

117TH CONGRESS
2D SESSION

S. 4508

To amend the Internal Revenue Code of 1986 to establish a free on-line tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information and information held by the Internal Revenue Service.

IN THE SENATE OF THE UNITED STATES

JULY 12, 2022

Ms. WARREN (for herself, Mrs. SHAHEEN, Mr. WHITEHOUSE, Ms. BALDWIN, Mr. SANDERS, Mr. BLUMENTHAL, Mr. MARKEY, Ms. DUCKWORTH, Ms. HASSAN, Mr. MERKLEY, Mr. BOOKER, Mr. LEAHY, Mr. PADILLA, Mrs. FEINSTEIN, Mrs. GILLIBRAND, Mr. SCHATZ, Mr. KAINE, Ms. SMITH, Ms. KLOBUCHAR, Mr. CASEY, Ms. STABENOW, Mr. KING, and Ms. HIRONO) 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 establish a free on-line tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information and information held by the Internal Revenue Service.

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 “Tax Filing Simplifica-
5 tion Act of 2022”.

1 **SEC. 2. PROHIBITION ON AGREEMENTS RESTRICTING GOV-**
 2 **ERNMENT TAX PREPARATION AND FILING**
 3 **SERVICES.**

4 The Secretary of the Treasury, or the Secretary's del-
 5 egate, may not enter into any agreement after the date
 6 of the enactment of this Act which restricts the Sec-
 7 retary's legal right to provide tax return preparation serv-
 8 ices or software or to provide tax return filing services.

9 **SEC. 3. GOVERNMENT-ASSISTED TAX PREPARATION AND**
 10 **FILING SERVICES.**

11 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
 12 enue Code of 1986 is amended by adding at the end the
 13 following new section:

14 **“SEC. 7531. GOVERNMENT-ASSISTED TAX-RETURN PREPA-**
 15 **RATION PROGRAMS.**

16 “(a) ESTABLISHMENT OF PROGRAMS.—The Sec-
 17 retary shall establish and operate the following programs:

18 “(1) SIMPLIFIED TAX BENEFITS PORTAL FOR
 19 NON-FILERS.—Not later than March 1, 2023, a pro-
 20 gram through which any eligible taxpayer (as de-
 21 fined in subsection (b)(1)) can claim any credit al-
 22 lowed under subpart C of part IV of subchapter A
 23 of chapter 1 (including the earned income tax credit
 24 under section 32 and the portion of the child tax
 25 credit allowed under section 24(d)) for the taxable

1 year without being required to report any additional
2 income data to the Internal Revenue Service.

3 “(2) ONLINE TAX PREPARATION AND FILING
4 SOFTWARE.—Not later than January 31, 2024, soft-
5 ware for the preparation and filing of individual in-
6 come tax returns for taxable years beginning after
7 2022.

8 “(3) TAXPAYER DATA ACCESS.—Not later than
9 March 1, 2024, a program under which taxpayers
10 may download third-party provided return informa-
11 tion and IRS-held information relating to individual
12 income tax returns for taxable years beginning after
13 2022.

14 “(4) EXPEDITED TAX FILING.—Not later than
15 March 1, 2024, a program under which eligible indi-
16 viduals (as defined in subsection (e)(1)) may elect to
17 have income tax returns for taxable years beginning
18 after 2022 prepared by the Secretary.

19 “(b) SIMPLIFIED TAX BENEFITS PORTAL FOR NON-
20 FILERS.—

21 “(1) ELIGIBLE TAXPAYER.—

22 “(A) IN GENERAL.—For purposes of sub-
23 section (a)(1), the term ‘eligible taxpayer’
24 means a taxpayer who is not required to file a
25 return of tax for the taxable year.

1 “(B) EXPANSION TO INCLUDE POPU-
2 LATIONS OTHER THAN NON-FILERS.—At the
3 discretion of the Secretary, with respect to any
4 taxable year beginning after 2023, the term ‘eli-
5 gible taxpayer’ may include taxpayers who are
6 required to file a return of tax for the taxable
7 year.

8 “(2) REQUIREMENTS.—

9 “(A) IN GENERAL.—The program de-
10 scribed in subsection (a)(1) shall—

11 “(i) request no information other than
12 that which—

13 “(I) is strictly required for pur-
14 poses of determining the amount of
15 any credit described in subsection
16 (a)(1), and

17 “(II) is not already contained in
18 the records of the Internal Revenue
19 Service or to which the Internal Rev-
20 enue Service does not have access,

21 “(ii) be user-tested,

22 “(iii) use plain language and be made
23 available in all languages for which trans-
24 lations are provided on the public website
25 of the Internal Revenue Service,

1 “(iv) be accessible on mobile devices,

2 “(v) conform to all guidelines under
3 section 508 of the Rehabilitation Act of
4 1973 (29 U.S.C. 794d),

5 “(vi) be available for use by taxpayers
6 throughout the calendar year,

7 “(vii) be displayed in a prominent po-
8 sition on the website of the Internal Rev-
9 enue Service,

10 “(viii) be advertised through direct
11 mailings, and

12 “(ix) provide real-time feedback to
13 taxpayers using the program and, in the
14 case of a claim for any credit described in
15 subsection (a)(1) which is not allowed to
16 the taxpayer, provide additional informa-
17 tion to the taxpayer on subsequent actions
18 with respect to such claim.

19 “(B) EXCEPTION.—Subparagraph (A)(i)
20 shall not apply with respect to any information
21 relating to demographic characteristics which—

22 “(i) is collected by the Internal Rev-
23 enue Service for the purposes of improving
24 equity, and

1 “(ii) is not required to be submitted
2 by the taxpayer for purposes of using the
3 program described in subsection (a)(1).

4 “(3) DETERMINATION OF CREDIT AMOUNT.—

5 “(A) IN GENERAL.—For purposes of deter-
6 mining the amount of any credit described in
7 subsection (a)(1), the Secretary shall determine
8 such amount based on—

9 “(i) any information which the tax-
10 payer elects to provide through the pro-
11 gram described in such subsection, and

12 “(ii) any information available to the
13 Internal Revenue Service at the time that
14 the taxpayer is claiming such credit
15 through the program described in such
16 subsection.

17 “(B) SUBSEQUENT THIRD-PARTY INFOR-
18 MATION.—In the case of any third-party pro-
19 vided return information which is received by
20 the Secretary after any determination made
21 under subparagraph (A) with respect to a tax-
22 payer, if such information would have resulted
23 in an increase in the amount of any credit de-
24 scribed in subsection (a)(1) had it been in-
25 cluded in the prior determination made under

1 such subparagraph, the Secretary may make a
2 payment to the taxpayer in an amount equal to
3 the difference between—

4 “(i) the amount determined under
5 subparagraph (A) with respect to such
6 credit prior to receipt of such information,
7 and

8 “(ii) the amount that would have oth-
9 erwise been determined under subpara-
10 graph (A) if such subparagraph had been
11 applied subsequent to the receipt of such
12 information.

13 “(c) REQUIREMENTS FOR ONLINE TAX PREPARA-
14 TION AND FILING SOFTWARE.—The software described in
15 subsection (a)(2) shall—

16 “(1) satisfy the requirements described in sub-
17 section (b)(2), except that, for purposes of subpara-
18 graph (A)(i)(I) of such subsection, such subpara-
19 graph shall be applied by substituting ‘the prepara-
20 tion and filing of an individual income tax return’
21 for ‘determining the amount of any credit described
22 in subsection (a)(1)’, and

23 “(2) be compatible with the program described
24 in subsection (a)(1) so as to permit a taxpayer to—

1 “(A) submit any required information once
2 for use by both programs, and

3 “(B) based on such information, be di-
4 rected to the appropriate program.

5 “(d) REQUIREMENTS FOR TAXPAYER DATA ACCESS
6 PROGRAM.—Return information under the program estab-
7 lished under subsection (a)(3) shall be made available—

8 “(1) for any calendar year beginning after De-
9 cember 31, 2024, not later than 15 days after the
10 Secretary receives such information, and

11 “(2) through a secure function that allows a
12 taxpayer to download such information from the
13 website of the Internal Revenue Service in both a
14 printable document file and in a computer-readable
15 form suitable for use by automated tax preparation
16 software.

17 “(e) EXPEDITED TAX FILING.—

18 “(1) ELIGIBLE INDIVIDUAL.—For purposes of
19 the program established under subsection (a)(4)—

20 “(A) IN GENERAL.—Except as provided in
21 subparagraphs (B) and (C), the term ‘eligible
22 individual’ means, with respect to any taxable
23 year, any individual who—

24 “(i) elects to participate in the pro-
25 gram established under subsection (a)(4),

1 “(ii) does not claim any deduction al-
2 lowed under section 62 for purposes of de-
3 termining adjusted gross income,

4 “(iii) claims the standard deduction
5 under section 63,

6 “(iv) does not file schedule C, and

7 “(v) has no income other than income
8 from—

9 “(I) wages (as defined in section
10 3401),

11 “(II) interest, or

12 “(III) dividends.

13 “(B) LIMITATION ON ELIGIBILITY FOR
14 TAX YEAR 2023.—With respect to any taxable
15 year beginning in 2023, the term ‘eligible indi-
16 vidual’ shall only include such populations of in-
17 dividuals described in subparagraph (A) as is
18 determined by the Secretary.

19 “(C) EXPANSION OF ELIGIBILITY AFTER
20 TAX YEAR 2023.—

21 “(i) IN GENERAL.—At the discretion
22 of the Secretary, with respect to any tax-
23 able year beginning after 2023, the term
24 ‘eligible individual’ may include popu-
25 lations of individuals who would not other-

1 wise satisfy the requirements established
2 under subparagraph (A).

3 “(ii) REPORT.—Not later than August
4 31, 2025, the Secretary shall submit a re-
5 port to Congress that contains rec-
6 ommendations for such legislative or ad-
7 ministrative actions as the Secretary deter-
8 mines necessary with respect to expanding
9 the populations of individuals that may
10 qualify as eligible individuals for purposes
11 of the program established under sub-
12 section (a)(4).

13 “(2) RETURN MUST BE FILED BY INDI-
14 VIDUAL.—No return prepared under the program es-
15 tablished under subsection (a)(4) shall be treated as
16 filed before the date such return is submitted by the
17 taxpayer as provided under the rules of section
18 6011.

19 “(3) INTERACTION WITH SOFTWARE.—Not
20 later than March 1, 2024, the Secretary shall pro-
21 vide for interaction between the software described
22 in subsection (a)(2) and the program established
23 under subsection (a)(4) such that an individual may
24 elect to have their income tax return partially pre-
25 pared by the Secretary pursuant to such subsection

1 (based on such information as is available to the
2 Secretary) and made available through the software
3 described in subsection (a)(2) for the individual to
4 complete and file.

5 “(f) VERIFICATION OF IDENTITY.—

6 “(1) IN GENERAL.—An individual shall not par-
7 ticipate in any program described in subsection (a)
8 or access any information under such a program un-
9 less such individual has verified their identity to the
10 satisfaction of the Secretary.

11 “(2) ACCESSIBILITY.—For purposes of
12 verifying the identity of any individual seeking to
13 participate in any program described in subsection
14 (a) or to access any information under any such pro-
15 gram, the Secretary shall ensure that—

16 “(A) any verification procedures are acces-
17 sible to a significant majority of taxpayers, and

18 “(B) for any taxpayer who cannot access
19 or use such verification procedures, a secondary
20 verification procedure (or multiple secondary
21 verification procedures) that is accessible by
22 such taxpayer, including in-person verification
23 procedures.

24 “(3) ONLINE VERIFICATION.—Not later than 3
25 years after the date of enactment of this section, the

1 Secretary shall ensure that any verification proce-
2 dures established under this section are able to be
3 used successfully by—

4 “(A) 70 percent of households in the
5 United States, and

6 “(B) 80 percent of taxpayers who are eligi-
7 ble to claim the earned income tax credit under
8 section 32.

9 “(4) STUDY AND REPORT.—Not later than 3
10 years after the date of enactment of this section,
11 and annually thereafter, the Secretary shall conduct
12 a study and make publicly available a report on the
13 verification pass rates by taxpayers under this sec-
14 tion, with such information to be disaggregated by
15 income levels and subpopulation groups, including
16 disadvantaged populations such as—

17 “(A) individuals without access to desktop
18 or laptop computers,

19 “(B) individuals without internet service at
20 home,

21 “(C) individuals without credit histories,

22 “(D) individuals experiencing homeless-
23 ness, and

24 “(E) individuals with limited English pro-
25 ficiency.

1 “(g) OTHER DEFINITIONS.—For purposes of this
2 section—

3 “(1) IRS-HELD INFORMATION.—The term
4 ‘IRS-held information’ means—

5 “(A) any information relating to payments
6 made to a taxpayer with respect to any credit
7 allowed under subpart C of part IV of sub-
8 chapter A of chapter 1, and

9 “(B) any other information, as identified
10 and determined appropriate by the Secretary
11 for the purposes of this section, which—

12 “(i) is contained in the records of the
13 Internal Revenue Service or to which the
14 Internal Revenue Service has access, and

15 “(ii) is not third-party provided return
16 information.

17 “(2) THIRD-PARTY PROVIDED RETURN INFOR-
18 MATION.—The term ‘third-party provided return in-
19 formation’ means—

20 “(A) information reported to the Secretary
21 through an information return (as defined in
22 section 6724(d)(1)),

23 “(B) information reported to the Secretary
24 pursuant to section 232 of the Social Security
25 Act, and

1 “(C) such other information reported to
2 the Secretary as is determined appropriate by
3 the Secretary for purposes of—

4 “(i) the program established under
5 subsection (a)(2), and

6 “(ii) any determination described in
7 subsection (b)(3)(B).

8 “(h) TAXPAYER RESPONSIBILITY.—Nothing in this
9 section shall be construed to absolve the taxpayer from
10 full responsibility for the accuracy or completeness of their
11 return of tax.

12 “(i) PROHIBITION ON FEES.—No fee may be imposed
13 on any taxpayer who participates in any program estab-
14 lished under subsection (a).

15 “(j) INFORMATION PROVIDED FOR WAGE AND SELF-
16 EMPLOYMENT INCOME.—For purposes of subsection
17 (a)(3), in the case of information relating to wages paid
18 for any calendar year after 2022 required to be provided
19 to the Commissioner of Social Security under section
20 205(c)(2)(A) of the Social Security Act (42 U.S.C.
21 405(c)(2)(A)), the Commissioner shall make such infor-
22 mation available to the Secretary not later than the Feb-
23 ruary 15 of the calendar year following the calendar year
24 to which such wages and self-employment income relate.

25 “(k) OUTREACH CAMPAIGN.—

1 “(1) IN GENERAL.—The Secretary, in coordina-
2 tion with local community-based organizations, shall
3 conduct an outreach campaign to—

4 “(A) provide information to the public re-
5 garding the programs and software described in
6 subsection (a), and

7 “(B) enroll individuals in the programs de-
8 scribed in such subsection.

9 “(2) METHODS.—With respect to the outreach
10 campaign described in paragraph (1), the Secretary
11 shall—

12 “(A) provide relevant information on the
13 public website of the Internal Revenue Service,
14 and

15 “(B) send direct mailings to individuals
16 who have been identified as not having filed a
17 return of tax for the taxable year.

18 “(l) STATE INCOME TAX RETURNS.—Subject to any
19 applicable requirements under section 6103, the Secretary
20 shall establish intergovernmental cooperative agreements
21 with State and local governments to exchange taxpayer re-
22 turn information which is provided, imputed, calculated,
23 or used to make calculations under the programs described
24 in subsection (a) for purposes of the administration of

1 State and local tax laws and the preparation of State in-
2 come tax returns.”.

3 (b) FILING DEADLINE FOR INFORMATION RE-
4 TURNS.—Section 6071(b) of such Code is amended to
5 read as follows:

6 “(b) INFORMATION RETURNS.—Returns made under
7 part III of this chapter shall be filed on or before January
8 31 of the year following the calendar year to which such
9 returns relate. Section 6081 shall not apply to returns
10 under such part III.”.

11 (c) CONFORMING AMENDMENT TO SOCIAL SECURITY
12 ACT.—Section 205(c)(2)(A) of the Social Security Act (42
13 U.S.C. 405(c)(2)(A)) is amended by adding at the end the
14 following new sentence: “For purposes of the preceding
15 sentence, the Commissioner shall require that information
16 relating to wages paid be provided to the Secretary of the
17 Treasury not later than February 15 of the year following
18 the calendar year to which such wages and self-employ-
19 ment income relate.”.

20 (d) CLERICAL AMENDMENT.—The table of sections
21 for chapter 77 of such Code is amended by adding at the
22 end the following new item:

“Sec. 7531. Government-assisted tax-return preparation programs.”.

23 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
24 authorized to be appropriated to carry out the amend-

1 ments made by this section such sums as may be necessary
2 for each of fiscal years 2022 through 2026.

3 (f) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to returns for taxable years begin-
5 ning after December 31, 2021.

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