

the ability to see that dashboard, that dashboard means they don't have to be picking up the phone and calling the IRS. They don't have to be sitting there on hold for hours. They don't have to be—I would argue, if you want taxpayer participation in a voluntary tax system as we are, make it easy to understand where you are at, what you owe, and what is owed to you.

Mr. Speaker, I also thank the Ways and Means staff. I would like to go further, but this is a terrific start.

□ 1530

Mr. BEYER. Mr. Speaker, I yield myself the balance of my time.

The American people deserve a first-rate customer experience when they interact with the IRS. This legislation will help the agency reach that goal.

The IRS has been under tremendous pressure to do more with less in recent years, and based on the success of last year's filing season, it has proven it can rise to the challenge.

This bill will focus the agency's efforts on providing timely information to taxpayers, speed the digitization of forms and correspondence, and implement other resource- and time-saving measures. These provisions will take some of the load off of the IRS, its limited resources, and overworked staff, all while improving the experience for the taxpayers.

I greatly appreciate the bipartisan support for this bill and the leadership of tireless and annoying Congressman SCHWEIKERT. I hope that the success of this initiative will lead to more bipartisanship on tax administration going forward, and I look forward to working with my colleagues across the aisle to further improve the IRS.

Mr. Speaker, I urge my colleagues to vote for the bill, and I yield back the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, it is disappointing, though sadly not surprising, that we have to legislate to modernize an agency like the IRS so that its operations are more user-friendly to the American taxpayer, but that is the reality that we are facing.

The Taxpayer Experience Improvement Act pushes the IRS to be an agency more worthy of the taxpayers it serves and more responsive to their needs, whether it is tracking a tax refund, receiving a call back from the agency, or making a payment.

Mr. Speaker, I encourage my colleagues to support this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 7971, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

IRS WHISTLEBLOWER PROGRAM IMPROVEMENT ACT

Mr. SMITH of Missouri. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7959) to amend the Internal Revenue Code of 1986 to make improvements with respect to the treatment of whistleblowers, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 7959

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

SECTION 1. SHORT TITLE; ETC.

(a) *SHORT TITLE.*—This Act may be cited as the “IRS Whistleblower Program Improvement Act”.

(b) *AMENDMENT OF 1986 CODE.*—Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

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

Sec. 1. Short title; etc.

Sec. 2. Standard and scope of review of whistleblower award determinations.

Sec. 3. Whistleblower privacy protections.

Sec. 4. Modification of IRS whistleblower report.

Sec. 5. Interest on whistleblower awards.

Sec. 6. Correction regarding deductions for attorney's fees.

SEC. 2. STANDARD AND SCOPE OF REVIEW OF WHISTLEBLOWER AWARD DETERMINATIONS.

(a) *IN GENERAL.*—Paragraph (4) of section 7623(b) is amended—

(1) by striking “appealed to” and inserting “reviewed by”, and

(2) by adding at the end the following: “Any review by the Tax Court under the preceding sentence shall be de novo and shall be based on the administrative record established at the time of the original determination and any additional newly discovered or previously unavailable evidence.”.

(b) *CONFORMING AMENDMENT.*—The heading of paragraph (4) of section 7623(b) is amended by striking “APPEAL” and inserting “REVIEW”.

(c) *EFFECTIVE DATE.*—The amendments made by this section shall apply to petitions under section 7623(b)(4) of the Internal Revenue Code of 1986 which are pending on, or filed on or after, the date of the enactment of this Act.

SEC. 3. WHISTLEBLOWER PRIVACY PROTECTIONS.

(a) *IN GENERAL.*—Paragraph (6) of section 7623(b) is amended by adding at the end the following new subparagraph:

“(D) *WHISTLEBLOWER ANONYMITY BEFORE THE TAX COURT.*—Notwithstanding sections 7458 and 7461, a whistleblower may elect to proceed anonymously before the Tax Court for all proceedings under this section absent a finding by the Tax Court that a societal interest exists for disclosing the whistleblower's identity which exceeds the potential harm disclosure could cause to the whistleblower.”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall apply to petitions under section 7623(b)(4) of the Internal Revenue Code of 1986 which are pending on, or filed on or after, the date of the enactment of this Act.

SEC. 4. MODIFICATION OF IRS WHISTLEBLOWER REPORT.

(a) *IN GENERAL.*—Section 406(c) of division A of the Tax Relief and Health Care Act of 2006 is

amended by striking “such use,” in paragraph (1) and inserting “such use (which shall include a list and descriptions of the top tax avoidance schemes, not to exceed 10, disclosed by whistleblowers during such year)”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall apply to reports for fiscal years ending after the enactment of this Act.

SEC. 5. INTEREST ON WHISTLEBLOWER AWARDS.

(a) *IN GENERAL.*—Section 7623(b) is amended by adding at the end the following new paragraph:

“(7) *INTEREST.*—

“(A) *IN GENERAL.*—If the Secretary has not provided notice to an individual described in paragraph (1) of a preliminary award recommendation before the applicable date, the amount of any award under this subsection shall include interest from such date at the overpayment rate under section 6621(a).

“(B) *EXCEPTION.*—No interest shall accrue under this paragraph after the date on which the Secretary provides notice to the individual of a preliminary award recommendation.

“(C) *APPLICABLE DATE.*—For purposes of this paragraph, the applicable date is the date that is 12 months after the first date on which—

“(i) all of the proceeds resulting from actions subject to the award recommendation have been collected, and

“(ii) either—

“(I) the statutory period for filing a claim or suit for refund has expired, or

“(II) the taxpayers subject to the actions and the Secretary have agreed with finality to the tax or other liabilities for the periods at issue, and either the taxpayers have waived the right to file a claim or suit for refund or any claim or suit for refund has been resolved.”.

(b) *EFFECTIVE DATE.*—

(1) *IN GENERAL.*—The amendments made by this section shall take effect 180 days after the date of the enactment of this Act.

(2) *SPECIAL RULE.*—If, as of the date described in paragraph (1)—

(A) the Secretary has not provided notice to the individual of a preliminary award recommendation as described in paragraph (7)(A) of section 7623(b) of the Internal Revenue Code of 1986, as added by this Act, and

(B) the applicable date provided in paragraph (7)(C) of such section, as so added, has passed, the applicable date for purposes of such paragraph (7)(C) is the date that is 12 months after the date described in paragraph (1).

SEC. 6. CORRECTION REGARDING DEDUCTIONS FOR ATTORNEY'S FEES.

(a) *IN GENERAL.*—Section 62(a)(21)(A)(i) is amended by striking “7623(b)” and inserting “7623”.

(b) *EFFECTIVE DATE.*—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. SMITH) and the gentleman from California (Mr. THOMPSON) each will control 20 minutes.

The Chair recognizes the gentleman from Missouri.

GENERAL LEAVE

Mr. SMITH of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on this bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 7959, the IRS Whistleblower Program Improvement Act, bipartisan legislation introduced by the Ways and Means Tax Subcommittee chairman, Mr. MIKE KELLY, and the subcommittee's ranking member, Mr. MIKE THOMPSON.

The IRS relies in part upon whistleblowers who have the courage to report bad actors who are committing tax fraud, tax evasion, and other similar crimes they witness occurring in the private sector.

The IRS Whistleblower Program is one of the many government efforts that is crucial to combat the epidemic of fraud and stop bad actors from stealing hard-earned dollars from American taxpayers. Since 2007, this program has led to the collection of over \$7 billion in unpaid taxes.

At a time when it appears we need a comprehensive approach to combating fraud across various government programs, Ways and Means Tax Subcommittee Chairman KELLY is building on his longstanding commitment to reform and improve the IRS Whistleblower Program to better protect whistleblowers and appropriately reward them for their contributions to combating fraud.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMPSON of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this bipartisan legislation and thank my colleague MIKE KELLY for working with me on this effort. Our bill is a good one.

Mr. Speaker, let's be honest about where we are right now. We ask Americans to comply with one of the most complex tax systems in the world. We expect them to report accurately, pay what they owe, and follow the rules to the letter. The vast majority of Americans do exactly that, but we also know that there are individuals and entities who exploit that complexity to cheat the system. They hide income, manipulate structures, and take advantage of gaps that ordinary taxpayers would never even know exist. Too often, they get away with it.

At the same time, the enforcement side of the equation is under real strain. Between staffing losses and reduced enforcement capacity, the reality is that the system is not catching everything that it should.

Whether we say it out loud or not, we are increasingly relying on whistleblowers to help fill that gap. These are the people on the inside. They are the people who see the fraud firsthand and are willing to step forward and take a risk to do the right thing. If that is the system we are operating under, then it has to be a system that actually works, and right now, it doesn't.

Whistleblowers face uncertainty. They face long delays and, in some cases, face real personal and professional risks just for coming forward. That is not how you encourage people

to expose wrongdoing. That is how you discourage it.

This bill makes targeted improvements to fix those problems. First, it protects whistleblower privacy. If someone is exposing tax fraud, they should not have to fear retaliation or public exposure just to be heard.

Second, it strengthens fairness in the process. It ensures that whistleblowers receive meaningful, independent review of their claims, not just a rubberstamp of prior decisions.

Third, it addresses delays head-on. When the government takes too long to act, whistleblowers should not be the ones paying the price. Providing interest on delayed awards is not a bonus. It is basic fairness.

This is about making sure the rules we already have are actually enforced because when tax cheats get away with it, everyone else pays more or gets less. When whistleblowers are ignored, discouraged, or exposed, fewer people will come forward the next time. That is how you undermine confidence in the entire system.

If we want a tax system that is fair, enforcement has to be credible. If enforcement depends, in part, on whistleblowers, then we need to treat them like they matter. This bill does exactly that.

Mr. Speaker, I thank Mr. KELLY for his good work and urge a "yes" vote.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. KELLY), the sponsor of this legislation and our Ways and Means Tax Subcommittee chairman, who has fought for some time to make these reforms to improve efforts to combat fraud.

Mr. KELLY of Pennsylvania. Mr. Speaker, I rise today to speak in support of the IRS Whistleblower Program Improvement Act.

Mr. Speaker, I thank my colleague and counterpart on tax policy, Mr. THOMPSON. We worked very closely on this. We have a genuine concern that we get this right, so the American people understand that we are not overlooking what is taking place.

Mr. Speaker, I also thank our committee chairman for his recognition of the important role whistleblowers play at the IRS and his support for getting the bill before the House today.

Our tax system depends on voluntary compliance, and that only works when Americans trust that the system is fair and enforced evenly. When bad actors cheat and get away with it, that trust erodes for everyone else who plays by the rules.

The IRS Whistleblower Program Improvement Act builds on a proven program that delivers results for our taxpayers. Since 2007, the program has recovered more than \$7.37 billion in unpaid taxes, narrowing the tax gap and holding bad actors accountable.

□ 1540

This is real money returned to the Treasury that would otherwise have

been lost. In many cases, these are complex, high-dollar schemes that would not have been identified without insider information, proving that whistleblowers play an essential role in upholding the integrity of our tax code.

When individuals come forward to expose wrongdoing by tax cheats and fraudsters, they help to ensure our volunteer tax system remains fair for all Americans.

The IRS cannot fully close the tax gap through traditional audits alone. The IRS Whistleblower Program leverages insider knowledge to identify noncompliance that would otherwise have gone undetected.

Whistleblowers help the IRS to target enforcement resources toward high-value cases, improving efficiency and accountability across the system. This program directs those resources toward the highest-value, highest-probability cases, maximizing the impact and improving efficiency. It allows the IRS to focus on those who are actively evading taxes, rather than casting a wide net over the vast majority of Americans who are trying to comply with the law.

Strengthening this program is a commonsense way to increase the return on an investment and recovering more unpaid taxes without expanding broad-based enforcement. Just as important, the program serves as a powerful deterrent, discouraging sophisticated tax evasion before it happens by increasing the likelihood that it would be exposed.

Mr. Speaker, this bill reinforces the program's foundation with targeted, practical updates by ensuring that the U.S. Tax Court can consider all relevant evidence by providing a more favorable standard of review in whistleblower appeals, establishing a presumption of anonymity for whistleblowers to help protect individuals from retaliation, encouraging timely administration from the IRS by requiring the payment of interest on delayed awards, strengthening transparency and oversight by improving reporting to Congress and allowing administrative review of award determinations, and aligning the tax treatment of attorneys' fees for whistleblowers with other whistleblower programs.

These reforms keep the program focused, predictable, and effective, addressing longstanding delays and improving program credibility.

Mr. Speaker, I thank the Ways and Means Committee staff on both sides of the aisle for working so hard on this because they did a great job, not just for Mr. THOMPSON and myself but for all of the taxpayers. The American taxpayers deserve this oversight, and I am glad we are working on it. Mr. THOMPSON did a great job.

This bill passed out of the Ways and Means Committee last month with unanimous support, reflecting broad agreement on the need to strengthen this program. Ensuring a fair shake for all taxpayers is what it comes down to.

I thank the National Whistleblower Center, Empower Oversight, Taxpayers

Against Fraud, the National Taxpayers Union, and other organizations who have spoken out in support of this bill. A strong whistleblower program is essential to a credible tax system, one that rewards honesty, deters misconduct, and holds bad actors accountable.

Mr. Speaker, I urge my colleagues to support the bill.

Mr. THOMPSON of California. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I thank Chairman SMITH, Mr. KELLY, and Ranking Member NEAL for the good work that was done. I concur with Mr. KELLY that staff on both sides have done, as always, a fantastic job.

Mr. Speaker, this bill comes down to fairness and enforcement. When people cheat the tax system and get away with it, honest taxpayers are the ones who pay the price. If we expect whistleblowers to help close the gap, we need to protect them, treat them fairly, and ensure that the system works.

This is a practical, bipartisan step to strengthening enforcement and restoring confidence in the system.

Mr. Speaker, I urge my colleagues to support this bill, and I yield back the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, whistleblowers play a critical role in government oversight, whether it be uncovering bad actors within government or, in the case of the IRS Whistleblower Program, alerting the IRS to those in the private sector who are defrauding American taxpayers.

This Congress, the Ways and Means Committee and this administration have made combating fraud a key priority, and I welcome this opportunity to strengthen and impose a key tool in that effort.

Mr. Speaker, I encourage my colleagues to support this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 7959, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the yeas have it.

Mr. SMITH of Missouri. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

TAXPAYER NOTIFICATION AND PRIVACY ACT

Mr. SMITH of Missouri. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6495) to amend the Internal Revenue Code of 1986 to provide for specific taxpayer notice when informa-

tion is sought from third parties, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6495

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taxpayer Notification and Privacy Act".

SEC. 2. SPECIFICITY OF THIRD-PARTY CONTACT NOTICES.

(a) IN GENERAL.—Paragraph (1) of section 7602(c) of the Internal Revenue Code of 1986 is amended—

(1) by striking "and" at the end of subparagraph (A),

(2) by redesignating subparagraph (B) as subparagraph (C),

(3) by inserting after subparagraph (A) the following new subparagraph:

"(B) in any case in which the information sought to be obtained from such other persons is related to determining tax liability, has not been previously requested from the taxpayer, and could reasonably be provided by the taxpayer, identifies each specific item of information intended to be sought from such persons, and", and

(4) by amending subparagraph (C), as redesignated by paragraph (2), to read as follows:

"(C) except as otherwise provided by the Secretary, provides the taxpayer with reasonable opportunity and a period of not less than 45 days (or more, if the taxpayer requests additional time and shows reasonable cause) to respond before contact is made with such other persons."

(b) EXCEPTION.—Section 7602(c)(3) of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by moving such clauses 2 ems to the right,

(2) by striking "EXCEPTIONS.—This subsection" and inserting "EXCEPTIONS.—"

"(A) IN GENERAL.—This subsection", and

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

"(B) EXCEPTION FOR INFORMATION SPECIFICITY.—Subparagraph (B) of paragraph (1) shall not apply to information sought from a person other than the taxpayer if the Secretary determines that such information is necessary."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to notices provided under section 7602(c) of the Internal Revenue Code of 1986 after the date that is 12 months after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. SMITH) and the gentleman from California (Mr. PANETTA) each will control 20 minutes.

The Chair recognizes the gentleman from Missouri.

GENERAL LEAVE

Mr. SMITH of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 6495, the Taxpayer Notification and Privacy Act, bipartisan legislation in-

troduced by Representatives GREG STEUBE and JIMMY PANETTA.

When the IRS seeks information about a taxpayer, the agency should not be able to go behind their back without their knowledge. Yet, right now, the IRS can do just that.

Currently, the IRS is not required to notify a taxpayer who is under review or investigation about what information the agency is seeking; who it may have contacted; or, for that matter, give the taxpayer the opportunity to provide the information themselves. This puts the individual taxpayer in a situation where their privacy, their livelihood, or their reputation could all be unduly harmed.

That is unacceptable. Thanks to Representative STEUBE—a tireless advocate for the American taxpayer—who has been focused on holding a powerful agency like the IRS accountable, taxpayers will be better protected.

Mr. Speaker, I reserve the balance of my time.

Mr. PANETTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the chairman and Representative GREG STEUBE for their work together with me on the Taxpayer Notification and Privacy Act.

It is commonsense, bipartisan legislation, passed unanimously out of the Ways and Means Committee, that would ensure that the IRS respects the privacy and the dignity of every taxpayer when collecting needed information.

As you heard from the chairman, under current law, the IRS must notify taxpayers before reaching out to third parties, like banks, employers, or even neighbors, to gather information. Yet, these notices are often vague. They fail to specify exactly what they want. At times, they don't even give taxpayers any opportunity to defend themselves or for the taxpayers to provide the information themselves.

The National Taxpayer Advocate Service has warned that the current approach falls short. It leaves honest Americans blindsided, and it can put people's reputations at risk in close-knit communities, where a whisper about IRS investigations can chill businesses and damage livelihoods.

The Taxpayer Notification and Privacy Act changes that. It would implement a National Taxpayer Advocate's recommendation to mandate tailored notices in which the IRS clearly—clearly states what information it needs and from exactly whom.

□ 1550

It then grants the taxpayer a full 45 days to supply that information. This empowers families. This empowers businesses to resolve issues privately with the IRS, protecting their reputation and relationships with local banks and other vendors.

This bill also includes certain exceptions for circumstances where the information is determined to be necessary or when the information is