 **sent-Based Income Verification**
3 **System**

4 **SEC. 2201. DISCLOSURE OF TAXPAYER INFORMATION FOR**
5 **THIRD-PARTY INCOME VERIFICATION.**

6 (a) IN GENERAL.—Not later than 1 year after the
7 close of the 2-year period described in subsection (d)(1),
8 the Secretary of the Treasury or the Secretary’s delegate
9 (hereafter referred to in this section as the “Secretary”)
10 shall implement a program to ensure that any qualified
11 disclosure—

12 (1) is fully automated and accomplished
13 through the Internet; and

14 (2) is accomplished in as close to real-time as
15 is practicable.

16 (b) QUALIFIED DISCLOSURE.—For purposes of this
17 section, the term “qualified disclosure” means a disclosure
18 under section 6103(c) of the Internal Revenue Code of
19 1986 of returns or return information by the Secretary
20 to a person seeking to verify the income or creditworthi-
21 ness of a taxpayer who is a borrower in the process of
22 a loan application.

23 (c) APPLICATION OF SECURITY STANDARDS.—The
24 Secretary shall ensure that the program described in sub-

1 section (a) complies with applicable security standards and
2 guidelines.

3 (d) USER FEE.—

4 (1) IN GENERAL.—During the 2-year period be-
5 ginning on the first day of the 6th calendar month
6 beginning after the date of the enactment of this
7 Act, the Secretary shall assess and collect a fee for
8 qualified disclosures (in addition to any other fee as-
9 sessed and collected for such disclosures) at such
10 rates as the Secretary determines are sufficient to
11 cover the costs related to implementing the program
12 described in subsection (a), including the costs of
13 any necessary infrastructure or technology.

14 (2) DEPOSIT OF COLLECTIONS.—Amounts re-
15 ceived from fees assessed and collected under para-
16 graph (1) shall be deposited in, and credited to, an
17 account solely for the purpose of carrying out the
18 activities described in subsection (a). Such amounts
19 shall be available to carry out such activities without
20 need of further appropriation and without fiscal year
21 limitation.

1 **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**
 2 **BASED DISCLOSURES OF TAX RETURN INFOR-**
 3 **MATION.**

4 (a) IN GENERAL.—Section 6103(c) is amended by
 5 adding at the end the following: “Persons designated by
 6 the taxpayer under this subsection to receive return infor-
 7 mation shall not use the information for any purpose other
 8 than the express purpose for which consent was granted
 9 and shall not disclose return information to any other per-
 10 son without the express permission of, or request by, the
 11 taxpayer.”.

12 (b) APPLICATION OF PENALTIES.—Section
 13 6103(a)(3) is amended by inserting “subsection (c),” after
 14 “return information under”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to disclosures made after the date
 17 of the enactment of this Act.

18 **Subtitle D—Expanded Use of**
 19 **Electronic Systems**

20 **SEC. 2301. ELECTRONIC FILING OF RETURNS.**

21 (a) IN GENERAL.—Section 6011(e)(2)(A) is amended
 22 by striking “250” and inserting “the applicable number
 23 of”.

24 (b) APPLICABLE NUMBER.—Section 6011(e) is
 25 amended by striking paragraph (5) and inserting the fol-
 26 lowing new paragraphs:

1 “(5) APPLICABLE NUMBER.—

2 “(A) IN GENERAL.—For purposes of para-
3 graph (2)(A), the applicable number shall be—

4 “(i) except as provided in subpara-
5 graph (B), in the case of calendar years
6 before 2020, 250,

7 “(ii) in the case of calendar year
8 2020, 100, and

9 “(iii) in the case of calendar years
10 after 2020, 10.

11 “(B) SPECIAL RULE FOR PARTNERSHIPS
12 FOR 2018 AND 2019.—In the case of a partner-
13 ship, for any calendar year before 2020, the ap-
14 plicable number shall be—

15 “(i) in the case of calendar year 2018,
16 200, and

17 “(ii) in the case of calendar year
18 2019, 150.

19 “(6) PARTNERSHIPS REQUIRED TO FILE ON
20 MAGNETIC MEDIA.—Notwithstanding paragraph
21 (2)(A), the Secretary shall require partnerships hav-
22 ing more than 100 partners to file returns on mag-
23 netic media.”.

1 (c) RETURNS FILED BY A TAX RETURN PRE-
 2 PARER.—Section 6011(e)(3) is amended by adding at the
 3 end the following new subparagraph:

4 “(D) EXCEPTION FOR CERTAIN PRE-
 5 PARERS LOCATED IN AREAS WITHOUT INTER-
 6 NET ACCESS.—The Secretary may waive the re-
 7 quirement of subparagraph (A) if the Secretary
 8 determines, on the basis of an application by
 9 the tax return preparer, that the preparer can-
 10 not meet such requirement by reason of being
 11 located in a geographic area which does not
 12 have access to internet service (other than dial-
 13 up or satellite service).”.

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

17 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**
 18 **TRONIC SIGNATURES FOR DISCLOSURE AU-**
 19 **THORIZATIONS TO, AND OTHER AUTHORIZA-**
 20 **TIONS OF, PRACTITIONERS.**

21 Section 6061(b)(3) is amended to read as follows:

22 “(3) PUBLISHED GUIDANCE.—

23 “(A) IN GENERAL.—The Secretary shall
 24 publish guidance as appropriate to define and
 25 implement any waiver of the signature require-

ments or any method adopted under paragraph (1).

“(B) ELECTRONIC SIGNATURES FOR DISCLOSURE AUTHORIZATIONS TO, AND OTHER AUTHORIZATIONS OF, PRACTITIONERS.—Not later than 6 months after the date of the enactment of this subparagraph, the Secretary shall publish guidance to establish uniform standards and procedures for the acceptance of taxpayers’ signatures appearing in electronic form with respect to any request for disclosure of a taxpayer’s return or return information under section 6103(c) to a practitioner or any power of attorney granted by a taxpayer to a practitioner.

“(C) PRACTITIONER.—For purposes of subparagraph (B), the term ‘practitioner’ means any individual in good standing who is regulated under section 330 of title 31, United States Code.”.

SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT CARDS.

Section 6311(d)(2) is amended by adding at the end the following: “The preceding sentence shall not apply to the extent that the Secretary ensures that any such fee

1 or other consideration is fully recouped by the Secretary
2 in the form of fees paid to the Secretary by persons paying
3 taxes imposed under subtitle A with credit, debit, or
4 charge cards pursuant to such contract. Notwithstanding
5 the preceding sentence, the Secretary shall seek to mini-
6 mize the amount of any fee or other consideration that
7 the Secretary pays under any such contract.”.

8 **SEC. 2304. REQUIREMENT THAT ELECTRONICALLY PRE-**
9 **PARSED PAPER RETURNS INCLUDE SCAN-**
10 **NABLE CODE.**

11 (a) IN GENERAL.—Subsection (e) of section 6011, as
12 amended by this Act, is amended by adding at the end
13 the following new paragraph:

14 “(7) SPECIAL RULE FOR RETURNS PREPARED
15 ELECTRONICALLY AND SUBMITTED ON PAPER.—The
16 Secretary shall require that any return of tax which
17 is prepared electronically, but is printed and filed on
18 paper, bear a code which can, when scanned, convert
19 such return to electronic format.”.

20 (b) CONFORMING AMENDMENT.—Paragraph (1) of
21 section 6011(e) is amended by striking “paragraph (3)”
22 and inserting “paragraphs (3) and (7)”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to returns of tax the due date for

1 which (determined without regard to extensions) is after
2 December 31, 2020.

3 **SEC. 2305. AUTHENTICATION OF USERS OF ELECTRONIC**
4 **SERVICES ACCOUNTS.**

5 Beginning 180 days after the date of the enactment
6 of this Act, the Secretary of the Treasury (or the Sec-
7 retary's delegate) shall verify the identity of any individual
8 opening an e-Services account with the Internal Revenue
9 Service before such individual is able to use the e-Services
10 tools.

11 **Subtitle E—Other Provisions**

12 **SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN**
13 **TAX COMPLIANCE PROCEDURES AND RE-**
14 **PORTS.**

15 Section 2004 of the Internal Revenue Service Re-
16 structuring and Reform Act of 1998 (26 U.S.C. 6012
17 note) is repealed.

18 **SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.**

19 Not later than 1 year after the date of the enactment
20 of this Act, the Commissioner of Internal Revenue shall
21 submit to Congress a written report providing a com-
22 prehensive training strategy for employees of the Internal
23 Revenue Service, including—

24 (1) a plan to streamline current training proc-
25 esses, including an assessment of the utility of fur-

1 ther consolidating internal training programs, tech-
2 nology, and funding;

3 (2) a plan to develop annual training regarding
4 taxpayer rights, including the role of the Office of
5 the Taxpayer Advocate, for employees that interface
6 with taxpayers and their managers;

7 (3) a plan to improve technology-based training;

8 (4) proposals to—

9 (A) focus employee training on early, fair,
10 and efficient resolution of taxpayer disputes for
11 employees that interface with taxpayers and
12 their managers; and

13 (B) ensure consistency of skill development
14 and employee evaluation throughout the Inter-
15 nal Revenue Service; and

16 (5) a thorough assessment of the funding nec-
17 essary to implement such strategy.

18 **TITLE III—MISCELLANEOUS** 19 **PROVISIONS**

20 **Subtitle A—Reform of Laws Gov-** 21 **erning Internal Revenue Serv-** 22 **ice Employees**

23 **SEC. 3001. ELECTRONIC RECORD RETENTION.**

24 (a) RETENTION OF RECORDS.—

1 (1) IN GENERAL.—Email records of the Inter-
2 nal Revenue Service shall be retained in an appro-
3 priate electronic system that supports records man-
4 agement and litigation requirements, including the
5 capability to identify, retrieve, and retain the
6 records, in accordance with the requirements de-
7 scribed in paragraph (2).

8 (2) REQUIREMENTS.—

9 (A) PRIOR TO CERTIFICATION.—The Com-
10 missioner of Internal Revenue and the Chief
11 Counsel for the Internal Revenue Service shall
12 retain all email records generated on or after
13 the date of the enactment of this Act and be-
14 fore the date on which the Treasury Inspector
15 General for Tax Administration makes the cer-
16 tification under subsection (c)(1).

17 (B) PRINCIPAL OFFICERS AND SPECIFIED
18 EMPLOYEES.—Not later than December 31,
19 2019, the Commissioner of Internal Revenue
20 and the Chief Counsel for the Internal Revenue
21 Service shall maintain email records of all prin-
22 cipal officers and specified employees of the In-
23 ternal Revenue Service for a period of not less
24 than 15 years beginning on the date such
25 record was generated.

1 (b) TRANSMISSION OF RECORDS TO THE NATIONAL
2 ARCHIVES.—Not later than 15 years after the date on
3 which an email record of a principal officer or specified
4 employee of the Internal Revenue Service is generated, the
5 Commissioner of Internal Revenue and the Chief Counsel
6 for the Internal Revenue Service shall transfer such email
7 record to the Archivist of the United States.

8 (c) COMPLIANCE.—

9 (1) CERTIFICATION.—On the date that the
10 Treasury Inspector General for Tax Administration
11 determines that the Internal Revenue Service has a
12 program in place that complies with the require-
13 ments of subsections (a)(2)(B) and (b), the Treas-
14 ury Inspector General for Tax Administration shall
15 certify to the Committee on Ways and Means of the
16 House of Representatives and the Committee on Fi-
17 nance of the Senate that the Internal Revenue Serv-
18 ice is in compliance with such requirements.

19 (2) REPORTS.—

20 (A) INTERIM REPORT.—Not later than De-
21 cember 31, 2019, the Treasury Inspector Gen-
22 eral for Tax Administration shall submit a re-
23 port to the Committee on Ways and Means of
24 the House of Representatives and the Com-
25 mittee on Finance of the Senate on the steps

1 being taken by the Commissioner of Internal
2 Revenue and the Chief Counsel for the Internal
3 Revenue Service to comply with the require-
4 ments of subsections (a)(2)(B) and (b).

5 (B) FINAL REPORT.—Not later than April
6 1, 2020, the Treasury Inspector General for
7 Tax Administration shall submit a report to the
8 Committee on Ways and Means of the House of
9 Representatives and the Committee on Finance
10 of the Senate describing whether the Internal
11 Revenue Service is in compliance with the re-
12 quirements of subsections (a)(2)(B) and (b).

13 (d) DEFINITIONS.—For purposes of this section—

14 (1) PRINCIPAL OFFICER.—The term “principal
15 officer” means, with respect to the Internal Revenue
16 Service—

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

22 (B) any employee who is a senior staff
23 member reporting directly to the Commissioner
24 of Internal Revenue or the Chief Counsel for
25 the Internal Revenue Service; and

1 (C) any associate counsel, deputy counsel,
 2 or division head in the Office of the Chief
 3 Counsel for the Internal Revenue Service.

4 (2) SPECIFIED EMPLOYEE.—The term “speci-
 5 fied employee” means, with respect to the Internal
 6 Revenue Service, any employee who—

7 (A) holds a Senior Executive Service posi-
 8 tion (as defined in section 3132 of title 5,
 9 United States Code) in the Internal Revenue
 10 Service or the Office of Chief Counsel for the
 11 Internal Revenue Service; and

12 (B) is not a principal officer of the Inter-
 13 nal Revenue Service.

14 **SEC. 3002. PROHIBITION ON REHIRING ANY EMPLOYEE OF**
 15 **THE INTERNAL REVENUE SERVICE WHO WAS**
 16 **INVOLUNTARILY SEPARATED FROM SERVICE**
 17 **FOR MISCONDUCT.**

18 (a) IN GENERAL.—Section 7804 is amended by add-
 19 ing at the end the following new subsection:

20 “(d) PROHIBITION ON REHIRING EMPLOYEES INVOL-
 21 UNTARILY SEPARATED.—The Commissioner may not hire
 22 any individual previously employed by the Commissioner
 23 who was removed for misconduct under this subchapter
 24 or chapter 43 or chapter 75 of title 5, United States Code,
 25 or whose employment was terminated under section 1203

1 of the Internal Revenue Service Restructuring and Reform
2 Act of 1998 (26 U.S.C. 7804 note).”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply with respect to the hiring of em-
5 ployees after the date of the enactment of this Act.

6 **SEC. 3003. NOTIFICATION OF UNAUTHORIZED INSPECTION**
7 **OR DISCLOSURE OF RETURNS AND RETURN**
8 **INFORMATION.**

9 (a) IN GENERAL.—Subsection (e) of section 7431 is
10 amended by adding at the end the following new sen-
11 tences: “The Secretary shall also notify such taxpayer if
12 the Internal Revenue Service or a Federal or State agency
13 (upon notice to the Secretary by such Federal or State
14 agency) proposes an administrative determination as to
15 disciplinary or adverse action against an employee arising
16 from the employee’s unauthorized inspection or disclosure
17 of the taxpayer’s return or return information. The notice
18 described in this subsection shall include the date of the
19 unauthorized inspection or disclosure and the rights of the
20 taxpayer under such administrative determination.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to determinations proposed after
23 the date which is 180 days after the date of the enactment
24 of this Act.

1 **Subtitle B—Provisions Relating to**
2 **Exempt Organizations**

3 **SEC. 3101. MANDATORY E-FILING BY EXEMPT ORGANIZA-**
4 **TIONS.**

5 (a) IN GENERAL.—Section 6033 is amended by re-
6 designating subsection (n) as subsection (o) and by insert-
7 ing after subsection (m) the following new subsection:

8 “(n) MANDATORY ELECTRONIC FILING.—Any orga-
9 nization required to file a return under this section shall
10 file such return in electronic form.”.

11 (b) CONFORMING AMENDMENT.—Paragraph (7) of
12 section 527(j) is amended by striking “if the organization
13 has” and all that follows through “such calendar year”.

14 (c) INSPECTION OF ELECTRONICALLY FILED AN-
15 NUAL RETURNS.—Subsection (b) of section 6104 is
16 amended by adding at the end the following: “Any annual
17 return required to be filed electronically under section
18 6033(n) shall be made available by the Secretary to the
19 public as soon as practicable in a machine readable for-
20 mat.”.

21 (d) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by this section
24 shall apply to taxable years beginning after the date
25 of the enactment of this Act.

1 (2) TRANSITIONAL RELIEF.—

2 (A) SMALL ORGANIZATIONS.—

3 (i) IN GENERAL.—In the case of any
4 small organizations, or any other organiza-
5 tions for which the Secretary of the Treas-
6 ury or the Secretary’s delegate (hereafter
7 referred to in this paragraph as the “Sec-
8 retary”) determines the application of the
9 amendments made by this section would
10 cause undue burden without a delay, the
11 Secretary may delay the application of
12 such amendments, but such delay shall not
13 apply to any taxable year beginning on or
14 after the date 2 years after of the enact-
15 ment of this Act.

16 (ii) SMALL ORGANIZATION.—For pur-
17 poses of clause (i), the term “small organi-
18 zation” means any organization—

19 (I) the gross receipts of which for
20 the taxable year are less than
21 \$200,000; and

22 (II) the aggregate gross assets of
23 which at the end of the taxable year
24 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 such delay shall not apply to any taxable year beginning on or after the date 2 years after of the enactment of this Act.

**SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF
TAX EXEMPT STATUS FOR FAILURE TO FILE
RETURN.**

(a) IN GENERAL.—Section 6033(j)(1) is amended by striking “If an organization” and inserting the following:

“(A) NOTICE.—

“(i) IN GENERAL.—After an organization described in subsection (a)(1) or (i) fails to file the annual return or notice required under either subsection for 2 consecutive years, the Secretary shall notify the organization—

1 “(I) that the Internal Revenue
 2 Service has no record of such a return
 3 or notice from such organization for 2
 4 consecutive years, and

5 “(II) about the revocation that
 6 will occur under subparagraph (B) if
 7 the organization fails to file such a re-
 8 turn or notice by the due date for the
 9 next such return or notice required to
 10 be filed.

11 The notification under the preceding sen-
 12 tence shall include information about how
 13 to comply with the filing requirements
 14 under subsection (a)(1) and (i).

15 “(B) REVOCATION.—If an organization”.

16 (b) EFFECTIVE DATE.—The amendment made by
 17 this section shall apply to failures to file returns or notices
 18 for 2 consecutive years if the return or notice for the sec-
 19 ond year is required to be filed after December 31, 2018.

20 **Subtitle C—Tax Court**

21 **SEC. 3301. DISQUALIFICATION OF JUDGE OR MAGISTRATE**

22 **JUDGE OF THE TAX COURT.**

23 (a) IN GENERAL.—Part II of subchapter C of chap-
 24 ter 76 is amended by adding at the end the following new
 25 section:

1 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR MAGISTRATE**
 2 **JUDGE OF THE TAX COURT.**

3 “Section 455 of title 28, United States Code, shall
 4 apply to judges and magistrate judges of the Tax Court
 5 and to proceedings of the Tax Court.”.

6 (b) CLERICAL AMENDMENT.—The table of sections
 7 for such part is amended by adding at the end the fol-
 8 lowing new item:

“Sec. 7467. Disqualification of judge or magistrate judge of the Tax Court.”.

9 **SEC. 3302. OPINIONS AND JUDGMENTS.**

10 (a) IN GENERAL.—Section 7459 is amended by strik-
 11 ing all that precedes subsection (c) and inserting the fol-
 12 lowing:

13 **“SEC. 7459. OPINIONS AND JUDGMENTS.**

14 “(a) REQUIREMENT.—An opinion upon any pro-
 15 ceeding instituted before the Tax Court and a judgment
 16 thereon shall be made as quickly as practicable. The judg-
 17 ment shall be made by a judge in accordance with the
 18 opinion of the Tax Court, and such judgment so made
 19 shall, when entered, be the judgment of the Tax Court.

20 “(b) INCLUSION OF FINDINGS OF FACT IN OPIN-
 21 ION.—It shall be the duty of the Tax Court and of each
 22 division to include in its opinion or memorandum opinion
 23 upon any proceeding, its findings of fact. The Tax Court
 24 shall issue in writing all of its findings of fact, opinions,
 25 and memorandum opinions. Subject to such conditions as

1 the Tax Court may by rule provide, the requirements of
2 this subsection and of section 7460 are met if findings
3 of fact or opinion are stated orally and recorded in the
4 transcript of the proceedings.”.

5 (b) REFERENCES.—Section 7459 is amended by re-
6 designating subsection (g) as subsection (h) and by insert-
7 ing after subsection (f) the following new subsection:

8 “(g) REFERENCES.—Any reference in this title to a
9 decision or report of the Tax Court shall be treated as
10 a reference to a judgment or opinion of the Tax Court,
11 respectively.”.

12 (c) CONFORMING AMENDMENT.—The item relating
13 to section 7459 in the table of sections for part II of sub-
14 chapter C of chapter 76 is amended to read as follows:

“Sec. 7459. Opinions and judgments.”.

15 (d) CONTINUING EFFECT OF LEGAL DOCUMENTS.—
16 All orders, decisions, reports, rules, permits, agreements,
17 grants, contracts, certificates, licenses, registrations, privi-
18 leges, and other administrative actions, in connection with
19 the Tax Court, which are in effect at the time this section
20 takes effect, or were final before the effective date of this
21 section and are to become effective on or after the effective
22 date of this section, shall continue in effect according to
23 their terms until modified, terminated, superseded, set
24 aside, or revoked in accordance with law by the Tax Court.

1 **SEC. 3303. TITLE OF SPECIAL TRIAL JUDGE CHANGED TO**
2 **MAGISTRATE JUDGE OF THE TAX COURT.**

3 (a) IN GENERAL.—Section 7443A is amended—

4 (1) by striking “special trial judges” in sub-
5 sections (a) and (e) and inserting “magistrate
6 judges of the Tax Court”;

7 (2) by striking “special trial judges of the
8 court” in subsection (b) and inserting “magistrate
9 judges of the Tax Court”; and

10 (3) by striking “special trial judge” in sub-
11 sections (c) and (d) and inserting “magistrate judge
12 of the Tax Court”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) The heading of section 7443A is amended
15 by striking “**SPECIAL TRIAL JUDGES**” and insert-
16 ing “**MAGISTRATE JUDGES OF THE TAX**
17 **COURT**”.

18 (2) The heading of section 7443A(b) is amend-
19 ed by striking “SPECIAL TRIAL JUDGES” and insert-
20 ing “MAGISTRATE JUDGES OF THE TAX COURT”.

21 (3) The item relating to section 7443A in the
22 table of sections for part I of subchapter C of chap-
23 ter 76 is amended to read as follows:

“Sec. 7443A. Magistrate judges of the Tax Court.”.

1 (4) The heading of section 7448 is amended by
2 striking “**SPECIAL TRIAL JUDGES**” and inserting
3 “**MAGISTRATE JUDGES OF THE TAX COURT**”.

4 (5) Section 7448 is amended—

5 (A) by striking “special trial judge’s” each
6 place it appears in subsections (a)(6), (c)(1),
7 (d), and (m)(1) and inserting “magistrate judge
8 of the Tax Court’s”; and

9 (B) by striking “special trial judge” each
10 place it appears other than in subsection (n)
11 and inserting “magistrate judge of the Tax
12 Court”.

13 (6) Section 7448(n) is amended—

14 (A) by striking “special trial judge which
15 are allowable” and inserting “magistrate judge
16 of the Tax Court which are allowable”; and

17 (B) by striking “special trial judge of the
18 Tax Court” both places it appears and inserting
19 “magistrate judge of the Tax Court”.

20 (7) The heading of section 7448(b)(2) is
21 amended by striking “SPECIAL TRIAL JUDGES” and
22 inserting “MAGISTRATE JUDGES OF THE TAX
23 COURT”.

1 (8) The item relating to section 7448 in the
2 table of sections for part I of subchapter C of chap-
3 ter 76 is amended to read as follows:

 “Sec. 7448. Annuities to surviving spouses and dependent children of judges
 and magistrate judges of the Tax Court.”.

4 (9) Section 7456(a) is amended—

5 (A) by striking “special trial judge” each
6 place it appears and inserting “magistrate
7 judge”; and

8 (B) by striking “(or by the clerk” and in-
9 serting “of the Tax Court (or by the clerk”.

10 (10) Section 7466(a) is amended by striking
11 “special trial judge” and inserting “magistrate
12 judge”.

13 (11) Section 7470A is amended by striking
14 “special trial judges” both places it appears in sub-
15 sections (a) and (b) and inserting “magistrate
16 judges”.

17 (12) Section 7471(a)(2)(A) is amended by
18 striking “special trial judges” and inserting “mag-
19 istrate judges”.

20 (13) Section 7471(c) is amended—

21 (A) by striking “SPECIAL TRIAL JUDGES”
22 in the heading and inserting “MAGISTRATE
23 JUDGES OF THE TAX COURT”; and

1 (B) by striking “special trial judges” and
2 inserting “magistrate judges”.

3 **SEC. 3304. REPEAL OF DEADWOOD RELATED TO BOARD OF**
4 **TAX APPEALS.**

5 (a) Section 7459, as amended by this Act, is amended
6 by striking subsection (f) and by redesignating subsections
7 (g) and (h) as subsections (f) and (g), respectively.

8 (b) Section 7447(a)(3) is amended to read as follows:

9 “(3) In any determination of length of service
10 as judge or as a judge of the Tax Court of the
11 United States there shall be included all periods
12 (whether or not consecutive) during which an indi-
13 vidual served as judge.”.

Passed the House of Representatives December 20,
2018.

Attest:

Clerk.

115TH CONGRESS
2^D SESSION

H. R. 7227

AN ACT

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, and for other purposes.