

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

A BILL

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

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

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

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

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment is expressed in terms of an amendment to a section

1 or other provision, the reference shall be considered to be
2 made to a section or other provision of the Internal Rev-
3 enue Code of 1986.

4 (c) REFERENCES TO SECRETARY.—For purposes of
5 this Act, the term “Secretary” means the Secretary of the
6 Treasury or the Secretary’s delegate.

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

Sec. 1. Short title; etc.

TITLE I—TAX ADMINISTRATION AND CUSTOMER SERVICE

Sec. 101. Digitization of tax returns and correspondence.

Sec. 102. Establishment of dashboard to inform taxpayers of backlogs and wait times.

Sec. 103. Expansion of electronic access to information about returns and refunds.

Sec. 104. Expansion of callback technology.

Sec. 105. Expansion of online accounts.

Sec. 106. Automation of refund offset bypass.

Sec. 107. Installment agreement fees eliminated for certain individuals.

Sec. 108. Individuals facing economic hardships informed of collection alternatives.

Sec. 109. Quarterly notices to certain taxpayers with delinquencies.

Sec. 110. Low-income taxpayer clinic funding unlocked.

Sec. 111. Chief Counsel reviews of offers-in-compromise streamlined.

Sec. 112. Modification of procedural requirements for penalties and disallowance periods.

Sec. 113. Return of amounts collected by IRS in excess of accepted offer-in-compromise amount.

Sec. 114. Extension of period for return of amounts subject to wrongful levy.

Sec. 115. Reports to Congress.

TITLE II—AMERICAN CITIZENS ABROAD

Sec. 201. Report on combined tax and foreign bank and financial account reporting.

Sec. 202. Study and reports on simplification.

Sec. 203. Extension of time for persons outside of the United States to request abatement of math error.

Sec. 204. Clarification of assessment authority; pre-assessment appeals of foreign information return penalties.

Sec. 205. Repeal of due date requirements for certain information returns relating to foreign gifts and trusts.

TITLE III—JUDICIAL REVIEW

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- Sec. 301. Authorization of subpoenas before hearings to facilitate settlements.
- Sec. 302. Clarification of Tax Court authority to order relief from a judgment or order.
- Sec. 303. Authorization of special trial judges to hear additional cases and address contempt.
- Sec. 304. Disqualification of judges and special trial judges.
- Sec. 305. Notice and review with respect to multi-year bans on claiming credits.
- Sec. 306. Authorization of de novo review of innocent spouse relief by the Tax Court and other courts.
- Sec. 307. Clarification of certain court filing deadlines.
- Sec. 308. Clarification of Tax Court jurisdiction to determine tax liability in collection due process appeals.
- Sec. 309. Authorization of the Tax Court to issue refunds in collection due process cases.
- Sec. 310. Authorization of the Tax Court to hear suits for refunds or credits.
- Sec. 311. Authorization to allow claims for refund in certain cases where full tax not paid.
- Sec. 312. Adjustment of threshold for small disputes.

TITLE IV—OFFICE OF THE TAXPAYER ADVOCATE

- Sec. 401. NTA authorization to direct hire attorneys.
- Sec. 402. NTA authorization to make personnel decisions.
- Sec. 403. Access to Internal Revenue Service information, legal advice, and meetings.
- Sec. 404. Repeal of limitation period suspension for taxpayers seeking assistance from TAS.
- Sec. 405. Operations to assist taxpayers experiencing hardships during lapse in appropriations.

TITLE V—TAX RETURN PREPARERS

- Sec. 501. Penalties for tax return preparers who improperly alter returns.
- Sec. 502. Ensuring the use of valid preparer identification numbers and electronic filing identification numbers.
- Sec. 503. Penalties for improper tax preparation or misappropriation of refunds.
- Sec. 504. Authority to deny, revoke, or suspend preparer tax identification numbers.

TITLE VI—APPEALS

- Sec. 601. Authorization for Office of Appeals to hire attorneys.
- Sec. 602. Authorization for Office of Appeals to direct hire certain individuals.
- Sec. 603. Responses to claims for refund required; appeal of claims for refund authorized.
- Sec. 604. Appeals of returned offers.
- Sec. 605. Purposes and duties of Independent Office of Appeals; right of appeal clarified.

TITLE VII—WHISTLEBLOWERS

- Sec. 701. Standard and scope of review of whistleblower award determinations.
- Sec. 702. Exemption from sequestration.
- Sec. 703. Whistleblower privacy protections.
- Sec. 704. Modification of IRS whistleblower report.
- Sec. 705. Interest on whistleblower awards.

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Sec. 706. Correction regarding deductions for attorney's fees.

TITLE VIII—HOSTAGES

Sec. 801. Postponement of tax deadlines for hostages and individuals wrongfully detained abroad.

Sec. 802. Refund and abatement of penalties and fines paid by eligible individuals.

TITLE IX—SMALL BUSINESSES

Sec. 901. Implementation of voluntary withholding agreements for payments to independent contractors.

Sec. 902. Extension of mailbox rule to electronic submissions and payments.

Sec. 903. Specificity of third-party contact notices.

Sec. 904. Modification of estimated tax rules for farmers and fishermen.

Sec. 905. Business child care liaison.

TITLE X—MISCELLANEOUS

Sec. 1001. Authority for redisclosure of certain tax information related to education loans to the Congressional Budget Office.

Sec. 1002. Authorization to require large partnerships to file on magnetic media.

Sec. 1003. Limitation period not extended for victims of preparer fraud.

Sec. 1004. Technical amendment related to the Disaster Related Extension of Deadlines Act.

Sec. 1005. Time for filing certain information returns.

Sec. 1006. Modifications to penalties for unauthorized disclosures of taxpayer information.

1 **TITLE I—TAX ADMINISTRATION**
2 **AND CUSTOMER SERVICE**

3 **SEC. 101. DIGITIZATION OF TAX RETURNS AND COR-**
4 **RESPONDENCE.**

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

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

1 (2) if such return or amendment is filed elec-
2 tronically, shall be processed electronically by the
3 Secretary.

4 (b) DIGITIZATION OF RETURNS AND CORRESPOND-
5 ENCE.—The Internal Revenue Service shall use optical
6 character recognition technology (or any functionally simi-
7 lar technology) to transcribe—

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

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

12 (c) EXCEPTIONS.—

13 (1) IN GENERAL.—Subsection (b) shall not
14 apply to any technology to the extent that the Sec-
15 retary determines such technology is slower or less
16 reliable than—

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

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

23 (2) REPORT TO CONGRESS.—Any exception to
24 the application of a technology described in sub-
25 section (b) pursuant to paragraph (1) shall not take

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

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

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

13 (2) any estate tax return (as described in sec-
14 tion 6018 of such Code) or gift tax return (as de-
15 scribed in section 6019 of such Code) received on or
16 after January 1 of the first calendar year beginning
17 more than 24 months after the date of enactment of
18 this Act, and

19 (3) any other return or correspondence received
20 on or after January 1 of the first calendar year be-
21 ginning more than 18 months after the date of en-
22 actment of this Act.

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

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

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

8 (A) the number of callers connected to
9 speak directly with a representative of the In-
10 ternal Revenue Service,

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

13 (C) the number of callers who are waiting
14 to be connected to speak directly with a rep-
15 resentative of the Internal Revenue Service or
16 an automated system,

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

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

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

1 (A) displays all of the information de-
2 scribed in paragraph (1), and

3 (B) estimates the approximate wait time to
4 speak directly with a representative of the In-
5 ternal Revenue Service.

6 (3) An application programming interface which
7 allows any person to access the information de-
8 scribed in subsection (a)(1) using automation and to
9 create an application or tool embedded on a website
10 to display such information.

11 (4) For each applicable phone number exten-
12 sion, a summary of the information described in
13 paragraph (1) with respect to the prior month, in-
14 cluding—

15 (A) the average and median length of calls,

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

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

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

24 (E) the number of callers who were trans-
25 ferred to another applicable phone number ex-

1 tension after the call was initially answered by
2 a representative of the Internal Revenue Serv-
3 ice,

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

7 (G) the number and percent of callers who
8 indicated that they received the answers or
9 service for which they were contacting the In-
10 ternal Revenue Service.

11 (b) DETECTION OF AUTOMATED CALLS.—The Sec-
12 retary shall require the Internal Revenue Service to use
13 technology to detect and screen out automated calls.

14 (c) INFORMATION REGARDING DELAYS.—For any
15 week in which there was a significant delay with respect
16 to any applicable item (referred to in this subsection as
17 an “applicable week”), the Secretary shall require the In-
18 ternal Revenue Service to provide on its public website,
19 during the week subsequent to the applicable week, infor-
20 mation with respect to each such applicable item regarding
21 the earliest date on which any such applicable items that
22 were processed during the applicable week were received
23 by the Internal Revenue Service.

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

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

5 (2) APPLICABLE PHONE NUMBER EXTEN-
6 SION.—The term “applicable phone number exten-
7 sion” means any extension or application which may
8 be reached by calling a phone number which is listed
9 by the Internal Revenue Service on any website,
10 publication, form, or instruction which is available to
11 the public and—

12 (A) operated by the Internal Revenue Serv-
13 ice accounts management function,

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

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

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

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

22 (3) SIGNIFICANT DELAY.—The term “signifi-
23 cant delay” means, in the case of any applicable
24 item for any week, the failure to process all of such
25 applicable items which were received by the Internal

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

3 (e) EFFECTIVE DATE.—The requirements of this sec-
4 tion shall apply to periods beginning after the date which
5 is 12 months after the date of enactment of this Act.

6 **SEC. 103. EXPANSION OF ELECTRONIC ACCESS TO INFOR-**
7 **MATION ABOUT RETURNS AND REFUNDS.**

8 Not later than January 1 of the first calendar year
9 beginning more than 12 months after the date of enact-
10 ment of this Act, through a website and mobile applica-
11 tion, the Secretary shall provide individualized, specific,
12 and up-to-date information to taxpayers regarding their
13 tax returns and amended returns, including information
14 with respect to whether the Internal Revenue Service
15 has—

16 (1) received such return and entered such re-
17 turn into their systems,

18 (2) completed processing such return, includ-
19 ing—

20 (A) the date on which the Internal Rev-
21 enue Service issued any refund of any overpay-
22 ment of tax,

23 (B) the estimated date on which the tax-
24 payer can expect to receive such refund, and

1 (C)(i) if the refund will be issued by elec-
2 tronic fund transfer, the financial account to
3 which such refund will be deposited, includ-
4 ing—

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

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

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

12 (3) suspended processing such return, includ-
13 ing—

14 (A) the reason for the suspension, and

15 (B) in the case of any information which
16 was requested by the Internal Revenue Serv-
17 ice—

18 (i) the information requested,

19 (ii) the form and manner for submis-
20 sion of such information, and

21 (iii) the date on which such informa-
22 tion is due to be submitted to the Internal
23 Revenue Service.

24 **SEC. 104. EXPANSION OF CALLBACK TECHNOLOGY.**

25 It is the sense of Congress that—

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

4 (2) not later than calendar year 2028, the In-
5 ternal Revenue Service should provide any taxpayer
6 (including any taxpayer residing outside of the
7 United States) the option to receive a callback for
8 any call made by the taxpayer to an applicable
9 phone number extension (as defined in section
10 102(d)(2) of this Act) which has not been answered
11 within 5 minutes.

12 **SEC. 105. EXPANSION OF ONLINE ACCOUNTS.**

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

19 (1) in a manner consistent with any applicable
20 limitations under section 6103 of the Internal Rev-
21 enue Code of 1986, view any return (as defined in
22 section 6103(b)(1) of the Internal Revenue Code of
23 1986), document, notice, or letter (with the excep-
24 tion of any educational item which has no legal ef-

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

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

5 (B) filed with (or, in the case of any docu-
6 ment not required to be filed, sent to) the In-
7 ternal Revenue Service—

8 (i) by such taxpayer,

9 (ii) by a person described in sub-
10 section (c) of section 6103 of the Internal
11 Revenue Code of 1986 with respect to such
12 taxpayer, or

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

16 (2) with respect to any document, notice, or let-
17 ter sent to such taxpayer by the Internal Revenue
18 Service, respond to such document, notice, or letter
19 by uploading or otherwise transmitting the tax-
20 payer's response through the website or mobile ap-
21 plication, and

22 (3) in the case of—

23 (A) any representative of such taxpayer
24 who is authorized to practice before the Depart-

1 ment of the Treasury pursuant to section 330
2 of title 31, United States Code,

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

8 (C) any qualified reporting agent,
9 permit such representative, preparer, or agent, to
10 the extent authorized by the taxpayer, to access the
11 information described in paragraph (1) or transmit
12 any information described in paragraph (2).

13 (b) AVAILABILITY FOR VIEWING.—With respect to
14 any return, document, notice, or letter described in para-
15 graph (1) of subsection (a), such return, document, notice,
16 or letter shall be made available for viewing by the tax-
17 payer (or, pursuant to paragraph (3) of such subsection,
18 any representative, tax return preparer, or qualified re-
19 porting agent authorized by the taxpayer) as soon as is
20 practicable and within such periods as are established pur-
21 suant to regulations prescribed by the Secretary.

22 (c) ACCESS TO MULTIPLE ACCOUNTS BY REP-
23 RESENTATIVE, PREPARER, OR AGENT.—For purposes of
24 subsection (a)(3), the website or mobile application shall
25 allow a representative, tax return preparer, or qualified

1 reporting agent to be able to access information for mul-
2 tiple taxpayers who have provided permission under such
3 subsection without any requirement to individually and
4 separately access the account of each such taxpayer.

5 (d) APPLICABLE PERIOD.—

6 (1) IN GENERAL.—Subject to paragraph (2),
7 for purposes of subsection (a)(1), the term “applica-
8 ble period” means the preceding 6-year period.

9 (2) PROSPECTIVE APPLICATION.—The term
10 “applicable period” shall not include any years end-
11 ing before the date of enactment of this Act.

12 (e) QUALIFIED REPORTING AGENT.—

13 (1) IN GENERAL.—For purposes of this section,
14 the term “qualified reporting agent” means a per-
15 son—

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

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

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

1 (2) EMPLOYMENT TAX RETURN.—For purposes
2 of paragraph (1)(A), the term “employment tax re-
3 turn” means—

4 (A) any return required to be filed by an
5 employer to report the obligations of the em-
6 ployer and its employees under section 3101,
7 3111, 3301, or 3402 of the Internal Revenue
8 Code of 1986, and

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

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

16 (1) establish a program to investigate and ad-
17 dress—

18 (A) any access, use, or disclosure of return
19 information (as defined in section 6103(b) of
20 the Internal Revenue Code of 1986) by any per-
21 son which is in excess of the authorization per-
22 mitted to such person pursuant to subsection
23 (a)(3), and

24 (B) any related misconduct, and

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

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

14 **SEC. 106. AUTOMATION OF REFUND OFFSET BYPASS.**

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

16 (1) by striking “In the case” and inserting the
17 following:

18 “(1) AUTHORITY.—Except as provided in para-
19 graph (2), in the case”, and

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

22 “(2) SPECIAL RULE FOR CERTAIN INDIVID-
23 UALS.—In the case of an overpayment with respect
24 to any taxable year for which a credit is allowed to
25 an applicable taxpayer under section 32, the Sec-

1 retary shall, subject to subsections (c), (d), (e), and
2 (f), refund such overpayment in an amount not to
3 exceed the amount of the credit allowed under such
4 section for such taxable year.

5 “(3) APPLICABLE TAXPAYER.—For purposes of
6 paragraph (2), the term ‘applicable taxpayer’ means
7 a taxpayer who was classified by the Secretary as
8 currently not collectible (within the meaning of sec-
9 tion 6343(e)) prior to the date on which the refund
10 was requested by the taxpayer.”.

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

15 **SEC. 107. INSTALLMENT AGREEMENT FEES ELIMINATED**
16 **FOR CERTAIN INDIVIDUALS.**

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

19 “(2) WAIVER.—No fee shall be imposed on an
20 installment agreement under this section in the case
21 of any taxpayer with an adjusted gross income, as
22 determined for the most recent year for which such
23 information is available, which does not exceed 250
24 percent of the applicable poverty level (as deter-
25 mined by the Secretary).”.

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

5 **SEC. 108. INDIVIDUALS FACING ECONOMIC HARDSHIPS IN-**
6 **FORMED OF COLLECTION ALTERNATIVES.**

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

9 (1) establish a program to identify taxpayers
10 who—

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

13 (B) have an unpaid tax liability, and

14 (2) in the case of any taxpayer described in
15 paragraph (1) who requests to enter into an agree-
16 ment described in section 6159(a) of the Internal
17 Revenue Code of 1986, provide such taxpayer with
18 information regarding other options which the Inter-
19 nal Revenue Service makes available to taxpayers
20 who have an unpaid tax liability and are experi-
21 encing an economic hardship, including—

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

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

1 (C) classification as currently not collect-
2 ible (within the meaning of section 6343(e) of
3 such Code).

4 (b) ECONOMIC HARDSHIP.—For purposes of this sec-
5 tion, in determining whether a taxpayer is reasonably like-
6 ly to be experiencing an economic hardship, such deter-
7 mination shall be made in the same manner as determined
8 under section 6343(a)(1)(D) of the Internal Revenue Code
9 of 1986 based on—

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

13 (2) the schedules described in section
14 7122(d)(2)(A) of such Code.

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

21 (1) the accuracy of the Internal Revenue Serv-
22 ice with respect to identifying taxpayers who are
23 reasonably likely to be experiencing an economic
24 hardship under subsection (a)(1),

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

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

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

9 (C) the status of the tax liabilities of such tax-
10 payers.

11 **SEC. 109. QUARTERLY NOTICES TO CERTAIN TAXPAYERS**
12 **WITH DELINQUENCIES.**

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

14 (1) in the heading, by striking “**ANNUAL NO-**
15 **TICE**” and inserting “**NOTICE**”,

16 (2) by striking “Not less often than annually”
17 and inserting the following:

18 “(a) IN GENERAL.—Except as provided in subsection
19 (c), not less often than quarterly”, and

20 (3) by adding at the end the following:

21 “(b) INFORMATION ON PENALTIES AND INTEREST.—

22 The notice described in subsection (a) shall include—

23 “(1) an estimate of the amount of penalties and
24 interest that may accrue if the delinquent tax debt

1 is not fully paid within the period remaining under
2 section 6502(a), and

3 “(2) programs and services that can provide as-
4 sistance to the taxpayer.

5 “(c) EXCEPTION.—The requirement under subsection
6 (a) shall not apply—

7 “(1) during any period in which an agreement
8 described in section 6159(a) or an accepted offer-in-
9 compromise (as described in section 7122) is in ef-
10 fect, or

11 “(2) in the case of a taxpayer for which the
12 Secretary has determined that the tax is not collect-
13 ible (within the meaning of section 6343(e)).”.

14 (b) CONFORMING AMENDMENT.—The table of sec-
15 tions for chapter 77 is amended by striking the item relat-
16 ing to section 7524 and inserting the following new item:

“Sec. 7524. Notice of tax delinquency.”.

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

20 **SEC. 110. LOW-INCOME TAXPAYER CLINIC FUNDING UN-**
21 **LOCKED.**

22 (a) MATCHING FUNDS.—Paragraph (5) of section
23 7526(c) is amended to read as follows:

24 “(5) REQUIREMENT OF MATCHING FUNDS.—

1 “(A) IN GENERAL.—With respect to any
2 grant provided to a low-income taxpayer clinic
3 under this section, such clinic shall provide
4 matching funds equal to the applicable percent-
5 age of the amount of such grant.

6 “(B) MATCHING FUNDS.—

7 “(i) IN GENERAL.—For purposes of
8 this paragraph, the term ‘matching funds’
9 may include—

10 “(I) the salary (including fringe
11 benefits) of individuals performing
12 services for the low-income taxpayer
13 clinic, and

14 “(II) the cost of equipment used
15 in the low-income taxpayer clinic.

16 “(ii) EXCLUSION.—For purposes of
17 this paragraph, the term ‘matching funds’
18 shall not include any indirect expenses,
19 such as general overhead of the institution
20 sponsoring the low-income taxpayer clinic.

21 “(C) APPLICABLE PERCENTAGE.—For
22 purposes of subparagraph (A), the applicable
23 percentage shall be 100 percent, except that the
24 Secretary may establish a lower percentage (not
25 below 25 percent) if the Secretary determines

1 that such percentage would expand the coverage
2 of the low-income taxpayer clinic to additional
3 taxpayers.”.

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

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

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

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

12 **SEC. 111. CHIEF COUNSEL REVIEWS OF OFFERS-IN-COM-**
13 **PROMISE STREAMLINED.**

14 (a) IN GENERAL.—Section 7122(b) is amended by
15 striking “in any case” and all that follows through “his
16 delegate” and inserting “in any case which the Secretary
17 determines presents a significant legal issue, there shall
18 be placed on file in the office of the Secretary the opinion
19 of the General Counsel for the Department of the Treas-
20 ury, or the Counsel’s delegate”.

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

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to offers-in-compromise submitted

1 or pending on or after the date of the enactment of this
2 Act.

3 **SEC. 112. MODIFICATION OF PROCEDURAL REQUIREMENTS**
4 **FOR PENALTIES AND DISALLOWANCE PERI-**
5 **ODS.**

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

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

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

12 “(A) the decision (as defined by the Sec-
13 retary in regulations) to apply such penalty or
14 disallowance period, as applicable, is personally
15 approved (in writing on an electronic form)
16 by—

17 “(i) the immediate supervisor of the
18 individual making such decision, or

19 “(ii) the Internal Revenue Service Of-
20 fice of Servicewide Penalties (or any suc-
21 cessor organization), and

22 “(B) the approval described in subpara-
23 graph (A) is obtained on or before the date any
24 appealable notice is sent to the taxpayer regard-

1 ing the application of such penalty or disallow-
2 ance period.”, and

3 (2) by adding at the end the following:

4 “(3) APPEALABLE NOTICE.—For purposes of
5 this subsection, the term ‘appealable notice’ means
6 the first written notice issued to a taxpayer that pro-
7 vides the taxpayer an opportunity to—

8 “(A) appeal the decision to the Internal
9 Revenue Service Independent Office of Appeals,
10 or

11 “(B) petition a Federal court for review of
12 the decision.”.

13 (b) DISALLOWANCE PERIOD.—Section 6751 is
14 amended by adding at the end the following new sub-
15 section:

16 “(d) DISALLOWANCE PERIOD.—

17 “(1) IN GENERAL.—For purposes of this sec-
18 tion, the term ‘disallowance period’ means—

19 “(A) with respect to any credit under sec-
20 tion 24, the period determined under section
21 24(g)(1),

22 “(B) with respect to any credit under sec-
23 tion 25A, the period determined under section
24 25A(b)(4)(A), and

1 “(C) with respect to any credit under sec-
2 tion 32, the period determined under section
3 32(k)(1).

4 “(2) APPROVAL REQUIRED FOR DISALLOWANCE
5 PERIOD AUTOMATICALLY CALCULATED THROUGH
6 ELECTRONIC MEANS.—With respect to the applica-
7 tion of any disallowance period, subsection (b)(2)(B)
8 shall not apply.”.

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

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

20 (1) every organizational unit of the Internal
21 Revenue Service that has power to assess, abate, or
22 otherwise enforce any penalty imposed by the Inter-
23 nal Revenue Service under the Internal Revenue
24 Code of 1986, and

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

5 **SEC. 113. RETURN OF AMOUNTS COLLECTED BY IRS IN EX-**
6 **CESS OF ACCEPTED OFFER-IN-COMPROMISE**
7 **AMOUNT.**

8 (a) IN GENERAL.—Section 7122 is amended by add-
9 ing at the end the following:

10 “(h) RETURN AMOUNTS COLLECTED IN EXCESS OF
11 PAYMENT AMOUNT OF ACCEPTED OFFER-IN-COM-
12 PROMISE.—

13 “(1) IN GENERAL.—Subject to paragraph (2),
14 in the case of any taxpayer for which an offer-in-
15 compromise has been accepted under this section,
16 any proceeds collected with respect to the Federal
17 income tax liability that is the subject of the accept-
18 ed offer-in-compromise which are in excess of any
19 remaining payments scheduled under such com-
20 promise shall be transferred to the taxpayer.

21 “(2) EXCEPTION.—Paragraph (1) shall not
22 apply if—

23 “(A) the taxpayer and the Secretary have
24 specifically agreed otherwise, or

25 “(B) the Secretary has—

1 “(i) determined that, under the terms
2 of the compromise, such compromise is in
3 default, and
4 “(ii) elected to terminate such com-
5 promise.”.

6 (b) AUTHORITY TO RELEASE LEVY AND RETURN
7 PROPERTY.—Section 6343 is amended—

8 (1) in subsection (a)(1)—

9 (A) in subparagraph (D), by striking “or”
10 at the end,

11 (B) in subparagraph (E), by striking the
12 period at the end and inserting “, or”, and

13 (C) by adding at the end the following sub-
14 paragraph:

15 “(F) subject to subsection (h)(2) of section
16 7122, an offer-in-compromise is accepted under
17 such section with respect to the liability for
18 which the levy was imposed.”, and

19 (2) in subsection (d)(2)—

20 (A) in subparagraph (C), by striking “or”
21 at the end,

22 (B) in subparagraph (D), by striking the
23 comma at the end and inserting “, or”, and

24 (C) by adding at the end the following sub-
25 paragraph:

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

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

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

12 (a) IN GENERAL.—Section 6343(b) is amended, in
13 the flush text following paragraph (3), by striking “the
14 date of such levy” and inserting “the date that the Sec-
15 retary received any such amount”.

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

21 **SEC. 115. REPORTS TO CONGRESS.**

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

1 Tax Administration, and the Comptroller General of the
2 United States) shall provide a report to the Committee
3 on Ways and Means of the House of Representatives and
4 the Committee on Finance of the Senate regarding the
5 actions taken by the Internal Revenue Service to imple-
6 ment this title and the amendments made by this title,
7 including—

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

10 (2) any recommendations to Congress with re-
11 spect to the implementation or administration of
12 such title.

13 (b) FRAUD.—

14 (1) IN GENERAL.—Not later than the date
15 which is 12 months after the date of enactment of
16 this Act, and annually thereafter, the Secretary shall
17 provide a report to the Committee on Ways and
18 Means of the House of Representatives and the
19 Committee on Finance of the Senate regarding ef-
20 forts made by the Internal Revenue Service to iden-
21 tify, prevent, and resolve each type of tax fraud, in-
22 cluding first-person fraud and stolen identity refund
23 fraud.

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

1 (A) a detailed description, timeline, and
2 analysis of any efforts undertaken by the Inter-
3 nal Revenue Service and any of the other mem-
4 bers of the Security Summit during the most
5 recent tax filing season to address and prevent
6 each type of tax fraud, including—

7 (i) any specific information or guide-
8 lines provided by the Internal Revenue
9 Service to any of the other members of the
10 Security Summit (and vice versa) with re-
11 spect to tax fraud, including—

12 (I) any “be on the lookout”
13 alerts or other warnings,

14 (II) updated guidelines or restric-
15 tions,

16 (III) potential threat analyses,

17 (IV) specific data or analytics,

18 and

19 (V) any other actionable threat
20 information, and

21 (ii) any specific recommendations pro-
22 vided by the Internal Revenue Service to
23 any of the other members of the Security
24 Summit (and vice versa) with respect to
25 identifying, preventing, and resolving tax

1 fraud, including any potential improve-
2 ments to data, analytics, information shar-
3 ing, and collaboration between the Internal
4 Revenue Service and other members of the
5 Security Summit,

6 (B) a detailed description and timeline of
7 any interactions between the Internal Revenue
8 Service and any provider of tax filing options
9 which does not participate in the Security Sum-
10 mit, including—

11 (i) any specific information or guide-
12 lines provided by the Internal Revenue
13 Service to such provider (and vice versa)
14 with respect to each type of tax fraud, in-
15 cluding any items described in subclauses
16 (I) through (V) of subparagraph (A)(i),
17 and

18 (ii) any specific recommendations pro-
19 vided by the Internal Revenue Service to
20 such provider (and vice versa) with respect
21 to identifying, preventing, and resolving
22 tax fraud, including any potential improve-
23 ments to data, analytics, information shar-
24 ing, and collaboration between the Internal
25 Revenue Service and such provider,

1 (C) with respect to the most recently com-
2 pleted tax filing season—

3 (i) with respect to each specific type
4 or form of tax fraud that has been identi-
5 fied by the Internal Revenue Service, any
6 relevant data and analysis regarding the
7 amount of such fraud during such tax fil-
8 ing season, including detailed numerical
9 data regarding such fraud in relation to
10 each separate Federal tax return form (in-
11 cluding any amended returns) and the
12 manner in which such returns were filed,
13 and

14 (ii) the total dollar amount of fraudu-
15 lent claims for refund—

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

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

21 (3) PUBLICLY AVAILABLE.—Data included in
22 the report described in paragraph (1) shall be made
23 available on the public website of the Internal Rev-
24 enue Service, provided that such data is appro-
25 priately redacted by the Secretary.

1 (c) COMPLEXITY REPORT.—For purposes of section
2 4022 of the Internal Revenue Service Restructuring and
3 Reform Act of 1998 (26 U.S.C. 7801 note), the submis-
4 sion of the report required under section 7803(c)(2)(B)
5 of the Internal Revenue Code of 1986 shall not satisfy
6 the requirement under subsection (a) of section 4022 of
7 such Act to conduct an analysis of the sources of com-
8 plexity in administration of the Federal tax laws and re-
9 port the results of such analysis.

10 (d) DOCUMENT MANAGEMENT TO AVOID DUPLICA-
11 TIVE REQUESTS TO CONSTITUENTS.—

12 (1) IN GENERAL.—Not later than one year
13 after the date of the enactment of this Act, and an-
14 nually thereafter for the following 5 years, the Sec-
15 retary shall submit to the Committee on Finance of
16 the Senate a report describing the systems and prac-
17 tices for tracking documents submitted to the Inter-
18 nal Revenue Service by taxpayers, Congressional of-
19 fices, and authorized third-party representatives.

20 (2) MATTERS INCLUDED.—The report de-
21 scribed in paragraph (1) shall include the following:

22 (A) A description of how the Internal Rev-
23 enue Service catalogues, tracks, and retains
24 documents and communications, including pro-
25 cedures for internal document sharing and for

1 avoiding lost documents and duplicative re-
2 quests to taxpayers.

3 (B) A description of the status and future
4 plans for managing electronic and paper sub-
5 missions through online accounts, new docu-
6 ment submission tools, and paper-retention
7 processes.

8 (C) A discussion of any modernization ef-
9 forts aimed at reducing duplicative document
10 requests and any barriers the Internal Revenue
11 Service has identified to implementing improve-
12 ments.

13 **TITLE II—AMERICAN CITIZENS**
14 **ABROAD**

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

17 (a) STUDY.—

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

20 (A) combining and simplifying reporting
21 required under section 5314 of title 31, United
22 States Code and sections 6038, 6038A, 6038B,
23 6038C, 6038D, 6039F, 6046A, and 6048 of
24 the Internal Revenue Code of 1986; and

1 (B) eliminating duplicative requests for in-
2 formation from nonresident United States tax-
3 payers.

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

8 (b) REPORT.—Not later than 180 days after the date
9 of enactment of this Act, the Secretary shall submit to
10 Congress a report on the study conducted under sub-
11 section (a), which shall include any actions taken by the
12 Secretary as a result of such study and any recommenda-
13 tions for legislative changes necessary to effectuate the
14 goal described in subsection (a)(1).

15 **SEC. 202. STUDY AND REPORTS ON SIMPLIFICATION.**

16 (a) GAO STUDY AND REPORT.—

17 (1) IN GENERAL.—The Comptroller General of
18 the United States shall conduct a study on the bur-
19 dens of compliance with Federal tax laws applicable
20 to individuals who are United States persons (as de-
21 fined in section 7701(a)(30) of the Internal Revenue
22 Code of 1986) living abroad.

23 (2) FACTORS CONSIDERED.—The study con-
24 ducted under subsection (a) shall identify problems
25 relating to compliance of Federal tax laws for such

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

4 (A) understanding and complying with
5 United States tax obligations, including obliga-
6 tions with respect to—

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

11 (ii) the filing (including through elec-
12 tronic means) of Federal tax returns and
13 any reports required under section 5314 of
14 title 31, United States Code, in a timely,
15 accurate, and affordable manner,

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

19 (iv) foreign currency gains;

20 (B) receiving and responding to inquiries
21 from the Internal Revenue Service and the Fi-
22 nancial Crimes Enforcement Network about re-
23 turns and reports described in subparagraph
24 (A)(ii), and access to services of such agencies
25 with respect to such returns and reports;

1 (C) access to financial products and serv-
2 ices abroad, including local retirement vehicles
3 and bank accounts;

4 (D) access to affordable tax preparation
5 services for United States income tax obliga-
6 tions; and

7 (E) compliance burdens that are dispropor-
8 tionate to the amount of tax owed.

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

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

18 (1) actions taken by the Department of Treas-
19 ury to address any problems identified by the Comp-
20 troller General in such report; and

21 (2) any legislation necessary to address such
22 problems.

1 **SEC. 203. EXTENSION OF TIME FOR PERSONS OUTSIDE OF**
2 **THE UNITED STATES TO REQUEST ABATE-**
3 **MENT OF MATH ERROR.**

4 (a) IN GENERAL.—Section 6213(b)(2)(A) is amend-
5 ed by inserting “(120 days in the case of a notice ad-
6 dressed to a person outside the United States)” after “60
7 days”.

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

11 **SEC. 204. CLARIFICATION OF ASSESSMENT AUTHORITY;**
12 **PRE-ASSESSMENT APPEALS OF FOREIGN IN-**
13 **FORMATION RETURN PENALTIES.**

14 (a) TREATMENT OF PENALTIES AS TAXES.—Section
15 6671(a) is amended—

16 (1) by striking “The penalties and liabilities
17 provided by this subchapter” and inserting the fol-
18 lowing:

19 “(1) IN GENERAL.—Any penalties provided by
20 this title, including the penalties and liabilities pro-
21 vided by this subchapter,”

22 (2) by striking “the penalties and liabilities pro-
23 vided by this subchapter.” and inserting “the pen-
24 alties provided by this title, including the penalties
25 and liabilities provided by this subchapter.”, and

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

3 “(2) EXCEPTION.—Paragraph (1) shall not
4 apply to any penalty not provided by this subchapter
5 if such penalty is a penalty for which a civil or
6 criminal action is prescribed as the method of collec-
7 tion or has been consistently treated by the Sec-
8 retary before the date of the enactment of this para-
9 graph as such a penalty.”.

10 (b) NOTICE REQUIREMENT FOR CERTAIN PEN-
11 ALTIES.—

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

15 **“SEC. 6752. PRELIMINARY NOTICE AND RIGHT OF REVIEW**
16 **FOR COVERED PENALTIES.**

17 “(a) NOTICE.—

18 “(1) IN GENERAL.—No covered penalty shall be
19 assessed unless the Secretary provides a notice to
20 the taxpayer in writing by mail to an address as de-
21 termined under section 6212(b) that contains the
22 following information:

23 “(A) The covered penalty proposed to be
24 assessed.

25 “(B) The taxable years or periods involved.

1 “(C) The basis for the proposed penalty.

2 “(D) Information about the right of the
3 taxpayer to request review as provided in sub-
4 section (b).

5 “(2) TIMING OF NOTICE.—The mailing of the
6 notice described in paragraph (1) shall precede any
7 notice and demand of any covered penalty by at
8 least 60 days (120 days in the case of a notice ad-
9 dressed to a taxpayer outside the United States).

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

16 “(c) SUSPENSION OF ASSESSMENT AND COLLEC-
17 TION.—

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

20 “(A) the expiration of the period provided
21 under subsection (b), or

22 “(B) in any case in which the taxpayer re-
23 quests a review under subsection (b), the date
24 a final determination is issued in such review.

1 “(2) STATUTE OF LIMITATIONS.—If a notice
2 described in subsection (a) with respect to any cov-
3 ered penalty is mailed before the expiration of the
4 period provided by section 6501 for the assessment
5 of such penalty (determined without regard to this
6 paragraph), the running of such period shall be sus-
7 pended for the period during which assessment is
8 prohibited under this section and for 30 days there-
9 after.

10 “(d) COVERED PENALTY.—For purposes of this sec-
11 tion, the term ‘covered penalty’ means any penalty im-
12 posed under section 6038(b)(1), 6038A(d)(1), 6038B(c),
13 6038C(c), 6038D(d)(1), 6039F(c)(1)(B), or 6677.

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

17 “(f) REGULATIONS.—The Secretary shall prescribe
18 such regulations or other guidance as may be necessary
19 or appropriate to carry out this section, including regula-
20 tions or other guidance relating to—

21 “(1) procedures for issuing notices under sub-
22 section (a), and

23 “(2) establishing simplified reviews for cases in
24 which the penalty amount at issue does not exceed
25 a designated dollar threshold.”.

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

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

4 (c) INTERPRETIVE RULES.—

5 (1) TAXPAYER RIGHTS.—Nothing in the
6 amendments made by this section shall be construed
7 to create any limitation on the rights of a tax-
8 payer—

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

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

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

20 **SEC. 205. REPEAL OF DUE DATE REQUIREMENTS FOR CER-**
21 **TAIN INFORMATION RETURNS RELATING TO**
22 **FOREIGN GIFTS AND TRUSTS.**

23 (a) IN GENERAL.—Section 2006(b) of the Surface
24 Transportation and Veterans Health Care Choice Im-

1 improvement Act of 2015 is amended by striking paragraphs
2 (9) and (10).

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to returns for taxable years begin-
5 ning after December 31, 2026.

6 **TITLE III—JUDICIAL REVIEW**

7 **SEC. 301. AUTHORIZATION OF SUBPOENAS BEFORE HEAR-** 8 **INGS TO FACILITATE SETTLEMENTS.**

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

10 “(a) IN GENERAL.—

11 “(1) ADMINISTRATION OF OATHS.—For the ef-
12 ficient administration of the functions vested in the
13 Tax Court or any division thereof, any judge or spe-
14 cial trial judge, the clerk or the clerk’s deputies, as
15 such, or any other employee of the Tax Court des-
16 ignated in writing for the purpose by the chief judge,
17 may administer oaths or affirmations.

18 “(2) EXAMINATION.—Any judge or special trial
19 judge may examine parties or witnesses.

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

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

3 “(A) The attendance and testimony of par-
4 ties or witnesses.

5 “(B) The production of books, papers, doc-
6 uments, electronically stored information, or
7 tangible things from any place in the United
8 States by any party or witness having custody
9 or control thereof for purposes of discovery or
10 for use of the things produced as evidence in
11 accordance with the rules and orders of the Tax
12 Court.

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

16 “(4) DEPOSITIONS.—Pursuant to rules and or-
17 ders of the Court, the deposition of a witness may
18 be taken before any designated individual competent
19 to administer oaths under this title. Any deposition
20 testimony shall be reduced to writing by the indi-
21 vidual taking the deposition, or under such individ-
22 ual’s direction, and shall be subscribed by the depo-
23 nent.”.

1 **SEC. 302. CLARIFICATION OF TAX COURT AUTHORITY TO**
2 **ORDER RELIEF FROM A JUDGMENT OR**
3 **ORDER.**

4 Section 7481 is amended—

5 (1) by striking “and (d),” in subsection (a) and
6 inserting “(d), and (e),” and

7 (2) by adding at the end the following new sub-
8 section:

9 “(e) RELIEF FROM A JUDGMENT OR ORDER.—

10 “(1) CORRECTIONS BASED ON CLERICAL MIS-
11 TAKES; OVERSIGHTS AND OMISSIONS.—

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

18 “(B) APPELLATE COURT LEAVE REQUIRED
19 ON APPEAL.—After an appeal has been dock-
20 eted in the appellate court, and while such ap-
21 peal is pending, any such mistake may be cor-
22 rected only with the appellate court’s leave.

23 “(2) GROUNDS FOR RELIEF FROM A FINAL
24 JUDGMENT OR ORDER.—On motion and just terms,
25 the Tax Court may relieve a party or its legal rep-

1 resentative from a final judgment or order for any
2 of the following reasons:

3 “(A) Mistake, inadvertence, surprise, or
4 excusable neglect.

5 “(B) Newly discovered evidence that, with
6 reasonable diligence, could not have been dis-
7 covered in time to move for a new trial under
8 rules prescribed by the Court and that would
9 have a reasonable likelihood of changing the
10 outcome.

11 “(C) Fraud (whether previously called in-
12 trinsic or extrinsic), misrepresentation, or mis-
13 conduct by an opposing party.

14 “(D) The judgment is void.

15 “(E) Any other circumstance where justice
16 so requires.

17 “(3) TIMING AND EFFECT OF THE MOTION.—

18 “(A) TIMING.—A motion under paragraph
19 (2)—

20 “(i) must be made within a reasonable
21 time, and

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

1 “(B) EFFECT ON FINALITY.—While pend-
2 ing, any such motion does not affect the judg-
3 ment’s finality or suspend its operation.

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

7 “(5) COURT OF APPEALS JURISDICTION.—If
8 the Tax Court provides relief from a judgment or
9 order that is otherwise final under this section, ei-
10 ther or both parties may obtain review of such relief
11 by filing a notice of appeal under this subchapter
12 within 90 days of the Court’s judgment or order di-
13 recting such relief.”.

14 **SEC. 303. AUTHORIZATION OF SPECIAL TRIAL JUDGES TO**
15 **HEAR ADDITIONAL CASES AND ADDRESS**
16 **CONTEMPT.**

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

21 “(7) upon the consent of the parties, and pur-
22 suant to rules promulgated by the Tax Court, any
23 proceeding not described in paragraphs (1) through
24 (6), and”.

1 (b) AUTHORIZING SPECIAL TRIAL JUDGE.—Section
2 7443A(c) is amended by striking “or (6)” and inserting
3 “(6), or (7)”.

4 (c) CONTEMPT AUTHORITY.—Section 7443A is
5 amended by adding at the end the following new sub-
6 section:

7 “(f) INCIDENTAL POWERS.—A special trial judge ap-
8 pointed under this section shall have the independent
9 power to punish for contempt of the authority of the Tax
10 Court as provided in section 7456(c), except the sentence
11 imposed by such a special trial judge for any contempt
12 shall not exceed the penalties for a Class C misdemeanor
13 as set forth in sections 3571(b)(6) and 3581(b)(8) of title
14 18, United States Code. This subsection shall not be con-
15 strued to limit the authority of a special trial judge to
16 order sanctions under any other statute or any rule of the
17 Tax Court prescribed pursuant to section 7453.”.

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

1 **SEC. 304. DISQUALIFICATION OF JUDGES AND SPECIAL**
2 **TRIAL JUDGES.**

3 (a) IN GENERAL.—Part II of subchapter C of chap-
4 ter 76 is amended by adding at the end the following new
5 section:

6 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR SPECIAL**
7 **TRIAL JUDGE.**

8 “Section 455 of title 28, United States Code, shall
9 apply to judges, special trial judges, and proceedings of
10 the Tax Court.”.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for such part is amended by adding at the end the fol-
13 lowing new item:

“Sec. 7467. Disqualification of judge or special trial judge.”.

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

16 (a) NOTICE.—

17 (1) IN GENERAL.—Section 6212(a) is amend-
18 ed—

19 (A) by striking “If the” and inserting the
20 following:

21 “(1) NOTICE.—If the”,

22 (B) by striking “Such notice shall include
23 a notice” and inserting the following:

24 “(2) MATTERS INCLUDED.—Such notice shall
25 include—

1 “(A) a notice”,

2 (C) by striking period at the end of the
3 second sentence and inserting “, and”, and

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

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

10 “(i) identifying the credit or credits
11 which are denied and providing the
12 grounds for each such denial,

13 “(ii) informing the taxpayer that, un-
14 less the denial is overturned on appeal, the
15 taxpayer will not be able to claim such
16 credit for any subsequent taxable year un-
17 less the taxpayer provides information re-
18 quired by the Secretary to demonstrate eli-
19 gibility for the credit, and

20 “(iii) in any case in which the Sec-
21 retary has made a determination to impose
22 a disallowance period under section
23 24(g)(1), 25A(b)(4)(A), or 32(k)(1), pro-
24 viding the grounds for such disallowance

1 period (and the length of the disallowance
2 period unless overturned on appeal).”.

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

7 (b) AUTHORITY OF THE TAX COURT.—

8 (1) IN GENERAL.—Section 6214 is amended by
9 redesignating subsection (e) as subsection (f) and by
10 inserting after subsection (d) the following new sub-
11 section:

12 “(e) JURISDICTION WITH RESPECT TO MULTI-YEAR
13 BANS WITH RESPECT TO CERTAIN CREDITS.—

14 “(1) IN GENERAL.—The Tax Court shall have
15 jurisdiction—

16 “(A) to redetermine the imposition of any
17 disallowance period with respect to any credit
18 under section 24, 25A, or 32 for the taxable
19 year in which such disallowance period was im-
20 posed if the deficiency relates to such taxable
21 year, and

22 “(B) to determine whether any such dis-
23 allowance period should be imposed if claim
24 therefor is asserted by the Secretary in the an-

1 swer or an amended answer filed in accordance
2 with the rules of the Tax Court.

3 “(2) DISALLOWANCE PERIOD.—For purposes of
4 this subsection, the term ‘disallowance period’ has
5 the meaning given such term under section
6 6751(d).”.

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

10 (3) TRANSITION RULE FOR REVIEW OF PRE-
11 VIOUSLY IMPOSED DISALLOWANCE PERIODS.—

12 (A) IN GENERAL.—In the case of any defi-
13 ciency which is attributable to an entry on the
14 return claiming a credit under section 24, 25A,
15 or 32 of the Internal Revenue Code of 1986 for
16 a taxable year in a disallowance period de-
17 scribed in subparagraph (B), the Tax Court
18 shall have jurisdiction to redetermine whether
19 the disallowance period was properly imposed.

20 (B) DISALLOWANCE PERIOD DE-
21 SCRIBED.—A disallowance period is described in
22 this subparagraph if the notice of the deficiency
23 under section 6212 of such Code for the taxable
24 year with respect to which the determination to
25 impose the disallowance period was made—

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

3 (ii) was mailed before the date that is
4 36 months after the date of the enactment
5 of this Act.

6 (C) DISALLOWANCE PERIOD.—For pur-
7 poses of this paragraph, the term “disallowance
8 period” has the meaning given such term under
9 section 6751(d) of the Internal Revenue Code
10 of 1986 (as added by this Act).

11 (D) REFUNDS.—Notwithstanding section
12 6512(b)(1) of the Internal Revenue Code of
13 1986, in the case of a petition with respect to
14 a disallowance period described in subparagraph
15 (B), the Tax Court shall have jurisdiction to de-
16 termine the amount of an overpayment for any
17 taxable year in the disallowance period, and
18 such amount shall, notwithstanding section
19 6511, when the decision of the Tax Court has
20 become final, be credited or refunded to the
21 taxpayer. If a notice of appeal in respect of the
22 decision of the Tax Court is filed under section
23 7483 of such Code, the Secretary is authorized
24 to refund or credit the overpayment determined

1 by the Tax Court to the extent the overpayment
2 is not contested on appeal.

3 (c) BURDEN OF PRODUCTION.—

4 (1) IN GENERAL.—Section 7491(c) is amend-
5 ed—

6 (A) by striking “Notwithstanding” and in-
7 serting the following:

8 “(1) IN GENERAL.—Notwithstanding”,

9 (B) by striking “with respect to the liabil-
10 ity” and inserting “with respect to—

11 “(A) the liability”,

12 (C) by striking the period after “title” and
13 inserting “, and”,

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

16 “(B) the application of any disallowance
17 period (as defined in section 6751(d)) to any
18 individual.”, and

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

21 “(2) STANDARD OF PROOF FOR CERTAIN DIS-
22 ALLOWANCE PERIODS.—In the case of any court
23 proceeding with respect to any disallowance period
24 described in section 24(g)(1)(B)(i),
25 25A(b)(4)(A)(ii)(I), or 32(k)(1)(B)(i), the standard

1 of proof shall be the same standard as required in
2 a proceeding under section 7454(a).”.

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

10 (d) MODIFICATION OF DISALLOWANCE PERIOD.—

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

13 (A) in subparagraph (B), by striking “for
14 which there was a final determination that the
15 taxpayer’s claim of credit under this section
16 was” each place it appears in clauses (i) and
17 (ii) and inserting “for which a notice of defi-
18 ciency has been sent under section 6212(a)
19 which notifies the taxpayer that the taxpayer’s
20 claim of credit under this section was denied, or
21 a determination that has become final under
22 section 7481 has been made by the Tax Court
23 to deny such claim,” and

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

1 “(C) ALLOWANCE OF PREVIOUSLY DENIED
2 CREDITS AFTER TAX COURT CONSIDERATION.—
3 Notwithstanding subparagraphs (A) and (B), a
4 taxable year shall not be treated as a taxable
5 year in the disallowance period if the Tax Court
6 determines that the disallowance period was not
7 properly imposed for such year pursuant to sec-
8 tion 6214(e).”.

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

11 (A) in clause (ii), by striking “for which
12 there was a final determination that the tax-
13 payer’s claim of the American Opportunity
14 Credit under this section was” each place it ap-
15 pears in subclauses (I) and (II) and inserting
16 “for which a notice of deficiency has been sent
17 under section 6212(a) which notifies the tax-
18 payer that the taxpayer’s claim of credit under
19 this section was denied, or a determination that
20 has become final under section 7481 has been
21 made by the Tax Court to deny such claim,”,
22 and

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

1 “(iii) ALLOWANCE OF PREVIOUSLY
2 DENIED CREDITS AFTER TAX COURT CON-
3 SIDERATION.—Notwithstanding clauses (i)
4 and (ii), a taxable year shall not be treated
5 as a taxable year in the disallowance pe-
6 riod if the Tax Court determines that the
7 disallowance period was not properly im-
8 posed for such year pursuant to section
9 6214(e).”.

10 (3) EARNED INCOME TAX CREDIT.—Section
11 32(k)(1) is amended—

12 (A) in subparagraph (B), by striking “for
13 which there was a final determination that the
14 taxpayer’s claim of credit under this section
15 was” each place it appears in clauses (i) and
16 (ii) and inserting “for which a notice of defi-
17 ciency has been sent under section 6212(a)
18 which notifies the taxpayer that the taxpayer’s
19 claim of credit under this section was denied, or
20 a determination that has become final under
21 section 7481 has been made by the Tax Court
22 to deny such claim,” and

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

1 “(C) ALLOWANCE OF PREVIOUSLY DENIED
2 CREDITS AFTER TAX COURT CONSIDERATION.—
3 Notwithstanding subparagraphs (A) and (B), a
4 taxable year shall not be treated as a taxable
5 year in the disallowance period if the Tax Court
6 determines that the disallowance period was not
7 properly imposed for such year pursuant to sec-
8 tion 6214(e).”.

9 (4) SUSPENSION OF RUNNING OF LIMITATIONS
10 PERIOD FILING OF A CLAIM FOR CREDIT OR RE-
11 FUND.—Section 6511(d) is amended by adding at
12 the end the following new paragraph:

13 “(9) SPECIAL RULES RELATING TO DISALLOW-
14 ANCE PERIODS.—The running of the periods de-
15 scribed in subsections (a) and (b)(2) with respect to
16 any claim for a credit allowed under section 24,
17 25A, or 32 for any taxable year in a disallowance
18 period (as defined in section 6751(d)) shall be sus-
19 pended during any period in which the imposition of
20 such disallowance period is pending before the Tax
21 Court.”.

22 (5) EFFECTIVE DATE.—

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

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

4 (ii) disallowance periods (as defined in
5 section 6751(d) of the Internal Revenue
6 Code of 1986, as added by this Act) in
7 taxable years beginning on or before such
8 date if the notice of deficiency for the tax-
9 able year with respect to which the deter-
10 mination to impose such disallowance pe-
11 riod was made was sent after such date.

12 (B) SUSPENSION OF RUNNING OF LIMITA-
13 TIONS PERIOD.—The amendment made by
14 paragraph (4) shall apply to petitions filed after
15 the date of the enactment of this Act.

16 **SEC. 306. AUTHORIZATION OF DE NOVO REVIEW OF INNO-**
17 **CENT SPOUSE RELIEF BY THE TAX COURT**
18 **AND OTHER COURTS.**

19 (a) REVIEW.—Section 6015(e)(7) is amended by
20 striking “by the Tax Court and shall be based upon” and
21 all that follows and inserting a period.

22 (b) CLARIFICATION OF SCOPE OF REVIEW.—Section
23 6015(e)(1)(A) is amended by inserting “(including any
24 remedy applicable in a suit for refund or collection or in

1 a bankruptcy case)” after “In addition to any other rem-
2 edy provided by law”.

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

7 (d) NO INFERENCE.—Nothing in the amendments
8 made by this section shall be construed to limit the author-
9 ity or jurisdiction of the Tax Court or any other court
10 to grant relief under section 6015 of the Internal Revenue
11 Code of 1986 or to review any relief granted under such
12 section.

13 **SEC. 307. CLARIFICATION OF CERTAIN COURT FILING**
14 **DEADLINES.**

15 (a) IN GENERAL.—

16 (1) TREATMENT OF DEADLINES.—Section 7451
17 is amended by redesignating subsection (b) as sub-
18 section (c) and by inserting after subsection (a) the
19 following new subsection:

20 “(b) TREATMENT OF DEADLINES FOR CERTAIN PE-
21 TITIONS.—

22 “(1) IN GENERAL.—The deadlines for filing pe-
23 titions under section 6015(e)(1)(A), the first sen-
24 tence of section 6213(a), and section 6330(d)(1)(A)
25 shall be considered nonjurisdictional claims-proc-

1 essing rules subject to waiver, forfeiture, estoppel,
2 and equitable tolling. For purposes of section
3 6015(e)(1)(B), the second and fourth sentences of
4 section 6213(a), and the last sentence of section
5 6330(e)(1), a petition not timely filed shall be treat-
6 ed as timely filed if the Tax Court determines that
7 the failure to timely file is excused by waiver, for-
8 feiture, estoppel, or equitable tolling.

9 “(2) TREATMENT OF COLLECTION ACTIVITY.—
10 If the Tax Court determines that the failure to time-
11 ly file a petition under section 6015(e)(1)(A),
12 6213(a), or 6330(d)(1)(A) is excused by waiver, for-
13 feiture, estoppel, or equitable tolling, the Secretary
14 (or the Attorney General, as the case may be) shall
15 abate any assessment made under section 6213(c) to
16 which the petition relates, suspend any levy or pro-
17 ceeding for the collection of the liability to which the
18 petition relates, and (unless the taxpayer otherwise
19 requests) refund any amount of such liability pre-
20 viously collected. The previous sentence shall not
21 apply if section 6330(e)(2), 6330(f), 6330(g), 6851,
22 6852, or 6861 applies. The Tax Court shall have ju-
23 risdiction to enforce this paragraph.”.

24 (2) CONFORMING AMENDMENTS.—

25 (A) Section 6015(e) is amended—

1 (i) in paragraph (1)(B)(i), by striking
2 “or, if a petition has been filed with the
3 Tax Court under subparagraph (A), until
4 the decision of the Tax Court has become
5 final” and inserting “or, if a timely peti-
6 tion has been filed with the Tax Court
7 under subparagraph (A), from the date
8 such petition is filed (or, if filed after the
9 close of the 90th day referred to in sub-
10 paragraph (A)(ii), the date the Tax Court
11 determines such petition is excused under
12 section 7451(b)) until the decision of the
13 Tax Court has become final”, and

14 (ii) in paragraph (2)—

15 (I) by redesignating subpara-
16 graphs (A) and (B) as clauses (i) and
17 (ii), respectively, and by moving such
18 clauses two ems to the right,

19 (II) by striking “for the period”
20 and inserting “for any period”,

21 (III) by striking “for 60 days
22 thereafter” and inserting “for 60 days
23 after the latest of such periods”,

24 (IV) by striking “shall be sus-
25 pended” and inserting “shall—

1 “(A) be suspended—”, and

2 (V) by striking the period after

3 “Secretary” and inserting “, and

4 “(B) if the Tax Court determines that the
5 failure to timely file a petition under paragraph
6 (1)(A) is excused under section 7451(b), be ex-
7 tended by the number of days between the
8 deadline for filing the petition (determined
9 without regard to the application of section
10 7451(b)) and the date on which the court deter-
11 mines that the failure to timely file the petition
12 is excused.”.

13 (B) The second sentence of section
14 6213(a) is amended—

15 (i) by inserting “timely” before “peti-
16 tion”, and

17 (ii) by inserting “from the time such
18 petition is filed (or, if filed after the close
19 of the 90-day or 150-day period, the date
20 the Tax Court determines such filing is ex-
21 cused under section 7451(b))” before
22 “until the decision”.

23 (C) Section 6213(c) is amended by insert-
24 ing “(without regard to the application of sec-

tion 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 ex-

pire 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 sec-

tion 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 be-

comes 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

1 determines that the failure to timely file
2 the petition is excused.”.

3 (E) Section 6503(a)(1) is amended—

4 (i) by striking “the period” and in-
5 serting “any period”,

6 (ii) by striking “for 60 days there-
7 after” and inserting “for 60 days after the
8 latest of such periods”, and

9 (iii) by adding at the end the fol-
10 lowing new sentence: “If the Tax Court de-
11 termines that the failure to timely file a
12 petition under section 6213(a) is excused
13 under section 7451(b), the periods of limi-
14 tations provided in sections 6501 and 6502
15 on the making of assessments and the col-
16 lection by levy or a proceeding in court
17 shall be extended by the number of days
18 between the deadline for filing the petition
19 (determined without regard to the applica-
20 tion of section 7451(b)) and the date on
21 which the court determines that the failure
22 to timely file the petition is excused.”.

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

25 “(d) EFFECT OF DECISION DISMISSING PETITION.—

1 “(1) IN GENERAL.—If a petition has been filed
2 by the taxpayer under section 6015(e)(1)(A),
3 6213(a), or 6330(d)(1)(A), a decision of the Tax
4 Court dismissing the proceeding shall be considered
5 as its decision on the merits, unless the dismissal
6 is—

7 “(A) for lack of jurisdiction,

8 “(B) for failure to timely file the petition,

9 or

10 “(C) in the case of a petition under section
11 6015(e)(1)(A) or 6330(d)(1)(A), at the request
12 of the taxpayer (unless the Tax Court orders
13 that the dismissal shall be considered its deci-
14 sion on the merits).

15 “(2) ENTRY OF ORDER.—An order specifying
16 the amount of deficiency or liability, if appropriate,
17 shall be entered in the records of the Tax Court un-
18 less the Tax Court cannot determine such amount
19 from the record in the proceeding.”.

20 (b) TOLLING OF TIME IN CERTAIN CASES.—Section
21 7451(c), as redesignated by subsection (a)(1), is amended
22 by striking “date” and inserting “day (in whole or in
23 part)”.

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

4 (d) NO INFERENCE.—The amendments made by sub-
5 section (a) shall not be construed to create any inference
6 with respect to the treatment of—

7 (1) any case brought under section
8 6015(e)(1)(A), the second sentence of section
9 6213(a), or section 6330(d)(1)(A) of the Internal
10 Revenue Code of 1986 for which there is a final de-
11 termination by the Tax Court before the date of the
12 enactment of this Act, or

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

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

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

1 (b) UNDERLYING TAX LIABILITY.—Section
2 6330(c)(4) is amended by striking “An issue may not be
3 raised” and inserting “An issue which is not related to
4 the amount or existence of the underlying tax liability may
5 not be raised”.

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

9 (a) IN GENERAL.—Section 6330(d)(1) is amended—
10 (1) by striking “The person may” and inserting
11 the following:

12 “(A) IN GENERAL.—The person may”,
13 (2) by inserting “and, unless a challenge was
14 precluded under subsection (c), with respect to the
15 determination of any overpayments of tax for the
16 taxable periods or events at issue in the determina-
17 tion” after “matter”, and

18 (3) by adding at the end the following new sub-
19 paragraphs:

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

24 “(C) LIMITATION ON AMOUNT OF CREDIT
25 OR REFUND.—

1 “(i) IN GENERAL.—In the case of any
2 petition under subparagraph (A), no credit
3 or refund shall be allowed or made of any
4 portion of the tax unless the Tax Court de-
5 termines as part of its decision that such
6 portion was paid—

7 “(I) after the notice described in
8 subsection (a)(1) or section
9 6320(a)(1) (as the case may be) was
10 given,

11 “(II) within the period which
12 would be applicable under section
13 6511(b)(2), (c), or (d), if, on the date
14 the notice described in subsection
15 (a)(1) or section 6320(a)(1) (as the
16 case may be) was given, a claim had
17 been filed (whether or not filed) stat-
18 ing the grounds upon which the Tax
19 Court finds that there is an overpay-
20 ment, or

21 “(III) within the period which
22 would be applicable under section
23 6511(b)(2), (c), or (d), in respect of
24 any claim for refund filed within the
25 applicable period specified in section

1 6511 and before the date the notice
2 described in subsection (a)(1) or sec-
3 tion 6320(a)(1) (as the case may be)
4 was given—

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

7 “(bb) which had been dis-
8 allowed before that date and in
9 respect of which a timely suit for
10 refund could have commenced as
11 of that date, or

12 “(cc) in respect of which a
13 suit for refund had been com-
14 menced before that date and
15 within the period specified in sec-
16 tion 6532.

17 In a case described in subclause (II)
18 where the date the notice described in
19 subsection (a)(1) or section
20 6320(a)(1) (as the case may be) is
21 given is during the third year after
22 the due date (determined without re-
23 gard to any extensions) for filing the
24 return of tax and no return was filed
25 before such date, the applicable period

1 under subsections (a) and (b)(2) of
2 section 6511 shall be 3 years.

3 “(ii) DATE NOTICE WAS GIVEN.—For
4 purposes of this subparagraph—

5 “(I) if notice was given under
6 subsection (a)(2) or section
7 6320(a)(2) by mail, the date the no-
8 tice was given shall be the date such
9 notice was mailed, and

10 “(II) if notice was given under
11 subsection (a)(2) or 6320(a)(2) by
12 leaving such notice at the dwelling or
13 usual place of business of the person,
14 the date the notice was given shall be
15 the date such notice was left.”.

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

18 (1) IN GENERAL.—Section 6330(e)(1) is
19 amended by inserting “section 6511 (relating to lim-
20 itations on credit or refund),” after “section 6502
21 (relating to collection after assessment)”.

22 (2) PROHIBITION ON CREDITING OF OVERPAY-
23 MENTS AGAINST DISPUTED TAX LIABILITY DURING
24 COLLECTION ACTION PROCEEDINGS.—Section 6402

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

3 “(o) PROHIBITION ON CREDITING OF OVERPAY-
4 MENTS AGAINST DISPUTED TAX LIABILITY DURING COL-
5 LECTION ACTION PROCEEDINGS.—If a hearing is properly
6 requested under section 6320(a)(3)(B) or 6330(a)(3)(B),
7 and an underlying tax liability referred to in section
8 6330(c)(2)(B) is properly disputed at such hearing, such
9 tax liability shall not, except with the consent of the tax-
10 payer, be taken into account under subsection (a) for the
11 period during which the period of limitations for filing a
12 claim for credit or refund relating to such tax liability is
13 suspended by reason of section 6330(e).”.

14 (c) CLARIFICATION OF APPLICATION OF CERTAIN
15 LEVY HEARING RULES TO LIEN HEARINGS.—Section
16 6330(c)(2)(A) is amended by striking “unpaid tax or the
17 proposed levy” and inserting “unpaid tax, collection ac-
18 tion, or proposed collection action”.

19 (d) EFFECTIVE DATE.—

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

24 (2) PROHIBITION ON CREDITING OF OVERPAY-
25 MENTS.—The amendment made by subsection (b)(2)

1 shall apply with respect to any period described in
2 section 6402(o) of the Internal Revenue Code of
3 1986 (as added by this section) if any portion of
4 such period is after the date of the enactment of this
5 Act.

6 (3) CLARIFICATION OF APPLICATION OF CER-
7 TAIN LEVY HEARING RULES TO LIEN HEARINGS.—
8 The amendment made by subsection (c) shall take
9 effect on the date of the enactment of this Act.

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

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

13 (1) by striking “The Tax Court” and inserting
14 the following:

15 “(a) IN GENERAL.—The Tax Court”, and

16 (2) by adding at the end the following new sub-
17 section:

18 “(b) ACTIONS FOR REFUNDS.—

19 “(1) JURISDICTION.—

20 “(A) IN GENERAL.—In addition to any
21 other court authorized by law, the Tax Court
22 shall, subject to section 7422, have jurisdiction
23 over any action, not exceeding the applicable
24 amount, for the recovery of any internal rev-
25 enue tax alleged to have been erroneously or il-

1 legally assessed or collected, or any penalty
2 claimed to have been collected without authority
3 or of any sum alleged to have been excessive or
4 in any manner wrongfully collected under the
5 internal revenue laws to the same extent as the
6 district courts of the United States.

7 “(B) APPLICABLE AMOUNT.—For purposes
8 of this paragraph, the applicable amount
9 means—

10 “(i) \$2,000,000 for any one taxable
11 year, in the case of taxes imposed by sub-
12 title A,

13 “(ii) \$2,000,000, in the case of the
14 tax imposed by chapter 11,

15 “(iii) \$2,000,000 for any one calendar
16 year, in the case of the tax imposed by
17 chapter 12,

18 “(iv) \$2,000,000 for any 1 taxable pe-
19 riod (or, if there is no taxable period, tax-
20 able event) in the case of any tax imposed
21 by subtitle C, D, or E, and

22 “(v) \$2,000,000, in the case of any
23 other amount collected.

24 “(2) FURTHER NOTICE OF DEFICIENCY.—If the
25 Secretary prior to the hearing of a suit brought by

1 a taxpayer under paragraph (1) mails to the tax-
2 payer a notice that a deficiency has been determined
3 in respect of the tax which is the subject matter of
4 the taxpayer's suit, the proceedings in the taxpayer's
5 suit shall be stayed during the period of time in
6 which the taxpayer may file a petition with the Tax
7 Court for a redetermination of the asserted defi-
8 ciency, and for 60 days thereafter. If the taxpayer
9 files such a petition with the Tax Court, such peti-
10 tion shall be consolidated with the suit brought
11 under paragraph (1).”.

12 (b) USE OF SMALL DISPUTE PROCEDURES.—Section
13 7463(f) is amended by striking “and” at the end of para-
14 graph (2), by striking the period at the end of paragraph
15 (3) and inserting “, and”, and by adding at the end the
16 following new paragraph:

17 “(4) a petition to the Tax Court under section
18 7442(b) in which the amount of the refund sought
19 does not exceed \$50,000.”.

20 (c) CONFORMING AMENDMENTS.—

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

23 “(5) For jurisdiction of the Tax Court, see sec-
24 tion 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:

6 “(H) in the case of a petition under sec-
7 tion 7442(b)—

8 “(i) the legal residence of the peti-
9 tioner if the petitioner is an individual, and

10 “(ii) the principal place of business or
11 principal office or agency if the petitioner
12 is an entity other than an individual.”.

13 (3) Section 1346(a) of title 28, United States
14 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

22 (C) in paragraph (2), by striking “Any”
23 and inserting “Concurrent with the United
24 States Court of Federal Claims, any”.

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

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

7 (a) IN GENERAL.—Section 7422, as amended by this
8 Act, is amended by redesignating subsection (k) as sub-
9 section (l) and by inserting after subsection (j) the fol-
10 lowing new subsection:

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

15 “(1) IN GENERAL.—The district courts of the
16 United States, the United States Court of Federal
17 Claims, and the Tax Court shall not fail to have ju-
18 risdiction over any applicable action brought by a
19 taxpayer to determine the correct amount of liability
20 of such taxpayer solely because the full amount of
21 such liability has not been paid.

22 “(2) APPLICABLE ACTION.—For purposes of
23 this subsection, the term ‘applicable action’ means
24 any action to determine the correct amount of the
25 liability of such taxpayer (or for any refund with re-

1 spect thereto) with respect to any amount if, as of
2 the date such action is filed, such amount—

3 “(A) is the subject of an agreement under
4 section 6159 for which all installments the due
5 date for which is on or before the date the ac-
6 tion is filed have been paid, or

7 “(B) has been determined by the Secretary
8 to be not collectible (within the meaning of sec-
9 tion 6343(e)).

10 “(3) PERMISSIVE DISMISSAL.—

11 “(A) REQUEST FOR DISMISSAL.—The
12 United States (or the Secretary, in the case of
13 a case in the Tax Court) may request the dis-
14 missal of an applicable action if the taxpayer is
15 no longer in compliance with an installment
16 agreement under section 6159 or is no longer in
17 currently not collectible status (within the
18 meaning of section 6343(e)).

19 “(B) COURT ACTION.—In any case in
20 which there is a request for dismissal under
21 subparagraph (A), the court may, with or with-
22 out taking any evidence or holding a hearing,
23 dismiss the action with leave to refile when ei-
24 ther the full amount of such liability has been
25 paid or the conditions in paragraph (2) are met

1 at the time of refiling. In deciding whether to
2 dismiss the action, the court may consider the
3 extent to which the action has proceeded, the
4 extent to which full payment has been made,
5 any burden that may result to the taxpayer, the
6 United States, the Secretary, or the court from
7 such dismissal (including reasons the taxpayer
8 is no longer in compliance with an installment
9 agreement under section 6159), and any other
10 reason relating to the policy of the full payment
11 rule. A dismissal under this paragraph shall not
12 be reviewed by any other court.

13 “(4) PROHIBITION ON COLLECTION OF DIS-
14 ALLOWED LIABILITY.—If the court redetermines
15 under paragraph (1) the correct amount of liability
16 of the taxpayer, no part of such liability which is
17 disallowed by a decision of such court which has be-
18 come final may be collected by the Secretary, and
19 amounts paid in excess of the amount determined by
20 the court as correctly paid shall be refunded.”.

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

1 **SEC. 312. ADJUSTMENT OF THRESHOLD FOR SMALL DIS-**
2 **PUTES.**

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

5 (1) by striking “\$50,000” each place it appears
6 in subsections (a) and (f) and inserting “\$100,000”,
7 and

8 (2) by adding at the end the following new sub-
9 section:

10 “(g) INFLATION ADJUSTMENT.—

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

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-
17 mined under section 1(f)(3) for the calendar
18 year, determined by substituting ‘calendar year
19 2025’ for ‘calendar year 2016’ in subparagraph
20 (A)(ii) thereof.

21 “(2) ROUNDING.—If any increase determined
22 under paragraph (1) is not a multiple of \$1,000,
23 such increase shall be rounded to the next lowest
24 multiple of \$1,000.”.

25 (b) PROCEEDINGS FOR DETERMINATION OF EM-
26 PLOYMENT STATUS.—Section 7436(c)(1) is amended by

1 striking “if the amount of employment taxes placed in dis-
2 pute is \$50,000 or less for each calendar quarter involved”
3 and inserting “if the amount of employment taxes placed
4 in dispute is equal to or less than the dollar amount in
5 effect under section 7463(a)(1) (determined at the time
6 the pleading is filed under subsection (a)) for each cal-
7 endar quarter involved”.

8 (c) CONFORMING AMENDMENTS.—

9 (1) Section 7443A(b)(3) is amended by striking
10 “\$50,000” and inserting “the dollar amount in ef-
11 fect under section 7463(a)(1) (determined at the
12 time the pleading is filed)”.

13 (2) Section 7463(f)(2) is amended by striking
14 “an appeal” and inserting “a petition”.

15 (3) The heading for section 7463 is amended by
16 striking “**DISPUTES INVOLVING \$50,000 OR**
17 **LESS**” and inserting “**SMALL DISPUTES**”.

18 (4) The item relating to section 7463 in the
19 table of section for part II of subchapter C of chap-
20 ter 76 is amended by striking “Disputes involving
21 \$50,000 or less” and inserting “Small disputes”.

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

**TITLE IV—OFFICE OF THE
TAXPAYER ADVOCATE**

**SEC. 401. NTA AUTHORIZATION TO DIRECT HIRE ATTOR-
NEYS.**

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 pe-
riod at the end and inserting “; and”, and

(C) by adding at the end the following:

“(III) appoint counsel in the Of-
fice of the Taxpayer Advocate to re-
port 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 Advo-
cate may utilize direct hire authority
to recruit and appoint qualified appli-
cants, without regard to any pref-
erence requirements,

“(II) any counsel appointed pur-
suant to such clause shall not report

1 to the Chief Counsel for the Internal
2 Revenue Service and shall not rep-
3 resent the Government in litigation,

4 “(III) any legal interpretation of
5 counsel appointed pursuant to such
6 clause shall not be binding on the Sec-
7 retary, and

8 “(IV) pursuant to section
9 301(f)(2) of title 31, United States
10 Code, and subsection (b)(2)(A), the
11 Chief Counsel for the Internal Rev-
12 enue Service shall continue to provide
13 advice to the National Taxpayer Ad-
14 vocate and the Office of the Taxpayer
15 Advocate.”.

16 **SEC. 402. NTA AUTHORIZATION TO MAKE PERSONNEL DE-**
17 **CISIONS.**

18 (a) IN GENERAL.—Section 7803(c)(2)(D)(i)(II) is
19 amended by striking “any employee of any local office of
20 a taxpayer advocate described in subclause (I)” and in-
21 serting “any officer or employee of the Office of the Tax-
22 payer Advocate”.

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

1 **SEC. 403. ACCESS TO INTERNAL REVENUE SERVICE INFOR-**
2 **MATION, LEGAL ADVICE, AND MEETINGS.**

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

5 “(6) ACCESS TO INFORMATION AND MEET-
6 INGS.—

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

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

15 “(I) any return or return infor-
16 mation (as such terms are defined in
17 section 6103(b)) which the National
18 Taxpayer Advocate determines is nec-
19 essary to assist such taxpayer,

20 “(II) any legal advice provided by
21 the staff of the Office of Chief Coun-
22 sel to any employee of the Internal
23 Revenue Service (including any legal
24 advice prepared in contemplation of
25 litigation) which the National Tax-
26 payer Advocate determines is nec-

1 essary to assist such taxpayer, regard-
2 less of whether such legal advice can-
3 not be disclosed to such taxpayer, and

4 “(III) any meeting between such
5 taxpayer and any employee of the In-
6 ternal Revenue Service.

7 “(ii) To the extent necessary to per-
8 form a full and substantive analysis in-
9 cluded in any report described in para-
10 graph (2)(B)—

11 “(I) any relevant document, data,
12 or statistical information, and

13 “(II) any legal advice provided by
14 the staff of the Office of the Chief
15 Counsel to any employee of the Inter-
16 nal Revenue Service (including any
17 legal advice prepared in contemplation
18 of litigation).

19 “(iii) Legal advice from the staff of
20 the Office of Chief Counsel on any matter
21 or issue.

22 “(B) DEADLINE.—Access to any informa-
23 tion, advice, or meeting described in subpara-
24 graph (A) shall be provided by the Commis-
25 sioner not later than—

1 “(i) the date which is 2 weeks after
2 the date on which a written request sub-
3 mitted by the Office of the Taxpayer Advoca-
4 cate has been received by the Commis-
5 sioner, or

6 “(ii) such date as is otherwise agreed
7 to by the Commissioner and the Office of
8 the Taxpayer Advocate.

9 “(C) MEETINGS.—For purposes of sub-
10 paragraph (A)(i)(III), the Commissioner shall
11 be deemed to have satisfied the requirement
12 under such subparagraph if the Commissioner
13 has extended an invitation to attend the meet-
14 ing to the Office of the Taxpayer Advocate,
15 without regard to whether such an invitation
16 was declined by any employee of the Office of
17 the Taxpayer Advocate.

18 “(D) PRIVILEGE.—Any access provided to
19 the Office of the Taxpayer Advocate pursuant
20 to this paragraph with respect to information or
21 legal advice from the staff of the Office of Chief
22 Counsel shall have no effect on any privilege
23 which otherwise applies to such information or
24 legal advice.”.

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

3 (1) in subclause (XII), by striking “and” at the
4 end,

5 (2) in subclause (XIII), by striking the period
6 at the end and inserting “; and”, and

7 (3) by adding at the end the following new sub-
8 clause:

9 “(XIV) identify any failure by
10 the Commissioner to provide access to
11 any information, advice, or meeting
12 described in subparagraph (A) of
13 paragraph (6) by the date required
14 under subparagraph (B) of such para-
15 graph.”.

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

19 **SEC. 404. REPEAL OF LIMITATION PERIOD SUSPENSION**
20 **FOR TAXPAYERS SEEKING ASSISTANCE FROM**
21 **TAS.**

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

23 (1) by striking subsection (d), and

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

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

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

7 **SEC. 405. OPERATIONS TO ASSIST TAXPAYERS EXPERI-**
8 **ENCING HARDSHIPS DURING LAPSE IN AP-**
9 **PROPRIATIONS.**

10 Notwithstanding section 1341(a) of title 31, United
11 States Code, during any lapse in appropriations, the Com-
12 missioner and the Office of the Taxpayer Advocate may
13 incur obligations in advance of appropriations for such
14 amounts as may be necessary—

15 (1) to assist any taxpayer who is or may be ex-
16 perienicing an economic hardship (within the mean-
17 ing of section 6343(a)(1)(D) of the Internal Revenue
18 Code of 1986) as a result of any action or inaction
19 by the Internal Revenue Service, and

20 (2) for the purpose of complying with any Tax-
21 payer Assistance Order issued pursuant to section
22 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—

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

3 “(c) FAILURE TO FURNISH VALID IDENTIFYING
4 NUMBER.—

5 “(1) IN GENERAL.—

6 “(A) PENALTY.—Any person who is a tax
7 return preparer with respect to any return or
8 claim for refund and who fails to furnish an
9 identifying number which complies with section
10 6109(a)(4)(A) with respect to such return or
11 claim shall pay a penalty of \$250 for such fail-
12 ure.

13 “(B) NON-COMPLIANCE.—For purposes of
14 this paragraph, an identifying number shall be
15 deemed to not comply with section
16 6109(a)(4)(A) if such identifying number—

17 “(i) is assigned to another person,

18 “(ii) does not exist,

19 “(iii) is inactive or expired,

20 “(iv) has been withdrawn,

21 “(v) is suspended or has been revoked,

22 or

23 “(vi) is otherwise invalid for use by
24 the tax return preparer.

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

5 “(3) LIMITATION.—The maximum penalty im-
6 posed under this subsection on any person with re-
7 spect to documents filed during any calendar year
8 shall not exceed \$75,000.”,

9 (B) by redesignating subsection (h) as sub-
10 section (i),

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

13 “(h) USE OF INVALID OR APPROPRIATED ELEC-
14 TRONIC FILING IDENTIFICATION NUMBER.—

15 “(1) IN GENERAL.—Any person who is an elec-
16 tronic return originator with respect to any applica-
17 ble electronically filed document who fails to meet
18 the requirements of paragraph (2), with respect to
19 such applicable electronically filed document, shall
20 pay a penalty of \$250 for such failure, unless it is
21 shown that such failure is due to reasonable cause
22 and not due to willful neglect.

23 “(2) REQUIREMENT.—The requirements of this
24 paragraph are met if—

1 “(A) the electronic return originator uses
2 an electronic filing identification number which
3 is assigned to such person by the Secretary,
4 and

5 “(B) in the case of any applicable elec-
6 tronically filed document filed after the date on
7 which the program under paragraph (4) is es-
8 tablished, the electronic filing identification
9 number has been validated under such program
10 at the time of the filing.

11 “(3) DEFINITIONS.—For purposes of this sub-
12 section—

13 “(A) ELECTRONIC RETURN ORIGINATOR.—

14 “(i) IN GENERAL.—The term ‘elec-
15 tronic return originator’ means a person
16 who originates the electronic submission of
17 1 or more applicable electronically filed
18 documents.

19 “(ii) EXCEPTIONS.—The term ‘elec-
20 tronic return originator’ shall not include a
21 person merely because such person origi-
22 nates an electronic submission described in
23 clause (i)—

1 “(I) by providing services which
2 are limited to typing, reproduction, or
3 other mechanical assistance,

4 “(II) at the direction of an em-
5 ployer (or of an officer or employee of
6 the employer) by whom such person is
7 regularly and continuously employed,

8 “(III) as a fiduciary, or

9 “(IV) in response to a determina-
10 tion by the Secretary that directly or
11 indirectly affects the tax liability of a
12 taxpayer.

13 “(B) ELECTRONIC FILING IDENTIFICATION
14 NUMBER.—

15 “(i) IN GENERAL.—The term ‘elec-
16 tronic filing identification number’ means a
17 unique identifier issued by the Secretary to
18 authorize a person or entity to electroni-
19 cally file on behalf of other taxpayers—

20 “(I) any return of Federal tax,

21 “(II) any claim for a refund, and

22 “(III) except as provided by the
23 Secretary, any other document re-
24 quired to be filed with the Secretary
25 under this title.

1 “(ii) SUSPENSION OR REVOCATION.—

2 In the case of any electronic filing identi-
3 fication number which has been suspended
4 or revoked by the Secretary, such number
5 shall not be deemed valid for purposes of
6 paragraph (1).

7 “(C) APPLICABLE ELECTRONICALLY FILED
8 DOCUMENT.—The term ‘applicable electroni-
9 cally filed document’ means any document
10 which is described in subclause (I), (II), or (III)
11 of subparagraph (B)(i) and filed electronically
12 on behalf of other taxpayers.

13 “(4) ELECTRONIC FILING IDENTIFICATION
14 NUMBER VALIDATION PROGRAM.—

15 “(A) IN GENERAL.—Not later than 24
16 months after the date of the enactment of this
17 paragraph, the Secretary shall establish and
18 maintain a program for the validation of elec-
19 tronic filing identification numbers.

20 “(B) TIMING AND FREQUENCY OF VALIDA-
21 TION.—The Secretary shall validate an elec-
22 tronic filing identification number—

23 “(i) prior to the initial use of such
24 electronic filing identification number for
25 electronic filing, and

1 “(ii) at such intervals, or upon such
2 events, as the Secretary determines appro-
3 priate, to ensure the continued validity and
4 integrity of such electronic filing identifica-
5 tion number.

6 “(C) REAL-TIME VALIDATION SYSTEM.—

7 “(i) IN GENERAL.—The program es-
8 tablished under this paragraph shall pro-
9 vide a real-time system for the validation
10 of electronic filing identification numbers.

11 “(ii) SYSTEM REQUIREMENTS.—The
12 system provided under clause (i) shall—

13 “(I) provide immediate confirma-
14 tion of the validity status of an elec-
15 tronic filing identification number,

16 “(II) identify whether an elec-
17 tronic filing identification number has
18 been suspended, revoked, or com-
19 promised or is otherwise ineligible for
20 the activity for which it is used, and

21 “(III) be designed to support se-
22 cure, automated, and high-volume val-
23 idation requests, including usage by
24 large-scale tax preparation software
25 systems.

1 “(D) ACCESS.—The Secretary shall—

2 “(i) provide access to the system in
3 such form and manner as the Secretary
4 may prescribe, and

5 “(ii) accept a validation request only
6 from a person authenticated and author-
7 ized in accordance with requirements pre-
8 scribed by the Secretary and only with re-
9 spect to an electronic filing identification
10 number and electronic filing activity for
11 which such person is authorized to request
12 validation, whether on its own behalf or in
13 connection with services provided to the
14 person to whom the electronic filing identi-
15 fication number was issued.”, and

16 (D) in subsection (i)(1), as redesignated by
17 paragraph (2), by striking “and (g)” and in-
18 serting “(g), and (h)”.

19 (2) REQUIREMENT FOR FILING SOFTWARE TO
20 PROVIDE FOR USE OF VALIDATION PROGRAM.—Soft-
21 ware which enables the electronic filing of applicable
22 electronically filed documents (as defined in section
23 6695(h) of the Internal Revenue Code of 1986, as
24 amended by paragraph (1)(C)) with the Secretary—

1 (A) shall require validation of an electronic
2 filing identification number (as defined in sec-
3 tion 6695(h) of such Code, as amended by this
4 section) under the program described in section
5 6695(h)(4) of such Code (as amended by this
6 section) prior to the electronic filing of any ap-
7 plicable electronically filed document (as so de-
8 fined) filed after the date such program has
9 been established, and

10 (B) shall not permit such electronic filing
11 unless such electronic filing identification num-
12 ber has been validated under such program.

13 (3) VALIDATION PROGRAM IMPLEMENTATION
14 PLAN AND REPORT.—

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

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

- 1 (ii) the implementation timeline,
2 major milestones, and testing schedule,
3 (iii) the categories of persons eligible
4 to submit validation requests and the pro-
5 cedures for authorizing such persons,
6 (iv) the proposed performance and re-
7 liability standards and contingency proce-
8 dures, and
9 (v) a description of the administrative,
10 technical, and physical safeguards to pre-
11 vent unauthorized discovery, enumeration,
12 testing, or bulk verification of electronic
13 filing identification numbers.

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

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

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

7 (iii) the aggregate number of valida-
8 tion requests and the aggregate number of
9 affirmative, negative, and unable-to-vali-
10 date responses,

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

13 (v) any material deviation from the
14 implementation plan submitted under sub-
15 paragraph (A), and the actions taken or
16 planned to address such deviation, and

17 (vi) any recommendations for admin-
18 istrative or legislative changes.

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

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

23 “(A) IN GENERAL.—The term ‘tax return
24 preparer’ means any person who prepares for
25 compensation, or who employs one or more per-

1 sons to prepare for compensation, any return of
2 tax imposed by this title, any document pur-
3 porting to be a return of tax imposed by this
4 title, or any claim for refund of tax imposed by
5 this title. For purposes of the preceding sen-
6 tence, the preparation of a substantial portion
7 of a return, document purporting to be a re-
8 turn, or claim for refund shall be treated as if
9 it were the preparation of such return, docu-
10 ment purporting to be a return, or claim for re-
11 fund.”, and

12 (2) in subparagraph (B)—

13 (A) in clause (ii), by striking “return or
14 claim for refund” and inserting “return, docu-
15 ment purporting to be a return, or claim for re-
16 fund”, and

17 (B) in clause (iii), by striking “return or
18 claim for refund” and inserting “return, docu-
19 ment purporting to be a return, or claim for re-
20 fund”.

21 (c) PREVENTION OF INADVERTENT ERRORS INVOLV-
22 ING IDENTIFYING NUMBERS.—

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

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

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

9 (A) the National Taxpayer Advocate,

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

13 (C) other relevant stakeholders.

14 (3) OPPORTUNITY TO CORRECT.—For purposes
15 of the program described in paragraph (1), the Sec-
16 retary shall—

17 (A) prior to acceptance for processing,
18 identify—

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

24 (ii) any return or claim for refund
25 which has been electronically submitted

1 and does not use an electronic filing identi-
2 fication number (as defined in section
3 6695(h)(3)(B) of such Code) or which uses
4 an electronic filing identification number
5 which been suspended, revoked, or com-
6 promised or is otherwise ineligible for the
7 activity for which it is used, and

8 (B) provide an opportunity for the person
9 who submitted such return or claim for refund
10 to avoid imposition of a penalty under sub-
11 section (c) or (h) of section 6695 of such Code,
12 as applicable, if the correct identifying number
13 or electronic filing identification number is pro-
14 vided.

15 (d) CRIMINAL PENALTY.—

16 (1) IN GENERAL.—Part I of subchapter A of
17 chapter 75 is amended by adding at the end the fol-
18 lowing new section:

19 **“SEC. 7218. WILLFUL FAILURE TO PROVIDE A VALID PRE-**
20 **PARER IDENTIFICATION NUMBER.**

21 “(a) IN GENERAL.—Any tax return preparer who,
22 with respect to any return, document purporting to be a
23 return, or claim for refund willfully fails to furnish an
24 identifying number which complies with section
25 6109(a)(4)(A) with respect to such return or document

1 or willfully furnishes a preparer tax identification number
2 which is described in section 6695(c)(1)(B) with intent to
3 evade or defeat the application of any requirement under
4 any provision of this title which requires such preparer
5 to obtain and furnish such number, shall, in addition to
6 any other penalties provided by law, be guilty of a felony
7 and, upon conviction thereof, shall be fined not more than
8 \$50,000 (\$100,000 in the case of a corporation), or im-
9 prisoned not more than 3 years, or both, together with
10 the costs of prosecution.

11 “(b) PREPARER TAX IDENTIFICATION NUMBER.—In
12 this section, the term ‘preparer tax identification number’
13 means an identifying number described in section
14 6109(a)(4)(A).”.

15 (2) CLERICAL AMENDMENT.—The table of sec-
16 tions for part I of subchapter A of chapter 75 is
17 amended by adding at the end the following new
18 item:

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

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

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

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

7 (1) in subsection (a)—

8 (A) by striking “\$50” and inserting
9 “\$250”, and

10 (B) by striking “\$25,000” and inserting
11 “\$50,000”,

12 (2) in subsection (b)—

13 (A) by striking “\$50” and inserting
14 “\$250”, and

15 (B) by striking “\$25,000” and inserting
16 “\$75,000”,

17 (3) in subsection (d)—

18 (A) by striking “\$50” and inserting
19 “\$250”, and

20 (B) by striking “\$25,000” and inserting
21 “\$50,000”,

22 (4) in subsection (e)—

23 (A) by striking “\$50” and inserting
24 “\$250”, and

25 (B) by striking “\$25,000” and inserting
26 “\$75,000”,

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

3 (6) in subsection (i)(1)—

4 (A) by striking “2014” and inserting
5 “2025”, and

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

8 (b) MISAPPROPRIATION OF REFUNDS.—

9 (1) IN GENERAL.—Subsection (f) of section
10 6695 is amended to read as follows:

11 “(f) MISAPPROPRIATION.—

12 “(1) IN GENERAL.—Any person who is a tax re-
13 turn preparer who misappropriates any payment
14 made in respect of the taxes imposed by this title
15 which is issued to a taxpayer (other than the tax re-
16 turn preparer) shall pay a penalty in an amount de-
17 termined under paragraph (2).

18 “(2) PENALTY.—The amount of the penalty de-
19 termined under this paragraph shall, with respect to
20 each payment described in paragraph (1), be equal
21 to the greater of—

22 “(A) \$1,000, or

23 “(B) the full amount of such payment.

24 “(3) EXCEPTION.—Paragraph (1) shall not
25 apply with respect to the deposit by a bank (within

1 the meaning of section 581) of the full amount of
2 the payment in the taxpayer's account in such bank
3 for the benefit of the taxpayer.”.

4 (2) CONFORMING AMENDMENT.—Section
5 6695(i)(1) is amended by striking “(f),” and insert-
6 ing “(f)(2)(A),”.

7 **SEC. 504. AUTHORITY TO DENY, REVOKE, OR SUSPEND PRE-**
8 **PARER TAX IDENTIFICATION NUMBERS.**

9 (a) IN GENERAL.—Section 6109 is amended—
10 (1) in subsection (a), by striking paragraph (4)
11 and inserting the following:

12 “(4) FURNISHING IDENTIFYING NUMBER OF
13 TAX RETURN PREPARER.—

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

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

1 “(C) DEFINITIONS.—For purposes of this
2 section—

3 “(i) SPECIFIED PRACTITIONER.—The
4 term ‘specified practitioner’ means a cer-
5 tified public accountant, attorney, or en-
6 rolled agent—

7 “(I) who is—

8 “(aa) in good standing
9 with—

10 “(AA) the Department
11 of the Treasury, and,

12 “(BB) in the case of a
13 certified public accountant
14 or attorney, State licensing
15 authorities, and

16 “(bb) authorized to rep-
17 resent persons before the Depart-
18 ment of the Treasury under sec-
19 tion 330 of title 31, United
20 States Code, and

21 “(II) whose professional license
22 or certification has not been revoked
23 or suspended.

24 “(ii) RETURN; CLAIM FOR REFUND.—
25 The terms ‘return’ and ‘claim for refund’

1 have the respective meanings given to such
2 terms by section 6696(e).”, and

3 (2) by inserting after subsection (d) the fol-
4 lowing:

5 “(e) IDENTIFYING NUMBER OF TAX RETURN PRE-
6 PARER.—

7 “(1) IN GENERAL.—The Secretary shall main-
8 tain a program for administration of preparer tax
9 identification numbers required under subsection
10 (a)(4), which shall include restrictions on the
11 issuance of such numbers to any individual other
12 than an individual who—

13 “(A) meets the suitability requirements of
14 paragraph (2) and the education requirements
15 of paragraph (3),

16 “(B) meets the state program require-
17 ments of paragraph (4), or

18 “(C) is a specified practitioner.

19 “(2) DEMONSTRATION OF SUITABILITY.—

20 “(A) IN GENERAL.—An individual meets
21 the suitability requirements of this paragraph if
22 such individual has demonstrated to the Sec-
23 retary the individual’s suitability to be a tax re-
24 turn preparer by—

1 “(i) providing such information as the
2 Secretary determines necessary, and

3 “(ii) passing a background check, in-
4 cluding a review by the Secretary regard-
5 ing compliance with personal tax obliga-
6 tions.

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

12 “(i) any license or registration issued
13 to such individual by a State to prepare
14 tax returns has been suspended or revoked
15 by such State, or

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

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

23 “(D) PROHIBITION ON EXAMINATIONS.—
24 For purposes of subparagraph (A), except as
25 provided in paragraph (3)(C)(iii), the Secretary

1 may not require an examination as a pre-
2 requisite for the assignment or renewal of a
3 preparer tax identification number.

4 “(E) GRANDFATHERING OF PRIOR BACK-
5 GROUND CHECKS.—

6 “(i) IN GENERAL.—Subject to clause
7 (ii), for purposes of subparagraph (A)(ii),
8 in the case of a class of individuals (as
9 identified by the Secretary) who have
10 passed a background check prior to the
11 date of enactment of this subsection, the
12 Secretary may deem such class of individ-
13 uals to have satisfied the requirement
14 under such subparagraph.

15 “(ii) NONAPPLICATION TO REQUIRE-
16 MENT REGARDING COMPLIANCE WITH PER-
17 SONAL TAX OBLIGATIONS.—Clause (i) shall
18 not apply with respect to review by the
19 Secretary under subparagraph (A)(ii) re-
20 garding compliance with personal tax obli-
21 gations.

22 “(3) EDUCATIONAL PROGRAMS.—

23 “(A) IN GENERAL.—An individual shall
24 meet the education requirements of this para-
25 graph if such individual completes a specified

1 number of hours of educational programs on
2 ethics, professional responsibility, and tax law
3 (including recently enacted Federal income tax
4 legislation) as required by the Secretary prior
5 to the assignment or renewal of a preparer tax
6 identification number.

7 “(B) ADDITIONAL EDUCATIONAL REQUIRE-
8 MENTS FOR RENEWAL.—The Secretary may re-
9 quire any individual seeking the renewal of a
10 preparer tax identification number to complete
11 educational programs in addition to those re-
12 quired under subparagraph (A). Any edu-
13 cational programs required under this subpara-
14 graph shall be based on—

15 “(i) a review of returns which include
16 the preparer tax identification number of
17 such preparer, and

18 “(ii) any errors identified by the Sec-
19 retary as part of the review described in
20 clause (i).

21 “(C) OTHER REQUIREMENTS.—For pur-
22 poses of this paragraph, the Secretary—

23 “(i) may not require a tax return pre-
24 parer to annually complete more than 18
25 hours of educational programs,

1 “(ii) shall require that any edu-
2 cational program include written materials
3 which satisfy such standards as are estab-
4 lished by the Secretary,

5 “(iii) shall require that any edu-
6 cational program include a method to en-
7 sure that the tax return preparer attended
8 the program and sufficiently understood
9 the material presented, and

10 “(iv) may not direct any educational
11 program to be completed through a specific
12 provider.

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

19 “(E) PUBLICATION OF APPROVED
20 COURSES.—The Secretary shall publish, on the
21 public website of the Internal Revenue Serv-
22 ice—

23 “(i) a list of educational programs
24 which have been determined by the Sec-
25 retary to satisfy the requirement under

1 clause (ii) of subparagraph (C) (and, if ap-
2 plicable, the requirement under clause (iii)
3 of such subparagraph), including the pro-
4 viders of such programs, and

5 “(ii) any such requirements as the
6 Secretary deems necessary to impose with
7 respect to any additional programs re-
8 quired under subparagraph (B), provided
9 that such requirements are similar to the
10 requirements provided under section 330
11 of title 31, United States Code, or regula-
12 tions prescribed thereunder.

13 “(4) EXEMPTION.—

14 “(A) IN GENERAL.—Subject to subpara-
15 graph (B), any individual meets the state pro-
16 gram requirements of this paragraph if such in-
17 dividual maintains a valid State license or reg-
18 istration issued by a State licensing program or
19 State registration program (including State tax
20 education councils) which includes examination,
21 education, and background check requirements
22 that are comparable to the suitability require-
23 ments described in paragraph (2) and the edu-
24 cation requirements described in paragraph (3).

1 “(B) GRANDFATHERING OF CERTAIN PRO-
2 GRAMS.—For purposes of subparagraph (A),
3 with respect to determining whether a State li-
4 censing program or State registration program
5 (including State tax education councils) in-
6 cludes examination, education, and background
7 check requirements which are comparable to the
8 suitability requirements described in paragraph
9 (2) and the education requirements described in
10 paragraph (3), such determination shall be
11 made by the Secretary without regard to wheth-
12 er such requirements were included in such pro-
13 gram at the time that such individual was li-
14 censed or registered under such program, pro-
15 vided that such requirements are, as of the date
16 that such individual requested assignment or
17 renewal of a preparer tax identification number
18 under this subsection, presently included in
19 such program.

20 “(5) AUTHORITY TO REVOKE OR SUSPEND PRE-
21 PARER TAX IDENTIFICATION NUMBER.—

22 “(A) IN GENERAL.—The Secretary may
23 suspend or revoke a preparer tax identification
24 number if, after notice and opportunity for a

1 hearing, the Secretary makes a determination
2 that the tax return preparer—

3 “(i) has not met—

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

7 “(II) the state program require-
8 ments of paragraph (4),

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

14 “(iii) is disreputable, as demonstrated
15 by—

16 “(I) giving false or misleading in-
17 formation under paragraph (2)(A)(i),

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

20 “(III) an unpaid tax delin-

21 quency—

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

24 “(bb) which is not being ac-
25 tively disputed, and

1 “(cc) which is not—

2 “(AA) subject to an
3 agreement or compromise
4 under section 6159 or 7122,

5 “(BB) classified as cur-
6 rently not collectible (within
7 the meaning of section
8 6343(e)), or

9 “(CC) subject to a
10 pending application for such
11 an agreement, compromise,
12 or status,

13 “(IV) revocation or suspension of
14 any license or registration issued by a
15 State for the preparation of tax re-
16 turns,

17 “(V) conviction of any criminal
18 offense—

19 “(aa) involving dishonesty or
20 breach of trust, or

21 “(bb) which is punishable
22 under this title,

23 “(VI) a final determination of li-
24 ability for a penalty pursuant to sec-

1 tion 6694, 6695(h), 6700, 6701,
2 6702, or 6713,

3 “(VII) subject to an injunction
4 under section 7407 or 7408, or

5 “(VIII) any conduct similar to
6 the conduct described in subclauses
7 (I) through (VII), as provided under
8 regulations prescribed by the Sec-
9 retary,

10 “(iv) in the case of a person subject to
11 regulation under section 330 of title 31,
12 United States Code, or regulations pre-
13 scribed thereunder, has violated the re-
14 quirements under such section or such reg-
15 ulations,

16 “(v) with intent to defraud, willfully
17 and knowingly misleads or threatens—

18 “(I) the person whose return or
19 claim for refund is being prepared, or

20 “(II) a prospective person seek-
21 ing for a return or claim for refund to
22 be prepared, or

23 “(vi) has engaged in conduct (as iden-
24 tified in regulations or guidance issued by
25 the Secretary) which is similar to the con-

duct described in clauses (i) through (v)
and that the denial, suspension, or revoca-
tion of such number would promote com-
pliance 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 im-
pose a penalty in any amount not exceed-
ing \$5,000.

“(ii) REDUCTION.—Any penalty im-
posed 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 INFLA-
TION.—

“(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—

1 “(aa) such dollar amount,
2 multiplied by

3 “(bb) the cost-of-living ad-
4 justment determined under sec-
5 tion 1(f)(3) for the calendar year,
6 determined by substituting ‘cal-
7 endar year 2024’ for ‘calendar
8 year 2016’ in subparagraph
9 (A)(ii) thereof.

10 “(II) ROUNDING.—If any
11 amount determined under subclause
12 (I) is not a multiple of \$100, such
13 amount shall be rounded to the near-
14 est multiple of \$100.

15 “(C) REINSTATEMENT.—The Secretary
16 shall, through regulations or other guidance, es-
17 tablish procedures to allow any tax return pre-
18 parer whose preparer tax identification number
19 has been suspended or revoked pursuant to sub-
20 paragraph (A) to have such number reissued
21 (or, in the case of a suspension, for such sus-
22 pension to be terminated), provided that such
23 preparer demonstrates, to the satisfaction of
24 the Secretary, that—

1 “(i) the conduct described in such
2 paragraph which was the basis for such
3 suspension or revocation has been suffi-
4 ciently addressed or resolved (such as
5 through completion of educational pro-
6 grams described in paragraph (3) or rein-
7 statement of a license issued by a State for
8 the preparation of tax returns), and

9 “(ii) effective tax administration
10 would be promoted by terminating the sus-
11 pension of such number or reissuing such
12 number to such preparer.

13 “(D) PRELIMINARY SUSPENSION.—

14 “(i) IN GENERAL.—After notice and
15 opportunity to respond, the Secretary may
16 suspend the preparer tax identification
17 number of a tax return preparer for a pe-
18 riod of not greater than 180 days if the
19 Secretary determines that—

20 “(I) such tax return preparer has
21 engaged in any conduct described in
22 clauses (i) through (vi) of subpara-
23 graph (A), and

24 “(II) such suspension is nec-
25 essary to prevent serious economic

1 harm to taxpayers or serious impair-
2 ment of effective tax administration,
3 such as to prevent the filing of fraud-
4 ulent returns or claims for refund.

5 “(ii) LIMITATION.—For purposes of
6 clause (i), if the preparer tax identification
7 number of a tax return preparer has been
8 suspended pursuant to such clause 2 times
9 during any 5-year period, the Secretary
10 may not issue an additional suspension
11 pursuant to such clause with respect to
12 such preparer during such period unless
13 such suspension is subsequent to a deter-
14 mination by the Secretary to suspend or
15 revoke the preparer tax identification num-
16 ber of such preparer pursuant to subpara-
17 graph (A).

18 “(E) REGULATIONS.—Not later than 24
19 months after the date of enactment of this sub-
20 section, the Secretary shall issue such regula-
21 tions or other guidance as the Secretary deter-
22 mines necessary to carry out the purposes of
23 this paragraph, including—

1 “(i) guidelines that identify the par-
2 ticular penalty applicable to any conduct
3 described in subparagraph (A), and

4 “(ii) the manner of notice and oppor-
5 tunity to respond for purposes of subpara-
6 graph (D).

7 “(F) NO INFERENCE.—Nothing in this
8 paragraph shall be construed to create any in-
9 ference with respect to the definition or mean-
10 ing of any term used in section 330 of title 31,
11 United States Code, or regulations prescribed
12 thereunder.

13 “(6) APPEAL.—In the case of any tax return
14 preparer for whom the Secretary has made a deter-
15 mination—

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

20 “(B) under paragraph (5)(A) that the pre-
21 parer tax identification number for such pre-
22 parer should be suspended or revoked, or

23 “(C) that a penalty should be imposed pur-
24 suant to paragraph (5)(B),

1 such preparer shall be provided with an opportunity
2 to appeal such determination pursuant to procedures
3 (as established by the Secretary through regulations
4 or other guidance) which are similar to the proce-
5 dures provided under section 330 of title 31, United
6 States Code, and regulations prescribed thereunder.

7 “(7) DISCLOSURE OF FINAL DETERMINA-
8 TIONS.—

9 “(A) IN GENERAL.—In the case of any de-
10 termination—

11 “(i) in which an extended suspension
12 or revocation of a preparer tax identifica-
13 tion number is imposed under this sub-
14 section, and

15 “(ii) for which all administrative and
16 judicial appeals are exhausted,
17 not later than 30 days following such deter-
18 mination, the Secretary shall publish such de-
19 termination on the public website of the Inter-
20 nal Revenue Service, which shall include a
21 statement of the facts and circumstances relat-
22 ing to such determination and the reasons for
23 the determination.

24 “(B) EXTENDED SUSPENSION.—For pur-
25 poses of subparagraph (A), the term ‘extended

1 suspension’ means a suspension issued by the
2 Secretary pursuant to paragraph (5)(A) for a
3 period of greater than 180 days.

4 “(8) PREPARER TAX IDENTIFICATION NUM-
5 BER.—For purposes of this subsection, the term
6 ‘preparer tax identification number’ means an iden-
7 tifying number described in subsection (a)(4)(A).”.

8 (b) DETERMINATIONS REGARDING PRACTICE BE-
9 FORE THE DEPARTMENT.—Section 330 of title 31, United
10 States Code, is amended—

11 (1) by redesignating subsection (e) as sub-
12 section (f); and

13 (2) by inserting after subsection (d) the fol-
14 lowing:

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

18 “(1) in which a suspension, disbarment, or cen-
19 sure, or other penalty is imposed, and

20 “(2) for which all administrative and judicial
21 appeals are exhausted,

22 not later than 30 days following such determination, the
23 Secretary shall publish such determination on a public
24 website, which shall include a statement of the facts and

1 circumstances relating to such determination and the rea-
2 sons for the determination.”.

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

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

7 “(16) DISCLOSURE RELATING TO MISCONDUCT
8 BY PRACTITIONERS AND TAX RETURN PREPARERS.—

9 Under such procedures as the Secretary may pre-
10 scribe, the Secretary may disclose returns and re-
11 turn information to the extent the Secretary deter-
12 mines it is necessary to publish determinations pur-
13 suant to section 6109(e)(7) and section 330(e) of
14 title 31, United States Code, provided that such dis-
15 closure is redacted to remove—

16 “(A) any name, address, or other identi-
17 fying information with respect to any persons
18 other than the representative or tax return pre-
19 parer who is the subject of such determination,
20 and

21 “(B) such other information as the Sec-
22 retary determines appropriate to protect the
23 privacy of such persons.”.

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

4 (d) REQUIREMENT TO INCLUDE IDENTIFYING NUM-
5 BER FOR PAID PREPARER OF OFFER-IN-COMPROMISE.—

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

9 “(5) FURNISHING IDENTIFYING NUMBER FOR
10 OFFER-IN-COMPROMISE.—Any offer-in-compromise
11 (as described in section 7122), including any re-
12 quired schedule or statement, which has been pre-
13 pared by any person for compensation shall include
14 such identifying number as may be prescribed for se-
15 curing proper identification of such person.”.

16 (2) PENALTY.—Section 7122, as amended by
17 this Act, is amended by adding at the end the fol-
18 lowing new subsection:

19 “(i) FAILURE TO FURNISH IDENTIFYING NUMBER.—

20 “(1) IN GENERAL.—

21 “(A) PENALTY.—Any person who prepares
22 an offer-in-compromise (including any required
23 schedule or statement) for compensation and
24 who fails to include an identifying number
25 which complies with section 6109(a)(5) with re-

1 spect to such offer-in-compromise shall pay a
2 penalty of \$250 for such failure.

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

7 “(i) is assigned to another person,

8 “(ii) does not exist,

9 “(iii) is inactive or expired,

10 “(iv) has been withdrawn,

11 “(v) is suspended or has been revoked,

12 or

13 “(vi) is otherwise invalid for use by
14 the preparer.

15 “(C) ADJUSTMENT FOR INFLATION.—

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

21 “(I) such dollar amount, multi-
22 plied by

23 “(II) the cost-of-living adjust-
24 ment determined under section 1(f)(3)
25 for the calendar year, determined by

1 substituting ‘calendar year 2024’ for
2 ‘calendar year 2016’ in subparagraph
3 (A)(ii) thereof.

4 “(ii) ROUNDING.—If any amount de-
5 termined under clause (i) is not a multiple
6 of \$10, such amount shall be rounded to
7 the nearest multiple of \$10.

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

12 “(3) LIMITATION.—

13 “(A) IN GENERAL.—The maximum penalty
14 imposed under this subsection on any person
15 with respect to documents filed during any cal-
16 endar year shall not exceed \$75,000.

17 “(B) ADJUSTMENT FOR INFLATION.—

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

23 “(I) such dollar amount, multi-
24 plied by

1 “(II) the cost-of-living adjust-
2 ment determined under section 1(f)(3)
3 for the calendar year, determined by
4 substituting ‘calendar year 2024’ for
5 ‘calendar year 2016’ in subparagraph
6 (A)(ii) thereof.

7 “(ii) ROUNDING.—If any amount de-
8 termined under clause (i) is not a multiple
9 of \$1,000, such amount shall be rounded
10 to the nearest multiple of \$1,000.

11 “(4) OTHER APPLICABLE RULES.—Rules simi-
12 lar to the rules of section 6696 shall apply for pur-
13 poses of this subsection.”.

14 (e) GAO STUDY AND REPORT ON THE EXCHANGE
15 OF INFORMATION BETWEEN THE IRS AND STATE TAX-
16 ATION AUTHORITIES.—

17 (1) IN GENERAL.—Not later than 18 months
18 after the date of the enactment of this Act, the
19 Comptroller General of the United States shall con-
20 duct a study and submit to Congress a report on the
21 sharing of information between the Secretary and
22 State authorities, as authorized under subsections
23 (d) and (k)(5) of section 6103 of the Internal Rev-
24 enue Code of 1986, regarding identification numbers

1 issued to paid tax return preparers and return pre-
2 parer minimum standards.

3 (2) INCREASED INFORMATION SHARING.—The
4 study and report described in paragraph (1) shall in-
5 clude an analysis of the impact that increased infor-
6 mation sharing between Federal and State authori-
7 ties would have on efforts to enforce minimum
8 standards on paid tax return preparers.

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

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

19 (f) PUBLICATION OF COMMON ERRORS AND PEN-
20 ALTIES.—Not later than 36 months after the date of the
21 enactment of this Act and annually thereafter, the Com-
22 missioner of the Internal Revenue shall publish on the
23 public website of the Internal Revenue Service—

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

1 (as defined in section 7701(a)(36) of the Internal
2 Revenue Code of 1986) during the most recent cal-
3 endar year for which data is available, and

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

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

8 (B) otherwise disciplined under section
9 6109 of such Code or section 330 of title 31,
10 United States Code.

11 (g) RULE OF CONSTRUCTION.—Nothing in this sec-
12 tion (or amendment made by this section) shall be con-
13 strued to require the Secretary to eliminate or terminate
14 any existing program or authority—

15 (1) which, pursuant to section 330 of title 31,
16 United States Code, permits a tax return preparer
17 to represent a taxpayer before the Department of
18 the Treasury in cases in which such preparer pre-
19 pared and signed the return of tax, or

20 (2) for publication of a public database on the
21 website of the Internal Revenue Service of tax re-
22 turn preparers who have satisfied the requirements
23 for issuance of a preparer tax identification number
24 (as defined in section 6109(e)(8) of the Internal
25 Revenue Code of 1986).

1 (h) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall take effect on the date which is
4 180 days after the date of enactment of this Act.

5 (2) TRANSITION RULES FOR EDUCATIONAL RE-
6 QUIREMENTS FOR TAX RETURN PREPARERS.—

7 (A) ANNUAL FILING SEASON PROGRAM.—

8 In the case of any tax return preparer who, as
9 of the date of enactment of this Act, has re-
10 ceived a record of completion with respect to
11 the Annual Filing Season Program established
12 by the Internal Revenue Service, such tax re-
13 turn preparer shall be deemed to have satisfied
14 the education requirements of section
15 6109(e)(3) of the Internal Revenue Code of
16 1986 (as added by this section) for the calendar
17 year for which such record of completion ap-
18 plies.

19 (B) APPROVED COURSES.—In the case of
20 any entity which, as of the date of enactment
21 of this Act, is approved to provide continuing
22 education for purposes of the Annual Filing
23 Season Program established by the Internal
24 Revenue Service, such entity shall be deemed to
25 satisfy the applicable requirements under sec-

1 tion 6109(e)(3) of the Internal Revenue Code of
2 1986 until the date on which the Secretary
3 has—

4 (i) issued such regulations or other
5 guidance as the Secretary determines nec-
6 essary for purposes of establishing stand-
7 ards for educational programs under such
8 section, and

9 (ii) pursuant to subparagraph (E) of
10 such section, published a list of educational
11 programs which have been determined by
12 the Secretary to satisfy the applicable re-
13 quirements under such section.

14 **TITLE VI—APPEALS**

15 **SEC. 601. AUTHORIZATION FOR OFFICE OF APPEALS TO** 16 **HIRE ATTORNEYS.**

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

19 “(B) **HIRING OF COUNSEL.**—The Chief of
20 Appeals shall have the authority to appoint
21 counsel in the Internal Revenue Service Inde-
22 pendent Office of Appeals to report directly to
23 the Chief of Appeals. Any counsel appointed
24 pursuant to this subparagraph shall not report
25 to the Chief Counsel for the Internal Revenue

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

5 **SEC. 602. AUTHORIZATION FOR OFFICE OF APPEALS TO DI-**
6 **RECT HIRE CERTAIN INDIVIDUALS.**

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

9 “(C) AUTHORITY TO APPOINT INDIVID-
10 UALS NOT EMPLOYED BY INTERNAL REVENUE
11 SERVICE.—The Secretary may utilize direct hire
12 authority to recruit and appoint qualified appli-
13 cants, without regard to any notice or pref-
14 erence requirements, to positions within the In-
15 ternal Revenue Service Independent Office of
16 Appeals, provided that such applicants are not
17 employees of the Internal Revenue Service en-
18 gaged in enforcement functions.”.

19 **SEC. 603. RESPONSES TO CLAIMS FOR REFUND REQUIRED;**
20 **APPEAL OF CLAIMS FOR REFUND AUTHOR-**
21 **IZED.**

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

24 “(l) EXPLANATION OF REASON FOR REFUND DIS-
25 ALLOWANCE; APPEALS.—

1 “(1) IN GENERAL.—Not later than the applica-
2 ble date, the Secretary shall review any claim for re-
3 fund, make a determination with respect to such
4 claim, and, in the case of a disallowance of such
5 claim (in whole or in part), provide the taxpayer
6 with a detailed written explanation for such disallow-
7 ance, which shall—

8 “(A) be mailed to the last known address
9 of the taxpayer, and

10 “(B) in the case of any taxpayer entitled
11 to an appeal of such determination, include in-
12 structions for appealing such disallowance to
13 the Internal Revenue Service Independent Of-
14 fice of Appeals.

15 “(2) FAILURE TO MAKE TIMELY DETERMINA-
16 TION.—

17 “(A) IN GENERAL.—In the case of any
18 claim for refund for which the Secretary fails to
19 satisfy the requirements of paragraph (1) by
20 the applicable date, for purposes of determining
21 interest on any overpayment for any period sub-
22 sequent to such date, the overpayment rate (as
23 established under section 6621(a)(1)) shall be
24 increased by 1 percentage point.

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

6 “(C) ADJUSTMENT FOR INFLATION.—

7 “(i) IN GENERAL.—In the case of any
8 claim for refund filed during any calendar
9 year beginning after 2026, the \$500
10 amount in subparagraph (B) shall be in-
11 creased by an amount equal to—

12 “(I) such dollar amount, multi-
13 plied by

14 “(II) the cost-of-living adjust-
15 ment determined under section 1(f)(3)
16 for the calendar year, determined by
17 substituting ‘calendar year 2024’ for
18 ‘calendar year 2016’ in subparagraph
19 (A)(ii) thereof.

20 “(ii) ROUNDING.—If any amount de-
21 termined under clause (i) is not a multiple
22 of \$50, such amount shall be rounded to
23 the nearest multiple of \$50.

24 “(3) APPEALS.—

1 “(A) IN GENERAL.—Any disallowance of a
2 claim for refund may, within 30 days after the
3 date such disallowance is mailed (or, if mailed
4 to an address outside of the United States, 90
5 days), be appealed to the Internal Revenue
6 Service Independent Office of Appeals. Notwith-
7 standing paragraph (4) of section 6532(a), dur-
8 ing the period in which any such appeal is
9 pending before the Internal Revenue Service
10 Independent Office of Appeals (and for 30 days
11 thereafter), the 2-year period in paragraph (1)
12 of such section for filing suit for refund after
13 disallowance of a claim shall be suspended.

14 “(B) DEEMED DISALLOWANCE.—For pur-
15 poses of subparagraph (A), in the case of any
16 claim for refund for which the Secretary has
17 failed to make a determination with respect to
18 such claim by the date described in paragraph
19 (5)(A), the taxpayer may elect for such claim to
20 be deemed to have been disallowed by the Sec-
21 retary as of such date.

22 “(4) FRIVOLOUS CLAIMS.—

23 “(A) IN GENERAL.—In the case of any
24 frivolous claim—

1 “(i) paragraphs (1) and (3) shall not
2 apply, and

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

7 “(B) DEFINITION.—For purposes of this
8 paragraph, the term ‘frivolous claim’ means a
9 claim for refund which is based on—

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

13 “(ii) a position which is substantially
14 similar to a position described in clause (i).

15 “(5) APPLICABLE DATE.—For purposes of this
16 subsection, the term ‘applicable date’ means, with
17 respect to any claim for refund—

18 “(A) the date which is 12 months after the
19 date of receipt of such claim by the Secretary,
20 or

21 “(B) such other date as is agreed to by the
22 Secretary and the taxpayer.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to any claim for refund received

1 after the date which is 12 months after the date of enact-
2 ment of this Act.

3 **SEC. 604. APPEALS OF RETURNED OFFERS.**

4 Section 7122(e) is amended—

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

7 “(1) for an independent administrative review
8 of—

9 “(A) any determination that an offer-in-
10 compromise be returned to the taxpayer be-
11 cause such offer-in-compromise is not accepted
12 for processing or is otherwise determined to be
13 nonprocessable before such determination is
14 communicated to the taxpayer, and

15 “(B) any rejection of a proposed offer-in-
16 compromise or installment agreement made by
17 a taxpayer under this section or section 6159
18 before such rejection is communicated to the
19 taxpayer, and”, and

20 (2) in paragraph (2), by striking “any rejection
21 of such offer or agreement” and inserting “any de-
22 termination described in paragraph (1)(A) or any re-
23 jection described in paragraph (1)(B)”.

1 **SEC. 605. PURPOSES AND DUTIES OF INDEPENDENT OF-**
2 **FICE OF APPEALS; RIGHT OF APPEAL CLARI-**
3 **FIED.**

4 (a) IN GENERAL.—Section 7803(e) is amended—

5 (1) in paragraph (3)—

6 (A) in subparagraph (B), by striking
7 “and” at the end,

8 (B) in subparagraph (C), by striking the
9 period at the end and inserting “, and”, and

10 (C) by adding at the end the following new
11 subparagraph:

12 “(D) without exception, evaluates and con-
13 siderers all hazards of litigation in resolving any
14 case referred to the Internal Revenue Service
15 Independent Office of Appeals.”,

16 (2) by striking paragraph (4) and inserting the
17 following new paragraph:

18 “(4) RIGHT OF APPEAL.—

19 “(A) IN GENERAL.—Except as otherwise
20 provided under this title, the resolution process
21 described in paragraph (3) shall be available to
22 all taxpayers with respect to any determination
23 by the Secretary concerning a Federal tax con-
24 troversy regarding subtitles A, B, or C and re-
25 lating to—

1 “(i) liability for, or any claim for re-
2 fund of, any tax,

3 “(ii) liability for, or any claim for re-
4 fund of, any penalty or addition to tax,

5 “(iii) eligibility for alternatives to col-
6 lection of a tax liability, such as an install-
7 ment agreement or compromise under sec-
8 tion 6159 or 7122,

9 “(iv) any determination to deny or re-
10 voke the tax-exempt status of an organiza-
11 tion, or

12 “(v) any exercise of discretion by the
13 Secretary with respect to any determina-
14 tion described in clauses (i) through (iv).

15 “(B) EXCEPTIONS.—Notwithstanding sub-
16 paragraph (A), the Secretary may restrict ac-
17 cess to the resolution process described in para-
18 graph (3) with respect to any appeal—

19 “(i) to the extent that such appeal is
20 based on a claim that—

21 “(I) a law is unconstitutional,
22 unless there is a final and
23 unreviewable decision rendered by a
24 Federal court that the relevant provi-

1 sion of such law is unconstitutional,
2 or

3 “(II) a regulation, notice, or rev-
4 enue procedure which was issued by
5 the Secretary is procedurally invalid,
6 unless there is a final and
7 unreviewable decision rendered by a
8 Federal court that the relevant provi-
9 sion of such regulation, notice, or rev-
10 enue procedure is procedurally invalid,
11 “(ii) which—

12 “(I) is based on a position
13 which—

14 “(aa) a Federal court has
15 determined to be frivolous, and

16 “(bb) the Secretary has
17 identified as frivolous for pur-
18 poses of subsection (c) of section
19 6702,

20 “(II) is substantially similar to a
21 position described in subclause (I), or

22 “(III) relates to any penalty im-
23 posed under such section with respect
24 to such position,

1 “(iii) which relates to any matter
2 agreed upon pursuant to an agreement
3 under section 7121,

4 “(iv) subject to subparagraph (C),
5 during any period in which—

6 “(I) the Secretary is actively in-
7 vestigating whether to refer the tax-
8 payer to the Attorney General for
9 criminal prosecution,

10 “(II) a recommendation made by
11 the Secretary to the Attorney General
12 for the criminal prosecution of the
13 taxpayer for any offense connected
14 with the administration or enforce-
15 ment of the internal revenue laws is
16 pending, or

17 “(III) any criminal prosecution of
18 the taxpayer, or of any other person
19 in a case in which the taxpayer is a
20 witness, for any offense connected
21 with the administration or enforce-
22 ment of the internal revenue laws is
23 pending, or

24 “(v) with respect to any issue in a
25 case which, based on the relevant facts and

1 circumstances of such case, the Chief
2 Counsel for the Internal Revenue Service—

3 “(I) has designated for litigation,
4 and

5 “(II) is prepared to proceed with
6 such litigation in a timely manner.

7 “(C) EXCEPTION FOR CERTAIN CRIMINAL
8 PROSECUTIONS.—Subparagraph (B)(iv) shall
9 not apply if the Chief Counsel for the Internal
10 Revenue Service determines that the resolution
11 process described in paragraph (3) would not
12 interfere with the criminal prosecution of a tax-
13 payer.

“(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).

20 “(E) DEFINITIONS.—In this paragraph—

21 “(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

1 date of enactment of the Taxpayer Assist-
2 ance and Service Act).

3 “(ii) PROCEDURALLY INVALID.—The
4 term ‘procedurally invalid’ means, with re-
5 spect to any regulation, notice, or revenue
6 procedure, that such regulation, notice, or
7 revenue procedure failed to comply with
8 any applicable requirement under sub-
9 chapter II of chapter 5 and chapter 7 of
10 title 5, United States Code (commonly
11 known as the ‘Administrative Procedure
12 Act’).

13 “(F) RULE OF CONSTRUCTION.—Nothing
14 in this paragraph shall be construed to limit the
15 availability of the resolution process described
16 in paragraph (3) solely to the Federal tax con-
17 troversies described in subparagraph (A).”, and
18 (3) in paragraph (5)—

19 (A) by redesignating subparagraph (D) as
20 subparagraph (E), and

21 (B) by inserting after subparagraph (C)
22 the following new subparagraph:

23 “(D) CLARIFICATION OF TAX COURT AU-
24 THORITY.—In any case before the Tax Court,
25 the Tax Court may direct the parties to request

1 referral to the Internal Revenue Service Inde-
2 pendent Office of Appeals in any case in which
3 the Tax Court determines that the resolution
4 process described in paragraph (3) is appro-
5 priate.”.

6 **TITLE VII—WHISTLEBLOWERS**

7 **SEC. 701. STANDARD AND SCOPE OF REVIEW OF WHISTLE-** 8 **BLOWER AWARD DETERMINATIONS.**

9 (a) IN GENERAL.—Paragraph (4) of section 7623(b)
10 is amended—

11 (1) by striking “appealed to” and inserting “re-
12 viewed by”; and

13 (2) by adding at the end the following: “Any re-
14 view by the Tax Court under the preceding sentence
15 shall be de novo and shall be based on the adminis-
16 trative record established at the time of the original
17 determination and any additional newly discovered
18 or previously unavailable evidence.”.

19 (b) CONFORMING AMENDMENT.—The heading of
20 paragraph (4) of section 7623(b) is amended by striking
21 “APPEAL” and inserting “REVIEW”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to petitions under section
24 7623(b)(4) of the Internal Revenue Code of 1986 which

1 are pending on, or filed on or after, the date of the enact-
2 ment of this Act.

3 **SEC. 702. EXEMPTION FROM SEQUESTRATION.**

4 (a) IN GENERAL.—Section 255 of the Balanced
5 Budget and Emergency Deficit Control Act of 1985 (2
6 U.S.C. 905) is amended—

7 (1) by redesignating subsection (k) as sub-
8 section (l); and

9 (2) by inserting after subsection (j) the fol-
10 lowing:

11 “(k) AWARDS TO WHISTLEBLOWERS.—An award au-
12 thorized under section 7623 of the Internal Revenue Code
13 of 1986 shall be exempt from reduction under any order
14 issued under this part.”.

15 (b) APPLICABILITY.—The amendment made by this
16 section shall apply to any sequestration order issued under
17 the Balanced Budget and Emergency Deficit Control Act
18 of 1985 (2 U.S.C. 900 et seq.) after the date of enactment
19 of this Act.

20 **SEC. 703. WHISTLEBLOWER PRIVACY PROTECTIONS.**

21 (a) IN GENERAL.—Paragraph (6) of section 7623(b)
22 is amended by adding at the end the following new sub-
23 paragraph:

24 “(D) WHISTLEBLOWER ANONYMITY BE-
25 FORE THE TAX COURT.—Notwithstanding sec-

1 tions 7458 and 7461, a whistleblower shall pro-
2 ceed anonymously before the Tax Court for all
3 proceedings under this section absent a finding
4 by the Tax Court that a societal interest exists
5 for disclosing the whistleblower’s identity which
6 exceeds the potential harm disclosure could
7 cause to the whistleblower.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to petitions filed with the Tax
10 Court which are pending on, or filed on or after, the date
11 of the enactment of this Act.

12 **SEC. 704. MODIFICATION OF IRS WHISTLEBLOWER REPORT.**

13 (a) IN GENERAL.—Section 406(c) of division A of the
14 Tax Relief and Health Care Act of 2006 is amended by
15 striking “such use,” in paragraph (1) and inserting “such
16 use (which shall include a list and descriptions of the top
17 tax avoidance schemes, not to exceed 10, disclosed by
18 whistleblowers during such year),”.

19 (b) EFFECTIVE DATE.— The amendments made by
20 this section shall apply to reports for fiscal years ending
21 after the enactment of this Act.

22 **SEC. 705. INTEREST ON WHISTLEBLOWER AWARDS.**

23 (a) IN GENERAL.—Section 7623(b) is amended by
24 adding at the end the following new paragraph:

25 “(7) INTEREST.—

1 “(A) IN GENERAL.—If the Secretary has
2 not provided notice to an individual described in
3 paragraph (1) of a preliminary award rec-
4 ommendation before the applicable date, the
5 amount of any award under this subsection
6 shall include interest from such date at the
7 overpayment rate under section 6621(a).

8 “(B) EXCEPTION.—No interest shall ac-
9 crue under this paragraph after the date on
10 which the Secretary provides notice to the indi-
11 vidual of a preliminary award recommendation.

12 “(C) APPLICABLE DATE.—For purposes of
13 this paragraph, the applicable date is the date
14 that is 12 months after the first date on
15 which—

16 “(i) all of the proceeds resulting from
17 actions subject to the award recommenda-
18 tion have been collected, and

19 “(ii) either—

20 “(I) the statutory period for fil-
21 ing a claim or suit for refund has ex-
22 pired, or

23 “(II) the taxpayers subject to the
24 actions and the Secretary have agreed
25 with finality to the tax or other liabil-

1 ities for the periods at issue, and ei-
2 ther the taxpayers have waived the
3 right to file a claim or suit for refund
4 or any claim or suit for refund has
5 been resolved.”.

6 (b) EFFECTIVE DATE.—

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

10 (2) SPECIAL RULE.—If, as of the date de-
11 scribed in paragraph (1)—

12 (A) the Secretary has not provided notice
13 to the individual of a preliminary award rec-
14 ommendation as described in paragraph (7)(A)
15 of section 7623(b) of the Internal Revenue
16 Code of 1986, as added by this Act, and

17 (B) the applicable date provided in para-
18 graph (7)(C) of such section, as so added, has
19 passed,

20 the applicable date for purposes of such paragraph
21 (7)(C) is the date that is 12 months after the date
22 described in paragraph (1).

1 **SEC. 706. CORRECTION REGARDING DEDUCTIONS FOR AT-**
2 **TORNEY'S FEES.**

3 (a) IN GENERAL.—Section 62(a)(21)(A)(i) is amend-
4 ed by striking “7623(b)” and inserting “7623”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years ending after the
7 date of the enactment of this Act.

8 **TITLE VIII—HOSTAGES**

9 **SEC. 801. POSTPONEMENT OF TAX DEADLINES FOR HOS-**
10 **TAGES AND INDIVIDUALS WRONGFULLY DE-**
11 **TAINED ABROAD.**

12 (a) IN GENERAL.—Chapter 77 is amended by insert-
13 ing after section 7510 the following new section:

14 **“SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POST-**
15 **PONED FOR HOSTAGES AND INDIVIDUALS**
16 **WRONGFULLY DETAINED ABROAD.**

17 **“(a) TIME TO BE DISREGARDED.—**

18 **“(1) IN GENERAL.—**The period during which
19 an applicable individual was unlawfully or wrongfully
20 detained abroad, or held hostage abroad, shall be
21 disregarded in determining, under the internal rev-
22 enue laws, in respect of any tax liability of such indi-
23 vidual—

24 **“(A) whether any of the acts described in**
25 **section 7508(a)(1) were performed within the**
26 **time prescribed thereof (determined without re-**

1 gard to extension under any other provision of
2 this subtitle for periods after the initial date (as
3 determined by the Secretary) on which such in-
4 dividual was unlawfully or wrongfully detained
5 abroad or held hostage abroad),

6 “(B) the amount of any interest, penalty,
7 additional amount, or addition to the tax for
8 periods after such date, and

9 “(C) the amount of any credit or refund.

10 “(2) APPLICATION TO SPOUSE.—The provisions
11 of paragraph (1) shall apply to the spouse of any in-
12 dividual entitled to the benefits of such paragraph.

13 “(b) APPLICABLE INDIVIDUAL.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the term ‘applicable individual’ means any indi-
16 vidual who is—

17 “(A) a United States national unlawfully
18 or wrongfully detained abroad, as determined
19 under section 302 of the Robert Levinson Hos-
20 tage Recovery and Hostage-Taking Account-
21 ability Act (22 U.S.C. 1741), or

22 “(B) a United States national taken hos-
23 tage abroad, as determined pursuant to the
24 findings of the Hostage Recovery Fusion Cell
25 (as described in section 304 of the Robert

1 Levinson Hostage Recovery and Hostage-Tak-
2 ing Accountability Act (22 U.S.C. 1741b)).

3 “(2) INFORMATION PROVIDED TO TREASURY.—
4 For purposes of identifying individuals described in
5 paragraph (1), not later than January 1, 2027, and
6 annually thereafter—

7 “(A) the Secretary of State shall provide
8 the Secretary with a list of the individuals de-
9 scribed in paragraph (1)(A), as well as any
10 other information necessary to identify such in-
11 dividuals, and

12 “(B) the Attorney General, acting through
13 the Hostage Recovery Fusion Cell, shall provide
14 the Secretary with a list of the individuals de-
15 scribed in paragraph (1)(B), as well as any
16 other information necessary to identify such in-
17 dividuals.

18 “(c) SPECIAL RULE FOR OVERPAYMENTS.—

19 “(1) IN GENERAL.—Subsection (a) shall not
20 apply for purposes of determining the amount of in-
21 terest on any overpayment of tax.

22 “(2) SPECIAL RULES.—If an individual is enti-
23 tled to the benefits of subsection (a) with respect to
24 any return and such return is timely filed (deter-
25 mined after the application of such subsection), sub-

1 sections (b)(3) and (e) of section 6611 shall not
2 apply.

3 “(d) MODIFICATION OF TREASURY DATABASES AND
4 INFORMATION SYSTEMS.—The Secretary shall update, as
5 necessary, any database or information system of the De-
6 partment of the Treasury in order to ensure that the pro-
7 visions of subsection (a) are applied with respect to each
8 applicable individual.

9 “(e) REFUND AND ABATEMENT OF PENALTIES AND
10 FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-
11 BLE INDIVIDUAL.—In the case of any applicable indi-
12 vidual—

13 “(1) for whom any interest, penalty, additional
14 amount, or addition to the tax in respect to any tax
15 liability for any taxable year ending during the pe-
16 riod described in subsection (a)(1) was assessed or
17 collected, and

18 “(2) who was, subsequent to such assessment
19 or collection, determined to be an individual de-
20 scribed in subparagraph (A) or (B) of subsection
21 (b)(1),

22 the Secretary shall abate any such assessment and refund
23 any amount collected to such applicable individual in the
24 same manner as any refund of an overpayment of tax
25 under section 6402.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 77 is amended by inserting after the item re-
3 lating to section 7510 the following new item:

“Sec. 7511. Time for performing certain acts postponed for hostages and indi-
viduals wrongfully detained abroad.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years ending after the
6 date of enactment of this Act.

7 **SEC. 802. REFUND AND ABATEMENT OF PENALTIES AND**
8 **FINES PAID BY ELIGIBLE INDIVIDUALS.**

9 (a) IN GENERAL.—Section 7511, as added by section
10 801 of this Act, is amended by adding at the end the fol-
11 lowing new subsection:

12 “(f) REFUND AND ABATEMENT OF PENALTIES AND
13 FINES PAID BY ELIGIBLE INDIVIDUALS.—

14 “(1) IN GENERAL.—

15 “(A) ESTABLISHMENT.—Not later than
16 January 1, 2027, the Secretary (in consultation
17 with the Secretary of State and the Attorney
18 General) shall establish a program to allow any
19 eligible individual (or the spouse or any depend-
20 ent (as defined in section 152) of such indi-
21 vidual) to apply for a refund or an abatement
22 of any amount described in paragraph (2) (in-
23 cluding interest) to the extent such amount was
24 attributable to the applicable period.

1 “(B) IDENTIFICATION OF INDIVIDUALS.—

2 Not later than January 1, 2027, the Secretary
3 of State and the Attorney General, acting
4 through the Hostage Recovery Fusion Cell (as
5 described in section 304 of the Robert Levinson
6 Hostage Recovery and Hostage-Taking Ac-
7 countability Act (22 U.S.C. 1741b)), shall—

8 “(i) compile a list, based on such in-
9 formation as is available, of individuals
10 who were applicable individuals during the
11 applicable period, and

12 “(ii) provide the list described in
13 clause (i) to the Secretary.

14 “(C) NOTICE.—For purposes of carrying
15 out the program described in subparagraph (A),
16 the Secretary (in consultation with the Sec-
17 retary of State and the Attorney General) shall,
18 with respect to any individual identified under
19 subparagraph (B), provide notice to such indi-
20 vidual—

21 “(i) in the case of an individual who
22 has been released on or before the date of
23 enactment of this subsection, not later
24 than 90 days after the date of enactment
25 of this subsection, or

1 “(ii) in the case of an individual who
2 is released after the date of enactment of
3 this subsection, not later than 90 days
4 after the date on which such individual is
5 released,

6 that such individual may be eligible for a refund
7 or an abatement of any amount described in
8 paragraph (2) pursuant to the program de-
9 scribed in subparagraph (A).

10 “(D) AUTHORIZATION.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii), in the case of any refund described in
13 subparagraph (A), the Secretary shall
14 issue such refund to the eligible individual
15 in the same manner as any refund of an
16 overpayment of tax under section 6402.

17 “(ii) EXTENSION OF LIMITATION ON
18 TIME FOR REFUND.—With respect to any
19 refund under subparagraph (A)—

20 “(I) the 3-year period of limita-
21 tion prescribed by section 6511(a)
22 shall be extended until the end of the
23 1-year period beginning on the date
24 that the notice described in subpara-

1 graph (C) is provided to the eligible
2 individual, and

3 “(II) any limitation under section
4 6511(b)(2) shall not apply.

5 “(2) ELIGIBLE INDIVIDUAL.—For purposes of
6 this subsection, the term ‘eligible individual’ means
7 any applicable individual who, for any taxable year
8 ending during the applicable period, paid or incurred
9 any interest, penalty, additional amount, or addition
10 to the tax in respect to any tax liability for such
11 year of such individual based on a determination
12 that an act described in section 7508(a)(1) which
13 was not performed by the time prescribed therefor
14 (without regard to any extensions).

15 “(3) APPLICABLE PERIOD.—For purposes of
16 this subsection, the term ‘applicable period’ means
17 the period—

18 “(A) beginning on January 1, 2021, and

19 “(B) ending on the date of enactment of
20 this subsection.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years ending on or be-
23 fore the date of enactment of this Act.

1 **TITLE IX—SMALL BUSINESSES**

2 **SEC. 901. IMPLEMENTATION OF VOLUNTARY WITH-**
3 **HOLDING AGREEMENTS FOR PAYMENTS TO**
4 **INDEPENDENT CONTRACTORS.**

5 (a) IN GENERAL.—Section 3402(p) is amended by
6 redesignating paragraph (3) as paragraph (4) and by in-
7 serting after paragraph (2) the following new paragraph:

8 “(3) VOLUNTARY WITHHOLDING ON CERTAIN
9 NON-WAGE REMUNERATION.—

10 “(A) IN GENERAL.—If, at the time a pay-
11 ment of applicable non-wage remuneration is
12 made to any person, there is a voluntary agree-
13 ment in effect between the person making and
14 the person receiving the payment that the appli-
15 cable non-wage remuneration be subject to
16 withholding, then for purposes of this chapter
17 and so much of subtitle F as relates to this
18 chapter, such payment shall be treated as if it
19 were a payment of wages by an employer to an
20 employee.

21 “(B) APPLICABLE NON-WAGE REMUNERA-
22 TION.—For purposes of this subsection, the
23 term ‘applicable non-wage remuneration’ means
24 remuneration for services performed by an indi-

1 vidual which (without regard to this paragraph)
2 does not constitute wages.

3 “(C) REGULATIONS AND GUIDANCE.—Not
4 later than the date that is 18 months after the
5 date of the enactment of this subparagraph, the
6 Secretary shall issue such regulations or other
7 guidance as may be necessary or appropriate to
8 carry out the provisions of this section, includ-
9 ing such regulations or guidance for deter-
10 mining the amount to be deducted and withheld
11 and the types of payments which are considered
12 to be applicable non-wage remuneration.”.

13 **SEC. 902. EXTENSION OF MAILBOX RULE TO ELECTRONIC**
14 **SUBMISSIONS AND PAYMENTS.**

15 (a) IN GENERAL.—Section 7502(c) is amended—

16 (1) in the heading, by inserting “AND PAY-
17 MENT” after “FILING”,

18 (2) in paragraph (2)—

19 (A) in the heading, by striking “; ELEC-
20 TRONIC FILING”, and

21 (B) by striking “and electronic filing”, and

22 (3) by adding at the end the following:

23 “(3) ELECTRONIC FILING AND PAYMENT.—

24 “(A) IN GENERAL.—In the case of any
25 document or payment which the Secretary has

1 permitted to be filed or made by electronic
2 means, if such document or payment is—

3 “(i) authorized to be submitted by the
4 taxpayer using a permitted electronic
5 means to the agency, officer, or office to
6 which the document was required to be
7 filed (or payment was required to be made)
8 on or before the prescribed date (or within
9 the period required) with respect to such
10 document or payment, and

11 “(ii) received (or, in the case of a pay-
12 ment, received and accounted for) no later
13 than 3 business days after the prescribed
14 date or period required with respect to
15 such document or payment,

16 the date that such document or payment was
17 authorized to be submitted (as described in
18 clause (i)) shall be deemed to be the date that
19 such document was filed or such payment was
20 made.

21 “(B) EXCEPTION.—This paragraph shall
22 not apply to any payment if the Secretary de-
23 termines that the taxpayer (or any intermediary
24 used by the taxpayer) used a system designed
25 with a principal purpose of delaying the trans-

1 fer of funds to the Treasury to derive economic
2 benefit from the period of such delay.

3 “(C) REGULATIONS.—Not later than the
4 date which is 1 year after the date of enact-
5 ment of the Taxpayer Assistance and Service
6 Act, the Secretary shall issue such regulations
7 or other guidance as the Secretary determines
8 necessary to carry out the purposes of this
9 paragraph, including regulations or other guid-
10 ance describing the records or proof sufficient
11 to demonstrate timely electronic submission.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 subsection (a) shall apply to any document or payment
14 sent on or after the date which is 1 year after the date
15 of enactment of this Act.

16 **SEC. 903. SPECIFICITY OF THIRD-PARTY CONTACT NO-**
17 **TICES.**

18 (a) IN GENERAL.—Paragraph (1) of section 7602(c)
19 is amended—

20 (1) by striking “and” at the end of subpara-
21 graph (A),

22 (2) by redesignating subparagraph (B) as sub-
23 paragraph (C) and by inserting after subparagraph
24 (A) the following new subparagraph:

1 “(B) in any case in which the information
2 sought to be obtained from such other persons
3 could reasonably be provided by the taxpayer,
4 identifies the item of information intended to be
5 sought from such persons, and”, and

6 (3) by amending subparagraph (C), as redesign-
7 nated by paragraph (2), to read as follows:

8 “(C) provides the taxpayer with reasonable
9 opportunity and a period of not less than 45
10 days (or more, if the taxpayer requests addi-
11 tional time and shows reasonable cause) to re-
12 spond, including by providing the information
13 described in subparagraph (B), before contact
14 is made with such other persons.”.

15 (b) EXCEPTION.—Section 7602(c)(3) is amended—

16 (1) by redesignating subparagraphs (A), (B),
17 and (C) as clauses (i), (ii), and (iii), respectively,
18 and by moving such clauses 2 ems to the right,

19 (2) by striking “This subsection” and inserting
20 the following:

21 “(A) IN GENERAL.—This subsection”, and

22 (3) by adding at the end the following new sub-
23 paragraph:

24 “(B) GOOD CAUSE.—For purposes of sub-
25 paragraph (A)(ii), good cause includes a reason-

1 able belief that compliance with this subsection
2 will lead to—

3 “(i) attempts by any person to con-
4 ceal, remove, destroy, or alter records or
5 assets that may be relevant to any tax ex-
6 amination or collection activity;

7 “(ii) attempts by any person to pre-
8 vent other persons, through intimidation,
9 bribery, or collusion, from communicating
10 any information that may be relevant to
11 any tax examination or collection activity;
12 or

13 “(iii) attempts by any person to flee,
14 or otherwise avoid testifying or producing
15 records that may be relevant to any tax ex-
16 amination or collection activity.”.

17 (c) **EFFECTIVE DATE.**—The amendments made by
18 this section shall apply to notices provided under section
19 7602(c) of the Internal Revenue Code of 1986 after the
20 date that is 12 months after the date of the enactment
21 of this Act.

22 **SEC. 904. MODIFICATION OF ESTIMATED TAX RULES FOR**
23 **FARMERS AND FISHERMEN.**

24 (a) **IN GENERAL.**—Section 6654(i)(1)(D)(i) is
25 amended by striking “March 1” and inserting “April 15”.

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

4 **SEC. 905. BUSINESS CHILD CARE LIAISON.**

5 Section 7803 is amended by adding at the end the
6 following new subsection:

7 “(g) BUSINESS CHILD CARE LIAISON.—

8 “(1) IN GENERAL.—The Commissioner of In-
9 ternal Revenue shall appoint within the Internal
10 Revenue Service a Business Child Care Liaison. The
11 appointment shall be made without regard to the
12 provisions of title 5, United States Code, relating to
13 appointments in the competitive service or Senior
14 Executive Service. At the Commissioner’s discretion,
15 the Commissioner may create an office with addi-
16 tional support staff to assist the Business Child
17 Care Liaison in carrying out the duties described in
18 this subsection.

19 “(2) DUTIES.—The Business Child Care Liai-
20 son shall—

21 “(A) act as a liaison between the Internal
22 Revenue Service, employer-provided child care
23 benefit advocates, businesses considering pro-
24 viding or expanding child care benefits for their
25 employees, state workforce boards, state eco-

1 nomic development agencies, child care resource
2 and referral agencies, tribal organizations (as
3 defined in section 4(l) of the Indian Self-Deter-
4 mination and Education Assistance Act), and
5 other stakeholders, including child development
6 experts,

7 “(B) provide public education and assist-
8 ance related to the expansion of employer-pro-
9 vided child care benefits through the establish-
10 ment and maintenance of practices that pro-
11 mote employer-provided child care benefits, in-
12 cluding the use of dependent care assistance
13 programs (as defined in section 129(d)), on-site
14 or subsidized child care, Dependent Care Flexi-
15 ble Spending Accounts, child care stipends,
16 near-site child care partnerships, shared and
17 pooled child-care arrangements, backup child
18 care, and resource and referral services,

19 “(C) issue a fact sheet for use by tax re-
20 turn preparers listing the different tax benefits
21 for employer-provided child care and the appro-
22 priate rules for each such benefit,

23 “(D) help facilitate communication be-
24 tween businesses and the Internal Revenue
25 Service about the operational challenges and op-

1 portunities that exist to improve the use of
2 Federally incentivized child care benefits such
3 as dependent care assistance programs (as so
4 defined), Dependent Care Flexible Spending
5 Accounts, and the credit under section 45F,

6 “(E) in collaboration with the General
7 Services Administration, within 120 days of the
8 date of the enactment of this subsection, estab-
9 lish a link on the homepage of SAM.gov, which
10 allows website visitors to access a landing page
11 on the SAM.gov website which is tailored to
12 helping businesses learn about utilizing depend-
13 ent care assistance programs (as so defined),
14 Dependent Care Flexible Spending Accounts,
15 and the credit under section 45F, resources for
16 understanding the rules and regulations with
17 these programs, and the benefits of utilizing
18 these programs on worker recruitment, reten-
19 tion, productivity, and well-being,

20 “(F) identify and recommend to Congress
21 potential legislative and administrative changes
22 to increase practices that promote employer-
23 provided child care benefits, and

24 “(G) coordinate with other Federal agen-
25 cies and officials, including the Secretary, the

1 Administrator of the Small Business Adminis-
2 tration, the Secretary of Commerce, the Sec-
3 retary of Health and Human Services, the Sec-
4 retary of the Interior, the Secretary of Labor,
5 and the Secretary of Education, or the designee
6 of any such individual, and State and local gov-
7 ernments on outreach and education to inform
8 employers and employees about the possibilities
9 and benefits of employer-provided child care
10 benefits and particularly reducing information
11 barriers for small businesses.

12 “(3) CONSULTATION AND INPUT.—The Com-
13 missioner of Internal Revenue shall solicit advice
14 and input from the Business Child Care Liaison in
15 developing regulations or interpretations of this title
16 that relate to employer-provided child care benefits.

17 “(4) COMPENSATION.—The Business Child
18 Care Liaison shall be entitled to compensation at the
19 same rate as the rate of basic pay in effect for a po-
20 sition at level V of the Executive Schedule under
21 section 5316 of title 5, United States Code.

22 “(5) ANNUAL REPORT.—

23 “(A) IN GENERAL.—Not later than De-
24 cember 31 of each calendar year beginning
25 after the date of the enactment of this sub-

1 section, the Business Child Care Liaison shall
2 submit a report to the Committee on Finance
3 of the Senate and the Committee on Ways and
4 Means of the House of Representatives on the
5 activities of the Business Child Care Liaison
6 during the fiscal year ending during such cal-
7 endar year.

8 “(B) CONTENTS.—Each report submitted
9 pursuant to subparagraph (A) shall—

10 “(i) summarize the assistance re-
11 quests received by the Business Child Care
12 Liaison during the fiscal year ending dur-
13 ing the calendar year of such report,

14 “(ii) describe the activities conducted
15 by the Business Child Care Liaison, in-
16 cluding the activities described under sub-
17 paragraphs (B) and (F) of paragraph (2),
18 and evaluate the effectiveness of the Busi-
19 ness Child Care Liaison during such fiscal
20 year,

21 “(iii) describe any significant prob-
22 lems the Business Child Care Liaison has
23 identified during such fiscal year and ways
24 to mitigate such problems,

1 “(iv) contain recommendations for
2 any administrative or legislative action
3 which may be appropriate to resolve bar-
4 riers to, and to incentivize, practices which
5 promote employer-provided child care bene-
6 fits, and

7 “(v) describe progress related to em-
8 ployer-provided child care benefits in busi-
9 nesses in the United States, including data
10 updated at least annually on the utilization
11 of dependent care assistance programs,
12 Dependent Care Flexible Spending Ac-
13 counts, and the credit under section 45F,
14 in particular—

15 “(I) the number of employers uti-
16 lizing these tax benefits,

17 “(II) a breakdown of the size of
18 employers utilizing these tax benefits,
19 and

20 “(III) other relevant information
21 as deemed appropriate by the Busi-
22 ness Child Care Liaison.

23 “(C) CONCURRENT SUBMISSION.—The
24 Business Child Care Liaison shall submit a
25 copy of each report submitted pursuant to sub-

1 paragraph (A) to the Commissioner of Internal
2 Revenue, and any other appropriate official, at
3 the same time such report is submitted pursu-
4 ant to such subparagraph.

5 “(D) PUBLIC AVAILABILITY.—The Com-
6 missioner shall make a copy of each report sub-
7 mitted pursuant to subparagraph (A) available
8 and widely accessible to the public.”.

9 **TITLE X—MISCELLANEOUS**

10 **SEC. 1001. AUTHORITY FOR REDISCLOSURE OF CERTAIN** 11 **TAX INFORMATION RELATED TO EDUCATION** 12 **LOANS TO THE CONGRESSIONAL BUDGET OF-** 13 **FICE.**

14 (a) IN GENERAL.—Section 6103(l)(13)(D) is amend-
15 ed by adding at the end the following new clause:

16 “(vii) REDISCLOSURE TO THE CON-
17 GRESSIONAL BUDGET OFFICE.—Authorized
18 persons may, upon written request by the
19 Director of the Congressional Budget Of-
20 fice to the Secretary of Education, redis-
21 close return information received under
22 subparagraphs (A), (B), and (C) to officers
23 and employees of the Congressional Budg-
24 et Office for the purpose of, but only to the
25 extent necessary in, carrying out the pur-

1 poses described in subclause (III) of clause
2 (i).”.

3 (b) CONFORMING AMENDMENT.—Section
4 6103(l)(13)(F) is amended by striking “(iv) (v), or (vi)”
5 and inserting “(iv), (v), (vi), or (vii)”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to disclosures made after the date
8 of the enactment of this Act.

9 (d) REPORTS.—The Secretary of Education shall an-
10 nually submit a written report to the Secretary of the
11 Treasury—

12 (1) regarding redisclosures of return informa-
13 tion under subparagraph (D)(vii) of section
14 6103(l)(13) of the Internal Revenue Code of 1986
15 (as added by this section), including the number of
16 such redisclosures; and

17 (2) regarding any unauthorized use, access, or
18 disclosure of return information disclosed under such
19 section.

20 **SEC. 1002. AUTHORIZATION TO REQUIRE LARGE PARTNER-**
21 **SHIPS TO FILE ON MAGNETIC MEDIA.**

22 (a) IN GENERAL.—Section 6011(e) is amended—

23 (1) by striking the first paragraph (6), as
24 added by section 2301(b) of the Taxpayer First Act,
25 and inserting the following:

1 “(6) PARTNERSHIPS REQUIRED TO FILE ON
2 MAGNETIC MEDIA.—Notwithstanding paragraph
3 (2)(A), the Secretary shall require a partnership to
4 file returns on magnetic media if, at the close of the
5 partnership’s taxable year—

6 “(A) the partnership has more than 50
7 partners, or

8 “(B) the value of the partnership’s assets
9 equals or exceeds \$1,000,000, as determined
10 under regulations prescribed by the Secretary.”,
11 and

12 (2) by redesignating the second paragraph (6),
13 as added by section 202(d) of the Setting Every
14 Community Up for Retirement Enhancement Act of
15 2019, as paragraph (7).

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to returns filed on or after January
18 1 of the first calendar year beginning after the date of
19 enactment of this Act.

20 **SEC. 1003. LIMITATION PERIOD NOT EXTENDED FOR VIC-**
21 **TIMS OF PREPARER FRAUD.**

22 (a) IN GENERAL.—Section 6501(c)(1) is amended—
23 (1) by inserting “by the taxpayer” after “in-
24 tent”, and

1 (2) by adding at the end the following new sen-
2 tence: “For purposes of this paragraph, in the case
3 of a joint return under section 6013, intent by either
4 spouse to evade tax with respect to such return shall
5 be treated as intent by the taxpayer, and this para-
6 graph shall apply to both spouses.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to assessments made or pro-
9 ceedings begun after the date of enactment of this Act.

10 **SEC. 1004. TECHNICAL AMENDMENT RELATED TO THE DIS-**
11 **ASTER RELATED EXTENSION OF DEADLINES**
12 **ACT.**

13 (a) IN GENERAL.—Subsection (f) of section 7508A
14 (as added by the Disaster Related Extension of Deadlines
15 Act) is redesignated as subsection (g).

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall take effect as if included in section 2(a)
18 of the Disaster Related Extension of Deadlines Act.

19 **SEC. 1005. TIME FOR FILING CERTAIN INFORMATION RE-**
20 **TURNS.**

21 (a) IN GENERAL.—Section 6071(b) is amended—

22 (1) by striking “Returns made under” and in-
23 serting the following:

24 “(1) IN GENERAL.—Returns made under”, and

1 (2) by adding at the end the following new
2 paragraph:

3 “(2) SPECIAL RULE FOR CERTAIN RETURNS.—

4 “(A) IN GENERAL.—In the case of any re-
5 turn to which this paragraph applies and which
6 is filed electronically, such return shall be filed
7 on or before January 31 of the year following
8 the calendar year to which such return relates.

9 “(B) RETURNS.—This paragraph shall
10 apply to any return required to be filed under
11 section 6041 (other than returns and state-
12 ments required to be filed with respect to non-
13 employee compensation), 6042, 6047(d), 6049,
14 6050F, or 6050W.”.

15 (b) IRA REPORTING.—Section 408(i)(1) is amended
16 by inserting “(but not later than January 31 of the cal-
17 endar year following the calendar year to which reports
18 relate in the case of reports relating to distributions)”
19 after “at such time”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to returns relating to calendar
22 years after December 31, 2027.

1 **SEC. 1006. MODIFICATIONS TO PENALTIES FOR UNAUTHOR-**
2 **IZED DISCLOSURES OF TAXPAYER INFORMA-**
3 **TION.**

4 (a) CRIMINAL PENALTIES.—

5 (1) IN GENERAL.—Paragraphs (1), (2), (3),
6 (4), and (5) of section 7213(a) are each amended by
7 striking “\$5,000, or imprisonment of not more than
8 5 years” each place it appears and inserting
9 “\$250,000, or imprisonment of not more than 7
10 years”.

11 (2) FAILURE OF CONTRACTORS TO MAINTAIN
12 SAFEGUARDS.—

13 (A) IN GENERAL.—Part I of subchapter A
14 of chapter 75 of subtitle F is amended by in-
15 serting after section 7213A the following new
16 section:

17 **“SEC. 7213B. FAILURE OF IRS CONTRACTORS TO MAINTAIN**
18 **SAFEGUARDS.**

19 “(a) IN GENERAL.—In the case of a contractor of
20 the Internal Revenue Service that willfully fails to imple-
21 ment or enforce any applicable requirement under section
22 6103 (or regulations prescribed thereunder) to protect the
23 confidentiality of returns or return information, if such
24 failure results in the unauthorized disclosure of returns
25 or return information, such contractor shall be guilty of

1 a felony and, upon conviction thereof, shall be fined the
2 greater of—

3 “(1) \$500,000, or

4 “(2) an amount equal to 25 percent of the spe-
5 cific contract with the Internal Revenue Service
6 under which such contractor was provided access to
7 the returns or return information related to the un-
8 authorized disclosure.

9 “(b) DEFINITIONS.—For purposes of this section, the
10 term ‘contractor of the Internal Revenue Service’ means
11 any person described in section 6103(n) (including any of-
12 ficer or employee of such person) in connection with a
13 written contract with the Internal Revenue Service.”.

14 (B) CLERICAL AMENDMENT.—The table of
15 sections for part I of subchapter A of chapter
16 75 of subtitle F is amended by inserting after
17 the item relating to section 7213A the following
18 new item:

“Sec. 7213B. Failure of IRS contractors to maintain safeguards.”.

19 (C) CONFORMING AMENDMENTS.—

20 (i) Section 6103(e)(11) is amended by
21 inserting “7213B,” after “7213A,”.

22 (ii) Section 6105(d) is amended by in-
23 serting “7213B,” after “7213A,”.

24 (iii) Section 7431(e) is amended by
25 striking the first sentence and inserting

1 the following: “If any person is criminally
2 charged by indictment or information
3 with—

4 “(1) inspection or disclosure of a taxpayer’s re-
5 turn or return information in violation of—

6 “(A) paragraph (1) or (2) of section
7 7213(a),

8 “(B) section 7213A(a), or

9 “(C) subparagraph (B) of section
10 1030(a)(2) of title 18, United States Code, or

11 “(2) failure to protect the confidentiality of re-
12 turns or return information which results in the un-
13 authorized disclosure of the taxpayer’s return or re-
14 turn information in violation of section 7213B(a),

15 the Secretary shall notify such taxpayer as soon as prac-
16 ticable of such inspection or disclosure.”.

17 (iv) Section 7513(c) is amended by
18 striking “section 7213” and inserting “sec-
19 tions 7213 and 7213B”.

20 (b) CIVIL DAMAGES.—Section 7431(c)(1)(A) is
21 amended by striking “\$1,000” and inserting “\$5,000”.

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