

117TH CONGRESS
1ST SESSION

H. R. 4184

To set minimum standards for tax return preparers.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2021

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

A BILL

To set minimum standards for tax return preparers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer Protection
5 and Preparer Proficiency Act of 2021”.

6 **SEC. 2. REGULATION OF TAX RETURN PREPARERS.**

7 (a) IN GENERAL.—Subsection (a) of section 330 of
8 title 31, United States Code, is amended—

9 (1) by striking paragraph (1) and inserting the
10 following:

11 “(1) regulate—

1 “(A) the practice of representatives of per-
2 sons before the Department of the Treasury;
3 and

4 “(B) the practice of tax return preparers;
5 and”; and

6 (2) in paragraph (2)—

7 (A) by inserting “or a tax return preparer
8 to prepare tax returns” after “practice”;

9 (B) by inserting “or tax return preparer”
10 before “demonstrate”; and

11 (C) by inserting “or in preparing their tax
12 returns, claims for refund, or documents in con-
13 nection with tax returns or claims for refund”
14 after “cases” in subparagraph (D).

15 (b) AUTHORITY TO SANCTION REGULATED TAX RE-
16 TURN PREPARERS.—Subsection (c) of section 330 of title
17 31, United States Code, is amended—

18 (1) by striking “before the Department”;

19 (2) by inserting “or tax return preparer” after
20 “representative” each place it appears; and

21 (3) in paragraph (4), by striking “misleads or
22 threatens” and all that follows and inserting “mis-
23 leads or threatens—

24 “(A) any person being represented or any
25 prospective person being represented; or

1 “(B) any person or prospective person
2 whose tax return, claim for refund, or document
3 in connection with a tax return or claim for re-
4 fund, is being or may be prepared.”.

5 (c) MINIMUM COMPETENCY STANDARDS FOR TAX
6 RETURN PREPARERS.—Section 330 of title 31, United
7 States Code, is amended by adding at the end the fol-
8 lowing new subsection:

9 “(f) TAX RETURN PREPARERS.—

10 “(1) IN GENERAL.—Any tax return preparer
11 shall demonstrate minimum competency standards
12 under this subsection by—

13 “(A) obtaining an identifying number for
14 securing proper identification of such preparer
15 as described in section 6109(a)(4) of the Inter-
16 nal Revenue Code of 1986;

17 “(B) satisfying any examination and an-
18 nual continuing education requirements as pre-
19 scribed by the Secretary; and

20 “(C) completing a background check ad-
21 ministered by the Secretary.

22 “(2) EXEMPTION.—The Secretary shall exempt
23 tax return preparers who have been subject to com-
24 parable examination, continuing education require-
25 ments, and background checks administered by the

1 Secretary or any comparable State licensing pro-
2 gram. Such exemption shall extend directly to indi-
3 viduals who are supervised by such preparers and
4 are not required to secure an identification number
5 under section 6109(a)(4).

6 “(3) REINSTATEMENT OF REGISTERED TAX RE-
7 TURN PREPARER PROGRAM.—The Secretary shall
8 issue regulations under this section reinstating the
9 Registered Tax Return Preparer Program. Examina-
10 tion of tax return prepares under such program shall
11 be limited to a one-time, basic individual income tax
12 examination and the annual continuing education re-
13 quirement under such program shall not exceed 15
14 hours.”.

15 (d) TAX RETURN PREPARER DEFINED.—Section
16 330 of title 31, United States Code, as amended by sub-
17 section (c), is amended by adding at the end the following
18 new subsection:

19 “(g) TAX RETURN PREPARER.—For purposes of this
20 section—

21 “(1) IN GENERAL.—The term ‘tax return pre-
22 parer’ has the meaning given such term under sec-
23 tion 7701(a)(36) of the Internal Revenue Code of
24 1986.

1 “(2) TAX RETURN.—The term ‘tax return’ has
2 the meaning given to the term ‘return’ under section
3 6696(e)(1) of the Internal Revenue Code of 1986.

4 “(3) CLAIM FOR REFUND.—The term ‘claim for
5 refund’ has the meaning given such term under sec-
6 tion 6696(e)(2) of such Code.”.

7 (e) AMENDMENTS WITH RESPECT TO IDENTIFYING
8 NUMBER.—

9 (1) IN GENERAL.—Section 6109(a) of the In-
10 ternal Revenue Code of 1986 is amended by striking
11 paragraph (4) and inserting the following:

12 “(4) FURNISHING IDENTIFYING NUMBER OF
13 TAX RETURN PREPARER.—

14 “(A) IN GENERAL.—Any return or claim
15 for refund prepared by a tax return preparer
16 shall bear such identifying number for securing
17 proper identification of such preparer, his em-
18 ployer, or both, as may be prescribed. For pur-
19 poses of this paragraph, the terms ‘return’ and
20 ‘claim for refund’ have the respective meanings
21 given to such terms by section 6696(e).

22 “(B) EXCEPTION.—Subparagraph (A)
23 shall not apply with respect to the preparation
24 of any return or claim for refund by a tax re-
25 turn preparer if—

1 “(i) such return or claim is prepared
2 by such preparer while such preparer is
3 employed by an attorney, certified public
4 accountant, or enrolled agent firm, and

5 “(ii) such preparer prepares such re-
6 turn or claim under the supervision and di-
7 rection of a tax return preparer who signs
8 such return or claim and is an attorney,
9 certified public accountant, or enrolled
10 agent.”.

11 (2) CLARIFICATION OF RESCISSION AUTHOR-
12 ITY.—Section 6109 of such Code is amended by in-
13 serting after subsection (d) the following new sub-
14 section:

15 “(e) AUTHORITY TO RESCIND IDENTIFYING NUM-
16 BER OF TAX RETURN PREPARER.—

17 “(1) IN GENERAL.—The Secretary may rescind
18 an identifying number issued under subsection
19 (a)(4) if—

20 “(A) after notice and opportunity for a
21 hearing, the preparer is shown to be incom-
22 petent or disreputable (as such terms are used
23 in subsection (c) of section 330 of title 31,
24 United States Code); and

1 “(B) rescinding the identifying number
2 would promote compliance with the require-
3 ments of this title and effective tax administra-
4 tion.

5 “(2) RECORDS.—If an identifying number is re-
6 scinded under paragraph (1), the Secretary shall
7 place in the file in the Office of the Director of Pro-
8 fessional Responsibility the opinion of the Secretary
9 with respect to the determination, including—

10 “(A) a statement of the facts and cir-
11 cumstances relating to the determination; and

12 “(B) the reasons for the rescission.”.

13 (f) GAO STUDY AND REPORT ON THE EXCHANGE
14 OF INFORMATION BETWEEN THE IRS AND STATE TAX-
15 ATION AUTHORITIES.—

16 (1) IN GENERAL.—Not later than 18 months
17 after the date of the enactment of this Act, the
18 Comptroller General shall conduct a study and sub-
19 mit to Congress a report on the sharing of informa-
20 tion between the Secretary of the Treasury and
21 State authorities, as authorized under section
22 6103(d) of the Internal Revenue Code of 1986, re-
23 garding identification numbers issued to paid tax re-
24 turn preparers and return preparer minimum stand-
25 ards.

1 (2) INCREASED INFORMATION SHARING.—The
2 study and report described in paragraph (1) shall in-
3 clude an analysis of the impact that increased infor-
4 mation sharing between Federal and State authori-
5 ties would have on efforts to enforce minimum
6 standards on paid tax return preparers.

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