

Union Calendar No. 19

116TH CONGRESS
1ST SESSION

H. R. 1957

[Report No. 116–39, Part I]

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

MARCH 28, 2019

Mr. LEWIS (for himself, Mr. KELLY of Pennsylvania, Mr. NEAL, Mr. BRADY, Ms. DELBENE, Mrs. WALORSKI, Ms. SÁNCHEZ, Mr. LAHOOD, Mr. SUOZZI, Mr. WENSTRUP, Ms. JUDY CHU of California, Ms. MOORE, and Mr. BRENDAN F. BOYLE of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

APRIL 9, 2019

Additional sponsors: Mr. SCHNEIDER, Mr. FITZPATRICK, Mr. WATKINS, Ms. NORTON, Mr. BUCHANAN, Ms. SEWELL of Alabama, Mr. DANNY K. DAVIS of Illinois, Mrs. MURPHY, Mr. HIGGINS of New York, Mr. HOLDING, Mr. GOMEZ, Mr. HORSFORD, Mr. LARSON of Connecticut, Mr. EVANS, Mr. TAYLOR, and Mr. CISNEROS

APRIL 9, 2019

Reported from the Committee on Ways and Means with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

APRIL 9, 2019

Committee on Financial Services discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on March 28, 2019]

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 of 2019”.*

6 (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*
 7 *expressly provided, whenever in this Act an amendment or*
 8 *repeal is expressed in terms of an amendment to, or repeal*
 9 *of, a section or other provision, the reference shall be consid-*
 10 *ered to be made to a section or other provision of the Inter-*
 11 *nal Revenue Code of 1986.*

12 (c) *TABLE OF CONTENTS.*—*The table of contents for*
 13 *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 Ap-
peals.

Subtitle B—Improved Service

Sec. 1101. Comprehensive customer service strategy.

Sec. 1102. IRS Free File Program.

Sec. 1103. Low-income exception for payments otherwise required in connection
with a submission of an offer-in-compromise.

Subtitle C—Sensible Enforcement

Sec. 1201. Internal Revenue Service seizure requirements with respect to struc-
turing transactions.

Sec. 1202. Exclusion of interest received in action to recover property seized by
the Internal Revenue Service based on structuring transaction.

Sec. 1203. Clarification of equitable relief from joint liability.

Sec. 1204. Modification of procedures for issuance of third-party summons.

Sec. 1205. Private debt collection and special compliance personnel program.

Sec. 1206. Reform of notice of contact of third parties.

Sec. 1207. Modification of authority to issue designated summons.

Sec. 1208. Limitation on access of non-Internal Revenue Service employees to returns and return information.

Subtitle D—Organizational Modernization

Sec. 1301. Office of the National Taxpayer Advocate.
Sec. 1302. Modernization of Internal Revenue Service organizational structure.

Subtitle E—Other Provisions

Sec. 1401. Return preparation programs for applicable taxpayers.
Sec. 1402. Provision of information regarding low-income taxpayer clinics.
Sec. 1403. Notice from IRS regarding closure of taxpayer assistance centers.
Sec. 1404. Rules for seizure and sale of perishable goods restricted to only perishable goods.
Sec. 1405. Whistleblower reforms.
Sec. 1406. Customer service information.
Sec. 1407. Misdirected tax refund deposits.

TITLE II—21ST CENTURY IRS

Subtitle A—Cybersecurity and Identity Protection

Sec. 2001. Public-private partnership to address identity theft refund fraud.
Sec. 2002. Recommendations of Electronic Tax Administration Advisory Committee regarding identity theft refund fraud.
Sec. 2003. Information sharing and analysis center.
Sec. 2004. Compliance by contractors with confidentiality safeguards.
Sec. 2005. Report on electronic payments.
Sec. 2006. Identity protection personal identification numbers.
Sec. 2007. Single point of contact for tax-related identity theft victims.
Sec. 2008. Notification of suspected identity theft.
Sec. 2009. Guidelines for stolen identity refund fraud cases.
Sec. 2010. Increased penalty for improper disclosure or use of information by preparers of returns.

Subtitle B—Development of Information Technology

Sec. 2101. Management of Internal Revenue Service information technology.
Sec. 2102. 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.

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 adding
 8 *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 as*
 12 *the ‘Internal Revenue Service Independent Office of*
 13 *Appeals’.*

14 “(2) *CHIEF OF APPEALS.*—

1 “(A) *IN GENERAL.*—*The Internal Revenue*
2 *Service Independent Office of Appeals shall be*
3 *under the supervision and direction of an official*
4 *to be known as the ‘Chief of Appeals’. The Chief*
5 *of Appeals shall report directly to the Commis-*
6 *sioner of Internal Revenue and shall be entitled*
7 *to compensation at the same rate as the highest*
8 *rate of basic pay established for the Senior Exec-*
9 *utive Service under section 5382 of title 5,*
10 *United States Code.*

11 “(B) *APPOINTMENT.*—*The Chief of Appeals*
12 *shall be appointed by the Commissioner of Inter-*
13 *nal Revenue without regard to the provisions of*
14 *title 5, United States Code, relating to appoint-*
15 *ments in the competitive service or the Senior*
16 *Executive Service.*

17 “(C) *QUALIFICATIONS.*—*An individual ap-*
18 *pointed under subparagraph (B) shall have expe-*
19 *rience and expertise in—*

20 “(i) *administration of, and compliance*
21 *with, Federal tax laws,*

22 “(ii) *a broad range of compliance*
23 *cases, and*

24 “(iii) *management of large service or-*
25 *ganizations.*

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

5 “(A) *is fair and impartial to both the Gov-*
 6 *ernment and the taxpayer,*

7 “(B) *promotes a consistent application and*
 8 *interpretation of, and voluntary compliance*
 9 *with, the Federal tax laws, and*

10 “(C) *enhances public confidence in the in-*
 11 *tegrity and efficiency of the Internal Revenue*
 12 *Service.*

13 “(4) *RIGHT OF APPEAL.—The resolution process*
 14 *described in paragraph (3) shall be generally avail-*
 15 *able to all taxpayers.*

16 “(5) *LIMITATION ON DESIGNATION OF CASES AS*
 17 *NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT OF-*
 18 *FICE OF APPEALS.—*

19 “(A) *IN GENERAL.—If any taxpayer which*
 20 *is in receipt of a notice of deficiency authorized*
 21 *under section 6212 requests referral to the Inter-*
 22 *nal Revenue Service Independent Office of Ap-*
 23 *peals and such request is denied, the Commis-*
 24 *sioner of Internal Revenue shall provide such*
 25 *taxpayer a written notice which—*

1 “(i) provides a detailed description of
2 the facts involved, the basis for the decision
3 to deny the request, and a detailed expla-
4 nation of how the basis of such decision ap-
5 plies to such facts, and

6 “(ii) describes the procedures pre-
7 scribed under subparagraph (C) for pro-
8 testing the decision to deny the request.

9 “(B) REPORT TO CONGRESS.—The Commis-
10 sioner of Internal Revenue shall submit a writ-
11 ten report to Congress on an annual basis which
12 includes the number of requests described in sub-
13 paragraph (A) which were denied and the rea-
14 sons (described by category) that such requests
15 were denied.

16 “(C) PROCEDURES FOR PROTESTING DE-
17 NIAL OF REQUEST.—The Commissioner of Inter-
18 nal Revenue shall prescribe procedures for pro-
19 testing to the Commissioner of Internal Revenue
20 a denial of a request described in subparagraph
21 (A).

22 “(D) NOT APPLICABLE TO FRIVOLOUS POSI-
23 TIONS.—This paragraph shall not apply to a re-
24 quest for referral to the Internal Revenue Service
25 Independent Office of Appeals which is denied on

1 *the basis that the issue involved is a frivolous po-*
2 *sition (within the meaning of section 6702(c)).*

3 “(6) *STAFF.*—

4 “(A) *IN GENERAL.*—*All personnel in the In-*
5 *ternal Revenue Service Independent Office of Ap-*
6 *peals shall report to the Chief of Appeals.*

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

18 “(7) *ACCESS TO CASE FILES.*—

19 “(A) *IN GENERAL.*—*In any case in which a*
20 *conference with the Internal Revenue Service*
21 *Independent Office of Appeals has been scheduled*
22 *upon request of a specified taxpayer, the Chief of*
23 *Appeals shall ensure that such taxpayer is pro-*
24 *vided access to the nonprivileged portions of the*
25 *case file on record regarding the disputed issues*

(other than documents provided by the taxpayer to the Internal Revenue Service) not later than 10 days before the date of such conference.

“(B) *TAXPAYER ELECTION TO EXPEDITE CONFERENCE.*—If the taxpayer so elects, subparagraph (A) shall be applied by substituting ‘the date of such conference’ for ‘10 days before the date of such conference’.

“(C) *SPECIFIED TAXPAYER.*—For purposes of this paragraph—

“(i) *IN GENERAL.*—The term ‘specified taxpayer’ means—

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

“(II) in the case of any other taxpayer, a taxpayer whose gross receipts do not exceed \$5,000,000 for the taxable year to which the dispute relates.

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

(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 Inde-*
 4 *pendent 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 section*
 8 *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 (c)(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 amended*
 23 *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 Of-*
 3 *fice of Appeals.*

4 (d) *SAVINGS PROVISIONS.—Rules similar to the rules*
 5 *of paragraphs (2) through (6) of section 1001(b) of the In-*
 6 *ternal Revenue Service Restructuring and Reform Act of*
 7 *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 provided*
 11 *in this subsection, the amendments made by this sec-*
 12 *tion shall take effect on the date of the enactment of*
 13 *this Act.*

14 (2) *ACCESS TO CASE FILES.—Section 7803(e)(7)*
 15 *of the Internal Revenue Code of 1986, as added by*
 16 *subsection (a), shall apply to conferences occurring*
 17 *after the date which is 1 year after the date of the en-*
 18 *actment 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 Sec-*
 24 *retary of the Treasury (or the Secretary's delegate) shall*
 25 *submit to Congress a written comprehensive customer serv-*

1 *ice strategy for the Internal Revenue Service. Such strategy*
2 *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 of*
6 *customer service provided in the private sector, in-*
7 *cluding online services, telephone call back services,*
8 *and training of employees providing customer serv-*
9 *ices;*

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

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

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

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

1 (b) *UPDATED GUIDANCE AND TRAINING MATERIALS.*—Not later than 2 years after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall make available the updated guidance and training materials described in subsection (a)(4) (including the Internal Revenue Manual). Such updated guidance and training materials (including the Internal Revenue Manual) shall be written in a manner so as to be easily understood by customer service employees of the Internal Revenue Service and shall provide clear instructions.

11 **SEC. 1102. IRS FREE FILE PROGRAM.**

12 (a) *IN GENERAL.*—

13 (1) *The Secretary of the Treasury, or the Secretary’s delegate, shall continue to operate the IRS Free File Program as established by the Internal Revenue Service and published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), including any subsequent agreements and governing rules established pursuant thereto.*

20 (2) *The IRS Free File Program shall continue to provide free commercial-type online individual income tax preparation and electronic filing services to the lowest 70 percent of taxpayers by adjusted gross income. The number of taxpayers eligible to receive such services each year shall be calculated by the In-*

1 *ternal Revenue Service annually based on prior year*
2 *aggregate taxpayer adjusted gross income data.*

3 *(3) In addition to the services described in para-*
4 *graph (2), and in the same manner, the IRS Free*
5 *File Program shall continue to make available to all*
6 *taxpayers (without regard to income) a basic, online*
7 *electronic fillable forms utility.*

8 *(4) The IRS Free File Program shall continue to*
9 *work cooperatively with the private sector to provide*
10 *the free individual income tax preparation and the*
11 *electronic filing services described in paragraphs (2)*
12 *and (3).*

13 *(5) The IRS Free File Program shall work coop-*
14 *eratively with State government agencies to enhance*
15 *and expand the use of the program to provide needed*
16 *benefits to the taxpayer while reducing the cost of*
17 *processing returns.*

18 *(b) INNOVATIONS.—The Secretary of the Treasury, or*
19 *the Secretary's delegate, shall work with the private sector*
20 *through the IRS Free File Program to identify and imple-*
21 *ment, consistent with applicable law, innovative new pro-*
22 *gram features to improve and simplify the taxpayer's expe-*
23 *rience with completing and filing individual income tax re-*
24 *turns through voluntary compliance.*

1 **SEC. 1103. LOW-INCOME EXCEPTION FOR PAYMENTS OTH-**
 2 **ERWISE REQUIRED IN CONNECTION WITH A**
 3 **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

4 (a) *IN GENERAL.*—Section 7122(c) is amended by add-
 5 *ing at the end the following new paragraph:*

6 “(3) *EXCEPTION FOR LOW-INCOME TAX-*
 7 *PAYERS.*—Paragraph (1), and any user fee otherwise
 8 *required in connection with the submission of an*
 9 *offer-in-compromise, shall not apply to any offer-in-*
 10 *compromise with respect to a taxpayer who is an in-*
 11 *dividual with adjusted gross income, as determined*
 12 *for the most recent taxable year for which such infor-*
 13 *mation is available, which does not exceed 250 per-*
 14 *cent of the applicable poverty level (as determined by*
 15 *the Secretary).”.*

16 (b) *EFFECTIVE DATE.*—The amendment made by this
 17 *section shall apply to offers-in-compromise submitted after*
 18 *the date of the enactment of this Act.*

19 ***Subtitle C—Sensible Enforcement***

20 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-**
 21 **QUIREMENTS WITH RESPECT TO STRUC-**
 22 **TURING TRANSACTIONS.**

23 *Section 5317(c)(2) of title 31, United States Code, is*
 24 *amended—*

25 (1) *by striking “Any property” and inserting the*
 26 *following:*

1 “(A) *IN GENERAL*.—Any property”; and
2 (2) *by adding at the end the following:*

3 “(B) *INTERNAL REVENUE SERVICE SEIZURE*
4 *REQUIREMENTS WITH RESPECT TO STRUCTURING*
5 *TRANSACTIONS*.—

6 “(i) *PROPERTY DERIVED FROM AN IL-*
7 *LEGAL SOURCE*.—Property may only be
8 *seized by the Internal Revenue Service pur-*
9 *suant to subparagraph (A) by reason of a*
10 *claimed violation of section 5324 if the*
11 *property to be seized was derived from an*
12 *illegal source or the funds were structured*
13 *for the purpose of concealing the violation of*
14 *a criminal law or regulation other than sec-*
15 *tion 5324.*

16 “(ii) *NOTICE*.—Not later than 30 days
17 *after property is seized by the Internal Rev-*
18 *enue Service pursuant to subparagraph (A),*
19 *the Internal Revenue Service shall—*

20 “(I) *make a good faith effort to*
21 *find all persons with an ownership in-*
22 *terest in such property; and*

23 “(II) *provide each such person so*
24 *found with a notice of the seizure and*
25 *of the person’s rights under clause (iv).*

1 “(iii) *EXTENSION OF NOTICE UNDER*
2 *CERTAIN CIRCUMSTANCES.—The Internal*
3 *Revenue Service may apply to a court of*
4 *competent jurisdiction for one 30-day exten-*
5 *sion of the notice requirement under clause*
6 *(ii) if the Internal Revenue Service can es-*
7 *tablish probable cause of an imminent*
8 *threat to national security or personal safe-*
9 *ty necessitating such extension.*

10 “(iv) *POST-SEIZURE HEARING.—If a*
11 *person with an ownership interest in prop-*
12 *erty seized pursuant to subparagraph (A)*
13 *by the Internal Revenue Service requests a*
14 *hearing by a court of competent jurisdiction*
15 *within 30 days after the date on which no-*
16 *tice is provided under subclause (ii), such*
17 *property shall be returned unless the court*
18 *holds an adversarial hearing and finds*
19 *within 30 days of such request (or such*
20 *longer period as the court may provide, but*
21 *only on request of an interested party) that*
22 *there is probable cause to believe that there*
23 *is a violation of section 5324 involving such*
24 *property and probable cause to believe that*
25 *the property to be seized was derived from*

1 *an illegal source or the funds were struc-*
 2 *tured for the purpose of concealing the vio-*
 3 *lation of a criminal law or regulation other*
 4 *than section 5324.”.*

5 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**
 6 **TO RECOVER PROPERTY SEIZED BY THE IN-**
 7 **TERNAL REVENUE SERVICE BASED ON**
 8 **STRUCTURING TRANSACTION.**

9 *(a) IN GENERAL.—Part III of subchapter B of chapter*
 10 *1 is amended by inserting before section 140 the following*
 11 *new section:*

12 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**
 13 **PROPERTY SEIZED BY THE INTERNAL REV-**
 14 **ENUE SERVICE BASED ON STRUCTURING**
 15 **TRANSACTION.**

16 *“Gross income shall not include any interest received*
 17 *from the Federal Government in connection with an action*
 18 *to recover property seized by the Internal Revenue Service*
 19 *pursuant to section 5317(c)(2) of title 31, United States*
 20 *Code, by reason of a claimed violation of section 5324 of*
 21 *such title.”.*

22 *(b) CLERICAL AMENDMENT.—The table of sections for*
 23 *part III of subchapter B of chapter 1 is amended by insert-*
 24 *ing before the item relating to section 140 the following new*
 25 *item:*

“Sec. 139H. Interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.”.

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to interest received on or after the date*
 3 *of the enactment of this Act.*

4 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**
 5 **JOINT LIABILITY.**

6 (a) *IN GENERAL.*—*Section 6015 is amended—*

7 (1) *in subsection (e), by adding at the end the*
 8 *following new paragraph:*

9 “*(7) STANDARD AND SCOPE OF REVIEW.*—*Any*
 10 *review of a determination made under this section*
 11 *shall be reviewed de novo by the Tax Court and shall*
 12 *be based upon—*

13 “*(A) the administrative record established*
 14 *at the time of the determination, and*

15 “*(B) any additional newly discovered or*
 16 *previously unavailable evidence.”; and*

17 (2) *by amending subsection (f) to read as follows:*

18 “*(f) EQUITABLE RELIEF.*—

19 “*(1) IN GENERAL.*—*Under procedures prescribed*
 20 *by the Secretary, if—*

21 “*(A) taking into account all the facts and*
 22 *circumstances, it is inequitable to hold the indi-*
 23 *vidual liable for any unpaid tax or any defi-*
 24 *ciency (or any portion of either), and*

1 “(B) relief is not available to such indi-
 2 vidual under subsection (b) or (c),
 3 the Secretary may relieve such individual of such li-
 4 ability.

5 “(2) *LIMITATION*.—A request for equitable relief
 6 under this subsection may be made with respect to
 7 any portion of any liability that—

8 “(A) has not been paid, provided that such
 9 request is made before the expiration of the ap-
 10 plicable period of limitation under section 6502,
 11 or

12 “(B) has been paid, provided that such re-
 13 quest is made during the period in which the in-
 14 dividual could submit a timely claim for refund
 15 or credit of such payment.”.

16 (b) *EFFECTIVE DATE*.—The amendments made by this
 17 section shall apply to petitions or requests filed or pending
 18 on or after the date of the enactment of this Act.

19 **SEC. 1204. MODIFICATION OF PROCEDURES FOR ISSUANCE**
 20 **OF THIRD-PARTY SUMMONS.**

21 (a) *IN GENERAL*.—Section 7609(f) is amended by add-
 22 ing at the end the following flush sentence:

23 “The Secretary shall not issue any summons described in
 24 the preceding sentence unless the information sought to be
 25 obtained is narrowly tailored to information that pertains

1 *to the failure (or potential failure) of the person or group*
 2 *or class of persons referred to in paragraph (2) to comply*
 3 *with one or more provisions of the internal revenue law*
 4 *which have been identified for purposes of such para-*
 5 *graph.”.*

6 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 7 *section shall apply to summonses served after the date that*
 8 *is 45 days after the date of the enactment of this Act.*

9 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**
 10 **PLIANCE PERSONNEL PROGRAM.**

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

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

24 “(F) *a taxpayer who is an individual with*
 25 *adjusted gross income, as determined for the*

1 *most recent taxable year for which such informa-*
 2 *tion is available, which does not exceed 200 per-*
 3 *cent of the applicable poverty level (as deter-*
 4 *mined by the Secretary),”.*

5 ***(b) DETERMINATION OF INACTIVE TAX RECEIVABLES***
 6 ***ELIGIBLE FOR COLLECTION UNDER TAX COLLECTION CON-***
 7 ***TRACTS.***—Section 6306(c)(2)(A)(ii) is amended by striking
 8 *“more than $\frac{1}{3}$ of the period of the applicable statute of limi-*
 9 *tation has lapsed” and inserting “more than 2 years has*
 10 *passed since assessment”.*

11 ***(c) MAXIMUM LENGTH OF INSTALLMENT AGREEMENTS***
 12 ***OFFERED UNDER TAX COLLECTION CONTRACTS.***—Section
 13 6306(b)(1)(B) is amended by striking “5 years” and insert-
 14 ing “7 years”.

15 ***(d) CLARIFICATION THAT SPECIAL COMPLIANCE PER-***
 16 ***SONNEL PROGRAM ACCOUNT MAY BE USED FOR PROGRAM***
 17 ***COSTS.***—

18 ***(1) IN GENERAL.***—Section 6307(b) is amended—

19 ***(A)*** in paragraph (2), by striking all that
 20 follows “under such program” and inserting a
 21 period, and

22 ***(B)*** in paragraph (3), by striking all that
 23 follows “out of such account” and inserting “for
 24 other than program costs.”.

1 (2) *COMMUNICATIONS, SOFTWARE, AND TECH-*
 2 *NOLOGY COSTS TREATED AS PROGRAM COSTS.*—*Sec-*
 3 *tion 6307(d)(2)(B) is amended by striking “tele-*
 4 *communications” and inserting “communications,*
 5 *software, technology”.*

6 (3) *CONFORMING AMENDMENT.*—*Section*
 7 *6307(d)(2) is amended by striking “and” at the end*
 8 *of subparagraph (A), by striking the period at the end*
 9 *of subparagraph (B) and inserting “, and”, and by*
 10 *inserting after subparagraph (B) the following new*
 11 *subparagraph:*

12 *“(C) reimbursement of the Internal Revenue*
 13 *Service or other government agencies for the cost*
 14 *of administering the qualified tax collection pro-*
 15 *gram under section 6306.”.*

16 (i) *EFFECTIVE DATES.*—

17 (1) *IN GENERAL.*—*Except as otherwise provided*
 18 *in this subsection, the amendments made by this sec-*
 19 *tion shall apply to tax receivables identified by the*
 20 *Secretary (or the Secretary’s delegate) after December*
 21 *31, 2020.*

22 (2) *MAXIMUM LENGTH OF INSTALLMENT AGREE-*
 23 *MENTS.*—*The amendment made by subsection (c)*
 24 *shall apply to contracts entered into after the date of*
 25 *the enactment of this Act.*

1 (3) *USE OF SPECIAL COMPLIANCE PERSONNEL*
 2 *PROGRAM ACCOUNT.*—*The amendment made by sub-*
 3 *section (d) shall apply to amounts expended from the*
 4 *special compliance personnel program account after*
 5 *the date of the enactment of this Act.*

6 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD PAR-**
 7 **TIES.**

8 (a) *IN GENERAL.*—*Section 7602(c)(1) is amended to*
 9 *read as follows:*

10 “(1) *GENERAL NOTICE.*—*An officer or employee*
 11 *of the Internal Revenue Service may not contact any*
 12 *person other than the taxpayer with respect to the de-*
 13 *termination or collection of the tax liability of such*
 14 *taxpayer unless such contact occurs during a period*
 15 *(not greater than 1 year) which is specified in a no-*
 16 *tice which—*

17 “(A) *informs the taxpayer that contacts*
 18 *with persons other than the taxpayer are in-*
 19 *tended to be made during such period, and*

20 “(B) *except as otherwise provided by the*
 21 *Secretary, is provided to the taxpayer not later*
 22 *than 45 days before the beginning of such period.*
 23 *Nothing in the preceding sentence shall prevent the*
 24 *issuance of notices to the same taxpayer with respect*
 25 *to the same tax liability with periods specified therein*

1 *that, in the aggregate, exceed 1 year. A notice shall*
 2 *not be issued under this paragraph unless there is an*
 3 *intent at the time such notice is issued to contact per-*
 4 *sons other than the taxpayer during the period speci-*
 5 *fied in such notice. The preceding sentence shall not*
 6 *prevent the issuance of a notice if the requirement of*
 7 *such sentence is met on the basis of the assumption*
 8 *that the information sought to be obtained by such*
 9 *contact will not be obtained by other means before*
 10 *such contact.”.*

11 *(b) EFFECTIVE DATE.—The amendment made by this*
 12 *section shall apply to notices provided, and contacts of per-*
 13 *sons made, after the date which is 45 days after the date*
 14 *of the enactment of this Act.*

15 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**
 16 **IGNATED SUMMONS.**

17 *(a) IN GENERAL.—Paragraph (1) of section 6503(j) is*
 18 *amended by striking “coordinated examination program”*
 19 *and inserting “coordinated industry case program”.*

20 *(b) REQUIREMENTS FOR SUMMONS.—Clause (i) of sec-*
 21 *tion 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 the*
 25 *relevant operating division of the Internal*

1 *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 information*
6 *that is the subject of the summons, and*
7 “(II) *is attached to such sum-*
8 *mons,*”.

9 (c) *ESTABLISHMENT THAT REASONABLE REQUESTS*
10 *FOR INFORMATION WERE MADE.*—Subsection (j) of section
11 *6503 is amended by adding at the end the following new*
12 *paragraph:*

13 “(4) *ESTABLISHMENT THAT REASONABLE RE-*
14 *QUESTS FOR INFORMATION WERE MADE.*—In any
15 *court proceeding described in paragraph (3), the Sec-*
16 *retary shall establish that reasonable requests were*
17 *made for the information that is the subject of the*
18 *summons.*”.

19 (d) *EFFECTIVE DATE.*—The amendments made by this
20 *section shall apply to summonses issued after the date which*
21 *is 45 days after the date of the enactment of this Act.*

1 **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**
 2 **ENUE SERVICE EMPLOYEES TO RETURNS AND**
 3 **RETURN INFORMATION.**

4 (a) *IN GENERAL.*—Section 7602 is amended by adding
 5 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 of
 9 section 6103(n), provide any books, papers, records, or other
 10 data obtained pursuant to this section to any person au-
 11 thorized under section 6103(n), except when such person re-
 12 quires such information for the sole purpose of providing
 13 expert evaluation and assistance to the Internal Revenue
 14 Service. No person other than an officer or employee of the
 15 Internal Revenue Service or the Office of Chief Counsel
 16 may, on behalf of the Secretary, question a witness under
 17 oath whose testimony was obtained pursuant to this sec-
 18 tion.”.

19 (b) *EFFECTIVE DATE.*—The amendment made by this
 20 section—

21 (1) shall take effect on the date of the enactment
 22 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 be-
 26 fore the date of the enactment of this Act.

***Subtitle D—Organizational
Modernization***

SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.

(a) TAXPAYER ADVOCATE DIRECTIVES.—

(1) IN GENERAL.—Section 7803(c) is amended by adding at the end the following new paragraph:

“(5) TAXPAYER ADVOCATE DIRECTIVES.—In the case of any Taxpayer Advocate Directive issued by the National Taxpayer Advocate pursuant to a delegation of authority from the Commissioner of Internal Revenue—

“(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

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

1 *payer Advocate with the reasons for any modi-*
 2 *fication or rescission made or upheld by the*
 3 *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) through*
 8 *(XII), respectively, and by inserting after subclause*
 9 *(VII) the following new subclause:*

10 *“(VIII) identify any Taxpayer*
 11 *Advocate Directive which was not hon-*
 12 *ored by the Internal Revenue Service*
 13 *in a timely manner, as specified under*
 14 *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)(i)(III) is amend-
 19 *ed by striking “at least 20 of the” and inserting “the*
 20 *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 ADMINISTRATION.—*
 3 *Before beginning any research or study, the Na-*
 4 *tional Taxpayer Advocate shall coordinate with*
 5 *the Treasury Inspector General for Tax Admin-*
 6 *istration to ensure that the National Taxpayer*
 7 *Advocate does not duplicate any action that the*
 8 *Treasury Inspector General for Tax Administra-*
 9 *tion has already undertaken or has a plan to un-*
 10 *dertake.”.*

11 (3) *STATISTICAL SUPPORT.—*

12 (A) *IN GENERAL.—Section 6108 is amended*
 13 *by adding at the end the following new sub-*
 14 *section:*

15 “(d) *STATISTICAL SUPPORT FOR NATIONAL TAXPAYER*
 16 *ADVOCATE.—Upon request of the National Taxpayer Advo-*
 17 *cate, the Secretary shall, to the extent practicable, provide*
 18 *the National Taxpayer Advocate with statistical support in*
 19 *connection with the preparation by the National Taxpayer*
 20 *Advocate of the annual report described in section*
 21 *7803(c)(2)(B)(ii). Such statistical support shall include sta-*
 22 *tistical studies, compilations, and the review of information*
 23 *provided by the National Taxpayer Advocate for statistical*
 24 *validity and sound statistical methodology.”.*

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

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

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

23 (c) *SALARY OF NATIONAL TAXPAYER ADVOCATE.*—Sec-
 24 tion 7803(c)(1)(B)(i) is amended by striking “, or, if the

1 *Secretary of the Treasury so determines, at a rate fixed*
 2 *under section 9503 of such title”.*

3 *(d) EFFECTIVE DATE.—*

4 *(1) IN GENERAL.—Except as otherwise provided*
 5 *in this subsection, the amendments made by this sec-*
 6 *tion shall take effect on the date of the enactment of*
 7 *this Act.*

8 *(2) SALARY OF NATIONAL TAXPAYER ADVOCATE.—The amendment made by subsection (c) shall*
 9 *apply to compensation paid to individuals appointed*
 10 *as the National Taxpayer Advocate after March 31,*
 11 *2019.*

13 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**
 14 **ICE ORGANIZATIONAL STRUCTURE.**

15 *(a) IN GENERAL.—Not later than September 30, 2020,*
 16 *the Secretary of the Treasury (or the Secretary’s delegate)*
 17 *shall submit to Congress a comprehensive written plan to*
 18 *redesign the organization of the Internal Revenue Service.*
 19 *Such plan shall—*

20 *(1) ensure the successful implementation of the*
 21 *priorities specified by Congress in this Act;*

22 *(2) prioritize taxpayer services to ensure that all*
 23 *taxpayers easily and readily receive the assistance*
 24 *that they need;*

1 (3) *streamline the structure of the agency includ-*
 2 *ing minimizing the duplication of services and re-*
 3 *sponsibilities within the agency;*

4 (4) *best position the Internal Revenue Service to*
 5 *combat cybersecurity and other threats to the Internal*
 6 *Revenue Service; and*

7 (5) *address whether the Criminal Investigation*
 8 *Division of the Internal Revenue Service should re-*
 9 *port directly to the Commissioner of Internal Rev-*
 10 *enue.*

11 (b) *REPEAL OF RESTRICTION ON ORGANIZATIONAL*
 12 *STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-*
 13 *graph (3) of section 1001(a) of the Internal Revenue Service*
 14 *Restructuring and Reform Act of 1998 shall cease to apply*
 15 *beginning 1 year after the date on which the plan described*
 16 *in subsection (a) is submitted to Congress.*

17 ***Subtitle E—Other Provisions***

18 ***SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-***
 19 ***CABLE TAXPAYERS.***

20 (a) *IN GENERAL.*—Chapter 77 is amended by insert-
 21 *ing after section 7526 the following new section:*

22 ***“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR APPLI-***
 23 ***CABLE TAXPAYERS.***

24 “(a) *ESTABLISHMENT OF VOLUNTEER INCOME TAX*
 25 *ASSISTANCE MATCHING GRANT PROGRAM.—The Secretary*

1 *shall establish a Community Volunteer Income Tax Assist-*
 2 *ance Matching Grant Program under which the Secretary*
 3 *may, subject to the availability of appropriated funds, make*
 4 *grants to provide matching funds for the development, ex-*
 5 *pansion, or continuation of qualified return preparation*
 6 *programs assisting applicable taxpayers and members of*
 7 *underserved populations.*

8 “(b) *USE OF FUNDS.*—

9 “(1) *IN GENERAL.*—Qualified return preparation
 10 *programs may use grants received under this section*
 11 *for—*

12 “(A) *ordinary and necessary costs associ-*
 13 *ated with program operation in accordance with*
 14 *cost principles under the applicable Office of*
 15 *Management and Budget circular, including—*

16 “(i) *wages or salaries of persons co-*
 17 *ordinating the activities of the program,*

18 “(ii) *developing training materials,*
 19 *conducting training, and performing qual-*
 20 *ity reviews of the returns prepared under*
 21 *the program,*

22 “(iii) *equipment purchases, and*

23 “(iv) *vehicle-related expenses associated*
 24 *with remote or rural tax preparation serv-*
 25 *ices,*

1 “(B) outreach and educational activities de-
2 scribed in subsection (c)(2)(B), and

3 “(C) services related to financial education
4 and capability, asset development, and the estab-
5 lishment of savings accounts in connection with
6 tax return preparation.

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

12 “(A) the salary (including fringe benefits)
13 of individuals performing services for the pro-
14 gram,

15 “(B) the cost of equipment used in the pro-
16 gram, and

17 “(C) other ordinary and necessary costs as-
18 sociated with the program.

19 Indirect expenses, including general overhead of any
20 entity administering the program, shall not be count-
21 ed as matching funds.

22 “(c) APPLICATION.—

23 “(1) IN GENERAL.—Each applicant for a grant
24 under this section shall submit an application to the
25 Secretary at such time, in such manner, and con-

1 *taining such information as the Secretary may rea-*
 2 *sonably require.*

3 *“(2) PRIORITY.—In awarding grants under this*
 4 *section, the Secretary shall give priority to applica-*
 5 *tions which demonstrate—*

6 *“(A) assistance to applicable taxpayers,*
 7 *with emphasis on outreach to, and services for,*
 8 *such taxpayers,*

9 *“(B) taxpayer outreach and educational ac-*
 10 *tivities relating to eligibility and availability of*
 11 *income supports available through this title, in-*
 12 *cluding the earned income tax credit, and*

13 *“(C) specific outreach and focus on one or*
 14 *more underserved populations.*

15 *“(3) AMOUNTS TAKEN INTO ACCOUNT.—In deter-*
 16 *mining matching grants under this section, the Sec-*
 17 *retary shall only take into account amounts provided*
 18 *by the qualified return preparation program for ex-*
 19 *penses described in subsection (b).*

20 *“(d) PROGRAM ADHERENCE.—*

21 *“(1) IN GENERAL.—The Secretary shall establish*
 22 *procedures for, and shall conduct not less frequently*
 23 *than once every 5 calendar years during which a*
 24 *qualified return preparation program is operating*

1 under a grant under this section, periodic site vis-
2 its—

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

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

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

13 “(A) is awarded a grant under this section,
14 and

15 “(B) is subsequently determined—

16 “(i) not to meet the program adherence
17 standards described in paragraph (1)(B), or

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

20 such program shall not be eligible for any additional
21 grants under this section unless such program pro-
22 vides sufficient documentation of corrective measures
23 established to address any such deficiencies deter-
24 mined.

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

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

4 “(A) *which provides assistance to individ-*
 5 *uals, not less than 90 percent of whom are appli-*
 6 *cable taxpayers, in preparing and filing Federal*
 7 *income tax returns,*

8 “(B) *which is administered by a qualified*
 9 *entity,*

10 “(C) *in which all volunteers who assist in*
 11 *the preparation of Federal income tax returns*
 12 *meet the training requirements prescribed by the*
 13 *Secretary, and*

14 “(D) *which uses a quality review process*
 15 *which reviews 100 percent of all returns.*

16 “(2) *QUALIFIED ENTITY.*—

17 “(A) *IN GENERAL.*—*The term ‘qualified en-*
 18 *tity’ means any entity which—*

19 “(i) *is an eligible organization,*

20 “(ii) *is in compliance with Federal tax*
 21 *filing and payment requirements,*

22 “(iii) *is not debarred or suspended*
 23 *from Federal contracts, grants, or coopera-*
 24 *tive agreements, and*

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

5 “(B) *ELIGIBLE ORGANIZATION*.—The term
6 ‘eligible organization’ means—

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

15 “(ii) an organization described in sec-
16 tion 501(c) and exempt from tax under sec-
17 tion 501(a),

18 “(iii) a local government agency, in-
19 cluding—

20 “(I) a county or municipal gov-
21 ernment agency, and

22 “(II) an Indian tribe, as defined
23 in section 4(13) of the Native Amer-
24 ican Housing Assistance and Self-De-
25 termination Act of 1996 (25 U.S.C.

1 4103(13)), including any tribally des-
 2 ignated housing entity (as defined in
 3 section 4(22) of such Act (25 U.S.C.
 4 4103(22))), tribal subsidiary, subdivi-
 5 sion, or other wholly owned tribal enti-
 6 ty,

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

12 “(v) in the case of applicable taxpayers
 13 and members of underserved populations
 14 with respect to which no organizations de-
 15 scribed in the preceding clauses are avail-
 16 able—

17 “(I) a State government agency,
 18 or

19 “(II) an office providing Coopera-
 20 tive Extension services (as established
 21 at the land-grant colleges and univer-
 22 sities under the Smith-Lever Act of
 23 May 8, 1914).

24 “(3) *APPLICABLE TAXPAYERS.*—The term ‘appli-
 25 cable taxpayer’ means a taxpayer whose income for

1 *the taxable year does not exceed an amount equal to*
 2 *the completed phaseout amount under section 32(b)*
 3 *for a married couple filing a joint return with three*
 4 *or more qualifying children, as determined in a rev-*
 5 *enue procedure or other published guidance.*

6 “(4) *UNDERSERVED POPULATION.*—*The term*
 7 *‘underserved population’ includes populations of per-*
 8 *sons with disabilities, persons with limited English*
 9 *proficiency, Native Americans, individuals living in*
 10 *rural areas, members of the Armed Forces and their*
 11 *spouses, and the elderly.*

12 “(f) *SPECIAL RULES AND LIMITATIONS.*—

13 “(1) *DURATION OF GRANTS.*—*Upon application*
 14 *of a qualified return preparation program, the Sec-*
 15 *retary is authorized to award a multi-year grant not*
 16 *to exceed 3 years.*

17 “(2) *AGGREGATE LIMITATION.*—*Unless otherwise*
 18 *provided by specific appropriation, the Secretary*
 19 *shall not allocate more than \$30,000,000 per fiscal*
 20 *year (exclusive of costs of administering the program)*
 21 *to grants under this section.*

22 “(g) *PROMOTION OF PROGRAMS.*—

23 “(1) *IN GENERAL.*—*The Secretary shall promote*
 24 *tax preparation through qualified return preparation*

1 *programs through the use of mass communications*
 2 *and other means.*

3 “(2) *PROVISION OF INFORMATION REGARDING*
 4 *QUALIFIED RETURN PREPARATION PROGRAMS.—The*
 5 *Secretary may provide taxpayers information regard-*
 6 *ing qualified return preparation programs receiving*
 7 *grants under this section.*

8 “(3) *REFERRALS TO LOW-INCOME TAXPAYER*
 9 *CLINICS.—Qualified return preparation programs re-*
 10 *ceiving a grant under this section are encouraged, in*
 11 *appropriate cases, to—*

12 “(A) *advise taxpayers of the availability of,*
 13 *and eligibility requirements for receiving, advice*
 14 *and assistance from qualified low-income tax-*
 15 *payer clinics receiving funding under section*
 16 *7526, and*

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

20 (b) *CLERICAL AMENDMENT.—The table of sections for*
 21 *chapter 77 is amended by inserting after the item relating*
 22 *to section 7526 the following new item:*

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

1 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**
 2 **INCOME TAXPAYER CLINICS.**

3 (a) *IN GENERAL.*—Section 7526(c) is amended by add-
 4 *ing at the end the following new paragraph:*

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

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

14 “(B) *provide information regarding the lo-*
 15 *cation of, and contact information for, such clin-*
 16 *ics.”.*

17 (b) *EFFECTIVE DATE.*—The amendment made by this
 18 *section shall take effect on the date of the enactment of this*
 19 *Act.*

20 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF TAX-**
 21 **PAYER ASSISTANCE CENTERS.**

22 *Not later than 90 days before the date that a proposed*
 23 *closure of a Taxpayer Assistance Center would take effect,*
 24 *the Secretary of the Treasury (or the Secretary’s delegate)*
 25 *shall—*

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

3 (A) *identifies the Taxpayer Assistance Cen-*
4 *ter proposed for closure and the date of such pro-*
5 *posed closure; and*

6 (B) *identifies the relevant alternative*
7 *sources of taxpayer assistance which may be uti-*
8 *lized by taxpayers affected by such proposed clo-*
9 *sure; and*

10 (2) *submit to Congress a written report that in-*
11 *cludes—*

12 (A) *the information included in the notice*
13 *described in paragraph (1);*

14 (B) *the reasons for such proposed closure;*
15 *and*

16 (C) *such other information as the Secretary*
17 *may determine appropriate.*

18 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**
19 **GOODS RESTRICTED TO ONLY PERISHABLE**
20 **GOODS.**

21 (a) *IN GENERAL.*—Section 6336 is amended by strik-
22 *ing “or become greatly reduced in price or value by keeping,*
23 *or that such property cannot be kept without great ex-*
24 *pense”.*

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

4 **SEC. 1405. WHISTLEBLOWER REFORMS.**

5 (a) *MODIFICATIONS TO DISCLOSURE RULES FOR*
 6 *WHISTLEBLOWERS.*—

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

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

10 “(A) *IN GENERAL.*—*The Secretary may dis-*
 11 *close, to any individual providing information*
 12 *relating to any purpose described in paragraph*
 13 *(1) or (2) of section 7623(a), return information*
 14 *related to the investigation of any taxpayer with*
 15 *respect to whom the individual has provided*
 16 *such information, but only to the extent that*
 17 *such disclosure is necessary in obtaining infor-*
 18 *mation, which is not otherwise reasonably avail-*
 19 *able, with respect to the correct determination of*
 20 *tax liability for tax, or the amount to be collected*
 21 *with respect to the enforcement of any other pro-*
 22 *vision of this title.*

23 “(B) *UPDATES ON WHISTLEBLOWER INVES-*
 24 *TIGATIONS.*—*The Secretary shall disclose to an*
 25 *individual providing information relating to*

1 *any purpose described in paragraph (1) or (2)*
2 *of section 7623(a) the following:*

3 “(i) *Not later than 60 days after a case*
4 *for which the individual has provided infor-*
5 *mation has been referred for an audit or ex-*
6 *amination, a notice with respect to such re-*
7 *ferral.*

8 “(ii) *Not later than 60 days after a*
9 *taxpayer with respect to whom the indi-*
10 *vidual has provided information has made*
11 *a payment of tax with respect to tax liabil-*
12 *ity to which such information relates, a no-*
13 *tice with respect to such payment.*

14 “(iii) *Subject to such requirements and*
15 *conditions as are prescribed by the Sec-*
16 *retary, upon a written request by such indi-*
17 *vidual—*

18 “(I) *information on the status*
19 *and stage of any investigation or ac-*
20 *tion related to such information, and*

21 “(II) *in the case of a determina-*
22 *tion of the amount of any award under*
23 *section 7623(b), the reasons for such*
24 *determination.*

1 *Clause (iii) shall not apply to any information*
 2 *if the Secretary determines that disclosure of*
 3 *such information would seriously impair Federal*
 4 *tax administration. Information described in*
 5 *clauses (i), (ii), and (iii) may be disclosed to a*
 6 *designee of the individual providing such infor-*
 7 *mation in accordance with guidance provided by*
 8 *the Secretary.”.*

9 (2) *CONFORMING AMENDMENTS.—*

10 (A) *CONFIDENTIALITY OF INFORMATION.—*
 11 *Section 6103(a)(3) is amended by striking “sub-*
 12 *section (k)(10)” and inserting “paragraph (10)*
 13 *or (13) of subsection (k)”.*

14 (B) *PENALTY FOR UNAUTHORIZED DISCLO-*
 15 *SURE.—Section 7213(a)(2) is amended by strik-*
 16 *ing “(k)(10)” and inserting “(k)(10) or (13)”.*

17 (C) *COORDINATION WITH AUTHORITY TO*
 18 *DISCLOSE FOR INVESTIGATIVE PURPOSES.—Sec-*
 19 *tion 6103(k)(6) is amended by adding at the end*
 20 *the following new sentence: “This paragraph*
 21 *shall not apply to any disclosure to an indi-*
 22 *vidual providing information relating to any*
 23 *purpose described in paragraph (1) or (2) of sec-*
 24 *tion 7623(a) which is made under paragraph*
 25 *(13)(A).”.*

1 (b) *PROTECTION AGAINST RETALIATION.*—Section
 2 7623 is amended by adding at the end the following new
 3 subsection:

4 “(d) *CIVIL ACTION TO PROTECT AGAINST RETALIA-*
 5 *TION CASES.*—

6 “(1) *ANTI-RETALIATION WHISTLEBLOWER PRO-*
 7 *TECTION FOR EMPLOYEES.*—No employer, or any offi-
 8 cer, employee, contractor, subcontractor, or agent of
 9 such employer, may discharge, demote, suspend,
 10 threaten, harass, or in any other manner discrimi-
 11 nate against an employee in the terms and conditions
 12 of employment (including through an act in the ordi-
 13 nary course of such employee’s duties) in reprisal for
 14 any lawful act done by the employee—

15 “(A) to provide information, cause informa-
 16 tion to be provided, or otherwise assist in an in-
 17 vestigation regarding underpayment of tax or
 18 any conduct which the employee reasonably be-
 19 lieves constitutes a violation of the internal rev-
 20 enue laws or any provision of Federal law relat-
 21 ing to tax fraud, when the information or assist-
 22 ance is provided to the Internal Revenue Service,
 23 the Secretary of Treasury, the Treasury Inspec-
 24 tor General for Tax Administration, the Comp-
 25 troller General of the United States, the Depart-

1 *ment of Justice, the United States Congress, a*
2 *person with supervisory authority over the em-*
3 *ployee, or any other person working for the em-*
4 *ployer who has the authority to investigate, dis-*
5 *cover, or terminate misconduct, or*

6 *“(B) to testify, participate in, or otherwise*
7 *assist in any administrative or judicial action*
8 *taken by the Internal Revenue Service relating to*
9 *an alleged underpayment of tax or any violation*
10 *of the internal revenue laws or any provision of*
11 *Federal law relating to tax fraud.*

12 *“(2) ENFORCEMENT ACTION.—*

13 *“(A) IN GENERAL.—A person who alleges*
14 *discharge or other reprisal by any person in vio-*
15 *lation of paragraph (1) may seek relief under*
16 *paragraph (3) by—*

17 *“(i) filing a complaint with the Sec-*
18 *retary of Labor, or*

19 *“(ii) if the Secretary of Labor has not*
20 *issued a final decision within 180 days of*
21 *the filing of the complaint and there is no*
22 *showing that such delay is due to the bad*
23 *faith of the claimant, bringing an action at*
24 *law or equity for de novo review in the ap-*
25 *propriate district court of the United*

1 *States, which shall have jurisdiction over*
2 *such an action without regard to the*
3 *amount in controversy.*

4 *“(B) PROCEDURE.—*

5 *“(i) IN GENERAL.—An action under*
6 *subparagraph (A)(i) shall be governed*
7 *under the rules and procedures set forth in*
8 *section 42121(b) of title 49, United States*
9 *Code.*

10 *“(ii) EXCEPTION.—Notification made*
11 *under section 42121(b)(1) of title 49, United*
12 *States Code, shall be made to the person*
13 *named in the complaint and to the em-*
14 *ployer.*

15 *“(iii) BURDENS OF PROOF.—An action*
16 *brought under subparagraph (A)(ii) shall be*
17 *governed by the legal burdens of proof set*
18 *forth in section 42121(b) of title 49, United*
19 *States Code, except that in applying such*
20 *section—*

21 *“(I) behavior described in para-*
22 *graph (1)’ shall be substituted for ‘be-*
23 *havior described in paragraphs (1)*
24 *through (4) of subsection (a)’ each*

1 *place it appears in paragraph (2)(B)*
 2 *thereof, and*

3 “(II) ‘a violation of paragraph
 4 (1)’ shall be substituted for ‘a violation
 5 of subsection (a)’ each place it appears.

6 “(iv) *STATUTE OF LIMITATIONS.*—A
 7 *complaint under subparagraph (A)(i) shall*
 8 *be filed not later than 180 days after the*
 9 *date on which the violation occurs.*

10 “(v) *JURY TRIAL.*—A party to an ac-
 11 *tion brought under subparagraph (A)(ii)*
 12 *shall be entitled to trial by jury.*

13 “(3) *REMEDIES.*—

14 “(A) *IN GENERAL.*—An employee prevailing
 15 *in any action under paragraph (2)(A) shall be*
 16 *entitled to all relief necessary to make the em-*
 17 *ployee whole.*

18 “(B) *COMPENSATORY DAMAGES.*—Relief for
 19 *any action under subparagraph (A) shall in-*
 20 *clude—*

21 “(i) *reinstatement with the same se-*
 22 *niority status that the employee would have*
 23 *had, but for the reprisal,*

1 “(ii) the sum of 200 percent of the
2 amount of back pay and 100 percent of all
3 lost benefits, with interest, and

4 “(iii) compensation for any special
5 damages sustained as a result of the re-
6 prisal, including litigation costs, expert wit-
7 ness fees, and reasonable attorney fees.

8 “(4) *RIGHTS RETAINED BY EMPLOYEE.*—Nothing
9 in this section shall be deemed to diminish the rights,
10 privileges, or remedies of any employee under any
11 Federal or State law, or under any collective bar-
12 gaining agreement.

13 “(5) *NONENFORCEABILITY OF CERTAIN PROVI-*
14 *SIONS WAIVING RIGHTS AND REMEDIES OR REQUIRING*
15 *ARBITRATION OF DISPUTES.*—

16 “(A) *WAIVER OF RIGHTS AND REMEDIES.*—
17 The rights and remedies provided for in this sub-
18 section may not be waived by any agreement,
19 policy form, or condition of employment, includ-
20 ing by a predispute arbitration agreement.

21 “(B) *PREDISPUTE ARBITRATION AGREE-*
22 *MENTS.*—No predispute arbitration agreement
23 shall be valid or enforceable, if the agreement re-
24 quires arbitration of a dispute arising under this
25 subsection.”.

1 (c) *EFFECTIVE DATE.*—

2 (1) *IN GENERAL.*—*The amendments made by*
 3 *subsection (a) shall apply to disclosures made after*
 4 *the date of the enactment of this Act.*

5 (2) *CIVIL PROTECTION.*—*The amendment made*
 6 *by subsection (b) shall take effect on the date of the*
 7 *enactment of this Act.*

8 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

9 *The Secretary of the Treasury (or the Secretary’s dele-*
 10 *gate) shall provide helpful information to taxpayers placed*
 11 *on hold during a telephone call to any Internal Revenue*
 12 *Service help line, including the following:*

13 (1) *Information about common tax scams.*

14 (2) *Information on where and how to report tax*
 15 *scams.*

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

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

19 *Section 6402 is amended by adding at the end the fol-*
 20 *lowing new subsection:*

21 “(n) *MISDIRECTED DIRECT DEPOSIT REFUND.*—*Not*
 22 *later than the date which is 6 months after the date of the*
 23 *enactment of the Taxpayer First Act of 2019, the Secretary*
 24 *shall prescribe regulations to establish procedures to allow*
 25 *for—*

1 “(1) taxpayers to report instances in which a re-
 2 fund made by the Secretary by electronic funds trans-
 3 fer was not transferred to the account of the taxpayer;

4 “(2) coordination with financial institutions for
 5 the purpose of—

6 “(A) identifying the accounts to which
 7 transfers described in paragraph (1) were made;
 8 and

9 “(B) recovery of the amounts so transferred;
 10 and

11 “(3) the refund to be delivered to the correct ac-
 12 count of the taxpayer.”.

13 ***TITLE II—21ST CENTURY IRS***
 14 ***Subtitle A—Cybersecurity and***
 15 ***Identity Protection***

16 ***SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS***
 17 ***IDENTITY THEFT REFUND FRAUD.***

18 *The Secretary of the Treasury (or the Secretary’s dele-*
 19 *gate) shall work collaboratively with the public and private*
 20 *sectors to protect taxpayers from identity theft refund fraud.*

21 ***SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-***
 22 ***MINISTRATION ADVISORY COMMITTEE RE-***
 23 ***GARDING IDENTITY THEFT REFUND FRAUD.***

24 *The Secretary of the Treasury shall ensure that the ad-*
 25 *visory group convened by the Secretary pursuant to section*

1 *2001(b)(2) of the Internal Revenue Service Restructuring*
 2 *and Reform Act of 1998 (commonly known as the Electronic*
 3 *Tax Administration Advisory Committee) studies (includ-*
 4 *ing by providing organized public forums) and makes rec-*
 5 *ommendations to the Secretary regarding methods to pre-*
 6 *vent identity theft and refund fraud.*

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

8 (a) *IN GENERAL.*—*The Secretary of the Treasury (or*
 9 *the Secretary’s delegate) may participate in an information*
 10 *sharing and analysis center to centralize, standardize, and*
 11 *enhance data compilation and analysis to facilitate sharing*
 12 *actionable data and information with respect to identity*
 13 *theft tax refund fraud.*

14 (b) *DEVELOPMENT OF PERFORMANCE METRICS.*—*The*
 15 *Secretary of the Treasury (or the Secretary’s delegate) shall*
 16 *develop metrics for measuring the success of such center in*
 17 *detecting and preventing identity theft tax refund fraud.*

18 (c) *DISCLOSURE.*—

19 (1) *IN GENERAL.*—*Section 6103(k), as amended*
 20 *by this Act, is amended by adding at the end the fol-*
 21 *lowing new paragraph:*

22 “(14) *DISCLOSURE OF RETURN INFORMATION*
 23 *FOR PURPOSES OF CYBERSECURITY AND THE PREVEN-*
 24 *TION OF IDENTITY THEFT TAX REFUND FRAUD.*—

1 “(A) *IN GENERAL.*—Under such procedures
2 and subject to such conditions as the Secretary
3 may prescribe, the Secretary may disclose speci-
4 fied return information to specified ISAC par-
5 ticipants to the extent that the Secretary deter-
6 mines such disclosure is in furtherance of effec-
7 tive Federal tax administration relating to the
8 detection or prevention of identity theft tax re-
9 fund fraud, validation of taxpayer identity, au-
10 thentication of taxpayer returns, or detection or
11 prevention of cybersecurity threats.

12 “(B) *SPECIFIED ISAC PARTICIPANTS.*—For
13 purposes of this paragraph—

14 “(i) *IN GENERAL.*—The term ‘specified
15 ISAC participant’ means—

16 “(I) any person designated by the
17 Secretary as having primary responsi-
18 bility for a function performed with re-
19 spect to the information sharing and
20 analysis center described in section
21 2003(a) of the Taxpayer First Act of
22 2019, and

23 “(II) any person subject to the re-
24 quirements of section 7216 and which

1 *is a participant in such information*
2 *sharing and analysis center.*

3 “(ii) *INFORMATION SHARING AGREE-*
4 *MENT.—Such term shall not include any*
5 *person unless such person has entered into*
6 *a written agreement with the Secretary set-*
7 *ting forth the terms and conditions for the*
8 *disclosure of information to such person*
9 *under this paragraph, including require-*
10 *ments regarding the protection and safe-*
11 *guarding of such information by such per-*
12 *son.*

13 “(C) *SPECIFIED RETURN INFORMATION.—*
14 *For purposes of this paragraph, the term ‘speci-*
15 *fied return information’ means—*

16 “(i) *in the case of a return which is in*
17 *connection with a case of potential identity*
18 *theft refund fraud—*

19 “(I) *in the case of such return*
20 *filed electronically, the internet pro-*
21 *TOCOL address, device identification,*
22 *email domain name, speed of comple-*
23 *tion, method of authentication, refund*
24 *method, and such other return infor-*
25 *mation related to the electronic filing*

1 *characteristics of such return as the*
2 *Secretary may identify for purposes of*
3 *this subclause, and*

4 “(II) *in the case of such return*
5 *prepared by a tax return preparer,*
6 *identifying information with respect to*
7 *such tax return preparer, including the*
8 *preparer taxpayer identification num-*
9 *ber and electronic filer identification*
10 *number of such preparer,*

11 “(ii) *in the case of a return which is*
12 *in connection with a case of a identity theft*
13 *refund fraud which has been confirmed by*
14 *the Secretary (pursuant to such procedures*
15 *as the Secretary may provide), the informa-*
16 *tion referred to in subclauses (I) and (II) of*
17 *clause (i), the name and taxpayer identi-*
18 *fication number of the taxpayer as it ap-*
19 *pears on the return, and any bank account*
20 *and routing information provided for mak-*
21 *ing a refund in connection with such re-*
22 *turn, and*

23 “(iii) *in the case of any cybersecurity*
24 *threat to the Internal Revenue Service, in-*
25 *formation similar to the information de-*

1 scribed in subclauses (I) and (II) of clause
2 (i) with respect to such threat.

3 “(D) *RESTRICTION ON USE OF DISCLOSED*
4 *INFORMATION.*—

5 “(i) *DESIGNATED THIRD PARTIES.*—
6 Any return information received by a per-
7 son described in subparagraph (B)(i)(I)
8 shall be used only for the purposes of and
9 to the extent necessary in—

10 “(I) performing the function such
11 person is designated to perform under
12 such subparagraph,

13 “(II) facilitating disclosures au-
14 thorized under subparagraph (A) to
15 persons described in subparagraph
16 (B)(i)(II), and

17 “(III) facilitating disclosures au-
18 thorized under subsection (d) to par-
19 ticipants in such information sharing
20 and analysis center.

21 “(ii) *RETURN PREPARERS.*—Any re-
22 turn information received by a person de-
23 scribed in subparagraph (B)(i)(II) shall be
24 treated for purposes of section 7216 as in-
25 formation furnished to such person for, or

1 *in connection with, the preparation of a re-*
 2 *turn of the tax imposed under chapter 1.*

3 “(E) DATA PROTECTION AND SAFE-
 4 GUARDS.—Return information disclosed under
 5 this paragraph shall be subject to such protec-
 6 tions and safeguards as the Secretary may re-
 7 quire in regulations or other guidance or in the
 8 written agreement referred to in subparagraph
 9 (B)(ii). Such written agreement shall include a
 10 requirement that any unauthorized access to in-
 11 formation disclosed under this paragraph, and
 12 any breach of any system in which such infor-
 13 mation is held, be reported to the Treasury In-
 14 spector General for Tax Administration.”.

15 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-
 16 ALTIES.—

17 (A) Section 6103(a)(3), as amended by this
 18 Act, is amended by striking “or (13)” and in-
 19 serting “, (13), or (14)”.

20 (B) Section 7213(a)(2), as amended by this
 21 Act, is amended by striking “or (13)” and in-
 22 serting “, (13), or (14)”.

1 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**
2 **FIDENTIALITY SAFEGUARDS.**

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

5 “(9) *DISCLOSURE TO CONTRACTORS AND OTHER*
6 *AGENTS.*—Notwithstanding any other provision of
7 this section, no return or return information shall be
8 disclosed to any contractor or other agent of a Fed-
9 eral, State, or local agency unless such agency, to the
10 satisfaction of the Secretary—

11 “(A) has requirements in effect which re-
12 quire each such contractor or other agent which
13 would have access to returns or return informa-
14 tion to provide safeguards (within the meaning
15 of paragraph (4)) to protect the confidentiality
16 of such returns or return information,

17 “(B) agrees to conduct an on-site review
18 every 3 years (or a mid-point review in the case
19 of contracts or agreements of less than 3 years in
20 duration) of each contractor or other agent to de-
21 termine compliance with such requirements,

22 “(C) submits the findings of the most recent
23 review conducted under subparagraph (B) to the
24 Secretary as part of the report required by para-
25 graph (4)(E), and

1 “(D) certifies to the Secretary for the most
 2 recent annual period that such contractor or
 3 other agent is in compliance with all such re-
 4 quirements.

5 The certification required by subparagraph (D) shall
 6 include the name and address of each contractor or
 7 other agent, a description of the contract or agreement
 8 with such contractor or other agent, and the duration
 9 of such contract or agreement. The requirements of
 10 this paragraph shall not apply to disclosures pursu-
 11 ant to subsection (n) for purposes of Federal tax ad-
 12 ministration.”.

13 (b) CONFORMING AMENDMENT.—Section
 14 6103(p)(8)(B) is amended by inserting “or paragraph (9)”
 15 after “subparagraph (A)”.

16 (c) EFFECTIVE DATE.—The amendments made by this
 17 section shall apply to disclosures made after December 31,
 18 2022.

19 **SEC. 2005. REPORT ON ELECTRONIC PAYMENTS.**

20 Not later than 2 years after the date of the enactment
 21 of this Act, the Secretary of the Treasury (or the Secretary’s
 22 delegate), in coordination with the Bureau of Fiscal Service
 23 and the Internal Revenue Service, and in consultation with
 24 private sector financial institutions, shall submit a written
 25 report to Congress describing how the government can uti-

1 lize new payment platforms to increase the number of tax
 2 refunds paid by electronic funds transfer. Such report shall
 3 weigh the interests of reducing identity theft tax refund
 4 fraud, reducing the Federal Government's costs in deliv-
 5 ering tax refunds, the costs and any associated fees charged
 6 to taxpayers (including monthly and point-of-service fees)
 7 to access their tax refunds, the impact on individuals who
 8 do not have access to financial accounts or institutions, and
 9 ensuring payments are made to accounts at a financial in-
 10 stitution that complies with section 21 of the Federal De-
 11 posit Insurance Act, chapter 2 of title I of Public Law 91–
 12 508, and subchapter II of chapter 53 of title 31, United
 13 States Code (commonly referred to collectively as the “Bank
 14 Secrecy Act”) and the USA PATRIOT Act. Such report
 15 shall include any legislative recommendations necessary to
 16 accomplish these goals.

17 **SEC. 2006. IDENTITY PROTECTION PERSONAL IDENTIFICA-**
 18 **TION NUMBERS.**

19 (a) *IN GENERAL.*—Subject to subsection (b), the Sec-
 20 retary of the Treasury or the Secretary's delegate (hereafter
 21 referred to in this section as the “Secretary”) shall establish
 22 a program to issue, upon the request of any individual, a
 23 number which may be used in connection with such indi-
 24 vidual's social security number (or other identifying infor-
 25 mation with respect to such individual as determined by

1 *the Secretary) to assist the Secretary in verifying such indi-*
 2 *vidual's identity.*

3 *(b) REQUIREMENTS.—*

4 *(1) ANNUAL EXPANSION.—For each calendar*
 5 *year beginning after the date of the enactment of this*
 6 *Act, the Secretary shall provide numbers through the*
 7 *program described in subsection (a) to individuals re-*
 8 *siding in such States as the Secretary deems appro-*
 9 *priate, provided that the total number of States served*
 10 *by such program during such year is greater than the*
 11 *total number of States served by such program during*
 12 *the preceding year.*

13 *(2) NATIONWIDE AVAILABILITY.—Not later than*
 14 *5 years after the date of the enactment of this Act, the*
 15 *Secretary shall ensure that the program described in*
 16 *subsection (a) is made available to any individual re-*
 17 *siding in the United States.*

18 **SEC. 2007. SINGLE POINT OF CONTACT FOR TAX-RELATED**
 19 **IDENTITY THEFT VICTIMS.**

20 *(a) IN GENERAL.—The Secretary of the Treasury (or*
 21 *the Secretary's delegate) shall establish and implement pro-*
 22 *cedures to ensure that any taxpayer whose return has been*
 23 *delayed or otherwise adversely affected due to tax-related*
 24 *identity theft has a single point of contact at the Internal*
 25 *Revenue Service throughout the processing of the taxpayer's*

1 *case. The single point of contact shall track the taxpayer's*
 2 *case to completion and coordinate with other Internal Rev-*
 3 *enue Service employees to resolve case issues as quickly as*
 4 *possible.*

5 *(b) SINGLE POINT OF CONTACT.—*

6 *(1) IN GENERAL.—For purposes of subsection*
 7 *(a), the single point of contact shall consist of a team*
 8 *or subset of specially trained employees who—*

9 *(A) have the ability to work across func-*
 10 *tions to resolve the issues involved in the tax-*
 11 *payer's case; and*

12 *(B) shall be accountable for handling the*
 13 *case until its resolution.*

14 *(2) TEAM OR SUBSET.—The employees included*
 15 *within the team or subset described in paragraph (1)*
 16 *may change as required to meet the needs of the Inter-*
 17 *nal Revenue Service, provided that procedures have*
 18 *been established to—*

19 *(A) ensure continuity of records and case*
 20 *history; and*

21 *(B) notify the taxpayer when appropriate.*

22 **SEC. 2008. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

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

1 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
2 **THEFT.**

3 “(a) *IN GENERAL.*—If the Secretary determines that
4 *there has been or may have been an unauthorized use of*
5 *the identity of any individual, the Secretary shall, without*
6 *jeopardizing an investigation relating to tax administra-*
7 *tion—*

8 “(1) *as soon as practicable—*

9 “(A) *notify the individual of such deter-*
10 *mination,*

11 “(B) *provide instructions on how to file a*
12 *report with law enforcement regarding the unau-*
13 *thorized use,*

14 “(C) *identify any steps to be taken by the*
15 *individual to permit law enforcement to access*
16 *personal information of the individual during*
17 *the investigation,*

18 “(D) *provide information regarding actions*
19 *the individual may take in order to protect the*
20 *individual from harm relating to the unauthor-*
21 *ized use, and*

22 “(E) *offer identity protection measures to*
23 *the individual, such as the use of an identity*
24 *protection personal identification number, and*

25 “(2) *at the time the information described in*
26 *paragraph (1) is provided (or, if not available at such*

1 *time, as soon as practicable thereafter), issue addi-*
2 *tional notifications to such individual (or such indi-*
3 *vidual's designee) regarding—*

4 “(A) *whether an investigation has been ini-*
5 *tiated in regards to such unauthorized use,*

6 “(B) *whether the investigation substantiated*
7 *an unauthorized use of the identity of the indi-*
8 *vidual, and*

9 “(C) *whether—*

10 “(i) *any action has been taken against*
11 *a person relating to such unauthorized use,*
12 *or*

13 “(ii) *any referral has been made for*
14 *criminal prosecution of such person and, to*
15 *the extent such information is available,*
16 *whether such person has been criminally*
17 *charged by indictment or information.*

18 “(b) *EMPLOYMENT-RELATED IDENTITY THEFT.—*

19 “(1) *IN GENERAL.—For purposes of this section,*
20 *the unauthorized use of the identity of an individual*
21 *includes the unauthorized use of the identity of the in-*
22 *dividual to obtain employment.*

23 “(2) *DETERMINATION OF EMPLOYMENT-RELATED*
24 *IDENTITY THEFT.—For purposes of this section, in*
25 *making a determination as to whether there has been*

1 or may have been an unauthorized use of the identity
2 of an individual to obtain employment, the Secretary
3 shall review any information—

4 “(A) obtained from a statement described in
5 section 6051 or an information return relating
6 to compensation for services rendered other than
7 as an employee, or

8 “(B) provided to the Internal Revenue Serv-
9 ice by the Social Security Administration re-
10 garding any statement described in section 6051,
11 which indicates that the social security account num-
12 ber provided on such statement or information return
13 does not correspond with the name provided on such
14 statement or information return or the name on the
15 tax return reporting the income which is included on
16 such statement or information return.”.

17 (b) *ADDITIONAL MEASURES.*—

18 (1) *EXAMINATION OF BOTH PAPER AND ELEC-*
19 *TRONIC STATEMENTS AND RETURNS.*—The Secretary
20 of the Treasury (or the Secretary’s delegate) shall ex-
21 amine the statements, information returns, and tax
22 returns described in section 7529(b)(2) of the Internal
23 Revenue Code of 1986 (as added by subsection (a)) for
24 any evidence of employment-related identity theft, re-

1 *gardless of whether such statements or returns are*
2 *submitted electronically or on paper.*

3 (2) *IMPROVEMENT OF EFFECTIVE RETURN PROC-*
4 *ESSING PROGRAM WITH SOCIAL SECURITY ADMINIS-*
5 *TRATION.*—*Section 232 of the Social Security Act (42*
6 *U.S.C. 432) is amended by inserting after the third*
7 *sentence the following: “For purposes of carrying out*
8 *the return processing program described in the pre-*
9 *ceding sentence, the Commissioner of Social Security*
10 *shall request, not less than annually, such informa-*
11 *tion described in section 7529(b)(2) of the Internal*
12 *Revenue Code of 1986 as may be necessary to ensure*
13 *the accuracy of the records maintained by the Com-*
14 *missioner of Social Security related to the amounts of*
15 *wages paid to, and the amounts of self-employment*
16 *income derived by, individuals.”.*

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

1 (c) *CLERICAL AMENDMENT.*—*The table of sections for*
 2 *chapter 77 is amended by adding at the end the following*
 3 *new item:*

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

4 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 5 *section shall apply to determinations made after the date*
 6 *that is 6 months after the date of the enactment of this Act.*

7 **SEC. 2009. GUIDELINES FOR STOLEN IDENTITY REFUND**
 8 **FRAUD CASES.**

9 (a) *IN GENERAL.*—*Not later than 1 year after the date*
 10 *of the enactment of this Act, the Secretary of the Treasury*
 11 *(or the Secretary’s delegate), in consultation with the Na-*
 12 *tional Taxpayer Advocate, shall develop and implement*
 13 *publicly available guidelines for management of cases in-*
 14 *volving stolen identity refund fraud in a manner that re-*
 15 *duces the administrative burden on taxpayers who are vic-*
 16 *tims of such fraud.*

17 (b) *STANDARDS AND PROCEDURES TO BE CONSID-*
 18 *ERED.*—*The guidelines described in subsection (a) may in-*
 19 *clude—*

20 (1) *standards for—*

21 (A) *the average length of time in which a*
 22 *case involving stolen identity refund fraud*
 23 *should be resolved;*

24 (B) *the maximum length of time, on aver-*
 25 *age, a taxpayer who is a victim of stolen iden-*

1 *tity refund fraud and is entitled to a tax refund*
 2 *which has been stolen should have to wait to re-*
 3 *ceive such refund; and*

4 *(C) the maximum number of offices and em-*
 5 *ployees within the Internal Revenue Service with*
 6 *whom a taxpayer who is a victim of stolen iden-*
 7 *tity refund fraud should be required to interact*
 8 *in order to resolve a case;*

9 *(2) standards for opening, assigning, reas-*
 10 *signing, or closing a case involving stolen identity re-*
 11 *fund fraud; and*

12 *(3) procedures for implementing and accom-*
 13 *plishing the standards described in paragraphs (1)*
 14 *and (2), and measures for evaluating such procedures*
 15 *and determining whether such standards have been*
 16 *successfully implemented.*

17 **SEC. 2010. INCREASED PENALTY FOR IMPROPER DISCLO-**
 18 **SURE OR USE OF INFORMATION BY PRE-**
 19 **PARERS OF RETURNS.**

20 *(a) IN GENERAL.—Section 6713 is amended—*

21 *(1) by redesignating subsections (b) and (c) as*
 22 *subsections (c) and (d), respectively; and*

23 *(2) by inserting after subsection (a) the following*
 24 *new subsection:*

1 “(b) *ENHANCED PENALTY FOR IMPROPER USE OR*
 2 *DISCLOSURE RELATING TO IDENTITY THEFT.*—

3 “(1) *IN GENERAL.*—*In the case of a disclosure or*
 4 *use described in subsection (a) that is made in con-*
 5 *nection with a crime relating to the misappropriation*
 6 *of another person’s taxpayer identity (as defined in*
 7 *section 6103(b)(6)), whether or not such crime in-*
 8 *volves any tax filing, subsection (a) shall be ap-*
 9 *plied—*

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

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

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

18 (b) *CRIMINAL PENALTY.*—*Section 7216(a) is amended*
 19 *by striking “\$1,000” and inserting “\$1,000 (\$100,000 in*
 20 *the case of a disclosure or use to which section 6713(b) ap-*
 21 *plies)”.*

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

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

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

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

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

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

*“(2) CENTRALIZED RESPONSIBILITY FOR INTER-
NAL REVENUE SERVICE INFORMATION TECHNOLOGY.—
The Commissioner of Internal Revenue (and the Sec-
retary) shall act through the IRS CIO with respect to
all development, implementation, and maintenance of
information technology for the Internal Revenue Serv-
ice. Any reference in this subsection to the IRS CIO
which directs the IRS CIO to take any action, or to
assume any responsibility, shall be treated as a ref-*

1 *erence to the Commissioner of Internal Revenue act-*
2 *ing through the IRS CIO.*

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

5 “(A) *be responsible for the development, im-*
6 *plementation, and maintenance of information*
7 *technology for the Internal Revenue Service,*

8 “(B) *ensure that the information technology*
9 *of the Internal Revenue Service is secure and in-*
10 *tegrated,*

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

14 “(D) *be the principal advocate for the infor-*
15 *mation technology needs of the Internal Revenue*
16 *Service, and*

17 “(E) *consult with the Chief Procurement*
18 *Officer of the Internal Revenue Service to ensure*
19 *that the information technology acquired for the*
20 *Internal Revenue Service is consistent with—*

21 “(i) *the goals and requirements speci-*
22 *fied in subparagraphs (A) through (D), and*

23 “(ii) *the strategic plan developed under*
24 *paragraph (4).*

25 “(4) *STRATEGIC PLAN.—*

1 “(A) *IN GENERAL.*—*The IRS CIO shall de-*
2 *velop and implement a multiyear strategic plan*
3 *for the information technology needs of the Inter-*
4 *nal Revenue Service. Such plan shall—*

5 “(i) *include performance measurements*
6 *of such technology and of the implementa-*
7 *tion of such plan,*

8 “(ii) *include a plan for an integrated*
9 *enterprise architecture of the information*
10 *technology of the Internal Revenue Service,*

11 “(iii) *include and take into account*
12 *the resources needed to accomplish such*
13 *plan,*

14 “(iv) *take into account planned major*
15 *acquisitions of information technology by*
16 *the Internal Revenue Service, and*

17 “(v) *align with the needs and strategic*
18 *plan of the Internal Revenue Service.*

19 “(B) *PLAN UPDATES.*—*The IRS CIO shall,*
20 *not less frequently than annually, review and*
21 *update the strategic plan under subparagraph*
22 *(A) (including the plan for an integrated enter-*
23 *prise architecture described in subparagraph*
24 *(A)(i)) to take into account the development of*

1 *new information technology and the needs of the*
 2 *Internal Revenue Service.*

3 “(5) *SCOPE OF AUTHORITY.*—

4 “(A) *INFORMATION TECHNOLOGY.*—*For*
 5 *purposes of this subsection, the term ‘information*
 6 *technology’ has the meaning given such term by*
 7 *section 11101 of title 40, United States Code.*

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

13 “(i) *the Office of the Taxpayer Advo-*
 14 *cate,*

15 “(ii) *the Criminal Investigation Divi-*
 16 *sion of the Internal Revenue Service, and*

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

22 (b) *INDEPENDENT VERIFICATION AND VALIDATION OF*
 23 *THE CUSTOMER ACCOUNT DATA ENGINE 2 AND ENTER-*
 24 *PRISE CASE MANAGEMENT SYSTEM.*—

1 (1) *IN GENERAL.*—*The Commissioner of Internal*
 2 *Revenue shall enter into a contract with an inde-*
 3 *pendent reviewer to verify and validate the implemen-*
 4 *tation plans (including the performance milestones*
 5 *and cost estimates included in such plans) developed*
 6 *for the Customer Account Data Engine 2 and the En-*
 7 *terprise Case Management System.*

8 (2) *DEADLINE FOR COMPLETION.*—*Such contract*
 9 *shall require that such verification and validation be*
 10 *completed not later than the date which is 1 year*
 11 *after the date of the enactment of this Act.*

12 (3) *APPLICATION TO PHASES OF CADE 2.*—

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

17 (B) *DEADLINE FOR COMPLETING PLANS.*—
 18 *Not later than 1 year after the date of the enact-*
 19 *ment of this Act, the Commissioner of Internal*
 20 *Revenue shall complete the development of plans*
 21 *for all phases of the Customer Account Data En-*
 22 *gine 2.*

23 (C) *DEADLINE FOR COMPLETION OF*
 24 *VERIFICATION AND VALIDATION OF PLANS.*—*In*
 25 *the case of any phase after phase 2 of the Cus-*

1 *tomers Account Data Engine 2, paragraph (2)*
 2 *shall be applied by substituting “the date on*
 3 *which the plan for such phase was completed”*
 4 *for “the date of the enactment of this Act”.*

5 *(c) COORDINATION OF IRS CIO AND CHIEF PROCUREMENT*
 6 *OFFICER OF THE INTERNAL REVENUE SERVICE.—*

7 *(1) IN GENERAL.—The Chief Procurement Offi-*
 8 *cer of the Internal Revenue Service shall—*

9 *(A) identify all significant IRS information*
 10 *technology acquisitions and provide written noti-*
 11 *fication to the Internal Revenue Service Chief*
 12 *Information Officer (hereafter referred to in this*
 13 *subsection as the “IRS CIO”) of each such acqui-*
 14 *sition in advance of such acquisition, and*

15 *(B) regularly consult with the IRS CIO re-*
 16 *garding acquisitions of information technology*
 17 *for the Internal Revenue Service, including meet-*
 18 *ing with the IRS CIO regarding such acquisi-*
 19 *tions upon request.*

20 *(2) SIGNIFICANT IRS INFORMATION TECHNOLOGY*
 21 *ACQUISITIONS.—For purposes of this subsection, the*
 22 *term “significant IRS information technology acqui-*
 23 *sitions” means—*

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

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

10 (3) *SCOPE.*—Terms used in this subsection which
 11 are also used in section 7803(f) of the Internal Rev-
 12 enue Code of 1986 (as added by subsection (a)) shall
 13 have the same meaning as when used in such section.

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

15 (a) *IN GENERAL.*—Not later than January 1, 2023,
 16 the Secretary of the Treasury or the Secretary’s delegate
 17 (hereafter referred to in this section as the “Secretary”)
 18 shall make available an Internet website or other electronic
 19 media, with a user interface and functionality similar to
 20 the Business Services Online Suite of Services provided by
 21 the Social Security Administration, that provides access to
 22 resources and guidance provided by the Internal Revenue
 23 Service and allows persons to—

24 (1) prepare and file Forms 1099;

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

3 (3) *maintain a record of completed, filed, and*
 4 *distributed Forms 1099.*

5 (b) *ELECTRONIC SERVICES TREATED AS SUPPLE-*
 6 *MENTAL; APPLICATION OF SECURITY STANDARDS.—The*
 7 *Secretary shall ensure that the services described in sub-*
 8 *section (a)—*

9 (1) *are a supplement to, and not a replacement*
 10 *for, other services provided by the Internal Revenue*
 11 *Service to taxpayers; and*

12 (2) *comply with applicable security standards*
 13 *and guidelines.*

14 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**
 15 **INFORMATION TECHNOLOGY POSITIONS.**

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

18 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**
 19 **INFORMATION TECHNOLOGY POSITIONS.**

20 *“In the case of any position which is critical to the*
 21 *functionality of the information technology operations of*
 22 *the Internal Revenue Service—*

23 *“(1) section 9503 of title 5, United States Code,*
 24 *shall be applied—*

1 “(A) by substituting ‘during the period be-
2 ginning on the date of the enactment of section
3 7812 of the Internal Revenue Code of 1986, and
4 ending on September 30, 2025’ for ‘Before Sep-
5 tember 30, 2013 in subsection (a)’,”

6 “(B) without regard to subparagraph (B) of
7 subsection (a)(1), and

8 “(C) by substituting ‘the date of the enact-
9 ment of the Taxpayer First Act of 2019’ for
10 ‘June 1, 1998’ in subsection (a)(6),

11 “(2) section 9504 of such title 5 shall be applied
12 by substituting ‘During the period beginning on the
13 date of the enactment of section 7812 of the Internal
14 Revenue Code of 1986, and ending on September 30,
15 2025’ for ‘Before September 30, 2013’ each place it
16 appears in subsections (a) and (b), and

17 “(3) section 9505 of such title shall be applied—

18 “(A) by substituting ‘During the period be-
19 ginning on the date of the enactment of section
20 7812 of the Internal Revenue Code of 1986, and
21 ending on September 30, 2025’ for ‘Before Sep-
22 tember 30, 2013’ in subsection (a), and

23 “(B) by substituting ‘the information tech-
24 nology operations’ for ‘significant functions’ in
25 subsection (a).”.

1 (b) *CLERICAL AMENDMENT.*—*The table of sections for*
 2 *subchapter A of chapter 80 is amended by adding at the*
 3 *end the following new item:*

“Sec. 7812. Streamlined critical pay authority for information technology positions.”.

4 ***Subtitle C—Modernization of Con-***
 5 ***sent-Based Income Verification***
 6 ***System***

7 ***SEC. 2201. DISCLOSURE OF TAXPAYER INFORMATION FOR***
 8 ***THIRD-PARTY INCOME VERIFICATION.***

9 (a) *IN GENERAL.*—*Not later than 1 year after the close*
 10 *of the 2-year period described in subsection (d)(1), the Sec-*
 11 *retary of the Treasury or the Secretary’s delegate (hereafter*
 12 *referred to in this section as the “Secretary”)* *shall imple-*
 13 *ment a program to ensure that any qualified disclosure—*
 14 (1) *is fully automated and accomplished through*
 15 *the Internet; and*
 16 (2) *is accomplished in as close to real-time as is*
 17 *practicable.*

18 (b) *QUALIFIED DISCLOSURE.*—*For purposes of this*
 19 *section, the term “qualified disclosure” means a disclosure*
 20 *under section 6103(c) of the Internal Revenue Code of 1986*
 21 *of returns or return information by the Secretary to a per-*
 22 *son seeking to verify the income or creditworthiness of a*
 23 *taxpayer who is a borrower in the process of a loan applica-*
 24 *tion.*

1 (c) *APPLICATION OF SECURITY STANDARDS.*—*The Sec-*
2 *retary shall ensure that the program described in subsection*
3 *(a) complies with applicable security standards and guide-*
4 *lines.*

5 (d) *USER FEE.*—

6 (1) *IN GENERAL.*—*During the 2-year period be-*
7 *ginning on the first day of the 6th calendar month be-*
8 *ginning after the date of the enactment of this Act,*
9 *the Secretary shall assess and collect a fee for quali-*
10 *fied disclosures (in addition to any other fee assessed*
11 *and collected for such disclosures) at such rates as the*
12 *Secretary determines are sufficient to cover the costs*
13 *related to implementing the program described in*
14 *subsection (a), including the costs of any necessary*
15 *infrastructure or technology.*

16 (2) *DEPOSIT OF COLLECTIONS.*—*Amounts re-*
17 *ceived from fees assessed and collected under para-*
18 *graph (1) shall be deposited in, and credited to, an*
19 *account solely for the purpose of carrying out the ac-*
20 *tivities described in subsection (a). Such amounts*
21 *shall be available to carry out such activities without*
22 *need of further appropriation and without fiscal year*
23 *limitation.*

1 **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**
 2 **BASED DISCLOSURES OF TAX RETURN INFOR-**
 3 **MATION.**

4 (a) *IN GENERAL.*—Section 6103(c) is amended by add-
 5 ing at the end the following: “Persons designated by the tax-
 6 payer under this subsection to receive return information
 7 shall not use the information for any purpose other than
 8 the express purpose for which consent was granted and shall
 9 not disclose return information to any other person without
 10 the express permission of, or request by, the taxpayer.”.

11 (b) *APPLICATION OF PENALTIES.*—Section 6103(a)(3)
 12 is amended by inserting “subsection (c),” after “return in-
 13 formation under”.

14 (c) *EFFECTIVE DATE.*—The amendments made by this
 15 section shall apply to disclosures made after the date which
 16 is 180 days after the date of the enactment of this Act.

17 ***Subtitle D—Expanded Use of***
 18 ***Electronic Systems***

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

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

22 (b) *APPLICABLE NUMBER.*—Section 6011(e) is amend-
 23 ed by striking paragraph (5) and inserting the following
 24 new paragraphs:

25 “(5) *APPLICABLE NUMBER.*—

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

3 “(i) *except as provided in subpara-*
4 *graph (B), in the case of calendar years be-*
5 *fore 2021, 250,*

6 “(ii) *in the case of calendar year 2021,*
7 *100, and*

8 “(iii) *in the case of calendar years*
9 *after 2021, 10.*

10 “(B) *SPECIAL RULE FOR PARTNERSHIPS*
11 *FOR 2018, 2019, 2020, AND 2021.*—In the case of a
12 partnership, for any calendar year before 2022,
13 the applicable number shall be—

14 “(i) *in the case of calendar year 2018,*
15 *200,*

16 “(ii) *in the case of calendar year 2019,*
17 *150,*

18 “(iii) *in the case of calendar year*
19 *2020, 100, and*

20 “(iv) *in the case of calendar year 2021,*
21 *50.*

22 “(6) *PARTNERSHIPS REQUIRED TO FILE ON MAG-*
23 *NETIC MEDIA.*—Notwithstanding paragraph (2)(A),
24 the Secretary shall require partnerships having more

1 *than 100 partners to file returns on magnetic*
 2 *media.”.*

3 *(c) RETURNS FILED BY A TAX RETURN PREPARER.—*
 4 *Section 6011(e)(3) is amended by adding at the end the*
 5 *following new subparagraph:*

6 *“(D) EXCEPTION FOR CERTAIN PREPARERS*
 7 *LOCATED IN AREAS WITHOUT INTERNET AC-*
 8 *CESS.—The Secretary may waive the require-*
 9 *ment of subparagraph (A) if the Secretary deter-*
 10 *mines, on the basis of an application by the tax*
 11 *return preparer, that the preparer cannot meet*
 12 *such requirement by reason of being located in a*
 13 *geographic area which does not have access to*
 14 *internet service (other than dial-up or satellite*
 15 *service).”.*

16 *(d) CONFORMING AMENDMENT.—Section 6724(c) is*
 17 *amended by striking “250 information returns (more than*
 18 *100 information returns in the case of a partnership having*
 19 *more than 100 partners)” and inserting “the applicable*
 20 *number (determined under section 6011(e)(5) with respect*
 21 *to the calendar year to which such returns relate) of infor-*
 22 *mation returns”.*

23 *(e) EFFECTIVE DATE.—The amendments made by this*
 24 *section shall take effect on the date of the enactment of this*
 25 *Act.*

1 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**
 2 **TRONIC SIGNATURES FOR DISCLOSURE AU-**
 3 **THORIZATIONS TO, AND OTHER AUTHORIZA-**
 4 **TIONS OF, PRACTITIONERS.**

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

6 *“(3) PUBLISHED GUIDANCE.—*

7 *“(A) IN GENERAL.—The Secretary shall*
 8 *publish guidance as appropriate to define and*
 9 *implement any waiver of the signature require-*
 10 *ments or any method adopted under paragraph*
 11 *(1).*

12 *“(B) ELECTRONIC SIGNATURES FOR DIS-*
 13 *CLOSURE AUTHORIZATIONS TO, AND OTHER AU-*
 14 *THORIZATIONS OF, PRACTITIONERS.—Not later*
 15 *than 6 months after the date of the enactment of*
 16 *this subparagraph, the Secretary shall publish*
 17 *guidance to establish uniform standards and*
 18 *procedures for the acceptance of taxpayers’ sig-*
 19 *natures appearing in electronic form with re-*
 20 *spect to any request for disclosure of a taxpayer’s*
 21 *return or return information under section*
 22 *6103(c) to a practitioner or any power of attor-*
 23 *ney granted by a taxpayer to a practitioner.*

24 *“(C) PRACTITIONER.—For purposes of sub-*
 25 *paragraph (B), the term ‘practitioner’ means*
 26 *any individual in good standing who is regu-*

1 *lated under section 330 of title 31, United States*
2 *Code.”.*

3 **SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT**
4 **CARDS.**

5 *Section 6311(d)(2) is amended by adding at the end*
6 *the following: “The preceding sentence shall not apply to*
7 *the extent that the Secretary ensures that any such fee or*
8 *other consideration is fully recouped by the Secretary in*
9 *the form of fees paid to the Secretary by persons paying*
10 *taxes imposed under subtitle A with credit, debit, or charge*
11 *cards pursuant to such contract. Notwithstanding the pre-*
12 *ceding sentence, the Secretary shall seek to minimize the*
13 *amount of any fee or other consideration that the Secretary*
14 *pays under any such contract.”.*

15 **SEC. 2304. AUTHENTICATION OF USERS OF ELECTRONIC**
16 **SERVICES ACCOUNTS.**

17 *Beginning 180 days after the date of the enactment*
18 *of this Act, the Secretary of the Treasury (or the Secretary’s*
19 *delegate) shall verify the identity of any individual opening*
20 *an e-Services account with the Internal Revenue Service be-*
21 *fore such individual is able to use the e-Services tools.*

1 ***Subtitle E—Other Provisions***

2 ***SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN***
3 ***TAX COMPLIANCE PROCEDURES AND RE-***
4 ***PORTS.***

5 *Section 2004 of the Internal Revenue Service Restruc-*
6 *turing and Reform Act of 1998 (26 U.S.C. 6012 note) is*
7 *repealed.*

8 ***SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.***

9 *Not later than 1 year after the date of the enactment*
10 *of this Act, the Commissioner of Internal Revenue shall sub-*
11 *mit to Congress a written report providing a comprehensive*
12 *training strategy for employees of the Internal Revenue*
13 *Service, including—*

14 (1) *a plan to streamline current training proc-*
15 *esses, including an assessment of the utility of further*
16 *consolidating internal training programs, technology,*
17 *and funding;*

18 (2) *a plan to develop annual training regarding*
19 *taxpayer rights, including the role of the Office of the*
20 *Taxpayer Advocate, for employees that interface with*
21 *taxpayers and the direct managers of such employees;*

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

23 (4) *proposals to—*

24 (A) *focus employee training on early, fair,*
25 *and efficient resolution of taxpayer disputes for*

1 *employees that interface with taxpayers and the*
 2 *direct managers of such employees; and*

3 *(B) ensure consistency of skill development*
 4 *and employee evaluation throughout the Internal*
 5 *Revenue Service; and*

6 *(5) a thorough assessment of the funding nec-*
 7 *essary to implement such strategy.*

8 ***TITLE III—MISCELLANEOUS***
 9 ***PROVISIONS***

10 ***Subtitle A—Reform of Laws Gov-***
 11 ***erning Internal Revenue Service***
 12 ***Employees***

13 ***SEC. 3001. PROHIBITION ON REHIRING ANY EMPLOYEE OF***
 14 ***THE INTERNAL REVENUE SERVICE WHO WAS***
 15 ***INVOLUNTARILY SEPARATED FROM SERVICE***
 16 ***FOR MISCONDUCT.***

17 *(a) IN GENERAL.—Section 7804 is amended by adding*
 18 *at the end the following new subsection:*

19 ***“(d) PROHIBITION ON REHIRING EMPLOYEES INVOL-***
 20 ***UNTARILY SEPARATED.—The Commissioner may not hire***
 21 ***any individual previously employed by the Commissioner***
 22 ***who was removed for misconduct under this subchapter or***
 23 ***chapter 43 or chapter 75 of title 5, United States Code, or***
 24 ***whose employment was terminated under section 1203 of***

1 *the Internal Revenue Service Restructuring and Reform Act*
 2 *of 1998 (26 U.S.C. 7804 note).”.*

3 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 4 *section (a) shall apply with respect to the hiring of employ-*
 5 *ees after the date of the enactment of this Act.*

6 **SEC. 3002. NOTIFICATION OF UNAUTHORIZED INSPECTION**
 7 **OR DISCLOSURE OF RETURNS AND RETURN**
 8 **INFORMATION.**

9 (a) *IN GENERAL.*—*Subsection (e) of section 7431 is*
 10 *amended by adding at the end the following new sentences:*
 11 *“The Secretary shall also notify such taxpayer if the Inter-*
 12 *nal Revenue Service or a Federal or State agency (upon*
 13 *notice to the Secretary by such Federal or State agency)*
 14 *proposes an administrative determination as to discipli-*
 15 *nary or adverse action against an employee arising from*
 16 *the employee’s unauthorized inspection or disclosure of the*
 17 *taxpayer’s return or return information. The notice de-*
 18 *scribed in this subsection shall include the date of the unau-*
 19 *thorized inspection or disclosure and the rights of the tax-*
 20 *payer under such administrative determination.”.*

21 (b) *EFFECTIVE DATE.*—*The amendment made by this*
 22 *section shall apply to determinations proposed after the*
 23 *date which is 180 days after the date of the enactment of*
 24 *this Act.*

1 ***Subtitle B—Provisions Relating to***
 2 ***Exempt Organizations***

3 ***SEC. 3101. MANDATORY E-FILING BY EXEMPT ORGANIZA-***
 4 ***TIONS.***

5 (a) *IN GENERAL.*—Section 6033 is amended by redes-
 6 ignating subsection (n) as subsection (o) and by inserting
 7 after subsection (m) the following new subsection:

8 “(n) *MANDATORY ELECTRONIC FILING.*—Any organi-
 9 zation required to file a return under this section shall file
 10 such return in electronic form.”.

11 (b) *CONFORMING AMENDMENT.*—Paragraph (7) of sec-
 12 tion 527(j) is amended by striking “if the organization has”
 13 and all that follows through “such calendar year”.

14 (c) *INSPECTION OF ELECTRONICALLY FILED ANNUAL*
 15 *RETURNS.*—Subsection (b) of section 6104 is amended by
 16 adding at the end the following: “Any annual return re-
 17 quired to be filed electronically under section 6033(n) shall
 18 be made available by the Secretary to the public as soon
 19 as practicable in a machine readable format.”.

20 (d) *EFFECTIVE DATE.*—

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

25 (2) *TRANSITIONAL RELIEF.*—

1 (A) *SMALL ORGANIZATIONS.*—

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

15 (ii) *SMALL ORGANIZATION.*—*For pur-*
 16 *poses of clause (i), the term “small organi-*
 17 *zation” means any organization—*

18 (I) *the gross receipts of which for*
 19 *the taxable year are less than*
 20 *\$200,000; and*

21 (II) *the aggregate gross assets of*
 22 *which at the end of the taxable year*
 23 *are less than \$500,000.*

24 (B) *ORGANIZATIONS FILING FORM 990-T.*—

25 *In the case of any organization described in sec-*

1 *tion 511(a)(2) of the Internal Revenue Code of*
 2 *1986 which is subject to the tax imposed by sec-*
 3 *tion 511(a)(1) of such Code on its unrelated*
 4 *business taxable income, or any organization re-*
 5 *quired to file a return under section 6033 of such*
 6 *Code and include information under subsection*
 7 *(e) thereof, the Secretary may delay the applica-*
 8 *tion of the amendments made by this section, but*
 9 *such delay shall not apply to any taxable year*
 10 *beginning on or after the date 2 years after of*
 11 *the enactment of this Act.*

12 **SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF**
 13 **TAX-EXEMPT STATUS FOR FAILURE TO FILE**
 14 **RETURN.**

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

17 *“(A) NOTICE.—If an organization described*
 18 *in subsection (a)(1) or (i) fails to file the annual*
 19 *return or notice required under either subsection*
 20 *for 2 consecutive years, the Secretary shall notify*
 21 *the organization—*

22 *“(i) that the Internal Revenue Service*
 23 *has no record of such a return or notice*
 24 *from such organization for 2 consecutive*
 25 *years, and*

1 “(ii) about the revocation that will
 2 occur under subparagraph (B) if the orga-
 3 nization fails to file such a return or notice
 4 by the due date for the next such return or
 5 notice required to be filed.

6 The notification under the preceding sentence
 7 shall include information about how to comply
 8 with the filing requirements under subsections
 9 (a)(1) and (i).

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

11 (b) *EFFECTIVE DATE.*—The amendment made by this
 12 section shall apply to failures to file returns or notices for
 13 2 consecutive years if the return or notice for the second
 14 year is required to be filed after December 31, 2019.

15 **Subtitle C—Revenue Provision**

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

17 (a) *IN GENERAL.*—The second sentence of subsection
 18 (a) of section 6651 is amended by striking “\$205” and in-
 19 serting “\$330”.

20 (b) *INFLATION ADJUSTMENT.*—Section 6651(j)(1) is
 21 amended—

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

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

24 and

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

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
2 *section shall apply to returns required to be filed after De-*
3 *cember 31, 2019.*

Union Calendar No. 19

116TH CONGRESS
1ST Session

H. R. 1957

[Report No. 116-39, Part I]

A BILL

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

APRIL 9, 2019

Reported from the Committee on Ways and Means with an amendment

APRIL 9, 2019

Committee on Financial Services discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed