Calendar No. 670

119TH CONGRESS
2D SESSION

S. 5441

[Report No. 119–145]

To improve services provided to taxpayers by the Internal Revenue Service.

IN THE SENATE OF THE UNITED STATES

Mr. CRAPO, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

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A BILL

To improve services provided to taxpayers by the Internal Revenue Service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Assistance and Service Act" or the "TAS Act".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) REFERENCES TO SECRETARY.—For purposes of this Act, the term ''Secretary'' means the Secretary of the Treasury or the Secretary's delegate.

(d) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—TAX ADMINISTRATION AND CUSTOMER SERVICE

SEC. 101. DIGITIZATION OF TAX RETURNS AND CORRESPONDENCE.

(a) RETURNS ACCEPTED ELECTRONICALLY.—Any Federal tax return which any person is required to file with the Secretary, as well as any amendments to such return—

(1) may be filed by such person electronically, and

(2) if such return or amendment is filed electronically, shall be processed electronically by the Secretary.

(b) DIGITIZATION OF RETURNS AND CORRESPONDENCE.—The Internal Revenue Service shall use optical character recognition technology (or any functionally similar technology) to transcribe—

(1) any return which is received by the Internal Revenue Service only in a paper form, or

(2) any correspondence which is received by the Internal Revenue Service only in a paper form.

(c) EXCEPTIONS.—

(1) IN GENERAL.—Subsection (b) shall not apply to any technology to the extent that the Secretary determines such technology is slower or less reliable than—

(A) the process of manually transcribing returns or correspondence received in a paper form, or

(B) any other process that the Internal Revenue Service is using or would otherwise use.

(2) REPORT TO CONGRESS.—Any exception to the application of a technology described in subsection (b) pursuant to paragraph (1) shall not take

effect unless the Secretary provides a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding the determination made by the Secretary under such paragraph within 30 days of such determination.

(d) EFFECTIVE DATE.—This section shall apply to—

(1) any individual income tax return (as defined in section 6011(e)(3)(C) of the Internal Revenue Code of 1986) received on or after January 1 of the first calendar year beginning more than 180 days after the date of enactment of this Act,

(2) any estate tax return (as described in section 6018 of such Code) or gift tax return (as described in section 6019 of such Code) received on or after January 1 of the first calendar year beginning more than 24 months after the date of enactment of this Act, and

(3) any other return or correspondence received on or after January 1 of the first calendar year beginning more than 18 months after the date of enactment of this Act.

SEC. 102. ESTABLISHMENT OF DASHBOARD TO INFORM TAXPAYERS OF BACKLOGS AND WAIT TIMES.

(a) IN GENERAL.—The Secretary shall require the Internal Revenue Service to provide in real time on its public website, to the extent practical, the following:

(1) Separately with respect to each applicable phone number extension—

(A) the number of callers connected to speak directly with a representative of the Internal Revenue Service,

(B) the number of callers connected to speak with an automated system,

(C) the number of callers who are waiting to be connected to speak directly with a representative of the Internal Revenue Service or an automated system,

(D) the longest amount of time that any caller has been waiting to be connected to speak directly with a representative of the Internal Revenue Service, and

(E) whether callback service is currently available, and if not, when such service is scheduled to be available.

(2) An application or tool embedded on the website which—

(A) displays all of the information described in paragraph (1), and

(B) estimates the approximate wait time to speak directly with a representative of the Internal Revenue Service.

(3) An application programming interface which allows any person to access the information described in subsection (a)(1) using automation and to create an application or tool embedded on a website to display such information.

(4) For each applicable phone number extension, a summary of the information described in paragraph (1) with respect to the prior month, including—

(A) the average and median length of calls,

(B) the average and median amount of time that callers were speaking directly with a representative of the Internal Revenue Service,

(C) the number and percent of calls that were directed to an automated system,

(D) the number and percent of calls that were disconnected or terminated by the Internal Revenue Service,

(E) the number of callers who were transferred to another applicable phone number extension after the call was initially answered by a representative of the Internal Revenue Service,

(F) the average and median amount of time that callers described in subparagraph (E) were on hold following the transfer, and

(G) the number and percent of callers who indicated that they received the answers or service for which they were contacting the Internal Revenue Service.

(b) DETECTION OF AUTOMATED CALLS.—The Secretary shall require the Internal Revenue Service to use technology to detect and screen out automated calls.

(c) INFORMATION REGARDING DELAYS.—For any week in which there was a significant delay with respect to any applicable item (referred to in this subsection as an "applicable week"), the Secretary shall require the Internal Revenue Service to provide on its public website, during the week subsequent to the applicable week, information with respect to each such applicable item regarding the earliest date on which any such applicable items that were processed during the applicable week were received by the Internal Revenue Service.

(d) DEFINITIONS.— For purposes of this section—

(1) APPLICABLE ITEM.—The term "applicable item" means each category of tax return, claim, statement, or other document filed with the Internal Revenue Service.

(2) APPLICABLE PHONE NUMBER EXTENSION.—The term "applicable phone number extension" means any extension or application which may be reached by calling a phone number which is listed by the Internal Revenue Service on any website, publication, form, or instruction which is available to the public and—

(A) operated by the Internal Revenue Service accounts management function,

(B) operated by the Internal Revenue Service automated collection function,

(C) managed by the Internal Revenue Service Joint Operations Center,

(D) managed and staffed by a contractor on behalf of the Internal Revenue Service, or

(E) received not less than 200,000 calls during the preceding calendar year.

(3) SIGNIFICANT DELAY.—The term "significant delay" means, in the case of any applicable item for any week, the failure to process all of such applicable items which were received by the Internal

Revenue Service at least 21 days before the first day of the week.

(e) EFFECTIVE DATE.—The requirements of this section shall apply to periods beginning after the date which is 12 months after the date of enactment of this Act.

SEC. 103. EXPANSION OF ELECTRONIC ACCESS TO INFORMATION ABOUT RETURNS AND REFUNDS.

Not later than January 1 of the first calendar year beginning more than 12 months after the date of enactment of this Act, through a website and mobile application, the Secretary shall provide individualized, specific, and up-to-date information to taxpayers regarding their tax returns and amended returns, including information with respect to whether the Internal Revenue Service has—

(1) received such return and entered such return into their systems,

(2) completed processing such return, including—

(A) the date on which the Internal Revenue Service issued any refund of any overpayment of tax,

(B) the estimated date on which the taxpayer can expect to receive such refund, and

(C)(i) if the refund will be issued by electronic fund transfer, the financial account to which such refund will be deposited, including—

(I) the partial or full account number for such account, and

(II) the name and routing number of the financial institution, or

(ii) if the refund will be issued by paper check, the address to which the check will be mailed, or

(3) suspended processing such return, including—

(A) the reason for the suspension, and

(B) in the case of any information which was requested by the Internal Revenue Service—

(i) the information requested,

(ii) the form and manner for submission of such information, and

(iii) the date on which such information is due to be submitted to the Internal Revenue Service.

SEC. 104. EXPANSION OF CALLBACK TECHNOLOGY.

It is the sense of Congress that—

(1) taxpayers contacting the Internal Revenue Service should have the option to receive a callback, and

(2) not later than calendar year 2028, the Internal Revenue Service should provide any taxpayer (including any taxpayer residing outside of the United States) the option to receive a callback for any call made by the taxpayer to an applicable phone number extension (as defined in section 102(d)(2) of this Act) which has not been answered within 5 minutes.

SEC. 105. EXPANSION OF ONLINE ACCOUNTS.

(a) IN GENERAL.—Not later than January 1 of the first calendar year beginning more than 18 months after the date of enactment of this Act, the Secretary shall make available a website or mobile application which allows any taxpayer (including any taxpayer residing outside of the United States) the ability to—

(1) in a manner consistent with any applicable limitations under section 6103 of the Internal Revenue Code of 1986, view any return (as defined in section 6103(b)(1) of the Internal Revenue Code of 1986), document, notice, or letter (with the exception of any educational item which has no legal ef-

fect) which, during the applicable period (as defined in subsection (d)), has been—

(A) sent by the Internal Revenue Service to such taxpayer, or

(B) filed with (or, in the case of any document not required to be filed, sent to) the Internal Revenue Service—

(i) by such taxpayer,

(ii) by a person described in subsection (c) of section 6103 of the Internal Revenue Code of 1986 with respect to such taxpayer, or

(iii) with respect to such taxpayer in a manner described in subsection (e) of such section,

(2) with respect to any document, notice, or letter sent to such taxpayer by the Internal Revenue Service, respond to such document, notice, or letter by uploading or otherwise transmitting the taxpayer's response through the website or mobile application, and

(3) in the case of—

(A) any representative of such taxpayer who is authorized to practice before the Department of the Treasury pursuant to section 330 of title 31, United States Code,

(B) any tax return preparer (as defined in section 7701(a)(36) of the Internal Revenue Code of 1986) with an identifying number (as described in section 6109(a)(4) of such Code), or

(C) any qualified reporting agent,

permit such representative, preparer, or agent, to the extent authorized by the taxpayer, to access the information described in paragraph (1) or transmit any information described in paragraph (2).

(b) AVAILABILITY FOR VIEWING.—With respect to any return, document, notice, or letter described in paragraph (1) of subsection (a), such return, document, notice, or letter shall be made available for viewing by the taxpayer (or, pursuant to paragraph (3) of such subsection, any representative, tax return preparer, or qualified reporting agent authorized by the taxpayer) as soon as is practicable and within such periods as are established pursuant to regulations prescribed by the Secretary.

(c) ACCESS TO MULTIPLE ACCOUNTS BY REPRESENTATIVE, PREPARER, OR AGENT.—For purposes of subsection (a)(3), the website or mobile application shall allow a representative, tax return preparer, or qualified reporting agent to be able to access information for multiple taxpayers who have provided permission under such subsection without any requirement to individually and separately access the account of each such taxpayer.

(d) APPLICABLE PERIOD.—

(1) IN GENERAL.—Subject to paragraph (2), for purposes of subsection (a)(1), the term ''applicable period'' means the preceding 6-year period.

(2) PROSPECTIVE APPLICATION.—The term ''applicable period'' shall not include any years ending before the date of enactment of this Act.

(e) QUALIFIED REPORTING AGENT.—

(1) IN GENERAL.—For purposes of this section, the term ''qualified reporting agent'' means a person—

(A) which is properly authorized as an agent to sign and file employment tax returns, make related payments and deposits, and perform such other acts on behalf of a taxpayer under procedures set forth by the Secretary,

(B) which has met such requirements as may be established by the Secretary, and

(C) for which authorization has not been revoked or suspended by the Secretary pursuant to procedures established by the Secretary.

(2) EMPLOYMENT TAX RETURN.—For purposes of paragraph (1)(A), the term ''employment tax return'' means—

(A) any return required to be filed by an employer to report the obligations of the employer and its employees under section 3101, 3111, 3301, or 3402 of the Internal Revenue Code of 1986, and

(B) such other returns as designated by the Secretary.

(f) PREVENTING UNAUTHORIZED DISCLOSURE OF RETURN INFORMATION BY PERSONS DESIGNATED BY TAXPAYERS.—Not later than January 1 of the first calendar year beginning more than 18 months after the date of enactment of this Act, the Secretary shall—

(1) establish a program to investigate and address—

(A) any access, use, or disclosure of return information (as defined in section 6103(b) of the Internal Revenue Code of 1986) by any person which is in excess of the authorization permitted to such person pursuant to subsection (a)(3), and

(B) any related misconduct, and

(2) annually publish, on the public website of the Internal Revenue Service, the actions undertaken pursuant to the program described in paragraph (1), such as the number of complaints investigated, the number of persons whose access was revoked, and other relevant statistical data.

(g) FOCUS GROUPS.—For purposes of subsection (a), prior to the date that the website or mobile application described in such subsection is made available, the Secretary shall conduct focus groups with taxpayers and tax professionals to ensure that any amounts appropriated or otherwise made available for such purposes are expended in an appropriate manner.

SEC. 106. AUTOMATION OF REFUND OFFSET BYPASS.

(a) IN GENERAL.—Section 6402(a) is amended—

(1) by striking ''In the case'' and inserting the following:

''(1) AUTHORITY.—Except as provided in paragraph (2), in the case'', and

(2) by adding at the end the following new paragraphs:

''(2) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—In the case of an overpayment with respect to any taxable year for which a credit is allowed to an applicable taxpayer under section 32, the Secretary shall, subject to subsections (c), (d), (e), and (f), refund such overpayment in an amount not to exceed the amount of the credit allowed under such section for such taxable year.

"(3) APPLICABLE TAXPAYER.—For purposes of paragraph (2), the term 'applicable taxpayer' means a taxpayer who was classified by the Secretary as currently not collectible (within the meaning of section 6343(e)) prior to the date on which the refund was requested by the taxpayer.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to offsets made after the date which is 12 months after the date of enactment of this Act.

SEC. 107. INSTALLMENT AGREEMENT FEES ELIMINATED FOR CERTAIN INDIVIDUALS.

(a) IN GENERAL.—Section 6159(f) is amended by striking paragraph (2) and inserting the following:

"(2) WAIVER.—No fee shall be imposed on an installment agreement under this section in the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to installment agreements entered into after the date which is 12 months after the date of enactment of this Act.

SEC. 108. INDIVIDUALS FACING ECONOMIC HARDSHIPS INFORMED OF COLLECTION ALTERNATIVES.

(a) IN GENERAL.—Not later than 12 months after the date of enactment of this Act, the Secretary shall—

(1) establish a program to identify taxpayers who—

(A) are reasonably likely to be experiencing an economic hardship, and

(B) have an unpaid tax liability, and

(2) in the case of any taxpayer described in paragraph (1) who requests to enter into an agreement described in section 6159(a) of the Internal Revenue Code of 1986, provide such taxpayer with information regarding other options which the Internal Revenue Service makes available to taxpayers who have an unpaid tax liability and are experiencing an economic hardship, including—

(A) an agreement described in such section for partial collection of a tax liability,

(B) an offer-in-compromise (as described in section 7122 of such Code), and

(C) classification as currently not collectible (within the meaning of section 6343(e) of such Code).

(b) ECONOMIC HARDSHIP.—For purposes of this section, in determining whether a taxpayer is reasonably likely to be experiencing an economic hardship, such determination shall be made in the same manner as determined under section 6343(a)(1)(D) of the Internal Revenue Code of 1986 based on—

(1) the most recent income and asset data which the Secretary has received from a return or a report from, or with respect to, such taxpayer, and

(2) the schedules described in section 7122(d)(2)(A) of such Code.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary, in consultation with the National Taxpayer Advocate, shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding—

(1) the accuracy of the Internal Revenue Service with respect to identifying taxpayers who are reasonably likely to be experiencing an economic hardship under subsection (a)(1),

(2) whether such identification procedures may be appropriately applied for other purposes, and

(3)(A) the number of taxpayers with an unpaid tax liability who were identified as reasonably likely to be experiencing an economic hardship under subsection (a)(1),

(B) the options described in subsection (a)(2) that were provided to such taxpayers, and

(C) the status of the tax liabilities of such taxpayers.

SEC. 109. QUARTERLY NOTICES TO CERTAIN TAXPAYERS WITH DELINQUENCIES.

(a) IN GENERAL.—Section 7524 is amended—

(1) in the heading, by striking ‘‘**ANNUAL NOTICE**’’ and inserting ‘‘**NOTICE**’’,

(2) by striking ‘‘Not less often than annually’’ and inserting the following:

‘‘(a) IN GENERAL.—Except as provided in subsection (c), not less often than quarterly’’, and

(3) by adding at the end the following:

‘‘(b) INFORMATION ON PENALTIES AND INTEREST.—The notice described in subsection (a) shall include—

‘‘(1) an estimate of the amount of penalties and interest that may accrue if the delinquent tax debt is not fully paid within the period remaining under section 6502(a), and

"(2) programs and services that can provide assistance to the taxpayer.

"(c) EXCEPTION.—The requirement under subsection (a) shall not apply—

"(1) during any period in which an agreement described in section 6159(a) or an accepted offer-in-compromise (as described in section 7122) is in effect, or

"(2) in the case of a taxpayer for which the Secretary has determined that the tax is not collectible (within the meaning of section 6343(e)).".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 77 is amended by striking the item relating to section 7524 and inserting the following new item:

"Sec. 7524. Notice of tax delinquency.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date which is 24 months after the date of enactment of this Act.

SEC. 110. LOW-INCOME TAXPAYER CLINIC FUNDING UNLOCKED.

(a) MATCHING FUNDS.—Paragraph (5) of section 7526(c) is amended to read as follows:

"(5) REQUIREMENT OF MATCHING FUNDS.—

"(A) IN GENERAL.—With respect to any grant provided to a low-income taxpayer clinic under this section, such clinic shall provide matching funds equal to the applicable percentage of the amount of such grant.

"(B) MATCHING FUNDS.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'matching funds' may include—

"(I) the salary (including fringe benefits) of individuals performing services for the low-income taxpayer clinic, and

"(II) the cost of equipment used in the low-income taxpayer clinic.

"(ii) EXCLUSION.—For purposes of this paragraph, the term 'matching funds' shall not include any indirect expenses, such as general overhead of the institution sponsoring the low-income taxpayer clinic.

"(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be 100 percent, except that the Secretary may establish a lower percentage (not below 25 percent) if the Secretary determines that such percentage would expand the coverage of the low-income taxpayer clinic to additional taxpayers.''.

(b) TECHNICAL AMENDMENTS.—Section 7526(c), as amended by subsection (a), is further amended—

(1) by striking paragraphs (1) and (2), and

(2) by redesignating paragraphs (3) through (6) as paragraphs (1) through (4).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after the date of enactment of this Act.

SEC. 111. CHIEF COUNSEL REVIEWS OF OFFERS-IN-COMPROMISE STREAMLINED.

(a) IN GENERAL.—Section 7122(b) is amended by striking ''in any case'' and all that follows through ''his delegate'' and inserting ''in any case which the Secretary determines presents a significant legal issue, there shall be placed on file in the office of the Secretary the opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 112. MODIFICATION OF PROCEDURAL REQUIREMENTS FOR PENALTIES AND DISALLOWANCE PERIODS.

(a) IN GENERAL.—Section 6751(b) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—No penalty under this title shall be assessed, and no disallowance period shall take effect, unless—

"(A) the decision (as defined by the Secretary in regulations) to apply such penalty or disallowance period, as applicable, is personally approved (in writing on an electronic form) by—

"(i) the immediate supervisor of the individual making such decision, or

"(ii) the Internal Revenue Service Office of Servicewide Penalties (or any successor organization), and

"(B) the approval described in subparagraph (A) is obtained on or before the date any appealable notice is sent to the taxpayer regarding the application of such penalty or disallowance period.'', and

(2) by adding at the end the following:

''(3) APPEALABLE NOTICE.—For purposes of this subsection, the term 'appealable notice' means the first written notice issued to a taxpayer that provides the taxpayer an opportunity to—

''(A) appeal the decision to the Internal Revenue Service Independent Office of Appeals, or

''(B) petition a Federal court for review of the decision.''.

(b) DISALLOWANCE PERIOD.—Section 6751 is amended by adding at the end the following new subsection:

''(d) DISALLOWANCE PERIOD.—

''(1) IN GENERAL.—For purposes of this section, the term 'disallowance period' means—

''(A) with respect to any credit under section 24, the period determined under section 24(g)(1),

''(B) with respect to any credit under section 25A, the period determined under section 25A(b)(4)(A), and

"(C) with respect to any credit under section 32, the period determined under section 32(k)(1).

"(2) APPROVAL REQUIRED FOR DISALLOWANCE PERIOD AUTOMATICALLY CALCULATED THROUGH ELECTRONIC MEANS.—With respect to the application of any disallowance period, subsection (b)(2)(B) shall not apply.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to notices sent after the date which is 12 months after the date of the enactment of this Act.

(d) REPORT.—Not later than 24 months after the date of enactment of this Act, and annually thereafter, the Secretary shall make publicly available a report regarding all penalties assessed by the Internal Revenue Service pursuant to the Internal Revenue Code of 1986 during the preceding calendar year, with all relevant data regarding such penalties to be collected and reported with respect to—

(1) every organizational unit of the Internal Revenue Service that has power to assess, abate, or otherwise enforce any penalty imposed by the Internal Revenue Service under the Internal Revenue Code of 1986, and

(2) the progression of such penalties at each step of the determination, assessment, and review processes, as well as the final result with respect to such penalties.

SEC. 113. RETURN OF AMOUNTS COLLECTED BY IRS IN EXCESS OF ACCEPTED OFFER-IN-COMPROMISE AMOUNT.

(a) IN GENERAL.—Section 7122 is amended by adding at the end the following:

"(h) RETURN AMOUNTS COLLECTED IN EXCESS OF PAYMENT AMOUNT OF ACCEPTED OFFER-IN-COMPROMISE.—

"(1) IN GENERAL.—Subject to paragraph (2), in the case of any taxpayer for which an offer-in-compromise has been accepted under this section, any proceeds collected with respect to the Federal income tax liability that is the subject of the accepted offer-in-compromise which are in excess of any remaining payments scheduled under such compromise shall be transferred to the taxpayer.

"(2) EXCEPTION.—Paragraph (1) shall not apply if—

"(A) the taxpayer and the Secretary have specifically agreed otherwise, or

"(B) the Secretary has—

"(i) determined that, under the terms of the compromise, such compromise is in default, and

"(ii) elected to terminate such compromise.".

(b) Authority to Release Levy and Return Property.—Section 6343 is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (D), by striking "or" at the end,

(B) in subparagraph (E), by striking the period at the end and inserting ", or", and

(C) by adding at the end the following subparagraph:

"(F) subject to subsection (h)(2) of section 7122, an offer-in-compromise is accepted under such section with respect to the liability for which the levy was imposed.", and

(2) in subsection (d)(2)—

(A) in subparagraph (C), by striking "or" at the end,

(B) in subparagraph (D), by striking the comma at the end and inserting ", or", and

(C) by adding at the end the following subparagraph:

"(E) subject to subsection (h)(2) of section 7122, an offer-in-compromise is accepted under such section with respect to the liability for which the levy was imposed,".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any compromise made under section 7122 of the Internal Revenue Code of 1986 which is accepted by the Secretary after the date of enactment of this Act.

SEC. 114. EXTENSION OF PERIOD FOR RETURN OF AMOUNTS SUBJECT TO WRONGFUL LEVY.

(a) IN GENERAL.—Section 6343(b) is amended, in the flush text following paragraph (3), by striking "the date of such levy" and inserting "the date that the Secretary received any such amount".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any money levied upon or any amount of money received from the sale of property after the date which is 12 months after the date of enactment of this Act.

SEC. 115. REPORTS TO CONGRESS.

(a) IMPLEMENTATION.—Not later than the date which is 2 years after the date of enactment of this Act, the Secretary (following consultation with the National Taxpayer Advocate, the Treasury Inspector General for

Tax Administration, and the Comptroller General of the United States) shall provide a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding the actions taken by the Internal Revenue Service to implement this title and the amendments made by this title, including—

(1) an analysis of successes and challenges with respect to implementation of such title, and

(2) any recommendations to Congress with respect to the implementation or administration of such title.

(b) FRAUD.—

(1) IN GENERAL.—Not later than the date which is 12 months after the date of enactment of this Act, and annually thereafter, the Secretary shall provide a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding efforts made by the Internal Revenue Service to identify, prevent, and resolve each type of tax fraud, including first-person fraud and stolen identity refund fraud.

(2) INFORMATION INCLUDED IN REPORT.—The report described in paragraph (1) shall include—

(A) a detailed description, timeline, and analysis of any efforts undertaken by the Internal Revenue Service and any of the other members of the Security Summit during the most recent tax filing season to address and prevent each type of tax fraud, including—

(i) any specific information or guidelines provided by the Internal Revenue Service to any of the other members of the Security Summit (and vice versa) with respect to tax fraud, including—

(I) any ‘‘be on the lookout’’ alerts or other warnings,

(II) updated guidelines or restrictions,

(III) potential threat analyses,

(IV) specific data or analytics, and

(V) any other actionable threat information, and

(ii) any specific recommendations provided by the Internal Revenue Service to any of the other members of the Security Summit (and vice versa) with respect to identifying, preventing, and resolving tax fraud, including any potential improvements to data, analytics, information sharing, and collaboration between the Internal Revenue Service and other members of the Security Summit,

(B) a detailed description and timeline of any interactions between the Internal Revenue Service and any provider of tax filing options which does not participate in the Security Summit, including—

(i) any specific information or guidelines provided by the Internal Revenue Service to such provider (and vice versa) with respect to each type of tax fraud, including any items described in subclauses (I) through (V) of subparagraph (A)(i), and

(ii) any specific recommendations provided by the Internal Revenue Service to such provider (and vice versa) with respect to identifying, preventing, and resolving tax fraud, including any potential improvements to data, analytics, information sharing, and collaboration between the Internal Revenue Service and such provider,

(C) with respect to the most recently completed tax filing season—

(i) with respect to each specific type or form of tax fraud that has been identified by the Internal Revenue Service, any relevant data and analysis regarding the amount of such fraud during such tax filing season, including detailed numerical data regarding such fraud in relation to each separate Federal tax return form (including any amended returns) and the manner in which such returns were filed, and

(ii) the total dollar amount of fraudulent claims for refund—

(I) for which any disbursement was erroneously made, and

(II) which were identified and disallowed prior to any disbursement being made.

(3) PUBLICLY AVAILABLE.—Data included in the report described in paragraph (1) shall be made available on the public website of the Internal Revenue Service, provided that such data is appropriately redacted by the Secretary.

(c) COMPLEXITY REPORT.—For purposes of section 4022 of the Internal Revenue Service Restructuring and Reform Act of 1998 (26 U.S.C. 7801 note), the submission of the report required under section 7803(c)(2)(B) of the Internal Revenue Code of 1986 shall not satisfy the requirement under subsection (a) of section 4022 of such Act to conduct an analysis of the sources of complexity in administration of the Federal tax laws and report the results of such analysis.

(d) DOCUMENT MANAGEMENT TO AVOID DUPLICATIVE REQUESTS TO CONSTITUENTS.—

(1) IN GENERAL.—Not later than one year after the date of the enactment of this Act, and annually thereafter for the following 5 years, the Secretary shall submit to the Committee on Finance of the Senate a report describing the systems and practices for tracking documents submitted to the Internal Revenue Service by taxpayers, Congressional offices, and authorized third-party representatives.

(2) MATTERS INCLUDED.—The report described in paragraph (1) shall include the following:

(A) A description of how the Internal Revenue Service catalogues, tracks, and retains documents and communications, including procedures for internal document sharing and for avoiding lost documents and duplicative requests to taxpayers.

(B) A description of the status and future plans for managing electronic and paper submissions through online accounts, new document submission tools, and paper-retention processes.

(C) A discussion of any modernization efforts aimed at reducing duplicative document requests and any barriers the Internal Revenue Service has identified to implementing improvements.

TITLE II—AMERICAN CITIZENS ABROAD

SEC. 201. REPORT ON COMBINED TAX AND FOREIGN BANK AND FINANCIAL ACCOUNT REPORTING.

(a) STUDY.—

(1) IN GENERAL.—The Secretary shall conduct a study on—

(A) combining and simplifying reporting required under section 5314 of title 31, United States Code and sections 6038, 6038A, 6038B, 6038C, 6038D, 6039F, 6046A, and 6048 of the Internal Revenue Code of 1986; and

(B) eliminating duplicative requests for information from nonresident United States taxpayers.

(2) CONSULTATION.—The study conducted under paragraph (1) shall include input from the National Taxpayer Advocate and nonresident United States taxpayers.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under subsection (a), which shall include any actions taken by the Secretary as a result of such study and any recommendations for legislative changes necessary to effectuate the goal described in subsection (a)(1).

SEC. 202. STUDY AND REPORTS ON SIMPLIFICATION.

(a) GAO STUDY AND REPORT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the burdens of compliance with Federal tax laws applicable to individuals who are United States persons (as defined in section 7701(a)(30) of the Internal Revenue Code of 1986) living abroad.

(2) FACTORS CONSIDERED.—The study conducted under subsection (a) shall identify problems relating to compliance of Federal tax laws for such

United States persons, including burdens specific to low-income and moderate-income individuals, related to—

(A) understanding and complying with United States tax obligations, including obligations with respect to—

(i) the duty to file returns and pay taxes while living abroad, including in the absence of tax treaties that otherwise eliminate double taxation of income;

(ii) the filing (including through electronic means) of Federal tax returns and any reports required under section 5314 of title 31, United States Code, in a timely, accurate, and affordable manner,

(iii) foreign retirement plans treated as passive foreign investment companies; and

(iv) foreign currency gains;

(B) receiving and responding to inquiries from the Internal Revenue Service and the Financial Crimes Enforcement Network about returns and reports described in subparagraph (A)(ii), and access to services of such agencies with respect to such returns and reports;

(C) access to financial products and services abroad, including local retirement vehicles and bank accounts;

(D) access to affordable tax preparation services for United States income tax obligations; and

(E) compliance burdens that are disproportionate to the amount of tax owed.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Secretary of Treasury and to Congress, and make publicly available, a report on the study conducted under paragraph (1).

(b) TREASURY REPORT.—Not later than 1 year after the date on which the Comptroller General submits the report under subsection (a)(3), the Secretary of the Treasury shall submit to Congress a report that describes—

(1) actions taken by the Department of Treasury to address any problems identified by the Comptroller General in such report; and

(2) any legislation necessary to address such problems.

SEC. 203. EXTENSION OF TIME FOR PERSONS OUTSIDE OF THE UNITED STATES TO REQUEST ABATEMENT OF MATH ERROR.

(a) IN GENERAL.—Section 6213(b)(2)(A) is amended by inserting ‘‘(120 days in the case of a notice addressed to a person outside the United States)’’ after ‘‘60 days’’.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to notices sent after the date that is 180 days after the date of the enactment of this Act.

SEC. 204. CLARIFICATION OF ASSESSMENT AUTHORITY; PRE-ASSESSMENT APPEALS OF FOREIGN INFORMATION RETURN PENALTIES.

(a) TREATMENT OF PENALTIES AS TAXES.—Section 6671(a) is amended—

(1) by striking ‘‘The penalties and liabilities provided by this subchapter’’ and inserting the following:

‘‘(1) IN GENERAL.—Any penalties provided by this title, including the penalties and liabilities provided by this subchapter,’’,

(2) by striking ‘‘the penalties and liabilities provided by this subchapter.’’ and inserting ‘‘the penalties provided by this title, including the penalties and liabilities provided by this subchapter.’’, and

(3) by adding at the end the following new paragraph:

"(2) EXCEPTION.—Paragraph (1) shall not apply to any penalty not provided by this subchapter if such penalty is a penalty for which a civil or criminal action is prescribed as the method of collection or has been consistently treated by the Secretary before the date of the enactment of this paragraph as such a penalty.".

(b) NOTICE REQUIREMENT FOR CERTAIN PENALTIES.—

(1) IN GENERAL.—Subchapter C of chapter 68 is amended by adding at the end the following new section:

"SEC. 6752. PRELIMINARY NOTICE AND RIGHT OF REVIEW FOR COVERED PENALTIES.

"(a) NOTICE.—

"(1) IN GENERAL.—No covered penalty shall be assessed unless the Secretary provides a notice to the taxpayer in writing by mail to an address as determined under section 6212(b) that contains the following information:

"(A) The covered penalty proposed to be assessed.

"(B) The taxable years or periods involved.

"(C) The basis for the proposed penalty.

"(D) Information about the right of the taxpayer to request review as provided in subsection (b).

"(2) TIMING OF NOTICE.—The mailing of the notice described in paragraph (1) shall precede any notice and demand of any covered penalty by at least 60 days (120 days in the case of a notice addressed to a taxpayer outside the United States).

"(b) RIGHT TO A REVIEW.—Within 60 days (120 days in the case of a notice sent to a taxpayer outside the United States) of the mailing of the notice described in subsection (a), the taxpayer may request a review of the proposed penalty by the Internal Revenue Service Independent Office of Appeals.

"(c) SUSPENSION OF ASSESSMENT AND COLLECTION.—

"(1) IN GENERAL.—A covered penalty may not be assessed, demanded, or collected before—

"(A) the expiration of the period provided under subsection (b), or

"(B) in any case in which the taxpayer requests a review under subsection (b), the date a final determination is issued in such review.

"(2) STATUTE OF LIMITATIONS.—If a notice described in subsection (a) with respect to any covered penalty is mailed before the expiration of the period provided by section 6501 for the assessment of such penalty (determined without regard to this paragraph), the running of such period shall be suspended for the period during which assessment is prohibited under this section and for 30 days thereafter.

"(d) COVERED PENALTY.—For purposes of this section, the term 'covered penalty' means any penalty imposed under section 6038(b)(1), 6038A(d)(1), 6038B(c), 6038C(c), 6038D(d)(1), 6039F(c)(1)(B), or 6677.

"(e) EXCEPTION FOR JEOPARDY.—This section shall not apply if the Secretary finds that the collection of the penalty is in jeopardy.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out this section, including regulations or other guidance relating to—

"(1) procedures for issuing notices under subsection (a), and

"(2) establishing simplified reviews for cases in which the penalty amount at issue does not exceed a designated dollar threshold.".

(2) CLERICAL AMENDMENT.—The table of sections for subchapter C of chapter 68 is amended by adding at the end the following new item:

"Sec. 6752. Preliminary notice and right of review for covered penalties.".

(c) INTERPRETIVE RULES.—

(1) TAXPAYER RIGHTS.—Nothing in the amendments made by this section shall be construed to create any limitation on the rights of a taxpayer—

(A) under subchapter C or D of chapter 64 of the Internal Revenue Code of 1986, or

(B) to pursue refund litigation with respect to the assessment or imposition of any penalty imposed under such Code.

(2) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to create any inference with respect to the treatment of any covered penalty (as defined in section 6752 of the Internal Revenue Code of 1986, as added by this section) before the date of the enactment of this Act.

SEC. 205. REPEAL OF DUE DATE REQUIREMENTS FOR CERTAIN INFORMATION RETURNS RELATING TO FOREIGN GIFTS AND TRUSTS.

(a) IN GENERAL.—Section 2006(b) of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 is amended by striking paragraphs (9) and (10).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns for taxable years beginning after December 31, 2026.

TITLE III—JUDICIAL REVIEW

SEC. 301. AUTHORIZATION OF SUBPOENAS BEFORE HEARINGS TO FACILITATE SETTLEMENTS.

Section 7456(a) is amended to read as follows:

''(a) IN GENERAL.—

''(1) ADMINISTRATION OF OATHS.—For the efficient administration of the functions vested in the Tax Court or any division thereof, any judge or special trial judge, the clerk or the clerk's deputies, as such, or any other employee of the Tax Court designated in writing for the purpose by the chief judge, may administer oaths or affirmations.

''(2) EXAMINATION.—Any judge or special trial judge may examine parties or witnesses.

''(3) SUBPOENA AUTHORITY.—Any judge or special trial judge may require, by subpoena ordered by the Tax Court or any division thereof and signed by the judge or special trial judge (or by the clerk of the Tax Court or by any other employee of the

Tax Court when acting as deputy clerk), any of the following:

"(A) The attendance and testimony of parties or witnesses.

"(B) The production of books, papers, documents, electronically stored information, or tangible things from any place in the United States by any party or witness having custody or control thereof for purposes of discovery or for use of the things produced as evidence in accordance with the rules and orders of the Tax Court.

Any such subpoena shall be issued and served, and compliance therewith shall be compelled, as provided in the rules and orders of the Tax Court.

"(4) DEPOSITIONS.—Pursuant to rules and orders of the Court, the deposition of a witness may be taken before any designated individual competent to administer oaths under this title. Any deposition testimony shall be reduced to writing by the individual taking the deposition, or under such individual's direction, and shall be subscribed by the deponent.".

SEC. 302. CLARIFICATION OF TAX COURT AUTHORITY TO ORDER RELIEF FROM A JUDGMENT OR ORDER.

Section 7481 is amended—

(1) by striking "and (d)," in subsection (a) and inserting "(d), and (e)," and

(2) by adding at the end the following new subsection:

"(e) RELIEF FROM A JUDGMENT OR ORDER.—

"(1) CORRECTIONS BASED ON CLERICAL MISTAKES; OVERSIGHTS AND OMISSIONS.—

"(A) IN GENERAL.—The Tax Court may correct a clerical mistake, or a mistake arising from oversight or omission, whenever one is found in a judgment, order, or other part of the record. The Tax Court may do so on motion or on its own, with or without notice.

"(B) APPELLATE COURT LEAVE REQUIRED ON APPEAL.—After an appeal has been docketed in the appellate court, and while such appeal is pending, any such mistake may be corrected only with the appellate court's leave.

"(2) GROUNDS FOR RELIEF FROM A FINAL JUDGMENT OR ORDER.—On motion and just terms, the Tax Court may relieve a party or its legal representative from a final judgment or order for any of the following reasons:

"(A) Mistake, inadvertence, surprise, or excusable neglect.

"(B) Newly discovered evidence that, with reasonable diligence, could not have been discovered in time to move for a new trial under rules prescribed by the Court and that would have a reasonable likelihood of changing the outcome.

"(C) Fraud (whether previously called intrinsic or extrinsic), misrepresentation, or misconduct by an opposing party.

"(D) The judgment is void.

"(E) Any other circumstance where justice so requires.

"(3) TIMING AND EFFECT OF THE MOTION.—

"(A) TIMING.—A motion under paragraph (2)—

"(i) must be made within a reasonable time, and

"(ii) in the case of a reason described in subparagraphs (A), (B), or (C), not later than 1 year after the entry of the judgment or order.

"(B) EFFECT ON FINALITY.—While pending, any such motion does not affect the judgment's finality or suspend its operation.

"(4) OTHER POWERS TO GRANT RELIEF.—This subsection shall not limit the Tax Court's power to set aside a judgment for fraud on the Tax Court.

"(5) COURT OF APPEALS JURISDICTION.—If the Tax Court provides relief from a judgment or order that is otherwise final under this section, either or both parties may obtain review of such relief by filing a notice of appeal under this subchapter within 90 days of the Court's judgment or order directing such relief.".

SEC. 303. AUTHORIZATION OF SPECIAL TRIAL JUDGES TO HEAR ADDITIONAL CASES AND ADDRESS CONTEMPT.

(a) CONSENT TO ASSIGNMENT.—Section 7443A(b) is amended by striking "and" at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

"(7) upon the consent of the parties, and pursuant to rules promulgated by the Tax Court, any proceeding not described in paragraphs (1) through (6), and".

(b) AUTHORIZING SPECIAL TRIAL JUDGE.—Section 7443A(c) is amended by striking "or (6)" and inserting "(6), or (7)".

(c) CONTEMPT AUTHORITY.—Section 7443A is amended by adding at the end the following new subsection:

"(f) INCIDENTAL POWERS.—A special trial judge appointed under this section shall have the independent power to punish for contempt of the authority of the Tax Court as provided in section 7456(c), except the sentence imposed by such a special trial judge for any contempt shall not exceed the penalties for a Class C misdemeanor as set forth in sections 3571(b)(6) and 3581(b)(8) of title 18, United States Code. This subsection shall not be construed to limit the authority of a special trial judge to order sanctions under any other statute or any rule of the Tax Court prescribed pursuant to section 7453.".

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the date the United States Tax Court adopts rules implementing the consent procedures of section 7443A.

SEC. 304. DISQUALIFICATION OF JUDGES AND SPECIAL TRIAL JUDGES.

(a) IN GENERAL.—Part II of subchapter C of chapter 76 is amended by adding at the end the following new section:

"SEC. 7467. DISQUALIFICATION OF JUDGE OR SPECIAL TRIAL JUDGE.

"Section 455 of title 28, United States Code, shall apply to judges, special trial judges, and proceedings of the Tax Court.".

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by adding at the end the following new item:

"Sec. 7467. Disqualification of judge or special trial judge.".

SEC. 305. NOTICE AND REVIEW WITH RESPECT TO MULTI-YEAR BANS ON CLAIMING CREDITS.

(a) NOTICE.—

(1) IN GENERAL.—Section 6212(a) is amended—

(A) by striking "If the" and inserting the following:

"(1) NOTICE.—If the",

(B) by striking "Such notice shall include a notice" and inserting the following:

"(2) MATTERS INCLUDED.—Such notice shall include—

"(A) a notice",

(C) by striking period at the end of the second sentence and inserting ", and", and

(D) by adding at the end the following new subparagraph:

"(B) in any case in which such deficiency for a taxable year is attributable to the denial of a credit under section 24, 25A, or 32, a statement—

"(i) identifying the credit or credits which are denied and providing the grounds for each such denial,

"(ii) informing the taxpayer that, unless the denial is overturned on appeal, the taxpayer will not be able to claim such credit for any subsequent taxable year unless the taxpayer provides information required by the Secretary to demonstrate eligibility for the credit, and

"(iii) in any case in which the Secretary has made a determination to impose a disallowance period under section 24(g)(1), 25A(b)(4)(A), or 32(k)(1), providing the grounds for such disallowance period (and the length of the disallowance period unless overturned on appeal).''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to notices mailed on or after the date that is 36 months after the date of enactment of this Act.

(b) AUTHORITY OF THE TAX COURT.—

(1) IN GENERAL.—Section 6214 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) JURISDICTION WITH RESPECT TO MULTI-YEAR BANS WITH RESPECT TO CERTAIN CREDITS.—

''(1) IN GENERAL.—The Tax Court shall have jurisdiction—

''(A) to redetermine the imposition of any disallowance period with respect to any credit under section 24, 25A, or 32 for the taxable year in which such disallowance period was imposed if the deficiency relates to such taxable year, and

''(B) to determine whether any such disallowance period should be imposed if claim therefor is asserted by the Secretary in the answer or an amended answer filed in accordance with the rules of the Tax Court.

"(2) DISALLOWANCE PERIOD.—For purposes of this subsection, the term 'disallowance period' has the meaning given such term under section 6751(d).".

(2) EFFECTIVE DATE.—The amendments made by this subsection apply to petitions filed on or after the date of enactment of this Act.

(3) TRANSITION RULE FOR REVIEW OF PREVIOUSLY IMPOSED DISALLOWANCE PERIODS.—

(A) IN GENERAL.—In the case of any deficiency which is attributable to an entry on the return claiming a credit under section 24, 25A, or 32 of the Internal Revenue Code of 1986 for a taxable year in a disallowance period described in subparagraph (B), the Tax Court shall have jurisdiction to redetermine whether the disallowance period was properly imposed.

(B) DISALLOWANCE PERIOD DESCRIBED.—A disallowance period is described in this subparagraph if the notice of the deficiency under section 6212 of such Code for the taxable year with respect to which the determination to impose the disallowance period was made—

(i) did not include the grounds for such disallowance period, and

(ii) was mailed before the date that is 36 months after the date of the enactment of this Act.

(C) DISALLOWANCE PERIOD.—For purposes of this paragraph, the term ''disallowance period'' has the meaning given such term under section 6751(d) of the Internal Revenue Code of 1986 (as added by this Act).

(D) REFUNDS.—Notwithstanding section 6512(b)(1) of the Internal Revenue Code of 1986, in the case of a petition with respect to a disallowance period described in subparagraph (B), the Tax Court shall have jurisdiction to determine the amount of an overpayment for any taxable year in the disallowance period, and such amount shall, notwithstanding section 6511, when the decision of the Tax Court has become final, be credited or refunded to the taxpayer. If a notice of appeal in respect of the decision of the Tax Court is filed under section 7483 of such Code, the Secretary is authorized to refund or credit the overpayment determined by the Tax Court to the extent the overpayment is not contested on appeal.

(c) BURDEN OF PRODUCTION.—

(1) IN GENERAL.—Section 7491(c) is amended—

(A) by striking "Notwithstanding" and inserting the following:

"(1) IN GENERAL.—Notwithstanding",

(B) by striking "with respect to the liability" and inserting "with respect to—

"(A) the liability",

(C) by striking the period after "title" and inserting ", and",

(D) by adding at the end the following new subparagraph:

"(B) the application of any disallowance period (as defined in section 6751(d)) to any individual.", and

(E) by adding at the end the following new paragraph:

"(2) STANDARD OF PROOF FOR CERTAIN DISALLOWANCE PERIODS.—In the case of any court proceeding with respect to any disallowance period described in section 24(g)(1)(B)(i), 25A(b)(4)(A)(ii)(I), or 32(k)(1)(B)(i), the standard of proof shall be the same standard as required in a proceeding under section 7454(a).''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to court proceedings beginning after the date that is 36 months after the date of the enactment of this Act in connection with disallowance periods (as defined in section 6751(d) of the Internal Revenue Code of 1986, as added by this Act) determined after such date.

(d) MODIFICATION OF DISALLOWANCE PERIOD.—

(1) CHILD TAX CREDIT.—Section 24(g)(1) is amended—

(A) in subparagraph (B), by striking ''for which there was a final determination that the taxpayer's claim of credit under this section was'' each place it appears in clauses (i) and (ii) and inserting ''for which a notice of deficiency has been sent under section 6212(a) which notifies the taxpayer that the taxpayer's claim of credit under this section was denied, or a determination that has become final under section 7481 has been made by the Tax Court to deny such claim,'', and

(B) by adding at the end the following new subparagraph:

"(C) ALLOWANCE OF PREVIOUSLY DENIED CREDITS AFTER TAX COURT CONSIDERATION.—Notwithstanding subparagraphs (A) and (B), a taxable year shall not be treated as a taxable year in the disallowance period if the Tax Court determines that the disallowance period was not properly imposed for such year pursuant to section 6214(e).".

(2) AMERICAN OPPORTUNITY TAX CREDIT.—Section 25A(b)(4)(A) is amended—

(A) in clause (ii), by striking "for which there was a final determination that the taxpayer's claim of the American Opportunity Credit under this section was" each place it appears in subclauses (I) and (II) and inserting "for which a notice of deficiency has been sent under section 6212(a) which notifies the taxpayer that the taxpayer's claim of credit under this section was denied, or a determination that has become final under section 7481 has been made by the Tax Court to deny such claim,", and

(B) by adding at the end the following new clause:

"(iii) ALLOWANCE OF PREVIOUSLY DENIED CREDITS AFTER TAX COURT CONSIDERATION.—Notwithstanding clauses (i) and (ii), a taxable year shall not be treated as a taxable year in the disallowance period if the Tax Court determines that the disallowance period was not properly imposed for such year pursuant to section 6214(e).".

(3) EARNED INCOME TAX CREDIT.—Section 32(k)(1) is amended—

(A) in subparagraph (B), by striking "for which there was a final determination that the taxpayer's claim of credit under this section was" each place it appears in clauses (i) and (ii) and inserting "for which a notice of deficiency has been sent under section 6212(a) which notifies the taxpayer that the taxpayer's claim of credit under this section was denied, or a determination that has become final under section 7481 has been made by the Tax Court to deny such claim,", and

(B) by adding at the end the following new subparagraph:

"(C) ALLOWANCE OF PREVIOUSLY DENIED CREDITS AFTER TAX COURT CONSIDERATION.—Notwithstanding subparagraphs (A) and (B), a taxable year shall not be treated as a taxable year in the disallowance period if the Tax Court determines that the disallowance period was not properly imposed for such year pursuant to section 6214(e).".

(4) SUSPENSION OF RUNNING OF LIMITATIONS PERIOD FILING OF A CLAIM FOR CREDIT OR REFUND.—Section 6511(d) is amended by adding at the end the following new paragraph:

"(9) SPECIAL RULES RELATING TO DISALLOWANCE PERIODS.—The running of the periods described in subsections (a) and (b)(2) with respect to any claim for a credit allowed under section 24, 25A, or 32 for any taxable year in a disallowance period (as defined in section 6751(d)) shall be suspended during any period in which the imposition of such disallowance period is pending before the Tax Court.".

(5) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by paragraphs (1), (2), and (3) shall apply to—

(i) taxable years beginning after the date that is 36 months after the date of the enactment of this Act, and

(ii) disallowance periods (as defined in section 6751(d) of the Internal Revenue Code of 1986, as added by this Act) in taxable years beginning on or before such date if the notice of deficiency for the taxable year with respect to which the determination to impose such disallowance period was made was sent after such date.

(B) SUSPENSION OF RUNNING OF LIMITATIONS PERIOD.—The amendment made by paragraph (4) shall apply to petitions filed after the date of the enactment of this Act.

SEC. 306. AUTHORIZATION OF DE NOVO REVIEW OF INNOCENT SPOUSE RELIEF BY THE TAX COURT AND OTHER COURTS.

(a) REVIEW.—Section 6015(e)(7) is amended by striking ‘‘by the Tax Court and shall be based upon’’ and all that follows and inserting a period.

(b) CLARIFICATION OF SCOPE OF REVIEW.—Section 6015(e)(1)(A) is amended by inserting ‘‘(including any remedy applicable in a suit for refund or collection or in a bankruptcy case)'' after ''In addition to any other remedy provided by law''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to petitions, requests, and suits filed or pending on or after the date of the enactment of this Act.

(d) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to limit the authority or jurisdiction of the Tax Court or any other court to grant relief under section 6015 of the Internal Revenue Code of 1986 or to review any relief granted under such section.

SEC. 307. CLARIFICATION OF CERTAIN COURT FILING DEADLINES.

(a) IN GENERAL.—

(1) TREATMENT OF DEADLINES.—Section 7451 is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

''(b) TREATMENT OF DEADLINES FOR CERTAIN PETITIONS.—

''(1) IN GENERAL.—The deadlines for filing petitions under section 6015(e)(1)(A), the first sentence of section 6213(a), and section 6330(d)(1)(A) shall be considered nonjurisdictional claims-processing rules subject to waiver, forfeiture, estoppel, and equitable tolling. For purposes of section 6015(e)(1)(B), the second and fourth sentences of section 6213(a), and the last sentence of section 6330(e)(1), a petition not timely filed shall be treated as timely filed if the Tax Court determines that the failure to timely file is excused by waiver, forfeiture, estoppel, or equitable tolling.

"(2) TREATMENT OF COLLECTION ACTIVITY.—If the Tax Court determines that the failure to timely file a petition under section 6015(e)(1)(A), 6213(a), or 6330(d)(1)(A) is excused by waiver, forfeiture, estoppel, or equitable tolling, the Secretary (or the Attorney General, as the case may be) shall abate any assessment made under section 6213(c) to which the petition relates, suspend any levy or proceeding for the collection of the liability to which the petition relates, and (unless the taxpayer otherwise requests) refund any amount of such liability previously collected. The previous sentence shall not apply if section 6330(e)(2), 6330(f), 6330(g), 6851, 6852, or 6861 applies. The Tax Court shall have jurisdiction to enforce this paragraph.".

(2) CONFORMING AMENDMENTS.—

(A) Section 6015(e) is amended—

(i) in paragraph (1)(B)(i), by striking ‘‘or, if a petition has been filed with the Tax Court under subparagraph (A), until the decision of the Tax Court has become final’’ and inserting ‘‘or, if a timely petition has been filed with the Tax Court under subparagraph (A), from the date such petition is filed (or, if filed after the close of the 90th day referred to in subparagraph (A)(ii), the date the Tax Court determines such petition is excused under section 7451(b)) until the decision of the Tax Court has become final’’, and

(ii) in paragraph (2)—

(I) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and by moving such clauses two ems to the right,

(II) by striking ‘‘for the period’’ and inserting ‘‘for any period’’,

(III) by striking ‘‘for 60 days thereafter’’ and inserting ‘‘for 60 days after the latest of such periods’’,

(IV) by striking ‘‘shall be suspended’’ and inserting ‘‘shall—

"(A) be suspended—", and

(V) by striking the period after "Secretary" and inserting ", and

"(B) if the Tax Court determines that the failure to timely file a petition under paragraph (1)(A) is excused under section 7451(b), be extended by the number of days between the deadline for filing the petition (determined without regard to the application of section 7451(b)) and the date on which the court determines that the failure to timely file the petition is excused.".

(B) The second sentence of section 6213(a) is amended—

(i) by inserting "timely" before "petition", and

(ii) by inserting "from the time such petition is filed (or, if filed after the close of the 90-day or 150-day period, the date the Tax Court determines such filing is excused under section 7451(b))" before "until the decision".

(C) Section 6213(c) is amended by inserting "(without regard to the application of section 7451(b))'' after ''the time prescribed in subsection (a)''.

(D) Section 6330(e)(1) is amended—

(i) by inserting ''timely'' before ''appeals therein'', and

(ii) by striking ''are pending'' through ''a final determination in such hearing.'' and inserting the following: ''are pending, but in no event shall any such period expire before the 90th day after the day on which there is a final determination in such hearing. If the Tax Court determines that the failure to timely file a petition under subsection (d) is excused under section 7451(b), such levy actions shall be suspended between the date the court so determines and the date which is 90 days after the decision of the Tax Court becomes final, and the running of any such period of limitations shall be extended by the number of days between the deadline for filing the petition (determined without regard to the application of section 7451(b)) and the date on which the court determines that the failure to timely file the petition is excused.''.

(E) Section 6503(a)(1) is amended—

(i) by striking ''the period'' and inserting ''any period'',

(ii) by striking ''for 60 days thereafter'' and inserting ''for 60 days after the latest of such periods'', and

(iii) by adding at the end the following new sentence: ''If the Tax Court determines that the failure to timely file a petition under section 6213(a) is excused under section 7451(b), the periods of limitations provided in sections 6501 and 6502 on the making of assessments and the collection by levy or a proceeding in court shall be extended by the number of days between the deadline for filing the petition (determined without regard to the application of section 7451(b)) and the date on which the court determines that the failure to timely file the petition is excused.''.

(F) Section 7459(d) is amended to read as follows:

''(d) EFFECT OF DECISION DISMISSING PETITION.—

"(1) IN GENERAL.—If a petition has been filed by the taxpayer under section 6015(e)(1)(A), 6213(a), or 6330(d)(1)(A), a decision of the Tax Court dismissing the proceeding shall be considered as its decision on the merits, unless the dismissal is—

"(A) for lack of jurisdiction,

"(B) for failure to timely file the petition, or

"(C) in the case of a petition under section 6015(e)(1)(A) or 6330(d)(1)(A), at the request of the taxpayer (unless the Tax Court orders that the dismissal shall be considered its decision on the merits).

"(2) ENTRY OF ORDER.—An order specifying the amount of deficiency or liability, if appropriate, shall be entered in the records of the Tax Court unless the Tax Court cannot determine such amount from the record in the proceeding.".

(b) TOLLING OF TIME IN CERTAIN CASES.—Section 7451(c), as redesignated by subsection (a)(1), is amended by striking "date" and inserting "day (in whole or in part)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to cases pending on or after the date of the enactment of this Act.

(d) NO INFERENCE.—The amendments made by subsection (a) shall not be construed to create any inference with respect to the treatment of—

(1) any case brought under section 6015(e)(1)(A), the second sentence of section 6213(a), or section 6330(d)(1)(A) of the Internal Revenue Code of 1986 for which there is a final determination by the Tax Court before the date of the enactment of this Act, or

(2) any other petition filed with the Tax Court under any other provision of the Internal Revenue Code of 1986 before, on, or after such date.

SEC. 308. CLARIFICATION OF TAX COURT JURISDICTION TO DETERMINE TAX LIABILITY IN COLLECTION DUE PROCESS APPEALS.

(a) IN GENERAL.—Section 6330(c)(2)(B) is amended by inserting ‘‘in the Tax Court or any other Federal court (other than through a suit for a refund under section 7442 or under section 1346(a)(1) of title 28, United States Code)’’ after ‘‘otherwise have an opportunity to dispute such tax liability’’.

(b) UNDERLYING TAX LIABILITY.—Section 6330(c)(4) is amended by striking ‘‘An issue may not be raised’’ and inserting ‘‘An issue which is not related to the amount or existence of the underlying tax liability may not be raised’’.

SEC. 309. AUTHORIZATION OF THE TAX COURT TO ISSUE REFUNDS IN COLLECTION DUE PROCESS CASES.

(a) IN GENERAL.—Section 6330(d)(1) is amended—

(1) by striking ‘‘The person may’’ and inserting the following:

‘‘(A) IN GENERAL.—The person may’’,

(2) by inserting ‘‘and, unless a challenge was precluded under subsection (c), with respect to the determination of any overpayments of tax for the taxable periods or events at issue in the determination’’ after ‘‘matter’’, and

(3) by adding at the end the following new subparagraphs:

‘‘(B) DETERMINATION AND ENFORCEMENT OF OVERPAYMENTS.—Rules similar to the rules of paragraphs (1) and (2) of section 6512(b) shall apply for purposes of this paragraph.

‘‘(C) LIMITATION ON AMOUNT OF CREDIT OR REFUND.—

"(i) IN GENERAL.—In the case of any petition under subparagraph (A), no credit or refund shall be allowed or made of any portion of the tax unless the Tax Court determines as part of its decision that such portion was paid—

"(I) after the notice described in subsection (a)(1) or section 6320(a)(1) (as the case may be) was given,

"(II) within the period which would be applicable under section 6511(b)(2), (c), or (d), if, on the date the notice described in subsection (a)(1) or section 6320(a)(1) (as the case may be) was given, a claim had been filed (whether or not filed) stating the grounds upon which the Tax Court finds that there is an overpayment, or

"(III) within the period which would be applicable under section 6511(b)(2), (c), or (d), in respect of any claim for refund filed within the applicable period specified in section

6511 and before the date the notice described in subsection (a)(1) or section 6320(a)(1) (as the case may be) was given—

“(aa) which had not been disallowed before that date,

“(bb) which had been disallowed before that date and in respect of which a timely suit for refund could have commenced as of that date, or

“(cc) in respect of which a suit for refund had been commenced before that date and within the period specified in section 6532.

In a case described in subclause (II) where the date the notice described in subsection (a)(1) or section 6320(a)(1) (as the case may be) is given is during the third year after the due date (determined without regard to any extensions) for filing the return of tax and no return was filed before such date, the applicable period under subsections (a) and (b)(2) of section 6511 shall be 3 years.

"(ii) DATE NOTICE WAS GIVEN.—For purposes of this subparagraph—

"(I) if notice was given under subsection (a)(2) or section 6320(a)(2) by mail, the date the notice was given shall be the date such notice was mailed, and

"(II) if notice was given under subsection (a)(2) or 6320(a)(2) by leaving such notice at the dwelling or usual place of business of the person, the date the notice was given shall be the date such notice was left.".

(b) SUSPENSION OF PERIOD OF LIMITATIONS FOR CREDIT OR REFUND DURING PROCEEDINGS.—

(1) IN GENERAL.—Section 6330(e)(1) is amended by inserting "section 6511 (relating to limitations on credit or refund)," after "section 6502 (relating to collection after assessment)".

(2) PROHIBITION ON CREDITING OF OVERPAYMENTS AGAINST DISPUTED TAX LIABILITY DURING COLLECTION ACTION PROCEEDINGS.—Section 6402

is amended by adding at the end the following new subsection:

"(o) PROHIBITION ON CREDITING OF OVERPAYMENTS AGAINST DISPUTED TAX LIABILITY DURING COLLECTION ACTION PROCEEDINGS.—If a hearing is properly requested under section 6320(a)(3)(B) or 6330(a)(3)(B), and an underlying tax liability referred to in section 6330(c)(2)(B) is properly disputed at such hearing, such tax liability shall not, except with the consent of the taxpayer, be taken into account under subsection (a) for the period during which the period of limitations for filing a claim for credit or refund relating to such tax liability is suspended by reason of section 6330(e).".

(c) CLARIFICATION OF APPLICATION OF CERTAIN LEVY HEARING RULES TO LIEN HEARINGS.—Section 6330(c)(2)(A) is amended by striking "unpaid tax or the proposed levy" and inserting "unpaid tax, collection action, or proposed collection action".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2) or (3), the amendments made by this section shall apply to cases pending on or after the date of the enactment of this Act.

(2) PROHIBITION ON CREDITING OF OVERPAYMENTS.—The amendment made by subsection (b)(2)

shall apply with respect to any period described in section 6402(o) of the Internal Revenue Code of 1986 (as added by this section) if any portion of such period is after the date of the enactment of this Act.

(3) CLARIFICATION OF APPLICATION OF CERTAIN LEVY HEARING RULES TO LIEN HEARINGS.—The amendment made by subsection (c) shall take effect on the date of the enactment of this Act.

SEC. 310. AUTHORIZATION OF THE TAX COURT TO HEAR SUITS FOR REFUNDS OR CREDITS.

(a) IN GENERAL.—Section 7442 is amended—

(1) by striking ''The Tax Court'' and inserting the following:

''(a) IN GENERAL.—The Tax Court'', and

(2) by adding at the end the following new subsection:

''(b) ACTIONS FOR REFUNDS.—

''(1) JURISDICTION.—

''(A) IN GENERAL.—In addition to any other court authorized by law, the Tax Court shall, subject to section 7422, have jurisdiction over any action, not exceeding the applicable amount, for the recovery of any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority or of any sum alleged to have been excessive or in any manner wrongfully collected under the internal revenue laws to the same extent as the district courts of the United States.

"(B) APPLICABLE AMOUNT.—For purposes of this paragraph, the applicable amount means—

"(i) $2,000,000 for any one taxable year, in the case of taxes imposed by subtitle A,

"(ii) $2,000,000, in the case of the tax imposed by chapter 11,

"(iii) $2,000,000 for any one calendar year, in the case of the tax imposed by chapter 12,

"(iv) $2,000,000 for any 1 taxable period (or, if there is no taxable period, taxable event) in the case of any tax imposed by subtitle C, D, or E, and

"(v) $2,000,000, in the case of any other amount collected.

"(2) FURTHER NOTICE OF DEFICIENCY.—If the Secretary prior to the hearing of a suit brought by a taxpayer under paragraph (1) mails to the taxpayer a notice that a deficiency has been determined in respect of the tax which is the subject matter of the taxpayer's suit, the proceedings in the taxpayer's suit shall be stayed during the period of time in which the taxpayer may file a petition with the Tax Court for a redetermination of the asserted deficiency, and for 60 days thereafter. If the taxpayer files such a petition with the Tax Court, such petition shall be consolidated with the suit brought under paragraph (1).''.

(b) USE OF SMALL DISPUTE PROCEDURES.—Section 7463(f) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) a petition to the Tax Court under section 7442(b) in which the amount of the refund sought does not exceed $50,000.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 7422(k) is amended by adding at the end the following new paragraph:

''(5) For jurisdiction of the Tax Court, see section 7442(b).''.

(2) Section 7482(b)(1) is amended by striking "or" at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting ", or", and by adding at the end the following new subparagraph:

"(H) in the case of a petition under section 7442(b)—

"(i) the legal residence of the petitioner if the petitioner is an individual, and

"(ii) the principal place of business or principal office or agency if the petitioner is an entity other than an individual.".

(3) Section 1346(a) of title 28, United States Code, is amended—

(A) in the matter preceding paragraph (1), by striking ", concurrent with the United States Court of Federal Claims,",

(B) in paragraph (1), by striking "Any" and inserting "Concurrent with the United States Court of Federal Claims and the Tax Court, any", and

(C) in paragraph (2), by striking "Any" and inserting "Concurrent with the United States Court of Federal Claims, any".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to actions filed after the date that is 12 months after the date of the enactment of this Act.

SEC. 311. AUTHORIZATION TO ALLOW CLAIMS FOR REFUND IN CERTAIN CASES WHERE FULL TAX NOT PAID.

(a) IN GENERAL.—Section 7422, as amended by this Act, is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) SPECIAL RULE FOR ACTIONS WHERE THERE IS AN AGREEMENT IN EFFECT WITH THE TAXPAYER UNDER SECTION 6159 OR WHEN THE TAXPAYER IS IN CURRENTLY NOT COLLECTIBLE STATUS.—

"(1) IN GENERAL.—The district courts of the United States, the United States Court of Federal Claims, and the Tax Court shall not fail to have jurisdiction over any applicable action brought by a taxpayer to determine the correct amount of liability of such taxpayer solely because the full amount of such liability has not been paid.

"(2) APPLICABLE ACTION.—For purposes of this subsection, the term 'applicable action' means any action to determine the correct amount of the liability of such taxpayer (or for any refund with respect thereto) with respect to any amount if, as of the date such action is filed, such amount—

"(A) is the subject of an agreement under section 6159 for which all installments the due date for which is on or before the date the action is filed have been paid, or

"(B) has been determined by the Secretary to be not collectible (within the meaning of section 6343(e)).

"(3) PERMISSIVE DISMISSAL.—

"(A) REQUEST FOR DISMISSAL.—The United States (or the Secretary, in the case of a case in the Tax Court) may request the dismissal of an applicable action if the taxpayer is no longer in compliance with an installment agreement under section 6159 or is no longer in currently not collectible status (within the meaning of section 6343(e)).

"(B) COURT ACTION.—In any case in which there is a request for dismissal under subparagraph (A), the court may, with or without taking any evidence or holding a hearing, dismiss the action with leave to refile when either the full amount of such liability has been paid or the conditions in paragraph (2) are met at the time of refiling. In deciding whether to dismiss the action, the court may consider the extent to which the action has proceeded, the extent to which full payment has been made, any burden that may result to the taxpayer, the United States, the Secretary, or the court from such dismissal (including reasons the taxpayer is no longer in compliance with an installment agreement under section 6159), and any other reason relating to the policy of the full payment rule. A dismissal under this paragraph shall not be reviewed by any other court.

"(4) PROHIBITION ON COLLECTION OF DISALLOWED LIABILITY.—If the court redetermines under paragraph (1) the correct amount of liability of the taxpayer, no part of such liability which is disallowed by a decision of such court which has become final may be collected by the Secretary, and amounts paid in excess of the amount determined by the court as correctly paid shall be refunded.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to actions filed on or after the date that is 12 months after the date of the enactment of this Act.

SEC. 312. ADJUSTMENT OF THRESHOLD FOR SMALL DISPUTES.

(a) IN GENERAL.—Section 7463, as amended by this Act, is amended—

(1) by striking "$50,000" each place it appears in subsections (a) and (f) and inserting "$100,000", and

(2) by adding at the end the following new subsection:

"(g) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.— In the case of any petition filed in a calendar year beginning after 2026, each of the $100,000 amounts in subsections (a) and (f) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2025' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(2) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of $1,000, such increase shall be rounded to the next lowest multiple of $1,000.".

(b) PROCEEDINGS FOR DETERMINATION OF EMPLOYMENT STATUS.—Section 7436(c)(1) is amended by striking ''if the amount of employment taxes placed in dispute is $50,000 or less for each calendar quarter involved'' and inserting ''if the amount of employment taxes placed in dispute is equal to or less than the dollar amount in effect under section 7463(a)(1) (determined at the time the pleading is filed under subsection (a)) for each calendar quarter involved''.

(c) CONFORMING AMENDMENTS.—

(1) Section 7443A(b)(3) is amended by striking ''$50,000'' and inserting ''the dollar amount in effect under section 7463(a)(1) (determined at the time the pleading is filed)''.

(2) Section 7463(f)(2) is amended by striking ''an appeal'' and inserting ''a petition''.

(3) The heading for section 7463 is amended by striking ''**DISPUTES INVOLVING $50,000 OR LESS**'' and inserting ''**SMALL DISPUTES**''.

(4) The item relating to section 7463 in the table of section for part II of subchapter C of chapter 76 is amended by striking ''Disputes involving $50,000 or less'' and inserting ''Small disputes''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to proceedings commencing after the date of the enactment of this Act.

TITLE IV—OFFICE OF THE TAXPAYER ADVOCATE

SEC. 401. NTA AUTHORIZATION TO DIRECT HIRE ATTORNEYS.

Section 7803(c)(2)(D) is amended—

(1) in clause (i)—

(A) in subclause (I), by striking ‘‘and’’ at the end,

(B) in subclause (II), by striking the period at the end and inserting ‘‘; and’’, and

(C) by adding at the end the following:

‘‘(III) appoint counsel in the Office of the Taxpayer Advocate to report directly to the National Taxpayer Advocate or delegate thereof.’’, and

(2) by adding at the end the following:

‘‘(iii) COUNSEL.—For purposes of clause (i)(III)—

‘‘(I) the National Taxpayer Advocate may utilize direct hire authority to recruit and appoint qualified applicants, without regard to any preference requirements,

‘‘(II) any counsel appointed pursuant to such clause shall not report to the Chief Counsel for the Internal Revenue Service and shall not represent the Government in litigation,

"(III) any legal interpretation of counsel appointed pursuant to such clause shall not be binding on the Secretary, and

"(IV) pursuant to section 301(f)(2) of title 31, United States Code, and subsection (b)(2)(A), the Chief Counsel for the Internal Revenue Service shall continue to provide advice to the National Taxpayer Advocate and the Office of the Taxpayer Advocate.".

SEC. 402. NTA AUTHORIZATION TO MAKE PERSONNEL DECISIONS.

(a) IN GENERAL.—Section 7803(c)(2)(D)(i)(II) is amended by striking "any employee of any local office of a taxpayer advocate described in subclause (I)" and inserting "any officer or employee of the Office of the Taxpayer Advocate".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date which is 12 months after the date of enactment of this Act.

SEC. 403. ACCESS TO INTERNAL REVENUE SERVICE INFORMATION, LEGAL ADVICE, AND MEETINGS.

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

"(6) ACCESS TO INFORMATION AND MEETINGS.—

"(A) IN GENERAL.—Upon request, the Commissioner shall provide the Office of the Taxpayer Advocate with access to any of the following:

"(i) In the case of any request made by a taxpayer for assistance by the Office of the Taxpayer Advocate which is open and pending—

"(I) any return or return information (as such terms are defined in section 6103(b)) which the National Taxpayer Advocate determines is necessary to assist such taxpayer,

"(II) any legal advice provided by the staff of the Office of Chief Counsel to any employee of the Internal Revenue Service (including any legal advice prepared in contemplation of litigation) which the National Taxpayer Advocate determines is necessary to assist such taxpayer, regardless of whether such legal advice cannot be disclosed to such taxpayer, and

"(III) any meeting between such taxpayer and any employee of the Internal Revenue Service.

"(ii) To the extent necessary to perform a full and substantive analysis included in any report described in paragraph (2)(B)—

"(I) any relevant document, data, or statistical information, and

"(II) any legal advice provided by the staff of the Office of the Chief Counsel to any employee of the Internal Revenue Service (including any legal advice prepared in contemplation of litigation).

"(iii) Legal advice from the staff of the Office of Chief Counsel on any matter or issue.

"(B) DEADLINE.—Access to any information, advice, or meeting described in subparagraph (A) shall be provided by the Commissioner not later than—

"(i) the date which is 2 weeks after the date on which a written request submitted by the Office of the Taxpayer Advocate has been received by the Commissioner, or

"(ii) such date as is otherwise agreed to by the Commissioner and the Office of the Taxpayer Advocate.

"(C) MEETINGS.—For purposes of subparagraph (A)(i)(III), the Commissioner shall be deemed to have satisfied the requirement under such subparagraph if the Commissioner has extended an invitation to attend the meeting to the Office of the Taxpayer Advocate, without regard to whether such an invitation was declined by any employee of the Office of the Taxpayer Advocate.

"(D) PRIVILEGE.—Any access provided to the Office of the Taxpayer Advocate pursuant to this paragraph with respect to information or legal advice from the staff of the Office of Chief Counsel shall have no effect on any privilege which otherwise applies to such information or legal advice.".

(b) ANNUAL REPORTS.—Section 7803(c)(2)(B)(ii) is amended—

(1) in subclause (XII), by striking "and" at the end,

(2) in subclause (XIII), by striking the period at the end and inserting "; and", and

(3) by adding at the end the following new subclause:

"(XIV) identify any failure by the Commissioner to provide access to any information, advice, or meeting described in subparagraph (A) of paragraph (6) by the date required under subparagraph (B) of such paragraph.".

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

SEC. 404. REPEAL OF LIMITATION PERIOD SUSPENSION FOR TAXPAYERS SEEKING ASSISTANCE FROM TAS.

(a) IN GENERAL.—Section 7811 is amended—

(1) by striking subsection (d), and

(2) by redesignating subsections (e) through (g) as subsections (d) through (f), respectively.

(b) CONFORMING AMENDMENT.—Section 6306(k)(2) is amended by striking ''section 7811(g)'' and inserting ''section 7811(f)''.

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

SEC. 405. OPERATIONS TO ASSIST TAXPAYERS EXPERIENCING HARDSHIPS DURING LAPSE IN APPROPRIATIONS.

Notwithstanding section 1341(a) of title 31, United States Code, during any lapse in appropriations, the Commissioner and the Office of the Taxpayer Advocate may incur obligations in advance of appropriations for such amounts as may be necessary—

(1) to assist any taxpayer who is or may be experiencing an economic hardship (within the meaning of section 6343(a)(1)(D) of the Internal Revenue Code of 1986) as a result of any action or inaction by the Internal Revenue Service, and

(2) for the purpose of complying with any Taxpayer Assistance Order issued pursuant to section 7811 of such Code.

TITLE V—TAX RETURN PREPARERS

SEC. 501. PENALTIES FOR TAX RETURN PREPARERS WHO IMPROPERLY ALTER RETURNS.

(a) IN GENERAL.—Paragraph (1) of section 6696(e) is amended to read as follows:

"(1) RETURN.—The term 'return' means—

"(A) any return of any tax imposed by this title,

"(B) any administrative adjustment request under section 6227,

"(C) any partnership adjustment tracking report under section 6226(b)(4)(A), and

"(D) any other document purporting to be a return, request, or report described in subparagraphs (A) through (C).".

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

SEC. 502. ENSURING THE USE OF VALID PREPARER IDENTIFICATION NUMBERS AND ELECTRONIC FILING IDENTIFICATION NUMBERS.

(a) IN GENERAL.—

(1) PENALTY.—Section 6695 is amended—

(A) by striking subsection (c) and inserting the following:

"(c) FAILURE TO FURNISH VALID IDENTIFYING NUMBER.—

"(1) IN GENERAL.—

"(A) PENALTY.—Any person who is a tax return preparer with respect to any return or claim for refund and who fails to furnish an identifying number which complies with section 6109(a)(4)(A) with respect to such return or claim shall pay a penalty of $250 for such failure.

"(B) NON-COMPLIANCE.—For purposes of this paragraph, an identifying number shall be deemed to not comply with section 6109(a)(4)(A) if such identifying number—

"(i) is assigned to another person,

"(ii) does not exist,

"(iii) is inactive or expired,

"(iv) has been withdrawn,

"(v) is suspended or has been revoked, or

"(vi) is otherwise invalid for use by the tax return preparer.

"(2) EXCEPTION.—The penalty imposed under paragraph (1) shall not apply if it is shown that such failure is due to reasonable cause and not due to willful neglect.

"(3) LIMITATION.—The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed $75,000.",

(B) by redesignating subsection (h) as subsection (i),

(C) by inserting after subsection (g) the following new subsection:

"(h) USE OF INVALID OR APPROPRIATED ELECTRONIC FILING IDENTIFICATION NUMBER.—

"(1) IN GENERAL.—Any person who is an electronic return originator with respect to any applicable electronically filed document who fails to meet the requirements of paragraph (2), with respect to such applicable electronically filed document, shall pay a penalty of $250 for such failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect.

"(2) REQUIREMENT.—The requirements of this paragraph are met if—

"(A) the electronic return originator uses an electronic filing identification number which is assigned to such person by the Secretary, and

"(B) in the case of any applicable electronically filed document filed after the date on which the program under paragraph (4) is established, the electronic filing identification number has been validated under such program at the time of the filing.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) ELECTRONIC RETURN ORIGINATOR.—

"(i) IN GENERAL.—The term 'electronic return originator' means a person who originates the electronic submission of 1 or more applicable electronically filed documents.

"(ii) EXCEPTIONS.—The term 'electronic return originator' shall not include a person merely because such person originates an electronic submission described in clause (i)—

"(I) by providing services which are limited to typing, reproduction, or other mechanical assistance,

"(II) at the direction of an employer (or of an officer or employee of the employer) by whom such person is regularly and continuously employed,

"(III) as a fiduciary, or

"(IV) in response to a determination by the Secretary that directly or indirectly affects the tax liability of a taxpayer.

"(B) ELECTRONIC FILING IDENTIFICATION NUMBER.—

"(i) IN GENERAL.—The term 'electronic filing identification number' means a unique identifier issued by the Secretary to authorize a person or entity to electronically file on behalf of other taxpayers—

"(I) any return of Federal tax,

"(II) any claim for a refund, and

"(III) except as provided by the Secretary, any other document required to be filed with the Secretary under this title.

"(ii) SUSPENSION OR REVOCATION.—In the case of any electronic filing identification number which has been suspended or revoked by the Secretary, such number shall not be deemed valid for purposes of paragraph (1).

"(C) APPLICABLE ELECTRONICALLY FILED DOCUMENT.—The term 'applicable electronically filed document' means any document which is described in subclause (I), (II), or (III) of subparagraph (B)(i) and filed electronically on behalf of other taxpayers.

"(4) ELECTRONIC FILING IDENTIFICATION NUMBER VALIDATION PROGRAM.—

"(A) IN GENERAL.—Not later than 24 months after the date of the enactment of this paragraph, the Secretary shall establish and maintain a program for the validation of electronic filing identification numbers.

"(B) TIMING AND FREQUENCY OF VALIDATION.—The Secretary shall validate an electronic filing identification number—

"(i) prior to the initial use of such electronic filing identification number for electronic filing, and "(ii) at such intervals, or upon such events, as the Secretary determines appropriate, to ensure the continued validity and integrity of such electronic filing identification number.

"(C) REAL-TIME VALIDATION SYSTEM.—

"(i) IN GENERAL.—The program established under this paragraph shall provide a real-time system for the validation of electronic filing identification numbers.

"(ii) SYSTEM REQUIREMENTS.—The system provided under clause (i) shall—

"(I) provide immediate confirmation of the validity status of an electronic filing identification number,

"(II) identify whether an electronic filing identification number has been suspended, revoked, or compromised or is otherwise ineligible for the activity for which it is used, and

"(III) be designed to support secure, automated, and high-volume validation requests, including usage by large-scale tax preparation software systems.

"(D) ACCESS.—The Secretary shall—

"(i) provide access to the system in such form and manner as the Secretary may prescribe, and

"(ii) accept a validation request only from a person authenticated and authorized in accordance with requirements prescribed by the Secretary and only with respect to an electronic filing identification number and electronic filing activity for which such person is authorized to request validation, whether on its own behalf or in connection with services provided to the person to whom the electronic filing identification number was issued.", and

(D) in subsection (i)(1), as redesignated by paragraph (2), by striking "and (g)" and inserting "(g), and (h)".

(2) REQUIREMENT FOR FILING SOFTWARE TO PROVIDE FOR USE OF VALIDATION PROGRAM.—Software which enables the electronic filing of applicable electronically filed documents (as defined in section 6695(h) of the Internal Revenue Code of 1986, as amended by paragraph (1)(C)) with the Secretary—

(A) shall require validation of an electronic filing identification number (as defined in section 6695(h) of such Code, as amended by this section) under the program described in section 6695(h)(4) of such Code (as amended by this section) prior to the electronic filing of any applicable electronically filed document (as so defined) filed after the date such program has been established, and

(B) shall not permit such electronic filing unless such electronic filing identification number has been validated under such program.

(3) VALIDATION PROGRAM IMPLEMENTATION PLAN AND REPORT.—

(A) IMPLEMENTATION PLAN.—Not later than 180 days after the date of enactment of this section, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives an implementation plan for the program established under section 6695(h)(4) of the Internal Revenue Code of 1986 (as added by this subsection). Such plan shall include—

(i) a description of the planned design and operation of the program,

(ii) the implementation timeline, major milestones, and testing schedule,

(iii) the categories of persons eligible to submit validation requests and the procedures for authorizing such persons,

(iv) the proposed performance and reliability standards and contingency procedures, and

(v) a description of the administrative, technical, and physical safeguards to prevent unauthorized discovery, enumeration, testing, or bulk verification of electronic filing identification numbers.

(B) POST-IMPLEMENTATION REPORT.—Not later than 2 years after the date on which the program under section 6695(h)(4) of the Internal Revenue Code of 1986 (as added by this subsection) is established, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the implementation and operation of the program. Such report shall include—

(i) the performance of the program, including system availability, response times, and peak-volume performance,

(ii) the number, duration, and effect on electronic filing of any material service disruptions,

(iii) the aggregate number of validation requests and the aggregate number of affirmative, negative, and unable-to-validate responses,

(iv) the nature and extent of any use of contingency procedures,

(v) any material deviation from the implementation plan submitted under subparagraph (A), and the actions taken or planned to address such deviation, and

(vi) any recommendations for administrative or legislative changes.

(b) MODIFICATION OF DEFINITION OF TAX RETURN PREPARER.—Section 7701(a)(36) is amended—

(1) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—The term 'tax return preparer' means any person who prepares for compensation, or who employs one or more persons to prepare for compensation, any return of tax imposed by this title, any document purporting to be a return of tax imposed by this title, or any claim for refund of tax imposed by this title. For purposes of the preceding sentence, the preparation of a substantial portion of a return, document purporting to be a return, or claim for refund shall be treated as if it were the preparation of such return, document purporting to be a return, or claim for refund.'', and

(2) in subparagraph (B)—

(A) in clause (ii), by striking ''return or claim for refund'' and inserting ''return, document purporting to be a return, or claim for refund'', and

(B) in clause (iii), by striking ''return or claim for refund'' and inserting ''return, document purporting to be a return, or claim for refund''.

(c) PREVENTION OF INADVERTENT ERRORS INVOLVING IDENTIFYING NUMBERS.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall establish a program to improve vol-

untary compliance with respect to requirements under subsections (c) and (h) of section 6695 of the Internal Revenue Code of 1986 (as amended by this section) and avoid the imposition of penalties under such subsections.

(2) CONSULTATION.—The program described in paragraph (1) shall be established by the Secretary following consultation with—

(A) the National Taxpayer Advocate,

(B) qualified low-income taxpayer clinics that have received a grant under section 7526 of the Internal Revenue Code of 1986, and

(C) other relevant stakeholders.

(3) OPPORTUNITY TO CORRECT.—For purposes of the program described in paragraph (1), the Secretary shall—

(A) prior to acceptance for processing, identify—

(i) any return or claim for refund which has been electronically submitted and does not include an identifying number which complies with section 6109(a)(4)(A) of the Internal Revenue Code of 1986, and

(ii) any return or claim for refund which has been electronically submitted and does not use an electronic filing identification number (as defined in section 6695(h)(3)(B) of such Code) or which uses an electronic filing identification number which been suspended, revoked, or compromised or is otherwise ineligible for the activity for which it is used, and

(B) provide an opportunity for the person who submitted such return or claim for refund to avoid imposition of a penalty under subsection (c) or (h) of section 6695 of such Code, as applicable, if the correct identifying number or electronic filing identification number is provided.

(d) CRIMINAL PENALTY.—

(1) IN GENERAL.—Part I of subchapter A of chapter 75 is amended by adding at the end the following new section:

"SEC. 7218. WILLFUL FAILURE TO PROVIDE A VALID PREPARER IDENTIFICATION NUMBER.

"(a) IN GENERAL.—Any tax return preparer who, with respect to any return, document purporting to be a return, or claim for refund willfully fails to furnish an identifying number which complies with section 6109(a)(4)(A) with respect to such return or document or willfully furnishes a preparer tax identification number which is described in section 6695(c)(1)(B) with intent to evade or defeat the application of any requirement under any provision of this title which requires such preparer to obtain and furnish such number, shall, in addition to any other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than $50,000 ($100,000 in the case of a corporation), or imprisoned not more than 3 years, or both, together with the costs of prosecution.

"(b) PREPARER TAX IDENTIFICATION NUMBER.—In this section, the term 'preparer tax identification number' means an identifying number described in section 6109(a)(4)(A).".

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 75 is amended by adding at the end the following new item:

"Sec. 7218. Willful failure to provide a valid preparer identification number.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to returns or claims for refund filed after the date which is 18 months after the date of enactment of this Act.

SEC. 503. PENALTIES FOR IMPROPER TAX PREPARATION OR MISAPPROPRIATION OF REFUNDS.

(a) OTHER ASSESSABLE PENALTIES WITH RESPECT TO THE PREPARATION OF TAX RETURNS FOR OTHER PERSONS.—Section 6695, as amended by the preceding provisions of this Act, is amended—

(1) in subsection (a)—

(A) by striking “$50” and inserting “$250”, and

(B) by striking “$25,000” and inserting “$50,000”,

(2) in subsection (b)—

(A) by striking “$50” and inserting “$250”, and

(B) by striking “$25,000” and inserting “$75,000”,

(3) in subsection (d)—

(A) by striking “$50” and inserting “$250”, and

(B) by striking “$25,000” and inserting “$50,000”,

(4) in subsection (e)—

(A) by striking “$50” and inserting “$250”, and

(B) by striking “$25,000” and inserting “$75,000”,

(5) in subsection (g), by striking “$500” and inserting “$1,000”, and

(6) in subsection (i)(1)—

(A) by striking “2014” and inserting “2025”, and

(B) by striking “calendar year 2013” and inserting “calendar year 2024”.

(b) MISAPPROPRIATION OF REFUNDS.—

(1) IN GENERAL.—Subsection (f) of section 6695 is amended to read as follows:

“(f) MISAPPROPRIATION.—

“(1) IN GENERAL.—Any person who is a tax return preparer who misappropriates any payment made in respect of the taxes imposed by this title which is issued to a taxpayer (other than the tax return preparer) shall pay a penalty in an amount determined under paragraph (2).

“(2) PENALTY.—The amount of the penalty determined under this paragraph shall, with respect to each payment described in paragraph (1), be equal to the greater of—

“(A) $1,000, or

“(B) the full amount of such payment.

“(3) EXCEPTION.—Paragraph (1) shall not apply with respect to the deposit by a bank (within the meaning of section 581) of the full amount of the payment in the taxpayer's account in such bank for the benefit of the taxpayer.''.

(2) CONFORMING AMENDMENT.—Section 6695(i)(1) is amended by striking ''(f),'' and inserting ''(f)(2)(A),''.

SEC. 504. AUTHORITY TO DENY, REVOKE, OR SUSPEND PREPARER TAX IDENTIFICATION NUMBERS.

(a) IN GENERAL.—Section 6109 is amended—

(1) in subsection (a), by striking paragraph (4) and inserting the following:

''(4) FURNISHING IDENTIFYING NUMBER OF TAX RETURN PREPARER.—

''(A) IN GENERAL.—Any return, claim for refund, or document purporting to be a return or claim for refund which is prepared by a tax return preparer shall bear such identifying number for securing proper identification of such preparer, their employer, or both, as may be prescribed.

''(B) SUSPENSION OR REVOCATION.—In the case of any identifying number which has been suspended or revoked by the Secretary under subsection (e), such number shall not be deemed valid for purposes of subparagraph (A).

"(C) DEFINITIONS.—For purposes of this section—

"(i) SPECIFIED PRACTITIONER.—The term 'specified practitioner' means a certified public accountant, attorney, or enrolled agent—

"(I) who is—

"(aa) in good standing with—

"(AA) the Department of the Treasury, and,

"(BB) in the case of a certified public accountant or attorney, State licensing authorities, and

"(bb) authorized to represent persons before the Department of the Treasury under section 330 of title 31, United States Code, and

"(II) whose professional license or certification has not been revoked or suspended.

"(ii) RETURN; CLAIM FOR REFUND.—The terms 'return' and 'claim for refund' have the respective meanings given to such terms by section 6696(e).'', and

(2) by inserting after subsection (d) the following:

''(e) IDENTIFYING NUMBER OF TAX RETURN PREPARER.—

''(1) IN GENERAL.—The Secretary shall maintain a program for administration of preparer tax identification numbers required under subsection (a)(4), which shall include restrictions on the issuance of such numbers to any individual other than an individual who—

''(A) meets the suitability requirements of paragraph (2) and the education requirements of paragraph (3),

''(B) meets the state program requirements of paragraph (4), or

''(C) is a specified practitioner.

''(2) DEMONSTRATION OF SUITABILITY.—

''(A) IN GENERAL.—An individual meets the suitability requirements of this paragraph if such individual has demonstrated to the Secretary the individual's suitability to be a tax return preparer by—

"(i) providing such information as the Secretary determines necessary, and

"(ii) passing a background check, including a review by the Secretary regarding compliance with personal tax obligations.

"(B) CONDUCT DEMONSTRATING LACK OF SUITABILITY.—For purposes of subparagraph (A), an individual shall be deemed to have failed to demonstrate their suitability to be a tax return preparer if—

"(i) any license or registration issued to such individual by a State to prepare tax returns has been suspended or revoked by such State, or

"(ii) the Secretary determines that such individual is described in clauses (ii) through (vi) of paragraph (5)(A).

"(C) REGULATIONS AND GUIDANCE.—The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this paragraph.

"(D) PROHIBITION ON EXAMINATIONS.—For purposes of subparagraph (A), except as provided in paragraph (3)(C)(iii), the Secretary may not require an examination as a prerequisite for the assignment or renewal of a preparer tax identification number.

"(E) GRANDFATHERING OF PRIOR BACKGROUND CHECKS.—

"(i) IN GENERAL.—Subject to clause (ii), for purposes of subparagraph (A)(ii), in the case of a class of individuals (as identified by the Secretary) who have passed a background check prior to the date of enactment of this subsection, the Secretary may deem such class of individuals to have satisfied the requirement under such subparagraph.

"(ii) NONAPPLICATION TO REQUIREMENT REGARDING COMPLIANCE WITH PERSONAL TAX OBLIGATIONS.—Clause (i) shall not apply with respect to review by the Secretary under subparagraph (A)(ii) regarding compliance with personal tax obligations.

"(3) EDUCATIONAL PROGRAMS.—

"(A) IN GENERAL.—An individual shall meet the education requirements of this paragraph if such individual completes a specified number of hours of educational programs on ethics, professional responsibility, and tax law (including recently enacted Federal income tax legislation) as required by the Secretary prior to the assignment or renewal of a preparer tax identification number.

"(B) ADDITIONAL EDUCATIONAL REQUIREMENTS FOR RENEWAL.—The Secretary may require any individual seeking the renewal of a preparer tax identification number to complete educational programs in addition to those required under subparagraph (A). Any educational programs required under this subparagraph shall be based on—

"(i) a review of returns which include the preparer tax identification number of such preparer, and

"(ii) any errors identified by the Secretary as part of the review described in clause (i).

"(C) OTHER REQUIREMENTS.—For purposes of this paragraph, the Secretary—

"(i) may not require a tax return preparer to annually complete more than 18 hours of educational programs, "(ii) shall require that any educational program include written materials which satisfy such standards as are established by the Secretary,

"(iii) shall require that any educational program include a method to ensure that the tax return preparer attended the program and sufficiently understood the material presented, and

"(iv) may not direct any educational program to be completed through a specific provider.

"(D) NOTICE OF FAILURE TO TIMELY COMPLETE REQUIREMENTS.—The Secretary shall provide any tax return preparer who fails to complete the requirements of this paragraph notice of such failure and a 30-day period in which to cure such failure.

"(E) PUBLICATION OF APPROVED COURSES.—The Secretary shall publish, on the public website of the Internal Revenue Service—

"(i) a list of educational programs which have been determined by the Secretary to satisfy the requirement under clause (ii) of subparagraph (C) (and, if applicable, the requirement under clause (iii) of such subparagraph), including the providers of such programs, and

"(ii) any such requirements as the Secretary deems necessary to impose with respect to any additional programs required under subparagraph (B), provided that such requirements are similar to the requirements provided under section 330 of title 31, United States Code, or regulations prescribed thereunder.

"(4) EXEMPTION.—

"(A) IN GENERAL.—Subject to subparagraph (B), any individual meets the state program requirements of this paragraph if such individual maintains a valid State license or registration issued by a State licensing program or State registration program (including State tax education councils) which includes examination, education, and background check requirements that are comparable to the suitability requirements described in paragraph (2) and the education requirements described in paragraph (3).

"(B) GRANDFATHERING OF CERTAIN PROGRAMS.—For purposes of subparagraph (A), with respect to determining whether a State licensing program or State registration program (including State tax education councils) includes examination, education, and background check requirements which are comparable to the suitability requirements described in paragraph (2) and the education requirements described in paragraph (3), such determination shall be made by the Secretary without regard to whether such requirements were included in such program at the time that such individual was licensed or registered under such program, provided that such requirements are, as of the date that such individual requested assignment or renewal of a preparer tax identification number under this subsection, presently included in such program.

"(5) AUTHORITY TO REVOKE OR SUSPEND PREPARER TAX IDENTIFICATION NUMBER.—

"(A) IN GENERAL.—The Secretary may suspend or revoke a preparer tax identification number if, after notice and opportunity for a hearing, the Secretary makes a determination that the tax return preparer—

“(i) has not met—

“(I) the suitability requirements of paragraph (2) and the education requirements of paragraph (3), or

“(II) the state program requirements of paragraph (4),

“(ii) is incompetent, as demonstrated by a repeated pattern of errors in returns that were prepared by such preparer which affected the determination of tax liability in such returns,

“(iii) is disreputable, as demonstrated by—

“(I) giving false or misleading information under paragraph (2)(A)(i),

“(II) willful failure to comply with personal tax obligations,

“(III) an unpaid tax delinquency—

“(aa) which is outstanding for greater than 180 days,

“(bb) which is not being actively disputed, and "(cc) which is not—

"(AA) subject to an agreement or compromise under section 6159 or 7122,

"(BB) classified as currently not collectible (within the meaning of section 6343(e)), or

"(CC) subject to a pending application for such an agreement, compromise, or status,

"(IV) revocation or suspension of any license or registration issued by a State for the preparation of tax returns,

"(V) conviction of any criminal offense—

"(aa) involving dishonesty or breach of trust, or

"(bb) which is punishable under this title,

"(VI) a final determination of liability for a penalty pursuant to section 6694, 6695(h), 6700, 6701, 6702, or 6713,

"(VII) subject to an injunction under section 7407 or 7408, or

"(VIII) any conduct similar to the conduct described in subclauses (I) through (VII), as provided under regulations prescribed by the Secretary,

"(iv) in the case of a person subject to regulation under section 330 of title 31, United States Code, or regulations prescribed thereunder, has violated the requirements under such section or such regulations,

"(v) with intent to defraud, willfully and knowingly misleads or threatens—

"(I) the person whose return or claim for refund is being prepared, or

"(II) a prospective person seeking for a return or claim for refund to be prepared, or

"(vi) has engaged in conduct (as identified in regulations or guidance issued by the Secretary) which is similar to the conduct described in clauses (i) through (v) and that the denial, suspension, or revocation of such number would promote compliance with the requirements of this title and effective tax administration.

"(B) MONETARY PENALTY.—

"(i) IN GENERAL.—In addition to, or in lieu of, any suspension or revocation of a preparer tax identification number under subparagraph (A), the Secretary may impose a penalty in any amount not exceeding $5,000.

"(ii) REDUCTION.—Any penalty imposed under clause (i) shall be reduced by the amount of any penalty imposed under section 6694, 6695, 6700, 6701, 6702, or 6713 with regard to the same conduct.

"(iii) ADJUSTMENT FOR INFLATION.—

"(I) IN GENERAL.—In the case of any penalty imposed during any calendar year beginning after 2025, the dollar amount in clause (i) shall be increased by an amount equal to—

"(aa) such dollar amount, multiplied by

"(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2024' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(II) ROUNDING.—If any amount determined under subclause (I) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

"(C) REINSTATEMENT.—The Secretary shall, through regulations or other guidance, establish procedures to allow any tax return preparer whose preparer tax identification number has been suspended or revoked pursuant to subparagraph (A) to have such number reissued (or, in the case of a suspension, for such suspension to be terminated), provided that such preparer demonstrates, to the satisfaction of the Secretary, that—

"(i) the conduct described in such paragraph which was the basis for such suspension or revocation has been sufficiently addressed or resolved (such as through completion of educational programs described in paragraph (3) or reinstatement of a license issued by a State for the preparation of tax returns), and

"(ii) effective tax administration would be promoted by terminating the suspension of such number or reissuing such number to such preparer.

"(D) PRELIMINARY SUSPENSION.—

"(i) IN GENERAL.—After notice and opportunity to respond, the Secretary may suspend the preparer tax identification number of a tax return preparer for a period of not greater than 180 days if the Secretary determines that—

"(I) such tax return preparer has engaged in any conduct described in clauses (i) through (vi) of subparagraph (A), and

"(II) such suspension is necessary to prevent serious economic harm to taxpayers or serious impairment of effective tax administration, such as to prevent the filing of fraudulent returns or claims for refund.

“(ii) LIMITATION.—For purposes of clause (i), if the preparer tax identification number of a tax return preparer has been suspended pursuant to such clause 2 times during any 5-year period, the Secretary may not issue an additional suspension pursuant to such clause with respect to such preparer during such period unless such suspension is subsequent to a determination by the Secretary to suspend or revoke the preparer tax identification number of such preparer pursuant to subparagraph (A).

“(E) REGULATIONS.—Not later than 24 months after the date of enactment of this subsection, the Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this paragraph, including—

"(i) guidelines that identify the particular penalty applicable to any conduct described in subparagraph (A), and

"(ii) the manner of notice and opportunity to respond for purposes of subparagraph (D).

"(F) NO INFERENCE.—Nothing in this paragraph shall be construed to create any inference with respect to the definition or meaning of any term used in section 330 of title 31, United States Code, or regulations prescribed thereunder.

"(6) APPEAL.—In the case of any tax return preparer for whom the Secretary has made a determination—

"(A) that such preparer has not met the requirements of paragraphs (2) and (3) or of paragraph (4) and that issuance of a preparer tax identification number should be denied,

"(B) under paragraph (5)(A) that the preparer tax identification number for such preparer should be suspended or revoked, or

"(C) that a penalty should be imposed pursuant to paragraph (5)(B), such preparer shall be provided with an opportunity to appeal such determination pursuant to procedures (as established by the Secretary through regulations or other guidance) which are similar to the procedures provided under section 330 of title 31, United States Code, and regulations prescribed thereunder.

"(7) DISCLOSURE OF FINAL DETERMINATIONS.—

"(A) IN GENERAL.—In the case of any determination—

"(i) in which an extended suspension or revocation of a preparer tax identification number is imposed under this subsection, and

"(ii) for which all administrative and judicial appeals are exhausted,

not later than 30 days following such determination, the Secretary shall publish such determination on the public website of the Internal Revenue Service, which shall include a statement of the facts and circumstances relating to such determination and the reasons for the determination.

"(B) EXTENDED SUSPENSION.—For purposes of subparagraph (A), the term 'extended suspension' means a suspension issued by the Secretary pursuant to paragraph (5)(A) for a period of greater than 180 days.

"(8) PREPARER TAX IDENTIFICATION NUMBER.—For purposes of this subsection, the term 'preparer tax identification number' means an identifying number described in subsection (a)(4)(A).".

(b) DETERMINATIONS REGARDING PRACTICE BEFORE THE DEPARTMENT.—Section 330 of title 31, United States Code, is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d) the following:

"(e) DISCLOSURE OF FINAL DETERMINATIONS.—In the case of any determination under subsection (c) or (d)—

"(1) in which a suspension, disbarment, or censure, or other penalty is imposed, and

"(2) for which all administrative and judicial appeals are exhausted,

not later than 30 days following such determination, the Secretary shall publish such determination on a public website, which shall include a statement of the facts and circumstances relating to such determination and the reasons for the determination.''.

(c) DISCLOSURE RELATING TO MISCONDUCT BY PRACTITIONERS AND TAX RETURN PREPARERS.—

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

''(16) DISCLOSURE RELATING TO MISCONDUCT BY PRACTITIONERS AND TAX RETURN PREPARERS.—Under such procedures as the Secretary may prescribe, the Secretary may disclose returns and return information to the extent the Secretary determines it is necessary to publish determinations pursuant to section 6109(e)(7) and section 330(e) of title 31, United States Code, provided that such disclosure is redacted to remove—

''(A) any name, address, or other identifying information with respect to any persons other than the representative or tax return preparer who is the subject of such determination, and

''(B) such other information as the Secretary determines appropriate to protect the privacy of such persons.''.

(2) CONFORMING AMENDMENT.—Section 6103(p)(3)(A) is amended by striking "or (9)" and inserting "(9), or (16)".

(d) REQUIREMENT TO INCLUDE IDENTIFYING NUMBER FOR PAID PREPARER OF OFFER-IN-COMPROMISE.—

(1) IN GENERAL.—Section 6109(a) is amended by inserting after paragraph (4) the following new paragraph:

"(5) FURNISHING IDENTIFYING NUMBER FOR OFFER-IN-COMPROMISE.—Any offer-in-compromise (as described in section 7122), including any required schedule or statement, which has been prepared by any person for compensation shall include such identifying number as may be prescribed for securing proper identification of such person.".

(2) PENALTY.—Section 7122, as amended by this Act, is amended by adding at the end the following new subsection:

"(i) FAILURE TO FURNISH IDENTIFYING NUMBER.—

"(1) IN GENERAL.—

"(A) PENALTY.—Any person who prepares an offer-in-compromise (including any required schedule or statement) for compensation and who fails to include an identifying number which complies with section 6109(a)(5) with respect to such offer-in-compromise shall pay a penalty of $250 for such failure.

"(B) NON-COMPLIANCE.—For purposes of this paragraph, an identifying number shall be deemed to not comply with section 6109(a)(5) if such identifying number—

"(i) is assigned to another person,

"(ii) does not exist,

"(iii) is inactive or expired,

"(iv) has been withdrawn,

"(v) is suspended or has been revoked, or

"(vi) is otherwise invalid for use by the preparer.

"(C) ADJUSTMENT FOR INFLATION.—

"(i) IN GENERAL.—In the case of any documents filed during any calendar year beginning after 2025, the $250 amount in subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2024’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(ii) ROUNDING.—If any amount determined under clause (i) is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10.

“(2) EXCEPTION.—The penalty imposed under paragraph (1) shall not apply if it is shown that such failure is due to reasonable cause and not due to willful neglect.

“(3) LIMITATION.—

“(A) IN GENERAL.—The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed $75,000.

“(B) ADJUSTMENT FOR INFLATION.—

“(i) IN GENERAL.—In the case of any penalty imposed during any calendar year beginning after 2025, the $75,000 amount in subparagraph (A) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2024' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(ii) ROUNDING.—If any amount determined under clause (i) is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

"(4) OTHER APPLICABLE RULES.—Rules similar to the rules of section 6696 shall apply for purposes of this subsection.".

(e) GAO STUDY AND REPORT ON THE EXCHANGE OF INFORMATION BETWEEN THE IRS AND STATE TAXATION AUTHORITIES.—

(1) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Comptroller General of the United States shall conduct a study and submit to Congress a report on the sharing of information between the Secretary and State authorities, as authorized under subsections (d) and (k)(5) of section 6103 of the Internal Revenue Code of 1986, regarding identification numbers

issued to paid tax return preparers and return preparer minimum standards.

(2) INCREASED INFORMATION SHARING.—The study and report described in paragraph (1) shall include an analysis of the impact that increased information sharing between Federal and State authorities would have on efforts to enforce minimum standards on paid tax return preparers.

(3) AUDIT OF INTERNAL REVENUE SERVICE.—Section 6103(i)(8) is amended by adding at the end the following new subparagraph:

"(D) APPLICATION TO STUDY CONDUCTED UNDER TAXPAYER ASSISTANCE AND SERVICE ACT.—For purposes of this paragraph, the study and report described in section 504(e)(1) of the Taxpayer Assistance and Service Act shall be deemed to be an audit of the Internal Revenue Service.".

(f) PUBLICATION OF COMMON ERRORS AND PENALTIES.—Not later than 36 months after the date of the enactment of this Act and annually thereafter, the Commissioner of the Internal Revenue shall publish on the public website of the Internal Revenue Service—

(1) the 10 most frequent errors found on tax returns which were prepared by tax return preparers

(as defined in section 7701(a)(36) of the Internal Revenue Code of 1986) during the most recent calendar year for which data is available, and

(2) with respect to the preceding calendar year, the top 10 reasons that tax return preparers were—

(A) subject to penalties imposed under the Internal Revenue Code of 1986, or

(B) otherwise disciplined under section 6109 of such Code or section 330 of title 31, United States Code.

(g) RULE OF CONSTRUCTION.—Nothing in this section (or amendment made by this section) shall be construed to require the Secretary to eliminate or terminate any existing program or authority—

(1) which, pursuant to section 330 of title 31, United States Code, permits a tax return preparer to represent a taxpayer before the Department of the Treasury in cases in which such preparer prepared and signed the return of tax, or

(2) for publication of a public database on the website of the Internal Revenue Service of tax return preparers who have satisfied the requirements for issuance of a preparer tax identification number (as defined in section 6109(e)(8) of the Internal Revenue Code of 1986).

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date which is 180 days after the date of enactment of this Act.

(2) TRANSITION RULES FOR EDUCATIONAL REQUIREMENTS FOR TAX RETURN PREPARERS.—

(A) ANNUAL FILING SEASON PROGRAM.—In the case of any tax return preparer who, as of the date of enactment of this Act, has received a record of completion with respect to the Annual Filing Season Program established by the Internal Revenue Service, such tax return preparer shall be deemed to have satisfied the education requirements of section 6109(e)(3) of the Internal Revenue Code of 1986 (as added by this section) for the calendar year for which such record of completion applies.

(B) APPROVED COURSES.—In the case of any entity which, as of the date of enactment of this Act, is approved to provide continuing education for purposes of the Annual Filing Season Program established by the Internal Revenue Service, such entity shall be deemed to satisfy the applicable requirements under section 6109(e)(3) of the Internal Revenue Code of 1986 until the date on which the Secretary has—

(i) issued such regulations or other guidance as the Secretary determines necessary for purposes of establishing standards for educational programs under such section, and

(ii) pursuant to subparagraph (E) of such section, published a list of educational programs which have been determined by the Secretary to satisfy the applicable requirements under such section.

TITLE VI—APPEALS

SEC. 601. AUTHORIZATION FOR OFFICE OF APPEALS TO HIRE ATTORNEYS.

Subparagraph (B) of section 7803(e)(6) is amended to read as follows:

"(B) HIRING OF COUNSEL.—The Chief of Appeals shall have the authority to appoint counsel in the Internal Revenue Service Independent Office of Appeals to report directly to the Chief of Appeals. Any counsel appointed pursuant to this subparagraph shall not report to the Chief Counsel for the Internal Revenue

Service and shall not represent the Government in litigation. Any legal interpretation of counsel appointed pursuant to this subparagraph shall not be binding on the Secretary.''.

SEC. 602. AUTHORIZATION FOR OFFICE OF APPEALS TO DIRECT HIRE CERTAIN INDIVIDUALS.

Section 7803(e)(6) is amended by adding at the end the following:

``(C) AUTHORITY TO APPOINT INDIVIDUALS NOT EMPLOYED BY INTERNAL REVENUE SERVICE.—The Secretary may utilize direct hire authority to recruit and appoint qualified applicants, without regard to any notice or preference requirements, to positions within the Internal Revenue Service Independent Office of Appeals, provided that such applicants are not employees of the Internal Revenue Service engaged in enforcement functions.''.

SEC. 603. RESPONSES TO CLAIMS FOR REFUND REQUIRED; APPEAL OF CLAIMS FOR REFUND AUTHORIZED.

(a) IN GENERAL.—Subsection (l) of section 6402 is amended to read as follows:

``(l) EXPLANATION OF REASON FOR REFUND DISALLOWANCE; APPEALS.—

"(1) In general.—Not later than the applicable date, the Secretary shall review any claim for refund, make a determination with respect to such claim, and, in the case of a disallowance of such claim (in whole or in part), provide the taxpayer with a detailed written explanation for such disallowance, which shall—

"(A) be mailed to the last known address of the taxpayer, and

"(B) in the case of any taxpayer entitled to an appeal of such determination, include instructions for appealing such disallowance to the Internal Revenue Service Independent Office of Appeals.

"(2) Failure to make timely determination.—

"(A) In general.—In the case of any claim for refund for which the Secretary fails to satisfy the requirements of paragraph (1) by the applicable date, for purposes of determining interest on any overpayment for any period subsequent to such date, the overpayment rate (as established under section 6621(a)(1)) shall be increased by 1 percentage point.

"(B) LIMITATION.—With respect to any claim for refund described in subparagraph (A), the amount of any increase in interest on any overpayment pursuant to such subparagraph shall not exceed $500.

"(C) ADJUSTMENT FOR INFLATION.—

"(i) IN GENERAL.—In the case of any claim for refund filed during any calendar year beginning after 2026, the $500 amount in subparagraph (B) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2024' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(ii) ROUNDING.—If any amount determined under clause (i) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

"(3) APPEALS.—

"(A) IN GENERAL.—Any disallowance of a claim for refund may, within 30 days after the date such disallowance is mailed (or, if mailed to an address outside of the United States, 90 days), be appealed to the Internal Revenue Service Independent Office of Appeals. Notwithstanding paragraph (4) of section 6532(a), during the period in which any such appeal is pending before the Internal Revenue Service Independent Office of Appeals (and for 30 days thereafter), the 2-year period in paragraph (1) of such section for filing suit for refund after disallowance of a claim shall be suspended.

"(B) DEEMED DISALLOWANCE.—For purposes of subparagraph (A), in the case of any claim for refund for which the Secretary has failed to make a determination with respect to such claim by the date described in paragraph (5)(A), the taxpayer may elect for such claim to be deemed to have been disallowed by the Secretary as of such date.

"(4) FRIVOLOUS CLAIMS.—

"(A) IN GENERAL.—In the case of any frivolous claim—

"(i) paragraphs (1) and (3) shall not apply, and

"(ii) not later than the applicable date, written notification of the denial of such claim shall be mailed to the last known address of the taxpayer.

"(B) DEFINITION.—For purposes of this paragraph, the term 'frivolous claim' means a claim for refund which is based on—

"(i) a position which the Secretary has identified as frivolous for purposes of subsection (c) of section 6702, or

"(ii) a position which is substantially similar to a position described in clause (i).

"(5) APPLICABLE DATE.—For purposes of this subsection, the term 'applicable date' means, with respect to any claim for refund—

"(A) the date which is 12 months after the date of receipt of such claim by the Secretary, or

"(B) such other date as is agreed to by the Secretary and the taxpayer.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any claim for refund received after the date which is 12 months after the date of enactment of this Act.

SEC. 604. APPEALS OF RETURNED OFFERS.

Section 7122(e) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) for an independent administrative review of—

"(A) any determination that an offer-in-compromise be returned to the taxpayer because such offer-in-compromise is not accepted for processing or is otherwise determined to be nonprocessable before such determination is communicated to the taxpayer, and

"(B) any rejection of a proposed offer-in-compromise or installment agreement made by a taxpayer under this section or section 6159 before such rejection is communicated to the taxpayer, and", and

(2) in paragraph (2), by striking "any rejection of such offer or agreement" and inserting "any determination described in paragraph (1)(A) or any rejection described in paragraph (1)(B)".

SEC. 605. PURPOSES AND DUTIES OF INDEPENDENT OFFICE OF APPEALS; RIGHT OF APPEAL CLARIFIED.

(a) IN GENERAL.—Section 7803(e) is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking "and" at the end,

(B) in subparagraph (C), by striking the period at the end and inserting ", and", and

(C) by adding at the end the following new subparagraph:

"(D) without exception, evaluates and considers all hazards of litigation in resolving any case referred to the Internal Revenue Service Independent Office of Appeals.",

(2) by striking paragraph (4) and inserting the following new paragraph:

"(4) RIGHT OF APPEAL.—

"(A) IN GENERAL.—Except as otherwise provided under this title, the resolution process described in paragraph (3) shall be available to all taxpayers with respect to any determination by the Secretary concerning a Federal tax controversy regarding subtitles A, B, or C and relating to—

"(i) liability for, or any claim for refund of, any tax,

"(ii) liability for, or any claim for refund of, any penalty or addition to tax,

"(iii) eligibility for alternatives to collection of a tax liability, such as an installment agreement or compromise under section 6159 or 7122,

"(iv) any determination to deny or revoke the tax-exempt status of an organization, or

"(v) any exercise of discretion by the Secretary with respect to any determination described in clauses (i) through (iv).

"(B) EXCEPTIONS.—Notwithstanding subparagraph (A), the Secretary may restrict access to the resolution process described in paragraph (3) with respect to any appeal—

"(i) to the extent that such appeal is based on a claim that—

"(I) a law is unconstitutional, unless there is a final and unreviewable decision rendered by a Federal court that the relevant provision of such law is unconstitutional, or

"(II) a regulation, notice, or revenue procedure which was issued by the Secretary is procedurally invalid, unless there is a final and unreviewable decision rendered by a Federal court that the relevant provision of such regulation, notice, or revenue procedure is procedurally invalid,

"(ii) which—

"(I) is based on a position which—

"(aa) a Federal court has determined to be frivolous, and

"(bb) the Secretary has identified as frivolous for purposes of subsection (c) of section 6702,

"(II) is substantially similar to a position described in subclause (I), or

"(III) relates to any penalty imposed under such section with respect to such position, "(iii) which relates to any matter agreed upon pursuant to an agreement under section 7121,

"(iv) subject to subparagraph (C), during any period in which—

"(I) the Secretary is actively investigating whether to refer the taxpayer to the Attorney General for criminal prosecution,

"(II) a recommendation made by the Secretary to the Attorney General for the criminal prosecution of the taxpayer for any offense connected with the administration or enforcement of the internal revenue laws is pending, or

"(III) any criminal prosecution of the taxpayer, or of any other person in a case in which the taxpayer is a witness, for any offense connected with the administration or enforcement of the internal revenue laws is pending, or

"(v) with respect to any issue in a case which, based on the relevant facts and circumstances of such case, the Chief Counsel for the Internal Revenue Service—

"(I) has designated for litigation, and

"(II) is prepared to proceed with such litigation in a timely manner.

"(C) EXCEPTION FOR CERTAIN CRIMINAL PROSECUTIONS.—Subparagraph (B)(iv) shall not apply if the Chief Counsel for the Internal Revenue Service determines that the resolution process described in paragraph (3) would not interfere with the criminal prosecution of a taxpayer.

"(D) NOTICE TO TAX-EXEMPT ORGANIZATIONS.—In the case of any determination described in subparagraph (A)(iv), the Secretary shall provide written notice to the organization of the availability of the resolution process described in paragraph (3).

"(E) DEFINITIONS.—In this paragraph—

"(i) FEDERAL TAX CONTROVERSY.—The term 'Federal tax controversy' means a dispute described in paragraph (2) or (3) of section 301.7803–2 of title 26, Code of Federal Regulations (as in effect on the date of enactment of the Taxpayer Assistance and Service Act).

"(ii) PROCEDURALLY INVALID.—The term 'procedurally invalid' means, with respect to any regulation, notice, or revenue procedure, that such regulation, notice, or revenue procedure failed to comply with any applicable requirement under subchapter II of chapter 5 and chapter 7 of title 5, United States Code (commonly known as the 'Administrative Procedure Act').

"(F) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to limit the availability of the resolution process described in paragraph (3) solely to the Federal tax controversies described in subparagraph (A).", and

(3) in paragraph (5)—

(A) by redesignating subparagraph (D) as subparagraph (E), and

(B) by inserting after subparagraph (C) the following new subparagraph:

"(D) CLARIFICATION OF TAX COURT AUTHORITY.—In any case before the Tax Court, the Tax Court may direct the parties to request referral to the Internal Revenue Service Independent Office of Appeals in any case in which the Tax Court determines that the resolution process described in paragraph (3) is appropriate.''.

TITLE VII—WHISTLEBLOWERS

SEC. 701. STANDARD AND SCOPE OF REVIEW OF WHISTLEBLOWER AWARD DETERMINATIONS.

(a) IN GENERAL.—Paragraph (4) of section 7623(b) is amended—

(1) by striking ''appealed to'' and inserting ''reviewed by''; and

(2) by adding at the end the following: ''Any review by the Tax Court under the preceding sentence shall be de novo and shall be based on the administrative record established at the time of the original determination and any additional newly discovered or previously unavailable evidence.''.

(b) CONFORMING AMENDMENT.—The heading of paragraph (4) of section 7623(b) is amended by striking ''APPEAL'' and inserting ''REVIEW''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to petitions under section 7623(b)(4) of the Internal Revenue Code of 1986 which are pending on, or filed on or after, the date of the enactment of this Act.

SEC. 702. EXEMPTION FROM SEQUESTRATION.

(a) IN GENERAL.—Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905) is amended—

(1) by redesignating subsection (k) as subsection (l); and

(2) by inserting after subsection (j) the following:

"(k) AWARDS TO WHISTLEBLOWERS.—An award authorized under section 7623 of the Internal Revenue Code of 1986 shall be exempt from reduction under any order issued under this part.".

(b) APPLICABILITY.—The amendment made by this section shall apply to any sequestration order issued under the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) after the date of enactment of this Act.

SEC. 703. WHISTLEBLOWER PRIVACY PROTECTIONS.

(a) IN GENERAL.—Paragraph (6) of section 7623(b) is amended by adding at the end the following new subparagraph:

"(D) WHISTLEBLOWER ANONYMITY BEFORE THE TAX COURT.—Notwithstanding sections 7458 and 7461, a whistleblower shall proceed anonymously before the Tax Court for all proceedings under this section absent a finding by the Tax Court that a societal interest exists for disclosing the whistleblower's identity which exceeds the potential harm disclosure could cause to the whistleblower.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to petitions filed with the Tax Court which are pending on, or filed on or after, the date of the enactment of this Act.

SEC. 704. MODIFICATION OF IRS WHISTLEBLOWER REPORT.

(a) IN GENERAL.—Section 406(c) of division A of the Tax Relief and Health Care Act of 2006 is amended by striking ''such use,'' in paragraph (1) and inserting ''such use (which shall include a list and descriptions of the top tax avoidance schemes, not to exceed 10, disclosed by whistleblowers during such year),''.

(b) EFFECTIVE DATE.— The amendments made by this section shall apply to reports for fiscal years ending after the enactment of this Act.

SEC. 705. INTEREST ON WHISTLEBLOWER AWARDS.

(a) IN GENERAL.—Section 7623(b) is amended by adding at the end the following new paragraph:

''(7) INTEREST.—

"(A) IN GENERAL.—If the Secretary has not provided notice to an individual described in paragraph (1) of a preliminary award recommendation before the applicable date, the amount of any award under this subsection shall include interest from such date at the overpayment rate under section 6621(a).

"(B) EXCEPTION.—No interest shall accrue under this paragraph after the date on which the Secretary provides notice to the individual of a preliminary award recommendation.

"(C) APPLICABLE DATE.—For purposes of this paragraph, the applicable date is the date that is 12 months after the first date on which—

"(i) all of the proceeds resulting from actions subject to the award recommendation have been collected, and

"(ii) either—

"(I) the statutory period for filing a claim or suit for refund has expired, or

"(II) the taxpayers subject to the actions and the Secretary have agreed with finality to the tax or other liabilities for the periods at issue, and either the taxpayers have waived the right to file a claim or suit for refund or any claim or suit for refund has been resolved.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect 180 days after the date of the enactment of this Act.

(2) SPECIAL RULE.—If, as of the date described in paragraph (1)—

(A) the Secretary has not provided notice to the individual of a preliminary award recommendation as described in paragraph (7)(A) of section 7623(b) of the Internal Revenue Code of 1986, as added by this Act, and

(B) the applicable date provided in paragraph (7)(C) of such section, as so added, has passed,

the applicable date for purposes of such paragraph (7)(C) is the date that is 12 months after the date described in paragraph (1).

SEC. 706. CORRECTION REGARDING DEDUCTIONS FOR ATTORNEY'S FEES.

(a) IN GENERAL.—Section 62(a)(21)(A)(i) is amended by striking ''7623(b)'' and inserting ''7623''.

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

TITLE VIII—HOSTAGES

SEC. 801. POSTPONEMENT OF TAX DEADLINES FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7510 the following new section:

''SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POSTPONED FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.

''(a) TIME TO BE DISREGARDED.—

''(1) IN GENERAL.—The period during which an applicable individual was unlawfully or wrongfully detained abroad, or held hostage abroad, shall be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such individual—

''(A) whether any of the acts described in section 7508(a)(1) were performed within the time prescribed thereof (determined without regard to extension under any other provision of this subtitle for periods after the initial date (as determined by the Secretary) on which such individual was unlawfully or wrongfully detained abroad or held hostage abroad),

"(B) the amount of any interest, penalty, additional amount, or addition to the tax for periods after such date, and

"(C) the amount of any credit or refund.

"(2) APPLICATION TO SPOUSE.—The provisions of paragraph (1) shall apply to the spouse of any individual entitled to the benefits of such paragraph.

"(b) APPLICABLE INDIVIDUAL.—

"(1) IN GENERAL.—For purposes of this section, the term 'applicable individual' means any individual who is—

"(A) a United States national unlawfully or wrongfully detained abroad, as determined under section 302 of the Robert Levinson Hostage Recovery and Hostage-Taking Accountability Act (22 U.S.C. 1741), or

"(B) a United States national taken hostage abroad, as determined pursuant to the findings of the Hostage Recovery Fusion Cell (as described in section 304 of the Robert

Levinson Hostage Recovery and Hostage-Taking Accountability Act (22 U.S.C. 1741b)).

"(2) INFORMATION PROVIDED TO TREASURY.—For purposes of identifying individuals described in paragraph (1), not later than January 1, 2027, and annually thereafter—

"(A) the Secretary of State shall provide the Secretary with a list of the individuals described in paragraph (1)(A), as well as any other information necessary to identify such individuals, and

"(B) the Attorney General, acting through the Hostage Recovery Fusion Cell, shall provide the Secretary with a list of the individuals described in paragraph (1)(B), as well as any other information necessary to identify such individuals.

"(c) SPECIAL RULE FOR OVERPAYMENTS.—

"(1) IN GENERAL.—Subsection (a) shall not apply for purposes of determining the amount of interest on any overpayment of tax.

"(2) SPECIAL RULES.—If an individual is entitled to the benefits of subsection (a) with respect to any return and such return is timely filed (determined after the application of such subsection), subsections (b)(3) and (e) of section 6611 shall not apply.

"(d) Modification of Treasury Databases and Information Systems.—The Secretary shall update, as necessary, any database or information system of the Department of the Treasury in order to ensure that the provisions of subsection (a) are applied with respect to each applicable individual.

"(e) Refund and Abatement of Penalties and Fines Imposed Prior to Identification as Applicable Individual.—In the case of any applicable individual—

"(1) for whom any interest, penalty, additional amount, or addition to the tax in respect to any tax liability for any taxable year ending during the period described in subsection (a)(1) was assessed or collected, and

"(2) who was, subsequent to such assessment or collection, determined to be an individual described in subparagraph (A) or (B) of subsection (b)(1),

the Secretary shall abate any such assessment and refund any amount collected to such applicable individual in the same manner as any refund of an overpayment of tax under section 6402.".

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by inserting after the item relating to section 7510 the following new item:

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

SEC. 802. REFUND AND ABATEMENT OF PENALTIES AND FINES PAID BY ELIGIBLE INDIVIDUALS.

(a) IN GENERAL.—Section 7511, as added by section 801 of this Act, is amended by adding at the end the following new subsection:

"(f) REFUND AND ABATEMENT OF PENALTIES AND FINES PAID BY ELIGIBLE INDIVIDUALS.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—Not later than January 1, 2027, the Secretary (in consultation with the Secretary of State and the Attorney General) shall establish a program to allow any eligible individual (or the spouse or any dependent (as defined in section 152) of such individual) to apply for a refund or an abatement of any amount described in paragraph (2) (including interest) to the extent such amount was attributable to the applicable period.

"(B) IDENTIFICATION OF INDIVIDUALS.—Not later than January 1, 2027, the Secretary of State and the Attorney General, acting through the Hostage Recovery Fusion Cell (as described in section 304 of the Robert Levinson Hostage Recovery and Hostage-Taking Accountability Act (22 U.S.C. 1741b)), shall—

"(i) compile a list, based on such information as is available, of individuals who were applicable individuals during the applicable period, and

"(ii) provide the list described in clause (i) to the Secretary.

"(C) NOTICE.—For purposes of carrying out the program described in subparagraph (A), the Secretary (in consultation with the Secretary of State and the Attorney General) shall, with respect to any individual identified under subparagraph (B), provide notice to such individual—

"(i) in the case of an individual who has been released on or before the date of enactment of this subsection, not later than 90 days after the date of enactment of this subsection, or "(ii) in the case of an individual who is released after the date of enactment of this subsection, not later than 90 days after the date on which such individual is released,

that such individual may be eligible for a refund or an abatement of any amount described in paragraph (2) pursuant to the program described in subparagraph (A).

"(D) AUTHORIZATION.—

"(i) IN GENERAL.—Subject to clause (ii), in the case of any refund described in subparagraph (A), the Secretary shall issue such refund to the eligible individual in the same manner as any refund of an overpayment of tax under section 6402.

"(ii) EXTENSION OF LIMITATION ON TIME FOR REFUND.—With respect to any refund under subparagraph (A)—

"(I) the 3-year period of limitation prescribed by section 6511(a) shall be extended until the end of the 1-year period beginning on the date that the notice described in subparagraph (C) is provided to the eligible individual, and

"(II) any limitation under section 6511(b)(2) shall not apply.

"(2) ELIGIBLE INDIVIDUAL.—For purposes of this subsection, the term 'eligible individual' means any applicable individual who, for any taxable year ending during the applicable period, paid or incurred any interest, penalty, additional amount, or addition to the tax in respect to any tax liability for such year of such individual based on a determination that an act described in section 7508(a)(1) which was not performed by the time prescribed therefor (without regard to any extensions).

"(3) APPLICABLE PERIOD.—For purposes of this subsection, the term 'applicable period' means the period—

"(A) beginning on January 1, 2021, and

"(B) ending on the date of enactment of this subsection.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending on or before the date of enactment of this Act.

TITLE IX—SMALL BUSINESSES

SEC. 901. IMPLEMENTATION OF VOLUNTARY WITHHOLDING AGREEMENTS FOR PAYMENTS TO INDEPENDENT CONTRACTORS.

(a) IN GENERAL.—Section 3402(p) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) VOLUNTARY WITHHOLDING ON CERTAIN NON-WAGE REMUNERATION.—

"(A) IN GENERAL.—If, at the time a payment of applicable non-wage remuneration is made to any person, there is a voluntary agreement in effect between the person making and the person receiving the payment that the applicable non-wage remuneration be subject to withholding, then for purposes of this chapter and so much of subtitle F as relates to this chapter, such payment shall be treated as if it were a payment of wages by an employer to an employee.

"(B) APPLICABLE NON-WAGE REMUNERATION.—For purposes of this subsection, the term 'applicable non-wage remuneration' means remuneration for services performed by an individual which (without regard to this paragraph) does not constitute wages.

"(C) REGULATIONS AND GUIDANCE.—Not later than the date that is 18 months after the date of the enactment of this subparagraph, the Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including such regulations or guidance for determining the amount to be deducted and withheld and the types of payments which are considered to be applicable non-wage remuneration.".

SEC. 902. EXTENSION OF MAILBOX RULE TO ELECTRONIC SUBMISSIONS AND PAYMENTS.

(a) IN GENERAL.—Section 7502(c) is amended—

(1) in the heading, by inserting "AND PAYMENT" after "FILING",

(2) in paragraph (2)—

(A) in the heading, by striking "; ELECTRONIC FILING", and

(B) by striking "and electronic filing", and

(3) by adding at the end the following:

"(3) ELECTRONIC FILING AND PAYMENT.—

"(A) IN GENERAL.—In the case of any document or payment which the Secretary has permitted to be filed or made by electronic means, if such document or payment is—

“(i) authorized to be submitted by the taxpayer using a permitted electronic means to the agency, officer, or office to which the document was required to be filed (or payment was required to be made) on or before the prescribed date (or within the period required) with respect to such document or payment, and

“(ii) received (or, in the case of a payment, received and accounted for) no later than 3 business days after the prescribed date or period required with respect to such document or payment,

the date that such document or payment was authorized to be submitted (as described in clause (i)) shall be deemed to be the date that such document was filed or such payment was made.

“(B) EXCEPTION.—This paragraph shall not apply to any payment if the Secretary determines that the taxpayer (or any intermediary used by the taxpayer) used a system designed with a principal purpose of delaying the transfer of funds to the Treasury to derive economic benefit from the period of such delay.

"(C) REGULATIONS.—Not later than the date which is 1 year after the date of enactment of the Taxpayer Assistance and Service Act, the Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this paragraph, including regulations or other guidance describing the records or proof sufficient to demonstrate timely electronic submission.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to any document or payment sent on or after the date which is 1 year after the date of enactment of this Act.

SEC. 903. SPECIFICITY OF THIRD-PARTY CONTACT NOTICES.

(a) IN GENERAL.—Paragraph (1) of section 7602(c) is amended—

(1) by striking "and" at the end of subparagraph (A),

(2) by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) in any case in which the information sought to be obtained from such other persons could reasonably be provided by the taxpayer, identifies the item of information intended to be sought from such persons, and", and

(3) by amending subparagraph (C), as redesignated by paragraph (2), to read as follows:

"(C) provides the taxpayer with reasonable opportunity and a period of not less than 45 days (or more, if the taxpayer requests additional time and shows reasonable cause) to respond, including by providing the information described in subparagraph (B), before contact is made with such other persons.".

(b) EXCEPTION.—Section 7602(c)(3) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by moving such clauses 2 ems to the right,

(2) by striking "This subsection" and inserting the following:

"(A) IN GENERAL.—This subsection", and

(3) by adding at the end the following new subparagraph:

"(B) GOOD CAUSE.—For purposes of subparagraph (A)(ii), good cause includes a reasonable belief that compliance with this subsection will lead to—

"(i) attempts by any person to conceal, remove, destroy, or alter records or assets that may be relevant to any tax examination or collection activity;

"(ii) attempts by any person to prevent other persons, through intimidation, bribery, or collusion, from communicating any information that may be relevant to any tax examination or collection activity; or

"(iii) attempts by any person to flee, or otherwise avoid testifying or producing records that may be relevant to any tax examination or collection activity.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to notices provided under section 7602(c) of the Internal Revenue Code of 1986 after the date that is 12 months after the date of the enactment of this Act.

SEC. 904. MODIFICATION OF ESTIMATED TAX RULES FOR FARMERS AND FISHERMEN.

(a) IN GENERAL.—Section 6654(i)(1)(D)(i) is amended by striking "March 1" and inserting "April 15".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 905. BUSINESS CHILD CARE LIAISON.

Section 7803 is amended by adding at the end the following new subsection:

"(g) BUSINESS CHILD CARE LIAISON.—

"(1) IN GENERAL.—The Commissioner of Internal Revenue shall appoint within the Internal Revenue Service a Business Child Care Liaison. The appointment shall be made without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or Senior Executive Service. At the Commissioner's discretion, the Commissioner may create an office with additional support staff to assist the Business Child Care Liaison in carrying out the duties described in this subsection.

"(2) DUTIES.—The Business Child Care Liaison shall—

"(A) act as a liaison between the Internal Revenue Service, employer-provided child care benefit advocates, businesses considering providing or expanding child care benefits for their employees, state workforce boards, state economic development agencies, child care resource and referral agencies, tribal organizations (as defined in section 4(l) of the Indian Self-Determination and Education Assistance Act), and other stakeholders, including child development experts,

"(B) provide public education and assistance related to the expansion of employer-provided child care benefits through the establishment and maintenance of practices that promote employer-provided child care benefits, including the use of dependent care assistance programs (as defined in section 129(d)), on-site or subsidized child care, Dependent Care Flexible Spending Accounts, child care stipends, near-site child care partnerships, shared and pooled child-care arrangements, backup child care, and resource and referral services,

"(C) issue a fact sheet for use by tax return preparers listing the different tax benefits for employer-provided child care and the appropriate rules for each such benefit,

"(D) help facilitate communication between businesses and the Internal Revenue Service about the operational challenges and opportunities that exist to improve the use of Federally incentivized child care benefits such as dependent care assistance programs (as so defined), Dependent Care Flexible Spending Accounts, and the credit under section 45F,

"(E) in collaboration with the General Services Administration, within 120 days of the date of the enactment of this subsection, establish a link on the homepage of SAM.gov, which allows website visitors to access a landing page on the SAM.gov website which is tailored to helping businesses learn about utilizing dependent care assistance programs (as so defined), Dependent Care Flexible Spending Accounts, and the credit under section 45F, resources for understanding the rules and regulations with these programs, and the benefits of utilizing these programs on worker recruitment, retention, productivity, and well-being,

"(F) identify and recommend to Congress potential legislative and administrative changes to increase practices that promote employer-provided child care benefits, and

"(G) coordinate with other Federal agencies and officials, including the Secretary, the

Administrator of the Small Business Administration, the Secretary of Commerce, the Secretary of Health and Human Services, the Secretary of the Interior, the Secretary of Labor, and the Secretary of Education, or the designee of any such individual, and State and local governments on outreach and education to inform employers and employees about the possibilities and benefits of employer-provided child care benefits and particularly reducing information barriers for small businesses.

"(3) CONSULTATION AND INPUT.—The Commissioner of Internal Revenue shall solicit advice and input from the Business Child Care Liaison in developing regulations or interpretations of this title that relate to employer-provided child care benefits.

"(4) COMPENSATION.—The Business Child Care Liaison shall be entitled to compensation at the same rate as the rate of basic pay in effect for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

"(5) ANNUAL REPORT.—

"(A) IN GENERAL.—Not later than December 31 of each calendar year beginning after the date of the enactment of this subsection, the Business Child Care Liaison shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the activities of the Business Child Care Liaison during the fiscal year ending during such calendar year.

"(B) CONTENTS.—Each report submitted pursuant to subparagraph (A) shall—

"(i) summarize the assistance requests received by the Business Child Care Liaison during the fiscal year ending during the calendar year of such report,

"(ii) describe the activities conducted by the Business Child Care Liaison, including the activities described under subparagraphs (B) and (F) of paragraph (2), and evaluate the effectiveness of the Business Child Care Liaison during such fiscal year,

"(iii) describe any significant problems the Business Child Care Liaison has identified during such fiscal year and ways to mitigate such problems, "(iv) contain recommendations for any administrative or legislative action which may be appropriate to resolve barriers to, and to incentivize, practices which promote employer-provided child care benefits, and

"(v) describe progress related to employer-provided child care benefits in businesses in the United States, including data updated at least annually on the utilization of dependent care assistance programs, Dependent Care Flexible Spending Accounts, and the credit under section 45F, in particular—

"(I) the number of employers utilizing these tax benefits,

"(II) a breakdown of the size of employers utilizing these tax benefits, and

"(III) other relevant information as deemed appropriate by the Business Child Care Liaison.

"(C) CONCURRENT SUBMISSION.—The Business Child Care Liaison shall submit a copy of each report submitted pursuant to subparagraph (A) to the Commissioner of Internal Revenue, and any other appropriate official, at the same time such report is submitted pursuant to such subparagraph.

"(D) PUBLIC AVAILABILITY.—The Commissioner shall make a copy of each report submitted pursuant to subparagraph (A) available and widely accessible to the public.".

TITLE X—MISCELLANEOUS

SEC. 1001. AUTHORITY FOR REDISCLOSURE OF CERTAIN TAX INFORMATION RELATED TO EDUCATION LOANS TO THE CONGRESSIONAL BUDGET OFFICE.

(a) IN GENERAL.—Section 6103(l)(13)(D) is amended by adding at the end the following new clause:

"(vii) REDISCLOSURE TO THE CONGRESSIONAL BUDGET OFFICE.—Authorized persons may, upon written request by the Director of the Congressional Budget Office to the Secretary of Education, redisclose return information received under subparagraphs (A), (B), and (C) to officers and employees of the Congressional Budget Office for the purpose of, but only to the extent necessary in, carrying out the purposes described in subclause (III) of clause (i).''.

(b) CONFORMING AMENDMENT.—Section 6103(l)(13)(F) is amended by striking ''(iv) (v), or (vi)'' and inserting ''(iv), (v), (vi), or (vii)''.

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

(d) REPORTS.—The Secretary of Education shall annually submit a written report to the Secretary of the Treasury—

(1) regarding redisclosures of return information under subparagraph (D)(vii) of section 6103(l)(13) of the Internal Revenue Code of 1986 (as added by this section), including the number of such redisclosures; and

(2) regarding any unauthorized use, access, or disclosure of return information disclosed under such section.

SEC. 1002. AUTHORIZATION TO REQUIRE LARGE PARTNERSHIPS TO FILE ON MAGNETIC MEDIA.

(a) IN GENERAL.—Section 6011(e) is amended—

(1) by striking the first paragraph (6), as added by section 2301(b) of the Taxpayer First Act, and inserting the following:

"(6) PARTNERSHIPS REQUIRED TO FILE ON MAGNETIC MEDIA.—Notwithstanding paragraph (2)(A), the Secretary shall require a partnership to file returns on magnetic media if, at the close of the partnership's taxable year—

"(A) the partnership has more than 50 partners, or

"(B) the value of the partnership's assets equals or exceeds $1,000,000, as determined under regulations prescribed by the Secretary.", and

(2) by redesignating the second paragraph (6), as added by section 202(d) of the Setting Every Community Up for Retirement Enhancement Act of 2019, as paragraph (7).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to returns filed on or after January 1 of the first calendar year beginning after the date of enactment of this Act.

SEC. 1003. LIMITATION PERIOD NOT EXTENDED FOR VICTIMS OF PREPARER FRAUD.

(a) IN GENERAL.—Section 6501(c)(1) is amended—

(1) by inserting "by the taxpayer" after "intent", and

(2) by adding at the end the following new sentence: ''For purposes of this paragraph, in the case of a joint return under section 6013, intent by either spouse to evade tax with respect to such return shall be treated as intent by the taxpayer, and this paragraph shall apply to both spouses.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to assessments made or proceedings begun after the date of enactment of this Act.

SEC. 1004. TECHNICAL AMENDMENT RELATED TO THE DISASTER RELATED EXTENSION OF DEADLINES ACT.

(a) IN GENERAL.—Subsection (f) of section 7508A (as added by the Disaster Related Extension of Deadlines Act) is redesignated as subsection (g).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 2(a) of the Disaster Related Extension of Deadlines Act.

SEC. 1005. TIME FOR FILING CERTAIN INFORMATION RETURNS.

(a) IN GENERAL.—Section 6071(b) is amended—

(1) by striking ''Returns made under'' and inserting the following:

''(1) IN GENERAL.—Returns made under'', and

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

"(2) SPECIAL RULE FOR CERTAIN RETURNS.—

"(A) IN GENERAL.—In the case of any return to which this paragraph applies and which is filed electronically, such return shall be filed on or before January 31 of the year following the calendar year to which such return relates.

"(B) RETURNS.—This paragraph shall apply to any return required to be filed under section 6041 (other than returns and statements required to be filed with respect to nonemployee compensation), 6042, 6047(d), 6049, 6050F, or 6050W.".

(b) IRA REPORTING.—Section 408(i)(1) is amended by inserting "(but not later than January 31 of the calendar year following the calendar year to which reports relate in the case of reports relating to distributions)" after "at such time".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns relating to calendar years after December 31, 2027.

SEC. 1006. MODIFICATIONS TO PENALTIES FOR UNAUTHORIZED DISCLOSURES OF TAXPAYER INFORMATION.

(a) CRIMINAL PENALTIES.—

(1) IN GENERAL.—Paragraphs (1), (2), (3), (4), and (5) of section 7213(a) are each amended by striking ''$5,000, or imprisonment of not more than 5 years'' each place it appears and inserting ''$250,000, or imprisonment of not more than 7 years''.

(2) FAILURE OF CONTRACTORS TO MAINTAIN SAFEGUARDS.—

(A) IN GENERAL.—Part I of subchapter A of chapter 75 of subtitle F is amended by inserting after section 7213A the following new section:

''SEC. 7213B. FAILURE OF IRS CONTRACTORS TO MAINTAIN SAFEGUARDS.

''(a) IN GENERAL.—In the case of a contractor of the Internal Revenue Service that willfully fails to implement or enforce any applicable requirement under section 6103 (or regulations prescribed thereunder) to protect the confidentiality of returns or return information, if such failure results in the unauthorized disclosure of returns or return information, such contractor shall be guilty of a felony and, upon conviction thereof, shall be fined the greater of—

"(1) $500,000, or

"(2) an amount equal to 25 percent of the specific contract with the Internal Revenue Service under which such contractor was provided access to the returns or return information related to the unauthorized disclosure.

"(b) DEFINITIONS.—For purposes of this section, the term 'contractor of the Internal Revenue Service' means any person described in section 6103(n) (including any officer or employee of such person) in connection with a written contract with the Internal Revenue Service.".

(B) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 75 of subtitle F is amended by inserting after the item relating to section 7213A the following new item:

"Sec. 7213B. Failure of IRS contractors to maintain safeguards.".

(C) CONFORMING AMENDMENTS.—

(i) Section 6103(e)(11) is amended by inserting "7213B," after "7213A,".

(ii) Section 6105(d) is amended by inserting "7213B," after "7213A,".

(iii) Section 7431(e) is amended by striking the first sentence and inserting the following: ‘‘If any person is criminally charged by indictment or information with—

‘‘(1) inspection or disclosure of a taxpayer’s return or return information in violation of—

‘‘(A) paragraph (1) or (2) of section 7213(a),

‘‘(B) section 7213A(a), or

‘‘(C) subparagraph (B) of section 1030(a)(2) of title 18, United States Code, or

‘‘(2) failure to protect the confidentiality of returns or return information which results in the unauthorized disclosure of the taxpayer’s return or return information in violation of section 7213B(a),

the Secretary shall notify such taxpayer as soon as practicable of such inspection or disclosure.’’.

(iv) Section 7513(c) is amended by striking ‘‘section 7213’’ and inserting ‘‘sections 7213 and 7213B’’.

(b) CIVIL DAMAGES.—Section 7431(c)(1)(A) is amended by striking ‘‘$1,000’’ and inserting ‘‘$5,000’’.

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