

115TH CONGRESS  
1ST SESSION

# S. 912

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

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## IN THE SENATE OF THE UNITED STATES

APRIL 24, 2017

Ms. WARREN (for herself, Mrs. SHAHEEN, Ms. BALDWIN, Mr. SANDERS, Mr. FRANKEN, Mr. UDALL, Mr. WHITEHOUSE, Mr. MARKEY, Mr. LEAHY, Ms. DUCKWORTH, and Ms. HASSAN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

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

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Filing Simplifica-  
5 tion Act of 2017”.

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

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

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

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

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

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

18 “(1) ONLINE TAX PREPARATION AND FILING  
 19 SOFTWARE.—Not later than January 31, 2019, soft-  
 20 ware for the preparation and filing of individual in-  
 21 come tax returns for taxable years beginning after  
 22 2017.

23 “(2) TAXPAYER DATA ACCESS.—Not later than  
 24 March 1, 2019, a program under which taxpayers  
 25 may download third-party provided return informa-

1       tion relating to individual income tax returns for  
2       taxable years beginning after 2017.

3           “(3) TAX RETURN PREPARATION.—Not later  
4       than March 1, 2019, a program under which eligible  
5       individuals (as defined under subsection (c)(1)) may  
6       elect to have income tax returns for taxable years  
7       beginning after 2017 prepared by the Secretary.

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

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

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

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

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

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

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

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

11       “(c) TAX RETURN PREPARATION.—

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

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

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

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

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

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

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

9 “(vi) does not file schedule C, and

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

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

14 “(II) interest, or

15 “(III) dividends.

16 “(B) LIMITATION ON ELIGIBILITY FOR  
 17 TAX YEAR 2018.—With respect to any taxable  
 18 year beginning in 2018, the term ‘eligible indi-  
 19 vidual’ shall only include such populations of in-  
 20 dividuals described in subparagraph (A) as is  
 21 determined by the Secretary.

22 “(C) EXPANSION OF ELIGIBILITY AFTER  
 23 TAX YEAR 2018.—

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

1           able year beginning after December 31,  
2           2018, the term ‘eligible individual’ may in-  
3           clude populations of individuals who would  
4           not otherwise satisfy the requirements es-  
5           tablished under subparagraph (A), such as  
6           married individuals, heads of households,  
7           taxpayers who are eligible to claim the  
8           earned income tax credit under section 32  
9           and have dependents, taxpayers who are el-  
10          igible to claim the child tax credit under  
11          section 24, taxpayers who claim deductions  
12          allowed under section 62 for purposes of  
13          determining adjusted gross income, and  
14          taxpayers with income from non-employee  
15          compensation.

16               “(ii) REPORT.—Not later than August  
17               31, 2020, the Secretary shall submit a re-  
18               port to Congress that contains recommen-  
19               dations for such legislative or administra-  
20               tive actions as the Secretary determines  
21               necessary with respect to expanding the  
22               populations of individuals that may qualify  
23               as eligible individuals for purposes of the  
24               program established under subsection  
25               (a)(3).

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

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

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

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

19          “(g) INFORMATION PROVIDED FOR WAGE AND SELF-  
20          EMPLOYMENT INCOME.—For purposes of subsection  
21          (a)(2), in the case of information relating to wages paid  
22          for any calendar year after 2017 required to be provided  
23          to the Commissioner of Social Security under section  
24          205(c)(2)(A) of the Social Security Act (42 U.S.C.  
25          405(c)(2)(A)), the Commissioner shall make such infor-

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

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

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

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

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

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

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

1 ments made by this section such sums as may be necessary  
2 for each of fiscal years 2018 through 2022.

3 (f) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to returns for taxable years begin-  
5 ning after December 31, 2017.

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