

116TH CONGRESS
1ST SESSION

S. 928

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2019

Mr. GRASSLEY (for himself and Mr. WYDEN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to 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,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Taxpayer First Act of 2019”.

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

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

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

Sec. 1. Short title; etc.

TITLE I—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. IRS Free File Program.

Sec. 1103. 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. Report on electronic payments.
- Sec. 2006. Identity protection personal identification numbers.
- Sec. 2007. Single point of contact for tax-related identity theft victims.
- Sec. 2008. Notification of suspected identity theft.
- Sec. 2009. Guidelines for stolen identity refund fraud cases.
- Sec. 2010. 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.

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

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-
 18 cial to be known as the ‘Chief of Appeals’. The
 19 Chief of Appeals shall report directly to the
 20 Commissioner of Internal Revenue and shall be
 21 entitled to compensation at the same rate as
 22 the highest rate of basic pay established for the
 23 Senior Executive Service under section 5382 of
 24 title 5, United States Code.

1 “(B) APPOINTMENT.—The Chief of Ap-
2 peals shall be appointed by the Commissioner of
3 Internal Revenue without regard to the provi-
4 sions of title 5, United States Code, relating to
5 appointments in the competitive service or the
6 Senior Executive Service.

7 “(C) QUALIFICATIONS.—An individual ap-
8 pointed under subparagraph (B) shall have ex-
9 perience and expertise in—

10 “(i) administration of, and compliance
11 with, Federal tax laws,

12 “(ii) a broad range of compliance
13 cases, and

14 “(iii) management of large service or-
15 ganizations.

16 “(3) PURPOSES AND DUTIES OF OFFICE.—It
17 shall be the function of the Internal Revenue Service
18 Independent Office of Appeals to resolve Federal tax
19 controversies without litigation on a basis which—

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

22 “(B) promotes a consistent application and
23 interpretation of, and voluntary compliance
24 with, the Federal tax laws, and

1 “(C) enhances public confidence in the in-
2 tegrity and efficiency of the Internal Revenue
3 Service.

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

7 “(5) LIMITATION ON DESIGNATION OF CASES
8 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT
9 OFFICE OF APPEALS.—

10 “(A) IN GENERAL.—If any taxpayer which
11 is in receipt of a notice of deficiency authorized
12 under section 6212 requests referral to the In-
13 ternal Revenue Service Independent Office of
14 Appeals and such request is denied, the Com-
15 missioner of Internal Revenue shall provide
16 such taxpayer a written notice which—

17 “(i) provides a detailed description of
18 the facts involved, the basis for the deci-
19 sion to deny the request, and a detailed ex-
20 planation of how the basis of such decision
21 applies to such facts, and

22 “(ii) describes the procedures pre-
23 scribed under subparagraph (C) for pro-
24 testing the decision to deny the request.

1 “(B) REPORT TO CONGRESS.—The Com-
2 missioner of Internal Revenue shall submit a
3 written report to Congress on an annual basis
4 which includes the number of requests described
5 in subparagraph (A) which were denied and the
6 reasons (described by category) that such re-
7 quests were denied.

8 “(C) PROCEDURES FOR PROTESTING DE-
9 NIAL OF REQUEST.—The Commissioner of In-
10 ternal Revenue shall prescribe procedures for
11 protesting to the Commissioner of Internal Rev-
12 enue a denial of a request described in subpara-
13 graph (A).

14 “(D) NOT APPLICABLE TO FRIVOLOUS PO-
15 SITIONS.—This paragraph shall not apply to a
16 request for referral to the Internal Revenue
17 Service Independent Office of Appeals which is
18 denied on the basis that the issue involved is a
19 frivolous position (within the meaning of section
20 6702(c)).

21 “(6) STAFF.—

22 “(A) IN GENERAL.—All personnel in the
23 Internal Revenue Service Independent Office of
24 Appeals shall report to the Chief of Appeals.

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

12 “(7) ACCESS TO CASE FILES.—

13 “(A) IN GENERAL.—In any case in which
14 a conference with the Internal Revenue Service
15 Independent Office of Appeals has been sched-
16 uled upon request of a specified taxpayer, the
17 Chief of Appeals shall ensure that such tax-
18 payer is provided access to the nonprivileged
19 portions of the case file on record regarding the
20 disputed issues (other than documents provided
21 by the taxpayer to the Internal Revenue Serv-
22 ice) not later than 10 days before the date of
23 such conference.

24 “(B) TAXPAYER ELECTION TO EXPEDITE
25 CONFERENCE.—If the taxpayer so elects, sub-

1 paragraph (A) shall be applied by substituting
2 ‘the date of such conference’ for ‘10 days before
3 the date of such conference’.

4 “(C) SPECIFIED TAXPAYER.—For pur-
5 poses of this paragraph—

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

8 “(I) in the case of any taxpayer
9 who is a natural person, a taxpayer
10 whose adjusted gross income does not
11 exceed \$400,000 for the taxable year
12 to which the dispute relates, and

13 “(II) in the case of any other
14 taxpayer, a taxpayer whose gross re-
15 ceipts do not exceed \$5,000,000 for
16 the taxable year to which the dispute
17 relates.

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

21 (b) CONFORMING AMENDMENTS.—

22 (1) The following provisions are each amended
23 by striking “Internal Revenue Service Office of Ap-
24 peals” and inserting “Internal Revenue Service
25 Independent Office of Appeals”:

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

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

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

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

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

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

8 (G) Subsections (a), (b)(1), (b)(2), and
9 (c)(1) of section 7123.

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

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

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

14 (2) Section 7430(c)(2) is amended by striking
15 “Internal Revenue Service Office of Appeals” each
16 place it appears and inserting “Internal Revenue
17 Service Independent Office of Appeals”.

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

20 (c) OTHER REFERENCES.—Any reference in any pro-
21 vision of law, or regulation or other guidance, to the Inter-
22 nal Revenue Service Office of Appeals shall be treated as
23 a reference to the Internal Revenue Service Independent
24 Office of Appeals.

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

6 (e) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this subsection, the amendments made by
9 this section shall take effect on the date of the en-
10 actment of this Act.

11 (2) ACCESS TO CASE FILES.—Section
12 7803(e)(7) of the Internal Revenue Code of 1986, as
13 added by subsection (a), shall apply to conferences
14 occurring after the date which is 1 year after the
15 date of the enactment of this Act.

16 **Subtitle B—Improved Service**

17 **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-** 18 **EGY.**

19 (a) IN GENERAL.—Not later than the date which is
20 1 year after the date of the enactment of this Act, the
21 Secretary of the Treasury (or the Secretary's delegate)
22 shall submit to Congress a written comprehensive cus-
23 tomer service strategy for the Internal Revenue Service.
24 Such strategy shall include—

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

8 (2) a thorough assessment of the services that
9 the Internal Revenue Service can co-locate with
10 other Federal services or offer as self-service op-
11 tions;

12 (3) proposals to improve Internal Revenue Serv-
13 ice customer service in the short term (the current
14 and following fiscal year), medium term (approx-
15 imately 3 to 5 fiscal years), and long term (approx-
16 imately 10 fiscal years);

17 (4) a plan to update guidance and training ma-
18 terials for customer service employees of the Internal
19 Revenue Service, including the Internal Revenue
20 Manual, to reflect such strategy; and

21 (5) identified metrics and benchmarks for quan-
22 titatively measuring the progress of the Internal
23 Revenue Service in implementing such strategy.

24 (b) UPDATED GUIDANCE AND TRAINING MATE-
25 RIALS.—Not later than 2 years after the date of the enact-

1 ment of this Act, the Secretary of the Treasury (or the
2 Secretary's delegate) shall make available the updated
3 guidance and training materials described in subsection
4 (a)(4) (including the Internal Revenue Manual). Such up-
5 dated guidance and training materials (including the In-
6 ternal Revenue Manual) shall be written in a manner so
7 as to be easily understood by customer service employees
8 of the Internal Revenue Service and shall provide clear
9 instructions.

10 **SEC. 1102. IRS FREE FILE PROGRAM.**

11 (a) IN GENERAL.—

12 (1) The Secretary of the Treasury, or the Sec-
13 retary's delegate, shall continue to operate the IRS
14 Free File Program as established by the Internal
15 Revenue Service and published in the Federal Reg-
16 ister on November 4, 2002 (67 Fed. Reg. 67247),
17 including any subsequent agreements and governing
18 rules established pursuant thereto.

19 (2) The IRS Free File Program shall continue
20 to provide free commercial-type online individual in-
21 come tax preparation and electronic filing services to
22 the lowest 70 percent of taxpayers by adjusted gross
23 income. The number of taxpayers eligible to receive
24 such services each year shall be calculated by the In-

1 ternal Revenue Service annually based on prior year
2 aggregate taxpayer adjusted gross income data.

3 (3) In addition to the services described in
4 paragraph (2), and in the same manner, the IRS
5 Free File Program shall continue to make available
6 to all taxpayers (without regard to income) a basic,
7 online electronic fillable forms utility.

8 (4) The IRS Free File Program shall continue
9 to work cooperatively with the private sector to pro-
10 vide the free individual income tax preparation and
11 the electronic filing services described in paragraphs
12 (2) and (3).

13 (5) The IRS Free File Program shall work co-
14 operatively with State government agencies to en-
15 hance and expand the use of the program to provide
16 needed benefits to the taxpayer while reducing the
17 cost of processing returns.

18 (b) INNOVATIONS.—The Secretary of the Treasury,
19 or the Secretary's delegate, shall work with the private
20 sector through the IRS Free File Program to identify and
21 implement, consistent with applicable law, innovative new
22 program features to improve and simplify the taxpayer's
23 experience with completing and filing individual income
24 tax returns through voluntary compliance.

1 **SEC. 1103. LOW-INCOME EXCEPTION FOR PAYMENTS OTH-**
 2 **ERWISE REQUIRED IN CONNECTION WITH A**
 3 **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

4 (a) **IN GENERAL.**—Section 7122(e) is amended by
 5 adding at the end the following new paragraph:

6 “(3) **EXCEPTION FOR LOW-INCOME TAX-**
 7 **PAYERS.**—Paragraph (1), and any user fee otherwise
 8 required in connection with the submission of an
 9 offer-in-compromise, shall not apply to any offer-in-
 10 compromise with respect to a taxpayer who is an in-
 11 dividual with adjusted gross income, as determined
 12 for the most recent taxable year for which such in-
 13 formation is available, which does not exceed 250
 14 percent of the applicable poverty level (as deter-
 15 mined by the Secretary).”.

16 (b) **EFFECTIVE DATE.**—The amendment made by
 17 this section shall apply to offers-in-compromise submitted
 18 after the date of the enactment of this Act.

19 **Subtitle C—Sensible Enforcement**

20 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-**
 21 **QUIREMENTS WITH RESPECT TO STRUC-**
 22 **TURING TRANSACTIONS.**

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

25 (1) by striking “Any property” and inserting
 26 the following:

1 “(A) IN GENERAL.—Any property”; and
2 (2) by adding at the end the following:

3 “(B) INTERNAL REVENUE SERVICE SEI-
4 ZURE REQUIREMENTS WITH RESPECT TO
5 STRUCTURING TRANSACTIONS.—

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

16 “(ii) NOTICE.—Not later than 30
17 days after property is seized by the Inter-
18 nal Revenue Service pursuant to subpara-
19 graph (A), the Internal Revenue Service
20 shall—

21 “(I) make a good faith effort to
22 find all persons with an ownership in-
23 terest in such property; and

24 “(II) provide each such person so
25 found with a notice of the seizure and

1 of the person's rights under clause
2 (iv).

3 “(iii) EXTENSION OF NOTICE UNDER
4 CERTAIN CIRCUMSTANCES.—The Internal
5 Revenue Service may apply to a court of
6 competent jurisdiction for one 30-day ex-
7 tension of the notice requirement under
8 clause (ii) if the Internal Revenue Service
9 can establish probable cause of an immi-
10 nent threat to national security or personal
11 safety necessitating such extension.

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

1 5324 involving such property and probable
2 cause to believe that the property to be
3 seized was derived from an illegal source or
4 the funds were structured for the purpose
5 of concealing the violation of a criminal
6 law or regulation other than section
7 5324.”.

8 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**
9 **TO RECOVER PROPERTY SEIZED BY THE IN-**
10 **TERNAL REVENUE SERVICE BASED ON**
11 **STRUCTURING TRANSACTION.**

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

15 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**
16 **PROPERTY SEIZED BY THE INTERNAL REV-**
17 **ENUE SERVICE BASED ON STRUCTURING**
18 **TRANSACTION.**

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

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

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

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

8 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**
 9 **JOINT LIABILITY.**

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

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

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

17 “(A) the administrative record established
 18 at the time of the determination, and

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

21 (2) by amending subsection (f) to read as fol-
 22 lows:

23 “(f) EQUITABLE RELIEF.—

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

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

7 “(B) relief is not available to such indi-
8 vidual under subsection (b) or (c),
9 the Secretary may relieve such individual of such li-
10 ability.

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

14 “(A) has not been paid, provided that such
15 request is made before the expiration of the ap-
16 plicable period of limitation under section 6502,
17 or

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

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

1 **SEC. 1204. MODIFICATION OF PROCEDURES FOR ISSUANCE**
2 **OF THIRD-PARTY SUMMONS.**

3 (a) **IN GENERAL.**—Section 7609(f) is amended by
4 adding at the end the following flush sentence:
5 “The Secretary shall not issue any summons described in
6 the preceding sentence unless the information sought to
7 be obtained is narrowly tailored to information that per-
8 tains to the failure (or potential failure) of the person or
9 group or class of persons referred to in paragraph (2) to
10 comply with one or more provisions of the internal revenue
11 law which have been identified for purposes of such para-
12 graph.”.

13 (b) **EFFECTIVE DATE.**—The amendments made by
14 this section shall apply to summonses served after the date
15 that is 45 days after the date of the enactment of this
16 Act.

17 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**
18 **PLIANCE PERSONNEL PROGRAM.**

19 (a) **CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR**
20 **COLLECTION UNDER TAX COLLECTION CONTRACTS.**—
21 Section 6306(d)(3) is amended by striking “or” at the end
22 of subparagraph (C) and by inserting after subparagraph
23 (D) the following new subparagraphs:

24 “(E) a taxpayer substantially all of whose
25 income consists of disability insurance benefits
26 under section 223 of the Social Security Act or

1 supplemental security income benefits under
2 title XVI of the Social Security Act (including
3 supplemental security income benefits of the
4 type described in section 1616 of such Act or
5 section 212 of Public Law 93–66), or

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

12 (b) DETERMINATION OF INACTIVE TAX RECEIV-
13 ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-
14 TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended
15 by striking “more than $\frac{1}{3}$ of the period of the applicable
16 statute of limitation has lapsed” and inserting “more than
17 2 years has passed since assessment”.

18 (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-
19 MENTS OFFERED UNDER TAX COLLECTION CON-
20 TRACTS.—Section 6306(b)(1)(B) is amended by striking
21 “5 years” and inserting “7 years”.

22 (d) CLARIFICATION THAT SPECIAL COMPLIANCE
23 PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR
24 PROGRAM COSTS.—

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

3 (A) in paragraph (2), by striking all that
4 follows “under such program” and inserting a
5 period, and

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

9 (2) COMMUNICATIONS, SOFTWARE, AND TECH-
10 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-
11 tion 6307(d)(2)(B) is amended by striking “tele-
12 communications” and inserting “communications,
13 software, technology”.

14 (3) CONFORMING AMENDMENT.—Section
15 6307(d)(2) is amended by striking “and” at the end
16 of subparagraph (A), by striking the period at the
17 end of subparagraph (B) and inserting “, and”, and
18 by inserting after subparagraph (B) the following
19 new subparagraph:

20 “(C) reimbursement of the Internal Rev-
21 enue Service or other government agencies for
22 the cost of administering the qualified tax col-
23 lection program under section 6306.”.

24 (e) EFFECTIVE DATES.—

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

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

10 (3) USE OF SPECIAL COMPLIANCE PERSONNEL
11 PROGRAM ACCOUNT.—The amendment made by sub-
12 section (d) shall apply to amounts expended from
13 the special compliance personnel program account
14 after the date of the enactment of this Act.

15 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**
16 **PARTIES.**

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

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

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

4 “(B) except as otherwise provided by the
5 Secretary, is provided to the taxpayer not later
6 than 45 days before the beginning of such pe-
7 riod.

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

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

1 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**
2 **IGNATED SUMMONS.**

3 (a) IN GENERAL.—Paragraph (1) of section 6503(j)
4 is amended by striking “coordinated examination pro-
5 gram” and inserting “coordinated industry case pro-
6 gram”.

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

9 “(i) the issuance of such summons is
10 preceded by a review and written approval
11 of such issuance by the Commissioner of
12 the relevant operating division of the Inter-
13 nal Revenue Service and the Chief Counsel
14 which—

15 “(I) states facts clearly estab-
16 lishing that the Secretary has made
17 reasonable requests for the informa-
18 tion that is the subject of the sum-
19 mons, and

20 “(II) is attached to such sum-
21 mons.”.

22 (c) ESTABLISHMENT THAT REASONABLE REQUESTS
23 FOR INFORMATION WERE MADE.—Subsection (j) of sec-
24 tion 6503 is amended by adding at the end the following
25 new paragraph:

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

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to summonses issued after the date
9 which is 45 days after the date of the enactment of this
10 Act.

11 **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**
12 **ENUE SERVICE EMPLOYEES TO RETURNS**
13 **AND RETURN INFORMATION.**

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

16 “(f) LIMITATION ON ACCESS OF PERSONS OTHER
17 THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-
18 PLOYEES.—The Secretary shall not, under the authority
19 of section 6103(n), provide any books, papers, records, or
20 other data obtained pursuant to this section to any person
21 authorized under section 6103(n), except when such per-
22 son requires such information for the sole purpose of pro-
23 viding expert evaluation and assistance to the Internal
24 Revenue Service. No person other than an officer or em-
25 ployee of the Internal Revenue Service or the Office of

1 Chief Counsel may, on behalf of the Secretary, question
 2 a witness under oath whose testimony was obtained pursu-
 3 ant to this section.”.

4 (b) EFFECTIVE DATE.—The amendment made by
 5 this section—

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

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

12 **Subtitle D—Organizational** 13 **Modernization**

14 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.** 15 **CATE.**

16 (a) TAXPAYER ADVOCATE DIRECTIVES.—

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

19 “(5) TAXPAYER ADVOCATE DIRECTIVES.—In
 20 the case of any Taxpayer Advocate Directive issued
 21 by the National Taxpayer Advocate pursuant to a
 22 delegation of authority from the Commissioner of In-
 23 ternal Revenue—

24 “(A) the Commissioner or a Deputy Com-
 25 missioner shall modify, rescind, or ensure com-

1 pliance with such directive not later than 90
2 days after the issuance of such directive, and

3 “(B) in the case of any directive which is
4 modified or rescinded by a Deputy Commis-
5 sioner, the National Taxpayer Advocate may
6 (not later than 90 days after such modification
7 or rescission) appeal to the Commissioner, and
8 the Commissioner shall (not later than 90 days
9 after such appeal is made) ensure compliance
10 with such directive as issued by the National
11 Taxpayer Advocate or provide the National
12 Taxpayer Advocate with the reasons for any
13 modification or rescission made or upheld by
14 the Commissioner pursuant to such appeal.”.

15 (2) REPORT TO CERTAIN COMMITTEES OF CON-
16 GRESS REGARDING DIRECTIVES.—Section
17 7803(e)(2)(B)(ii) is amended by redesignating sub-
18 clauses (VIII) through (XI) as subclauses (IX)
19 through (XII), respectively, and by inserting after
20 subclause (VII) the following new subclause:

21 “(VIII) identify any Taxpayer
22 Advocate Directive which was not
23 honored by the Internal Revenue
24 Service in a timely manner, as speci-
25 fied under paragraph (5);”.

1 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-
2 PORTS TO CONGRESS.—

3 (1) INCLUSION OF MOST SERIOUS TAXPAYER
4 PROBLEMS.—Section 7803(c)(2)(B)(ii)(III) is
5 amended by striking “at least 20 of the” and insert-
6 ing “the 10”.

7 (2) COORDINATION WITH TREASURY INSPECTOR
8 GENERAL FOR TAX ADMINISTRATION.—Section
9 7803(c)(2) is amended by adding at the end the fol-
10 lowing new subparagraph:

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

21 (3) STATISTICAL SUPPORT.—

22 (A) IN GENERAL.—Section 6108 is amend-
23 ed by adding at the end the following new sub-
24 section:

1 “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-
2 PAYER ADVOCATE.—Upon request of the National Tax-
3 payer Advocate, the Secretary shall, to the extent prac-
4 ticable, provide the National Taxpayer Advocate with sta-
5 tistical support in connection with the preparation by the
6 National Taxpayer Advocate of the annual report de-
7 scribed in section 7803(c)(2)(B)(ii). Such statistical sup-
8 port shall include statistical studies, compilations, and the
9 review of information provided by the National Taxpayer
10 Advocate for statistical validity and sound statistical
11 methodology.”.

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

19 “(XII) with respect to any statis-
20 tical information included in such re-
21 port, include a statement of whether
22 such statistical information was re-
23 viewed or provided by the Secretary
24 under section 6108(d) and, if so,
25 whether the Secretary determined

1 such information to be statistically
2 valid and based on sound statistical
3 methodology; and”.

4 (C) CONFORMING AMENDMENT.—Section
5 7803(c)(2)(B)(iii) is amended by adding at the
6 end the following: “The preceding sentence
7 shall not apply with respect to statistical infor-
8 mation provided to the Secretary for review, or
9 received from the Secretary, under section
10 6108(d).”.

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

15 (d) EFFECTIVE DATE.—

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

20 (2) SALARY OF NATIONAL TAXPAYER ADVO-
21 CATE.—The amendment made by subsection (c)
22 shall apply to compensation paid to individuals ap-
23 pointed as the National Taxpayer Advocate after
24 March 31, 2019.

1 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**
2 **ICE ORGANIZATIONAL STRUCTURE.**

3 (a) IN GENERAL.—Not later than September 30,
4 2020, the Secretary of the Treasury (or the Secretary’s
5 delegate) shall submit to Congress a comprehensive writ-
6 ten plan to redesign the organization of the Internal Rev-
7 enue Service. Such plan shall—

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

10 (2) prioritize taxpayer services to ensure that
11 all taxpayers easily and readily receive the assistance
12 that they need;

13 (3) streamline the structure of the agency in-
14 cluding minimizing the duplication of services and
15 responsibilities within the agency;

16 (4) best position the Internal Revenue Service
17 to combat cybersecurity and other threats to the In-
18 ternal Revenue Service; and

19 (5) address whether the Criminal Investigation
20 Division of the Internal Revenue Service should re-
21 port directly to the Commissioner of Internal Rev-
22 enue.

23 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL
24 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-
25 graph (3) of section 1001(a) of the Internal Revenue Serv-
26 ice Restructuring and Reform Act of 1998 shall cease to

1 apply beginning 1 year after the date on which the plan
 2 described in subsection (a) is submitted to Congress.

3 **Subtitle E—Other Provisions**

4 **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-** 5 **CABLE TAXPAYERS.**

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

8 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-** 9 **PLICABLE TAXPAYERS.**

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

19 “(b) USE OF FUNDS.—

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

23 “(A) ordinary and necessary costs associ-
 24 ated with program operation in accordance with

1 cost principles under the applicable Office of
2 Management and Budget circular, including—

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

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

9 “(iii) equipment purchases, and

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

13 “(B) outreach and educational activities
14 described in subsection (c)(2)(B), and

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

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

1 “(A) the salary (including fringe benefits)
2 of individuals performing services for the pro-
3 gram,

4 “(B) the cost of equipment used in the
5 program, and

6 “(C) other ordinary and necessary costs
7 associated with the program.

8 Indirect expenses, including general overhead of any
9 entity administering the program, shall not be
10 counted as matching funds.

11 “(c) APPLICATION.—

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

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

20 “(A) assistance to applicable taxpayers,
21 with emphasis on outreach to, and services for,
22 such taxpayers,

23 “(B) taxpayer outreach and educational
24 activities relating to eligibility and availability

1 of income supports available through this title,
2 including the earned income tax credit, and

3 “(C) specific outreach and focus on one or
4 more underserved populations.

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

10 “(d) PROGRAM ADHERENCE.—

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

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

19 “(B) to determine whether the program
20 meets such program adherence standards as the
21 Secretary shall by regulation or other guidance
22 prescribe.

23 “(2) ADDITIONAL REQUIREMENTS FOR GRANT
24 RECIPIENTS NOT MEETING PROGRAM ADHERENCE

1 STANDARDS.—In the case of any qualified return
2 preparation program which—

3 “(A) is awarded a grant under this section,

4 and

5 “(B) is subsequently determined—

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

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

11 such program shall not be eligible for any additional
12 grants under this section unless such program pro-
13 vides sufficient documentation of corrective meas-
14 ures established to address any such deficiencies de-
15 termined.

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

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

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

24 “(B) which is administered by a qualified
25 entity,

1 “(C) in which all volunteers who assist in
2 the preparation of Federal income tax returns
3 meet the training requirements prescribed by
4 the Secretary, and

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

7 “(2) QUALIFIED ENTITY.—

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

10 “(i) is an eligible organization,

11 “(ii) is in compliance with Federal tax
12 filing and payment requirements,

13 “(iii) is not debarred or suspended
14 from Federal contracts, grants, or coopera-
15 tive agreements, and

16 “(iv) agrees to provide documentation
17 to substantiate any matching funds pro-
18 vided pursuant to the grant program under
19 this section.

20 “(B) ELIGIBLE ORGANIZATION.—The term
21 ‘eligible organization’ means—

22 “(i) an institution of higher education
23 which is described in section 102 (other
24 than subsection (a)(1)(C) thereof) of the
25 Higher Education Act of 1965 (20 U.S.C.

1 1002), as in effect on the date of the en-
2 actment of this section, and which has not
3 been disqualified from participating in a
4 program under title IV of such Act,

5 “(ii) an organization described in sec-
6 tion 501(c) and exempt from tax under
7 section 501(a),

8 “(iii) a local government agency, in-
9 cluding—

10 “(I) a county or municipal gov-
11 ernment agency, and

12 “(II) an Indian tribe, as defined
13 in section 4(13) of the Native Amer-
14 ican Housing Assistance and Self-De-
15 termination Act of 1996 (25 U.S.C.
16 4103(13)), including any tribally des-
17 igned housing entity (as defined in
18 section 4(22) of such Act (25 U.S.C.
19 4103(22))), tribal subsidiary, subdivi-
20 sion, or other wholly owned tribal en-
21 tity,

22 “(iv) a local, State, regional, or na-
23 tional coalition (with one lead organization
24 which meets the eligibility requirements of

1 clause (i), (ii), or (iii) acting as the appli-
2 cant organization), or

3 “(v) in the case of applicable tax-
4 payers and members of underserved popu-
5 lations with respect to which no organiza-
6 tions described in the preceding clauses are
7 available—

8 “(I) a State government agency,
9 or

10 “(II) an office providing Cooper-
11 ative Extension services (as estab-
12 lished at the land-grant colleges and
13 universities under the Smith-Lever
14 Act of May 8, 1914).

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

23 “(4) UNDERSERVED POPULATION.—The term
24 ‘underserved population’ includes populations of per-
25 sons with disabilities, persons with limited English

1 proficiency, Native Americans, individuals living in
2 rural areas, members of the Armed Forces and their
3 spouses, and the elderly.

4 “(f) SPECIAL RULES AND LIMITATIONS.—

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

9 “(2) AGGREGATE LIMITATION.—Unless other-
10 wise provided by specific appropriation, the Sec-
11 retary shall not allocate more than \$30,000,000 per
12 fiscal year (exclusive of costs of administering the
13 program) to grants under this section.

14 “(g) PROMOTION OF PROGRAMS.—

15 “(1) IN GENERAL.—The Secretary shall pro-
16 mote tax preparation through qualified return prepa-
17 ration programs through the use of mass commu-
18 nications and other means.

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

24 “(3) REFERRALS TO LOW-INCOME TAXPAYER
25 CLINICS.—Qualified return preparation programs re-

1 ceiving a grant under this section are encouraged, in
2 appropriate cases, to—

3 “(A) advise taxpayers of the availability of,
4 and eligibility requirements for receiving, advice
5 and assistance from qualified low-income tax-
6 payer clinics receiving funding under section
7 7526, and

8 “(B) provide information regarding the lo-
9 cation of, and contact information for, such
10 clinics.”.

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

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

14 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**
15 **INCOME TAXPAYER CLINICS.**

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

18 “(6) PROVISION OF INFORMATION REGARDING
19 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-
20 withstanding any other provision of law, officers and
21 employees of the Department of the Treasury may—

22 “(A) advise taxpayers of the availability of,
23 and eligibility requirements for receiving, advice
24 and assistance from one or more specific quali-

1 fied low-income taxpayer clinics receiving fund-
2 ing under this section, and

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

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

9 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**
10 **TAXPAYER ASSISTANCE CENTERS.**

11 Not later than 90 days before the date that a pro-
12 posed closure of a Taxpayer Assistance Center would take
13 effect, the Secretary of the Treasury (or the Secretary’s
14 delegate) shall—

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

17 (A) identifies the Taxpayer Assistance
18 Center proposed for closure and the date of
19 such proposed closure; and

20 (B) identifies the relevant alternative
21 sources of taxpayer assistance which may be
22 utilized by taxpayers affected by such proposed
23 closure; and

24 (2) submit to Congress a written report that in-
25 cludes—

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

3 (B) the reasons for such proposed closure;
4 and

5 (C) such other information as the Sec-
6 retary may determine appropriate.

7 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**
8 **GOODS RESTRICTED TO ONLY PERISHABLE**
9 **GOODS.**

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

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

17 **SEC. 1405. WHISTLEBLOWER REFORMS.**

18 (a) MODIFICATIONS TO DISCLOSURE RULES FOR
19 WHISTLEBLOWERS.—

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

22 “(13) DISCLOSURE TO WHISTLEBLOWERS.—

23 “(A) IN GENERAL.—The Secretary may
24 disclose, to any individual providing information
25 relating to any purpose described in paragraph

1 (1) or (2) of section 7623(a), return informa-
2 tion related to the investigation of any taxpayer
3 with respect to whom the individual has pro-
4 vided such information, but only to the extent
5 that such disclosure is necessary in obtaining
6 information, which is not otherwise reasonably
7 available, with respect to the correct determina-
8 tion of tax liability for tax, or the amount to be
9 collected with respect to the enforcement of any
10 other provision of this title.

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

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

21 “(ii) Not later than 60 days after a
22 taxpayer with respect to whom the indi-
23 vidual has provided information has made
24 a payment of tax with respect to tax liabil-

1 ity to which such information relates, a no-
2 tice with respect to such payment.

3 “(iii) Subject to such requirements
4 and conditions as are prescribed by the
5 Secretary, upon a written request by such
6 individual—

7 “(I) information on the status
8 and stage of any investigation or ac-
9 tion related to such information, and

10 “(II) in the case of a determina-
11 tion of the amount of any award
12 under section 7623(b), the reasons for
13 such determination.

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

22 (2) CONFORMING AMENDMENTS.—

23 (A) CONFIDENTIALITY OF INFORMA-
24 TION.—Section 6103(a)(3) is amended by strik-

1 ing “subsection (k)(10)” and inserting “para-
2 graph (10) or (13) of subsection (k)”.

3 (B) PENALTY FOR UNAUTHORIZED DIS-
4 CLOSURE.—Section 7213(a)(2) is amended by
5 striking “(k)(10)” and inserting “(k)(10) or
6 (13)”.

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

16 (b) PROTECTION AGAINST RETALIATION.—Section
17 7623 is amended by adding at the end the following new
18 subsection:

19 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-
20 TION CASES.—

21 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-
22 TECTION FOR EMPLOYEES.—No employer, or any of-
23 ficer, employee, contractor, subcontractor, or agent
24 of such employer, may discharge, demote, suspend,
25 threaten, harass, or in any other manner discrimi-

1 nate against an employee in the terms and condi-
2 tions of employment (including through an act in the
3 ordinary course of such employee’s duties) in re-
4 prisal for any lawful act done by the employee—

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

21 “(B) to testify, participate in, or otherwise
22 assist in any administrative or judicial action
23 taken by the Internal Revenue Service relating
24 to an alleged underpayment of tax or any viola-

1 tion of the internal revenue laws or any provi-
2 sion of Federal law relating to tax fraud.

3 “(2) ENFORCEMENT ACTION.—

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

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

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

20 “(B) PROCEDURE.—

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

1 “(ii) EXCEPTION.—Notification made
2 under section 42121(b)(1) of title 49,
3 United States Code, shall be made to the
4 person named in the complaint and to the
5 employer.

6 “(iii) BURDENS OF PROOF.—An ac-
7 tion brought under subparagraph (A)(ii)
8 shall be governed by the legal burdens of
9 proof set forth in section 42121(b) of title
10 49, United States Code, except that in ap-
11 plying such section—

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

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

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

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

4 “(3) REMEDIES.—

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

9 “(B) COMPENSATORY DAMAGES.—Relief
10 for any action under subparagraph (A) shall in-
11 clude—

12 “(i) reinstatement with the same se-
13 niority status that the employee would
14 have had, but for the reprisal,

15 “(ii) the sum of 200 percent of the
16 amount of back pay and 100 percent of all
17 lost benefits, with interest, and

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

22 “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-
23 ing in this section shall be deemed to diminish the
24 rights, privileges, or remedies of any employee under

1 any Federal or State law, or under any collective
2 bargaining agreement.

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

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

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

17 (c) EFFECTIVE DATE.—

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

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

1 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

2 The Secretary of the Treasury (or the Secretary's
3 delegate) shall provide helpful information to taxpayers
4 placed on hold during a telephone call to any Internal Rev-
5 enue Service help line, including the following:

6 (1) Information about common tax scams.

7 (2) Information on where and how to report tax
8 scams.

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

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

12 Section 6402 is amended by adding at the end the
13 following new subsection:

14 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not
15 later than the date which is 6 months after the date of
16 the enactment of the Taxpayer First Act of 2019, the Sec-
17 retary shall prescribe regulations to establish procedures
18 to allow for—

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

23 “(2) coordination with financial institutions for
24 the purpose of—

1 “(A) identifying the accounts to which
2 transfers described in paragraph (1) were
3 made; and

4 “(B) recovery of the amounts so trans-
5 ferred; and

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

8 **TITLE II—21ST CENTURY IRS**
9 **Subtitle A—Cybersecurity and**
10 **Identity Protection**

11 **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**
12 **IDENTITY THEFT REFUND FRAUD.**

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

17 **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**
18 **MINISTRATION ADVISORY COMMITTEE RE-**
19 **GARDING IDENTITY THEFT REFUND FRAUD.**

20 The Secretary of the Treasury shall ensure that the
21 advisory group convened by the Secretary pursuant to sec-
22 tion 2001(b)(2) of the Internal Revenue Service Restruc-
23 turing and Reform Act of 1998 (commonly known as the
24 Electronic Tax Administration Advisory Committee) stud-
25 ies (including by providing organized public forums) and

1 makes recommendations to the Secretary regarding meth-
2 ods to prevent identity theft and refund fraud.

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

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

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

15 (c) DISCLOSURE.—

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

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

23 “(A) IN GENERAL.—Under such proce-
24 dures and subject to such conditions as the Sec-
25 retary may prescribe, the Secretary may dis-

1 close specified return information to specified
2 ISAC participants to the extent that the Sec-
3 retary determines such disclosure is in further-
4 ance of effective Federal tax administration re-
5 lating to the detection or prevention of identity
6 theft tax refund fraud, validation of taxpayer
7 identity, authentication of taxpayer returns, or
8 detection or prevention of cybersecurity threats.

9 “(B) SPECIFIED ISAC PARTICIPANTS.—For
10 purposes of this paragraph—

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

13 “(I) any person designated by
14 the Secretary as having primary re-
15 sponsibility for a function performed
16 with respect to the information shar-
17 ing and analysis center described in
18 section 2003(a) of the Taxpayer First
19 Act of 2019, and

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

24 “(ii) INFORMATION SHARING AGREE-
25 MENT.—Such term shall not include any

1 person unless such person has entered into
2 a written agreement with the Secretary
3 setting forth the terms and conditions for
4 the disclosure of information to such per-
5 son under this paragraph, including re-
6 quirements regarding the protection and
7 safeguarding of such information by such
8 person.

9 “(C) SPECIFIED RETURN INFORMATION.—

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

12 “(i) in the case of a return which is
13 in connection with a case of potential iden-
14 tity theft refund fraud—

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

1 “(II) in the case of such return
2 prepared by a tax return preparer,
3 identifying information with respect to
4 such tax return preparer, including
5 the preparer taxpayer identification
6 number and electronic filer identifica-
7 tion number of such preparer,

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

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

1 “(D) RESTRICTION ON USE OF DISCLOSED
2 INFORMATION.—

3 “(i) DESIGNATED THIRD PARTIES.—

4 Any return information received by a per-
5 son described in subparagraph (B)(i)(I)
6 shall be used only for the purposes of and
7 to the extent necessary in—

8 “(I) performing the function such
9 person is designated to perform under
10 such subparagraph,

11 “(II) facilitating disclosures au-
12 thorized under subparagraph (A) to
13 persons described in subparagraph
14 (B)(i)(II), and

15 “(III) facilitating disclosures au-
16 thorized under subsection (d) to par-
17 ticipants in such information sharing
18 and analysis center.

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

1 “(E) DATA PROTECTION AND SAFE-
2 GUARDS.—Return information disclosed under
3 this paragraph shall be subject to such protec-
4 tions and safeguards as the Secretary may re-
5 quire in regulations or other guidance or in the
6 written agreement referred to in subparagraph
7 (B)(ii). Such written agreement shall include a
8 requirement that any unauthorized access to in-
9 formation disclosed under this paragraph, and
10 any breach of any system in which such infor-
11 mation is held, be reported to the Treasury In-
12 spector General for Tax Administration.”.

13 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-
14 ALTIES.—

15 (A) Section 6103(a)(3), as amended by
16 this Act, is amended by striking “or (13)” and
17 inserting “(13), or (14)”.

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

21 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**
22 **FIDENTIALITY SAFEGUARDS.**

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

1 “(9) DISCLOSURE TO CONTRACTORS AND
2 OTHER AGENTS.—Notwithstanding any other provi-
3 sion of this section, no return or return information
4 shall be disclosed to any contractor or other agent
5 of a Federal, State, or local agency unless such
6 agency, to the satisfaction of the Secretary—

7 “(A) has requirements in effect which re-
8 quire each such contractor or other agent which
9 would have access to returns or return informa-
10 tion to provide safeguards (within the meaning
11 of paragraph (4)) to protect the confidentiality
12 of such returns or return information,

13 “(B) agrees to conduct an on-site review
14 every 3 years (or a mid-point review in the case
15 of contracts or agreements of less than 3 years
16 in duration) of each contractor or other agent
17 to determine compliance with such require-
18 ments,

19 “(C) submits the findings of the most re-
20 cent review conducted under subparagraph (B)
21 to the Secretary as part of the report required
22 by paragraph (4)(E), and

23 “(D) certifies to the Secretary for the most
24 recent annual period that such contractor or

1 other agent is in compliance with all such re-
2 quirements.

3 The certification required by subparagraph (D) shall
4 include the name and address of each contractor or
5 other agent, a description of the contract or agree-
6 ment with such contractor or other agent, and the
7 duration of such contract or agreement. The require-
8 ments of this paragraph shall not apply to disclo-
9 sures pursuant to subsection (n) for purposes of
10 Federal tax administration.”.

11 (b) CONFORMING AMENDMENT.—Section
12 6103(p)(8)(B) is amended by inserting “or paragraph
13 (9)” after “subparagraph (A)”.

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

17 **SEC. 2005. REPORT ON ELECTRONIC PAYMENTS.**

18 Not later than 2 years after the date of the enact-
19 ment of this Act, the Secretary of the Treasury (or the
20 Secretary’s delegate), in coordination with the Bureau of
21 Fiscal Service and the Internal Revenue Service, and in
22 consultation with private sector financial institutions, shall
23 submit a written report to Congress describing how the
24 government can utilize new payment platforms to increase
25 the number of tax refunds paid by electronic funds trans-

1 fer. Such report shall weigh the interests of reducing iden-
2 tity theft tax refund fraud, reducing the Federal Govern-
3 ment's costs in delivering tax refunds, the costs and any
4 associated fees charged to taxpayers (including monthly
5 and point-of-service fees) to access their tax refunds, the
6 impact on individuals who do not have access to financial
7 accounts or institutions, and ensuring payments are made
8 to accounts at a financial institution that complies with
9 section 21 of the Federal Deposit Insurance Act, chapter
10 2 of title I of Public Law 91–508, and subchapter II of
11 chapter 53 of title 31, United States Code (commonly re-
12 ferred to collectively as the “Bank Secrecy Act”) and the
13 USA PATRIOT Act. Such report shall include any legisla-
14 tive recommendations necessary to accomplish these goals.

15 **SEC. 2006. IDENTITY PROTECTION PERSONAL IDENTIFICA-**
16 **TION NUMBERS.**

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

1 (b) REQUIREMENTS.—

2 (1) ANNUAL EXPANSION.—For each calendar
3 year beginning after the date of the enactment of
4 this Act, the Secretary shall provide numbers
5 through the program described in subsection (a) to
6 individuals residing in such States as the Secretary
7 deems appropriate, provided that the total number
8 of States served by such program during such year
9 is greater than the total number of States served by
10 such program during the preceding year.

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

16 **SEC. 2007. SINGLE POINT OF CONTACT FOR TAX-RELATED**
17 **IDENTITY THEFT VICTIMS.**

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

1 Internal Revenue Service employees to resolve case issues
2 as quickly as possible.

3 (b) SINGLE POINT OF CONTACT.—

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

7 (A) have the ability to work across func-
8 tions to resolve the issues involved in the tax-
9 payer’s case; and

10 (B) shall be accountable for handling the
11 case until its resolution.

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

17 (A) ensure continuity of records and case
18 history; and

19 (B) notify the taxpayer when appropriate.

20 **SEC. 2008. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

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

1 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
2 **THEFT.**

3 “(a) IN GENERAL.—If the Secretary determines that
4 there has been or may have been an unauthorized use of
5 the identity of any individual, the Secretary shall, without
6 jeopardizing an investigation relating to tax administra-
7 tion—

8 “(1) as soon as practicable—

9 “(A) notify the individual of such deter-
10 mination,

11 “(B) provide instructions on how to file a
12 report with law enforcement regarding the un-
13 authorized use,

14 “(C) identify any steps to be taken by the
15 individual to permit law enforcement to access
16 personal information of the individual during
17 the investigation,

18 “(D) provide information regarding actions
19 the individual may take in order to protect the
20 individual from harm relating to the unauthor-
21 ized use, and

22 “(E) offer identity protection measures to
23 the individual, such as the use of an identity
24 protection personal identification number, and

25 “(2) at the time the information described in
26 paragraph (1) is provided (or, if not available at

1 such time, as soon as practicable thereafter), issue
2 additional notifications to such individual (or such
3 individual's designee) regarding—

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

6 “(B) whether the investigation substan-
7 tiated an unauthorized use of the identity of the
8 individual, and

9 “(C) whether—

10 “(i) any action has been taken against
11 a person relating to such unauthorized use,
12 or

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

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

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

23 “(2) DETERMINATION OF EMPLOYMENT-RE-
24 LATED IDENTITY THEFT.—For purposes of this sec-
25 tion, in making a determination as to whether there

1 has been or may have been an unauthorized use of
2 the identity of an individual to obtain employment,
3 the Secretary shall review any information—

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

8 “(B) provided to the Internal Revenue
9 Service by the Social Security Administration
10 regarding any statement described in section
11 6051,

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

18 (b) ADDITIONAL MEASURES.—

19 (1) EXAMINATION OF BOTH PAPER AND ELEC-
20 TRONIC STATEMENTS AND RETURNS.—The Sec-
21 retary of the Treasury (or the Secretary’s delegate)
22 shall examine the statements, information returns,
23 and tax returns described in section 7529(b)(2) of
24 the Internal Revenue Code of 1986 (as added by
25 subsection (a)) for any evidence of employment-re-

1 lated identity theft, regardless of whether such state-
2 ments or returns are submitted electronically or on
3 paper.

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

19 (3) UNDERREPORTING OF INCOME.—The Sec-
20 retary (or the Secretary’s delegate) shall establish
21 procedures to ensure that income reported in con-
22 nection with the unauthorized use of a taxpayer’s
23 identity is not taken into account in determining any
24 penalty for underreporting of income by the victim
25 of identity theft.

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

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

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

8 **SEC. 2009. GUIDELINES FOR STOLEN IDENTITY REFUND**
 9 **FRAUD CASES.**

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

18 (b) STANDARDS AND PROCEDURES TO BE CONSID-
 19 ERED.—The guidelines described in subsection (a) may in-
 20 clude—

21 (1) standards for—

22 (A) the average length of time in which a
 23 case involving stolen identity refund fraud
 24 should be resolved;

1 (B) the maximum length of time, on aver-
2 age, a taxpayer who is a victim of stolen iden-
3 tity refund fraud and is entitled to a tax refund
4 which has been stolen should have to wait to re-
5 ceive such refund; and

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

11 (2) standards for opening, assigning, reas-
12 signing, or closing a case involving stolen identity re-
13 fund fraud; and

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

19 **SEC. 2010. INCREASED PENALTY FOR IMPROPER DISCLO-**
20 **SURE OR USE OF INFORMATION BY PRE-**
21 **PARERS OF RETURNS.**

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

23 (1) by redesignating subsections (b) and (c) as
24 subsections (c) and (d), respectively; and

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

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

5 “(1) IN GENERAL.—In the case of a disclosure
6 or use described in subsection (a) that is made in
7 connection with a crime relating to the misappropriation of another person’s taxpayer identity (as defined in section 6103(b)(6)), whether or not such
8 crime involves any tax filing, subsection (a) shall be
9 applied—
10 applied—

11 “(A) by substituting ‘\$1,000’ for ‘\$250’,
12 and
13 “(B) by substituting ‘\$50,000’ for

14 ‘\$10,000’.
15 “(2) SEPARATE APPLICATION OF TOTAL PEN-

16 ALTY LIMITATION.—The limitation on the total
17 amount of the penalty under subsection (a) shall be
18 applied separately with respect to disclosures or uses
19 to which this subsection applies and to which it does
20 not apply.”.

21 (b) CRIMINAL PENALTY.—Section 7216(a) is amend-
22 ed by striking “\$1,000” and inserting “\$1,000 (\$100,000
23 in the case of a disclosure or use to which section 6713(b)
24 applies)”.
25

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

4 **Subtitle B—Development of**
 5 **Information Technology**

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

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

12 “(f) INTERNAL REVENUE SERVICE CHIEF INFORMA-
 13 TION OFFICER.—

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

19 “(2) CENTRALIZED RESPONSIBILITY FOR IN-
 20 TERNAL REVENUE SERVICE INFORMATION TECH-
 21 NOLOGY.—The Commissioner of Internal Revenue
 22 (and the Secretary) shall act through the IRS CIO
 23 with respect to all development, implementation, and
 24 maintenance of information technology for the Inter-
 25 nal Revenue Service. Any reference in this sub-

1 section to the IRS CIO which directs the IRS CIO
2 to take any action, or to assume any responsibility,
3 shall be treated as a reference to the Commissioner
4 of Internal Revenue acting through the IRS CIO.

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

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

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

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

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

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

1 “(i) the goals and requirements speci-
2 fied in subparagraphs (A) through (D),
3 and

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

6 “(4) STRATEGIC PLAN.—

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

11 “(i) include performance measure-
12 ments of such technology and of the imple-
13 mentation of such plan,

14 “(ii) include a plan for an integrated
15 enterprise architecture of the information
16 technology of the Internal Revenue Service,

17 “(iii) include and take into account
18 the resources needed to accomplish such
19 plan,

20 “(iv) take into account planned major
21 acquisitions of information technology by
22 the Internal Revenue Service, and

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

1 “(B) PLAN UPDATES.—The IRS CIO
2 shall, not less frequently than annually, review
3 and update the strategic plan under subpara-
4 graph (A) (including the plan for an integrated
5 enterprise architecture described in subpara-
6 graph (A)(ii)) to take into account the develop-
7 ment of new information technology and the
8 needs of the Internal Revenue Service.

9 “(5) SCOPE OF AUTHORITY.—

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

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

20 “(i) the Office of the Taxpayer Advo-
21 cate,

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

24 “(iii) except as otherwise provided by
25 the Secretary with respect to information

1 technology related to matters described in
2 subsection (b)(3)(B), the Office of the
3 Chief Counsel.”.

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

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

14 (2) DEADLINE FOR COMPLETION.—Such con-
15 tract shall require that such verification and valida-
16 tion be completed not later than the date which is
17 1 year after the date of the enactment of this Act.

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

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

23 (B) DEADLINE FOR COMPLETING
24 PLANS.—Not later than 1 year after the date of
25 the enactment of this Act, the Commissioner of

1 Internal Revenue shall complete the develop-
2 ment of plans for all phases of the Customer
3 Account Data Engine 2.

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

11 (c) COORDINATION OF IRS CIO AND CHIEF PRO-
12 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-
13 ICE.—

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

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

22 (B) regularly consult with the IRS CIO re-
23 garding acquisitions of information technology
24 for the Internal Revenue Service, including

1 meeting with the IRS CIO regarding such ac-
2 quisitions upon request.

3 (2) SIGNIFICANT IRS INFORMATION TECH-
4 NOLOGY ACQUISITIONS.—For purposes of this sub-
5 section, the term “significant IRS information tech-
6 nology acquisitions” means—

7 (A) any acquisition of information tech-
8 nology for the Internal Revenue Service in ex-
9 cess of \$1,000,000; and

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

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

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

22 (a) IN GENERAL.—Not later than January 1, 2023,
23 the Secretary of the Treasury or the Secretary’s delegate
24 (hereafter referred to in this section as the “Secretary”)
25 shall make available an internet website or other electronic

1 media, with a user interface and functionality similar to
2 the Business Services Online Suite of Services provided
3 by the Social Security Administration, that provides access
4 to resources and guidance provided by the Internal Rev-
5 enue Service and allows persons to—

6 (1) prepare and file Forms 1099;

7 (2) prepare Forms 1099 for distribution to re-
8 cipients other than the Internal Revenue Service;
9 and

10 (3) maintain a record of completed, filed, and
11 distributed Forms 1099.

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

16 (1) are a supplement to, and not a replacement
17 for, other services provided by the Internal Revenue
18 Service to taxpayers; and

19 (2) comply with applicable security standards
20 and guidelines.

21 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**
22 **INFORMATION TECHNOLOGY POSITIONS.**

23 (a) **IN GENERAL.**—Subchapter A of chapter 80 is
24 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 of 2019’ for
17 ‘June 1, 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—

1 “(A) by substituting ‘During the period be-
 2 ginning on the date of the enactment of section
 3 7812 of the Internal Revenue Code of 1986,
 4 and ending on September 30, 2025’ for ‘Before
 5 September 30, 2013’ in subsection (a), and

6 “(B) by substituting ‘the information tech-
 7 nology operations’ for ‘significant functions’ in
 8 subsection (a).”.

9 (b) **CLERICAL AMENDMENT.**—The table of sections
 10 for subchapter A of chapter 80 is amended by adding at
 11 the end the following new item:

“Sec. 7812. Streamlined critical pay authority for information technology posi-
 tions.”.

12 **Subtitle C—Modernization of Con-**
 13 **sent-Based Income Verification**
 14 **System**

15 **SEC. 2201. DISCLOSURE OF TAXPAYER INFORMATION FOR**
 16 **THIRD-PARTY INCOME VERIFICATION.**

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

23 (1) is fully automated and accomplished
 24 through the internet; and

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 6th 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) CONFORMING AMENDMENT.—Paragraph (7) of
5 section 527(j) is amended by striking “if the organization
6 has” and all that follows through “such calendar year”.

7 (c) INSPECTION OF ELECTRONICALLY FILED AN-
8 NUAL RETURNS.—Subsection (b) of section 6104 is
9 amended by adding at the end the following: “Any annual
10 return required to be filed electronically under section
11 6033(n) shall be made available by the Secretary to the
12 public as soon as practicable in a machine readable for-
13 mat.”.

14 (d) EFFECTIVE DATE.—

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

19 (2) TRANSITIONAL RELIEF.—

20 (A) SMALL ORGANIZATIONS.—

21 (i) IN GENERAL.—In the case of any
22 small organizations, or any other organiza-
23 tions for which the Secretary of the Treas-
24 ury or the Secretary’s delegate (hereafter
25 referred to in this paragraph as the “Sec-

1 retary”) determines the application of the
2 amendments made by this section would
3 cause undue burden without a delay, the
4 Secretary may delay the application of
5 such amendments, but such delay shall not
6 apply to any taxable year beginning on or
7 after the date 2 years after of the enact-
8 ment of this Act.

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

12 (I) the gross receipts of which for
13 the taxable year are less than
14 \$200,000; and

15 (II) the aggregate gross assets of
16 which at the end of the taxable year
17 are less than \$500,000.

18 (B) ORGANIZATIONS FILING FORM 990-
19 T.—In the case of any organization described in
20 section 511(a)(2) of the Internal Revenue Code
21 of 1986 which is subject to the tax imposed by
22 section 511(a)(1) of such Code on its unrelated
23 business taxable income, or any organization re-
24 quired to file a return under section 6033 of
25 such Code and include information under sub-

1 section (e) thereof, the Secretary may delay the
2 application of the amendments made by this
3 section, but such delay shall not apply to any
4 taxable year beginning on or after the date 2
5 years after of the enactment of this Act.

6 **SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF**
7 **TAX-EXEMPT STATUS FOR FAILURE TO FILE**
8 **RETURN.**

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

11 “(A) NOTICE.—

12 “(i) IN GENERAL.—If an organization
13 described in subsection (a)(1) or (i) fails to
14 file the annual return or notice required
15 under either subsection for 2 consecutive
16 years, the Secretary shall notify the orga-
17 nization—

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

22 “(II) about the revocation that
23 will occur under subparagraph (B) if
24 the organization fails to file such a re-
25 turn or notice by the due date for the

1 next such return or notice required to
2 be filed.

3 The notification under the preceding sen-
4 tence shall include information about how
5 to comply with the filing requirements
6 under subsection (a)(1) and (i).

7 “(B) REVOCATION.—If an organization”.

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

12 **Subtitle C—Revenue Provision**

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

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

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

19 (1) by striking “2014” and inserting “2020”;

20 (2) by striking “\$205” and inserting “\$330”;

21 and

22 (3) by striking “2013” and inserting “2019”.

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

○