

112TH CONGRESS
2D SESSION

S. 3355

To amend the Internal Revenue Code of 1986 to provide taxpayer protection and assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 28, 2012

Mr. BINGAMAN (for himself, Mr. KERRY, Mr. AKAKA, Mr. UDALL of New Mexico, Mr. BROWN of Ohio, Mr. LIEBERMAN, Mr. PRYOR, Mr. MENENDEZ, and Mr. DURBIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide taxpayer protection and assistance, and for other purposes.

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 Bill of Rights Act of 2012”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

TITLE I—TAXPAYER RIGHTS AND OBLIGATIONS

Sec. 101. Statement of taxpayer rights and obligations.

TITLE II—PREPARATION OF TAX RETURNS

- Sec. 201. Programs for the benefit of low-income taxpayers.
- Sec. 202. Regulation of Federal income tax return preparers.
- Sec. 203. Refund delivery products.
- Sec. 204. Preparer penalties with respect to preparation of returns and other submissions.
- Sec. 205. Clarification of enrolled agent credentials.

TITLE III—IMPROVING TAXPAYER SERVICES

- Sec. 301. Modifications to lien notice filing procedures.
- Sec. 302. Modification of requirements relating to tax lien information contained in consumer credit reports.
- Sec. 303. Ban on audit insurance.
- Sec. 304. Public awareness.
- Sec. 305. Clarification of taxpayer assistance order authority.
- Sec. 306. Taxpayer advocate directives.
- Sec. 307. Improved services for taxpayers.
- Sec. 308. Taxpayer access to financial institutions.
- Sec. 309. Additional studies.
- Sec. 310. De novo tax court review of innocent spouse relief determinations.

5 **TITLE I—TAXPAYER RIGHTS AND**
6 **OBLIGATIONS**

7 **SEC. 101. STATEMENT OF TAXPAYER RIGHTS AND OBLIGA-**
8 **TIONS.**

9 (a) IN GENERAL.—Chapter 77 is amended by adding
10 at the end the following new section:

1 **“SEC. 7529. STATEMENT OF TAXPAYER RIGHTS AND OBLI-**
2 **GATIONS.**

3 “(a) IN GENERAL.—The Secretary, in consultation
4 with the National Taxpayer Advocate, shall publish a sum-
5 mary statement of rights and obligations arising under
6 this title. Such statement shall provide citations to the
7 main provisions of this title which provide for the right
8 or obligation (as the case may be). This statement of
9 rights and obligations does not create or confer any rights
10 or obligations not otherwise provided for under this title.

11 “(b) STATEMENT OF RIGHTS AND OBLIGATIONS.—
12 The statement of rights and obligations is as follows:

13 “(1) TAXPAYER RIGHTS.—

14 “(A) Right to be informed (including ade-
15 quate legal and procedural guidance and infor-
16 mation about taxpayer rights).

17 “(B) Right to be assisted.

18 “(C) Right to be heard.

19 “(D) Right to pay no more than the cor-
20 rect amount of tax.

21 “(E) Right of appeal (administrative and
22 judicial).

23 “(F) Right to certainty (including guid-
24 ance, periods of limitation, no second exam, and
25 closing agreements).

1 “(G) Right to privacy (including due pro-
2 cess considerations, least intrusive enforcement
3 action, and search and seizure protections).

4 “(H) Right to confidentiality.

5 “(I) Right to appoint a representative in
6 matters before the Internal Revenue Service.

7 “(J) Right to fair and just tax system
8 (offer in compromise, abatement, assistance
9 from the Office of the Taxpayer Advocate under
10 section 7803(c), apology, and other compensa-
11 tion payments).

12 “(2) TAXPAYER OBLIGATIONS.—

13 “(A) Obligation to be honest.

14 “(B) Obligation to be cooperative.

15 “(C) Obligation to provide accurate infor-
16 mation and documents on time.

17 “(D) Obligation to keep records.

18 “(E) Obligation to pay taxes on time.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for chapter 77 is amended by adding at the end the fol-
21 lowing new item:

 “Sec. 7529. Statement of taxpayer rights and obligations.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect 180 days after the date of
24 the enactment of this Act.

1 **TITLE II—PREPARATION OF TAX**
2 **RETURNS**

3 **SEC. 201. PROGRAMS FOR THE BENEFIT OF LOW-INCOME**
4 **TAXPAYERS.**

5 (a) VOLUNTEER INCOME TAX ASSISTANCE PLUS.—
6 Chapter 77 is amended by inserting after section 7526 the
7 following new section:

8 **“SEC. 7526A. VOLUNTEER INCOME TAX ASSISTANCE PLUS.**

9 “(a) IN GENERAL.—The Secretary may, subject to
10 the availability of appropriated funds, make grants to pro-
11 vide matching funds for the development, expansion, or
12 continuation of qualified return preparation programs.

13 “(b) DEFINITIONS.—For purposes of this section—

14 “(1) QUALIFIED RETURN PREPARATION PRO-
15 GRAM.—

16 “(A) IN GENERAL.—The term ‘qualified
17 return preparation program’ means a pro-
18 gram—

19 “(i) which does not charge taxpayers
20 for its return preparation services,

21 “(ii) which operates programs which
22 assist low-income taxpayers, including
23 those programs that serve taxpayers for
24 whom English is a second language, in
25 preparing and filing their Federal income

1 tax returns, including schedules reporting
2 sole proprietorship or farm income,

3 “(iii) in which all of the volunteers
4 who assist in the preparation of Federal
5 income tax returns meet the training re-
6 quirements prescribed by the Secretary,
7 and

8 “(iv) which may establish procedures
9 to—

10 “(I) provide taxpayers with train-
11 ing on preparation of their own re-
12 turns, and

13 “(II) provide assistance from the
14 volunteers for taxpayers who prepare
15 and file their own tax returns using
16 computer equipment and tax prepara-
17 tion software provided by the pro-
18 gram.

19 “(B) ASSISTANCE TO LOW-INCOME TAX-
20 PAYERS.—For purposes of subparagraph (A), a
21 program is treated as assisting low-income tax-
22 payers if at least 90 percent of the taxpayers
23 assisted by the program have incomes which do
24 not exceed 250 percent of the poverty level, as
25 determined in accordance with criteria estab-

1 lished by the Director of the Office of Manage-
2 ment and Budget.

3 “(2) PROGRAM.—The term ‘program’ in-
4 cludes—

5 “(A) a program at an institution of higher
6 education which—

7 “(i) is described in section 102 (other
8 than subsection (a)(1)(C) thereof) of the
9 Higher Education Act of 1965 (20 U.S.C.
10 1088), as in effect on the date of the en-
11 actment of this section, and which has not
12 been disqualified from participating in a
13 program under title IV of such Act, and

14 “(ii) satisfies the requirements of
15 paragraph (1) through student assistance
16 of taxpayers in return preparation and fil-
17 ing;

18 “(B) an organization described in section
19 501(c) and exempt from tax under section
20 501(a) which satisfies the requirements of para-
21 graph (1);

22 “(C) a regional, State or local coalition
23 (with one lead organization, which meets the
24 eligibility requirements, acting as the applicant
25 organization);

1 “(D) a county or municipal government
2 agency;

3 “(E) an Indian tribe, as defined in section
4 4(12) of the Native American Housing Assist-
5 ance and Self-Determination Act of 1996 (25
6 U.S.C. 4103(12)), and includes any tribally
7 designated housing entity (as defined in section
8 4(21) of such Act (25 U.S.C. 4103(21)), tribal
9 subsidiary, subdivision, or other wholly owned
10 tribal entity;

11 “(F) a section 501(c)(5) organization;

12 “(G) a State government agency if no
13 other eligible organization is available to assist
14 the targeted population or community;

15 “(H) a Cooperative Extension Service of-
16 fice if no other eligible organization is available
17 to assist the targeted population or community;
18 and

19 “(I) a nonprofit Community Development
20 Financial Institution (CDFI) and federally and
21 State-chartered credit union that qualifies for a
22 tax exemption under sections 501(c)(1) and
23 501(c)(14), respectively.

24 “(c) SPECIAL RULES AND LIMITATIONS.—

1 “(1) AGGREGATE LIMITATION.—Unless other-
2 wise provided by specific appropriation, the Sec-
3 retary shall not allocate more than \$35,000,000 per
4 year (exclusive of costs of administering the pro-
5 gram) to grants under this section.

6 “(2) USE OF GRANTS FOR OVERHEAD EX-
7 PENSES PROHIBITED.—No grant made under this
8 section may be used for overhead expenses that are
9 not directly related to any program or that are in-
10 curred by any institution sponsoring such program.

11 “(3) OTHER APPLICABLE RULES.—Rules simi-
12 lar to the rules under paragraphs (2) through (6) of
13 section 7526(c) shall apply with respect to the
14 awarding of grants to qualified return preparation
15 programs.

16 “(4) PROMOTION OF PROGRAMS.—The Sec-
17 retary is authorized to promote the benefits of and
18 encourage the use of qualified VITA Plus through
19 the use of mass communications, referrals, and other
20 means.

21 “(5) SERVICES RELATED TO TAX RETURN
22 PREPARATION.—A qualified return preparation pro-
23 gram receiving a grant under this section may use
24 such grant to provide services related to financial lit-
25 eracy, asset development, and the establishment of

1 savings accounts in connection with tax return prep-
2 aration services performed through the program.”.

3 (b) LOW-INCOME TAXPAYER CLINICS.—

4 (1) INCREASE IN AUTHORIZED GRANTS.—Para-
5 graph (1) of section 7526(c) is amended by striking
6 “\$6,000,000” and inserting “\$20,000,000”.

7 (2) USE OF GRANTS FOR OVERHEAD EXPENSES
8 PROHIBITED.—

9 (A) IN GENERAL.—Section 7526(c) is
10 amended by adding at the end the following
11 new paragraph:

12 “(6) USE OF GRANTS FOR OVERHEAD EX-
13 PENSES PROHIBITED.—No grant made under this
14 section may be used for the overhead expenses that
15 are not directly related to the clinic or that are of
16 any institution sponsoring such clinic.”.

17 (B) CONFORMING AMENDMENTS.—Section
18 7526(c)(5) is amended—

19 (i) by inserting “qualified” before
20 “low-income”, and

21 (ii) by striking the last sentence.

22 (3) PROMOTION OF CLINICS.—Subsection (c) of
23 section 7526, as amended by paragraph (2), is
24 amended by adding at the end the following new
25 paragraph:

1 “(7) PROMOTION OF CLINICS.—The Secretary
2 is authorized to promote the benefits of and encour-
3 age the use of qualified low-income taxpayer clinics
4 through the use of mass communications, referrals,
5 and other means.”.

6 (4) IRS REFERRALS TO CLINICS.—Subsection
7 (c) of section 7526, as amended by the preceding
8 provisions of this subsection, is amended by adding
9 at the end the following new paragraph:

10 “(8) IRS REFERRALS.—Notwithstanding any
11 other provision of law, the Secretary may refer tax-
12 payers to specific qualified low-income taxpayer clin-
13 ics receiving funding under this section.”.

14 (5) NOTICE OF AVAILABILITY OF CLINICS IN
15 NOTICE OF DEFICIENCY.—Subsection (a) of section
16 6212 is amended by inserting “, as well as notice re-
17 garding the availability of low-income taxpayer clin-
18 ics and information about how to contact them” be-
19 fore the period at the end.

20 (6) NOTICE OF AVAILABILITY OF CLINICS IN
21 NOTICE OF HEARING UPON FILING OF NOTICE OF
22 LIEN.—Subsection (a) of section 6320 is amended
23 by adding at the end the following new sentence:

1 “Such notice shall include a notice to the taxpayer of the
2 availability of low-income taxpayer clinics and information
3 about how to contact them.”.

4 (7) NOTICE OF AVAILABILITY OF CLINICS IN
5 NOTICE AND OPPORTUNITY OF HEARING BEFORE
6 LEVY.—Paragraph (3) of section 6330(a) is amend-
7 ed by adding at the end the following flush sentence:
8 “Such notice shall include a notice to the taxpayer
9 of the availability of low-income taxpayer clinics and
10 information about how to contact them.”.

11 (c) CLERICAL AMENDMENT.—The table of sections
12 for chapter 77 is amended by inserting after the item re-
13 lating to section 7526 the following new item:

“Sec. 7526A. Volunteer income tax assistance plus.”.

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

17 **SEC. 202. REGULATION OF FEDERAL INCOME TAX RETURN**
18 **PREPARERS.**

19 (a) IN GENERAL.—Section 330(a)(1) of title 31,
20 United States Code, is amended by inserting “(including
21 tax return preparers of Federal tax returns, documents,
22 and other submissions)” after “representatives”.

23 (b) PROMULGATION OF REGULATIONS.—The Sec-
24 retary of the Treasury shall prescribe regulations under
25 section 330 of title 31, United States Code, to regulate

1 any tax return preparers not otherwise regulated by the
2 Secretary.

3 (c) PENALTY FOR UNAUTHORIZED PREPARATION OF
4 RETURNS.—

5 (1) IN GENERAL.—In promulgating the regula-
6 tions pursuant to subsection (b), the Secretary shall
7 impose a penalty of \$1,000 for each Federal tax re-
8 turn, document, or other submission prepared by a
9 tax return preparer who is not in compliance with
10 the regulations promulgated under this section or
11 who is suspended or disbarred from practice before
12 the Department of the Treasury under such regula-
13 tions. Such penalty shall be in addition to any other
14 penalty which may be imposed.

15 (2) EXCEPTION.—No penalty may be imposed
16 under paragraph (1) with respect to any failure if it
17 is shown that such failure is due to reasonable
18 cause.

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

20 (1) TAX RETURN PREPARER.—The term “tax
21 return preparer” has the meaning given by section
22 7701(a)(36) of the Internal Revenue Code of 1986,
23 and includes any person requiring the purchase of
24 services, a financial product or goods in lieu of or in
25 addition to direct monetary payment.

1 (2) SECRETARY.—The terms “Secretary of the
2 Treasury” and “Secretary” mean the Secretary of
3 the Treasury or the delegate of the Secretary.

4 (e) PUBLIC AWARENESS CAMPAIGN.—The Secretary
5 shall conduct a public information and consumer edu-
6 cation campaign, utilizing paid advertising—

7 (1) to encourage taxpayers to use for Federal
8 tax matters only professionals who establish their
9 competency under the regulations promulgated
10 under section 330 of title 31, United States Code,
11 and

12 (2) to inform the public of the requirements
13 that any compensated preparer of tax returns, docu-
14 ments, and submissions subject to the requirements
15 under the regulations promulgated under such sec-
16 tion must sign the return, document, or submission
17 prepared for a fee and display notice of such pre-
18 parer’s compliance under such regulations.

19 **SEC. 203. REFUND DELIVERY PRODUCTS.**

20 (a) IN GENERAL.—Chapter 77, as amended by sec-
21 tion 101, is amended by adding at the end the following
22 new section:

23 **“SEC. 7530. REFUND DELIVERY PRODUCTS.**

24 “(a) REGISTRATION.—

1 “(1) IN GENERAL.—The Secretary shall by reg-
2 ulation require each refund delivery product facilita-
3 tor to register annually with the Secretary.

4 “(2) REGISTRATION REQUIREMENTS.—A reg-
5 istration shall under paragraph (1) shall include—

6 “(A) the name, address, and TIN of the
7 refund delivery product facilitator, and

8 “(B) the fee schedule of the facilitator for
9 the year.

10 “(3) DISPLAY OF REGISTRATION CERTIFI-
11 CATE.—The certificate of registration under para-
12 graph (1) shall be displayed in the facility of the re-
13 fund delivery product facilitator in the manner re-
14 quired by the Secretary.

15 “(b) DISCLOSURE REQUIREMENTS.—

16 “(1) IN GENERAL.—Each refund delivery prod-
17 uct facilitator registered with the Secretary shall be
18 subject to the requirements of paragraphs (2)
19 through (5).

20 “(2) TAXPAYER EDUCATION.—The require-
21 ments of this paragraph are that the refund delivery
22 product facilitator makes available to consumers an
23 informational pamphlet that—

1 “(A) sets forth options available for receiv-
2 ing tax refunds, presented from least expensive
3 to most expensive, and

4 “(B) discusses short-term credit alter-
5 natives to utilizing refund delivery products.

6 “(3) NATURE OF THE TRANSACTION.—The re-
7 quirements of this paragraph are that, at the time
8 of application for the refund delivery product, the re-
9 fund delivery product facilitator specifically state in
10 writing—

11 “(A) in the case of a refund delivery prod-
12 uct which is a refund loan—

13 “(i) that the applicant is applying for
14 a loan based on the applicant’s anticipated
15 income tax refund,

16 “(ii) the expected time within which
17 the loan will be paid to the applicant if
18 such loan is approved, and

19 “(iii) that there is no guarantee that
20 a refund will be paid in full or received
21 within a specified time period, and that the
22 applicant is responsible for the repayment
23 of the loan even if the refund is not paid
24 in full or has been delayed,

1 “(B) the time within which income tax re-
2 funds are typically paid based upon the dif-
3 ferent filing options available to the applicant,
4 and

5 “(C) that the applicant may file an elec-
6 tronic return without applying for a refund de-
7 livery product and the fee for filing such an
8 electronic return.

9 “(4) FEES, INTEREST AND AMOUNTS RE-
10 CEIVED.—The requirements of this paragraph are
11 that, at the time of application for the refund deliv-
12 ery product, the refund delivery product facilitator
13 discloses to the applicant all amounts to be received
14 in connection with a refund delivery product. Such
15 disclosure shall include—

16 “(A) a copy of the fee schedule of the re-
17 fund delivery product facilitator,

18 “(B) in the case of a refund delivery prod-
19 uct which is a refund loan—

20 “(i) the typical fees and interest rates
21 (using annual percentage rates as defined
22 by section 107 of the Truth in Lending
23 Act (15 U.S.C. 1606)) for several typical
24 amounts of such loans and of other types
25 of consumer credit, and

1 “(ii) that the loan may have substan-
2 tial fees and interest charges that may ex-
3 ceed those of other sources of credit, and
4 the applicant should carefully consider—

5 “(I) whether such a loan is ap-
6 propriate for the applicant, and

7 “(II) other sources of credit,

8 “(C) typical fees and interest charges if a
9 refund is not paid or delayed,

10 “(D) the amount of a fee (if any) that will
11 be charged if the refund delivery product is not
12 approved, and

13 “(E) administrative costs and any other
14 amounts.

15 “(5) OTHER INFORMATION.—The requirements
16 of this paragraph are that the refund delivery prod-
17 uct facilitator discloses any other information re-
18 quired to be disclosed by the Secretary.

19 “(6) DISCLOSURE REQUIREMENT.—A disclosure
20 under any of the preceding paragraphs of this sub-
21 section shall not be treated as meeting the require-
22 ments of the respective paragraph unless the disclo-
23 sure is written in a manner calculated to be under-
24 stood by the average consumer of refund delivery
25 products and provides sufficient information (as de-

1 terminated in accordance with regulations prescribed
2 by the Secretary) to allow the consumer to under-
3 stand such options and credit alternatives.

4 “(c) PENALTY.—

5 “(1) IN GENERAL.—There is hereby imposed a
6 penalty on any refund delivery product facilitator
7 who fails to register with the Secretary pursuant to
8 subsection (a) or fails to meet a disclosure require-
9 ment under subsection (b).

10 “(2) AMOUNT OF PENALTY.—The amount of
11 the penalty imposed by paragraph (1) shall be the
12 greater of—

13 “(A) \$1,000, and

14 “(B) three times the amount of the refund
15 loan, if applicable, and refund delivery product
16 facilitator-determined fees charged with respect
17 to each refund delivery product provided by the
18 refund delivery product facilitator during the
19 period in which the failure described in para-
20 graph (1) occurred.

21 “(3) WAIVER BY SECRETARY.—In the case of a
22 failure which is due to reasonable cause and not to
23 willful neglect, the Secretary may waive part or all
24 of the penalty imposed by paragraph (1) to the ex-
25 tent that the payment of such penalty would be ex-

1 cessive or otherwise inequitable relative to the failure
2 involved.

3 “(d) CONDUCT.—

4 “(1) RULES OF CONDUCT.—The Secretary shall
5 prescribe rules of conduct for refund delivery prod-
6 uct facilitators which are similar to the rules appli-
7 cable to federally authorized tax practitioners (as de-
8 fined by section 7525(a)(3)(A)) under part 10 of
9 title 31, Code of Federal Regulations.

10 “(2) LIMITATION ON APPROVAL AS REFUND DE-
11 LIVERY PRODUCT FACILITATOR.—For such period as
12 the Secretary (in his discretion) determines reason-
13 able, the Secretary may not register any person as
14 a refund delivery product facilitator under sub-
15 section (a) who the Secretary determines has en-
16 gaged in any conduct that would warrant discipli-
17 nary action under the rules of conduct prescribed
18 under paragraph (1) or under part 10 of title 31,
19 Code of Federal Regulations.

20 “(e) OTHER LIMITATIONS RELATING TO REFUND
21 DELIVERY PRODUCTS.—In any case in which a taxpayer
22 has consented to the release of the taxpayer’s refund indi-
23 cator to a refund delivery product facilitator, the Secretary
24 may only provide information related to the refund indi-
25 cator to a refund delivery product facilitator who is reg-

1 istered under subsection (a). For purposes of the pre-
 2 ceding sentence, the term ‘refund indicator’ means a noti-
 3 fication provided through a tax return’s acknowledgment
 4 file regarding whether a refund will be paid. The Secretary
 5 may issue a refund indicator only after the Secretary de-
 6 termines that the taxpayer’s refund would not be pre-
 7 vented by any provision of this title, including any provi-
 8 sion relating to refund offset to repay debts for delinquent
 9 Federal or State taxes, student loans, child support, or
 10 other Federal agency debt, whether the taxpayer is claim-
 11 ing ineligible children for purposes of certain tax benefits,
 12 and whether the refund will be held pending a fraud inves-
 13 tigation.

14 “(f) DEFINITIONS.—For purposes of this section—

15 “(1) REFUND DELIVERY PRODUCT
 16 FACILITATOR.—

17 “(A) IN GENERAL.—The term ‘refund de-
 18 livery product facilitator’ includes any electronic
 19 filing service provider who—

20 “(i) solicits for, processes, receives, or
 21 accepts delivery of an application for a re-
 22 fund delivery product, or

23 “(ii) facilitates the making of a refund
 24 delivery product in any other manner.

1 “(B) ELECTRONIC FILING SERVICE PRO-
2 VIDER.—The term ‘electronic filing service pro-
3 vider’ includes any person who is an electronic
4 return originator, intermediate service provider,
5 or transmitter.

6 “(C) ELECTRONIC RETURN ORIGINATOR.—
7 The term ‘electronic return originator’ includes
8 a person who originates the electronic submis-
9 sion of income tax returns for another person.

10 “(D) INTERMEDIATE SERVICE PRO-
11 VIDER.—The term ‘intermediate service pro-
12 vider’ includes a person who assists with proc-
13 essing return information between an electronic
14 return originator (or the taxpayer in the case of
15 online filing) and a transmitter.

16 “(E) TRANSMITTER.—The term ‘trans-
17 mitter’ includes a person who sends the elec-
18 tronic return data directly to the Internal Rev-
19 enue Service.

20 “(2) REFUND DELIVERY PRODUCT.—The term
21 ‘refund delivery product’ includes a refund loan and
22 any other product sold to a taxpayer for a fee or any
23 other thing of value for the purpose of receiving the
24 taxpayer’s anticipated Federal tax refund.

1 “(3) REFUND LOAN.—The term ‘refund loan’
2 includes any loan of money or any other thing of
3 value to a taxpayer in connection with the taxpayer’s
4 anticipated receipt of a Federal tax refund. Such
5 term includes a loan secured by the tax refund or an
6 arrangement to repay a loan from the tax refund.

7 “(g) REGULATIONS.—

8 “(1) IN GENERAL.—The Secretary may pre-
9 scribe such regulations as necessary to carry out this
10 subchapter.

11 “(2) BURDEN OF REGISTRATION.—In promul-
12 gating such regulations, the Secretary shall minimize
13 the burden and cost on the registrant.”.

14 (b) PUBLIC AWARENESS CAMPAIGN.—The Secretary
15 of the Treasury shall conduct a public information and
16 consumer education campaign, utilizing paid advertising,
17 to educate the public on making sound financial decisions
18 with respect to refund delivery products (as defined by sec-
19 tion 7530 of the Internal Revenue Code of 1986), includ-
20 ing—

21 (1) the need to compare the rates and fees of
22 refund loans with the rates and fees of conventional
23 loans,

24 (2) the need to compare the amount of money
25 received under a refund delivery product after taking

1 into consideration such costs and fees with the total
2 amount of the refund, and

3 (3) where and how taxpayers may lodge com-
4 plaints concerning refund delivery product facilita-
5 tors.

6 (c) CLERICAL AMENDMENT.—The table of sections
7 for chapter 77 is amended by adding at the end the fol-
8 lowing new item:

“Sec. 7530. Refund delivery products.”.

9 (d) EFFECTIVE DATES.—

10 (1) IN GENERAL.—The amendments made by
11 this section shall take effect on the date of the en-
12 actment of the Act.

13 (2) REGULATIONS.—The regulations required
14 by section 7530(g) of the Internal Revenue Code of
15 1986 shall be prescribed not later than 2 years after
16 the date of the enactment of this Act.

17 (3) FULL IMPLEMENTATION.—The Secretary of
18 the Treasury, taking into consideration the com-
19 plexity and magnitude of the requirements set forth
20 under this Act, may delay full implementation of the
21 regulations promulgated under such section not later
22 than 5 years after the enactment of this Act.

1 **SEC. 204. PREPARER PENALTIES WITH RESPECT TO PREPA-**
2 **RATION OF RETURNS AND OTHER SUBMIS-**
3 **SIONS.**

4 (a) INCLUSION OF OTHER SUBMISSIONS IN PENALTY
5 PROVISIONS.—

6 (1) UNDERSTATEMENT OF TAXPAYER'S LIABIL-
7 ITY.—

8 (A) IN GENERAL.—Section 6694 is amend-
9 ed by striking “return or claim of refund” each
10 place it appears and inserting “return, claim of
11 refund, or other submission”.

12 (B) CONFORMING AMENDMENTS.—Section
13 6694, as amended by paragraph (1), is amend-
14 ed by striking “return or claim” each place it
15 appears and inserting “return, claim, or other
16 submission”.

17 (2) INCREASE IN PENALTY IN CASE OF GROSS
18 MISCONDUCT.—Subsection (b) of section 6694 is
19 amended by adding at the end the following new
20 paragraph:

21 “(4) INCREASE IN PENALTY IN CASE OF GROSS
22 MISCONDUCT.—In the case of an understatement to
23 which this section applies that is attributable to the
24 tax return preparer's making a false or fraudulent
25 return or claim for refund without the taxpayer's
26 knowledge, subsection (a) shall be applied by sub-

1 stituting ‘100 percent of the amount of the under-
2 statement’ for ‘50 percent of the amount derived (or
3 to be derived) by the tax return preparer with re-
4 spect to the return or claim’. This penalty shall be
5 in addition to any other penalties provided by law.”.

6 (3) OTHER ASSESSABLE PENALTIES.—

7 (A) IN GENERAL.—Section 6695 is amend-
8 ed by striking “return or claim of refund” each
9 place it appears and inserting “return, claim of
10 refund, or other submission”.

11 (B) CONFORMING AMENDMENTS.—Section
12 6695, as amended by paragraph (1), is amend-
13 ed by striking “return or claim” each place it
14 appears and inserting “return, claim, or other
15 submission”.

16 (b) INCREASE IN CERTAIN OTHER ASSESSABLE PEN-
17 ALTY AMOUNTS.—

18 (1) IN GENERAL.—Subsections (a), (b), and (c)
19 of section 6695 are each amended by striking “\$50”
20 and inserting “\$1,000”.

21 (2) REMOVAL OF ANNUAL LIMITATION.—Sub-
22 sections (a), (b), and (c) of section 6695 are each
23 amended by striking the last sentence thereof.

24 (c) REVIEW BY THE TREASURY INSPECTOR GEN-
25 ERAL FOR TAX ADMINISTRATION.—Subparagraph (A) of

1 section 7803(d)(2) is amended by striking “and” at the
2 end of clause (iii), by striking the period at the end of
3 clause (iv) and inserting “, and”, and by adding at the
4 end the following new clause:

5 “(v) a summary of the penalties as-
6 sessed and collected during the reporting
7 period under sections 6694 and 6695 and
8 under the regulations promulgated under
9 section 330 of title 31, United States
10 Code, and a review of the procedures by
11 which violations are identified and pen-
12 alties are assessed under those sections.”.

13 (d) ADDITIONAL CERTIFICATION ON DOCUMENTS
14 OTHER THAN RETURNS.—

15 (1) IDENTIFYING NUMBER REQUIRED FOR ALL
16 SUBMISSIONS TO THE IRS BY TAX RETURN PRE-
17 PARERS.—The first sentence of paragraph (4) of
18 section 6109(a) is amended by striking “return or
19 claim for refund” and inserting “return, claim for
20 refund, or other document”.

21 (2) EFFECTIVE DATE.—The amendment made
22 by paragraph (1) shall apply to documents filed
23 after the date of the enactment of this Act.

24 (e) COORDINATION WITH SECTION 6060(a).—The
25 Secretary of the Treasury shall coordinate the require-

1 ments under the regulations promulgated under section
2 330 of title 31, United States Code, with the return re-
3 quirements of section 6060 of the Internal Revenue Code
4 of 1986.

5 (f) EFFECTIVE DATE.—The regulations required by
6 this section shall be prescribed not later than one year
7 after the date of the enactment of this Act.

8 **SEC. 205. CLARIFICATION OF ENROLLED AGENT CREDEN-**
9 **TIALS.**

10 (a) IN GENERAL.—Chapter 77, as amended by sec-
11 tions 101 and 203, is amended by adding at the end the
12 following new section:

13 **“SEC. 7531. ENROLLED AGENTS.**

14 “(a) IN GENERAL.—The Secretary may prescribe
15 such regulations as may be necessary to regulate the con-
16 duct of enrolled agents in regards to their practice before
17 the Internal Revenue Service.

18 “(b) USE OF CREDENTIALS.—Any enrolled agents
19 properly licensed to practice as required under rules pro-
20 mulgated under subsection (a) shall be allowed to use the
21 credentials or designation as ‘enrolled agent’, ‘EA’, or
22 ‘E.A.’.”

23 (b) CLERICAL AMENDMENT.—The table of sections
24 for chapter 77 is amended by adding at the end the fol-
25 lowing new item:

“Sec. 7531. Enrolled agents.”

1 (c) PRIOR REGULATIONS.—The authorization to pre-
 2 scribe regulations under the amendments made by this
 3 section may not be construed to have any effect on part
 4 10 of title 31, Code of Federal Regulations, or any other
 5 related Federal rule or regulation issued before the date
 6 of the enactment of this Act.

7 (d) EFFECTIVE DATE.—The amendments made by
 8 this section shall take effect on the date of the enactment
 9 of this Act.

10 **TITLE III—IMPROVING**
 11 **TAXPAYER SERVICES**

12 **SEC. 301. MODIFICATIONS TO LIEN NOTICE FILING PROCE-**
 13 **DURES.**

14 (a) IN GENERAL.—Section 6323 of the Internal Rev-
 15 enue Code of 1986 is amended by adding at the end the
 16 following new subsection:

17 “(k) REQUIRED PROCEDURES BEFORE FILING NO-
 18 TICE OF LIEN.—

19 “(1) SECRETARIAL DETERMINATION.—

20 “(A) IN GENERAL.—The Secretary may
 21 not file a notice of lien with respect to any tax-
 22 payer unless—

23 “(i) the lien attaches to distrainable
 24 property, and

1 “(ii) weighing all facts and cir-
2 cumstances pertaining to the collection of
3 a taxpayer’s delinquent tax assessment, the
4 Secretary determines that—

5 “(I) the benefit to the Federal
6 Government of the filing outweighs
7 the harm to the taxpayer, and

8 “(II) the filing will not jeopardize
9 the taxpayer’s prospective ability—

10 “(aa) to comply with the in-
11 ternal revenue laws, and

12 “(bb) if the taxpayer is an
13 otherwise viable business tax-
14 payer, to continue to secure fund-
15 ing to maintain business oper-
16 ations.

17 “(B) FACTORS TO CONSIDER.—In making
18 the determination under subparagraph (A)(ii),
19 the Secretary shall consider—

20 “(i) the amount due,

21 “(ii) the lien filing fee,

22 “(iii) the value of the taxpayer’s eq-
23 uity in the property or rights to property,

24 “(iv) the taxpayer’s tax compliance
25 history,

1 “(v) extenuating circumstances, if
2 any, that explain the delinquency, and

3 “(vi) the effect of the filing on the
4 taxpayer’s ability to obtain financing, gen-
5 erate future income, and pay current and
6 future tax liabilities.

7 “(2) TAXPAYER APPEAL PRIOR TO FILING.—

8 “(A) IN GENERAL.—The Secretary may
9 not file a notice of lien with respect to any tax-
10 payer unless—

11 “(i) the Secretary notifies the tax-
12 payer that the Secretary has determined to
13 file such a notice with respect to the tax-
14 payer, and

15 “(ii) the taxpayer is afforded an op-
16 portunity to appeal such determination to
17 the Internal Revenue Service Office of Ap-
18 peals.

19 The Secretary shall make reasonable efforts to
20 provide the notice under subparagraph (A) by
21 telephone or direct personal contact.

22 “(B) JEOPARDY NOTICE OF LIEN.—The
23 Secretary may file a notice of lien without re-
24 gard to subparagraph (A)(ii) if the Secretary
25 finds that the collection of the tax would be in

1 jeopardy if the notice of lien is not filed before
2 the conclusion of such an appeal.

3 “(3) SUPERVISORY APPROVAL REQUIRED FOR
4 LIENS IN CERTAIN CASES.—

5 “(A) IN GENERAL.—In any case to which
6 this paragraph applies, a notice of lien may not
7 be filed unless the immediate supervisor (or
8 such higher level official as the Secretary may
9 designate) of the individual making the initial
10 determination under paragraph (1) has individ-
11 ually reviewed and approved such determina-
12 tion.

13 “(B) CASES TO WHICH PARAGRAPH AP-
14 PLIES.—This paragraph shall apply in any case
15 in which—

16 “(i) the collection of the liability
17 would create an economic hardship within
18 the meaning of section 6343(a)(1)(D),

19 “(ii) the taxpayer has no equity in as-
20 sets, or

21 “(iii) there has been no personal con-
22 tact with the taxpayer to discuss collection
23 alternatives, including an offer in com-
24 promise and partial payment installment
25 agreement.”.

1 (b) JEOPARDY NOTICE OF LIEN.—

2 (1) IN GENERAL.—Subparagraph (A) of section
3 7429(a)(1) of such Code is amended by inserting
4 after “or 6862,” the following: “no notice of lien
5 may be filed pursuant to section 6323(k)(2)(B),”.

6 (2) REDETERMINATION BY SECRETARY.—Para-
7 graph (3) of section 7429(a) of such Code is amend-
8 ed by striking “or” at the end of subparagraph (A),
9 by redesignating subparagraph (B) as subparagraph
10 (C), and by inserting after subparagraph (A) the fol-
11 lowing new subparagraph:

12 “(B) whether or not the filing of the notice
13 of lien pursuant to section 6323(k)(2)(B) is
14 reasonable under the circumstances, or”.

15 (3) REDETERMINATION BY TAX COURT.—Para-
16 graph (3) of section 7429(b) of such Code is amend-
17 ed by striking “or” at the end of subparagraph (A),
18 by redesignating subparagraph (B) as subparagraph
19 (C), and by inserting after subparagraph (A) the fol-
20 lowing new subparagraph:

21 “(B) whether or not the filing of the notice
22 of lien pursuant to section 6323(k)(2)(B) is
23 reasonable under the circumstances, or”.

24 (4) CONFORMING AMENDMENTS.—

1 (A) The heading for section 7429 of such
2 Code is amended by inserting “, **NOTICE OF**
3 **LIEN FILING,**” after “**LEVY**”.

4 (B) Subparagraphs (A) and (B) of section
5 7429(a)(1) of such Code are each amended by
6 striking “assessment or levy” each place it ap-
7 pears and inserting “assessment, notice of lien
8 filing, or levy”.

9 (C) Subparagraph (B) of section
10 7429(b)(2) of such Code is amended by striking
11 “assessment or levy” and inserting “assess-
12 ment, notice of lien filing, or levy”.

13 (D) Paragraph (4) of section 7429(b) of
14 such Code is amended—

15 (i) by inserting “that the filing of
16 such notice of lien is unreasonable,” after
17 “that the making of such levy is unreason-
18 able,” and

19 (ii) by inserting “to withdraw such
20 notice of lien,” after “to release such
21 levy,”.

22 (E) Paragraph (1) of section 7429(g) of
23 such Code is amended—

24 (i) by inserting “, the filing of a no-
25 tice of lien pursuant to section

1 6323(k)(2)(B),” after “the making of a
2 levy described in subsection (a)(1)”, and
3 (ii) by inserting “NOTICE OF LIEN
4 FILING” after “REASONABLENESS OF” in
5 the heading thereof.

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

9 **SEC. 302. MODIFICATION OF REQUIREMENTS RELATING TO**
10 **TAX LIEN INFORMATION CONTAINED IN CON-**
11 **SUMER CREDIT REPORTS.**

12 (a) IN GENERAL.—Paragraph (3) of section 605(a)
13 of the Fair Credit Reporting Act (15 U.S.C. 1681e(a)(3))
14 is amended to read as follows:

15 “(3) TAX LIENS.—The following tax liens:

16 “(A) Any tax lien released pursuant to sec-
17 tion 6325(a) of the Internal Revenue Code of
18 1986 not more than 2 years after the date that
19 the notice of such lien was filed.

20 “(B) Any tax lien released pursuant to sec-
21 tion 6325(a) of such Code—

22 “(i) more than 2 years after the date
23 that the notice of such lien was filed, and

24 “(ii) more than 2 years before the re-
25 port.

1 “(C) Any tax lien if—

2 “(i) the notice of such lien was not
3 refiled during the required refiling period
4 (as defined in section 6323(g)(3) of such
5 Code), and

6 “(ii) such period ends more than 6
7 years before the report.

8 “(D) Any tax lien the notice of which is
9 withdrawn pursuant to section 6323(j)(1) of
10 such Code.

11 “(E) Any tax lien released pursuant to sec-
12 tion 6326(b) of such Code if the notice of such
13 lien was erroneously filed.”.

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

17 **SEC. 303. BAN ON AUDIT INSURANCE.**

18 Section 330 of title 31, United States Code, as
19 amended by sections 202 and 205, is amended by adding
20 at the end the following new subsection:

21 “(g) BAN ON AUDIT INSURANCE.—No person admit-
22 ted to practice before the Department of the Treasury may
23 directly or indirectly offer or provide insurance or other
24 form of indemnification or reimbursement to cover a tax-
25 payer’s assessment of Federal tax, penalties, or interest.”.

1 **SEC. 304. PUBLIC AWARENESS.**

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

4 “(10) DISCLOSURE OF RECOGNIZED, CER-
5 TIFIED, OR REGISTERED PERSONS; REVOCATION OF
6 REGISTRATION.—The Secretary shall furnish to the
7 public—

8 “(A) the identity of any person who—

9 “(i) is an enrolled agent or is an at-
10 torney or certified public accountant who
11 either has a power of attorney on file with
12 the Internal Revenue Service or notifies
13 the Internal Revenue Service of their sta-
14 tus as a preparer of Federal tax returns,

15 “(ii) is certified under section 330(d)
16 of title 31, United States Code, as a tax
17 return preparer, or

18 “(iii) is registered as a refund delivery
19 product facilitator pursuant to section
20 7530, and

21 “(B) information as to whether or not any
22 person who is otherwise suspended or disbarred
23 is no longer so recognized, certified, or reg-
24 istered (as the case may be).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect not later than two years
3 after the date of enactment of this Act.

4 **SEC. 305. CLARIFICATION OF TAXPAYER ASSISTANCE**
5 **ORDER AUTHORITY.**

6 (a) IN GENERAL.—Paragraph (2) of section 7811(b)
7 is amended—

8 (1) by redesignating subparagraphs (C) and
9 (D) as subparagraphs (D) and (E), respectively, and
10 (2) by inserting after subparagraph (B) the fol-
11 lowing new subparagraph:

12 “(C) chapter 74 (relating to closing agree-
13 ments and compromises),”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to orders issued after the date of
16 the enactment of this Act.

17 **SEC. 306. TAXPAYER ADVOCATE DIRECTIVES.**

18 (a) IN GENERAL.—Subchapter A of chapter 80 is
19 amended by adding at the end the following new section:

20 **“SEC. 7812. TAXPAYER ADVOCATE DIRECTIVES.**

21 “(a) AUTHORITY TO ISSUE.—The National Taxpayer
22 Advocate (but not a delegate thereof) may issue a Tax-
23 payer Advocate Directive to mandate changes to improve
24 the operation of a functional process or to grant relief to
25 groups of taxpayers (or all taxpayers) if, as a result of

1 the manner in which the internal revenue laws are being
2 administered by the Secretary, its implementation will
3 protect the rights of taxpayers, prevent undue burden, en-
4 sure equitable treatment, or provide an essential service
5 to taxpayers. The terms of a Taxpayer Advocate Directive
6 may require the Internal Revenue Service to implement
7 it within a specified period of time.

8 “(b) AUTHORITY TO MODIFY OR RESCIND.—

9 “(1) APPEAL.—An Internal Revenue Service di-
10 vision or other function may appeal a Taxpayer Ad-
11 vocate Directive by delivering a written explanation
12 that facilitates a full and fair consideration of the
13 issues to the National Taxpayer Advocate and Dep-
14 uty Commissioner of Internal Revenue, either of
15 whom may modify or repeal such Taxpayer Advocate
16 Directive. Except as provided in paragraph (2), any
17 decision of the Deputy Commissioner with respect to
18 such Taxpayer Advocate Directive shall take prece-
19 dence.

20 “(2) FINAL DETERMINATION.—If any such de-
21 cision of the Deputy Commissioner modifies or re-
22 peals a Taxpayer Advocate Directive, the National
23 Taxpayer Advocate may appeal such decision to the
24 Commissioner of Internal Revenue for a final deter-
25 mination. The Commissioner shall make a final de-

1 termination with respect to the Taxpayer Advocate
2 Directive, and provide a written explanation of such
3 determination and the reasons therefore, not later
4 than 90 days after the submission of such appeal.”.

5 (b) ANNUAL REPORT.—

6 (1) IN GENERAL.—Clause (ii) of section
7 7803(e)(2)(B) is amended by redesignating sub-
8 clauses (III) through (XI) as subclauses (IV)
9 through (XII), respectively, and by inserting after
10 subclause (II) the following new subclause:

11 “(III) contain Taxpayer Advocate
12 Directives issued under section
13 7812;”.

14 (2) CONFORMING AMENDMENTS.—Clause (ii) of
15 section 7803(e)(2)(B), as amended by paragraph
16 (1), is amended—

17 (A) by striking “subclauses (I), (II), and
18 (III)” in subclauses (V), (VI), and (VII) thereof
19 and inserting “subclauses (I), (II), (III), and
20 (IV)”, and

21 (B) in subclause (VIII)—

22 (i) by inserting “or Taxpayer Advo-
23 cate Directive” after “Taxpayer Assistance
24 Order”, and

1 (ii) by inserting “or 7812(a)” after
2 “section 7811(b)”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for subchapter A of chapter 80 is amended by inserting
5 after the item relating to section 7811 the following new
6 item:

“Sec. 7812. Taxpayer advocate directives.”.

7 **SEC. 307. IMPROVED SERVICES FOR TAXPAYERS.**

8 (a) IN GENERAL.—It is the sense of Congress that
9 the Internal Revenue Service should within 2 years—

10 (1) reduce the time between receipt of an elec-
11 tronically filed return and issuance of a refund,

12 (2) expand assistance to low-income taxpayers,

13 (3) allocate resources to assist low-income tax-
14 payers in establishing accounts at financial institu-
15 tions that receive direct deposits from the United
16 States Treasury,

17 (4) deliver tax refunds on debit cards, prepaid
18 cards, and other electronic means to assist individ-
19 uals that do not have access to financial accounts or
20 institutions,

21 (5) establish a pilot program for satellite walk-
22 in centers to be located in rural underserved commu-
23 nities without easy access to Internal Revenue Serv-
24 ice Taxpayer Assistance Centers by using office fa-
25 cilities currently occupied by the Federal Govern-

1 ment, including United States Postal Service and
2 Social Security Administration facilities; such sat-
3 ellite walk-in centers should have the capability to
4 provide video-conferencing services and scanning or
5 other digitizing functions to deliver, in an interactive
6 manner, all service and compliance functions cur-
7 rently available in Internal Revenue Service Tax-
8 payer Assistance Centers, and

9 (6) establish a pilot program for mobile tax re-
10 turn preparation offices.

11 (b) LOCATION OF SERVICE.—

12 (1) IN GENERAL.—The mobile tax return filing
13 offices should be located in communities that the
14 Secretary determines have a high incidence of tax-
15 payers claiming the earned income tax credit, par-
16 ticularly in locations with few community volunteer
17 tax preparation clinics.

18 (2) INDIAN RESERVATION.—At least one mobile
19 tax return filing office should be on or near an In-
20 dian reservation (as defined in section 168(j)(6) of
21 the Internal Revenue Code of 1986).

22 **SEC. 308. TAXPAYER ACCESS TO FINANCIAL INSTITUTIONS.**

23 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
24 of the Treasury may award demonstration project grants
25 (including multiyear awards) to eligible entities to provide

1 accounts to individuals who currently do not have an ac-
2 count with a financial institution. The account would be
3 held in a federally insured depository institution.

4 (b) PRIORITY.—Priority shall be given to demonstra-
5 tion project proposals that provide accounts at low or no
6 cost and—

7 (1) that utilize new technologies such as the
8 prepaid product to expand access to financial serv-
9 ices, in particular for persons without bank ac-
10 counts, with low access to financial services, or low
11 utilization of mainstream financial services,

12 (2) that promote the development of new finan-
13 cial products and services that are adequate to im-
14 prove access to wealth building financial services,
15 which help integrate more Americans into the finan-
16 cial mainstream,

17 (3) that promote education for these persons
18 and depository institutions concerning the avail-
19 ability and use of financial services for and by such
20 persons, and

21 (4) that include other such activities and
22 projects as the Secretary may determine are con-
23 sistent with the purpose of this section.

24 (c) ELIGIBLE ENTITIES.—

1 (1) IN GENERAL.—An entity is eligible to re-
2 ceive a grant under this section if such an entity
3 is—

4 (A) an organization described in section
5 501(c)(3) of the Internal Revenue Code of 1986
6 and exempt from tax under section 501(a) of
7 such Code,

8 (B) a federally insured depository institu-
9 tion,

10 (C) an agency of a State or local govern-
11 ment,

12 (D) a community development financial in-
13 stitution,

14 (E) an Indian tribal organization,

15 (F) an Alaska Native Corporation,

16 (G) a Native Hawaiian organization,

17 (H) an organization described in
18 501(c)(5), and exempt from tax under section
19 501(a), of such Code,

20 (I) a nonbank financial service provider, or

21 (J) a partnership comprised of 1 or more
22 of the entities described in the preceding sub-
23 paragraphs.

24 (2) DEFINITIONS.—For purposes of this sec-
25 tion—

1 (A) FEDERALLY INSURED DEPOSITORY IN-
2 STITUTION.—The term “federally insured de-
3 pository institution” means any insured deposi-
4 tory institution (as defined in section 3 of the
5 Federal Deposit Insurance Act (12 U.S.C.
6 1813)) and any insured credit union (as defined
7 in section 101 of the Federal Credit Union Act
8 (12 U.S.C. 1752)).

9 (B) COMMUNITY DEVELOPMENT FINAN-
10 CIAL INSTITUTION.—The term “community de-
11 velopment financial institution” means any or-
12 ganization that has been certified as such pur-
13 suant to section 1805.201 of title 12, Code of
14 Federal Regulations.

15 (C) ALASKA NATIVE CORPORATION.—The
16 term “Alaska Native Corporation” has the
17 same meaning as the term “Native Corpora-
18 tion” under section 3(m) of the Alaska Native
19 Claims Settlement Act (43 U.S.C. 1602(m)).

20 (D) NATIVE HAWAIIAN ORGANIZATION.—
21 The term “Native Hawaiian organization”
22 means any organization that—

23 (i) serves and represents the interests
24 of Native Hawaiians, and

1 (ii) has as a primary and stated pur-
2 pose the provision of services to Native
3 Hawaiians.

4 (E) LABOR ORGANIZATION.—The term
5 “labor organization” means an organization—

6 (i) in which employees participate,

7 (ii) which exists for the purpose, in
8 whole or in part, of dealing with employers
9 concerning grievances, labor disputes,
10 wages, rates of pay, hours of employment,
11 or conditions of work, and

12 (iii) which is described in section
13 501(c)(5) of the Internal Revenue Code of
14 1986.

15 (F) NONBANK FINANCIAL SERVICE PRO-
16 VIDER.—The term “nonbank financial service
17 provider” means an entity that engages in fi-
18 nancial services activities, as authorized under
19 the Federal Reserve Board, 12 Code of Federal
20 Regulations Part 225, Regulation Y.

21 (d) APPLICATION.—An eligible entity shall submit an
22 application to the Secretary of the Treasury in such form
23 and containing such information as the Secretary may re-
24 quire.

1 (e) EVALUATION AND REPORT.—For each fiscal year
2 in which a grant is awarded under this section, the Sec-
3 retary of the Treasury shall submit a report to Congress
4 containing a description of the activities funded, amounts
5 distributed, and measurable results, as appropriate and
6 available.

7 (f) POWER AND AUTHORITY OF THE SECRETARY.—

8 (1) ASSISTANCE.—Subject to appropriations,
9 the Secretary of the Treasury may provide financial
10 and technical assistance to awardees for expanding
11 the distribution of financial services, including
12 through financial services electronic networks.

13 (2) RESEARCH AND DEVELOPMENT.—The Sec-
14 retary of the Treasury may conduct or support such
15 research and development as the Secretary considers
16 appropriate in order to further the purpose of this
17 section, including the collection of information about
18 access to financial services.

19 (3) REGULATIONS.—The Secretary of the
20 Treasury is authorized to promulgate regulations to
21 implement and administer the program under this
22 section.

23 (g) STUDY ON DELIVERY OF TAX REFUNDS.—

24 (1) IN GENERAL.—The Secretary of the Treas-
25 ury, in consultation with the National Taxpayer Ad-

1 vocate, shall conduct a study on the feasibility of de-
2 livering tax refunds on debit cards, prepaid cards,
3 and other electronic means to assist individuals that
4 do not have access to financial accounts or institu-
5 tions. This study shall evaluate the methodology and
6 results of the pilot program conducted by the Sec-
7 retary during the 2011 filing season.

8 (2) PILOT PROGRAM.—The Secretary shall es-
9 tablish a pilot program for delivering tax refunds on
10 debit cards, prepaid cards, or other electronic means
11 and shall consult with the National Taxpayer Advo-
12 cate in the design and implementation of, and eval-
13 uation of the results of, any such pilot program. In
14 designing this program the Secretary must take into
15 consideration the findings of the study conducted
16 under paragraph (1).

17 (3) REPORT.—Not later than 1 year after the
18 date of enactment of this Act, the Secretary of the
19 Treasury shall submit a report to Congress con-
20 taining the results of the study conducted under
21 paragraph (1).

22 **SEC. 309. ADDITIONAL STUDIES.**

23 (a) STUDY ON ACCELERATED PROCESSING OF IN-
24 FORMATION RETURNS.—

25 (1) FINDINGS.—Congress finds the following:

1 (A) Under current procedures, the Internal
2 Revenue Service processes income tax returns
3 before it processes most information returns,
4 including Forms W-2, which report wages and
5 tax withholding, and Forms 1099, which report
6 interest, dividends, and other payments.

7 (B) The sequence described in subpara-
8 graph (A) makes little logical sense.

9 (C) From a taxpayer perspective, the se-
10 quence leads to millions of cases where tax-
11 payers inadvertently make overclaims that the
12 Internal Revenue Service does not identify until
13 months later, exposing the taxpayer not only to
14 a tax liability but to penalties and interest
15 charges as well.

16 (D) From the Federal Government's per-
17 spective, this sequence creates opportunities for
18 fraud and requires the Internal Revenue Service
19 to devote resources to recovering refunds that
20 should not have been paid and that it often
21 cannot recover.

22 (2) STUDY.—The Secretary of the Treasury, in
23 consultation with the National Taxpayer Advocate,
24 shall conduct a study to identify and recommend leg-
25 islative and administrative changes that would en-

1 able the Internal Revenue Service to receive and
2 process information reporting documents before it
3 processes tax returns. In conducting the study, the
4 Secretary shall consider, among other factors, the
5 issues identified in the National Taxpayer Advo-
6 cate's 2011 Annual Report to Congress.

7 (3) REPORT.—Not later than 1 year after the
8 date of enactment of this Act, the Secretary of the
9 Treasury shall submit a report to Congress describ-
10 ing the results of the study conducted under para-
11 graph (2).

12 (b) STUDY ON THE EFFECTIVENESS OF COLLECTION
13 ALTERNATIVES.—

14 (1) IN GENERAL.—The Secretary of the Treas-
15 ury, in consultation with the National Taxpayer Ad-
16 vocate, shall conduct a study to assess the effective-
17 ness of collection alternatives, especially offers in
18 compromise, on long-term tax compliance. Such a
19 study shall analyze a group of taxpayers who applied
20 for offers in compromise 5 or more years ago and
21 compare the amount of revenue collected from the
22 taxpayers whose offers were accepted with the
23 amount of revenue collected from the taxpayers
24 whose offers were rejected, and compare, among the

1 taxpayers whose offers were rejected, the amount
2 they offered with the amounts collected.

3 (2) REPORT.—Not later than 1 year after the
4 date of enactment of this Act, the Secretary of the
5 Treasury shall submit a report to Congress con-
6 taining the results of the study conducted under
7 paragraph (1).

8 **SEC. 310. DE NOVO TAX COURT REVIEW OF INNOCENT**
9 **SPOUSE RELIEF DETERMINATIONS.**

10 (a) IN GENERAL.—Section 6015 is amended by re-
11 designating subsection (h) as subsection (i) and by insert-
12 ing after subsection (g) the following new subsection:

13 “(h) DE NOVO REVIEW OF DETERMINATIONS.—Any
14 review of a determination made under this section shall
15 be reviewed de novo by the Tax Court.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to petitions filed or pending before
18 the Tax Court on and after the date of the enactment of
19 this Act.

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