

116TH CONGRESS  
1ST SESSION

# S. 1194

To amend the Internal Revenue Code of 1986 to establish a free on-line tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information.

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## IN THE SENATE OF THE UNITED STATES

APRIL 11, 2019

Ms. WARREN (for herself, Mrs. SHAHEEN, Mr. WHITEHOUSE, Ms. BALDWIN, Mr. SANDERS, Mr. UDALL, Mr. MARKEY, Ms. DUCKWORTH, Ms. HASSAN, Mr. MERKLEY, Mr. BOOKER, and Mr. BLUMENTHAL) 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 establish a free on-line tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Filing Simplifica-  
5 tion Act of 2019”.

1 **SEC. 2. PROHIBITION ON AGREEMENTS RESTRICTING GOV-**  
 2 **ERNMENT TAX PREPARATION AND FILING**  
 3 **SERVICES.**

4 The Secretary of the Treasury, or the Secretary's del-  
 5 egate, may not enter into any agreement after the date  
 6 of the enactment of this Act which restricts the Sec-  
 7 retary's legal right to provide tax return preparation serv-  
 8 ices or software or to provide tax return filing services.

9 **SEC. 3. GOVERNMENT-ASSISTED TAX PREPARATION AND**  
 10 **FILING SERVICES.**

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

14 **“SEC. 7529. GOVERNMENT-ASSISTED TAX-RETURN PREPA-**  
 15 **RATION PROGRAMS.**

16 “(a) ESTABLISHMENT OF PROGRAMS.—The Sec-  
 17 retary shall establish and operate the following programs:

18 “(1) ONLINE TAX PREPARATION AND FILING  
 19 SOFTWARE.—Not later than January 31, 2021, soft-  
 20 ware for the preparation and filing of individual in-  
 21 come tax returns for taxable years beginning after  
 22 2019.

23 “(2) TAXPAYER DATA ACCESS.—Not later than  
 24 March 1, 2021, a program under which taxpayers  
 25 may download third-party provided return informa-

1       tion relating to individual income tax returns for  
2       taxable years beginning after 2019.

3               “(3) TAX RETURN PREPARATION.—Not later  
4       than March 1, 2021, a program under which eligible  
5       individuals (as defined under subsection (c)(1)) may  
6       elect to have income tax returns for taxable years  
7       beginning after 2019 prepared by the Secretary.

8               “(b) REQUIREMENTS FOR TAXPAYER DATA ACCESS  
9       PROGRAM.—

10              “(1) IN GENERAL.—Return information under  
11       the program established under subsection (a)(2)  
12       shall be made available—

13                      “(A) not later than 15 days after the Sec-  
14       retary receives such information, and

15                      “(B) through a secure function that allows  
16       a taxpayer to download such information from  
17       the Secretary’s website in both a printable doc-  
18       ument file and in a computer-readable form  
19       suitable for use by automated tax preparation  
20       software.

21              “(2) THIRD-PARTY PROVIDED RETURN INFOR-  
22       MATION DEFINED.—For purposes of this section, the  
23       term ‘third-party provided return information’  
24       means—

1           “(A) information reported to the Secretary  
 2           through an information return (as defined in  
 3           section 6724(d)(1)),

4           “(B) information reported to the Secretary  
 5           pursuant to section 232 of the Social Security  
 6           Act, and

7           “(C) such other information reported to  
 8           the Secretary as is determined appropriate by  
 9           the Secretary for purposes of the program es-  
 10          tablished under subsection (a)(2).

11       “(c) TAX RETURN PREPARATION.—

12           “(1) ELIGIBLE INDIVIDUAL.—For purposes of  
 13          the program established under subsection (a)(3)—

14           “(A) IN GENERAL.—Except as provided in  
 15           subparagraphs (B) and (C), the term ‘eligible  
 16           individual’ means, with respect to any taxable  
 17           year, any individual who—

18                   “(i) elects to participate in the pro-  
 19                   gram established under subsection (a)(3),

20                   “(ii) is an unmarried individual (other  
 21                   than a surviving spouse (as defined in sec-  
 22                   tion 2(a)) or the head of a household (as  
 23                   defined in section 2(b))),

“(iii) does not claim any deduction allowed under section 62 for purposes of determining adjusted gross income,

“(iv) claims the standard deduction under section 63,

“(v) does not file schedule C, and

“(vi) has no income other than income from—

“(I) wages (as defined in section 3401),

“(II) interest, or

“(III) dividends.

“(B) LIMITATION ON ELIGIBILITY FOR TAX YEAR 2020.—With respect to any taxable year beginning in 2020, the term ‘eligible individual’ shall only include such populations of individuals described in subparagraph (A) as is determined by the Secretary.

“(C) EXPANSION OF ELIGIBILITY AFTER TAX YEAR 2020.—

“(i) IN GENERAL.—At the discretion of the Secretary, with respect to any taxable year beginning after December 31, 2020, the term ‘eligible individual’ may include populations of individuals who would

1 not otherwise satisfy the requirements es-  
2 tablished under subparagraph (A), such as  
3 married individuals, heads of households,  
4 taxpayers who are eligible to claim the  
5 earned income tax credit under section 32  
6 and have dependents, taxpayers who are el-  
7 igible to claim the child tax credit under  
8 section 24, taxpayers who claim deductions  
9 allowed under section 62 for purposes of  
10 determining adjusted gross income, and  
11 taxpayers with income from non-employee  
12 compensation.

13 “(ii) REPORT.—Not later than August  
14 31, 2022, the Secretary shall submit a re-  
15 port to Congress that contains recommen-  
16 dations for such legislative or administra-  
17 tive actions as the Secretary determines  
18 necessary with respect to expanding the  
19 populations of individuals that may qualify  
20 as eligible individuals for purposes of the  
21 program established under subsection  
22 (a)(3).

23 “(2) RETURN MUST BE FILED BY INDIVIDUAL.—No return prepared under the program es-  
24 tablished under subsection (a)(3) shall be treated as  
25

1 filed before the date such return is submitted by the  
2 taxpayer as provided under the rules of section  
3 6011.

4 “(d) VERIFICATION OF IDENTITY.—

5 “(1) IN GENERAL.—Subject to paragraph (2),  
6 an individual shall not participate in any program  
7 described in subsection (a) or access any information  
8 under such a program unless such individual has  
9 verified their identity to the satisfaction of the Sec-  
10 retary.

11 “(2) PROHIBITION.—

12 “(A) IN GENERAL.—For purposes of  
13 verifying the identity of any individual seeking  
14 to participate in any program described in sub-  
15 section (a) or to access any information under  
16 such a program, the Secretary shall not employ  
17 any knowledge-based verification procedures.

18 “(B) KNOWLEDGE-BASED VERIFICATION  
19 PROCEDURE.—For purposes of this paragraph,  
20 the term ‘knowledge-based verification proce-  
21 dure’ means any procedure for verification of  
22 the identity of an individual by means of asking  
23 detailed and personal questions for which only  
24 that individual is presumed to know the an-  
25 swers, including any such procedures which are

1           provided through service agreements with a  
2           credit reporting agency.

3           “(e) TAXPAYER RESPONSIBILITY.—Nothing in this  
4 section shall be construed to absolve the taxpayer from  
5 full responsibility for the accuracy or completeness of his  
6 return of tax.

7           “(f) PROHIBITION ON FEES.—No fee may be im-  
8 posed on any taxpayer who participates in any program  
9 established under subsection (a).

10          “(g) INFORMATION PROVIDED FOR WAGE AND SELF-  
11 EMPLOYMENT INCOME.—For purposes of subsection  
12 (a)(2), in the case of information relating to wages paid  
13 for any calendar year after 2019 required to be provided  
14 to the Commissioner of Social Security under section  
15 205(c)(2)(A) of the Social Security Act (42 U.S.C.  
16 405(c)(2)(A)), the Commissioner shall make such infor-  
17 mation available to the Secretary not later than the Feb-  
18 ruary 15 of the calendar year following the calendar year  
19 to which such wages and self-employment income relate.”.

20          (b) FILING DEADLINE FOR INFORMATION RE-  
21 TURNS.—Section 6071(b) of such Code is amended to  
22 read as follows:

23          “(b) INFORMATION RETURNS.—Returns made under  
24 part III of this chapter shall be filed on or before January  
25 31 of the year following the calendar year to which such



1 returns relate. Section 6081 shall not apply to returns  
2 under such part III.”.

3 (c) CONFORMING AMENDMENT TO SOCIAL SECURITY  
4 ACT.—Section 205(c)(2)(A) of the Social Security Act (42  
5 U.S.C. 405(c)(2)(A)) is amended by adding at the end the  
6 following new sentence: “For purposes of the preceding  
7 sentence, the Commissioner shall require that information  
8 relating to wages paid be provided to the Secretary of the  
9 Treasury not later than February 15 of the year following  
10 the calendar year to which such wages and self-employ-  
11 ment income relate.”.

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

“Sec. 7529. Government-assisted tax-return preparation programs.”.

15 (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
16 authorized to be appropriated to carry out the amend-  
17 ments made by this section such sums as may be necessary  
18 for each of fiscal years 2020 through 2024.

19 (f) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to returns for taxable years begin-  
21 ning after December 31, 2019.

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