

116TH CONGRESS  
1ST SESSION

# S. 928

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

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IN THE SENATE OF THE UNITED STATES

MARCH 28, 2019

Mr. GRASSLEY (for himself and Mr. WYDEN) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## 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 other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents for  
 4 this Act is as follows:

Sec. 1. Short title; etc.

## TITLE I—PUTTING TAXPAYERS FIRST

### Subtitle A—Independent Appeals Process

Sec. 1001. Establishment of Internal Revenue Service Independent Office of Appeals.

### Subtitle B—Improved Service

Sec. 1101. Comprehensive customer service strategy.

Sec. 1102. IRS Free File Program.

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

### Subtitle C—Sensible Enforcement

Sec. 1201. Internal Revenue Service seizure requirements with respect to structuring transactions.

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

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

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

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

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

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

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

### Subtitle D—Organizational Modernization

Sec. 1301. Office of the National Taxpayer Advocate.

Sec. 1302. Modernization of Internal Revenue Service organizational structure.

### Subtitle E—Other Provisions

Sec. 1401. Return preparation programs for applicable taxpayers.

Sec. 1402. Provision of information regarding low-income taxpayer clinics.

Sec. 1403. Notice from IRS regarding closure of taxpayer assistance centers.

Sec. 1404. Rules for seizure and sale of perishable goods restricted to only perishable goods.

Sec. 1405. Whistleblower reforms.

Sec. 1406. Customer service information.

Sec. 1407. Misdirected tax refund deposits.

## TITLE II—21ST CENTURY IRS

### Subtitle A—Cybersecurity and Identity Protection

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

#### Subtitle B—Development of Information Technology

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

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 add-  
 8     ing at the end the following new subsection:

9             “(e) INDEPENDENT OFFICE OF APPEALS.—

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

14                 “(2) CHIEF OF APPEALS.—

15                     “(A) IN GENERAL.—The Internal Revenue  
 16     Service Independent Office of Appeals shall be  
 17     under the supervision and direction of an offi-  
 18     cial to be known as the ‘Chief of Appeals’. The  
 19     Chief of Appeals shall report directly to the  
 20     Commissioner of Internal Revenue and shall be  
 21     entitled to compensation at the same rate as  
 22     the highest rate of basic pay established for the  
 23     Senior Executive Service under section 5382 of  
 24     title 5, United States Code.

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

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

10                   “(i) administration of, and compliance  
11                   with, Federal tax laws,

12                   “(ii) a broad range of compliance  
13                   cases, and

14                   “(iii) management of large service or-  
15                   ganizations.

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

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

22                   “(B) promotes a consistent application and  
23                   interpretation of, and voluntary compliance  
24                   with, the Federal tax laws, and

1           “(C) enhances public confidence in the in-  
 2           tegrity and efficiency of the Internal Revenue  
 3           Service.

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

7           “(5) LIMITATION ON DESIGNATION OF CASES  
 8           AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT  
 9           OFFICE OF APPEALS.—

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

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

22           “(ii) describes the procedures pre-  
 23           scribed under subparagraph (C) for pro-  
 24           testing the decision to deny the request.

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

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

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

21          “(6) STAFF.—

22          “(A) IN GENERAL.—All personnel in the  
 23          Internal Revenue Service Independent Office of  
 24          Appeals shall report to the Chief of Appeals.

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

12          “(7) ACCESS TO CASE FILES.—

13               “(A) IN GENERAL.—In any case in which  
14               a conference with the Internal Revenue Service  
15               Independent Office of Appeals has been sched-  
16               uled upon request of a specified taxpayer, the  
17               Chief of Appeals shall ensure that such tax-  
18               payer is provided access to the nonprivileged  
19               portions of the case file on record regarding the  
20               disputed issues (other than documents provided  
21               by the taxpayer to the Internal Revenue Serv-  
22               ice) not later than 10 days before the date of  
23               such conference.

24               “(B) TAXPAYER ELECTION TO EXPEDITE  
25               CONFERENCE.—If the taxpayer so elects, sub-



paragraph (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) The following provisions are each amended by striking “Internal Revenue Service Office of Appeals” and inserting “Internal Revenue Service Independent Office of Appeals”:

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

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

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

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

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

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

8 (G) Subsections (a), (b)(1), (b)(2), and  
9 (c)(1) of section 7123.

10 (H) Subsections (c)(7)(B)(i) and (g)(2)(A)  
11 of section 7430.

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

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

14 (2) Section 7430(c)(2) is amended by striking  
15 “Internal Revenue Service Office of Appeals” each  
16 place it appears and inserting “Internal Revenue  
17 Service Independent Office of Appeals”.

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

20 (c) OTHER REFERENCES.—Any reference in any pro-  
21 vision of law, or regulation or other guidance, to the Inter-  
22 nal Revenue Service Office of Appeals shall be treated as  
23 a reference to the Internal Revenue Service Independent  
24 Office of Appeals.

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

6 (e) EFFECTIVE DATE.—

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

11 (2) ACCESS TO CASE FILES.—Section  
 12 7803(e)(7) of the Internal Revenue Code of 1986, as  
 13 added by subsection (a), shall apply to conferences  
 14 occurring after the date which is 1 year after the  
 15 date of the enactment of this Act.

## 16 **Subtitle B—Improved Service**

### 17 **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-** 18 **EGY.**

19 (a) IN GENERAL.—Not later than the date which is  
 20 1 year after the date of the enactment of this Act, the  
 21 Secretary of the Treasury (or the Secretary's delegate)  
 22 shall submit to Congress a written comprehensive cus-  
 23 tomer service strategy for the Internal Revenue Service.  
 24 Such strategy shall include—

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

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

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

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

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

24          (b) UPDATED GUIDANCE AND TRAINING MATE-  
25          RIALS.—Not later than 2 years after the date of the enact-

1 ment of this Act, the Secretary of the Treasury (or the  
 2 Secretary's delegate) shall make available the updated  
 3 guidance and training materials described in subsection  
 4 (a)(4) (including the Internal Revenue Manual). Such up-  
 5 dated guidance and training materials (including the In-  
 6 ternal Revenue Manual) shall be written in a manner so  
 7 as to be easily understood by customer service employees  
 8 of the Internal Revenue Service and shall provide clear  
 9 instructions.

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

11 (a) IN GENERAL.—

12 (1) The Secretary of the Treasury, or the Sec-  
 13 retary's delegate, shall continue to operate the IRS  
 14 Free File Program as established by the Internal  
 15 Revenue Service and published in the Federal Reg-  
 16 ister on November 4, 2002 (67 Fed. Reg. 67247),  
 17 including any subsequent agreements and governing  
 18 rules established pursuant thereto.

19 (2) The IRS Free File Program shall continue  
 20 to provide free commercial-type online individual in-  
 21 come tax preparation and electronic filing services to  
 22 the lowest 70 percent of taxpayers by adjusted gross  
 23 income. The number of taxpayers eligible to receive  
 24 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  
4        paragraph (2), and in the same manner, the IRS  
5        Free File Program shall continue to make available  
6        to all taxpayers (without regard to income) a basic,  
7        online electronic fillable forms utility.

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

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

18        (b) INNOVATIONS.—The Secretary of the Treasury,  
19       or the Secretary's delegate, shall work with the private  
20       sector through the IRS Free File Program to identify and  
21       implement, consistent with applicable law, innovative new  
22       program features to improve and simplify the taxpayer's  
23       experience with completing and filing individual income  
24       tax returns 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  
 5 adding 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 in-  
 13 formation is available, which does not exceed 250  
 14 percent of the applicable poverty level (as deter-  
 15 mined by the Secretary).”.

16 (b) EFFECTIVE DATE.—The amendment made by  
 17 this section shall apply to offers-in-compromise submitted  
 18 after 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,  
 24 is amended—

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

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

3 “(B) INTERNAL REVENUE SERVICE SEI-  
 4 ZURE REQUIREMENTS WITH RESPECT TO  
 5 STRUCTURING TRANSACTIONS.—

6 “(i) PROPERTY DERIVED FROM AN IL-  
 7 LEGAL SOURCE.—Property may only be  
 8 seized by the Internal Revenue Service  
 9 pursuant to subparagraph (A) by reason of  
 10 a 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  
 14 of a criminal law or regulation other than  
 15 section 5324.

16 “(ii) NOTICE.—Not later than 30  
 17 days after property is seized by the Inter-  
 18 nal Revenue Service pursuant to subpara-  
 19 graph (A), the Internal Revenue Service  
 20 shall—

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

24 “(II) provide each such person so  
 25 found with a notice of the seizure and



1 of the person's rights under clause  
2 (iv).

3 “(iii) EXTENSION OF NOTICE UNDER  
4 CERTAIN CIRCUMSTANCES.—The Internal  
5 Revenue Service may apply to a court of  
6 competent jurisdiction for one 30-day ex-  
7 tension of the notice requirement under  
8 clause (ii) if the Internal Revenue Service  
9 can establish probable cause of an immi-  
10 nent threat to national security or personal  
11 safety necessitating such extension.

12 “(iv) POST-SEIZURE HEARING.—If a  
13 person with an ownership interest in prop-  
14 erty seized pursuant to subparagraph (A)  
15 by the Internal Revenue Service requests a  
16 hearing by a court of competent jurisdic-  
17 tion within 30 days after the date on which  
18 notice is provided under subclause (ii),  
19 such property shall be returned unless the  
20 court holds an adversarial hearing and  
21 finds within 30 days of such request (or  
22 such longer period as the court may pro-  
23 vide, but only on request of an interested  
24 party) that there is probable cause to be-  
25 lieve that there is a violation of section

1           5324 involving such property and probable  
 2           cause to believe that the property to be  
 3           seized was derived from an illegal source or  
 4           the funds were structured for the purpose  
 5           of concealing the violation of a criminal  
 6           law or regulation other than section  
 7           5324.”.

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

12       (a) IN GENERAL.—Part III of subchapter B of chap-  
 13   ter 1 is amended by inserting before section 140 the fol-  
 14   lowing new section:

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

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

1 (b) CLERICAL AMENDMENT.—The table of sections  
 2 for part III of subchapter B of chapter 1 is amended by  
 3 inserting before the item relating to section 140 the fol-  
 4 lowing new item:

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

5 (c) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to interest received on or after the  
 7 date of the enactment of this Act.

8 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**  
 9 **JOINT LIABILITY.**

10 (a) IN GENERAL.—Section 6015 is amended—

11 (1) in subsection (e), by adding at the end the  
 12 following new paragraph:

13 “(7) STANDARD AND SCOPE OF REVIEW.—Any  
 14 review of a determination made under this section  
 15 shall be reviewed de novo by the Tax Court and shall  
 16 be based upon—

17 “(A) the administrative record established  
 18 at the time of the determination, and

19 “(B) any additional newly discovered or  
 20 previously unavailable evidence.”; and

21 (2) by amending subsection (f) to read as fol-  
 22 lows:

23 “(f) EQUITABLE RELIEF.—

1           “(1) IN GENERAL.—Under procedures pre-  
2       scribed by the Secretary, if—

3           “(A) taking into account all the facts and  
4       circumstances, it is inequitable to hold the indi-  
5       vidual liable for any unpaid tax or any defi-  
6       ciency (or any portion of either), and

7           “(B) relief is not available to such indi-  
8       vidual under subsection (b) or (c),  
9       the Secretary may relieve such individual of such li-  
10      ability.

11          “(2) LIMITATION.—A request for equitable re-  
12      lief under this subsection may be made with respect  
13      to any portion of any liability that—

14          “(A) has not been paid, provided that such  
15      request is made before the expiration of the ap-  
16      plicable period of limitation under section 6502,  
17      or

18          “(B) has been paid, provided that such re-  
19      quest is made during the period in which the  
20      individual could submit a timely claim for re-  
21      fund or credit of such payment.”.

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

1 **SEC. 1204. MODIFICATION OF PROCEDURES FOR ISSUANCE**  
2 **OF THIRD-PARTY SUMMONS.**

3 (a) IN GENERAL.—Section 7609(f) is amended by  
4 adding at the end the following flush sentence:  
5 “The Secretary shall not issue any summons described in  
6 the preceding sentence unless the information sought to  
7 be obtained is narrowly tailored to information that per-  
8 tains to the failure (or potential failure) of the person or  
9 group or class of persons referred to in paragraph (2) to  
10 comply with one or more provisions of the internal revenue  
11 law which have been identified for purposes of such para-  
12 graph.”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to summonses served after the date  
15 that is 45 days after the date of the enactment of this  
16 Act.

17 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**  
18 **PLIANCE PERSONNEL PROGRAM.**

19 (a) CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR  
20 COLLECTION UNDER TAX COLLECTION CONTRACTS.—  
21 Section 6306(d)(3) is amended by striking “or” at the end  
22 of subparagraph (C) and by inserting after subparagraph  
23 (D) the following new subparagraphs:

24 “(E) a taxpayer substantially all of whose  
25 income consists of disability insurance benefits  
26 under section 223 of the Social Security Act or

1 supplemental security income benefits under  
2 title XVI of the Social Security Act (including  
3 supplemental security income benefits of the  
4 type described in section 1616 of such Act or  
5 section 212 of Public Law 93–66), or

6 “(F) a taxpayer who is an individual with  
7 adjusted gross income, as determined for the  
8 most recent taxable year for which such infor-  
9 mation is available, which does not exceed 200  
10 percent of the applicable poverty level (as deter-  
11 mined by the Secretary),”.

12 (b) DETERMINATION OF INACTIVE TAX RECEIV-  
13 ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-  
14 TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended  
15 by striking “more than  $\frac{1}{3}$  of the period of the applicable  
16 statute of limitation has lapsed” and inserting “more than  
17 2 years has passed since assessment”.

18 (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-  
19 MENTS OFFERED UNDER TAX COLLECTION CON-  
20 TRACTS.—Section 6306(b)(1)(B) is amended by striking  
21 “5 years” and inserting “7 years”.

22 (d) CLARIFICATION THAT SPECIAL COMPLIANCE  
23 PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR  
24 PROGRAM COSTS.—

1 (1) IN GENERAL.—Section 6307(b) is amend-  
2 ed—

3 (A) in paragraph (2), by striking all that  
4 follows “under such program” and inserting a  
5 period, and

6 (B) in paragraph (3), by striking all that  
7 follows “out of such account” and inserting  
8 “for other than program costs”.

9 (2) COMMUNICATIONS, SOFTWARE, AND TECH-  
10 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-  
11 tion 6307(d)(2)(B) is amended by striking “tele-  
12 communications” and inserting “communications,  
13 software, technology”.

14 (3) CONFORMING AMENDMENT.—Section  
15 6307(d)(2) is amended by striking “and” at the end  
16 of subparagraph (A), by striking the period at the  
17 end of subparagraph (B) and inserting “, and”, and  
18 by inserting after subparagraph (B) the following  
19 new subparagraph:

20 “(C) reimbursement of the Internal Rev-  
21 enue Service or other government agencies for  
22 the cost of administering the qualified tax col-  
23 lection program under section 6306.”.

24 (e) EFFECTIVE DATES.—

1           (1) IN GENERAL.—Except as otherwise pro-  
 2       vided in this subsection, the amendments made by  
 3       this section shall apply to tax receivables identified  
 4       by the Secretary (or the Secretary’s delegate) after  
 5       December 31, 2020.

6           (2) MAXIMUM LENGTH OF INSTALLMENT  
 7       AGREEMENTS.—The amendment made by subsection  
 8       (c) shall apply to contracts entered into after the  
 9       date of the enactment of this Act.

10          (3) USE OF SPECIAL COMPLIANCE PERSONNEL  
 11       PROGRAM ACCOUNT.—The amendment made by sub-  
 12       section (d) shall apply to amounts expended from  
 13       the special compliance personnel program account  
 14       after the date of the enactment of this Act.

15 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**  
 16 **PARTIES.**

17       (a) IN GENERAL.—Section 7602(c)(1) is amended to  
 18       read as follows:

19           “(1) GENERAL NOTICE.—An officer or em-  
 20       ployee of the Internal Revenue Service may not con-  
 21       tact any person other than the taxpayer with respect  
 22       to the determination or collection of the tax liability  
 23       of such taxpayer unless such contact occurs during  
 24       a period (not greater than 1 year) which is specified  
 25       in a notice which—



1           “(A) informs the taxpayer that contacts  
2           with persons other than the taxpayer are in-  
3           tended to be made during such period, and

4           “(B) except as otherwise provided by the  
5           Secretary, is provided to the taxpayer not later  
6           than 45 days before the beginning of such pe-  
7           riod.

8           Nothing in the preceding sentence shall prevent the  
9           issuance of notices to the same taxpayer with respect  
10          to the same tax liability with periods specified there-  
11          in that, in the aggregate, exceed 1 year. A notice  
12          shall not be issued under this paragraph unless  
13          there is an intent at the time such notice is issued  
14          to contact persons other than the taxpayer during  
15          the period specified in such notice. The preceding  
16          sentence shall not prevent the issuance of a notice  
17          if the requirement of such sentence is met on the  
18          basis of the assumption that the information sought  
19          to be obtained by such contact will not be obtained  
20          by other means before such contact.”.

21          (b) EFFECTIVE DATE.—The amendment made by  
22          this section shall apply to notices provided, and contacts  
23          of persons made, after the date which is 45 days after  
24          the date of the enactment of this Act.

1 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**  
2 **IGNATED SUMMONS.**

3 (a) IN GENERAL.—Paragraph (1) of section 6503(j)  
4 is amended by striking “coordinated examination pro-  
5 gram” and inserting “coordinated industry case pro-  
6 gram”.

7 (b) REQUIREMENTS FOR SUMMONS.—Clause (i) of  
8 section 6503(j)(2)(A) is amended to read as follows:

9 “(i) the issuance of such summons is  
10 preceded by a review and written approval  
11 of such issuance by the Commissioner of  
12 the relevant operating division of the Inter-  
13 nal Revenue Service and the Chief Counsel  
14 which—

15 “(I) states facts clearly estab-  
16 lishing that the Secretary has made  
17 reasonable requests for the informa-  
18 tion that is the subject of the sum-  
19 mons, and

20 “(II) is attached to such sum-  
21 mons,”.

22 (c) ESTABLISHMENT THAT REASONABLE REQUESTS  
23 FOR INFORMATION WERE MADE.—Subsection (j) of sec-  
24 tion 6503 is amended by adding at the end the following  
25 new paragraph:

1           “(4) ESTABLISHMENT THAT REASONABLE RE-  
 2           QUESTS FOR INFORMATION WERE MADE.—In any  
 3           court proceeding described in paragraph (3), the  
 4           Secretary shall establish that reasonable requests  
 5           were made for the information that is the subject of  
 6           the summons.”.

7           (d) EFFECTIVE DATE.—The amendments made by  
 8           this section shall apply to summonses issued after the date  
 9           which is 45 days after the date of the enactment of this  
 10          Act.

11       **SEC. 1208. LIMITATION ON ACCESS OF NON-INTERNAL REV-**  
 12                               **ENUE SERVICE EMPLOYEES TO RETURNS**  
 13                               **AND RETURN INFORMATION.**

14          (a) IN GENERAL.—Section 7602 is amended by add-  
 15          ing at the end the following new subsection:

16          “(f) LIMITATION ON ACCESS OF PERSONS OTHER  
 17          THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-  
 18          PLOYEES.—The Secretary shall not, under the authority  
 19          of section 6103(n), provide any books, papers, records, or  
 20          other data obtained pursuant to this section to any person  
 21          authorized under section 6103(n), except when such per-  
 22          son requires such information for the sole purpose of pro-  
 23          viding expert evaluation and assistance to the Internal  
 24          Revenue Service. No person other than an officer or em-  
 25          ployee of the Internal Revenue Service or the Office of

1 Chief Counsel may, on behalf of the Secretary, question  
 2 a witness under oath whose testimony was obtained pursu-  
 3 ant to this section.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
 5 this section—

6 (1) shall take effect on the date of the enact-  
 7 ment of this Act; and

8 (2) shall not fail to apply to a contract in effect  
 9 under section 6103(n) of the Internal Revenue Code  
 10 of 1986 merely because such contract was in effect  
 11 before the date of the enactment of this Act.

## 12 **Subtitle D—Organizational** 13 **Modernization**

### 14 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.** 15

16 (a) TAXPAYER ADVOCATE DIRECTIVES.—

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

19 “(5) TAXPAYER ADVOCATE DIRECTIVES.—In  
 20 the case of any Taxpayer Advocate Directive issued  
 21 by the National Taxpayer Advocate pursuant to a  
 22 delegation of authority from the Commissioner of In-  
 23 ternal Revenue—

24 “(A) the Commissioner or a Deputy Com-  
 25 missioner shall modify, rescind, or ensure com-

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

(2) REPORT TO CERTAIN COMMITTEES OF CONGRESS REGARDING DIRECTIVES.—Section 7803(c)(2)(B)(ii) is amended by redesignating subclauses (VIII) through (XI) as subclauses (IX) through (XII), respectively, and by inserting after subclause (VII) the following new subclause:

“(VIII) identify any Taxpayer Advocate Directive which was not honored by the Internal Revenue Service in a timely manner, as specified under paragraph (5);”.

1 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-  
2 PORTS TO CONGRESS.—

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

7 (2) COORDINATION WITH TREASURY INSPECTOR  
8 GENERAL FOR TAX ADMINISTRATION.—Section  
9 7803(c)(2) is amended by adding at the end the fol-  
10 lowing new subparagraph:

11 “(E) COORDINATION WITH TREASURY IN-  
12 SPECTOR GENERAL FOR TAX ADMINISTRA-  
13 TION.—Before beginning any research or study,  
14 the National Taxpayer Advocate shall coordi-  
15 nate with the Treasury Inspector General for  
16 Tax Administration to ensure that the National  
17 Taxpayer Advocate does not duplicate any ac-  
18 tion that the Treasury Inspector General for  
19 Tax Administration has already undertaken or  
20 has a plan to undertake.”.

21 (3) STATISTICAL SUPPORT.—

22 (A) IN GENERAL.—Section 6108 is amend-  
23 ed by adding at the end the following new sub-  
24 section:

1       “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-  
 2 PAYER ADVOCATE.—Upon request of the National Tax-  
 3 payer Advocate, the Secretary shall, to the extent prac-  
 4 ticable, provide the National Taxpayer Advocate with sta-  
 5 tistical support in connection with the preparation by the  
 6 National Taxpayer Advocate of the annual report de-  
 7 scribed in section 7803(c)(2)(B)(ii). Such statistical sup-  
 8 port shall include statistical studies, compilations, and the  
 9 review of information provided by the National Taxpayer  
 10 Advocate for statistical validity and sound statistical  
 11 methodology.”.

12               (B) DISCLOSURE OF REVIEW.—Section  
 13       7803(c)(2)(B)(ii), as amended by subsection  
 14       (a), is amended by striking “and” at the end of  
 15       subclause (XI), by redesignating subclause  
 16       (XII) as subclause (XIII), and by inserting  
 17       after subclause (XI) the following new sub-  
 18       clause:

19               “(XII) with respect to any statis-  
 20       tical information included in such re-  
 21       port, include a statement of whether  
 22       such statistical information was re-  
 23       viewed or provided by the Secretary  
 24       under section 6108(d) and, if so,  
 25       whether the Secretary determined

1                   such information to be statistically  
 2                   valid and based on sound statistical  
 3                   methodology; and”.

4                   (C) CONFORMING AMENDMENT.—Section  
 5                   7803(c)(2)(B)(iii) is amended by adding at the  
 6                   end the following: “The preceding sentence  
 7                   shall not apply with respect to statistical infor-  
 8                   mation provided to the Secretary for review, or  
 9                   received from the Secretary, under section  
 10                  6108(d).”.

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

15                  (d) EFFECTIVE DATE.—

16                  (1) IN GENERAL.—Except as otherwise pro-  
 17                  vided in this subsection, the amendments made by  
 18                  this section shall take effect on the date of the en-  
 19                  actment of this Act.

20                  (2) SALARY OF NATIONAL TAXPAYER ADVO-  
 21                  CATE.—The amendment made by subsection (c)  
 22                  shall apply to compensation paid to individuals ap-  
 23                  pointed as the National Taxpayer Advocate after  
 24                  March 31, 2019.



1 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**  
2 **ICE ORGANIZATIONAL STRUCTURE.**

3 (a) IN GENERAL.—Not later than September 30,  
4 2020, the Secretary of the Treasury (or the Secretary’s  
5 delegate) shall submit to Congress a comprehensive writ-  
6 ten plan to redesign the organization of the Internal Rev-  
7 enue Service. Such plan shall—

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

10 (2) prioritize taxpayer services to ensure that  
11 all taxpayers easily and readily receive the assistance  
12 that they need;

13 (3) streamline the structure of the agency in-  
14 cluding minimizing the duplication of services and  
15 responsibilities within the agency;

16 (4) best position the Internal Revenue Service  
17 to combat cybersecurity and other threats to the In-  
18 ternal Revenue Service; and

19 (5) address whether the Criminal Investigation  
20 Division of the Internal Revenue Service should re-  
21 port directly to the Commissioner of Internal Rev-  
22 enue.

23 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL  
24 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-  
25 graph (3) of section 1001(a) of the Internal Revenue Serv-  
26 ice Restructuring and Reform Act of 1998 shall cease to

1 apply beginning 1 year after the date on which the plan  
 2 described in subsection (a) is submitted to Congress.

### 3           **Subtitle E—Other Provisions**

#### 4   **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-** 5                   **CABLE TAXPAYERS.**

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

#### 8   **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-** 9                   **PLICABLE TAXPAYERS.**

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

19           “(b) USE OF FUNDS.—

20                   “(1) IN GENERAL.—Qualified return prepara-  
 21 tion programs may use grants received under this  
 22 section for—

23                           “(A) ordinary and necessary costs associ-  
 24 ated with program operation in accordance with

1 cost principles under the applicable Office of  
2 Management and Budget circular, including—

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

5 “(ii) developing training materials,  
6 conducting training, and performing qual-  
7 ity reviews of the returns prepared under  
8 the program,

9 “(iii) equipment purchases, and

10 “(iv) vehicle-related expenses associ-  
11 ated with remote or rural tax preparation  
12 services,

13 “(B) outreach and educational activities  
14 described in subsection (c)(2)(B), and

15 “(C) services related to financial education  
16 and capability, asset development, and the es-  
17 tablishment of savings accounts in connection  
18 with tax return preparation.

19 “(2) REQUIREMENT OF MATCHING FUNDS.—A  
20 qualified return preparation program must provide  
21 matching funds on a dollar-for-dollar basis for all  
22 grants provided under this section. Matching funds  
23 may include—

1           “(A) the salary (including fringe benefits)  
2           of individuals performing services for the pro-  
3           gram,

4           “(B) the cost of equipment used in the  
5           program, and

6           “(C) other ordinary and necessary costs  
7           associated with the program.

8           Indirect expenses, including general overhead of any  
9           entity administering the program, shall not be  
10          counted as matching funds.

11          “(c) APPLICATION.—

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

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

20           “(A) assistance to applicable taxpayers,  
21           with emphasis on outreach to, and services for,  
22           such taxpayers,

23           “(B) taxpayer outreach and educational  
24           activities relating to eligibility and availability

1 of income supports available through this title,  
 2 including the earned income tax credit, and

3 “(C) specific outreach and focus on one or  
 4 more underserved populations.

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

10 “(d) PROGRAM ADHERENCE.—

11 “(1) IN GENERAL.—The Secretary shall estab-  
 12 lish procedures for, and shall conduct not less fre-  
 13 quently than once every 5 calendar years during  
 14 which a qualified return preparation program is op-  
 15 erating under a grant under this section, periodic  
 16 site visits—

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

19 “(B) to determine whether the program  
 20 meets such program adherence standards as the  
 21 Secretary shall by regulation or other guidance  
 22 prescribe.

23 “(2) ADDITIONAL REQUIREMENTS FOR GRANT  
 24 RECIPIENTS NOT MEETING PROGRAM ADHERENCE

1       STANDARDS.—In the case of any qualified return  
2       preparation program which—

3               “(A) is awarded a grant under this section,  
4               and

5               “(B) is subsequently determined—

6                       “(i) not to meet the program adher-  
7                       ence standards described in paragraph  
8                       (1)(B), or

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

11       such program shall not be eligible for any additional  
12       grants under this section unless such program pro-  
13       vides sufficient documentation of corrective meas-  
14       ures established to address any such deficiencies de-  
15       termined.

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

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

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

24                      “(B) which is administered by a qualified  
25                      entity,

1           “(C) in which all volunteers who assist in  
2           the preparation of Federal income tax returns  
3           meet the training requirements prescribed by  
4           the Secretary, and

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

7           “(2) QUALIFIED ENTITY.—

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

10           “(i) is an eligible organization,

11           “(ii) is in compliance with Federal tax  
12           filing and payment requirements,

13           “(iii) is not debarred or suspended  
14           from Federal contracts, grants, or coopera-  
15           tive agreements, and

16           “(iv) agrees to provide documentation  
17           to substantiate any matching funds pro-  
18           vided pursuant to the grant program under  
19           this section.

20           “(B) ELIGIBLE ORGANIZATION.—The term  
21           ‘eligible organization’ means—

22           “(i) an institution of higher education  
23           which is described in section 102 (other  
24           than subsection (a)(1)(C) thereof) of the  
25           Higher Education Act of 1965 (20 U.S.C.

1 1002), as in effect on the date of the en-  
2 actment of this section, and which has not  
3 been disqualified from participating in a  
4 program under title IV of such Act,

5 “(ii) an organization described in sec-  
6 tion 501(c) and exempt from tax under  
7 section 501(a),

8 “(iii) a local government agency, in-  
9 cluding—

10 “(I) a county or municipal gov-  
11 ernment agency, and

12 “(II) an Indian tribe, as defined  
13 in section 4(13) of the Native Amer-  
14 ican Housing Assistance and Self-De-  
15 termination Act of 1996 (25 U.S.C.  
16 4103(13)), including any tribally des-  
17 ignated housing entity (as defined in  
18 section 4(22) of such Act (25 U.S.C.  
19 4103(22))), tribal subsidiary, subdivi-  
20 sion, or other wholly owned tribal en-  
21 tity,

22 “(iv) a local, State, regional, or na-  
23 tional coalition (with one lead organization  
24 which meets the eligibility requirements of



1 clause (i), (ii), or (iii) acting as the appli-  
 2 cant organization), or

3 “(v) in the case of applicable tax-  
 4 payers and members of underserved popu-  
 5 lations with respect to which no organiza-  
 6 tions described in the preceding clauses are  
 7 available—

8 “(I) a State government agency,

9 or

10 “(II) an office providing Cooper-  
 11 ative Extension services (as estab-  
 12 lished at the land-grant colleges and  
 13 universities under the Smith-Lever  
 14 Act of May 8, 1914).

15 “(3) APPLICABLE TAXPAYERS.—The term ‘ap-  
 16 plicable taxpayer’ means a taxpayer whose income  
 17 for the taxable year does not exceed an amount  
 18 equal to the completed phaseout amount under sec-  
 19 tion 32(b) for a married couple filing a joint return  
 20 with three or more qualifying children, as deter-  
 21 mined in a revenue procedure or other published  
 22 guidance.

23 “(4) UNDERSERVED POPULATION.—The term  
 24 ‘underserved population’ includes populations of per-  
 25 sons with disabilities, persons with limited English

1 proficiency, Native Americans, individuals living in  
2 rural areas, members of the Armed Forces and their  
3 spouses, and the elderly.

4 “(f) SPECIAL RULES AND LIMITATIONS.—

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

9 “(2) AGGREGATE LIMITATION.—Unless other-  
10 wise provided by specific appropriation, the Sec-  
11 retary shall not allocate more than \$30,000,000 per  
12 fiscal year (exclusive of costs of administering the  
13 program) to grants under this section.

14 “(g) PROMOTION OF PROGRAMS.—

15 “(1) IN GENERAL.—The Secretary shall pro-  
16 mote tax preparation through qualified return prepa-  
17 ration programs through the use of mass commu-  
18 nications and other means.

19 “(2) PROVISION OF INFORMATION REGARDING  
20 QUALIFIED RETURN PREPARATION PROGRAMS.—The  
21 Secretary may provide taxpayers information regard-  
22 ing qualified return preparation programs receiving  
23 grants under this section.

24 “(3) REFERRALS TO LOW-INCOME TAXPAYER  
25 CLINICS.—Qualified return preparation programs re-

1       ceiving a grant under this section are encouraged, in  
2       appropriate cases, to—

3               “(A) advise taxpayers of the availability of,  
4               and eligibility requirements for receiving, advice  
5               and assistance from qualified low-income tax-  
6               payer clinics receiving funding under section  
7               7526, and

8               “(B) provide information regarding the lo-  
9               cation of, and contact information for, such  
10              clinics.”.

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

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

14       **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**  
15               **INCOME TAXPAYER CLINICS.**

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

18               “(6) PROVISION OF INFORMATION REGARDING  
19               QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-  
20               withstanding any other provision of law, officers and  
21               employees of the Department of the Treasury may—

22               “(A) advise taxpayers of the availability of,  
23               and eligibility requirements for receiving, advice  
24               and assistance from one or more specific quali-

1           fied low-income taxpayer clinics receiving fund-  
 2           ing under this section, and

3           “(B) provide information regarding the lo-  
 4           cation of, and contact information for, such  
 5           clinics.”.

6           (b) **EFFECTIVE DATE.**—The amendment made by  
 7 this section shall take effect on the date of the enactment  
 8 of this Act.

9   **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**  
 10           **TAXPAYER ASSISTANCE CENTERS.**

11       Not later than 90 days before the date that a pro-  
 12 posed closure of a Taxpayer Assistance Center would take  
 13 effect, the Secretary of the Treasury (or the Secretary’s  
 14 delegate) shall—

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

17           (A) identifies the Taxpayer Assistance  
 18 Center proposed for closure and the date of  
 19 such proposed closure; and

20           (B) identifies the relevant alternative  
 21 sources of taxpayer assistance which may be  
 22 utilized by taxpayers affected by such proposed  
 23 closure; and

24           (2) submit to Congress a written report that in-  
 25 cludes—

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

3 (B) the reasons for such proposed closure;  
4 and

5 (C) such other information as the Sec-  
6 retary may determine appropriate.

7 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**  
8 **GOODS RESTRICTED TO ONLY PERISHABLE**  
9 **GOODS.**

10 (a) IN GENERAL.—Section 6336 is amended by strik-  
11 ing “or become greatly reduced in price or value by keep-  
12 ing, or that such property cannot be kept without great  
13 expense”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to property seized after the date  
16 of the enactment of this Act.

17 **SEC. 1405. WHISTLEBLOWER REFORMS.**

18 (a) MODIFICATIONS TO DISCLOSURE RULES FOR  
19 WHISTLEBLOWERS.—

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

22 “(13) DISCLOSURE TO WHISTLEBLOWERS.—

23 “(A) IN GENERAL.—The Secretary may  
24 disclose, to any individual providing information  
25 relating to any purpose described in paragraph

1 (1) or (2) of section 7623(a), return informa-  
2 tion related to the investigation of any taxpayer  
3 with respect to whom the individual has pro-  
4 vided such information, but only to the extent  
5 that such disclosure is necessary in obtaining  
6 information, which is not otherwise reasonably  
7 available, with respect to the correct determina-  
8 tion of tax liability for tax, or the amount to be  
9 collected with respect to the enforcement of any  
10 other provision of this title.

11 “(B) UPDATES ON WHISTLEBLOWER IN-  
12 VESTIGATIONS.—The Secretary shall disclose to  
13 an individual providing information relating to  
14 any purpose described in paragraph (1) or (2)  
15 of section 7623(a) the following:

16 “(i) Not later than 60 days after a  
17 case for which the individual has provided  
18 information has been referred for an audit  
19 or examination, a notice with respect to  
20 such referral.

21 “(ii) Not later than 60 days after a  
22 taxpayer with respect to whom the indi-  
23 vidual has provided information has made  
24 a payment of tax with respect to tax liabil-

ity to which such information relates, a notice with respect to such payment.

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

“(I) information on the status and stage of any investigation or action related to such information, and

“(II) in the case of a determination of the amount of any award under section 7623(b), the reasons for such determination.

Clause (iii) shall not apply to any information if the Secretary determines that disclosure of such information would seriously impair Federal tax administration. Information described in clauses (i), (ii), and (iii) may be disclosed to a designee of the individual providing such information in accordance with guidance provided by the Secretary.”.

(2) CONFORMING AMENDMENTS.—

(A) CONFIDENTIALITY OF INFORMATION.—Section 6103(a)(3) is amended by strik-

1 ing “subsection (k)(10)” and inserting “para-  
 2 graph (10) or (13) of subsection (k)”.

3 (B) PENALTY FOR UNAUTHORIZED DIS-  
 4 CLOSURE.—Section 7213(a)(2) is amended by  
 5 striking “(k)(10)” and inserting “(k)(10) or  
 6 (13)”.

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

16 (b) PROTECTION AGAINST RETALIATION.—Section  
 17 7623 is amended by adding at the end the following new  
 18 subsection:

19 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-  
 20 TION CASES.—

21 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-  
 22 TECTION FOR EMPLOYEES.—No employer, or any of-  
 23 ficer, employee, contractor, subcontractor, or agent  
 24 of such employer, may discharge, demote, suspend,  
 25 threaten, harass, or in any other manner discrimi-



1       nate against an employee in the terms and condi-  
2       tions of employment (including through an act in the  
3       ordinary course of such employee's duties) in re-  
4       prisal for any lawful act done by the employee—

5               “(A) to provide information, cause infor-  
6       mation to be provided, or otherwise assist in an  
7       investigation regarding underpayment of tax or  
8       any conduct which the employee reasonably be-  
9       lieves constitutes a violation of the internal rev-  
10      enue laws or any provision of Federal law relat-  
11      ing to tax fraud, when the information or as-  
12      sistance is provided to the Internal Revenue  
13      Service, the Secretary of Treasury, the Treas-  
14      ury Inspector General for Tax Administration,  
15      the Comptroller General of the United States,  
16      the Department of Justice, the United States  
17      Congress, a person with supervisory authority  
18      over the employee, or any other person working  
19      for the employer who has the authority to inves-  
20      tigate, discover, or terminate misconduct, or

21              “(B) to testify, participate in, or otherwise  
22      assist in any administrative or judicial action  
23      taken by the Internal Revenue Service relating  
24      to an alleged underpayment of tax or any viola-

tion of the internal revenue laws or any provision of Federal law relating to tax fraud.

“(2) ENFORCEMENT ACTION.—

“(A) IN GENERAL.—A person who alleges discharge or other reprisal by any person in violation of paragraph (1) may seek relief under paragraph (3) by—

“(i) filing a complaint with the Secretary of Labor, or

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

“(B) PROCEDURE.—

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

1           “(ii) EXCEPTION.—Notification made  
 2           under section 42121(b)(1) of title 49,  
 3           United States Code, shall be made to the  
 4           person named in the complaint and to the  
 5           employer.

6           “(iii) BURDENS OF PROOF.—An ac-  
 7           tion brought under subparagraph (A)(ii)  
 8           shall be governed by the legal burdens of  
 9           proof set forth in section 42121(b) of title  
 10          49, United States Code, except that in ap-  
 11          plying such section—

12                   “(I) ‘behavior described in para-  
 13                   graph (1)’ shall be substituted for ‘be-  
 14                   havior described in paragraphs (1)  
 15                   through (4) of subsection (a)’ each  
 16                   place it appears in paragraph (2)(B)  
 17                   thereof, and

18                   “(II) ‘a violation of paragraph  
 19                   (1)’ shall be substituted for ‘a viola-  
 20                   tion of subsection (a)’ each place it  
 21                   appears.

22           “(iv) STATUTE OF LIMITATIONS.—A  
 23           complaint under subparagraph (A)(i) shall  
 24           be filed not later than 180 days after the  
 25           date on which the violation occurs.

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

4                   “(3) REMEDIES.—

5                   “(A) IN GENERAL.—An employee pre-  
 6                   vailing in any action under paragraph (2)(A)  
 7                   shall be entitled to all relief necessary to make  
 8                   the employee whole.

9                   “(B) COMPENSATORY DAMAGES.—Relief  
 10                  for any action under subparagraph (A) shall in-  
 11                  clude—

12                  “(i) reinstatement with the same se-  
 13                  niority status that the employee would  
 14                  have had, but for the reprisal,

15                  “(ii) the sum of 200 percent of the  
 16                  amount of back pay and 100 percent of all  
 17                  lost benefits, with interest, and

18                  “(iii) compensation for any special  
 19                  damages sustained as a result of the re-  
 20                  prisal, including litigation costs, expert wit-  
 21                  ness fees, and reasonable attorney fees.

22                  “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-  
 23                  ing in this section shall be deemed to diminish the  
 24                  rights, privileges, or remedies of any employee under

1 any Federal or State law, or under any collective  
2 bargaining agreement.

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

6 “(A) WAIVER OF RIGHTS AND REM-  
7 EDIES.—The rights and remedies provided for  
8 in this subsection may not be waived by any  
9 agreement, policy form, or condition of employ-  
10 ment, including by a predispute arbitration  
11 agreement.

12 “(B) PREDISPUTE ARBITRATION AGREE-  
13 MENTS.—No predispute arbitration agreement  
14 shall be valid or enforceable, if the agreement  
15 requires arbitration of a dispute arising under  
16 this subsection.”.

17 (c) EFFECTIVE DATE.—

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

21 (2) CIVIL PROTECTION.—The amendment made  
22 by subsection (b) shall take effect on the date of the  
23 enactment of this Act.

1 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

2 The Secretary of the Treasury (or the Secretary's  
3 delegate) shall provide helpful information to taxpayers  
4 placed on hold during a telephone call to any Internal Rev-  
5 enue Service help line, including the following:

6 (1) Information about common tax scams.

7 (2) Information on where and how to report tax  
8 scams.

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

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

12 Section 6402 is amended by adding at the end the  
13 following new subsection:

14 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not  
15 later than the date which is 6 months after the date of  
16 the enactment of the Taxpayer First Act of 2019, the Sec-  
17 retary shall prescribe regulations to establish procedures  
18 to allow for—

19 “(1) taxpayers to report instances in which a  
20 refund made by the Secretary by electronic funds  
21 transfer was not transferred to the account of the  
22 taxpayer;

23 “(2) coordination with financial institutions for  
24 the purpose of—

1           “(A) identifying the accounts to which  
2           transfers described in paragraph (1) were  
3           made; and

4           “(B) recovery of the amounts so trans-  
5           ferred; and

6           “(3) the refund to be delivered to the correct  
7           account of the taxpayer.”.

8           **TITLE II—21ST CENTURY IRS**  
9           **Subtitle A—Cybersecurity and**  
10           **Identity Protection**

11       **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**  
12           **IDENTITY THEFT REFUND FRAUD.**

13       The Secretary of the Treasury (or the Secretary’s  
14       delegate) shall work collaboratively with the public and  
15       private sectors to protect taxpayers from identity theft re-  
16       fund fraud.

17       **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**  
18           **MINISTRATION ADVISORY COMMITTEE RE-**  
19           **GARDING IDENTITY THEFT REFUND FRAUD.**

20       The Secretary of the Treasury shall ensure that the  
21       advisory group convened by the Secretary pursuant to sec-  
22       tion 2001(b)(2) of the Internal Revenue Service Restruc-  
23       turing and Reform Act of 1998 (commonly known as the  
24       Electronic Tax Administration Advisory Committee) stud-  
25       ies (including by providing organized public forums) and

1 makes recommendations to the Secretary regarding meth-  
 2 ods to prevent identity theft and refund fraud.

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

4 (a) IN GENERAL.—The Secretary of the Treasury (or  
 5 the Secretary’s delegate) may participate in an informa-  
 6 tion sharing and analysis center to centralize, standardize,  
 7 and enhance data compilation and analysis to facilitate  
 8 sharing actionable data and information with respect to  
 9 identity theft tax refund fraud.

10 (b) DEVELOPMENT OF PERFORMANCE METRICS.—  
 11 The Secretary of the Treasury (or the Secretary’s dele-  
 12 gate) shall develop metrics for measuring the success of  
 13 such center in detecting and preventing identity theft tax  
 14 refund fraud.

15 (c) DISCLOSURE.—

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

19 “(14) DISCLOSURE OF RETURN INFORMATION  
 20 FOR PURPOSES OF CYBERSECURITY AND THE PRE-  
 21 VENTION OF IDENTITY THEFT TAX REFUND  
 22 FRAUD.—

23 “(A) IN GENERAL.—Under such proce-  
 24 dures and subject to such conditions as the Sec-  
 25 retary may prescribe, the Secretary may dis-



1 close specified return information to specified  
2 ISAC participants to the extent that the Sec-  
3 retary determines such disclosure is in further-  
4 ance of effective Federal tax administration re-  
5 lating to the detection or prevention of identity  
6 theft tax refund fraud, validation of taxpayer  
7 identity, authentication of taxpayer returns, or  
8 detection or prevention of cybersecurity threats.

9 “(B) SPECIFIED ISAC PARTICIPANTS.—For  
10 purposes of this paragraph—

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

13 “(I) any person designated by  
14 the Secretary as having primary re-  
15 sponsibility for a function performed  
16 with respect to the information shar-  
17 ing and analysis center described in  
18 section 2003(a) of the Taxpayer First  
19 Act of 2019, and

20 “(II) any person subject to the  
21 requirements of section 7216 and  
22 which is a participant in such infor-  
23 mation sharing and analysis center.

24 “(ii) INFORMATION SHARING AGREE-  
25 MENT.—Such term shall not include any

1 person unless such person has entered into  
2 a written agreement with the Secretary  
3 setting forth the terms and conditions for  
4 the disclosure of information to such per-  
5 son under this paragraph, including re-  
6 quirements regarding the protection and  
7 safeguarding of such information by such  
8 person.

9 “(C) SPECIFIED RETURN INFORMATION.—

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

12 “(i) in the case of a return which is  
13 in connection with a case of potential iden-  
14 tity theft refund fraud—

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

1 “(II) in the case of such return  
2 prepared by a tax return preparer,  
3 identifying information with respect to  
4 such tax return preparer, including  
5 the preparer taxpayer identification  
6 number and electronic filer identifica-  
7 tion number of such preparer,

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

20 “(iii) in the case of any cybersecurity  
21 threat to the Internal Revenue Service, in-  
22 formation similar to the information de-  
23 scribed in subclauses (I) and (II) of clause  
24 (i) with respect to such threat.

1                   “(D) RESTRICTION ON USE OF DISCLOSED  
2 INFORMATION.—

3                   “(i) DESIGNATED THIRD PARTIES.—

4                   Any return information received by a per-  
5 son described in subparagraph (B)(i)(I)  
6 shall be used only for the purposes of and  
7 to the extent necessary in—

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

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

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

19                   “(ii) RETURN PREPARERS.—Any re-  
20 turn information received by a person de-  
21 scribed in subparagraph (B)(i)(II) shall be  
22 treated for purposes of section 7216 as in-  
23 formation furnished to such person for, or  
24 in connection with, the preparation of a re-  
25 turn of the tax imposed under chapter 1.

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

13           (2) APPLICATION OF CIVIL AND CRIMINAL PEN-  
 14 ALTIES.—

15           (A) Section 6103(a)(3), as amended by  
 16 this Act, is amended by striking “or (13)” and  
 17 inserting “(13), or (14)”.

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

21 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**  
 22 **FIDENTIALITY SAFEGUARDS.**

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

1           “(9) DISCLOSURE TO CONTRACTORS AND  
2 OTHER AGENTS.—Notwithstanding any other provi-  
3 sion of this section, no return or return information  
4 shall be disclosed to any contractor or other agent  
5 of a Federal, State, or local agency unless such  
6 agency, to the satisfaction of the Secretary—

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

13           “(B) agrees to conduct an on-site review  
14 every 3 years (or a mid-point review in the case  
15 of contracts or agreements of less than 3 years  
16 in duration) of each contractor or other agent  
17 to determine compliance with such require-  
18 ments,

19           “(C) submits the findings of the most re-  
20 cent review conducted under subparagraph (B)  
21 to the Secretary as part of the report required  
22 by paragraph (4)(E), and

23           “(D) certifies to the Secretary for the most  
24 recent annual period that such contractor or

1           other agent is in compliance with all such re-  
2           quirements.

3           The certification required by subparagraph (D) shall  
4           include the name and address of each contractor or  
5           other agent, a description of the contract or agree-  
6           ment with such contractor or other agent, and the  
7           duration of such contract or agreement. The require-  
8           ments of this paragraph shall not apply to disclo-  
9           sures pursuant to subsection (n) for purposes of  
10          Federal tax administration.”.

11          (b)           CONFORMING           AMENDMENT.—Section  
12   6103(p)(8)(B) is amended by inserting “or paragraph  
13   (9)” after “subparagraph (A)”.

14          (c) EFFECTIVE DATE.—The amendments made by  
15   this section shall apply to disclosures made after Decem-  
16   ber 31, 2022.

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

18          Not later than 2 years after the date of the enact-  
19   ment of this Act, the Secretary of the Treasury (or the  
20   Secretary’s delegate), in coordination with the Bureau of  
21   Fiscal Service and the Internal Revenue Service, and in  
22   consultation with private sector financial institutions, shall  
23   submit a written report to Congress describing how the  
24   government can utilize new payment platforms to increase  
25   the number of tax refunds paid by electronic funds trans-

1 fer. Such report shall weigh the interests of reducing iden-  
 2 tity theft tax refund fraud, reducing the Federal Govern-  
 3 ment's costs in delivering tax refunds, the costs and any  
 4 associated fees charged to taxpayers (including monthly  
 5 and point-of-service fees) to access their tax refunds, the  
 6 impact on individuals who do not have access to financial  
 7 accounts or institutions, and ensuring payments are made  
 8 to accounts at a financial institution that complies with  
 9 section 21 of the Federal Deposit Insurance Act, chapter  
 10 2 of title I of Public Law 91–508, and subchapter II of  
 11 chapter 53 of title 31, United States Code (commonly re-  
 12 ferred to collectively as the “Bank Secrecy Act”) and the  
 13 USA PATRIOT Act. Such report shall include any legisla-  
 14 tive recommendations necessary to accomplish these goals.

15 **SEC. 2006. IDENTITY PROTECTION PERSONAL IDENTIFICA-**  
 16 **TION NUMBERS.**

17 (a) IN GENERAL.—Subject to subsection (b), the Sec-  
 18 retary of the Treasury or the Secretary's delegate (here-  
 19 after referred to in this section as the “Secretary”) shall  
 20 establish a program to issue, upon the request of any indi-  
 21 vidual, a number which may be used in connection with  
 22 such individual's social security number (or other identi-  
 23 fying information with respect to such individual as deter-  
 24 mined by the Secretary) to assist the Secretary in  
 25 verifying such individual's identity.



1 (b) REQUIREMENTS.—

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

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

16 **SEC. 2007. SINGLE POINT OF CONTACT FOR TAX-RELATED**  
17 **IDENTITY THEFT VICTIMS.**

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

1 Internal Revenue Service employees to resolve case issues  
 2 as quickly as possible.

3 (b) SINGLE POINT OF CONTACT.—

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

7 (A) have the ability to work across func-  
 8 tions to resolve the issues involved in the tax-  
 9 payer’s case; and

10 (B) shall be accountable for handling the  
 11 case until its resolution.

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

17 (A) ensure continuity of records and case  
 18 history; and

19 (B) notify the taxpayer when appropriate.

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

21 (a) IN GENERAL.—Chapter 77 is amended by adding  
 22 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 un-  
13 authorized 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

1 such time, as soon as practicable thereafter), issue  
 2 additional notifications to such individual (or such  
 3 individual's designee) regarding—

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

6 “(B) whether the investigation substan-  
 7 tiated an unauthorized use of the identity of the  
 8 individual, 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 sec-  
 20 tion, the unauthorized use of the identity of an indi-  
 21 vidual includes the unauthorized use of the identity  
 22 of the individual to obtain employment.

23 “(2) DETERMINATION OF EMPLOYMENT-RE-  
 24 LATED IDENTITY THEFT.—For purposes of this sec-  
 25 tion, in making a determination as to whether there

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

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

8 “(B) provided to the Internal Revenue  
9 Service by the Social Security Administration  
10 regarding any statement described in section  
11 6051,

12 which indicates that the social security account num-  
13 ber provided on such statement or information re-  
14 turn does not correspond with the name provided on  
15 such statement or information return or the name  
16 on the tax return reporting the income which is in-  
17 cluded on such statement or information return.”.

18 (b) ADDITIONAL MEASURES.—

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

1       lated identity theft, regardless of whether such state-  
2       ments or returns are submitted electronically or on  
3       paper.

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

19           (3) UNDERREPORTING OF INCOME.—The Sec-  
20      retary (or the Secretary’s delegate) shall establish  
21      procedures to ensure that income reported in con-  
22      nection with the unauthorized use of a taxpayer’s  
23      identity is not taken into account in determining any  
24      penalty for underreporting of income by the victim  
25      of identity theft.

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

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

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

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

10 (a) IN GENERAL.—Not later than 1 year after the  
 11 date of the enactment of this Act, the Secretary (or the  
 12 Secretary’s delegate), in consultation with the National  
 13 Taxpayer Advocate, shall develop and implement publicly  
 14 available guidelines for management of cases involving sto-  
 15 len identity refund fraud in a manner that reduces the  
 16 administrative burden on taxpayers who are victims of  
 17 such fraud.

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

21 (1) standards for—

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

1 (B) the maximum length of time, on aver-  
 2 age, a taxpayer who is a victim of stolen iden-  
 3 tity refund fraud and is entitled to a tax refund  
 4 which has been stolen should have to wait to re-  
 5 ceive such refund; and

6 (C) the maximum number of offices and  
 7 employees within the Internal Revenue Service  
 8 with whom a taxpayer who is a victim of stolen  
 9 identity refund fraud should be required to  
 10 interact in order to resolve a case;

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

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

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

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

23 (1) by redesignating subsections (b) and (c) as  
 24 subsections (c) and (d), respectively; and



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

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

5           “(1) IN GENERAL.—In the case of a disclosure  
 6           or use described in subsection (a) that is made in  
 7           connection with a crime relating to the misappro-  
 8           priation of another person’s taxpayer identity (as de-  
 9           fined in section 6103(b)(6)), whether or not such  
 10          crime involves any tax filing, subsection (a) shall be  
 11          applied—

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

14                   “(B) by substituting ‘\$50,000’ for  
 15                   ‘\$10,000’.

16           “(2) SEPARATE APPLICATION OF TOTAL PEN-  
 17          ALTY LIMITATION.—The limitation on the total  
 18          amount of the penalty under subsection (a) shall be  
 19          applied separately with respect to disclosures or uses  
 20          to which this subsection applies and to which it does  
 21          not apply.”.

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

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

## 4 **Subtitle B—Development of** 5 **Information Technology**

### 6 **SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE** 7 **INFORMATION TECHNOLOGY.**

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

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

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

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

1 section to the IRS CIO which directs the IRS CIO  
2 to take any action, or to assume any responsibility,  
3 shall be treated as a reference to the Commissioner  
4 of Internal Revenue acting through the IRS CIO.

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

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

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

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

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

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

1 “(i) the goals and requirements speci-  
2 fied in subparagraphs (A) through (D),  
3 and

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

6 “(4) STRATEGIC PLAN.—

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

11 “(i) include performance measure-  
12 ments of such technology and of the imple-  
13 mentation of such plan,

14 “(ii) include a plan for an integrated  
15 enterprise architecture of the information  
16 technology of the Internal Revenue Service,

17 “(iii) include and take into account  
18 the resources needed to accomplish such  
19 plan,

20 “(iv) take into account planned major  
21 acquisitions of information technology by  
22 the Internal Revenue Service, and

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

“(B) PLAN UPDATES.—The IRS CIO shall, not less frequently than annually, review and update the strategic plan under subparagraph (A) (including the plan for an integrated enterprise architecture described in subparagraph (A)(ii)) to take into account the development of new information technology and the needs of the Internal Revenue Service.

“(5) SCOPE OF AUTHORITY.—

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

“(B) INTERNAL REVENUE SERVICE.—Any reference in this subsection to the Internal Revenue Service includes a reference to all components of the Internal Revenue Service, including—

“(i) the Office of the Taxpayer Advocate,

“(ii) the Criminal Investigation Division of the Internal Revenue Service, and

“(iii) except as otherwise provided by the Secretary with respect to information

1                   technology related to matters described in  
 2                   subsection (b)(3)(B), the Office of the  
 3                   Chief Counsel.”.

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

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

14          (2) DEADLINE FOR COMPLETION.—Such con-  
 15          tract shall require that such verification and valida-  
 16          tion be completed not later than the date which is  
 17          1 year after the date of the enactment of this Act.

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

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

23               (B) DEADLINE FOR COMPLETING  
 24               PLANS.—Not later than 1 year after the date of  
 25               the enactment of this Act, the Commissioner of

1 Internal Revenue shall complete the develop-  
 2 ment of plans for all phases of the Customer  
 3 Account Data Engine 2.

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

11 (c) COORDINATION OF IRS CIO AND CHIEF PRO-  
 12 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-  
 13 ICE.—

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

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

22 (B) regularly consult with the IRS CIO re-  
 23 garding acquisitions of information technology  
 24 for the Internal Revenue Service, including

1 meeting with the IRS CIO regarding such ac-  
 2 quisitions upon request.

3 (2) SIGNIFICANT IRS INFORMATION TECH-  
 4 NOLOGY ACQUISITIONS.—For purposes of this sub-  
 5 section, the term “significant IRS information tech-  
 6 nology acquisitions” means—

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

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

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

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

22 (a) IN GENERAL.—Not later than January 1, 2023,  
 23 the Secretary of the Treasury or the Secretary’s delegate  
 24 (hereafter referred to in this section as the “Secretary”)  
 25 shall make available an internet website or other electronic



1 media, with a user interface and functionality similar to  
 2 the Business Services Online Suite of Services provided  
 3 by the Social Security Administration, that provides access  
 4 to resources and guidance provided by the Internal Rev-  
 5 enue Service and allows persons to—

6 (1) prepare and file Forms 1099;

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

10 (3) maintain a record of completed, filed, and  
 11 distributed Forms 1099.

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

16 (1) are a supplement to, and not a replacement  
 17 for, other services provided by the Internal Revenue  
 18 Service to taxpayers; and

19 (2) comply with applicable security standards  
 20 and guidelines.

21 **SEC. 2103. STREAMLINED CRITICAL PAY AUTHORITY FOR**  
 22 **INFORMATION TECHNOLOGY POSITIONS.**

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

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

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

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

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

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

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

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

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

1                   “(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,  
 4                   and ending on September 30, 2025’ for ‘Before  
 5                   September 30, 2013’ in subsection (a), and

6                   “(B) by substituting ‘the information tech-  
 7                   nology operations’ for ‘significant functions’ in  
 8                   subsection (a).”.

9           (b) CLERICAL AMENDMENT.—The table of sections  
 10 for subchapter A of chapter 80 is amended by adding at  
 11 the end the following new item:

“Sec. 7812. Streamlined critical pay authority for information technology posi-  
 tions.”.

12 **Subtitle C—Modernization of Con-**  
 13 **sent-Based Income Verification**  
 14 **System**

15 **SEC. 2201. DISCLOSURE OF TAXPAYER INFORMATION FOR**  
 16 **THIRD-PARTY INCOME VERIFICATION.**

17           (a) IN GENERAL.—Not later than 1 year after the  
 18 close of the 2-year period described in subsection (d)(1),  
 19 the Secretary of the Treasury or the Secretary’s delegate  
 20 (hereafter referred to in this section as the “Secretary”)  
 21 shall implement a program to ensure that any qualified  
 22 disclosure—

23                   (1) is fully automated and accomplished  
 24                   through the internet; and

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

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

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

14          (d) USER FEE.—

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

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

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

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

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

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

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

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

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

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

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

12                   “(5) APPLICABLE NUMBER.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18           “(3) PUBLISHED GUIDANCE.—

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

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



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

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

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

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

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

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

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

12 **Subtitle E—Other Provisions**

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

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

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

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

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

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

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

11          (4) proposals to—

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

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

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

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

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

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

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

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

1 **SEC. 3002. NOTIFICATION OF UNAUTHORIZED INSPECTION**  
 2 **OR DISCLOSURE OF RETURNS AND RETURN**  
 3 **INFORMATION.**

4 (a) IN GENERAL.—Subsection (e) of section 7431 is  
 5 amended by adding at the end the following new sen-  
 6 tences: “The Secretary shall also notify such taxpayer if  
 7 the Internal Revenue Service or a Federal or State agency  
 8 (upon notice to the Secretary by such Federal or State  
 9 agency) proposes an administrative determination as to  
 10 disciplinary or adverse action against an employee arising  
 11 from the employee’s unauthorized inspection or disclosure  
 12 of the taxpayer’s return or return information. The notice  
 13 described in this subsection shall include the date of the  
 14 unauthorized inspection or disclosure and the rights of the  
 15 taxpayer under such administrative determination.”.

16 (b) EFFECTIVE DATE.—The amendment made by  
 17 this section shall apply to determinations proposed after  
 18 the date which is 180 days after the date of the enactment  
 19 of this Act.

20 **Subtitle B—Provisions Relating to**  
 21 **Exempt Organizations**

22 **SEC. 3101. MANDATORY E-FILEING BY EXEMPT ORGANIZA-**  
 23 **TIONS.**

24 (a) IN GENERAL.—Section 6033 is amended by re-  
 25 designating subsection (n) as subsection (o) and by insert-  
 26 ing after subsection (m) the following new subsection:

1       “(n) MANDATORY ELECTRONIC FILING.—Any orga-  
 2 nization required to file a return under this section shall  
 3 file such return in electronic form.”.

4       (b) CONFORMING AMENDMENT.—Paragraph (7) of  
 5 section 527(j) is amended by striking “if the organization  
 6 has” and all that follows through “such calendar year”.

7       (c) INSPECTION OF ELECTRONICALLY FILED AN-  
 8 NUAL RETURNS.—Subsection (b) of section 6104 is  
 9 amended by adding at the end the following: “Any annual  
 10 return required to be filed electronically under section  
 11 6033(n) shall be made available by the Secretary to the  
 12 public as soon as practicable in a machine readable for-  
 13 mat.”.

14       (d) EFFECTIVE DATE.—

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

19               (2) TRANSITIONAL RELIEF.—

20                       (A) SMALL ORGANIZATIONS.—

21                               (i) IN GENERAL.—In the case of any  
 22 small organizations, or any other organiza-  
 23 tions for which the Secretary of the Treas-  
 24 ury or the Secretary’s delegate (hereafter  
 25 referred to in this paragraph as the “Sec-

retary”) determines the application of the amendments made by this section would cause undue burden without a delay, the Secretary may delay the application of such amendments, but such delay shall not apply to any taxable year beginning on or after the date 2 years after of the enactment of this Act.

(ii) SMALL ORGANIZATION.—For purposes of clause (i), the term “small organization” means any organization—

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

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

(B) ORGANIZATIONS FILING FORM 990—T.—In the case of any organization described in section 511(a)(2) of the Internal Revenue Code of 1986 which is subject to the tax imposed by section 511(a)(1) of such Code on its unrelated business taxable income, or any organization required to file a return under section 6033 of such Code and include information under sub-

section (e) thereof, the Secretary may delay the application of the amendments made by this section, but such delay shall not apply to any taxable year beginning on or after the date 2 years after of the enactment of this Act.

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

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

“(A) NOTICE.—

“(i) IN GENERAL.—If an organization described in subsection (a)(1) or (i) fails to file the annual return or notice required under either subsection for 2 consecutive years, the Secretary shall notify the organization—

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

“(II) about the revocation that will occur under subparagraph (B) if the organization fails to file such a return or notice by the due date for the



1 next such return or notice required to  
 2 be filed.

3 The notification under the preceding sen-  
 4 tence shall include information about how  
 5 to comply with the filing requirements  
 6 under subsection (a)(1) and (i).

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

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

## 12 **Subtitle C—Revenue Provision**

### 13 **SEC. 3201. INCREASE IN PENALTY FOR FAILURE TO FILE.**

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

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

19 (1) by striking “2014” and inserting “2020”;

20 (2) by striking “\$205” and inserting “\$330”;

21 and

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

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

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