

114TH CONGRESS
2^D SESSION

H. R. 3832

IN THE SENATE OF THE UNITED STATES

MAY 17, 2016

Received; read twice and referred to the Committee on Finance

AN ACT

To amend the Internal Revenue Code of 1986 to prevent tax-related identity theft and tax fraud, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Stolen Identity Refund
3 Fraud Prevention Act of 2016”.

4 **SEC. 2. CENTRALIZED POINT OF CONTACT FOR IDENTITY**
5 **THEFT VICTIMS.**

6 The Secretary of the Treasury, or the Secretary’s del-
7 egate, shall establish and maintain an office at the Inter-
8 nal Revenue Service and procedures to ensure that any
9 taxpayer whose return has been delayed or otherwise ad-
10 versely affected due to the theft of the taxpayer’s identity
11 has a centralized point of contact throughout the proc-
12 essing of his or her case. The office shall coordinate with
13 other offices within the Internal Revenue Service to resolve
14 the taxpayer’s case as quickly as possible.

15 **SEC. 3. TAXPAYER NOTIFICATION OF SUSPECTED IDENTITY**
16 **THEFT.**

17 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
18 enue Code of 1986 is amended by adding at the end the
19 following new section:

20 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
21 **THEFT.**

22 “If the Secretary determines that there was an unau-
23 thorized use of the identity of any taxpayer, the Secretary
24 shall—

25 “(1) as soon as practicable and without jeop-
26 ardizing an investigation relating to tax administra-

1 tion, notify the taxpayer and include with that no-
2 tice—

3 “(A) instructions to the taxpayer about fil-
4 ing a police report; and

5 “(B) the forms the taxpayer must submit
6 to allow investigating law enforcement officials
7 to access the taxpayer’s personal information;
8 and

9 “(2) if any person is criminally charged by in-
10 dictment or information relating to such unauthor-
11 ized use, notify such taxpayer as soon as practicable
12 of such charge.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
14 for chapter 77 of such Code is amended by adding at the
15 end the following new item:

“Sec. 7529. Notification of suspected identity theft.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to determinations made after the
18 date of the enactment of this Act.

19 **SEC. 4. REPORT ON ELECTRONIC FILING OPT OUT.**

20 The Secretary of the Treasury (or the Secretary’s
21 delegate) shall submit a feasibility study to the Committee
22 on Ways and Means of the House of Representatives and
23 the Committee on Finance of the Senate describing a pro-
24 gram under which a person who has filed an identity theft
25 affidavit with the Secretary may elect to prevent the proc-

1 essing of any Federal tax return submitted in an electronic
2 format by that taxpayer or a person purporting to be that
3 taxpayer. The study shall be submitted within 180 days
4 after the date of the enactment of this Act and should
5 also include a recommendation on whether to implement
6 such a program.

7 **SEC. 5. USE OF INFORMATION IN DO NOT PAY INITIATIVE**
8 **IN PREVENTION OF IDENTITY THEFT RE-**
9 **FUND FRAUD.**

10 The Secretary of the Treasury, and the Secretary's
11 delegate, shall use the information available under the Do
12 Not Pay Initiative established under section 5 of the Im-
13 proper Payments Elimination and Recovery Improvement
14 Act of 2012 (31 U.S.C. 3321 note) to help prevent identity
15 theft refund fraud.

16 **SEC. 6. REPORT ON IDENTITY THEFT REFUND FRAUD.**

17 (a) IN GENERAL.—Not later than September 30,
18 2018, and biannually thereafter through September 30,
19 2023, the Secretary of the Treasury (or the Secretary's
20 delegate) shall report to the Committee on Ways and
21 Means of the House of Representatives and the Committee
22 on Finance of the Senate on the extent and nature of
23 fraud involving the use of a misappropriated taxpayer
24 identity with respect to claims for refund under the Inter-
25 nal Revenue Code of 1986 during the preceding completed

1 income tax filing season, and the detection, prevention,
2 and enforcement activities undertaken by the Internal
3 Revenue Service with respect to such fraud, including—

4 (1) detailing efforts to combat identity theft
5 fraud, including an update on the victims' assistance
6 unit;

7 (2) information on both the average and max-
8 imum amounts of time that elapsed before the cases
9 of victims of such fraud were resolved; and

10 (3) discussing Internal Revenue Service efforts
11 associated with other avenues for addressing identity
12 theft refund fraud.

13 (b) **ADDITIONAL REQUIREMENTS.**—In addition, each
14 report shall provide an update on the implementation of
15 this Act and identify the need for any further legislation
16 to protect taxpayer identities.

17 (c) **PROGRESS ON OUTREACH AND EDUCATION.**—In
18 the first biannual report on identity theft refund fraud
19 under subsection (a), the Secretary (or the Secretary's del-
20 egate) shall include—

21 (1) an assessment of the agency's progress on
22 identity theft outreach and education to the private
23 sector, State agencies, and external organizations;
24 and

1 (2) the results of a feasibility study on the costs
2 and benefits to enhancing its taxpayer authentica-
3 tion approach to the electronic tax return filing
4 process.

5 **SEC. 7. INFORMATION SHARING AND ANALYSIS CENTER.**

6 (a) IN GENERAL.—The Secretary (or the Secretary’s
7 delegate) shall establish an information sharing and anal-
8 ysis center to centralize, standardize, and enhance data
9 compilation and analysis to facilitate sharing actionable
10 data and information with respect to identity theft.

11 (b) REPORT.—Not later than 1 year after establish-
12 ment of the information sharing and analysis center, the
13 Secretary (or the Secretary’s delegate) shall submit a re-
14 port to the Committee on Ways and Means of the House
15 of Representatives and Committee on Finance of the Sen-
16 ate on the information sharing and analysis center de-
17 scribed in subsection (a). The report shall include the data
18 that was shared, the use of such data, and the results of
19 the data sharing and analysis center in combating identity
20 theft.

21 **SEC. 8. LOCAL LAW ENFORCEMENT LIAISON.**

22 (a) ESTABLISHMENT.—The Commissioner of Inter-
23 nal Revenue shall establish within the Criminal Investiga-
24 tion Division of the Internal Revenue Service the position
25 of Local Law Enforcement Liaison.

1 (b) DUTIES.—The Local Law Enforcement Liaison
2 shall serve as the primary source of contact for State and
3 local law enforcement authorities with respect to tax-re-
4 lated identity theft, having duties that shall include—

5 (1) receiving information from State and local
6 law enforcement authorities;

7 (2) responding to inquiries from State and local
8 law enforcement authorities;

9 (3) administering authorized information-shar-
10 ing initiatives with State or local law enforcement
11 authorities and reviewing the performance of such
12 initiatives;

13 (4) ensuring any information provided through
14 authorized information-sharing initiatives with State
15 or local law enforcement authorities is used only for
16 the prosecution of identity theft-related crimes and
17 not re-disclosed to third parties; and

18 (5) such other duties relating to tax-related
19 identity theft prevention as are delegated by the
20 Commissioner of Internal Revenue.

21 **SEC. 9. IRS PHONE SCAM REPORT.**

22 (a) IN GENERAL.—Not later than 1 year after the
23 date of the enactment of this Act, the Inspector General
24 for Tax Administration, in consultation with the Federal
25 Communications Commission and the Federal Trade Com-

1 mission, shall submit a report to Congress regarding iden-
2 tity theft phone scams under which individuals attempt
3 to obtain personal information over the phone from tax-
4 payers by falsely claiming to be calling from or on behalf
5 the Internal Revenue Service.

6 (b) CONTENTS OF REPORT.—Such report shall in-
7 clude—

8 (1) a description of the nature and form of such
9 scams;

10 (2) an estimate of the number of taxpayers con-
11 tacted pursuant to, and the number of taxpayers
12 who have been victims of, such scams;

13 (3) an estimate of the amount of wrongful pay-
14 ments obtained from such scams; and

15 (4) details of potential solutions to combat and
16 prevent such scams, including best practices from
17 the private sector and technological solutions.

18 **SEC. 10. PROVIDING IDENTITY THEFT PREVENTION INFOR-**
19 **MATION WHILE ON HOLD WITH INTERNAL**
20 **REVENUE SERVICE.**

21 The Secretary of the Treasury, or the Secretary's del-
22 egate, shall ensure that if a taxpayer is on hold with the
23 Internal Revenue Service on a taxpayer service telephone
24 call the following information is provided:

1 (1) Basic information about common identity
2 theft tax scams.

3 (2) Directions on where to report such activity.

4 (3) Tips on how to protect against identity
5 theft tax scams.

6 **SEC. 11. NO ADDITIONAL FUNDS AUTHORIZED.**

7 No additional funds are authorized to carry out the
8 requirements of this Act and the amendments made by
9 this Act. Such requirements shall be carried out using
10 amounts otherwise authorized.

Passed the House of Representatives May 16, 2016.

Attest: KAREN L. HAAS,
Clerk.