

115TH CONGRESS
1ST SESSION

S. 1793

To amend the Internal Revenue Code of 1986 to enhance taxpayer rights,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 12, 2017

Mr. GRASSLEY (for himself and Mr. THUNE) 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 enhance
taxpayer rights, 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 Enhancement Act of 2017”.

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 for
 4 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—THE RIGHT TO PRIVACY

Sec. 101. Civil damages for unauthorized disclosure or inspection.

Sec. 102. Compliance by contractors with confidentiality safeguards.

TITLE II—THE RIGHT TO APPEAL IN AN INDEPENDENT FORUM AND TO CHALLENGE THE INTERNAL REVENUE SERVICE POSI- TION AND BE HEARD

Sec. 201. Increase in limitations on civil damages for certain unauthorized col-
lection actions.

Sec. 202. Extension of time limit for contesting IRS levy.

TITLE III—THE RIGHT TO A FAIR AND JUST TAX SYSTEM

Sec. 301. Waiver of user fee for installment agreements using automated with-
drawals.

Sec. 302. Individuals held harmless on improper levy on retirement plans.

Sec. 303. Office of Chief Counsel review of offers-in-compromise.

Sec. 304. Increase in and expansion of individual estimated tax exception.

Sec. 305. Modifications to computation of individual estimated tax.

Sec. 306. Corporate estimated tax.

Sec. 307. Increase in large corporation threshold for estimated tax payments.

Sec. 308. Expansion of interest netting.

Sec. 309. Clarification of application of Federal tax deposit penalty.

TITLE IV—THE RIGHT TO BE INFORMED

Sec. 401. Collection activities with respect to joint return disclosable to either
spouse based on oral request.

Sec. 402. Mandatory electronic filing for annual returns of exempt organiza-
tions.

TITLE V—THE RIGHT TO QUALITY SERVICE

Sec. 501. Free electronic filing.

Sec. 502. Access to appeals.

TITLE I—THE RIGHT TO PRIVACY

SEC. 101. CIVIL DAMAGES FOR UNAUTHORIZED DISCLOSURE OR INSPECTION.

(a) NOTICE TO TAXPAYER.—Subsection (e) of section 7431 is amended by adding at the end the following new sentences: “The Secretary shall also notify such taxpayer if the Internal Revenue Service or, upon notice to the Secretary by a Federal or State agency, if such Federal or State agency, proposes an administrative determination as to disciplinary or adverse action against an employee arising from the employee’s unauthorized inspection or disclosure of the taxpayer’s return or return information. The notice described in this subsection shall include the date of the inspection or disclosure and the rights of the taxpayer under such administrative determination.”.

(b) PAYMENT AUTHORITY CLARIFIED.—

(1) IN GENERAL.—Section 7431 is amended by adding at the end the following new subsection:

“(i) PAYMENT AUTHORITY.—Claims pursuant to subsection (a)(1) shall be payable out of funds appropriated under section 1304 of title 31, United States Code.”.

(2) ANNUAL REPORTS OF PAYMENTS.—The Secretary of the Treasury shall annually report to

1 the Committee on Finance of the Senate and the
 2 Committee on Ways and Means of the House of
 3 Representatives regarding payments made from the
 4 United States Judgment Fund under section 7431(i)
 5 of the Internal Revenue Code of 1986.

6 (c) BURDEN OF PROOF FOR GOOD FAITH EXCEP-
 7 TION RESTS WITH PERSON MAKING INSPECTION OR DIS-
 8 CLOSURE.—Section 7431(b) is amended by adding at the
 9 end the following new flush sentence:

10 “In any proceeding involving the existence of a good faith
 11 but erroneous interpretation of section 6103, the burden
 12 of proof with respect to such issue shall be on the person
 13 who made the inspection or disclosure, or in the case of
 14 a suit pursuant to paragraph (a)(1), the United States.”.

15 (d) REPORTS.—Subsection (p) of section 6103 is
 16 amended by adding at the end the following new para-
 17 graph:

18 “(9) REPORT ON WILLFUL UNAUTHORIZED DIS-
 19 CLOSURE AND INSPECTION.—As part of the report
 20 required by paragraph (3)(C) for each calendar year,
 21 the Secretary shall furnish information regarding
 22 the willful unauthorized disclosure and inspection of
 23 returns and return information, including the num-
 24 ber, status, and results of—

25 “(A) administrative investigations,

1 “(B) civil lawsuits brought under section
 2 7431 (including the amounts for which such
 3 lawsuits were settled and the amounts of dam-
 4 ages awarded), and
 5 “(C) criminal prosecutions.”.

6 (e) INCREASE IN AMOUNT OF DAMAGES PER VIOLA-
 7 TION.—

8 (1) IN GENERAL.—Subparagraph (A) of section
 9 7431(c)(1) is amended to read as follows:

10 “(A) the sum of—

11 “(i) \$5,000 for each act of unauthor-
 12 ized inspection of a return or return infor-
 13 mation with respect to which such defend-
 14 ant is found liable, and

15 “(ii) \$10,000 for each act of unau-
 16 thorized disclosure of a return or return
 17 information with respect to which such de-
 18 fendant is found liable, or”.

19 (2) PUNITIVE DAMAGES.—

20 (A) IN GENERAL.—Section 7431(c) is
 21 amended by redesignating paragraphs (2) and
 22 (3) as paragraphs (3) and (4), respectively, and
 23 by inserting after paragraph (1) the following
 24 new paragraph:

1 “(2) in the case of willful inspection or disclo-
2 sure or an inspection or disclosure which is the re-
3 sult of gross negligence, punitive damages, plus”.

4 (B) CONFORMING AMENDMENT.—Subpara-
5 graph (B) of section 7431(c)(1) is amended to
6 read as follows:

7 “(B) the actual damages sustained by the
8 plaintiff as a result of such unauthorized in-
9 spection or disclosure, plus”.

10 (f) EFFECTIVE DATES.—

11 (1) NOTICE.—The amendment made by sub-
12 section (a) shall apply to determinations made after
13 the date which is 180 days after the date of the en-
14 actment of this Act.

15 (2) PAYMENT AUTHORITY.—The amendment
16 made by subsection (b)(1) shall take effect on the
17 date which is 180 days after the date of the enact-
18 ment of this Act.

19 (3) BURDEN OF PROOF.—The amendments
20 made by subsection (c) shall apply to inspections
21 and disclosures occurring on and after the date
22 which is 180 days after the date of the enactment
23 of this Act.

24 (4) REPORTS.—Subsection (b)(2) and the
25 amendment made by subsection (d) shall apply to

(5) INCREASE IN DAMAGES.—The amendment made by subsection (e) shall apply to proceedings commenced after the date of the enactment of this Act.

7 **SEC. 102. COMPLIANCE BY CONTRACTORS WITH CONFIDEN-**
8 **TIALITY SAFEGUARDS.**

9 (a) IN GENERAL.—Section 6103(p), as amended by
10 this Act, is amended by adding at the end the following
11 new paragraph:

“(10) DISCLOSURE TO CONTRACTORS AND OTHER AGENTS.—Notwithstanding any other provision of this section, no return or return information shall be disclosed to any contractor or other agent of a Federal, State, or local agency unless such agency, to the satisfaction of the Secretary—

“(A) has requirements in effect which require each such contractor or other agent which would have access to returns or return information to provide safeguards (within the meaning of paragraph (4)) to protect the confidentiality of such returns or return information,

24 “(B) agrees to conduct an on-site review
25 every 3 years (or a mid-point review in the case

1 of contracts or agreements of less than 3 years
2 in duration) of each contractor or other agent
3 to determine compliance with such require-
4 ments,

5 “(C) submits the findings of the most re-
6 cent review conducted under subparagraph (B)
7 to the Secretary as part of the report required
8 by paragraph (4)(E), and

9 “(D) certifies to the Secretary for the most
10 recent annual period that such contractor or
11 other agent is in compliance with all such re-
12 quirements.

13 The certification required by subparagraph (D) shall
14 include the name and address of each contractor and
15 other agent, a description of the contract or agree-
16 ment with such contractor or other agent, and the
17 duration of such contract or agreement. The require-
18 ments of this paragraph shall not apply to disclo-
19 sures pursuant to subsection (n) for purposes of
20 Federal tax administration.”.

21 (b) CONFORMING AMENDMENT.—Subparagraph (B)
22 of section 6103(p)(8) is amended by inserting “or para-
23 graph (10)” after “subparagraph (A)”.

24 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
 2 this section shall apply to disclosures made after the
 3 date of the enactment of this Act.

4 (2) CERTIFICATIONS.—The first certification
 5 under section 6103(p)(10)(D) of the Internal Rev-
 6 enue Code of 1986, as added by subsection (a), shall
 7 be made with respect to the portion of calendar year
 8 2017 following the date of the enactment of this
 9 Act.

10 **TITLE II—THE RIGHT TO AP-**
 11 **PEAL IN AN INDEPENDENT**
 12 **FORUM AND TO CHALLENGE**
 13 **THE INTERNAL REVENUE**
 14 **SERVICE POSITION AND BE**
 15 **HEARD**

16 **SEC. 201. INCREASE IN LIMITATIONS ON CIVIL DAMAGES**
 17 **FOR CERTAIN UNAUTHORIZED COLLECTION**
 18 **ACTIONS.**

19 (a) IN GENERAL.—Section 7433(b) is amended by
 20 striking “\$1,000,000 (\$100,000” and inserting
 21 “\$1,500,000 (\$150,000”.

22 (b) PUNITIVE DAMAGES IN THE CASE OF RECKLESS
 23 OR INTENTIONAL ACTION.—Subsection (b) of section
 24 7433 is amended—

1 (1) by redesignating paragraphs (1) and (2) as
 2 subparagraphs (A) and (B), respectively, and by
 3 moving such subparagraphs 2 ems to the right,

4 (2) by striking “In any action” and inserting
 5 the following:

6 “(1) IN GENERAL.—In any action”, and

7 (3) by adding at the end the following new
 8 paragraph:

9 “(2) PUNITIVE DAMAGES FOR WILLFUL AND
 10 RECKLESS ACTIONS.—In any action brought under
 11 subsection (a) or petition filed under subsection (e)
 12 in which the defendant is found to be liable and to
 13 have acted recklessly or intentionally, the court may
 14 award the plaintiff punitive damages.”.

15 (c) PERIOD FOR BRINGING ACTION.—Paragraph (3)
 16 of section 7433(d) is amended by striking “the date the
 17 right of action accrues” and inserting “the later of the
 18 date of on which administrative remedies available within
 19 the Internal Revenue Service have been exhausted or the
 20 date on which the taxpayer reasonably could have discov-
 21 ered that the actions of the officer or employee were done
 22 in disregard of a provision of this title or any regulation
 23 promulgated under this title”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply in the case of proceedings com-
 3 menced after the date of the enactment of this Act.

4 **SEC. 202. EXTENSION OF TIME LIMIT FOR CONTESTING IRS**
 5 **LEVY.**

6 (a) EXTENSION OF TIME FOR RETURN OF PROPERTY
 7 SUBJECT TO LEVY.—Subsection (b) of section 6343 is
 8 amended by striking “9 months” and inserting “2 years”.

9 (b) PERIOD OF LIMITATION ON SUITS.—Subsection
 10 (c) of section 6532 is amended—

11 (1) by striking “9 months” in paragraph (1)
 12 and inserting “2 years”, and

13 (2) by striking “9-month” in paragraph (2) and
 14 inserting “2-year”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to—

17 (1) levies made after the date of the enactment
 18 of this Act, and

19 (2) levies made on or before such date if the 9-
 20 month period has not expired under section 6343(b)
 21 of the Internal Revenue Code of 1986 (without re-
 22 gard to this section) as of such date.

1 **TITLE III—THE RIGHT TO A FAIR**
 2 **AND JUST TAX SYSTEM**

3 **SEC. 301. WAIVER OF USER FEE FOR INSTALLMENT AGREE-**
 4 **MENTS USING AUTOMATED WITHDRAWALS.**

5 (a) IN GENERAL.—Section 6159 is amended by re-
 6 designating subsections (e) and (f) as subsections (f) and
 7 (g), respectively, and by inserting after subsection (d) the
 8 following new subsection:

9 “(e) WAIVER OF USER FEES FOR INSTALLMENT
 10 AGREEMENTS USING AUTOMATED WITHDRAWALS.—In
 11 the case of a taxpayer who enters into an installment
 12 agreement in which automated installment payments are
 13 agreed to, the Secretary shall waive the fee (if any) for
 14 entering into the installment agreement.”.

15 (b) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to agreements entered into on or
 17 after the date which is 180 days after the date of the en-
 18 actment of this Act.

19 **SEC. 302. INDIVIDUALS HELD HARMLESS ON IMPROPER**
 20 **LEVY ON RETIREMENT PLANS.**

21 (a) IN GENERAL.—Section 6343 is amended by add-
 22 ing at the end the following new subsection:

23 “(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL
 24 LEVY, ETC. ON RETIREMENT PLAN.—

1 “(1) IN GENERAL.—If the Secretary determines
2 that an individual’s account or benefit under an eli-
3 gible retirement plan (as defined in section
4 402(c)(8)(B)) has been levied upon in a case to
5 which subsection (b) or (d)(2)(A) applies and prop-
6 erty or an amount of money is returned to the indi-
7 vidual—

8 “(A) the individual may contribute such
9 property or an amount equal to the sum of—

10 “(i) the amount of money so returned
11 by the Secretary, and

12 “(ii) interest paid under subsection (c)
13 on such amount of money,

14 into such eligible retirement plan if such con-
15 tribution is permitted by the plan, or into an in-
16 dividual retirement plan (other than an endow-
17 ment contract) to which a rollover contribution
18 of a distribution from such eligible retirement
19 plan is permitted, but only if such contribution
20 is made not later than the due date (not includ-
21 ing extensions) for filing the return of tax for
22 the taxable year in which such property or
23 amount of money is returned, and

24 “(B) the Secretary shall, at the time such
25 property or amount of money is returned, notify

1 such individual that a contribution described in
2 subparagraph (A) may be made.

3 “(2) TREATMENT AS ROLLOVER.—The distribu-
4 tion on account of the levy and any contribution
5 under paragraph (1) with respect to the return of
6 such distribution shall be treated for purposes of
7 this title as if such distribution and contribution
8 were described in section 402(c), 402A(c)(3),
9 403(a)(4), 403(b)(8), 408(d)(3), 408A(d)(3), or
10 457(e)(16), whichever is applicable; except that—

11 “(A) the contribution shall be treated as
12 having been made for the taxable year in which
13 the distribution on account of the levy occurred,
14 and the interest paid under subsection (c) shall
15 be treated as earnings within the plan after the
16 contribution and shall not be included in gross
17 income, and

18 “(B) such contribution shall not be taken
19 into account under section 408(d)(3)(B).

20 “(3) REFUND, ETC., OF INCOME TAX ON
21 LEVY.—

22 “(A) IN GENERAL.—If any amount is in-
23 cludible in gross income for a taxable year by
24 reason of a distribution on account of a levy re-
25 ferred to in paragraph (1) and any portion of

1 such amount is treated as a rollover contribu-
2 tion under paragraph (2), any tax imposed by
3 chapter 1 on such portion shall not be assessed,
4 and if assessed shall be abated, and if collected
5 shall be credited or refunded as an overpayment
6 made on the due date for filing the return of
7 tax for such taxable year.

8 “(B) EXCEPTION.—Subparagraph (A)
9 shall not apply to a rollover contribution under
10 this subsection which is made from an eligible
11 retirement plan which is not a Roth IRA or a
12 designated Roth account (within the meaning of
13 section 402A) to a Roth IRA or a designated
14 Roth account under an eligible retirement plan.

15 “(4) INTEREST.—Notwithstanding subsection
16 (d), interest shall be allowed under subsection (c) in
17 a case in which the Secretary makes a determination
18 described in subsection (d)(2)(A) with respect to a
19 levy upon an individual retirement plan.

20 “(5) TREATMENT OF INHERITED ACCOUNTS.—
21 For purposes of paragraph (1)(A), section
22 408(d)(3)(C) shall be disregarded in determining
23 whether an individual retirement plan is a plan to
24 which a rollover contribution of a distribution from
25 the plan levied upon is permitted.”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to amounts paid under subsections
 3 (b), (c), and (d)(2)(A) of section 6343 of the Internal Rev-
 4 enue Code of 1986 after December 31, 2017.

5 **SEC. 303. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-**
 6 **IN-COMPROMISE.**

7 (a) IN GENERAL.—Section 7122(b) is amended by
 8 striking “Whenever a compromise” and all that follows
 9 through “his delegate” and inserting “If the Secretary de-
 10 termines that an opinion of the General Counsel for the
 11 Department of the Treasury, or the Counsel’s delegate,
 12 is required with respect to a compromise, there shall be
 13 placed on file in the office of the Secretary such opinion”.

14 (b) CONFORMING AMENDMENTS.—Section 7122(b) is
 15 amended by striking the second and third sentences.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to offers-in-compromise submitted
 18 or pending on or after the date of the enactment of this
 19 Act.

20 **SEC. 304. INCREASE IN AND EXPANSION OF INDIVIDUAL ES-**
 21 **TIMATED TAX EXCEPTION.**

22 (a) IN GENERAL.—Paragraph (1) of section 6654(e)
 23 is amended to read as follows:

24 “(1) WHERE TAX IS SMALL AMOUNT.—

“(A) IN GENERAL.—No addition to tax shall be imposed under subsection (a) for any taxable year if—

“(i) the excess (if any) of the tax shown on the return for such taxable year (or, if no return is filed, the tax) over the sum of—

“(I) the estimated tax paid for such taxable year, plus

“(II) credit allowable under section 31, is less than

“(ii) \$2,000.

“(B) EXCEPTION.—

“(i) IN GENERAL.—No amount of estimated tax paid for a taxable year shall be taken into account under subparagraph (A)(i)(I) after the first due date (as determined under subsection (c)(2)) for which the individual’s required installment was greater than zero and more than 10 percent of the required installment was not paid by such date.

“(ii) ORDER OF CREDITING PAYMENTS.—In determining whether a payment was made for purposes of clause (i),

1 a payment of estimated tax shall be cred-
 2 ited against unpaid required installments
 3 in the order in which such installments are
 4 required to be paid.”.

5 (b) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2017.

8 **SEC. 305. MODIFICATIONS TO COMPUTATION OF INDIVIDUAL ESTIMATED TAX.**

10 (a) IN GENERAL.—Section 6654 is amended by striking subsections (a) and (b) and inserting the following:

12 “(a) ADDITION TO THE TAX.—

13 “(1) IN GENERAL.—Except as otherwise provided in this section, in the case of any underpayment of estimated tax by an individual for a taxable year, there shall be added to the tax under chapter 1, the tax under chapter 2, and the tax under chapter 2A for such taxable year the sum of the amounts determined under paragraph (2) for each day for which there is an underpayment.

21 “(2) AMOUNT OF ADDITION TO TAX.—The amount determined under this paragraph for any day shall be the product of—

1 “(A) the underpayment rate established
 2 under subsection (b)(2) for such day, multiplied
 3 by

4 “(B) the amount of the underpayment for
 5 such day.

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

8 “(1) AMOUNT.—The amount of underpayment
 9 on any day shall be the excess (if any) of—

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

13 “(B) the sum of the amounts of estimated
 14 tax payments made for such taxable year on or
 15 before such day.

16 “(2) DETERMINATION OF UNDERPAYMENT
 17 RATE.—

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

1 “(B) INSTALLMENT UNDERPAYMENT PE-
 2 RIOD.—For purposes of subparagraph (A), the
 3 term ‘installment underpayment period’ means
 4 the period beginning on the day after the due
 5 date for a required installment and ending on
 6 the due date for the subsequent required in-
 7 stallment (or in the case of the 4th required in-
 8 stallment, the 15th day of the 4th month fol-
 9 lowing the close of a taxable year).

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

14 “(3) TERMINATION OF ESTIMATED TAX UNDER-
 15 PAYMENT.—No day after the end of the installment
 16 underpayment period for the 4th required install-
 17 ment specified in paragraph (2)(B) for a taxable
 18 year shall be treated as a day of underpayment with
 19 respect to such taxable year.”.

20 (b) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to taxable years beginning after
 22 December 31, 2017.

1 **SEC. 306. CORPORATE ESTIMATED TAX.**

2 (a) INCREASE IN SMALL TAX AMOUNT EXCEP-
 3 TION.—Section 6655(f) is amended by striking “\$500”
 4 and inserting “\$2,000”.

5 (b) EFFECTIVE DATE.—The amendment made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2017.

8 **SEC. 307. INCREASE IN LARGE CORPORATION THRESHOLD**
 9 **FOR ESTIMATED TAX PAYMENTS.**

10 (a) IN GENERAL.—Section 6655(g)(2) is amended—

11 (1) by striking “\$1,000,000” in subparagraph
 12 (A) and inserting “\$1,500,000”,

13 (2) by striking “the \$1,000,000 amount speci-
 14 fied in subparagraph (A)” in subparagraph (B)(ii)
 15 and inserting “the amount in effect for the taxable
 16 year under subparagraph (A)”, and

17 (3) by inserting after subparagraph (B) the fol-
 18 lowing new subparagraph:

19 “(C) INFLATION ADJUSTMENT.—

20 “(i) IN GENERAL.—In the case of any
 21 taxable year beginning in a calendar year
 22 after 2018, the \$1,500,000 amount in sub-
 23 paragraph (A) shall be increased by an
 24 amount equal to—

25 “(I) such dollar amount, multi-
 26 plied by

1 “(II) the cost-of-living adjust-
2 ment determined under section 1(f)(3)
3 for the calendar year in which the tax-
4 able year begins, determined by sub-
5 stituting ‘calendar year 2017’ for ‘cal-
6 endar year 1992’ in subparagraph (B)
7 thereof.

8 “(ii) ROUNDING.—If any dollar
9 amount, after being increased under para-
10 graph (1), is not a multiple of \$1,000,
11 such dollar amount shall be rounded to the
12 next lowest multiple of \$1,000.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2017.

16 **SEC. 308. EXPANSION OF INTEREST NETTING.**

17 (a) IN GENERAL.—Subsection (d) of section 6621 is
18 amended by adding at the end the following new sentence:
19 “Solely for purposes of the preceding sentence, section
20 6611(e) shall not apply.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to interest accrued after December
23 31, 2017.

1 **SEC. 309. CLARIFICATION OF APPLICATION OF FEDERAL**
2 **TAX DEPOSIT PENALTY.**

3 Nothing in section 6656 of the Internal Revenue
4 Code of 1986 shall be construed to permit the percentage
5 specified in subsection (b)(1)(A)(iii) thereof to apply other
6 than in a case where the failure is for more than 15 days.

7 **TITLE IV—THE RIGHT TO BE**
8 **INFORMED**

9 **SEC. 401. COLLECTION ACTIVITIES WITH RESPECT TO**
10 **JOINT RETURN DISCLOSABLE TO EITHER**
11 **SPOUSE BASED ON ORAL REQUEST.**

12 (a) IN GENERAL.—Paragraph (8) of section 6103(e)
13 is amended by striking “in writing” the first place it ap-
14 pears.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to requests made after the date
17 of the enactment of this Act.

18 **SEC. 402. MANDATORY ELECTRONIC FILING FOR ANNUAL**
19 **RETURNS OF EXEMPT ORGANIZATIONS.**

20 (a) IN GENERAL.—Section 6033 is amended by re-
21 designating subsection (n) as subsection (o) and by insert-
22 ing after subsection (m) the following new subsection:

23 “(n) MANDATORY ELECTRONIC FILING.—Any orga-
24 nization required to file a return under this section shall
25 file such return in electronic form.”.

1 (b) INSPECTION OF ELECTRONICALLY FILED AN-
 2 NUAL RETURNS.—Subsection (b) of section 6104 is
 3 amended by adding at the end the following: “Any annual
 4 return required to be filed electronically under section
 5 6033(n) shall be made available by the Secretary to the
 6 public in machine readable format.”.

7 (c) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as provided in para-
 9 graph (2), the amendments made by this section
 10 shall apply to taxable years beginning after the date
 11 of the enactment of this Act.

12 (2) TRANSITIONAL RELIEF.—

13 (A) SMALL ORGANIZATIONS.—

14 (i) IN GENERAL.—In the case of any
 15 small organizations, or any other organiza-
 16 tions for which the Secretary determines
 17 the application of the amendments made
 18 by subsection (a) would cause undue bur-
 19 den without a delay, the Secretary may
 20 delay the application of such amendments,
 21 but not later than taxable years beginning
 22 2 years after the date of the enactment of
 23 this Act.

1 (ii) SMALL ORGANIZATION.—For pur-
2 poses of clause (i), the term “small organi-
3 zation” means any organization—

4 (I) the gross receipts of which for
5 the taxable year are less than
6 \$200,000, and

7 (II) the aggregate gross assets of
8 which at the end of the taxable year
9 are less than \$500,000.

10 (B) ORGANIZATIONS FILING FORM 990-
11 T.—In the case of any organization described
12 in section 511(a)(2) of the Internal Revenue
13 Code of 1986 which is subject to the tax im-
14 posed by section 511(a)(1) of such Code on its
15 unrelated business taxable income, or any orga-
16 nization required to file a return under section
17 6033 of such Code and include information
18 under subsection (e) thereof, the Secretary may
19 delay the application of the amendments made
20 by this section, but not later than taxable years
21 beginning 2 years after the date of the enact-
22 ment of this Act.

TITLE V—THE RIGHT TO QUALITY SERVICE

SEC. 501. FREE ELECTRONIC FILING.

(a) IN GENERAL.—The Secretary of the Treasury (or the Secretary’s delegate) shall, in cooperation with the private sector technology industry, maintain a program that provides free individual income tax preparation and electronic filing services to low-income taxpayers and elderly taxpayers.

(b) REQUIREMENTS OF PROGRAM.—The Secretary shall by regulation or other guidance prescribe with respect to the program—

(1) the qualifications, selection process, and contract term for businesses participating in the program,

(2) a process for periodic review of businesses participating in the program,

(3) procedures for terminating business participation in the program for failure to comply with any program requirements, and

(4) such other procedures as the Secretary determines are necessary or appropriate to carry out the purposes of the program.

(c) FREE FILE PROGRAM.—The Internal Revenue Service Free File program, as set forth in the notice pub-

1 lished in the Federal Register on November 4, 2002 (67
2 Fed. Reg. 67247), shall be treated as meeting the require-
3 ments of subsection (a).

4 **SEC. 502. ACCESS TO APPEALS.**

5 Subsection (b) of section 3465 of the Internal Rev-
6 enue Service Restructuring and Reform Act of 1998 is
7 amended by striking “an appeals officer is regularly avail-
8 able within each State” and inserting “there is at least
9 one appeals officer and one settlement officer located and
10 permanently available in each State, the District of Co-
11 lumbia, and Puerto Rico”.

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