

104TH CONGRESS
2D SESSION

H. R. 3137

To amend the Internal Revenue Code of 1986 to clarify the reasonable cause exception from the penalty for failures to file tax returns or pay taxes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1996

Mr. BUNNING of Kentucky introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the reasonable cause exception from the penalty for failures to file tax returns or pay taxes.

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. CLARIFICATION OF REASONABLE CAUSE EX-**
4 **CEPTION FOR FAILURE TO FILE TAX RETURN**
5 **OR PAY TAX.**

6 (a) IN GENERAL.—Section 6651 of the Internal Rev-
7 enue Code of 1986 (relating to failure to file return or
8 pay tax) is amended by adding at the end the following
9 new subsection:

1 “(g) CLARIFICATION OF REASONABLE CAUSE EX-
2 CEPTION.—A failure referred to in subsection (a) with re-
3 spect to any return or payment shall be treated as due
4 to reasonable cause and not due to willful neglect if—

5 “(1) such failure is by an employee or agent of
6 the taxpayer who, on or before the due date for such
7 return or payment, submitted false documents to the
8 taxpayer showing that such return or payment was
9 timely made, and

10 “(2) the taxpayer exercised ordinary business
11 care and prudence in attempting to assure that such
12 a failure would not occur and had no reason to know
13 on or before such date that such failure occurred.”

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall apply to failures after the date of the
16 enactment of this Act.

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