

Suspend the Rules and Pass the Bill, H.R. 3832, With an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

114TH CONGRESS
2^D SESSION

H. R. 3832

To amend the Internal Revenue Code of 1986 to prevent tax-related identity theft and tax fraud, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 2015

Mr. RENACCI (for himself, Mr. LEWIS, Mr. ROSKAM, Mr. BUCHANAN, and Mr. REICHERT) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to prevent tax-related identity theft and tax fraud, 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.**

4 This Act may be cited as the “Stolen Identity Refund
5 Fraud Prevention Act of 2016”.

1 **SEC. 2. CENTRALIZED POINT OF CONTACT FOR IDENTITY**
2 **THEFT VICTIMS.**

3 The Secretary of the Treasury, or the Secretary's del-
4 egate, shall establish and maintain an office at the Inter-
5 nal Revenue Service and procedures to ensure that any
6 taxpayer whose return has been delayed or otherwise ad-
7 versely affected due to the theft of the taxpayer's identity
8 has a centralized point of contact throughout the proc-
9 essing of his or her case. The office shall coordinate with
10 other offices within the Internal Revenue Service to resolve
11 the taxpayer's case as quickly as possible.

12 **SEC. 3. TAXPAYER NOTIFICATION OF SUSPECTED IDENTITY**
13 **THEFT.**

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

17 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
18 **THEFT.**

19 “If the Secretary determines that there was an unau-
20 thorized use of the identity of any taxpayer, the Secretary
21 shall—

22 “(1) as soon as practicable and without jeop-
23 ardizing an investigation relating to tax administra-
24 tion, notify the taxpayer and include with that no-
25 tice—

1 “(A) instructions to the taxpayer about fil-
2 ing a police report, and

3 “(B) the forms the taxpayer must submit
4 to allow investigating law enforcement officials
5 to access the taxpayer’s personal information,
6 and

7 “(2) if any person is criminally charged by in-
8 dictment or information relating to such unauthor-
9 ized use, notify such taxpayer as soon as practicable
10 of such charge.”.

11 (b) **CLERICAL AMENDMENT.**—The table of sections
12 for chapter 77 of such Code is amended by adding at the
13 end the following new item:

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

14 (c) **EFFECTIVE DATE.**—The amendments made by
15 this section shall apply to determinations made after the
16 date of the enactment of this Act.

17 **SEC. 4. REPORT ON ELECTRONIC FILING OPT OUT.**

18 The Secretary of the Treasury (or the Secretary’s
19 delegate) shall submit a feasibility study to the Committee
20 on Ways and Means of the House of Representatives and
21 the Committee on Finance of the Senate describing a pro-
22 gram under which a person who has filed an identity theft
23 affidavit with the Secretary may elect to prevent the proc-
24 essing of any Federal tax return submitted in an electronic
25 format by that taxpayer or a person purporting to be that

1 taxpayer. The study shall be submitted within 180 days
2 after the date of the enactment of this Act and should
3 also include a recommendation on whether to implement
4 such a program.

5 **SEC. 5. USE OF INFORMATION IN DO NOT PAY INITIATIVE**
6 **IN PREVENTION OF IDENTITY THEFT RE-**
7 **FUND FRAUD.**

8 The Secretary of the Treasury, and the Secretary's
9 delegate, shall use the information available under the Do
10 Not Pay Initiative established under section 5 of the Im-
11 proper Payments Elimination and Recovery Improvement
12 Act of 2012 (31 U.S.C. 3321 note) to help prevent identity
13 theft refund fraud.

14 **SEC. 6. REPORT ON IDENTITY THEFT REFUND FRAUD.**

15 (a) IN GENERAL.—Not later than September 30,
16 2018, and biannually thereafter through September 30,
17 2023, the Secretary of the Treasury (or the Secretary's
18 delegate) shall report to the Committee on Ways and
19 Means of the House of Representatives and the Committee
20 on Finance of the Senate on the extent and nature of
21 fraud involving the use of a misappropriated taxpayer
22 identity with respect to claims for refund under the Inter-
23 nal Revenue Code of 1986 during the preceding completed
24 income tax filing season, and the detection, prevention,

1 and enforcement activities undertaken by the Internal
2 Revenue Service with respect to such fraud, including—

3 (1) detailing efforts to combat identity theft
4 fraud, including an update on the victims' assistance
5 unit;

6 (2) information on both the average and max-
7 imum amounts of time that elapsed before the cases
8 of victims of such fraud were resolved; and

9 (3) discussing Internal Revenue Service efforts
10 associated with other avenues for addressing identity
11 theft refund fraud.

12 (b) **ADDITIONAL REQUIREMENTS.**—In addition, each
13 report shall provide an update on the implementation of
14 this Act and identify the need for any further legislation
15 to protect taxpayer identities.

16 (c) **PROGRESS ON OUTREACH AND EDUCATION.**—In
17 the first biannual report on identity theft refund fraud
18 under subsection (a), the Secretary (or the Secretary's del-
19 egate) shall include—

20 (1) an assessment of the agency's progress on
21 identity theft outreach and education to the private
22 sector, State agencies, and external organizations;
23 and

24 (2) the results of a feasibility study on the costs
25 and benefits to enhancing its taxpayer authentica-

1 tion approach to the electronic tax return filing
2 process.

3 **SEC. 7. INFORMATION SHARING AND ANALYSIS CENTER.**

4 (a) IN GENERAL.—The Secretary (or the Secretary’s
5 delegate) shall establish an information sharing and anal-
6 ysis center to centralize, standardize, and enhance data
7 compilation and analysis to facilitate sharing actionable
8 data and information with respect to identity theft.

9 (b) REPORT.—Not later than 1 year after establish-
10 ment of the information sharing and analysis center, the
11 Secretary (or the Secretary’s delegate) shall submit a re-
12 port to the Committee on Ways and Means of the House
13 of Representatives and Committee on Finance of the Sen-
14 ate on the information sharing and analysis center de-
15 scribed in subsection (a). The report shall include the data
16 that was shared, the use of such data, and the results of
17 the data sharing and analysis center in combating identity
18 theft.

19 **SEC. 8. LOCAL LAW ENFORCEMENT LIAISON.**

20 (a) ESTABLISHMENT.—The Commissioner of Inter-
21 nal Revenue shall establish within the Criminal Investiga-
22 tion Division of the Internal Revenue Service the position
23 of Local Law Enforcement Liaison.

24 (b) DUTIES.—The Local Law Enforcement Liaison
25 shall serve as the primary source of contact for State and

1 local law enforcement authorities with respect to tax-re-
2 lated identity theft, having duties that shall include—

3 (1) receiving information from State and local
4 law enforcement authorities;

5 (2) responding to inquiries from State and local
6 law enforcement authorities;

7 (3) administering authorized information-shar-
8 ing initiatives with State or local law enforcement
9 authorities and reviewing the performance of such
10 initiatives;

11 (4) ensuring any information provided through
12 authorized information-sharing initiatives with State
13 or local law enforcement authorities is used only for
14 the prosecution of identity theft-related crimes and
15 not re-disclosed to third parties; and

16 (5) such other duties relating to tax-related
17 identity theft prevention as are delegated by the
18 Commissioner of Internal Revenue.

19 **SEC. 9. IRS PHONE SCAM REPORT.**

20 (a) **IN GENERAL.**—Not later than 1 year after the
21 date of the enactment of this Act, the Inspector General
22 for Tax Administration, in consultation with the Federal
23 Communications Commission and the Federal Trade Com-
24 mission, shall submit a report to Congress regarding iden-
25 tity theft phone scams under which individuals attempt

1 to obtain personal information over the phone from tax-
2 payers by falsely claiming to be calling from or on behalf
3 the Internal Revenue Service.

4 (b) CONTENTS OF REPORT.—Such report shall in-
5 clude—

6 (1) a description of the nature and form of such
7 scams;

8 (2) an estimate of the number of taxpayers con-
9 tacted pursuant to, and the number of taxpayers
10 who have been victims of, such scams;

11 (3) an estimate of the amount of wrongful pay-
12 ments obtained from such scams; and

13 (4) details of potential solutions to combat and
14 prevent such scams, including best practices from
15 the private sector and technological solutions.

16 **SEC. 10. PROVIDING IDENTITY THEFT PREVENTION INFOR-**
17 **MATION WHILE ON HOLD WITH INTERNAL**
18 **REVENUE SERVICE.**

19 The Secretary of the Treasury, or the Secretary's del-
20 egate, shall ensure that if a taxpayer is on hold with the
21 Internal Revenue Service on a taxpayer service telephone
22 call the following information is provided:

23 (1) Basic information about common identity
24 theft tax scams.

25 (2) Directions on where to report such activity.

1 (3) Tips on how to protect against identity
2 theft tax scams.

3 **SEC. 11. NO ADDITIONAL FUNDS AUTHORIZED.**

4 No additional funds are authorized to carry out the
5 requirements of this Act and the amendments made by
6 this Act. Such requirements shall be carried out using
7 amounts otherwise authorized.