

**RULES COMMITTEE PRINT 115-86**  
**TEXT OF THE HOUSE AMENDMENT TO THE**  
**SENATE AMENDMENT TO H.R. 88**

**[Showing the text of the Retirement, Savings, and Other Tax Relief Act of 2018 and the Taxpayer First Act of 2018.]**

In lieu of the matter proposed to be inserted by the Senate, insert the following:

**1 DIVISION A—RETIREMENT, SAV-**  
**2 INGS, AND OTHER TAX RE-**  
**3 LIEF ACT OF 2018**

**4 SECTION 1. SHORT TITLE, ETC.**

**5** (a) **SHORT TITLE.**—This division may be cited as the  
**6 Retirement, Savings, and Other Tax Relief Act of 2018.**

**7** (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
**8 wise expressly provided, whenever in this division an**  
**9 amendment or repeal is expressed in terms of an amend-**  
**10 ment to, or repeal of, a section or other provision, the ref-**  
**11 erence shall be considered to be made to a section or other**  
**12 provision of the Internal Revenue Code of 1986.**

**13** (c) **TABLE OF CONTENTS.**—The table of contents for  
**14 this division is as follows:**

Sec. 1. Short title, etc.

TITLE I—DISASTER TAX RELIEF

Sec. 101. Definitions.

- Sec. 102. Special disaster-related rules for use of retirement funds.
- Sec. 103. Employee retention credit for employers affected by qualified disasters.
- Sec. 104. Other disaster-related tax relief provisions.
- Sec. 105. Treatment of certain possessions.
- Sec. 106. Automatic extension of filing deadline.

## TITLE II—RETIREMENT AND SAVINGS

### Subtitle A—Expanding and Preserving Retirement Savings

- Sec. 201. Multiple employer plans; pooled employer plans.
- Sec. 202. Rules relating to election of safe harbor 401(k) status.
- Sec. 203. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
- Sec. 204. Repeal of maximum age for traditional IRA contributions.
- Sec. 205. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
- Sec. 206. Portability of lifetime income investments.
- Sec. 207. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 208. Clarification of retirement income account rules relating to church-controlled organizations.
- Sec. 209. Increase in 10 percent cap for automatic enrollment safe harbor after 1st plan year.
- Sec. 210. Increase in credit limitation for small employer pension plan startup costs.
- Sec. 211. Small employer automatic enrollment credit.
- Sec. 212. Exemption from required minimum distribution rules for individuals with certain account balances.
- Sec. 213. Elective deferrals by members of the Ready Reserve of a reserve component of the Armed Forces.

### Subtitle B—Administrative Improvements

- Sec. 221. Plan adopted by filing due date for year may be treated as in effect as of close of year.
- Sec. 222. Modification of nondiscrimination rules to protect older, longer service participants.
- Sec. 223. Fiduciary safe harbor for selection of lifetime income provider.
- Sec. 224. Disclosure regarding lifetime income.
- Sec. 225. Modification of PBGC premiums for CSEC plans.

### Subtitle C—Other Savings Provisions

- Sec. 231. Expansion of section 529 plans.
- Sec. 232. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.

## TITLE III—REPEAL OR DELAY OF CERTAIN HEALTH-RELATED TAXES

- Sec. 301. Extension of moratorium on medical device excise tax.
- Sec. 302. Delay in implementation of excise tax on high cost employer-sponsored health coverage.
- Sec. 303. Extension of suspension of annual fee on health insurance providers.
- Sec. 304. Repeal of excise tax on indoor tanning services.

## TITLE IV—OTHER PROVISIONS

- Sec. 401. Technical amendments relating to Public Law 115–97.
- Sec. 402. Clarification of treatment of veterans as specified group for purposes of the low-income housing tax credit.
- Sec. 403. Clarification of general public use requirement for qualified residential rental projects.
- Sec. 404. Floor plan financing applicable to certain trailers and campers.
- Sec. 405. Repeal of increase in unrelated business taxable income by disallowed fringe.
- Sec. 406. Certain purchases of employee-owned stock disregarded for purposes of foundation tax on excess business holdings.
- Sec. 407. Allowing 501(c)(3) organization to make statements relating to political campaign in ordinary course of carrying out its tax exempt purpose.
- Sec. 408. Charitable organizations permitted to make collegiate housing and infrastructure grants.
- Sec. 409. Restriction on regulation of contingency fees with respect to tax returns, etc.

**1 TITLE I—DISASTER TAX RELIEF****2 SEC. 101. DEFINITIONS.**

3 For purposes of this title—

4 (1) GENERAL DEFINITIONS.—

5 (A) QUALIFIED DISASTER AREA.—The  
6 term “qualified disaster area” means the Hurri-  
7 cane Florence disaster area; the Hurricane Mi-  
8 chael disaster area; the Typhoon Mangkut dias-  
9 ter area; the Typhoon Yutu disaster area; the  
10 Mendocino wildfire disaster area; the Camp and  
11 Woolsey wildfire disaster area; the Kilauea vol-  
12 canic eruption and earthquake disaster area;  
13 the Hawaii severe storms, flooding, landslides,  
14 and mudslides disaster area; the Wisconsin se-  
15 vere storms, tornadoes, straight-line winds,  
16 flooding, and landslides disaster area; the Texas

1 severe storms and flooding disaster area; the  
2 North Carolina tornado and severe storms dis-  
3 aster area; the Indiana severe storms and flood-  
4 ing disaster area; the Alabama severe storms  
5 and tornadoes disaster area; and the Tropical  
6 Storm Gita disaster area.

7 (B) QUALIFIED DISASTER ZONE.—The  
8 term “qualified disaster zone” means that por-  
9 tion of any qualified disaster area which is de-  
10 termined by the President to warrant individual  
11 or individual and public assistance from the  
12 Federal Government under the Robert T. Staf-  
13 ford Disaster Relief and Emergency Assistance  
14 Act by reason of the qualified disaster with re-  
15 spect to such disaster area.

16 (C) QUALIFIED DISASTER.—The term  
17 “qualified disaster” means, with respect to any  
18 qualified disaster area, the disaster by reason of  
19 which a major disaster was declared with re-  
20 spect to such area.

21 (2) HURRICANE FLORENCE.—

22 (A) HURRICANE FLORENCE DISASTER  
23 AREA.—The term “Hurricane Florence disaster  
24 area” means an area with respect to which a  
25 major disaster has been declared by the Presi-

1           dent before December 10, 2018, under section  
2           401 of the Robert T. Stafford Disaster Relief  
3           and Emergency Assistance Act by reason of  
4           Hurricane Florence.

5           (B) INCIDENT BEGINNING DATE.—The in-  
6           cident beginning date of Hurricane Florence is  
7           September 7, 2018.

8           (C) INCIDENT PERIOD.—The incident pe-  
9           riod of Hurricane Florence is the period begin-  
10          ning on the incident beginning date of Hurri-  
11          cane Florence and ending on October 8, 2018.

12          (3) HURRICANE MICHAEL.—

13           (A) HURRICANE MICHAEL DISASTER  
14           AREA.—The term “Hurricane Michael disaster  
15           area” means an area with respect to which a  
16           major disaster has been declared by the Presi-  
17           dent before December 10, 2018, under section  
18           401 of the Robert T. Stafford Disaster Relief  
19           and Emergency Assistance Act by reason of  
20           Hurricane Michael.

21           (B) INCIDENT BEGINNING DATE.—The in-  
22           cident beginning date of Hurricane Michael is  
23           October 7, 2018.

24           (C) INCIDENT PERIOD.—The incident pe-  
25           riod of Hurricane Michael is the period begin-

1           ning on the incident beginning date of Hurri-  
2           cane Michael and ending on October 23, 2018.

3           (4) TYPHOON MANGKHUT.—

4                   (A) TYPHOON MANGKHUT DISASTER  
5           AREA.—The term “Typhoon Mangkhut disaster  
6           area” means an area with respect to which a  
7           major disaster has been declared by the Presi-  
8           dent before December 10, 2018, under section  
9           401 of the Robert T. Stafford Disaster Relief  
10          and Emergency Assistance Act by reason of Ty-  
11          phoon Mangkhut.

12                   (B) INCIDENT BEGINNING DATE.—The in-  
13          cident beginning date of Typhoon Mangkhut is  
14          September 10, 2018.

15                   (C) INCIDENT PERIOD.—The incident pe-  
16          riod of Typhoon Mangkhut is the period begin-  
17          ning on the incident beginning date of Typhoon  
18          Mangkhut and ending on September 11, 2018.

19          (5) TYPHOON YUTU.—

20                   (A) TYPHOON YUTU DISASTER AREA.—The  
21          term “Typhoon Yutu disaster area” means an  
22          area with respect to which a major disaster has  
23          been declared by the President before December  
24          10, 2018, under section 401 of the Robert T.

1           Stafford Disaster Relief and Emergency Assist-  
2           ance Act by reason of Typhoon Yutu.

3           (B) INCIDENT BEGINNING DATE.—The in-  
4           cident beginning date of Typhoon Yutu is Octo-  
5           ber 24, 2018.

6           (C) INCIDENT PERIOD.—The incident pe-  
7           riod of Typhoon Yutu is the period beginning  
8           on the incident beginning date of Typhoon Yutu  
9           and ending on October 26, 2018.

10          (6) MENDOCINO WILDFIRE.—

11           (A) MENDOCINO WILDFIRE DISASTER  
12           AREA.—The term “Mendocino wildfire disaster  
13           area” means an area with respect to which be-  
14           tween August 4, 2018, and December 10, 2018,  
15           a major disaster has been declared by the Presi-  
16           dent under section 401 of the Robert T. Staf-  
17           ford Disaster Relief and Emergency Assistance  
18           Act by reason of the wildfire in California com-  
19           monly known as the Mendocino wildfire of 2018  
20           (including the Carr wildfire of 2018).

21           (B) INCIDENT BEGINNING DATE.—The in-  
22           cident beginning date of the wildfires referred  
23           to in subparagraph (A) is July 23, 2018.

24           (C) INCIDENT PERIOD.—The incident pe-  
25           riod of the wildfires referred to in subparagraph

1 (A) is the period beginning on the incident be-  
2 ginning date of such wildfires and ending on  
3 September 19, 2018.

4 (7) CAMP AND WOOLSEY WILDFIRES.—

5 (A) CAMP AND WOOLSEY WILDFIRE DIS-  
6 ASTER AREA.—The term “Camp and Woolsey  
7 wildfire disaster area” means an area with re-  
8 spect to which between November 12, 2018,  
9 and December 10, 2018, a major disaster has  
10 been declared by the President under section  
11 401 of the Robert T. Stafford Disaster Relief  
12 and Emergency Assistance Act by reason of the  
13 wildfires in California commonly known as the  
14 Camp and Woolsey wildfires of 2018 (including  
15 the Hill wildfire of 2018).

16 (B) INCIDENT BEGINNING DATE.—The in-  
17 cident beginning date of the wildfires referred  
18 to in subparagraph (A) is November 8, 2018.

19 (C) INCIDENT PERIOD.—The incident pe-  
20 riod of the wildfires referred to in subparagraph  
21 (A) is the period beginning on the incident be-  
22 ginning date of such wildfires and ending on  
23 November 25, 2018.

24 (8) KILAUEA VOLCANIC ERUPTION AND EARTH-  
25 QUAKES.—



1           (A) KILAUEA VOLCANIC ERUPTION AND  
2 EARTHQUAKE DISASTER AREA.—The term  
3 “Kilauea volcanic eruption and earthquake dis-  
4 aster area” means an area with respect to  
5 which between May 11, 2018, and December  
6 10, 2018, a major disaster has been declared by  
7 the President under section 401 of the Robert  
8 T. Stafford Disaster Relief and Emergency As-  
9 sistance Act by reason of the Kilauea volcanic  
10 eruption and earthquakes occurring in Hawaii  
11 during the period beginning on May 3, 2018,  
12 and ending on August 17, 2018.

13           (B) INCIDENT BEGINNING DATE.—The in-  
14 cident beginning date of the volcanic eruption  
15 and earthquakes referred to in subparagraph  
16 (A) is May 3, 2018.

17           (C) INCIDENT PERIOD.—The incident pe-  
18 riod of the volcanic eruption and earthquakes  
19 referred to in subparagraph (A) is the period  
20 beginning on the incident beginning date with  
21 respect to such eruption and earthquakes and  
22 ending on August 17, 2018.

23           (9) HAWAII SEVERE STORMS, FLOODING, LAND-  
24 SLIDES, AND MUDSLIDES.—

1 (A) HAWAII SEVERE STORMS, FLOODING,  
2 LANDSLIDES, AND MUDSLIDES DISASTER  
3 AREA.—The term “Hawaii severe storms, flood-  
4 ing, landslides, and mudslides disaster area”  
5 means an area with respect to which between  
6 May 8, 2018, and December 10, 2018, a major  
7 disaster has been declared by the President  
8 under section 401 of the Robert T. Stafford  
9 Disaster Relief and Emergency Assistance Act  
10 by reason of the severe storms, flooding, land-  
11 slides, and mudslides occurring in Hawaii dur-  
12 ing the period beginning on April 13, 2018, and  
13 ending on April 16, 2018.

14 (B) INCIDENT BEGINNING DATE.—The in-  
15 cident beginning date of the severe storms,  
16 flooding, landslides, and mudslides referred to  
17 in subparagraph (A) is April 13, 2018.

18 (C) INCIDENT PERIOD.—The incident pe-  
19 riod of the severe storms, flooding, landslides,  
20 and mudslides referred to in subparagraph (A)  
21 is the period beginning on the incident begin-  
22 ning date with respect to such severe storms,  
23 flooding, landslides, and mudslides and ending  
24 on April 16, 2018.

1           (10) WISCONSIN SEVERE STORMS, TORNADOES,  
2           STRAIGHT-LINE WINDS, FLOODING, AND LAND-  
3           SLIDES.—

4           (A) WISCONSIN SEVERE STORMS, TORNA-  
5           DOES, STRAIGHT-LINE WINDS, FLOODING, AND  
6           LANDSLIDES DISASTER AREA.—The term “Wis-  
7           consin severe storms, tornadoes, straight-line  
8           winds, flooding, and landslides disaster area”  
9           means an area with respect to which between  
10          October 18, 2018, and December 10, 2018, a  
11          major disaster has been declared by the Presi-  
12          dent under section 401 of the Robert T. Staf-  
13          ford Disaster Relief and Emergency Assistance  
14          Act by reason of the severe storms, tornadoes,  
15          straight-line winds, flooding, and landslides oc-  
16          curring in Wisconsin during the period begin-  
17          ning on August 17, 2018, and ending on Sep-  
18          tember 14, 2018.

19          (B) INCIDENT BEGINNING DATE.—The in-  
20          cident beginning date of the severe storms, tor-  
21          nadoes, straight-line winds, flooding, and land-  
22          slides referred to in subparagraph (A) is Au-  
23          gust 17, 2018.

24          (C) INCIDENT PERIOD.—The incident pe-  
25          riod of the severe storms, tornadoes, straight-

1 line winds, flooding, and landslides referred to  
2 in subparagraph (A) is the period beginning on  
3 the incident beginning date with respect to such  
4 severe storms, tornadoes, straight-line winds,  
5 flooding, and landslides and ending on Sep-  
6 tember 14, 2018.

7 (11) TEXAS SEVERE STORMS AND FLOODING.—

8 (A) TEXAS SEVERE STORMS AND FLOOD-  
9 ING DISASTER AREA.—The term “Texas severe  
10 storms and flooding disaster area” means an  
11 area with respect to which between July 6,  
12 2018, and December 10, 2018, a major disaster  
13 has been declared by the President under sec-  
14 tion 401 of the Robert T. Stafford Disaster Re-  
15 lief and Emergency Assistance Act by reason of  
16 the severe storms and flooding occurring in  
17 Texas during the period beginning on June 19,  
18 2018, and ending on July 13, 2018.

19 (B) INCIDENT BEGINNING DATE.—The in-  
20 cident beginning date of the severe storms and  
21 flooding referred to in subparagraph (A) is  
22 June 19, 2018.

23 (C) INCIDENT PERIOD.—The incident pe-  
24 riod of the severe storms and flooding referred  
25 to in subparagraph (A) is the period beginning

1 on the incident beginning date with respect to  
2 such severe storms and flooding and ending on  
3 July 13, 2018.

4 (12) NORTH CAROLINA TORNADO AND SEVERE  
5 STORMS.—

6 (A) NORTH CAROLINA TORNADO AND SE-  
7 VERE STORMS DISASTER AREA.—The term  
8 “North Carolina tornado and severe storms dis-  
9 aster area” means an area with respect to  
10 which between May 8, 2018, and December 10,  
11 2018, a major disaster has been declared by the  
12 President under section 401 of the Robert T.  
13 Stafford Disaster Relief and Emergency Assist-  
14 ance Act by reason of the tornado and severe  
15 storms occurring in North Carolina on April 15,  
16 2018.

17 (B) INCIDENT BEGINNING DATE; INCIDENT  
18 PERIOD.—The incident beginning date, and in-  
19 cident period, of the tornado and severe storms  
20 referred to in subparagraph (A) is April 15,  
21 2018.

22 (13) INDIANA SEVERE STORMS AND FLOOD-  
23 ING.—

24 (A) INDIANA SEVERE STORMS AND FLOOD-  
25 ING DISASTER AREA.—The term “Indiana se-

1           vere storms and flooding disaster area” means  
2           an area with respect to which between May 4,  
3           2018, and December 10, 2018, a major disaster  
4           has been declared by the President under sec-  
5           tion 401 of the Robert T. Stafford Disaster Re-  
6           lief and Emergency Assistance Act by reason of  
7           the severe storms and flooding occurring in In-  
8           diana during the period beginning on February  
9           14, 2018, and ending on March 4, 2018.

10           (B) INCIDENT BEGINNING DATE.—The in-  
11           cident beginning date of the severe storms and  
12           flooding referred to in subparagraph (A) is  
13           February 14, 2018.

14           (C) INCIDENT PERIOD.—The incident pe-  
15           riod of the severe storms and flooding referred  
16           to in subparagraph (A) is the period beginning  
17           on the incident beginning date with respect to  
18           such severe storms and flooding and ending on  
19           March 4, 2018.

20           (14) ALABAMA SEVERE STORMS AND TORNA-  
21           DOES.—

22           (A) ALABAMA SEVERE STORMS AND TOR-  
23           NADOES DISASTER AREA.—The term “Alabama  
24           severe storms and tornadoes disaster area”  
25           means an area with respect to which between

1 April 26, 2018, and December 10, 2018, a  
2 major disaster has been declared by the Presi-  
3 dent under section 401 of the Robert T. Staf-  
4 ford Disaster Relief and Emergency Assistance  
5 Act by reason of the severe storms and torna-  
6 does occurring in Alabama during the period  
7 beginning on March 19, 2018, and ending on  
8 March 20, 2018.

9 (B) INCIDENT BEGINNING DATE.—The in-  
10 cident beginning date of the severe storms and  
11 tornadoes referred to in subparagraph (A) is  
12 March 19, 2018.

13 (C) INCIDENT PERIOD.—The incident pe-  
14 riod of the severe storms and tornadoes referred  
15 to in subparagraph (A) is the period beginning  
16 on the incident beginning date with respect to  
17 such severe storms and tornadoes and ending  
18 on March 20, 2018.

19 (15) TROPICAL STORM GITA.—

20 (A) TROPICAL STORM GITA DISASTER  
21 AREA.—The term “Tropical Storm Gita dis-  
22 aster area” means an area with respect to  
23 which a major disaster has been declared by the  
24 President before December 10, 2018, under  
25 section 401 of the Robert T. Stafford Disaster

1 Relief and Emergency Assistance Act by reason  
2 of Tropical Storm Gita.

3 (B) INCIDENT BEGINNING DATE.—The in-  
4 cident beginning date of Tropical Storm Gita is  
5 February 7, 2018.

6 (C) INCIDENT PERIOD.—The incident pe-  
7 riod of Tropical Storm Gita is the period begin-  
8 ning on the incident beginning date of Tropical  
9 Storm Gita and ending on February 12, 2018.

10 **SEC. 102. SPECIAL DISASTER-RELATED RULES FOR USE OF**  
11 **RETIREMENT FUNDS.**

12 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-  
13 MENT PLANS.—

14 (1) IN GENERAL.—Section 72(t) of the Internal  
15 Revenue Code of 1986 shall not apply to any quali-  
16 fied disaster distribution.

17 (2) AGGREGATE DOLLAR LIMITATION.—

18 (A) IN GENERAL.—For purposes of this  
19 subsection, the aggregate amount of distribu-  
20 tions received by an individual which may be  
21 treated as qualified disaster distributions for  
22 any taxable year shall not exceed the excess (if  
23 any) of—

24 (i) \$100,000, over



1 (ii) the aggregate amounts treated as  
2 qualified disaster distributions received by  
3 such individual for all prior taxable years.

4 (B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would  
5 (without regard to subparagraph (A)) be a  
6 qualified disaster distribution, a plan shall not  
7 be treated as violating any requirement of the  
8 Internal Revenue Code of 1986 merely because  
9 the plan treats such distribution as a qualified  
10 disaster distribution, unless the aggregate  
11 amount of such distributions from all plans  
12 maintained by the employer (and any member  
13 of any controlled group which includes the em-  
14 ployer) to such individual exceeds \$100,000.

16 (C) CONTROLLED GROUP.—For purposes  
17 of subparagraph (B), the term “controlled  
18 group” means any group treated as a single  
19 employer under subsection (b), (c), (m), or (o)  
20 of section 414 of the Internal Revenue Code of  
21 1986.

22 (D) SPECIAL RULE FOR INDIVIDUALS AF-  
23 FECTED BY MORE THAN ONE DISASTER.—The  
24 limitation of subparagraph (A) shall be applied  
25 separately with respect to distributions made

1 with respect to each qualified disaster which is  
2 described in a separate paragraph of section  
3 101.

4 (3) AMOUNT DISTRIBUTED MAY BE REPAID.—

5 (A) IN GENERAL.—Any individual who re-  
6 ceives a qualified disaster distribution may, at  
7 any time during the 3-year period beginning on  
8 the day after the date on which such distribu-  
9 tion was received, make 1 or more contributions  
10 in an aggregate amount not to exceed the  
11 amount of such distribution to an eligible retire-  
12 ment plan of which such individual is a bene-  
13 ficiary and to which a rollover contribution of  
14 such distribution could be made under section  
15 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or  
16 457(e)(16), of the Internal Revenue Code of  
17 1986, as the case may be.

18 (B) TREATMENT OF REPAYMENTS OF DIS-  
19 TRIBUTIONS FROM ELIGIBLE RETIREMENT  
20 PLANS OTHER THAN IRAS.—For purposes of  
21 the Internal Revenue Code of 1986, if a con-  
22 tribution is made pursuant to subparagraph (A)  
23 with respect to a qualified disaster distribution  
24 from an eligible retirement plan other than an  
25 individual retirement plan, then the taxpayer

1 shall, to the extent of the amount of the con-  
2 tribution, be treated as having received the  
3 qualified disaster distribution in an eligible roll-  
4 over distribution (as defined in section  
5 402(c)(4) of such Code) and as having trans-  
6 ferred the amount to the eligible retirement  
7 plan in a direct trustee to trustee transfer with-  
8 in 60 days of the distribution.

9 (C) TREATMENT OF REPAYMENTS OF DIS-  
10 TRIBUTIONS FROM IRAS.—For purposes of the  
11 Internal Revenue Code of 1986, if a contribu-  
12 tion is made pursuant to subparagraph (A)  
13 with respect to a qualified disaster distribution  
14 from an individual retirement plan (as defined  
15 by section 7701(a)(37) of such Code), then, to  
16 the extent of the amount of the contribution,  
17 the qualified disaster distribution shall be treat-  
18 ed as a distribution described in section  
19 408(d)(3) of such Code and as having been  
20 transferred to the eligible retirement plan in a  
21 direct trustee to trustee transfer within 60 days  
22 of the distribution.

23 (4) DEFINITIONS.—For purposes of this sub-  
24 section—

1           (A) QUALIFIED DISASTER DISTRIBUTION.—Except as provided in paragraph (2),  
2           the term “qualified disaster distribution” means  
3           any distribution from an eligible retirement  
4           plan made on or after the incident beginning  
5           date of a qualified disaster and before January  
6           1, 2020, to an individual whose principal place  
7           of abode at any time during the incident period  
8           of such qualified disaster is located in the quali-  
9           fied disaster area with respect to such qualified  
10          disaster and who has sustained an economic  
11          loss by reason of such qualified disaster.  
12

13          (B) ELIGIBLE RETIREMENT PLAN.—The  
14          term “eligible retirement plan” shall have the  
15          meaning given such term by section  
16          402(c)(8)(B) of the Internal Revenue Code of  
17          1986.

18          (5) INCOME INCLUSION SPREAD OVER 3-YEAR  
19          PERIOD.—

20               (A) IN GENERAL.—In the case of any  
21               qualified disaster distribution, unless the tax-  
22               payer elects not to have this paragraph apply  
23               for any taxable year, any amount required to be  
24               included in gross income for such taxable year

1 shall be so included ratably over the 3-taxable-  
2 year period beginning with such taxable year.

3 (B) SPECIAL RULE.—For purposes of sub-  
4 paragraph (A), rules similar to the rules of sub-  
5 paragraph (E) of section 408A(d)(3) of the In-  
6 ternal Revenue Code of 1986 shall apply.

7 (6) SPECIAL RULES.—

8 (A) EXEMPTION OF DISTRIBUTIONS FROM  
9 TRUSTEE TO TRUSTEE TRANSFER AND WITH-  
10 HOLDING RULES.—For purposes of sections  
11 401(a)(31), 402(f), and 3405 of the Internal  
12 Revenue Code of 1986, qualified disaster dis-  
13 tributions shall not be treated as eligible roll-  
14 over distributions.

15 (B) QUALIFIED DISASTER DISTRIBUTIONS  
16 TREATED AS MEETING PLAN DISTRIBUTION RE-  
17 QUIREMENTS.—For purposes the Internal Rev-  
18 enue Code of 1986, a qualified disaster dis-  
19 tribution shall be treated as meeting the re-  
20 quirements of sections 401(k)(2)(B)(I),  
21 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A)  
22 of such Code.

23 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR  
24 HOME PURCHASES.—

25 (1) RECONTRIBUTIONS.—

1 (A) IN GENERAL.—Any individual who re-  
2 ceived a qualified distribution may, during the  
3 applicable period, make 1 or more contributions  
4 in an aggregate amount not to exceed the  
5 amount of such qualified distribution to an eli-  
6 gible retirement plan (as defined in section  
7 402(c)(8)(B) of the Internal Revenue Code of  
8 1986) of which such individual is a beneficiary  
9 and to which a rollover contribution of such dis-  
10 tribution could be made under section 402(c),  
11 403(a)(4), 403(b)(8), or 408(d)(3), of such  
12 Code, as the case may be.

13 (B) TREATMENT OF REPAYMENTS.—Rules  
14 similar to the rules of subparagraphs (B), (C),  
15 and (D) of subsection (a)(3) shall apply for  
16 purposes of this subsection.

17 (2) QUALIFIED DISTRIBUTION.—For purposes  
18 of this subsection, the term “qualified distribution”  
19 means any distribution—

20 (A) described in section  
21 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only  
22 to the extent such distribution relates to finan-  
23 cial hardship), 403(b)(11)(B), or 72(t)(2)(F),  
24 of the Internal Revenue Code of 1986,

1 (B) which was to be used to purchase or  
2 construct a principal residence in a qualified  
3 disaster area, but which was not so used on ac-  
4 count of the qualified disaster with respect to  
5 such area, and

6 (C) which was received after January 1,  
7 2018, and before the date which is 30 days  
8 after the last day of the incident period of such  
9 qualified disaster.

10 (3) APPLICABLE PERIOD.—For purposes of this  
11 subsection, the term “applicable period” means, in  
12 the case of a principal residence in a qualified dis-  
13 aster area with respect to any qualified disaster, the  
14 period beginning on the incident beginning date of  
15 such qualified disaster and ending on February 28,  
16 2019.

17 (c) LOANS FROM QUALIFIED PLANS.—

18 (1) INCREASE IN LIMIT ON LOANS NOT TREAT-  
19 ED AS DISTRIBUTIONS.—In the case of any loan  
20 from a qualified employer plan (as defined under  
21 section 72(p)(4) of the Internal Revenue Code of  
22 1986) to a qualified individual made during the pe-  
23 riod beginning on the date of the enactment of this  
24 Act and ending on December 31, 2019—

1 (A) clause (i) of section 72(p)(2)(A) of  
2 such Code shall be applied by substituting  
3 “\$100,000” for “\$50,000”, and

4 (B) clause (ii) of such section shall be ap-  
5 plied by substituting “the present value of the  
6 nonforfeitable accrued benefit of the employee  
7 under the plan” for “one-half of the present  
8 value of the nonforfeitable accrued benefit of  
9 the employee under the plan”.

10 (2) DELAY OF REPAYMENT.—In the case of a  
11 qualified individual (with respect to any qualified  
12 disaster) with an outstanding loan on or after the  
13 incident beginning date (of such qualified disaster)  
14 from a qualified employer plan (as defined in section  
15 72(p)(4) of the Internal Revenue Code of 1986)—

16 (A) if the due date pursuant to subpara-  
17 graph (B) or (C) of section 72(p)(2) of such  
18 Code for any repayment with respect to such  
19 loan occurs during the period beginning on the  
20 incident beginning date of such qualified dis-  
21 aster and ending on December 31, 2019, such  
22 due date shall be delayed for 1 year,

23 (B) any subsequent repayments with re-  
24 spect to any such loan shall be appropriately  
25 adjusted to reflect the delay in the due date



1 under paragraph (1) and any interest accruing  
2 during such delay, and

3 (C) in determining the 5-year period and  
4 the term of a loan under subparagraph (B) or  
5 (C) of section 72(p)(2) of such Code, the period  
6 described in subparagraph (A) of this para-  
7 graph shall be disregarded.

8 (3) QUALIFIED INDIVIDUAL.—For purposes of  
9 this subsection, the term “qualified individual”  
10 means any individual—

11 (A) whose principal place of abode any  
12 time during the incident period of any qualified  
13 disaster is located in the qualified disaster area  
14 with respect to such qualified disaster, and

15 (B) who has sustained an economic loss by  
16 reason of such qualified disaster.

17 (d) PROVISIONS RELATING TO PLAN AMEND-  
18 MENTS.—

19 (1) IN GENERAL.—If this subsection applies to  
20 any amendment to any plan or annuity contract,  
21 such plan or contract shall be treated as being oper-  
22 ated in accordance with the terms of the plan during  
23 the period described in paragraph (2)(B)(i).

24 (2) AMENDMENTS TO WHICH SUBSECTION AP-  
25 PLIES.—

1 (A) IN GENERAL.—This subsection shall  
2 apply to any amendment to any plan or annuity  
3 contract which is made—

4 (i) pursuant to any provision of this  
5 section, or pursuant to any regulation  
6 issued by the Secretary or the Secretary of  
7 Labor under any provision of this section,  
8 and

9 (ii) on or before the last day of the  
10 first plan year beginning on or after Janu-  
11 ary 1, 2020, or such later date as the Sec-  
12 retary may prescribe.

13 In the case of a governmental plan (as defined  
14 in section 414(d) of the Internal Revenue Code  
15 of 1986), clause (ii) shall be applied by sub-  
16 stituting the date which is 2 years after the  
17 date otherwise applied under clause (ii).

18 (B) CONDITIONS.—This subsection shall  
19 not apply to any amendment unless—

20 (i) during the period—

21 (I) beginning on the date that  
22 this section or the regulation de-  
23 scribed in subparagraph (A)(i) takes  
24 effect (or in the case of a plan or con-  
25 tract amendment not required by this

1 section or such regulation, the effective date specified by the plan), and  
2  
3 (II) ending on the date described  
4 in subparagraph (A)(ii) (or, if earlier,  
5 the date the plan or contract amendment is adopted),  
6  
7 the plan or contract is operated as if such plan  
8 or contract amendment were in effect, and  
9 (ii) such plan or contract amendment  
10 applies retroactively for such period.

11 **SEC. 103. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**  
12 **AFFECTED BY QUALIFIED DISASTERS.**

13 (a) IN GENERAL.—For purposes of section 38 of the  
14 Internal Revenue Code of 1986, in the case of an eligible  
15 employer, the 2018 qualified disaster employee retention  
16 credit shall be treated as a credit listed in subsection (b)  
17 of such section. For purposes of this subsection, the 2018  
18 qualified disaster employee retention credit for any taxable  
19 year is an amount equal to 40 percent of the qualified  
20 wages with respect to each eligible employee of such employer for such taxable year. For purposes of the preceding sentence, the amount of qualified wages which may  
21  
22 be taken into account with respect to any individual shall  
23 not exceed \$6,000.  
24

25 (b) DEFINITIONS.—For purposes of this section—

1           (1) ELIGIBLE EMPLOYER.—The term “eligible  
2 employer” means any employer—

3           (A) which conducted an active trade or  
4 business in a qualified disaster zone at any time  
5 during the incident period of the qualified dis-  
6 aster with respect to such qualified disaster  
7 zone, and

8           (B) with respect to whom the trade or  
9 business described in subparagraph (A) is inop-  
10 erable at any time after the incident beginning  
11 date of such qualified disaster, and before Jan-  
12 uary 1, 2019, as a result of damage sustained  
13 by reason of such qualified disaster.

14          (2) ELIGIBLE EMPLOYEE.—The term “eligible  
15 employee” means with respect to an eligible em-  
16 ployer an employee whose principal place of employ-  
17 ment at any time during the incident period of the  
18 qualified disaster referred to in paragraph (1) with  
19 such eligible employer was in the qualified disaster  
20 zone referred to in such paragraph.

21          (3) QUALIFIED WAGES.—The term “qualified  
22 wages” means wages (as defined in section 51(c)(1)  
23 of the Internal Revenue Code of 1986, but without  
24 regard to section 3306(b)(2)(B) of such Code) paid  
25 or incurred by an eligible employer with respect to

1 an eligible employee at any time after the incident  
2 beginning date of the qualified disaster referred to  
3 in paragraph (1), and before January 1, 2019,  
4 which occurs during the period—

5 (A) beginning on the date on which the  
6 trade or business described in paragraph (1)  
7 first became inoperable at the principal place of  
8 employment of the employee immediately before  
9 the qualified disaster referred to in such para-  
10 graph, and

11 (B) ending on the date on which such  
12 trade or business has resumed significant oper-  
13 ations at such principal place of employment.

14 Such term shall include wages paid without regard  
15 to whether the employee performs no services, per-  
16 forms services at a different place of employment  
17 than such principal place of employment, or per-  
18 forms services at such principal place of employment  
19 before significant operations have resumed.

20 (c) CERTAIN RULES TO APPLY.—For purposes of  
21 this subsection, rules similar to the rules of sections  
22 51(i)(1), 52, and 280C(a), of the Internal Revenue Code  
23 of 1986, shall apply.

24 (d) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE  
25 THAN ONCE.—An employee shall not be treated as an eli-

1 gible employee for purposes of this subsection for any pe-  
2 riod with respect to any employer if such employer is al-  
3 lowed a credit under section 51 of the Internal Revenue  
4 Code of 1986 with respect to such employee for such pe-  
5 riod.

6 **SEC. 104. OTHER DISASTER-RELATED TAX RELIEF PROVI-**  
7 **SIONS.**

8 (a) TEMPORARY SUSPENSION OF LIMITATIONS ON  
9 CHARITABLE CONTRIBUTIONS.—

10 (1) IN GENERAL.—Except as otherwise pro-  
11 vided in paragraph (2), subsection (b) of section 170  
12 of the Internal Revenue Code of 1986 shall not  
13 apply to qualified contributions and such contribu-  
14 tions shall not be taken into account for purposes of  
15 applying subsections (b) and (d) of such section to  
16 other contributions.

17 (2) TREATMENT OF EXCESS CONTRIBUTIONS.—  
18 For purposes of section 170 of the Internal Revenue  
19 Code of 1986—

20 (A) INDIVIDUALS.—In the case of an indi-  
21 vidual—

22 (i) LIMITATION.—Any qualified con-  
23 tribution shall be allowed only to the ex-  
24 tent that the aggregate of such contribu-  
25 tions does not exceed the excess of the tax-

1 payer's contribution base (as defined in  
2 subparagraph (H) of section 170(b)(1) of  
3 such Code) over the amount of all other  
4 charitable contributions allowed under sec-  
5 tion 170(b)(1) of such Code.

6 (ii) CARRYOVER.—If the aggregate  
7 amount of qualified contributions made in  
8 the contribution year (within the meaning  
9 of section 170(d)(1) of such Code) exceeds  
10 the limitation of clause (i), such excess  
11 shall be added to the excess described in  
12 the portion of subparagraph (A) of such  
13 section which precedes clause (i) thereof  
14 for purposes of applying such section.

15 (B) CORPORATIONS.—In the case of a cor-  
16 poration—

17 (i) LIMITATION.—Any qualified con-  
18 tribution shall be allowed only to the ex-  
19 tent that the aggregate of such contribu-  
20 tions does not exceed the excess of the tax-  
21 payer's taxable income (as determined  
22 under paragraph (2) of section 170(b) of  
23 such Code) over the amount of all other  
24 charitable contributions allowed under such  
25 paragraph.

1 (ii) CARRYOVER.—Rules similar to the  
2 rules of subparagraph (A)(ii) shall apply  
3 for purposes of this subparagraph.

4 (3) QUALIFIED CONTRIBUTIONS.—

5 (A) IN GENERAL.—For purposes of this  
6 subsection, the term “qualified contribution”  
7 means any charitable contribution (as defined  
8 in section 170(c) of the Internal Revenue Code  
9 of 1986) if—

10 (i) such contribution—

11 (I) is paid during the period be-  
12 ginning on April 13, 2018, and ending  
13 on December 31, 2018, in cash to an  
14 organization described in section  
15 170(b)(1)(A) of such Code, and

16 (II) is made for relief efforts in  
17 one or more qualified disaster areas,

18 (ii) the taxpayer obtains from such or-  
19 ganization contemporaneous written ac-  
20 knowledgment (within the meaning of sec-  
21 tion 170(f)(8) of such Code) that such con-  
22 tribution was used (or is to be used) for  
23 relief efforts described in clause (i)(II),  
24 and



1 (iii) the taxpayer has elected the ap-  
2 plication of this subsection with respect to  
3 such contribution.

4 (B) EXCEPTION.—Such term shall not in-  
5 clude a contribution by a donor if the contribu-  
6 tion is—

7 (i) to an organization described in sec-  
8 tion 509(a)(3) of the Internal Revenue  
9 Code of 1986, or

10 (ii) for the establishment of a new, or  
11 maintenance of an existing, donor advised  
12 fund (as defined in section 4966(d)(2) of  
13 such Code).

14 (C) APPLICATION OF ELECTION TO PART-  
15 NERSHIPS AND S CORPORATIONS.—In the case  
16 of a partnership or S corporation, the election  
17 under subparagraph (A)(iii) shall be made sepa-  
18 rately by each partner or shareholder.

19 (b) SPECIAL RULES FOR QUALIFIED DISASTER-RE-  
20 LATED PERSONAL CASUALTY LOSSES.—

21 (1) IN GENERAL.—If an individual has a net  
22 disaster loss for any taxable year—

23 (A) the amount determined under section  
24 165(h)(2)(A)(ii) of the Internal Revenue Code  
25 of 1986 shall be equal to the sum of—

1 (i) such net disaster loss, and  
2 (ii) so much of the excess referred to  
3 in the matter preceding clause (i) of sec-  
4 tion 165(h)(2)(A) of such Code (reduced  
5 by the amount in clause (i) of this sub-  
6 paragraph) as exceeds 10 percent of the  
7 adjusted gross income of the individual,

8 (B) section 165(h)(1) of such Code shall  
9 be applied by substituting “\$500” for “\$500  
10 (\$100 for taxable years beginning after Decem-  
11 ber 31, 2009”),

12 (C) the standard deduction determined  
13 under section 63(c) of such Code shall be in-  
14 creased by the net disaster loss, and

15 (D) section 56(b)(1)(E) of such Code shall  
16 not apply to so much of the standard deduction  
17 as is attributable to the increase under sub-  
18 paragraph (C) of this paragraph.

19 (2) NET DISASTER LOSS.—For purposes of this  
20 subsection, the term “net disaster loss” means the  
21 excess of qualified disaster-related personal casualty  
22 losses over personal casualty gains (as defined in  
23 section 165(h)(3)(A) of the Internal Revenue Code  
24 of 1986).

1           (3) QUALIFIED DISASTER-RELATED PERSONAL  
2 CASUALTY LOSSES.—For purposes of this sub-  
3 section, the term “qualified disaster-related personal  
4 casualty losses” means losses described in section  
5 165(c)(3) of the Internal Revenue Code of 1986  
6 which arise in a qualified disaster area on or after  
7 the incident beginning date of the qualified disaster  
8 to which such area relates, and which are attrib-  
9 utable to such qualified disaster.

10       (c) SPECIAL RULE FOR DETERMINING EARNED IN-  
11 COME.—

12           (1) IN GENERAL.—In the case of a qualified in-  
13 dividual, if the earned income of the taxpayer for the  
14 applicable taxable year is less than the earned in-  
15 come of the taxpayer for the preceding taxable year,  
16 the credits allowed under sections 24(d) and 32 of  
17 the Internal Revenue Code of 1986 may, at the elec-  
18 tion of the taxpayer, be determined by sub-  
19 stituting—

20                   (A) such earned income for the preceding  
21 taxable year, for

22                   (B) such earned income for the applicable  
23 taxable year.

24           (2) QUALIFIED INDIVIDUAL.—For purposes of  
25 this subsection, the term “qualified individual”

1 means any individual whose principal place of abode  
2 at any time during the incident period of any quali-  
3 fied disaster was located—

4 (A) in the qualified disaster zone with re-  
5 spect to such qualified disaster, or

6 (B) in the qualified disaster area with re-  
7 spect to such qualified disaster (but outside the  
8 qualified disaster zone with respect to such  
9 qualified disaster) and such individual was dis-  
10 placed from such principal place of abode by  
11 reason of such qualified disaster.

12 (3) APPLICABLE TAXABLE YEAR.—The term  
13 “applicable taxable year” means, with respect to any  
14 qualified individual, any taxable year which includes  
15 any day during the incident period of the qualified  
16 disaster to which the qualified disaster area referred  
17 to in paragraph (2) relates.

18 (4) EARNED INCOME.—For purposes of this  
19 subsection, the term “earned income” has the mean-  
20 ing given such term under section 32(c) of the Inter-  
21 nal Revenue Code of 1986.

22 (5) SPECIAL RULES.—

23 (A) APPLICATION TO JOINT RETURNS.—  
24 For purposes of paragraph (1), in the case of  
25 a joint return for an applicable taxable year—

1 (i) such paragraph shall apply if ei-  
2 ther spouse is a qualified individual, and

3 (ii) the earned income of the taxpayer  
4 for the preceding taxable year shall be the  
5 sum of the earned income of each spouse  
6 for such preceding taxable year.

7 (B) UNIFORM APPLICATION OF ELEC-  
8 TION.—Any election made under paragraph (1)  
9 shall apply with respect to both sections 24(d)  
10 and 32, of the Internal Revenue Code of 1986.

11 (C) ERRORS TREATED AS MATHEMATICAL  
12 ERROR.—For purposes of section 6213 of the  
13 Internal Revenue Code of 1986, an incorrect  
14 use on a return of earned income pursuant to  
15 paragraph (1) shall be treated as a mathe-  
16 matical or clerical error.

17 (D) NO EFFECT ON DETERMINATION OF  
18 GROSS INCOME, ETC.—Except as otherwise pro-  
19 vided in this subsection, the Internal Revenue  
20 Code of 1986 shall be applied without regard to  
21 any substitution under paragraph (1).

22 **SEC. 105. TREATMENT OF CERTAIN POSSESSIONS.**

23 (a) PAYMENTS TO GUAM AND THE COMMONWEALTH  
24 OF THE NORTHERN MARIANA ISLANDS.—The Secretary  
25 of the Treasury shall pay to Guam and the Commonwealth

1 of the Northern Mariana Islands amounts equal to the loss  
2 to that possession by reason of the application of the pro-  
3 visions of this title. Such amounts shall be determined by  
4 the Secretary of the Treasury based on information pro-  
5 vided by the government of the respective possession.

6 (b) PAYMENTS TO AMERICAN SAMOA.—

7 (1) IN GENERAL.—The Secretary of the Treas-  
8 ury shall pay to American Samoa amounts estimated  
9 by the Secretary of the Treasury as being equal to  
10 the aggregate benefits that would have been pro-  
11 vided to residents of American Samoa by reason of  
12 the provisions of this title if a mirror code tax sys-  
13 tem had been in effect in American Samoa. The pre-  
14 ceding sentence shall not apply unless American  
15 Samoa has a plan, which has been approved by the  
16 Secretary of the Treasury, under which American  
17 Samoa will promptly distribute such payments to its  
18 residents.

19 (2) MIRROR CODE TAX SYSTEM.—For purposes  
20 of this subsection, the term “mirror code tax sys-  
21 tem” means, with respect to any possession of the  
22 United States, the income tax system of such posses-  
23 sion if the income tax liability of the residents of  
24 such possession under such system is determined by

1 reference to the income tax laws of the United  
2 States as if such possession were the United States.

3 (c) TREATMENT OF PAYMENTS.—For purposes of  
4 section 1324 of title 31, United States Code, the payments  
5 under this section shall be treated in the same manner  
6 as a refund due from a credit provision referred to in sub-  
7 section (b)(2) of such section.

8 **SEC. 106. AUTOMATIC EXTENSION OF FILING DEADLINE.**

9 (a) IN GENERAL.—Section 7508A is amended by  
10 adding at the end the following new subsection:

11 “(d) MANDATORY 60-DAY EXTENSION.—In the case  
12 of—

13 “(1) any individual whose principal place of  
14 abode is in a disaster area (as defined in section  
15 165(i)(5)(B)), and

16 “(2) any taxpayer if the taxpayer’s principal  
17 place of business (other than the business of per-  
18 forming services of an employee) is located in a dis-  
19 aster area (as so defined),

20 the period beginning on the earliest incident date specified  
21 in the declaration to which such area relates and ending  
22 on the date which is 60 days after the latest incident date  
23 so specified shall be disregarded in the same manner as  
24 a period specified under subsection (a).”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to Federally declared disasters de-  
3 clared after December 31, 2017.

## 4 **TITLE II—RETIREMENT AND** 5 **SAVINGS**

### 6 **Subtitle A—Expanding and** 7 **Preserving Retirement Savings**

#### 8 **SEC. 201. MULTIPLE EMPLOYER PLANS; POOLED EM-** 9 **PLOYER PLANS.**

10 (a) QUALIFICATION REQUIREMENTS.—

11 (1) IN GENERAL.—Section 413 is amended by  
12 adding at the end the following new subsection:

13 “(e) APPLICATION OF QUALIFICATION REQUIRE-  
14 MENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH  
15 POOLED PLAN PROVIDERS.—

16 “(1) IN GENERAL.—Except as provided in para-  
17 graph (2), if a defined contribution plan to which  
18 subsection (c) applies—

19 “(A) is maintained by employers which  
20 have a common interest other than having  
21 adopted the plan, or

22 “(B) in the case of a plan not described in  
23 subparagraph (A), has a pooled plan provider,  
24 then the plan shall not be treated as failing to meet  
25 the requirements under this title applicable to a plan



1 described in section 401(a) or to a plan that consists  
2 of individual retirement accounts described in sec-  
3 tion 408 (including by reason of subsection (c)  
4 thereof), whichever is applicable, merely because one  
5 or more employers of employees covered by the plan  
6 fail to take such actions as are required of such em-  
7 ployers for the plan to meet such requirements.

8 “(2) LIMITATIONS.—

9 “(A) IN GENERAL.—Paragraph (1) shall  
10 not apply to any plan unless the terms of the  
11 plan provide that in the case of any employer  
12 in the plan failing to take the actions described  
13 in paragraph (1)—

14 “(i) the assets of the plan attributable  
15 to employees of such employer (or bene-  
16 ficiaries of such employees) will be trans-  
17 ferred to a plan maintained only by such  
18 employer (or its successor), to an eligible  
19 retirement plan as defined in section  
20 402(c)(8)(B) for each individual whose ac-  
21 count is transferred, or to any other ar-  
22 rangement that the Secretary determines is  
23 appropriate, unless the Secretary deter-  
24 mines it is in the best interests of the em-  
25 ployees of such employer (and the bene-

1           ficiaries of such employees) to retain the  
2           assets in the plan, and

3           “(ii) such employer (and not the plan  
4           with respect to which the failure occurred  
5           or any other employer in such plan) shall,  
6           except to the extent provided by the Sec-  
7           retary, be liable for any liabilities with re-  
8           spect to such plan attributable to employ-  
9           ees of such employer (or beneficiaries of  
10          such employees).

11          “(B) FAILURES BY POOLED PLAN PRO-  
12          VIDERS.—If the pooled plan provider of a plan  
13          described in paragraph (1)(B) does not perform  
14          substantially all of the administrative duties  
15          which are required of the provider under para-  
16          graph (3)(A)(i) for any plan year, the Secretary  
17          may provide that the determination as to  
18          whether the plan meets the requirements under  
19          this title applicable to a plan described in sec-  
20          tion 401(a) or to a plan that consists of indi-  
21          vidual retirement accounts described in section  
22          408 (including by reason of subsection (c)  
23          thereof), whichever is applicable, shall be made  
24          in the same manner as would be made without  
25          regard to paragraph (1).

1           “(3) POOLED PLAN PROVIDER.—

2                   “(A) IN GENERAL.—For purposes of this  
3 subsection, the term ‘pooled plan provider’  
4 means, with respect to any plan, a person  
5 who—

6                           “(i) is designated by the terms of the  
7 plan as a named fiduciary (within the  
8 meaning of section 402(a)(2) of the Em-  
9 ployee Retirement Income Security Act of  
10 1974), as the plan administrator, and as  
11 the person responsible to perform all ad-  
12 ministrative duties (including conducting  
13 proper testing with respect to the plan and  
14 the employees of each employer in the  
15 plan) which are reasonably necessary to  
16 ensure that—

17                                   “(I) the plan meets any require-  
18 ment applicable under the Employee  
19 Retirement Income Security Act of  
20 1974 or this title to a plan described  
21 in section 401(a) or to a plan that  
22 consists of individual retirement ac-  
23 counts described in section 408 (in-  
24 cluding by reason of subsection (c)  
25 thereof), whichever is applicable, and

1                   “(II) each employer in the plan  
2                   takes such actions as the Secretary or  
3                   such person determines are necessary  
4                   for the plan to meet the requirements  
5                   described in subclause (I), including  
6                   providing to such person any disclo-  
7                   sures or other information which the  
8                   Secretary may require or which such  
9                   person otherwise determines are nec-  
10                  essary to administer the plan or to  
11                  allow the plan to meet such require-  
12                  ments,

13                  “(ii) registers as a pooled plan pro-  
14                  vider with the Secretary, and provides such  
15                  other information to the Secretary as the  
16                  Secretary may require, before beginning  
17                  operations as a pooled plan provider,

18                  “(iii) acknowledges in writing that  
19                  such person is a named fiduciary (within  
20                  the meaning of section 402(a)(2) of the  
21                  Employee Retirement Income Security Act  
22                  of 1974), and the plan administrator, with  
23                  respect to the plan, and

24                  “(iv) is responsible for ensuring that  
25                  all persons who handle assets of, or who

1           are fiduciaries of, the plan are bonded in  
2           accordance with section 412 of the Em-  
3           ployee Retirement Income Security Act of  
4           1974.

5           “(B) AUDITS, EXAMINATIONS AND INVES-  
6           TIGATIONS.—The Secretary may perform au-  
7           dits, examinations, and investigations of pooled  
8           plan providers as may be necessary to enforce  
9           and carry out the purposes of this subsection.

10          “(C) AGGREGATION RULES.—For purposes  
11          of this paragraph, in determining whether a  
12          person meets the requirements of this para-  
13          graph to be a pooled plan provider with respect  
14          to any plan, all persons who perform services  
15          for the plan and who are treated as a single  
16          employer under subsection (b), (c), (m), or (o)  
17          of section 414 shall be treated as one person.

18          “(D) TREATMENT OF EMPLOYERS AS PLAN  
19          SPONSORS.—Except with respect to the admin-  
20          istrative duties of the pooled plan provider de-  
21          scribed in subparagraph (A)(i), each employer  
22          in a plan which has a pooled plan provider shall  
23          be treated as the plan sponsor with respect to  
24          the portion of the plan attributable to employ-

1           ees of such employer (or beneficiaries of such  
2           employees).

3           “(4) GUIDANCE.—The Secretary shall issue  
4           such guidance as the Secretary determines appro-  
5           priate to carry out this subsection, including guid-  
6           ance—

7                   “(A) to identify the administrative duties  
8                   and other actions required to be performed by  
9                   a pooled plan provider under this subsection,

10                   “(B) which describes the procedures to be  
11                   taken to terminate a plan which fails to meet  
12                   the requirements to be a plan described in para-  
13                   graph (1), including the proper treatment of,  
14                   and actions needed to be taken by, any em-  
15                   ployer in the plan and the assets and liabilities  
16                   of the plan attributable to employees of such  
17                   employer (or beneficiaries of such employees),  
18                   and

19                   “(C) identifying appropriate cases to which  
20                   the rules of paragraph (2)(A) will apply to em-  
21                   ployers in the plan failing to take the actions  
22                   described in paragraph (1).

23           The Secretary shall take into account under sub-  
24           paragraph (C) whether the failure of an employer or  
25           pooled plan provider to provide any disclosures or

1 other information, or to take any other action, nec-  
2 essary to administer a plan or to allow a plan to  
3 meet requirements applicable to the plan under sec-  
4 tion 401(a) or 408, whichever is applicable, has con-  
5 tinued over a period of time that demonstrates a  
6 lack of commitment to compliance.

7 “(5) MODEL PLAN.—The Secretary shall pub-  
8 lish model plan language which meets the require-  
9 ments of this subsection and of paragraphs (43) and  
10 (44) of section 3 of the Employee Retirement In-  
11 come Security Act of 1974 and which may be adopt-  
12 ed in order for a plan to be treated as a plan de-  
13 scribed in paragraph (1)(B).”.

14 (2) CONFORMING AMENDMENT.—Section  
15 413(c)(2) is amended by striking “section 401(a)”  
16 and inserting “sections 401(a) and 408(c)”.

17 (3) TECHNICAL AMENDMENT.—Section 408(c)  
18 is amended by inserting after paragraph (2) the fol-  
19 lowing new paragraph:

20 “(3) There is a separate accounting for any in-  
21 terest of an employee or member (or spouse of an  
22 employee or member) in a Roth IRA.”.

23 (b) NO COMMON INTEREST REQUIRED FOR POOLED  
24 EMPLOYER PLANS.—Section 3(2) of the Employee Retire-

1 ment Income Security Act of 1974 (29 U.S.C. 1002(2))  
2 is amended by adding at the end the following:

3 “(C) A pooled employer plan shall be treat-  
4 ed as—

5 “(i) a single employee pension benefit  
6 plan or single pension plan; and

7 “(ii) a plan to which section 210(a)  
8 applies.”.

9 (c) POOLED EMPLOYER PLAN AND PROVIDER DE-  
10 FINED.—

11 (1) IN GENERAL.—Section 3 of the Employee  
12 Retirement Income Security Act of 1974 (29 U.S.C.  
13 1002) is amended by adding at the end the fol-  
14 lowing:

15 “(43) POOLED EMPLOYER PLAN.—

16 “(A) IN GENERAL.—The term ‘pooled em-  
17 ployer plan’ means a plan—

18 “(i) which is an individual account  
19 plan established or maintained for the pur-  
20 pose of providing benefits to the employees  
21 of 2 or more employers;

22 “(ii) which is a plan described in sec-  
23 tion 401(a) of the Internal Revenue Code  
24 of 1986 which includes a trust exempt  
25 from tax under section 501(a) of such



1 Code or a plan that consists of individual  
2 retirement accounts described in section  
3 408 of such Code (including by reason of  
4 subsection (c) thereof); and

5 “(iii) the terms of which meet the re-  
6 quirements of subparagraph (B).

7 Such term shall not include a plan maintained  
8 by employers which have a common interest  
9 other than having adopted the plan.

10 “(B) REQUIREMENTS FOR PLAN TERMS.—  
11 The requirements of this subparagraph are met  
12 with respect to any plan if the terms of the  
13 plan—

14 “(i) designate a pooled plan provider  
15 and provide that the pooled plan provider  
16 is a named fiduciary of the plan;

17 “(ii) designate one or more trustees  
18 meeting the requirements of section  
19 408(a)(2) of the Internal Revenue Code of  
20 1986 (other than an employer in the plan)  
21 to be responsible for collecting contribu-  
22 tions to, and holding the assets of, the  
23 plan and require such trustees to imple-  
24 ment written contribution collection proce-

1           dures that are reasonable, diligent, and  
2           systematic;

3           “(iii) provide that each employer in  
4           the plan retains fiduciary responsibility  
5           for—

6                       “(I) the selection and monitoring  
7                       in accordance with section 404(a) of  
8                       the person designated as the pooled  
9                       plan provider and any other person  
10                      who, in addition to the pooled plan  
11                      provider, is designated as a named fi-  
12                      duciary of the plan; and

13                     “(II) to the extent not otherwise  
14                     delegated to another fiduciary by the  
15                     pooled plan provider and subject to  
16                     the provisions of section 404(c), the  
17                     investment and management of the  
18                     portion of the plan’s assets attrib-  
19                     utable to the employees of the em-  
20                     ployer (or beneficiaries of such em-  
21                     ployees);

22                     “(iv) provide that employers in the  
23                     plan, and participants and beneficiaries,  
24                     are not subject to unreasonable restric-  
25                     tions, fees, or penalties with regard to

1 ceasing participation, receipt of distribu-  
2 tions, or otherwise transferring assets of  
3 the plan in accordance with section 208 or  
4 paragraph (44)(C)(i)(II);

5 “(v) require—

6 “(I) the pooled plan provider to  
7 provide to employers in the plan any  
8 disclosures or other information which  
9 the Secretary may require, including  
10 any disclosures or other information  
11 to facilitate the selection or any moni-  
12 toring of the pooled plan provider by  
13 employers in the plan; and

14 “(II) each employer in the plan  
15 to take such actions as the Secretary  
16 or the pooled plan provider determines  
17 are necessary to administer the plan  
18 or for the plan to meet any require-  
19 ment applicable under this Act or the  
20 Internal Revenue Code of 1986 to a  
21 plan described in section 401(a) of  
22 such Code or to a plan that consists  
23 of individual retirement accounts de-  
24 scribed in section 408 of such Code  
25 (including by reason of subsection (c)

1                   thereof), whichever is applicable, in-  
2                   cluding providing any disclosures or  
3                   other information which the Secretary  
4                   may require or which the pooled plan  
5                   provider otherwise determines are nec-  
6                   essary to administer the plan or to  
7                   allow the plan to meet such require-  
8                   ments; and

9                   “(vi) provide that any disclosure or  
10                  other information required to be provided  
11                  under clause (v) may be provided in elec-  
12                  tronic form and will be designed to ensure  
13                  only reasonable costs are imposed on  
14                  pooled plan providers and employers in the  
15                  plan.

16                  “(C) EXCEPTIONS.—The term ‘pooled em-  
17                  ployer plan’ does not include—

18                         “(i) a multiemployer plan; or

19                         “(ii) a plan established before the  
20                         date of the enactment of the Family Sav-  
21                         ings Act of 2018 unless the plan adminis-  
22                         trator elects that the plan will be treated  
23                         as a pooled employer plan and the plan  
24                         meets the requirements of this title appli-

1 cable to a pooled employer plan established  
2 on or after such date.

3 “(D) TREATMENT OF EMPLOYERS AS PLAN  
4 SPONSORS.—Except with respect to the admin-  
5 istrative duties of the pooled plan provider de-  
6 scribed in paragraph (44)(A)(i), each employer  
7 in a pooled employer plan shall be treated as  
8 the plan sponsor with respect to the portion of  
9 the plan attributable to employees of such em-  
10 ployer (or beneficiaries of such employees).

11 “(44) POOLED PLAN PROVIDER.—

12 “(A) IN GENERAL.—The term ‘pooled plan  
13 provider’ means a person who—

14 “(i) is designated by the terms of a  
15 pooled employer plan as a named fiduciary,  
16 as the plan administrator, and as the per-  
17 son responsible for the performance of all  
18 administrative duties (including conducting  
19 proper testing with respect to the plan and  
20 the employees of each employer in the  
21 plan) which are reasonably necessary to  
22 ensure that—

23 “(I) the plan meets any require-  
24 ment applicable under this Act or the  
25 Internal Revenue Code of 1986 to a

1 plan described in section 401(a) of  
2 such Code or to a plan that consists  
3 of individual retirement accounts de-  
4 scribed in section 408 of such Code  
5 (including by reason of subsection (c)  
6 thereof), whichever is applicable; and

7 “(II) each employer in the plan  
8 takes such actions as the Secretary or  
9 pooled plan provider determines are  
10 necessary for the plan to meet the re-  
11 quirements described in subclause (I),  
12 including providing the disclosures  
13 and information described in para-  
14 graph (43)(B)(v)(II);

15 “(ii) registers as a pooled plan pro-  
16 vider with the Secretary, and provides to  
17 the Secretary such other information as  
18 the Secretary may require, before begin-  
19 ning operations as a pooled plan provider;

20 “(iii) acknowledges in writing that  
21 such person is a named fiduciary, and the  
22 plan administrator, with respect to the  
23 pooled employer plan; and

24 “(iv) is responsible for ensuring that  
25 all persons who handle assets of, or who

1           are fiduciaries of, the pooled employer plan  
2           are bonded in accordance with section 412.

3           “(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.—The Secretary may perform au-  
4           dits, examinations, and investigations of pooled  
5           plan providers as may be necessary to enforce  
6           and carry out the purposes of this paragraph  
7           and paragraph (43).

8           “(C) GUIDANCE.—The Secretary shall  
9           issue such guidance as the Secretary determines  
10          appropriate to carry out this paragraph and  
11          paragraph (43), including guidance—

12                   “(i) to identify the administrative du-  
13                   ties and other actions required to be per-  
14                   formed by a pooled plan provider under ei-  
15                   ther such paragraph; and  
16                   “(ii) which requires in appropriate

17                   cases that if an employer in the plan fails  
18                   to take the actions required under sub-  
19                   paragraph (A)(i)(II)—

20                           “(I) the assets of the plan attrib-  
21                           utable to employees of such employer  
22                           (or beneficiaries of such employees)  
23                           are transferred to a plan maintained  
24                           only by such employer (or its suc-  
25

1           cessor), to an eligible retirement plan  
2           as defined in section 402(c)(8)(B) of  
3           the Internal Revenue Code of 1986  
4           for each individual whose account is  
5           transferred, or to any other arrange-  
6           ment that the Secretary determines is  
7           appropriate in such guidance; and

8                     “(II) such employer (and not the  
9                     plan with respect to which the failure  
10                    occurred or any other employer in  
11                    such plan) shall, except to the extent  
12                    provided in such guidance, be liable  
13                    for any liabilities with respect to such  
14                    plan attributable to employees of such  
15                    employer (or beneficiaries of such em-  
16                    ployees).

17           The Secretary shall take into account under  
18           clause (ii) whether the failure of an employer or  
19           pooled plan provider to provide any disclosures  
20           or other information, or to take any other ac-  
21           tion, necessary to administer a plan or to allow  
22           a plan to meet requirements described in sub-  
23           paragraph (A)(i)(II) has continued over a pe-  
24           riod of time that demonstrates a lack of com-  
25           mitment to compliance. The Secretary may



1 waive the requirements of subclause (ii)(I) in  
2 appropriate circumstances if the Secretary de-  
3 termines it is in the best interests of the em-  
4 ployees of the employer referred to in such  
5 clause (and the beneficiaries of such employees)  
6 to retain the assets in the plan with respect to  
7 which the employer’s failure occurred.

8 “(D) AGGREGATION RULES.—For purposes  
9 of this paragraph, in determining whether a  
10 person meets the requirements of this para-  
11 graph to be a pooled plan provider with respect  
12 to any plan, all persons who perform services  
13 for the plan and who are treated as a single  
14 employer under subsection (b), (c), (m), or (o)  
15 of section 414 of the Internal Revenue Code of  
16 1986 shall be treated as one person.”

17 (2) BONDING REQUIREMENTS FOR POOLED EM-  
18 PLOYER PLANS.—The last sentence of section 412(a)  
19 of the Employee Retirement Income Security Act of  
20 1974 (29 U.S.C. 1112(a)) is amended by inserting  
21 “or in the case of a pooled employer plan (as defined  
22 in section 3(43))” after “section 407(d)(1)”.

23 (3) CONFORMING AND TECHNICAL AMEND-  
24 MENTS.—Section 3 of the Employee Retirement In-

1 come Security Act of 1974 (29 U.S.C. 1002) is  
2 amended—

3 (A) in paragraph (16)(B)—

4 (i) by striking “or” at the end of  
5 clause (ii); and

6 (ii) by striking the period at the end  
7 and inserting “, or (iv) in the case of a  
8 pooled employer plan, the pooled plan pro-  
9 vider.”; and

10 (B) by striking the second paragraph (41).

11 (d) POOLED EMPLOYER AND MULTIPLE EMPLOYER  
12 PLAN REPORTING.—

13 (1) ADDITIONAL INFORMATION.—Section 103  
14 of the Employee Retirement Income Security Act of  
15 1974 (29 U.S.C. 1023) is amended—

16 (A) in subsection (a)(1)(B), by striking  
17 “applicable subsections (d), (e), and (f)” and  
18 inserting “applicable subsections (d), (e), (f),  
19 and (g)”; and

20 (B) by amending subsection (g) to read as  
21 follows:

22 “(g) ADDITIONAL INFORMATION WITH RESPECT TO  
23 POOLED EMPLOYER AND MULTIPLE EMPLOYER  
24 PLANS.—An annual report under this section for a plan  
25 year shall include—

1           “(1) with respect to any plan to which section  
2           210(a) applies (including a pooled employer plan), a  
3           list of employers in the plan, a good faith estimate  
4           of the percentage of total contributions made by  
5           such employers during the plan year, and the aggregate  
6           account balances attributable to each employer  
7           in the plan (determined as the sum of the account  
8           balances of the employees of such employer (and the  
9           beneficiaries of such employees)); and

10           “(2) with respect to a pooled employer plan, the  
11           identifying information for the person designated  
12           under the terms of the plan as the pooled plan pro-  
13           vider.”.

14           (2) SIMPLIFIED ANNUAL REPORTS.—Section  
15           104(a) of the Employee Retirement Income Security  
16           Act of 1974 (29 U.S.C. 1024(a)) is amended by  
17           striking paragraph (2)(A) and inserting the fol-  
18           lowing:

19           “(2)(A) With respect to annual reports required  
20           to be filed with the Secretary under this part, the  
21           Secretary may by regulation prescribe simplified an-  
22           nual reports for any pension plan that—

23           “(i) covers fewer than 100 participants; or

24           “(ii) is a plan described in section 210(a)

25           that covers fewer than 1,000 participants, but

1           only if no single employer in the plan has 100  
2           or more participants covered by the plan.”.

3           (e) EFFECTIVE DATE.—

4           (1) IN GENERAL.—The amendments made by  
5           this section shall apply to plan years beginning after  
6           December 31, 2019.

7           (2) RULE OF CONSTRUCTION.—Nothing in the  
8           amendments made by subsection (a) shall be con-  
9           strued as limiting the authority of the Secretary of  
10          the Treasury or the Secretary’s delegate (determined  
11          without regard to such amendments) to provide for  
12          the proper treatment of a failure to meet any re-  
13          quirement applicable under the Internal Revenue  
14          Code of 1986 with respect to one employer (and its  
15          employees) in a multiple employer plan.

16 **SEC. 202. RULES RELATING TO ELECTION OF SAFE HARBOR**  
17 **401(k) STATUS.**

18          (a) LIMITATION OF ANNUAL SAFE HARBOR NOTICE  
19 TO MATCHING CONTRIBUTION PLANS.—

20           (1) IN GENERAL.—Section 401(k)(12)(A) is  
21           amended by striking “if such arrangement” and all  
22           that follows and inserting “if such arrangement—  
23                           “(i) meets the contribution require-  
24                           ments of subparagraph (B) and the notice  
25                           requirements of subparagraph (D), or

1 “(ii) meets the contribution require-  
2 ments of subparagraph (C).”.

3 (2) AUTOMATIC CONTRIBUTION ARRANGE-  
4 MENTS.—Section 401(k)(13)(B) is amended by  
5 striking “means” and all that follows and inserting  
6 “means a cash or deferred arrangement—

7 “(i) which is described in subpara-  
8 graph (D)(i)(I) and meets the applicable  
9 requirements of subparagraphs (C)  
10 through (E), or

11 “(ii) which is described in subpara-  
12 graph (D)(i)(II) and meets the applicable  
13 requirements of subparagraphs (C) and  
14 (D).”.

15 (b) NONELECTIVE CONTRIBUTIONS.—Section  
16 401(k)(12) is amended by redesignating subparagraph (F)  
17 as subparagraph (G), and by inserting after subparagraph  
18 (E) the following new subparagraph:

19 “(F) TIMING OF PLAN AMENDMENT FOR  
20 EMPLOYER MAKING NONELECTIVE CONTRIBU-  
21 TIONS.—

22 “(i) IN GENERAL.—Except as pro-  
23 vided in clause (ii), a plan may be amend-  
24 ed after the beginning of a plan year to  
25 provide that the requirements of subpara-

1 graph (C) shall apply to the arrangement  
2 for the plan year, but only if the amend-  
3 ment is adopted—

4 “(I) at any time before the 30th  
5 day before the close of the plan year,  
6 or

7 “(II) at any time before the last  
8 day under paragraph (8)(A) for dis-  
9 tributing excess contributions for the  
10 plan year.

11 “(ii) EXCEPTION WHERE PLAN PRO-  
12 VIDED FOR MATCHING CONTRIBUTIONS.—  
13 Clause (i) shall not apply to any plan year  
14 if the plan provided at any time during the  
15 plan year that the requirements of sub-  
16 paragraph (B) or paragraph (13)(D)(i)(I)  
17 applied to the plan year.

18 “(iii) 4-PERCENT CONTRIBUTION RE-  
19 QUIREMENT.—Clause (i)(II) shall not  
20 apply to an arrangement unless the  
21 amount of the contributions described in  
22 subparagraph (C) which the employer is  
23 required to make under the arrangement  
24 for the plan year with respect to any em-

1                    ployee is an amount equal to at least 4  
2                    percent of the employee's compensation.”.

3            (c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

4 Section 401(k)(13) is amended by adding at the end the  
5 following:

6                    “(F) TIMING OF PLAN AMENDMENT FOR  
7                    EMPLOYER MAKING NONELECTIVE CONTRIBU-  
8                    TIONS.—

9                    “(i) IN GENERAL.—Except as pro-  
10                    vided in clause (ii), a plan may be amend-  
11                    ed after the beginning of a plan year to  
12                    provide that the requirements of subpara-  
13                    graph (D)(i)(II) shall apply to the arrange-  
14                    ment for the plan year, but only if the  
15                    amendment is adopted—

16                    “(I) at any time before the 30th  
17                    day before the close of the plan year,  
18                    or

19                    “(II) at any time before the last  
20                    day under paragraph (8)(A) for dis-  
21                    tributing excess contributions for the  
22                    plan year.

23                    “(ii) EXCEPTION WHERE PLAN PRO-  
24                    VIDED FOR MATCHING CONTRIBUTIONS.—

25                    Clause (i) shall not apply to any plan year

1 if the plan provided at any time during the  
2 plan year that the requirements of sub-  
3 paragraph (D)(i)(I) or paragraph (12)(B)  
4 applied to the plan year.

5 “(iii) 4-PERCENT CONTRIBUTION RE-  
6 QUIREMENT.—Clause (i)(II) shall not  
7 apply to an arrangement unless the  
8 amount of the contributions described in  
9 subparagraph (D)(i)(II) which the em-  
10 ployer is required to make under the ar-  
11 rangement for the plan year with respect  
12 to any employee is an amount equal to at  
13 least 4 percent of the employee’s com-  
14 pensation.”.

15 (d) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to plan years beginning after De-  
17 cember 31, 2018.

18 **SEC. 203. CERTAIN TAXABLE NON-TUITION FELLOWSHIP**  
19 **AND STIPEND PAYMENTS TREATED AS COM-**  
20 **PENSATION FOR IRA PURPOSES.**

21 (a) IN GENERAL.—Section 219(f)(1) is amended by  
22 adding at the end the following: “The term ‘compensation’  
23 shall include any amount included in gross income and  
24 paid to an individual to aid the individual in the pursuit  
25 of graduate or postdoctoral study.”.



1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2018.

4 **SEC. 204. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA**  
5 **CONTRIBUTIONS.**

6 (a) IN GENERAL.—Section 219(d) is amended by  
7 striking paragraph (1).

8 (b) CONFORMING AMENDMENT.—Section 408A(c) is  
9 amended by striking paragraph (4) and by redesignating  
10 paragraphs (5), (6), and (7) as paragraphs (4), (5), and  
11 (6), respectively.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to contributions made for taxable  
14 years beginning after December 31, 2018.

15 **SEC. 205. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**  
16 **MAKING LOANS THROUGH CREDIT CARDS**  
17 **AND OTHER SIMILAR ARRANGEMENTS.**

18 (a) IN GENERAL.—Section 72(p)(2) is amended by  
19 redesignating subparagraph (D) as subparagraph (E) and  
20 by inserting after subparagraph (C) the following new sub-  
21 paragraph:

22 “(D) PROHIBITION OF LOANS THROUGH  
23 CREDIT CARDS AND OTHER SIMILAR ARRANGE-  
24 MENTS.—Notwithstanding subparagraph (A),  
25 paragraph (1) shall apply to any loan which is

1           made through the use of any credit card or any  
2           other similar arrangement.”.

3           (b) **EFFECTIVE DATE.**—The amendments made by  
4 subsection (a) shall apply to loans made after the date  
5 of the enactment of this Act.

6 **SEC. 206. PORTABILITY OF LIFETIME INCOME INVEST-**  
7 **MENTS.**

8           (a) **IN GENERAL.**—Section 401(a) is amended by in-  
9 serting after paragraph (37) the following new paragraph:

10           “(38) **PORTABILITY OF LIFETIME INCOME IN-**  
11 **VESTMENTS.**—

12           “(A) **IN GENERAL.**—Except as may be oth-  
13 erwise provided by regulations, a trust forming  
14 part of a defined contribution plan shall not be  
15 treated as failing to constitute a qualified trust  
16 under this section solely by reason of allowing—

17           “(i) qualified distributions of a life-  
18 time income investment, or

19           “(ii) distributions of a lifetime income  
20 investment in the form of a qualified plan  
21 distribution annuity contract,

22 on or after the date that is 90 days prior to the  
23 date on which such lifetime income investment  
24 is no longer authorized to be held as an invest-  
25 ment option under the plan.

1                   “(B) DEFINITIONS.—For purposes of this  
2 subsection—

3                   “(i) the term ‘qualified distribution’  
4 means a direct trustee-to-trustee transfer  
5 described in paragraph (31)(A) to an eligi-  
6 ble retirement plan (as defined in section  
7 402(c)(8)(B)),

8                   “(ii) the term ‘lifetime income invest-  
9 ment’ means an investment option which is  
10 designed to provide an employee with elec-  
11 tion rights—

12                   “(I) which are not uniformly  
13 available with respect to other invest-  
14 ment options under the plan, and

15                   “(II) which are to a lifetime in-  
16 come feature available through a con-  
17 tract or other arrangement offered  
18 under the plan (or under another eli-  
19 gible retirement plan (as so defined),  
20 if paid by means of a direct trustee-  
21 to-trustee transfer described in para-  
22 graph (31)(A) to such other eligible  
23 retirement plan),

24                   “(iii) the term ‘lifetime income fea-  
25 ture’ means—

1                   “(I) a feature which guarantees a  
2                   minimum level of income annually (or  
3                   more frequently) for at least the re-  
4                   mainder of the life of the employee or  
5                   the joint lives of the employee and the  
6                   employee’s designated beneficiary, or

7                   “(II) an annuity payable on be-  
8                   half of the employee under which pay-  
9                   ments are made in substantially equal  
10                  periodic payments (not less frequently  
11                  than annually) over the life of the em-  
12                  ployee or the joint lives of the em-  
13                  ployee and the employee’s designated  
14                  beneficiary, and

15                  “(iv) the term ‘qualified plan distribu-  
16                  tion annuity contract’ means an annuity  
17                  contract purchased for a participant and  
18                  distributed to the participant by a plan or  
19                  contract described in subparagraph (B) of  
20                  section 402(c)(8) (without regard to  
21                  clauses (i) and (ii) thereof).”.

22                  (b) CASH OR DEFERRED ARRANGEMENT.—

23                   (1) IN GENERAL.—Section 401(k)(2)(B)(i) is  
24                   amended by striking “or” at the end of subclause  
25                   (IV), by striking “and” at the end of subclause (V)

1 and inserting “or”, and by adding at the end the fol-  
2 lowing new subclause:

3 “(VI) except as may be otherwise  
4 provided by regulations, with respect  
5 to amounts invested in a lifetime in-  
6 come investment (as defined in sub-  
7 section (a)(38)(B)(ii)), the date that  
8 is 90 days prior to the date that such  
9 lifetime income investment may no  
10 longer be held as an investment option  
11 under the arrangement, and”.

12 (2) DISTRIBUTION REQUIREMENT.—Section  
13 401(k)(2)(B), as amended by paragraph (1), is  
14 amended by striking “and” at the end of clause (i),  
15 by striking the semicolon at the end of clause (ii)  
16 and inserting “, and”, and by adding at the end the  
17 following new clause:

18 “(iii) except as may be otherwise pro-  
19 vided by regulations, in the case of  
20 amounts described in clause (i)(VI), will be  
21 distributed only in the form of a qualified  
22 distribution (as defined in subsection  
23 (a)(38)(B)(i)) or a qualified plan distribu-  
24 tion annuity contract (as defined in sub-  
25 section (a)(38)(B)(iv)).”.

1 (c) SECTION 403(b) PLANS.—

2 (1) ANNUITY CONTRACTS.—Section 403(b)(11)  
3 is amended by striking “or” at the end of subpara-  
4 graph (B), by striking the period at the end of sub-  
5 paragraph (C) and inserting “, or”, and by inserting  
6 after subparagraph (C) the following new subpara-  
7 graph:

8 “(D) except as may be otherwise provided  
9 by regulations, with respect to amounts invested  
10 in a lifetime income investment (as defined in  
11 section 401(a)(38)(B)(ii))—

12 “(i) on or after the date that is 90  
13 days prior to the date that such lifetime  
14 income investment may no longer be held  
15 as an investment option under the con-  
16 tract, and

17 “(ii) in the form of a qualified dis-  
18 tribution (as defined in section  
19 401(a)(38)(B)(i)) or a qualified plan dis-  
20 tribution annuity contract (as defined in  
21 section 401(a)(38)(B)(iv)).”.

22 (2) CUSTODIAL ACCOUNTS.—Section  
23 403(b)(7)(A) is amended by striking “if—” and all  
24 that follows and inserting “if the amounts are to be  
25 invested in regulated investment company stock to

1 be held in that custodial account, and under the cus-  
2 todial account—

3 “(i) no such amounts may be paid or  
4 made available to any distributee (unless  
5 such amount is a distribution to which sec-  
6 tion 72(t)(2)(G) applies) before—

7 “(I) the employee dies,

8 “(II) the employee attains age  
9 59½,

10 “(III) the employee has a sever-  
11 ance from employment,

12 “(IV) the employee becomes dis-  
13 abled (within the meaning of section  
14 72(m)(7)),

15 “(V) in the case of contributions  
16 made pursuant to a salary reduction  
17 agreement (within the meaning of sec-  
18 tion 3121(a)(5)(D)), the employee en-  
19 counters financial hardship, or

20 “(VI) except as may be otherwise  
21 provided by regulations, with respect  
22 to amounts invested in a lifetime in-  
23 come investment (as defined in section  
24 401(a)(38)(B)(ii)), the date that is 90  
25 days prior to the date that such life-

1           time income investment may no longer  
2           be held as an investment option under  
3           the contract, and

4           “(ii) in the case of amounts described  
5           in clause (i)(VI), such amounts will be dis-  
6           tributed only in the form of a qualified dis-  
7           tribution (as defined in section  
8           401(a)(38)(B)(i)) or a qualified plan dis-  
9           tribution annuity contract (as defined in  
10          section 401(a)(38)(B)(iv)).”.

11          (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

12           (1) IN GENERAL.—Section 457(d)(1)(A) is  
13          amended by striking “or” at the end of clause (ii),  
14          by inserting “or” at the end of clause (iii), and by  
15          adding after clause (iii) the following:

16           “(iv) except as may be otherwise pro-  
17          vided by regulations, in the case of a plan  
18          maintained by an employer described in  
19          subsection (e)(1)(A), with respect to  
20          amounts invested in a lifetime income in-  
21          vestment (as defined in section  
22          401(a)(38)(B)(ii)), the date that is 90  
23          days prior to the date that such lifetime  
24          income investment may no longer be held  
25          as an investment option under the plan.”.



1           (2) DISTRIBUTION REQUIREMENT.—Section  
2           457(d)(1) is amended by striking “and” at the end  
3           of subparagraph (B), by striking the period at the  
4           end of subparagraph (C) and inserting “, and”, and  
5           by inserting after subparagraph (C) the following  
6           new subparagraph:

7                     “(D) except as may be otherwise provided  
8                     by regulations, in the case of amounts described  
9                     in subparagraph (A)(iv), such amounts will be  
10                    distributed only in the form of a qualified dis-  
11                    tribution (as defined in section  
12                    401(a)(38)(B)(i)) or a qualified plan distribu-  
13                    tion annuity contract (as defined in section  
14                    401(a)(38)(B)(iv)).”.

15           (e) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to plan years beginning after De-  
17 cember 31, 2018.

18 **SEC. 207. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**  
19 **MINATION OF SECTION 403(b) PLANS.**

20           Not later than six months after the date of enactment  
21 of this Act, the Secretary of the Treasury shall issue guid-  
22 ance to provide that, if an employer terminates the plan  
23 under which amounts are contributed to a custodial ac-  
24 count under subparagraph (A) of section 403(b)(7), the  
25 plan administrator or custodian may distribute an indi-

1 vidual custodial account in kind to a participant or bene-  
2 ficiary of the plan and the distributed custodial account  
3 shall be maintained by the custodian on a tax-deferred  
4 basis as a section 403(b)(7) custodial account, similar to  
5 the treatment of fully-paid individual annuity contracts  
6 under Revenue Ruling 2011–7, until amounts are actually  
7 paid to the participant or beneficiary. The guidance shall  
8 provide further (i) that the section 403(b)(7) status of the  
9 distributed custodial account is generally maintained if the  
10 custodial account thereafter adheres to the requirements  
11 of section 403(b) that are in effect at the time of the dis-  
12 tribution of the account and (ii) that a custodial account  
13 would not be considered distributed to the participant or  
14 beneficiary if the employer has any material retained  
15 rights under the account (but the employer would not be  
16 treated as retaining material rights simply because the  
17 custodial account was originally opened under a group  
18 contract).

19 **SEC. 208. CLARIFICATION OF RETIREMENT INCOME AC-**  
20 **COUNT RULES RELATING TO CHURCH-CON-**  
21 **TROLLED ORGANIZATIONS.**

22 (a) IN GENERAL.—Section 403(b)(9)(B) is amended  
23 by inserting “(including an employee described in section  
24 414(e)(3)(B))” after “employee described in paragraph  
25 (1)”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to years beginning before, on, or  
3 after the date of the enactment of this Act.

4 **SEC. 209. INCREASE IN 10 PERCENT CAP FOR AUTOMATIC**  
5 **ENROLLMENT SAFE HARBOR AFTER 1ST**  
6 **PLAN YEAR.**

7 (a) IN GENERAL.—Section 401(k)(13)(C)(iii) is  
8 amended by striking “does not exceed 10 percent” and  
9 inserting “does not exceed 15 percent (10 percent during  
10 the period described in subclause (I))”.

11 (b) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to plan years beginning after De-  
13 cember 31, 2018.

14 **SEC. 210. INCREASE IN CREDIT LIMITATION FOR SMALL**  
15 **EMPLOYER PENSION PLAN STARTUP COSTS.**

16 (a) IN GENERAL.—Paragraph (1) of section 45E(b)  
17 is amended to read as follows:

18 “(1) for the first credit year and each of the 2  
19 taxable years immediately following the first credit  
20 year, the greater of—

21 “(A) \$500, or

22 “(B) the lesser of—

23 “(i) \$250 for each employee of the eli-  
24 gible employer who is not a highly com-  
25 pensated employee (as defined in section

1                   414(q)) and who is eligible to participate  
2                   in the eligible employer plan maintained by  
3                   the eligible employer, or

4                   “(ii) \$1,500, and”.

5           (b) **EFFECTIVE DATE.**—The amendment made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2018.

8 **SEC. 211. SMALL EMPLOYER AUTOMATIC ENROLLMENT**  
9                   **CREDIT.**

10          (a) **IN GENERAL.**—Section 45E is amended by add-  
11 ing at the end the following new subsection:”.

12          “(f) **CREDIT FOR AUTO-ENROLLMENT OPTION FOR**  
13 **RETIREMENT SAVINGS OPTIONS.**—

14               “(1) **IN GENERAL.**—The credit allowed under  
15 subsection (a) for any taxable year during an eligible  
16 employer’s retirement auto-enrollment credit period  
17 shall be increased (without regard to subsection (b))  
18 by \$500.

19               “(2) **RETIREMENT AUTO-ENROLLMENT CREDIT**  
20 **PERIOD.**—

21               “(A) **IN GENERAL.**—The retirement auto-  
22 enrollment credit period with respect to any eli-  
23 gible employer is the 3-taxable-year period be-  
24 ginning with the first taxable year for which the  
25 employer includes an eligible automatic con-



1           “(i) IN GENERAL.—If on the last day  
2           of any calendar year the aggregate value of  
3           an employee’s entire interest under all ap-  
4           plicable eligible retirement plans does not  
5           exceed \$50,000, then the requirements of  
6           subparagraph (A) with respect to any dis-  
7           tribution relating to such year shall not  
8           apply with respect to such employee.

9           “(ii) APPLICABLE ELIGIBLE RETIRE-  
10          MENT PLAN.—For purposes of this sub-  
11          paragraph, the term ‘applicable eligible re-  
12          tirement plan’ means an eligible retirement  
13          plan (as defined in section 402(c)(8)(B))  
14          other than a defined benefit plan.

15          “(iii) LIMIT ON REQUIRED MINIMUM  
16          DISTRIBUTION.—The required minimum  
17          distribution determined under subpara-  
18          graph (A) for an employee under all appli-  
19          cable eligible retirement plans shall not ex-  
20          ceed an amount equal to the excess of—

21                  “(I) the aggregate value of an  
22                  employee’s entire interest under such  
23                  plans on the last day of the calendar  
24                  year to which such distribution re-  
25                  lates, over

1 “(II) the dollar amount in effect  
2 under clause (i) for such calendar  
3 year.

4 The Secretary in regulations or other guid-  
5 ance may provide how such amount shall  
6 be distributed in the case of an individual  
7 with more than one applicable eligible re-  
8 tirement plan.

9 “(iv) INFLATION ADJUSTMENT.—In  
10 the case of any calendar year beginning  
11 after 2019, the \$50,000 amount in clause  
12 (i) shall be increased by an amount equal  
13 to—

14 “(I) such dollar amount, multi-  
15 plied by

16 “(II) the cost of living adjust-  
17 ment determined under section 1(f)(3)  
18 for the calendar year, determined by  
19 substituting ‘calendar year 2018’ for  
20 ‘calendar year 2016’ in subparagraph  
21 (A)(ii) thereof.

22 Any increase determined under this clause  
23 shall be rounded to the next lowest mul-  
24 tiple of \$5,000.

1           “(v) PLAN ADMINISTRATOR RELIANCE  
2           ON EMPLOYEE CERTIFICATION.—An appli-  
3           cable eligible retirement plan described in  
4           clause (iii), (iv), (v), or (vi) of section  
5           402(c)(8)(B) shall not be treated as failing  
6           to meet the requirements of this paragraph  
7           in the case of any failure to make a re-  
8           quired minimum distribution for a cal-  
9           endar year if—

10                   “(I) the aggregate value of an  
11                   employee’s entire interest under all  
12                   applicable eligible retirement plans of  
13                   the employer on the last day of the  
14                   calendar year to which such distribu-  
15                   tion relates does not exceed the dollar  
16                   amount in effect for such year under  
17                   clause (i), and

18                   “(II) the employee certifies that  
19                   the aggregate value of the employee’s  
20                   entire interest under all applicable eli-  
21                   gible retirement plans on the last day  
22                   of the calendar year to which such  
23                   distribution relates did not exceed the  
24                   dollar amount in effect for such year  
25                   under clause (i).



1                   “(vi) AGGREGATION RULE.—All em-  
2                   ployers treated as a single employer under  
3                   subsection (b), (c), (m), or (o) of section  
4                   414 shall be treated as a single employer  
5                   for purposes of clause (v).”.

6           (b) PLAN ADMINISTRATOR REPORTING.—Section  
7 6047 is amended by redesignating subsection (h) as sub-  
8 section (i) and by inserting after subsection (g) the fol-  
9 lowing new subsection:

10           “(h) ACCOUNT BALANCE FOR PARTICIPANTS WHO  
11 HAVE ATTAINED AGE 69.—

12                   “(1) IN GENERAL.—Not later than January 31  
13                   of each year, the plan administrator (as defined in  
14                   section 414(g)) of each applicable eligible retirement  
15                   plan (as defined in section 401(a)(9)(H)) shall make  
16                   a return to the Secretary with respect to each par-  
17                   ticipant of such plan who has attained age 69 as of  
18                   the end of the preceding calendar year which  
19                   states—

20                           “(A) the name and plan number of the  
21                           plan,

22                           “(B) the name and address of the plan ad-  
23                           ministrator,

24                           “(C) the name, address, and taxpayer  
25                           identification number of the participant, and

1           “(D) the account balance of such partici-  
2           pant as of the end of the preceding calendar  
3           year.

4           “(2) STATEMENT FURNISHED TO PARTICI-  
5           PANT.—Every person required to make a return  
6           under paragraph (1) with respect to a participant  
7           shall furnish a copy of such return to such partici-  
8           pant.

9           “(3) APPLICATION TO INDIVIDUAL RETIREMENT  
10          PLANS AND ANNUITIES.—In the case of an applica-  
11          ble eligible retirement plan described in clause (i) or  
12          (ii) of section 402(c)(8)(B)—

13                 “(A) any reference in this subsection to  
14                 the plan administrator shall be treated as a ref-  
15                 erence to the trustee or issuer, as the case may  
16                 be, and

17                 “(B) any reference in this subsection to  
18                 the participant shall be treated as a reference  
19                 to the individual for whom such account or an-  
20                 nuity is maintained.”.

21          (c) EFFECTIVE DATE.—The amendments made by  
22          this section shall apply to distributions required to be  
23          made in calendar years beginning more than 120 days  
24          after the date of the enactment of this Act.

1 **SEC. 213. ELECTIVE DEFERRALS BY MEMBERS OF THE**  
2 **READY RESERVE OF A RESERVE COMPONENT**  
3 **OF THE ARMED FORCES.**

4 (a) IN GENERAL.—Section 402(g) is amended by  
5 adding at the end the following new paragraph:

6 “(9) ELECTIVE DEFERRALS BY MEMBERS OF  
7 READY RESERVE.—

8 “(A) IN GENERAL.—In the case of a quali-  
9 fied ready reservist for any taxable year, the  
10 limitations of subparagraphs (A) and (C) of  
11 paragraph (1) shall be applied separately with  
12 respect to—

13 “(i) elective deferrals of such qualified  
14 ready reservist with respect to compensa-  
15 tion described in subparagraph (B), and

16 “(ii) all other elective deferrals of  
17 such qualified ready reservist.

18 “(B) QUALIFIED READY RESERVIST.—For  
19 purposes of this paragraph, the term ‘qualified  
20 ready reservist’ means any individual for any  
21 taxable year if such individual received com-  
22 pensation for service as a member of the Ready  
23 Reserve of a reserve component (as defined in  
24 section 101 of title 37, United States Code)  
25 during such taxable year.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2018.

## 4 **Subtitle B—Administrative** 5 **Improvements**

6 **SEC. 221. PLAN ADOPTED BY FILING DUE DATE FOR YEAR**  
7 **MAY BE TREATED AS IN EFFECT AS OF CLOSE**  
8 **OF YEAR.**

9 (a) IN GENERAL.—Section 401(b) is amended—

10 (1) by striking “RETROACTIVE CHANGES IN  
11 PLAN.—A stock bonus” and inserting “PLAN  
12 AMENDMENTS.—

13 “(1) CERTAIN RETROACTIVE CHANGES IN  
14 PLAN.—A stock bonus”, and

15 (2) by adding at the end the following new  
16 paragraph:

17 “(2) ADOPTION OF PLAN.—If an employer  
18 adopts a stock bonus, pension, profit-sharing, or an-  
19 nuity plan after the close of a taxable year but be-  
20 fore the time prescribed by law for filing the employ-  
21 er’s return of tax for the taxable year (including ex-  
22 tensions thereof), the employer may elect to treat  
23 the plan as having been adopted as of the last day  
24 of the taxable year.”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plans adopted for taxable years  
3 beginning after December 31, 2018.

4 **SEC. 222. MODIFICATION OF NONDISCRIMINATION RULES**  
5 **TO PROTECT OLDER, LONGER SERVICE PAR-**  
6 **TICIPANTS.**

7 (a) IN GENERAL.—Section 401 is amended—

8 (1) by redesignating subsection (o) as sub-  
9 section (p), and

10 (2) by inserting after subsection (n) the fol-  
11 lowing new subsection:

12 “(o) SPECIAL RULES FOR APPLYING NON-  
13 DISCRIMINATION RULES TO PROTECT OLDER, LONGER  
14 SERVICE AND GRANDFATHERED PARTICIPANTS.—

15 “(1) TESTING OF DEFINED BENEFIT PLANS  
16 WITH CLOSED CLASSES OF PARTICIPANTS.—

17 “(A) BENEFITS, RIGHTS, OR FEATURES  
18 PROVIDED TO CLOSED CLASSES.—A defined  
19 benefit plan which provides benefits, rights, or  
20 features to a closed class of participants shall  
21 not fail to satisfy the requirements of sub-  
22 section (a)(4) by reason of the composition of  
23 such closed class or the benefits, rights, or fea-  
24 tures provided to such closed class, if—

1 “(i) for the plan year as of which the  
2 class closes and the 2 succeeding plan  
3 years, such benefits, rights, and features  
4 satisfy the requirements of subsection  
5 (a)(4) (without regard to this subpara-  
6 graph but taking into account the rules of  
7 subparagraph (I)),

8 “(ii) after the date as of which the  
9 class was closed, any plan amendment  
10 which modifies the closed class or the ben-  
11 efits, rights, and features provided to such  
12 closed class does not discriminate signifi-  
13 cantly in favor of highly compensated em-  
14 ployees, and

15 “(iii) the class was closed before April  
16 5, 2017, or the plan is described in sub-  
17 paragraph (C).

18 “(B) AGGREGATE TESTING WITH DEFINED  
19 CONTRIBUTION PLANS PERMITTED ON A BENE-  
20 FITS BASIS.—

21 “(i) IN GENERAL.—For purposes of  
22 determining compliance with subsection  
23 (a)(4) and section 410(b), a defined benefit  
24 plan described in clause (iii) may be aggre-  
25 gated and tested on a benefits basis with

1 1 or more defined contribution plans, in-  
2 cluding with the portion of 1 or more de-  
3 fined contribution plans which—

4 “(I) provides matching contribu-  
5 tions (as defined in subsection  
6 (m)(4)(A)),

7 “(II) provides annuity contracts  
8 described in section 403(b) which are  
9 purchased with matching contribu-  
10 tions or nonelective contributions, or

11 “(III) consists of an employee  
12 stock ownership plan (within the  
13 meaning of section 4975(e)(7)) or a  
14 tax credit employee stock ownership  
15 plan (within the meaning of section  
16 409(a)).

17 “(ii) SPECIAL RULES FOR MATCHING  
18 CONTRIBUTIONS.—For purposes of clause  
19 (i), if a defined benefit plan is aggregated  
20 with a portion of a defined contribution  
21 plan providing matching contributions—

22 “(I) such defined benefit plan  
23 must also be aggregated with any por-  
24 tion of such defined contribution plan  
25 which provides elective deferrals de-

1 scribed in subparagraph (A) or (C) of  
2 section 402(g)(3), and

3 “(II) such matching contribu-  
4 tions shall be treated in the same  
5 manner as nonelective contributions,  
6 including for purposes of applying the  
7 rules of subsection (l).

8 “(iii) PLANS DESCRIBED.—A defined  
9 benefit plan is described in this clause if—

10 “(I) the plan provides benefits to  
11 a closed class of participants,

12 “(II) for the plan year as of  
13 which the class closes and the 2 suc-  
14 ceeding plan years, the plan satisfies  
15 the requirements of section 410(b)  
16 and subsection (a)(4) (without regard  
17 to this subparagraph but taking into  
18 account the rules of subparagraph  
19 (I)),

20 “(III) after the date as of which  
21 the class was closed, any plan amend-  
22 ment which modifies the closed class  
23 or the benefits provided to such closed  
24 class does not discriminate signifi-



1 cantly in favor of highly compensated  
2 employees, and

3 “(IV) the class was closed before  
4 April 5, 2017, or the plan is described  
5 in subparagraph (C).

6 “(C) PLANS DESCRIBED.—A plan is de-  
7 scribed in this subparagraph if, taking into ac-  
8 count any predecessor plan—

9 “(i) such plan has been in effect for  
10 at least 5 years as of the date the class is  
11 closed, and

12 “(ii) during the 5-year period pre-  
13 ceding the date the class is closed, there  
14 has not been a substantial increase in the  
15 coverage or value of the benefits, rights, or  
16 features described in subparagraph (A) or  
17 in the coverage or benefits under the plan  
18 described in subparagraph (B)(iii) (which-  
19 ever is applicable).

20 “(D) DETERMINATION OF SUBSTANTIAL  
21 INCREASE FOR BENEFITS, RIGHTS, AND FEA-  
22 TURES.—In applying subparagraph (C)(ii) for  
23 purposes of subparagraph (A)(iii), a plan shall  
24 be treated as having had a substantial increase  
25 in coverage or value of the benefits, rights, or

1 features described in subparagraph (A) during  
2 the applicable 5-year period only if, during such  
3 period—

4 “(i) the number of participants cov-  
5 ered by such benefits, rights, or features  
6 on the date such period ends is more than  
7 50 percent greater than the number of  
8 such participants on the first day of the  
9 plan year in which such period began, or

10 “(ii) such benefits, rights, and fea-  
11 tures have been modified by 1 or more  
12 plan amendments in such a way that, as of  
13 the date the class is closed, the value of  
14 such benefits, rights, and features to the  
15 closed class as a whole is substantially  
16 greater than the value as of the first day  
17 of such 5-year period, solely as a result of  
18 such amendments.

19 “(E) DETERMINATION OF SUBSTANTIAL  
20 INCREASE FOR AGGREGATE TESTING ON BENE-  
21 FITS BASIS.—In applying subparagraph (C)(ii)  
22 for purposes of subparagraph (B)(iii)(IV), a  
23 plan shall be treated as having had a substan-  
24 tial increase in coverage or benefits during the

1 applicable 5-year period only if, during such pe-  
2 riod—

3 “(i) the number of participants bene-  
4 fitting under the plan on the date such pe-  
5 riod ends is more than 50 percent greater  
6 than the number of such participants on  
7 the first day of the plan year in which such  
8 period began, or

9 “(ii) the average benefit provided to  
10 such participants on the date such period  
11 ends is more than 50 percent greater than  
12 the average benefit provided on the first  
13 day of the plan year in which such period  
14 began.

15 “(F) CERTAIN EMPLOYEES DIS-  
16 REGARDED.—For purposes of subparagraphs  
17 (D) and (E), any increase in coverage or value  
18 or in coverage or benefits, whichever is applica-  
19 ble, which is attributable to such coverage and  
20 value or coverage and benefits provided to em-  
21 ployees—

22 “(i) who became participants as a re-  
23 sult of a merger, acquisition, or similar  
24 event which occurred during the 7-year pe-

1           riod preceding the date the class is closed,  
2           or

3                   “(ii) who became participants by rea-  
4                   son of a merger of the plan with another  
5                   plan which had been in effect for at least  
6                   5 years as of the date of the merger,

7           shall be disregarded, except that clause (ii)  
8           shall apply for purposes of subparagraph (D)  
9           only if, under the merger, the benefits, rights,  
10          or features under 1 plan are conformed to the  
11          benefits, rights, or features of the other plan  
12          prospectively.

13                   “(G) RULES RELATING TO AVERAGE BEN-  
14                   EFIT.—For purposes of subparagraph (E)—

15                           “(i) the average benefit provided to  
16                           participants under the plan will be treated  
17                           as having remained the same between the  
18                           2 dates described in subparagraph (E)(ii)  
19                           if the benefit formula applicable to such  
20                           participants has not changed between such  
21                           dates, and

22                                   “(ii) if the benefit formula applicable  
23                                   to 1 or more participants under the plan  
24                                   has changed between such 2 dates, then  
25                                   the average benefit under the plan shall be

1 considered to have increased by more than  
2 50 percent only if—

3 “(I) the total amount determined  
4 under section 430(b)(1)(A)(i) for all  
5 participants benefitting under the  
6 plan for the plan year in which the 5-  
7 year period described in subparagraph  
8 (E) ends, exceeds

9 “(II) the total amount deter-  
10 mined under section 430(b)(1)(A)(i)  
11 for all such participants for such plan  
12 year, by using the benefit formula in  
13 effect for each such participant for  
14 the first plan year in such 5-year pe-  
15 riod, by more than 50 percent.

16 In the case of a CSEC plan (as defined in  
17 section 414(y)), the normal cost of the  
18 plan (as determined under section  
19 433(j)(1)(B)) shall be used in lieu of the  
20 amount determined under section  
21 430(b)(1)(A)(i).

22 “(H) TREATMENT AS SINGLE PLAN.—For  
23 purposes of subparagraphs (E) and (G), a plan  
24 described in section 413(c) shall be treated as

1 a single plan rather than as separate plans  
2 maintained by each employer in the plan.

3 “(I) SPECIAL RULES.—For purposes of  
4 subparagraphs (A)(i) and (B)(iii)(II), the fol-  
5 lowing rules shall apply:

6 “(i) In applying section 410(b)(6)(C),  
7 the closing of the class of participants shall  
8 not be treated as a significant change in  
9 coverage under section 410(b)(6)(C)(i)(II).

10 “(ii) 2 or more plans shall not fail to  
11 be eligible to be aggregated and treated as  
12 a single plan solely by reason of having dif-  
13 ferent plan years.

14 “(iii) Changes in the employee popu-  
15 lation shall be disregarded to the extent at-  
16 tributable to individuals who become em-  
17 ployees or cease to be employees, after the  
18 date the class is closed, by reason of a  
19 merger, acquisition, divestiture, or similar  
20 event.

21 “(iv) Aggregation and all other testing  
22 methodologies otherwise applicable under  
23 subsection (a)(4) and section 410(b) may  
24 be taken into account.

1           The rule of clause (ii) shall also apply for pur-  
2           poses of determining whether plans to which  
3           subparagraph (B)(i) applies may be aggregated  
4           and treated as 1 plan for purposes of deter-  
5           mining whether such plans meet the require-  
6           ments of subsection (a)(4) and section 410(b).

7           “(J) SPUN-OFF PLANS.—For purposes of  
8           this paragraph, if a portion of a defined benefit  
9           plan described in subparagraph (A) or (B)(iii)  
10          is spun off to another employer and the spun-  
11          off plan continues to satisfy the requirements  
12          of—

13                 “(i) subparagraph (A)(i) or  
14                 (B)(iii)(II), whichever is applicable, if the  
15                 original plan was still within the 3-year pe-  
16                 riod described in such subparagraph at the  
17                 time of the spin off, and

18                 “(ii) subparagraph (A)(ii) or  
19                 (B)(iii)(III), whichever is applicable,

20          the treatment under subparagraph (A) or (B)  
21          of the spun-off plan shall continue with respect  
22          to such other employer.

23          “(2) TESTING OF DEFINED CONTRIBUTION  
24          PLANS.—

1           “(A) TESTING ON A BENEFITS BASIS.—A  
2 defined contribution plan shall be permitted to  
3 be tested on a benefits basis if—

4           “(i) such defined contribution plan  
5 provides make-whole contributions to a  
6 closed class of participants whose accruals  
7 under a defined benefit plan have been re-  
8 duced or eliminated,

9           “(ii) for the plan year of the defined  
10 contribution plan as of which the class eli-  
11 gible to receive such make-whole contribu-  
12 tions closes and the 2 succeeding plan  
13 years, such closed class of participants sat-  
14 isfies the requirements of section  
15 410(b)(2)(A)(i) (determined by applying  
16 the rules of paragraph (1)(I)),

17           “(iii) after the date as of which the  
18 class was closed, any plan amendment to  
19 the defined contribution plan which modi-  
20 fies the closed class or the allocations, ben-  
21 efits, rights, and features provided to such  
22 closed class does not discriminate signifi-  
23 cantly in favor of highly compensated em-  
24 ployees, and



1 “(iv) the class was closed before April  
2 5, 2017, or the defined benefit plan under  
3 clause (i) is described in paragraph (1)(C)  
4 (as applied for purposes of paragraph  
5 (1)(B)(iii)(IV)).

6 “(B) AGGREGATION WITH PLANS INCLUD-  
7 ING MATCHING CONTRIBUTIONS.—

8 “(i) IN GENERAL.—With respect to 1  
9 or more defined contribution plans de-  
10 scribed in subparagraph (A), for purposes  
11 of determining compliance with subsection  
12 (a)(4) and section 410(b), the portion of  
13 such plans which provides make-whole con-  
14 tributions or other nonelective contribu-  
15 tions may be aggregated and tested on a  
16 benefits basis with the portion of 1 or  
17 more other defined contribution plans  
18 which—

19 “(I) provides matching contribu-  
20 tions (as defined in subsection  
21 (m)(4)(A)),

22 “(II) provides annuity contracts  
23 described in section 403(b) which are  
24 purchased with matching contribu-  
25 tions or nonelective contributions, or

1                   “(III) consists of an employee  
2                   stock ownership plan (within the  
3                   meaning of section 4975(e)(7)) or a  
4                   tax credit employee stock ownership  
5                   plan (within the meaning of section  
6                   409(a)).

7                   “(ii) SPECIAL RULES FOR MATCHING  
8                   CONTRIBUTIONS.—Rules similar to the  
9                   rules of paragraph (1)(B)(ii) shall apply  
10                  for purposes of clause (i).

11                  “(C) SPECIAL RULES FOR TESTING DE-  
12                  FINED CONTRIBUTION PLAN FEATURES PRO-  
13                  VIDING MATCHING CONTRIBUTIONS TO CERTAIN  
14                  OLDER, LONGER SERVICE PARTICIPANTS.—In  
15                  the case of a defined contribution plan which  
16                  provides benefits, rights, or features to a closed  
17                  class of participants whose accruals under a de-  
18                  fined benefit plan have been reduced or elimi-  
19                  nated, the plan shall not fail to satisfy the re-  
20                  quirements of subsection (a)(4) solely by reason  
21                  of the composition of the closed class or the  
22                  benefits, rights, or features provided to such  
23                  closed class if the defined contribution plan and  
24                  defined benefit plan otherwise meet the require-  
25                  ments of subparagraph (A) but for the fact that

1 the make-whole contributions under the defined  
2 contribution plan are made in whole or in part  
3 through matching contributions.

4 “(D) SPUN-OFF PLANS.—For purposes of  
5 this paragraph, if a portion of a defined con-  
6 tribution plan described in subparagraph (A) or  
7 (C) is spun off to another employer, the treat-  
8 ment under subparagraph (A) or (C) of the  
9 spun-off plan shall continue with respect to the  
10 other employer if such plan continues to comply  
11 with the requirements of clauses (ii) (if the  
12 original plan was still within the 3-year period  
13 described in such clause at the time of the spin  
14 off) and (iii) of subparagraph (A), as deter-  
15 mined for purposes of subparagraph (A) or (C),  
16 whichever is applicable.

17 “(3) DEFINITIONS.—For purposes of this sub-  
18 section—

19 “(A) MAKE-WHOLE CONTRIBUTIONS.—Ex-  
20 cept as otherwise provided in paragraph (2)(C),  
21 the term ‘make-whole contributions’ means non-  
22 elective allocations for each employee in the  
23 class which are reasonably calculated, in a con-  
24 sistent manner, to replace some or all of the re-  
25 tirement benefits which the employee would

1 have received under the defined benefit plan  
2 and any other plan or qualified cash or deferred  
3 arrangement under subsection (k)(2) if no  
4 change had been made to such defined benefit  
5 plan and such other plan or arrangement. For  
6 purposes of the preceding sentence, consistency  
7 shall not be required with respect to employees  
8 who were subject to different benefit formulas  
9 under the defined benefit plan.

10 “(B) REFERENCES TO CLOSED CLASS OF  
11 PARTICIPANTS.—References to a closed class of  
12 participants and similar references to a closed  
13 class shall include arrangements under which 1  
14 or more classes of participants are closed, ex-  
15 cept that 1 or more classes of participants  
16 closed on different dates shall not be aggre-  
17 gated for purposes of determining the date any  
18 such class was closed.

19 “(C) HIGHLY COMPENSATED EMPLOYEE.—  
20 The term ‘highly compensated employee’ has  
21 the meaning given such term in section  
22 414(q).”.

23 (b) PARTICIPATION REQUIREMENTS.—Section  
24 401(a)(26) is amended by adding at the end the following  
25 new subparagraph:

1 “(I) PROTECTED PARTICIPANTS.—

2 “(i) IN GENERAL.—A plan shall be  
3 deemed to satisfy the requirements of sub-  
4 paragraph (A) if—

5 “(I) the plan is amended—

6 “(aa) to cease all benefit ac-  
7 cruals, or

8 “(bb) to provide future ben-  
9 efit accruals only to a closed  
10 class of participants,

11 “(II) the plan satisfies subpara-  
12 graph (A) (without regard to this sub-  
13 paragraph) as of the effective date of  
14 the amendment, and

15 “(III) the amendment was adopt-  
16 ed before April 5, 2017, or the plan is  
17 described in clause (ii).

18 “(ii) PLANS DESCRIBED.—A plan is  
19 described in this clause if the plan would  
20 be described in subsection (o)(1)(C), as ap-  
21 plied for purposes of subsection  
22 (o)(1)(B)(iii)(IV) and by treating the effec-  
23 tive date of the amendment as the date the  
24 class was closed for purposes of subsection  
25 (o)(1)(C).

1           “(iii) SPECIAL RULES.—For purposes  
2           of clause (i)(II), in applying section  
3           410(b)(6)(C), the amendments described in  
4           clause (i) shall not be treated as a signifi-  
5           cant change in coverage under section  
6           410(b)(6)(C)(i)(II).

7           “(iv) SPUN-OFF PLANS.—For pur-  
8           poses of this subparagraph, if a portion of  
9           a plan described in clause (i) is spun off to  
10          another employer, the treatment under  
11          clause (i) of the spun-off plan shall con-  
12          tinue with respect to the other employer.”.

13          (c) EFFECTIVE DATE.—

14               (1) IN GENERAL.—Except as provided in para-  
15               graph (2), the amendments made by this section  
16               shall take effect on the date of the enactment of this  
17               Act, without regard to whether any plan modifica-  
18               tions referred to in such amendments are adopted or  
19               effective before, on, or after such date of enactment.

20               (2) SPECIAL RULES.—

21                       (A) ELECTION OF EARLIER APPLICA-  
22                       TION.—At the election of the plan sponsor, the  
23                       amendments made by this section shall apply to  
24                       plan years beginning after December 31, 2013.

1 (B) CLOSED CLASSES OF PARTICIPANTS.—

2 For purposes of paragraphs (1)(A)(iii),  
3 (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o)  
4 of the Internal Revenue Code of 1986 (as added  
5 by this section), a closed class of participants  
6 shall be treated as being closed before April 5,  
7 2017, if the plan sponsor's intention to create  
8 such closed class is reflected in formal written  
9 documents and communicated to participants  
10 before such date.

11 (C) CERTAIN POST-ENACTMENT PLAN  
12 AMENDMENTS.—A plan shall not be treated as  
13 failing to be eligible for the application of sec-  
14 tion 401(o)(1)(A), 401(o)(1)(B)(iii), or  
15 401(a)(26) of such Code (as added by this sec-  
16 tion) to such plan solely because in the case  
17 of—

18 (i) such section 401(o)(1)(A), the plan  
19 was amended before the date of the enact-  
20 ment of this Act to eliminate 1 or more  
21 benefits, rights, or features, and is further  
22 amended after such date of enactment to  
23 provide such previously eliminated benefits,  
24 rights, or features to a closed class of par-  
25 ticipants, or

1                   (ii) such section 401(o)(1)(B)(iii) or  
2                   section 401(a)(26), the plan was amended  
3                   before the date of the enactment of this  
4                   Act to cease all benefit accruals, and is  
5                   further amended after such date of enact-  
6                   ment to provide benefit accruals to a closed  
7                   class of participants. Any such section  
8                   shall only apply if the plan otherwise meets  
9                   the requirements of such section and in ap-  
10                  plying such section, the date the class of  
11                  participants is closed shall be the effective  
12                  date of the later amendment.

13 **SEC. 223. FIDUCIARY SAFE HARBOR FOR SELECTION OF**  
14 **LIFETIME INCOME PROVIDER.**

15           Section 404 of the Employee Retirement Income Se-  
16           curity Act of 1974 (29 U.S.C. 1104) is amended by adding  
17           at the end the following:

18           “(e) SAFE HARBOR FOR ANNUITY SELECTION.—

19                   “(1) IN GENERAL.—With respect to the selec-  
20                   tion of an insurer for a guaranteed retirement in-  
21                   come contract, the requirements of subsection  
22                   (a)(1)(B) will be deemed to be satisfied if a fidu-  
23                   ciary—

24                           “(A) engages in an objective, thorough,  
25                           and analytical search for the purpose of identi-



1           fying insurers from which to purchase such con-  
2           tracts;

3           “(B) with respect to each insurer identified  
4           under subparagraph (A)—

5           “(i) considers the financial capability  
6           of such insurer to satisfy its obligations  
7           under the guaranteed retirement income  
8           contract; and

9           “(ii) considers the cost (including fees  
10          and commissions) of the guaranteed retire-  
11          ment income contract offered by the in-  
12          surer in relation to the benefits and prod-  
13          uct features of the contract and adminis-  
14          trative services to be provided under such  
15          contract; and

16          “(C) on the basis of such consideration,  
17          concludes that—

18          “(i) at the time of the selection, the  
19          insurer is financially capable of satisfying  
20          its obligations under the guaranteed retire-  
21          ment income contract; and

22          “(ii) the relative cost of the selected  
23          guaranteed retirement income contract as  
24          described in subparagraph (B)(ii) is rea-  
25          sonable.

1           “(2) FINANCIAL CAPABILITY OF THE IN-  
2           SURER.—A fiduciary will be deemed to satisfy the  
3           requirements of paragraphs (1)(B)(i) and (1)(C)(i)  
4           if—

5                   “(A) the fiduciary obtains written rep-  
6           resentations from the insurer that—

7                           “(i) the insurer is licensed to offer  
8                           guaranteed retirement income contracts;

9                           “(ii) the insurer, at the time of selec-  
10                          tion and for each of the immediately pre-  
11                          ceding 7 plan years—

12                                   “(I) operates under a certificate  
13                                   of authority from the insurance com-  
14                                   missioner of its domiciliary State  
15                                   which has not been revoked or sus-  
16                                   pended;

17                                   “(II) has filed audited financial  
18                                   statements in accordance with the  
19                                   laws of its domiciliary State under ap-  
20                                   plicable statutory accounting prin-  
21                                   ciples;

22                                   “(III) maintains (and has main-  
23                                   tained) reserves which satisfies all the  
24                                   statutory requirements of all States  
25                                   where the insurer does business; and

1                   “(IV) is not operating under an  
2                   order of supervision, rehabilitation, or  
3                   liquidation;

4                   “(iii) the insurer undergoes, at least  
5                   every 5 years, a financial examination  
6                   (within the meaning of the law of its domi-  
7                   ciliary State) by the insurance commis-  
8                   sioner of the domiciliary State (or rep-  
9                   resentative, designee, or other party ap-  
10                  proved by such commissioner); and

11                  “(iv) the insurer will notify the fidu-  
12                  ciary of any change in circumstances oc-  
13                  curring after the provision of the represen-  
14                  tations in clauses (i), (ii), and (iii) which  
15                  would preclude the insurer from making  
16                  such representations at the time of  
17                  issuance of the guaranteed retirement in-  
18                  come contract; and

19                  “(B) after receiving such representations  
20                  and as of the time of selection, the fiduciary  
21                  has not received any notice described in sub-  
22                  paragraph (A)(iv) and is in possession of no  
23                  other information which would cause the fidu-  
24                  ciary to question the representations provided.

1           “(3) NO REQUIREMENT TO SELECT LOWEST  
2           COST.—Nothing in this subsection shall be construed  
3           to require a fiduciary to select the lowest cost con-  
4           tract. A fiduciary may consider the value of a con-  
5           tract, including features and benefits of the contract  
6           and attributes of the insurer (including, without lim-  
7           itation, the insurer’s financial strength) in conjunc-  
8           tion with the cost of the contract.

9           “(4) TIME OF SELECTION.—

10           “(A) IN GENERAL.—For purposes of this  
11           subsection, the time of selection is—

12           “(i) the time that the insurer and the  
13           contract are selected for distribution of  
14           benefits to a specific participant or bene-  
15           ficiary; or

16           “(ii) if the fiduciary periodically re-  
17           views the continuing appropriateness of the  
18           conclusion described in paragraph (1)(C)  
19           with respect to a selected insurer, taking  
20           into account the considerations described  
21           in such paragraph, the time that the in-  
22           surer and the contract are selected to pro-  
23           vide benefits at future dates to participants  
24           or beneficiaries under the plan.

1           Nothing in the preceding sentence shall be con-  
2           strued to require the fiduciary to review the ap-  
3           propriateness of a selection after the purchase  
4           of a contract for a participant or beneficiary.

5           “(B) PERIODIC REVIEW.—A fiduciary will  
6           be deemed to have conducted the periodic re-  
7           view described in subparagraph (A)(ii) if the fi-  
8           diciary obtains the written representations de-  
9           scribed in clauses (i), (ii), and (iii) of paragraph  
10          (2)(A) from the insurer on an annual basis, un-  
11          less the fiduciary receives any notice described  
12          in paragraph (2)(A)(iv) or otherwise becomes  
13          aware of facts that would cause the fiduciary to  
14          question such representations.

15          “(5) LIMITED LIABILITY.—A fiduciary which  
16          satisfies the requirements of this subsection shall not  
17          be liable following the distribution of any benefit, or  
18          the investment by or on behalf of a participant or  
19          beneficiary pursuant to the selected guaranteed re-  
20          tirement income contract, for any losses that may  
21          result to the participant or beneficiary due to an in-  
22          surer’s inability to satisfy its financial obligations  
23          under the terms of such contract.

24          “(6) DEFINITIONS.—For purposes of this sub-  
25          section—

1           “(A) INSURER.—The term ‘insurer’ means  
2           an insurance company, insurance service, or in-  
3           surance organization, including affiliates of  
4           such companies.

5           “(B) GUARANTEED RETIREMENT INCOME  
6           CONTRACT.—The term ‘guaranteed retirement  
7           income contract’ means an annuity contract for  
8           a fixed term or a contract (or provision or fea-  
9           ture thereof) which provides guaranteed bene-  
10          fits annually (or more frequently) for at least  
11          the remainder of the life of the participant or  
12          the joint lives of the participant and the partici-  
13          pant’s designated beneficiary as part of an indi-  
14          vidual account plan.”.

15 **SEC. 224. DISCLOSURE REGARDING LIFETIME INCOME.**

16          (a) IN GENERAL.—Subparagraph (B) of section  
17 105(a)(2) of the Employee Retirement Income Security  
18 Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

19               (1) in clause (i), by striking “and” at the end;

20               (2) in clause (ii), by striking “diversification.”

21           and inserting “diversification, and”; and

22               (3) by inserting at the end the following:

23                       “(iii) the lifetime income disclosure  
24                       described in subparagraph (D)(i).

1           In the case of pension benefit statements de-  
2           scribed in clause (i) of paragraph (1)(A), a life-  
3           time income disclosure under clause (iii) of this  
4           subparagraph shall be required to be included  
5           in only one pension benefit statement during  
6           any one 12-month period.”.

7           (b) LIFETIME INCOME.—Paragraph (2) of section  
8   105(a) of the Employee Retirement Income Security Act  
9   of 1974 (29 U.S.C. 1025(a)) is amended by adding at the  
10   end the following new subparagraph:

11                   “(D) LIFETIME INCOME DISCLOSURE.—

12                           “(i) IN GENERAL.—

13                                   “(I) DISCLOSURE.—A lifetime in-  
14                                   come disclosure shall set forth the life-  
15                                   time income stream equivalent of the  
16                                   total benefits accrued with respect to  
17                                   the participant or beneficiary.

18                                   “(II) LIFETIME INCOME STREAM  
19                                   EQUIVALENT OF THE TOTAL BENE-  
20                                   FITS ACCRUED.—For purposes of this  
21                                   subparagraph, the term ‘lifetime in-  
22                                   come stream equivalent of the total  
23                                   benefits accrued’ means the amount of  
24                                   monthly payments the participant or  
25                                   beneficiary would receive if the total

1 accrued benefits of such participant or  
2 beneficiary were used to provide life-  
3 time income streams described in sub-  
4 clause (III), based on assumptions  
5 specified in rules prescribed by the  
6 Secretary.

7 “(III) LIFETIME INCOME  
8 STREAMS.—The lifetime income  
9 streams described in this subclause  
10 are a qualified joint and survivor an-  
11 nuity (as defined in section 205(d)),  
12 based on assumptions specified in  
13 rules prescribed by the Secretary, in-  
14 cluding the assumption that the par-  
15 ticipant or beneficiary has a spouse of  
16 equal age, and a single life annuity.  
17 Such lifetime income streams may  
18 have a term certain or other features  
19 to the extent permitted under rules  
20 prescribed by the Secretary.

21 “(ii) MODEL DISCLOSURE.—Not later  
22 than 1 year after the date of the enact-  
23 ment of the Retirement Enhancement and  
24 Savings Act of 2018, the Secretary shall  
25 issue a model lifetime income disclosure,



1 written in a manner so as to be understood  
2 by the average plan participant, which—

3 “(I) explains that the lifetime in-  
4 come stream equivalent is only pro-  
5 vided as an illustration;

6 “(II) explains that the actual  
7 payments under the lifetime income  
8 stream described in clause (i)(III)  
9 which may be purchased with the  
10 total benefits accrued will depend on  
11 numerous factors and may vary sub-  
12 stantially from the lifetime income  
13 stream equivalent in the disclosures;

14 “(III) explains the assumptions  
15 upon which the lifetime income stream  
16 equivalent was determined; and

17 “(IV) provides such other similar  
18 explanations as the Secretary con-  
19 siders appropriate.

20 “(iii) ASSUMPTIONS AND RULES.—  
21 Not later than 1 year after the date of the  
22 enactment of the Retirement Enhancement  
23 and Savings Act of 2018, the Secretary  
24 shall—

1                   “(I) prescribe assumptions which  
2                   administrators of individual account  
3                   plans may use in converting total ac-  
4                   crued benefits into lifetime income  
5                   stream equivalents for purposes of  
6                   this subparagraph; and

7                   “(II) issue interim final rules  
8                   under clause (i).

9                   In prescribing assumptions under sub-  
10                  clause (I), the Secretary may prescribe a  
11                  single set of specific assumptions (in which  
12                  case the Secretary may issue tables or fac-  
13                  tors which facilitate such conversions), or  
14                  ranges of permissible assumptions. To the  
15                  extent that an accrued benefit is or may be  
16                  invested in a lifetime income stream de-  
17                  scribed in clause (i)(III), the assumptions  
18                  prescribed under subclause (I) shall, to the  
19                  extent appropriate, permit administrators  
20                  of individual account plans to use the  
21                  amounts payable under such lifetime in-  
22                  come stream as a lifetime income stream  
23                  equivalent.

24                  “(iv) LIMITATION ON LIABILITY.—No  
25                  plan fiduciary, plan sponsor, or other per-

1 son shall have any liability under this title  
2 solely by reason of the provision of lifetime  
3 income stream equivalents which are de-  
4 rived in accordance with the assumptions  
5 and rules described in clause (iii) and  
6 which include the explanations contained in  
7 the model lifetime income disclosure de-  
8 scribed in clause (ii). This clause shall  
9 apply without regard to whether the provi-  
10 sion of such lifetime income stream equiva-  
11 lent is required by subparagraph (B)(iii).

12 “(v) EFFECTIVE DATE.—The require-  
13 ment in subparagraph (B)(iii) shall apply  
14 to pension benefit statements furnished  
15 more than 12 months after the latest of  
16 the issuance by the Secretary of—

17 “(I) interim final rules under  
18 clause (i);

19 “(II) the model disclosure under  
20 clause (ii); or

21 “(III) the assumptions under  
22 clause (iii).”.

1 **SEC. 225. MODIFICATION OF PBGC PREMIUMS FOR CSEC**  
2 **PLANS.**

3 (a) **FLAT RATE PREMIUM.**—Subparagraph (A) of  
4 section 4006(a)(3) of the Employee Retirement Income  
5 Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amend-  
6 ed—

7 (1) in clause (i), by striking “plan,” and insert-  
8 ing “plan other than a CSEC plan (as defined in  
9 section 210(f)(1))”;

10 (2) in clause (v), by striking “or” at the end;

11 (3) in clause (vi), by striking the period at the  
12 end and inserting “, or”; and

13 (4) by adding at the end the following new  
14 clause:

15 “(vii) in the case of a CSEC plan (as  
16 defined in section 210(f)(1)), for plan  
17 years beginning after December 31, 2018,  
18 for each individual who is a participant in  
19 such plan during the plan year an amount  
20 equal to the sum of—

21 “(I) the additional premium (if  
22 any) determined under subparagraph  
23 (E), and

24 “(II) \$19.”.

25 (b) **VARIABLE RATE PREMIUM.**—

26 (1) **UNFUNDED VESTED BENEFITS.**—

1 (A) IN GENERAL.—Subparagraph (E) of  
2 section 4006(a)(3) of the Employee Retirement  
3 Income Security Act of 1974 (29 U.S.C.  
4 1306(a)(3)) is amended by adding at the end  
5 the following new clause:

6 “(v) For purposes of clause (ii), in the  
7 case of a CSEC plan (as defined in section  
8 210(f)(1)), the term ‘unfunded vested ben-  
9 efits’ means, for plan years beginning after  
10 December 31, 2018, the excess (if any)  
11 of—

12 “(I) the funding liability of the  
13 plan as determined under section  
14 306(j)(5)(C) for the plan year by only  
15 taking into account vested benefits,  
16 over

17 “(II) the fair market value of  
18 plan assets for the plan year which  
19 are held by the plan on the valuation  
20 date.”.

21 (B) CONFORMING AMENDMENT.—Clause  
22 (iii) of section 4006(a)(3)(E) of such Act (29  
23 U.S.C. 1306(a)(3)(E)) is amended by striking  
24 “For purposes” and inserting “Except as pro-  
25 vided in clause (v), for purposes”.

1 (2) APPLICABLE DOLLAR AMOUNT.—

2 (A) IN GENERAL.—Paragraph (8) of sec-  
3 tion 4006(a) of such Act (29 U.S.C. 1306(a))  
4 is amended by adding at the end the following  
5 new subparagraph:

6 “(E) CSEC PLANS.—In the case of a  
7 CSEC plan (as defined in section 210(f)(1)),  
8 the applicable dollar amount shall be \$9.”.

9 (B) CONFORMING AMENDMENT.—Subpara-  
10 graph (A) of section 4006(a)(8) of such Act (29  
11 U.S.C. 1306(a)(8)) is amended by striking “(B)  
12 and (C)” and inserting “(B), (C), and (E)”.

13 **Subtitle C—Other Savings**  
14 **Provisions**

15 **SEC. 231. EXPANSION OF SECTION 529 PLANS.**

16 (a) DISTRIBUTIONS FOR CERTAIN EXPENSES ASSO-  
17 CIATED WITH REGISTERED APPRENTICESHIP PRO-  
18 GRAMS.—Section 529(c) of the Internal Revenue Code of  
19 1986 is amended by adding at the end the following new  
20 paragraph:

21 “(8) TREATMENT OF CERTAIN EXPENSES ASSO-  
22 CIATED WITH REGISTERED APPRENTICESHIP PRO-  
23 GRAMS.—Any reference in this subsection to the  
24 term ‘qualified higher education expense’ shall in-  
25 clude a reference to expenses for fees, books, sup-

1 plies, and equipment required for the participation  
2 of a designated beneficiary in an apprenticeship pro-  
3 gram registered and certified with the Secretary of  
4 Labor under section 1 of the National Apprenticeship  
5 Act (29 U.S.C. 50).”.

6 (b) DISTRIBUTIONS FOR CERTAIN HOMESCHOOLING  
7 EXPENSES.—Section 529(c)(7) of such Code is amended  
8 by striking “include a reference to” and all that follows  
9 and inserting “include a reference to—

10 “(A) expenses for tuition in connection  
11 with enrollment or attendance of a designated  
12 beneficiary at an elementary or secondary pub-  
13 lic, private, or religious school, and

14 “(B) expenses, with respect to a des-  
15 ignated beneficiary, for—

16 “(i) curriculum and curricular mate-  
17 rials,

18 “(ii) books or other instructional ma-  
19 terials,

20 “(iii) online educational materials,

21 “(iv) tuition for tutoring or edu-  
22 cational classes outside of the home (but  
23 only if the tutor or class instructor is not  
24 related (within the meaning of section  
25 152(d)(2)) to the student),

1 “(v) dual enrollment in an institution  
2 of higher education, and

3 “(vi) educational therapies for stu-  
4 dents with disabilities,

5 in connection with a homeschool (whether treat-  
6 ed as a homeschool or a private school for pur-  
7 poses of applicable State law).”.

8 (c) DISTRIBUTIONS FOR QUALIFIED EDUCATION  
9 LOAN REPAYMENTS.—

10 (1) IN GENERAL.—Section 529(e) of such Code,  
11 as amended by subsection (a), is amended by adding  
12 at the end the following new paragraph:

13 “(9) TREATMENT OF QUALIFIED EDUCATION  
14 LOAN REPAYMENTS.—

15 “(A) IN GENERAL.—Any reference in this  
16 subsection to the term ‘qualified higher edu-  
17 cation expense’ shall include a reference to  
18 amounts paid as principal or interest on any  
19 qualified education loan (as defined in section  
20 221(d)) of the designated beneficiary or a sib-  
21 ling of the designated beneficiary.

22 “(B) LIMITATION.—The amount of dis-  
23 tributions treated as a qualified higher edu-  
24 cation expense under this paragraph with re-  
25 spect to the loans of any individual shall not ex-



1           ceed \$10,000 (reduced by the amount of dis-  
2           tributions so treated for all prior taxable years).

3           “(C) SPECIAL RULES FOR SIBLINGS OF  
4           THE DESIGNATED BENEFICIARY.—

5                   “(i) SEPARATE ACCOUNTING.—For  
6                   purposes of subparagraph (B) and sub-  
7                   section (d), amounts treated as a qualified  
8                   higher education expense with respect to  
9                   the loans of a sibling of the designated  
10                  beneficiary shall be taken into account  
11                  with respect to such sibling and not with  
12                  respect to such designated beneficiary.

13                  “(ii) SIBLING DEFINED.—For pur-  
14                  poses of this paragraph, the term ‘sibling’  
15                  means an individual who bears a relation-  
16                  ship to the designated beneficiary which is  
17                  described in section 152(d)(2)(B).”.

18           (2) COORDINATION WITH DEDUCTION FOR STU-  
19           DENT LOAN INTEREST.—Section 221(e)(1) of such  
20           Code is amended by adding at the end the following:  
21           “The deduction otherwise allowable under subsection  
22           (a) (prior to the application of subsection (b)) to the  
23           taxpayer for any taxable year shall be reduced (but  
24           not below zero) by so much of the distributions  
25           treated as a qualified higher education expense

1 under section 529(c)(9) with respect to loans of the  
2 taxpayer as would be includible in gross income  
3 under section 529(c)(3)(A) for such taxable year but  
4 for such treatment.”.

5 (d) DISTRIBUTIONS FOR CERTAIN ELEMENTARY AND  
6 SECONDARY SCHOOL EXPENSES IN ADDITION TO TUI-  
7 TION.—Section 529(c)(7)(A), as amended by subsection  
8 (b), is amended to read as follows:

9 “(A) expenses described in section  
10 530(b)(3)(A)(i) in connection with enrollment  
11 or attendance of a designated beneficiary at an  
12 elementary or secondary public, private, or reli-  
13 gious school, and”.

14 (e) UNBORN CHILDREN ALLOWED AS ACCOUNT  
15 BENEFICIARIES.—Section 529(e) is amended by adding at  
16 the end the following new paragraph:

17 “(6) TREATMENT OF UNBORN CHILDREN.—

18 “(A) IN GENERAL.—Nothing shall prevent  
19 an unborn child from being treated as a des-  
20 ignated beneficiary or an individual under this  
21 section.

22 “(B) UNBORN CHILD.—For purposes of  
23 this paragraph—

24 “(i) IN GENERAL.—The term ‘unborn  
25 child’ means a child in utero.

1           “(ii) CHILD IN UTERO.—The term  
2           ‘child in utero’ means a member of the  
3           species homo sapiens, at any stage of de-  
4           velopment, who is carried in the womb.”.

5           (f) EFFECTIVE DATES.—

6           (1) IN GENERAL.—Except as otherwise pro-  
7           vided in this subsection, the amendments made by  
8           this section shall apply to distributions made after  
9           December 31, 2018.

10          (2) UNBORN CHILDREN ALLOWED AS ACCOUNT  
11          BENEFICIARIES.—The amendment made by sub-  
12          section (e) shall apply to contributions made after  
13          December 31, 2018.

14 **SEC. 232. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
15 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
16 **BIRTH OF CHILD OR ADOPTION.**

17          (a) IN GENERAL.—Section 72(t)(2) is amended by  
18          adding at the end the following new subparagraph:

19                 “(H) DISTRIBUTIONS FROM RETIREMENT  
20                 PLANS IN CASE OF BIRTH OF CHILD OR ADOP-  
21                 TION.—

22                         “(i) IN GENERAL.—Any qualified  
23                         birth or adoption distribution.

24                         “(ii) LIMITATION.—The aggregate  
25                         amount which may be treated as qualified

1 birth or adoption distributions by any indi-  
2 vidual with respect to any birth or adop-  
3 tion shall not exceed \$7,500.

4 “(iii) QUALIFIED BIRTH OR ADOPTION  
5 DISTRIBUTION.—For purposes of this sub-  
6 paragraph—

7 “(I) IN GENERAL.—The term  
8 ‘qualified birth or adoption distribu-  
9 tion’ means any distribution from an  
10 applicable eligible retirement plan to  
11 an individual if made during the 1-  
12 year period beginning on the date on  
13 which a child of the individual is born  
14 or on which the legal adoption by the  
15 individual of an eligible child is final-  
16 ized.

17 “(II) ELIGIBLE CHILD.—The  
18 term ‘eligible child’ means any indi-  
19 vidual (other than a child of the tax-  
20 payer’s spouse) who has not attained  
21 age 18 or is physically or mentally in-  
22 capable of self-support.

23 “(iv) TREATMENT OF PLAN DISTRIBUTIONS.—  
24

1           “(I) IN GENERAL.—If a distribu-  
2           tion to an individual would (without  
3           regard to clause (ii)) be a qualified  
4           birth or adoption distribution, a plan  
5           shall not be treated as failing to meet  
6           any requirement of this title merely  
7           because the plan treats the distribu-  
8           tion as a qualified birth or adoption  
9           distribution, unless the aggregate  
10          amount of such distributions from all  
11          plans maintained by the employer  
12          (and any member of any controlled  
13          group which includes the employer) to  
14          such individual exceeds \$7,500.

15           “(II) CONTROLLED GROUP.—For  
16          purposes of subclause (I), the term  
17          ‘controlled group’ means any group  
18          treated as a single employer under  
19          subsection (b), (c), (m), or (o) of sec-  
20          tion 414.

21           “(v) AMOUNT DISTRIBUTED MAY BE  
22          REPAID.—

23           “(I) IN GENERAL.—Any indi-  
24          vidual who receives a qualified birth  
25          or adoption distribution may make

1 one or more contributions in an ag-  
2 gregate amount not to exceed the  
3 amount of such distribution to an ap-  
4 plicable eligible retirement plan of  
5 which such individual is a beneficiary  
6 and to which a rollover contribution of  
7 such distribution could be made under  
8 section 402(c), 403(a)(4), 403(b)(8),  
9 408(d)(3), or 457(e)(16), as the case  
10 may be.

11 “(II) LIMITATION ON CONTRIBU-  
12 TIONS TO APPLICABLE ELIGIBLE RE-  
13 TIREMENT PLANS OTHER THAN  
14 IRAS.—The aggregate amount of con-  
15 tributions made by an individual  
16 under subclause (I) to any applicable  
17 eligible retirement plan which is not  
18 an individual retirement plan shall not  
19 exceed the aggregate amount of quali-  
20 fied birth or adoption distributions  
21 which are made from such plan to  
22 such individual. Subclause (I) shall  
23 not apply to contributions to any ap-  
24 plicable eligible retirement plan which  
25 is not an individual retirement plan

1 unless the individual is eligible to  
2 make contributions (other than those  
3 described in subclause (I)) to such ap-  
4 plicable eligible retirement plan.

5 “(III) TREATMENT OF REPAY-  
6 MENTS OF DISTRIBUTIONS FROM AP-  
7 PPLICABLE ELIGIBLE RETIREMENT  
8 PLANS OTHER THAN IRAS.—If a con-  
9 tribution is made under subclause (I)  
10 with respect to a qualified birth or  
11 adoption distribution from an applica-  
12 ble eligible retirement plan other than  
13 an individual retirement plan, then  
14 the taxpayer shall, to the extent of the  
15 amount of the contribution, be treated  
16 as having received such distribution in  
17 an eligible rollover distribution (as de-  
18 fined in section 402(c)(4)) and as  
19 having transferred the amount to the  
20 applicable eligible retirement plan in a  
21 direct trustee to trustee transfer with-  
22 in 60 days of the distribution.

23 “(IV) TREATMENT OF REPAY-  
24 MENTS FOR DISTRIBUTIONS FROM  
25 IRAS.—If a contribution is made

1 under subclause (I) with respect to a  
2 qualified birth or adoption distribution  
3 from an individual retirement plan,  
4 then, to the extent of the amount of  
5 the contribution, such distribution  
6 shall be treated as a distribution de-  
7 scribed in section 408(d)(3) and as  
8 having been transferred to the appli-  
9 cable eligible retirement plan in a di-  
10 rect trustee to trustee transfer within  
11 60 days of the distribution.

12 “(vi) DEFINITION AND SPECIAL  
13 RULES.—For purposes of this subpara-  
14 graph—

15 “(I) APPLICABLE ELIGIBLE RE-  
16 TIREMENT PLAN.—The term ‘applica-  
17 ble eligible retirement plan’ means an  
18 eligible retirement plan (as defined in  
19 section 402(c)(8)(B)) other than a de-  
20 fined benefit plan.

21 “(II) EXEMPTION OF DISTRIBU-  
22 TIONS FROM TRUSTEE TO TRUSTEE  
23 TRANSFER AND WITHHOLDING  
24 RULES.—For purposes of sections  
25 401(a)(31), 402(f), and 3405, a quali-



1           fied birth or adoption distribution  
2           shall not be treated as an eligible roll-  
3           over distribution.

4                   “(III) TAXPAYER MUST INCLUDE  
5           TIN.—A distribution shall not be  
6           treated as a qualified birth or adop-  
7           tion distribution with respect to any  
8           child or eligible child unless the tax-  
9           payer includes the name, age, and  
10          TIN of such child or eligible child on  
11          the taxpayer’s return of tax for the  
12          taxable year.

13                   “(IV) DISTRIBUTIONS TREATED  
14          AS MEETING PLAN DISTRIBUTION RE-  
15          QUIREMENTS.—Any qualified birth or  
16          adoption distribution shall be treated  
17          as meeting the requirements of sec-  
18          tions                   401(k)(2)(B)(i),  
19          403(b)(7)(A)(ii), 403(b)(11), and  
20          457(d)(1)(A).”.

21          (b) EFFECTIVE DATE.—The amendments made by  
22          this section shall apply to distributions made after Decem-  
23          ber 31, 2018.

1 **TITLE III—REPEAL OR DELAY OF**  
2 **CERTAIN HEALTH-RELATED**  
3 **TAXES**

4 **SEC. 301. EXTENSION OF MORATORIUM ON MEDICAL DE-**  
5 **VICE EXCISE TAX.**

6 Section 4191(c) of the Internal Revenue Code of  
7 1986 is amended by striking “December 31, 2019” and  
8 inserting “December 31, 2024”.

9 **SEC. 302. DELAY IN IMPLEMENTATION OF EXCISE TAX ON**  
10 **HIGH COST EMPLOYER-SPONSORED HEALTH**  
11 **COVERAGE.**

12 Section 9001(c) of the Patient Protection and Afford-  
13 able Care Act is amended by striking “December 31,  
14 2021” and inserting “December 31, 2022”.

15 **SEC. 303. EXTENSION OF SUSPENSION OF ANNUAL FEE ON**  
16 **HEALTH INSURANCE PROVIDERS.**

17 Section 9010(j)(3) of the Patient Protection and Af-  
18 fordable Care Act is amended by striking “December 31,  
19 2019” and inserting “December 31, 2021”.

20 **SEC. 304. REPEAL OF EXCISE TAX ON INDOOR TANNING**  
21 **SERVICES.**

22 (a) IN GENERAL.—Subtitle D of the Internal Rev-  
23 enue Code of 1986 is amended by striking chapter 49 and  
24 by striking the item relating to such chapter in the table  
25 of chapters of such subtitle.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to services performed in calendar  
3 quarters beginning more than 30 days after the date of  
4 the enactment of this Act.

## 5 **TITLE IV—OTHER PROVISIONS**

### 6 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO PUBLIC**

#### 7 **LAW 115–97.**

8 (a) AMENDMENT RELATING TO SECTION 11011.—  
9 Section 852(b) is amended by adding at the end the fol-  
10 lowing:

11 “(10) TREATMENT BY SHAREHOLDERS OF  
12 QUALIFIED REIT DIVIDENDS AND QUALIFIED PUB-  
13 LICLY TRADED PARTNERSHIP INCOME.—

14 “(A) IN GENERAL.—A shareholder of a  
15 regulated investment company shall take into  
16 account for purposes of section  
17 199A(b)(1)(B)—

18 “(i) as a qualified REIT dividend the  
19 amount which is reported by the company  
20 (in written statements furnished to its  
21 shareholders) as being attributable to  
22 qualified REIT dividends received by the  
23 company, and

24 “(ii) as qualified publicly traded part-  
25 nership income the amount which is re-

1           ported by the company (in written state-  
2           ments furnished to its shareholders) as  
3           being attributable to qualified publicly  
4           traded partnership income of the company.

5           “(B) EXCESS REPORTED AMOUNTS.—  
6           Rules similar to the rules of clauses (ii) and  
7           (iii) of paragraph (5)(A) shall apply for pur-  
8           poses of this paragraph.

9           “(C) NEGATIVE QUALIFIED PUBLICLY  
10          TRADED PARTNERSHIP INCOME REQUIRED TO  
11          BE TAKEN INTO ACCOUNT.—If the qualified  
12          publicly traded partnership income of the com-  
13          pany is less than zero, such income shall be re-  
14          ported by the company under subparagraph  
15          (A)(ii).

16          “(D) REGULATIONS.—The Secretary shall  
17          issue such regulations or other guidance as may  
18          be necessary or appropriate to carry out the  
19          purposes of this paragraph.”.

20          (b) AMENDMENTS RELATING TO SECTION 13204.—

21                 (1) Section 168(e)(3)(E) is amended by striking  
22                 “and” at the end of clause (v), by striking the pe-  
23                 riod at the end of clause (vi) and inserting “, and”,  
24                 and by adding at the end the following new clause:

1 “(vii) any qualified improvement prop-  
2 erty.”.

3 (2) The table contained in subparagraph (B) of  
4 section 168(g)(3) is amended—

5 (A) by striking the item relating to sub-  
6 paragraph (D)(v), and

7 (B) by inserting after the item relating to  
8 subparagraph (E)(vi) the following new item:

“(E)(vii) ..... 20”.

9 (c) AMENDMENT RELATING TO SECTION 13302.—

10 Section 13302(e)(2) of Public Law 115-97 is amended by  
11 striking “ending” and inserting “beginning”.

12 (d) AMENDMENT RELATING TO SECTION 13307.—

13 Section 162(q)(2) is amended by inserting “in the case  
14 of the taxpayer for whom a deduction is disallowed by rea-  
15 son of paragraph (1),” before “attorney’s fees”.

16 (e) AMENDMENT RELATING TO SECTION 14103.—

17 (1) IN GENERAL.—Section 965(h) is amended  
18 by adding at the end the following new paragraph:

19 “(7) INSTALLMENTS NOT TO PREVENT CREDIT  
20 OR REFUND OF OVERPAYMENTS OR INCREASE ESTI-  
21 MATED TAXES.—If an election is made under para-  
22 graph (1) to pay the net tax liability under this sec-  
23 tion in installments—

24 “(A) no installment of such net tax liabil-  
25 ity shall—

1           “(i) in the case of a request for credit  
2           or refund, be taken into account as a li-  
3           ability for purposes of determining whether  
4           an overpayment exists for purposes of sec-  
5           tion 6402 before the date on which such  
6           installment is due, or

7           “(ii) for purposes of sections 6425,  
8           6654, and 6655, be treated as a tax im-  
9           posed by section 1, section 11, or sub-  
10          chapter L of chapter 1, and

11          “(B) the first sentence of section 6403  
12          shall not apply with respect to any such install-  
13          ment.”.

14          (2) LIMITATION ON PAYMENT OF INTEREST.—  
15          In the case of the portion of any overpayment which  
16          exists by reason of the application of section  
17          965(h)(7) of the Internal Revenue Code of 1986 (as  
18          added by this subsection)—

19                 (A) if credit or refund of such portion is  
20                 made on or before the date which is 45 days  
21                 after the date of the enactment of this Act, no  
22                 interest shall be payable under section 6611 of  
23                 such Code with respect to such portion, and

24                 (B) if credit or refund of such portion is  
25                 made after the date which is 45 days after the

1 date of the enactment of this Act, no interest  
2 shall be payable under section 6611 of such  
3 Code with respect to such portion for any pe-  
4 riod before the date of the enactment of this  
5 Act.

6 (f) AMENDMENTS RELATING TO SECTION 14213.—

7 (1) Section 958(b) is amended—

8 (A) by inserting after paragraph (3) the  
9 following:

10 “(4) Subparagraphs (A), (B), and (C) of sec-  
11 tion 318(a)(3) shall not be applied so as to consider  
12 a United States person as owning stock which is  
13 owned by a person who is not a United States per-  
14 son.”, and

15 (B) by striking “Paragraph (1)” in the  
16 last sentence and inserting “Paragraphs (1)  
17 and (4)”.

18 (2) Subpart F of part III of subchapter N of  
19 chapter 1 is amended by inserting after section  
20 951A the following new section:

1 **“SEC. 951B. AMOUNTS INCLUDED IN GROSS INCOME OF**  
2 **FOREIGN CONTROLLED UNITED STATES**  
3 **SHAREHOLDERS.**

4 “(a) IN GENERAL.—In the case of any foreign con-  
5 trolled United States shareholder of a foreign controlled  
6 foreign corporation—

7 “(1) this subpart (other than sections 951A,  
8 951(b), 957, and 965) shall be applied with respect  
9 to such shareholder (separately from, and in addi-  
10 tion to, the application of this subpart without re-  
11 gard to this section)—

12 “(A) by substituting ‘foreign controlled  
13 United States shareholder’ for ‘United States  
14 shareholder’ each place it appears therein, and

15 “(B) by substituting ‘foreign controlled  
16 foreign corporation’ for ‘controlled foreign cor-  
17 poration’ each place it appears therein, and

18 “(2) sections 951A and 965 shall be applied  
19 with respect to such shareholder —

20 “(A) by treating each reference to ‘United  
21 States shareholder’ in such section as including  
22 a reference to such shareholder, and

23 “(B) by treating each reference to ‘con-  
24 trolled foreign corporation’ in such section as  
25 including a reference to such foreign controlled  
26 foreign corporation.



1       “(b) FOREIGN CONTROLLED UNITED STATES  
2 SHAREHOLDER.—For purposes of this section, the term  
3 ‘foreign controlled United States shareholder’ means, with  
4 respect to any foreign corporation, any United States per-  
5 son which would be a United States shareholder with re-  
6 spect to such foreign corporation if—

7               “(1) section 951(b) were applied by substituting  
8       ‘more than 50 percent’ for ‘10 percent or more’, and

9               “(2) section 958(b) were applied without regard  
10       to paragraph (4) thereof.

11       “(c) FOREIGN CONTROLLED FOREIGN CORPORA-  
12 TION.—For purposes of this section, the term ‘foreign con-  
13 trolled foreign corporation’ means a foreign corporation,  
14 other than a controlled foreign corporation, which would  
15 be a controlled foreign corporation if section 957(a) were  
16 applied—

17               “(1) by substituting ‘foreign controlled United  
18       States shareholders’ for ‘United States share-  
19       holders’, and

20               “(2) by substituting ‘section 958(b) (other than  
21       paragraph (4) thereof)’ for ‘section 958(b)’.

22       “(d) REGULATIONS.—The Secretary shall prescribe  
23 such regulations or other guidance as may be necessary  
24 or appropriate to carry out the purposes of this section,  
25 including regulations or other guidance—

1           “(1) to treat a foreign controlled United States  
2           shareholder or a foreign controlled foreign corpora-  
3           tion as a United States shareholder or as a con-  
4           trolled foreign corporation, respectively, for purposes  
5           of provisions of this title other than this subpart,  
6           and

7           “(2) to prevent the avoidance of the purposes of  
8           this section.”.

9           (3) The amendments made by paragraphs (1)  
10          and (2) shall apply to—

11           (A) the last taxable year of foreign cor-  
12           porations beginning before January 1, 2018,  
13           and each subsequent taxable year of such for-  
14           eign corporations, and

15           (B) taxable years of United States persons  
16           in which or with which such taxable years of  
17           foreign corporations end.

18          (g) EFFECTIVE DATES.—Except as otherwise pro-  
19          vided in this section, the amendments made by this section  
20          shall take effect as if included in the provision of Public  
21          Law 115-97 to which they relate.

1 **SEC. 402. CLARIFICATION OF TREATMENT OF VETERANS AS**  
2 **SPECIFIED GROUP FOR PURPOSES OF THE**  
3 **LOW-INCOME HOUSING TAX CREDIT.**

4 For purposes of section 42(g)(9)(B) of the Internal  
5 Revenue Code of 1986, veterans shall not fail to be treated  
6 as a specified group under a Federal program.

7 **SEC. 403. CLARIFICATION OF GENERAL PUBLIC USE RE-**  
8 **QUIREMENT FOR QUALIFIED RESIDENTIAL**  
9 **RENTAL PROJECTS.**

10 (a) **IN GENERAL.**—Section 142(d)(2) is amended by  
11 adding at the end the following new subparagraph:

12 “(F) **CLARIFICATION OF GENERAL PUBLIC USE**  
13 **REQUIREMENT.**—Rules similar to the rules of sec-  
14 tion 42(g)(9) shall apply for purposes of this sub-  
15 section.”.

16 (b) **EFFECTIVE DATE.**—The amendment made by  
17 this section shall apply to bonds issued before, on, or after  
18 the date of enactment of this Act.

19 **SEC. 404. FLOOR PLAN FINANCING APPLICABLE TO CER-**  
20 **TAIN TRAILERS AND CAMPERS.**

21 (a) **IN GENERAL.**—Section 163(j)(9)(C) is amended  
22 by adding at the end the following new flush sentence:

23 “Such term shall include any trailer or camper  
24 which is designed to provide temporary living  
25 quarters for recreational, camping, travel, or

1 seasonal use and is designed to be towed by, or  
2 affixed to, a motor vehicle.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2017.

6 **SEC. 405. REPEAL OF INCREASE IN UNRELATED BUSINESS**  
7 **TAXABLE INCOME BY DISALLOWED FRINGE.**

8 (a) **IN GENERAL.**—Section 512(a) is amended by  
9 striking paragraph (7).

10 (b) **EFFECTIVE DATE.**—The amendment made by  
11 this section shall take effect as if included in section  
12 13703 of Public Law 115-97.

13 **SEC. 406. CERTAIN PURCHASES OF EMPLOYEE-OWNED**  
14 **STOCK DISREGARDED FOR PURPOSES OF**  
15 **FOUNDATION TAX ON EXCESS BUSINESS**  
16 **HOLDINGS.**

17 (a) **IN GENERAL.**—Section 4943(c)(4)(A) is amended  
18 by adding at the end the following new clause:

19 “(v) **CERTAIN PURCHASES OF EM-**  
20 **PLOYEE-OWNED STOCK DISREGARDED.**—  
21 For purposes of clause (i), subparagraph  
22 (D), and paragraph (2), any voting stock  
23 which—

24 “(I) is not readily tradable on an  
25 established securities market,

1           “(II) is purchased by the busi-  
2           ness enterprise on or after January 1,  
3           2005, from a stock bonus or profit  
4           sharing plan described in section  
5           401(a) in which employees of such  
6           business enterprise participate, in con-  
7           nection with a distribution from such  
8           plan, and

9           “(III) is held by the business en-  
10          terprise as treasury stock, cancelled,  
11          or retired,

12          shall be treated as outstanding voting  
13          stock, but only to the extent so treating  
14          such stock would not result in permitted  
15          holdings exceeding 49 percent (determined  
16          without regard to this clause). The pre-  
17          ceding sentence shall not apply with re-  
18          spect to the purchase of stock from a plan  
19          during the 10-year period beginning on the  
20          date the plan is established.”

21          (b) EFFECTIVE DATE.—

22                 (1) IN GENERAL.—The amendments made by  
23          this section shall apply to taxable years ending after  
24          the date of enactment of this Act and to purchases  
25          by a business enterprise of voting stock in taxable

1 years beginning before, on, or after the date of en-  
2 actment of this Act.

3 (2) SPECIAL RULE FOR GRANDFATHERED  
4 FOUNDATIONS IN CASE OF DECREASE IN OWNER-  
5 SHIP BY REASON OF PRE-ENACTMENT PUR-  
6 CHASES.—Section 4943(c)(4)(A)(ii) of the Internal  
7 Revenue Code of 1986 shall not apply with respect  
8 to any decrease in the percentage of holdings in a  
9 business enterprise by reason of section  
10 4943(c)(4)(A)(v) of such Code (as added by this sec-  
11 tion).

12 **SEC. 407. ALLOWING 501(c)(3) ORGANIZATION TO MAKE**  
13 **STATEMENTS RELATING TO POLITICAL CAM-**  
14 **PAIGN IN ORDINARY COURSE OF CARRYING**  
15 **OUT ITS TAX EXEMPT PURPOSE.**

16 (a) IN GENERAL.—Section 501 of the Internal Rev-  
17 enue Code of 1986 is amended by adding at the end the  
18 following new subsection:

19 “(s) SPECIAL RULE RELATING TO POLITICAL CAM-  
20 PAIGN STATEMENTS OF ORGANIZATION DESCRIBED IN  
21 SUBSECTION (c)(3).—

22 “(1) IN GENERAL.—For purposes of subsection  
23 (c)(3) and sections 170(c)(2), 2055, 2106, 2522,  
24 and 4955, an organization shall not fail to be treat-  
25 ed as organized and operated exclusively for a pur-

1       pose described in subsection (c)(3), nor shall it be  
2       deemed to have participated in, or intervened in any  
3       political campaign on behalf of (or in opposition to)  
4       any candidate for public office, solely because of the  
5       content of any statement which—

6               “(A) is made in the ordinary course of the  
7               organization’s regular and customary activities  
8               in carrying out its exempt purpose, and

9               “(B) results in the organization incurring  
10              not more than de minimis incremental ex-  
11              penses.”.

12       (b) **EFFECTIVE DATE.**—The amendments made by  
13       this section shall apply to taxable years ending after the  
14       date of the enactment of this Act.

15       **SEC. 408. CHARITABLE ORGANIZATIONS PERMITTED TO**  
16                               **MAKE COLLEGIATE HOUSING AND INFRA-**  
17                               **STRUCTURE GRANTS.**

18       (a) **IN GENERAL.**—Section 501, as amended by the  
19       preceding provisions of this Act, is amended by adding at  
20       the end the following new subsection:

21               “(t) **TREATMENT OF ORGANIZATIONS MAKING COL-**  
22               **LEGIATE HOUSING AND INFRASTRUCTURE IMPROVEMENT**  
23               **GRANTS.**—

24                       “(1) **IN GENERAL.**—For purposes of subsection  
25               (c)(3) and sections 170(c)(2)(B), 2055(a)(2), and

1       2522(a)(2), an organization shall not fail to be  
2       treated as organized and operated exclusively for  
3       charitable or educational purposes solely because  
4       such organization makes collegiate housing and in-  
5       frastructure grants to an organization described in  
6       subsection (c)(7) which applies the grant to its colle-  
7       giate housing property.

8               “(2)     HOUSING     AND     INFRASTRUCTURE  
9       GRANTS.—For purposes of paragraph (1), collegiate  
10      housing and infrastructure grants are grants to pro-  
11      vide, improve, operate, or maintain collegiate hous-  
12      ing property that may involve more than incidental  
13      social, recreational, or private purposes, so long as  
14      such grants are for purposes that would be permis-  
15      sible for a dormitory or other residential facility of  
16      the college or university with which the collegiate  
17      housing property is associated. A grant shall not be  
18      treated as a collegiate housing and infrastructure  
19      grant for purposes of paragraph (1) to the extent  
20      that such grant is used to provide physical fitness  
21      facilities.

22               “(3)     COLLEGIATE HOUSING PROPERTY.—For  
23      purposes of this subsection, collegiate housing prop-  
24      erty is property in which, at the time of a grant or  
25      following the acquisition, lease, construction, or



1 modification of such property using such grant, sub-  
2 stantially all of the residents are full-time students  
3 at the college or university in the community where  
4 such property is located.

5 “(4) GRANTS TO CERTAIN ORGANIZATIONS  
6 HOLDING TITLE TO PROPERTY, ETC.—For purposes  
7 of this subsection, a collegiate housing and infra-  
8 structure grant to an organization described in sub-  
9 section (c)(2) or (c)(7) holding title to property ex-  
10 clusively for the benefit of an organization described  
11 in subsection (c)(7) shall be considered a grant to  
12 the organization described in subsection (c)(7) for  
13 whose benefit such property is held.”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to grants made in taxable years  
16 ending after the date of the enactment of this Act.

17 **SEC. 409. RESTRICTION ON REGULATION OF CONTINGENCY**  
18 **FEEES WITH RESPECT TO TAX RETURNS, ETC.**

19 The Secretary of the Treasury may not regulate, pro-  
20 hibit, or restrict the use of a contingent fee in connection  
21 with tax returns, claims for refund, or documents in con-  
22 nection with tax returns or claims for refund prepared on  
23 behalf of a taxpayer.

1     **DIVISION B—TAXPAYER FIRST**  
2                             **ACT OF 2018**

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

4             (a) **SHORT TITLE.**—This division may be cited as the  
5     “Taxpayer First Act of 2018”.

6             (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
7     wise expressly provided, whenever in this division an  
8     amendment or repeal is expressed in terms of an amend-  
9     ment to, or repeal of, a section or other provision, the ref-  
10    erence shall be considered to be made to a section or other  
11    provision of the Internal Revenue Code of 1986.

12            (c) **TABLE OF CONTENTS.**—The table of contents for  
13    this division 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. Development of online accounts and portals.

Sec. 2103. Internet platform for Form 1099 filings.

Sec. 2104. 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. Requirement that electronically prepared paper returns include scannable code.
- Sec. 2305. 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. Electronic record retention.
- Sec. 3002. Prohibition on rehiring any employee of the Internal Revenue Service who was involuntarily separated from service for misconduct.
- Sec. 3003. 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.

Subtitle C—Tax Court

- Sec. 3301. Disqualification of judge or magistrate judge of the Tax Court.
- Sec. 3302. Opinions and judgments.
- Sec. 3303. Title of special trial judge changed to magistrate judge of the Tax Court.
- Sec. 3304. Repeal of deadwood related to Board of Tax Appeals.

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.—

1           “(1) ESTABLISHMENT.—There is established in  
2 the Internal Revenue Service an office to be known  
3 as the ‘Internal Revenue Service Independent Office  
4 of Appeals’.

5           “(2) CHIEF OF APPEALS.—

6           “(A) IN GENERAL.—The Internal Revenue  
7 Service Independent Office of Appeals shall be  
8 under the supervision and direction of an offi-  
9 cial to be known as the ‘Chief of Appeals’. The  
10 Chief of Appeals shall report directly to the  
11 Commissioner of the Internal Revenue Service  
12 and shall be entitled to compensation at the  
13 same rate as the highest rate of basic pay es-  
14 tablished for the Senior Executive Service under  
15 section 5382 of title 5, United States Code.

16           “(B) APPOINTMENT.—The Chief of Ap-  
17 peals shall be appointed by the Commissioner of  
18 the Internal Revenue Service without regard to  
19 the provisions of title 5, United States Code, re-  
20 lating to appointments in the competitive serv-  
21 ice or the Senior Executive Service.

22           “(C) QUALIFICATIONS.—An individual ap-  
23 pointed under subparagraph (B) shall have ex-  
24 perience and expertise in—

1 “(i) administration of, and compliance  
2 with, Federal tax laws,

3 “(ii) a broad range of compliance  
4 cases, and

5 “(iii) management of large service or-  
6 ganizations.

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

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

13 “(B) promotes a consistent application and  
14 interpretation of, and voluntary compliance  
15 with, the Federal tax laws, and

16 “(C) enhances public confidence in the in-  
17 tegrity and efficiency of the Internal Revenue  
18 Service.

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

22 “(5) LIMITATION ON DESIGNATION OF CASES  
23 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT  
24 OFFICE OF APPEALS.—

1           “(A) IN GENERAL.—If any taxpayer which  
2 is in receipt of a notice of deficiency authorized  
3 under section 6212 requests referral to the In-  
4 ternal Revenue Service Independent Office of  
5 Appeals and such request is denied, the Com-  
6 missioner of the Internal Revenue Service shall  
7 provide such taxpayer a written notice which—

8           “(i) provides a detailed description of  
9 the facts involved, the basis for the deci-  
10 sion to deny the request, and a detailed ex-  
11 planation of how the basis of such decision  
12 applies to such facts, and

13           “(ii) describes the procedures pre-  
14 scribed under subparagraph (C) for pro-  
15 testing the decision to deny the request.

16           “(B) REPORT TO CONGRESS.—The Com-  
17 missioner of the Internal Revenue Service shall  
18 submit a written report to Congress on an an-  
19 nual basis which includes the number of re-  
20 quests described in subparagraph (A) which  
21 were denied and the reasons (described by cat-  
22 egory) that such requests were denied.

23           “(C) PROCEDURES FOR PROTESTING DE-  
24 NIAL OF REQUEST.—The Commissioner of the  
25 Internal Revenue Service shall prescribe proce-

1           dures for protesting to the Commissioner of the  
2           Internal Revenue Service a denial of a request  
3           described in subparagraph (A).

4           “(D) NOT APPLICABLE TO FRIVOLOUS PO-  
5           SITIONS.—This paragraph shall not apply to a  
6           request for referral to the Internal Revenue  
7           Service Independent Office of Appeals which is  
8           denied on the basis that the issue involved is a  
9           frivolous position (within the meaning of section  
10          6702(c)).

11          “(6) STAFF.—

12           “(A) IN GENERAL.—All personnel in the  
13           Internal Revenue Service Independent Office of  
14           Appeals shall report to the Chief of Appeals.

15           “(B) ACCESS TO STAFF OF OFFICE OF  
16           THE CHIEF COUNSEL.—The Chief of Appeals  
17           shall have authority to obtain legal assistance  
18           and advice from the staff of the Office of the  
19           Chief Counsel. The Chief Counsel shall ensure  
20           that such assistance and advice is provided by  
21           staff of the Office of the Chief Counsel who  
22           were not involved in the case with respect to  
23           which such assistance and advice is sought and  
24           who are not involved in preparing such case for  
25           litigation.



1 “(7) ACCESS TO CASE FILES.—

2 “(A) IN GENERAL.—In any case in which  
3 a conference with the Internal Revenue Service  
4 Independent Office of Appeals has been sched-  
5 uled upon request of a specified taxpayer, the  
6 Chief of Appeals shall ensure that such tax-  
7 payer is provided access to the nonprivileged  
8 portions of the case file on record regarding the  
9 disputed issues (other than documents provided  
10 by the taxpayer to the Internal Revenue Serv-  
11 ice) not later than 10 days before the date of  
12 such conference.

13 “(B) TAXPAYER ELECTION TO EXPEDITE  
14 CONFERENCE.—If the taxpayer so elects, sub-  
15 paragraph (A) shall be applied by substituting  
16 ‘the date of such conference’ for ‘10 days before  
17 the date of such conference’.

18 “(C) SPECIFIED TAXPAYER.—For pur-  
19 poses of this paragraph—

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

22 “(I) in the case of any taxpayer  
23 who is a natural person, a taxpayer  
24 whose adjusted gross income does not

1 exceed \$400,000 for the taxable year  
2 to which the dispute relates, and

3 “(II) in the case of any other  
4 taxpayer, a taxpayer whose gross re-  
5 ceipts do not exceed \$5,000,000 for  
6 the taxable year to which the dispute  
7 relates.

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

11 (b) CONFORMING AMENDMENTS.—

12 (1) The following provisions are each amended  
13 by striking “Internal Revenue Service Office of Ap-  
14 peals” and inserting “Internal Revenue Service  
15 Independent Office of Appeals”:

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

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

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

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

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

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

23 (G) Subsections (a), (b)(1), (b)(2), and  
24 (c)(1) of section 7123.

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

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

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

5 (2) Section 7430(c)(2) is amended by striking  
6 “Internal Revenue Service Office of Appeals” each  
7 place it appears and inserting “Internal Revenue  
8 Service Independent Office of Appeals”.

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

11 (c) OTHER REFERENCES.—Any reference in any pro-  
12 vision of law, or regulation or other guidance, to the Inter-  
13 nal Revenue Service Office of Appeals shall be treated as  
14 a reference to the Internal Revenue Service Independent  
15 Office of Appeals.

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

21 (e) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as otherwise pro-  
23 vided in this subsection, the amendments made by  
24 this section shall take effect on the date of the en-  
25 actment of this Act.

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

## 6           **Subtitle B—Improved Service**

### 7           **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-** 8           **EGY.**

9           (a) IN GENERAL.—Not later than the date which is  
10          1 year after the date of the enactment of this Act, the  
11          Secretary of the Treasury shall submit to Congress a writ-  
12          ten comprehensive customer service strategy for the Inter-  
13          nal Revenue Service. Such strategy shall include—

14               (1) a plan to provide assistance to taxpayers  
15               that is secure, designed to meet reasonable taxpayer  
16               expectations, and adopts appropriate best practices  
17               of customer service provided in the private sector,  
18               including online services, telephone call back serv-  
19               ices, and training of employees providing customer  
20               services,

21               (2) a thorough assessment of the services that  
22               the Internal Revenue Service can co-locate with  
23               other Federal services or offer as self-service op-  
24               tions,

1           (3) proposals to improve Internal Revenue Serv-  
2           ice customer service in the short term (the current  
3           and following fiscal year), medium term (approx-  
4           imately 3 to 5 fiscal years), and long term (approx-  
5           imately 10 fiscal years),

6           (4) a plan to update guidance and training ma-  
7           terials for customer service employees of the Internal  
8           Revenue Service, including the Internal Revenue  
9           Manual, to reflect such strategy, and

10          (5) identified metrics and benchmarks for quan-  
11          titatively measuring the progress of the Internal  
12          Revenue Service in implementing such strategy.

13          (b) **UPDATED GUIDANCE AND TRAINING MATE-**  
14 **RIALS.**—Not later than 2 years after the date of the enact-  
15 ment of this Act, the Secretary of the Treasury (or the  
16 Secretary’s delegate) shall make available the updated  
17 guidance and training materials described in subsection  
18 (a)(4) (including the Internal Revenue Manual). Such up-  
19 dated guidance and training materials (including the In-  
20 ternal Revenue Manual) shall be written in a manner so  
21 as to be easily understood by customer service employees  
22 of the Internal Revenue Service and shall provide clear  
23 instructions.

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

25          (a) **IN GENERAL.**—

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

8           (2) The IRS Free File Program shall continue  
9           to provide free commercial-type online individual in-  
10          come tax preparation and electronic filing services to  
11          the lowest 70 percent of taxpayers by adjusted gross  
12          income. The number of taxpayers eligible to receive  
13          such services each year shall be calculated by the In-  
14          ternal Revenue Service annually based on prior year  
15          aggregate taxpayer adjusted gross income data.

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

21          (4) The IRS Free File Program shall continue  
22          to work cooperatively with the private sector to pro-  
23          vide the free individual income tax preparation and  
24          the electronic filing services described in paragraphs  
25          (2) and (3).

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

6           (b) INNOVATIONS.—The Secretary of the Treasury,  
7           or the Secretary’s delegate, shall work with the private  
8           sector through the IRS Free File Program to identify and  
9           implement, consistent with applicable law, innovative new  
10          program features to improve and simplify the taxpayer’s  
11          experience with completing and filing individual income  
12          tax returns through voluntary compliance.

13   **SEC. 1103. LOW-INCOME EXCEPTION FOR PAYMENTS OTH-**  
14                           **ERWISE REQUIRED IN CONNECTION WITH A**  
15                           **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

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

18                   “(3) EXCEPTION FOR LOW-INCOME TAX-  
19                   PAYERS.—Paragraph (1), and any user fee otherwise  
20                   required in connection with the submission of an  
21                   offer-in-compromise, shall not apply to any offer-in-  
22                   compromise with respect to a taxpayer who is an in-  
23                   dividual with adjusted gross income, as determined  
24                   for the most recent taxable year for which such in-  
25                   formation is available, which does not exceed 250

1 percent of the applicable poverty level (as deter-  
2 mined by the Secretary).”.

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

## 6 **Subtitle C—Sensible Enforcement**

### 7 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-** 8 **QUIREMENTS WITH RESPECT TO STRUC-** 9 **TURING TRANSACTIONS.**

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

12 (1) by striking “Any property” and inserting  
13 the following:

14 “(A) **IN GENERAL.**—Any property”; and

15 (2) by adding at the end the following:

16 “(B) **INTERNAL REVENUE SERVICE SEI-**  
17 **ZURE REQUIREMENTS WITH RESPECT TO**  
18 **STRUCTURING TRANSACTIONS.**—

19 “(i) **PROPERTY DERIVED FROM AN IL-**  
20 **LEGAL SOURCE.**—Property may only be  
21 seized by the Internal Revenue Service  
22 pursuant to subparagraph (A) by reason of  
23 a claimed violation of section 5324 if the  
24 property to be seized was derived from an  
25 illegal source or the funds were structured



1 for the purpose of concealing the violation  
2 of a criminal law or regulation other than  
3 section 5324.

4 “(ii) NOTICE.—Not later than 30  
5 days after property is seized by the Inter-  
6 nal Revenue Service pursuant to subpara-  
7 graph (A), the Internal Revenue Service  
8 shall—

9 “(I) make a good faith effort to  
10 find all persons with an ownership in-  
11 terest in such property; and

12 “(II) provide each such person so  
13 found with a notice of the seizure and  
14 of the person’s rights under clause  
15 (iv).

16 “(iii) EXTENSION OF NOTICE UNDER  
17 CERTAIN CIRCUMSTANCES.—The Internal  
18 Revenue Service may apply to a court of  
19 competent jurisdiction for one 30-day ex-  
20 tension of the notice requirement under  
21 clause (ii) if the Internal Revenue Service  
22 can establish probable cause of an immi-  
23 nent threat to national security or personal  
24 safety necessitating such extension.

1           “(iv) POST-SEIZURE HEARING.—If a  
2           person with an ownership interest in prop-  
3           erty seized pursuant to subparagraph (A)  
4           by the Internal Revenue Service requests a  
5           hearing by a court of competent jurisdic-  
6           tion within 30 days after the date on which  
7           notice is provided under subclause (ii),  
8           such property shall be returned unless the  
9           court holds an adversarial hearing and  
10          finds within 30 days of such request (or  
11          such longer period as the court may pro-  
12          vide, but only on request of an interested  
13          party) that there is probable cause to be-  
14          lieve that there is a violation of section  
15          5324 involving such property and probable  
16          cause to believe that the property to be  
17          seized was derived from an illegal source or  
18          the funds were structured for the purpose  
19          of concealing the violation of a criminal  
20          law or regulation other than section  
21          5324.”.

1 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**  
2 **TO RECOVER PROPERTY SEIZED BY THE IN-**  
3 **TERNAL REVENUE SERVICE BASED ON**  
4 **STRUCTURING TRANSACTION.**

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

8 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**  
9 **PROPERTY SEIZED BY THE INTERNAL REV-**  
10 **ENUE SERVICE BASED ON STRUCTURING**  
11 **TRANSACTION.**

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

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

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

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

1 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**  
2 **JOINT LIABILITY.**

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

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

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

10 “(A) the administrative record established  
11 at the time of the determination, and

12 “(B) any additional newly discovered or  
13 previously unavailable evidence.”, and

14 (2) by amending subsection (f) to read as fol-  
15 lows:

16 “(f) EQUITABLE RELIEF.—

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

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

23 “(B) relief is not available to such indi-  
24 vidual under subsection (b) or (c),

25 the Secretary may relieve such individual of such li-  
26 ability.



1 law which have been identified for purposes of such para-  
2 graph.”.

3 (b) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to summonses served after the date  
5 of the enactment of this Act.

6 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**  
7 **PLIANCE PERSONNEL PROGRAM.**

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

13 “(E) a taxpayer substantially all of whose  
14 income consists of disability insurance benefits  
15 under section 223 of the Social Security Act or  
16 supplemental security income benefits under  
17 title XVI of the Social Security Act (including  
18 supplemental security income benefits of the  
19 type described in section 1616 of such Act or  
20 section 212 of Public Law 93-66), or

21 “(F) a taxpayer who is an individual with  
22 adjusted gross income, as determined for the  
23 most recent taxable year for which such infor-  
24 mation is available, which does not exceed 200

1           percent of the applicable poverty level (as deter-  
2           mined by the Secretary).”.

3           (b) DETERMINATION OF INACTIVE TAX RECEIV-  
4 ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-  
5 TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended  
6 by striking “more than  $\frac{1}{3}$  of the period of the applicable  
7 statute of limitation has lapsed” and inserting “more than  
8 2 years has passed since assessment”.

9           (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-  
10 MENTS OFFERED UNDER TAX COLLECTION CON-  
11 TRACTS.—Section 6306(b)(1)(B) is amended by striking  
12 “5 years” and inserting “7 years”.

13          (d) CLARIFICATION THAT SPECIAL COMPLIANCE  
14 PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR  
15 PROGRAM COSTS.—

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

18           (A) in paragraph (2), by striking all that  
19 follows “under such program” and inserting a  
20 period, and

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

24           (2) COMMUNICATIONS, SOFTWARE, AND TECH-  
25 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-

1       tion 6307(d)(2)(B) is amended by striking “tele-  
2       communications” and inserting “communications,  
3       software, technology”.

4           (3)    CONFORMING    AMENDMENT.—Section  
5       6307(d)(2) is amended by striking “and” at the end  
6       of subparagraph (A), by striking the period at the  
7       end of subparagraph (B) and inserting “, and”, and  
8       by inserting after subparagraph (B) the following  
9       new subparagraph:

10               “(C) reimbursement of the Internal Rev-  
11               enue Service or other government agencies for  
12               the cost of administering the qualified tax col-  
13               lection program under section 6306.”.

14       (e) EFFECTIVE DATES.—

15           (1) IN GENERAL.—Except as otherwise pro-  
16       vided in this subsection, the amendments made by  
17       this section shall apply to tax receivables identified  
18       by the Secretary (or the Secretary’s delegate) after  
19       December 31, 2019.

20           (2) MAXIMUM LENGTH OF INSTALLMENT  
21       AGREEMENTS.—The amendment made by subsection  
22       (c) shall apply to contracts entered into after the  
23       date of the enactment of this Act.

24           (3) USE OF SPECIAL COMPLIANCE PERSONNEL  
25       PROGRAM ACCOUNT.—The amendment made by sub-



1 section (d) shall apply to amounts expended from  
2 the special compliance personnel program account  
3 after the date of the enactment of this Act.

4 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**  
5 **PARTIES.**

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

8 “(1) GENERAL NOTICE.—An officer or em-  
9 ployee of the Internal Revenue Service may not con-  
10 tact any person other than the taxpayer with respect  
11 to the determination or collection of the tax liability  
12 of such taxpayer unless such contact occurs during  
13 a period (not greater than 1 year) which is specified  
14 in a notice which—

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

18 “(B) except as otherwise provided by the  
19 Secretary, is provided to the taxpayer not later  
20 than 45 days before the beginning of such pe-  
21 riod.

22 Nothing in the preceding sentence shall prevent the  
23 issuance of notices to the same taxpayer with respect  
24 to the same tax liability with periods specified there-  
25 in that, in the aggregate, exceed 1 year. A notice

1 shall not be issued under this paragraph unless  
2 there is an intent at the time such notice is issued  
3 to contact persons other than the taxpayer during  
4 the period specified in such notice. The preceding  
5 sentence shall not prevent the issuance of a notice  
6 if the requirement of such sentence is met on the  
7 basis of the assumption that the information sought  
8 to be obtained by such contact will not be obtained  
9 by other means before such contact.”.

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

14 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**  
15 **IGNATED SUMMONS.**

16 (a) IN GENERAL.—Paragraph (1) of section 6503(j)  
17 is amended by striking “coordinated examination pro-  
18 gram” and inserting “coordinated industry case pro-  
19 gram”.

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

22 “(i) the issuance of such summons is  
23 preceded by a review and written approval  
24 of such issuance by the Commissioner of  
25 the relevant operating division of the Inter-

1                   nal Revenue Service and the Chief Counsel  
2                   which—

3                               “(I) states facts clearly estab-  
4                               lishing that the Secretary has made  
5                               reasonable requests for the informa-  
6                               tion that is the subject of the sum-  
7                               mons, and

8                               “(II) is attached to such sum-  
9                               mons,”.

10           (c) **ESTABLISHMENT THAT REASONABLE REQUESTS**  
11 **FOR INFORMATION WERE MADE.**—Subsection (j) of sec-  
12 tion 6503 is amended by adding at the end the following  
13 new paragraph:

14                               “(4) **ESTABLISHMENT THAT REASONABLE RE-**  
15 **QUESTS FOR INFORMATION WERE MADE.**—In any  
16 court proceeding described in paragraph (3), the  
17 Secretary shall establish that reasonable requests  
18 were made for the information that is the subject of  
19 the summons.”.

20           (d) **EFFECTIVE DATE.**—The amendments made by  
21 this section shall apply to summonses issued after the date  
22 of the enactment of this Act.

1 **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**  
2 **ENUE SERVICE EMPLOYEES TO RETURNS**  
3 **AND RETURN INFORMATION.**

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

6 “(f) LIMITATION ON ACCESS OF PERSONS OTHER  
7 THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-  
8 PLOYEES.—The Secretary shall not, under the authority  
9 of section 6103(n), provide any books, papers, records, or  
10 other data obtained pursuant to this section to any person  
11 authorized under section 6103(n), except when such per-  
12 son requires such information for the sole purpose of pro-  
13 viding expert evaluation and assistance to the Internal  
14 Revenue Service. No person other than an officer or em-  
15 ployee of the Internal Revenue Service or the Office of  
16 Chief Counsel may, on behalf of the Secretary, question  
17 a witness under oath whose testimony was obtained pursu-  
18 ant to this section.”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section—

21 (1) shall take effect on the date of the enact-  
22 ment of this Act, and

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

1                   **Subtitle D—Organizational**  
2                   **Modernization**

3 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.**  
4                   **CATE.**

5           (a) TAXPAYER ADVOCATE DIRECTIVES.—

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

8               “(5) TAXPAYER ADVOCATE DIRECTIVES.—In  
9           the case of any Taxpayer Advocate Directive issued  
10           by the National Taxpayer Advocate pursuant to a  
11           delegation of authority from the Commissioner of  
12           the Internal Revenue Service—

13               “(A) the Commissioner or a Deputy Com-  
14           missioner shall modify, rescind, or ensure com-  
15           pliance with such directive not later than 90  
16           days after the issuance of such directive, and

17               “(B) in the case of any directive which is  
18           modified or rescinded by a Deputy Commis-  
19           sioner, the National Taxpayer Advocate may  
20           (not later than 90 days after such modification  
21           or rescission) appeal to the Commissioner and  
22           the Commissioner shall (not later than 90 days  
23           after such appeal is made) ensure compliance  
24           with such directive as issued by the National  
25           Taxpayer Advocate or provide the National

1 Taxpayer Advocate with a detailed description  
2 of the reasons for any modification or rescission  
3 made or upheld by the Commissioner pursuant  
4 to such appeal.”.

5 (2) REPORT TO CERTAIN COMMITTEES OF CON-  
6 GRESS REGARDING DIRECTIVES.—Section  
7 7803(c)(2)(B)(ii) is amended by redesignating sub-  
8 clauses (VIII) through (XI) as subclauses (IX)  
9 through (XII), respectively, and by inserting after  
10 subclause (VII) the following new subclause:

11 “(VIII) identify any Taxpayer  
12 Advocate Directive which was not  
13 honored by the Internal Revenue  
14 Service in a timely manner, as speci-  
15 fied under paragraph (5);”.

16 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-  
17 PORTS TO CONGRESS.—

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

22 (2) COORDINATION WITH TREASURY INSPECTOR  
23 GENERAL FOR TAX ADMINISTRATION.—Section  
24 7803(c)(2) is amended by adding at the end the fol-  
25 lowing new subparagraph:

1           “(E) COORDINATION WITH TREASURY IN-  
2           SPECTOR GENERAL FOR TAX ADMINISTRA-  
3           TION.—Before beginning any research or study,  
4           the National Taxpayer Advocate shall coordi-  
5           nate with the Treasury Inspector General for  
6           Tax Administration to ensure that the National  
7           Taxpayer Advocate does not duplicate any ac-  
8           tion that the Treasury Inspector General for  
9           Tax Administration has already undertaken or  
10          has a plan to undertake.”.

11          (3) STATISTICAL SUPPORT.—

12                 (A) IN GENERAL.—Section 6108 is amend-  
13                 ed by adding at the end the following new sub-  
14                 section:

15          “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-  
16          PAYER ADVOCATE.—The Secretary shall, upon request of  
17          the National Taxpayer Advocate, provide the National  
18          Taxpayer Advocate with statistical support in connection  
19          with the preparation by the National Taxpayer Advocate  
20          of the annual report described in section  
21          7803(c)(2)(B)(ii). Such statistical support shall include  
22          statistical studies, compilations, and the review of infor-  
23          mation provided by the National Taxpayer Advocate for  
24          statistical validity and sound statistical methodology.”.

1 (B) DISCLOSURE OF REVIEW.—Section  
2 7803(c)(2)(B)(ii), as amended by subsection  
3 (a), is amended by redesignating subclause  
4 (XII) as subclause (XIII) and by inserting after  
5 subclause (XI) the following new subclause:

6 “(XII) with respect to any statis-  
7 tical information included in such re-  
8 port, include a statement of whether  
9 such statistical information was re-  
10 viewed or provided by the Secretary  
11 under section 6108(d) and, if so,  
12 whether the Secretary determined  
13 such information to be statistically  
14 valid and based on sound statistical  
15 methodology.”.

16 (C) CONFORMING AMENDMENT.—Section  
17 7803(c)(2)(B)(iii) is amended by adding at the  
18 end the following: “The preceding sentence  
19 shall not apply with respect to statistical infor-  
20 mation provided to the Secretary for review, or  
21 received from the Secretary, under section  
22 6108(d).”.

23 (c) SALARY OF NATIONAL TAXPAYER ADVOCATE.—  
24 Section 7803(c)(1)(B)(i) is amended by striking “, or, if



1 the Secretary of the Treasury so determines, at a rate  
2 fixed under section 9503 of such title”.

3 (d) EFFECTIVE DATE.—

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

8 (2) SALARY OF NATIONAL TAXPAYER ADVO-  
9 CATE.—The amendment made by subsection (c)  
10 shall apply to compensation paid to individuals ap-  
11 pointed as the National Taxpayer Advocate after the  
12 date of the enactment of this Act.

13 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**  
14 **ICE ORGANIZATIONAL STRUCTURE.**

15 (a) IN GENERAL.—Not later than September 30,  
16 2020, the Commissioner of the Internal Revenue Service  
17 shall submit to Congress a comprehensive written plan to  
18 redesign the organization of the Internal Revenue Service.  
19 Such plan shall—

20 (1) ensure the successful implementation of the  
21 priorities specified by Congress in this Act,

22 (2) prioritize taxpayer services to ensure that  
23 all taxpayers easily and readily receive the assistance  
24 that they need,

1 (3) streamline the structure of the agency in-  
2 cluding minimizing the duplication of services and  
3 responsibilities within the agency,

4 (4) best position the Internal Revenue Service  
5 to combat cybersecurity and other threats to the In-  
6 ternal Revenue Service, and

7 (5) address whether the Criminal Investigation  
8 Division of the Internal Revenue Service should re-  
9 port directly to the Commissioner.

10 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL  
11 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-  
12 graph (3) of section 1001(a) of the Internal Revenue Serv-  
13 ice Restructuring and Reform Act of 1998 shall cease to  
14 apply beginning 1 year after the date on which the Com-  
15 missioner of the Internal Revenue Service submits to Con-  
16 gress the plan described in subsection (a).

## 17 **Subtitle E—Other Provisions**

### 18 **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-** 19 **CABLE TAXPAYERS.**

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

#### 22 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-** 23 **PLICABLE TAXPAYERS.**

24 “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX  
25 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-

1 retary shall establish a Community Volunteer Income Tax  
2 Assistance Matching Grant Program under which the Sec-  
3 retary may, subject to the availability of appropriated  
4 funds, make grants to provide matching funds for the de-  
5 velopment, expansion, or continuation of qualified return  
6 preparation programs assisting applicable taxpayers and  
7 members of underserved populations.

8 “(b) USE OF FUNDS.—

9 “(1) IN GENERAL.—Qualified return prepara-  
10 tion programs may use grants received under this  
11 section for—

12 “(A) ordinary and necessary costs associ-  
13 ated with program operation in accordance with  
14 cost principles under the applicable Office of  
15 Management and Budget circular, including—

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

18 “(ii) developing training materials,  
19 conducting training, and performing qual-  
20 ity reviews of the returns prepared under  
21 the program,

22 “(iii) equipment purchases, and

23 “(iv) vehicle-related expenses associ-  
24 ated with remote or rural tax preparation  
25 services,

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

3           “(C) services related to financial education  
4           and capability, asset development, and the es-  
5           tablishment of savings accounts in connection  
6           with tax return preparation.

7           “(2) REQUIREMENT OF MATCHING FUNDS.—A  
8           qualified return preparation program must provide  
9           matching funds on a dollar-for-dollar basis for all  
10          grants provided under this section. Matching funds  
11          may include—

12           “(A) the salary (including fringe benefits)  
13           of individuals performing services for the pro-  
14           gram,

15           “(B) the cost of equipment used in the  
16           program, and

17           “(C) other ordinary and necessary costs  
18           associated with the program.

19          Indirect expenses, including general overhead of any  
20          entity administering the program, shall not be  
21          counted as matching funds.

22          “(c) APPLICATION.—

23           “(1) IN GENERAL.—Each applicant for a grant  
24           under this section shall submit an application to the  
25           Secretary at such time, in such manner, and con-

1       taining such information as the Secretary may rea-  
2       sonably require.

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

6           “(A) assistance to applicable taxpayers,  
7       with emphasis on outreach to, and services for,  
8       such taxpayers,

9           “(B) taxpayer outreach and educational  
10      activities relating to eligibility and availability  
11      of income supports available through this title,  
12      including the earned income tax credit, and

13          “(C) specific outreach and focus on one or  
14      more underserved populations.

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

20          “(d) PROGRAM ADHERENCE.—

21           “(1) IN GENERAL.—The Secretary shall estab-  
22      lish procedures for, and shall conduct not less fre-  
23      quently than once every 5 calendar years during  
24      which a qualified return preparation program is op-

1 erating under a grant under this section, periodic  
2 site visits—

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

5 “(B) to determine whether the program  
6 meets such program adherence standards as the  
7 Secretary shall by regulation or other guidance  
8 prescribe.

9 “(2) ADDITIONAL REQUIREMENTS FOR GRANT  
10 RECIPIENTS NOT MEETING PROGRAM ADHERENCE  
11 STANDARDS.—In the case of any qualified return  
12 preparation program which—

13 “(A) is awarded a grant under this section,  
14 and

15 “(B) is subsequently determined—

16 “(i) not to meet the program adher-  
17 ence standards described in paragraph  
18 (1)(B), or

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

21 such program shall not be eligible for any additional  
22 grants under this section unless such program pro-  
23 vides sufficient documentation of corrective meas-  
24 ures established to address any such deficiencies de-  
25 termined.

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

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

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

9 “(B) which is administered by a qualified  
10 entity,

11 “(C) in which all volunteers who assist in  
12 the preparation of Federal income tax returns  
13 meet the training requirements prescribed by  
14 the Secretary, and

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

17 “(2) QUALIFIED ENTITY.—

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

20 “(i) is an eligible organization,

21 “(ii) is in compliance with Federal tax  
22 filing and payment requirements,

23 “(iii) is not debarred or suspended  
24 from Federal contracts, grants, or coopera-  
25 tive agreements, and

1           “(iv) agrees to provide documentation  
2           to substantiate any matching funds pro-  
3           vided pursuant to the grant program under  
4           this section.

5           “(B) ELIGIBLE ORGANIZATION.—The term  
6           ‘eligible organization’ means—

7                   “(i) an institution of higher education  
8                   which is described in section 102 (other  
9                   than subsection (a)(1)(C) thereof) of the  
10                  Higher Education Act of 1965 (20 U.S.C.  
11                  1002), as in effect on the date of the en-  
12                  actment of this section, and which has not  
13                  been disqualified from participating in a  
14                  program under title IV of such Act,

15                   “(ii) an organization described in sec-  
16                   tion 501(c) and exempt from tax under  
17                   section 501(a),

18                   “(iii) a local government agency, in-  
19                   cluding—

20                           “(I) a county or municipal gov-  
21                           ernment agency, and

22                           “(II) an Indian tribe, as defined  
23                           in section 4(13) of the Native Amer-  
24                           ican Housing Assistance and Self-De-  
25                           termination Act of 1996 (25 U.S.C.



1 4103(13)), including any tribally des-  
2 igned housing entity (as defined in  
3 section 4(22) of such Act (25 U.S.C.  
4 4103(22))), tribal subsidiary, subdivi-  
5 sion, or other wholly owned tribal en-  
6 tity,

7 “(iv) a local, State, regional, or na-  
8 tional coalition (with one lead organization  
9 which meets the eligibility requirements of  
10 clause (i), (ii), or (iii) acting as the appli-  
11 cant organization), or

12 “(v) in the case of applicable tax-  
13 payers and members of underserved popu-  
14 lations with respect to which no organiza-  
15 tions described in the preceding clauses are  
16 available—

17 “(I) a State government agency,  
18 or

19 “(II) an office providing Cooper-  
20 ative Extension services (as estab-  
21 lished at the land-grant colleges and  
22 universities under the Smith-Lever  
23 Act of May 8, 1914).

24 “(3) APPLICABLE TAXPAYERS.—The term ‘ap-  
25 plicable taxpayer’ means a taxpayer whose income

1 for the taxable year does not exceed an amount  
2 equal to the completed phaseout amount under sec-  
3 tion 32(b) for a married couple filing a joint return  
4 with three or more qualifying children, as deter-  
5 mined in a revenue procedure or other published  
6 guidance.

7 “(4) UNDERSERVED POPULATION.—The term  
8 ‘underserved population’ includes populations of per-  
9 sons with disabilities, persons with limited English  
10 proficiency, Native Americans, individuals living in  
11 rural areas, members of the Armed Forces and their  
12 spouses, and the elderly.

13 “(f) SPECIAL RULES AND LIMITATIONS.—

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

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

23 “(g) PROMOTION OF PROGRAMS.—

24 “(1) IN GENERAL.—The Secretary shall pro-  
25 mote tax preparation through qualified return prepa-

1       ration programs through the use of mass commu-  
2       nications and other means.

3           “(2) PROVISION OF INFORMATION REGARDING  
4       QUALIFIED RETURN PREPARATION PROGRAMS.—The  
5       Secretary may provide taxpayers information regard-  
6       ing qualified return preparation programs receiving  
7       grants under this section.

8           “(3) VITA GRANTEE REFERRAL.—Qualified re-  
9       turn preparation programs receiving a grant under  
10      this section are encouraged, in appropriate cases,  
11      to—

12           “(A) advise taxpayers of the availability of,  
13           and eligibility requirements for receiving, advice  
14           and assistance from qualified low-income tax-  
15           payer clinics receiving funding under section  
16           7526, and

17           “(B) provide information regarding the lo-  
18           cation of, and contact information for, such  
19           clinics.”.

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

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

1 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**  
2 **INCOME TAXPAYER CLINICS.**

3 (a) IN GENERAL.—Section 7526(c) of the Internal  
4 Revenue Code of 1986 is amended by adding at the end  
5 the following new paragraph:

6 “(6) PROVISION OF INFORMATION REGARDING  
7 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-  
8 withstanding any other provision of law, officers and  
9 employees of the Department of the Treasury may—  
10 “(A) advise taxpayers of the availability of,  
11 and eligibility requirements for receiving, advice  
12 and assistance from one or more specific quali-  
13 fied low-income taxpayer clinics receiving fund-  
14 ing under this section, and  
15 “(B) provide information regarding the lo-  
16 cation of, and contact information for, such  
17 clinics.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall take effect on the date of the enactment  
20 of this Act.

21 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**  
22 **TAXPAYER ASSISTANCE CENTERS.**

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

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

3 (A) identifies the Taxpayer Assistance  
4 Center proposed for closure and the date of  
5 such proposed closure, and

6 (B) identifies the relevant alternative  
7 sources of taxpayer assistance which may be  
8 utilized by taxpayers affected by such proposed  
9 closure, and

10 (2) submit to Congress a written report that in-  
11 cludes—

12 (A) the information included in the notice  
13 described in paragraph (1),

14 (B) the reasons for such proposed closure,  
15 and

16 (C) such other information as the Sec-  
17 retary may determine appropriate.

18 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**  
19 **GOODS RESTRICTED TO ONLY PERISHABLE**  
20 **GOODS.**

21 (a) IN GENERAL.—Section 6336 of the Internal Rev-  
22 enue Code of 1986 is amended by striking “or become  
23 greatly reduced in price or value by keeping, or that such  
24 property cannot be kept without great expense”.

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

4 **SEC. 1405. WHISTLEBLOWER REFORMS.**

5 (a) MODIFICATIONS TO DISCLOSURE RULES FOR  
6 WHISTLEBLOWERS.—

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

9 “(13) DISCLOSURE TO WHISTLEBLOWERS.—

10 “(A) IN GENERAL.—The Secretary may  
11 disclose, to any individual providing information  
12 relating to any purpose described in paragraph  
13 (1) or (2) of section 7623(a), return informa-  
14 tion related to the investigation of any taxpayer  
15 with respect to whom the individual has pro-  
16 vided such information, but only to the extent  
17 that such disclosure is necessary in obtaining  
18 information, which is not otherwise reasonably  
19 available, with respect to the correct determina-  
20 tion of tax liability for tax, or the amount to be  
21 collected with respect to the enforcement of any  
22 other provision of this title.

23 “(B) UPDATES ON WHISTLEBLOWER IN-  
24 VESTIGATIONS.—The Secretary shall disclose to  
25 an individual providing information relating to

1 any purpose described in paragraph (1) or (2)  
2 of section 7623(a) the following:

3 “(i) Not later than 60 days after a  
4 case for which the individual has provided  
5 information has been referred for an audit  
6 or examination, a notice with respect to  
7 such referral.

8 “(ii) Not later than 60 days after a  
9 taxpayer with respect to whom the indi-  
10 vidual has provided information has made  
11 a payment of tax with respect to tax liabil-  
12 ity to which such information relates, a no-  
13 tice with respect to such payment.

14 “(iii) Subject to such requirements  
15 and conditions as are prescribed by the  
16 Secretary, upon a written request by such  
17 individual—

18 “(I) information on the status  
19 and stage of any investigation or ac-  
20 tion related to such information, and

21 “(II) in the case of a determina-  
22 tion of the amount of any award  
23 under section 7623(b), the reasons for  
24 such determination.

1 Clause (iii) shall not apply to any information  
2 if the Secretary determines that disclosure of  
3 such information would seriously impair Fed-  
4 eral tax administration. Information described  
5 in clauses (i), (ii), and (iii) may be disclosed to  
6 a designee of the individual providing such in-  
7 formation in accordance with guidance provided  
8 by the Secretary.”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) CONFIDENTIALITY OF INFORMA-  
11 TION.—Section 6103(a)(3) is amended by strik-  
12 ing “subsection (k)(10)” and inserting “para-  
13 graph (10) or (13) of subsection (k)”.

14 (B) PENALTY FOR UNAUTHORIZED DIS-  
15 CLOSURE.—Section 7213(a)(2) is amended by  
16 striking “(k)(10)” and inserting “(k)(10) or  
17 (13)”.

18 (C) COORDINATION WITH AUTHORITY TO  
19 DISCLOSE FOR INVESTIGATIVE PURPOSES.—  
20 Section 6103(k)(6) is amended by adding at the  
21 end the following new sentence: “This para-  
22 graph shall not apply to any disclosure to an in-  
23 dividual providing information relating to any  
24 purpose described in paragraph (1) or (2) of



1 section 7623(a) which is made under paragraph  
2 (13)(A).”.

3 (b) PROTECTION AGAINST RETALIATION.—Section  
4 7623 is amended by adding at the end the following new  
5 subsection:

6 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-  
7 TION CASES.—

8 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-  
9 TECTION FOR EMPLOYEES.—No employer, or any of-  
10 ficer, employee, contractor, subcontractor, or agent  
11 of such employer, may discharge, demote, suspend,  
12 threaten, harass, or in any other manner discrimi-  
13 nate against an employee in the terms and condi-  
14 tions of employment (including through an act in the  
15 ordinary course of such employee’s duties) in re-  
16 prisal for any lawful act done by the employee—

17 “(A) to provide information, cause infor-  
18 mation to be provided, or otherwise assist in an  
19 investigation regarding underpayment of tax or  
20 any conduct which the employee reasonably be-  
21 lieves constitutes a violation of the internal rev-  
22 enue laws or any provision of Federal law relat-  
23 ing to tax fraud, when the information or as-  
24 sistance is provided to the Internal Revenue  
25 Service, the Secretary of Treasury, the Treas-

1           ury Inspector General for Tax Administration,  
2           the Comptroller General of the United States,  
3           the Department of Justice, the United States  
4           Congress, a person with supervisory authority  
5           over the employee, or any other person working  
6           for the employer who has the authority to inves-  
7           tigate, discover, or terminate misconduct, or

8                   “(B) to testify, participate in, or otherwise  
9           assist in any administrative or judicial action  
10          taken by the Internal Revenue Service relating  
11          to an alleged underpayment of tax or any viola-  
12          tion of the internal revenue laws or any provi-  
13          sion of Federal law relating to tax fraud.

14          “(2) ENFORCEMENT ACTION.—

15                   “(A) IN GENERAL.—A person who alleges  
16          discharge or other reprisal by any person in vio-  
17          lation of paragraph (1) may seek relief under  
18          paragraph (3) by—

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

21                                   “(ii) if the Secretary of Labor has not  
22                           issued a final decision within 180 days of  
23                           the filing of the complaint and there is no  
24                           showing that such delay is due to the bad  
25                           faith of the claimant, bringing an action at

1 law or equity for de novo review in the ap-  
2 propriate district court of the United  
3 States, which shall have jurisdiction over  
4 such an action without regard to the  
5 amount in controversy.

6 “(B) PROCEDURE.—

7 “(i) IN GENERAL.—An action under  
8 subparagraph (A)(i) shall be governed  
9 under the rules and procedures set forth in  
10 section 42121(b) of title 49, United States  
11 Code.

12 “(ii) EXCEPTION.—Notification made  
13 under section 42121(b)(1) of title 49,  
14 United States Code, shall be made to the  
15 person named in the complaint and to the  
16 employer.

17 “(iii) BURDENS OF PROOF.—An ac-  
18 tion brought under subparagraph (A)(ii)  
19 shall be governed by the legal burdens of  
20 proof set forth in section 42121(b) of title  
21 49, United States Code, except that in ap-  
22 plying such section—

23 “(I) ‘behavior described in para-  
24 graph (1)’ shall be substituted for ‘be-  
25 havior described in paragraphs (1)

1 through (4) of subsection (a)' each  
2 place it appears in paragraph (2)(B)  
3 thereof, and

4 “(II) ‘a violation of paragraph  
5 (1)’ shall be substituted for ‘a viola-  
6 tion of subsection (a)’ each place it  
7 appears.

8 “(iv) STATUTE OF LIMITATIONS.—A  
9 complaint under subparagraph (A)(i) shall  
10 be filed not later than 180 days after the  
11 date on which the violation occurs.

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

15 “(3) REMEDIES.—

16 “(A) IN GENERAL.—An employee pre-  
17 vailing in any action under paragraph (2)(A)  
18 shall be entitled to all relief necessary to make  
19 the employee whole.

20 “(B) COMPENSATORY DAMAGES.—Relief  
21 for any action under subparagraph (A) shall in-  
22 clude—

23 “(i) reinstatement with the same se-  
24 niority status that the employee would  
25 have had, but for the reprisal,

1                   “(ii) the sum of 200 percent of the  
2                   amount of back pay and 100 percent of all  
3                   lost benefits, with interest, and

4                   “(iii) compensation for any special  
5                   damages sustained as a result of the re-  
6                   prisal, including litigation costs, expert wit-  
7                   ness fees, and reasonable attorney fees.

8                   “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-  
9                   ing in this section shall be deemed to diminish the  
10                  rights, privileges, or remedies of any employee under  
11                  any Federal or State law, or under any collective  
12                  bargaining agreement.

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

16                  “(A) WAIVER OF RIGHTS AND REM-  
17                  EDIES.—The rights and remedies provided for  
18                  in this subsection may not be waived by any  
19                  agreement, policy form, or condition of employ-  
20                  ment, including by a predispute arbitration  
21                  agreement.

22                  “(B) PREDISPUTE ARBITRATION AGREE-  
23                  MENTS.—No predispute arbitration agreement  
24                  shall be valid or enforceable, if the agreement

1 requires arbitration of a dispute arising under  
2 this subsection.”.

3 (c) EFFECTIVE DATE.—

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

7 (2) CIVIL PROTECTION.—The amendment made  
8 by subsection (b) shall take effect on the date of the  
9 enactment of this Act.

10 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

11 The Secretary of the Treasury (or the Secretary’s  
12 delegate) shall provide helpful information to taxpayers  
13 placed on hold during a telephone call to any Internal Rev-  
14 enue Service help line, including the following:

15 (1) Information about common tax scams.

16 (2) Information on where and how to report tax  
17 scams.

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

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

21 Section 6402 is amended by adding at the end the  
22 following new subsection:

23 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not  
24 later than the date which is 6 month after the date of  
25 the enactment of the Taxpayer First Act of 2018, the Sec-

1   retary shall prescribe regulations to establish procedures  
2   to allow for—

3           “(1) taxpayers to report instances in which a  
4       refund made by the Secretary by electronic funds  
5       transfer was erroneously delivered to an account at  
6       a financial institution for which the taxpayer is not  
7       the owner;

8           “(2) coordination with financial institutions for  
9       the purpose of—

10                  “(A) identifying erroneous payments de-  
11                  scribed in paragraph (1); and

12                  “(B) recovery of the erroneously trans-  
13                  ferred amounts; and

14           “(3) the refund to be delivered to the correct  
15       account of the taxpayer.”.

16       **TITLE II—21ST CENTURY IRS**  
17       **Subtitle A—Cybersecurity and**  
18       **Identity Protection**

19       **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**  
20       **IDENTITY THEFT REFUND FRAUD.**

21       The Secretary of the Treasury (or the Secretary’s  
22       delegate) shall work collaboratively with the public and  
23       private sectors to protect taxpayers from identity theft re-  
24       fund fraud.

1 **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**  
2 **MINISTRATION ADVISORY COMMITTEE RE-**  
3 **GARDING IDENTITY THEFT REFUND FRAUD.**

4 The Secretary of the Treasury shall ensure that the  
5 advisory group convened by the Secretary pursuant to sec-  
6 tion 2001(b)(2) of the Internal Revenue Service Restruc-  
7 turing and Reform Act of 1998 (commonly known as the  
8 Electronic Tax Administration Advisory Committee) stud-  
9 ies (including by providing organized public forums) and  
10 makes recommendations to the Secretary regarding meth-  
11 ods to prevent identity theft and refund fraud.

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

13 (a) IN GENERAL.—The Secretary of the Treasury (or  
14 the Secretary’s delegate) may participate in an informa-  
15 tion sharing and analysis center to centralize, standardize,  
16 and enhance data compilation and analysis to facilitate  
17 sharing actionable data and information with respect to  
18 identity theft tax refund fraud.

19 (b) DEVELOPMENT OF PERFORMANCE METRICS.—  
20 The Secretary of the Treasury (or the Secretary’s dele-  
21 gate) shall develop metrics for measuring the success of  
22 such center in detecting and preventing identity theft tax  
23 refund fraud.

24 (c) DISCLOSURE.—



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

4           “(14) DISCLOSURE OF RETURN INFORMATION  
5           FOR PURPOSES OF CYBERSECURITY AND THE PRE-  
6           VENTION OF IDENTITY THEFT TAX REFUND  
7           FRAUD.—

8           “(A) IN GENERAL.—Under such proce-  
9           dures and subject to such conditions as the Sec-  
10          retary may prescribe, the Secretary may dis-  
11          close specified return information to specified  
12          ISAC participants to the extent that the Sec-  
13          retary determines such disclosure is in further-  
14          ance of effective Federal tax administration re-  
15          lating to the detection or prevention of identity  
16          theft tax refund fraud, validation of taxpayer  
17          identity, authentication of taxpayer returns, or  
18          detection or prevention of cybersecurity threats.

19          “(B) SPECIFIED ISAC PARTICIPANTS.—For  
20          purposes of this paragraph—

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

23                         “(I) any person designated by  
24                         the Secretary as having primary re-  
25                         sponsibility for a function performed

1 with respect to the information shar-  
2 ing and analysis center described in  
3 section 2003(a) of the Taxpayer First  
4 Act of 2018, and

5 “(II) any person subject to the  
6 requirements of section 7216 and  
7 which is a participant in such infor-  
8 mation sharing and analysis center.

9 “(ii) INFORMATION SHARING AGREE-  
10 MENT.—Such term shall not include any  
11 person unless such person has entered into  
12 a written agreement with the Secretary  
13 setting forth the terms and conditions for  
14 the disclosure of information to such per-  
15 son under this paragraph, including re-  
16 quirements regarding the protection and  
17 safeguarding of such information by such  
18 person.

19 “(C) SPECIFIED RETURN INFORMATION.—  
20 For purposes of this paragraph, the term ‘spec-  
21 ified return information’ means—

22 “(i) in the case of a return which is  
23 in connection with a case of potential iden-  
24 tity theft refund fraud—

1                   “(I) in the case of such return  
2                   filed electronically, the internet pro-  
3                   tocol address, device identification,  
4                   email domain name, speed of comple-  
5                   tion, method of authentication, refund  
6                   method, and such other return infor-  
7                   mation related to the electronic filing  
8                   characteristics of such return as the  
9                   Secretary may identify for purposes of  
10                  this subclause, and

11                  “(II) in the case of such return  
12                  prepared by a tax return preparer,  
13                  identifying information with respect to  
14                  such tax return preparer, including  
15                  the preparer taxpayer identification  
16                  number and electronic filer identifica-  
17                  tion number of such preparer,

18                  “(ii) in the case of a return which is  
19                  in connection with a case of a identity  
20                  theft refund fraud which has been con-  
21                  firmed by the Secretary (pursuant to such  
22                  procedures as the Secretary may provide),  
23                  the information referred to in subclauses  
24                  (I) and (II) of clause (i), the name and  
25                  taxpayer identification number of the tax-

1 payer as it appears on the return, and any  
2 bank account and routing information pro-  
3 vided for making a refund in connection  
4 with such return, and

5 “(iii) in the case of any cybersecurity  
6 threat to the Internal Revenue Service, in-  
7 formation similar to the information de-  
8 scribed in subclauses (I) and (II) of clause  
9 (i) with respect to such threat.

10 “(D) RESTRICTION ON USE OF DISCLOSED  
11 INFORMATION.—

12 “(i) DESIGNATED THIRD PARTIES.—  
13 Any return information received by a per-  
14 son described in subparagraph (B)(i)(I)  
15 shall be used only for the purposes of and  
16 to the extent necessary in—

17 “(I) performing the function such  
18 person is designated to perform under  
19 such subparagraph,

20 “(II) facilitating disclosures au-  
21 thorized under subparagraph (A) to  
22 persons described in subparagraph  
23 (B)(i)(II), and

24 “(III) facilitating disclosures au-  
25 thorized under subsection (d) to par-

1                    participants in such information sharing  
2                    and analysis center.

3                    “(ii) RETURN PREPARERS.—Any re-  
4                    turn information received by a person de-  
5                    scribed in subparagraph (B)(i)(II) shall be  
6                    treated for purposes of section 7216 as in-  
7                    formation furnished to such person for, or  
8                    in connection with, the preparation of a re-  
9                    turn of the tax imposed under chapter 1.

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

22                  (2) APPLICATION OF CIVIL AND CRIMINAL PEN-  
23                  ALTIES.—

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

4 (B) Section 7213(a)(2), as amended by  
5 this Act, is amended by striking “or (13)” and  
6 inserting “(13), or (14)”.

7 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**  
8 **FIDENTIALITY SAFEGUARDS.**

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

11 “(9) DISCLOSURE TO CONTRACTORS AND  
12 OTHER AGENTS.—Notwithstanding any other provi-  
13 sion of this section, no return or return information  
14 shall be disclosed to any contractor or other agent  
15 of a Federal, State, or local agency unless such  
16 agency, to the satisfaction of the Secretary—

17 “(A) has requirements in effect which re-  
18 quire each such contractor or other agent which  
19 would have access to returns or return informa-  
20 tion to provide safeguards (within the meaning  
21 of paragraph (4)) to protect the confidentiality  
22 of such returns or return information,

23 “(B) agrees to conduct an on-site review  
24 every 3 years (or a mid-point review in the case  
25 of contracts or agreements of less than 3 years

1 in duration) of each contractor or other agent  
2 to determine compliance with such require-  
3 ments,

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

8 “(D) certifies to the Secretary for the most  
9 recent annual period that such contractor or  
10 other agent is in compliance with all such re-  
11 quirements.

12 The certification required by subparagraph (D) shall  
13 include the name and address of each contractor or  
14 other agent, a description of the contract or agree-  
15 ment with such contractor or other agent, and the  
16 duration of such contract or agreement. The require-  
17 ments of this paragraph shall not apply to disclo-  
18 sures pursuant to subsection (n) for purposes of  
19 Federal tax administration.”.

20 (b) CONFORMING AMENDMENT.—Section  
21 6103(p)(8)(B) is amended by inserting “or paragraph  
22 (9)” after “subparagraph (A)”.

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

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

2 Not later than 2 years after the date of the enact-  
3 ment of this Act, the Secretary of the Treasury (or the  
4 Secretary's delegate), in coordination with the Bureau of  
5 Fiscal Service and the Internal Revenue Service, and in  
6 consultation with private sector financial institutions, shall  
7 submit a written report to Congress describing how the  
8 government can utilize new payment platforms to increase  
9 the number of tax refunds paid by electronic funds trans-  
10 fer. Such report shall weigh the interests of reducing iden-  
11 tity theft tax refund fraud, reducing the Federal Govern-  
12 ment's costs in delivering tax refunds, the costs and any  
13 associated fees charged to taxpayers (including monthly  
14 and point-of-service fees) to access their tax refunds, the  
15 impact on individuals who do not have access to financial  
16 accounts or institutions, and ensuring payments are made  
17 to accounts at a financial institution that complies with  
18 section 21 of the Federal Deposit Insurance Act, chapter  
19 2 of title I of Public Law 91-508, and subchapter II of  
20 chapter 53 of title 31, United States Code (commonly re-  
21 ferred to collectively as the "Bank Secrecy Act") and the  
22 USA PATRIOT Act. Such report shall include any legisla-  
23 tive recommendations necessary to accomplish these goals.



1 **SEC. 2006. IDENTITY PROTECTION PERSONAL IDENTIFICA-**  
2 **TION NUMBERS.**

3 (a) IN GENERAL.—Subject to subsection (b), the Sec-  
4 retary of the Treasury or the Secretary’s delegate (here-  
5 after referred to in this section as the “Secretary”) shall  
6 establish a program to issue, upon the request of any indi-  
7 vidual, a number which may be used in connection with  
8 such individual’s social security number (or other identi-  
9 fying information with respect to such individual as deter-  
10 mined by the Secretary) to assist the Secretary in  
11 verifying such individual’s identity.

12 (b) REQUIREMENTS.—

13 (1) ANNUAL EXPANSION.—For each calendar  
14 year beginning after the date of the enactment of  
15 this Act, the Secretary shall provide numbers  
16 through the program described in subsection (a) to  
17 individuals residing in such States as the Secretary  
18 deems appropriate, provided that the total number  
19 of States served by such program during such year  
20 is greater than the total number of States served by  
21 such program during the preceding year.

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

1 **SEC. 2007. SINGLE POINT OF CONTACT FOR TAX-RELATED**  
2 **IDENTITY THEFT VICTIMS.**

3 (a) IN GENERAL.—The Secretary of the Treasury (or  
4 the Secretary’s delegate) shall establish and implement  
5 procedures to ensure that any taxpayer whose return has  
6 been delayed or otherwise adversely affected due to tax-  
7 related identity theft has a single point of contact at the  
8 Internal Revenue Service throughout the processing of the  
9 taxpayer’s case. The single point of contact shall track the  
10 taxpayer’s case to completion and coordinate with other  
11 Internal Revenue Service employees to resolve case issues  
12 as quickly as possible.

13 (b) SINGLE POINT OF CONTACT.—

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

17 (A) have the ability to work across func-  
18 tions to resolve the issues involved in the tax-  
19 payer’s case; and

20 (B) shall be accountable for handling the  
21 case until its resolution.

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

1 (A) ensure continuity of records and case  
2 history; and

3 (B) notify the taxpayer when appropriate.

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

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

7 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**  
8 **THEFT.**

9 “(a) IN GENERAL.—If the Secretary determines that  
10 there has been or may have been an unauthorized use of  
11 the identity of any individual, the Secretary shall, without  
12 jeopardizing an investigation relating to tax administra-  
13 tion—

14 “(1) as soon as practicable, notify the indi-  
15 vidual of such determination and provide—

16 “(A) instructions on how to file a report  
17 with law enforcement regarding the unauthor-  
18 ized use of the identity of the individual,

19 “(B) the identification of any forms nec-  
20 essary for the individual to complete and submit  
21 to law enforcement to permit access to personal  
22 information of the individual during the inves-  
23 tigation,

24 “(C) information regarding actions the in-  
25 dividual may take in order to protect the indi-

1           vidual from harm relating to such unauthorized  
2           use, and

3           “(D) an offer of identity protection meas-  
4           ures to be provided to the individual by the In-  
5           ternal Revenue Service, such as the use of an  
6           identity protection personal identification num-  
7           ber, and

8           “(2) at the time the information described in  
9           paragraph (1) is provided (or, if not available at  
10          such time, as soon as practicable thereafter), issue  
11          additional notifications to such individual (or such  
12          individual’s designee) regarding—

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

15           “(B) whether the investigation substan-  
16           tiated an unauthorized use of the identity of the  
17           individual, and

18           “(C) whether—

19           “(i) any action has been taken against  
20           a person relating to such unauthorized use,  
21           or

22           “(ii) any referral has been made for  
23           criminal prosecution of such person and, to  
24           the extent such information is available,

1           whether such person has been criminally  
2           charged by indictment or information.

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

4           “(1) IN GENERAL.—For purposes of this sec-  
5           tion, the unauthorized use of the identity of an indi-  
6           vidual includes the unauthorized use of the identity  
7           of the individual to obtain employment.

8           “(2) DETERMINATION OF EMPLOYMENT-RE-  
9           LATED IDENTITY THEFT.—For purposes of this sec-  
10          tion, in making a determination as to whether there  
11          has been or may have been an unauthorized use of  
12          the identity of an individual to obtain employment,  
13          the Secretary shall review any information—

14                 “(A) obtained from a statement described  
15                 in section 6051 or an information return relat-  
16                 ing to compensation for services rendered other  
17                 than as an employee, or

18                 “(B) provided to the Internal Revenue  
19                 Service by the Social Security Administration  
20                 regarding any statement described in section  
21                 6051,

22          which indicates that the social security account num-  
23          ber provided on such statement or information re-  
24          turn does not correspond with the name provided on  
25          such statement or information return or the name

1 on the tax return reporting the income which is in-  
2 cluded on such statement or information return.”.

3 (b) ADDITIONAL MEASURES.—

4 (1) EXAMINATION OF BOTH PAPER AND ELEC-  
5 TRONIC STATEMENTS AND RETURNS.—The Sec-  
6 retary of the Treasury (or the Secretary’s delegate)  
7 shall examine the statements, information returns,  
8 and tax returns described in section 7529(b)(2) of  
9 the Internal Revenue Code of 1986 (as added by  
10 subsection (a)) for any evidence of employment-re-  
11 lated identity theft, regardless of whether such state-  
12 ments or returns are submitted electronically or on  
13 paper.

14 (2) IMPROVEMENT OF EFFECTIVE RETURN  
15 PROCESSING PROGRAM WITH SOCIAL SECURITY AD-  
16 MINISTRATION.—Section 232 of the Social Security  
17 Act (42 U.S.C. 432) is amended by inserting after  
18 the third sentence the following: “For purposes of  
19 carrying out the return processing program de-  
20 scribed in the preceding sentence, the Commissioner  
21 of Social Security shall request, not less than annu-  
22 ally, such information described in section  
23 7529(b)(2) of the Internal Revenue Code of 1986 as  
24 may be necessary to ensure the accuracy of the  
25 records maintained by the Commissioner of Social

1 Security related to the amounts of wages paid to,  
2 and the amounts of self-employment income derived  
3 by, individuals.”.

4 (3) UNDERREPORTING OF INCOME.—The Sec-  
5 retary (or the Secretary’s delegate) shall establish  
6 procedures to ensure that income reported in con-  
7 nection with the unauthorized use of a taxpayer’s  
8 identity is not taken into account in determining any  
9 penalty for underreporting of income by the victim  
10 of identity theft.

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

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

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to determinations made after the  
16 date that is 6 months after the date of the enactment of  
17 this Act.

18 **SEC. 2009. GUIDELINES FOR STOLEN IDENTITY REFUND**  
19 **FRAUD CASES.**

20 (a) IN GENERAL.—Not later than 1 year after the  
21 date of the enactment of this Act, the Secretary (or the  
22 Secretary’s delegate), in consultation with the National  
23 Taxpayer Advocate, shall develop and implement publicly  
24 available guidelines for management of cases involving sto-  
25 len identity refund fraud in a manner that reduces the

1 administrative burden on taxpayers who are victims of  
2 such fraud.

3 (b) STANDARDS AND PROCEDURES TO BE CONSID-  
4 ERED.—The guidelines described in subsection (a) may in-  
5 clude—

6 (1) standards for—

7 (A) the average length of time in which a  
8 case involving stolen identity refund fraud  
9 should be resolved;

10 (B) the maximum length of time, on aver-  
11 age, a taxpayer who is a victim of stolen iden-  
12 tity refund fraud and is entitled to a tax refund  
13 which has been stolen should have to wait to re-  
14 ceive such refund; and

15 (C) the maximum number of offices and  
16 employees within the Internal Revenue Service  
17 with whom a taxpayer who is a victim of stolen  
18 identity refund fraud should be required to  
19 interact in order to resolve a case;

20 (2) standards for opening, assigning, reas-  
21 signing, or closing a case involving stolen identity re-  
22 fund fraud; and

23 (3) procedures for implementing and accom-  
24 plishing the standards described in paragraphs (1)  
25 and (2), and measures for evaluating such proce-



1 dures and determining whether such standards have  
2 been successfully implemented.

3 **SEC. 2010. INCREASED PENALTY FOR IMPROPER DISCLO-**  
4 **SURE OR USE OF INFORMATION BY PRE-**  
5 **PARERS OF RETURNS.**

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

7 (1) by redesignating subsections (b) and (c) as  
8 subsections (c) and (d), respectively; and

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

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

13 “(1) IN GENERAL.—In the case of a disclosure  
14 or use described in subsection (a) that is made in  
15 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  
16 crime involves any tax filing, subsection (a) shall be  
17 applied—  
18

19 applied—  
20 “(A) by substituting ‘\$1,000’ for ‘\$250’,  
21 and

22 “(B) by substituting ‘\$50,000’ for  
23 ‘\$10,000’.

24 “(2) SEPARATE APPLICATION OF TOTAL PEN-  
25 ALTY LIMITATION.—The limitation on the total

1 amount of the penalty under subsection (a) shall be  
2 applied separately with respect to disclosures or uses  
3 to which this subsection applies and to which it does  
4 not apply.”.

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

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

## 12 **Subtitle B—Development of** 13 **Information Technology**

### 14 **SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE** 15 **INFORMATION TECHNOLOGY.**

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

20 “(f) INTERNAL REVENUE SERVICE CHIEF INFORMA-  
21 TION OFFICER.—

22 “(1) IN GENERAL.—There shall be in the Inter-  
23 nal Revenue Service an Internal Revenue Service  
24 Chief Information Officer (hereafter referred to in  
25 this subsection as the ‘IRS CIO’) who shall be ap-

1 pointed by the Commissioner of the Internal Rev-  
2 enue Service.

3 “(2) CENTRALIZED RESPONSIBILITY FOR IN-  
4 TERNAL REVENUE SERVICE INFORMATION TECH-  
5 NOLOGY.—The Commissioner of the Internal Rev-  
6 enue Service (and the Secretary) shall act through  
7 the IRS CIO with respect to all development, imple-  
8 mentation, and maintenance of information tech-  
9 nology for the Internal Revenue Service. Any ref-  
10 erence in this subsection to the IRS CIO which di-  
11 rects the IRS CIO to take any action, or to assume  
12 any responsibility, shall be treated as a reference to  
13 the Commissioner of the Internal Revenue Service  
14 acting through the IRS CIO.

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

17 “(A) be responsible for the development,  
18 implementation, and maintenance of informa-  
19 tion technology for the Internal Revenue Serv-  
20 ice,

21 “(B) ensure that the information tech-  
22 nology of the Internal Revenue Service is secure  
23 and integrated,

1           “(C) maintain operational control of all in-  
2           formation technology for the Internal Revenue  
3           Service,

4           “(D) be the principal advocate for the in-  
5           formation technology needs of the Internal Rev-  
6           enue Service, and

7           “(E) consult with the Chief Procurement  
8           Officer of the Internal Revenue Service to en-  
9           sure that the information technology acquired  
10          for the Internal Revenue Service is consistent  
11          with—

12                   “(i) the goals and requirements speci-  
13                   fied in subparagraphs (A) through (D),  
14                   and

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

17          “(4) STRATEGIC PLAN.—

18                   “(A) IN GENERAL.—The IRS CIO shall  
19                   develop and implement a multiyear strategic  
20                   plan for the information technology needs of the  
21                   Internal Revenue Service. Such plan shall—

22                           “(i) include performance measure-  
23                           ments of such technology and of the imple-  
24                           mentation of such plan,

1           “(ii) include a plan for an integrated  
2           enterprise architecture of the information  
3           technology of the Internal Revenue Service,

4           “(iii) include and take into account  
5           the resources needed to accomplish such  
6           plan,

7           “(iv) take into account planned major  
8           acquisitions of information technology by  
9           the Internal Revenue Service, including  
10          Customer Account Data Engine 2 and the  
11          Enterprise Case Management System, and

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

14          “(B) PLAN UPDATES.—The IRS CIO  
15          shall, not less frequently than annually, review  
16          and update the strategic plan under subpara-  
17          graph (A) (including the plan for an integrated  
18          enterprise architecture described in subpara-  
19          graph (A)(ii)) to take into account the develop-  
20          ment of new information technology and the  
21          needs of the Internal Revenue Service.

22          “(5) SCOPE OF AUTHORITY.—

23          “(A) INFORMATION TECHNOLOGY.—For  
24          purposes of this subsection, the term ‘informa-  
25          tion technology’ has the meaning given such

1 term by section 11101 of title 40, United States  
2 Code.

3 “(B) INTERNAL REVENUE SERVICE.—Any  
4 reference in this subsection to the Internal Rev-  
5 enue Service includes a reference to all compo-  
6 nents of the Internal Revenue Service, includ-  
7 ing—

8 “(i) the Office of the Taxpayer Advo-  
9 cate,

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

12 “(iii) except as otherwise provided by  
13 the Secretary with respect to information  
14 technology related to matters described in  
15 subsection (b)(3)(B), the Office of the  
16 Chief Counsel.”.

17 (b) INDEPENDENT VERIFICATION AND VALIDATION  
18 OF THE CUSTOMER ACCOUNT DATA ENGINE 2 AND EN-  
19 TERPRISE CASE MANAGEMENT SYSTEM.—

20 (1) IN GENERAL.—The Commissioner of the In-  
21 ternal Revenue Service shall enter into a contract  
22 with an independent reviewer to verify and validate  
23 the implementation plans (including the performance  
24 milestones and cost estimates included in such  
25 plans) developed for the Customer Account Data

1 Engine 2 and the Enterprise Case Management Sys-  
2 tem.

3 (2) DEADLINE FOR COMPLETION.—Such con-  
4 tract shall require that such verification and valida-  
5 tion be completed not later than the date which is  
6 1 year after the date of the enactment of this Act.

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

8 (A) IN GENERAL.—Paragraphs (1) and (2)  
9 shall not apply to phase 1 of the Customer Ac-  
10 count Data Engine 2 and shall apply separately  
11 to each other phase.

12 (B) DEADLINE FOR COMPLETING  
13 PLANS.—Not later than 1 year after the date of  
14 the enactment of this Act, the Commissioner of  
15 the Internal Revenue Service shall complete the  
16 development of plans for all phases of the Cus-  
17 tomer Account Data Engine 2.

18 (C) DEADLINE FOR COMPLETION OF  
19 VERIFICATION AND VALIDATION OF PLANS.—In  
20 the case of any phase after phase 2 of the Cus-  
21 tomer Account Data Engine 2, paragraph (2)  
22 shall be applied by substituting “the date on  
23 which the plan for such phase was completed”  
24 for “the date of the enactment of this Act”.

1           (c) COORDINATION OF IRS CIO AND CHIEF PRO-  
2   CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-  
3   ICE.—

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

6           (A) identify all significant IRS information  
7   technology acquisitions and provide written no-  
8   tification to the Internal Revenue Service Chief  
9   Information Officer (hereafter referred to in  
10  this subsection as the “IRS CIO”) of each such  
11  acquisition in advance of such acquisition, and

12          (B) regularly consult with the IRS CIO re-  
13  garding acquisitions of information technology  
14  for the Internal Revenue Service, including  
15  meeting with the IRS CIO regarding such ac-  
16  quisitions upon request.

17          (2) SIGNIFICANT IRS INFORMATION TECH-  
18  NOLOGY ACQUISITIONS.—For purposes of this sub-  
19  section, the term “significant IRS information tech-  
20  nology acquisitions” means—

21          (A) any acquisition of information tech-  
22  nology for the Internal Revenue Service in ex-  
23  cess of \$1,000,000, and

24          (B) such other acquisitions of information  
25  technology for the Internal Revenue Service (or



1 categories of such acquisitions) as the IRS CIO,  
2 in consultation with the Chief Procurement Of-  
3 ficer of the Internal Revenue Service, may iden-  
4 tify.

5 (3) SCOPE.—Terms used in this subsection  
6 which are also used in section 7803(f) of the Inter-  
7 nal Revenue Code of 1986 (as amended by sub-  
8 section (a)) shall have the same meaning as when  
9 used in such section.

10 **SEC. 2102. DEVELOPMENT OF ONLINE ACCOUNTS AND POR-**  
11 **TALS.**

12 (a) IN GENERAL.—The Secretary of the Treasury or  
13 the Secretary’s delegate (hereafter referred to in this sec-  
14 tion as the “Secretary”) shall—

15 (1) develop secure individualized online ac-  
16 counts to provide services to taxpayers and their  
17 designated return preparers, including obtaining tax-  
18 payer information, making payment of taxes, shar-  
19 ing documentation, and (to the extent feasible) ad-  
20 dressing and correcting issues, and

21 (2) develop a process for the acceptance of tax  
22 forms, and supporting documentation, in digital or  
23 other electronic format.

24 (b) ELECTRONIC SERVICES TREATED AS SUPPLE-  
25 MENTAL; APPLICATION OF SECURITY STANDARDS.—The

1 Secretary shall ensure that the processes described in sub-  
2 section (a)—

3 (1) are a supplement to, and not a replacement  
4 for, other services provided by the Internal Revenue  
5 Service to taxpayers, including face-to-face taxpayer  
6 assistance and services provided by phone, and

7 (2) comply with applicable security standards  
8 and guidelines.

9 (c) PROCESS FOR DEVELOPING ONLINE AC-  
10 COUNTS.—

11 (1) DEVELOPMENT OF PLAN.—Not later than 1  
12 year after the date of the enactment of this Act, the  
13 Secretary shall submit to Congress a written report  
14 describing the Secretary's plan for developing the se-  
15 cure individualized online accounts described in sub-  
16 section (a)(1). Such plan shall address the feasibility  
17 of taxpayers addressing and correcting issues  
18 through such accounts and whether access to such  
19 accounts should be restricted and in what manner.

20 (2) DEADLINE.—The Secretary shall make  
21 every reasonable effort to make the secure individ-  
22 ualized online accounts described in subsection  
23 (a)(1) available to taxpayers by December 31, 2023.

1 **SEC. 2103. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

2 (a) IN GENERAL.—Not later than January 1, 2023,  
3 the Secretary of the Treasury or the Secretary’s delegate  
4 (hereafter referred to in this section as the “Secretary”)  
5 shall make available an Internet website or other elec-  
6 tronic media, with a user interface and functionality simi-  
7 lar to the Business Services Online Suite of Services pro-  
8 vided by the Social Security Administration, that will pro-  
9 vide access to resources and guidance provided by the In-  
10 ternal Revenue Service and will allow persons to—

11 (1) prepare and file Forms 1099,

12 (2) prepare Forms 1099 for distribution to re-  
13 cipients other than the Internal Revenue Service,  
14 and

15 (3) maintain a record of completed and sub-  
16 mitted Forms 1099.

17 (b) ELECTRONIC SERVICES TREATED AS SUPPLE-  
18 MENTAL; APPLICATION OF SECURITY STANDARDS.—The  
19 Secretary shall ensure that the services described in sub-  
20 section (a)—

21 (1) are a supplement to, and not a replacement  
22 for, other services provided by the Internal Revenue  
23 Service to taxpayers, and

24 (2) comply with applicable security standards  
25 and guidelines.

1 **SEC. 2104. STREAMLINED CRITICAL PAY AUTHORITY FOR**  
2 **INFORMATION TECHNOLOGY POSITIONS.**

3 (a) IN GENERAL.—Subchapter A of chapter 80 is  
4 amended by adding at the end the following new section:

5 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**  
6 **INFORMATION TECHNOLOGY POSITIONS.**

7 “In the case of any position which is critical to the  
8 functionality of the information technology operations of  
9 the Internal Revenue Service—

10 “(1) section 9503 of title 5, United States  
11 Code, shall be applied—

12 “(A) by substituting ‘during the period be-  
13 ginning on the date of the enactment of section  
14 7812 of the Internal Revenue Code of 1986,  
15 and ending on September 30, 2023’ for ‘Before  
16 September 30, 2013 in subsection (a)’,

17 “(B) without regard to subparagraph (B)  
18 of subsection (a)(1), and

19 “(C) by substituting ‘the date of the enact-  
20 ment of the Taxpayer First Act of 2018’ for  
21 ‘June 1, 1998’ in subsection (a)(6),

22 “(2) section 9504 of such title 5 shall be ap-  
23 plied by substituting ‘During the period beginning  
24 on the date of the enactment of section 7812 of the  
25 Internal Revenue Code of 1986, and ending on Sep-

1       tember 30, 2023’ for ‘Before September 30, 2013’  
2       each place it appears in subsections (a) and (b), and  
3       “(3) section 9505 of such title shall be ap-  
4       plied—

5               “(A) by substituting ‘During the period be-  
6               ginning on the date of the enactment of section  
7               7812 of the Internal Revenue Code of 1986,  
8               and ending on September 30, 2023’ for ‘Before  
9               September 30, 2013’ in subsection (a), and

10              “(B) by substituting ‘the information tech-  
11              nology operations’ for ‘significant functions’ in  
12              subsection (a).”.

13       (b) CLERICAL AMENDMENT.—The table of sections  
14       for subchapter A of chapter 80 is amended by adding at  
15       the end the following new item:

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

16       **Subtitle C—Modernization of Con-**  
17       **sent-based Income Verification**  
18       **System**

19       **SEC. 2201. DISCLOSURE OF TAXPAYER INFORMATION FOR**  
20       **THIRD-PARTY INCOME VERIFICATION.**

21       (a) IN GENERAL.—Not later than 1 year after the  
22       close of the 2-year period described in subsection (d)(1),  
23       the Secretary of the Treasury or the Secretary’s delegate  
24       (hereafter referred to in this section as the “Secretary”)

1 shall implement a program to ensure that any qualified  
2 disclosure—

3 (1) is fully automated and accomplished  
4 through the Internet, and

5 (2) is accomplished in as close to real-time as  
6 is practicable.

7 (b) QUALIFIED DISCLOSURE.—For purposes of this  
8 section, the term “qualified disclosure” means a disclosure  
9 under section 6103(c) of the Internal Revenue Code of  
10 1986 of returns or return information by the Secretary  
11 to a person seeking to verify the income or creditworthi-  
12 ness of a taxpayer who is a borrower in the process of  
13 a loan application.

14 (c) APPLICATION OF SECURITY STANDARDS.—The  
15 Secretary shall ensure that the program described in sub-  
16 section (a) complies with applicable security standards and  
17 guidelines.

18 (d) USER FEE.—

19 (1) IN GENERAL.—During the 2-year period be-  
20 ginning on the first day of the 6th calendar month  
21 beginning after the date of the enactment of this  
22 Act, the Secretary shall assess and collect a fee for  
23 qualified disclosures (in addition to any other fee as-  
24 sessed and collected for such disclosures) at such  
25 rates as the Secretary determines are sufficient to

1 cover the costs related to implementing the program  
2 described in subsection (a), including the costs of  
3 any necessary infrastructure or technology.

4 (2) DEPOSIT OF COLLECTIONS.—Amounts re-  
5 ceived from fees assessed and collected under para-  
6 graph (1) shall be deposited in, and credited to, an  
7 account solely for the purpose of carrying out the  
8 activities described in subsection (a). Such amounts  
9 shall be available to carry out such activities without  
10 need of further appropriation and without fiscal year  
11 limitation.

12 **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**  
13 **BASED DISCLOSURES OF TAX RETURN INFOR-**  
14 **MATION.**

15 (a) IN GENERAL.—Section 6103(c) is amended by  
16 adding at the end the following: “Persons designated by  
17 the taxpayer under this subsection to receive return infor-  
18 mation shall not use the information for any purpose other  
19 than the express purpose for which consent was granted  
20 and shall not disclose return information to any other per-  
21 son without the express permission of, or request by, the  
22 taxpayer.”.

23 (b) APPLICATION OF PENALTIES.—Section  
24 6103(a)(3) is amended by inserting “subsection (c),” after  
25 “return information under”.

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

## 4 **Subtitle D—Expanded Use of** 5 **Electronic Systems**

### 6 **SEC. 2301. ELECTRONIC FILING OF RETURNS.**

7 (a) IN GENERAL.—Section 6011(e)(2)(A) is amended  
8 by striking “250” and inserting “the applicable number  
9 of”.

10 (b) APPLICABLE NUMBER.—Section 6011(e) is  
11 amended by striking paragraph (5) and inserting the fol-  
12 lowing new paragraphs:

13 “(5) APPLICABLE NUMBER.—

14 “(A) IN GENERAL.—For purposes of para-  
15 graph (2)(A), the applicable number shall be—

16 “(i) except as provided in subpara-  
17 graph (B), in the case of calendar years  
18 before 2020, 250,

19 “(ii) in the case of calendar year  
20 2020, 100, and

21 “(iii) in the case of calendar years  
22 after 2020, 10.

23 “(B) SPECIAL RULE FOR PARTNERSHIPS  
24 FOR 2018 AND 2019.—In the case of a partner-



1 ship, for any calendar year before 2020, the ap-  
2 plicable number shall be—

3 “(i) in the case of calendar year 2018,  
4 200, and

5 “(ii) in the case of calendar year  
6 2019, 150.

7 “(6) PARTNERSHIPS REQUIRED TO FILE ON  
8 MAGNETIC MEDIA.—Notwithstanding paragraph  
9 (2)(A), the Secretary shall require partnerships hav-  
10 ing more than 100 partners to file returns on mag-  
11 netic media.”.

12 (c) RETURNS FILED BY A TAX RETURN PRE-  
13 PARER.—Section 6011(e)(3) is amended by adding at the  
14 end the following new subparagraph:

15 “(D) EXCEPTION FOR CERTAIN PRE-  
16 PARERS LOCATED IN AREAS WITHOUT INTER-  
17 NET ACCESS.—The Secretary may waive the re-  
18 quirement of subparagraph (A) if the Secretary  
19 determines, on the basis of an application by  
20 the tax return preparer, that the preparer can-  
21 not meet such requirement by reason of being  
22 located in a geographic area which does not  
23 have access to internet service (other than dial-  
24 up or satellite service).”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on the date of the enactment  
3 of this Act.

4 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**  
5 **TRONIC SIGNATURES FOR DISCLOSURE AU-**  
6 **THORIZATIONS TO, AND OTHER AUTHORIZA-**  
7 **TIONS OF, PRACTITIONERS.**

8 Section 6061(b)(3) is amended to read as follows:

9 “(3) PUBLISHED GUIDANCE.—

10 “(A) IN GENERAL.—The Secretary shall  
11 publish guidance as appropriate to define and  
12 implement any waiver of the signature require-  
13 ments or any method adopted under paragraph  
14 (1).

15 “(B) ELECTRONIC SIGNATURES FOR DIS-  
16 CLOSURE AUTHORIZATIONS TO, AND OTHER AU-  
17 THORIZATIONS OF, PRACTITIONERS.—Not later  
18 than 6 months after the date of the enactment  
19 of this subparagraph, the Secretary shall pub-  
20 lish guidance to establish uniform standards  
21 and procedures for the acceptance of taxpayers’  
22 signatures appearing in electronic form with re-  
23 spect to any request for disclosure of a tax-  
24 payer’s return or return information under sec-  
25 tion 6103(c) to a practitioner or any power of

1 attorney granted by a taxpayer to a practi-  
2 tioner.

3 “(C) PRACTITIONER.—For purposes of  
4 subparagraph (B), the term ‘practitioner’  
5 means any individual in good standing who is  
6 regulated under section 330 of title 31, United  
7 States Code.”.

8 **SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT**  
9 **CARDS.**

10 Section 6311(d)(2) is amended by adding at the end  
11 the following: “The preceding sentence shall not apply to  
12 the extent that the Secretary ensures that any such fee  
13 or other consideration is fully recouped by the Secretary  
14 in the form of fees paid to the Secretary by persons paying  
15 taxes imposed under subtitle A with credit, debit, or  
16 charge cards pursuant to such contract. Notwithstanding  
17 the preceding sentence, the Secretary shall seek to mini-  
18 mize the amount of any fee or other consideration that  
19 the Secretary pays under any such contract.”.

20 **SEC. 2304. REQUIREMENT THAT ELECTRONICALLY PRE-**  
21 **PARED PAPER RETURNS INCLUDE SCAN-**  
22 **NABLE CODE.**

23 (a) IN GENERAL.—Subsection (e) of section 6011, as  
24 amended by this Act, is amended by adding at the end  
25 the following new paragraph:



## 1           **Subtitle E—Other Provisions**

### 2   **SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN** 3                   **TAX COMPLIANCE PROCEDURES AND RE-** 4                   **PORTS.**

5           Section 2004 of the Internal Revenue Service Re-  
6   structuring and Reform Act of 1998 (26 U.S.C. 6012  
7   note) is repealed.

### 8   **SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.**

9           Not later than 1 year after the date of the enactment  
10   of this Act, the Commissioner of Internal Revenue shall  
11   submit to Congress a written report providing a com-  
12   prehensive training strategy for employees of the Internal  
13   Revenue Service, including—

14           (1) a plan to streamline current training proc-  
15           esses, including an assessment of the utility of fur-  
16           ther consolidating internal training programs, tech-  
17           nology, and funding,

18           (2) a plan to develop annual training regarding  
19           taxpayer rights, including the role of the Office of  
20           the Taxpayer Advocate, for employees that interface  
21           with taxpayers and their managers,

22           (3) a plan to improve technology-based training,

23           (4) proposals to—

24                   (A) focus employee training on early, fair,  
25                   and efficient resolution of taxpayer disputes for

1 employees that interface with taxpayers and  
2 their managers, and

3 (B) ensure consistency of skill development  
4 and employee evaluation throughout the Inter-  
5 nal Revenue Service, and

6 (5) a thorough assessment of the funding nec-  
7 essary to implement such strategy.

8 **TITLE III—MISCELLANEOUS**  
9 **PROVISIONS**

10 **Subtitle A—Reform of Laws Gov-**  
11 **erning Internal Revenue Serv-**  
12 **ice Employees**

13 **SEC. 3001. ELECTRONIC RECORD RETENTION.**

14 (a) RETENTION OF RECORDS.—

15 (1) IN GENERAL.—Email records of the Inter-  
16 nal Revenue Service shall be retained in an appro-  
17 priate electronic system that supports records man-  
18 agement and litigation requirements, including the  
19 capability to identify, retrieve, and retain the  
20 records, in accordance with the requirements de-  
21 scribed in paragraph (2).

22 (2) REQUIREMENTS.—

23 (A) PRIOR TO CERTIFICATION.—The Com-  
24 missioner of Internal Revenue and the Chief  
25 Counsel for the Internal Revenue Service shall

1 retain all email records generated on or after  
2 the date of the enactment of this Act and be-  
3 fore the date on which the Treasury Inspector  
4 General for Tax Administration makes the cer-  
5 tification under subsection (c)(1).

6 (B) PRINCIPAL OFFICERS AND SPECIFIED  
7 EMPLOYEES.—Not later than December 31,  
8 2019, the Commissioner of Internal Revenue  
9 and the Chief Counsel for the Internal Revenue  
10 Service shall maintain email records of all prin-  
11 cipal officers and specified employees of the In-  
12 ternal Revenue Service for a period of not less  
13 than 15 years beginning on the date such  
14 record was generated.

15 (b) TRANSMISSION OF RECORDS TO THE NATIONAL  
16 ARCHIVES.—Not later than 15 years after the date on  
17 which an email record of a principal officer or specified  
18 employee of the Internal Revenue Service is generated, the  
19 Commissioner of Internal Revenue and the Chief Counsel  
20 for the Internal Revenue Service shall transfer such email  
21 record to the Archivist of the United States.

22 (c) COMPLIANCE.—

23 (1) CERTIFICATION.—On the date that the  
24 Treasury Inspector General for Tax Administration  
25 determines that the Internal Revenue Service has a

1 program in place that complies with the require-  
2 ments of subsections (a)(2)(B) and (b), the Treas-  
3 ury Inspector General for Tax Administration shall  
4 certify to the Committee on Ways and Means of the  
5 House of Representatives and the Committee on Fi-  
6 nance of the Senate that the Internal Revenue Serv-  
7 ice is in compliance with such requirements.

8 (2) REPORTS.—

9 (A) INTERIM REPORT.—Not later than De-  
10 cember 31, 2019, the Treasury Inspector Gen-  
11 eral for Tax Administration shall submit a re-  
12 port to the Committee on Ways and Means of  
13 the House of Representatives and the Com-  
14 mittee on Finance of the Senate on the steps  
15 being taken by the Commissioner of Internal  
16 Revenue and the Chief Counsel for the Internal  
17 Revenue Service to comply with the require-  
18 ments of subsections (a)(2)(B) and (b).

19 (B) FINAL REPORT.—Not later than April  
20 1, 2020, the Treasury Inspector General for  
21 Tax Administration shall submit a report to the  
22 Committee on Ways and Means of the House of  
23 Representatives and the Committee on Finance  
24 of the Senate describing whether the Internal



1 Revenue Service is in compliance with the re-  
2 quirements of subsections (a)(2)(B) and (b).

3 (d) DEFINITIONS.—For purposes of this section—

4 (1) PRINCIPAL OFFICER.—The term “principal  
5 officer” means, with respect to the Internal Revenue  
6 Service—

7 (A) any employee whose position is listed  
8 under the Internal Revenue Service in the most  
9 recent version of the United States Government  
10 Manual published by the Office of the Federal  
11 Register;

12 (B) any employee who is a senior staff  
13 member reporting directly to the Commissioner  
14 of Internal Revenue or the Chief Counsel for  
15 the Internal Revenue Service; and

16 (C) any associate counsel, deputy counsel,  
17 or division head in the Office of the Chief  
18 Counsel for the Internal Revenue Service.

19 (2) SPECIFIED EMPLOYEE.—The term “speci-  
20 fied employee” means, with respect to the Internal  
21 Revenue Service, any employee who—

22 (A) holds a Senior Executive Service posi-  
23 tion (as defined in section 3132 of title 5,  
24 United States Code) in the Internal Revenue

1 Service or the Office of Chief Counsel for the  
2 Internal Revenue Service; and

3 (B) is not a principal officer of the Inter-  
4 nal Revenue Service.

5 **SEC. 3002. PROHIBITION ON REHIRING ANY EMPLOYEE OF**  
6 **THE INTERNAL REVENUE SERVICE WHO WAS**  
7 **INVOLUNTARILY SEPARATED FROM SERVICE**  
8 **FOR MISCONDUCT.**

9 (a) IN GENERAL.—Section 7804 is amended by add-  
10 ing at the end the following new subsection:

11 “(d) PROHIBITION ON REHIRING EMPLOYEES INVOL-  
12 UNTARILY SEPARATED.—The Commissioner may not hire  
13 any individual previously employed by the Commissioner  
14 who was removed for misconduct under this subchapter  
15 or chapter 43 or chapter 75 of title 5, United States Code,  
16 or whose employment was terminated under section 1203  
17 of the Internal Revenue Service Restructuring and Reform  
18 Act of 1998 (26 U.S.C. 7804 note).”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 subsection (a) shall apply with respect to the hiring of em-  
21 ployees after the date of the enactment of this Act.

1 **SEC. 3003. 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  
20           in section 511(a)(2) of the Internal Revenue  
21           Code of 1986 which is subject to the tax im-  
22           posed by section 511(a)(1) of such Code on its  
23           unrelated business taxable income, or any orga-  
24           nization required to file a return under section  
25           6033 of such Code and include information

1 under subsection (e) thereof, the Secretary may  
2 delay the application of the amendments made  
3 by this section, but such delay shall not apply  
4 to any taxable year beginning on or after the  
5 date 2 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.—After an organiza-  
13 tion described in subsection (a)(1) or (i)  
14 fails to file the annual return or notice re-  
15 quired under either subsection for 2 con-  
16 secutive years, the Secretary shall notify  
17 the organization—

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, 2018.

## 12 **Subtitle C—Tax Court**

### 13 **SEC. 3301. DISQUALIFICATION OF JUDGE OR MAGISTRATE** 14 **JUDGE OF THE TAX COURT.**

15 (a) IN GENERAL.—Part II of subchapter C of chap-  
16 ter 76 is amended by adding at the end the following new  
17 section:

### 18 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR MAGISTRATE** 19 **JUDGE OF THE TAX COURT.**

20 “Section 455 of title 28, United States Code, shall  
21 apply to judges and magistrate judges of the Tax Court  
22 and to proceedings of the Tax Court.”.

23 (b) CLERICAL AMENDMENT.—The table of sections  
24 for such part is amended by adding at the end the fol-  
25 lowing new item:

“Sec. 7467. Disqualification of judge or magistrate judge of the Tax Court.”.

1 **SEC. 3302. OPINIONS AND JUDGMENTS.**

2 (a) IN GENERAL.—Section 7459 is amended by strik-  
3 ing all the precedes subsection (c) and inserting the fol-  
4 lowing:

5 **“SEC. 7459. OPINIONS AND JUDGMENTS.**

6 “(a) REQUIREMENT.—An opinion upon any pro-  
7 ceeding instituted before the Tax Court and a judgment  
8 thereon shall be made as quickly as practicable. The judg-  
9 ment shall be made by a judge in accordance with the  
10 opinion of the Tax Court, and such judgment so made  
11 shall, when entered, be the judgment of the Tax Court.

12 “(b) INCLUSION OF FINDINGS OF FACT IN OPIN-  
13 ION.—It shall be the duty of the Tax Court and of each  
14 division to include in its opinion or memorandum opinion  
15 upon any proceeding, its findings of fact. The Tax Court  
16 shall issue in writing all of its findings of fact, opinions,  
17 and memorandum opinions. Subject to such conditions as  
18 the Tax Court may by rule provide, the requirements of  
19 this subsection and of section 7460 are met if findings  
20 of fact or opinion are stated orally and recorded in the  
21 transcript of the proceedings.”.

22 (b) REFERENCES.—Section 7459 is amended by re-  
23 designating subsection (g) as subsection (h) and by insert-  
24 ing after subsection (f) the following new subsection:

25 “(g) REFERENCES.—Any reference in this title to a  
26 decision or report of the Tax Court shall be treated as



1 a reference to a judgment or opinion of the Tax Court,  
2 respectively.”.

3 (c) CONFORMING AMENDMENT.—The item relating  
4 to section 7459 in the table of sections for part II of sub-  
5 chapter C of chapter 76 is amended to read as follows:

“Sec. 7459. Opinions and judgments.”.

6 (d) CONTINUING EFFECT OF LEGAL DOCUMENTS.—  
7 All orders, decisions, reports, rules, permits, agreements,  
8 grants, contracts, certificates, licenses, registrations, privi-  
9 leges, and other administrative actions, in connection with  
10 the Tax Court, which are in effect at the time this section  
11 takes effect, or were final before the effective date of this  
12 section and are to become effective on or after the effective  
13 date of this section, shall continue in effect according to  
14 their terms until modified, terminated, superseded, set  
15 aside, or revoked in accordance with law by the Tax Court.

16 **SEC. 3303. TITLE OF SPECIAL TRIAL JUDGE CHANGED TO**  
17 **MAGISTRATE JUDGE OF THE TAX COURT.**

18 (a) IN GENERAL.—Section 7443A is amended—

19 (1) by striking “special trial judges” in sub-  
20 sections (a) and (e) and inserting “magistrate  
21 judges of the Tax Court”,

22 (2) by striking “special trial judges of the  
23 court” in subsection (b) and inserting “magistrate  
24 judges of the Tax Court”, and

1           (3) by striking “special trial judge” in sub-  
2           sections (c) and (d) and inserting “magistrate judge  
3           of the Tax Court”.

4           (b) CONFORMING AMENDMENTS.—

5           (1) The heading of section 7443A is amended  
6           by striking “**SPECIAL TRIAL JUDGES**” and insert-  
7           ing “**MAGISTRATE JUDGES OF THE TAX**  
8           **COURT**”.

9           (2) The heading of section 7443A(b) is amend-  
10          ed by striking “SPECIAL TRIAL JUDGES” and insert-  
11          ing “MAGISTRATE JUDGES OF THE TAX COURT”.

12          (3) The item relating to section 7443A in the  
13          table of sections for part I of subchapter C of chap-  
14          ter 76 is amended to read as follows:

“Sec. 7443A. Magistrate judges of the Tax Court.”.

15          (4) The heading of section 7448 is amended by  
16          striking “**SPECIAL TRIAL JUDGES**” and inserting  
17          “**MAGISTRATE JUDGES OF THE TAX COURT**”.

18          (5) Section 7448 is amended—

19                (A) by striking “special trial judge’s” each  
20                place it appears in subsections (a)(6), (c)(1),  
21                (d), and (m)(1) and inserting “magistrate judge  
22                of the Tax Court’s”, and

23                (B) by striking “special trial judge” each  
24                place it appears other than in subsection (n)

1 and inserting “magistrate judge of the Tax  
2 Court”.

3 (6) Section 7448(n) is amended—

4 (A) by striking “special trial judge which  
5 are allowable” and inserting “magistrate judge  
6 of the Tax Court which are allowable”, and

7 (B) by striking “special trial judge of the  
8 Tax Court” both places it appears and inserting  
9 “magistrate judge of the Tax Court”.

10 (7) The heading of section 7448(b)(2) is  
11 amended by striking “SPECIAL TRIAL JUDGES” and  
12 inserting “MAGISTRATE JUDGES OF THE TAX  
13 COURT”.

14 (8) The item relating to section 7448 in the  
15 table of sections for part I of subchapter C of chap-  
16 ter 76 is amended to read as follows:

“Sec. 7448. Annuities to surviving spouses and dependent children of judges  
and magistrate judges of the Tax Court.”.

17 (9) Section 7456(a) is amended—

18 (A) by striking “special trial judge” each  
19 place it appears and inserting “magistrate  
20 judge”, and

21 (B) by striking “(or by the clerk” and in-  
22 serting “of the Tax Court (or by the clerk”.

1           (10) Section 7466(a) is amended by striking  
2           “special trial judge” and inserting “magistrate  
3           judge”.

4           (11) Section 7470A is amended by striking  
5           “special trial judges” both places it appears in sub-  
6           sections (a) and (b) and inserting “magistrate  
7           judges”.

8           (12) Section 7471(a)(2)(A) is amended by  
9           striking “special trial judges” and inserting “mag-  
10          istrate judges”.

11          (13) Section 7471(c) is amended—

12                 (A) by striking “SPECIAL TRIAL JUDGES”  
13                 in the heading and inserting “MAGISTRATE  
14                 JUDGES OF THE TAX COURT”, and

15                 (B) by striking “special trial judges” and  
16                 inserting “magistrate judges”.

17   **SEC. 3304. REPEAL OF DEADWOOD RELATED TO BOARD OF**  
18                   **TAX APPEALS.**

19          (a) Section 7459, as amended by this Act, is amended  
20          by striking subsection (f) and by redesignating subsections  
21          (g) and (h) as subsections (f) and (g), respectively.

22          (b) Section 7447(a)(3) is amended to read as follows:

23                 “(3) In any determination of length of service  
24                 as judge or as a judge of the Tax Court of the  
25                 United States there shall be included all periods

- 1 (whether or not consecutive) during which an indi-
- 2 vidual served as judge.”.

