

106TH CONGRESS  
2D SESSION

**H. R. 4163**

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**AN ACT**

To amend the Internal Revenue Code of 1986 to  
provide for increased fairness to taxpayers.

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## AN ACT

To amend the Internal Revenue Code of 1986 to provide  
for increased fairness to taxpayers.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Taxpayer Bill of Rights 2000”.

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

10 (c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—PENALTIES AND INTEREST

- Sec. 101. Failure to pay estimated tax penalty converted to interest charge on accumulated unpaid balance.  
Sec. 102. Exclusion from gross income for interest on overpayments of income tax by individuals.  
Sec. 103. Reductions of penalty for failure to pay tax.  
Sec. 104. Abatement of interest.  
Sec. 105. Deposits made to stop the running of interest on potential underpayments.  
Sec. 106. Expansion of interest netting for individuals.

TITLE II—CONFIDENTIALITY AND DISCLOSURE

- Sec. 201. Disclosure and privacy rules relating to returns and return information.  
Sec. 202. Expansion of type of advice available for public inspection.  
Sec. 203. Collection activities with respect to joint return disclosable to either spouse based on oral request.  
Sec. 204. Taxpayer representatives not subject to examination on sole basis of representation of taxpayers.  
Sec. 205. Disclosure in judicial or administrative tax proceedings of return and return information of persons who are not party to such proceedings.  
Sec. 206. Prohibition of disclosure of taxpayer identification information with respect to disclosure of accepted offers-in-compromise.  
Sec. 207. Compliance by State contractors with confidentiality safeguards.  
Sec. 208. Higher standards for requests for and consents to disclosure.  
Sec. 209. Notice to taxpayer concerning administrative determination of browsing; annual report.  
Sec. 210. Disclosure of taxpayer identity for tax refund purposes.

TITLE III—OTHER REQUIREMENTS

Sec. 301. Clarification of definition of church tax inquiry.

Sec. 302. Expansion of declaratory judgment remedy to tax-exempt organizations.

Sec. 303. Employee misconduct report to include summary of complaints by category.

Sec. 304. Increase in threshold for Joint Committee reports on refunds and credits.

Sec. 305. Annual report on awards of costs and certain fees in administrative and court proceedings.

Sec. 306. Annual report on abatement of penalties.

Sec. 307. Better means of communicating with taxpayers.

Sec. 308. Explanation of statute of limitations and consequences of failure to file.

1                   **TITLE I—PENALTIES AND**  
 2                                   **INTEREST**

3   **SEC. 101. FAILURE TO PAY ESTIMATED TAX PENALTY CON-**  
 4                                   **VERTED TO INTEREST CHARGE ON ACCUMU-**  
 5                                   **LATED UNPAID BALANCE.**

6           (a) PENALTY MOVED TO INTEREST CHAPTER OF  
 7 CODE.—The Internal Revenue Code of 1986 is amended  
 8 by redesignating section 6654 as section 6641 and by  
 9 moving section 6641 (as so redesignated) from part I of  
 10 subchapter A of chapter 68 to the end of subchapter E  
 11 of chapter 67 (as added by subsection (e)(1) of this sec-  
 12 tion).

13           (b) PENALTY CONVERTED TO INTEREST CHARGE.—  
 14 The heading and subsections (a) and (b) of section 6641  
 15 (as so redesignated) are amended to read as follows:

16   **“SEC. 6641. INTEREST ON FAILURE BY INDIVIDUAL TO PAY**  
 17                                   **ESTIMATED INCOME TAX.**

18           “(a) IN GENERAL.—Interest shall be paid on any un-  
 19 derpayment of estimated tax by an individual for a taxable

1 year for each day of such underpayment. The amount of  
 2 such interest for any day shall be the product of the un-  
 3 derpayment rate established under subsection (b)(2) mul-  
 4 tiplied by the amount of the underpayment.

5 “(b) AMOUNT OF UNDERPAYMENT; INTEREST  
 6 RATE.—For purposes of subsection (a)—

7 “(1) AMOUNT.—The amount of the under-  
 8 payment on any day shall be the excess of—

9 “(A) the sum of the required installments  
 10 for the taxable year the due dates for which are  
 11 on or before such day, over

12 “(B) the sum of the amounts (if any) of  
 13 estimated tax payments made on or before such  
 14 day on such required installments.

15 “(2) DETERMINATION OF INTEREST RATE.—

16 “(A) IN GENERAL.—The underpayment  
 17 rate with respect to any day in an installment  
 18 underpayment period shall be the under-  
 19 payment rate established under section 6621  
 20 for the first day of the calendar quarter in  
 21 which such installment underpayment period  
 22 begins.

23 “(B) INSTALLMENT UNDERPAYMENT PE-  
 24 RIOD.—For purposes of subparagraph (A), the  
 25 term ‘installment underpayment period’ means

1 the period beginning on the day after the due  
2 date for a required installment and ending on  
3 the due date for the subsequent required in-  
4 stallment (or in the case of the 4th required in-  
5 stallment, the 15th day of the 4th month fol-  
6 lowing the close of a taxable year).

7 “(C) DAILY RATE.—The rate determined  
8 under subparagraph (A) shall be applied on a  
9 daily basis and shall be based on the assump-  
10 tion of 365 days in a calendar year.

11 “(3) TERMINATION OF ESTIMATED TAX INTER-  
12 EST.—No day after the end of the installment un-  
13 derpayment period for the 4th required installment  
14 specified in paragraph (2)(B) for a taxable year  
15 shall be treated as a day of underpayment with re-  
16 spect to such taxable year.”.

17 (c) INCREASE IN SAFE HARBOR WHERE TAX IS  
18 SMALL.—

19 (1) IN GENERAL.—Clause (i) of section  
20 6641(d)(1)(B) (as so redesignated) is amended to  
21 read as follows:

22 “(i) the lesser of—

23 “(I) 90 percent of the tax shown  
24 on the return for the taxable year (or,

1 if no return is filed, 90 percent of the  
2 tax for such year), or

3 “(II) the tax shown on the return  
4 for the taxable year (or, if no return  
5 is filed, the tax for such year) reduced  
6 (but not below zero) by \$2,000, or”.

7 (2) CONFORMING AMENDMENT.—Subsection (e)  
8 of section 6641 (as so redesignated) is amended by  
9 striking paragraph (1) and redesignating paragraphs  
10 (2) and (3) as paragraphs (1) and (2), respectively.

11 (d) CONFORMING AMENDMENTS.—

12 (1) Paragraphs (1) and (2) of subsection (e)  
13 (as redesignated by subsection (c)(2)) and sub-  
14 section (h) of section 6641 (as so designated) are  
15 each amended by striking “addition to tax” each  
16 place it occurs and inserting “interest”.

17 (2) Section 167(g)(5)(D) is amended by strik-  
18 ing “6654” and inserting “6641”.

19 (3) Section 460(b)(1) is amended by striking  
20 “6654” and inserting “6641”.

21 (4) Section 3510(b) is amended—

22 (A) by striking “section 6654” in para-  
23 graph (1) and inserting “section 6641”;

24 (B) by amending paragraph (2)(B) to read  
25 as follows:

1           “(B) no interest would be required to be  
2           paid (but for this section) under 6641 for such  
3           taxable year by reason of the \$2,000 amount  
4           specified in section 6641(d)(1)(B)(i)(II).”;

5           (C) by striking “section 6654(d)(2)” in  
6           paragraph (3) and inserting “section  
7           6641(d)(2)”; and

8           (D) by striking paragraph (4).

9           (5) Section 6201(b)(1) is amended by striking  
10          “6654” and inserting “6641”.

11          (6) Section 6601(h) is amended by striking  
12          “6654” and inserting “6641”.

13          (7) Section 6621(b)(2)(B) is amended by strik-  
14          ing “addition to tax under section 6654” and insert-  
15          ing “interest required to be paid under section  
16          6641”.

17          (8) Section 6622(b) is amended—

18               (A) by striking “PENALTY FOR” in the  
19               heading; and

20               (B) by striking “addition to tax under sec-  
21               tion 6654 or 6655” and inserting “interest re-  
22               quired to be paid under section 6641 or addi-  
23               tion to tax under section 6655”.

24          (9) Section 6658(a) is amended—



1 (A) by striking “6654, or 6655” and in-  
2 serting “or 6655, and no interest shall be re-  
3 quired to be paid under section 6641,”; and

4 (B) by inserting “or paying interest” after  
5 “the tax” in paragraph (2)(B)(ii).

6 (10) Section 6665(b) is amended—

7 (A) in the matter preceding paragraph (1)  
8 by striking “, 6654,”; and

9 (B) in paragraph (2) by striking “6654  
10 or”.

11 (11) Section 7203 is amended by striking “sec-  
12 tion 6654 or 6655” and inserting “section 6655 or  
13 interest required to be paid under section 6641”.

14 (e) CLERICAL AMENDMENTS.—

15 (1) Chapter 67 is amended by inserting after  
16 subchapter D the following:

17 **“Subchapter E—Interest on Failure by**  
18 **Individual to Pay Estimated Income Tax**

“Sec. 6641. Interest on failure by individual to pay estimated in-  
come tax.”.

19 (2) The table of subchapters for chapter 67 is  
20 amended by adding at the end the following new  
21 items:

“Subchapter D. Notice requirements.

“Subchapter E. Interest on failure by individual to pay estimated  
income tax.”.

1           (3) The table of sections for part I of sub-  
2           chapter A of chapter 68 is amended by striking the  
3           item relating to section 6654.

4           (f) EFFECTIVE DATE.—The amendments made by  
5           this section shall apply to installment payments for taxable  
6           years beginning after December 31, 2000.

7   **SEC. 102. EXCLUSION FROM GROSS INCOME FOR INTEREST**  
8                           **ON OVERPAYMENTS OF INCOME TAX BY INDI-**  
9                           **VIDUALS.**

10          (a) IN GENERAL.—Part III of subchapter B of chap-  
11          ter 1 (relating to items specifically excluded from gross  
12          income) is amended by redesignating section 139 as sec-  
13          tion 139A and by inserting after section 138 the following  
14          new section:

15   **“SEC. 139. EXCLUSION FROM GROSS INCOME FOR INTER-**  
16                           **EST ON OVERPAYMENTS OF INCOME TAX BY**  
17                           **INDIVIDUALS.**

18          “(a) IN GENERAL.—In the case of an individual,  
19          gross income shall not include interest paid under section  
20          6611 on any overpayment of tax imposed by this subtitle.

21          “(b) EXCEPTION.—Subsection (a) shall not apply in  
22          the case of a failure to claim items resulting in the over-  
23          payment on the original return if the Secretary determines  
24          that the principal purpose of such failure is to take advan-  
25          tage of subsection (a).

1       “(c) SPECIAL RULE FOR DETERMINING MODIFIED  
 2 ADJUSTED GROSS INCOME.—For purposes of this title,  
 3 interest not included in gross income under subsection (a)  
 4 shall not be treated as interest which is exempt from tax  
 5 for purposes of sections 32(i)(2)(B) and 6012(d) or any  
 6 computation in which interest exempt from tax under this  
 7 title is added to adjusted gross income.”.

8       (b) CLERICAL AMENDMENT.—The table of sections  
 9 for part III of subchapter B of chapter 1 is amended by  
 10 striking the item relating to section 139 and inserting the  
 11 following new items:

“Sec. 139. Exclusion from gross income for interest on overpay-  
 ments of income tax by individuals.

“Sec. 139A. Cross references to other Acts.”.

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

16 **SEC. 103. REDUCTIONS OF PENALTY FOR FAILURE TO PAY**  
 17 **TAX.**

18       (a) REDUCTIONS OF PENALTY FOR FAILURE TO PAY  
 19 TAX.—

20               (1) REDUCTION OF PENALTY BY 50 PER-  
 21 CENT.—

22                       (A) IN GENERAL.—Paragraphs (2) and (3)  
 23 of section 6651(a) are each amended by strik-

1           ing “0.5” each place it appears and inserting  
2           “0.25”.

3                   (B) CONFORMING AMENDMENT.—Para-  
4           graph (1) of section 6651(d) is amended by  
5           striking “by substituting ‘1 percent’ for ‘0.5  
6           percent’” and inserting “by substituting ‘0.5  
7           percent’ for ‘0.25 percent’”.

8                   (2) REDUCTION OF PENALTY TO ZERO DURING  
9           PERIOD OF INSTALLMENT AGREEMENT.—Subsection  
10          (h) of section 6651 is amended by striking “by sub-  
11          stituting ‘0.25’ for ‘0.5’” and inserting “by sub-  
12          stituting ‘zero’ for ‘0.25’”.

13                   (3) EFFECTIVE DATE.—The amendments made  
14          by this subsection shall apply for purposes of deter-  
15          mining additions to tax for months beginning after  
16          December 31, 2000.

17                   (b) PROHIBITION OF FEE FOR INSTALLMENT  
18          AGREEMENTS USING AUTOMATED WITHDRAWALS.—

19                   (1) IN GENERAL.—Section 6159 (relating to  
20          agreements for payment of tax liability in install-  
21          ments) is amended by redesignating subsection (e)  
22          as subsection (f) and by inserting after subsection  
23          (d) the following new subsection:

24                   “(e) PROHIBITION OF FEE FOR INSTALLMENT  
25          AGREEMENTS USING AUTOMATED WITHDRAWALS.—The

1 Secretary may not charge a taxpayer a fee for entering  
2 into an agreement with the Secretary under this section  
3 only for so long as payments under such agreement are  
4 made by means of electronic transfer or by similar auto-  
5 mated means.”.

6 (2) EFFECTIVE DATE.—The amendments made  
7 by this subsection shall apply to installment agree-  
8 ments entered into more than 30 days after the date  
9 of the enactment of this Act.

10 **SEC. 104. ABATEMENT OF INTEREST.**

11 (a) ABATEMENT OF INTEREST IF GROSS INJUSTICE  
12 WOULD OTHERWISE RESULT.—Section 6404 is amended  
13 by redesignating subsection (i) as subsection (j) and by  
14 inserting after subsection (h) the following new subsection:

15 “(i) ABATEMENT OF INTEREST IF GROSS INJUSTICE  
16 WOULD OTHERWISE RESULT.—The Secretary may abate  
17 the assessment of all or any part of interest on any  
18 amount of tax imposed by this title for any period if the  
19 Secretary determines that—

20 “(1) a gross injustice would otherwise result if  
21 interest were to be charged, and

22 “(2) no significant aspect of the events giving  
23 rise to the accrual of the interest can be attributed  
24 to the taxpayer involved.”.

1 (b) ABATEMENT OF INTEREST FOR PERIODS AT-  
2 TRIBUTABLE TO ANY UNREASONABLE IRS ERROR OR  
3 DELAY.—Subparagraphs (A) and (B) of section  
4 6404(e)(1) are each amended by striking “in performing  
5 a ministerial or managerial act”.

6 (c) ABATEMENT OF INTEREST WITH RESPECT TO  
7 ERRONEOUS REFUND CHECK WITHOUT REGARD TO SIZE  
8 OF REFUND.—Paragraph (2) of section 6404(e) is amend-  
9 ed by striking “unless—” and all that follows and insert-  
10 ing “unless the taxpayer (or a related party) has in any  
11 way caused such erroneous refund.”.

12 (d) ABATEMENT OF INTEREST TO EXTENT INTER-  
13 EST IS ATTRIBUTABLE TO TAXPAYER RELIANCE ON  
14 WRITTEN STATEMENTS OF THE IRS.—Subsection (f) of  
15 section 6404 is amended—

16 (1) in the subsection heading, by striking  
17 “PENALTY OR ADDITION” and inserting “INTEREST,  
18 PENALTY, OR ADDITION”; and

19 (2) in paragraph (1) and in subparagraph (B)  
20 of paragraph (2), by striking “penalty or addition”  
21 and inserting “interest, penalty, or addition”.

22 (e) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply with respect to interest accruing  
24 on or after the date of the enactment of this Act.

1 **SEC. 105. DEPOSITS MADE TO STOP THE RUNNING OF IN-**  
2 **TEREST ON POTENTIAL UNDERPAYMENTS.**

3 (a) IN GENERAL.—Subchapter B of chapter 67 (re-  
4 lating to interest on overpayments) is amended by redesi-  
5 gnating section 6612 as section 6613 and by inserting after  
6 section 6611 the following new section:

7 **“SEC. 6612. DEPOSITS MADE TO STOP THE RUNNING OF IN-**  
8 **TEREST ON POTENTIAL UNDERPAYMENTS,**  
9 **ETC.**

10 “(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN  
11 AS PAYMENT OF TAX.—Any taxpayer may make a cash  
12 bond deposit with the Secretary to offset any potential un-  
13 derpayment of tax imposed by this title for any taxable  
14 period. Such a deposit shall be made in such manner as  
15 the Secretary shall prescribe.

16 “(b) DEPOSITS USED TO PAY UNDERPAYMENT ALSO  
17 OFFSET RUNNING OF INTEREST ON UNDERPAYMENT.—  
18 Any cash bond deposit used to pay tax under this title  
19 shall offset interest under subchapter A during the period  
20 of such deposit on such tax under such procedures as the  
21 Secretary shall prescribe.

22 “(c) TAXPAYER MAY REQUEST RETURN OF CASH  
23 BOND DEPOSIT.—

24 “(1) IN GENERAL.—On written request of a  
25 taxpayer who made a cash bond deposit, the Sec-

1       retary shall return to the taxpayer any amount of  
2       such deposit specified by the taxpayer.

3               “(2) NO INTEREST.—In the case of a deposit  
4       which is so returned—

5                       “(A) the amount returned shall not offset  
6       interest under subchapter A for any period, and

7                       “(B) except as provided in subsection (d),  
8       no interest shall be allowed on such amount.

9               “(3) EXCEPTIONS.—Paragraph (1) shall not  
10      apply to any amount if—

11                      “(A) such amount has been treated by the  
12      Secretary as a payment of tax after a final de-  
13      termination of the disputed items to which such  
14      amount relates,

15                      “(B) such amount has been designated by  
16      the taxpayer as being a payment of tax,

17                      “(C) the Secretary determines that assess-  
18      ment or collection of tax is in jeopardy, or

19                      “(D) the amount is applied in accordance  
20      with section 6402.

21      Subparagraph (D) shall not apply to a payment to  
22      a taxpayer if the taxpayer is entitled to be paid in-  
23      terest under subsection (d) on such payment.

24               “(d) INTEREST ON AMOUNTS RETURNED IN CER-  
25      TAIN CIRCUMSTANCES.—



1           “(1) IN GENERAL.—Interest shall be allowed  
2           and paid on the amount of any cash bond deposit  
3           for a taxable period which is returned to the tax-  
4           payer only if the deposit is attributable to a dispute  
5           reserve account for such period.

6           “(2) CONTRIBUTION TO DISPUTE RESERVE AC-  
7           COUNT.—For purposes of paragraph (1), an amount  
8           is attributable to a dispute reserve account for any  
9           taxable period only to the extent that the aggregate  
10          of the cash bond deposits for such period (reduced  
11          by the amount of such deposits which has been pre-  
12          viously returned to the taxpayer or treated as a pay-  
13          ment of tax) does not exceed the deposit limit for  
14          such period.

15          “(3) DEPOSIT LIMIT.—For purposes of para-  
16          graph (2)—

17                 “(A) IN GENERAL.—The deposit limit for  
18                 any taxable period is the amount specified by  
19                 the taxpayer at the time of the deposit as the  
20                 taxpayer’s reasonable estimate of the potential  
21                 underpayment for such period with respect to  
22                 disputable items identified (at such time) by the  
23                 taxpayer with respect to such deposit.

24                 “(B) SAFE HARBOR BASED ON 30-DAY  
25                 LETTER.—In the case of a taxpayer who is

1 issued a 30-day letter for any taxable period,  
2 the deposit limit for such period shall not be  
3 less than the amount of the proposed deficiency  
4 specified in such letter.

5 “(4) DEFINITIONS.—For purposes of paragraph  
6 (3)—

7 “(A) DISPUTABLE ITEM.—The term ‘dis-  
8 putable item’ means any item if the taxpayer—

9 “(i) has a reasonable basis for its  
10 treatment of such item, and

11 “(ii) reasonably believes that the Sec-  
12 retary also has a reasonable basis for dis-  
13 allowing the taxpayer’s treatment of such  
14 item.

15 “(B) 30-DAY LETTER.—The term ‘30-day  
16 letter’ means the first letter of proposed defi-  
17 ciency which allows the taxpayer an opportunity  
18 for administrative review in the Internal Rev-  
19 enue Service Office of Appeals.

20 “(5) RATE AND PERIOD OF INTEREST.—

21 “(A) RATE.—The rate of interest allowable  
22 under this subsection shall be the Federal  
23 short-term rate determined under section  
24 6621(b), compounded daily.

1           “(B) PERIOD.—Interest under this sub-  
2           section on any payment to a taxpayer shall be  
3           payable from the date of the deposit to which  
4           such payment is attributable to a date (to be  
5           determined by the Secretary) preceding the date  
6           of the check making such payment by not more  
7           than 30 days. For purposes of the preceding  
8           sentence, cash bond deposits for any taxable pe-  
9           riod shall be treated as used and returned on  
10          a last-in first-out basis.

11          “(e) CASH BOND DEPOSIT.—For purposes of this  
12          section—

13                 “(1) IN GENERAL.—The term ‘cash bond de-  
14                 posit’ means any payment which is designated by  
15                 the taxpayer as being a cash bond deposit for a  
16                 specified taxable period.

17                 “(2) AMOUNTS DESIGNATED OR USED AS PAY-  
18                 MENT OF TAX.—A cash bond deposit shall cease to  
19                 be treated as such for purposes of this section begin-  
20                 ning on the date that the taxpayer designates such  
21                 deposit as a payment of tax for purposes of this  
22                 title, or, if earlier, on the date such deposit is so  
23                 used.

24          “(f) CHANGE IN PERIOD FOR WHICH DEPOSIT  
25          MADE.—Subject to the requirements of subsection (d), a

1 taxpayer may change the taxable period to which a cash  
2 bond deposit relates.”.

3 (b) CLERICAL AMENDMENT.—The table of sections  
4 for subchapter B of chapter 67 is amended by striking  
5 the last item and inserting the following new items:

“Sec. 6612. Deposits made to stop the running of interest on po-  
tential underpayments, etc.

“Sec. 6613. Cross references.”.

6 (c) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by  
8 this section shall apply to interest for periods after  
9 the date of the enactment of this Act.

10 (2) SPECIFICATION OF DISPUTED ITEMS.—In  
11 the case of amounts held by the Secretary of the  
12 Treasury on the date of the enactment of this Act  
13 as a deposit in the nature of a cash bond pursuant  
14 to Revenue Procedure 84–58, the date that the tax-  
15 payer makes the identification under subsection  
16 (d)(3)(A) of section 6612 of the Internal Revenue  
17 Code of 1986, as added by this section, shall be  
18 treated as the date such amounts were deposited for  
19 purposes of such section 6612.

20 **SEC. 106. EXPANSION OF INTEREST NETTING FOR INDIVID-**  
21 **UALS.**

22 (a) IN GENERAL.—Subsection (d) of section 6621  
23 (relating to elimination of interest on overlapping periods  
24 of tax overpayments and underpayments) is amended by

1 adding at the end the following: “Solely for purposes of  
2 the preceding sentence, section 6611(e) shall not apply in  
3 the case of an individual.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
5 subsection (a) shall apply to interest accrued after Decem-  
6 ber 31, 2000.

## 7 **TITLE II—CONFIDENTIALITY** 8 **AND DISCLOSURE**

### 9 **SEC. 201. DISCLOSURE AND PRIVACY RULES RELATING TO** 10 **RETURNS AND RETURN INFORMATION.**

11 (a) IN GENERAL.—Subsection (a) of section 6103  
12 (relating to general rule for confidentiality and disclosure  
13 of returns and return information) is amended by striking  
14 “title—” and inserting “title and notwithstanding any  
15 other provision of law—”.

16 (b) PROCEDURAL AND JURISDICTIONAL RULES.—  
17 Subsection (p) of section 6103 (relating to procedure and  
18 recordkeeping) is amended by adding at the end the fol-  
19 lowing new paragraph:

20 “(9) PROCEDURAL RULES APPLICABLE TO CER-  
21 TAIN DISCLOSURES.—

22 “(A) IN GENERAL.—The Secretary shall  
23 prescribe regulations for purposes of providing  
24 for disclosures of return and return information  
25 under subsections (c), (e), and (k)(1) and (2).

1           Such regulations shall include a schedule of  
2           fees, and waivers and reductions of such fees,  
3           applicable to the processing of requests for such  
4           disclosures.

5                   “(B) DETERMINATIONS OF WHETHER TO  
6           COMPLY WITH DISCLOSURE REQUESTS.—

7                           “(i) INITIAL REQUESTS.—In response  
8                           to a request that reasonably describes the  
9                           return or return information sought and is  
10                           made in accordance with the published  
11                           rules, the Secretary shall—

12                                   “(I) determine within 20 days  
13                                   after the receipt of any request for  
14                                   disclosure of return or return infor-  
15                                   mation under subsections (c), (e), and  
16                                   (k)(1) and (2) whether to comply with  
17                                   such request, and

18   “(II) immediately notify the per-  
19   son making such request of such de-  
20   termination and the reasons therefor,  
21   and of the right of such person to ap-  
22   peal to the Commissioner any adverse  
23   determination.

24   “(ii) APPEAL.—The Commissioner  
25   shall—

1           “(I) make a determination with  
2           respect to any appeal of any adverse  
3           determination under clause (i)(I)  
4           within 20 days after the receipt of  
5           such appeal, and

6           “(II) if on appeal the denial of  
7           the request for disclosure of such re-  
8           turn or return information is in whole  
9           or in part upheld, the Commissioner  
10          shall notify the person making such  
11          request of the provisions for judicial  
12          review of that determination under  
13          subparagraph (D).

14          “(iii) EXTENSION OF PERIODS FOR  
15          UNUSUAL CIRCUMSTANCES.—

16          “(I) IN GENERAL.—The time  
17          limits prescribed in clause (i) and  
18          clause (ii) (as the case may be) may  
19          be extended for not more than 10  
20          days in unusual circumstances by pro-  
21          viding to the person making such re-  
22          quest for disclosure written notice  
23          which sets forth the unusual cir-  
24          cumstances for such extension and the  
25          date on which a determination is ex-

1                   pected to be dispatched. No such no-  
2                   tice shall specify a date that would re-  
3                   sult in an extension for more than 10  
4                   working days, except as provided in  
5                   subclause (II).

6                   “(II) MODIFICATION OF RE-  
7                   QUEST OR TIME PERIOD.—If, with re-  
8                   spect to a request for which the time  
9                   limits are extended under subclause  
10                  (I), the Secretary determines that the  
11                  request cannot be processed within  
12                  the time limit so specified, the Sec-  
13                  retary shall notify the person making  
14                  the request and shall provide the per-  
15                  son an opportunity to limit the scope  
16                  of the request so that it may be proc-  
17                  essed within that time limit or an op-  
18                  portunity to arrange with the agency  
19                  an alternative time frame for proc-  
20                  essing the request or a modified re-  
21                  quest. Refusal by the person to rea-  
22                  sonably modify the request or arrange  
23                  such an alternative time frame shall  
24                  be considered as a factor in deter-  
25                  mining whether exceptional cir-



1                   cumstances exist for purposes of sub-  
2                   paragraph (C).

3                   “(iv) UNUSUAL CIRCUMSTANCES DE-  
4                   FINED.—For purposes of clause (iii), the  
5                   term ‘unusual circumstances’ means, but  
6                   only to the extent reasonably necessary to  
7                   the proper processing of the particular  
8                   requests—

9                   “(I) the need to search for and  
10                  collect the requested records from  
11                  field facilities or other establishments  
12                  that are separate from the office proc-  
13                  essing the request,

14                  “(II) the need to search for, col-  
15                  lect, and appropriately examine a vo-  
16                  luminous amount of separate and dis-  
17                  tinct records which are demanded in a  
18                  single request, or

19                  “(III) the need for consultation,  
20                  which shall be conducted with all  
21                  practicable speed, with another agency  
22                  having a substantial interest in the  
23                  determination of the request or among  
24                  two or more components of the agency

1           having substantial subject-matter in-  
2           terest therein.

3           “(v) 20-DAY PERIOD EXCLUDES CER-  
4           TAIN DAYS.—The 20-day periods referred  
5           to in clauses (i) and (ii) shall not include  
6           Saturdays, Sundays, and legal public holi-  
7           days.

8           “(C) FAILURE TO MEET TIME LIMITS.—

9           “(i) IN GENERAL.—Any person mak-  
10          ing a request for the disclosure of return  
11          or return information which is subject to  
12          this paragraph shall be deemed to have ex-  
13          hausted his administrative remedies with  
14          respect to such request if the Secretary  
15          fails to comply with the applicable time  
16          limit provisions of this paragraph. If the  
17          Secretary can show exceptional cir-  
18          cumstances exist and that the agency is ex-  
19          ercising due diligence in responding to the  
20          request, the court may retain jurisdiction  
21          and allow the agency additional time to  
22          complete its review of the records. Upon  
23          any determination by the Secretary to  
24          comply with a request for records, the  
25          records shall be made promptly available to

1 such person making such request. Any no-  
2 tification of denial of any request for  
3 records under this subsection shall set  
4 forth the names and titles or positions of  
5 each person responsible for the denial of  
6 such request.

7 “(ii) EXCEPTIONAL CIRCUMSTANCES  
8 DEFINED.—For purposes of clause (i), the  
9 term ‘exceptional circumstances’ does not  
10 include a delay that results from a predict-  
11 able workload of the Secretary relating to  
12 requests subject to this paragraph, unless  
13 the Secretary demonstrates reasonable  
14 progress in reducing its backlog of pending  
15 requests.

16 “(iii) REFUSAL TO MODIFY REQUEST  
17 OR TIME FRAME.—Refusal by a person to  
18 reasonably modify the scope of a request  
19 or arrange an alternative time frame for  
20 processing a request (or a modified re-  
21 quest) under subparagraph (B)(ii) after  
22 being given an opportunity to do so by the  
23 agency to whom the person made the re-  
24 quest shall be considered as a factor in de-  
25 termining whether exceptional cir-

1 cumstances exist for purposes of this sub-  
2 paragraph.

3 “(D) JUDICIAL PROCEEDINGS.—

4 “(i) JURISDICTION OF THE DISTRICT  
5 COURTS.—

6 “(I) IN GENERAL.—On com-  
7 plaint, the district courts of the  
8 United States in the district in which  
9 the complainant resides, or has his  
10 principal place of business, or in  
11 which his return or return informa-  
12 tion is situated, or in the District of  
13 Columbia, shall have jurisdiction to  
14 enjoin the Secretary from withholding  
15 return or return information which is  
16 subject to disclosure under subsection  
17 (c), (e), or (k)(1) or (2), and to order  
18 the production of any return or return  
19 information improperly withheld from  
20 the complainant.

21 “(II) EXPEDITED PROCESSING.—

22 No district court of the United States  
23 shall have jurisdiction to review a de-  
24 nial by the Secretary of expedited  
25 processing of a request for return or

1                   return information after the Secretary  
2                   has provided a complete response to  
3                   the request.

4                   “(ii) PROCEDURAL MATTERS.—In a  
5                   case arising under clause (i), the court  
6                   shall determine the matter de novo (on the  
7                   record before the Secretary at the time of  
8                   the determination in the case of a request  
9                   for expedited processing), and may exam-  
10                  ine the contents of such return or return  
11                  information in camera to determine wheth-  
12                  er such return or return information or  
13                  any part thereof shall be withheld under  
14                  any of the provisions of this title, and the  
15                  burden shall be on the Secretary to sustain  
16                  its action. In addition to any other matters  
17                  to which a court accords substantial  
18                  weight, a court shall accord substantial  
19                  weight to an affidavit of the Secretary con-  
20                  cerning the Secretary’s determination as to  
21                  technical feasibility relating to, and repro-  
22                  ducibility of, such return and return infor-  
23                  mation.

24                  “(E) DEADLINE FOR SECRETARY TO AN-  
25                  SWER COMPLAINT.—Notwithstanding any other

1           provision of law, the Secretary shall serve an  
2           answer or otherwise plead to any complaint  
3           made under this paragraph within 30 days after  
4           service upon the Secretary of the pleading in  
5           which such complaint is made, unless the court  
6           otherwise directs for good cause shown.”.

7           (c) ATTORNEY FEES.—Subsection (a) of section  
8   7430 (relating to general rule for awarding of costs and  
9   certain fees) is amended by inserting after “title,” the fol-  
10   lowing: “and in any court proceeding in connection with  
11   the disclosure of return and return information under sec-  
12   tion 6103(p)(9),”.

13          (d) EFFECTIVE DATE.—The amendments made by  
14   this section shall apply to requests made after the date  
15   of the enactment of this Act.

16   **SEC. 202. EXPANSION OF TYPE OF ADVICE AVAILABLE FOR**  
17                                   **PUBLIC INSPECTION.**

18          (a) IN GENERAL.—Subparagraph (A) of section  
19   6110(i)(1) is amended—

20               (1) by striking “national office component of  
21               the Office of Chief Counsel” and inserting “compo-  
22               nent of the Office of Chief Counsel or of the Serv-  
23               ice”; and

1           (2) in clause (i) by striking “field or service  
2 center employees of the Service or regional or dis-  
3 trict” and inserting “employees of the Service or”.

4           (b) CONFORMING AMENDMENTS.—

5           (1) Section 6110(i)(2) is amended by inserting  
6 “or the Service” after “Office of Chief Counsel”.

7           (2) The following provisions of section 6110 are  
8 amended by striking “Chief Counsel advice” each  
9 place it appears and inserting “official advice”:

10                   (A) Paragraph (1) of subsection (b).

11                   (B) Subparagraph (A) of subsection (i)(1).

12                   (C) Paragraphs (3) and (4) of subsection  
13 (i).

14           (3) Subparagraph (A) of section 6110(g)(5) is  
15 amended by inserting “official advice and” before  
16 “technical advice”.

17           (4) The heading for subsection (i) of section  
18 6110 is amended by striking “CHIEF COUNSEL” and  
19 inserting “OFFICIAL”.

20           (5) The heading for paragraph (1) of section  
21 6110(i) is amended by striking “CHIEF COUNSEL”  
22 and inserting “OFFICIAL”.

23           (6) The headings for paragraphs (2) and (3) of  
24 section 6110(i), and for subparagraphs (A) and (B)  
25 of paragraph (4) of such section, are each amended

1 by striking “CHIEF COUNSEL” and inserting “OFFI-  
2 CIAL”.

3 (c) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by  
5 this section shall apply to any official advice issued  
6 more than 90 days after the date of the enactment  
7 of this Act.

8 (2) DOCUMENTS TREATED AS OFFICIAL AD-  
9 VICE.—If the Secretary of the Treasury by regula-  
10 tion provides pursuant to section 6110(i)(2) of the  
11 Internal Revenue Code of 1986, that any additional  
12 advice or instruction issued by the Office of Chief  
13 Counsel shall be treated as official advice, such addi-  
14 tional advice or instruction shall be made available  
15 for public inspection pursuant to section 6110 of  
16 such Code, as amended by this section, only in ac-  
17 cordance with the effective date set forth in such  
18 regulation.

19 (3) OFFICIAL ADVICE TO BE AVAILABLE ELEC-  
20 TRONICALLY.—The Internal Revenue Service shall  
21 make any official advice issued more than 90 days  
22 after the date of the enactment of this Act and made  
23 available for public inspection pursuant to section  
24 6110 of the Internal Revenue Code of 1986, as



1 amended by this section, also available by computer  
2 telecommunications within 1 year after issuance.

3 **SEC. 203. COLLECTION ACTIVITIES WITH RESPECT TO**  
4 **JOINT RETURN DISCLOSABLE TO EITHER**  
5 **SPOUSE BASED ON ORAL REQUEST.**

6 (a) IN GENERAL.—Paragraph (8) of section 6103(e)  
7 (relating to disclosure of collection activities with respect  
8 to joint return) is amended by striking “in writing” the  
9 first place it appears.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to requests made after the date  
12 of the enactment of this Act.

13 **SEC. 204. TAXPAYER REPRESENTATIVES NOT SUBJECT TO**  
14 **EXAMINATION ON SOLE BASIS OF REPRESENTATION OF**  
15 **TAXPAYERS.**

16 (a) IN GENERAL.—Subsection (h) of section 6103  
17 (relating to disclosure to certain Federal officers and em-  
18 ployees for purposes of tax administration, etc.) is amend-  
19 ed by adding at the end the following new paragraph:

20 “(7) TAXPAYER REPRESENTATIVES.—Notwith-  
21 standing paragraph (1), the return of the represent-  
22 ative of a taxpayer whose return is being examined  
23 by an officer or employee of the Department of the  
24 Treasury shall not be open to inspection by such of-  
25 ficer or employee on the sole basis of the representa-

1       tive’s relationship to the taxpayer unless a super-  
2       visor of such officer or employee has approved the  
3       inspection of the return of such representative on a  
4       basis other than by reason of such relationship.”.

5       (b) EFFECTIVE DATE.—The amendment made by  
6 this section shall take effect on the date of the enactment  
7 of this Act.

8 **SEC. 205. DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE**  
9                   **TAX PROCEEDINGS OF RETURN AND RETURN**  
10                   **INFORMATION OF PERSONS WHO ARE NOT**  
11                   **PARTY TO SUCH PROCEEDINGS.**

12       (a) IN GENERAL.—Paragraph (4) of section 6103(h)  
13 (relating to disclosure to certain Federal officers and em-  
14 ployees for purposes of tax administration, etc.) is amend-  
15 ed by adding at the end the following new subparagraph:

16                   “(B) DISCLOSURE IN JUDICIAL OR ADMIN-  
17                   ISTRATIVE TAX PROCEEDINGS OF RETURN AND  
18                   RETURN INFORMATION OF PERSONS NOT PARTY  
19                   TO SUCH PROCEEDINGS.—

20                   “(i) NOTICE.—Return or return infor-  
21                   mation of any person who is not a party to  
22                   a judicial or administrative proceeding de-  
23                   scribed in paragraph (4) shall not be dis-  
24                   closed under clause (ii) or (iii) of subpara-  
25                   graph (A) until after the Secretary makes

1 a reasonable effort to give notice to such  
2 person and an opportunity for such person  
3 to request the deletion of matter from such  
4 return or return information, including any  
5 of the items referred to in paragraphs (1)  
6 through (7) of section 6110(c). Such notice  
7 shall include a statement of the issue or  
8 issues the resolution of which is the reason  
9 such return or return information is  
10 sought. In the case of S corporations, part-  
11 nerships, estates, and trusts, such notice  
12 shall be made at the entity level.

13 “(ii) DISCLOSURE LIMITED TO PERTI-  
14 NENT PORTION.—The only portion of a re-  
15 turn or return information described in  
16 clause (i) which may be disclosed under  
17 subparagraph (A) is that portion of such  
18 return or return information that directly  
19 relates to the resolution of an issue in such  
20 proceeding.

21 “(iii) EXCEPTIONS.—Clause (i) shall  
22 not apply to—

23 “(I) any ex parte proceeding for  
24 obtaining a search warrant, order for

1 entry on premises or safe deposit  
2 boxes, or similar ex parte proceeding,

3 “(II) disclosure of third party re-  
4 turn information by indictment or  
5 criminal information, or

6 “(III) if the Secretary determines  
7 that the application of such clause  
8 would seriously impair a criminal tax  
9 investigation.”.

10 (b) CONFORMING AMENDMENTS.—Paragraph (4) of  
11 section 6103(h) is amended by—

12 (1) by striking “PROCEEDINGS.—A return” and  
13 inserting “PROCEEDINGS.—

14 “(A) IN GENERAL.—Except as provided in  
15 subparagraph (B), a return”;

16 (2) by redesignating subparagraphs (A), (B),  
17 (C), and (D) clauses (i), (ii), (iii), and (iv), respec-  
18 tively; and

19 (3) in the matter following clause (iv) (as so re-  
20 designated), by striking “subparagraph (A), (B), or  
21 (C)” and inserting “clause (i), (ii), or (iii)” and by  
22 moving such matter 2 ems to the right.

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

1 **SEC. 206. PROHIBITION OF DISCLOSURE OF TAXPAYER**  
2 **IDENTIFICATION INFORMATION WITH RE-**  
3 **SPECT TO DISCLOSURE OF ACCEPTED OF-**  
4 **FERS-IN-COMPROMISE.**

5 (a) IN GENERAL.—Paragraph (1) of section 6103(k)  
6 (relating to disclosure of certain returns and return infor-  
7 mation for tax administrative purposes) is amended by in-  
8 serting “(other than address and TIN)” after “Return in-  
9 formation”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to disclosures made after the date  
12 of the enactment of this Act.

13 **SEC. 207. COMPLIANCE BY STATE CONTRACTORS WITH**  
14 **CONFIDENTIALITY SAFEGUARDS.**

15 (a) IN GENERAL.—Paragraph (8) of section 6103(p)  
16 (relating to State law requirements) is amended by redес-  
17 ignating subparagraph (B) as subparagraph (C) and by  
18 inserting after subparagraph (A) the following new sub-  
19 paragraph:

20 “(B) DISCLOSURE TO CONTRACTORS.—  
21 Notwithstanding any other provision of this sec-  
22 tion, no return or return information shall be  
23 disclosed by any officer or employee of any  
24 State to any contractor of the State unless such  
25 State—

1           “(i) has requirements in effect which  
2           require each contractor of the State which  
3           would have access to returns or return in-  
4           formation to provide safeguards (within  
5           the meaning of paragraph (4)) to protect  
6           the confidentiality of such returns or re-  
7           turn information,

8           “(ii) agrees to conduct an annual, on-  
9           site review (mid-point review in the case of  
10          contracts of less than 1 year in duration)  
11          of each contractor to determine compliance  
12          with such requirements,

13          “(iii) submits the findings of the most  
14          recent review conducted under clause (ii)  
15          to the Secretary as part of the report re-  
16          quired by paragraph (4)(E), and

17          “(iv) certifies to the Secretary for the  
18          most recent annual period that all contrac-  
19          tors are in compliance with all such re-  
20          quirements.

21          The certification required by clause (iv) shall  
22          include the name and address of each con-  
23          tractor, a description of the contract of the con-  
24          tractor with the State, and the duration of such  
25          contract.”.

1 (b) CONFORMING AMENDMENT.—Subparagraph (C)  
2 of section 6103(p)(8), as amended by subsection (a), is  
3 amended by striking “subparagraph (A)” and inserting  
4 “subparagraphs (A) and (B)”.

5 (c) EFFECTIVE DATE.—

6 (1) IN GENERAL.—The amendments made by  
7 this section shall apply to disclosures made after De-  
8 cember 31, 2001.

9 (2) The first certification under section  
10 6103(p)(8)(B)(iv) of the Internal Revenue Code of  
11 1986, as added by subsection (a), shall be made with  
12 respect to calendar year 2002.

13 **SEC. 208. HIGHER STANDARDS FOR REQUESTS FOR AND**  
14 **CONSENTS TO DISCLOSURE.**

15 (a) IN GENERAL.—Subsection (c) of section 6103  
16 (relating to disclosure of returns and return information  
17 to designee of taxpayer) is amended by adding at the end  
18 the following new paragraphs:

19 “(2) REQUIREMENTS FOR VALID REQUESTS  
20 AND CONSENTS.—A request for or consent to disclo-  
21 sure under paragraph (1) shall only be valid for pur-  
22 poses of this section or sections 7213, 7213A, or  
23 7431 if—

1           “(A) at the time of execution, such request  
2           or consent designates a recipient of such disclo-  
3           sure and is dated, and

4           “(B) at the time such request or consent  
5           is submitted to the Secretary, the submitter of  
6           such request or consent certifies, under penalty  
7           of perjury, that such request or consent com-  
8           plied with subparagraph (A).

9           “(3) RESTRICTIONS ON PERSONS OBTAINING  
10          INFORMATION.—Any person shall, as a condition for  
11          receiving return or return information under para-  
12          graph (1)—

13                 “(A) ensure that such return and return  
14                 information is kept confidential,

15                 “(B) use such return and return informa-  
16                 tion only for the purpose for which it was re-  
17                 quested, and

18                 “(C) not disclose such return and return  
19                 information except to accomplish the purpose  
20                 for which it was requested, unless a separate  
21                 consent from the taxpayer is obtained.

22           “(4) REQUIREMENTS FOR FORM PRESCRIBED  
23          BY SECRETARY.—For purposes of this subsection,  
24          the Secretary shall prescribe a form for requests and  
25          consents which shall—



1           “(A) contain a warning, prominently dis-  
2           played, informing the taxpayer that the form  
3           should not be signed unless it is completed,

4           “(B) state that if the taxpayer believes  
5           there is an attempt to coerce him to sign an in-  
6           complete or blank form, the taxpayer should re-  
7           port the matter to the Treasury Inspector Gen-  
8           eral for Tax Administration, and

9           “(C) contain the address and telephone  
10          number of the Treasury Inspector General for  
11          Tax Administration.”.

12          (b) REPORT.—Not later than 18 months after the  
13          date of the enactment of this Act, the Treasury Inspector  
14          General for Tax Administration shall submit a report to  
15          the Congress on compliance with the designation and cer-  
16          tification requirements applicable to requests for or con-  
17          sent to disclosure of returns and return information under  
18          section 6103(c) of the Internal Revenue Code of 1986, as  
19          amended by subsection (a). Such report shall—

20                 (1) evaluate (on the basis of random sampling)  
21          whether—

22                         (A) the amendments made by subsection  
23                         (a) are achieving the purposes of this section;

1 (B) requesters and submitters for such dis-  
2 closure are continuing to evade the purposes of  
3 this section and, if so, how; and

4 (C) the sanctions for violations of such re-  
5 quirements are adequate; and

6 (2) include such recommendations that the  
7 Treasury Inspector General for Tax Administration  
8 considers necessary or appropriate to better achieve  
9 the purposes of this section.

10 (c) CONFORMING AMENDMENT.—Section 6103(c) is  
11 amended by striking “TAXPAYER.—The Secretary” and  
12 inserting “TAXPAYER.—

13 “(1) IN GENERAL.—The Secretary”.

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to requests and consents made  
16 after 3 months after the date of the enactment of this  
17 Act.

18 **SEC. 209. NOTICE TO TAXPAYER CONCERNING ADMINIS-**  
19 **TRATIVE DETERMINATION OF BROWSING; AN-**  
20 **NUAL REPORT.**

21 (a) NOTICE TO TAXPAYER.—Subsection (e) of section  
22 7431 (relating to notification of unlawful inspection and  
23 disclosure) is amended by adding at the end the following:  
24 “The Secretary shall also notify such taxpayer if the  
25 Treasury Inspector General for Tax Administration deter-

1 mines that such taxpayer’s return or return information  
2 was inspected or disclosed in violation of any of the provi-  
3 sions specified in paragraph (1), (2), or (3).”.

4 (b) REPORTS.—Subsection (p) of section 6103 (relat-  
5 ing to procedure and recordkeeping), as amended by sec-  
6 tion 201(b), is further amended by adding at the end the  
7 following new paragraph:

8 “(10) REPORT ON UNAUTHORIZED DISCLOSURE  
9 AND INSPECTION.—As part of the report required by  
10 paragraph (3)(C) for each calendar year, the Sec-  
11 retary shall furnish information regarding the unau-  
12 thorized disclosure and inspection of returns and re-  
13 turn information, including the number, status, and  
14 results of—

15 “(A) administrative investigations,

16 “(B) civil lawsuits brought under section  
17 7431 (including the amounts for which such  
18 lawsuits were settled and the amounts of dam-  
19 ages awarded), and

20 “(C) criminal prosecutions.”.

21 (c) EFFECTIVE DATE.—

22 (1) NOTICE.—The amendment made by sub-  
23 section (a) shall apply to determinations made after  
24 the date of the enactment of this Act.

1           (2) REPORTS.—The amendment made by sub-  
2           section (b) shall apply to calendar years ending after  
3           the date of the enactment of this Act.

4   **SEC. 210. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX**  
5                           **REFUND PURPOSES.**

6           Paragraph (1) of section 6103(m) (relating to dislo-  
7           sure of taxpayer identity information for tax refunds) is  
8           amended by inserting “, and through any other means of  
9           mass communication,” after “media”.

10                           **TITLE III—OTHER**  
11                           **REQUIREMENTS**

12   **SEC. 301. CLARIFICATION OF DEFINITION OF CHURCH TAX**  
13                           **INQUIRY.**

14           Subsection (i) of section 7611 (relating to section not  
15           to apply to criminal investigations, etc.) is amended by  
16           striking “or” at the end of paragraph (4), by striking the  
17           period at the end of paragraph (5) and inserting “, or”,  
18           and by inserting after paragraph (5) the following:

19                           “(6) information provided by the Secretary re-  
20           lated to the standards for exemption from tax under  
21           this title and the requirements under this title relat-  
22           ing to unrelated business taxable income.”.

1 **SEC. 302. EXPANSION OF DECLARATORY JUDGMENT REM-**  
2 **EDY TO TAX-EXEMPT ORGANIZATIONS.**

3 (a) IN GENERAL.—Paragraph (1) of section 7428(a)  
4 (relating to creation of remedy) is amended—

5 (1) in subparagraph (B) by inserting after  
6 “509(a)” the following: “or as a private operating  
7 foundation (as defined in section 4942(j)(3))”; and

8 (2) by amending subparagraph (C) to read as  
9 follows:

10 “(C) with respect to the initial qualifica-  
11 tion or continuing qualification of an organiza-  
12 tion as an organization described in section  
13 501(c) (other than paragraph (3)) which is ex-  
14 empt from tax under section 501(a), or”.

15 (b) COURT JURISDICTION.—Subsection (a) of section  
16 7428 is amended in the material following paragraph (2)  
17 by striking “United States Tax Court, the United States  
18 Claims Court, or the district court of the United States  
19 for the District of Columbia” and inserting the following:  
20 “United States Tax Court (in the case of any such deter-  
21 mination or failure) or the United States Claims Court  
22 or the district court of the United States for the District  
23 of Columbia (in the case of a determination or failure with  
24 respect to an issue referred to in subparagraph (A) or (B)  
25 of paragraph (1)),”.

1           (c) FAILURE OF SERVICE TO ACT ON DETERMINA-  
2 TIONS TREATED AS EXHAUSTION OF REMEDIES.—The  
3 second sentence of paragraph (2) of section 7428(b) (re-  
4 lating to exhaustion of administrative remedies) is amend-  
5 ed to read as follows: “An organization requesting the de-  
6 termination of an issue referred to in subsection (a)(1)  
7 shall be deemed to have exhausted its administrative rem-  
8 edies with respect to—

9                   “(A) a failure by the Secretary to make a  
10                   determination with respect to such issue at the  
11                   expiration of 270 days after the date on which  
12                   the request for such determination was made if  
13                   the organization has taken, in a timely manner,  
14                   all reasonable steps to secure such determina-  
15                   tion, and

16                   “(B) a failure by any office of the Service  
17                   (other than the office which is responsible for  
18                   initial determinations with respect to such issue  
19                   (hereinafter in this subparagraph referred to as  
20                   the ‘initial office’), to make a determination  
21                   with respect to such issue at the expiration of  
22                   180 days after the date on which any request  
23                   for such determination was made by the initial  
24                   office if the organization has taken, in a timely

1 manner, all reasonable steps to secure such de-  
2 termination.”.

3 (d) EFFECTIVE DATES.—

4 (1) DECLARATORY JUDGMENT.—The amend-  
5 ments made by subsections (a) and (b) shall apply  
6 to pleadings filed with respect to determinations (or  
7 requests for determinations) made after the date of  
8 the enactment of this Act.

9 (2) FAILURE OF SERVICE TO ACT.—The  
10 amendments made by subsection (c) shall apply to  
11 applications received in the national office of the In-  
12 ternal Revenue Service after the date of the enact-  
13 ment of this Act.

14 **SEC. 303. EMPLOYEE MISCONDUCT REPORT TO INCLUDE**  
15 **SUMMARY OF COMPLAINTS BY CATEGORY.**

16 (a) IN GENERAL.—Clause (ii) of section  
17 7803(d)(2)(A) is amended by inserting before the semi-  
18 colon at the end the following: “, including a summary  
19 (by category) of the 10 most common complaints made  
20 and the number of such common complaints”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 subsection (a) shall apply with respect to reporting periods  
23 ending after the date of the enactment of this Act.

1 **SEC. 304. INCREASE IN THRESHOLD FOR JOINT COM-**  
2 **MITTEE REPORTS ON REFUNDS AND CRED-**  
3 **ITS.**

4 (a) **GENERAL RULE.**—Subsections (a) and (b) of sec-  
5 tion 6405 are each amended by striking “\$1,000,000” and  
6 inserting “\$2,000,000”.

7 (b) **EFFECTIVE DATE.**—The amendment made by  
8 subsection (a) shall take effect on the date of the enact-  
9 ment of this Act, except that such amendment shall not  
10 apply with respect to any refund or credit with respect  
11 to a report that has been made before such date of the  
12 enactment under section 6405 of the Internal Revenue  
13 Code of 1986.

14 **SEC. 305. ANNUAL REPORT ON AWARDS OF COSTS AND**  
15 **CERTAIN FEES IN ADMINISTRATIVE AND**  
16 **COURT PROCEEDINGS.**

17 Not later than 3 months after the close of each Fed-  
18 eral fiscal year after fiscal year 1999, the Treasury In-  
19 spector General for Tax Administration shall submit a re-  
20 port to Congress which specifies for such year—

21 (1) the number of payments made by the  
22 United States pursuant to section 7430 of the Inter-  
23 nal Revenue Code of 1986 (relating to awarding of  
24 costs and certain fees);

25 (2) the amount of each such payment;



1 (3) an analysis of any administrative issue giv-  
2 ing rise to such payments; and

3 (4) changes (if any) which will be implemented  
4 as a result of such analysis and other changes (if  
5 any) recommended by the Treasury Inspector Gen-  
6 eral for Tax Administration as a result of such anal-  
7 ysis.

8 **SEC. 306. ANNUAL REPORT ON ABATEMENT OF PENALTIES.**

9 Not later than 6 months after the close of each Fed-  
10 eral fiscal year after fiscal year 1999, the Treasury In-  
11 spector General for Tax Administration shall submit a re-  
12 port to Congress on abatements of penalties under the In-  
13 ternal Revenue Code of 1986 during such year, including  
14 information on the reasons and criteria for such abate-  
15 ments.

16 **SEC. 307. BETTER MEANS OF COMMUNICATING WITH TAX-**  
17 **PAYERS.**

18 Not later than 18 months after the date of the enact-  
19 ment of this Act, the Treasury Inspector General for Tax  
20 Administration shall submit a report to Congress evalu-  
21 ating whether technological advances, such as e-mail and  
22 facsimile transmission, permit the use of alternative  
23 means for the Internal Revenue Service to communicate  
24 with taxpayers.

1 **SEC. 308. EXPLANATION OF STATUTE OF LIMITATIONS AND**  
2 **CONSEQUENCES OF FAILURE TO FILE.**

3 The Secretary of the Treasury or the Secretary's del-  
4 egate shall, as soon as practicable but not later than 180  
5 days after the date of the enactment of this Act, revise  
6 the statement required by section 6227 of the Omnibus  
7 Taxpayer Bill of Rights (Internal Revenue Service Publi-  
8 cation No. 1), and any instructions booklet accompanying  
9 a general income tax return form for taxable years begin-  
10 ning in 2000 and later (including forms 1040, 1040A,  
11 1040EZ, and any similar or successor forms relating  
12 thereto), to provide for an explanation of—

13 (1) the limitations imposed by section 6511 of  
14 the Internal Revenue Code of 1986 on credits and  
15 refunds; and

16 (2) the consequences under such section 6511  
17 of the failure to file a return of tax.

Passed the House of Representatives April 11, 2000.

Attest:

*Clerk.*