

115TH CONGRESS  
1ST SESSION

# H. R. 4233

To amend the Internal Revenue Code of 1986 to prevent the fraudulent overreporting of income with respect to the earned income tax credit and the additional child tax credit.

---

## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 2, 2017

Mr. RENACCI (for himself and Mr. RICE of South Carolina) introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to prevent the fraudulent overreporting of income with respect to the earned income tax credit and the additional child tax credit.

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.**

4 This Act may be cited as the “Improper Tax Pay-  
5 ments Reduction Act of 2017”.

1 **SEC. 2. PROCEDURES TO REDUCE IMPROPER CLAIMS OF**  
2 **EARNED INCOME CREDIT.**

3 (a) CLARIFICATION REGARDING DETERMINATION OF  
4 SELF-EMPLOYMENT INCOME WHICH IS TREATED AS  
5 EARNED INCOME.—Section 32(c)(2)(B) of such Code is  
6 amended by striking “and” at the end of clause (v), by  
7 striking the period at the end of clause (vi) and inserting  
8 “, and”, and by adding at the end the following new  
9 clause:

10 “(vii) in determining the taxpayer’s  
11 net earnings from self-employment under  
12 subparagraph (A)(ii) there shall not fail to  
13 be taken into account any deduction which  
14 is allowable to the taxpayer under this sub-  
15 title.”.

16 (b) REQUIRED QUARTERLY REPORTING OF WAGES  
17 OF EMPLOYEES.—Section 6011 of the Internal Revenue  
18 Code of 1986 is amended by adding at the end the fol-  
19 lowing new subsection:

20 “(i) EMPLOYER REPORTING OF WAGES.—Every per-  
21 son required to deduct and withhold from an employee a  
22 tax under section 3101 or 3402 shall include on each re-  
23 turn or statement submitted with respect to such taxes,  
24 the name and address of such employee and the amount  
25 of wages for such employee on which such tax was with-  
26 held.”.

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years ending after the  
3 date of the enactment of this Act.

4 **SEC. 3. CERTAIN INCOME DISALLOWED FOR PURPOSES OF**  
5 **THE EARNED INCOME TAX CREDIT.**

6           (a) SUBSTANTIATION REQUIREMENT.—Section 32 of  
7 the Internal Revenue Code of 1986 is amended by adding  
8 at the end the following new subsection:

9           “(n) INCONSISTENT INCOME REPORTING.—If the  
10 earned income of a taxpayer claimed on a return for pur-  
11 poses of this section is not substantiated by statements  
12 or returns under section 6051, 6052, 6041(a), or 6050(w)  
13 with respect to such taxpayer, the Secretary may require  
14 such taxpayer to provide books and records to substantiate  
15 such income, including for the purpose of preventing  
16 fraud.”.

17           (b) EXCLUSION OF UNSUBSTANTIATED AMOUNT  
18 FROM EARNED INCOME.—Paragraph (2) of section 32(c)  
19 of the Internal Revenue Code of 1986 is amended by add-  
20 ing at the end the following new subparagraph:

21                           “(C) EXCLUSION.—In the case of a tax-  
22 payer with respect to which there is an incon-  
23 sistency described in subsection (n) who fails to  
24 substantiate such inconsistency to the satisfac-  
25 tion of the Secretary, the term ‘earned income’

1           shall not include amounts to the extent of such  
2           inconsistency.”.

3       (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years ending after the  
5 date of the enactment of this Act.

○