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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R.

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LEWIS (for himself, Mr. KELLY of Pennsylvania, Mr. NEAL, Mr. BRADY, and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to modernize and improve the Internal Revenue Service, and for other purposes.

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

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

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

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
2 to, or repeal of, a section or other provision, the reference
3 shall be considered to be made to a section or other provi-
4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents for
6 this Act 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. 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. Identity protection personal identification numbers.
- Sec. 2006. Single point of contact for tax-related identity theft victims.
- Sec. 2007. Notification of suspected identity theft.
- Sec. 2008. Guidelines for stolen identity refund fraud cases.
- Sec. 2009. 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. Internet platform for Form 1099 filings.
- Sec. 2103. 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. 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. Prohibition on rehiring any employee of the Internal Revenue Service who was involuntarily separated from service for misconduct.
- Sec. 3002. 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—Revenue Provision

Sec. 3201. Increase in penalty for failure to file.

TITLE IV—BUDGETARY EFFECTS

Sec. 4001. Determination of budgetary effects.

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.—

10 “(1) ESTABLISHMENT.—There is established in
11 the Internal Revenue Service an office to be known
12 as the ‘Internal Revenue Service Independent Office
13 of Appeals’.

14 “(2) CHIEF OF APPEALS.—

15 “(A) IN GENERAL.—The Internal Revenue
16 Service Independent Office of Appeals shall be
17 under the supervision and direction of an offi-
18 cial to be known as the ‘Chief of Appeals’. The
19 Chief of Appeals shall report directly to the
20 Commissioner of Internal Revenue and shall be
21 entitled to compensation at the same rate as
22 the highest rate of basic pay established for the

1 Senior Executive Service under section 5382 of
2 title 5, United States Code.

3 “(B) APPOINTMENT.—The Chief of Ap-
4 peals shall be appointed by the Commissioner of
5 Internal Revenue without regard to the provi-
6 sions of title 5, United States Code, relating to
7 appointments in the competitive service or the
8 Senior Executive Service.

9 “(C) QUALIFICATIONS.—An individual ap-
10 pointed under subparagraph (B) shall have ex-
11 perience and expertise in—

12 “(i) administration of, and compliance
13 with, Federal tax laws,

14 “(ii) a broad range of compliance
15 cases, and

16 “(iii) management of large service or-
17 ganizations.

18 “(3) PURPOSES AND DUTIES OF OFFICE.—It
19 shall be the function of the Internal Revenue Service
20 Independent Office of Appeals to resolve Federal tax
21 controversies without litigation on a basis which—

22 “(A) is fair and impartial to both the Gov-
23 ernment and the taxpayer,

1 “(B) promotes a consistent application and
2 interpretation of, and voluntary compliance
3 with, the Federal tax laws, and

4 “(C) enhances public confidence in the in-
5 tegrity and efficiency of the Internal Revenue
6 Service.

7 “(4) RIGHT OF APPEAL.—The resolution proc-
8 ess described in paragraph (3) shall be generally
9 available to all taxpayers.

10 “(5) LIMITATION ON DESIGNATION OF CASES
11 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT
12 OFFICE OF APPEALS.—

13 “(A) IN GENERAL.—If any taxpayer which
14 is in receipt of a notice of deficiency authorized
15 under section 6212 requests referral to the In-
16 ternal Revenue Service Independent Office of
17 Appeals and such request is denied, the Com-
18 missioner of Internal Revenue shall provide
19 such taxpayer a written notice which—

20 “(i) provides a detailed description of
21 the facts involved, the basis for the deci-
22 sion to deny the request, and a detailed ex-
23 planation of how the basis of such decision
24 applies to such facts, and

1 “(ii) describes the procedures pre-
2 scribed under subparagraph (C) for pro-
3 testing the decision to deny the request.

4 “(B) REPORT TO CONGRESS.—The Com-
5 missioner of Internal Revenue shall submit a
6 written report to Congress on an annual basis
7 which includes the number of requests described
8 in subparagraph (A) which were denied and the
9 reasons (described by category) that such re-
10 quests were denied.

11 “(C) PROCEDURES FOR PROTESTING DE-
12 NIAL OF REQUEST.—The Commissioner of In-
13 ternal Revenue shall prescribe procedures for
14 protesting to the Commissioner of Internal Rev-
15 enue a denial of a request described in subpara-
16 graph (A).

17 “(D) NOT APPLICABLE TO FRIVOLOUS PO-
18 SITIONS.—This paragraph shall not apply to a
19 request for referral to the Internal Revenue
20 Service Independent Office of Appeals which is
21 denied on the basis that the issue involved is a
22 frivolous position (within the meaning of section
23 6702(c)).

24 “(6) STAFF.—

1 “(A) IN GENERAL.—All personnel in the
2 Internal Revenue Service Independent Office of
3 Appeals shall report to the Chief of Appeals.

4 “(B) ACCESS TO STAFF OF OFFICE OF
5 THE CHIEF COUNSEL.—The Chief of Appeals
6 shall have authority to obtain legal assistance
7 and advice from the staff of the Office of the
8 Chief Counsel. The Chief Counsel shall ensure,
9 to the extent practicable, that such assistance
10 and advice is provided by staff of the Office of
11 the Chief Counsel who were not involved in the
12 case with respect to which such assistance and
13 advice is sought and who are not involved in
14 preparing such case for litigation.

15 “(7) ACCESS TO CASE FILES.—

16 “(A) IN GENERAL.—In any case in which
17 a conference with the Internal Revenue Service
18 Independent Office of Appeals has been sched-
19 uled upon request of a specified taxpayer, the
20 Chief of Appeals shall ensure that such tax-
21 payer is provided access to the nonprivileged
22 portions of the case file on record regarding the
23 disputed issues (other than documents provided
24 by the taxpayer to the Internal Revenue Serv-

1 ice) not later than 10 days before the date of
2 such conference.

3 “(B) TAXPAYER ELECTION TO EXPEDITE
4 CONFERENCE.—If the taxpayer so elects, sub-
5 paragraph (A) shall be applied by substituting
6 ‘the date of such conference’ for ‘10 days before
7 the date of such conference’.

8 “(C) SPECIFIED TAXPAYER.—For pur-
9 poses of this paragraph—

10 “(i) IN GENERAL.—The term ‘speci-
11 fied taxpayer’ means—

12 “(I) in the case of any taxpayer
13 who is a natural person, a taxpayer
14 whose adjusted gross income does not
15 exceed \$400,000 for the taxable year
16 to which the dispute relates, and

17 “(II) in the case of any other
18 taxpayer, a taxpayer whose gross re-
19 ceipts do not exceed \$5,000,000 for
20 the taxable year to which the dispute
21 relates.

22 “(ii) AGGREGATION RULE.—Rules
23 similar to the rules of section 448(c)(2)
24 shall apply for purposes of clause (i)(II).”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) The following provisions are each amended
2 by striking “Internal Revenue Service Office of Ap-
3 peals” and inserting “Internal Revenue Service
4 Independent Office of Appeals”:

5 (A) Section 6015(c)(4)(B)(ii)(I).

6 (B) Section 6320(b)(1).

7 (C) Subsections (b)(1) and (d)(3) of sec-
8 tion 6330.

9 (D) Section 6603(d)(3)(B).

10 (E) Section 6621(c)(2)(A)(i).

11 (F) Section 7122(e)(2).

12 (G) Subsections (a), (b)(1), (b)(2), and
13 (c)(1) of section 7123.

14 (H) Subsections (e)(7)(B)(i) and (g)(2)(A)
15 of section 7430.

16 (I) Section 7522(b)(3).

17 (J) Section 7612(c)(2)(A).

18 (2) Section 7430(c)(2) is amended by striking
19 “Internal Revenue Service Office of Appeals” each
20 place it appears and inserting “Internal Revenue
21 Service Independent Office of Appeals”.

22 (3) The heading of section 6330(d)(3) is
23 amended by inserting “INDEPENDENT” after “IRS”.

24 (c) OTHER REFERENCES.—Any reference in any pro-
25 vision of law, or regulation or other guidance, to the Inter-

1 nal Revenue Service Office of Appeals shall be treated as
2 a reference to the Internal Revenue Service Independent
3 Office of Appeals.

4 (d) SAVINGS PROVISIONS.—Rules similar to the rules
5 of paragraphs (2) through (6) of section 1001(b) of the
6 Internal Revenue Service Restructuring and Reform Act
7 of 1998 shall apply for purposes of this section (and the
8 amendments made by this section).

9 (e) EFFECTIVE DATE.—

10 (1) IN GENERAL.—Except as otherwise pro-
11 vided in this subsection, the amendments made by
12 this section shall take effect on the date of the en-
13 actment of this Act.

14 (2) ACCESS TO CASE FILES.—Section
15 7803(e)(7) of the Internal Revenue Code of 1986, as
16 added by subsection (a), shall apply to conferences
17 occurring after the date which is 1 year after the
18 date of the enactment of this Act.

19 **Subtitle B—Improved Service**

20 **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-** 21 **EGY.**

22 (a) IN GENERAL.—Not later than the date which is
23 1 year after the date of the enactment of this Act, the
24 Secretary of the Treasury (or the Secretary's delegate)
25 shall submit to Congress a written comprehensive cus-

1 tomer service strategy for the Internal Revenue Service.

2 Such strategy shall include—

3 (1) a plan to provide assistance to taxpayers
4 that is secure, designed to meet reasonable taxpayer
5 expectations, and adopts appropriate best practices
6 of customer service provided in the private sector,
7 including online services, telephone call back serv-
8 ices, and training of employees providing customer
9 services;

10 (2) a thorough assessment of the services that
11 the Internal Revenue Service can co-locate with
12 other Federal services or offer as self-service op-
13 tions;

14 (3) proposals to improve Internal Revenue Serv-
15 ice customer service in the short term (the current
16 and following fiscal year), medium term (approx-
17 imately 3 to 5 fiscal years), and long term (approx-
18 imately 10 fiscal years);

19 (4) a plan to update guidance and training ma-
20 terials for customer service employees of the Internal
21 Revenue Service, including the Internal Revenue
22 Manual, to reflect such strategy; and

23 (5) identified metrics and benchmarks for quan-
24 titatively measuring the progress of the Internal
25 Revenue Service in implementing such strategy.

1 (b) UPDATED GUIDANCE AND TRAINING MATE-
2 RIALS.—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) shall make available the updated
5 guidance and training materials described in subsection
6 (a)(4) (including the Internal Revenue Manual). Such up-
7 dated guidance and training materials (including the In-
8 ternal Revenue Manual) shall be written in a manner so
9 as to be easily understood by customer service employees
10 of the Internal Revenue Service and shall provide clear
11 instructions.

12 **SEC. 1102. LOW-INCOME EXCEPTION FOR PAYMENTS OTH-**
13 **ERWISE REQUIRED IN CONNECTION WITH A**
14 **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

15 (a) IN GENERAL.—Section 7122(c) is amended by
16 adding at the end the following new paragraph:

17 “(3) EXCEPTION FOR LOW-INCOME TAX-
18 PAYERS.—Paragraph (1), and any user fee otherwise
19 required in connection with the submission of an
20 offer-in-compromise, shall not apply to any offer-in-
21 compromise with respect to a taxpayer who is an in-
22 dividual with adjusted gross income, as determined
23 for the most recent taxable year for which such in-
24 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 that is 45 days after the date of the enactment of this
6 Act.

7 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**
8 **PLIANCE PERSONNEL PROGRAM.**

9 (a) **CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR**
10 **COLLECTION UNDER TAX COLLECTION CONTRACTS.**—
11 Section 6306(d)(3) is amended by striking “or” at the end
12 of subparagraph (C) and by inserting after subparagraph
13 (D) the following new subparagraphs:

14 “(E) a taxpayer substantially all of whose
15 income consists of disability insurance benefits
16 under section 223 of the Social Security Act or
17 supplemental security income benefits under
18 title XVI of the Social Security Act (including
19 supplemental security income benefits of the
20 type described in section 1616 of such Act or
21 section 212 of Public Law 93–66), or

22 “(F) a taxpayer who is an individual with
23 adjusted gross income, as determined for the
24 most recent taxable year for which such infor-
25 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, 2020.

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 which is 45 days after the date of the enactment of this
23 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 Internal Revenue—
12

13 “(A) the Commissioner or a Deputy Commissioner shall modify, rescind, or ensure compliance with such directive not later than 90 days after the issuance of such directive, and
14

15 “(B) in the case of any directive which is
16 modified or rescinded by a Deputy Commissioner, the National Taxpayer Advocate may
17 (not later than 90 days after such modification or rescission) appeal to the Commissioner, and
18 the Commissioner shall (not later than 90 days
19 after such appeal is made) ensure compliance
20 with such directive as issued by the National
21 Taxpayer Advocate or provide the National
22

1 Taxpayer Advocate with the reasons for any
2 modification or rescission made or upheld by
3 the Commissioner pursuant to such appeal.”.

4 (2) REPORT TO CERTAIN COMMITTEES OF CON-
5 GRESS REGARDING DIRECTIVES.—Section
6 7803(c)(2)(B)(ii) is amended by redesignating sub-
7 clauses (VIII) through (XI) as subclauses (IX)
8 through (XII), respectively, and by inserting after
9 subclause (VII) the following new subclause:

10 “(VIII) identify any Taxpayer
11 Advocate Directive which was not
12 honored by the Internal Revenue
13 Service in a timely manner, as speci-
14 fied under paragraph (5);”.

15 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-
16 PORTS TO CONGRESS.—

17 (1) INCLUSION OF MOST SERIOUS TAXPAYER
18 PROBLEMS.—Section 7803(c)(2)(B)(ii)(III) is
19 amended by striking “at least 20 of the” and insert-
20 ing “the 10”.

21 (2) COORDINATION WITH TREASURY INSPECTOR
22 GENERAL FOR TAX ADMINISTRATION.—Section
23 7803(c)(2) is amended by adding at the end the fol-
24 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.—Upon request of the National Tax-
17 payer Advocate, the Secretary shall, to the extent prac-
18 ticable, provide the National Taxpayer Advocate with sta-
19 tistical support in connection with the preparation by the
20 National Taxpayer Advocate of the annual report de-
21 scribed in section 7803(c)(2)(B)(ii). Such statistical sup-
22 port shall include statistical studies, compilations, and the
23 review of information provided by the National Taxpayer
24 Advocate for statistical validity and sound statistical
25 methodology.”.

1 (B) DISCLOSURE OF REVIEW.—Section
2 7803(c)(2)(B)(ii), as amended by subsection
3 (a), is amended by striking “and” at the end of
4 subclause (XI), by redesignating subclause
5 (XII) as subclause (XIII), and by inserting
6 after subclause (XI) the following new sub-
7 clause:

8 “(XII) with respect to any statis-
9 tical information included in such re-
10 port, include a statement of whether
11 such statistical information was re-
12 viewed or provided by the Secretary
13 under section 6108(d) and, if so,
14 whether the Secretary determined
15 such information to be statistically
16 valid and based on sound statistical
17 methodology; and”.

18 (C) CONFORMING AMENDMENT.—Section
19 7803(c)(2)(B)(iii) is amended by adding at the
20 end the following: “The preceding sentence
21 shall not apply with respect to statistical infor-
22 mation provided to the Secretary for review, or
23 received from the Secretary, under section
24 6108(d).”.

1 (c) SALARY OF NATIONAL TAXPAYER ADVOCATE.—
2 Section 7803(c)(1)(B)(i) is amended by striking “, or, if
3 the Secretary of the Treasury so determines, at a rate
4 fixed under section 9503 of such title”.

5 (d) EFFECTIVE DATE.—

6 (1) IN GENERAL.—Except as otherwise pro-
7 vided in this subsection, the amendments made by
8 this section shall take effect on the date of the en-
9 actment of this Act.

10 (2) SALARY OF NATIONAL TAXPAYER ADVOCATE.—The amendment made by subsection (c)
11 shall apply to compensation paid to individuals ap-
12 pointed as the National Taxpayer Advocate after
13 March 31, 2019.
14

15 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**
16 **ICE ORGANIZATIONAL STRUCTURE.**

17 (a) IN GENERAL.—Not later than September 30,
18 2020, the Secretary of the Treasury (or the Secretary’s
19 delegate) shall submit to Congress a comprehensive writ-
20 ten plan to redesign the organization of the Internal Rev-
21 enue Service. Such plan shall—

22 (1) ensure the successful implementation of the
23 priorities specified by Congress in this Act;

1 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-**
2 **PLICABLE TAXPAYERS.**

3 “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX
4 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-
5 retary shall establish a Community Volunteer Income Tax
6 Assistance Matching Grant Program under which the Sec-
7 retary may, subject to the availability of appropriated
8 funds, make grants to provide matching funds for the de-
9 velopment, expansion, or continuation of qualified return
10 preparation programs assisting applicable taxpayers and
11 members of underserved populations.

12 “(b) USE OF FUNDS.—

13 “(1) IN GENERAL.—Qualified return prepara-
14 tion programs may use grants received under this
15 section for—

16 “(A) ordinary and necessary costs associ-
17 ated with program operation in accordance with
18 cost principles under the applicable Office of
19 Management and Budget circular, including—

20 “(i) wages or salaries of persons co-
21 ordinating the activities of the program,

22 “(ii) developing training materials,
23 conducting training, and performing qual-
24 ity reviews of the returns prepared under
25 the program,

26 “(iii) equipment purchases, and

1 “(iv) vehicle-related expenses associ-
2 ated with remote or rural tax preparation
3 services,

4 “(B) outreach and educational activities
5 described in subsection (c)(2)(B), and

6 “(C) services related to financial education
7 and capability, asset development, and the es-
8 tablishment of savings accounts in connection
9 with tax return preparation.

10 “(2) REQUIREMENT OF MATCHING FUNDS.—A
11 qualified return preparation program must provide
12 matching funds on a dollar-for-dollar basis for all
13 grants provided under this section. Matching funds
14 may include—

15 “(A) the salary (including fringe benefits)
16 of individuals performing services for the pro-
17 gram,

18 “(B) the cost of equipment used in the
19 program, and

20 “(C) other ordinary and necessary costs
21 associated with the program.

22 Indirect expenses, including general overhead of any
23 entity administering the program, shall not be
24 counted as matching funds.

25 “(c) APPLICATION.—

1 “(1) IN GENERAL.—Each applicant for a grant
2 under this section shall submit an application to the
3 Secretary at such time, in such manner, and con-
4 taining such information as the Secretary may rea-
5 sonably require.

6 “(2) PRIORITY.—In awarding grants under this
7 section, the Secretary shall give priority to applica-
8 tions which demonstrate—

9 “(A) assistance to applicable taxpayers,
10 with emphasis on outreach to, and services for,
11 such taxpayers,

12 “(B) taxpayer outreach and educational
13 activities relating to eligibility and availability
14 of income supports available through this title,
15 including the earned income tax credit, and

16 “(C) specific outreach and focus on one or
17 more underserved populations.

18 “(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-
19 termining matching grants under this section, the
20 Secretary shall only take into account amounts pro-
21 vided by the qualified return preparation program
22 for expenses described in subsection (b).

23 “(d) PROGRAM ADHERENCE.—

24 “(1) IN GENERAL.—The Secretary shall estab-
25 lish procedures for, and shall conduct not less fre-

1 quently than once every 5 calendar years during
2 which a qualified return preparation program is op-
3 erating under a grant under this section, periodic
4 site visits—

5 “(A) to ensure the program is carrying out
6 the purposes of this section, and

7 “(B) to determine whether the program
8 meets such program adherence standards as the
9 Secretary shall by regulation or other guidance
10 prescribe.

11 “(2) ADDITIONAL REQUIREMENTS FOR GRANT
12 RECIPIENTS NOT MEETING PROGRAM ADHERENCE
13 STANDARDS.—In the case of any qualified return
14 preparation program which—

15 “(A) is awarded a grant under this section,
16 and

17 “(B) is subsequently determined—

18 “(i) not to meet the program adher-
19 ence standards described in paragraph
20 (1)(B), or

21 “(ii) not to be otherwise carrying out
22 the purposes of this section,

23 such program shall not be eligible for any additional
24 grants under this section unless such program pro-
25 vides sufficient documentation of corrective meas-

1 ures established to address any such deficiencies de-
2 termined.

3 “(e) DEFINITIONS.—For purposes of this section—

4 “(1) QUALIFIED RETURN PREPARATION PRO-
5 GRAM.—The term ‘qualified return preparation pro-
6 gram’ means any program—

7 “(A) which provides assistance to individ-
8 uals, not less than 90 percent of whom are ap-
9 plicable taxpayers, in preparing and filing Fed-
10 eral income tax returns,

11 “(B) which is administered by a qualified
12 entity,

13 “(C) in which all volunteers who assist in
14 the preparation of Federal income tax returns
15 meet the training requirements prescribed by
16 the Secretary, and

17 “(D) which uses a quality review process
18 which reviews 100 percent of all returns.

19 “(2) QUALIFIED ENTITY.—

20 “(A) IN GENERAL.—The term ‘qualified
21 entity’ means any entity which—

22 “(i) is an eligible organization,

23 “(ii) is in compliance with Federal tax
24 filing and payment requirements,

1 “(iii) is not debarred or suspended
2 from Federal contracts, grants, or coopera-
3 tive agreements, and

4 “(iv) agrees to provide documentation
5 to substantiate any matching funds pro-
6 vided pursuant to the grant program under
7 this section.

8 “(B) ELIGIBLE ORGANIZATION.—The term
9 ‘eligible organization’ means—

10 “(i) an institution of higher education
11 which is described in section 102 (other
12 than subsection (a)(1)(C) thereof) of the
13 Higher Education Act of 1965 (20 U.S.C.
14 1002), as in effect on the date of the en-
15 actment of this section, and which has not
16 been disqualified from participating in a
17 program under title IV of such Act,

18 “(ii) an organization described in sec-
19 tion 501(c) and exempt from tax under
20 section 501(a),

21 “(iii) a local government agency, in-
22 cluding—

23 “(I) a county or municipal gov-
24 ernment agency, and

1 “(II) an Indian tribe, as defined
2 in section 4(13) of the Native Amer-
3 ican Housing Assistance and Self-De-
4 termination Act of 1996 (25 U.S.C.
5 4103(13)), including any tribally des-
6 ignated housing entity (as defined in
7 section 4(22) of such Act (25 U.S.C.
8 4103(22))), tribal subsidiary, subdivi-
9 sion, or other wholly owned tribal en-
10 tity,

11 “(iv) a local, State, regional, or na-
12 tional coalition (with one lead organization
13 which meets the eligibility requirements of
14 clause (i), (ii), or (iii) acting as the appli-
15 cant organization), or

16 “(v) in the case of applicable tax-
17 payers and members of underserved popu-
18 lations with respect to which no organiza-
19 tions described in the preceding clauses are
20 available—

21 “(I) a State government agency,
22 or

23 “(II) an office providing Cooper-
24 ative Extension services (as estab-
25 lished at the land-grant colleges and

1 universities under the Smith-Lever
2 Act of May 8, 1914).

3 “(3) APPLICABLE TAXPAYERS.—The term ‘ap-
4 plicable taxpayer’ means a taxpayer whose income
5 for the taxable year does not exceed an amount
6 equal to the completed phaseout amount under sec-
7 tion 32(b) for a married couple filing a joint return
8 with three or more qualifying children, as deter-
9 mined in a revenue procedure or other published
10 guidance.

11 “(4) UNDERSERVED POPULATION.—The term
12 ‘underserved population’ includes populations of per-
13 sons with disabilities, persons with limited English
14 proficiency, Native Americans, individuals living in
15 rural areas, members of the Armed Forces and their
16 spouses, and the elderly.

17 “(f) SPECIAL RULES AND LIMITATIONS.—

18 “(1) DURATION OF GRANTS.—Upon application
19 of a qualified return preparation program, the Sec-
20 retary is authorized to award a multi-year grant not
21 to exceed 3 years.

22 “(2) AGGREGATE LIMITATION.—Unless other-
23 wise provided by specific appropriation, the Sec-
24 retary shall not allocate more than \$30,000,000 per

1 fiscal year (exclusive of costs of administering the
2 program) to grants under this section.

3 “(g) PROMOTION OF PROGRAMS.—

4 “(1) IN GENERAL.—The Secretary shall pro-
5 mote tax preparation through qualified return prepa-
6 ration programs through the use of mass commu-
7 nications and other means.

8 “(2) PROVISION OF INFORMATION REGARDING
9 QUALIFIED RETURN PREPARATION PROGRAMS.—The
10 Secretary may provide taxpayers information regard-
11 ing qualified return preparation programs receiving
12 grants under this section.

13 “(3) REFERRALS TO LOW-INCOME TAXPAYER
14 CLINICS.—Qualified return preparation programs re-
15 ceiving a grant under this section are encouraged, in
16 appropriate cases, to—

17 “(A) advise taxpayers of the availability of,
18 and eligibility requirements for receiving, advice
19 and assistance from qualified low-income tax-
20 payer clinics receiving funding under section
21 7526, and

22 “(B) provide information regarding the lo-
23 cation of, and contact information for, such
24 clinics.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 77 is amended by inserting after the item re-
3 lating to section 7526 the following new item:

“Sec. 7526A. Return preparation programs for applicable taxpayers.”.

4 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**
5 **INCOME TAXPAYER CLINICS.**

6 (a) IN GENERAL.—Section 7526(c) is amended by
7 adding at the end the following new paragraph:

8 “(6) PROVISION OF INFORMATION REGARDING
9 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-
10 withstanding any other provision of law, officers and
11 employees of the Department of the Treasury may—

12 “(A) advise taxpayers of the availability of,
13 and eligibility requirements for receiving, advice
14 and assistance from one or more specific quali-
15 fied low-income taxpayer clinics receiving fund-
16 ing under this section, and

17 “(B) provide information regarding the lo-
18 cation of, and contact information for, such
19 clinics.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall take effect on the date of the enactment
22 of this Act.

1 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**
2 **TAXPAYER ASSISTANCE CENTERS.**

3 Not later than 90 days before the date that a pro-
4 posed closure of a Taxpayer Assistance Center would take
5 effect, the Secretary of the Treasury (or the Secretary's
6 delegate) shall—

7 (1) make publicly available (including by non-
8 electronic means) a notice which—

9 (A) identifies the Taxpayer Assistance
10 Center proposed for closure and the date of
11 such proposed closure; and

12 (B) identifies the relevant alternative
13 sources of taxpayer assistance which may be
14 utilized by taxpayers affected by such proposed
15 closure; and

16 (2) submit to Congress a written report that in-
17 cludes—

18 (A) the information included in the notice
19 described in paragraph (1);

20 (B) the reasons for such proposed closure;
21 and

22 (C) such other information as the Sec-
23 retary may determine appropriate.

1 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**
2 **GOODS RESTRICTED TO ONLY PERISHABLE**
3 **GOODS.**

4 (a) **IN GENERAL.**—Section 6336 is amended by strik-
5 ing “or become greatly reduced in price or value by keep-
6 ing, or that such property cannot be kept without great
7 expense”.

8 (b) **EFFECTIVE DATE.**—The amendment made by
9 this section shall apply to property seized after the date
10 of the enactment of this Act.

11 **SEC. 1405. WHISTLEBLOWER REFORMS.**

12 (a) **MODIFICATIONS TO DISCLOSURE RULES FOR**
13 **WHISTLEBLOWERS.**—

14 (1) **IN GENERAL.**—Section 6103(k) is amended
15 by adding at the end the following new paragraph:

16 “(13) **DISCLOSURE TO WHISTLEBLOWERS.**—

17 “(A) **IN GENERAL.**—The Secretary may
18 disclose, to any individual providing information
19 relating to any purpose described in paragraph
20 (1) or (2) of section 7623(a), return informa-
21 tion related to the investigation of any taxpayer
22 with respect to whom the individual has pro-
23 vided such information, but only to the extent
24 that such disclosure is necessary in obtaining
25 information, which is not otherwise reasonably
26 available, with respect to the correct determina-

1 tion of tax liability for tax, or the amount to be
2 collected with respect to the enforcement of any
3 other provision of this title.

4 “(B) UPDATES ON WHISTLEBLOWER IN-
5 VESTIGATIONS.—The Secretary shall disclose to
6 an individual providing information relating to
7 any purpose described in paragraph (1) or (2)
8 of section 7623(a) the following:

9 “(i) Not later than 60 days after a
10 case for which the individual has provided
11 information has been referred for an audit
12 or examination, a notice with respect to
13 such referral.

14 “(ii) Not later than 60 days after a
15 taxpayer with respect to whom the indi-
16 vidual has provided information has made
17 a payment of tax with respect to tax liabil-
18 ity to which such information relates, a no-
19 tice with respect to such payment.

20 “(iii) Subject to such requirements
21 and conditions as are prescribed by the
22 Secretary, upon a written request by such
23 individual—

1 “(I) information on the status
2 and stage of any investigation or ac-
3 tion related to such information, and

4 “(II) in the case of a determina-
5 tion of the amount of any award
6 under section 7623(b), the reasons for
7 such determination.

8 Clause (iii) shall not apply to any information
9 if the Secretary determines that disclosure of
10 such information would seriously impair Fed-
11 eral tax administration. Information described
12 in clauses (i), (ii), and (iii) may be disclosed to
13 a designee of the individual providing such in-
14 formation in accordance with guidance provided
15 by the Secretary.”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) CONFIDENTIALITY OF INFORMA-
18 TION.—Section 6103(a)(3) is amended by strik-
19 ing “subsection (k)(10)” and inserting “para-
20 graph (10) or (13) of subsection (k)”.

21 (B) PENALTY FOR UNAUTHORIZED DIS-
22 CLOSURE.—Section 7213(a)(2) is amended by
23 striking “(k)(10)” and inserting “(k)(10) or
24 (13)”.

1 (C) COORDINATION WITH AUTHORITY TO
2 DISCLOSE FOR INVESTIGATIVE PURPOSES.—
3 Section 6103(k)(6) is amended by adding at the
4 end the following new sentence: “This para-
5 graph shall not apply to any disclosure to an in-
6 dividual providing information relating to any
7 purpose described in paragraph (1) or (2) of
8 section 7623(a) which is made under paragraph
9 (13)(A).”.

10 (b) PROTECTION AGAINST RETALIATION.—Section
11 7623 is amended by adding at the end the following new
12 subsection:

13 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-
14 TION CASES.—

15 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-
16 TECTION FOR EMPLOYEES.—No employer, or any of-
17 ficer, employee, contractor, subcontractor, or agent
18 of such employer, may discharge, demote, suspend,
19 threaten, harass, or in any other manner discrimi-
20 nate against an employee in the terms and condi-
21 tions of employment (including through an act in the
22 ordinary course of such employee’s duties) in re-
23 prisal for any lawful act done by the employee—

24 “(A) to provide information, cause infor-
25 mation to be provided, or otherwise assist in an

1 investigation regarding underpayment of tax or
2 any conduct which the employee reasonably be-
3 lieves constitutes a violation of the internal rev-
4 enue laws or any provision of Federal law relat-
5 ing to tax fraud, when the information or as-
6 sistance is provided to the Internal Revenue
7 Service, the Secretary of Treasury, the Treas-
8 ury Inspector General for Tax Administration,
9 the Comptroller General of the United States,
10 the Department of Justice, the United States
11 Congress, a person with supervisory authority
12 over the employee, or any other person working
13 for the employer who has the authority to inves-
14 tigate, discover, or terminate misconduct, or

15 “(B) to testify, participate in, or otherwise
16 assist in any administrative or judicial action
17 taken by the Internal Revenue Service relating
18 to an alleged underpayment of tax or any viola-
19 tion of the internal revenue laws or any provi-
20 sion of Federal law relating to tax fraud.

21 “(2) ENFORCEMENT ACTION.—

22 “(A) IN GENERAL.—A person who alleges
23 discharge or other reprisal by any person in vio-
24 lation of paragraph (1) may seek relief under
25 paragraph (3) by—

1 “(i) filing a complaint with the Sec-
2 retary of Labor, or

3 “(ii) if the Secretary of Labor has not
4 issued a final decision within 180 days of
5 the filing of the complaint and there is no
6 showing that such delay is due to the bad
7 faith of the claimant, bringing an action at
8 law or equity for de novo review in the ap-
9 propriate district court of the United
10 States, which shall have jurisdiction over
11 such an action without regard to the
12 amount in controversy.

13 “(B) PROCEDURE.—

14 “(i) IN GENERAL.—An action under
15 subparagraph (A)(i) shall be governed
16 under the rules and procedures set forth in
17 section 42121(b) of title 49, United States
18 Code.

19 “(ii) EXCEPTION.—Notification made
20 under section 42121(b)(1) of title 49,
21 United States Code, shall be made to the
22 person named in the complaint and to the
23 employer.

24 “(iii) BURDENS OF PROOF.—An ac-
25 tion brought under subparagraph (A)(ii)

1 shall be governed by the legal burdens of
2 proof set forth in section 42121(b) of title
3 49, United States Code, except that in ap-
4 plying such section—

5 “(I) ‘behavior described in para-
6 graph (1)’ shall be substituted for ‘be-
7 havior described in paragraphs (1)
8 through (4) of subsection (a)’ each
9 place it appears in paragraph (2)(B)
10 thereof, and

11 “(II) ‘a violation of paragraph
12 (1)’ shall be substituted for ‘a viola-
13 tion of subsection (a)’ each place it
14 appears.

15 “(iv) STATUTE OF LIMITATIONS.—A
16 complaint under subparagraph (A)(i) shall
17 be filed not later than 180 days after the
18 date on which the violation occurs.

19 “(v) JURY TRIAL.—A party to an ac-
20 tion brought under subparagraph (A)(ii)
21 shall be entitled to trial by jury.

22 “(3) REMEDIES.—

23 “(A) IN GENERAL.—An employee pre-
24 vailing in any action under paragraph (2)(A)

1 shall be entitled to all relief necessary to make
2 the employee whole.

3 “(B) COMPENSATORY DAMAGES.—Relief
4 for any action under subparagraph (A) shall in-
5 clude—

6 “(i) reinstatement with the same se-
7 niority status that the employee would
8 have had, but for the reprisal,

9 “(ii) the sum of 200 percent of the
10 amount of back pay and 100 percent of all
11 lost benefits, with interest, and

12 “(iii) compensation for any special
13 damages sustained as a result of the re-
14 prisal, including litigation costs, expert wit-
15 ness fees, and reasonable attorney fees.

16 “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-
17 ing in this section shall be deemed to diminish the
18 rights, privileges, or remedies of any employee under
19 any Federal or State law, or under any collective
20 bargaining agreement.

21 “(5) NONENFORCEABILITY OF CERTAIN PROVI-
22 SIONS WAIVING RIGHTS AND REMEDIES OR REQUIR-
23 ING ARBITRATION OF DISPUTES.—

24 “(A) WAIVER OF RIGHTS AND REM-
25 EDIES.—The rights and remedies provided for

1 in this subsection may not be waived by any
2 agreement, policy form, or condition of employ-
3 ment, including by a predispute arbitration
4 agreement.

5 “(B) PREDISPUTE ARBITRATION AGREE-
6 MENTS.—No predispute arbitration agreement
7 shall be valid or enforceable, if the agreement
8 requires arbitration of a dispute arising under
9 this subsection.”.

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 subsection (a) shall apply to disclosures made after
13 the date of the enactment of this Act.

14 (2) CIVIL PROTECTION.—The amendment made
15 by subsection (b) shall take effect on the date of the
16 enactment of this Act.

17 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

18 The Secretary of the Treasury (or the Secretary’s
19 delegate) shall provide helpful information to taxpayers
20 placed on hold during a telephone call to any Internal Rev-
21 enue Service help line, including the following:

22 (1) Information about common tax scams.

23 (2) Information on where and how to report tax
24 scams.

1 (3) Additional advice on how taxpayers can pro-
2 tect themselves from identity theft and tax scams.

3 **SEC. 1407. MISDIRECTED TAX REFUND DEPOSITS.**

4 Section 6402 is amended by adding at the end the
5 following new subsection:

6 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not
7 later than the date which is 6 months after the date of
8 the enactment of the Taxpayer First Act, the Secretary
9 shall prescribe regulations to establish procedures to allow
10 for—

11 “(1) taxpayers to report instances in which a
12 refund made by the Secretary by electronic funds
13 transfer was not transferred to the account of the
14 taxpayer;

15 “(2) coordination with financial institutions for
16 the purpose of—

17 “(A) identifying the accounts to which
18 transfers described in paragraph (1) were
19 made; and

20 “(B) recovery of the amounts so trans-
21 ferred; and

22 “(3) the refund to be delivered to the correct
23 account of the taxpayer.”.

1 **TITLE II—21ST CENTURY IRS**
2 **Subtitle A—Cybersecurity and**
3 **Identity Protection**

4 **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**
5 **IDENTITY THEFT REFUND FRAUD.**

6 The Secretary of the Treasury (or the Secretary's
7 delegate) shall work collaboratively with the public and
8 private sectors to protect taxpayers from identity theft re-
9 fund fraud.

10 **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**
11 **MINISTRATION ADVISORY COMMITTEE RE-**
12 **GARDING IDENTITY THEFT REFUND FRAUD.**

13 The Secretary of the Treasury shall ensure that the
14 advisory group convened by the Secretary pursuant to sec-
15 tion 2001(b)(2) of the Internal Revenue Service Restruc-
16 turing and Reform Act of 1998 (commonly known as the
17 Electronic Tax Administration Advisory Committee) stud-
18 ies (including by providing organized public forums) and
19 makes recommendations to the Secretary regarding meth-
20 ods to prevent identity theft and refund fraud.

21 **SEC. 2003. INFORMATION SHARING AND ANALYSIS CENTER.**

22 (a) IN GENERAL.—The Secretary of the Treasury (or
23 the Secretary's delegate) may participate in an informa-
24 tion sharing and analysis center to centralize, standardize,
25 and enhance data compilation and analysis to facilitate

1 sharing actionable data and information with respect to
2 identity theft tax refund fraud.

3 (b) DEVELOPMENT OF PERFORMANCE METRICS.—

4 The Secretary of the Treasury (or the Secretary’s dele-
5 gate) shall develop metrics for measuring the success of
6 such center in detecting and preventing identity theft tax
7 refund fraud.

8 (c) DISCLOSURE.—

9 (1) IN GENERAL.—Section 6103(k), as amend-
10 ed by this Act, is amended by adding at the end the
11 following new paragraph:

12 “(14) DISCLOSURE OF RETURN INFORMATION
13 FOR PURPOSES OF CYBERSECURITY AND THE PRE-
14 VENTION OF IDENTITY THEFT TAX REFUND
15 FRAUD.—

16 “(A) IN GENERAL.—Under such proce-
17 dures and subject to such conditions as the Sec-
18 retary may prescribe, the Secretary may dis-
19 close specified return information to specified
20 ISAC participants to the extent that the Sec-
21 retary determines such disclosure is in further-
22 ance of effective Federal tax administration re-
23 lating to the detection or prevention of identity
24 theft tax refund fraud, validation of taxpayer

1 identity, authentication of taxpayer returns, or
2 detection or prevention of cybersecurity threats.

3 “(B) SPECIFIED ISAC PARTICIPANTS.—For
4 purposes of this paragraph—

5 “(i) IN GENERAL.—The term ‘speci-
6 fied ISAC participant’ means—

7 “(I) any person designated by
8 the Secretary as having primary re-
9 sponsibility for a function performed
10 with respect to the information shar-
11 ing and analysis center described in
12 section 2003(a) of the Taxpayer First
13 Act, and

14 “(II) any person subject to the
15 requirements of section 7216 and
16 which is a participant in such infor-
17 mation sharing and analysis center.

18 “(ii) INFORMATION SHARING AGREE-
19 MENT.—Such term shall not include any
20 person unless such person has entered into
21 a written agreement with the Secretary
22 setting forth the terms and conditions for
23 the disclosure of information to such per-
24 son under this paragraph, including re-
25 quirements regarding the protection and

1 safeguarding of such information by such
2 person.

3 “(C) SPECIFIED RETURN INFORMATION.—

4 For purposes of this paragraph, the term ‘spec-
5 ified return information’ means—

6 “(i) in the case of a return which is
7 in connection with a case of potential iden-
8 tity theft refund fraud—

9 “(I) in the case of such return
10 filed electronically, the internet pro-
11 tocol address, device identification,
12 email domain name, speed of comple-
13 tion, method of authentication, refund
14 method, and such other return infor-
15 mation related to the electronic filing
16 characteristics of such return as the
17 Secretary may identify for purposes of
18 this subclause, and

19 “(II) in the case of such return
20 prepared by a tax return preparer,
21 identifying information with respect to
22 such tax return preparer, including
23 the preparer taxpayer identification
24 number and electronic filer identifica-
25 tion number of such preparer,

1 “(ii) in the case of a return which is
2 in connection with a case of a identity
3 theft refund fraud which has been con-
4 firmed by the Secretary (pursuant to such
5 procedures as the Secretary may provide),
6 the information referred to in subclauses
7 (I) and (II) of clause (i), the name and
8 taxpayer identification number of the tax-
9 payer as it appears on the return, and any
10 bank account and routing information pro-
11 vided for making a refund in connection
12 with such return, and

13 “(iii) in the case of any cybersecurity
14 threat to the Internal Revenue Service, in-
15 formation similar to the information de-
16 scribed in subclauses (I) and (II) of clause
17 (i) with respect to such threat.

18 “(D) RESTRICTION ON USE OF DISCLOSED
19 INFORMATION.—

20 “(i) DESIGNATED THIRD PARTIES.—
21 Any return information received by a per-
22 son described in subparagraph (B)(i)(I)
23 shall be used only for the purposes of and
24 to the extent necessary in—

1 “(I) performing the function such
2 person is designated to perform under
3 such subparagraph,

4 “(II) facilitating disclosures au-
5 thorized under subparagraph (A) to
6 persons described in subparagraph
7 (B)(i)(II), and

8 “(III) facilitating disclosures au-
9 thorized under subsection (d) to par-
10 ticipants in such information sharing
11 and analysis center.

12 “(ii) RETURN PREPARERS.—Any re-
13 turn information received by a person de-
14 scribed in subparagraph (B)(i)(II) shall be
15 treated for purposes of section 7216 as in-
16 formation furnished to such person for, or
17 in connection with, the preparation of a re-
18 turn of the tax imposed under chapter 1.

19 “(E) DATA PROTECTION AND SAFE-
20 GUARDS.—Return information disclosed under
21 this paragraph shall be subject to such protec-
22 tions and safeguards as the Secretary may re-
23 quire in regulations or other guidance or in the
24 written agreement referred to in subparagraph
25 (B)(ii). Such written agreement shall include a

1 requirement that any unauthorized access to in-
2 formation disclosed under this paragraph, and
3 any breach of any system in which such infor-
4 mation is held, be reported to the Treasury In-
5 spector General for Tax Administration.”.

6 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-
7 ALTIES.—

8 (A) Section 6103(a)(3), as amended by
9 this Act, is amended by striking “or (13)” and
10 inserting “, (13), or (14)”.

11 (B) Section 7213(a)(2), as amended by
12 this Act, is amended by striking “or (13)” and
13 inserting “, (13), or (14)”.

14 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**
15 **FIDENTIALITY SAFEGUARDS.**

16 (a) IN GENERAL.—Section 6103(p) is amended by
17 adding at the end the following new paragraph:

18 “(9) DISCLOSURE TO CONTRACTORS AND
19 OTHER AGENTS.—Notwithstanding any other provi-
20 sion of this section, no return or return information
21 shall be disclosed to any contractor or other agent
22 of a Federal, State, or local agency unless such
23 agency, to the satisfaction of the Secretary—

24 “(A) has requirements in effect which re-
25 quire each such contractor or other agent which

1 would have access to returns or return informa-
2 tion to provide safeguards (within the meaning
3 of paragraph (4)) to protect the confidentiality
4 of such returns or return information,

5 “(B) agrees to conduct an on-site review
6 every 3 years (or a mid-point review in the case
7 of contracts or agreements of less than 3 years
8 in duration) of each contractor or other agent
9 to determine compliance with such require-
10 ments,

11 “(C) submits the findings of the most re-
12 cent review conducted under subparagraph (B)
13 to the Secretary as part of the report required
14 by paragraph (4)(E), and

15 “(D) certifies to the Secretary for the most
16 recent annual period that such contractor or
17 other agent is in compliance with all such re-
18 quirements.

19 The certification required by subparagraph (D) shall
20 include the name and address of each contractor or
21 other agent, a description of the contract or agree-
22 ment with such contractor or other agent, and the
23 duration of such contract or agreement. The require-
24 ments of this paragraph shall not apply to dislo-

1 deems appropriate, provided that the total number
2 of States served by such program during such year
3 is greater than the total number of States served by
4 such program during the preceding year.

5 (2) NATIONWIDE AVAILABILITY.—Not later
6 than 5 years after the date of the enactment of this
7 Act, the Secretary shall ensure that the program de-
8 scribed in subsection (a) is made available to any in-
9 dividual residing in the United States.

10 **SEC. 2006. SINGLE POINT OF CONTACT FOR TAX-RELATED**
11 **IDENTITY THEFT VICTIMS.**

12 (a) IN GENERAL.—The Secretary of the Treasury (or
13 the Secretary's delegate) shall establish and implement
14 procedures to ensure that any taxpayer whose return has
15 been delayed or otherwise adversely affected due to tax-
16 related identity theft has a single point of contact at the
17 Internal Revenue Service throughout the processing of the
18 taxpayer's case. The single point of contact shall track the
19 taxpayer's case to completion and coordinate with other
20 Internal Revenue Service employees to resolve case issues
21 as quickly as possible.

22 (b) SINGLE POINT OF CONTACT.—

23 (1) IN GENERAL.—For purposes of subsection
24 (a), the single point of contact shall consist of a
25 team or subset of specially trained employees who—

1 (A) have the ability to work across func-
2 tions to resolve the issues involved in the tax-
3 payer's case; and

4 (B) shall be accountable for handling the
5 case until its resolution.

6 (2) TEAM OR SUBSET.—The employees included
7 within the team or subset described in paragraph (1)
8 may change as required to meet the needs of the In-
9 ternal Revenue Service, provided that procedures
10 have been established to—

11 (A) ensure continuity of records and case
12 history; and

13 (B) notify the taxpayer when appropriate.

14 **SEC. 2007. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

15 (a) IN GENERAL.—Chapter 77 is amended by adding
16 at the end the following new section:

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

19 “(a) IN GENERAL.—If the Secretary determines that
20 there has been or may have been an unauthorized use of
21 the identity of any individual, the Secretary shall, without
22 jeopardizing an investigation relating to tax administra-
23 tion—

24 “(1) as soon as practicable—

1 “(A) notify the individual of such deter-
2 mination,

3 “(B) provide instructions on how to file a
4 report with law enforcement regarding the un-
5 authorized use,

6 “(C) identify any steps to be taken by the
7 individual to permit law enforcement to access
8 personal information of the individual during
9 the investigation,

10 “(D) provide information regarding actions
11 the individual may take in order to protect the
12 individual from harm relating to the unauthor-
13 ized use, and

14 “(E) offer identity protection measures to
15 the individual, such as the use of an identity
16 protection personal identification number, and

17 “(2) at the time the information described in
18 paragraph (1) is provided (or, if not available at
19 such time, as soon as practicable thereafter), issue
20 additional notifications to such individual (or such
21 individual’s designee) regarding—

22 “(A) whether an investigation has been ini-
23 tiated in regards to such unauthorized use,

1 “(B) whether the investigation substan-
2 tiated an unauthorized use of the identity of the
3 individual, and

4 “(C) whether—

5 “(i) any action has been taken against
6 a person relating to such unauthorized use,
7 or

8 “(ii) any referral has been made for
9 criminal prosecution of such person and, to
10 the extent such information is available,
11 whether such person has been criminally
12 charged by indictment or information.

13 “(b) EMPLOYMENT-RELATED IDENTITY THEFT.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the unauthorized use of the identity of an indi-
16 vidual includes the unauthorized use of the identity
17 of the individual to obtain employment.

18 “(2) DETERMINATION OF EMPLOYMENT-RE-
19 LATED IDENTITY THEFT.—For purposes of this sec-
20 tion, in making a determination as to whether there
21 has been or may have been an unauthorized use of
22 the identity of an individual to obtain employment,
23 the Secretary shall review any information—

24 “(A) obtained from a statement described
25 in section 6051 or an information return relat-

1 ing to compensation for services rendered other
2 than as an employee, or

3 “(B) provided to the Internal Revenue
4 Service by the Social Security Administration
5 regarding any statement described in section
6 6051,

7 which indicates that the social security account num-
8 ber provided on such statement or information re-
9 turn does not correspond with the name provided on
10 such statement or information return or the name
11 on the tax return reporting the income which is in-
12 cluded on such statement or information return.”.

13 (b) ADDITIONAL MEASURES.—

14 (1) EXAMINATION OF BOTH PAPER AND ELEC-
15 TRONIC STATEMENTS AND RETURNS.—The Sec-
16 retary of the Treasury (or the Secretary’s delegate)
17 shall examine the statements, information returns,
18 and tax returns described in section 7529(b)(2) of
19 the Internal Revenue Code of 1986 (as added by
20 subsection (a)) for any evidence of employment-re-
21 lated identity theft, regardless of whether such state-
22 ments or returns are submitted electronically or on
23 paper.

24 (2) IMPROVEMENT OF EFFECTIVE RETURN
25 PROCESSING PROGRAM WITH SOCIAL SECURITY AD-

1 MINISTRATION.—Section 232 of the Social Security
2 Act (42 U.S.C. 432) is amended by inserting after
3 the third sentence the following: “For purposes of
4 carrying out the return processing program de-
5 scribed in the preceding sentence, the Commissioner
6 of Social Security shall request, not less than annu-
7 ally, such information described in section
8 7529(b)(2) of the Internal Revenue Code of 1986 as
9 may be necessary to ensure the accuracy of the
10 records maintained by the Commissioner of Social
11 Security related to the amounts of wages paid to,
12 and the amounts of self-employment income derived
13 by, individuals.”.

14 (3) UNDERREPORTING OF INCOME.—The Sec-
15 retary of the Treasury (or the Secretary’s delegate)
16 shall establish procedures to ensure that income re-
17 ported in connection with the unauthorized use of a
18 taxpayer’s identity is not taken into account in de-
19 termining any penalty for underreporting of income
20 by the victim of identity theft.

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for chapter 77 is amended by adding at the end the fol-
23 lowing new item:

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

24 (d) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to determinations made after the

1 date that is 6 months after the date of the enactment of
2 this Act.

3 **SEC. 2008. GUIDELINES FOR STOLEN IDENTITY REFUND**
4 **FRAUD CASES.**

5 (a) IN GENERAL.—Not later than 1 year after the
6 date of the enactment of this Act, the Secretary of the
7 Treasury (or the Secretary's delegate), in consultation
8 with the National Taxpayer Advocate, shall develop and
9 implement publicly available guidelines for management of
10 cases involving stolen identity refund fraud in a manner
11 that reduces the administrative burden on taxpayers who
12 are victims of such fraud.

13 (b) STANDARDS AND PROCEDURES TO BE CONSID-
14 ERED.—The guidelines described in subsection (a) may in-
15 clude—

16 (1) standards for—

17 (A) the average length of time in which a
18 case involving stolen identity refund fraud
19 should be resolved;

20 (B) the maximum length of time, on aver-
21 age, a taxpayer who is a victim of stolen iden-
22 tity refund fraud and is entitled to a tax refund
23 which has been stolen should have to wait to re-
24 ceive such refund; and

1 (C) the maximum number of offices and
2 employees within the Internal Revenue Service
3 with whom a taxpayer who is a victim of stolen
4 identity refund fraud should be required to
5 interact in order to resolve a case;

6 (2) standards for opening, assigning, reas-
7 signing, or closing a case involving stolen identity re-
8 fund fraud; and

9 (3) procedures for implementing and accom-
10 plishing the standards described in paragraphs (1)
11 and (2), and measures for evaluating such proce-
12 dures and determining whether such standards have
13 been successfully implemented.

14 **SEC. 2009. INCREASED PENALTY FOR IMPROPER DISCLO-**
15 **SURE OR USE OF INFORMATION BY PRE-**
16 **PARERS OF RETURNS.**

17 (a) IN GENERAL.—Section 6713 is amended—

18 (1) by redesignating subsections (b) and (c) as
19 subsections (c) and (d), respectively; and

20 (2) by inserting after subsection (a) the fol-
21 lowing new subsection:

22 “(b) ENHANCED PENALTY FOR IMPROPER USE OR
23 DISCLOSURE RELATING TO IDENTITY THEFT.—

24 “(1) IN GENERAL.—In the case of a disclosure
25 or use described in subsection (a) that is made in

1 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
2 crime involves any tax filing, subsection (a) shall be
3 applied—
4

5
6 “(A) by substituting ‘\$1,000’ for ‘\$250’,
7 and

8 “(B) by substituting ‘\$50,000’ for
9 ‘\$10,000’.

10 “(2) SEPARATE APPLICATION OF TOTAL PEN-
11 ALTY LIMITATION.—The limitation on the total
12 amount of the penalty under subsection (a) shall be
13 applied separately with respect to disclosures or uses
14 to which this subsection applies and to which it does
15 not apply.”.

16 (b) CRIMINAL PENALTY.—Section 7216(a) is amend-
17 ed by striking “\$1,000” and inserting “\$1,000 (\$100,000
18 in the case of a disclosure or use to which section 6713(b)
19 applies)”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to disclosures or uses on or after
22 the date of the enactment of this Act.

1 **Subtitle B—Development of**
2 **Information Technology**

3 **SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE**
4 **INFORMATION TECHNOLOGY.**

5 (a) DUTIES AND RESPONSIBILITIES OF INTERNAL
6 REVENUE SERVICE CHIEF INFORMATION OFFICER.—Sec-
7 tion 7803, as amended by section 1001, is amended by
8 adding at the end the following new subsection:

9 “(f) INTERNAL REVENUE SERVICE CHIEF INFORMA-
10 TION OFFICER.—

11 “(1) IN GENERAL.—There shall be in the Inter-
12 nal Revenue Service an Internal Revenue Service
13 Chief Information Officer (hereafter referred to in
14 this subsection as the ‘IRS CIO’) who shall be ap-
15 pointed by the Commissioner of Internal Revenue.

16 “(2) CENTRALIZED RESPONSIBILITY FOR IN-
17 TERNAL REVENUE SERVICE INFORMATION TECH-
18 NOLOGY.—The Commissioner of Internal Revenue
19 (and the Secretary) shall act through the IRS CIO
20 with respect to all development, implementation, and
21 maintenance of information technology for the Inter-
22 nal Revenue Service. Any reference in this sub-
23 section to the IRS CIO which directs the IRS CIO
24 to take any action, or to assume any responsibility,

1 shall be treated as a reference to the Commissioner
2 of Internal Revenue acting through the IRS CIO.

3 “(3) GENERAL DUTIES AND RESPONSIBIL-
4 ITIES.—The IRS CIO shall—

5 “(A) be responsible for the development,
6 implementation, and maintenance of informa-
7 tion technology for the Internal Revenue Serv-
8 ice,

9 “(B) ensure that the information tech-
10 nology of the Internal Revenue Service is secure
11 and integrated,

12 “(C) maintain operational control of all in-
13 formation technology for the Internal Revenue
14 Service,

15 “(D) be the principal advocate for the in-
16 formation technology needs of the Internal Rev-
17 enue Service, and

18 “(E) consult with the Chief Procurement
19 Officer of the Internal Revenue Service to en-
20 sure that the information technology acquired
21 for the Internal Revenue Service is consistent
22 with—

23 “(i) the goals and requirements speci-
24 fied in subparagraphs (A) through (D),
25 and

1 “(ii) the strategic plan developed
2 under paragraph (4).

3 “(4) STRATEGIC PLAN.—

4 “(A) IN GENERAL.—The IRS CIO shall
5 develop and implement a multiyear strategic
6 plan for the information technology needs of the
7 Internal Revenue Service. Such plan shall—

8 “(i) include performance measure-
9 ments of such technology and of the imple-
10 mentation of such plan,

11 “(ii) include a plan for an integrated
12 enterprise architecture of the information
13 technology of the Internal Revenue Service,

14 “(iii) include and take into account
15 the resources needed to accomplish such
16 plan,

17 “(iv) take into account planned major
18 acquisitions of information technology by
19 the Internal Revenue Service, and

20 “(v) align with the needs and stra-
21 tegic plan of the Internal Revenue Service.

22 “(B) PLAN UPDATES.—The IRS CIO
23 shall, not less frequently than annually, review
24 and update the strategic plan under subpara-
25 graph (A) (including the plan for an integrated

1 enterprise architecture described in subpara-
2 graph (A)(ii)) to take into account the develop-
3 ment of new information technology and the
4 needs of the Internal Revenue Service.

5 “(5) SCOPE OF AUTHORITY.—

6 “(A) INFORMATION TECHNOLOGY.—For
7 purposes of this subsection, the term ‘informa-
8 tion technology’ has the meaning given such
9 term by section 11101 of title 40, United States
10 Code.

11 “(B) INTERNAL REVENUE SERVICE.—Any
12 reference in this subsection to the Internal Rev-
13 enue Service includes a reference to all compo-
14 nents of the Internal Revenue Service, includ-
15 ing—

16 “(i) the Office of the Taxpayer Advo-
17 cate,

18 “(ii) the Criminal Investigation Divi-
19 sion of the Internal Revenue Service, and

20 “(iii) except as otherwise provided by
21 the Secretary with respect to information
22 technology related to matters described in
23 subsection (b)(3)(B), the Office of the
24 Chief Counsel.”.

1 (b) INDEPENDENT VERIFICATION AND VALIDATION
2 OF THE CUSTOMER ACCOUNT DATA ENGINE 2 AND EN-
3 TERPRISE CASE MANAGEMENT SYSTEM.—

4 (1) IN GENERAL.—The Commissioner of Inter-
5 nal Revenue shall enter into a contract with an inde-
6 pendent reviewer to verify and validate the imple-
7 mentation plans (including the performance mile-
8 stones and cost estimates included in such plans) de-
9 veloped for the Customer Account Data Engine 2
10 and the Enterprise Case Management System.

11 (2) DEADLINE FOR COMPLETION.—Such con-
12 tract shall require that such verification and valida-
13 tion be completed not later than the date which is
14 1 year after the date of the enactment of this Act.

15 (3) APPLICATION TO PHASES OF CADE 2.—

16 (A) IN GENERAL.—Paragraphs (1) and (2)
17 shall not apply to phase 1 of the Customer Ac-
18 count Data Engine 2 and shall apply separately
19 to each other phase.

20 (B) DEADLINE FOR COMPLETING
21 PLANS.—Not later than 1 year after the date of
22 the enactment of this Act, the Commissioner of
23 Internal Revenue shall complete the develop-
24 ment of plans for all phases of the Customer
25 Account Data Engine 2.

1 (C) DEADLINE FOR COMPLETION OF
2 VERIFICATION AND VALIDATION OF PLANS.—In
3 the case of any phase after phase 2 of the Cus-
4 tomer Account Data Engine 2, paragraph (2)
5 shall be applied by substituting “the date on
6 which the plan for such phase was completed”
7 for “the date of the enactment of this Act”.

8 (e) COORDINATION OF IRS CIO AND CHIEF PRO-
9 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-
10 ICE.—

11 (1) IN GENERAL.—The Chief Procurement Offi-
12 cer of the Internal Revenue Service shall—

13 (A) identify all significant IRS information
14 technology acquisitions and provide written no-
15 tification to the Internal Revenue Service Chief
16 Information Officer (hereafter referred to in
17 this subsection as the “IRS CIO”) of each such
18 acquisition in advance of such acquisition, and

19 (B) regularly consult with the IRS CIO re-
20 garding acquisitions of information technology
21 for the Internal Revenue Service, including
22 meeting with the IRS CIO regarding such ac-
23 quisitions upon request.

24 (2) SIGNIFICANT IRS INFORMATION TECH-
25 NOLOGY ACQUISITIONS.—For purposes of this sub-

1 section, the term “significant IRS information tech-
2 nology acquisitions” means—

3 (A) any acquisition of information tech-
4 nology for the Internal Revenue Service in ex-
5 cess of \$1,000,000; and

6 (B) such other acquisitions of information
7 technology for the Internal Revenue Service (or
8 categories of such acquisitions) as the IRS CIO,
9 in consultation with the Chief Procurement Of-
10 ficer of the Internal Revenue Service, may iden-
11 tify.

12 (3) SCOPE.—Terms used in this subsection
13 which are also used in section 7803(f) of the Inter-
14 nal Revenue Code of 1986 (as added by subsection
15 (a)) shall have the same meaning as when used in
16 such section.

17 **SEC. 2102. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

18 (a) IN GENERAL.—Not later than January 1, 2023,
19 the Secretary of the Treasury or the Secretary’s delegate
20 (hereafter referred to in this section as the “Secretary”)
21 shall make available an Internet website or other elec-
22 tronic media, with a user interface and functionality simi-
23 lar to the Business Services Online Suite of Services pro-
24 vided by the Social Security Administration, that provides

1 access to resources and guidance provided by the Internal
2 Revenue Service and allows persons to—

3 (1) prepare and file Forms 1099;

4 (2) prepare Forms 1099 for distribution to re-
5 cipients other than the Internal Revenue Service;
6 and

7 (3) maintain a record of completed, filed, and
8 distributed Forms 1099.

9 (b) **ELECTRONIC SERVICES TREATED AS SUPPLE-**
10 **MENTAL; APPLICATION OF SECURITY STANDARDS.**—The
11 Secretary shall ensure that the services described in sub-
12 section (a)—

13 (1) are a supplement to, and not a replacement
14 for, other services provided by the Internal Revenue
15 Service to taxpayers; and

16 (2) comply with applicable security standards
17 and guidelines.

18 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**
19 **INFORMATION TECHNOLOGY POSITIONS.**

20 (a) **IN GENERAL.**—Subchapter A of chapter 80 is
21 amended by adding at the end the following new section:

1 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**
2 **INFORMATION TECHNOLOGY POSITIONS.**

3 “In the case of any position which is critical to the
4 functionality of the information technology operations of
5 the Internal Revenue Service—

6 “(1) section 9503 of title 5, United States
7 Code, shall be applied—

8 “(A) by substituting ‘during the period be-
9 ginning on the date of the enactment of section
10 7812 of the Internal Revenue Code of 1986,
11 and ending on September 30, 2025’ for ‘Before
12 September 30, 2013 in subsection (a)’,

13 “(B) without regard to subparagraph (B)
14 of subsection (a)(1), and

15 “(C) by substituting ‘the date of the enact-
16 ment of the Taxpayer First Act’ for ‘June 1,
17 1998’ in subsection (a)(6),

18 “(2) section 9504 of such title 5 shall be ap-
19 plied by substituting ‘During the period beginning
20 on the date of the enactment of section 7812 of the
21 Internal Revenue Code of 1986, and ending on Sep-
22 tember 30, 2025’ for ‘Before September 30, 2013’
23 each place it appears in subsections (a) and (b), and

24 “(3) section 9505 of such title shall be ap-
25 plied—

1 (2) is accomplished in as close to real-time as
2 is practicable.

3 (b) QUALIFIED DISCLOSURE.—For purposes of this
4 section, the term “qualified disclosure” means a disclosure
5 under section 6103(c) of the Internal Revenue Code of
6 1986 of returns or return information by the Secretary
7 to a person seeking to verify the income or creditworthi-
8 ness of a taxpayer who is a borrower in the process of
9 a loan application.

10 (c) APPLICATION OF SECURITY STANDARDS.—The
11 Secretary shall ensure that the program described in sub-
12 section (a) complies with applicable security standards and
13 guidelines.

14 (d) USER FEE.—

15 (1) IN GENERAL.—During the 2-year period be-
16 ginning on the first day of the 6th calendar month
17 beginning after the date of the enactment of this
18 Act, the Secretary shall assess and collect a fee for
19 qualified disclosures (in addition to any other fee as-
20 sessed and collected for such disclosures) at such
21 rates as the Secretary determines are sufficient to
22 cover the costs related to implementing the program
23 described in subsection (a), including the costs of
24 any necessary infrastructure or technology.

1 (2) DEPOSIT OF COLLECTIONS.—Amounts re-
2 ceived from fees assessed and collected under para-
3 graph (1) shall be deposited in, and credited to, an
4 account solely for the purpose of carrying out the
5 activities described in subsection (a). Such amounts
6 shall be available to carry out such activities without
7 need of further appropriation and without fiscal year
8 limitation.

9 **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**
10 **BASED DISCLOSURES OF TAX RETURN INFOR-**
11 **MATION.**

12 (a) IN GENERAL.—Section 6103(c) is amended by
13 adding at the end the following: “Persons designated by
14 the taxpayer under this subsection to receive return infor-
15 mation shall not use the information for any purpose other
16 than the express purpose for which consent was granted
17 and shall not disclose return information to any other per-
18 son without the express permission of, or request by, the
19 taxpayer.”.

20 (b) APPLICATION OF PENALTIES.—Section
21 6103(a)(3) is amended by inserting “subsection (c),” after
22 “return information under”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to disclosures made after the date

1 which is 180 days after the date of the enactment of this
2 Act.

3 **Subtitle D—Expanded Use of**
4 **Electronic Systems**

5 **SEC. 2301. ELECTRONIC FILING OF RETURNS.**

6 (a) IN GENERAL.—Section 6011(e)(2)(A) is amended
7 by striking “250” and inserting “the applicable number
8 of”.

9 (b) APPLICABLE NUMBER.—Section 6011(e) is
10 amended by striking paragraph (5) and inserting the fol-
11 lowing new paragraphs:

12 “(5) APPLICABLE NUMBER.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (2)(A), the applicable number shall be—

15 “(i) except as provided in subpara-
16 graph (B), in the case of calendar years
17 before 2021, 250,

18 “(ii) in the case of calendar year
19 2021, 100, and

20 “(iii) in the case of calendar years
21 after 2021, 10.

22 “(B) SPECIAL RULE FOR PARTNERSHIPS
23 FOR 2018, 2019, 2020, AND 2021.—In the case of
24 a partnership, for any calendar year before
25 2022, the applicable number shall be—

1 “(i) in the case of calendar year 2018,
2 200,

3 “(ii) in the case of calendar year
4 2019, 150,

5 “(iii) in the case of calendar year
6 2020, 100, and

7 “(iv) in the case of calendar year
8 2021, 50.

9 “(6) PARTNERSHIPS REQUIRED TO FILE ON
10 MAGNETIC MEDIA.—Notwithstanding paragraph
11 (2)(A), the Secretary shall require partnerships hav-
12 ing more than 100 partners to file returns on mag-
13 netic media.”.

14 (c) RETURNS FILED BY A TAX RETURN PRE-
15 PARER.—Section 6011(e)(3) is amended by adding at the
16 end the following new subparagraph:

17 “(D) EXCEPTION FOR CERTAIN PRE-
18 PARERS LOCATED IN AREAS WITHOUT INTER-
19 NET ACCESS.—The Secretary may waive the re-
20 quirement of subparagraph (A) if the Secretary
21 determines, on the basis of an application by
22 the tax return preparer, that the preparer can-
23 not meet such requirement by reason of being
24 located in a geographic area which does not

1 have access to internet service (other than dial-
2 up or satellite service).”.

3 (d) CONFORMING AMENDMENT.—Section 6724(c) is
4 amended by striking “250 information returns (more than
5 100 information returns in the case of a partnership hav-
6 ing more than 100 partners)” and inserting “the applica-
7 ble number (determined under section 6011(e)(5) with re-
8 spect to the calendar year to which such returns relate)
9 of information returns”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect on the date of the enactment
12 of this Act.

13 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**
14 **TRONIC SIGNATURES FOR DISCLOSURE AU-**
15 **THORIZATIONS TO, AND OTHER AUTHORIZA-**
16 **TIONS OF, PRACTITIONERS.**

17 Section 6061(b)(3) is amended to read as follows:

18 “(3) PUBLISHED GUIDANCE.—

19 “(A) IN GENERAL.—The Secretary shall
20 publish guidance as appropriate to define and
21 implement any waiver of the signature require-
22 ments or any method adopted under paragraph
23 (1).

24 “(B) ELECTRONIC SIGNATURES FOR DIS-
25 CLOSURE AUTHORIZATIONS TO, AND OTHER AU-

1 THORIZATIONS OF, PRACTITIONERS.—Not later
2 than 6 months after the date of the enactment
3 of this subparagraph, the Secretary shall pub-
4 lish guidance to establish uniform standards
5 and procedures for the acceptance of taxpayers’
6 signatures appearing in electronic form with re-
7 spect to any request for disclosure of a tax-
8 payer’s return or return information under sec-
9 tion 6103(c) to a practitioner or any power of
10 attorney granted by a taxpayer to a practi-
11 tioner.

12 “(C) PRACTITIONER.—For purposes of
13 subparagraph (B), the term ‘practitioner’
14 means any individual in good standing who is
15 regulated under section 330 of title 31, United
16 States Code.”.

17 **SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT**
18 **CARDS.**

19 Section 6311(d)(2) is amended by adding at the end
20 the following: “The preceding sentence shall not apply to
21 the extent that the Secretary ensures that any such fee
22 or other consideration is fully recouped by the Secretary
23 in the form of fees paid to the Secretary by persons paying
24 taxes imposed under subtitle A with credit, debit, or
25 charge cards pursuant to such contract. Notwithstanding

1 the preceding sentence, the Secretary shall seek to mini-
2 mize the amount of any fee or other consideration that
3 the Secretary pays under any such contract.”.

4 **SEC. 2304. AUTHENTICATION OF USERS OF ELECTRONIC**
5 **SERVICES ACCOUNTS.**

6 Beginning 180 days after the date of the enactment
7 of this Act, the Secretary of the Treasury (or the Sec-
8 retary’s delegate) shall verify the identity of any individual
9 opening an e-Services account with the Internal Revenue
10 Service before such individual is able to use the e-Services
11 tools.

12 **Subtitle E—Other Provisions**

13 **SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN**
14 **TAX COMPLIANCE PROCEDURES AND RE-**
15 **PORTS.**

16 Section 2004 of the Internal Revenue Service Re-
17 structuring and Reform Act of 1998 (26 U.S.C. 6012
18 note) is repealed.

19 **SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.**

20 Not later than 1 year after the date of the enactment
21 of this Act, the Commissioner of Internal Revenue shall
22 submit to Congress a written report providing a com-
23 prehensive training strategy for employees of the Internal
24 Revenue Service, including—

1 (1) a plan to streamline current training proc-
2 esses, including an assessment of the utility of fur-
3 ther consolidating internal training programs, tech-
4 nology, and funding;

5 (2) a plan to develop annual training regarding
6 taxpayer rights, including the role of the Office of
7 the Taxpayer Advocate, for employees that interface
8 with taxpayers and the direct managers of such em-
9 ployees;

10 (3) a plan to improve technology-based training;

11 (4) proposals to—

12 (A) focus employee training on early, fair,
13 and efficient resolution of taxpayer disputes for
14 employees that interface with taxpayers and the
15 direct managers of such employees; and

16 (B) ensure consistency of skill development
17 and employee evaluation throughout the Inter-
18 nal Revenue Service; and

19 (5) a thorough assessment of the funding nec-
20 essary to implement such strategy.

1 **TITLE III—MISCELLANEOUS**
2 **PROVISIONS**
3 **Subtitle A—Reform of Laws Gov-**
4 **erning Internal Revenue Serv-**
5 **ice Employees**

6 **SEC. 3001. PROHIBITION ON REHIRING ANY EMPLOYEE OF**
7 **THE INTERNAL REVENUE SERVICE WHO WAS**
8 **INVOLUNTARILY SEPARATED FROM SERVICE**
9 **FOR MISCONDUCT.**

10 (a) **IN GENERAL.**—Section 7804 is amended by add-
11 ing at the end the following new subsection:

12 “(d) **PROHIBITION ON REHIRING EMPLOYEES INVOL-**
13 **UNTARILY SEPARATED.**—The Commissioner may not hire
14 any individual previously employed by the Commissioner
15 who was removed for misconduct under this subchapter
16 or chapter 43 or chapter 75 of title 5, United States Code,
17 or whose employment was terminated under section 1203
18 of the Internal Revenue Service Restructuring and Reform
19 Act of 1998 (26 U.S.C. 7804 note).”.

20 (b) **EFFECTIVE DATE.**—The amendment made by
21 subsection (a) shall apply with respect to the hiring of em-
22 ployees after the date of the enactment of this Act.

1 **SEC. 3002. 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) OTHER REPORTS AND RETURNS.—

5 (1) POLITICAL ORGANIZATIONS.—Section
6 527(j)(7) is amended by striking “if the organization
7 has” and all that follows through “such calendar
8 year”.

9 (2) UNRELATED BUSINESS INCOME TAX RE-
10 TURNS.—Section 6011 is amended by redesignating
11 subsection (h) as subsection (i) and by inserting
12 after subsection (g) the following new subsection:

13 “(h) MANDATORY E-FILING OF UNRELATED BUSI-
14 NESS INCOME TAX RETURN.—Any organization required
15 to file an annual return under this section which relates
16 to any tax imposed by section 511 shall file such return
17 in electronic form.”.

18 (c) INSPECTION OF ELECTRONICALLY FILED AN-
19 NUAL RETURNS.—Section 6104(b) is amended by adding
20 at the end the following: “Any annual return required to
21 be filed electronically under section 6033(n) shall be made
22 available by the Secretary to the public as soon as prac-
23 ticable in a machine readable format.”.

24 (d) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to taxable years beginning after the date
4 of the enactment of this Act.

5 (2) TRANSITIONAL RELIEF.—

6 (A) SMALL ORGANIZATIONS.—

7 (i) IN GENERAL.—In the case of any
8 small organizations, or any other organiza-
9 tions for which the Secretary of the Treas-
10 ury or the Secretary’s delegate (hereafter
11 referred to in this paragraph as the “Sec-
12 retary”) determines the application of the
13 amendments made by this section would
14 cause undue burden without a delay, the
15 Secretary may delay the application of
16 such amendments, but such delay shall not
17 apply to any taxable year beginning on or
18 after the date 2 years after of the enact-
19 ment of this Act.

20 (ii) SMALL ORGANIZATION.—For pur-
21 poses of clause (i), the term “small organi-
22 zation” means any organization—

23 (I) the gross receipts of which for
24 the taxable year are less than
25 \$200,000; and

1 (II) the aggregate gross assets of
2 which at the end of the taxable year
3 are less than \$500,000.

4 (B) ORGANIZATIONS FILING FORM 990-
5 T.—In the case of any organization described
6 in section 511(a)(2) of the Internal Revenue
7 Code of 1986 which is subject to the tax im-
8 posed by section 511(a)(1) of such Code on its
9 unrelated business taxable income, or any orga-
10 nization required to file a return under section
11 6033 of such Code and include information
12 under subsection (e) thereof, the Secretary may
13 delay the application of the amendments made
14 by this section, but such delay shall not apply
15 to any taxable year beginning on or after the
16 date 2 years after of the enactment of this Act.

17 **SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF**
18 **TAX-EXEMPT STATUS FOR FAILURE TO FILE**
19 **RETURN.**

20 (a) IN GENERAL.—Section 6033(j)(1) is amended by
21 striking “If an organization” and inserting the following:

22 “(A) NOTICE.—If an organization de-
23 scribed in subsection (a)(1) or (i) fails to file
24 the annual return or notice required under ei-

1 ther subsection for 2 consecutive years, the Sec-
2 retary shall notify the organization—

3 “(i) that the Internal Revenue Service
4 has no record of such a return or notice
5 from such organization for 2 consecutive
6 years, and

7 “(ii) about the revocation that will
8 occur under subparagraph (B) if the orga-
9 nization fails to file such a return or notice
10 by the due date for the next such return
11 or notice required to be filed.

12 The notification under the preceding sentence
13 shall include information about how to comply
14 with the filing requirements under subsections
15 (a)(1) and (i).

16 “(B) REVOCATION.—If an organization”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to failures to file returns or notices
19 for 2 consecutive years if the return or notice for the sec-
20 ond year is required to be filed after December 31, 2019.

21 **Subtitle C—Revenue Provision**

22 **SEC. 3201. INCREASE IN PENALTY FOR FAILURE TO FILE.**

23 (a) IN GENERAL.—The second sentence of subsection
24 (a) of section 6651 is amended by striking “\$205” and
25 inserting “\$330”.

1 (b) INFLATION ADJUSTMENT.—Section 6651(j)(1) is
2 amended—

3 (1) by striking “2014” and inserting “2020”,

4 (2) by striking “\$205” and inserting “\$330”,

5 and

6 (3) by striking “2013” and inserting “2019”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to returns required to be filed after
9 December 31, 2019.

10 **TITLE IV—BUDGETARY EFFECTS**

11 **SEC. 4001. DETERMINATION OF BUDGETARY EFFECTS.**

12 The budgetary effects of this Act, for the purpose of
13 complying with the Statutory Pay-As-You-Go Act of 2010,
14 shall be determined by reference to the latest statement
15 titled “Budgetary Effects of PAYGO Legislation” for this
16 Act, submitted for printing in the Congressional Record
17 by the Chairman of the House Budget Committee, pro-
18 vided that such statement has been submitted prior to the
19 vote on passage.