119TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
119–45

ELECTRONIC FILING AND PAYMENT FAIRNESS ACT

MARCH 27, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of Missouri, from the Committee on Ways and Means, submitted the following

R E P O R T

[To accompany H.R. 1152]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1152) to amend the Internal Revenue Code of 1986 to provide for the application of the mailbox rule to documents and payments electronically submitted to the Internal Revenue Service, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

CONTENTS

The amendment is as follows:

59–006

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Electronic Filing and Payment Fairness Act".

SEC. 2. APPLICATION OF MAILBOX RULE TO DOCUMENTS AND PAYMENTS ELECTRONICALLY SUBMITTED TO THE INTERNAL REVENUE SERVICE.

(a) IN GENERAL.—Section 7502(c) of the Internal Revenue Code of 1986 is amended—

(1) in the heading, by inserting "AND PAYMENT" after "FILING",

(2) in paragraph (2)—

(A) in the heading, by striking "; ELECTRONIC FILING", and

(B) by striking "and electronic filing", and

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

"(3) ELECTRONIC FILING AND PAYMENT.—

"(A) IN GENERAL.—If any return, claim, statement, or other document required to be filed, or any payment required to be made, within a prescribed period or on or before a prescribed date under authority of any provision of the internal revenue laws is sent electronically by any person to the agency, officer, or office with which such return, claim, statement, or other document is required to be filed, or to which such payment is required to be made, the date on which such return, claim, statement, or other document, or payment, is sent electronically by such person shall be deemed to be the date of delivery or the date of payment, as the case may be, regardless of the date on which the applicable agency, officer, or office receives or reviews such return, claim, statement, document, or payment.

"(B) REGULATIONS.—Not later than December 31, 2025, the Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this paragraph.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any document or payment sent after December 31, 2025.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

The bill, H.R. 1152, the "Electronic Filing and Payment Fairness Act," as ordered reported by the Committee on Ways and Means on February 12, 2025.

The provision defines when a return, claim, statement, or other document, or payment sent electronically is considered timely. The document or payment is considered timely if the date on which it is sent is on or before the due date of the filing or payment, regardless of the date on which the applicable agency, officer, or office receives the document or payment. The provision requires the Secretary to promulgate rules necessary to apply the mailbox rule to electronic filing and payments by December 31, 2025.

B. BACKGROUND AND NEED FOR LEGISLATION

Currently, if a taxpayer mails a payment to the IRS that is postmarked by midnight on the due date, the payment or tax return is considered timely even if it is received a week later.[1] However, if a taxpayer submits the same payment or return electronically on the due date, it may be considered late if the IRS receives it and processes it on the next day.[2] In Fiscal Year 2023, more than 213 million returns and other forms were filed electronically.[3]

[1] Legislative Recommendation #3—Treat Electronically Submitted Tax Payments and Documents as Timely If Submitted on or Before the Applicable Deadline, National Taxpayer Advocate 2025 Purple Book (Dec. 31, 2024), https://www.taxpayeradvocate.irs.gov/reports/2024-annual-report-to-congress/national-taxpayer-advocate-2025-purple-book/.

[2] *Id.*

[3] *Id.*

This dichotomy between mail payments and electronic payments harms taxpayers who make timely electronic submissions and favors paper transmission over electronic transmission—the opposite incentive IRS rules should provide. Electronic payments are received more quickly, are cheaper to process, and eliminate the risk that a mailed check will be lost or misplaced.

The Committee on Ways and Means is committed to making filing taxpayer-friendly and fair for all taxpayers regardless of how they choose to file or make payments. This bill will ensure that tax returns and payments filed digitally will now receive the same treatment as those sent through the mail instead of being treated worse than paper filings.

C. LEGISLATIVE HISTORY

Background

H.R. 1152 was introduced on February 10, 2025, and was referred to the Committee on Ways and Means.

Committee Hearings

On February 11, 2025, the Committee on Ways and Means held a hearing titled, "IRS Return on Investment and the Need for Modernization".

Committee Action

The Committee on Ways and Means marked up H.R. 1152, the "Electronic Filing and Payment Fairness Act" on February 12, 2025, and ordered the bill, as amended, favorably reported (with a quorum being present).

D. DESIGNATED HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearings was used to develop and consider H.R. 1152:

> "IRS Return on Investment and the Need for Modernization" on February 11, 2025.

II. EXPLANATION OF THE BILL

A. APPLICATION OF MAILBOX RULE TO DOCUMENTS AND PAYMENTS ELECTRONICALLY SUBMITTED TO THE INTERNAL REVENUE SERVICE (SEC. 2 OF THE BILL AND SEC. 7502(c) OF THE CODE)

PRESENT LAW

In general

Present law defines when a return, claim, statement, or other document, or payment sent pursuant to the Internal Revenue Code ("Code") is considered timely.[4] A document generally is considered timely filed and payment is considered timely made when the filing or payment is received by the Internal Revenue Service ("IRS") on or before the due date of the return. As discussed in further detail below, if the requirements of the Code are met, timely mailing is

[4] Sec. 7502(a), Treas. Reg. sec. 301.7502–1(a).

treated as timely filing and timely paying, colloquially known as the "mailbox rule." [5]

If a document or payment is delivered by the United States Postal Service ("USPS"), the document or payment is considered timely if the postmark date falls on or before the prescribed due date, regardless of when it is deposited in the mail,[6] and if it is properly packaged and addressed with prepaid postage.[7] If the postmark is made other than by the USPS, the document or payment is timely if the postmark is legible and the agency receives it no later than it would normally receive mail of the same class sent through the USPS that is postmarked on the prescribed due date.[8] If a document or payment is sent by registered mail, the dated registration statement is prima facie evidence of delivery and the date of registration is deemed the postmark date.[9] If a document or payment is sent by certified mail, the postmark date is the date stamped on the receipt by the postal employee.[10] If a document or payment is sent by a private delivery service, the Secretary of the Treasury (the "Secretary") may deem the delivery service as equivalent to the USPS for purposes of the mailbox rule, but only if the service is available to the general public, is as timely and reliable as USPS, records the date it receives mail for delivery, and meets other criteria prescribed by the Secretary.[11]

Electronic filings and payments

The mailbox rule, as set forth in the Code and regulations, does not cover electronic payments or electronic filings made other than through an electronic return transmitter. Instead, the mailbox rule applies only to mail delivered by the USPS, unless otherwise authorized by the Secretary. For electronic delivery, the Code authorizes the Secretary to define the postmark date and evidence of delivery regarding electronic filings, without mention of electronic payments.[12] Acting under such authorization, the Secretary has promulgated rules in the specific case of electronic return transmitters, deeming the electronic postmark date the date that an authorized electronic return transmitter receives the transmission of a taxpayer's electronically filed document on its host system, regardless of when it is received by the IRS.[13]

REASONS FOR CHANGE

Present law applies the taxpayer-favorable mailbox rule broadly to filings and payments sent by U.S. mail, but only to electronic filings sent using an electronic return transmitter. This approach creates a discrepancy depending on how the item is sent: a mailed filing, mailed payment, or electronic return sent through electronic return transmitter is deemed to be on time if it is postmarked on

[5] Sec. 7502.
[6] Sec. 7502(a), Treas. Reg. sec. 301.7502–1(c)(1)(2).
[7] Sec. 7502(a)(2)(B), Treas. Reg. sec. 301.7502–1(c)(1)(2).
[8] Treas. Reg. sec. 301.7502–1(c)(1)(iii)(B).
[9] Sec. 7502(c)(1).
[10] Treas. Reg. sec. 301.7502–1(c)(2).
[11] Sec. 7502(f), Treas. Reg. sec. 301.7502–1(c)(3). Additionally, special rules apply to deposits required to be made to a financial institution. Sec. 7502(e).
[12] Sec. 7502(c)(2).
[13] Treas. Reg. sec. 301.7502–1(d)(1), (3)(ii). The Commissioner may authorize specific electronic return transmitters to provide taxpayers with electronic postmarks to acknowledge the date and time that the electronic return transmitter received the electronically-filed document. Treas. Reg. sec. 301.7502–1(d)(2).

or before the due date, but an electronic payment or electronic filing sent other than via electronic return transmitter is timely only if received by the IRS on or before the due date. The Committee believes that, in order to resolve this discrepancy, the mailbox rule should apply broadly to both electronic payments and filings. Additionally, while the statute currently authorizes the Secretary to apply the mailbox rule to electronic filings, the Committee believes this authorization should be extended to electronic payments.

EXPLANATION OF PROVISION

The provision defines when a return, claim, statement, or other document, or payment sent electronically is considered timely. The document or payment is considered timely if the date on which it is sent is on or before the due date of the filing or payment, regardless of the date on which the applicable agency, officer, or office receives the document or payment. The provision requires the Secretary to promulgate rules necessary to apply the mailbox rule to electronic filing and payments by December 31, 2025.

EFFECTIVE DATE

The provision applies to any document or payment sent after December 31, 2025.

III. VOTE OF THE COMMITTEE

Pursuant to clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 1152, the "Electronic Filing and Payment Fairness Act," on February 12, 2025.

The bill, H.R. 1152 was ordered favorably reported to the House of Representatives as amended by a roll call vote of 41 yeas to 0 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)	X	....	....	Mr. Neal	X	....	....
Mr. Buchanan	X	....	....	Mr. Doggett	X	....	....
Mr. Smith (NE)	X	....	....	Mr. Thompson	X	....	....
Mr. Kelly	....	....	....	Mr. Larson	X	....	....
Mr. Schweikert	X	....	....	Mr. Davis	X	....	....
Mr. LaHood	X	....	....	Ms. Sánchez	X	....	....
Mr. Arrington	....	....	....	Ms. Sewell	X	....	....
Mr. Estes	X	....	....	Ms. DelBene	X	....	....
Mr. Smucker	X	....	....	Ms. Chu	X	....	....
Mr. Hern	X	....	....	Ms. Moore (WI)	X	....	....
Mrs. Miller (WV)	X	....	....	Mr. Boyle	X	....	....
Dr. Murphy	X	....	....	Mr. Beyer	X	....	....
Mr. Kustoff	X	....	....	Mr. Evans	X	....	....
Mr. Fitzpatrick	X	....	....	Mr. Schneider	X	....	....
Mr. Steube	X	....	....	Mr. Panetta	X	....	....
Ms. Tenney	X	....	....	Mr. Gomez	....	....	....
Mrs. Fischbach	X	....	....	Mr. Horsford	X	....	....
Mr. Moore (UT)	X	....	....	Ms. Plaskett	X	....	....
Ms. Van Duyne	X	....	....	Mr. Suozzi	X	....	....
Mr. Feenstra	X						
Ms. Malliotakis	X						
Mr. Carey	X						
Mr. Yakym	X						
Mr. Miller (OH)	X						
Mr. Bean	X						

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Moran	X						

IV. BUDGET EFFECTS OF THE BILL

A. Committee Estimate of Budgetary Effects

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 1152 as reported. The estimate prepared by the Congressional Budget Office (CBO) is included below.

The bill is estimated to have a negligible effect on Federal fiscal year budget receipts for the period 2025 through 2034.

B. Statement Regarding New Budget Authority and Tax Expenditures Budget Authority

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority.

C. Cost Estimate Prepared by the Congressional Budget Office

The Congressional Budget Act of 1974, as amended stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation ("JCT") will be the official estimates for all tax legislation considered by Congress. As such CBO incorporates these estimates into its cos estimates of the effects of the legislation. The estimates for the revenue provisions of H.R. 1152 were provided by JCT.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. Committee Oversight Findings and Recommendations

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

B. Statement of General Performance Goals and Objectives

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill does not authorize funding, so no statement of general performance goals and objectives is required.

C. Applicability of House Rule XXI, Clause 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that "A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present." The Committee has carefully reviewed the bill, and states that the bill does not provide such a Federal income tax rate increase.

D. Information Relating to Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

E. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

F. Duplication of Federal Programs

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

G. Tax Complexity Analysis

Section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998 (the "IRS Reform Act") requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Treasury Department) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code and has widespread applicability to individuals or small businesses.

The staff of the Joint Committee on Taxation has determined that there are no provisions that are of widespread applicability to individuals or small businesses.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

A. Text of Existing Law Amended or Repealed by the Bill, as Reported

Pursuant to clause 3(e) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be repealed by the bill is shown below:

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * * * *

Subtitle F—Procedure and Administration

* * * * * * *

CHAPTER 77—MISCELLANEOUS PROVISIONS

* * * * * * *

SEC. 7502. TIMELY MAILING TREATED AS TIMELY FILING AND PAYING.

(a) General Rule.—

(1) Date of delivery.—If any return, claim, statement, or other document required to be filed, or any payment required to be made, within a prescribed period or on or before a prescribed date under authority of any provision of the internal revenue laws is, after such period or such date, delivered by United States mail to the agency, officer, or office with which such return, claim, statement, or other document is required to be filed, or to which such payment is required to be made, the date of the United States postmark stamped on the cover in which such return, claim, statement, or other document, or payment, is mailed shall be deemed to be the date of delivery or the date of payment, as the case may be.

(2) Mailing requirements.—This subsection shall apply only if—

(A) the postmark date falls within the prescribed period or on or before the prescribed date—

(i) for the filing (including any extension granted for such filing) of the return, claim, statement, or other document, or

(ii) for making the payment (including any extension granted for making such payment), and

(B) the return, claim, statement, or other document, or payment was, within the time prescribed in subparagraph

(A), deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the agency, officer, or office with which the return, claim, statement, or other document is required to be filed, or to which such payment is required to be made.

(b) POSTMARKS.—This section shall apply in the case of postmarks not made by the United States Postal Service only if and to the extent provided by regulations prescribed by the Secretary.

(c) REGISTERED AND CERTIFIED MAILING; ELECTRONIC FILING *AND PAYMENT*.—

(1) REGISTERED MAIL.—For purposes of this section, if any return, claim, statement, or other document, or payment, is sent by United States registered mail—

(A) such registration shall be prima facie evidence that the return, claim, statement, or other document was delivered to the agency, officer, or office to which addressed; and

(B) the date of registration shall be deemed the postmark date.

(2) CERTIFIED MAIL【; ELECTRONIC FILING】.—The Secretary is authorized to provide by regulations the extent to which the provisions of paragraph (1) with respect to prima facie evidence of delivery and the postmark date shall apply to certified mail 【and electronic filing】.

(3) ELECTRONIC FILING AND PAYMENT.—

(A) IN GENERAL.—If any return, claim, statement, or other document required to be filed, or any payment required to be made, within a prescribed period or on or before a prescribed date under authority of any provision of the internal revenue laws is sent electronically by any person to the agency, officer, or office with which such return, claim, statement, or other document is required to be filed, or to which such payment is required to be made, the date on which such return, claim, statement, or other document, or payment, is sent electronically by such person shall be deemed to be the date of delivery or the date of payment, as the case may be, regardless of the date on which the applicable agency, officer, or office receives or reviews such return, claim, statement, document, or payment.

(B) REGULATIONS.—Not later than December 31, 2025, the Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this paragraph.

(d) EXCEPTIONS.—This section shall not apply with respect to—

(1) the filing of a document in, or the making of a payment to, any court other than the Tax Court,

(2) currency or other medium of payment unless actually received and accounted for, or

(3) returns, claims, statements, or other documents, or payments, which are required under any provision of the internal revenue laws or the regulations thereunder to be delivered by any method other than by mailing.

(e) MAILING OF DEPOSITS.—

(1) DATE OF DEPOSIT.—If any deposit required to be made (pursuant to regulations prescribed by the Secretary under section 6302(c)) on or before a prescribed date is, after such date, delivered by the United States mail to the bank, trust company, domestic building and loan association, or credit union authorized to receive such deposit, such deposit shall be deemed received by such bank, trust company, domestic building and loan association, or credit union on the date the deposit was mailed.

(2) MAILING REQUIREMENTS.—Paragraph (1) shall apply only if the person required to make the deposit establishes that—

(A) the date of mailing falls on or before the second day before the prescribed date for making the deposit (including any extension of time granted for making such deposit), and

(B) the deposit was, on or before such second day, mailed in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the bank, trust company, domestic building and loan association, or credit union authorized to receive such deposit.

In applying subsection (c) for purposes of this subsection, the term "payment" includes "deposit", and the reference to the postmark date refers to the date of mailing.

(3) NO APPLICATION TO CERTAIN DEPOSITS.—Paragraph (1) shall not apply with respect to any deposit of $20,000 or more by any person who is required to deposit any tax more than once a month.

(f) TREATMENT OF PRIVATE DELIVERY SERVICES.—

(1) IN GENERAL.—Any reference in this section to the United States mail shall be treated as including a reference to any designated delivery service, and any reference in this section to a postmark by the United States Postal Service shall be treated as including a reference to any date recorded or marked as described in paragraph (2)(C) by any designated delivery service.

(2) DESIGNATED DELIVERY SERVICE.—For purposes of this subsection, the term "designated delivery service" means any delivery service provided by a trade or business if such service is designated by the Secretary for purposes of this section. The Secretary may designate a delivery service under the preceding sentence only if the Secretary determines that such service—

(A) is available to the general public,

(B) is at least as timely and reliable on a regular basis as the United States mail,

(C) records electronically to its data base, kept in the regular course of its business, or marks on the cover in which any item referred to in this section is to be delivered, the date on which such item was given to such trade or business for delivery, and

(D) meets such other criteria as the Secretary may prescribe.

(3) EQUIVALENTS OF REGISTERED AND CERTIFIED MAIL.—The Secretary may provide a rule similar to the rule of paragraph (1) with respect to any service provided by a designated deliv-

ery service which is substantially equivalent to United States registered or certified mail.

* * * * * * *