

119TH CONGRESS
2D SESSION

S. 3931

To improve services provided to taxpayers by the Internal Revenue Service.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 2026

Mr. CRAPO (for himself and Mr. WYDEN) introduced the following bill; which
was read twice and referred to the Committee on Finance

A BILL

To improve services provided to taxpayers by the Internal
Revenue Service.

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; ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Taxpayer Assistance and Service Act” or the “TAS Act”.

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

1 (c) REFERENCES TO SECRETARY.—For purposes of
 2 this Act, the term “Secretary” means the Secretary of the
 3 Treasury or the Secretary’s delegate.

4 (d) TABLE OF CONTENTS.—The table of contents of
 5 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—TAX ADMINISTRATION AND CUSTOMER SERVICE

Sec. 101. Digitization of tax returns and correspondence.

Sec. 102. Establishment of dashboard to inform taxpayers of backlogs and wait times.

Sec. 103. Expansion of electronic access to information about returns and refunds.

Sec. 104. Expansion of callback technology.

Sec. 105. Expansion of online accounts.

Sec. 106. Automation of refund offset bypass.

Sec. 107. Installment agreement fees eliminated for certain individuals.

Sec. 108. Individuals facing economic hardships informed of collection alternatives.

Sec. 109. Quarterly notices to certain taxpayers with delinquencies.

Sec. 110. Low-income taxpayer clinic funding unlocked.

Sec. 111. Chief Counsel reviews of offers-in-compromise streamlined.

Sec. 112. Modification of procedural requirements for penalties and disallowance periods.

Sec. 113. Return of amounts collected by IRS in excess of accepted offer-in-compromise amount.

Sec. 114. Extension of period for return of amounts subject to wrongful levy.

Sec. 115. Reports to Congress.

TITLE II—AMERICAN CITIZENS ABROAD

Sec. 201. Report on combined tax and foreign bank and financial account reporting.

Sec. 202. Study and reports on simplification.

Sec. 203. Simplification of currency exchanges rules.

Sec. 204. Increase in threshold for simplified foreign tax credit rules and reporting.

Sec. 205. Extension of time for persons outside of the United States to request abatement of math error.

TITLE III—JUDICIAL REVIEW

Sec. 301. Authorization of subpoenas before hearings to facilitate settlements.

Sec. 302. Clarification of Tax Court authority to order relief from a judgment or order.

Sec. 303. Authorization of special trial judges to hear additional cases and address contempt.

Sec. 304. Disqualification of judges and special trial judges.

Sec. 305. Notice and review with respect to multi-year bans on claiming credits.

- Sec. 306. Authorization of de novo review of innocent spouse relief by the Tax Court and other courts.
- Sec. 307. Clarification of certain court filing deadlines.
- Sec. 308. Clarification of Tax Court jurisdiction to determine tax liability in collection due process appeals.
- Sec. 309. Authorization of the Tax Court to issue refunds in collection due process cases.
- Sec. 310. Authorization of the Tax Court to hear suits for refunds or credits.
- Sec. 311. Authorization to use deficiency procedures for certain penalties.
- Sec. 312. Authorization to allow claims for refund in certain cases where full tax not paid.
- Sec. 313. Adjustment of threshold for small disputes.

TITLE IV—OFFICE OF THE TAXPAYER ADVOCATE

- Sec. 401. NTA authorization to direct hire attorneys.
- Sec. 402. NTA authorization to make personnel decisions.
- Sec. 403. Access to Internal Revenue Service information, legal advice, and meetings.
- Sec. 404. Repeal of limitation period suspension for taxpayers seeking assistance from TAS.
- Sec. 405. Operations to assist taxpayers experiencing hardships during lapse in appropriations.

TITLE V—TAX RETURN PREPARERS

- Sec. 501. Penalties for tax return preparers who improperly alter returns.
- Sec. 502. Penalties for failure to provide valid preparer identification numbers.
- Sec. 503. Penalties for improper tax preparation or misappropriation of refunds.
- Sec. 504. Authority to deny, revoke, or suspend preparer tax identification numbers.

TITLE VI—APPEALS

- Sec. 601. Authorization for Office of Appeals to hire attorneys.
- Sec. 602. Authorization for Office of Appeals to direct hire certain individuals.
- Sec. 603. Responses to claims for refund required; appeal of claims for refund authorized.
- Sec. 604. Appeals of returned offers.
- Sec. 605. Purposes and duties of Independent Office of Appeals; right of appeal clarified.

TITLE VII—WHISTLEBLOWERS

- Sec. 701. Standard and scope of review of whistleblower award determinations.
- Sec. 702. Exemption from sequestration.
- Sec. 703. Whistleblower privacy protections.
- Sec. 704. Modification of IRS whistleblower report.
- Sec. 705. Interest on whistleblower awards.
- Sec. 706. Correction regarding deductions for attorney's fees.

TITLE VIII—HOSTAGES

- Sec. 801. Postponement of tax deadlines for hostages and individuals wrongfully detained abroad.

Sec. 802. Refund and abatement of penalties and fines paid by eligible individuals.

TITLE IX—SMALL BUSINESSES

Sec. 901. Implementation of voluntary withholding agreements for payments to independent contractors.

Sec. 902. Establishment of failure-to-pay penalty safe harbor for individuals.

Sec. 903. Extension of mailbox rule to electronic submissions and payments.

Sec. 904. Specificity of third-party contact notices.

TITLE X—MISCELLANEOUS

Sec. 1001. Authority for redisclosure of certain tax information related to education loans to the Congressional Budget Office.

Sec. 1002. Authorization to require large partnerships to file on magnetic media.

Sec. 1003. Limitation period not extended for victims of preparer fraud.

Sec. 1004. Technical amendment related to the Disaster Related Extension of Deadlines Act.

1 **TITLE I—TAX ADMINISTRATION** 2 **AND CUSTOMER SERVICE**

3 **SEC. 101. DIGITIZATION OF TAX RETURNS AND COR-** 4 **RESPONDENCE.**

5 (a) RETURNS ACCEPTED ELECTRONICALLY.—Any
6 Federal tax return which any person is required to file
7 with the Secretary, as well as any amendments to such
8 return—

9 (1) may be filed by such person electronically,
10 and

11 (2) if such return or amendment is filed elec-
12 tronically, shall be processed electronically by the
13 Secretary.

14 (b) DIGITIZATION OF RETURNS AND CORRESPOND-
15 ENCE.—The Internal Revenue Service shall use optical

1 character recognition technology (or any functionally simi-
2 lar technology) to transcribe—

3 (1) any return which is received by the Internal
4 Revenue Service only in a paper form, or

5 (2) any correspondence which is received by the
6 Internal Revenue Service only in a paper form.

7 (c) EXCEPTIONS.—

8 (1) IN GENERAL.—Subsection (b) shall not
9 apply to any technology to the extent that the Sec-
10 retary determines such technology is slower or less
11 reliable than—

12 (A) the process of manually transcribing
13 returns or correspondence received in a paper
14 form, or

15 (B) any other process that the Internal
16 Revenue Service is using or would otherwise
17 use.

18 (2) REPORT TO CONGRESS.—Any exception to
19 the application of a technology described in sub-
20 section (b) pursuant to paragraph (1) shall not take
21 effect unless the Secretary provides a report to the
22 Committee on Ways and Means of the House of
23 Representatives and the Committee on Finance of
24 the Senate regarding the determination made by the

1 Secretary under such paragraph within 30 days of
 2 such determination.

3 (d) EFFECTIVE DATE.—This section shall apply to—

4 (1) any individual income tax return (as defined
 5 in section 6011(e)(3)(C) of the Internal Revenue
 6 Code of 1986) received on or after January 1 of the
 7 first calendar year beginning more than 180 days
 8 after the date of enactment of this Act,

9 (2) any estate tax return (as described in sec-
 10 tion 6018 of such Code) or gift tax return (as de-
 11 scribed in section 6019 of such Code) received on or
 12 after January 1 of the first calendar year beginning
 13 more than 24 months after the date of enactment of
 14 this Act, and

15 (3) any other return or correspondence received
 16 on or after January 1 of the first calendar year be-
 17 ginning more than 18 months after the date of en-
 18 actment of this Act.

19 **SEC. 102. ESTABLISHMENT OF DASHBOARD TO INFORM**
 20 **TAXPAYERS OF BACKLOGS AND WAIT TIMES.**

21 (a) IN GENERAL.—The Secretary shall require the
 22 Internal Revenue Service to provide in real time on its
 23 public website, to the extent practicable, the following:

24 (1) Separately with respect to each applicable
 25 phone number extension—

1 (A) the number of callers connected to
2 speak directly with a representative of the In-
3 ternal Revenue Service,

4 (B) the number of callers connected to
5 speak with an automated system,

6 (C) the number of callers who are waiting
7 to be connected to speak directly with a rep-
8 resentative of the Internal Revenue Service or
9 an automated system,

10 (D) the longest amount of time that any
11 caller has been waiting to be connected to speak
12 directly with a representative of the Internal
13 Revenue Service, and

14 (E) whether callback service is currently
15 available, and if not, when such service is
16 scheduled to be available.

17 (2) An application or tool embedded on the
18 website which—

19 (A) displays all of the information de-
20 scribed in paragraph (1), and

21 (B) estimates the approximate wait time to
22 speak directly with a representative of the In-
23 ternal Revenue Service.

24 (3) An application programming interface which
25 allows any person to access the information de-

1 scribed in subsection (a)(1) using automation and to
2 create an application or tool embedded on a website
3 to display such information.

4 (4) For each applicable phone number exten-
5 sion, a summary of the information described in
6 paragraph (1) with respect to the prior month, in-
7 cluding—

8 (A) the average and median length of calls,

9 (B) the average and median amount of
10 time that callers were speaking directly with a
11 representative of the Internal Revenue Service,

12 (C) the number and percent of calls that
13 were directed to an automated system,

14 (D) the number and percent of calls that
15 were disconnected or terminated by the Internal
16 Revenue Service,

17 (E) the number of callers who were trans-
18 ferred to another applicable phone number ex-
19 tension after the call was initially answered by
20 a representative of the Internal Revenue Serv-
21 ice,

22 (F) the average and median amount of
23 time that callers described in subparagraph (E)
24 were on hold following the transfer, and

1 (G) the number and percent of callers who
2 indicated that they received the answers or
3 service for which they were contacting the In-
4 ternal Revenue Service.

5 (b) DETECTION OF AUTOMATED CALLS.—The Sec-
6 retary shall require the Internal Revenue Service to use
7 technology to detect and screen out automated calls.

8 (c) INFORMATION REGARDING DELAYS.—For any
9 week in which there was a significant delay with respect
10 to any applicable item (referred to in this subsection as
11 an “applicable week”), the Secretary shall require the In-
12 ternal Revenue Service to provide on its public website,
13 during the week subsequent to the applicable week, infor-
14 mation with respect to each such applicable item regarding
15 the earliest date on which any such applicable items that
16 were processed during the applicable week were received
17 by the Internal Revenue Service.

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

19 (1) APPLICABLE ITEM.—The term “applicable
20 item” means each category of tax return, claim,
21 statement, or other document filed with the Internal
22 Revenue Service.

23 (2) APPLICABLE PHONE NUMBER EXTEN-
24 SION.—The term “applicable phone number exten-
25 sion” means any extension or application which may

1 be reached by calling a phone number which is listed
2 by the Internal Revenue Service on any website,
3 publication, form, or instruction which is available to
4 the public and—

5 (A) operated by the Internal Revenue Serv-
6 ice accounts management function,

7 (B) operated by the Internal Revenue
8 Service automated collection function,

9 (C) managed by the Internal Revenue
10 Service Joint Operations Center,

11 (D) managed and staffed by a contractor
12 on behalf of the Internal Revenue Service, or

13 (E) received not less than 200,000 calls
14 during the preceding calendar year.

15 (3) SIGNIFICANT DELAY.—The term “signifi-
16 cant delay” means, in the case of any applicable
17 item for any week, the failure to process all of such
18 applicable items which were received by the Internal
19 Revenue Service at least 21 days before the first day
20 of the week.

21 (e) EFFECTIVE DATE.—The requirements of this sec-
22 tion shall apply to periods beginning after the date which
23 is 12 months after the date of enactment of this Act.

1 **SEC. 103. EXPANSION OF ELECTRONIC ACCESS TO INFOR-**
2 **MATION ABOUT RETURNS AND REFUNDS.**

3 Not later than January 1 of the first calendar year
4 beginning more than 12 months after the date of enact-
5 ment of this Act, through a website and mobile applica-
6 tion, the Secretary shall provide individualized, specific,
7 and up-to-date information to taxpayers regarding their
8 tax returns and amended returns, including information
9 with respect to whether the Internal Revenue Service
10 has—

11 (1) received such return and entered such re-
12 turn into their systems,

13 (2) completed processing such return, includ-
14 ing—

15 (A) the date on which the Internal Rev-
16 enue Service issued any refund of any overpay-
17 ment of tax,

18 (B) the estimated date on which the tax-
19 payer can expect to receive such refund, and

20 (C)(i) if the refund will be issued by elec-
21 tronic fund transfer, the financial account to
22 which such refund will be deposited, includ-
23 ing—

24 (I) the partial or full account number
25 for such account, and

1 (II) the name and routing number of
 2 the financial institution, or

3 (ii) if the refund will be issued by paper
 4 check, the address to which the check will be
 5 mailed, or

6 (3) suspended processing such return, includ-
 7 ing—

8 (A) the reason for the suspension, and

9 (B) in the case of any information which
 10 was requested by the Internal Revenue Serv-
 11 ice—

12 (i) the information requested,

13 (ii) the form and manner for submis-
 14 sion of such information, and

15 (iii) the date on which such informa-
 16 tion is due to be submitted to the Internal
 17 Revenue Service.

18 **SEC. 104. EXPANSION OF CALLBACK TECHNOLOGY.**

19 It is the sense of Congress that—

20 (1) taxpayers contacting the Internal Revenue
 21 Service should have the option to receive a callback,
 22 and

23 (2) not later than calendar year 2028, the In-
 24 ternal Revenue Service should provide any taxpayer
 25 (including any taxpayer residing outside of the

1 United States) the option to receive a callback for
 2 any call made by the taxpayer to an applicable
 3 phone number extension (as defined in section
 4 102(d)(2) of this Act) which has not been answered
 5 within 5 minutes.

6 **SEC. 105. EXPANSION OF ONLINE ACCOUNTS.**

7 (a) IN GENERAL.—Not later than January 1 of the
 8 first calendar year beginning more than 18 months after
 9 the date of enactment of this Act, the Secretary shall
 10 make available a website or mobile application which al-
 11 lows any taxpayer (including any taxpayer residing outside
 12 of the United States) the ability to—

13 (1) in a manner consistent with any applicable
 14 limitations under section 6103 of the Internal Rev-
 15 enue Code of 1986, view any return (as defined in
 16 section 6103(b)(1) of the Internal Revenue Code of
 17 1986), document, notice, or letter (with the excep-
 18 tion of any educational item which has no legal ef-
 19 fect) which, during the applicable period (as defined
 20 in subsection (d)), has been—

21 (A) sent by the Internal Revenue Service
 22 to such taxpayer, or

23 (B) filed with (or, in the case of any docu-
 24 ment not required to be filed, sent to) the In-
 25 ternal Revenue Service—

1 (i) by such taxpayer,

2 (ii) by a person described in sub-
3 section (c) of section 6103 of the Internal
4 Revenue Code of 1986 with respect to such
5 taxpayer, or

6 (iii) with respect to such taxpayer in
7 a manner described in subsection (e) of
8 such section,

9 (2) with respect to any document, notice, or let-
10 ter sent to such taxpayer by the Internal Revenue
11 Service, respond to such document, notice, or letter
12 by uploading or otherwise transmitting the tax-
13 payer's response through the website or mobile ap-
14 plication, and

15 (3) in the case of—

16 (A) any representative of such taxpayer
17 who is authorized to practice before the Depart-
18 ment of the Treasury pursuant to section 330
19 of title 31, United States Code,

20 (B) any tax return preparer (as defined in
21 section 7701(a)(36) of the Internal Revenue
22 Code of 1986) with an identifying number (as
23 described in section 6109(a)(4) of such Code),
24 or

25 (C) any qualified reporting agent,

1 permit such representative, preparer, or agent, to
2 the extent authorized by the taxpayer, to access the
3 information described in paragraph (1) or transmit
4 any information described in paragraph (2).

5 (b) AVAILABILITY FOR VIEWING.—With respect to
6 any return, document, notice, or letter described in para-
7 graph (1) of subsection (a), such return, document, notice,
8 or letter shall be made available for viewing by the tax-
9 payer (or, pursuant to paragraph (3) of such subsection,
10 any representative, tax return preparer, or qualified re-
11 porting agent authorized by the taxpayer) as soon as is
12 practicable and within such periods as are established pur-
13 suant to regulations prescribed by the Secretary.

14 (c) ACCESS TO MULTIPLE ACCOUNTS BY REP-
15 RESENTATIVE, PREPARER, OR AGENT.—For purposes of
16 subsection (a)(3), the website or mobile application shall
17 allow a representative, tax return preparer, or qualified
18 reporting agent to be able to access information for mul-
19 tiple taxpayers who have provided permission under such
20 subsection without any requirement to individually and
21 separately access the account of each such taxpayer.

22 (d) APPLICABLE PERIOD.—

23 (1) IN GENERAL.—Subject to paragraph (2),
24 for purposes of subsection (a)(1), the term “applica-
25 ble period” means the preceding 6-year period.

1 (2) PROSPECTIVE APPLICATION.—The term
 2 “applicable period” shall not include any years end-
 3 ing before the date of enactment of this Act.

4 (e) QUALIFIED REPORTING AGENT.—

5 (1) IN GENERAL.—For purposes of this section,
 6 the term “qualified reporting agent” means a per-
 7 son—

8 (A) which is properly authorized as an
 9 agent to sign and file employment tax returns,
 10 make related payments and deposits, and per-
 11 form such other acts on behalf of a taxpayer
 12 under procedures set forth by the Secretary,

13 (B) which has met such requirements as
 14 may be established by the Secretary, and

15 (C) for which authorization has not been
 16 revoked or suspended by the Secretary pursuant
 17 to procedures established by the Secretary.

18 (2) EMPLOYMENT TAX RETURN.—For purposes
 19 of paragraph (1)(A), the term “employment tax re-
 20 turn” means—

21 (A) any return required to be filed by an
 22 employer to report the obligations of the em-
 23 ployer and its employees under section 3101,
 24 3111, 3301, or 3402 of the Internal Revenue
 25 Code of 1986, and

1 (B) such other returns as designated by
2 the Secretary.

3 (f) PREVENTING UNAUTHORIZED DISCLOSURE OF
4 RETURN INFORMATION BY PERSONS DESIGNATED BY
5 TAXPAYERS.—Not later than January 1 of the first cal-
6 endar year beginning more than 18 months after the date
7 of enactment of this Act, the Secretary shall—

8 (1) establish a program to investigate and ad-
9 dress—

10 (A) any access, use, or disclosure of return
11 information (as defined in section 6103(b) of
12 the Internal Revenue Code of 1986) by any per-
13 son which is in excess of the authorization per-
14 mitted to such person pursuant to subsection
15 (a)(3), and

16 (B) any related misconduct, and

17 (2) annually publish, on the public website of
18 the Internal Revenue Service, the actions undertaken
19 pursuant to the program described in paragraph (1),
20 such as the number of complaints investigated, the
21 number of persons whose access was revoked, and
22 other relevant statistical data.

23 (g) FOCUS GROUPS.—For purposes of subsection (a),
24 prior to the date that the website or mobile application
25 described in such subsection is made available, the Sec-

1 retary shall conduct focus groups with taxpayers and tax
 2 professionals to ensure that any amounts appropriated or
 3 otherwise made available for such purposes are expended
 4 in an appropriate manner.

5 **SEC. 106. AUTOMATION OF REFUND OFFSET BYPASS.**

6 (a) IN GENERAL.—Section 6402(a) is amended—

7 (1) by striking “In the case” and inserting the
 8 following:

9 “(1) AUTHORITY.—Except as provided in para-
 10 graph (2), in the case”, and

11 (2) by adding at the end the following new
 12 paragraphs:

13 “(2) SPECIAL RULE FOR CERTAIN INDIVID-
 14 UALS.—In the case of an overpayment with respect
 15 to any taxable year for which a credit is allowed to
 16 an applicable taxpayer under section 32, the Sec-
 17 retary shall, subject to subsections (c), (d), (e), and
 18 (f), refund such overpayment in an amount not to
 19 exceed the amount of the credit allowed under such
 20 section for such taxable year.

21 “(3) APPLICABLE TAXPAYER.—For purposes of
 22 paragraph (2), the term ‘applicable taxpayer’ means
 23 a taxpayer who was classified by the Secretary as
 24 currently not collectible (within the meaning of sec-

1 tion 6343(e)) prior to the date on which the refund
2 was requested by the taxpayer.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to offsets made after the date
5 which is 12 months after the date of enactment of this
6 Act.

7 **SEC. 107. INSTALLMENT AGREEMENT FEES ELIMINATED**
8 **FOR CERTAIN INDIVIDUALS.**

9 (a) IN GENERAL.—Section 6159(f) is amended by
10 striking paragraph (2) and inserting the following:

11 “(2) WAIVER.—No fee shall be imposed on an
12 installment agreement under this section in the case
13 of—

14 “(A) any taxpayer with an adjusted gross
15 income, as determined for the most recent year
16 for which such information is available, which
17 does not exceed 250 percent of the applicable
18 poverty level (as determined by the Secretary),
19 or

20 “(B) any taxpayer which has—

21 “(i) entered into the installment
22 agreement using the public website of the
23 Internal Revenue Service, and

1 “(ii) agreed to make payments under
 2 the installment agreement by electronic
 3 payment through a debit instrument.”.

4 (b) EFFECTIVE DATE.—The amendment made by
 5 this section shall apply to installment agreements entered
 6 into after the date which is 12 months after the date of
 7 enactment of this Act.

8 **SEC. 108. INDIVIDUALS FACING ECONOMIC HARDSHIPS IN-**
 9 **FORMED OF COLLECTION ALTERNATIVES.**

10 (a) IN GENERAL.—Not later than 12 months after
 11 the date of enactment of this Act, the Secretary shall—

12 (1) establish a program to identify taxpayers
 13 who—

14 (A) are reasonably likely to be experiencing
 15 an economic hardship, and

16 (B) have an unpaid tax liability, and

17 (2) in the case of any taxpayer described in
 18 paragraph (1) who requests to enter into an agree-
 19 ment described in section 6159(a) of the Internal
 20 Revenue Code of 1986, provide such taxpayer with
 21 information regarding other options which the Inter-
 22 nal Revenue Service makes available to taxpayers
 23 who have an unpaid tax liability and are experi-
 24 encing an economic hardship, including—

1 (A) an agreement described in such section
2 for partial collection of a tax liability,

3 (B) an offer-in-compromise (as described
4 in section 7122 of such Code), and

5 (C) classification as currently not collect-
6 ible (within the meaning of section 6343(e) of
7 such Code).

8 (b) ECONOMIC HARDSHIP.—For purposes of this sec-
9 tion, in determining whether a taxpayer is reasonably like-
10 ly to be experiencing an economic hardship, such deter-
11 mination shall be made in the same manner as determined
12 under section 6343(a)(1)(D) of the Internal Revenue Code
13 of 1986 based on—

14 (1) the most recent income and asset data
15 which the Secretary has received from a return or a
16 report from, or with respect to, such taxpayer, and

17 (2) the schedules described in section
18 7122(d)(2)(A) of such Code.

19 (c) REPORT.—Not later than 2 years after the date
20 of enactment of this Act, the Secretary, in consultation
21 with the National Taxpayer Advocate, shall submit a re-
22 port to the Committee on Ways and Means of the House
23 of Representatives and the Committee on Finance of the
24 Senate regarding—

1 (1) the accuracy of the Internal Revenue Serv-
 2 ice with respect to identifying taxpayers who are
 3 reasonably likely to be experiencing an economic
 4 hardship under subsection (a)(1),

5 (2) whether such identification procedures may
 6 be appropriately applied for other purposes, and

7 (3)(A) the number of taxpayers with an unpaid
 8 tax liability who were identified as reasonably likely
 9 to be experiencing an economic hardship under sub-
 10 section (a)(1),

11 (B) the options described in subsection (a)(2)
 12 that were provided to such taxpayers, and

13 (C) the status of the tax liabilities of such tax-
 14 payers.

15 **SEC. 109. QUARTERLY NOTICES TO CERTAIN TAXPAYERS**
 16 **WITH DELINQUENCIES.**

17 (a) IN GENERAL.—Section 7524 is amended—

18 (1) in the heading, by striking “**ANNUAL NO-**
 19 **TICE**” and inserting “**NOTICE**”,

20 (2) by striking “Not less often than annually”
 21 and inserting the following:

22 “(a) IN GENERAL.—Except as provided in subsection
 23 (b), not less often than quarterly”, and

24 (3) by adding at the end the following:

1 “(b) INFORMATION ON PENALTIES AND INTEREST.—

2 The notice described in subsection (a) shall include—

3 “(1) an estimate of the amount of penalties and
4 interest that may accrue if the delinquent tax debt
5 is not fully paid within the period remaining under
6 section 6502(a), and

7 “(2) programs and services that can provide as-
8 sistance to the taxpayer.

9 “(c) EXCEPTION.—The requirement under subsection
10 (a) shall not apply—

11 “(1) during any period in which an agreement
12 described in section 6159(a) or an accepted offer-in-
13 compromise (as described in section 7122) is in ef-
14 fect, or

15 “(2) in the case of a taxpayer for which the
16 Secretary has determined that the tax is not collect-
17 ible (within the meaning of section 6343(e)).”.

18 (b) CONFORMING AMENDMENT.—The table of sec-
19 tions for chapter 77 is amended by striking the item relat-
20 ing to section 7524 and inserting the following new item:

“Sec. 7524. Notice of tax delinquency.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on the date which is 24
23 months after the date of enactment of this Act.

1 **SEC. 110. LOW-INCOME TAXPAYER CLINIC FUNDING UN-**
2 **LOCKED.**

3 (a) MATCHING FUNDS.—Paragraph (5) of section
4 7526(c) is amended to read as follows:

5 “(5) REQUIREMENT OF MATCHING FUNDS.—

6 “(A) IN GENERAL.—With respect to any
7 grant provided to a low-income taxpayer clinic
8 under this section, such clinic shall provide
9 matching funds equal to the applicable percent-
10 age of the amount of such grant.

11 “(B) MATCHING FUNDS.—

12 “(i) IN GENERAL.—For purposes of
13 this paragraph, the term ‘matching funds’
14 may include—

15 “(I) the salary (including fringe
16 benefits) of individuals performing
17 services for the low-income taxpayer
18 clinic, and

19 “(II) the cost of equipment used
20 in the low-income taxpayer clinic.

21 “(ii) EXCLUSION.—For purposes of
22 this paragraph, the term ‘matching funds’
23 shall not include any indirect expenses,
24 such as general overhead of the institution
25 sponsoring the low-income taxpayer clinic.

1 “(C) APPLICABLE PERCENTAGE.—For
 2 purposes of subparagraph (A), the applicable
 3 percentage shall be 100 percent, except that the
 4 Secretary may establish a lower percentage (not
 5 below 25 percent) if the Secretary determines
 6 that such percentage would expand the coverage
 7 of the low-income taxpayer clinic to additional
 8 taxpayers.”.

9 (b) TECHNICAL AMENDMENTS.—Section 7526(c), as
 10 amended by subsection (a), is further amended—

11 (1) by striking paragraphs (1) and (2), and
 12 (2) by redesignating paragraphs (3) through
 13 (6) as paragraphs (1) through (4).

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

17 **SEC. 111. CHIEF COUNSEL REVIEWS OF OFFERS-IN-COM-**
 18 **PROMISE STREAMLINED.**

19 (a) IN GENERAL.—Section 7122(b) is amended by
 20 striking “in any case” and all that follows through “his
 21 delegate” and inserting “in any case which the Secretary
 22 determines presents a significant legal issue, there shall
 23 be placed on file in the office of the Secretary the opinion
 24 of the General Counsel for the Department of the Treas-
 25 ury, or the Counsel’s delegate”.

1 (b) CONFORMING AMENDMENTS.—Section 7122(b) is
 2 amended by striking the second and third sentences.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to offers-in-compromise submitted
 5 or pending on or after the date of the enactment of this
 6 Act.

7 **SEC. 112. MODIFICATION OF PROCEDURAL REQUIREMENTS**
 8 **FOR PENALTIES AND DISALLOWANCE PERI-**
 9 **ODS.**

10 (a) IN GENERAL.—Section 6751(b) is amended—
 11 (1) by striking paragraph (1) and inserting the
 12 following:

13 “(1) IN GENERAL.—No penalty under this title
 14 shall be assessed, and no disallowance period shall
 15 take effect, unless—

16 “(A) the decision (as defined by the Sec-
 17 retary in regulations) to apply such penalty or
 18 disallowance period, as applicable, is personally
 19 approved (in writing on an electronic form)
 20 by—

21 “(i) the immediate supervisor of the
 22 individual making such decision, or

23 “(ii) the Internal Revenue Service Of-
 24 fice of Servicewide Penalties (or any suc-
 25 cessor organization), and

1 “(B) the approval described in subpara-
 2 graph (A) is obtained on or before the date any
 3 appealable notice is sent to the taxpayer regard-
 4 ing the application of such penalty or disallow-
 5 ance period.”, and

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

7 “(3) APPEALABLE NOTICE.—For purposes of
 8 this subsection, the term ‘appealable notice’ means
 9 the first written notice issued to a taxpayer that pro-
 10 vides the taxpayer an opportunity to—

11 “(A) appeal the decision to the Internal
 12 Revenue Service Independent Office of Appeals,
 13 or

14 “(B) petition a Federal court for review of
 15 the decision.”.

16 (b) DISALLOWANCE PERIOD.—Section 6751 is
 17 amended by adding at the end the following new sub-
 18 section:

19 “(d) DISALLOWANCE PERIOD.—

20 “(1) IN GENERAL.—For purposes of this sec-
 21 tion, the term ‘disallowance period’ means—

22 “(A) with respect to any credit under sec-
 23 tion 24, the period determined under section
 24 24(g)(1),

1 “(B) with respect to any credit under sec-
 2 tion 25A, the period determined under section
 3 25A(b)(4)(A), and

4 “(C) with respect to any credit under sec-
 5 tion 32, the period determined under section
 6 32(k)(1).

7 “(2) APPROVAL REQUIRED FOR DISALLOWANCE
 8 PERIOD AUTOMATICALLY CALCULATED THROUGH
 9 ELECTRONIC MEANS.—With respect to the applica-
 10 tion of any disallowance period, subsection (b)(2)(B)
 11 shall not apply.”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to notices sent after the date which
 14 is 12 months after the date of the enactment of this Act.

15 (d) REPORT.—Not later than 24 months after the
 16 date of enactment of this Act, and annually thereafter,
 17 the Secretary shall make publicly available a report re-
 18 garding all penalties assessed by the Internal Revenue
 19 Service pursuant to the Internal Revenue Code of 1986
 20 during the preceding calendar year, with all relevant data
 21 regarding such penalties to be collected and reported with
 22 respect to—

23 (1) every organizational unit of the Internal
 24 Revenue Service that has power to assess, abate, or
 25 otherwise enforce any penalty imposed by the Inter-

1 nal Revenue Service under the Internal Revenue
2 Code of 1986, and

3 (2) the progression of such penalties at each
4 step of the determination, assessment, and review
5 processes, as well as the final result with respect to
6 such penalties.

7 **SEC. 113. RETURN OF AMOUNTS COLLECTED BY IRS IN EX-**
8 **CESS OF ACCEPTED OFFER-IN-COMPROMISE**
9 **AMOUNT.**

10 (a) IN GENERAL.—Section 7122 is amended by add-
11 ing at the end the following:

12 “(h) RETURN AMOUNTS COLLECTED IN EXCESS OF
13 PAYMENT AMOUNT OF ACCEPTED OFFER-IN-COM-
14 PROMISE.—

15 “(1) IN GENERAL.—Subject to paragraph (2),
16 in the case of any taxpayer for which an offer-in-
17 compromise has been accepted under this section,
18 any proceeds collected from such taxpayer after ac-
19 ceptance of the offer-in-compromise which are in ex-
20 cess of any remaining payments scheduled under
21 such compromise shall be transferred to the tax-
22 payer.

23 “(2) EXCEPTION.—Paragraph (1) shall not
24 apply if—

1 “(A) the taxpayer and the Secretary have
2 specifically agreed otherwise, or

3 “(B) the Secretary has—

4 “(i) determined that, under the terms
5 of the compromise, such compromise is in
6 default, and

7 “(ii) elected to terminate such com-
8 promise.”.

9 (b) AUTHORITY TO RELEASE LEVY AND RETURN
10 PROPERTY.—Section 6343 is amended—

11 (1) in subsection (a)(1)—

12 (A) in subparagraph (D), by striking “or”
13 at the end,

14 (B) in subparagraph (E), by striking the
15 period at the end and inserting “, or”, and

16 (C) by adding at the end the following sub-
17 paragraph:

18 “(F) subject to subsection (h)(2) of section
19 7122, an offer-in-compromise is accepted under
20 such section with respect to the liability for
21 which the levy was imposed.”, and

22 (2) in subsection (d)(2)—

23 (A) in subparagraph (C), by striking “or”
24 at the end,

1 (B) in subparagraph (D), by striking the
 2 comma at the end and inserting “, or”, and

3 (C) by adding at the end the following sub-
 4 paragraph:

5 “(E) subject to subsection (h)(2) of section
 6 7122, an offer-in-compromise is accepted under
 7 such section with respect to the liability for
 8 which the levy was imposed,”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to any compromise made under
 11 section 7122 of the Internal Revenue Code of 1986 which
 12 is accepted by the Secretary after the date of enactment
 13 of this Act.

14 **SEC. 114. EXTENSION OF PERIOD FOR RETURN OF**
 15 **AMOUNTS SUBJECT TO WRONGFUL LEVY.**

16 (a) IN GENERAL.—Section 6343(b) is amended, in
 17 the flush text following paragraph (3), by striking “the
 18 date of such levy” and inserting “the date that the Sec-
 19 retary received any such amount”.

20 (b) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to any money levied upon or any
 22 amount of money received from the sale of property after
 23 the date which is 12 months after the date of enactment
 24 of this Act.

1 **SEC. 115. REPORTS TO CONGRESS.**

2 (a) IMPLEMENTATION.—Not later than the date
3 which is 2 years after the date of enactment of this Act,
4 the Secretary (following consultation with the National
5 Taxpayer Advocate, the Treasury Inspector General for
6 Tax Administration, and the Comptroller General of the
7 United States) shall provide a report to the Committee
8 on Ways and Means of the House of Representatives and
9 the Committee on Finance of the Senate regarding the
10 actions taken by the Internal Revenue Service to imple-
11 ment this title and the amendments made by this title,
12 including—

13 (1) an analysis of successes and challenges with
14 respect to implementation of such title, and

15 (2) any recommendations to Congress with re-
16 spect to the implementation or administration of
17 such title.

18 (b) FRAUD.—

19 (1) IN GENERAL.—Not later than the date
20 which is 12 months after the date of enactment of
21 this Act, and annually thereafter, the Secretary shall
22 provide a report to the Committee on Ways and
23 Means of the House of Representatives and the
24 Committee on Finance of the Senate regarding ef-
25 forts made by the Internal Revenue Service to iden-
26 tify, prevent, and resolve each type of tax fraud, in-

cluding first-person fraud and stolen identity refund fraud.

(2) INFORMATION INCLUDED IN REPORT.—The report described in paragraph (1) shall include—

(A) a detailed description, timeline, and analysis of any efforts undertaken by the Internal Revenue Service and any of the other members of the Security Summit during the most recent tax filing season to address and prevent each type of tax fraud, including—

(i) any specific information or guidelines provided by the Internal Revenue Service to any of the other members of the Security Summit (and vice versa) with respect to tax fraud, including—

(I) any “be on the lookout” alerts or other warnings,

(II) updated guidelines or restrictions,

(III) potential threat analyses,

(IV) specific data or analytics,

and

(V) any other actionable threat information, and

1 (ii) any specific recommendations pro-
2 vided by the Internal Revenue Service to
3 any of the other members of the Security
4 Summit (and vice versa) with respect to
5 identifying, preventing, and resolving tax
6 fraud, including any potential improve-
7 ments to data, analytics, information shar-
8 ing, and collaboration between the Internal
9 Revenue Service and other members of the
10 Security Summit,

11 (B) a detailed description and timeline of
12 any interactions between the Internal Revenue
13 Service and any provider of tax filing options
14 which does not participate in the Security Sum-
15 mit, including—

16 (i) any specific information or guide-
17 lines provided by the Internal Revenue
18 Service to such provider (and vice versa)
19 with respect to each type of tax fraud, in-
20 cluding any items described in subclauses
21 (I) through (V) of subparagraph (A)(i),
22 and

23 (ii) any specific recommendations pro-
24 vided by the Internal Revenue Service to
25 such provider (and vice versa) with respect

1 to identifying, preventing, and resolving
2 tax fraud, including any potential improve-
3 ments to data, analytics, information shar-
4 ing, and collaboration between the Internal
5 Revenue Service and such provider, and

6 (C) with respect to the most recently com-
7 pleted tax filing season—

8 (i) with respect to each specific type
9 or form of tax fraud that has been identi-
10 fied by the Internal Revenue Service, any
11 relevant data and analysis regarding the
12 amount of such fraud during such tax fil-
13 ing season, including detailed numerical
14 data regarding such fraud in relation to
15 each separate Federal tax return form (in-
16 cluding any amended returns) and the
17 manner in which such returns were filed,
18 and

19 (ii) the total dollar amount of fraudu-
20 lent claims for refund—

21 (I) for which any disbursement
22 was erroneously made, and

23 (II) which were identified and
24 disallowed prior to any disbursement
25 being made.

1 (3) PUBLICLY AVAILABLE.—Data included in
 2 the report described in paragraph (1) shall be made
 3 available on the public website of the Internal Rev-
 4 enue Service, provided that such data is appro-
 5 priately redacted by the Secretary.

6 (c) COMPLEXITY REPORT.—For purposes of section
 7 4022 of the Internal Revenue Service Restructuring and
 8 Reform Act of 1998 (26 U.S.C. 7801 note), the submis-
 9 sion of the report required under section 7803(c)(2)(B)
 10 of the Internal Revenue Code of 1986 shall not satisfy
 11 the requirement under subsection (a) of section 4022 of
 12 such Act to conduct an analysis of the sources of com-
 13 plexity in administration of the Federal tax laws and re-
 14 port the results of such analysis.

15 **TITLE II—AMERICAN CITIZENS** 16 **ABROAD**

17 **SEC. 201. REPORT ON COMBINED TAX AND FOREIGN BANK** 18 **AND FINANCIAL ACCOUNT REPORTING.**

19 (a) STUDY.—

20 (1) IN GENERAL.—The Secretary of the Treas-
 21 ury (or the Secretary’s delegate) shall conduct a
 22 study on—

23 (A) combining and simplifying reporting
 24 required under section 5314 of title 31, United
 25 States Code, and sections 6038, 6038A, 6038B,

1 6038C, 6038D, 6039F, 6046A, and 6048 of
2 the Internal Revenue Code of 1986; and

3 (B) eliminating duplicative requests for in-
4 formation from nonresident United States tax-
5 payers.

6 (2) CONSULTATION.—The study conducted
7 under paragraph (1) shall include input from the
8 National Taxpayer Advocate and nonresident United
9 States taxpayers.

10 (b) REPORT.—Not later than 180 days after the date
11 of enactment of this Act, the Secretary of the Treasury
12 (or the Secretary’s delegate) shall submit to Congress a
13 report on the study conducted under subsection (a), which
14 shall include any actions taken by the Secretary as a result
15 of such study and any recommendations for legislative
16 changes necessary to effectuate the goals described in
17 paragraphs (1) and (2) of subsection (a).

18 **SEC. 202. STUDY AND REPORTS ON SIMPLIFICATION.**

19 (a) GAO STUDY AND REPORT.—

20 (1) IN GENERAL.—The Comptroller General of
21 the United States shall conduct a study on the bur-
22 dens of compliance with Federal tax laws applicable
23 to individuals who are United States persons (as de-
24 fined in section 7701(a)(30) of the Internal Revenue
25 Code of 1986) living abroad.

1 (2) FACTORS CONSIDERED.—The study con-
2 ducted under subsection (a) shall identify problems
3 relating to compliance of Federal tax laws for such
4 United States persons, including burdens specific to
5 low-income and moderate-income individuals, related
6 to—

7 (A) understanding and complying with
8 United States tax obligations, including obliga-
9 tions with respect to—

10 (i) the duty to file returns and pay
11 taxes while living abroad, including in the
12 absence of tax treaties that otherwise
13 eliminate double taxation of income;

14 (ii) the filing (including through elec-
15 tronic means) of Federal tax returns and
16 any reports required under section 5314 of
17 title 31, United States Code, in a timely,
18 accurate, and affordable manner;

19 (iii) foreign retirement plans treated
20 as passive foreign investment companies;
21 and

22 (iv) foreign currency gains;

23 (B) receiving and responding to inquiries
24 from the Internal Revenue Service and the Fi-
25 nancial Crimes Enforcement Network about re-

1 turns and reports described in subparagraph
2 (A)(ii), and access to services of such agencies
3 with respect to such returns and reports;

4 (C) access to financial products and serv-
5 ices abroad, including local retirement vehicles
6 and bank accounts;

7 (D) access to affordable tax preparation
8 services for United States income tax obliga-
9 tions; and

10 (E) compliance burdens that are dispro-
11 tionate to the amount of tax owed.

12 (3) REPORT.—Not later than 1 year after the
13 date of the enactment of this Act, the Comptroller
14 General shall submit to the Secretary of the Treas-
15 ury and to Congress, and make publicly available, a
16 report on the study conducted under paragraph (1).

17 (b) TREASURY REPORT.—Not later than 1 year after
18 the date on which the Comptroller General submits the
19 report under subsection (a)(3), the Secretary of the Treas-
20 ury shall submit to Congress a report that describes—

21 (1) actions taken by the Department of the
22 Treasury to address any problems identified by the
23 Comptroller General in such report; and

24 (2) any legislation necessary to address such
25 problems.

1 **SEC. 203. SIMPLIFICATION OF CURRENCY EXCHANGES**

2 **RULES.**

3 (a) INCREASE IN THRESHOLD FOR EXCLUSION FOR
4 PERSONAL TRANSACTIONS.—

5 (1) IN GENERAL.—The second sentence of sec-
6 tion 988(e)(2) is amended by striking “\$200” and
7 inserting “\$1,000”.

8 (2) INFLATION ADJUSTMENT.—Section 988(e)
9 is amended by adding at the end the following new
10 paragraph:

11 “(4) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of any
13 taxable year beginning after 2025, the \$1,000
14 amount in paragraph (2) shall be increased by
15 an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for the cal-
19 endar year in which the taxable year be-
20 gins, determined by substituting in sub-
21 paragraph (A)(ii) thereof ‘calendar year
22 2024’ for ‘calendar year 2016’.

23 “(B) ROUNDING.—If any amount as ad-
24 justed under subparagraph (A) is not a multiple
25 of \$50, such dollar amount shall be rounded to
26 the next lowest multiple of \$50.”.

1 (b) FOREIGN CURRENCY LOSSES RELATED TO
 2 SALES OF PERSONAL RESIDENCES.—

3 (1) IN GENERAL.—Section 165(c) is amended
 4 by striking “and” at the end of paragraph (2), by
 5 striking the period at the end of paragraph (3) and
 6 inserting a comma, and by adding at the end the fol-
 7 lowing new paragraphs:

8 “(4) foreign currency losses not described in
 9 paragraph (1) or (2) with respect to qualified mort-
 10 gage debt, but only to the extent of any gain recog-
 11 nized during the taxable year on the sale of a quali-
 12 fied residence (as defined in section 163(h)(5))
 13 which is located outside of the United States or any
 14 possession of the United States and which secures
 15 such qualified mortgage debt, and

16 “(5) losses (not described in paragraph (1) or
 17 (2)) from the sale or exchange of a qualified resi-
 18 dence (as so defined) which is located outside of the
 19 United States or any possession of the United
 20 States, but only to the extent of any foreign cur-
 21 rency gain recognized during the taxable year with
 22 respect to qualified mortgage debt secured by such
 23 qualified residence.”.

24 (2) QUALIFIED MORTGAGE DEBT.—Section 165
 25 is amended by redesignating subsection (m) as sub-

1 section (n) and by inserting after subsection (l) the
 2 following new subsection:

3 “(m) DEFINITIONS RELATED TO QUALIFIED MORT-
 4 GAGE DEBT AND FOREIGN CURRENCY GAINS AND
 5 LOSSES.—For purposes of this section—

6 “(1) QUALIFIED MORTGAGE DEBT.—The term
 7 ‘qualified mortgage debt’ means—

8 “(A) any acquisition indebtedness (as de-
 9 fined in section 163(h)(3)(B), determined with-
 10 out regard to clause (ii) thereof) of an indi-
 11 vidual,

12 “(B) any home equity indebtedness (as de-
 13 fined in section 163(h)(3)(C), determined with-
 14 out regard to clause (ii) thereof) of an indi-
 15 vidual, and

16 “(C) any other indebtedness (including any
 17 non-debt that functions as debt) which is re-
 18 lated to the purchase or ownership of real es-
 19 tate by, or for the benefit of, individuals and
 20 which is approved under regulations or guid-
 21 ance provided by the Secretary.

22 “(2) FOREIGN CURRENCY LOSS.—The term
 23 ‘foreign currency loss’ means, with respect to any
 24 qualified mortgage debt, any loss which would be de-
 25 scribed in section 988(b)(2) if the transaction involv-

1 ing the qualified mortgage debt were treated as a
2 section 988 transaction.

3 “(3) FOREIGN CURRENCY GAIN.—The term
4 ‘foreign currency gain’ means, with respect to any
5 qualified mortgage debt, any gain which would be
6 described in section 988(b)(1) if the transaction in-
7 volving the qualified mortgage debt were treated as
8 a section 988 transaction.”.

9 (3) CHARACTER AND SOURCE OF LOSS.—Sec-
10 tion 165(f) is amended to read as follows:

11 (A) by striking “Losses from” and insert-
12 ing the following:

13 “(1) IN GENERAL.—Losses from”, and

14 (B) by adding at the end the following new
15 paragraph:

16 “(2) SPECIAL RULE FOR AMOUNTS ATTRIB-
17 UTABLE TO QUALIFIED MORTGAGE DEBT.—The
18 character and source of any foreign currency loss
19 with respect to qualified mortgage debt which is al-
20 lowed under section 165(c)(4) shall be the same
21 character and source as the character and source of
22 the gain on the sale of the qualified residence which
23 secures such qualified mortgage debt.

24 “(3) SPECIAL RULE FOR LOSSES FROM THE
25 SALE OR EXCHANGE OF QUALIFIED RESIDENCES.—

1 The character and source of any loss from the sale
 2 or exchange of a qualified residence which is allowed
 3 under subsection (c)(5) shall be the same character
 4 and source as the character and source of the gain
 5 of the qualified mortgage debt secured by such
 6 qualified residence.”.

7 (4) TREATMENT OF FOREIGN CURRENCY LOSS
 8 DEDUCTION.—Section 62(a) is amended by inserting
 9 after paragraph (21) the following new paragraph:

10 “(22) CERTAIN FOREIGN CURRENCY LOSSES.—
 11 The deduction allowed by section 165(c)(4).”.

12 (c) SPECIAL RULE FOR HOME MORTGAGE REFI-
 13 NANCING TRANSACTIONS.—Section 989 is amended by re-
 14 designating subsection (c) as subsection (d) and by insert-
 15 ing after subsection (b) the following new subsection:

16 “(c) SPECIAL RULE FOR HOME MORTGAGE REFI-
 17 NANCING TRANSACTIONS.—In the case of the refinancing
 18 of any qualified mortgage debt (as defined in section
 19 165(m)) in a nonfunctional currency—

20 “(1) no foreign currency gain or loss shall be
 21 recognized, and

22 “(2) the amount of foreign currency gain or
 23 loss on the repayment of such debt shall be deter-
 24 mined by reference to the liability of the borrower at
 25 the time the debt was originally incurred (as deter-

1 mined under regulations or other guidance pre-
 2 scribed by the Secretary).”.

3 (d) ELECTION TO USE AVERAGE EXCHANGE RATE
 4 WITH RESPECT TO CERTAIN FOREIGN CURRENCY
 5 TRANSACTIONS.—Section 989, as amended by subsection
 6 (c), is further amended by redesignating subsection (d) as
 7 subsection (e) and by inserting after subsection (c) the fol-
 8 lowing new subsection:

9 “(d) ELECTION TO AGGREGATE TRANSACTION WITH
 10 RESPECT TO FOREIGN EARNED INCOME.—

11 “(1) IN GENERAL.—In the case of a qualified
 12 individual who makes an election under this sub-
 13 section—

14 “(A) all transactions during a calendar
 15 year which involve an item of qualified income
 16 or expense shall be treated as 1 transaction,
 17 and

18 “(B) the amount of foreign currency gain
 19 or loss attributable to such transaction shall be
 20 determined by using the average exchange rate
 21 for the calendar year.

22 “(2) QUALIFIED INDIVIDUAL.—For purposes of
 23 this subsection, the term ‘qualified individual’ has
 24 the meaning given such term under section
 25 911(d)(1).

1 “(3) ITEM OF QUALIFIED INCOME OR EX-
 2 PENSE.—For purposes of this subsection, the term
 3 ‘item of qualified income or expense’ means—

4 “(A) foreign earned income (as defined in
 5 section 911(b)(1)(A), determined without re-
 6 gard to section 911(b)(1)(B)), and

7 “(B) any other item of income or expense
 8 specified by the Secretary in regulations.”.

9 (e) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to transactions in taxable years
 11 beginning after the date of the enactment of this Act.

12 **SEC. 204. INCREASE IN THRESHOLD FOR SIMPLIFIED FOR-**
 13 **EIGN TAX CREDIT RULES AND REPORTING.**

14 (a) IN GENERAL.—Subparagraph (B) of section
 15 904(j)(2) is amended by striking “\$300 (\$600” and in-
 16 serting “\$1,000 (\$2,000”.

17 (b) INFLATION ADJUSTMENT.—Section 904(j) is
 18 amended by adding at the end the following new para-
 19 graph:

20 “(4) INFLATION ADJUSTMENT.—

21 “(A) IN GENERAL.—In the case of any
 22 taxable year beginning in a calendar year after
 23 2025, each of the dollar amounts under para-
 24 graph (2)(B) shall be increased by an amount
 25 equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for the cal-
4 endar year in which the taxable year be-
5 gins, determined by substituting in sub-
6 paragraph (A)(ii) thereof ‘calendar year
7 2024’ for ‘calendar year 2016’.

8 “(B) ROUNDING.—If any amount as ad-
9 justed under subparagraph (A) is not a multiple
10 of \$50, such dollar amount shall be rounded to
11 the next lowest multiple of \$50.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 the date of the enactment of this Act.

15 **SEC. 205. EXTENSION OF TIME FOR PERSONS OUTSIDE OF**
16 **THE UNITED STATES TO REQUEST ABATE-**
17 **MENT OF MATH ERROR.**

18 (a) IN GENERAL.—Section 6213(b)(2)(A) is amend-
19 ed by inserting “(120 days in the case of a notice ad-
20 dressed to a person outside the United States)” after “60
21 days”.

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

1 **TITLE III—JUDICIAL REVIEW**

2 **SEC. 301. AUTHORIZATION OF SUBPOENAS BEFORE HEAR-** 3 **INGS TO FACILITATE SETTLEMENTS.**

4 Section 7456(a) is amended to read as follows:

5 “(a) IN GENERAL.—

6 “(1) ADMINISTRATION OF OATHS.—For the ef-
 7 ficient administration of the functions vested in the
 8 Tax Court or any division thereof, any judge or spe-
 9 cial trial judge, the clerk or the clerk’s deputies, as
 10 such, or any other employee of the Tax Court des-
 11 ignated in writing for the purpose by the chief judge,
 12 may administer oaths or affirmations.

13 “(2) EXAMINATION.—Any judge or special trial
 14 judge may examine parties or witnesses.

15 “(3) SUBPOENA AUTHORITY.—Any judge or
 16 special trial judge may require, by subpoena ordered
 17 by the Tax Court or any division thereof and signed
 18 by the judge or special trial judge (or by the clerk
 19 of the Tax Court or by any other employee of the
 20 Tax Court when acting as deputy clerk), any of the
 21 following:

22 “(A) The attendance and testimony of par-
 23 ties or witnesses.

24 “(B) The production of books, papers, doc-
 25 uments, electronically stored information, or

1 tangible things from any place in the United
 2 States by any party or witness having custody
 3 or control thereof for purposes of discovery or
 4 for use of the things produced as evidence in
 5 accordance with the rules and orders of the Tax
 6 Court.

7 Any such subpoena shall be issued and served, and
 8 compliance therewith shall be compelled, as provided
 9 in the rules and orders of the Tax Court.

10 “(4) DEPOSITIONS.—Pursuant to rules and or-
 11 ders of the Court, the deposition of a witness may
 12 be taken before any designated individual competent
 13 to administer oaths under this title. Any deposition
 14 testimony shall be reduced to writing by the indi-
 15 vidual taking the deposition, or under such individ-
 16 ual’s direction, and shall be subscribed by the depo-
 17 nent.”.

18 **SEC. 302. CLARIFICATION OF TAX COURT AUTHORITY TO**
 19 **ORDER RELIEF FROM A JUDGMENT OR**
 20 **ORDER.**

21 Section 7481 is amended—

22 (1) by striking “and (d),” in subsection (a) and
 23 inserting “(d), and (e),”; and

24 (2) by adding at the end the following new sub-
 25 section:

1 “(e) RELIEF FROM A JUDGMENT OR ORDER.—

2 “(1) CORRECTIONS BASED ON CLERICAL MIS-
3 TAKES; OVERSIGHTS AND OMISSIONS.—

4 “(A) IN GENERAL.—The Tax Court may
5 correct a clerical mistake, or a mistake arising
6 from oversight or omission, whenever one is
7 found in a judgment, order, or other part of the
8 record. The Tax Court may do so on motion or
9 on its own, with or without notice.

10 “(B) APPELLATE COURT LEAVE REQUIRED
11 ON APPEAL.—After an appeal has been dock-
12 eted in the appellate court, and while such ap-
13 peal is pending, any such mistake may be cor-
14 rected only with the appellate court’s leave.

15 “(2) GROUNDS FOR RELIEF FROM A FINAL
16 JUDGMENT OR ORDER.—On motion and just terms,
17 the Tax Court may relieve a party or its legal rep-
18 resentative from a final judgment or order for any
19 of the following reasons:

20 “(A) Mistake, inadvertence, surprise, or
21 excusable neglect.

22 “(B) Newly discovered evidence that, with
23 reasonable diligence, could not have been dis-
24 covered in time to move for a new trial under
25 rules prescribed by the Court and that would

1 have a reasonable likelihood of changing the
2 outcome.

3 “(C) Fraud (whether previously called in-
4 trinsic or extrinsic), misrepresentation, or mis-
5 conduct by an opposing party.

6 “(D) The judgment is void.

7 “(E) Any other circumstance where justice
8 so requires.

9 “(3) TIMING AND EFFECT OF THE MOTION.—

10 “(A) TIMING.—A motion under paragraph
11 (2)—

12 “(i) must be made within a reasonable
13 time, and

14 “(ii) in the case of a reason described
15 in subparagraphs (A), (B), or (C), not
16 later than 1 year after the entry of the
17 judgment or order.

18 “(B) EFFECT ON FINALITY.—While pend-
19 ing, any such motion does not affect the judg-
20 ment’s finality or suspend its operation.

21 “(4) OTHER POWERS TO GRANT RELIEF.—This
22 subsection shall not limit the Tax Court’s power to
23 set aside a judgment for fraud on the Tax Court.

24 “(5) COURT OF APPEALS JURISDICTION.—If
25 the Tax Court provides relief from a judgment or

1 order that is otherwise final under this section, ei-
 2 ther or both parties may obtain review of such relief
 3 by filing a notice of appeal under this subchapter
 4 within 90 days of the Court’s judgment or order di-
 5 recting such relief.”.

6 **SEC. 303. AUTHORIZATION OF SPECIAL TRIAL JUDGES TO**
 7 **HEAR ADDITIONAL CASES AND ADDRESS**
 8 **CONTEMPT.**

9 (a) CONSENT TO ASSIGNMENT.—Section 7443A(b) is
 10 amended by striking “and” at the end of paragraph (6),
 11 by redesignating paragraph (7) as paragraph (8), and by
 12 inserting after paragraph (6) the following new paragraph:

13 “(7) upon the consent of the parties, and pur-
 14 suant to rules promulgated by the Tax Court, any
 15 proceeding not described in paragraphs (1) through
 16 (6), and”.

17 (b) AUTHORIZING SPECIAL TRIAL JUDGE.—Section
 18 7443A(c) is amended by striking “or (6)” and inserting
 19 “(6), or (7)”.

20 (c) CONTEMPT AUTHORITY.—Section 7443A is
 21 amended by adding at the end the following new sub-
 22 section:

23 “(f) INCIDENTAL POWERS.—A special trial judge ap-
 24 pointed under this section shall have the independent
 25 power to punish for contempt of the authority of the Tax

1 Court as provided in section 7456(c), except the sentence
 2 imposed by such a special trial judge for any contempt
 3 shall not exceed the penalties for a Class C misdemeanor
 4 as set forth in sections 3571(b)(6) and 3581(b)(8) of title
 5 18, United States Code. This subsection shall not be con-
 6 strued to limit the authority of a special trial judge to
 7 order sanctions under any other statute or any rule of the
 8 Tax Court prescribed pursuant to section 7453.”.

9 (d) EFFECTIVE DATE.—The amendments made by
 10 subsections (a) and (b) shall take effect on the date the
 11 United States Tax Court adopts rules implementing the
 12 consent procedures of section 7443A.

13 **SEC. 304. DISQUALIFICATION OF JUDGES AND SPECIAL**
 14 **TRIAL JUDGES.**

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

18 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR SPECIAL**
 19 **TRIAL JUDGE.**

20 “Section 455 of title 28, United States Code, shall
 21 apply to judges, special trial judges, and proceedings of
 22 the Tax Court.”.

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

“Sec. 7467. Disqualification of judge or special trial judge.”.

1 **SEC. 305. NOTICE AND REVIEW WITH RESPECT TO MULTI-**
 2 **YEAR BANS ON CLAIMING CREDITS.**

3 (a) NOTICE.—

4 (1) IN GENERAL.—Section 6212(a) is amend-
 5 ed—

6 (A) by striking “If the” and inserting the
 7 following:

8 “(1) NOTICE.—If the”,

9 (B) by striking “Such notice shall include
 10 a notice” and inserting the following:

11 “(2) MATTERS INCLUDED.—Such notice shall
 12 include—

13 “(A) a notice”,

14 (C) by striking period at the end of the
 15 second sentence and inserting “, and”, and

16 (D) by adding at the end the following new
 17 subparagraph:

18 “(B) in any case in which such deficiency
 19 for a taxable year is attributable to the denial
 20 of a credit under section 24, 25A, or 32, a
 21 statement—

22 “(i) identifying the credit or credits
 23 which are denied and providing the
 24 grounds for each such denial,

25 “(ii) informing the taxpayer that, un-
 26 less the denial is overturned on appeal, the

1 taxpayer will not be able to claim such
 2 credit for any subsequent taxable year un-
 3 less the taxpayer provides information re-
 4 quired by the Secretary to demonstrate eli-
 5 gibility for the credit, and

6 “(iii) in any case in which the Sec-
 7 retary has made a determination to impose
 8 a disallowance period under section
 9 24(g)(1), 25A(b)(4)(A), or 32(k)(1), pro-
 10 viding the grounds for such disallowance
 11 period (and the length of the disallowance
 12 period unless overturned on appeal).”.

13 (2) EFFECTIVE DATE.—The amendments made
 14 by this subsection shall apply to notices mailed 36
 15 months after the date of enactment of this Act.

16 (b) AUTHORITY OF THE TAX COURT.—

17 (1) IN GENERAL.—Section 6214 is amended by
 18 redesignating subsection (e) as subsection (f) and by
 19 inserting after subsection (d) the following new sub-
 20 section:

21 “(e) JURISDICTION WITH RESPECT TO MULTI-YEAR
 22 BANS WITH RESPECT TO CERTAIN CREDITS.—

23 “(1) IN GENERAL.—The Tax Court shall have
 24 jurisdiction—

“(A) to redetermine the imposition of any disallowance period with respect to any credit under section 24, 25A, or 32 for the taxable year in which such disallowance period was imposed if the deficiency relates to such taxable year, and

“(B) to determine whether any such disallowance period should be imposed if claim therefor is asserted by the Secretary in the answer or an amended answer filed in accordance with the rules of the Tax Court.

“(2) DISALLOWANCE PERIOD.—For purposes of this subsection, the term ‘disallowance period’ has the meaning given such term under section 6751(d).”.

(2) EFFECTIVE DATE.—The amendments made by this subsection apply to petitions filed on or after the date of enactment of this Act.

(3) TRANSITION RULE FOR REVIEW OF PREVIOUSLY IMPOSED DISALLOWANCE PERIODS.—

(A) IN GENERAL.—In the case of any deficiency which is attributable to an entry on the return claiming a credit under section 24, 25A, or 32 of the Internal Revenue Code of 1986 for a taxable year in a disallowance period de-

1 scribed in subparagraph (B), the Tax Court
2 shall have jurisdiction to redetermine whether
3 the disallowance period was properly imposed.

4 (B) DISALLOWANCE PERIOD DE-
5 SCRIBED.—A disallowance period is described in
6 this subparagraph if the notice of the deficiency
7 under section 6212 of such Code for the taxable
8 year with respect to which the determination to
9 impose the disallowance period was made—

10 (i) did not include the grounds for
11 such disallowance period, and

12 (ii) was mailed before the date that is
13 36 months after the date of the enactment
14 of this Act.

15 (C) DISALLOWANCE PERIOD.—For pur-
16 poses of this paragraph, the term “disallowance
17 period” has the meaning given such term under
18 section 6751(d) of the Internal Revenue Code
19 of 1986 (as added by this Act).

20 (D) REFUNDS.—Notwithstanding section
21 6512(b)(1) of the Internal Revenue Code of
22 1986, in the case of a petition with respect to
23 a disallowance period described in subparagraph
24 (B), the Tax Court shall have jurisdiction to de-
25 termine the amount of an overpayment for any

1 taxable year in the disallowance period, and
 2 such amount shall, notwithstanding section
 3 6511, when the decision of the Tax Court has
 4 become final, be credited or refunded to the
 5 taxpayer. If a notice of appeal in respect of the
 6 decision of the Tax Court is filed under section
 7 7483 of such Code, the Secretary of the Treas-
 8 ury (or the Secretary’s delegate) is authorized
 9 to refund or credit the overpayment determined
 10 by the Tax Court to the extent the overpayment
 11 is not contested on appeal.

12 (c) BURDEN OF PRODUCTION.—

13 (1) IN GENERAL.—Section 7491(c) is amend-
 14 ed—

15 (A) by striking “Notwithstanding” and in-
 16 serting the following:

17 “(1) IN GENERAL.—Notwithstanding”.

18 (B) by striking “with respect to the liabil-
 19 ity” and inserting “with respect to—

20 “(A) the liability”,

21 (C) by striking the period after “title” and
 22 inserting “, and”,

23 (D) by adding at the end the following new
 24 paragraph:

1 “(A) the application of any disallowance
 2 period (as defined in section 6751(d)) to any
 3 individual.”, and

4 (E) by adding at the end the following new
 5 paragraph:

6 “(2) STANDARD OF PROOF FOR CERTAIN DIS-
 7 ALLOWANCE PERIODS.—In the case of any court
 8 proceeding with respect to any disallowance period
 9 described in section 24(g)(1)(B)(ii),
 10 25A(b)(4)(A)(ii)(I), or 32(k)(1)(B)(i), the standard
 11 of proof shall be the same standard as required in
 12 a proceeding under section 7454(a).”.

13 (2) EFFECTIVE DATE.—The amendments made
 14 by this subsection shall apply to court proceedings
 15 beginning after the date that is 36 months after the
 16 date of the enactment of this Act in connection with
 17 disallowance periods (as defined in section 6751(d)
 18 of the Internal Revenue Code of 1986, as added by
 19 this Act) determined after such date.

20 (d) MODIFICATION OF DISALLOWANCE PERIOD.—

21 (1) CHILD TAX CREDIT.—Section 24(g)(1) is
 22 amended—

23 (A) in subparagraph (B), by striking “for
 24 which there was a final determination that the
 25 taxpayer’s claim of credit under this section

1 was” each place it appears in clauses (i) and
 2 (ii) and inserting “for which a notice of defi-
 3 ciency has been sent under section 6212(a)
 4 which notifies the taxpayer that the taxpayer’s
 5 claim of credit under this section was denied, or
 6 a determination that has become final under
 7 section 7481 has been made by the Tax Court
 8 to deny such claim,” and

9 (B) by adding at the end the following new
 10 subparagraph:

11 “(C) ALLOWANCE OF PREVIOUSLY DENIED
 12 CREDITS AFTER TAX COURT CONSIDERATION.—
 13 Notwithstanding subparagraphs (A) and (B), a
 14 taxable year shall not be treated as a taxable
 15 year in the disallowance period if the Tax Court
 16 determines that the disallowance period was not
 17 properly imposed for such year pursuant to sec-
 18 tion 6214(e).”.

19 (2) AMERICAN OPPORTUNITY TAX CREDIT.—

20 Section 25A(b)(4)(A) is amended—

21 (A) in clause (ii), by striking “for which
 22 there was a final determination that the tax-
 23 payer’s claim of the American Opportunity
 24 Credit under this section was” each place it ap-
 25 pears in subclauses (I) and (II) and inserting

“for which a notice of deficiency has been sent under section 6212(a) which notifies the taxpayer that the taxpayer’s claim of credit under this section was denied, or a determination that has become final under section 7481 has been made by the Tax Court to deny such claim,” and

(B) by adding at the end the following new clause:

“(iii) ALLOWANCE OF PREVIOUSLY DENIED CREDITS AFTER TAX COURT CONSIDERATION.—Notwithstanding clauses (i) and (ii), a taxable year shall not be treated as a taxable year in the disallowance period if the Tax Court determines that the disallowance period was not properly imposed for such year pursuant to section 6214(e).”.

(3) EARNED INCOME TAX CREDIT.—Section 32(k)(1) is amended—

(A) in subparagraph (B), by striking “for which there was a final determination that the taxpayer’s claim of credit under this section was” each place it appears in clauses (i) and (ii) and inserting “for which a notice of defi-

ciency has been sent under section 6212(a) which notifies the taxpayer that the taxpayer's claim of credit under this section was denied, or a determination that has become final under section 7481 has been made by the Tax Court to deny such claim," and

(B) by adding at the end the following new subparagraph:

“(C) ALLOWANCE OF PREVIOUSLY DENIED CREDITS AFTER TAX COURT CONSIDERATION.—Notwithstanding subparagraphs (A) and (B), a taxable year shall not be treated as a taxable year in the disallowance period if the Tax Court determines that the disallowance period was not properly imposed for such year pursuant to section 6214(e).”.

(4) SUSPENSION OF RUNNING OF LIMITATIONS PERIOD FILING OF A CLAIM FOR CREDIT OR REFUND.—Section 6511(d) is amended by adding at the end the following new paragraph:

“(9) SPECIAL RULES RELATING TO DISALLOWANCE PERIODS.—The running of the periods described in subsections (a) and (b)(2) with respect to any claim for a credit allowed under section 24, 25A, or 32 for any taxable year in a disallowance

1 period (as defined in section 6751(d)) shall be sus-
2 pended during any period in which the imposition of
3 such disallowance period is pending before the Tax
4 Court.”.

5 (5) EFFECTIVE DATE.—

6 (A) IN GENERAL.—The amendments made
7 by paragraphs (1), (2), and (3) shall apply to—

8 (i) taxable years beginning after the
9 date that is 36 months after the date of
10 the enactment of this Act, and

11 (ii) disallowance periods (as defined in
12 section 6751(d) of the Internal Revenue
13 Code of 1986, as added by this Act) in
14 taxable years beginning on or before such
15 date if the notice of deficiency for the tax-
16 able year with respect to which the deter-
17 mination to impose such disallowance pe-
18 riod was made was sent after such date.

19 (B) SUSPENSION OF RUNNING OF LIMITA-
20 TIONS PERIOD.—The amendment made by
21 paragraph (4) shall apply to petitions filed after
22 the date of the enactment of this Act.

1 **SEC. 306. AUTHORIZATION OF DE NOVO REVIEW OF INNO-**
 2 **CENT SPOUSE RELIEF BY THE TAX COURT**
 3 **AND OTHER COURTS.**

4 (a) REVIEW.—Section 6015(e)(7) is amended by
 5 striking “by the Tax Court and shall be based upon” and
 6 all that follows and inserting a period.

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

10 (c) NO INFERENCE.—Nothing in the amendment
 11 made by this section shall be construed to limit the author-
 12 ity or jurisdiction of the Tax Court or any other court
 13 to grant relief under section 6015 of the Internal Revenue
 14 Code of 1986 or to review any relief granted under such
 15 section.

16 **SEC. 307. CLARIFICATION OF CERTAIN COURT FILING**
 17 **DEADLINES.**

18 (a) IN GENERAL.—

19 (1) TREATMENT OF DEADLINES.—Section 7451
 20 is amended by redesignating subsection (b) as sub-
 21 section (c) and by inserting after subsection (a) the
 22 following new subsection:

23 “(b) TREATMENT OF DEADLINES FOR CERTAIN PE-
 24 TITIONS.—The deadlines for filing petitions under sections
 25 6015(e)(1)(A), 6213(a), and 6330(d)(1)(A) shall be con-

1 sidered nonjurisdictional claims-processing rules subject to
 2 waiver, forfeiture, estoppel and equitable tolling.”.

3 (2) CONFORMING AMENDMENT.—Section
 4 7459(d) is amended—

5 (A) by striking “If a petition” and insert-
 6 ing the following:

7 “(1) IN GENERAL.—If a petition”,

8 (B) by inserting “, unless the dismissal is
 9 for lack of jurisdiction” after “determined by
 10 the Secretary”,

11 (C) by striking “, or unless the dismissal
 12 is for lack of jurisdiction”, and

13 (D) by adding at the end the following new
 14 paragraph:

15 “(2) EXCEPTION.—Paragraph (1) shall not
 16 apply with respect to any dismissal which is solely
 17 based on a decision of the Tax Court that equitable
 18 tolling does not apply to extend the deadline for fil-
 19 ing a petition.”.

20 (b) TOLLING OF TIME IN CERTAIN CASES.—Section
 21 7451(c), as redesignated by subsection (a), is amended by
 22 striking “date” and inserting “day (in whole or in part)”.

23 (c) EFFECTIVE DATE.—The amendments made by
 24 this section shall apply to cases pending on or after the
 25 date of the enactment of this Act.

1 (d) NO INFERENCE.—The amendments made by sub-
 2 section (a) shall not be construed to create any inference
 3 with respect to the treatment of—

4 (1) any case brought under section
 5 6015(e)(1)(A), 6213(a), or 6330(d)(1)(A) of the In-
 6 ternal Revenue Code of 1986 for which there is a
 7 final determination by the Tax Court before the date
 8 of the enactment of this Act, or

9 (2) any other petition filed with the Tax Court
 10 under any other provision of the Internal Revenue
 11 Code of 1986 before, on, or after such date.

12 **SEC. 308. CLARIFICATION OF TAX COURT JURISDICTION TO**
 13 **DETERMINE TAX LIABILITY IN COLLECTION**
 14 **DUE PROCESS APPEALS.**

15 (a) IN GENERAL.—Section 6330(c)(2)(B) is amended
 16 by inserting “in the Tax Court (other than through a suit
 17 for a refund under section 7442(b))” after “otherwise
 18 have an opportunity to dispute such tax liability”.

19 (b) UNDERLYING TAX LIABILITY.—Section
 20 6330(c)(4) is amended by striking “An issue may not be
 21 raised” and inserting “An issue which is not related to
 22 the amount or existence of the underlying tax liability may
 23 not be raised”.

1 **SEC. 309. AUTHORIZATION OF THE TAX COURT TO ISSUE**
2 **REFUNDS IN COLLECTION DUE PROCESS**
3 **CASES.**

4 (a) IN GENERAL.—Section 6330(d)(1) is amended—
5 (1) by striking “The person may” and inserting
6 the following:

7 “(A) IN GENERAL.—The person may”,
8 (2) by inserting “and, unless a challenge was
9 precluded under subsection (c), with respect to the
10 determination of any overpayments of tax for the
11 taxable periods or events at issue in the determina-
12 tion” after “matter”, and

13 (3) by adding at the end the following new sub-
14 paragraphs:

15 “(B) DETERMINATION AND ENFORCEMENT
16 OF OVERPAYMENTS.—Rules similar to the rules
17 of paragraphs (1) and (2) of section 6512(b)
18 shall apply for purposes of this paragraph.

19 “(C) LIMITATION ON AMOUNT OF CREDIT
20 OR REFUND.—

21 “(i) IN GENERAL.—In the case of any
22 petition under subparagraph (A), no credit
23 or refund shall be allowed or made of any
24 portion of the tax unless the Tax Court de-
25 termines as part of its decision that such
26 portion was paid—

1 “(I) after the notice described in
2 subsection (a)(1) or section
3 6320(a)(1) (as the case may be) was
4 given,

5 “(II) within the period which
6 would be applicable under section
7 6511(b)(2), (c), or (d), if, on the date
8 the notice described in subsection
9 (a)(1) or section 6320(a)(1) (as the
10 case may be) was given, a claim had
11 been filed (whether or not filed) stat-
12 ing the grounds upon which the Tax
13 Court finds that there is an overpay-
14 ment, or

15 “(III) within the period which
16 would be applicable under section
17 6511(b)(2), (c), or (d), in respect of
18 any claim for refund filed within the
19 applicable period specified in section
20 6511 and before the date the notice
21 described in subsection (a)(1) or sec-
22 tion 6320(a)(1) (as the case may be)
23 was given—

24 “(aa) which had not been
25 disallowed before that date,

1 “(bb) which had been dis-
2 allowed before that date and in
3 respect of which a timely suit for
4 refund could have commenced as
5 of that date, or

6 “(cc) in respect of which a
7 suit for refund had been com-
8 menced before that date and
9 within the period specified in sec-
10 tion 6532.

11 In a case described in subclause (II)
12 where the date the notice described in
13 subsection (a)(1) or section
14 6320(a)(1) (as the case may be) is
15 given is during the third year after
16 the due date (determined without re-
17 gard to any extensions) for filing the
18 return of tax and no return was filed
19 before such date, the applicable period
20 under subsections (a) and (b)(2) of
21 section 6511 shall be 3 years.

22 “(ii) DATE NOTICE WAS GIVEN.—For
23 purposes of this subparagraph—

24 “(I) if notice was given under
25 subsection (a)(2) or section

1 6320(a)(2) by mail, the date the no-
 2 tice was given shall be the date such
 3 notice was mailed, and

4 “(II) if notice was given under
 5 subsection (a)(2) or 6320(a)(2) by
 6 leaving such notice at the dwelling or
 7 usual place of business of the person,
 8 the date the notice was given shall be
 9 the date such notice was left.”.

10 (b) CONFORMING AMENDMENT.—Section 6330(e)(1)
 11 is amended by inserting “section 6511 (relating to limita-
 12 tions on credit or refund),” after “section 6502 (relating
 13 to collection after assessment)”.

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

17 **SEC. 310. AUTHORIZATION OF THE TAX COURT TO HEAR**
 18 **SUITS FOR REFUNDS OR CREDITS.**

19 (a) IN GENERAL.—Section 7442 is amended—

20 (1) by striking “The Tax Court” and inserting
 21 the following:

22 “(a) IN GENERAL.—The Tax Court”, and

23 (2) by adding at the end the following new sub-
 24 section:

25 “(b) ACTIONS FOR REFUNDS.—

1 “(1) JURISDICTION.—

2 “(A) IN GENERAL.—In addition to any
3 other court authorized by law, the Tax Court
4 shall, subject to section 7422, have jurisdiction
5 over any action, not exceeding the applicable
6 amount, for the recovery of any internal rev-
7 enue tax alleged to have been erroneously or il-
8 legally assessed or collected, or any penalty
9 claimed to have been collected without authority
10 or of any sum alleged to have been excessive or
11 in any manner wrongfully collected under the
12 internal revenue laws to the same extent as the
13 district courts of the United States.

14 “(B) APPLICABLE AMOUNT.—For purposes
15 of this paragraph, the applicable amount
16 means—

17 “(i) \$2,000,000 for any one taxable
18 year, in the case of taxes imposed by sub-
19 title A,

20 “(ii) \$2,000,000, in the case of the
21 tax imposed by chapter 11,

22 “(iii) \$2,000,000 for any one calendar
23 year, in the case of the tax imposed by
24 chapter 12,

1 “(iv) \$2,000,000 for any 1 taxable pe-
 2 riod (or, if there is no taxable period, tax-
 3 able event) in the case of any tax imposed
 4 by subtitle C, D, or E, and

5 “(v) \$2,000,000, in the case of any
 6 other amount collected.

7 “(2) FURTHER NOTICE OF DEFICIENCY.—If the
 8 Secretary prior to the hearing of a suit brought by
 9 a taxpayer under paragraph (1) mails to the tax-
 10 payer a notice that a deficiency has been determined
 11 in respect of the tax which is the subject matter of
 12 the taxpayer’s suit, the proceedings in the taxpayer’s
 13 suit shall be stayed during the period of time in
 14 which the taxpayer may file a petition with the Tax
 15 Court for a redetermination of the asserted defi-
 16 ciency, and for 60 days thereafter. If the taxpayer
 17 files such a petition with the Tax Court, such peti-
 18 tion shall be consolidated with the suit brought
 19 under paragraph (1).”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 7422(k) is amended by adding at
 22 the end the following new paragraph:

23 “(5) For jurisdiction of the Tax Court, see sec-
 24 tion 7442(b).”.

1 (2) Section 7482(b)(1) is amended by striking
 2 “or” at the end of subparagraph (F), by striking the
 3 period at the end of subparagraph (G) and inserting
 4 “, or”, and by adding at the end the following new
 5 subparagraph:

6 “(H) in the case of a petition under sec-
 7 tion 7442(b)—

8 “(i) the legal residence of the peti-
 9 tioner if the petitioner is an individual, and

10 “(ii) the principal place of business or
 11 principal office or agency if the petitioner
 12 is an entity other than an individual.”.

13 (3) Section 1346(a) of title 28, United States
 14 Code, is amended—

15 (A) in the matter preceding paragraph (1),
 16 by striking “, concurrent with the United
 17 States Court of Federal Claims,”,

18 (B) in paragraph (1), by striking “Any”
 19 and inserting “Concurrent with the United
 20 States Court of Federal Claims and the Tax
 21 Court, any”, and

22 (C) in paragraph (2), by striking “Any”
 23 and inserting “Concurrent with the United
 24 States Court of Federal Claims, any”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to actions filed after the date that
 3 is 12 months after the date of the enactment of this Act.

4 **SEC. 311. AUTHORIZATION TO USE DEFICIENCY PROCE-**
 5 **DURES FOR CERTAIN PENALTIES.**

6 (a) IN GENERAL.—Chapter 63 is amended by adding
 7 at the end the following new subchapter:

8 **“Subchapter D—Treatment of Penalties**

“Sec. 6251. Assessment of certain penalties under deficiency procedures.

9 **“SEC. 6251. ASSESSMENT OF CERTAIN PENALTIES UNDER**
 10 **DEFICIENCY PROCEDURES.**

11 “(a) IN GENERAL.—The Secretary may treat the
 12 amount of any applicable penalty as a deficiency of tax
 13 to which subchapter B applies (and such deficiency may
 14 be assessed as provided in such subchapter).

15 “(b) APPLICABLE PENALTY.—For purposes of this
 16 section—

17 “(1) IN GENERAL.—The term ‘applicable pen-
 18 alty’ means any penalty imposed under this title
 19 which the Secretary identifies in guidance as not
 20 otherwise assessable (determined without regard to
 21 this section).

22 “(2) EXCEPTION.—Such term shall not include
 23 any penalty expressly required to be recovered in a
 24 civil or criminal action.

1 “(c) SPECIAL RULES.—

2 “(1) LIMITATION ON ASSESSMENT AFTER NO-
3 TICE OF DEFICIENCY.—If the Secretary sends a no-
4 tice of deficiency with respect to an applicable pen-
5 alty as provided in section 6212, the Secretary may
6 not thereafter, except as otherwise provided in sec-
7 tions 6213 and 6215, assess such penalty for the
8 same taxable period or with respect to the same act
9 (or failure to act) occurring before the date of such
10 notice unless such notice has been rescinded as pro-
11 vided in section 6212(d).

12 “(2) ADDITIONAL DEFICIENCY LETTERS RE-
13 STRICTED.—If the Secretary has mailed to the tax-
14 payer a notice of deficiency as provided in section
15 6212(a) with respect to an applicable penalty, and
16 the taxpayer files a petition with the Tax Court
17 within the time prescribed in section 6213(a), the
18 Secretary shall have no right to determine any addi-
19 tional deficiency with respect to an act (or failure to
20 act) to which such petition relates.

21 “(3) EXCEPTIONS.—Paragraphs (1) and (2)
22 shall not apply to any penalty imposed under section
23 6038(b)(2), 6038A(d)(2), or 6038D(d)(2).

24 “(4) COORDINATION WITH OTHER PROVI-
25 SIONS.—Any applicable penalty treated as a defi-

1 ciency under this section shall be subject to the re-
 2 quirements of sections 6212, 6213, 6214, 6215,
 3 6503, and, as applicable, 6751(b).”.

4 (b) CONFORMING AMENDMENT.—The table of sub-
 5 chapters for chapter 63 is amended by adding at the end
 6 the following new item:

“SUBCHAPTER D—TREATMENT OF PENALTIES”.

7 (c) NO INFERENCE.—Nothing in the amendments
 8 made by this section shall be construed to create any infer-
 9 ence with respect to the treatment of any applicable pen-
 10 alty (as defined in section 6251(b) of the Internal Revenue
 11 Code of 1986, as added by subsection (a)) before the date
 12 of the enactment of this Act.

13 **SEC. 312. AUTHORIZATION TO ALLOW CLAIMS FOR REFUND**
 14 **IN CERTAIN CASES WHERE FULL TAX NOT**
 15 **PAID.**

16 (a) IN GENERAL.—Section 7422, as amended by this
 17 Act, is amended by redesignating subsection (k) as sub-
 18 section (l) and by inserting after subsection (j) the fol-
 19 lowing new subsection:

20 “(k) SPECIAL RULE FOR ACTIONS WHERE THERE
 21 IS AN AGREEMENT IN EFFECT WITH THE TAXPAYER
 22 UNDER SECTION 6159 OR WHEN THE TAXPAYER IS IN
 23 CURRENTLY NOT COLLECTIBLE STATUS.—

24 “(1) IN GENERAL.—The district courts of the
 25 United States, the United States Court of Federal

1 Claims, and the Tax Court shall not fail to have ju-
 2 risdiction over any applicable action brought by a
 3 taxpayer to determine the correct amount of tax li-
 4 ability of such taxpayer solely because the full
 5 amount of such liability has not been paid.

6 “(2) APPLICABLE ACTION.—For purposes of
 7 this subsection, the term ‘applicable action’ means
 8 any action to determine the correct amount of the
 9 tax liability of such taxpayer (or for any refund with
 10 respect thereto) with respect to any amount if, as of
 11 the date such action is filed—

12 “(A) such amount—

13 “(i) is the subject of an agreement
 14 under section 6159 for which all install-
 15 ments the due date for which is on or be-
 16 fore the date the action is filed have been
 17 paid, or

18 “(ii) has been determined by the Sec-
 19 retary to be not collectible (within the
 20 meaning of section 6343(e)), and

21 “(B) there is no pending procedural period
 22 with respect to such amount.

23 “(3) PENDING PROCEDURAL PERIOD.—For
 24 purposes of paragraph (2)(B), there is a pending
 25 procedural period with respect to an amount if—

1 “(A) a notice has been provided under sec-
2 tion 6320 or 6330 with respect to such amount,
3 and

4 “(B)(i) the time period under such notice
5 for requesting a hearing has not expired,

6 “(ii) a hearing has been requested, or

7 “(iii) the period under section 6330(d)(1)
8 for appealing any determination of all issues
9 considered at such a hearing has not expired.

10 “(4) PERMISSIVE DISMISSAL.—

11 “(A) REQUEST FOR DISMISSAL.—The
12 United States (or the Secretary, in the case of
13 a case in the Tax Court) may request the dis-
14 missal of an applicable action if the taxpayer is
15 no longer in compliance with an installment
16 agreement under section 6159 or is no longer in
17 currently not collectible status (within the
18 meaning of section 6343(e)).

19 “(B) COURT ACTION.—In any case in
20 which there is a request for dismissal under
21 subparagraph (A), the court may, with or with-
22 out taking any evidence or holding a hearing,
23 dismiss the action with leave to refile when ei-
24 ther the full amount of such liability has been
25 paid or the conditions in paragraph (2) are met

1 at the time of refiling. In deciding whether to
2 dismiss the action, the court may consider the
3 extent to which the action has proceeded, the
4 extent to which full payment has been made,
5 any burden that may result to the taxpayer, the
6 United States, the Secretary, or the court from
7 such dismissal (including reasons the taxpayer
8 is no longer in compliance with an installment
9 agreement under section 6159), and any other
10 reason relating to the policy of the full payment
11 rule. A dismissal under this paragraph shall not
12 be reviewed by any other court.

13 “(5) PROHIBITION ON COLLECTION OF DIS-
14 ALLOWED LIABILITY.—If the court redetermines
15 under paragraph (1) the correct amount of tax li-
16 ability of the taxpayer, no part of such liability
17 which is disallowed by a decision of such court which
18 has become final may be collected by the Secretary,
19 and amounts paid in excess of the amount deter-
20 mined by the court as correctly paid shall be re-
21 funded.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to actions filed on or after the date
24 that is 12 months after the date of the enactment of this
25 Act.

1 **SEC. 313. ADJUSTMENT OF THRESHOLD FOR SMALL DIS-**
 2 **PUTES.**

3 (a) IN GENERAL.—Section 7463 is amended—

4 (1) by striking “\$50,000” each place it appears
 5 in subsections (a) and (f) and inserting “\$100,000”,
 6 and

7 (2) by adding at the end the following new sub-
 8 section:

9 “(g) INFLATION ADJUSTMENT.—

10 “(1) IN GENERAL.— In the case of any petition
 11 or appeal filed in a calendar year beginning after
 12 2026, each of the \$100,000 amounts in subsections
 13 (a) and (f) shall be increased by an amount equal
 14 to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-
 17 mined under section 1(f)(3) for the calendar
 18 year, determined by substituting ‘calendar year
 19 2025’ for ‘calendar year 2016’ in subparagraph
 20 (A)(ii) thereof.

21 “(2) ROUNDING.—If any increase determined
 22 under paragraph (1) is not a multiple of \$1,000,
 23 such increase shall be rounded to the next lowest
 24 multiple of \$1,000.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) The heading for section 7463 is amended by
 2 striking “**DISPUTES INVOLVING \$50,000 OR**
 3 **LESS**” and inserting “**SMALL DISPUTES**”.

4 (2) The item relating to section 7463 in the
 5 table of section for part II of subchapter C of chap-
 6 ter 76 is amended by striking “Disputes involving
 7 \$50,000 or less” and inserting “Small disputes”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to proceedings commencing after
 10 the date of the enactment of this Act.

11 **TITLE IV—OFFICE OF THE** 12 **TAXPAYER ADVOCATE**

13 **SEC. 401. NTA AUTHORIZATION TO DIRECT HIRE ATTOR-** 14 **NEYS.**

15 Section 7803(c)(2)(D) is amended—

16 (1) in clause (i)—

17 (A) in subclause (I), by striking “and” at
 18 the end,

19 (B) in subclause (II), by striking the pe-
 20 riod at the end and inserting “; and”, and

21 (C) by adding at the end the following:

22 “(III) appoint counsel in the Of-
 23 fice of the Taxpayer Advocate to re-
 24 port directly to the National Taxpayer
 25 Advocate or delegate thereof.”, and

(2) by adding at the end the following:

“(iii) COUNSEL.—For purposes of clause (i)(III)—

“(I) the National Taxpayer Advocate may utilize direct hire authority to recruit and appoint qualified applicants, without regard to any preference requirements,

“(II) any counsel appointed pursuant to such clause shall not report to the Chief Counsel for the Internal Revenue Service and shall not represent the Government in litigation,

“(III) any legal interpretation of counsel appointed pursuant to such clause shall not be binding on the Secretary, and

“(IV) pursuant to section 301(f)(2) of title 31, United States Code, and subsection (b)(2)(A), the Chief Counsel for the Internal Revenue Service shall continue to provide advice to the National Taxpayer Advocate and the Office of the Taxpayer Advocate.”.

1 **SEC. 402. NTA AUTHORIZATION TO MAKE PERSONNEL DE-**
 2 **CISIONS.**

3 (a) IN GENERAL.—Section 7803(c)(2)(D)(i)(II) is
 4 amended by striking “any employee of any local office of
 5 a taxpayer advocate described in subclause (I)” and in-
 6 serting “any officer or employee of the Office of the Tax-
 7 payer Advocate”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 this section shall take effect on the date which is 12
 10 months after the date of enactment of this Act.

11 **SEC. 403. ACCESS TO INTERNAL REVENUE SERVICE INFOR-**
 12 **MATION, LEGAL ADVICE, AND MEETINGS.**

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

15 “(6) ACCESS TO INFORMATION AND MEET-
 16 INGS.—

17 “(A) IN GENERAL.—Upon request, the
 18 Commissioner shall provide the Office of the
 19 Taxpayer Advocate with access to any of the
 20 following:

21 “(i) In the case of any request made
 22 by a taxpayer for assistance by the Office
 23 of the Taxpayer Advocate which is open
 24 and pending—

25 “(I) any return or return infor-
 26 mation (as such terms are defined in

1 section 6103(b)) which the National
2 Taxpayer Advocate determines is nec-
3 essary to assist such taxpayer,

4 “(II) any legal advice provided by
5 the staff of the Office of Chief Coun-
6 sel to any employee of the Internal
7 Revenue Service (including any legal
8 advice prepared in contemplation of
9 litigation) which the National Tax-
10 payer Advocate determines is nec-
11 essary to assist such taxpayer, regard-
12 less of whether such legal advice can-
13 not be disclosed to such taxpayer, and

14 “(III) any meeting between such
15 taxpayer and any employee of the In-
16 ternal Revenue Service.

17 “(ii) To the extent necessary to per-
18 form a full and substantive analysis in-
19 cluded in any report described in para-
20 graph (2)(B)—

21 “(I) any relevant document, data,
22 or statistical information, and

23 “(II) any legal advice provided by
24 the staff of the Office of the Chief
25 Counsel to any employee of the Inter-

1 nal Revenue Service (including any
2 legal advice prepared in contemplation
3 of litigation).

4 “(iii) Legal advice from the staff of
5 the Office of Chief Counsel on any matter
6 or issue.

7 “(B) DEADLINE.—Access to any informa-
8 tion, advice, or meeting described in subpara-
9 graph (A) shall be provided by the Commis-
10 sioner not later than—

11 “(i) the date which is 2 weeks after
12 the date on which a written request sub-
13 mitted by the Office of the Taxpayer Advoca-
14 cate has been received by the Commis-
15 sioner, or

16 “(ii) such date as is otherwise agreed
17 to by the Commissioner and the Office of
18 the Taxpayer Advocate.

19 “(C) MEETINGS.—For purposes of sub-
20 paragraph (A)(i)(III), the Commissioner shall
21 be deemed to have satisfied the requirement
22 under such subparagraph if the Commissioner
23 has extended an invitation to attend the meet-
24 ing to the Office of the Taxpayer Advocate,
25 without regard to whether such an invitation

1 was declined by any employee of the Office of
2 the Taxpayer Advocate.

3 “(D) PRIVILEGE.—Any access provided to
4 the Office of the Taxpayer Advocate pursuant
5 to this paragraph with respect to information or
6 legal advice from the staff of the Office of Chief
7 Counsel shall have no effect on any privilege
8 which otherwise applies to such information or
9 legal advice.”.

10 (b) ANNUAL REPORTS.—Section 7803(c)(2)(B)(ii) is
11 amended—

12 (1) in subclause (XII), by striking “and” at the
13 end,

14 (2) in subclause (XIII), by striking the period
15 at the end and inserting “; and”, and

16 (3) by adding at the end the following new sub-
17 clause:

18 “(XIV) identify any failure by
19 the Commissioner to provide access to
20 any information, advice, or meeting
21 described in subparagraph (A) of
22 paragraph (6) by the date required
23 under subparagraph (B) of such para-
24 graph.”.

1 (c) EFFECTIVE DATE.—The amendment made by
 2 this section shall take effect on the date of enactment of
 3 this Act.

4 **SEC. 404. REPEAL OF LIMITATION PERIOD SUSPENSION**
 5 **FOR TAXPAYERS SEEKING ASSISTANCE FROM**
 6 **TAS.**

7 (a) IN GENERAL.—Section 7811 is amended—
 8 (1) by striking subsection (d), and
 9 (2) by redesignating subsections (e) through (g)
 10 as subsections (d) through (f), respectively.

11 (b) CONFORMING AMENDMENT.—Section 6306(k)(2)
 12 is amended by striking “section 7811(g)” and inserting
 13 “section 7811(f)”.

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

17 **SEC. 405. OPERATIONS TO ASSIST TAXPAYERS EXPERI-**
 18 **ENCING HARDSHIPS DURING LAPSE IN AP-**
 19 **PROPRIATIONS.**

20 Notwithstanding section 1341(a) of title 31, United
 21 States Code, during any lapse in appropriations, the Com-
 22 missioner and the Office of the Taxpayer Advocate may
 23 incur obligations in advance of appropriations for such
 24 amounts as may be necessary—

(1) to assist any taxpayer who is or may be experiencing an economic hardship (within the meaning of section 6343(a)(1)(D) of the Internal Revenue Code of 1986) as a result of any action or inaction by the Internal Revenue Service, and

(2) for the purpose of complying with any Taxpayer Assistance Order issued pursuant to section 7811 of such Code.

TITLE V—TAX RETURN PREPARERS

SEC. 501. PENALTIES FOR TAX RETURN PREPARERS WHO IMPROPERLY ALTER RETURNS.

(a) IN GENERAL.—Paragraph (1) of section 6696(e) is amended to read as follows:

“(1) RETURN.—The term ‘return’ means—

“(A) any return of any tax imposed by this title,

“(B) any administrative adjustment request under section 6227,

“(C) any partnership adjustment tracking report under section 6226(b)(4)(A), and

“(D) any other document purporting to be a return, request, or report described in subparagraphs (A) through (C).”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall take effect on the date of enactment of
 3 this Act.

4 **SEC. 502. PENALTIES FOR FAILURE TO PROVIDE VALID**
 5 **PREPARER IDENTIFICATION NUMBERS.**

6 (a) IN GENERAL.—Section 6695 is amended—

7 (1) by striking subsection (c) and inserting the
 8 following:

9 “(c) FAILURE TO FURNISH VALID IDENTIFYING
 10 NUMBER.—

11 “(1) IN GENERAL.—

12 “(A) PENALTY.—Any person who is a tax
 13 return preparer with respect to any return or
 14 claim for refund and who fails to furnish an
 15 identifying number which complies with section
 16 6109(a)(4)(A) with respect to such return or
 17 claim shall pay a penalty of \$250 for such fail-
 18 ure.

19 “(B) NON-COMPLIANCE.—For purposes of
 20 this paragraph, an identifying number shall be
 21 deemed to not comply with section
 22 6109(a)(4)(A) if such identifying number—

23 “(i) is assigned to another person,

24 “(ii) does not exist,

25 “(iii) is inactive or expired,

1 “(iv) has been withdrawn,

2 “(v) is suspended or has been revoked,

3 or

4 “(vi) is otherwise invalid for use by
5 the tax return preparer.

6 “(2) EXCEPTION.—The penalty imposed under
7 paragraph (1) shall not apply if it is shown that
8 such failure is due to reasonable cause and not due
9 to willful neglect.

10 “(3) LIMITATION.—The maximum penalty im-
11 posed under this subsection on any person with re-
12 spect to documents filed during any calendar year
13 shall not exceed \$75,000.”,

14 (2) by redesignating subsection (h) as sub-
15 section (i),

16 (3) by inserting after subsection (g) the fol-
17 lowing new subsection:

18 “(h) USE OF INVALID OR APPROPRIATED ELEC-
19 TRONIC FILING IDENTIFICATION NUMBER.—

20 “(1) IN GENERAL.—Any person who is an elec-
21 tronic return originator with respect to any return
22 or claim for refund who fails to use, with respect to
23 such return or claim, an electronic filing identifica-
24 tion number which is assigned to such person by the
25 Secretary, shall pay a penalty of \$250 for such fail-

1 ure, unless it is shown that such failure is due to
 2 reasonable cause and not due to willful neglect.

3 “(2) DEFINITIONS.—For purposes of this sub-
 4 section—

5 “(A) ELECTRONIC RETURN ORIGINATOR.—

6 “(i) IN GENERAL.—The term ‘elec-
 7 tronic return originator’ means a person
 8 who originates the electronic submission of
 9 1 or more returns or claims for refund on
 10 behalf of other taxpayers.

11 “(ii) EXCEPTIONS.—The term ‘elec-
 12 tronic return originator’ shall not include a
 13 person merely because such person origi-
 14 nates an electronic submission described in
 15 clause (i)—

16 “(I) by providing services which
 17 are limited to typing, reproduction, or
 18 other mechanical assistance to a per-
 19 son described in such subclause,

20 “(II) at the direction of an em-
 21 ployer (or of an officer or employee of
 22 the employer) by whom such person is
 23 regularly and continuously employed,

24 “(III) as a fiduciary, or

1 “(IV) in response to a determina-
 2 tion by the Secretary that directly or
 3 indirectly affects the tax liability of a
 4 taxpayer.

5 “(B) ELECTRONIC FILING IDENTIFICATION
 6 NUMBER.—

7 “(i) IN GENERAL.—The term ‘elec-
 8 tronic filing identification number’ means
 9 an identification number assigned by the
 10 Secretary to a person authorized to file re-
 11 turns in electronic format on behalf of
 12 other taxpayers.

13 “(ii) SUSPENSION OR REVOCATION.—
 14 In the case of any electronic filing identi-
 15 fication number which has been suspended
 16 or revoked by the Secretary, such number
 17 shall not be deemed valid for purposes of
 18 paragraph (1).”, and

19 (4) in subsection (i)(1), as redesignated by
 20 paragraph (2), by striking “and (g)” and inserting
 21 “(g), and (h)”.

22 (b) MODIFICATION OF DEFINITION OF TAX RETURN
 23 PREPARER.—Section 7701(a)(36) is amended—

24 (1) by striking subparagraph (A) and inserting
 25 the following:

1 “(A) IN GENERAL.—The term ‘tax return
 2 preparer’ means any person who prepares for
 3 compensation, or who employs one or more per-
 4 sons to prepare for compensation, any return of
 5 tax imposed by this title, any document pur-
 6 porting to be a return of tax imposed by this
 7 title, or any claim for refund of tax imposed by
 8 this title. For purposes of the preceding sen-
 9 tence, the preparation of a substantial portion
 10 of a return, document purporting to be a re-
 11 turn, or claim for refund shall be treated as if
 12 it were the preparation of such return, docu-
 13 ment purporting to be a return, or claim for re-
 14 fund.”, and

15 (2) in subparagraph (B)—

16 (A) in clause (ii), by striking “return or
 17 claim for refund” and inserting “return, docu-
 18 ment purporting to be a return, or claim for re-
 19 fund”, and

20 (B) in clause (iii), by striking “return or
 21 claim for refund” and inserting “return, docu-
 22 ment purporting to be a return, or claim for re-
 23 fund”.

24 (c) PREVENTION OF INADVERTENT ERRORS INVOLV-
 25 ING IDENTIFYING NUMBERS.—

1 (1) IN GENERAL.—Not later than 18 months
 2 after the date of enactment of this Act, the Sec-
 3 retary shall establish a program to improve vol-
 4 untary compliance with respect to requirements
 5 under subsections (c) and (h) of section 6695 of the
 6 Internal Revenue Code of 1986 (as amended by this
 7 section) and avoid the imposition of penalties under
 8 such subsections.

9 (2) CONSULTATION.—The program described in
 10 paragraph (1) shall be established by the Secretary
 11 following consultation with—

12 (A) the National Taxpayer Advocate,

13 (B) qualified low-income taxpayer clinics
 14 that have received a grant under section 7526
 15 of the Internal Revenue Code of 1986, and

16 (C) other relevant stakeholders.

17 (3) OPPORTUNITY TO CORRECT.—For purposes
 18 of the program described in paragraph (1), the Sec-
 19 retary shall—

20 (A) prior to acceptance for processing,
 21 identify—

22 (i) any return or claim for refund
 23 which has been electronically submitted
 24 and does not include an identifying number

1 which complies with section 6109(a)(4)(A)
 2 of the Internal Revenue Code of 1986, and
 3 (ii) any return or claim for refund
 4 which has been electronically submitted
 5 and does not include an electronic filing
 6 identification number (as defined in section
 7 6695(h)(2)(B) of such Code), and
 8 (B) provide an opportunity for the person
 9 who submitted such return or claim for refund
 10 to avoid imposition of a penalty under sub-
 11 section (c) or (h) of section 6695 of such Code,
 12 as applicable, if the correct identifying number
 13 or electronic filing identification number is pro-
 14 vided.

15 (d) CRIMINAL PENALTY.—

16 (1) IN GENERAL.—Part I of subchapter A of
 17 chapter 75 is amended by adding at the end the fol-
 18 lowing new section:

19 **“SEC. 7218. WILLFUL FAILURE TO PROVIDE A VALID PRE-**
 20 **PARER IDENTIFICATION NUMBER.**

21 “(a) IN GENERAL.—Any tax return preparer who,
 22 with respect to any return, document purporting to be a
 23 return, or claim for refund willfully fails to furnish an
 24 identifying number which complies with section
 25 6109(a)(4)(A) with respect to such return or document

1 or willfully furnishes a preparer tax identification number
 2 which is described in section 6695(c)(1)(B) with intent to
 3 evade or defeat the application of any requirement under
 4 any provision of this title which requires such preparer
 5 to obtain and furnish such number, shall, in addition to
 6 any other penalties provided by law, be guilty of a felony
 7 and, upon conviction thereof, shall be fined not more than
 8 \$50,000 (\$100,000 in the case of a corporation), or im-
 9 prisoned not more than 3 years, or both, together with
 10 the costs of prosecution.

11 “(b) PREPARER TAX IDENTIFICATION NUMBER.—In
 12 this section, the term ‘preparer tax identification number’
 13 means an identifying number described in section
 14 6109(a)(4)(A).”.

15 (2) CLERICAL AMENDMENT.—The table of sec-
 16 tions for part I of subchapter A of chapter 75 is
 17 amended by adding at the end the following new
 18 item:

“Sec. 7218. Willful failure to provide a valid preparer identification number.”.

19 (e) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to returns or claims for refund
 21 filed after the date which is 18 months after the date of
 22 enactment of this Act.

1 **SEC. 503. PENALTIES FOR IMPROPER TAX PREPARATION**
2 **OR MISAPPROPRIATION OF REFUNDS.**

3 (a) OTHER ASSESSABLE PENALTIES WITH RESPECT
4 TO THE PREPARATION OF TAX RETURNS FOR OTHER
5 PERSONS.—Section 6695, as amended by the preceding
6 provisions of this Act, is amended—

7 (1) in subsection (a)—

8 (A) by striking “\$50” and inserting
9 “\$250”, and

10 (B) by striking “\$25,000” and inserting
11 “\$50,000”,

12 (2) in subsection (b)—

13 (A) by striking “\$50” and inserting
14 “\$250”, and

15 (B) by striking “\$25,000” and inserting
16 “\$75,000”,

17 (3) in subsection (d)—

18 (A) by striking “\$50” and inserting
19 “\$250”, and

20 (B) by striking “\$25,000” and inserting
21 “\$50,000”,

22 (4) in subsection (e)—

23 (A) by striking “\$50” and inserting
24 “\$250”, and

25 (B) by striking “\$25,000” and inserting
26 “\$75,000”,

(5) in subsection (g), by striking “\$500” and inserting “\$1,000”, and

(6) in subsection (i)(1)—

(A) by striking “2014” and inserting “2025”, and

(B) by striking “calendar year 2013” and inserting “calendar year 2024”.

(b) MISAPPROPRIATION OF REFUNDS.—

(1) IN GENERAL.—Subsection (f) of section 6695 is amended to read as follows:

“(f) MISAPPROPRIATION.—

“(1) IN GENERAL.—Any person who is a tax return preparer who misappropriates any payment made in respect of the taxes imposed by this title which is issued to a taxpayer (other than the tax return preparer) shall pay a penalty in an amount determined under paragraph (2).

“(2) PENALTY.—The amount of the penalty determined under this paragraph shall, with respect to each payment described in paragraph (1), be equal to the greater of—

“(A) \$1,000, or

“(B) the full amount of such payment.

“(3) EXCEPTION.—Paragraph (1) shall not apply with respect to the deposit by a bank (within

1 the meaning of section 581) of the full amount of
 2 the payment in the taxpayer's account in such bank
 3 for the benefit of the taxpayer.”.

4 (2) CONFORMING AMENDMENT.—Section
 5 6695(i)(1) is amended by striking “(f),” and insert-
 6 ing “(f)(2)(A),”.

7 **SEC. 504. AUTHORITY TO DENY, REVOKE, OR SUSPEND PRE-**
 8 **PARER TAX IDENTIFICATION NUMBERS.**

9 (a) IN GENERAL.—Section 6109 is amended—
 10 (1) in subsection (a), by striking paragraph (4)
 11 and inserting the following:

12 “(4) FURNISHING IDENTIFYING NUMBER OF
 13 TAX RETURN PREPARER.—

14 “(A) IN GENERAL.—Any return, claim for
 15 refund, or document purporting to be a return
 16 or claim for refund which is prepared by a tax
 17 return preparer shall bear such identifying
 18 number for securing proper identification of
 19 such preparer, their employer, or both, as may
 20 be prescribed.

21 “(B) SUSPENSION OR REVOCATION.—In
 22 the case of any identifying number which has
 23 been suspended or revoked by the Secretary
 24 under subsection (e), such number shall not be
 25 deemed valid for purposes of subparagraph (A).

1 “(C) DEFINITIONS.—For purposes of this
2 section—

3 “(i) SPECIFIED PRACTITIONER.—The
4 term ‘specified practitioner’ means a cer-
5 tified public accountant, attorney, or en-
6 rolled agent—

7 “(I) who is—

8 “(aa) in good standing with
9 the Department of the Treasury
10 and State licensing authorities,
11 and

12 “(bb) authorized to rep-
13 resent persons before the Depart-
14 ment of the Treasury under sec-
15 tion 330 of title 31, United
16 States Code, and

17 “(II) whose professional license
18 or certification has not been revoked
19 or suspended.

20 “(ii) RETURN; CLAIM FOR REFUND.—
21 The terms ‘return’ and ‘claim for refund’
22 have the respective meanings given to such
23 terms by section 6696(e).”, and

24 (2) by inserting after subsection (d) the fol-
25 lowing:

1 “(e) IDENTIFYING NUMBER OF TAX RETURN PRE-
2 PARER.—

3 “(1) IN GENERAL.—The Secretary shall main-
4 tain a program for administration of preparer tax
5 identification numbers required under subsection
6 (a)(4), which shall include restrictions on the
7 issuance of such numbers to any individual other
8 than an individual who—

9 “(A) meets the suitability requirements of
10 paragraph (2) and the education requirements
11 of paragraph (3),

12 “(B) meets the state program require-
13 ments of paragraph (4), or

14 “(C) is a specified practitioner.

15 “(2) DEMONSTRATION OF SUITABILITY.—

16 “(A) IN GENERAL.—An individual meets
17 the suitability requirements of this paragraph if
18 such individual has demonstrated to the Sec-
19 retary the individual’s suitability to be a tax re-
20 turn preparer by—

21 “(i) providing such information as the
22 Secretary determines necessary, and

23 “(ii) passing a background check, in-
24 cluding a review by the Secretary regard-

1 ing compliance with personal tax obliga-
2 tions.

3 “(B) CONDUCT DEMONSTRATING LACK OF
4 SUITABILITY.—For purposes of subparagraph
5 (A), an individual shall be deemed to have
6 failed to demonstrate their suitability to be a
7 tax return preparer if—

8 “(i) any license or registration issued
9 to such individual by a State to prepare
10 tax returns has been suspended or revoked
11 by such State, or

12 “(ii) the Secretary determines that
13 such individual is described in clauses (ii)
14 through (vi) of paragraph (5)(A).

15 “(C) REGULATIONS AND GUIDANCE.—The
16 Secretary shall issue such regulations or other
17 guidance as the Secretary determines necessary
18 to carry out the purposes of this paragraph.

19 “(D) PROHIBITION ON EXAMINATIONS.—
20 For purposes of subparagraph (A), except as
21 provided in paragraph (3)(C)(iii), the Secretary
22 may not require an examination as a pre-
23 requisite for the assignment or renewal of a
24 preparer tax identification number.

1 “(E) GRANDFATHERING OF PRIOR BACK-
2 GROUND CHECKS.—

3 “(i) IN GENERAL.—Subject to clause
4 (ii), for purposes of subparagraph (A)(ii),
5 in the case of a class of individuals (as
6 identified by the Secretary) who have
7 passed a background check prior to the
8 date of enactment of this subsection, the
9 Secretary may deem such class of individ-
10 uals to have satisfied the requirement
11 under such subparagraph.

12 “(ii) NONAPPLICATION TO REQUIRE-
13 MENT REGARDING COMPLIANCE WITH PER-
14 SONAL TAX OBLIGATIONS.—Clause (i) shall
15 not apply with respect to review by the
16 Secretary under subparagraph (A)(ii) re-
17 garding compliance with personal tax obli-
18 gations.

19 “(3) EDUCATIONAL PROGRAMS.—

20 “(A) IN GENERAL.—An individual shall
21 meet the education requirements of this para-
22 graph if such individual completes a specified
23 number of hours of educational programs on
24 ethics, professional responsibility, and tax law
25 (including recently enacted Federal income tax

1 legislation) as required by the Secretary prior
2 to the assignment or renewal of a preparer tax
3 identification number.

4 “(B) ADDITIONAL EDUCATIONAL REQUIRE-
5 MENTS FOR RENEWAL.—The Secretary may re-
6 quire any individual seeking the renewal of a
7 preparer tax identification number to complete
8 educational programs in addition to those re-
9 quired under subparagraph (A). Any edu-
10 cational programs required under this subpara-
11 graph shall be based on—

12 “(i) a review of returns which include
13 the preparer tax identification number of
14 such preparer, and

15 “(ii) any errors identified by the Sec-
16 retary as part of the review described in
17 clause (i).

18 “(C) OTHER REQUIREMENTS.—For pur-
19 poses of this paragraph, the Secretary—

20 “(i) may not require a tax return pre-
21 parer to annually complete more than 18
22 hours of educational programs,

23 “(ii) shall require that any edu-
24 cational program include written materials

1 which satisfy such standards as are estab-
2 lished by the Secretary,

3 “(iii) shall require that any edu-
4 cational program include a method to en-
5 sure that the tax return preparer attended
6 the program and sufficiently understood
7 the material presented, and

8 “(iv) may not direct any educational
9 program to be completed through a specific
10 provider.

11 “(D) NOTICE OF FAILURE TO TIMELY
12 COMPLETE REQUIREMENTS.—The Secretary
13 shall provide any tax return preparer who fails
14 to complete the requirements of this paragraph
15 notice of such failure and a 30-day period in
16 which to cure such failure.

17 “(E) PUBLICATION OF APPROVED
18 COURSES.—The Secretary shall publish, on the
19 public website of the Internal Revenue Serv-
20 ice—

21 “(i) a list of educational programs
22 which have been determined by the Sec-
23 retary to satisfy the requirement under
24 clause (ii) of subparagraph (C) (and, if ap-
25 plicable, the requirement under clause (iii)

1 of such subparagraph), including the pro-
2 viders of such programs, and

3 “(ii) any such requirements as the
4 Secretary deems necessary to impose with
5 respect to any additional programs re-
6 quired under subparagraph (B), provided
7 that such requirements are similar to the
8 requirements provided under section 330
9 of title 31, United States Code, or regula-
10 tions prescribed thereunder.

11 “(4) EXEMPTION.—

12 “(A) IN GENERAL.—Subject to subpara-
13 graph (B), any individual meets the state pro-
14 gram requirements of this paragraph if such in-
15 dividual maintains a valid State license or reg-
16 istration issued by a State licensing program or
17 State registration program (including State tax
18 education councils) which includes examination,
19 education, and background check requirements
20 that are comparable to the suitability require-
21 ments described in paragraph (2) and the edu-
22 cation requirements described in paragraph (3).

23 “(B) GRANDFATHERING OF CERTAIN PRO-
24 GRAMS.—For purposes of subparagraph (A),
25 with respect to determining whether a State li-

1 censing program or State registration program
2 (including State tax education councils) in-
3 cludes examination, education, and background
4 check requirements which are comparable to the
5 suitability requirements described in paragraph
6 (2) and the education requirements described in
7 paragraph (3), such determination shall be
8 made by the Secretary without regard to wheth-
9 er such requirements were included in such pro-
10 gram at the time that such individual was li-
11 censed or registered under such program, pro-
12 vided that such requirements are, as of the date
13 that such individual requested assignment or
14 renewal of a preparer tax identification number
15 under this subsection, presently included in
16 such program.

17 “(5) AUTHORITY TO REVOKE OR SUSPEND PRE-
18 PARER TAX IDENTIFICATION NUMBER.—

19 “(A) IN GENERAL.—The Secretary may
20 suspend or revoke a preparer tax identification
21 number if, after notice and opportunity for a
22 hearing, the Secretary makes a determination
23 that the tax return preparer—

24 “(i) has not met—

1 “(I) the suitability requirements
2 of paragraph (2) and the education
3 requirements of paragraph (3), or

4 “(II) the state program require-
5 ments of paragraph (4),

6 “(ii) is incompetent, as demonstrated
7 by a repeated pattern of errors in returns
8 that were prepared by such preparer which
9 affected the determination of tax liability
10 in such returns,

11 “(iii) is disreputable, as demonstrated
12 by—

13 “(I) giving false or misleading in-
14 formation under paragraph (2)(A)(i),

15 “(II) willful failure to comply
16 with personal tax obligations,

17 “(III) an unpaid tax delin-
18 quency—

19 “(aa) which is outstanding
20 for greater than 180 days,

21 “(bb) which is not being ac-
22 tively disputed, and

23 “(cc) which is not—

1 “(AA) subject to an
2 agreement or compromise
3 under section 6159 or 7122,

4 “(BB) classified as cur-
5 rently not collectible (within
6 the meaning of section
7 6343(e)), or

8 “(CC) subject to a
9 pending application for such
10 an agreement, compromise,
11 or status,

12 “(IV) revocation or suspension of
13 any license or registration issued by a
14 State for the preparation of tax re-
15 turns,

16 “(V) conviction of any criminal
17 offense—

18 “(aa) involving dishonesty or
19 breach of trust, or

20 “(bb) which is punishable
21 under this title,

22 “(VI) a final determination of li-
23 ability for a penalty pursuant to sec-
24 tion 6694, 6695(h), 6700, 6701,
25 6702, or 6713,

1 “(VII) subject to an injunction
2 under section 7407 or 7408, or

3 “(VIII) any conduct similar to
4 the conduct described in subclauses
5 (I) through (VII), as provided under
6 regulations prescribed by the Sec-
7 retary,

8 “(iv) in the case of a person subject to
9 regulation under section 330 of title 31,
10 United States Code, or regulations pre-
11 scribed thereunder, has violated the re-
12 quirements under such section or such reg-
13 ulations,

14 “(v) with intent to defraud, willfully
15 and knowingly misleads or threatens—

16 “(I) the person whose return or
17 claim for refund is being prepared, or

18 “(II) a prospective person seek-
19 ing for a return or claim for refund to
20 be prepared, or

21 “(vi) has engaged in conduct (as iden-
22 tified in regulations or guidance issued by
23 the Secretary) which is similar to the con-
24 duct described in clauses (i) through (v)
25 and that the denial, suspension, or revoca-

tion of such number would promote compliance with the requirements of this title and effective tax administration.

“(B) MONETARY PENALTY.—

“(i) IN GENERAL.—In addition to, or in lieu of, any suspension or revocation of a preparer tax identification number under subparagraph (A), the Secretary may impose a penalty in any amount not exceeding \$5,000.

“(ii) REDUCTION.—Any penalty imposed under clause (i) shall be reduced by the amount of any penalty imposed under section 6694, 6695, 6700, 6701, 6702, or 6713 with regard to the same conduct.

“(iii) ADJUSTMENT FOR INFLATION.—

“(I) IN GENERAL.—In the case of any penalty imposed during any calendar year beginning after 2025, the dollar amount in clause (i) shall be increased by an amount equal to—

“(aa) such dollar amount, multiplied by

1 “(bb) the cost-of-living ad-
2 justment determined under sec-
3 tion 1(f)(3) for the calendar year,
4 determined by substituting ‘cal-
5 endar year 2024’ for ‘calendar
6 year 2016’ in subparagraph
7 (A)(ii) thereof.

8 “(II) ROUNDING.—If any
9 amount determined under subclause
10 (I) is not a multiple of \$100, such
11 amount shall be rounded to the near-
12 est multiple of \$100.

13 “(C) REINSTATEMENT.—The Secretary
14 shall, through regulations or other guidance, es-
15 tablish procedures to allow any tax return pre-
16 parer whose preparer tax identification number
17 has been suspended or revoked pursuant to sub-
18 paragraph (A) to have such number reissued
19 (or, in the case of a suspension, for such sus-
20 pension to be terminated), provided that such
21 preparer demonstrates, to the satisfaction of
22 the Secretary, that—

23 “(i) the conduct described in such
24 paragraph which was the basis for such
25 suspension or revocation has been suffi-

1 ciently addressed or resolved (such as
 2 through completion of educational pro-
 3 grams described in paragraph (3) or rein-
 4 statement of a license issued by a State for
 5 the preparation of tax returns), and

6 “(ii) effective tax administration
 7 would be promoted by terminating the sus-
 8 pension of such number or reissuing such
 9 number to such preparer.

10 “(D) PRELIMINARY SUSPENSION.—

11 “(i) IN GENERAL.—After notice and
 12 opportunity to respond, the Secretary may
 13 suspend the preparer tax identification
 14 number of a tax return preparer for a pe-
 15 riod of not greater than 180 days if the
 16 Secretary determines that—

17 “(I) such tax return preparer has
 18 engaged in any conduct described in
 19 clauses (i) through (vi) of subpara-
 20 graph (A), and

21 “(II) such suspension is nec-
 22 essary to prevent serious economic
 23 harm to taxpayers or serious impair-
 24 ment of effective tax administration,

1 such as to prevent the filing of fraud-
2 ulent returns or claims for refund.

3 “(ii) LIMITATION.—For purposes of
4 clause (i), if the preparer tax identification
5 number of a tax return preparer has been
6 suspended pursuant to such clause 2 times
7 during any 5-year period, the Secretary
8 may not issue an additional suspension
9 pursuant to such clause with respect to
10 such preparer during such period unless
11 such suspension is subsequent to a deter-
12 mination by the Secretary to suspend or
13 revoke the preparer tax identification num-
14 ber of such preparer pursuant to subpara-
15 graph (A).

16 “(E) REGULATIONS.—Not later than 24
17 months after the date of enactment of this sub-
18 section, the Secretary shall issue such regula-
19 tions or other guidance as the Secretary deter-
20 mines necessary to carry out the purposes of
21 this paragraph, including—

22 “(i) guidelines that identify the par-
23 ticular penalty applicable to any conduct
24 described in subparagraph (A), and

1 “(ii) the manner of notice and oppor-
2 tunity to respond for purposes of subpara-
3 graph (D).

4 “(F) NO INFERENCE.—Nothing in this
5 paragraph shall be construed to create any in-
6 ference with respect to the definition or mean-
7 ing of any term used in section 330 of title 31,
8 United States Code, or regulations prescribed
9 thereunder.

10 “(6) APPEAL.—In the case of any tax return
11 preparer for whom the Secretary has made a deter-
12 mination—

13 “(A) that such preparer has not met the
14 requirements of paragraphs (2) and (3) or of
15 paragraph (4) and that issuance of a preparer
16 tax identification number should be denied,

17 “(B) under paragraph (5)(A) that the pre-
18 parer tax identification number for such pre-
19 parer should be suspended or revoked, or

20 “(C) that a penalty should be imposed pur-
21 suant to paragraph (5)(B),

22 such preparer shall be provided with an opportunity
23 to appeal such determination pursuant to procedures
24 (as established by the Secretary through regulations
25 or other guidance) which are similar to the proce-

dures provided under section 330 of title 31, United States Code, and regulations prescribed thereunder.

“(7) DISCLOSURE OF FINAL DETERMINATIONS.—

“(A) IN GENERAL.—In the case of any determination—

“(i) in which an extended suspension or revocation of a preparer tax identification number is imposed under this subsection, and

“(ii) for which all administrative and judicial appeals are exhausted, not later than 30 days following such determination, the Secretary shall publish such determination on the public website of the Internal Revenue Service, which shall include a statement of the facts and circumstances relating to such determination and the reasons for the determination.

“(B) EXTENDED SUSPENSION.—For purposes of subparagraph (A), the term ‘extended suspension’ means a suspension issued by the Secretary pursuant to paragraph (5)(A) for a period of greater than 180 days.

1 “(8) PREPARER TAX IDENTIFICATION NUM-
 2 BER.—For purposes of this subsection, the term
 3 ‘preparer tax identification number’ means an iden-
 4 tifying number described in subsection (a)(4)(A).”.

5 (b) DETERMINATIONS REGARDING PRACTICE BE-
 6 FORE THE DEPARTMENT.—Section 330 of title 31, United
 7 States Code, is amended—

8 (1) by redesignating subsection (e) as sub-
 9 section (f); and

10 (2) by inserting after subsection (d) the fol-
 11 lowing:

12 “(e) DISCLOSURE OF FINAL DETERMINATIONS.—In
 13 the case of any determination under subsection (c) or
 14 (d)—

15 “(1) in which a suspension, disbarment, or cen-
 16 sure, or other penalty is imposed, and

17 “(2) for which all administrative and judicial
 18 appeals are exhausted,

19 not later than 30 days following such determination, the
 20 Secretary shall publish such determination on a public
 21 website, which shall include a statement of the facts and
 22 circumstances relating to such determination and the rea-
 23 sons for the determination.”.

24 (c) DISCLOSURE RELATING TO MISCONDUCT BY
 25 PRACTITIONERS AND TAX RETURN PREPARERS.—

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

3 “(16) DISCLOSURE RELATING TO MISCONDUCT
4 BY PRACTITIONERS AND TAX RETURN PREPARERS.—
5 Under such procedures as the Secretary may pre-
6 scribe, the Secretary may disclose returns and re-
7 turn information to the extent the Secretary deter-
8 mines it is necessary to publish determinations pur-
9 suant to section 6109(e)(7) and section 330(e) of
10 title 31, United States Code, provided that such dis-
11 closure is redacted to remove—

12 “(A) any name, address, or other identi-
13 fying information with respect to any persons
14 other than the representative or tax return pre-
15 parer who is the subject of such determination,
16 and

17 “(B) such other information as the Sec-
18 retary determines appropriate to protect the
19 privacy of such persons.”.

20 (2) CONFORMING AMENDMENT.—Section
21 6103(p)(3)(A) is amended by striking “or (9)” and
22 inserting “(9), or (16)”.

23 (d) REQUIREMENT TO INCLUDE IDENTIFYING NUM-
24 BER FOR PAID PREPARER OF OFFER-IN-COMPROMISE.—

1 (1) IN GENERAL.—Section 6109(a) is amended
2 by inserting after paragraph (4) the following new
3 paragraph:

4 “(5) FURNISHING IDENTIFYING NUMBER FOR
5 OFFER-IN-COMPROMISE.—Any offer-in-compromise
6 (as described in section 7122), including any re-
7 quired schedule or statement, which has been pre-
8 pared by any person for compensation shall include
9 such identifying number as may be prescribed for se-
10 curing proper identification of such person.”.

11 (2) PENALTY.—Section 7122 is amended by
12 adding at the end the following new subsection:

13 “(h) FAILURE TO FURNISH IDENTIFYING NUM-
14 BER.—

15 “(1) IN GENERAL.—

16 “(A) PENALTY.—Any person who prepares
17 an offer-in-compromise (including any required
18 schedule or statement) for compensation and
19 who fails to include an identifying number
20 which complies with section 6109(a)(5) with re-
21 spect to such offer-in-compromise shall pay a
22 penalty of \$250 for such failure.

23 “(B) NON-COMPLIANCE.—For purposes of
24 this paragraph, an identifying number shall be

1 deemed to not comply with section 6109(a)(5)
2 if such identifying number—

3 “(i) is assigned to another person,
4 “(ii) does not exist,
5 “(iii) is inactive or expired,
6 “(iv) has been withdrawn,
7 “(v) is suspended or has been revoked,

8 or

9 “(vi) is otherwise invalid for use by
10 the preparer.

11 “(C) ADJUSTMENT FOR INFLATION.—

12 “(i) IN GENERAL.—In the case of any
13 documents filed during any calendar year
14 beginning after 2025, the \$250 amount in
15 subparagraph (A) shall be increased by an
16 amount equal to—

17 “(I) such dollar amount, multi-
18 plied by

19 “(II) the cost-of-living adjust-
20 ment determined under section 1(f)(3)
21 for the calendar year, determined by
22 substituting ‘calendar year 2024’ for
23 ‘calendar year 2016’ in subparagraph
24 (A)(ii) thereof.

1 “(ii) ROUNDING.—If any amount de-
2 termined under clause (i) is not a multiple
3 of \$10, such amount shall be rounded to
4 the nearest multiple of \$10.

5 “(2) EXCEPTION.—The penalty imposed under
6 paragraph (1) shall not apply if it is shown that
7 such failure is due to reasonable cause and not due
8 to willful neglect.

9 “(3) LIMITATION.—

10 “(A) IN GENERAL.—The maximum penalty
11 imposed under this subsection on any person
12 with respect to documents filed during any cal-
13 endar year shall not exceed \$75,000.

14 “(B) ADJUSTMENT FOR INFLATION.—

15 “(i) IN GENERAL.—In the case of any
16 penalty imposed during any calendar year
17 beginning after 2025, the \$75,000 amount
18 in subparagraph (A) shall be increased by
19 an amount equal to—

20 “(I) such dollar amount, multi-
21 plied by

22 “(II) the cost-of-living adjust-
23 ment determined under section 1(f)(3)
24 for the calendar year, determined by
25 substituting ‘calendar year 2024’ for

1 ‘calendar year 2016’ in subparagraph
 2 (A)(ii) thereof.

3 “(ii) ROUNDING.—If any amount de-
 4 termined under clause (i) is not a multiple
 5 of \$1,000, such amount shall be rounded
 6 to the nearest multiple of \$1,000.

7 “(4) OTHER APPLICABLE RULES.—Rules simi-
 8 lar to the rules of section 6696 shall apply for pur-
 9 poses of this subsection.”.

10 (e) GAO STUDY AND REPORT ON THE EXCHANGE
 11 OF INFORMATION BETWEEN THE IRS AND STATE TAX-
 12 ATION AUTHORITIES.—

13 (1) IN GENERAL.—Not later than 18 months
 14 after the date of the enactment of this Act, the
 15 Comptroller General of the United States shall con-
 16 duct a study and submit to Congress a report on the
 17 sharing of information between the Secretary and
 18 State authorities, as authorized under subsections
 19 (d) and (k)(5) of section 6103 of the Internal Rev-
 20 enue Code of 1986, regarding identification numbers
 21 issued to paid tax return preparers and return pre-
 22 parer minimum standards.

23 (2) INCREASED INFORMATION SHARING.—The
 24 study and report described in paragraph (1) shall in-
 25 clude an analysis of the impact that increased infor-

1 mation sharing between Federal and State authori-
 2 ties would have on efforts to enforce minimum
 3 standards on paid tax return preparers.

4 (3) AUDIT OF INTERNAL REVENUE SERVICE.—
 5 Section 6103(i)(8) is amended by adding at the end
 6 the following new subparagraph:

7 “(D) APPLICATION TO STUDY CONDUCTED
 8 UNDER TAXPAYER ASSISTANCE AND SERVICE
 9 ACT.—For purposes of this paragraph, the
 10 study and report described in section 504(e)(1)
 11 of the Taxpayer Assistance and Service Act
 12 shall be deemed to be an audit of the Internal
 13 Revenue Service.”.

14 (f) PUBLICATION OF COMMON ERRORS AND PEN-
 15 ALTIES.—Not later than 36 months after the date of the
 16 enactment of this Act and annually thereafter, the Com-
 17 missioner of the Internal Revenue shall publish on the
 18 public website of the Internal Revenue Service—

19 (1) the 10 most frequent errors found on tax
 20 returns which were prepared by tax return preparers
 21 (as defined in section 7701(a)(36) of the Internal
 22 Revenue Code of 1986) during the most recent cal-
 23 endar year for which data is available, and

24 (2) with respect to the preceding calendar year,
 25 the top 10 reasons that tax return preparers were—

1 (A) subject to penalties imposed under the
2 Internal Revenue Code of 1986, or

3 (B) otherwise disciplined under section
4 6109 of such Code or section 330 of title 31,
5 United States Code.

6 (g) RULE OF CONSTRUCTION.—Nothing in this sec-
7 tion (or amendment made by this section) shall be con-
8 strued to require the Secretary to eliminate or terminate
9 any existing program or authority—

10 (1) which, pursuant to section 330 of title 31,
11 United States Code, permits a tax return preparer
12 to represent a taxpayer before the Department of
13 the Treasury in cases in which such preparer pre-
14 pared and signed the return of tax, or

15 (2) for publication of a public database on the
16 website of the Internal Revenue Service of tax re-
17 turn preparers who have satisfied the requirements
18 for issuance of a preparer tax identification number
19 (as defined in section 6109(e)(8) of the Internal
20 Revenue Code of 1986).

21 (h) EFFECTIVE DATE.—

22 (1) IN GENERAL.—The amendments made by
23 this section shall take effect on the date which is
24 180 days after the date of enactment of this Act.

1 (2) TRANSITION RULES FOR EDUCATIONAL RE-
2 QUIREMENTS FOR TAX RETURN PREPARERS.—

3 (A) ANNUAL FILING SEASON PROGRAM.—

4 In the case of any tax return preparer who, as
5 of the date of enactment of this Act, has re-
6 ceived a record of completion with respect to
7 the Annual Filing Season Program established
8 by the Internal Revenue Service, such tax re-
9 turn preparer shall be deemed to have satisfied
10 the education requirements of section
11 6109(e)(3) of the Internal Revenue Code of
12 1986 (as added by this section) for the calendar
13 year for which such record of completion ap-
14 plies.

15 (B) APPROVED COURSES.—In the case of
16 any entity which, as of the date of enactment
17 of this Act, is approved to provide continuing
18 education for purposes of the Annual Filing
19 Season Program established by the Internal
20 Revenue Service, such entity shall be deemed to
21 satisfy the applicable requirements under sec-
22 tion 6109(e)(3) of the Internal Revenue Code of
23 1986 until the date on which the Secretary
24 has—

(i) issued such regulations or other guidance as the Secretary determines necessary for purposes of establishing standards for educational programs under such section, and

(ii) pursuant to subparagraph (E) of such section, published a list of educational programs which have been determined by the Secretary to satisfy the applicable requirements under such section.

TITLE VI—APPEALS

SEC. 601. AUTHORIZATION FOR OFFICE OF APPEALS TO HIRE ATTORNEYS.

Subparagraph (B) of section 7803(e)(6) is amended to read as follows:

“(B) **HIRING OF COUNSEL.**—The Chief of Appeals shall have the authority to appoint counsel in the Internal Revenue Service Independent Office of Appeals to report directly to the Chief of Appeals. Any counsel appointed pursuant to this subparagraph shall not report to the Chief Counsel for the Internal Revenue Service and shall not represent the Government in litigation. Any legal interpretation of counsel

1 appointed pursuant to this subparagraph shall
 2 not be binding on the Secretary.”.

3 **SEC. 602. AUTHORIZATION FOR OFFICE OF APPEALS TO DI-**
 4 **RECT HIRE CERTAIN INDIVIDUALS.**

5 Section 7803(e)(6) is amended by adding at the end
 6 the following:

7 “(C) AUTHORITY TO APPOINT INDIVID-
 8 UALS NOT EMPLOYED BY INTERNAL REVENUE
 9 SERVICE.—The Secretary may utilize direct hire
 10 authority to recruit and appoint qualified appli-
 11 cants, without regard to any notice or pref-
 12 erence requirements, to positions within the In-
 13 ternal Revenue Service Independent Office of
 14 Appeals, provided that such applicants are not
 15 employees of the Internal Revenue Service en-
 16 gaged in enforcement functions.”.

17 **SEC. 603. RESPONSES TO CLAIMS FOR REFUND REQUIRED;**
 18 **APPEAL OF CLAIMS FOR REFUND AUTHOR-**
 19 **IZED.**

20 (a) IN GENERAL.—Subsection (l) of section 6402 is
 21 amended to read as follows:

22 “(l) EXPLANATION OF REASON FOR REFUND DIS-
 23 ALLOWANCE; APPEALS.—

24 “(1) IN GENERAL.—Not later than the applica-
 25 ble date, the Secretary shall review any claim for re-

1 fund, make a determination with respect to such
 2 claim, and, in the case of a disallowance of such
 3 claim (in whole or in part), provide the taxpayer
 4 with a detailed written explanation for such disallow-
 5 ance, which shall—

6 “(A) be mailed to the last known address
 7 of the taxpayer, and

8 “(B) in the case of any taxpayer entitled
 9 to an appeal of such determination, include in-
 10 structions for appealing such disallowance to
 11 the Internal Revenue Service Independent Of-
 12 fice of Appeals.

13 “(2) FAILURE TO MAKE TIMELY DETERMINA-
 14 TION.—

15 “(A) IN GENERAL.—In the case of any
 16 claim for refund for which the Secretary fails to
 17 satisfy the requirements of paragraph (1) by
 18 the applicable date, for purposes of determining
 19 interest on any overpayment for any period sub-
 20 sequent to such date, the overpayment rate (as
 21 established under section 6621(a)(1)) shall be
 22 increased by 1 percentage point.

23 “(B) LIMITATION.—With respect to any
 24 claim for refund described in subparagraph (A),
 25 the amount of any increase in interest on any

1 overpayment pursuant to such subparagraph
2 shall not exceed \$500.

3 “(C) ADJUSTMENT FOR INFLATION.—

4 “(i) IN GENERAL.—In the case of any
5 claim for refund filed during any calendar
6 year beginning after 2026, the \$500
7 amount in subparagraph (B) shall be in-
8 creased by an amount equal to—

9 “(I) such dollar amount, multi-
10 plied by

11 “(II) the cost-of-living adjust-
12 ment determined under section 1(f)(3)
13 for the calendar year, determined by
14 substituting ‘calendar year 2024’ for
15 ‘calendar year 2016’ in subparagraph
16 (A)(ii) thereof.

17 “(ii) ROUNDING.—If any amount de-
18 termined under clause (i) is not a multiple
19 of \$50, such amount shall be rounded to
20 the nearest multiple of \$50.

21 “(3) APPEALS.—

22 “(A) IN GENERAL.—Any disallowance of a
23 claim for refund may, within 30 days after the
24 date such disallowance is mailed (or, if mailed
25 to an address outside of the United States, 90

1 days), be appealed to the Internal Revenue
 2 Service Independent Office of Appeals. Notwith-
 3 standing paragraph (4) of section 6532(a), dur-
 4 ing the period in which any such appeal is
 5 pending before the Internal Revenue Service
 6 Independent Office of Appeals (and for 30 days
 7 thereafter), the 2-year period in paragraph (1)
 8 of such section for filing suit for refund after
 9 disallowance of a claim shall be suspended.

10 “(B) DEEMED DISALLOWANCE.—For pur-
 11 poses of subparagraph (A), in the case of any
 12 claim for refund for which the Secretary has
 13 failed to make a determination with respect to
 14 such claim by the date described in paragraph
 15 (5)(A), the taxpayer may elect for such claim to
 16 be deemed to have been disallowed by the Sec-
 17 retary as of such date.

18 “(4) FRIVOLOUS CLAIMS.—

19 “(A) IN GENERAL.—In the case of any
 20 frivolous claim—

21 “(i) paragraphs (1) and (3) shall not
 22 apply, and

23 “(ii) not later than the applicable
 24 date, written notification of the denial of

1 such claim shall be mailed to the last
2 known address of the taxpayer.

3 “(B) DEFINITION.—For purposes of this
4 paragraph, the term ‘frivolous claim’ means a
5 claim for refund which is based on a position
6 which—

7 “(i) a Federal court has determined to
8 be frivolous, and

9 “(ii) the Secretary has identified as
10 frivolous for purposes of subsection (c) of
11 section 6702.

12 “(5) APPLICABLE DATE.—For purposes of this
13 subsection, the term ‘applicable date’ means, with
14 respect to any claim for refund—

15 “(A) the date which is 12 months after the
16 date of receipt of such claim by the Secretary,
17 or

18 “(B) such other date as is agreed to by the
19 Secretary and the taxpayer.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to any claim for refund received
22 after the date which is 12 months after the date of enact-
23 ment of this Act.

24 **SEC. 604. APPEALS OF RETURNED OFFERS.**

25 Section 7122(e) is amended—

1 (1) by striking paragraph (1) and inserting the
2 following:

3 “(1) for an independent administrative review
4 of—

5 “(A) any determination that an offer-in-
6 compromise be returned to the taxpayer be-
7 cause such offer-in-compromise is not accepted
8 for processing or is otherwise determined to be
9 nonprocessable before such determination is
10 communicated to the taxpayer, and

11 “(B) any rejection of a proposed offer-in-
12 compromise or installment agreement made by
13 a taxpayer under this section or section 6159
14 before such rejection is communicated to the
15 taxpayer, and”, and

16 (2) in paragraph (2), by striking “any rejection
17 of such offer or agreement” and inserting “any de-
18 termination described in paragraph (1)(A) or any re-
19 jection described in paragraph (1)(B)”.

20 **SEC. 605. PURPOSES AND DUTIES OF INDEPENDENT OF-**
21 **FICE OF APPEALS; RIGHT OF APPEAL CLARI-**
22 **FIED.**

23 (a) IN GENERAL.—Section 7803(e) is amended—

24 (1) in paragraph (3)—

1 (A) in subparagraph (B), by striking
2 “and” at the end,

3 (B) in subparagraph (C), by striking the
4 period at the end and inserting “, and”, and

5 (C) by adding at the end the following new
6 subparagraph:

7 “(D) without exception, evaluates and con-
8 siderers all hazards of litigation in resolving any
9 case referred to the Internal Revenue Service
10 Independent Office of Appeals.”, and

11 (2) by striking paragraph (4) and inserting the
12 following new paragraph:

13 “(4) RIGHT OF APPEAL.—

14 “(A) IN GENERAL.—Except as otherwise
15 provided under this title, the resolution process
16 described in paragraph (3) shall be available to
17 all taxpayers with respect to any determination
18 by the Secretary concerning a Federal tax con-
19 troversy, including—

20 “(i) liability for, or any claim for re-
21 fund of, any tax,

22 “(ii) liability for, or any claim for re-
23 fund of, any penalty or addition to tax,

24 “(iii) eligibility for alternatives to col-
25 lection of a tax liability, such as an agree-

1 ment or compromise under section 6159 or
2 7122, or

3 “(iv) any exercise of discretion by the
4 Secretary with respect to any determina-
5 tion described in clauses (i) through (iii).

6 “(B) EXCEPTIONS.—Subparagraph (A)
7 shall not apply with respect to any appeal—

8 “(i) which is solely based on a chal-
9 lenge to the constitutionality or validity of
10 any law, regulation, notice, revenue ruling,
11 or revenue procedure issued by the Sec-
12 retary, unless there is a final and
13 unreviewable decision rendered by a Fed-
14 eral court that the relevant provision of
15 such law, regulation, notice, revenue rul-
16 ing, or revenue procedure which is being
17 challenged is unconstitutional or otherwise
18 invalid,

19 “(ii) which—

20 “(I) is based on a position
21 which—

22 “(aa) a Federal court has
23 determined to be frivolous, and

24 “(bb) the Secretary has
25 identified as frivolous for pur-

1 poses of subsection (c) of section
2 6702, or

3 “(II) relates to any penalty im-
4 posed under such section with respect
5 to such position,

6 “(iii) which relates to any matter
7 agreed upon pursuant to an agreement
8 under section 7121,

9 “(iv) subject to subparagraph (C),
10 during any period in which—

11 “(I) the Secretary is actively in-
12 vestigating whether to refer the tax-
13 payer to the Attorney General for
14 criminal prosecution,

15 “(II) a recommendation made by
16 the Secretary to the Attorney General
17 for the criminal prosecution of the
18 taxpayer for any offense connected
19 with the administration or enforce-
20 ment of the internal revenue laws is
21 pending, or

22 “(III) any criminal prosecution of
23 the taxpayer, or of any other person
24 in a case in which the taxpayer is a
25 witness, for any offense connected

1 with the administration or enforce-
2 ment of the internal revenue laws is
3 pending, or

4 “(v) with respect to any issue in a
5 case which, based on the relevant facts and
6 circumstances of such case, the Chief
7 Counsel for the Internal Revenue Service—

8 “(I) has designated for litigation,
9 and

10 “(II) is prepared to proceed with
11 such litigation in a timely manner.

12 “(C) EXCEPTION FOR CERTAIN CRIMINAL
13 PROSECUTIONS.—Subparagraph (B)(iv) shall
14 not apply if the Chief Counsel for the Internal
15 Revenue Service determines that the resolution
16 process described in paragraph (3) would not
17 interfere with the criminal prosecution of a tax-
18 payer.

19 “(D) FEDERAL TAX CONTROVERSY.—For
20 purposes of this paragraph, the term ‘Federal
21 tax controversy’ means a dispute described in
22 paragraph (2) or (3) of section 301.7803–2 of
23 title 26, Code of Federal Regulations (as in ef-
24 fect on the date of enactment of the Taxpayer
25 Assistance and Service Act).”.

1 **TITLE VII—WHISTLEBLOWERS**

2 **SEC. 701. STANDARD AND SCOPE OF REVIEW OF WHISTLE-**
3 **BLOWER AWARD DETERMINATIONS.**

4 (a) IN GENERAL.—Paragraph (4) of section 7623(b)
5 is amended—

6 (1) by striking “appealed to” and inserting “re-
7 viewed by”; and

8 (2) by adding at the end the following: “Any re-
9 view by the Tax Court under the preceding sentence
10 shall be de novo and shall be based on the adminis-
11 trative record established at the time of the original
12 determination and any additional newly discovered
13 or previously unavailable evidence.”.

14 (b) CONFORMING AMENDMENT.—The heading of
15 paragraph (4) of section 7623(b) is amended by striking
16 “APPEAL” and inserting “REVIEW”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to petitions under section
19 7623(b)(4) of the Internal Revenue Code of 1986 which
20 are pending on, or filed on or after, the date of the enact-
21 ment of this Act.

22 **SEC. 702. EXEMPTION FROM SEQUESTRATION.**

23 (a) IN GENERAL.—Section 255 of the Balanced
24 Budget and Emergency Deficit Control Act of 1985 (2
25 U.S.C. 905) is amended—

1 (1) by redesignating subsection (k) as sub-
2 section (l); and

3 (2) by inserting after subsection (j) the fol-
4 lowing:

5 “(k) AWARDS TO WHISTLEBLOWERS.—An award au-
6 thorized under section 7623 of the Internal Revenue Code
7 of 1986 shall be exempt from reduction under any order
8 issued under this part.”.

9 (b) APPLICABILITY.—The amendment made by this
10 section shall apply to any sequestration order issued under
11 the Balanced Budget and Emergency Deficit Control Act
12 of 1985 (2 U.S.C. 900 et seq.) after the date of enactment
13 of this Act.

14 **SEC. 703. WHISTLEBLOWER PRIVACY PROTECTIONS.**

15 (a) IN GENERAL.—Paragraph (6) of section 7623(b)
16 is amended by adding at the end the following new sub-
17 paragraph:

18 “(D) WHISTLEBLOWER ANONYMITY BE-
19 FORE THE TAX COURT.—Notwithstanding sec-
20 tions 7458 and 7461, a whistleblower shall pro-
21 ceed anonymously before the Tax Court for all
22 proceedings under this section absent a finding
23 by the Tax Court that a societal interest exists
24 for disclosing the whistleblower’s identity which

1 exceeds the potential harm disclosure could
2 cause to the whistleblower.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to petitions filed with the Tax
5 Court which are pending on, or filed on or after, the date
6 of the enactment of this Act.

7 **SEC. 704. MODIFICATION OF IRS WHISTLEBLOWER REPORT.**

8 (a) **IN GENERAL.**—Section 406(c) of division A of the
9 Tax Relief and Health Care Act of 2006 is amended by
10 striking “such use,” in paragraph (1) and inserting “such
11 use (which shall include a list and descriptions of the top
12 tax avoidance schemes, not to exceed 10, disclosed by
13 whistleblowers during such year),”.

14 (b) **EFFECTIVE DATE.**—The amendments made by
15 this section shall apply to reports for fiscal years ending
16 after the enactment of this Act.

17 **SEC. 705. INTEREST ON WHISTLEBLOWER AWARDS.**

18 (a) **IN GENERAL.**—Section 7623(b) is amended by
19 adding at the end the following new paragraph:

20 “(7) **INTEREST.**—

21 “(A) **IN GENERAL.**—If the Secretary has
22 not provided notice to an individual described in
23 paragraph (1) of a preliminary award rec-
24 ommendation before the applicable date, the
25 amount of any award under this subsection

1 shall include interest from such date at the
2 overpayment rate under section 6621(a).

3 “(B) EXCEPTION.—No interest shall ac-
4 crue under this paragraph after the date on
5 which the Secretary provides notice to the indi-
6 vidual of a preliminary award recommendation.

7 “(C) APPLICABLE DATE.—For purposes of
8 this paragraph, the applicable date is the date
9 that is 12 months after the first date on
10 which—

11 “(i) all of the proceeds resulting from
12 actions subject to the award recommenda-
13 tion have been collected, and

14 “(ii) either—

15 “(I) the statutory period for fil-
16 ing a claim or suit for refund has ex-
17 pired, or

18 “(II) the taxpayers subject to the
19 actions and the Secretary have agreed
20 with finality to the tax or other liabil-
21 ities for the periods at issue, and ei-
22 ther the taxpayers have waived the
23 right to file a claim or suit for refund
24 or any claim or suit for refund has
25 been resolved.”.

1 (b) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall take effect 180 days after the date
4 of the enactment of this Act.

5 (2) SPECIAL RULE.—If, as of the date de-
6 scribed in paragraph (1)—

7 (A) the Secretary has not provided notice
8 to the individual of a preliminary award rec-
9 ommendation as described in paragraph (7)(A)
10 of section 7623(b) of the Internal Revenue
11 Code of 1986, as added by this Act, and

12 (B) the applicable date provided in para-
13 graph (7)(C) of such section, as so added, has
14 passed,

15 the applicable date for purposes of such paragraph
16 (7)(C) is the date that is 12 months after the date
17 described in paragraph (1).

18 **SEC. 706. CORRECTION REGARDING DEDUCTIONS FOR AT-**
19 **TORNEY'S FEES.**

20 (a) IN GENERAL.—Section 62(a)(21)(A)(i) is amend-
21 ed by striking “7623(b)” and inserting “7623”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years ending after the
24 date of the enactment of this Act.

TITLE VIII—HOSTAGES

SEC. 801. POSTPONEMENT OF TAX DEADLINES FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7510 the following new section:

“SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POSTPONED FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.

“(a) TIME TO BE DISREGARDED.—

“(1) IN GENERAL.—The period during which an applicable individual was unlawfully or wrongfully detained abroad, or held hostage abroad, shall be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such individual—

“(A) whether any of the acts described in section 7508(a)(1) were performed within the time prescribed thereof (determined without regard to extension under any other provision of this subtitle for periods after the initial date (as determined by the Secretary) on which such individual was unlawfully or wrongfully detained abroad or held hostage abroad),

1 “(B) the amount of any interest, penalty,
2 additional amount, or addition to the tax for
3 periods after such date, and

4 “(C) the amount of any credit or refund.

5 “(2) APPLICATION TO SPOUSE.—The provisions
6 of paragraph (1) shall apply to the spouse of any in-
7 dividual entitled to the benefits of such paragraph.

8 “(3) SPECIAL RULE FOR OVERPAYMENTS.—The
9 rules of section 7508(b) shall apply for purposes of
10 this section.

11 “(b) APPLICABLE INDIVIDUAL.—

12 “(1) IN GENERAL.—For purposes of this sec-
13 tion, the term ‘applicable individual’ means any indi-
14 vidual who is—

15 “(A) a United States national unlawfully
16 or wrongfully detained abroad, as determined
17 under section 302 of the Robert Levinson Hos-
18 tage Recovery and Hostage-Taking Account-
19 ability Act (22 U.S.C. 1741), or

20 “(B) a United States national taken hos-
21 tage abroad, as determined pursuant to the
22 findings of the Hostage Recovery Fusion Cell
23 (as described in section 304 of the Robert
24 Levinson Hostage Recovery and Hostage-Tak-
25 ing Accountability Act (22 U.S.C. 1741(b))).

1 “(2) INFORMATION PROVIDED TO TREASURY.—

2 For purposes of identifying individuals described in
3 paragraph (1), not later than January 1, 2027, and
4 annually thereafter—

5 “(A) the Secretary of State shall provide
6 the Secretary with a list of the individuals de-
7 scribed in paragraph (1)(A), as well as any
8 other information necessary to identify such in-
9 dividuals, and

10 “(B) the Attorney General, acting through
11 the Hostage Recovery Fusion Cell, shall provide
12 the Secretary with a list of the individuals de-
13 scribed in paragraph (1)(B), as well as any
14 other information necessary to identify such in-
15 dividuals.

16 “(c) MODIFICATION OF TREASURY DATABASES AND
17 INFORMATION SYSTEMS.—The Secretary shall update, as
18 necessary, any database or information system of the De-
19 partment of the Treasury in order to ensure that the pro-
20 visions of subsection (a) are applied with respect to each
21 applicable individual.

22 “(d) REFUND AND ABATEMENT OF PENALTIES AND
23 FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-
24 BLE INDIVIDUAL.—In the case of any applicable indi-
25 vidual—

1 “(1) for whom any interest, penalty, additional
2 amount, or addition to the tax in respect to any tax
3 liability for any taxable year ending during the pe-
4 riod described in subsection (a)(1) was assessed or
5 collected, and

6 “(2) who was, subsequent to such assessment
7 or collection, determined to be an individual de-
8 scribed in subparagraph (A) or (B) of subsection
9 (b)(1),

10 the Secretary shall abate any such assessment and refund
11 any amount collected to such applicable individual in the
12 same manner as any refund of an overpayment of tax
13 under section 6402.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for chapter 77 is amended by inserting after the item re-
16 lating to section 7510 the following new item:

“Sec. 7511. Time for performing certain acts postponed for hostages and indi-
viduals wrongfully detained abroad.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years ending after the
19 date of enactment of this Act.

20 **SEC. 802. REFUND AND ABATEMENT OF PENALTIES AND**
21 **FINES PAID BY ELIGIBLE INDIVIDUALS.**

22 (a) IN GENERAL.—Section 7511, as added by section
23 801 of this Act, is amended by adding at the end the fol-
24 lowing new subsection:

1 “(e) REFUND AND ABATEMENT OF PENALTIES AND
2 FINES PAID BY ELIGIBLE INDIVIDUALS.—

3 “(1) IN GENERAL.—

4 “(A) ESTABLISHMENT.—Not later than
5 January 1, 2027, the Secretary (in consultation
6 with the Secretary of State and the Attorney
7 General) shall establish a program to allow any
8 eligible individual (or the spouse or any depend-
9 ent (as defined in section 152) of such indi-
10 vidual) to apply for a refund or an abatement
11 of any amount described in paragraph (2) (in-
12 cluding interest) to the extent such amount was
13 attributable to the applicable period.

14 “(B) IDENTIFICATION OF INDIVIDUALS.—
15 Not later than January 1, 2027, the Secretary
16 of State and the Attorney General, acting
17 through the Hostage Recovery Fusion Cell (as
18 described in section 304 of the Robert Levinson
19 Hostage Recovery and Hostage-Taking Ac-
20 countability Act (22 U.S.C. 1741(b))), shall—

21 “(i) compile a list, based on such in-
22 formation as is available, of individuals
23 who were applicable individuals during the
24 applicable period, and

1 “(ii) provide the list described in
2 clause (i) to the Secretary.

3 “(C) NOTICE.—For purposes of carrying
4 out the program described in subparagraph (A),
5 the Secretary (in consultation with the Sec-
6 retary of State and the Attorney General) shall,
7 with respect to any individual identified under
8 subparagraph (B), provide notice to such indi-
9 vidual—

10 “(i) in the case of an individual who
11 has been released on or before the date of
12 enactment of this subsection, not later
13 than 90 days after the date of enactment
14 of this subsection, or

15 “(ii) in the case of an individual who
16 is released after the date of enactment of
17 this subsection, not later than 90 days
18 after the date on which such individual is
19 released,

20 that such individual may be eligible for a refund
21 or an abatement of any amount described in
22 paragraph (2) pursuant to the program de-
23 scribed in subparagraph (A).

24 “(D) AUTHORIZATION.—

1 “(i) IN GENERAL.—Subject to clause
 2 (ii), in the case of any refund described in
 3 subparagraph (A), the Secretary shall
 4 issue such refund to the eligible individual
 5 in the same manner as any refund of an
 6 overpayment of tax under section 6402.

7 “(ii) EXTENSION OF LIMITATION ON
 8 TIME FOR REFUND.—With respect to any
 9 refund under subparagraph (A)—

10 “(I) the 3-year period of limita-
 11 tion prescribed by section 6511(a)
 12 shall be extended until the end of the
 13 1-year period beginning on the date
 14 that the notice described in subpara-
 15 graph (C) is provided to the eligible
 16 individual, and

17 “(II) any limitation under section
 18 6511(b)(2) shall not apply.

19 “(2) ELIGIBLE INDIVIDUAL.—For purposes of
 20 this subsection, the term ‘eligible individual’ means
 21 any applicable individual who, for any taxable year
 22 ending during the applicable period, paid or incurred
 23 any interest, penalty, additional amount, or addition
 24 to the tax in respect to any tax liability for such
 25 year of such individual based on a determination

1 that an act described in section 7508(a)(1) which
 2 was not performed by the time prescribed therefor
 3 (without regard to any extensions).

4 “(3) APPLICABLE PERIOD.—For purposes of
 5 this subsection, the term ‘applicable period’ means
 6 the period—

7 “(A) beginning on January 1, 2021, and

8 “(B) ending on the date of enactment of
 9 this subsection.”.

10 (b) EFFECTIVE DATE.—The amendment made by
 11 this section shall apply to taxable years ending on or be-
 12 fore the date of enactment of this Act.

13 **TITLE IX—SMALL BUSINESSES**

14 **SEC. 901. IMPLEMENTATION OF VOLUNTARY WITH-** 15 **HOLDING AGREEMENTS FOR PAYMENTS TO** 16 **INDEPENDENT CONTRACTORS.**

17 (a) IN GENERAL.—Section 3402(p) is amended by
 18 redesignating paragraph (3) as paragraph (4) and by in-
 19 serting after paragraph (2) the following new paragraph:

20 “(3) VOLUNTARY WITHHOLDING ON CERTAIN
 21 NON-WAGE REMUNERATION.—

22 “(A) IN GENERAL.—If, at the time a pay-
 23 ment of applicable non-wage remuneration is
 24 made to any person, there is a voluntary agree-
 25 ment in effect between the person making and

1 the person receiving the payment that the appli-
2 cable non-wage remuneration be subject to
3 withholding, then for purposes of this chapter
4 and so much of subtitle F as relates to this
5 chapter, such payment shall be treated as if it
6 were a payment of wages by an employer to an
7 employee.

8 “(B) APPLICABLE NON-WAGE REMUNERA-
9 TION.—For purposes of this subsection, the
10 term ‘applicable non-wage remuneration’ means
11 remuneration for services performed by an indi-
12 vidual which (without regard to this paragraph)
13 does not constitute wages.

14 “(C) REGULATIONS AND GUIDANCE.—Not
15 later than the date that is 18 months after the
16 date of the enactment of this subparagraph, the
17 Secretary shall issue such regulations or other
18 guidance as may be necessary or appropriate to
19 carry out the provisions of this section, includ-
20 ing such regulations or guidance for deter-
21 mining the amount to be deducted and withheld
22 and the types of payments which are considered
23 to be applicable non-wage remuneration.”.

1 **SEC. 902. ESTABLISHMENT OF FAILURE-TO-PAY PENALTY**

2 **SAFE HARBOR FOR INDIVIDUALS.**

3 (a) IN GENERAL.—Section 6651(c) is amended by
4 adding at the end the following new paragraph:

5 “(3) NO PENALTY FOR FAILURE TO PAY IN-
6 COME TAX FOR INDIVIDUALS WHO TIMELY PAY 125
7 PERCENT OF INCOME TAX LIABILITY FOR PRIOR
8 YEAR.—

9 “(A) IN GENERAL.—Subsection (a)(2)
10 shall not apply with respect to an income tax
11 return of an individual if such individual pays,
12 on or before the date prescribed for the pay-
13 ment of the tax with respect to which such re-
14 turn relates (determined with regard to any ex-
15 tension of time for payment), 125 percent of
16 the amount of tax shown on the income tax re-
17 turn of such individual for the immediately pre-
18 ceding taxable year.

19 “(B) FAILURE TO FILE; SHORT TAXABLE
20 YEARS.—Subparagraph (A) shall not apply—

21 “(i) if the individual does not file an
22 income tax return for the taxable year de-
23 scribed in subparagraph (A) on or before
24 the date prescribed therefor (determined
25 with regard to any extension of time for
26 filing),

1 “(ii) if the individual did not file an
2 income tax return for the immediately pre-
3 ceding taxable year referred to in subpara-
4 graph (A) on or before the date prescribed
5 therefor (determined with regard to any
6 extension of time for filing), or

7 “(iii) if the immediately preceding
8 taxable year referred to in subparagraph
9 (A) was less than 12 months.

10 “(C) JOINT RETURNS.—

11 “(i) INDIVIDUALS NOT FILING JOINT
12 RETURNS FOR THE PRECEDING TAXABLE
13 YEAR.—In the case of a joint return, if the
14 taxpayer did not file a joint return for the
15 immediately preceding taxable year re-
16 ferred to in subparagraph (A), the
17 amounts shown on the income tax returns
18 of both spouses for such immediately pre-
19 ceding taxable year shall be taken into ac-
20 count under subparagraph (A).

21 “(ii) INDIVIDUALS FILING JOINT RE-
22 TURNS FOR THE PRECEDING TAXABLE
23 YEAR.—

24 “(I) IN GENERAL.—Except as
25 provided in subclause (II) or otherwise

1 provided by the Secretary, if the indi-
2 vidual does not file a joint return for
3 the taxable year to which subpara-
4 graph (A) applies and filed a joint re-
5 turn for the immediately preceding
6 taxable year on or before the date pre-
7 scribed therefor (determined with re-
8 gard to any extension of time for fil-
9 ing), the entire amount of tax shown
10 on such joint return shall be taken
11 into account under subparagraph (A).

12 “(II) ELECTION TO RECOMPUTE
13 PRECEDING YEAR TAX.—If a taxpayer
14 to whom clause (I) applies elects, in
15 such form and such manner as the
16 Secretary may provide, to recompute
17 the tax for the immediately preceding
18 taxable year as if the taxpayer was a
19 married individual filing a separate
20 return, only the amount shown on
21 such recomputed separate return shall
22 be taken into account under subpara-
23 graph (A).

24 “(D) EXCEPTION NOT APPLICABLE UN-
25 LESS ADDITIONAL PAYMENTS ARE MADE WITH

1 TIMELY FILED RETURN.—Subparagraph (A)
 2 shall not apply with respect to any period be-
 3 ginning after the date prescribed for filing the
 4 income tax return for the taxable year (includ-
 5 ing extensions thereof).”.

6 (b) CONFORMING AMENDMENT.—The heading of sec-
 7 tion 6651(c) is amended by striking “RULE” and inserting
 8 “RULES”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 the date which is 12 months after the date of enactment
 12 of this Act.

13 **SEC. 903. EXTENSION OF MAILBOX RULE TO ELECTRONIC**
 14 **SUBMISSIONS AND PAYMENTS.**

15 (a) IN GENERAL.—Section 7502(c) is amended—

16 (1) in the heading, by inserting “AND PAY-
 17 MENT” after “FILING”,

18 (2) in paragraph (2)—

19 (A) in the heading, by striking “; ELEC-
 20 TRONIC FILING”, and

21 (B) by striking “and electronic filing”, and

22 (3) by adding at the end the following:

23 “(3) ELECTRONIC FILING AND PAYMENT.—

24 “(A) IN GENERAL.—In the case of any
 25 document or payment which the Secretary has

1 permitted to be filed or made by electronic
2 means, if such document or payment is—

3 “(i) authorized to be submitted by the
4 taxpayer using a permitted electronic
5 means to the agency, officer, or office to
6 which the document was required to be
7 filed (or payment was required to be made)
8 on or before the prescribed date (or within
9 the period required) with respect to such
10 document or payment, and

11 “(ii) received (or, in the case of a pay-
12 ment, received and accounted for) no later
13 than 3 business days after the prescribed
14 date or period required with respect to
15 such document or payment,

16 the date that such document or payment was
17 authorized to be submitted (as described in
18 clause (i)) shall be deemed to be the date that
19 such document was filed or such payment was
20 made.

21 “(B) EXCEPTION.—This paragraph shall
22 not apply to any payment if Secretary deter-
23 mines that the taxpayer (or any intermediary
24 used by the taxpayer) used a system designed
25 with a principal purpose of delaying the trans-

fer of funds to the Treasury to derive economic benefit from the period of such delay.

“(C) REGULATIONS.—Not later than the date which is 1 year after the date of enactment of the Taxpayer Assistance and Service Act, the Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this paragraph, including regulations or other guidance describing the records or proof sufficient to demonstrate timely electronic submission.

“(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to any document or payment sent on or after the date which is 1 year after the date of enactment of this Act.”.

SEC. 904. SPECIFICITY OF THIRD-PARTY CONTACT NOTICES.

(a) IN GENERAL.—Paragraph (1) of section 7602(c) is amended—

(1) by striking “and” at the end of subparagraph (A),

(2) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

1 “(B) in any case in which the information
 2 sought to be obtained from such other persons
 3 could reasonably be provided by the taxpayer,
 4 identifies the item of information intended to be
 5 sought from such persons, and”, and

6 (3) by amending subparagraph (C), as redesign-
 7 nated by paragraph (2), to read as follows:

8 “(C) provides the taxpayer with reasonable
 9 opportunity and a period of not less than 45
 10 days (or more, if the taxpayer requests addi-
 11 tional time and shows reasonable cause) to re-
 12 spond, including by providing the information
 13 described in subparagraph (B), before contact
 14 is made with such other persons.”.

15 (b) EXCEPTION.—Section 7602(c)(3) is amended—

16 (1) by redesignating subparagraphs (A), (B),
 17 and (C) as clauses (i), (ii), and (iii), respectively,
 18 and by moving such clauses 2 ems to the right,

19 (2) by striking “This subsection” and inserting
 20 the following:

21 “(A) IN GENERAL.—This subsection”, and

22 (3) by adding at the end the following new sub-
 23 paragraph:

24 “(B) GOOD CAUSE.—For purposes of sub-
 25 paragraph (A)(ii), good cause includes a reason-

1 able belief that compliance with this subsection
2 will lead to—

3 “(i) attempts by any person to con-
4 ceal, remove, destroy, or alter records or
5 assets that may be relevant to any tax ex-
6 amination or collection activity;

7 “(ii) attempts by any person to pre-
8 vent other persons, through intimidation,
9 bribery, or collusion, from communicating
10 any information that may be relevant to
11 any tax examination or collection activity;
12 or

13 “(iii) attempts by any person to flee,
14 or otherwise avoid testifying or producing
15 records that may be relevant to any tax ex-
16 amination or collection activity.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to notices provided under section
19 7602(c) of the Internal Revenue Code of 1986 after the
20 date that is 12 months after the date of the enactment
21 of this Act.

1 **TITLE X—MISCELLANEOUS**

2 **SEC. 1001. AUTHORITY FOR REDISCLOSURE OF CERTAIN**
3 **TAX INFORMATION RELATED TO EDUCATION**
4 **LOANS TO THE CONGRESSIONAL BUDGET OF-**
5 **FICE.**

6 (a) IN GENERAL.—Section 6103(l)(13)(D) is amend-
7 ed by adding at the end the following new clause:

8 “(vii) REDISCLOSURE TO THE CON-
9 GRESSIONAL BUDGET OFFICE.—Authorized
10 persons may, upon written request by the
11 Director of the Congressional Budget Of-
12 fice to the Secretary of Education, redis-
13 close return information received under
14 subparagraphs (A), (B), and (C) to officers
15 and employees of the Congressional Budg-
16 et Office for the purpose of, but only to the
17 extent necessary in, carrying out the pur-
18 poses described in subclause (III) of clause
19 (i).”.

20 (b) CONFORMING AMENDMENT.—Section
21 6103(l)(13)(F) is amended by striking “(iv) (v), or (vi)”
22 and inserting “(iv), (v), (vi), or (vii)”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to disclosures made after the date
25 of the enactment of this Act.

1 (d) REPORTS.—The Secretary of Education shall an-
 2 nually submit a written report to the Secretary of the
 3 Treasury—

4 (1) regarding redisclosures of return informa-
 5 tion under subparagraph (D)(vii) of section
 6 6103(l)(13) of the Internal Revenue Code of 1986
 7 (as added by this section), including the number of
 8 such redisclosures; and

9 (2) regarding any unauthorized use, access, or
 10 disclosure of return information disclosed under such
 11 section.

12 **SEC. 1002. AUTHORIZATION TO REQUIRE LARGE PARTNER-**
 13 **SHIPS TO FILE ON MAGNETIC MEDIA.**

14 (a) IN GENERAL.—Section 6011(e) is amended—

15 (1) by striking the first paragraph (6), as
 16 added by section 2301(b) of the Taxpayer First Act,
 17 and inserting the following:

18 “(6) PARTNERSHIPS REQUIRED TO FILE ON
 19 MAGNETIC MEDIA.—Notwithstanding paragraph
 20 (2)(A), the Secretary shall require a partnership to
 21 file returns on magnetic media if, at the close of the
 22 partnership’s taxable year—

23 “(A) the partnership has more than 50
 24 partners, or

1 “(B) the value of the partnership’s assets
 2 equals or exceeds \$1,000,000, as determined
 3 under regulations prescribed by the Secretary.”,
 4 and

5 (2) by redesignating the second paragraph (6),
 6 as added by section 202(d) of the Setting Every
 7 Community Up for Retirement Enhancement Act of
 8 2019, as paragraph (7).

9 (b) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to returns filed on or after January
 11 1 of the first calendar year beginning after the date of
 12 enactment of this Act.

13 **SEC. 1003. LIMITATION PERIOD NOT EXTENDED FOR VIC-**
 14 **TIMS OF PREPARER FRAUD.**

15 (a) IN GENERAL.—Section 6501(c)(1) is amended by
 16 inserting “by the taxpayer” after “intent”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 this section shall apply to assessments made or pro-
 19 ceedings begun after the date of enactment of this Act.

20 **SEC. 1004. TECHNICAL AMENDMENT RELATED TO THE DIS-**
 21 **ASTER RELATED EXTENSION OF DEADLINES**
 22 **ACT.**

23 (a) IN GENERAL.—Subsection (f) of section 7508A
 24 (as added by the Disaster Related Extension of Deadlines
 25 Act) is redesignated as subsection (g).

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect as if included in section 2(a)
3 of the Disaster Related Extension of Deadlines Act.

