

116TH CONGRESS
1ST SESSION

H. R. 3151

IN THE SENATE OF THE UNITED STATES

JUNE 11, 2019

Received

AN ACT

To amend the Internal Revenue Code of 1986 to modernize
and improve the Internal Revenue Service, 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; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Taxpayer First Act”.

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

10 (c) TABLE OF CONTENTS.—The table of contents for
11 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—PUTTING TAXPAYERS FIRST

Subtitle A—Independent Appeals Process

Sec. 1001. Establishment of Internal Revenue Service Independent Office of Appeals.

Subtitle B—Improved Service

Sec. 1101. Comprehensive customer service strategy.

Sec. 1102. Low-income exception for payments otherwise required in connection with a submission of an offer-in-compromise.

Subtitle C—Sensible Enforcement

Sec. 1201. Internal Revenue Service seizure requirements with respect to structuring transactions.

Sec. 1202. Exclusion of interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.

Sec. 1203. Clarification of equitable relief from joint liability.

Sec. 1204. Modification of procedures for issuance of third-party summons.

Sec. 1205. Private debt collection and special compliance personnel program.

Sec. 1206. Reform of notice of contact of third parties.

Sec. 1207. Modification of authority to issue designated summons.

Sec. 1208. Limitation on access of non-Internal Revenue Service employees to returns and return information.

Subtitle D—Organizational Modernization

Sec. 1301. Office of the National Taxpayer Advocate.

Sec. 1302. Modernization of Internal Revenue Service organizational structure.

Subtitle E—Other Provisions

- Sec. 1401. Return preparation programs for applicable taxpayers.
- Sec. 1402. Provision of information regarding low-income taxpayer clinics.
- Sec. 1403. Notice from IRS regarding closure of taxpayer assistance centers.
- Sec. 1404. Rules for seizure and sale of perishable goods restricted to only perishable goods.
- Sec. 1405. Whistleblower reforms.
- Sec. 1406. Customer service information.
- Sec. 1407. Misdirected tax refund deposits.

TITLE II—21ST CENTURY IRS

Subtitle A—Cybersecurity and Identity Protection

- Sec. 2001. Public-private partnership to address identity theft refund fraud.
- Sec. 2002. Recommendations of Electronic Tax Administration Advisory Committee regarding identity theft refund fraud.
- Sec. 2003. Information sharing and analysis center.
- Sec. 2004. Compliance by contractors with confidentiality safeguards.
- Sec. 2005. Identity protection personal identification numbers.
- Sec. 2006. Single point of contact for tax-related identity theft victims.
- Sec. 2007. Notification of suspected identity theft.
- Sec. 2008. Guidelines for stolen identity refund fraud cases.
- Sec. 2009. Increased penalty for improper disclosure or use of information by preparers of returns.

Subtitle B—Development of Information Technology

- Sec. 2101. Management of Internal Revenue Service information technology.
- Sec. 2102. Internet platform for Form 1099 filings.
- Sec. 2103. Streamlined critical pay authority for information technology positions.

Subtitle C—Modernization of Consent-Based Income Verification System

- Sec. 2201. Disclosure of taxpayer information for third-party income verification.
- Sec. 2202. Limit redisclosures and uses of consent-based disclosures of tax return information.

Subtitle D—Expanded Use of Electronic Systems

- Sec. 2301. Electronic filing of returns.
- Sec. 2302. Uniform standards for the use of electronic signatures for disclosure authorizations to, and other authorizations of, practitioners.
- Sec. 2303. Payment of taxes by debit and credit cards.
- Sec. 2304. Authentication of users of electronic services accounts.

Subtitle E—Other Provisions

- Sec. 2401. Repeal of provision regarding certain tax compliance procedures and reports.
- Sec. 2402. Comprehensive training strategy.

TITLE III—MISCELLANEOUS PROVISIONS

Subtitle A—Reform of Laws Governing Internal Revenue Service Employees

Sec. 3001. Prohibition on rehiring any employee of the Internal Revenue Service who was involuntarily separated from service for misconduct.

Sec. 3002. Notification of unauthorized inspection or disclosure of returns and return information.

Subtitle B—Provisions Relating to Exempt Organizations

Sec. 3101. Mandatory e-filing by exempt organizations.

Sec. 3102. Notice required before revocation of tax-exempt status for failure to file return.

Subtitle C—Revenue Provision

Sec. 3201. Increase in penalty for failure to file.

TITLE IV—BUDGETARY EFFECTS

Sec. 4001. Determination of budgetary effects.

1 **TITLE I—PUTTING TAXPAYERS**

2 **FIRST**

3 **Subtitle A—Independent Appeals**

4 **Process**

5 **SEC. 1001. ESTABLISHMENT OF INTERNAL REVENUE SERV-**

6 **ICE INDEPENDENT OFFICE OF APPEALS.**

7 (a) IN GENERAL.—Section 7803 is amended by add-
8 ing at the end the following new subsection:

9 “(e) INDEPENDENT OFFICE OF APPEALS.—

10 “(1) ESTABLISHMENT.—There is established in
11 the Internal Revenue Service an office to be known
12 as the ‘Internal Revenue Service Independent Office
13 of Appeals’.

14 “(2) CHIEF OF APPEALS.—

15 “(A) IN GENERAL.—The Internal Revenue
16 Service Independent Office of Appeals shall be
17 under the supervision and direction of an offi-

1 cial to be known as the ‘Chief of Appeals’. The
2 Chief of Appeals shall report directly to the
3 Commissioner of Internal Revenue and shall be
4 entitled to compensation at the same rate as
5 the highest rate of basic pay established for the
6 Senior Executive Service under section 5382 of
7 title 5, United States Code.

8 “(B) APPOINTMENT.—The Chief of Ap-
9 peals shall be appointed by the Commissioner of
10 Internal Revenue without regard to the provi-
11 sions of title 5, United States Code, relating to
12 appointments in the competitive service or the
13 Senior Executive Service.

14 “(C) QUALIFICATIONS.—An individual ap-
15 pointed under subparagraph (B) shall have ex-
16 perience and expertise in—

17 “(i) administration of, and compliance
18 with, Federal tax laws,

19 “(ii) a broad range of compliance
20 cases, and

21 “(iii) management of large service or-
22 ganizations.

23 “(3) PURPOSES AND DUTIES OF OFFICE.—It
24 shall be the function of the Internal Revenue Service

1 Independent Office of Appeals to resolve Federal tax
2 controversies without litigation on a basis which—

3 “(A) is fair and impartial to both the Gov-
4 ernment and the taxpayer,

5 “(B) promotes a consistent application and
6 interpretation of, and voluntary compliance
7 with, the Federal tax laws, and

8 “(C) enhances public confidence in the in-
9 tegrity and efficiency of the Internal Revenue
10 Service.

11 “(4) RIGHT OF APPEAL.—The resolution proc-
12 ess described in paragraph (3) shall be generally
13 available to all taxpayers.

14 “(5) LIMITATION ON DESIGNATION OF CASES
15 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT
16 OFFICE OF APPEALS.—

17 “(A) IN GENERAL.—If any taxpayer which
18 is in receipt of a notice of deficiency authorized
19 under section 6212 requests referral to the In-
20 ternal Revenue Service Independent Office of
21 Appeals and such request is denied, the Com-
22 missioner of Internal Revenue shall provide
23 such taxpayer a written notice which—

24 “(i) provides a detailed description of
25 the facts involved, the basis for the deci-

1 sion to deny the request, and a detailed ex-
2 planation of how the basis of such decision
3 applies to such facts, and

4 “(ii) describes the procedures pre-
5 scribed under subparagraph (C) for pro-
6 testing the decision to deny the request.

7 “(B) REPORT TO CONGRESS.—The Com-
8 missioner of Internal Revenue shall submit a
9 written report to Congress on an annual basis
10 which includes the number of requests described
11 in subparagraph (A) which were denied and the
12 reasons (described by category) that such re-
13 quests were denied.

14 “(C) PROCEDURES FOR PROTESTING DE-
15 NIAL OF REQUEST.—The Commissioner of In-
16 ternal Revenue shall prescribe procedures for
17 protesting to the Commissioner of Internal Rev-
18 enue a denial of a request described in subpara-
19 graph (A).

20 “(D) NOT APPLICABLE TO FRIVOLOUS PO-
21 SITIONS.—This paragraph shall not apply to a
22 request for referral to the Internal Revenue
23 Service Independent Office of Appeals which is
24 denied on the basis that the issue involved is a

1 frivolous position (within the meaning of section
2 6702(c)).

3 “(6) STAFF.—

4 “(A) IN GENERAL.—All personnel in the
5 Internal Revenue Service Independent Office of
6 Appeals shall report to the Chief of Appeals.

7 “(B) ACCESS TO STAFF OF OFFICE OF
8 THE CHIEF COUNSEL.—The Chief of Appeals
9 shall have authority to obtain legal assistance
10 and advice from the staff of the Office of the
11 Chief Counsel. The Chief Counsel shall ensure,
12 to the extent practicable, that such assistance
13 and advice is provided by staff of the Office of
14 the Chief Counsel who were not involved in the
15 case with respect to which such assistance and
16 advice is sought and who are not involved in
17 preparing such case for litigation.

18 “(7) ACCESS TO CASE FILES.—

19 “(A) IN GENERAL.—In any case in which
20 a conference with the Internal Revenue Service
21 Independent Office of Appeals has been sched-
22 uled upon request of a specified taxpayer, the
23 Chief of Appeals shall ensure that such tax-
24 payer is provided access to the nonprivileged
25 portions of the case file on record regarding the

1 disputed issues (other than documents provided
2 by the taxpayer to the Internal Revenue Serv-
3 ice) not later than 10 days before the date of
4 such conference.

5 “(B) TAXPAYER ELECTION TO EXPEDITE
6 CONFERENCE.—If the taxpayer so elects, sub-
7 paragraph (A) shall be applied by substituting
8 ‘the date of such conference’ for ‘10 days before
9 the date of such conference’.

10 “(C) SPECIFIED TAXPAYER.—For pur-
11 poses of this paragraph—

12 “(i) IN GENERAL.—The term ‘speci-
13 fied taxpayer’ means—

14 “(I) in the case of any taxpayer
15 who is a natural person, a taxpayer
16 whose adjusted gross income does not
17 exceed \$400,000 for the taxable year
18 to which the dispute relates, and

19 “(II) in the case of any other
20 taxpayer, a taxpayer whose gross re-
21 ceipts do not exceed \$5 million for the
22 taxable year to which the dispute re-
23 lates.

1 “(ii) AGGREGATION RULE.—Rules
 2 similar to the rules of section 448(c)(2)
 3 shall apply for purposes of clause (i)(II).”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) The following provisions are each amended
 6 by striking “Internal Revenue Service Office of Ap-
 7 peals” and inserting “Internal Revenue Service
 8 Independent Office of Appeals”:

9 (A) Section 6015(c)(4)(B)(ii)(I).

10 (B) Section 6320(b)(1).

11 (C) Subsections (b)(1) and (d)(3) of sec-
 12 tion 6330.

13 (D) Section 6603(d)(3)(B).

14 (E) Section 6621(c)(2)(A)(i).

15 (F) Section 7122(e)(2).

16 (G) Subsections (a), (b)(1), (b)(2), and
 17 (c)(1) of section 7123.

18 (H) Subsections (c)(7)(B)(i) and (g)(2)(A)
 19 of section 7430.

20 (I) Section 7522(b)(3).

21 (J) Section 7612(c)(2)(A).

22 (2) Section 7430(c)(2) is amended by striking
 23 “Internal Revenue Service Office of Appeals” each
 24 place it appears and inserting “Internal Revenue
 25 Service Independent Office of Appeals”.

1 (3) The heading of section 6330(d)(3) is
2 amended by inserting “INDEPENDENT” after “IRS”.

3 (c) OTHER REFERENCES.—Any reference in any pro-
4 vision of law, or regulation or other guidance, to the Inter-
5 nal Revenue Service Office of Appeals shall be treated as
6 a reference to the Internal Revenue Service Independent
7 Office of Appeals.

8 (d) SAVINGS PROVISIONS.—Rules similar to the rules
9 of paragraphs (2) through (6) of section 1001(b) of the
10 Internal Revenue Service Restructuring and Reform Act
11 of 1998 shall apply for purposes of this section (and the
12 amendments made by this section).

13 (e) EFFECTIVE DATE.—

14 (1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, the amendments made by
16 this section shall take effect on the date of the en-
17 actment of this Act.

18 (2) ACCESS TO CASE FILES.—Section
19 7803(e)(7) of the Internal Revenue Code of 1986, as
20 added by subsection (a), shall apply to conferences
21 occurring after the date which is 1 year after the
22 date of the enactment of this Act.

Subtitle B—Improved Service

SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRATEGY.

(a) IN GENERAL.—Not later than the date which is 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall submit to Congress a written comprehensive customer service strategy for the Internal Revenue Service. Such strategy shall include—

(1) a plan to provide assistance to taxpayers that is secure, designed to meet reasonable taxpayer expectations, and adopts appropriate best practices of customer service provided in the private sector, including online services, telephone call back services, and training of employees providing customer services;

(2) a thorough assessment of the services that the Internal Revenue Service can co-locate with other Federal services or offer as self-service options;

(3) proposals to improve Internal Revenue Service customer service in the short term (the current and following fiscal year), medium term (approximately 3 to 5 fiscal years), and long term (approximately 10 fiscal years);

(b) UPDATED GUIDANCE AND TRAINING MATERIALS.—Not later than 2 years after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall make available the updated guidance and training materials described in subsection (a)(4) (including the Internal Revenue Manual). Such updated guidance and training materials (including the Internal Revenue Manual) shall be written in a manner so as to be easily understood by customer service employees of the Internal Revenue Service and shall provide clear instructions.

22 (a) IN GENERAL.—Section 7122(c) is amended by
23 adding at the end the following new paragraph:

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1 required in connection with the submission of an
 2 offer-in-compromise, shall not apply to any offer-in-
 3 compromise with respect to a taxpayer who is an in-
 4 dividual with adjusted gross income, as determined
 5 for the most recent taxable year for which such in-
 6 formation is available, which does not exceed 250
 7 percent of the applicable poverty level (as deter-
 8 mined by the Secretary).”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to offers-in-compromise submitted
 11 after the date of the enactment of this Act.

12 **Subtitle C—Sensible Enforcement**

13 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-** 14 **QUIREMENTS WITH RESPECT TO STRUC-** 15 **TURING TRANSACTIONS.**

16 Section 5317(c)(2) of title 31, United States Code,
 17 is amended—

18 (1) by striking “Any property” and inserting
 19 the following:

20 “(A) IN GENERAL.—Any property”; and

21 (2) by adding at the end the following:

22 “(B) INTERNAL REVENUE SERVICE SEI-
 23 ZURE REQUIREMENTS WITH RESPECT TO
 24 STRUCTURING TRANSACTIONS.—

1 “(i) PROPERTY DERIVED FROM AN IL-
2 LEGAL SOURCE.—Property may only be
3 seized by the Internal Revenue Service
4 pursuant to subparagraph (A) by reason of
5 a claimed violation of section 5324 if the
6 property to be seized was derived from an
7 illegal source or the funds were structured
8 for the purpose of concealing the violation
9 of a criminal law or regulation other than
10 section 5324.

11 “(ii) NOTICE.—Not later than 30
12 days after property is seized by the Inter-
13 nal Revenue Service pursuant to subpara-
14 graph (A), the Internal Revenue Service
15 shall—

16 “(I) make a good faith effort to
17 find all persons with an ownership in-
18 terest in such property; and

19 “(II) provide each such person so
20 found with a notice of the seizure and
21 of the person’s rights under clause
22 (iv).

23 “(iii) EXTENSION OF NOTICE UNDER
24 CERTAIN CIRCUMSTANCES.—The Internal
25 Revenue Service may apply to a court of

1 competent jurisdiction for one 30-day ex-
2 tension of the notice requirement under
3 clause (ii) if the Internal Revenue Service
4 can establish probable cause of an immi-
5 nent threat to national security or personal
6 safety necessitating such extension.

7 “(iv) POST-SEIZURE HEARING.—If a
8 person with an ownership interest in prop-
9 erty seized pursuant to subparagraph (A)
10 by the Internal Revenue Service requests a
11 hearing by a court of competent jurisdic-
12 tion within 30 days after the date on which
13 notice is provided under subclause (ii),
14 such property shall be returned unless the
15 court holds an adversarial hearing and
16 finds within 30 days of such request (or
17 such longer period as the court may pro-
18 vide, but only on request of an interested
19 party) that there is probable cause to be-
20 lieve that there is a violation of section
21 5324 involving such property and probable
22 cause to believe that the property to be
23 seized was derived from an illegal source or
24 the funds were structured for the purpose
25 of concealing the violation of a criminal

1 law or regulation other than section
2 5324.”.

3 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**
4 **TO RECOVER PROPERTY SEIZED BY THE IN-**
5 **TERNAL REVENUE SERVICE BASED ON**
6 **STRUCTURING TRANSACTION.**

7 (a) IN GENERAL.—Part III of subchapter B of chap-
8 ter 1 is amended by inserting before section 140 the fol-
9 lowing new section:

10 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**
11 **PROPERTY SEIZED BY THE INTERNAL REV-**
12 **ENUE SERVICE BASED ON STRUCTURING**
13 **TRANSACTION.**

14 “Gross income shall not include any interest received
15 from the Federal Government in connection with an action
16 to recover property seized by the Internal Revenue Service
17 pursuant to section 5317(c)(2) of title 31, United States
18 Code, by reason of a claimed violation of section 5324 of
19 such title.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for part III of subchapter B of chapter 1 is amended by
22 inserting before the item relating to section 140 the fol-
23 lowing new item:

“Sec. 139H. Interest received in action to recover property seized by the Inter-
nal Revenue Service based on structuring transaction.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to interest received on or after the
3 date of the enactment of this Act.

4 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**
5 **JOINT LIABILITY.**

6 (a) IN GENERAL.—Section 6015 is amended—

7 (1) in subsection (e), by adding at the end the
8 following new paragraph:

9 “(7) STANDARD AND SCOPE OF REVIEW.—Any
10 review of a determination made under this section
11 shall be reviewed de novo by the Tax Court and shall
12 be based upon—

13 “(A) the administrative record established
14 at the time of the determination, and

15 “(B) any additional newly discovered or
16 previously unavailable evidence.”; and

17 (2) by amending subsection (f) to read as fol-
18 lows:

19 “(f) EQUITABLE RELIEF.—

20 “(1) IN GENERAL.—Under procedures pre-
21 scribed by the Secretary, if—

22 “(A) taking into account all the facts and
23 circumstances, it is inequitable to hold the indi-
24 vidual liable for any unpaid tax or any defi-
25 ciency (or any portion of either), and

1 “(B) relief is not available to such indi-
2 vidual under subsection (b) or (c),
3 the Secretary may relieve such individual of such li-
4 ability.

5 “(2) LIMITATION.—A request for equitable re-
6 lief under this subsection may be made with respect
7 to any portion of any liability that—

8 “(A) has not been paid, provided that such
9 request is made before the expiration of the ap-
10 plicable period of limitation under section 6502,
11 or

12 “(B) has been paid, provided that such re-
13 quest is made during the period in which the
14 individual could submit a timely claim for re-
15 fund or credit of such payment.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to petitions or requests filed or
18 pending on or after the date of the enactment of this Act.

19 **SEC. 1204. MODIFICATION OF PROCEDURES FOR ISSUANCE**
20 **OF THIRD-PARTY SUMMONS.**

21 (a) IN GENERAL.—Section 7609(f) is amended by
22 adding at the end the following flush sentence:
23 “The Secretary shall not issue any summons described in
24 the preceding sentence unless the information sought to
25 be obtained is narrowly tailored to information that per-

1 tains to the failure (or potential failure) of the person or
 2 group or class of persons referred to in paragraph (2) to
 3 comply with one or more provisions of the internal revenue
 4 law which have been identified for purposes of such para-
 5 graph.”.

6 (b) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to summonses served after the date
 8 that is 45 days after the date of the enactment of this
 9 Act.

10 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**
 11 **PLIANCE PERSONNEL PROGRAM.**

12 (a) CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR
 13 COLLECTION UNDER TAX COLLECTION CONTRACTS.—
 14 Section 6306(d)(3) is amended by striking “or” at the end
 15 of subparagraph (C) and by inserting after subparagraph
 16 (D) the following new subparagraphs:

17 “(E) a taxpayer substantially all of whose
 18 income consists of disability insurance benefits
 19 under section 223 of the Social Security Act or
 20 supplemental security income benefits under
 21 title XVI of the Social Security Act (including
 22 supplemental security income benefits of the
 23 type described in section 1616 of such Act or
 24 section 212 of Public Law 93–66), or

1 “(F) a taxpayer who is an individual with
2 adjusted gross income, as determined for the
3 most recent taxable year for which such infor-
4 mation is available, which does not exceed 200
5 percent of the applicable poverty level (as deter-
6 mined by the Secretary),”.

7 (b) DETERMINATION OF INACTIVE TAX RECEIV-
8 ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-
9 TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended
10 by striking “more than $\frac{1}{3}$ of the period of the applicable
11 statute of limitation has lapsed” and inserting “more than
12 2 years has passed since assessment”.

13 (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-
14 MENTS OFFERED UNDER TAX COLLECTION CON-
15 TRACTS.—Section 6306(b)(1)(B) is amended by striking
16 “5 years” and inserting “7 years”.

17 (d) CLARIFICATION THAT SPECIAL COMPLIANCE
18 PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR
19 PROGRAM COSTS.—

20 (1) IN GENERAL.—Section 6307(b) is amend-
21 ed—

22 (A) in paragraph (2), by striking all that
23 follows “under such program” and inserting a
24 period, and

1 (B) in paragraph (3), by striking all that
2 follows “out of such account” and inserting
3 “for other than program costs.”.

4 (2) COMMUNICATIONS, SOFTWARE, AND TECH-
5 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-
6 tion 6307(d)(2)(B) is amended by striking “tele-
7 communications” and inserting “communications,
8 software, technology”.

9 (3) CONFORMING AMENDMENT.—Section
10 6307(d)(2) is amended by striking “and” at the end
11 of subparagraph (A), by striking the period at the
12 end of subparagraph (B) and inserting “, and”, and
13 by inserting after subparagraph (B) the following
14 new subparagraph:

15 “(C) reimbursement of the Internal Rev-
16 enue Service or other government agencies for
17 the cost of administering the qualified tax col-
18 lection program under section 6306.”.

19 (e) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall apply to tax receivables identified
23 by the Secretary (or the Secretary’s delegate) after
24 December 31, 2020.

1 (2) MAXIMUM LENGTH OF INSTALLMENT
2 AGREEMENTS.—The amendment made by subsection
3 (c) shall apply to contracts entered into after the
4 date of the enactment of this Act.

5 (3) USE OF SPECIAL COMPLIANCE PERSONNEL
6 PROGRAM ACCOUNT.—The amendment made by sub-
7 section (d) shall apply to amounts expended from
8 the special compliance personnel program account
9 after the date of the enactment of this Act.

10 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**
11 **PARTIES.**

12 (a) IN GENERAL.—Section 7602(c)(1) is amended to
13 read as follows:

14 “(1) GENERAL NOTICE.—An officer or em-
15 ployee of the Internal Revenue Service may not con-
16 tact any person other than the taxpayer with respect
17 to the determination or collection of the tax liability
18 of such taxpayer unless such contact occurs during
19 a period (not greater than 1 year) which is specified
20 in a notice which—

21 “(A) informs the taxpayer that contacts
22 with persons other than the taxpayer are in-
23 tended to be made during such period, and

24 “(B) except as otherwise provided by the
25 Secretary, is provided to the taxpayer not later

1 than 45 days before the beginning of such pe-
2 riod.

3 Nothing in the preceding sentence shall prevent the
4 issuance of notices to the same taxpayer with respect
5 to the same tax liability with periods specified there-
6 in that, in the aggregate, exceed 1 year. A notice
7 shall not be issued under this paragraph unless
8 there is an intent at the time such notice is issued
9 to contact persons other than the taxpayer during
10 the period specified in such notice. The preceding
11 sentence shall not prevent the issuance of a notice
12 if the requirement of such sentence is met on the
13 basis of the assumption that the information sought
14 to be obtained by such contact will not be obtained
15 by other means before such contact.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to notices provided, and contacts
18 of persons made, after the date which is 45 days after
19 the date of the enactment of this Act.

20 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**
21 **IGNATED SUMMONS.**

22 (a) IN GENERAL.—Paragraph (1) of section 6503(j)
23 is amended by striking “coordinated examination pro-
24 gram” and inserting “coordinated industry case pro-
25 gram”.

1 (b) REQUIREMENTS FOR SUMMONS.—Clause (i) of
2 section 6503(j)(2)(A) is amended to read as follows:

3 “(i) the issuance of such summons is
4 preceded by a review and written approval
5 of such issuance by the Commissioner of
6 the relevant operating division of the Inter-
7 nal Revenue Service and the Chief Counsel
8 which—

9 “(I) states facts clearly estab-
10 lishing that the Secretary has made
11 reasonable requests for the informa-
12 tion that is the subject of the sum-
13 mons, and

14 “(II) is attached to such sum-
15 mons.”.

16 (c) ESTABLISHMENT THAT REASONABLE REQUESTS
17 FOR INFORMATION WERE MADE.—Subsection (j) of sec-
18 tion 6503 is amended by adding at the end the following
19 new paragraph:

20 “(4) ESTABLISHMENT THAT REASONABLE RE-
21 QUESTS FOR INFORMATION WERE MADE.—In any
22 court proceeding described in paragraph (3), the
23 Secretary shall establish that reasonable requests
24 were made for the information that is the subject of
25 the summons.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to summonses issued after the date
3 which is 45 days after the date of the enactment of this
4 Act.

5 **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**
6 **ENUE SERVICE EMPLOYEES TO RETURNS**
7 **AND RETURN INFORMATION.**

8 (a) IN GENERAL.—Section 7602 is amended by add-
9 ing at the end the following new subsection:

10 “(f) LIMITATION ON ACCESS OF PERSONS OTHER
11 THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-
12 PLOYEES.—The Secretary shall not, under the authority
13 of section 6103(n), provide any books, papers, records, or
14 other data obtained pursuant to this section to any person
15 authorized under section 6103(n), except when such per-
16 son requires such information for the sole purpose of pro-
17 viding expert evaluation and assistance to the Internal
18 Revenue Service. No person other than an officer or em-
19 ployee of the Internal Revenue Service or the Office of
20 Chief Counsel may, on behalf of the Secretary, question
21 a witness under oath whose testimony was obtained pursu-
22 ant to this section.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section—

1 (1) shall take effect on the date of the enact-
2 ment of this Act; and

3 (2) shall not fail to apply to a contract in effect
4 under section 6103(n) of the Internal Revenue Code
5 of 1986 merely because such contract was in effect
6 before the date of the enactment of this Act.

7 **Subtitle D—Organizational** 8 **Modernization**

9 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.** 10

11 (a) TAXPAYER ADVOCATE DIRECTIVES.—

12 (1) IN GENERAL.—Section 7803(c) is amended
13 by adding at the end the following new paragraph:

14 “(5) TAXPAYER ADVOCATE DIRECTIVES.—In
15 the case of any Taxpayer Advocate Directive issued
16 by the National Taxpayer Advocate pursuant to a
17 delegation of authority from the Commissioner of In-
18 ternal Revenue—

19 “(A) the Commissioner or a Deputy Com-
20 missioner shall modify, rescind, or ensure com-
21 pliance with such directive not later than 90
22 days after the issuance of such directive, and

23 “(B) in the case of any directive which is
24 modified or rescinded by a Deputy Commis-
25 sioner, the National Taxpayer Advocate may

(not later than 90 days after such modification or rescission) appeal to the Commissioner, and the Commissioner shall (not later than 90 days after such appeal is made) ensure compliance with such directive as issued by the National Taxpayer Advocate or provide the National Taxpayer Advocate with the reasons for any modification or rescission made or upheld by the Commissioner pursuant to such appeal.”.

(2) REPORT TO CERTAIN COMMITTEES OF CONGRESS REGARDING DIRECTIVES.—Section 7803(c)(2)(B)(ii) is amended by redesignating subclauses (VIII) through (XI) as subclauses (IX) through (XII), respectively, and by inserting after subclause (VII) the following new subclause:

“(VIII) identify any Taxpayer Advocate Directive which was not honored by the Internal Revenue Service in a timely manner, as specified under paragraph (5);”.

(b) NATIONAL TAXPAYER ADVOCATE ANNUAL REPORTS TO CONGRESS.—

(1) INCLUSION OF MOST SERIOUS TAXPAYER PROBLEMS.—Section 7803(c)(2)(B)(ii)(III) is

1 amended by striking “at least 20 of the” and insert-
2 ing “the 10”.

3 (2) COORDINATION WITH TREASURY INSPECTOR
4 GENERAL FOR TAX ADMINISTRATION.—Section
5 7803(c)(2) is amended by adding at the end the fol-
6 lowing new subparagraph:

7 “(E) COORDINATION WITH TREASURY IN-
8 SPECTOR GENERAL FOR TAX ADMINISTRA-
9 TION.—Before beginning any research or study,
10 the National Taxpayer Advocate shall coordi-
11 nate with the Treasury Inspector General for
12 Tax Administration to ensure that the National
13 Taxpayer Advocate does not duplicate any ac-
14 tion that the Treasury Inspector General for
15 Tax Administration has already undertaken or
16 has a plan to undertake.”.

17 (3) STATISTICAL SUPPORT.—

18 (A) IN GENERAL.—Section 6108 is amend-
19 ed by adding at the end the following new sub-
20 section:

21 “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-
22 PAYER ADVOCATE.—Upon request of the National Tax-
23 payer Advocate, the Secretary shall, to the extent prac-
24 ticable, provide the National Taxpayer Advocate with sta-
25 tistical support in connection with the preparation by the

1 National Taxpayer Advocate of the annual report de-
2 scribed in section 7803(c)(2)(B)(ii). Such statistical sup-
3 port shall include statistical studies, compilations, and the
4 review of information provided by the National Taxpayer
5 Advocate for statistical validity and sound statistical
6 methodology.”.

7 (B) DISCLOSURE OF REVIEW.—Section
8 7803(c)(2)(B)(ii), as amended by subsection
9 (a), is amended by striking “and” at the end of
10 subclause (XI), by redesignating subclause
11 (XII) as subclause (XIII), and by inserting
12 after subclause (XI) the following new sub-
13 clause:

14 “(XII) with respect to any statis-
15 tical information included in such re-
16 port, include a statement of whether
17 such statistical information was re-
18 viewed or provided by the Secretary
19 under section 6108(d) and, if so,
20 whether the Secretary determined
21 such information to be statistically
22 valid and based on sound statistical
23 methodology; and”.

24 (C) CONFORMING AMENDMENT.—Section
25 7803(c)(2)(B)(iii) is amended by adding at the

1 end the following: “The preceding sentence
2 shall not apply with respect to statistical infor-
3 mation provided to the Secretary for review, or
4 received from the Secretary, under section
5 6108(d).”.

6 (c) SALARY OF NATIONAL TAXPAYER ADVOCATE.—
7 Section 7803(c)(1)(B)(i) is amended by striking “, or, if
8 the Secretary of the Treasury so determines, at a rate
9 fixed under section 9503 of such title”.

10 (d) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as otherwise pro-
12 vided in this subsection, the amendments made by
13 this section shall take effect on the date of the en-
14 actment of this Act.

15 (2) SALARY OF NATIONAL TAXPAYER ADVO-
16 CATE.—The amendment made by subsection (c)
17 shall apply to compensation paid to individuals ap-
18 pointed as the National Taxpayer Advocate after
19 March 31, 2019.

20 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**
21 **ICE ORGANIZATIONAL STRUCTURE.**

22 (a) IN GENERAL.—Not later than September 30,
23 2020, the Secretary of the Treasury (or the Secretary’s
24 delegate) shall submit to Congress a comprehensive writ-

1 ten plan to redesign the organization of the Internal Rev-
2 enue Service. Such plan shall—

3 (1) ensure the successful implementation of the
4 priorities specified by Congress in this Act;

5 (2) prioritize taxpayer services to ensure that
6 all taxpayers easily and readily receive the assistance
7 that they need;

8 (3) streamline the structure of the agency in-
9 cluding minimizing the duplication of services and
10 responsibilities within the agency;

11 (4) best position the Internal Revenue Service
12 to combat cybersecurity and other threats to the In-
13 ternal Revenue Service; and

14 (5) address whether the Criminal Investigation
15 Division of the Internal Revenue Service should re-
16 port directly to the Commissioner of Internal Rev-
17 enue.

18 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL
19 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-
20 graph (3) of section 1001(a) of the Internal Revenue Serv-
21 ice Restructuring and Reform Act of 1998 shall cease to
22 apply beginning 1 year after the date on which the plan
23 described in subsection (a) is submitted to Congress.

1 **Subtitle E—Other Provisions**

2 **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-**
3 **CABLE TAXPAYERS.**

4 (a) IN GENERAL.—Chapter 77 is amended by insert-
5 ing after section 7526 the following new section:

6 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-**
7 **PLICABLE TAXPAYERS.**

8 “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX
9 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-
10 retary shall establish a Community Volunteer Income Tax
11 Assistance Matching Grant Program under which the Sec-
12 retary may, subject to the availability of appropriated
13 funds, make grants to provide matching funds for the de-
14 velopment, expansion, or continuation of qualified return
15 preparation programs assisting applicable taxpayers and
16 members of underserved populations.

17 “(b) USE OF FUNDS.—

18 “(1) IN GENERAL.—Qualified return prepara-
19 tion programs may use grants received under this
20 section for—

21 “(A) ordinary and necessary costs associ-
22 ated with program operation in accordance with
23 cost principles under the applicable Office of
24 Management and Budget circular, including—

1 “(i) wages or salaries of persons co-
2 ordinating the activities of the program,

3 “(ii) developing training materials,
4 conducting training, and performing qual-
5 ity reviews of the returns prepared under
6 the program,

7 “(iii) equipment purchases, and

8 “(iv) vehicle-related expenses associ-
9 ated with remote or rural tax preparation
10 services,

11 “(B) outreach and educational activities
12 described in subsection (c)(2)(B), and

13 “(C) services related to financial education
14 and capability, asset development, and the es-
15 tablishment of savings accounts in connection
16 with tax return preparation.

17 “(2) REQUIREMENT OF MATCHING FUNDS.—A
18 qualified return preparation program must provide
19 matching funds on a dollar-for-dollar basis for all
20 grants provided under this section. Matching funds
21 may include—

22 “(A) the salary (including fringe benefits)
23 of individuals performing services for the pro-
24 gram,

1 “(B) the cost of equipment used in the
2 program, and

3 “(C) other ordinary and necessary costs
4 associated with the program.

5 Indirect expenses, including general overhead of any
6 entity administering the program, shall not be
7 counted as matching funds.

8 “(c) APPLICATION.—

9 “(1) IN GENERAL.—Each applicant for a grant
10 under this section shall submit an application to the
11 Secretary at such time, in such manner, and con-
12 taining such information as the Secretary may rea-
13 sonably require.

14 “(2) PRIORITY.—In awarding grants under this
15 section, the Secretary shall give priority to applica-
16 tions which demonstrate—

17 “(A) assistance to applicable taxpayers,
18 with emphasis on outreach to, and services for,
19 such taxpayers,

20 “(B) taxpayer outreach and educational
21 activities relating to eligibility and availability
22 of income supports available through this title,
23 including the earned income tax credit, and

24 “(C) specific outreach and focus on one or
25 more underserved populations.

1 “(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-
 2 termining matching grants under this section, the
 3 Secretary shall only take into account amounts pro-
 4 vided by the qualified return preparation program
 5 for expenses described in subsection (b).

6 “(d) PROGRAM ADHERENCE.—

7 “(1) IN GENERAL.—The Secretary shall estab-
 8 lish procedures for, and shall conduct not less fre-
 9 quently than once every 5 calendar years during
 10 which a qualified return preparation program is op-
 11 erating under a grant under this section, periodic
 12 site visits—

13 “(A) to ensure the program is carrying out
 14 the purposes of this section, and

15 “(B) to determine whether the program
 16 meets such program adherence standards as the
 17 Secretary shall by regulation or other guidance
 18 prescribe.

19 “(2) ADDITIONAL REQUIREMENTS FOR GRANT
 20 RECIPIENTS NOT MEETING PROGRAM ADHERENCE
 21 STANDARDS.—In the case of any qualified return
 22 preparation program which—

23 “(A) is awarded a grant under this section,
 24 and

25 “(B) is subsequently determined—

1 “(i) not to meet the program adher-
2 ence standards described in paragraph
3 (1)(B), or

4 “(ii) not to be otherwise carrying out
5 the purposes of this section,

6 such program shall not be eligible for any additional
7 grants under this section unless such program pro-
8 vides sufficient documentation of corrective meas-
9 ures established to address any such deficiencies de-
10 termined.

11 “(e) DEFINITIONS.—For purposes of this section—

12 “(1) QUALIFIED RETURN PREPARATION PRO-
13 GRAM.—The term ‘qualified return preparation pro-
14 gram’ means any program—

15 “(A) which provides assistance to individ-
16 uals, not less than 90 percent of whom are ap-
17 plicable taxpayers, in preparing and filing Fed-
18 eral income tax returns,

19 “(B) which is administered by a qualified
20 entity,

21 “(C) in which all volunteers who assist in
22 the preparation of Federal income tax returns
23 meet the training requirements prescribed by
24 the Secretary, and

1 “(D) which uses a quality review process
2 which reviews 100 percent of all returns.

3 “(2) QUALIFIED ENTITY.—

4 “(A) IN GENERAL.—The term ‘qualified
5 entity’ means any entity which—

6 “(i) is an eligible organization,

7 “(ii) is in compliance with Federal tax
8 filing and payment requirements,

9 “(iii) is not debarred or suspended
10 from Federal contracts, grants, or coopera-
11 tive agreements, and

12 “(iv) agrees to provide documentation
13 to substantiate any matching funds pro-
14 vided pursuant to the grant program under
15 this section.

16 “(B) ELIGIBLE ORGANIZATION.—The term
17 ‘eligible organization’ means—

18 “(i) an institution of higher education
19 which is described in section 102 (other
20 than subsection (a)(1)(C) thereof) of the
21 Higher Education Act of 1965 (20 U.S.C.
22 1002), as in effect on the date of the en-
23 actment of this section, and which has not
24 been disqualified from participating in a
25 program under title IV of such Act,

1 “(ii) an organization described in sec-
2 tion 501(c) and exempt from tax under
3 section 501(a),

4 “(iii) a local government agency, in-
5 cluding—

6 “(I) a county or municipal gov-
7 ernment agency, and

8 “(II) an Indian tribe, as defined
9 in section 4(13) of the Native Amer-
10 ican Housing Assistance and Self-De-
11 termination Act of 1996 (25 U.S.C.
12 4103(13)), including any tribally des-
13 igned housing entity (as defined in
14 section 4(22) of such Act (25 U.S.C.
15 4103(22))), tribal subsidiary, subdivi-
16 sion, or other wholly owned tribal en-
17 tity,

18 “(iv) a local, State, regional, or na-
19 tional coalition (with one lead organization
20 which meets the eligibility requirements of
21 clause (i), (ii), or (iii) acting as the appli-
22 cant organization), or

23 “(v) in the case of applicable tax-
24 payers and members of underserved popu-
25 lations with respect to which no organiza-

1 tions described in the preceding clauses are
2 available—

3 “(I) a State government agency,
4 or

5 “(II) an office providing Cooper-
6 ative Extension services (as estab-
7 lished at the land-grant colleges and
8 universities under the Smith-Lever
9 Act of May 8, 1914).

10 “(3) APPLICABLE TAXPAYERS.—The term ‘ap-
11 plicable taxpayer’ means a taxpayer whose income
12 for the taxable year does not exceed an amount
13 equal to the completed phaseout amount under sec-
14 tion 32(b) for a married couple filing a joint return
15 with three or more qualifying children, as deter-
16 mined in a revenue procedure or other published
17 guidance.

18 “(4) UNDERSERVED POPULATION.—The term
19 ‘underserved population’ includes populations of per-
20 sons with disabilities, persons with limited English
21 proficiency, Native Americans, individuals living in
22 rural areas, members of the Armed Forces and their
23 spouses, and the elderly.

24 “(f) SPECIAL RULES AND LIMITATIONS.—

1 “(1) DURATION OF GRANTS.—Upon application
2 of a qualified return preparation program, the Sec-
3 retary is authorized to award a multi-year grant not
4 to exceed 3 years.

5 “(2) AGGREGATE LIMITATION.—Unless other-
6 wise provided by specific appropriation, the Sec-
7 retary shall not allocate more than \$30 million per
8 fiscal year (exclusive of costs of administering the
9 program) to grants under this section.

10 “(g) PROMOTION OF PROGRAMS.—

11 “(1) IN GENERAL.—The Secretary shall pro-
12 mote tax preparation through qualified return prepa-
13 ration programs through the use of mass commu-
14 nications and other means.

15 “(2) PROVISION OF INFORMATION REGARDING
16 QUALIFIED RETURN PREPARATION PROGRAMS.—The
17 Secretary may provide taxpayers information regard-
18 ing qualified return preparation programs receiving
19 grants under this section.

20 “(3) REFERRALS TO LOW-INCOME TAXPAYER
21 CLINICS.—Qualified return preparation programs re-
22 ceiving a grant under this section are encouraged, in
23 appropriate cases, to—

24 “(A) advise taxpayers of the availability of,
25 and eligibility requirements for receiving, advice

1 and assistance from qualified low-income tax-
 2 payer clinics receiving funding under section
 3 7526, and

4 “(B) provide information regarding the lo-
 5 cation of, and contact information for, such
 6 clinics.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
 8 for chapter 77 is amended by inserting after the item re-
 9 lating to section 7526 the following new item:

“Sec. 7526A. Return preparation programs for applicable taxpayers.”.

10 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**
 11 **INCOME TAXPAYER CLINICS.**

12 (a) IN GENERAL.—Section 7526(c) is amended by
 13 adding at the end the following new paragraph:

14 “(6) PROVISION OF INFORMATION REGARDING
 15 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-
 16 withstanding any other provision of law, officers and
 17 employees of the Department of the Treasury may—

18 “(A) advise taxpayers of the availability of,
 19 and eligibility requirements for receiving, advice
 20 and assistance from one or more specific quali-
 21 fied low-income taxpayer clinics receiving fund-
 22 ing under this section, and

23 “(B) provide information regarding the lo-
 24 cation of, and contact information for, such
 25 clinics.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**
5 **TAXPAYER ASSISTANCE CENTERS.**

6 Not later than 90 days before the date that a pro-
7 posed closure of a Taxpayer Assistance Center would take
8 effect, the Secretary of the Treasury (or the Secretary's
9 delegate) shall—

10 (1) make publicly available (including by non-
11 electronic means) a notice which—

12 (A) identifies the Taxpayer Assistance
13 Center proposed for closure and the date of
14 such proposed closure; and

15 (B) identifies the relevant alternative
16 sources of taxpayer assistance which may be
17 utilized by taxpayers affected by such proposed
18 closure; and

19 (2) submit to Congress a written report that in-
20 cludes—

21 (A) the information included in the notice
22 described in paragraph (1);

23 (B) the reasons for such proposed closure;
24 and

1 (C) such other information as the Sec-
2 retary may determine appropriate.

3 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**
4 **GOODS RESTRICTED TO ONLY PERISHABLE**
5 **GOODS.**

6 (a) IN GENERAL.—Section 6336 is amended by strik-
7 ing “or become greatly reduced in price or value by keep-
8 ing, or that such property cannot be kept without great
9 expense”.

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

13 **SEC. 1405. WHISTLEBLOWER REFORMS.**

14 (a) MODIFICATIONS TO DISCLOSURE RULES FOR
15 WHISTLEBLOWERS.—

16 (1) IN GENERAL.—Section 6103(k) is amended
17 by adding at the end the following new paragraph:

18 “(13) DISCLOSURE TO WHISTLEBLOWERS.—

19 “(A) IN GENERAL.—The Secretary may
20 disclose, to any individual providing information
21 relating to any purpose described in paragraph
22 (1) or (2) of section 7623(a), return informa-
23 tion related to the investigation of any taxpayer
24 with respect to whom the individual has pro-
25 vided such information, but only to the extent

1 that such disclosure is necessary in obtaining
2 information, which is not otherwise reasonably
3 available, with respect to the correct determina-
4 tion of tax liability for tax, or the amount to be
5 collected with respect to the enforcement of any
6 other provision of this title.

7 “(B) UPDATES ON WHISTLEBLOWER IN-
8 VESTIGATIONS.—The Secretary shall disclose to
9 an individual providing information relating to
10 any purpose described in paragraph (1) or (2)
11 of section 7623(a) the following:

12 “(i) Not later than 60 days after a
13 case for which the individual has provided
14 information has been referred for an audit
15 or examination, a notice with respect to
16 such referral.

17 “(ii) Not later than 60 days after a
18 taxpayer with respect to whom the indi-
19 vidual has provided information has made
20 a payment of tax with respect to tax liabil-
21 ity to which such information relates, a no-
22 tice with respect to such payment.

23 “(iii) Subject to such requirements
24 and conditions as are prescribed by the

1 Secretary, upon a written request by such
2 individual—

3 “(I) information on the status
4 and stage of any investigation or ac-
5 tion related to such information, and

6 “(II) in the case of a determina-
7 tion of the amount of any award
8 under section 7623(b), the reasons for
9 such determination.

10 Clause (iii) shall not apply to any information
11 if the Secretary determines that disclosure of
12 such information would seriously impair Fed-
13 eral tax administration. Information described
14 in clauses (i), (ii), and (iii) may be disclosed to
15 a designee of the individual providing such in-
16 formation in accordance with guidance provided
17 by the Secretary.”.

18 (2) CONFORMING AMENDMENTS.—

19 (A) CONFIDENTIALITY OF INFORMA-
20 TION.—Section 6103(a)(3) is amended by strik-
21 ing “subsection (k)(10)” and inserting “para-
22 graph (10) or (13) of subsection (k)”.

23 (B) PENALTY FOR UNAUTHORIZED DIS-
24 CLOSURE.—Section 7213(a)(2) is amended by

1 striking “(k)(10)” and inserting “(k)(10) or
2 (13)”.

3 (C) COORDINATION WITH AUTHORITY TO
4 DISCLOSE FOR INVESTIGATIVE PURPOSES.—
5 Section 6103(k)(6) is amended by adding at the
6 end the following new sentence: “This para-
7 graph shall not apply to any disclosure to an in-
8 dividual providing information relating to any
9 purpose described in paragraph (1) or (2) of
10 section 7623(a) which is made under paragraph
11 (13)(A).”.

12 (b) PROTECTION AGAINST RETALIATION.—Section
13 7623 is amended by adding at the end the following new
14 subsection:

15 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-
16 TION CASES.—

17 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-
18 TECTION FOR EMPLOYEES.—No employer, or any of-
19 ficer, employee, contractor, subcontractor, or agent
20 of such employer, may discharge, demote, suspend,
21 threaten, harass, or in any other manner discrimi-
22 nate against an employee in the terms and condi-
23 tions of employment (including through an act in the
24 ordinary course of such employee’s duties) in re-
25 prisal for any lawful act done by the employee—

1 “(A) to provide information, cause infor-
2 mation to be provided, or otherwise assist in an
3 investigation regarding underpayment of tax or
4 any conduct which the employee reasonably be-
5 lieves constitutes a violation of the internal rev-
6 enue laws or any provision of Federal law relat-
7 ing to tax fraud, when the information or as-
8 sistance is provided to the Internal Revenue
9 Service, the Secretary of the Treasury, the
10 Treasury Inspector General for Tax Adminis-
11 tration, the Comptroller General of the United
12 States, the Department of Justice, the United
13 States Congress, a person with supervisory au-
14 thority over the employee, or any other person
15 working for the employer who has the authority
16 to investigate, discover, or terminate mis-
17 conduct, or

18 “(B) to testify, participate in, or otherwise
19 assist in any administrative or judicial action
20 taken by the Internal Revenue Service relating
21 to an alleged underpayment of tax or any viola-
22 tion of the internal revenue laws or any provi-
23 sion of Federal law relating to tax fraud.

24 “(2) ENFORCEMENT ACTION.—

1 “(A) IN GENERAL.—A person who alleges
2 discharge or other reprisal by any person in vio-
3 lation of paragraph (1) may seek relief under
4 paragraph (3) by—

5 “(i) filing a complaint with the Sec-
6 retary of Labor, or

7 “(ii) if the Secretary of Labor has not
8 issued a final decision within 180 days of
9 the filing of the complaint and there is no
10 showing that such delay is due to the bad
11 faith of the claimant, bringing an action at
12 law or equity for de novo review in the ap-
13 propriate district court of the United
14 States, which shall have jurisdiction over
15 such an action without regard to the
16 amount in controversy.

17 “(B) PROCEDURE.—

18 “(i) IN GENERAL.—An action under
19 subparagraph (A)(i) shall be governed
20 under the rules and procedures set forth in
21 section 42121(b) of title 49, United States
22 Code.

23 “(ii) EXCEPTION.—Notification made
24 under section 42121(b)(1) of title 49,
25 United States Code, shall be made to the

1 person named in the complaint and to the
2 employer.

3 “(iii) BURDENS OF PROOF.—An ac-
4 tion brought under subparagraph (A)(ii)
5 shall be governed by the legal burdens of
6 proof set forth in section 42121(b) of title
7 49, United States Code, except that in ap-
8 plying such section—

9 “(I) ‘behavior described in para-
10 graph (1)’ shall be substituted for ‘be-
11 havior described in paragraphs (1)
12 through (4) of subsection (a)’ each
13 place it appears in paragraph (2)(B)
14 thereof, and

15 “(II) ‘a violation of paragraph
16 (1)’ shall be substituted for ‘a viola-
17 tion of subsection (a)’ each place it
18 appears.

19 “(iv) STATUTE OF LIMITATIONS.—A
20 complaint under subparagraph (A)(i) shall
21 be filed not later than 180 days after the
22 date on which the violation occurs.

23 “(v) JURY TRIAL.—A party to an ac-
24 tion brought under subparagraph (A)(ii)
25 shall be entitled to trial by jury.

1 “(3) REMEDIES.—

2 “(A) IN GENERAL.—An employee pre-
3 vailing in any action under paragraph (2)(A)
4 shall be entitled to all relief necessary to make
5 the employee whole.

6 “(B) COMPENSATORY DAMAGES.—Relief
7 for any action under subparagraph (A) shall in-
8 clude—

9 “(i) reinstatement with the same se-
10 niority status that the employee would
11 have had, but for the reprisal,

12 “(ii) the sum of 200 percent of the
13 amount of back pay and 100 percent of all
14 lost benefits, with interest, and

15 “(iii) compensation for any special
16 damages sustained as a result of the re-
17 prisal, including litigation costs, expert wit-
18 ness fees, and reasonable attorney fees.

19 “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-
20 ing in this section shall be deemed to diminish the
21 rights, privileges, or remedies of any employee under
22 any Federal or State law, or under any collective
23 bargaining agreement.

1 “(5) NONENFORCEABILITY OF CERTAIN PROVI-
2 SIONS WAIVING RIGHTS AND REMEDIES OR REQUIR-
3 ING ARBITRATION OF DISPUTES.—

4 “(A) WAIVER OF RIGHTS AND REM-
5 EDIES.—The rights and remedies provided for
6 in this subsection may not be waived by any
7 agreement, policy form, or condition of employ-
8 ment, including by a predispute arbitration
9 agreement.

10 “(B) PREDISPUTE ARBITRATION AGREE-
11 MENTS.—No predispute arbitration agreement
12 shall be valid or enforceable, if the agreement
13 requires arbitration of a dispute arising under
14 this subsection.”.

15 (c) EFFECTIVE DATE.—

16 (1) IN GENERAL.—The amendments made by
17 subsection (a) shall apply to disclosures made after
18 the date of the enactment of this Act.

19 (2) CIVIL PROTECTION.—The amendment made
20 by subsection (b) shall take effect on the date of the
21 enactment of this Act.

22 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

23 The Secretary of the Treasury (or the Secretary’s
24 delegate) shall provide helpful information to taxpayers

1 placed on hold during a telephone call to any Internal Rev-
2 enue Service help line, including the following:

3 (1) Information about common tax scams.

4 (2) Information on where and how to report tax
5 scams.

6 (3) Additional advice on how taxpayers can pro-
7 tect themselves from identity theft and tax scams.

8 **SEC. 1407. MISDIRECTED TAX REFUND DEPOSITS.**

9 Section 6402 is amended by adding at the end the
10 following new subsection:

11 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not
12 later than the date which is 6 months after the date of
13 the enactment of the Taxpayer First Act, the Secretary
14 shall prescribe regulations to establish procedures to allow
15 for—

16 “(1) taxpayers to report instances in which a
17 refund made by the Secretary by electronic funds
18 transfer was not transferred to the account of the
19 taxpayer;

20 “(2) coordination with financial institutions for
21 the purpose of—

22 “(A) identifying the accounts to which
23 transfers described in paragraph (1) were
24 made; and

1 “(B) recovery of the amounts so trans-
2 ferred; and

3 “(3) the refund to be delivered to the correct
4 account of the taxpayer.”.

5 **TITLE II—21ST CENTURY IRS**
6 **Subtitle A—Cybersecurity and**
7 **Identity Protection**

8 **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**
9 **IDENTITY THEFT REFUND FRAUD.**

10 The Secretary of the Treasury (or the Secretary’s
11 delegate) shall work collaboratively with the public and
12 private sectors to protect taxpayers from identity theft re-
13 fund fraud.

14 **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**
15 **MINISTRATION ADVISORY COMMITTEE RE-**
16 **GARDING IDENTITY THEFT REFUND FRAUD.**

17 The Secretary of the Treasury shall ensure that the
18 advisory group convened by the Secretary pursuant to sec-
19 tion 2001(b)(2) of the Internal Revenue Service Restruc-
20 turing and Reform Act of 1998 (commonly known as the
21 Electronic Tax Administration Advisory Committee) stud-
22 ies (including by providing organized public forums) and
23 makes recommendations to the Secretary regarding meth-
24 ods to prevent identity theft and refund fraud.

1 **SEC. 2003. INFORMATION SHARING AND ANALYSIS CENTER.**

2 (a) IN GENERAL.—The Secretary of the Treasury (or
3 the Secretary’s delegate) may participate in an informa-
4 tion sharing and analysis center to centralize, standardize,
5 and enhance data compilation and analysis to facilitate
6 sharing actionable data and information with respect to
7 identity theft tax refund fraud.

8 (b) DEVELOPMENT OF PERFORMANCE METRICS.—
9 The Secretary of the Treasury (or the Secretary’s dele-
10 gate) shall develop metrics for measuring the success of
11 such center in detecting and preventing identity theft tax
12 refund fraud.

13 (c) DISCLOSURE.—

14 (1) IN GENERAL.—Section 6103(k), as amend-
15 ed by this Act, is amended by adding at the end the
16 following new paragraph:

17 “(14) DISCLOSURE OF RETURN INFORMATION
18 FOR PURPOSES OF CYBERSECURITY AND THE PRE-
19 VENTION OF IDENTITY THEFT TAX REFUND
20 FRAUD.—

21 “(A) IN GENERAL.—Under such proce-
22 dures and subject to such conditions as the Sec-
23 retary may prescribe, the Secretary may dis-
24 close specified return information to specified
25 ISAC participants to the extent that the Sec-
26 retary determines such disclosure is in further-

1 ance of effective Federal tax administration re-
2 lating to the detection or prevention of identity
3 theft tax refund fraud, validation of taxpayer
4 identity, authentication of taxpayer returns, or
5 detection or prevention of cybersecurity threats.

6 “(B) SPECIFIED ISAC PARTICIPANTS.—For
7 purposes of this paragraph—

8 “(i) IN GENERAL.—The term ‘speci-
9 fied ISAC participant’ means—

10 “(I) any person designated by
11 the Secretary as having primary re-
12 sponsibility for a function performed
13 with respect to the information shar-
14 ing and analysis center described in
15 section 2003(a) of the Taxpayer First
16 Act, and

17 “(II) any person subject to the
18 requirements of section 7216 and
19 which is a participant in such infor-
20 mation sharing and analysis center.

21 “(ii) INFORMATION SHARING AGREE-
22 MENT.—Such term shall not include any
23 person unless such person has entered into
24 a written agreement with the Secretary
25 setting forth the terms and conditions for

1 the disclosure of information to such per-
2 son under this paragraph, including re-
3 quirements regarding the protection and
4 safeguarding of such information by such
5 person.

6 “(C) SPECIFIED RETURN INFORMATION.—

7 For purposes of this paragraph, the term ‘spec-
8 ified return information’ means—

9 “(i) in the case of a return which is
10 in connection with a case of potential iden-
11 tity theft refund fraud—

12 “(I) in the case of such return
13 filed electronically, the internet pro-
14 tocol address, device identification,
15 email domain name, speed of comple-
16 tion, method of authentication, refund
17 method, and such other return infor-
18 mation related to the electronic filing
19 characteristics of such return as the
20 Secretary may identify for purposes of
21 this subclause, and

22 “(II) in the case of such return
23 prepared by a tax return preparer,
24 identifying information with respect to
25 such tax return preparer, including

1 the preparer taxpayer identification
2 number and electronic filer identifica-
3 tion number of such preparer,

4 “(ii) in the case of a return which is
5 in connection with a case of a identity
6 theft refund fraud which has been con-
7 firmed by the Secretary (pursuant to such
8 procedures as the Secretary may provide),
9 the information referred to in subclauses
10 (I) and (II) of clause (i), the name and
11 taxpayer identification number of the tax-
12 payer as it appears on the return, and any
13 bank account and routing information pro-
14 vided for making a refund in connection
15 with such return, and

16 “(iii) in the case of any cybersecurity
17 threat to the Internal Revenue Service, in-
18 formation similar to the information de-
19 scribed in subclauses (I) and (II) of clause
20 (i) with respect to such threat.

21 “(D) RESTRICTION ON USE OF DISCLOSED
22 INFORMATION.—

23 “(i) DESIGNATED THIRD PARTIES.—
24 Any return information received by a per-
25 son described in subparagraph (B)(i)(I)

1 shall be used only for the purposes of and
2 to the extent necessary in—

3 “(I) performing the function such
4 person is designated to perform under
5 such subparagraph,

6 “(II) facilitating disclosures au-
7 thorized under subparagraph (A) to
8 persons described in subparagraph
9 (B)(i)(II), and

10 “(III) facilitating disclosures au-
11 thorized under subsection (d) to par-
12 ticipants in such information sharing
13 and analysis center.

14 “(ii) RETURN PREPARERS.—Any re-
15 turn information received by a person de-
16 scribed in subparagraph (B)(i)(II) shall be
17 treated for purposes of section 7216 as in-
18 formation furnished to such person for, or
19 in connection with, the preparation of a re-
20 turn of the tax imposed under chapter 1.

21 “(E) DATA PROTECTION AND SAFE-
22 GUARDS.—Return information disclosed under
23 this paragraph shall be subject to such protec-
24 tions and safeguards as the Secretary may re-
25 quire in regulations or other guidance or in the

1 written agreement referred to in subparagraph
 2 (B)(ii). Such written agreement shall include a
 3 requirement that any unauthorized access to in-
 4 formation disclosed under this paragraph, and
 5 any breach of any system in which such infor-
 6 mation is held, be reported to the Treasury In-
 7 spector General for Tax Administration.”.

8 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-
 9 ALTIES.—

10 (A) Section 6103(a)(3), as amended by
 11 this Act, is amended by striking “or (13)” and
 12 inserting “, (13), or (14)”.

13 (B) Section 7213(a)(2), as amended by
 14 this Act, is amended by striking “or (13)” and
 15 inserting “, (13), or (14)”.

16 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**
 17 **FIDENTIALITY SAFEGUARDS.**

18 (a) IN GENERAL.—Section 6103(p) is amended by
 19 adding at the end the following new paragraph:

20 “(9) DISCLOSURE TO CONTRACTORS AND
 21 OTHER AGENTS.—Notwithstanding any other provi-
 22 sion of this section, no return or return information
 23 shall be disclosed to any contractor or other agent
 24 of a Federal, State, or local agency unless such
 25 agency, to the satisfaction of the Secretary—

1 “(A) has requirements in effect which re-
2 quire each such contractor or other agent which
3 would have access to returns or return informa-
4 tion to provide safeguards (within the meaning
5 of paragraph (4)) to protect the confidentiality
6 of such returns or return information,

7 “(B) agrees to conduct an on-site review
8 every 3 years (or a mid-point review in the case
9 of contracts or agreements of less than 3 years
10 in duration) of each contractor or other agent
11 to determine compliance with such require-
12 ments,

13 “(C) submits the findings of the most re-
14 cent review conducted under subparagraph (B)
15 to the Secretary as part of the report required
16 by paragraph (4)(E), and

17 “(D) certifies to the Secretary for the most
18 recent annual period that such contractor or
19 other agent is in compliance with all such re-
20 quirements.

21 The certification required by subparagraph (D) shall
22 include the name and address of each contractor or
23 other agent, a description of the contract or agree-
24 ment with such contractor or other agent, and the
25 duration of such contract or agreement. The require-

1 ments of this paragraph shall not apply to disclo-
2 sures pursuant to subsection (n) for purposes of
3 Federal tax administration.”.

4 (b) CONFORMING AMENDMENT.—Section
5 6103(p)(8)(B) is amended by inserting “or paragraph
6 (9)” after “subparagraph (A)”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to disclosures made after Decem-
9 ber 31, 2022.

10 **SEC. 2005. IDENTITY PROTECTION PERSONAL IDENTIFICA-**
11 **TION NUMBERS.**

12 (a) IN GENERAL.—Subject to subsection (b), the Sec-
13 retary of the Treasury or the Secretary’s delegate (here-
14 after referred to in this section as the “Secretary”) shall
15 establish a program to issue, upon the request of any indi-
16 vidual, a number which may be used in connection with
17 such individual’s social security number (or other identi-
18 fying information with respect to such individual as deter-
19 mined by the Secretary) to assist the Secretary in
20 verifying such individual’s identity.

21 (b) REQUIREMENTS.—

22 (1) ANNUAL EXPANSION.—For each calendar
23 year beginning after the date of the enactment of
24 this Act, the Secretary shall provide numbers
25 through the program described in subsection (a) to

1 individuals residing in such States as the Secretary
2 deems appropriate, provided that the total number
3 of States served by such program during such year
4 is greater than the total number of States served by
5 such program during the preceding year.

6 (2) NATIONWIDE AVAILABILITY.—Not later
7 than 5 years after the date of the enactment of this
8 Act, the Secretary shall ensure that the program de-
9 scribed in subsection (a) is made available to any in-
10 dividual residing in the United States.

11 **SEC. 2006. SINGLE POINT OF CONTACT FOR TAX-RELATED**
12 **IDENTITY THEFT VICTIMS.**

13 (a) IN GENERAL.—The Secretary of the Treasury (or
14 the Secretary's delegate) shall establish and implement
15 procedures to ensure that any taxpayer whose return has
16 been delayed or otherwise adversely affected due to tax-
17 related identity theft has a single point of contact at the
18 Internal Revenue Service throughout the processing of the
19 taxpayer's case. The single point of contact shall track the
20 taxpayer's case to completion and coordinate with other
21 Internal Revenue Service employees to resolve case issues
22 as quickly as possible.

23 (b) SINGLE POINT OF CONTACT.—

1 (1) IN GENERAL.—For purposes of subsection
2 (a), the single point of contact shall consist of a
3 team or subset of specially trained employees who—

4 (A) have the ability to work across func-
5 tions to resolve the issues involved in the tax-
6 payer’s case; and

7 (B) shall be accountable for handling the
8 case until its resolution.

9 (2) TEAM OR SUBSET.—The employees included
10 within the team or subset described in paragraph (1)
11 may change as required to meet the needs of the In-
12 ternal Revenue Service, provided that procedures
13 have been established to—

14 (A) ensure continuity of records and case
15 history; and

16 (B) notify the taxpayer when appropriate.

17 **SEC. 2007. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

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

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

22 “(a) IN GENERAL.—If the Secretary determines that
23 there has been or may have been an unauthorized use of
24 the identity of any individual, the Secretary shall, without

1 jeopardizing an investigation relating to tax administra-
2 tion—

3 “(1) as soon as practicable—

4 “(A) notify the individual of such deter-
5 mination,

6 “(B) provide instructions on how to file a
7 report with law enforcement regarding the un-
8 authorized use,

9 “(C) identify any steps to be taken by the
10 individual to permit law enforcement to access
11 personal information of the individual during
12 the investigation,

13 “(D) provide information regarding actions
14 the individual may take in order to protect the
15 individual from harm relating to the unauthor-
16 ized use, and

17 “(E) offer identity protection measures to
18 the individual, such as the use of an identity
19 protection personal identification number, and

20 “(2) at the time the information described in
21 paragraph (1) is provided (or, if not available at
22 such time, as soon as practicable thereafter), issue
23 additional notifications to such individual (or such
24 individual’s designee) regarding—

1 “(A) whether an investigation has been ini-
2 tiated in regards to such unauthorized use,

3 “(B) whether the investigation substan-
4 tiated an unauthorized use of the identity of the
5 individual, and

6 “(C) whether—

7 “(i) any action has been taken against
8 a person relating to such unauthorized use,
9 or

10 “(ii) any referral has been made for
11 criminal prosecution of such person and, to
12 the extent such information is available,
13 whether such person has been criminally
14 charged by indictment or information.

15 “(b) EMPLOYMENT-RELATED IDENTITY THEFT.—

16 “(1) IN GENERAL.—For purposes of this sec-
17 tion, the unauthorized use of the identity of an indi-
18 vidual includes the unauthorized use of the identity
19 of the individual to obtain employment.

20 “(2) DETERMINATION OF EMPLOYMENT-RE-
21 LATED IDENTITY THEFT.—For purposes of this sec-
22 tion, in making a determination as to whether there
23 has been or may have been an unauthorized use of
24 the identity of an individual to obtain employment,
25 the Secretary shall review any information—

1 “(A) obtained from a statement described
2 in section 6051 or an information return relat-
3 ing to compensation for services rendered other
4 than as an employee, or

5 “(B) provided to the Internal Revenue
6 Service by the Social Security Administration
7 regarding any statement described in section
8 6051,

9 which indicates that the social security account num-
10 ber provided on such statement or information re-
11 turn does not correspond with the name provided on
12 such statement or information return or the name
13 on the tax return reporting the income which is in-
14 cluded on such statement or information return.”.

15 (b) ADDITIONAL MEASURES.—

16 (1) EXAMINATION OF BOTH PAPER AND ELEC-
17 TRONIC STATEMENTS AND RETURNS.—The Sec-
18 retary of the Treasury (or the Secretary’s delegate)
19 shall examine the statements, information returns,
20 and tax returns described in section 7529(b)(2) of
21 the Internal Revenue Code of 1986 (as added by
22 subsection (a)) for any evidence of employment-re-
23 lated identity theft, regardless of whether such state-
24 ments or returns are submitted electronically or on
25 paper.

1 (2) IMPROVEMENT OF EFFECTIVE RETURN
2 PROCESSING PROGRAM WITH SOCIAL SECURITY AD-
3 MINISTRATION.—Section 232 of the Social Security
4 Act (42 U.S.C. 432) is amended by inserting after
5 the third sentence the following: “For purposes of
6 carrying out the return processing program de-
7 scribed in the preceding sentence, the Commissioner
8 of Social Security shall request, not less than annu-
9 ally, such information described in section
10 7529(b)(2) of the Internal Revenue Code of 1986 as
11 may be necessary to ensure the accuracy of the
12 records maintained by the Commissioner of Social
13 Security related to the amounts of wages paid to,
14 and the amounts of self-employment income derived
15 by, individuals.”.

16 (3) UNDERREPORTING OF INCOME.—The Sec-
17 retary of the Treasury (or the Secretary’s delegate)
18 shall establish procedures to ensure that income re-
19 ported in connection with the unauthorized use of a
20 taxpayer’s identity is not taken into account in de-
21 termining any penalty for underreporting of income
22 by the victim of identity theft.

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

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

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to determinations made after the
3 date that is 6 months after the date of the enactment of
4 this Act.

5 **SEC. 2008. GUIDELINES FOR STOLEN IDENTITY REFUND**
6 **FRAUD CASES.**

7 (a) IN GENERAL.—Not later than 1 year after the
8 date of the enactment of this Act, the Secretary of the
9 Treasury (or the Secretary’s delegate), in consultation
10 with the National Taxpayer Advocate, shall develop and
11 implement publicly available guidelines for management of
12 cases involving stolen identity refund fraud in a manner
13 that reduces the administrative burden on taxpayers who
14 are victims of such fraud.

15 (b) STANDARDS AND PROCEDURES TO BE CONSID-
16 ERED.—The guidelines described in subsection (a) may in-
17 clude—

18 (1) standards for—

19 (A) the average length of time in which a
20 case involving stolen identity refund fraud
21 should be resolved;

22 (B) the maximum length of time, on aver-
23 age, a taxpayer who is a victim of stolen iden-
24 tity refund fraud and is entitled to a tax refund

1 which has been stolen should have to wait to re-
2 ceive such refund; and

3 (C) the maximum number of offices and
4 employees within the Internal Revenue Service
5 with whom a taxpayer who is a victim of stolen
6 identity refund fraud should be required to
7 interact in order to resolve a case;

8 (2) standards for opening, assigning, reas-
9 signing, or closing a case involving stolen identity re-
10 fund fraud; and

11 (3) procedures for implementing and accom-
12 plishing the standards described in paragraphs (1)
13 and (2), and measures for evaluating such proce-
14 dures and determining whether such standards have
15 been successfully implemented.

16 **SEC. 2009. INCREASED PENALTY FOR IMPROPER DISCLO-**
17 **SURE OR USE OF INFORMATION BY PRE-**
18 **PARERS OF RETURNS.**

19 (a) IN GENERAL.—Section 6713 is amended—

20 (1) by redesignating subsections (b) and (c) as
21 subsections (c) and (d), respectively; and

22 (2) by inserting after subsection (a) the fol-
23 lowing new subsection:

24 “(b) ENHANCED PENALTY FOR IMPROPER USE OR
25 DISCLOSURE RELATING TO IDENTITY THEFT.—

10 “(B) by substituting ‘\$50,000’ for
11 ‘\$10,000’.

“(2) SEPARATE APPLICATION OF TOTAL PEN-
ALTY LIMITATION.—The limitation on the total
amount of the penalty under subsection (a) shall be
applied separately with respect to disclosures or uses
to which this subsection applies and to which it does
not apply.”.

18 (b) CRIMINAL PENALTY.—Section 7216(a) is amend-
19 ed by striking “\$1,000” and inserting “\$1,000 (\$100,000
20 in the case of a disclosure or use to which section 6713(b)
21 applies)”.

HR 3151 RDS

**Subtitle B—Development of
Information Technology**

**SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE
INFORMATION TECHNOLOGY.**

(a) DUTIES AND RESPONSIBILITIES OF INTERNAL
REVENUE SERVICE CHIEF INFORMATION OFFICER.—Sec-
tion 7803, as amended by section 1001, is amended by
adding at the end the following new subsection:

“(f) INTERNAL REVENUE SERVICE CHIEF INFORMAT-
TION OFFICER.—

“(1) IN GENERAL.—There shall be in the Inter-
nal Revenue Service an Internal Revenue Service
Chief Information Officer (hereafter referred to in
this subsection as the ‘IRS CIO’) who shall be ap-
pointed by the Commissioner of Internal Revenue.

“(2) CENTRALIZED RESPONSIBILITY FOR IN-
TERNAL REVENUE SERVICE INFORMATION TECH-
NOLOGY.—The Commissioner of Internal Revenue
(and the Secretary) shall act through the IRS CIO
with respect to all development, implementation, and
maintenance of information technology for the Inter-
nal Revenue Service. Any reference in this sub-
section to the IRS CIO which directs the IRS CIO
to take any action, or to assume any responsibility,

1 shall be treated as a reference to the Commissioner
2 of Internal Revenue acting through the IRS CIO.

3 “(3) GENERAL DUTIES AND RESPONSIBIL-
4 ITIES.—The IRS CIO shall—

5 “(A) be responsible for the development,
6 implementation, and maintenance of informa-
7 tion technology for the Internal Revenue Serv-
8 ice,

9 “(B) ensure that the information tech-
10 nology of the Internal Revenue Service is secure
11 and integrated,

12 “(C) maintain operational control of all in-
13 formation technology for the Internal Revenue
14 Service,

15 “(D) be the principal advocate for the in-
16 formation technology needs of the Internal Rev-
17 enue Service, and

18 “(E) consult with the Chief Procurement
19 Officer of the Internal Revenue Service to en-
20 sure that the information technology acquired
21 for the Internal Revenue Service is consistent
22 with—

23 “(i) the goals and requirements speci-
24 fied in subparagraphs (A) through (D),
25 and

1 “(ii) the strategic plan developed
2 under paragraph (4).

3 “(4) STRATEGIC PLAN.—

4 “(A) IN GENERAL.—The IRS CIO shall
5 develop and implement a multiyear strategic
6 plan for the information technology needs of the
7 Internal Revenue Service. Such plan shall—

8 “(i) include performance measure-
9 ments of such technology and of the imple-
10 mentation of such plan,

11 “(ii) include a plan for an integrated
12 enterprise architecture of the information
13 technology of the Internal Revenue Service,

14 “(iii) include and take into account
15 the resources needed to accomplish such
16 plan,

17 “(iv) take into account planned major
18 acquisitions of information technology by
19 the Internal Revenue Service, and

20 “(v) align with the needs and stra-
21 tegic plan of the Internal Revenue Service.

22 “(B) PLAN UPDATES.—The IRS CIO
23 shall, not less frequently than annually, review
24 and update the strategic plan under subpara-
25 graph (A) (including the plan for an integrated

1 enterprise architecture described in subpara-
2 graph (A)(ii)) to take into account the develop-
3 ment of new information technology and the
4 needs of the Internal Revenue Service.

5 “(5) SCOPE OF AUTHORITY.—

6 “(A) INFORMATION TECHNOLOGY.—For
7 purposes of this subsection, the term ‘informa-
8 tion technology’ has the meaning given such
9 term by section 11101 of title 40, United States
10 Code.

11 “(B) INTERNAL REVENUE SERVICE.—Any
12 reference in this subsection to the Internal Rev-
13 enue Service includes a reference to all compo-
14 nents of the Internal Revenue Service, includ-
15 ing—

16 “(i) the Office of the Taxpayer Advoca-
17 cate,

18 “(ii) the Criminal Investigation Divi-
19 sion of the Internal Revenue Service, and

20 “(iii) except as otherwise provided by
21 the Secretary with respect to information
22 technology related to matters described in
23 subsection (b)(3)(B), the Office of the
24 Chief Counsel.”.

1 (b) INDEPENDENT VERIFICATION AND VALIDATION
2 OF THE CUSTOMER ACCOUNT DATA ENGINE 2 AND EN-
3 TERPRISE CASE MANAGEMENT SYSTEM.—

4 (1) IN GENERAL.—The Commissioner of Inter-
5 nal Revenue shall enter into a contract with an inde-
6 pendent reviewer to verify and validate the imple-
7 mentation plans (including the performance mile-
8 stones and cost estimates included in such plans) de-
9 veloped for the Customer Account Data Engine 2
10 and the Enterprise Case Management System.

11 (2) DEADLINE FOR COMPLETION.—Such con-
12 tract shall require that such verification and valida-
13 tion be completed not later than the date which is
14 1 year after the date of the enactment of this Act.

15 (3) APPLICATION TO PHASES OF CADE 2.—

16 (A) IN GENERAL.—Paragraphs (1) and (2)
17 shall not apply to phase 1 of the Customer Ac-
18 count Data Engine 2 and shall apply separately
19 to each other phase.

20 (B) DEADLINE FOR COMPLETING
21 PLANS.—Not later than 1 year after the date of
22 the enactment of this Act, the Commissioner of
23 Internal Revenue shall complete the develop-
24 ment of plans for all phases of the Customer
25 Account Data Engine 2.

1 (C) DEADLINE FOR COMPLETION OF
2 VERIFICATION AND VALIDATION OF PLANS.—In
3 the case of any phase after phase 2 of the Cus-
4 tomer Account Data Engine 2, paragraph (2)
5 shall be applied by substituting “the date on
6 which the plan for such phase was completed”
7 for “the date of the enactment of this Act”.

8 (c) COORDINATION OF IRS CIO AND CHIEF PRO-
9 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-
10 ICE.—

11 (1) IN GENERAL.—The Chief Procurement Offi-
12 cer of the Internal Revenue Service shall—

13 (A) identify all significant IRS information
14 technology acquisitions and provide written no-
15 tification to the Internal Revenue Service Chief
16 Information Officer (hereafter referred to in
17 this subsection as the “IRS CIO”) of each such
18 acquisition in advance of such acquisition, and

19 (B) regularly consult with the IRS CIO re-
20 garding acquisitions of information technology
21 for the Internal Revenue Service, including
22 meeting with the IRS CIO regarding such ac-
23 quisitions upon request.

24 (2) SIGNIFICANT IRS INFORMATION TECH-
25 NOLOGY ACQUISITIONS.—For purposes of this sub-

1 section, the term “significant IRS information tech-
2 nology acquisitions” means—

3 (A) any acquisition of information tech-
4 nology for the Internal Revenue Service in ex-
5 cess of \$1 million; and

6 (B) such other acquisitions of information
7 technology for the Internal Revenue Service (or
8 categories of such acquisitions) as the IRS CIO,
9 in consultation with the Chief Procurement Of-
10 ficer of the Internal Revenue Service, may iden-
11 tify.

12 (3) SCOPE.—Terms used in this subsection
13 which are also used in section 7803(f) of the Inter-
14 nal Revenue Code of 1986 (as added by subsection
15 (a)) shall have the same meaning as when used in
16 such section.

17 **SEC. 2102. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

18 (a) IN GENERAL.—Not later than January 1, 2023,
19 the Secretary of the Treasury or the Secretary’s delegate
20 (hereafter referred to in this section as the “Secretary”)
21 shall make available an internet website or other electronic
22 media, with a user interface and functionality similar to
23 the Business Services Online Suite of Services provided
24 by the Social Security Administration, that provides access

1 to resources and guidance provided by the Internal Rev-
 2 enue Service and allows persons to—

3 (1) prepare and file Forms 1099;

4 (2) prepare Forms 1099 for distribution to re-
 5 cipients other than the Internal Revenue Service;
 6 and

7 (3) maintain a record of completed, filed, and
 8 distributed Forms 1099.

9 (b) ELECTRONIC SERVICES TREATED AS SUPPLE-
 10 MENTAL; APPLICATION OF SECURITY STANDARDS.—The
 11 Secretary shall ensure that the services described in sub-
 12 section (a)—

13 (1) are a supplement to, and not a replacement
 14 for, other services provided by the Internal Revenue
 15 Service to taxpayers; and

16 (2) comply with applicable security standards
 17 and guidelines.

18 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**
 19 **INFORMATION TECHNOLOGY POSITIONS.**

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

1 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**
2 **INFORMATION TECHNOLOGY POSITIONS.**

3 “In the case of any position which is critical to the
4 functionality of the information technology operations of
5 the Internal Revenue Service—

6 “(1) section 9503 of title 5, United States
7 Code, shall be applied—

8 “(A) by substituting ‘during the period be-
9 ginning on the date of the enactment of section
10 7812 of the Internal Revenue Code of 1986,
11 and ending on September 30, 2025’ for ‘Before
12 September 30, 2013 in subsection (a)’,

13 “(B) without regard to subparagraph (B)
14 of subsection (a)(1), and

15 “(C) by substituting ‘the date of the enact-
16 ment of the Taxpayer First Act’ for ‘June 1,
17 1998’ in subsection (a)(6),

18 “(2) section 9504 of such title 5 shall be ap-
19 plied by substituting ‘During the period beginning
20 on the date of the enactment of section 7812 of the
21 Internal Revenue Code of 1986, and ending on Sep-
22 tember 30, 2025’ for ‘Before September 30, 2013’
23 each place it appears in subsections (a) and (b), and

24 “(3) section 9505 of such title shall be ap-
25 plied—

“Sec. 7812. Streamlined critical pay authority for information technology positions.”.

Subtitle C—Modernization of Consent-Based Income Verification System

(a) IN GENERAL.—Not later than 1 year after the close of the 2-year period described in subsection (d)(1), the Secretary of the Treasury or the Secretary’s delegate (hereafter referred to in this section as the “Secretary”) shall implement a program to ensure that any qualified disclosure—

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1 (2) is accomplished in as close to real-time as
2 is practicable.

3 (b) QUALIFIED DISCLOSURE.—For purposes of this
4 section, the term “qualified disclosure” means a disclosure
5 under section 6103(c) of the Internal Revenue Code of
6 1986 of returns or return information by the Secretary
7 to a person seeking to verify the income or creditworthi-
8 ness of a taxpayer who is a borrower in the process of
9 a loan application.

10 (c) APPLICATION OF SECURITY STANDARDS.—The
11 Secretary shall ensure that the program described in sub-
12 section (a) complies with applicable security standards and
13 guidelines.

14 (d) USER FEE.—

15 (1) IN GENERAL.—During the 2-year period be-
16 ginning on the first day of the sixth calendar month
17 beginning after the date of the enactment of this
18 Act, the Secretary shall assess and collect a fee for
19 qualified disclosures (in addition to any other fee as-
20 sessed and collected for such disclosures) at such
21 rates as the Secretary determines are sufficient to
22 cover the costs related to implementing the program
23 described in subsection (a), including the costs of
24 any necessary infrastructure or technology.

1 (2) DEPOSIT OF COLLECTIONS.—Amounts re-
2 ceived from fees assessed and collected under para-
3 graph (1) shall be deposited in, and credited to, an
4 account solely for the purpose of carrying out the
5 activities described in subsection (a). Such amounts
6 shall be available to carry out such activities without
7 need of further appropriation and without fiscal year
8 limitation.

9 **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**
10 **BASED DISCLOSURES OF TAX RETURN INFOR-**
11 **MATION.**

12 (a) IN GENERAL.—Section 6103(c) is amended by
13 adding at the end the following: “Persons designated by
14 the taxpayer under this subsection to receive return infor-
15 mation shall not use the information for any purpose other
16 than the express purpose for which consent was granted
17 and shall not disclose return information to any other per-
18 son without the express permission of, or request by, the
19 taxpayer.”.

20 (b) APPLICATION OF PENALTIES.—Section
21 6103(a)(3) is amended by inserting “subsection (c),” after
22 “return information under”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to disclosures made after the date

1 which is 180 days after the date of the enactment of this
 2 Act.

3 **Subtitle D—Expanded Use of** 4 **Electronic Systems**

5 **SEC. 2301. ELECTRONIC FILING OF RETURNS.**

6 (a) IN GENERAL.—Section 6011(e)(2)(A) is amended
 7 by striking “250” and inserting “the applicable number
 8 of”.

9 (b) APPLICABLE NUMBER.—Section 6011(e) is
 10 amended by striking paragraph (5) and inserting the fol-
 11 lowing new paragraphs:

12 “(5) APPLICABLE NUMBER.—

13 “(A) IN GENERAL.—For purposes of para-
 14 graph (2)(A), the applicable number shall be—

15 “(i) except as provided in subpara-
 16 graph (B), in the case of calendar years
 17 before 2021, 250,

18 “(ii) in the case of calendar year
 19 2021, 100, and

20 “(iii) in the case of calendar years
 21 after 2021, 10.

22 “(B) SPECIAL RULE FOR PARTNERSHIPS
 23 FOR 2018, 2019, 2020, AND 2021.—In the case of
 24 a partnership, for any calendar year before
 25 2022, the applicable number shall be—

1 “(i) in the case of calendar year 2018,
2 200,
3 “(ii) in the case of calendar year
4 2019, 150,
5 “(iii) in the case of calendar year
6 2020, 100, and
7 “(iv) in the case of calendar year
8 2021, 50.

9 “(6) PARTNERSHIPS REQUIRED TO FILE ON
10 MAGNETIC MEDIA.—Notwithstanding paragraph
11 (2)(A), the Secretary shall require partnerships hav-
12 ing more than 100 partners to file returns on mag-
13 netic media.”.

14 (c) RETURNS FILED BY A TAX RETURN PRE-
15 PARER.—Section 6011(e)(3) is amended by adding at the
16 end the following new subparagraph:

17 “(D) EXCEPTION FOR CERTAIN PRE-
18 PARERS LOCATED IN AREAS WITHOUT INTER-
19 NET ACCESS.—The Secretary may waive the re-
20 quirement of subparagraph (A) if the Secretary
21 determines, on the basis of an application by
22 the tax return preparer, that the preparer can-
23 not meet such requirement by reason of being
24 located in a geographic area which does not

1 have access to internet service (other than dial-
2 up or satellite service).”.

3 (d) CONFORMING AMENDMENT.—Section 6724(c) is
4 amended by striking “250 information returns (more than
5 100 information returns in the case of a partnership hav-
6 ing more than 100 partners)” and inserting “the applica-
7 ble number (determined under section 6011(e)(5) with re-
8 spect to the calendar year to which such returns relate)
9 of information returns”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect on the date of the enactment
12 of this Act.

13 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**
14 **TRONIC SIGNATURES FOR DISCLOSURE AU-**
15 **THORIZATIONS TO, AND OTHER AUTHORIZA-**
16 **TIONS OF, PRACTITIONERS.**

17 Section 6061(b)(3) is amended to read as follows:

18 “(3) PUBLISHED GUIDANCE.—

19 “(A) IN GENERAL.—The Secretary shall
20 publish guidance as appropriate to define and
21 implement any waiver of the signature require-
22 ments or any method adopted under paragraph
23 (1).

24 “(B) ELECTRONIC SIGNATURES FOR DIS-
25 CLOSURE AUTHORIZATIONS TO, AND OTHER AU-

1 THORIZATIONS OF, PRACTITIONERS.—Not later
 2 than 6 months after the date of the enactment
 3 of this subparagraph, the Secretary shall pub-
 4 lish guidance to establish uniform standards
 5 and procedures for the acceptance of taxpayers’
 6 signatures appearing in electronic form with re-
 7 spect to any request for disclosure of a tax-
 8 payer’s return or return information under sec-
 9 tion 6103(c) to a practitioner or any power of
 10 attorney granted by a taxpayer to a practi-
 11 tioner.

12 “(C) PRACTITIONER.—For purposes of
 13 subparagraph (B), the term ‘practitioner’
 14 means any individual in good standing who is
 15 regulated under section 330 of title 31, United
 16 States Code.”.

17 **SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT**
 18 **CARDS.**

19 Section 6311(d)(2) is amended by adding at the end
 20 the following: “The preceding sentence shall not apply to
 21 the extent that the Secretary ensures that any such fee
 22 or other consideration is fully recouped by the Secretary
 23 in the form of fees paid to the Secretary by persons paying
 24 taxes imposed under subtitle A with credit, debit, or
 25 charge cards pursuant to such contract. Notwithstanding

1 the preceding sentence, the Secretary shall seek to mini-
2 mize the amount of any fee or other consideration that
3 the Secretary pays under any such contract.”.

4 **SEC. 2304. AUTHENTICATION OF USERS OF ELECTRONIC**
5 **SERVICES ACCOUNTS.**

6 Beginning 180 days after the date of the enactment
7 of this Act, the Secretary of the Treasury (or the Sec-
8 retary’s delegate) shall verify the identity of any individual
9 opening an e-Services account with the Internal Revenue
10 Service before such individual is able to use the e-Services
11 tools.

12 **Subtitle E—Other Provisions**

13 **SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN**
14 **TAX COMPLIANCE PROCEDURES AND RE-**
15 **PORTS.**

16 Section 2004 of the Internal Revenue Service Re-
17 structuring and Reform Act of 1998 (26 U.S.C. 6012
18 note) is repealed.

19 **SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.**

20 Not later than 1 year after the date of the enactment
21 of this Act, the Commissioner of Internal Revenue shall
22 submit to Congress a written report providing a com-
23 prehensive training strategy for employees of the Internal
24 Revenue Service, including—

1 (1) a plan to streamline current training proc-
2 esses, including an assessment of the utility of fur-
3 ther consolidating internal training programs, tech-
4 nology, and funding;

5 (2) a plan to develop annual training regarding
6 taxpayer rights, including the role of the Office of
7 the Taxpayer Advocate, for employees that interface
8 with taxpayers and the direct managers of such em-
9 ployees;

10 (3) a plan to improve technology-based training;

11 (4) proposals to—

12 (A) focus employee training on early, fair,
13 and efficient resolution of taxpayer disputes for
14 employees that interface with taxpayers and the
15 direct managers of such employees; and

16 (B) ensure consistency of skill development
17 and employee evaluation throughout the Inter-
18 nal Revenue Service; and

19 (5) a thorough assessment of the funding nec-
20 essary to implement such strategy.

1 **TITLE III—MISCELLANEOUS**
2 **PROVISIONS**
3 **Subtitle A—Reform of Laws Gov-**
4 **erning Internal Revenue Serv-**
5 **ice Employees**

6 **SEC. 3001. PROHIBITION ON REHIRING ANY EMPLOYEE OF**
7 **THE INTERNAL REVENUE SERVICE WHO WAS**
8 **INVOLUNTARILY SEPARATED FROM SERVICE**
9 **FOR MISCONDUCT.**

10 (a) IN GENERAL.—Section 7804 is amended by add-
11 ing at the end the following new subsection:

12 “(d) PROHIBITION ON REHIRING EMPLOYEES INVOL-
13 UNTARILY SEPARATED.—The Commissioner may not hire
14 any individual previously employed by the Commissioner
15 who was removed for misconduct under this subchapter
16 or chapter 43 or chapter 75 of title 5, United States Code,
17 or whose employment was terminated under section 1203
18 of the Internal Revenue Service Restructuring and Reform
19 Act of 1998 (26 U.S.C. 7804 note).”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply with respect to the hiring of em-
22 ployees after the date of the enactment of this Act.

1 **SEC. 3002. NOTIFICATION OF UNAUTHORIZED INSPECTION**
2 **OR DISCLOSURE OF RETURNS AND RETURN**
3 **INFORMATION.**

4 (a) IN GENERAL.—Subsection (e) of section 7431 is
5 amended by adding at the end the following new sen-
6 tences: “The Secretary shall also notify such taxpayer if
7 the Internal Revenue Service or a Federal or State agency
8 (upon notice to the Secretary by such Federal or State
9 agency) proposes an administrative determination as to
10 disciplinary or adverse action against an employee arising
11 from the employee’s unauthorized inspection or disclosure
12 of the taxpayer’s return or return information. The notice
13 described in this subsection shall include the date of the
14 unauthorized inspection or disclosure and the rights of the
15 taxpayer under such administrative determination.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to determinations proposed after
18 the date which is 180 days after the date of the enactment
19 of this Act.

20 **Subtitle B—Provisions Relating to**
21 **Exempt Organizations**

22 **SEC. 3101. MANDATORY E-FILING BY EXEMPT ORGANIZA-**
23 **TIONS.**

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

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

4 (b) OTHER REPORTS AND RETURNS.—

5 (1) POLITICAL ORGANIZATIONS.—Section
6 527(j)(7) is amended by striking “if the organization
7 has” and all that follows through “such calendar
8 year”.

9 (2) UNRELATED BUSINESS INCOME TAX RE-
10 TURNS.—Section 6011 is amended by redesignating
11 subsection (h) as subsection (i) and by inserting
12 after subsection (g) the following new subsection:

13 “(h) MANDATORY E-FILING OF UNRELATED BUSI-
14 NESS INCOME TAX RETURN.—Any organization required
15 to file an annual return under this section which relates
16 to any tax imposed by section 511 shall file such return
17 in electronic form.”.

18 (c) INSPECTION OF ELECTRONICALLY FILED AN-
19 NUAL RETURNS.—Section 6104(b) is amended by adding
20 at the end the following: “Any annual return required to
21 be filed electronically under section 6033(n) shall be made
22 available by the Secretary to the public as soon as prac-
23 ticable in a machine readable format.”.

24 (d) EFFECTIVE DATE.—

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

5 (2) TRANSITIONAL RELIEF.—

6 (A) SMALL ORGANIZATIONS.—

7 (i) IN GENERAL.—In the case of any
8 small organizations, or any other organiza-
9 tions for which the Secretary of the Treas-
10 ury or the Secretary’s delegate (hereafter
11 referred to in this paragraph as the “Sec-
12 retary”) determines the application of the
13 amendments made by this section would
14 cause undue burden without a delay, the
15 Secretary may delay the application of
16 such amendments, but such delay shall not
17 apply to any taxable year beginning on or
18 after the date that is 2 years after the en-
19 actment of this Act.

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

23 (I) the gross receipts of which for
24 the taxable year are less than
25 \$200,000; and

1 (II) the aggregate gross assets of
2 which at the end of the taxable year
3 are less than \$500,000.

4 (B) ORGANIZATIONS FILING FORM 990—
5 T.—In the case of any organization described in
6 section 511(a)(2) of the Internal Revenue Code
7 of 1986 which is subject to the tax imposed by
8 section 511(a)(1) of such Code on its unrelated
9 business taxable income, or any organization re-
10 quired to file a return under section 6033 of
11 such Code and include information under sub-
12 section (e) thereof, the Secretary may delay the
13 application of the amendments made by this
14 section, but such delay shall not apply to any
15 taxable year beginning on or after the date that
16 is 2 years after the enactment of this Act.

17 **SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF**
18 **TAX-EXEMPT STATUS FOR FAILURE TO FILE**
19 **RETURN.**

20 (a) IN GENERAL.—Section 6033(j)(1) is amended by
21 striking “If an organization” and inserting the following:

22 “(A) NOTICE.—If an organization de-
23 scribed in subsection (a)(1) or (i) fails to file
24 the annual return or notice required under ei-

ther subsection for 2 consecutive years, the Secretary shall notify the organization—

“(i) that the Internal Revenue Service has no record of such a return or notice from such organization for 2 consecutive years, and

“(ii) about the revocation that will occur under subparagraph (B) if the organization fails to file such a return or notice by the due date for the next such return or notice required to be filed.

The notification under the preceding sentence shall include information about how to comply with the filing requirements under subsections (a)(1) and (i).

“(B) REVOCATION.—If an organization”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to failures to file returns or notices for 2 consecutive years if the return or notice for the second year is required to be filed after December 31, 2019.

Subtitle C—Revenue Provision

SEC. 3201. INCREASE IN PENALTY FOR FAILURE TO FILE.

(a) IN GENERAL.—The second sentence of subsection (a) of section 6651 is amended by striking “\$205” and inserting “\$330”.

1 (b) INFLATION ADJUSTMENT.—Section 6651(j)(1) is
 2 amended—

3 (1) by striking “2014” and inserting “2020”,
 4 (2) by striking “\$205” and inserting “\$330”,
 5 and
 6 (3) by striking “2013” and inserting “2019”.

7 (c) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to returns required to be filed after
 9 December 31, 2019.

10 **TITLE IV—BUDGETARY EFFECTS**

11 **SEC. 4001. DETERMINATION OF BUDGETARY EFFECTS.**

12 The budgetary effects of this Act, for the purpose of
 13 complying with the Statutory Pay-As-You-Go Act of 2010,
 14 shall be determined by reference to the latest statement
 15 titled “Budgetary Effects of PAYGO Legislation” for this
 16 Act, submitted for printing in the Congressional Record
 17 by the Chairman of the House Budget Committee, pro-
 18 vided that such statement has been submitted prior to the
 19 vote on passage.

Passed the House of Representatives June 10, 2019.

Attest: CHERYL L. JOHNSON,
Clerk.