

***In the Senate of the United States,***

*September 30, 2026.*

*Resolved*, That the bill from the House of Representatives (H.R. 5349) entitled “An Act to amend the Internal Revenue Code of 1986 to improve services provided to taxpayers by the Internal Revenue Service by providing greater judicial review.”, do pass with the following

**AMENDMENTS:**

Strike all after the enacting clause and insert the following:

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

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

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

1       (c) *REFERENCES TO SECRETARY.*—For purposes of  
 2 this Act, the term “Secretary” means the Secretary of the  
 3 Treasury or the Secretary’s delegate.

4       (d) *TABLE OF CONTENTS.*—The table of contents of  
 5 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*

*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.*
- 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 with  
7 the Secretary, as well as any amendments to such return—

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

10 (2) if such return or amendment is filed elec-  
11 tronically, shall be processed electronically by the Sec-  
12 retary.

13 (b) DIGITIZATION OF RETURNS AND CORRESPOND-  
14 ENCE.—The Internal Revenue Service shall use optical  
15 character recognition technology (or any functionally simi-  
16 lar technology) to transcribe—

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

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

5           (c) *EXCEPTIONS.—*

6           (1) *IN GENERAL.—*Subsection (b) shall not apply  
 7           *to any technology to the extent that the Secretary de-*  
 8           *termines such technology is slower or less reliable*  
 9           *than—*

10           (A) *the process of manually transcribing re-*  
 11           *turns or correspondence received in a paper*  
 12           *form, or*

13           (B) *any other process that the Internal Rev-*  
 14           *enue Service is using or would otherwise use.*

15           (2) *REPORT TO CONGRESS.—*Any exception to  
 16           *the application of a technology described in subsection*  
 17           *(b) pursuant to paragraph (1) shall not take effect*  
 18           *unless the Secretary provides a report to the Com-*  
 19           *mittee on Ways and Means of the House of Represent-*  
 20           *atives and the Committee on Finance of the Senate*  
 21           *regarding the determination made by the Secretary*  
 22           *under such paragraph within 30 days of such deter-*  
 23           *mination.*

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

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

6           (2) *any estate tax return (as described in section*  
 7           *6018 of such Code) or gift tax return (as described in*  
 8           *section 6019 of such Code) received on or after Janu-*  
 9           *ary 1 of the first calendar year beginning more than*  
 10          *24 months after the date of enactment of this Act, and*

11          (3) *any other return or correspondence received*  
 12          *on or after January 1 of the first calendar year be-*  
 13          *ginning more than 18 months after the date of enact-*  
 14          *ment of this Act.*

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

17          (a) *IN GENERAL.*—*The Secretary shall require the In-*  
 18          *ternal Revenue Service to provide in real time on its public*  
 19          *website, to the extent practical, the following:*

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

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

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

3           (C) the number of callers who are waiting  
4           to be connected to speak directly with a rep-  
5           resentative of the Internal Revenue Service or an  
6           automated system,

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

11          (E) whether callback service is currently  
12          available, and if not, when such service is sched-  
13          uled to be available.

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

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

18               (B) estimates the approximate wait time to  
19               speak directly with a representative of the Inter-  
20               nal Revenue Service.

21          (3) An application programming interface which  
22          allows any person to access the information described  
23          in subsection (a)(1) using automation and to create  
24          an application or tool embedded on a website to dis-  
25          play such information.

1           (4) *For each applicable phone number extension,*  
2           *a summary of the information described in para-*  
3           *graph (1) with respect to the prior month, includ-*  
4           *ing—*

5                   (A) *the average and median length of calls,*

6                   (B) *the average and median amount of time*  
7           *that callers were speaking directly with a rep-*  
8           *resentative of the Internal Revenue Service,*

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

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

14                  (E) *the number of callers who were trans-*  
15          *ferred to another applicable phone number exten-*  
16          *sion after the call was initially answered by a*  
17          *representative of the Internal Revenue Service,*

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

21                  (G) *the number and percent of callers who*  
22          *indicated that they received the answers or serv-*  
23          *ice for which they were contacting the Internal*  
24          *Revenue Service.*

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

4       (c) *INFORMATION REGARDING DELAYS.*—For any week  
 5       in which there was a significant delay with respect to any  
 6       applicable item (referred to in this subsection as an “appli-  
 7       cable week”), the Secretary shall require the Internal Rev-  
 8       enue Service to provide on its public website, during the  
 9       week subsequent to the applicable week, information with  
 10      respect to each such applicable item regarding the earliest  
 11      date on which any such applicable items that were proc-  
 12      essed during the applicable week were received by the Inter-  
 13      nal Revenue Service.

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

15           (1) *APPLICABLE ITEM.*—The term “applicable  
 16      item” means each category of tax return, claim, state-  
 17      ment, or other document filed with the Internal Rev-  
 18      enue Service.

19           (2) *APPLICABLE PHONE NUMBER EXTENSION.*—  
 20      The term “applicable phone number extension” means  
 21      any extension or application which may be reached  
 22      by calling a phone number which is listed by the In-  
 23      ternal Revenue Service on any website, publication,  
 24      form, or instruction which is available to the public  
 25      and—

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

22        *Not later than January 1 of the first calendar year*  
23 *beginning more than 12 months after the date of enactment*  
24 *of this Act, through a website and mobile application, the*  
25 *Secretary shall provide individualized, specific, and up-to-*

1 *date information to taxpayers regarding their tax returns*  
2 *and amended returns, including information with respect*  
3 *to whether the Internal Revenue Service has—*

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

6 *(2) completed processing such return, includ-*  
7 *ing—*

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

11 *(B) the estimated date on which the tax-*  
12 *payer can expect to receive such refund, and*

13 *(C)(i) if the refund will be issued by elec-*  
14 *tronic fund transfer, the financial account to*  
15 *which such refund will be deposited, including—*

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

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

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

23 *(3) suspended processing such return, includ-*  
24 *ing—*

25 *(A) the reason for the suspension, and*

1                   (B) in the case of any information which  
2                   was requested by the Internal Revenue Service—  
3                   (i) the information requested,  
4                   (ii) the form and manner for submission of such information, and  
5                   (iii) the date on which such information is due to be submitted to the Internal  
6                   Revenue Service.

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

10           *It is the sense of Congress that—*

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

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

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

22           (a) *IN GENERAL.*—Not later than January 1 of the  
23 first calendar year beginning more than 18 months after  
24 the date of enactment of this Act, the Secretary shall make  
25 available a website or mobile application which allows any

1 taxpayer (including any taxpayer residing outside of the  
 2 United States) the ability to—

3 (1) in a manner consistent with any applicable  
 4 limitations under section 6103 of the Internal Rev-  
 5 enue Code of 1986, view any return (as defined in  
 6 section 6103(b)(1) of the Internal Revenue Code of  
 7 1986), document, notice, or letter (with the exception  
 8 of any educational item which has no legal effect)  
 9 which, during the applicable period (as defined in  
 10 subsection (d)), has been—

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

13 (B) filed with (or, in the case of any docu-  
 14 ment not required to be filed, sent to) the Inter-  
 15 nal Revenue Service—

16 (i) by such taxpayer,

17 (ii) by a person described in subsection

18 (c) of section 6103 of the Internal Revenue

19 Code of 1986 with respect to such taxpayer,

20 or

21 (iii) with respect to such taxpayer in

22 a manner described in subsection (e) of such

23 section,

24 (2) with respect to any document, notice, or let-

25 ter sent to such taxpayer by the Internal Revenue

1       *Service, respond to such document, notice, or letter by*  
2       *uploading or otherwise transmitting the taxpayer's*  
3       *response through the website or mobile application,*  
4       *and*

5               *(3) in the case of—*

6                       *(A) any representative of such taxpayer who*  
7                       *is authorized to practice before the Department*  
8                       *of the Treasury pursuant to section 330 of title*  
9                       *31, United States Code,*

10                      *(B) any tax return preparer (as defined in*  
11                      *section 7701(a)(36) of the Internal Revenue Code*  
12                      *of 1986) with an identifying number (as de-*  
13                      *scribed in section 6109(a)(4) of such Code), or*

14                      *(C) any qualified reporting agent,*  
15       *permit such representative, preparer, or agent, to the*  
16       *extent authorized by the taxpayer, to access the infor-*  
17       *mation described in paragraph (1) or transmit any*  
18       *information described in paragraph (2).*

19       *(b) AVAILABILITY FOR VIEWING.—With respect to any*  
20       *return, document, notice, or letter described in paragraph*  
21       *(1) of subsection (a), such return, document, notice, or letter*  
22       *shall be made available for viewing by the taxpayer (or,*  
23       *pursuant to paragraph (3) of such subsection, any rep-*  
24       *resentative, tax return preparer, or qualified reporting*  
25       *agent authorized by the taxpayer) as soon as is practicable*

1 *and within such periods as are established pursuant to reg-*  
 2 *ulations prescribed by the Secretary.*

3       (c) *ACCESS TO MULTIPLE ACCOUNTS BY REPRESENTA-*  
 4 *TIVE, PREPARER, OR AGENT.*—For purposes of subsection  
 5 (a)(3), the website or mobile application shall allow a rep-  
 6 resentative, tax return preparer, or qualified reporting  
 7 agent to be able to access information for multiple tax-  
 8 payers who have provided permission under such subsection  
 9 without any requirement to individually and separately ac-  
 10 cess the account of each such taxpayer.

11       (d) *APPLICABLE PERIOD.*—

12           (1) *IN GENERAL.*—Subject to paragraph (2), for  
 13 purposes of subsection (a)(1), the term “applicable pe-  
 14 riod” means the preceding 6-year period.

15           (2) *PROSPECTIVE APPLICATION.*—The term “ap-  
 16 plicable period” shall not include any years ending  
 17 before the date of enactment of this Act.

18       (e) *QUALIFIED REPORTING AGENT.*—

19           (1) *IN GENERAL.*—For purposes of this section,  
 20 the term “qualified reporting agent” means a per-  
 21 son—

22           (A) *which is properly authorized as an*  
 23 *agent to sign and file employment tax returns,*  
 24 *make related payments and deposits, and per-*

1        *form such other acts on behalf of a taxpayer*  
 2        *under procedures set forth by the Secretary,*

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

5                *(C) for which authorization has not been re-*  
 6        *voked or suspended by the Secretary pursuant to*  
 7        *procedures established by the Secretary.*

8                *(2) EMPLOYMENT TAX RETURN.—For purposes of*  
 9        *paragraph (1)(A), the term “employment tax return”*  
 10        *means—*

11                *(A) any return required to be filed by an*  
 12        *employer to report the obligations of the em-*  
 13        *ployer and its employees under section 3101,*  
 14        *3111, 3301, or 3402 of the Internal Revenue*  
 15        *Code of 1986, and*

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

18        *(f) PREVENTING UNAUTHORIZED DISCLOSURE OF RE-*  
 19        *TURN INFORMATION BY PERSONS DESIGNATED BY TAX-*  
 20        *PAYERS.—Not later than January 1 of the first calendar*  
 21        *year beginning more than 18 months after the date of enact-*  
 22        *ment of this Act, the Secretary shall—*

23                *(1) establish a program to investigate and ad-*  
 24        *dress—*

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

6           (B) any related misconduct, and

7           (2) annually publish, on the public website of the  
 8           Internal Revenue Service, the actions undertaken pur-  
 9           suant to the program described in paragraph (1),  
 10          such as the number of complaints investigated, the  
 11          number of persons whose access was revoked, and  
 12          other relevant statistical data.

13          (g) *FOCUS GROUPS*.—For purposes of subsection (a),  
 14          prior to the date that the website or mobile application de-  
 15          scribed in such subsection is made available, the Secretary  
 16          shall conduct focus groups with taxpayers and tax profes-  
 17          sionals to ensure that any amounts appropriated or other-  
 18          wise made available for such purposes are expended in an  
 19          appropriate manner.

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

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

22               (1) by striking “In the case” and inserting the  
 23               following:

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

1           (2) *by adding at the end the following new para-*  
 2           *graphs:*

3           “(2) *SPECIAL RULE FOR CERTAIN INDIVID-*  
 4           *UALS.—In the case of an overpayment with respect to*  
 5           *any taxable year for which a credit is allowed to an*  
 6           *applicable taxpayer under section 32, the Secretary*  
 7           *shall, subject to subsections (c), (d), (e), and (f), re-*  
 8           *fund such overpayment in an amount not to exceed*  
 9           *the amount of the credit allowed under such section*  
 10          *for such taxable year.*

11          “(3) *APPLICABLE TAXPAYER.—For purposes of*  
 12          *paragraph (2), the term ‘applicable taxpayer’ means*  
 13          *a taxpayer who was classified by the Secretary as*  
 14          *currently not collectible (within the meaning of sec-*  
 15          *tion 6343(e)) prior to the date on which the refund*  
 16          *was requested by the taxpayer.’.”*

17          (b) *EFFECTIVE DATE.—The amendments made by this*  
 18          *section shall apply to offsets made after the date which is*  
 19          *12 months after the date of enactment of this Act.*

20       **SEC. 107. INSTALLMENT AGREEMENT FEES ELIMINATED**  
 21               **FOR CERTAIN INDIVIDUALS.**

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

24               “(2) *WAIVER.—No fee shall be imposed on an in-*  
 25               *stallment agreement under this section in the case of*

1     *any taxpayer with an adjusted gross income, as deter-*  
 2     *mined for the most recent year for which such infor-*  
 3     *mation is available, which does not exceed 250 per-*  
 4     *cent of the applicable poverty level (as determined by*  
 5     *the Secretary).”.*

6     **(b) EFFECTIVE DATE.**—*The amendment made by this*  
 7     *section shall apply to installment agreements entered into*  
 8     *after the date which is 12 months after the date of enact-*  
 9     *ment of this Act.*

10   **SEC. 108. INDIVIDUALS FACING ECONOMIC HARDSHIPS IN-**  
 11         **FORMED OF COLLECTION ALTERNATIVES.**

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

14         **(1)** *establish a program to identify taxpayers*  
 15     *who—*

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

18             **(B)** *have an unpaid tax liability, and*

19         **(2)** *in the case of any taxpayer described in*  
 20     *paragraph (1) who requests to enter into an agree-*  
 21     *ment described in section 6159(a) of the Internal Rev-*  
 22     *enue Code of 1986, provide such taxpayer with infor-*  
 23     *mation regarding other options which the Internal*  
 24     *Revenue Service makes available to taxpayers who*

1        *have an unpaid tax liability and are experiencing an*  
 2        *economic hardship, including—*

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

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

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

10        *(b) ECONOMIC HARDSHIP.—For purposes of this sec-*  
 11        *tion, in determining whether a taxpayer is reasonably like-*  
 12        *ly to be experiencing an economic hardship, such deter-*  
 13        *mination shall be made in the same manner as determined*  
 14        *under section 6343(a)(1)(D) of the Internal Revenue Code*  
 15        *of 1986 based on—*

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

19                *(2) the schedules described in section*  
 20        *7122(d)(2)(A) of such Code.*

21        *(c) REPORT.—Not later than 2 years after the date of*  
 22        *enactment of this Act, the Secretary, in consultation with*  
 23        *the National Taxpayer Advocate, shall submit a report to*  
 24        *the Committee on Ways and Means of the House of Rep-*

1 *representatives and the Committee on Finance of the Senate*  
 2 *regarding—*

3 *(1) the accuracy of the Internal Revenue Service*  
 4 *with respect to identifying taxpayers who are reason-*  
 5 *ably likely to be experiencing an economic hardship*  
 6 *under subsection (a)(1),*

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

9 *(3)(A) the number of taxpayers with an unpaid*  
 10 *tax liability who were identified as reasonably likely*  
 11 *to be experiencing an economic hardship under sub-*  
 12 *section (a)(1),*

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

15 *(C) the status of the tax liabilities of such tax-*  
 16 *payers.*

17 **SEC. 109. QUARTERLY NOTICES TO CERTAIN TAXPAYERS**  
 18 **WITH DELINQUENCIES.**

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

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

22 *(2) by striking “Not less often than annually”*  
 23 *and inserting the following:*

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

1           (3) *by adding at the end the following:*

2           “(b) *INFORMATION ON PENALTIES AND INTEREST.*—

3   *The notice described in subsection (a) shall include—*

4           “(1) *an estimate of the amount of penalties and*  
5           *interest that may accrue if the delinquent tax debt is*  
6           *not fully paid within the period remaining under sec-*  
7           *tion 6502(a), and*

8           “(2) *programs and services that can provide as-*  
9           *sistance to the taxpayer.*

10          “(c) *EXCEPTION.*—*The requirement under subsection*  
11   *(a) shall not apply—*

12          “(1) *during any period in which an agreement*  
13          *described in section 6159(a) or an accepted offer-in-*  
14          *compromise (as described in section 7122) is in effect,*  
15          *or*

16          “(2) *in the case of a taxpayer for which the Sec-*  
17          *retary has determined that the tax is not collectible*  
18          *(within the meaning of section 6343(e)).”.*

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

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

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

1 **SEC. 110. LOW-INCOME TAXPAYER CLINIC FUNDING UN-**  
 2 **LOCKED.**

3 (a) *MATCHING FUNDS.*—Paragraph (5) of section  
 4 7526(c) is amended to read as follows:

5 “(5) *REQUIREMENT OF MATCHING FUNDS.*—

6 “(A) *IN GENERAL.*—With respect to any  
 7 grant provided to a low-income taxpayer clinic  
 8 under this section, such clinic shall provide  
 9 matching funds equal to the applicable percent-  
 10 age of the amount of such grant.

11 “(B) *MATCHING FUNDS.*—

12 “(i) *IN GENERAL.*—For purposes of  
 13 this paragraph, the term ‘matching funds’  
 14 may include—

15 “(I) the salary (including fringe  
 16 benefits) of individuals performing  
 17 services for the low-income taxpayer  
 18 clinic, and

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

21 “(ii) *EXCLUSION.*—For purposes of  
 22 this paragraph, the term ‘matching funds’  
 23 shall not include any indirect expenses,  
 24 such as general overhead of the institution  
 25 sponsoring the low-income taxpayer clinic.

1           “(C) *APPLICABLE PERCENTAGE.*—For pur-  
 2           poses of subparagraph (A), the applicable per-  
 3           centage shall be 100 percent, except that the Sec-  
 4           retary may establish a lower percentage (not  
 5           below 25 percent) if the Secretary determines  
 6           that such percentage would expand the coverage  
 7           of the low-income taxpayer clinic to additional  
 8           taxpayers.”.

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

11                   (1) by striking paragraphs (1) and (2), and  
 12                   (2) by redesignating paragraphs (3) through (6)  
 13          as paragraphs (1) through (4).

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

17          **SEC. 111. CHIEF COUNSEL REVIEWS OF OFFERS-IN-COM-**  
 18                                   **PROMISE STREAMLINED.**

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

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

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

6       **SEC. 112. MODIFICATION OF PROCEDURAL REQUIREMENTS**  
 7                               **FOR PENALTIES AND DISALLOWANCE PERI-**  
 8                               **ODS.**

9       (a) *IN GENERAL.*—Section 6751(b) is amended—  
 10               (1) by striking paragraph (1) and inserting the  
 11       following:

12               “(1) *IN GENERAL.*—No penalty under this title  
 13       shall be assessed, and no disallowance period shall  
 14       take effect, unless—

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

20               “(i) the immediate supervisor of the  
 21       individual making such decision, or

22               “(ii) the Internal Revenue Service Of-  
 23       fice of Servicewide Penalties (or any suc-  
 24       cessor organization), and

1           “(B) the approval described in subpara-  
 2           graph (A) is obtained on or before the date any  
 3           appealable notice is sent to the taxpayer regard-  
 4           ing the application of such penalty or disallow-  
 5           ance period.”, and

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

7           “(3) *APPEALABLE NOTICE*.—For purposes of this  
 8           subsection, the term ‘appealable notice’ means the  
 9           first written notice issued to a taxpayer that provides  
 10          the taxpayer an opportunity to—

11           “(A) appeal the decision to the Internal  
 12          Revenue Service Independent Office of Appeals,  
 13          or

14           “(B) petition a Federal court for review of  
 15          the decision.”.

16          (b) *DISALLOWANCE PERIOD*.—Section 6751 is amend-  
 17          ed by adding at the end the following new subsection:

18          “(d) *DISALLOWANCE PERIOD*.—

19           “(1) *IN GENERAL*.—For purposes of this section,  
 20          the term ‘disallowance period’ means—

21           “(A) with respect to any credit under sec-  
 22          tion 24, the period determined under section  
 23          24(g)(1),

1           “(B) with respect to any credit under sec-  
 2           tion 25A, the period determined under section  
 3           25A(b)(4)(A), and

4           “(C) with respect to any credit under sec-  
 5           tion 32, the period determined under section  
 6           32(k)(1).

7           “(2) APPROVAL REQUIRED FOR DISALLOWANCE  
 8           PERIOD AUTOMATICALLY CALCULATED THROUGH  
 9           ELECTRONIC MEANS.—With respect to the application  
 10          of any disallowance period, subsection (b)(2)(B) shall  
 11          not apply.”.

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

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

22               (1) every organizational unit of the Internal  
 23          Revenue Service that has power to assess, abate, or  
 24          otherwise enforce any penalty imposed by the Internal

1       *Revenue Service under the Internal Revenue Code of*  
 2       *1986, and*

3               *(2) the progression of such penalties at each step*  
 4       *of the determination, assessment, and review proc-*  
 5       *esses, as well as the final result with respect to such*  
 6       *penalties.*

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

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

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

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

23               *“(2) EXCEPTION.—Paragraph (1) shall not*  
 24       *apply if—*

1           “(A) the taxpayer and the Secretary have  
2           specifically agreed otherwise, or

3           “(B) the Secretary has—

4                   “(i) determined that, under the terms  
5                   of the compromise, such compromise is in  
6                   default, and

7                   “(ii) elected to terminate such com-  
8                   promise.”.

9           (b) *AUTHORITY TO RELEASE LEVY AND RETURN*  
10 *PROPERTY.*—Section 6343 is amended—

11           (1) in subsection (a)(1)—

12                   (A) in subparagraph (D), by striking “or”  
13                   at the end,

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

16                   (C) by adding at the end the following sub-  
17                   paragraph:

18                   “(F) subject to subsection (h)(2) of section  
19                   7122, an offer-in-compromise is accepted under  
20                   such section with respect to the liability for  
21                   which the levy was imposed.”, and

22           (2) in subsection (d)(2)—

23                   (A) in subparagraph (C), by striking “or”  
24                   at the end,

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

3                   (C) by adding at the end the following sub-  
4                   paragraph:

5                   “(E) subject to subsection (h)(2) of section  
6                   7122, an offer-in-compromise is accepted under  
7                   such section with respect to the liability for  
8                   which the levy was imposed,”.

9           (c) *EFFECTIVE DATE.*—The amendments made by this  
10   section shall apply to any compromise made under section  
11   7122 of the Internal Revenue Code of 1986 which is accepted  
12   by the Secretary after the date of enactment of this Act.

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

15           (a) *IN GENERAL.*—Section 6343(b) is amended, in the  
16   flush text following paragraph (3), by striking “the date  
17   of such levy” and inserting “the date that the Secretary re-  
18   ceived any such amount”.

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

1 **SEC. 115. REPORTS TO CONGRESS.**

2       (a) *IMPLEMENTATION.*—Not later than the date which  
 3 is 2 years after the date of enactment of this Act, the Sec-  
 4 retary (following consultation with the National Taxpayer  
 5 Advocate, the Treasury Inspector General for Tax Adminis-  
 6 tration, and the Comptroller General of the United States)  
 7 shall provide a report to the Committee on Ways and Means  
 8 of the House of Representatives and the Committee on Fi-  
 9 nance of the Senate regarding the actions taken by the In-  
 10 ternal Revenue Service to implement this title and the  
 11 amendments made by this title, including—

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

14           (2) *any recommendations to Congress with re-*  
 15 *spect to the implementation or administration of such*  
 16 *title.*

17       (b) *FRAUD.*—

18           (1) *IN GENERAL.*—Not later than the date which  
 19 is 12 months after the date of enactment of this Act,  
 20 and annually thereafter, the Secretary shall provide a  
 21 report to the Committee on Ways and Means of the  
 22 House of Representatives and the Committee on Fi-  
 23 nance of the Senate regarding efforts made by the In-  
 24 ternal Revenue Service to identify, prevent, and re-  
 25 solve each type of tax fraud, including first-person  
 26 fraud and stolen identity refund fraud.

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

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

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

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

(II) updated guidelines or restrictions,

(III) potential threat analyses,

(IV) specific data or analytics,

and

(V) any other actionable threat information, and

(ii) any specific recommendations provided by the Internal Revenue Service to any of the other members of the Security

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

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

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

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

1            *ing, and collaboration between the Internal*  
2            *Revenue Service and such provider,*

3            *(C) with respect to the most recently com-*  
4            *pleted tax filing season—*

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

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

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

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

22            *(3) PUBLICLY AVAILABLE.—Data included in the*  
23            *report described in paragraph (1) shall be made*  
24            *available on the public website of the Internal Rev-*

1        *enue Service, provided that such data is appro-*  
 2        *priately redacted by the Secretary.*

3        (c) *COMPLEXITY REPORT.—For purposes of section*  
 4        *4022 of the Internal Revenue Service Restructuring and Re-*  
 5        *form Act of 1998 (26 U.S.C. 7801 note), the submission of*  
 6        *the report required under section 7803(c)(2)(B) of the Inter-*  
 7        *nal Revenue Code of 1986 shall not satisfy the requirement*  
 8        *under subsection (a) of section 4022 of such Act to conduct*  
 9        *an analysis of the sources of complexity in administration*  
 10       *of the Federal tax laws and report the results of such anal-*  
 11       *ysis.*

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

14            (1) *IN GENERAL.—Not later than one year after*  
 15        *the date of the enactment of this Act, and annually*  
 16        *thereafter for the following 5 years, the Secretary shall*  
 17        *submit to the Committee on Finance of the Senate a*  
 18        *report describing the systems and practices for track-*  
 19        *ing documents submitted to the Internal Revenue*  
 20        *Service by taxpayers, Congressional offices, and au-*  
 21        *thorized third-party representatives.*

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

24                    (A) *A description of how the Internal Rev-*  
 25        *enue Service catalogues, tracks, and retains doc-*

1        *uments and communications, including proce-*  
 2        *dures for internal document sharing and for*  
 3        *avoiding lost documents and duplicative requests*  
 4        *to taxpayers.*

5                *(B) A description of the status and future*  
 6        *plans for managing electronic and paper submis-*  
 7        *sions through online accounts, new document*  
 8        *submission tools, and paper-retention processes.*

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

## 14        ***TITLE II—AMERICAN CITIZENS*** 15                ***ABROAD***

### 16        ***SEC. 201. REPORT ON COMBINED TAX AND FOREIGN BANK*** 17                ***AND FINANCIAL ACCOUNT REPORTING.***

18        *(a) STUDY.—*

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

21                *(A) combining and simplifying reporting*  
 22        *required under section 5314 of title 31, United*  
 23        *States Code and sections 6038, 6038A, 6038B,*  
 24        *6038C, 6038D, 6039F, 6046A, and 6048 of the*  
 25        *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 under  
 5                   paragraph (1) shall include input from the National  
 6                   Taxpayer Advocate and nonresident United States  
 7                   taxpayers.

8                   (b) REPORT.—Not later than 180 days after the date  
 9                   of enactment of this Act, the Secretary shall submit to Con-  
 10                  gress a report on the study conducted under subsection (a),  
 11                  which shall include any actions taken by the Secretary as  
 12                  a result of such study and any recommendations for legisla-  
 13                  tive changes necessary to effectuate the goal described in  
 14                  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 elimi-*  
10       *nate 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 services  
 2                   abroad, including local retirement vehicles and  
 3                   bank accounts;

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

7                   (E) compliance burdens that are disproportion-  
 8                   ate 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 and  
 12                  to Congress, and make publicly available, a report on  
 13                  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 re-  
 16                  port under subsection (a)(3), the Secretary of the Treasury  
 17                  shall submit to Congress a report that describes—

18                   (1) actions taken by the Department of Treasury  
 19                   to address any problems identified by the Comptroller  
 20                   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 amended  
 5 by inserting “(120 days in the case of a notice addressed  
 6 to a person outside the United States)” after “60 days”.

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

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

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

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

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

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

25 (3) by adding at the end the following new para-  
 26 graph:

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

8       (b) *NOTICE REQUIREMENT FOR CERTAIN PEN-*  
 9       *ALTIES.*—

10           (1) *IN GENERAL.*—Subchapter C of chapter 68 is  
 11       *amended by adding at the end the following new sec-*  
 12       *tion:*

13       **“SEC. 6752. PRELIMINARY NOTICE AND RIGHT OF REVIEW**  
 14               **FOR COVERED PENALTIES.**

15       “(a) *NOTICE.*—

16           “(1) *IN GENERAL.*—No covered penalty shall be  
 17       *assessed unless the Secretary provides a notice to the*  
 18       *taxpayer in writing by mail to an address as deter-*  
 19       *mined under section 6212(b) that contains the fol-*  
 20       *lowing information:*

21           “(A) *The covered penalty proposed to be as-*  
 22       *essed.*

23           “(B) *The taxable years or periods involved.*

24           “(C) *The basis for the proposed penalty.*

1           “(D) *Information about the right of the tax-*  
 2           *payer to request review as provided in subsection*  
 3           *(b).*

4           “(2) *TIMING OF NOTICE.—The mailing of the no-*  
 5           *tice described in paragraph (1) shall precede any no-*  
 6           *tice and demand of any covered penalty by at least*  
 7           *60 days (120 days in the case of a notice addressed*  
 8           *to a taxpayer outside the United States).*

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

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

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

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

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

24               “(2) *STATUTE OF LIMITATIONS.—If a notice de-*  
 25               *scribed in subsection (a) with respect to any covered*

1        *penalty is mailed before the expiration of the period*  
 2        *provided by section 6501 for the assessment of such*  
 3        *penalty (determined without regard to this para-*  
 4        *graph), the running of such period shall be suspended*  
 5        *for the period during which assessment is prohibited*  
 6        *under this section and for 30 days thereafter.*

7        “(d) *COVERED PENALTY.*—For purposes of this sec-  
 8        *tion, the term ‘covered penalty’ means any penalty imposed*  
 9        *under section 6038(b)(1), 6038A(d)(1), 6038B(c), 6038C(c),*  
 10       *6038D(d)(1), 6039F(c)(1)(B), or 6677.*

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

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

18                “(1) *procedures for issuing notices under sub-*  
 19       *section (a), and*

20                “(2) *establishing simplified reviews for cases in*  
 21       *which the penalty amount at issue does not exceed a*  
 22       *designated dollar threshold.”.*

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

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

1       (c) *INTERPRETIVE RULES.*—

2               (1) *TAXPAYER RIGHTS.*—*Nothing in the amend-*  
 3       *ments made by this section shall be construed to cre-*  
 4       *ate any limitation on the rights of a taxpayer—*

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

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

10           (2) *NO INFERENCE.*—*Nothing in the amend-*  
 11       *ments made by this section shall be construed to cre-*  
 12       *ate any inference with respect to the treatment of any*  
 13       *covered penalty (as defined in section 6752 of the In-*  
 14       *ternal Revenue Code of 1986, as added by this sec-*  
 15       *tion) before the date of the enactment of this Act.*

16   **SEC. 205. REPEAL OF DUE DATE REQUIREMENTS FOR CER-**  
 17       **TAIN INFORMATION RETURNS RELATING TO**  
 18       **FOREIGN GIFTS AND TRUSTS.**

19       (a) *IN GENERAL.*—*Section 2006(b) of the Surface*  
 20       *Transportation and Veterans Health Care Choice Improve-*  
 21       *ment Act of 2015 is amended by striking paragraphs (9)*  
 22       *and (10).*

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

1       ***TITLE III—JUDICIAL REVIEW***

2       ***SEC. 301. AUTHORIZATION OF SUBPOENAS BEFORE HEAR-***  
 3               ***INGS TO FACILITATE SETTLEMENTS.***

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

5       “(a) *IN GENERAL.*—

6               “(1) *ADMINISTRATION OF OATHS.*—*For the effi-*  
 7       *cient administration of the functions vested in the*  
 8       *Tax Court or any division thereof, any judge or spe-*  
 9       *cial trial judge, the clerk or the clerk’s deputies, as*  
 10       *such, or any other employee of the Tax Court des-*  
 11       *ignated in writing for the purpose by the chief judge,*  
 12       *may administer oaths or affirmations.*

13              “(2) *EXAMINATION.*—*Any judge or special trial*  
 14       *judge may examine parties or witnesses.*

15              “(3) *SUBPOENA AUTHORITY.*—*Any judge or spe-*  
 16       *cial trial judge may require, by subpoena ordered by*  
 17       *the Tax Court or any division thereof and signed by*  
 18       *the judge or special trial judge (or by the clerk of the*  
 19       *Tax Court or by any other employee of the Tax Court*  
 20       *when acting as deputy clerk), any of the following:*

21                      “(A) *The attendance and testimony of par-*  
 22       *ties or witnesses.*

23                      “(B) *The production of books, papers, docu-*  
 24       *ments, electronically stored information, or tan-*  
 25       *gible things from any place in the United States*

1           *by any party or witness having custody or con-*  
 2           *trol thereof for purposes of discovery or for use*  
 3           *of the things produced as evidence in accordance*  
 4           *with the rules and orders of the Tax Court.*

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

8           “(4) *DEPOSITIONS.*—Pursuant to rules and or-  
 9           *ders of the Court, the deposition of a witness may be*  
 10          *taken before any designated individual competent to*  
 11          *administer oaths under this title. Any deposition tes-*  
 12          *timony shall be reduced to writing by the individual*  
 13          *taking the deposition, or under such individual’s di-*  
 14          *rection, and shall be subscribed by the deponent.”.*

15 **SEC. 302. CLARIFICATION OF TAX COURT AUTHORITY TO**  
 16                   **ORDER RELIEF FROM A JUDGMENT OR**  
 17                   **ORDER.**

18          *Section 7481 is amended—*

19               (1) *by striking “and (d),” in subsection (a) and*  
 20               *inserting “(d), and (e),” and*

21               (2) *by adding at the end the following new sub-*  
 22               *section:*

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

24               “(1) *CORRECTIONS BASED ON CLERICAL MIS-*  
 25               *TAKES; OVERSIGHTS AND OMISSIONS.*—

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

7           “(B) *APPELLATE COURT LEAVE REQUIRED*  
 8           *ON APPEAL.*—*After an appeal has been docketed*  
 9           *in the appellate court, and while such appeal is*  
 10          *pending, any such mistake may be corrected only*  
 11          *with the appellate court’s leave.*

12          “(2) *GROUND FOR RELIEF FROM A FINAL JUDG-*  
 13          *MENT OR ORDER.*—*On motion and just terms, the*  
 14          *Tax Court may relieve a party or its legal representa-*  
 15          *tive from a final judgment or order for any of the fol-*  
 16          *lowing reasons:*

17                 “(A) *Mistake, inadvertence, surprise, or ex-*  
 18                 *cusable neglect.*

19                 “(B) *Newly discovered evidence that, with*  
 20                 *reasonable diligence, could not have been discov-*  
 21                 *ered in time to move for a new trial under rules*  
 22                 *prescribed by the Court and that would have a*  
 23                 *reasonable likelihood of changing the outcome.*

1           “(C) *Fraud (whether previously called in-*  
 2           *trinsic or extrinsic), misrepresentation, or mis-*  
 3           *conduct by an opposing party.*

4           “(D) *The judgment is void.*

5           “(E) *Any other circumstance where justice*  
 6           *so requires.*

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

8           “(A) *TIMING.—A motion under paragraph*  
 9           *(2)—*

10           *“(i) must be made within a reasonable*  
 11           *time, and*

12           *“(ii) in the case of a reason described*  
 13           *in subparagraphs (A), (B), or (C), not later*  
 14           *than 1 year after the entry of the judgment*  
 15           *or order.*

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

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

22           “(5) *COURT OF APPEALS JURISDICTION.—If the*  
 23           *Tax Court provides relief from a judgment or order*  
 24           *that is otherwise final under this section, either or*  
 25           *both parties may obtain review of such relief by filing*

1        *a notice of appeal under this subchapter within 90*  
 2        *days of the Court’s judgment or order directing such*  
 3        *relief.”.*

4    **SEC. 303. AUTHORIZATION OF SPECIAL TRIAL JUDGES TO**  
 5                    **HEAR ADDITIONAL CASES AND ADDRESS**  
 6                    **CONTEMPT.**

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

11                *“(7) upon the consent of the parties, and pursu-*  
 12        *ant to rules promulgated by the Tax Court, any pro-*  
 13        *ceeding not described in paragraphs (1) through (6),*  
 14        *and”.*

15        *(b) AUTHORIZING SPECIAL TRIAL JUDGE.—Section*  
 16        *7443A(c) is amended by striking “or (6)” and inserting*  
 17        *“(6), or (7)”.*

18        *(c) CONTEMPT AUTHORITY.—Section 7443A is amend-*  
 19        *ed by adding at the end the following new subsection:*

20                *“(f) INCIDENTAL POWERS.—A special trial judge ap-*  
 21        *pointed under this section shall have the independent power*  
 22        *to punish for contempt of the authority of the Tax Court*  
 23        *as provided in section 7456(c), except the sentence imposed*  
 24        *by such a special trial judge for any contempt shall not*  
 25        *exceed the penalties for a Class C misdemeanor as set forth*

1 *in sections 3571(b)(6) and 3581(b)(8) of title 18, United*  
 2 *States Code. This subsection shall not be construed to limit*  
 3 *the authority of a special trial judge to order sanctions*  
 4 *under any other statute or any rule of the Tax Court pre-*  
 5 *scribed pursuant to section 7453.”.*

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

10 **SEC. 304. DISQUALIFICATION OF JUDGES AND SPECIAL**  
 11 **TRIAL JUDGES.**

12 (a) *IN GENERAL.*—*Part II of subchapter C of chapter*  
 13 *76 is amended by adding at the end the following new sec-*  
 14 *tion:*

15 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR SPECIAL**  
 16 **TRIAL JUDGE.**

17 *“Section 455 of title 28, United States Code, shall*  
 18 *apply to judges, special trial judges, and proceedings of the*  
 19 *Tax Court.”.*

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

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

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

25 (a) *NOTICE.*—

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

2                   (A) by striking “If the” and inserting the  
3 following:

4           “(1) *NOTICE.*—If the”,

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

7           “(2) *MATTERS INCLUDED.*—Such notice shall in-  
8 clude—

9                   “(A) a notice”,

10                   (C) by striking period at the end of the sec-  
11 ond sentence and inserting “, and”, and

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

14                   “(B) in any case in which such deficiency  
15 for a taxable year is attributable to the denial of  
16 a credit under section 24, 25A, or 32, a state-  
17 ment—

18                           “(i) identifying the credit or credits  
19 which are denied and providing the grounds  
20 for each such denial,

21                           “(ii) informing the taxpayer that, un-  
22 less the denial is overturned on appeal, the  
23 taxpayer will not be able to claim such  
24 credit for any subsequent taxable year un-  
25 less the taxpayer provides information re-

quired by the Secretary to demonstrate eligibility for the credit, and

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

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

(b) *AUTHORITY OF THE TAX COURT.*—

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

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

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

“(A) to redetermine the imposition of any disallowance period with respect to any credit under section 24, 25A, or 32 for the taxable year

1           *in which such disallowance period was imposed*  
 2           *if the deficiency relates to such taxable year, and*

3           “(B) *to determine whether any such dis-*  
 4           *allowance period should be imposed if claim*  
 5           *therefor is asserted by the Secretary in the an-*  
 6           *swer or an amended answer filed in accordance*  
 7           *with the rules of the Tax Court.*

8           “(2) *DISALLOWANCE PERIOD.*—*For purposes of*  
 9           *this subsection, the term ‘disallowance period’ has the*  
 10           *meaning given such term under section 6751(d).’.*

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

14           (3) *TRANSITION RULE FOR REVIEW OF PRE-*  
 15           *VIOUSLY IMPOSED DISALLOWANCE PERIODS.*—

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

24           (B) *DISALLOWANCE PERIOD DESCRIBED.*—  
 25           *A disallowance period is described in this sub-*

paragraph if the notice of the deficiency under section 6212 of such Code for the taxable year with respect to which the determination to impose the disallowance period was made—

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

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

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

(D) *REFUNDS.*—Notwithstanding section 6512(b)(1) of the Internal Revenue Code of 1986, in the case of a petition with respect to a disallowance period described in subparagraph (B), the Tax Court shall have jurisdiction to determine the amount of an overpayment for any taxable year in the disallowance period, and such amount shall, notwithstanding section 6511, when the decision of the Tax Court has become final, be credited or refunded to the taxpayer. If a notice of appeal in respect of the decision of

1        *the Tax Court is filed under section 7483 of such*  
 2        *Code, the Secretary is authorized to refund or*  
 3        *credit the overpayment determined by the Tax*  
 4        *Court to the extent the overpayment is not con-*  
 5        *tested on appeal.*

6        *(c) BURDEN OF PRODUCTION.—*

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

8                    *(A) by striking “Notwithstanding” and in-*  
 9                    *serting the following:*

10            *“(1) IN GENERAL.—Notwithstanding”,*

11                    *(B) by striking “with respect to the liabil-*  
 12                    *ity” and inserting “with respect to—*

13                    *“(A) the liability”,*

14                    *(C) by striking the period after “title” and*  
 15                    *inserting “, and”,*

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

18                    *“(B) the application of any disallowance*  
 19                    *period (as defined in section 6751(d)) to any in-*  
 20                    *dividual.”, and*

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

23            *“(2) STANDARD OF PROOF FOR CERTAIN DIS-*  
 24            *ALLOWANCE PERIODS.—In the case of any court pro-*  
 25            *ceeding with respect to any disallowance period de-*

scribed in section 24(g)(1)(B)(i), 25A(b)(4)(A)(ii)(I),  
or 32(k)(1)(B)(i), the standard of proof shall be the  
same standard as required in a proceeding under sec-  
tion 7454(a).”.

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

(d) *MODIFICATION OF DISALLOWANCE PERIOD.*—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) *EFFECTIVE DATE.*—

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

1                   (i) *taxable years beginning after the*  
 2                   *date that is 36 months after the date of the*  
 3                   *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 tax-*  
 7                   *able years beginning on or before such date*  
 8                   *if the notice of deficiency for the taxable*  
 9                   *year with respect to which the determina-*  
 10                  *tion to impose such disallowance period was*  
 11                  *made was sent after such date.*

12                  (B) *SUSPENSION OF RUNNING OF LIMITA-*  
 13                  *TIONS PERIOD.—The amendment made by para-*  
 14                  *graph (4) shall apply to petitions filed after the*  
 15                  *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 strik-*  
 20                  *ing “by the Tax Court and shall be based upon” and all*  
 21                  *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 remedy  
2 provided by law”.

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

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

11 **SEC. 307. CLARIFICATION OF CERTAIN COURT FILING**  
12 **DEADLINES.**

13 (a) *IN GENERAL.*—

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

18 “(b) *TREATMENT OF DEADLINES FOR CERTAIN PETI-*  
19 *TIONS.*—

20 “(1) *IN GENERAL.*—The deadlines for filing peti-  
21 tions under section 6015(e)(1)(A), the first sentence of  
22 section 6213(a), and section 6330(d)(1)(A) shall be  
23 considered nonjurisdictional claims-processing rules  
24 subject to waiver, forfeiture, estoppel, and equitable  
25 tolling. For purposes of section 6015(e)(1)(B), the sec-

ond and fourth sentences of section 6213(a), and the last sentence of section 6330(e)(1), a petition not timely filed shall be treated as timely filed if the Tax Court determines that the failure to timely file is excused by waiver, forfeiture, estoppel, or equitable tolling.

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

(2) *CONFORMING AMENDMENTS.*—

(A) Section 6015(e) is amended—

(i) in paragraph (1)(B)(i), by striking

“or, if a petition has been filed with the

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

12                   *(ii) in paragraph (2)—*

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

17                           *(II) by striking “for the period”*  
 18                           *and inserting “for any period”,*

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

22                           *(IV) by striking “shall be sus-*  
 23                           *pended” and inserting “shall—*

24           *“(A) be suspended—”, and*

1 (V) by striking the period after  
 2 “Secretary” and inserting “, and  
 3 “(B) if the Tax Court determines that the  
 4 failure to timely file a petition under paragraph  
 5 (1)(A) is excused under section 7451(b), be ex-  
 6 tended by the number of days between the dead-  
 7 line for filing the petition (determined without  
 8 regard to the application of section 7451(b)) and  
 9 the date on which the court determines that the  
 10 failure to timely file the petition is excused.”.

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

13 (i) by inserting “timely” before “peti-  
 14 tion”, and

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

21 (C) Section 6213(c) is amended by inserting  
 22 “(without regard to the application of section  
 23 7451(b))” after “the time prescribed in sub-  
 24 section (a)”.

25 (D) Section 6330(e)(1) is amended—

1           (i) by inserting “timely” before “ap-  
2           peals therein”, and

3           (ii) by striking “are pending” through  
4           “a final determination in such hearing.”  
5           and inserting the following: “are pending,  
6           but in no event shall any such period expire  
7           before the 90th day after the day on which  
8           there is a final determination in such hear-  
9           ing. If the Tax Court determines that the  
10          failure to timely file a petition under sub-  
11          section (d) is excused under section 7451(b),  
12          such levy actions shall be suspended between  
13          the date the court so determines and the  
14          date which is 90 days after the decision of  
15          the Tax Court becomes final, and the run-  
16          ning of any such period of limitations shall  
17          be extended by the number of days between  
18          the deadline for filing the petition (deter-  
19          mined without regard to the application of  
20          section 7451(b)) and the date on which the  
21          court determines that the failure to timely  
22          file the petition is excused.”.

23          (E) Section 6503(a)(1) is amended—

24               (i) by striking “the period” and insert-  
25               ing “any period”,

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

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

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

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

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

1                   “(A) for lack of jurisdiction,

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

3                   or

4                   “(C) in the case of a petition under section  
5                   6015(e)(1)(A) or 6330(d)(1)(A), at the request of  
6                   the taxpayer (unless the Tax Court orders that  
7                   the dismissal shall be considered its decision on  
8                   the merits).

9                   “(2) *ENTRY OF ORDER.*—An order specifying the  
10                  amount of deficiency or liability, if appropriate, shall  
11                  be entered in the records of the Tax Court unless the  
12                  Tax Court cannot determine such amount from the  
13                  record in the proceeding.”.

14               (b) *TOLLING OF TIME IN CERTAIN CASES.*—Section  
15               7451(c), as redesignated by subsection (a)(1), is amended  
16               by striking “date” and inserting “day (in whole or in  
17               part)”.

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

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

24                   (1)    any    case    brought    under    section  
25                   6015(e)(1)(A), the second sentence of section 6213(a),

1        *or section 6330(d)(1)(A) of the Internal Revenue Code*  
 2        *of 1986 for which there is a final determination by*  
 3        *the Tax Court before the date of the enactment of this*  
 4        *Act, or*

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

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

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

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

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

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

1           (1) by striking “The person may” and inserting  
2           the following:

3                   “(A) *IN GENERAL.—The person may*”,

4           (2) by inserting “and, unless a challenge was  
5           precluded under subsection (c), with respect to the de-  
6           termination of any overpayments of tax for the tax-  
7           able periods or events at issue in the determination”  
8           after “matter”, and

9           (3) by adding at the end the following new sub-  
10          paragraphs:

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

15                   “(C) *LIMITATION ON AMOUNT OF CREDIT OR*  
16           *REFUND.—*

17                   “(i) *IN GENERAL.—In the case of any*  
18           *petition under subparagraph (A), no credit*  
19           *or refund shall be allowed or made of any*  
20           *portion of the tax unless the Tax Court de-*  
21           *termines as part of its decision that such*  
22           *portion was paid—*

23                   “(I) *after the notice described in*  
24           *subsection (a)(1) or section 6320(a)(1)*  
25           *(as the case may be) was given,*

1           “(II) within the period which  
2           would be applicable under section  
3           6511(b)(2), (c), or (d), if, on the date  
4           the notice described in subsection  
5           (a)(1) or section 6320(a)(1) (as the  
6           case may be) was given, a claim had  
7           been filed (whether or not filed) stating  
8           the grounds upon which the Tax Court  
9           finds that there is an overpayment, or

10           “(III) within the period which  
11           would be applicable under section  
12           6511(b)(2), (c), or (d), in respect of  
13           any claim for refund filed within the  
14           applicable period specified in section  
15           6511 and before the date the notice de-  
16           scribed in subsection (a)(1) or section  
17           6320(a)(1) (as the case may be) was  
18           given—

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

21           “(bb) which had been dis-  
22           allowed before that date and in re-  
23           spect of which a timely suit for  
24           refund could have commenced as  
25           of that date, or

1                   “(cc) in respect of which a  
 2                   suit for refund had been com-  
 3                   menced before that date and with-  
 4                   in the period specified in section  
 5                   6532.

6                   *In a case described in subclause (II)*  
 7                   *where the date the notice described in*  
 8                   *subsection (a)(1) or section 6320(a)(1)*  
 9                   *(as the case may be) is given is during*  
 10                  *the third year after the due date (deter-*  
 11                  *mined without regard to any exten-*  
 12                  *sions) for filing the return of tax and*  
 13                  *no return was filed before such date,*  
 14                  *the applicable period under subsections*  
 15                  *(a) and (b)(2) of section 6511 shall be*  
 16                  *3 years.*

17                  “(ii) *DATE NOTICE WAS GIVEN.—For*  
 18                  *purposes of this subparagraph—*

19                         “(I) *if notice was given under*  
 20                         *subsection (a)(2) or section 6320(a)(2)*  
 21                         *by mail, the date the notice was given*  
 22                         *shall be the date such notice was*  
 23                         *mailed, and*

24                         “(II) *if notice was given under*  
 25                         *subsection (a)(2) or 6320(a)(2) by leav-*

1                    *ing such notice at the dwelling or*  
 2                    *usual place of business of the person,*  
 3                    *the date the notice was given shall be*  
 4                    *the date such notice was left.”.*

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

7                    *(1) IN GENERAL.—Section 6330(e)(1) is amend-*  
 8                    *ed by inserting “section 6511 (relating to limitations*  
 9                    *on credit or refund),” after “section 6502 (relating to*  
 10                    *collection after assessment)”.*

11                    *(2) PROHIBITION ON CREDITING OF OVERPAY-*  
 12                    *MENTS AGAINST DISPUTED TAX LIABILITY DURING*  
 13                    *COLLECTION ACTION PROCEEDINGS.—Section 6402 is*  
 14                    *amended by adding at the end the following new sub-*  
 15                    *section:*

16                    *“(o) PROHIBITION ON CREDITING OF OVERPAYMENTS*  
 17 *AGAINST DISPUTED TAX LIABILITY DURING COLLECTION*  
 18 *ACTION PROCEEDINGS.—If a hearing is properly requested*  
 19 *under section 6320(a)(3)(B) or 6330(a)(3)(B), and an un-*  
 20 *derlying tax liability referred to in section 6330(c)(2)(B)*  
 21 *is properly disputed at such hearing, such tax liability shall*  
 22 *not, except with the consent of the taxpayer, be taken into*  
 23 *account under subsection (a) for the period during which*  
 24 *the period of limitations for filing a claim for credit or re-*

1 *fund relating to such tax liability is suspended by reason*  
 2 *of section 6330(e).”.*

3 (c) *CLARIFICATION OF APPLICATION OF CERTAIN LEVY*  
 4 *HEARING RULES TO LIEN HEARINGS.*—Section  
 5 6330(c)(2)(A) *is amended by striking “unpaid tax or the*  
 6 *proposed levy” and inserting “unpaid tax, collection action,*  
 7 *or proposed collection action”.*

8 (d) *EFFECTIVE DATE.*—

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

13 (2) *PROHIBITION ON CREDITING OF OVERPAY-*  
 14 *MENTS.*—*The amendment made by subsection (b)(2)*  
 15 *shall apply with respect to any period described in*  
 16 *section 6402(o) of the Internal Revenue Code of 1986*  
 17 *(as added by this section) if any portion of such pe-*  
 18 *riod is after the date of the enactment of this Act.*

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

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

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

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

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

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

“(b) *ACTIONS FOR REFUNDS.*—

“(1) *JURISDICTION.*—

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

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

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

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

3                   “(iii) \$2,000,000 for any one calendar  
4                   year, in the case of the tax imposed by  
5                   chapter 12,

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

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

12                  “(2) *FURTHER NOTICE OF DEFICIENCY.*—If the  
13                  Secretary prior to the hearing of a suit brought by a  
14                  taxpayer under paragraph (1) mails to the taxpayer  
15                  a notice that a deficiency has been determined in re-  
16                  spect of the tax which is the subject matter of the tax-  
17                  payer’s suit, the proceedings in the taxpayer’s suit  
18                  shall be stayed during the period of time in which the  
19                  taxpayer may file a petition with the Tax Court for  
20                  a redetermination of the asserted deficiency, and for  
21                  60 days thereafter. If the taxpayer files such a peti-  
22                  tion with the Tax Court, such petition shall be con-  
23                  solidated with the suit brought under paragraph  
24                  (1).”.

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

6               “(4) a petition to the Tax Court under section  
 7       7442(b) in which the amount of the refund sought  
 8       does not exceed \$50,000.”.

9       (c) *CONFORMING AMENDMENTS.*—

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

12               “(5) For jurisdiction of the Tax Court, see sec-  
 13       tion 7442(b).”.

14           (2) Section 7482(b)(1) is amended by striking  
 15       “or” at the end of subparagraph (F), by striking the  
 16       period at the end of subparagraph (G) and inserting  
 17       “, or”, and by adding at the end the following new  
 18       subparagraph:

19               “(H) in the case of a petition under section  
 20       7442(b)—

21                   “(i) the legal residence of the petitioner  
 22                   if the petitioner is an individual, and

23                   “(ii) the principal place of business or  
 24                   principal office or agency if the petitioner  
 25                   is an entity other than an individual.”.

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

3                   (A) *in the matter preceding paragraph (1),*  
 4       *by striking “, concurrent with the United States*  
 5       *Court of Federal Claims,”*

6                   (B) *in paragraph (1), by striking “Any”*  
 7       *and inserting “Concurrent with the United*  
 8       *States Court of Federal Claims and the Tax*  
 9       *Court, any”, and*

10                  (C) *in paragraph (2), by striking “Any”*  
 11       *and inserting “Concurrent with the United*  
 12       *States Court of Federal Claims, any”.*

13       (d) *EFFECTIVE DATE.—The amendments made by this*  
 14       *section shall apply to actions filed after the date that is*  
 15       *12 months after the date of the enactment of this Act.*

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

19       (a) *IN GENERAL.—Section 7422, as amended by this*  
 20       *Act, is amended by redesignating subsection (k) as sub-*  
 21       *section (l) and by inserting after subsection (j) the following*  
 22       *new subsection:*

23           “(k) *SPECIAL RULE FOR ACTIONS WHERE THERE IS*  
 24       *AN AGREEMENT IN EFFECT WITH THE TAXPAYER UNDER*

1 *SECTION 6159 OR WHEN THE TAXPAYER IS IN CURRENTLY*  
 2 *NOT COLLECTIBLE STATUS.—*

3           “(1) *IN GENERAL.—The district courts of the*  
 4           *United States, the United States Court of Federal*  
 5           *Claims, and the Tax Court shall not fail to have ju-*  
 6           *risdiction over any applicable action brought by a*  
 7           *taxpayer to determine the correct amount of liability*  
 8           *of such taxpayer solely because the full amount of*  
 9           *such liability has not been paid.*

10           “(2) *APPLICABLE ACTION.—For purposes of this*  
 11           *subsection, the term ‘applicable action’ means any ac-*  
 12           *tion to determine the correct amount of the liability*  
 13           *of such taxpayer (or for any refund with respect*  
 14           *thereto) with respect to any amount if, as of the date*  
 15           *such action is filed, such amount—*

16           “(A) *is the subject of an agreement under*  
 17           *section 6159 for which all installments the due*  
 18           *date for which is on or before the date the action*  
 19           *is filed have been paid, or*

20           “(B) *has been determined by the Secretary*  
 21           *to be not collectible (within the meaning of sec-*  
 22           *tion 6343(e)).*

23           “(3) *PERMISSIVE DISMISSAL.—*

24           “(A) *REQUEST FOR DISMISSAL.—The*  
 25           *United States (or the Secretary, in the case of a*

1        *case in the Tax Court) may request the dismissal*  
2        *of an applicable action if the taxpayer is no*  
3        *longer in compliance with an installment agree-*  
4        *ment under section 6159 or is no longer in cur-*  
5        *rently not collectible status (within the meaning*  
6        *of section 6343(e)).*

7                *“(B) COURT ACTION.—In any case in which*  
8        *there is a request for dismissal under subpara-*  
9        *graph (A), the court may, with or without taking*  
10       *any evidence or holding a hearing, dismiss the*  
11       *action with leave to refile when either the full*  
12       *amount of such liability has been paid or the*  
13       *conditions in paragraph (2) are met at the time*  
14       *of refiling. In deciding whether to dismiss the ac-*  
15       *tion, the court may consider the extent to which*  
16       *the action has proceeded, the extent to which full*  
17       *payment has been made, any burden that may*  
18       *result to the taxpayer, the United States, the*  
19       *Secretary, or the court from such dismissal (in-*  
20       *cluding reasons the taxpayer is no longer in*  
21       *compliance with an installment agreement under*  
22       *section 6159), and any other reason relating to*  
23       *the policy of the full payment rule. A dismissal*  
24       *under this paragraph shall not be reviewed by*  
25       *any other court.*

12 *SEC. 312. ADJUSTMENT OF THRESHOLD FOR SMALL DIS-*  
13 *PUTES.*

16 (1) by striking “\$50,000” each place it appears  
17 in subsections (a) and (f) and inserting “\$100,000”,  
18 and

21 “(g) *INFLATION ADJUSTMENT.*—

† HR 5349 EAS1S

1                   “(A) such dollar amount, multiplied by

2                   “(B) the cost-of-living adjustment deter-  
3                   mined under section 1(f)(3) for the calendar  
4                   year, determined by substituting ‘calendar year  
5                   2025’ for ‘calendar year 2016’ in subparagraph  
6                   (A)(ii) thereof.

7                   “(2) *ROUNDING*.—If any increase determined  
8                   under paragraph (1) is not a multiple of \$1,000, such  
9                   increase shall be rounded to the next lowest multiple  
10                  of \$1,000.”.

11               (b) *PROCEEDINGS FOR DETERMINATION OF EMPLOY-*  
12 *MENT STATUS*.—Section 7436(c)(1) is amended by striking  
13 “if the amount of employment taxes placed in dispute is  
14 \$50,000 or less for each calendar quarter involved” and in-  
15 serting “if the amount of employment taxes placed in dis-  
16 pute is equal to or less than the dollar amount in effect  
17 under section 7463(a)(1) (determined at the time the plead-  
18 ing is filed under subsection (a)) for each calendar quarter  
19 involved”.

20               (c) *CONFORMING AMENDMENTS*.—

21               (1) Section 7443A(b)(3) is amended by striking  
22               “\$50,000” and inserting “the dollar amount in effect  
23               under section 7463(a)(1) (determined at the time the  
24               pleading is filed)”.

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

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

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

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

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

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

17          *Section 7803(c)(2)(D) is amended—*

18                   (1) *in clause (i)—*

19                           (A) *in subclause (I), by striking “and” at*  
 20                           *the end,*

21                           (B) *in subclause (II), by striking the period*  
 22                           *at the end and inserting “; and”, and*

23                           (C) *by adding at the end the following:*

24                                           *“(III) appoint counsel in the Of-*  
 25                                           *fice of the Taxpayer Advocate to report*

1 *directly to the National Taxpayer Ad-*  
 2 *vocate or delegate thereof.”, and*

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

4 *“(iii) COUNSEL.—For purposes of*  
 5 *clause (i)(III)—*

6 *“(I) the National Taxpayer Advo-*  
 7 *cate may utilize direct hire authority*  
 8 *to recruit and appoint qualified appli-*  
 9 *cants, without regard to any preference*  
 10 *requirements,*

11 *“(II) any counsel appointed pur-*  
 12 *suant to such clause shall not report to*  
 13 *the Chief Counsel for the Internal Rev-*  
 14 *enue Service and shall not represent*  
 15 *the Government in litigation,*

16 *“(III) any legal interpretation of*  
 17 *counsel appointed pursuant to such*  
 18 *clause shall not be binding on the Sec-*  
 19 *retary, and*

20 *“(IV) pursuant to section*  
 21 *301(f)(2) of title 31, United States*  
 22 *Code, and subsection (b)(2)(A), the*  
 23 *Chief Counsel for the Internal Revenue*  
 24 *Service shall continue to provide ad-*  
 25 *vice to the National Taxpayer Advo-*

1                   cate and the Office of the Taxpayer  
2                   Advocate.”.

3   **SEC. 402. NTA AUTHORIZATION TO MAKE PERSONNEL DECISIONS.**  
4                   **SIONS.**

5       (a) *IN GENERAL.*—Section 7803(c)(2)(D)(i)(II) is  
6 amended by striking “any employee of any local office of  
7 a taxpayer advocate described in subclause (I)” and insert-  
8 ing “any officer or employee of the Office of the Taxpayer  
9 Advocate”.

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

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

15      (a) *IN GENERAL.*—Section 7803(c) is amended by add-  
16 ing at the end the following new paragraph:

17                   “(6) *ACCESS TO INFORMATION AND MEETINGS.*—

18                   “(A) *IN GENERAL.*—Upon request, the Com-  
19 missioner shall provide the Office of the Tax-  
20 payer Advocate with access to any of the fol-  
21 lowing:

22                   “(i) *In the case of any request made by*  
23                   *a taxpayer for assistance by the Office of*  
24                   *the Taxpayer Advocate which is open and*  
25                   *pending—*

1           “(I) any return or return infor-  
2           mation (as such terms are defined in  
3           section 6103(b)) which the National  
4           Taxpayer Advocate determines is nec-  
5           essary to assist such taxpayer,

6           “(II) any legal advice provided by  
7           the staff of the Office of Chief Counsel  
8           to any employee of the Internal Rev-  
9           enue Service (including any legal ad-  
10          vice prepared in contemplation of liti-  
11          gation) which the National Taxpayer  
12          Advocate determines is necessary to as-  
13          sist such taxpayer, regardless of wheth-  
14          er such legal advice cannot be disclosed  
15          to such taxpayer, and

16          “(III) any meeting between such  
17          taxpayer and any employee of the In-  
18          ternal Revenue Service.

19          “(ii) To the extent necessary to per-  
20          form a full and substantive analysis in-  
21          cluded in any report described in para-  
22          graph (2)(B)—

23                 “(I) any relevant document, data,  
24                 or statistical information, and

1                   “(II) any legal advice provided by  
2                   the staff of the Office of the Chief  
3                   Counsel to any employee of the Inter-  
4                   nal Revenue Service (including any  
5                   legal advice prepared in contemplation  
6                   of litigation).

7                   “(iii) Legal advice from the staff of the  
8                   Office of Chief Counsel on any matter or  
9                   issue.

10                  “(B) *DEADLINE*.—Access to any informa-  
11                  tion, advice, or meeting described in subpara-  
12                  graph (A) shall be provided by the Commissioner  
13                  not later than—

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

18                       “(ii) such date as is otherwise agreed  
19                       to by the Commissioner and the Office of the  
20                       Taxpayer Advocate.

21                  “(C) *MEETINGS*.—For purposes of subpara-  
22                  graph (A)(i)(III), the Commissioner shall be  
23                  deemed to have satisfied the requirement under  
24                  such subparagraph if the Commissioner has ex-  
25                  tended an invitation to attend the meeting to the

Office of the Taxpayer Advocate, without regard to whether such an invitation was declined by any employee of the Office of the Taxpayer Advocate.

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

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

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

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

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

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

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

3       **SEC. 404. REPEAL OF LIMITATION PERIOD SUSPENSION**  
 4                       **FOR TAXPAYERS SEEKING ASSISTANCE FROM**  
 5                       **TAS.**

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

7               (1) *by striking subsection (d), and*

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

10       (b) *CONFORMING AMENDMENT.*—*Section 6306(k)(2) is*  
 11 *amended by striking “section 7811(g)” and inserting “sec-*  
 12 *tion 7811(f)”.*

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

15       **SEC. 405. OPERATIONS TO ASSIST TAXPAYERS EXPERI-**  
 16                       **ENCING HARDSHIPS DURING LAPSE IN AP-**  
 17                       **PROPRIATIONS.**

18       (a) *IN GENERAL.*—*Notwithstanding the third sentence*  
 19 *of section 1342 of title 31, United States Code, for purposes*  
 20 *of the first sentence of such section, during any lapse in*  
 21 *appropriations, functions described in subsection (b) per-*  
 22 *formed by an employee of the Internal Revenue Service who*  
 23 *is designated by the Commissioner of Internal Revenue or*  
 24 *the National Taxpayer Advocate for purposes of this section*  
 25 *shall be treated in the same manner as an emergency in-*

1 *volving the safety of human life or the protection of prop-*  
 2 *erty.*

3 (b) *FUNCTION DESCRIBED.*—*The functions described*  
 4 *in this subsection are functions necessary—*

5 (1) *to assist any taxpayer who is or may be ex-*  
 6 *periencing an economic hardship (within the mean-*  
 7 *ing of section 6343(a)(1)(D) of the Internal Revenue*  
 8 *Code of 1986) as a result of any action or inaction*  
 9 *by the Internal Revenue Service, and*

10 (2) *to comply with any Taxpayer Assistance*  
 11 *Order issued pursuant to section 7811 of such Code.*

## 12 ***TITLE V—TAX RETURN***

## 13 ***PREPARERS***

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

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

18 “(1) *RETURN.*—*The term ‘return’ means—*

19 “(A) *any return of any tax imposed by this*  
 20 *title,*

21 “(B) *any administrative adjustment request*  
 22 *under section 6227,*

23 “(C) *any partnership adjustment tracking*  
 24 *report under section 6226(b)(4)(A), and*

1           “(D) any other document purporting to be  
2           a return, request, or report described in subpara-  
3           graphs (A) through (C).”.

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

6   **SEC. 502. ENSURING THE USE OF VALID PREPARER IDENTI-**  
7                           **FICATION NUMBERS AND ELECTRONIC FIL-**  
8                           **ING IDENTIFICATION NUMBERS.**

9           (a) *IN GENERAL.*—

10           (1) *PENALTY.*—Section 6695 is amended—

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

13           “(c) *FAILURE TO FURNISH VALID IDENTIFYING NUM-*  
14           *BER.*—

15                       “(1) *IN GENERAL.*—

16                       “(A) *PENALTY.*—Any person who is a tax  
17           return preparer with respect to any return or  
18           claim for refund and who fails to furnish an  
19           identifying number which complies with section  
20           6109(a)(4)(A) with respect to such return or  
21           claim shall pay a penalty of \$250 for such fail-  
22           ure.

23                       “(B) *NON-COMPLIANCE.*—For purposes of  
24           this paragraph, an identifying number shall be

1           *deemed to not comply with section 6109(a)(4)(A)*  
 2           *if such identifying number—*

3                   “(i) *is assigned to another person,*  
 4                   “(ii) *does not exist,*  
 5                   “(iii) *is inactive or expired,*  
 6                   “(iv) *has been withdrawn,*  
 7                   “(v) *is suspended or has been revoked,*

8                   *or*

9                   “(vi) *is otherwise invalid for use by the*  
 10           *tax return preparer.*

11           “(2) *EXCEPTION.—The penalty imposed under*  
 12           *paragraph (1) shall not apply if it is shown that such*  
 13           *failure is due to reasonable cause and not due to will-*  
 14           *ful neglect.*

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

19                   *(B) by redesignating subsection (h) as sub-*  
 20           *section (i),*

21                   *(C) by inserting after subsection (g) the fol-*  
 22           *lowing new subsection:*

23           “(h) *USE OF INVALID OR APPROPRIATED ELECTRONIC*  
 24           *FILING IDENTIFICATION NUMBER.—*

1           “(1) *IN GENERAL*.—Any person who is an elec-  
 2           tronic return originator with respect to any applica-  
 3           ble electronically filed document who fails to meet the  
 4           requirements of paragraph (2), with respect to such  
 5           applicable electronically filed document, shall pay a  
 6           penalty of \$250 for such failure, unless it is shown  
 7           that such failure is due to reasonable cause and not  
 8           due to willful neglect.

9           “(2) *REQUIREMENT*.—The requirements of this  
 10          paragraph are met if—

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

14               “(B) in the case of any applicable electroni-  
 15               cally filed document filed after the date on which  
 16               the program under paragraph (4) is established,  
 17               the electronic filing identification number has  
 18               been validated under such program at the time  
 19               of the filing.

20          “(3) *DEFINITIONS*.—For purposes of this sub-  
 21          section—

22               “(A) *ELECTRONIC RETURN ORIGINATOR*.—

23                       “(i) *IN GENERAL*.—The term ‘elec-  
 24                       tronic return originator’ means a person  
 25                       who originates the electronic submission of

1           *1 or more applicable electronically filed doc-*  
 2           *uments.*

3           “(ii) *EXCEPTIONS.*—*The term ‘elec-*  
 4           *tronic return originator’ shall not include a*  
 5           *person merely because such person origi-*  
 6           *nates an electronic submission described in*  
 7           *clause (i)—*

8                     *“(I) by providing services which*  
 9                     *are limited to typing, reproduction, or*  
 10                    *other mechanical assistance,*

11                    *“(II) at the direction of an em-*  
 12                    *ployer (or of an officer or employee of*  
 13                    *the employer) by whom such person is*  
 14                    *regularly and continuously employed,*

15                    *“(III) as a fiduciary, or*

16                    *“(IV) in response to a determina-*  
 17                    *tion by the Secretary that directly or*  
 18                    *indirectly affects the tax liability of a*  
 19                    *taxpayer.*

20           “(B) *ELECTRONIC FILING IDENTIFICATION*  
 21           *NUMBER.*—

22                    “(i) *IN GENERAL.*—*The term ‘elec-*  
 23                    *tronic filing identification number’ means a*  
 24                    *unique identifier issued by the Secretary to*

1 *authorize a person or entity to electroni-*  
 2 *cally file on behalf of other taxpayers—*

3 *“(I) any return of Federal tax,*

4 *“(II) any claim for a refund, and*

5 *“(III) except as provided by the*

6 *Secretary, any other document re-*

7 *quired to be filed with the Secretary*

8 *under this title.*

9 *“(ii) SUSPENSION OR REVOCATION.—*

10 *In the case of any electronic filing identi-*

11 *fication number which has been suspended*

12 *or revoked by the Secretary, such number*

13 *shall not be deemed valid for purposes of*

14 *paragraph (1).*

15 *“(C) APPLICABLE ELECTRONICALLY FILED*

16 *DOCUMENT.—The term ‘applicable electronically*

17 *filed document’ means any document which is*

18 *described in subclause (I), (II), or (III) of sub-*

19 *paragraph (B)(i) and filed electronically on be-*

20 *half of other taxpayers.*

21 *“(4) ELECTRONIC FILING IDENTIFICATION NUM-*

22 *BER VALIDATION PROGRAM.—*

23 *“(A) IN GENERAL.—Not later than 24*

24 *months after the date of the enactment of this*

25 *paragraph, the Secretary shall establish and*

1           *maintain a program for the validation of elec-*  
 2           *tronic filing identification numbers.*

3           “(B) *TIMING AND FREQUENCY OF VALIDA-*  
 4           *TION.—The Secretary shall validate an electronic*  
 5           *filing identification number—*

6                   “(i) *prior to the initial use of such*  
 7                   *electronic filing identification number for*  
 8                   *electronic filing, and*

9                   “(ii) *at such intervals, or upon such*  
 10                   *events, as the Secretary determines appro-*  
 11                   *priate, to ensure the continued validity and*  
 12                   *integrity of such electronic filing identifica-*  
 13                   *tion number.*

14           “(C) *REAL-TIME VALIDATION SYSTEM.—*

15                   “(i) *IN GENERAL.—The program estab-*  
 16                   *lished under this paragraph shall provide a*  
 17                   *real-time system for the validation of elec-*  
 18                   *tronic filing identification numbers.*

19                   “(ii) *SYSTEM REQUIREMENTS.—The*  
 20                   *system provided under clause (i) shall—*

21                           “(I) *provide immediate confirma-*  
 22                           *tion of the validity status of an elec-*  
 23                           *tronic filing identification number,*

24                           “(II) *identify whether an elec-*  
 25                           *tronic filing identification number has*

1            *been suspended, revoked, or com-*  
2            *promised or is otherwise ineligible for*  
3            *the activity for which it is used, and*

4            *“(III) be designed to support se-*  
5            *cure, automated, and high-volume vali-*  
6            *dation requests, including usage by*  
7            *large-scale tax preparation software*  
8            *systems.*

9            *“(D) ACCESS.—The Secretary shall—*

10           *“(i) provide access to the system in*  
11           *such form and manner as the Secretary*  
12           *may prescribe, and*

13           *“(ii) accept a validation request only*  
14           *from a person authenticated and authorized*  
15           *in accordance with requirements prescribed*  
16           *by the Secretary and only with respect to*  
17           *an electronic filing identification number*  
18           *and electronic filing activity for which such*  
19           *person is authorized to request validation,*  
20           *whether on its own behalf or in connection*  
21           *with services provided to the person to*  
22           *whom the electronic filing identification*  
23           *number was issued.”, and*

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

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

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

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

(3) *VALIDATION PROGRAM IMPLEMENTATION PLAN AND REPORT.*—

(A) *IMPLEMENTATION PLAN.*—Not later than 180 days after the date of enactment of this

1        *section, the Secretary shall submit to the Com-*  
 2        *mittee on Finance of the Senate and the Com-*  
 3        *mittee on Ways and Means of the House of Rep-*  
 4        *resentatives an implementation plan for the pro-*  
 5        *gram established under section 6695(h)(4) of the*  
 6        *Internal Revenue Code of 1986 (as added by this*  
 7        *subsection). Such plan shall include—*

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

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

12               *(iii) the categories of persons eligible to*  
 13               *submit validation requests and the proce-*  
 14               *dures for authorizing such persons,*

15               *(iv) the proposed performance and reli-*  
 16               *ability standards and contingency proce-*  
 17               *dures, and*

18               *(v) a description of the administrative,*  
 19               *technical, and physical safeguards to pre-*  
 20               *vent unauthorized discovery, enumeration,*  
 21               *testing, or bulk verification of electronic fil-*  
 22               *ing identification numbers.*

23               *(B) POST-IMPLEMENTATION REPORT.—Not*  
 24               *later than 2 years after the date on which the*  
 25               *program under section 6695(h)(4) of the Internal*

1        *Revenue Code of 1986 (as added by this sub-*  
2        *section) is established, the Secretary shall submit*  
3        *to the Committee on Finance of the Senate and*  
4        *the Committee on Ways and Means of the House*  
5        *of Representatives a report on the implementa-*  
6        *tion and operation of the program. Such report*  
7        *shall include—*

8                *(i) the performance of the program, in-*  
9                *cluding system availability, response times,*  
10              *and peak-volume performance,*

11              *(ii) the number, duration, and effect on*  
12              *electronic filing of any material service dis-*  
13              *ruptions,*

14              *(iii) the aggregate number of valida-*  
15              *tion requests and the aggregate number of*  
16              *affirmative, negative, and unable-to-validate*  
17              *responses,*

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

20              *(v) any material deviation from the*  
21              *implementation plan submitted under sub-*  
22              *paragraph (A), and the actions taken or*  
23              *planned to address such deviation, and*

24              *(vi) any recommendations for adminis-*  
25              *trative or legislative changes.*

1       (b) *MODIFICATION OF DEFINITION OF TAX RETURN*

2   *PREPARER.—Section 7701(a)(36) is amended—*

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

5               “(A) *IN GENERAL.—The term ‘tax return*  
6               *preparer’ means any person who prepares for*  
7               *compensation, or who employs one or more per-*  
8               *sons to prepare for compensation, any return of*  
9               *tax imposed by this title, any document pur-*  
10              *porting to be a return of tax imposed by this*  
11              *title, or any claim for refund of tax imposed by*  
12              *this title. For purposes of the preceding sentence,*  
13              *the preparation of a substantial portion of a re-*  
14              *turn, document purporting to be a return, or*  
15              *claim for refund shall be treated as if it were the*  
16              *preparation of such return, document purporting*  
17              *to be a return, or claim for refund.”, and*

18              (2) *in subparagraph (B)—*

19              (A) *in clause (ii), by striking “return or*  
20              *claim for refund” and inserting “return, docu-*  
21              *ment purporting to be a return, or claim for re-*  
22              *fund”, and*

23              (B) *in clause (iii), by striking “return or*  
24              *claim for refund” and inserting “return, docu-*

1           *ment purporting to be a return, or claim for re-*  
 2           *fund”.*

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

5           (1) *IN GENERAL.—Not later than 18 months*  
 6           *after the date of enactment of this Act, the Secretary*  
 7           *shall establish a program to improve voluntary com-*  
 8           *pliance with respect to requirements under subsections*  
 9           *(c) and (h) of section 6695 of the Internal Revenue*  
 10          *Code of 1986 (as amended by this section) and avoid*  
 11          *the imposition of penalties under such subsections.*

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

15                 (A) *the National Taxpayer Advocate,*

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

19                 (C) *other relevant stakeholders.*

20          (3) *OPPORTUNITY TO CORRECT.—For purposes of*  
 21          *the program described in paragraph (1), the Sec-*  
 22          *retary shall—*

23                 (A) *prior to acceptance for processing, iden-*  
 24                 *tify—*

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

6                   (ii) any return or claim for refund  
 7                   which has been electronically submitted and  
 8                   does not use an electronic filing identifica-  
 9                   tion number (as defined in section  
 10                  6695(h)(3)(B) of such Code) or which uses  
 11                  an electronic filing identification number  
 12                  which been suspended, revoked, or com-  
 13                  promised or is otherwise ineligible for the  
 14                  activity for which it is used, and

15                  (B) provide an opportunity for the person  
 16                  who submitted such return or claim for refund to  
 17                  avoid imposition of a penalty under subsection  
 18                  (c) or (h) of section 6695 of such Code, as appli-  
 19                  cable, if the correct identifying number or elec-  
 20                  tronic filing identification number is provided.

21                  (d) *CRIMINAL PENALTY.*—

22                  (1) *IN GENERAL.*—Part I of subchapter A of  
 23                  chapter 75 is amended by adding at the end the fol-  
 24                  lowing new section:

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

3       “(a) *IN GENERAL.*—Any tax return preparer who,  
 4 with respect to any return, document purporting to be a  
 5 return, or claim for refund willfully fails to furnish an  
 6 identifying number which complies with section  
 7 6109(a)(4)(A) with respect to such return or document or  
 8 willfully furnishes a preparer tax identification number  
 9 which is described in section 6695(c)(1)(B) with intent to  
 10 evade or defeat the application of any requirement under  
 11 any provision of this title which requires such preparer to  
 12 obtain and furnish such number, shall, in addition to any  
 13 other penalties provided by law, be guilty of a felony and,  
 14 upon conviction thereof, shall be fined not more than  
 15 \$50,000 (\$100,000 in the case of a corporation), or impris-  
 16 oned not more than 3 years, or both, together with the costs  
 17 of prosecution.

18       “(b) *PREPARER TAX IDENTIFICATION NUMBER.*—In  
 19 this section, the term ‘preparer tax identification number’  
 20 means an identifying number described in section  
 21 6109(a)(4)(A).”.

22       (2) *CLERICAL AMENDMENT.*—The table of sec-  
 23 tions for part I of subchapter A of chapter 75 is  
 24 amended by adding at the end the following new item:

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

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

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

7       (a) *OTHER ASSESSABLE PENALTIES WITH RESPECT*  
 8 *TO THE PREPARATION OF TAX RETURNS FOR OTHER PER-*  
 9 *SONS.*—*Section 6695, as amended by the preceding provi-*  
 10 *sions of this Act, is amended—*

11               (1) *in subsection (a)—*

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

14                       (B) *by striking “\$25,000” and inserting*  
 15 *“\$50,000”,*

16               (2) *in subsection (b)—*

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

19                       (B) *by striking “\$25,000” and inserting*  
 20 *“\$75,000”,*

21               (3) *in subsection (d)—*

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

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

1           (4) *in subsection (e)—*

2                   (A) *by striking “\$50” and inserting*  
3                   *“\$250”, and*

4                   (B) *by striking “\$25,000” and inserting*  
5                   *“\$75,000”,*

6           (5) *in subsection (g), by striking “\$500” and in-*  
7           *serting “\$1,000”, and*

8           (6) *in subsection (i)(1)—*

9                   (A) *by striking “2014” and inserting*  
10                  *“2025”, and*

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

13       (b) *MISAPPROPRIATION OF REFUNDS.—*

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

16       “(f) *MISAPPROPRIATION.—*

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

23               “(2) *PENALTY.—The amount of the penalty de-*  
24       *termined under this paragraph shall, with respect to*

each payment described in paragraph (1), be equal to the greater of—

“(A) \$1,000, or

“(B) the full amount of such payment.

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

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

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

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

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

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

“(A) *IN GENERAL.*—Any return, claim for refund, or document purporting to be a return or claim for refund which is prepared by a tax return preparer shall bear such identifying number for securing proper identification of such

1       preparer, their employer, or both, as may be pre-  
2       scribed.

3               “(B) *SUSPENSION OR REVOCATION.*—*In the*  
4       *case of any identifying number which has been*  
5       *suspended or revoked by the Secretary under sub-*  
6       *section (e), such number shall not be deemed*  
7       *valid for purposes of subparagraph (A).*

8               “(C) *DEFINITIONS.*—*For purposes of this*  
9       *section—*

10              “(i) *SPECIFIED PRACTITIONER.*—*The*  
11       *term ‘specified practitioner’ means a cer-*  
12       *tified public accountant, attorney, or en-*  
13       *rolled agent—*

14                      “(I) *who is—*

15                              “(aa) *in good standing*  
16                              *with—*

17                                      “(AA) *the Department*  
18                                      *of the Treasury, and,*

19                                              “(BB) *in the case of a*  
20                                              *certified public accountant or*  
21                                              *attorney, State licensing au-*  
22                                              *thorities, and*

23                                                      “(bb) *authorized to represent*  
24                                                      *persons before the Department of*

1                   *the Treasury under section 330 of*  
 2                   *title 31, United States Code, and*  
 3                   “(II) *whose professional license or*  
 4                   *certification has not been revoked or*  
 5                   *suspended.*

6                   “(ii) *RETURN; CLAIM FOR REFUND.—*  
 7                   *The terms ‘return’ and ‘claim for refund’*  
 8                   *have the respective meanings given to such*  
 9                   *terms by section 6696(e).”, and*  
 10                  (2) *by inserting after subsection (d) the fol-*  
 11                  *lowing:*

12                  “(e) *IDENTIFYING NUMBER OF TAX RETURN PRE-*  
 13                  *PARER.—*

14                  “(1) *IN GENERAL.—The Secretary shall main-*  
 15                  *tain a program for administration of preparer tax*  
 16                  *identification numbers required under subsection*  
 17                  *(a)(4), which shall include restrictions on the issuance*  
 18                  *of such numbers to any individual other than an in-*  
 19                  *dividual who—*

20                         “(A) *meets the suitability requirements of*  
 21                         *paragraph (2) and the education requirements of*  
 22                         *paragraph (3),*

23                         “(B) *meets the state program requirements*  
 24                         *of paragraph (4), or*

25                         “(C) *is a specified practitioner.*

1 “(2) *DEMONSTRATION OF SUITABILITY.*—

2 “(A) *IN GENERAL.*—*An individual meets*  
 3 *the suitability requirements of this paragraph if*  
 4 *such individual has demonstrated to the Sec-*  
 5 *retary the individual’s suitability to be a tax re-*  
 6 *turn preparer by—*

7 “(i) *providing such information as the*  
 8 *Secretary determines necessary, and*

9 “(ii) *passing a background check, in-*  
 10 *cluding a review by the Secretary regarding*  
 11 *compliance with personal tax obligations.*

12 “(B) *CONDUCT DEMONSTRATING LACK OF*  
 13 *SUITABILITY.*—*For purposes of subparagraph*  
 14 *(A), an individual shall be deemed to have failed*  
 15 *to demonstrate their suitability to be a tax re-*  
 16 *turn preparer if—*

17 “(i) *any license or registration issued*  
 18 *to such individual by a State to prepare tax*  
 19 *returns has been suspended or revoked by*  
 20 *such State, or*

21 “(ii) *the Secretary determines that*  
 22 *such individual is described in clauses (i)*  
 23 *through (vi) of paragraph (5)(A).*

24 “(C) *REGULATIONS AND GUIDANCE.*—*The*  
 25 *Secretary shall issue such regulations or other*

1        *guidance as the Secretary determines necessary*  
 2        *to carry out the purposes of this paragraph.*

3                “(D) *PROHIBITION ON EXAMINATIONS.*—*For*  
 4        *purposes of subparagraph (A), except as provided*  
 5        *in paragraph (3)(C)(iii), the Secretary may not*  
 6        *require an examination as a prerequisite for the*  
 7        *assignment or renewal of a preparer tax identi-*  
 8        *fication number.*

9                “(E) *GRANDFATHERING OF PRIOR BACK-*  
 10        *GROUND CHECKS.*—

11                “(i) *IN GENERAL.*—*Subject to clause*  
 12        *(ii), for purposes of subparagraph (A)(ii),*  
 13        *in the case of a class of individuals (as*  
 14        *identified by the Secretary) who have*  
 15        *passed a background check prior to the date*  
 16        *of enactment of this subsection, the Sec-*  
 17        *retary may deem such class of individuals*  
 18        *to have satisfied the requirement under such*  
 19        *subparagraph.*

20                “(ii) *NONAPPLICATION TO REQUIRE-*  
 21        *MENT REGARDING COMPLIANCE WITH PER-*  
 22        *SONAL TAX OBLIGATIONS.*—*Clause (i) shall*  
 23        *not apply with respect to review by the Sec-*  
 24        *retary under subparagraph (A)(ii) regard-*

1            *ing compliance with personal tax obliga-*  
 2            *tions.*

3            “(3) *EDUCATIONAL PROGRAMS.*—

4            “(A) *IN GENERAL.*—*An individual shall*  
 5            *meet the education requirements of this para-*  
 6            *graph if such individual completes a specified*  
 7            *number of hours of educational programs on eth-*  
 8            *ics, professional responsibility, and tax law (in-*  
 9            *cluding recently enacted Federal income tax leg-*  
 10           *islation) as required by the Secretary prior to*  
 11           *the assignment or renewal of a preparer tax*  
 12           *identification number.*

13           “(B) *ADDITIONAL EDUCATIONAL REQUIRE-*  
 14           *MENTS FOR RENEWAL.*—*The Secretary may re-*  
 15           *quire any individual seeking the renewal of a*  
 16           *preparer tax identification number to complete*  
 17           *educational programs in addition to those re-*  
 18           *quired under subparagraph (A). Any educational*  
 19           *programs required under this subparagraph shall*  
 20           *be based on—*

21           “(i) *a review of returns which include*  
 22           *the preparer tax identification number of*  
 23           *such preparer, and*

1           “(ii) any errors identified by the Sec-  
 2           retary as part of the review described in  
 3           clause (i).

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

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

9           “(ii) shall require that any educational  
 10          program include written materials which  
 11          satisfy such standards as are established by  
 12          the Secretary,

13          “(iii) shall require that any edu-  
 14          cational program include a method to en-  
 15          sure that the tax return preparer attended  
 16          the program and sufficiently understood the  
 17          material presented, and

18          “(iv) may not direct any educational  
 19          program to be completed through a specific  
 20          provider.

21          “(D) NOTICE OF FAILURE TO TIMELY COM-  
 22          plete REQUIREMENTS.—The Secretary shall  
 23          provide any tax return preparer who fails to  
 24          complete the requirements of this paragraph no-

1           *tice of such failure and a 30-day period in which*  
 2           *to cure such failure.*

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

6                     “(i) a list of educational programs  
 7                     which have been determined by the Sec-  
 8                     retary to satisfy the requirement under  
 9                     clause (ii) of subparagraph (C) (and, if ap-  
 10                    plicable, the requirement under clause (iii)  
 11                    of such subparagraph), including the pro-  
 12                    viders of such programs, and

13                   “(ii) any such requirements as the Sec-  
 14                   retary deems necessary to impose with re-  
 15                   spect to any additional programs required  
 16                   under subparagraph (B), provided that such  
 17                   requirements are similar to the require-  
 18                   ments provided under section 330 of title  
 19                   31, United States Code, or regulations pre-  
 20                   scribed thereunder.

21           “(4) EXEMPTION.—

22                   “(A) IN GENERAL.—Subject to subpara-  
 23                   graph (B), any individual meets the state pro-  
 24                   gram requirements of this paragraph if such in-  
 25                   dividual maintains a valid State license or reg-

1        *istration issued by a State licensing program or*  
2        *State registration program (including State tax*  
3        *education councils) which includes examination,*  
4        *education, and background check requirements*  
5        *that are comparable to the suitability require-*  
6        *ments described in paragraph (2) and the edu-*  
7        *cation requirements described in paragraph (3).*

8                *“(B) GRANDFATHERING OF CERTAIN PRO-*  
9        *GRAMS.—For purposes of subparagraph (A),*  
10        *with respect to determining whether a State li-*  
11        *censing program or State registration program*  
12        *(including State tax education councils) includes*  
13        *examination, education, and background check*  
14        *requirements which are comparable to the suit-*  
15        *ability requirements described in paragraph (2)*  
16        *and the education requirements described in*  
17        *paragraph (3), such determination shall be made*  
18        *by the Secretary without regard to whether such*  
19        *requirements were included in such program at*  
20        *the time that such individual was licensed or*  
21        *registered under such program, provided that*  
22        *such requirements are, as of the date that such*  
23        *individual requested assignment or renewal of a*  
24        *preparer tax identification number under this*  
25        *subsection, presently included in such program.*

1           “(5) *AUTHORITY TO REVOKE OR SUSPEND PRE-*  
2           *PARER TAX IDENTIFICATION NUMBER.*—

3           “(A) *IN GENERAL.*—*The Secretary may sus-*  
4           *pend or revoke a preparer tax identification*  
5           *number if, after notice and opportunity for a*  
6           *hearing, the Secretary makes a determination*  
7           *that the tax return preparer—*

8                     *“(i) has not met—*

9                             *“(I) the suitability requirements*  
10                            *of paragraph (2) and the education re-*  
11                            *quirements of paragraph (3), or*

12                            *“(II) the state program require-*  
13                            *ments of paragraph (4),*

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

19                            *“(iii) is disreputable, as demonstrated*  
20                            *by—*

21                            *“(I) giving false or misleading in-*  
22                            *formation under paragraph (2)(A)(i),*

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

1                   “(III) an unpaid tax delin-  
2                   quency—

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

5                   “(bb) which is not being ac-  
6                   tively disputed, and

7                   “(cc) which is not—

8                   “(AA) subject to an  
9                   agreement or compromise  
10                  under section 6159 or 7122,

11                  “(BB) classified as cur-  
12                  rently not collectible (within  
13                  the meaning of section  
14                  6343(e)), or

15                  “(CC) subject to a pend-  
16                  ing application for such an  
17                  agreement, compromise, or  
18                  status,

19                  “(IV) revocation or suspension of  
20                  any license or registration issued by a  
21                  State for the preparation of tax re-  
22                  turns,

23                  “(V) conviction of any criminal  
24                  offense—

1                   “(aa) involving dishonesty or  
2                   breach of trust, or

3                   “(bb) which is punishable  
4                   under this title,

5                   “(VI) a final determination of li-  
6                   ability for a penalty pursuant to sec-  
7                   tion 6694, 6695(h), 6700, 6701, 6702,  
8                   or 6713,

9                   “(VII) subject to an injunction  
10                  under section 7407 or 7408, or

11                  “(VIII) any conduct similar to  
12                  the conduct described in subclauses (I)  
13                  through (VII), as provided under regu-  
14                  lations prescribed by the Secretary,

15                  “(iv) in the case of a person subject to  
16                  regulation under section 330 of title 31,  
17                  United States Code, or regulations pre-  
18                  scribed thereunder, has violated the require-  
19                  ments under such section or such regula-  
20                  tions,

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

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

1                   “(II) a prospective person seeking  
2                   for a return or claim for refund to be  
3                   prepared, or

4                   “(vi) has engaged in conduct (as iden-  
5                   tified in regulations or guidance issued by  
6                   the Secretary) which is similar to the con-  
7                   duct described in clauses (i) through (v) and  
8                   that the denial, suspension, or revocation of  
9                   such number would promote compliance  
10                  with the requirements of this title and effec-  
11                  tive tax administration.

12               “(B) MONETARY PENALTY.—

13               “(i) IN GENERAL.—In addition to, or  
14               in lieu of, any suspension or revocation of  
15               a preparer tax identification number under  
16               subparagraph (A), the Secretary may im-  
17               pose a penalty in any amount not exceeding  
18               \$5,000.

19               “(ii) REDUCTION.—Any penalty im-  
20               posed under clause (i) shall be reduced by  
21               the amount of any penalty imposed under  
22               section 6694, 6695, 6700, 6701, 6702, or  
23               6713 with regard to the same conduct.

24               “(iii) ADJUSTMENT FOR INFLATION.—

1                   “(I) *IN GENERAL.*—*In the case of*  
 2                   *any penalty imposed during any cal-*  
 3                   *endar year beginning after 2025, the*  
 4                   *dollar amount in clause (i) shall be in-*  
 5                   *creased by an amount equal to—*

6                               “(aa) *such dollar amount,*  
 7                               *multiplied by*

8                               “(bb) *the cost-of-living ad-*  
 9                               *justment determined under section*  
 10                              *1(f)(3) for the calendar year, de-*  
 11                              *termined by substituting ‘calendar*  
 12                              *year 2024’ for ‘calendar year*  
 13                              *2016’ in subparagraph (A)(ii)*  
 14                              *thereof.*

15                   “(II) *ROUNDING.*—*If any amount*  
 16                   *determined under subclause (I) is not a*  
 17                   *multiple of \$100, such amount shall be*  
 18                   *rounded to the nearest multiple of*  
 19                   *\$100.*

20                   “(C) *REINSTATEMENT.*—*The Secretary*  
 21                   *shall, through regulations or other guidance, es-*  
 22                   *tablish procedures to allow any tax return pre-*  
 23                   *parer whose preparer tax identification number*  
 24                   *has been suspended or revoked pursuant to sub-*  
 25                   *paragraph (A) to have such number reissued (or,*

1       *in the case of a suspension, for such suspension*  
 2       *to be terminated), provided that such preparer*  
 3       *demonstrates, to the satisfaction of the Secretary,*  
 4       *that—*

5               “(i) *the conduct described in such*  
 6               *paragraph which was the basis for such sus-*  
 7               *pension or revocation has been sufficiently*  
 8               *addressed or resolved (such as through com-*  
 9               *pletion of educational programs described*  
 10              *in paragraph (3) or reinstatement of a li-*  
 11              *cence issued by a State for the preparation*  
 12              *of tax returns), and*

13              “(ii) *effective tax administration*  
 14              *would be promoted by terminating the sus-*  
 15              *pension of such number or reissuing such*  
 16              *number to such preparer.*

17       “(D) *PRELIMINARY SUSPENSION.—*

18              “(i) *IN GENERAL.—After notice and*  
 19              *opportunity to respond, the Secretary may*  
 20              *suspend the preparer tax identification*  
 21              *number of a tax return preparer for a pe-*  
 22              *riod of not greater than 180 days if the Sec-*  
 23              *retary determines that—*

24                      “(I) *such tax return preparer has*  
 25                      *engaged in any conduct described in*

1                   *clauses (i) through (vi) of subpara-*  
2                   *graph (A), and*

3                   *“(II) such suspension is necessary*  
4                   *to prevent serious economic harm to*  
5                   *taxpayers or serious impairment of ef-*  
6                   *fective tax administration, such as to*  
7                   *prevent the filing of fraudulent returns*  
8                   *or claims for refund.*

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

21                  *“(E) REGULATIONS.—Not later than 24*  
22                  *months after the date of enactment of this sub-*  
23                  *section, the Secretary shall issue such regulations*  
24                  *or other guidance as the Secretary determines*

1           *necessary to carry out the purposes of this para-*  
 2           *graph, including—*

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

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

9                   “(F) *NO INFERENCE.—Nothing in this*  
 10                  *paragraph shall be construed to create any infer-*  
 11                  *ence with respect to the definition or meaning of*  
 12                  *any term used in section 330 of title 31, United*  
 13                  *States Code, or regulations prescribed there-*  
 14                  *under.*

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

18                   “(A) *that such preparer has not met the re-*  
 19                   *quirements of paragraphs (2) and (3) or of para-*  
 20                   *graph (4) and that issuance of a preparer tax*  
 21                   *identification number should be denied,*

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

1           “(C) that a penalty should be imposed pur-  
2           suant to paragraph (5)(B),  
3           such preparer shall be provided with an opportunity  
4           to appeal such determination pursuant to procedures  
5           (as established by the Secretary through regulations  
6           or other guidance) which are similar to the proce-  
7           dures provided under section 330 of title 31, United  
8           States Code, and regulations prescribed thereunder.

9           “(7) DISCLOSURE OF FINAL DETERMINATIONS.—

10           “(A) IN GENERAL.—In the case of any de-  
11           termination—

12           “(i) in which an extended suspension  
13           or revocation of a preparer tax identifica-  
14           tion number is imposed under this sub-  
15           section, and

16           “(ii) for which all administrative and  
17           judicial appeals are exhausted,  
18           not later than 30 days following such determina-  
19           tion, the Secretary shall publish such determina-  
20           tion on the public website of the Internal Rev-  
21           enue Service, which shall include a statement of  
22           the facts and circumstances relating to such de-  
23           termination and the reasons for the determina-  
24           tion.

1                   “(B) *EXTENDED SUSPENSION*.—For pur-  
 2                   poses of subparagraph (A), the term ‘extended  
 3                   suspension’ means a suspension issued by the  
 4                   Secretary pursuant to paragraph (5)(A) for a  
 5                   period of greater than 180 days.

6                   “(8) *PREPARER TAX IDENTIFICATION NUMBER*.—  
 7                   For purposes of this subsection, the term ‘preparer tax  
 8                   identification number’ means an identifying number  
 9                   described in subsection (a)(4)(A).”.

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

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

15                   (2) by inserting after subsection (d) the fol-  
 16                   lowing:

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

19                   “(1) in which a suspension, disbarment, or cen-  
 20                   sure, or other penalty is imposed, and

21                   “(2) for which all administrative and judicial  
 22                   appeals are exhausted,

23                   not later than 30 days following such determination, the  
 24                   Secretary shall publish such determination on a public  
 25                   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 PRAC-*  
 4 *TITIONERS 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 return*  
 11 *information to the extent the Secretary determines it*  
 12 *is necessary to publish determinations pursuant to*  
 13 *section 6109(e)(7) and section 330(e) of title 31,*  
 14 *United States Code, provided that such disclosure is*  
 15 *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 pri-*  
 23 *vacv 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 NUMBER*  
 5       *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 required*  
 12       *schedule or statement, which has been prepared by*  
 13       *any person for compensation shall include such iden-*  
 14       *tifying number as may be prescribed for securing*  
 15       *proper identification of such person.”.*

16       (2) *PENALTY.—Section 7122, as amended by this*  
 17       *Act, is amended by adding at the end the following*  
 18       *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 who*  
 24       *fails to include an identifying number which*  
 25       *complies with section 6109(a)(5) with respect to*

1        *such offer-in-compromise shall pay a penalty of*  
 2        *\$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) if*  
 6        *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 the*  
 14        *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 adjustment*  
 24        *determined under section 1(f)(3) for*  
 25        *the calendar year, determined by sub-*

1                    *stituting ‘calendar year 2024’ for ‘cal-*  
 2                    *endar 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 the*  
 7                    *nearest multiple of \$10.*

8                    *“(2) EXCEPTION.—The penalty imposed under*  
 9                    *paragraph (1) shall not apply if it is shown that such*  
 10                   *failure is due to reasonable cause and not due to will-*  
 11                   *ful 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 adjustment  
 2                   determined under section 1(f)(3) for  
 3                   the calendar year, determined by sub-  
 4                   stituting ‘calendar year 2024’ for ‘cal-  
 5                   endar 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 to  
 10                  the nearest multiple of \$1,000.

11                  “(4) OTHER APPLICABLE RULES.—Rules similar  
 12                  to the rules of section 6696 shall apply for purposes  
 13                  of this subsection.”.

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

17                  (1) IN GENERAL.—Not later than 18 months  
 18                  after the date of the enactment of this Act, the Comp-  
 19                  troller General of the United States shall conduct a  
 20                  study and submit to Congress a report on the sharing  
 21                  of information between the Secretary and State au-  
 22                  thorities, as authorized under subsections (d) and  
 23                  (k)(5) of section 6103 of the Internal Revenue Code of  
 24                  1986, regarding identification numbers issued to paid

1       *tax return preparers and return preparer minimum*  
 2       *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 authorities*  
 7       *would have on efforts to enforce minimum standards*  
 8       *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 study*  
 15               *and report described in section 504(e)(1) of the*  
 16               *Taxpayer Assistance and Service Act shall be*  
 17               *deemed to be an audit of the Internal Revenue*  
 18               *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 Commis-*  
 22       *sioner of the Internal Revenue shall publish on the public*  
 23       *website of the Internal Revenue Service—*

24               (1) *the 10 most frequent errors found on tax re-*  
 25       *turns 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 section*  
 12       *(or amendment made by this section) shall be construed to*  
 13       *require the Secretary to eliminate or terminate any existing*  
 14       *program or authority—*

15               *(1) which, pursuant to section 330 of title 31,*  
 16       *United States Code, permits a tax return preparer to*  
 17       *represent a taxpayer before the Department of the*  
 18       *Treasury in cases in which such preparer prepared*  
 19       *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 return*  
 22       *preparers who have satisfied the requirements for*  
 23       *issuance of a preparer tax identification number (as*  
 24       *defined in section 6109(e)(8) of the Internal Revenue*  
 25       *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 180*  
 4       *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.*—*In*  
 8       *the case of any tax return preparer who, as of*  
 9       *the date of enactment of this Act, has received a*  
 10       *record of completion with respect to the Annual*  
 11       *Filing Season Program established by the Inter-*  
 12       *nal Revenue Service, such tax return preparer*  
 13       *shall be deemed to have satisfied the education*  
 14       *requirements of section 6109(e)(3) of the Internal*  
 15       *Revenue Code of 1986 (as added by this section)*  
 16       *for the calendar year for which such record of*  
 17       *completion applies.*

18                      (B) *APPROVED COURSES.*—*In the case of*  
 19       *any entity which, as of the date of enactment of*  
 20       *this Act, is approved to provide continuing edu-*  
 21       *cation for purposes of the Annual Filing Season*  
 22       *Program established by the Internal Revenue*  
 23       *Service, such entity shall be deemed to satisfy the*  
 24       *applicable requirements under section 6109(e)(3)*

1       *of the Internal Revenue Code of 1986 until the*  
 2       *date on which the Secretary has—*

3               *(i) issued such regulations or other*  
 4               *guidance as the Secretary determines nec-*  
 5               *essary for purposes of establishing standards*  
 6               *for educational programs under such sec-*  
 7               *tion, and*

8               *(ii) pursuant to subparagraph (E) of*  
 9               *such section, published a list of educational*  
 10              *programs which have been determined by*  
 11              *the Secretary to satisfy the applicable re-*  
 12              *quirements under such section.*

## 13       ***TITLE VI—APPEALS***

### 14   ***SEC. 601. AUTHORIZATION FOR OFFICE OF APPEALS TO*** 15       ***HIRE ATTORNEYS.***

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

18               “(B) *HIRING OF COUNSEL.*—*The Chief of*  
 19               *Appeals shall have the authority to appoint*  
 20               *counsel in the Internal Revenue Service Inde-*  
 21               *pendent Office of Appeals to report directly to*  
 22               *the Chief of Appeals. Any counsel appointed pur-*  
 23               *suant to this subparagraph shall not report to*  
 24               *the Chief Counsel for the Internal Revenue Serv-*  
 25               *ice and shall not represent the Government in*

1           *litigation. Any legal interpretation of counsel*  
 2           *appointed pursuant to this subparagraph shall*  
 3           *not be binding on the Secretary.”.*

4   **SEC. 602. AUTHORIZATION FOR OFFICE OF APPEALS TO DI-**  
 5           **RECT HIRE CERTAIN INDIVIDUALS.**

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

8                   “(C) *AUTHORITY TO APPOINT INDIVIDUALS*  
 9           *NOT EMPLOYED BY INTERNAL REVENUE SERV-*  
 10          *ICE.—The Secretary may utilize direct hire au-*  
 11          *thority to recruit and appoint qualified appli-*  
 12          *cants, without regard to any notice or preference*  
 13          *requirements, to positions within the Internal*  
 14          *Revenue Service Independent Office of Appeals,*  
 15          *provided that such applicants are not employees*  
 16          *of the Internal Revenue Service engaged in en-*  
 17          *forcement functions.”.*

18   **SEC. 603. RESPONSES TO CLAIMS FOR REFUND REQUIRED;**  
 19           **APPEAL OF CLAIMS FOR REFUND AUTHOR-**  
 20           **IZED.**

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

23          “(l) *EXPLANATION OF REASON FOR REFUND DIS-*  
 24   *ALLOWANCE; APPEALS.—*

1           “(1) *IN GENERAL.*—Not later than the applicable  
 2           date, the Secretary shall review any claim for refund,  
 3           make a determination with respect to such claim,  
 4           and, in the case of a disallowance of such claim (in  
 5           whole or in part), provide the taxpayer with a de-  
 6           tailed written explanation for such disallowance,  
 7           which shall—

8                   “(A) be mailed to the last known address of  
 9                   the taxpayer, and

10                   “(B) in the case of any taxpayer entitled to  
 11                   an appeal of such determination, include in-  
 12                   structions for appealing such disallowance to the  
 13                   Internal Revenue Service Independent Office of  
 14                   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 the  
 20                   applicable date, for purposes of determining in-  
 21                   terest on any overpayment for any period subse-  
 22                   quent to such date, the overpayment rate (as es-  
 23                   tablished under section 6621(a)(1)) shall be in-  
 24                   creased 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 amount*  
 10           *in subparagraph (B) shall be increased by*  
 11           *an amount equal to—*

12                   “(I) *such dollar amount, multi-*  
 13                   *plied by*

14                   “(II) *the cost-of-living adjustment*  
 15                   *determined under section 1(f)(3) for*  
 16                   *the calendar year, determined by sub-*  
 17                   *stituting ‘calendar year 2024’ for ‘cal-*  
 18                   *endar 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 the*  
 23           *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 Serv-  
 6           ice 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) of  
 12          such section for filing suit for refund after dis-  
 13          allowance 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 friv-  
 24                 olous claim—

1                   “(i) paragraphs (1) and (3) shall not  
2                   apply, and

3                   “(ii) not later than the applicable date,  
4                   written notification of the denial of such  
5                   claim shall be mailed to the last known ad-  
6                   dress 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 has  
11                   identified as frivolous for purposes of sub-  
12                   section (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 re-  
17                   spect 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, or

20                   “(B) such other date as is agreed to by the  
21                   Secretary and the taxpayer.”.

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

1 **SEC. 604. APPEALS OF RETURNED OFFERS.**

2 *Section 7122(e) is amended—*

3 *(1) by striking paragraph (1) and inserting the*  
 4 *following:*

5 *“(1) for an independent administrative review*  
 6 *of—*

7 *“(A) any determination that an offer-in-*  
 8 *compromise be returned to the taxpayer because*  
 9 *such offer-in-compromise is not accepted for*  
 10 *processing or is otherwise determined to be*  
 11 *nonprocessable before such determination is com-*  
 12 *municated to the taxpayer, and*

13 *“(B) any rejection of a proposed offer-in-*  
 14 *compromise or installment agreement made by a*  
 15 *taxpayer under this section or section 6159 be-*  
 16 *fore such rejection is communicated to the tax-*  
 17 *payer, and”, and*

18 *(2) in paragraph (2), by striking “any rejection*  
 19 *of such offer or agreement” and inserting “any deter-*  
 20 *mination described in paragraph (1)(A) or any rejec-*  
 21 *tion described in paragraph (1)(B)”.*

22 **SEC. 605. PURPOSES AND DUTIES OF INDEPENDENT OFFICE**  
 23 **OF APPEALS; RIGHT OF APPEAL CLARIFIED.**

24 *(a) IN GENERAL.—Section 7803(e) is amended—*

25 *(1) in paragraph (3)—*

1           (A) in subparagraph (B), by striking “and”  
2           at the end,

3           (B) in subparagraph (C), by striking the  
4           period at the end and inserting “, and”, and

5           (C) by adding at the end the following new  
6           subparagraph:

7           “(D) without exception, evaluates and con-  
8           siders all hazards of litigation in resolving any  
9           case referred to the Internal Revenue Service  
10          Independent Office of Appeals.”,

11          (2) by striking paragraph (4) and inserting the  
12          following new paragraph:

13          “(4) *RIGHT OF APPEAL*.—

14               “(A) *IN GENERAL*.—Except as otherwise  
15               provided under this title, the resolution process  
16               described in paragraph (3) shall be available to  
17               all taxpayers with respect to any determination  
18               by the Secretary concerning a Federal tax con-  
19               troversy regarding subtitles A, B, or C and relat-  
20               ing to—

21                       “(i) liability for, or any claim for re-  
22                       fund of, any tax,

23                       “(ii) liability for, or any claim for re-  
24                       fund of, any penalty or addition to tax,

1           “(iii) *eligibility for alternatives to col-*  
 2           *lection of a tax liability, such as an install-*  
 3           *ment agreement or compromise under sec-*  
 4           *tion 6159 or 7122,*

5           “(iv) *any determination to deny or re-*  
 6           *voke the tax-exempt status of an organiza-*  
 7           *tion, or*

8           “(v) *any exercise of discretion by the*  
 9           *Secretary with respect to any determination*  
 10          *described in clauses (i) through (iv).*

11          “(B) *EXCEPTIONS.—Notwithstanding sub-*  
 12          *paragraph (A), the Secretary may restrict access*  
 13          *to the resolution process described in paragraph*  
 14          *(3) with respect to any appeal—*

15               “(i) *to the extent that such appeal is*  
 16               *based on a claim that—*

17                       “(I) *a law is unconstitutional,*  
 18                       *unless there is a final and*  
 19                       *unreviewable decision rendered by a*  
 20                       *Federal court that the relevant provi-*  
 21                       *sion of such law is unconstitutional, or*

22                       “(II) *a regulation, notice, or rev-*  
 23                       *enue procedure which was issued by*  
 24                       *the Secretary is procedurally invalid,*  
 25                       *unless there is a final and*

1                    *unreviewable decision rendered by a*  
 2                    *Federal court that the relevant provi-*  
 3                    *sion of such regulation, notice, or rev-*  
 4                    *enue procedure is procedurally invalid,*  
 5                    *“(ii) which—*

6                    *“(I) is based on a position*  
 7                    *which—*

8                    *“(aa) a Federal court has de-*  
 9                    *termined to be frivolous, and*

10                    *“(bb) the Secretary has iden-*  
 11                    *tified as frivolous for purposes of*  
 12                    *subsection (c) of section 6702,*

13                    *“(II) is substantially similar to a*  
 14                    *position described in subclause (I), or*

15                    *“(III) relates to any penalty im-*  
 16                    *posed under such section with respect*  
 17                    *to such position,*

18                    *“(iii) which relates to any matter*  
 19                    *agreed upon pursuant to an agreement*  
 20                    *under section 7121,*

21                    *“(iv) subject to subparagraph (C), dur-*  
 22                    *ing any period in which—*

23                    *“(I) the Secretary is actively in-*  
 24                    *vestigating whether to refer the tax-*

1            *payer to the Attorney General for*  
 2            *criminal prosecution,*

3            “(II) *a recommendation made by*  
 4            *the Secretary to the Attorney General*  
 5            *for the criminal prosecution of the tax-*  
 6            *payer for any offense connected with*  
 7            *the administration or enforcement of*  
 8            *the internal revenue laws is pending,*  
 9            *or*

10           “(III) *any criminal prosecution of*  
 11           *the taxpayer, or of any other person in*  
 12           *a case in which the taxpayer is a wit-*  
 13           *ness, for any offense connected with the*  
 14           *administration or enforcement of the*  
 15           *internal revenue laws is pending, or*

16           “(v) *with respect to any issue in a case*  
 17           *which, based on the relevant facts and cir-*  
 18           *cumstances of such case, the Chief Counsel*  
 19           *for the Internal Revenue Service—*

20           “(I) *has designated for litigation,*  
 21           *and*

22           “(II) *is prepared to proceed with*  
 23           *such litigation in a timely manner.*

24           “(C) *EXCEPTION FOR CERTAIN CRIMINAL*  
 25           *PROSECUTIONS.—Subparagraph (B)(iv) shall*

1       *not apply if the Chief Counsel for the Internal*  
 2       *Revenue Service determines that the resolution*  
 3       *process described in paragraph (3) would not*  
 4       *interfere with the criminal prosecution of a tax-*  
 5       *payer.*

6               “(D) NOTICE TO TAX-EXEMPT ORGANIZA-  
 7       TIONS.—*In the case of any determination de-*  
 8       *scribed in subparagraph (A)(iv), the Secretary*  
 9       *shall provide written notice to the organization*  
 10       *of the availability of the resolution process de-*  
 11       *scribed in paragraph (3).*

12              “(E) DEFINITIONS.—*In this paragraph—*

13                   “(i) FEDERAL TAX CONTROVERSY.—  
 14       *The term ‘Federal tax controversy’ means a*  
 15       *dispute described in paragraph (2) or (3) of*  
 16       *section 301.7803–2 of title 26, Code of Fed-*  
 17       *eral Regulations (as in effect on the date of*  
 18       *enactment of the Taxpayer Assistance and*  
 19       *Service Act).*

20                   “(ii) PROCEDURALLY INVALID.—*The*  
 21       *term ‘procedurally invalid’ means, with re-*  
 22       *spect to any regulation, notice, or revenue*  
 23       *procedure, that such regulation, notice, or*  
 24       *revenue procedure failed to comply with*  
 25       *any applicable requirement under sub-*

1           *chapter II of chapter 5 and chapter 7 of*  
 2           *title 5, United States Code (commonly*  
 3           *known as the ‘Administrative Procedure*  
 4           *Act’).*

5           “(F) *RULE OF CONSTRUCTION.*—*Nothing in*  
 6           *this paragraph shall be construed to limit the*  
 7           *availability of the resolution process described in*  
 8           *paragraph (3) solely to the Federal tax con-*  
 9           *troversies described in subparagraph (A).”, and*  
 10          *(3) in paragraph (5)—*

11           *(A) by redesignating subparagraph (D) as*  
 12           *subparagraph (E), and*

13           *(B) by inserting after subparagraph (C) the*  
 14           *following new subparagraph:*

15           “(D) *CLARIFICATION OF TAX COURT AU-*  
 16           *THORITY.*—*In any case before the Tax Court, the*  
 17           *Tax Court may direct the parties to request re-*  
 18           *ferral to the Internal Revenue Service Inde-*  
 19           *pendent Office of Appeals in any case in which*  
 20           *the Tax Court determines that the resolution*  
 21           *process described in paragraph (3) is appro-*  
 22           *priate.”.*

1     ***TITLE VII—WHISTLEBLOWERS***

2     ***SEC. 701. STANDARD AND SCOPE OF REVIEW OF WHISTLE-***  
 3                 ***BLOWER AWARD DETERMINATIONS.***

4             *(a) IN GENERAL.—Paragraph (4) of section 7623(b)*  
 5     *is amended—*

6                 *(1) by striking “appealed to” and inserting “re-*  
 7     *viewed by”;* and

8                 *(2) by adding at the end the following: “Any re-*  
 9     *view by the Tax Court under the preceding sentence*  
 10    *shall be de novo and shall be based on the administra-*  
 11    *tive record established at the time of the original de-*  
 12    *termination and any additional newly discovered or*  
 13    *previously unavailable evidence.”.*

14            *(b) CONFORMING AMENDMENT.—The heading of para-*  
 15    *graph (4) of section 7623(b) is amended by striking “AP-*  
 16    *PEAL” and inserting “REVIEW”.*

17            *(c) EFFECTIVE DATE.—The amendments made by this*  
 18    *section shall apply to petitions under section 7623(b)(4) of*  
 19    *the Internal Revenue Code of 1986 which are pending on,*  
 20    *or filed on or after, the date of the enactment of this Act.*

21    ***SEC. 702. EXEMPTION FROM SEQUESTRATION.***

22            *(a) IN GENERAL.—Section 255 of the Balanced Budget*  
 23    *and Emergency Deficit Control Act of 1985 (2 U.S.C. 905)*  
 24    *is amended—*

1           (1) by redesignating subsection (k) as subsection  
2           (l); and

3           (2) by inserting after subsection (j) the following:

4           “(k) *AWARDS TO WHISTLEBLOWERS.*—An award au-  
5           thorized under section 7623 of the Internal Revenue Code  
6           of 1986 shall be exempt from reduction under any order  
7           issued under this part.”.

8           (b) *APPLICABILITY.*—The amendment made by this  
9           section shall apply to any sequestration order issued under  
10          the Balanced Budget and Emergency Deficit Control Act  
11          of 1985 (2 U.S.C. 900 et seq.) after the date of enactment  
12          of this Act.

13       **SEC. 703. WHISTLEBLOWER PRIVACY PROTECTIONS.**

14          (a) *IN GENERAL.*—Paragraph (6) of section 7623(b)  
15          is amended by adding at the end the following new subpara-  
16          graph:

17               “(D) *WHISTLEBLOWER ANONYMITY BEFORE*  
18               *THE TAX COURT.*—Notwithstanding sections  
19               7458 and 7461, a whistleblower shall proceed  
20               anonymously before the Tax Court for all pro-  
21               ceedings under this section absent a finding by  
22               the Tax Court that a societal interest exists for  
23               disclosing the whistleblower’s identity which ex-  
24               ceeds the potential harm disclosure could cause  
25               to the whistleblower.”.

1       (b) *EFFECTIVE DATE.*—*The amendment made by this*  
 2 *section shall apply to petitions filed with the Tax Court*  
 3 *which are pending on, or filed on or after, the date of the*  
 4 *enactment of this Act.*

5   **SEC. 704. MODIFICATION OF IRS WHISTLEBLOWER REPORT.**

6       (a) *IN GENERAL.*—*Section 406(c) of division A of the*  
 7 *Tax Relief and Health Care Act of 2006 is amended by*  
 8 *striking “such use,” in paragraph (1) and inserting “such*  
 9 *use (which shall include a list and descriptions of the top*  
 10 *tax avoidance schemes, not to exceed 10, disclosed by whis-*  
 11 *tleblowers during such year),”.*

12       (b) *EFFECTIVE DATE.*—*The amendments made by*  
 13 *this section shall apply to reports for fiscal years ending*  
 14 *after the enactment of this Act.*

15   **SEC. 705. INTEREST ON WHISTLEBLOWER AWARDS.**

16       (a) *IN GENERAL.*—*Section 7623(b) is amended by*  
 17 *adding at the end the following new paragraph:*

18               “(7) *INTEREST.*—

19                       “(A) *IN GENERAL.*—*If the Secretary has not*  
 20 *provided notice to an individual described in*  
 21 *paragraph (1) of a preliminary award rec-*  
 22 *ommendation before the applicable date, the*  
 23 *amount of any award under this subsection shall*  
 24 *include interest from such date at the overpay-*  
 25 *ment rate under section 6621(a).*

1           “(B) *EXCEPTION.*—No interest shall accrue  
 2           under this paragraph after the date on which the  
 3           Secretary provides notice to the individual of a  
 4           preliminary award recommendation.

5           “(C) *APPLICABLE DATE.*—For purposes of  
 6           this paragraph, the applicable date is the date  
 7           that is 12 months after the first date on which—

8                   “(i) all of the proceeds resulting from  
 9                   actions subject to the award recommenda-  
 10                  tion have been collected, and

11                   “(ii) either—

12                           “(I) the statutory period for filing  
 13                           a claim or suit for refund has expired,  
 14                           or

15                           “(II) the taxpayers subject to the  
 16                           actions and the Secretary have agreed  
 17                           with finality to the tax or other liabil-  
 18                           ities for the periods at issue, and either  
 19                           the taxpayers have waived the right to  
 20                           file a claim or suit for refund or any  
 21                           claim or suit for refund has been re-  
 22                           solved.”.

23           (b) *EFFECTIVE DATE.*—

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

4           (2) *SPECIAL RULE.*—*If, as of the date described*  
 5           *in paragraph (1)—*

6                     (A) *the Secretary has not provided notice to*  
 7                     *the individual of a preliminary award rec-*  
 8                     *ommendation as described in paragraph (7)(A)*  
 9                     *of section 7623(b) of the Internal Revenue Code*  
 10                    *of 1986, as added by this Act, and*

11                   (B) *the applicable date provided in para-*  
 12                    *graph (7)(C) of such section, as so added, has*  
 13                    *passed,*

14           *the applicable date for purposes of such paragraph*  
 15            *(7)(C) is the date that is 12 months after the date de-*  
 16            *scribed in paragraph (1).*

17 **SEC. 706. CORRECTION REGARDING DEDUCTIONS FOR AT-**  
 18 **TORNEY'S FEES.**

19           (a) *IN GENERAL.*—*Section 62(a)(21)(A)(i) is amended*  
 20           *by striking “7623(b)” and inserting “7623”.*

21           (b) *EFFECTIVE DATE.*—*The amendment made by this*  
 22           *section shall apply to taxable years ending after the date*  
 23           *of the enactment of this Act.*

# ***TITLE VIII—HOSTAGES***

## ***SEC. 801. POSTPONEMENT OF TAX DEADLINES FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.***

*(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7510 the following new section:*

### ***“SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POSTPONED FOR HOSTAGES AND INDIVIDUALS WRONGFULLY DETAINED ABROAD.***

*“(a) TIME TO BE DISREGARDED.—*

*“(1) IN GENERAL.—The period during which an applicable individual was unlawfully or wrongfully detained abroad, or held hostage abroad, shall be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such individual—*

*“(A) whether any of the acts described in section 7508(a)(1) were performed within the time prescribed thereof (determined without regard to extension under any other provision of this subtitle for periods after the initial date (as determined by the Secretary) on which such individual was unlawfully or wrongfully detained abroad or held hostage abroad),*

1           “(B) the amount of any interest, penalty,  
2           additional amount, or addition to the tax for pe-  
3           riods after such date, and

4           “(C) the amount of any credit or refund.

5           “(2) *APPLICATION TO SPOUSE.*—The provisions  
6           of paragraph (1) shall apply to the spouse of any in-  
7           dividual entitled to the benefits of such paragraph.

8           “(b) *APPLICABLE INDIVIDUAL.*—

9           “(1) *IN GENERAL.*—For purposes of this section,  
10          the term ‘applicable individual’ means any indi-  
11          vidual who is—

12           “(A) a United States national unlawfully  
13           or wrongfully detained abroad, as determined  
14           under section 302 of the Robert Levinson Hos-  
15           tage Recovery and Hostage-Taking Account-  
16           ability Act (22 U.S.C. 1741), or

17           “(B) a United States national taken hostage  
18           abroad, as determined pursuant to the findings  
19           of the Hostage Recovery Fusion Cell (as de-  
20           scribed in section 304 of the Robert Levinson  
21           Hostage Recovery and Hostage-Taking Account-  
22           ability Act (22 U.S.C. 1741b)).

23           “(2) *INFORMATION PROVIDED TO TREASURY.*—  
24          For purposes of identifying individuals described in

1 paragraph (1), not later than January 1, 2027, and  
 2 annually thereafter—

3 “(A) the Secretary of State shall provide the  
 4 Secretary with a list of the individuals described  
 5 in paragraph (1)(A), as well as any other infor-  
 6 mation necessary to identify such individuals,  
 7 and

8 “(B) the Attorney General, acting through  
 9 the Hostage Recovery Fusion Cell, shall provide  
 10 the Secretary with a list of the individuals de-  
 11 scribed in paragraph (1)(B), as well as any  
 12 other information necessary to identify such in-  
 13 dividuals.

14 “(c) *SPECIAL RULE FOR OVERPAYMENTS.*—

15 “(1) *IN GENERAL.*—Subsection (a) shall not  
 16 apply for purposes of determining the amount of in-  
 17 terest on any overpayment of tax.

18 “(2) *SPECIAL RULES.*—If an individual is enti-  
 19 tled to the benefits of subsection (a) with respect to  
 20 any return and such return is timely filed (deter-  
 21 mined after the application of such subsection), sub-  
 22 sections (b)(3) and (e) of section 6611 shall not apply.

23 “(d) *MODIFICATION OF TREASURY DATABASES AND*  
 24 *INFORMATION SYSTEMS.*—The Secretary shall update, as  
 25 necessary, any database or information system of the De-

1 *partment of the Treasury in order to ensure that the provi-*  
 2 *sions of subsection (a) are applied with respect to each ap-*  
 3 *plicable individual.*

4 “(e) *REFUND AND ABATEMENT OF PENALTIES AND*  
 5 *FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICABLE*  
 6 *INDIVIDUAL.—In the case of any applicable individual—*

7 “(1) *for whom any interest, penalty, additional*  
 8 *amount, or addition to the tax in respect to any tax*  
 9 *liability for any taxable year ending during the pe-*  
 10 *riod described in subsection (a)(1) was assessed or col-*  
 11 *lected, and*

12 “(2) *who was, subsequent to such assessment or*  
 13 *collection, determined to be an individual described in*  
 14 *subparagraph (A) or (B) of subsection (b)(1),*

15 (b) *CLERICAL AMENDMENT.—The table of sections for*  
 16 *chapter 77 is amended by inserting after the item relating*  
 17 *to section 7510 the following new item:*

“Sec. 7511. *Time for performing certain acts postponed for hostages and individ-*  
*uals wrongfully detained abroad.*”.

18 (c) *EFFECTIVE DATE.—The amendments made by this*  
 19 *section shall apply to taxable years ending after the date*  
 20 *of enactment of this Act.*

1 **SEC. 802. REFUND AND ABATEMENT OF PENALTIES AND**  
 2 **FINES PAID BY ELIGIBLE INDIVIDUALS.**

3 (a) *IN GENERAL.*—Section 7511, as added by section  
 4 801 of this Act, is amended by adding at the end the fol-  
 5 lowing new subsection:

6 “(f) *REFUND AND ABATEMENT OF PENALTIES AND*  
 7 *FINES PAID BY ELIGIBLE INDIVIDUALS.*—

8 “(1) *IN GENERAL.*—

9 “(A) *ESTABLISHMENT.*—Not later than  
 10 January 1, 2027, the Secretary (in consultation  
 11 with the Secretary of State and the Attorney  
 12 General) shall establish a program to allow any  
 13 eligible individual (or the spouse or any depend-  
 14 ent (as defined in section 152) of such indi-  
 15 vidual) to apply for a refund or an abatement  
 16 of any amount described in paragraph (2) (in-  
 17 cluding interest) to the extent such amount was  
 18 attributable to the applicable period.

19 “(B) *IDENTIFICATION OF INDIVIDUALS.*—  
 20 Not later than January 1, 2027, the Secretary of  
 21 State and the Attorney General, acting through  
 22 the Hostage Recovery Fusion Cell (as described  
 23 in section 304 of the Robert Levinson Hostage  
 24 Recovery and Hostage-Taking Accountability Act  
 25 (22 U.S.C. 1741b)), shall—

1           “(i) compile a list, based on such infor-  
 2           mation as is available, of individuals who  
 3           were applicable individuals during the ap-  
 4           plicable period, and

5           “(ii) provide the list described in  
 6           clause (i) to the Secretary.

7           “(C) NOTICE.—For purposes of carrying  
 8           out the program described in subparagraph (A),  
 9           the Secretary (in consultation with the Secretary  
 10          of State and the Attorney General) shall, with  
 11          respect to any individual identified under sub-  
 12          paragraph (B), provide notice to such indi-  
 13          vidual—

14           “(i) in the case of an individual who  
 15           has been released on or before the date of en-  
 16           actment of this subsection, not later than 90  
 17           days after the date of enactment of this sub-  
 18           section, or

19           “(ii) in the case of an individual who  
 20           is released after the date of enactment of  
 21           this subsection, not later than 90 days after  
 22           the date on which such individual is re-  
 23           leased,

24           that such individual may be eligible for a refund  
 25           or an abatement of any amount described in

1 paragraph (2) pursuant to the program de-  
 2 scribed in subparagraph (A).

3 “(D) *AUTHORIZATION*.—

4 “(i) *IN GENERAL*.—Subject to clause  
 5 (ii), in the case of any refund described in  
 6 subparagraph (A), the Secretary shall issue  
 7 such refund to the eligible individual in the  
 8 same manner as any refund of an overpay-  
 9 ment of tax under section 6402.

10 “(ii) *EXTENSION OF LIMITATION ON*  
 11 *TIME FOR REFUND*.—With respect to any  
 12 refund under subparagraph (A)—

13 “(I) the 3-year period of limita-  
 14 tion prescribed by section 6511(a) shall  
 15 be extended until the end of the 1-year  
 16 period beginning on the date that the  
 17 notice described in subparagraph (C)  
 18 is provided to the eligible individual,  
 19 and

20 “(II) any limitation under section  
 21 6511(b)(2) shall not apply.

22 “(2) *ELIGIBLE INDIVIDUAL*.—For purposes of  
 23 this subsection, the term ‘eligible individual’ means  
 24 any applicable individual who, for any taxable year  
 25 ending during the applicable period, paid or incurred

1     *any interest, penalty, additional amount, or addition*  
 2     *to the tax in respect to any tax liability for such year*  
 3     *of such individual based on a determination that an*  
 4     *act described in section 7508(a)(1) which was not*  
 5     *performed by the time prescribed therefor (without re-*  
 6     *gard to any extensions).*

7             “(3) *APPLICABLE PERIOD.*—For purposes of this  
 8     *subsection, the term ‘applicable period’ means the pe-*  
 9     *riod—*

10             “(A) *beginning on January 1, 2021, and*

11             “(B) *ending on the date of enactment of this*  
 12     *subsection.”.*

13     (b) *EFFECTIVE DATE.*—The amendment made by this  
 14     *section shall apply to taxable years ending on or before the*  
 15     *date of enactment of this Act.*

## 16     ***TITLE IX—SMALL BUSINESSES***

### 17     ***SEC. 901. IMPLEMENTATION OF VOLUNTARY WITHHOLDING***

#### 18             ***AGREEMENTS FOR PAYMENTS TO INDE-*** 19             ***PENDENT CONTRACTORS.***

20     (a) *IN GENERAL.*—Section 3402(p) is amended by re-  
 21     *designating paragraph (3) as paragraph (4) and by insert-*  
 22     *ing after paragraph (2) the following new paragraph:*

23             “(3) *VOLUNTARY WITHHOLDING ON CERTAIN*  
 24     *NON-WAGE REMUNERATION.*—

1           “(A) *IN GENERAL.*—If, at the time a pay-  
 2           ment of applicable non-wage remuneration is  
 3           made to any person, there is a voluntary agree-  
 4           ment in effect between the person making and  
 5           the person receiving the payment that the appli-  
 6           cable non-wage remuneration be subject to with-  
 7           holding, then for purposes of this chapter and so  
 8           much of subtitle F as relates to this chapter, such  
 9           payment shall be treated as if it were a payment  
 10          of wages by an employer to an employee.

11          “(B) *APPLICABLE NON-WAGE REMUNERA-*  
 12          *TION.*—For purposes of this subsection, the term  
 13          ‘applicable non-wage remuneration’ means re-  
 14          muneration for services performed by an indi-  
 15          vidual which (without regard to this paragraph)  
 16          does not constitute wages.

17          “(C) *REGULATIONS AND GUIDANCE.*—Not  
 18          later than the date that is 18 months after the  
 19          date of the enactment of this subparagraph, the  
 20          Secretary shall issue such regulations or other  
 21          guidance as may be necessary or appropriate to  
 22          carry out the provisions of this section, including  
 23          such regulations or guidance for determining the  
 24          amount to be deducted and withheld and the

1           *types of payments which are considered to be ap-*  
 2           *plicable non-wage remuneration.”.*

3   **SEC. 902. EXTENSION OF MAILBOX RULE TO ELECTRONIC**  
 4           **SUBMISSIONS AND PAYMENTS.**

5           *(a) IN GENERAL.—Section 7502(c) is amended—*

6                   *(1) in the heading, by inserting “AND PAYMENT”*  
 7           *after “FILING”,*

8                   *(2) in paragraph (2)—*

9                           *(A) in the heading, by striking “; ELEC-*  
 10           *TRONIC FILING”, and*

11                           *(B) by striking “and electronic filing”, and*

12                   *(3) by adding at the end the following:*

13                   *“(3) ELECTRONIC FILING AND PAYMENT.—*

14                           *“(A) IN GENERAL.—In the case of any doc-*  
 15           *ument or payment which the Secretary has per-*  
 16           *mitted to be filed or made by electronic means,*  
 17           *if such document or payment is—*

18                                   *“(i) authorized to be submitted by the*  
 19                           *taxpayer using a permitted electronic*  
 20                           *means to the agency, officer, or office to*  
 21                           *which the document was required to be filed*  
 22                           *(or payment was required to be made) on or*  
 23                           *before the prescribed date (or within the pe-*  
 24                           *riod required) with respect to such docu-*  
 25                           *ment or payment, and*

1           “(ii) received (or, in the case of a pay-  
2           ment, received and accounted for) no later  
3           than 3 business days after the prescribed  
4           date or period required with respect to such  
5           document or payment,  
6           the date that such document or payment was au-  
7           thorized to be submitted (as described in clause  
8           (i)) shall be deemed to be the date that such doc-  
9           ument was filed or such payment was made.

10           “(B) *EXCEPTION.*—This paragraph shall  
11           not apply to any payment if the Secretary deter-  
12           mines that the taxpayer (or any intermediary  
13           used by the taxpayer) used a system designed  
14           with a principal purpose of delaying the transfer  
15           of funds to the Treasury to derive economic ben-  
16           efit from the period of such delay.

17           “(C) *REGULATIONS.*—Not later than the  
18           date which is 1 year after the date of enactment  
19           of the Taxpayer Assistance and Service Act, 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, in-  
23           cluding regulations or other guidance describing  
24           the records or proof sufficient to demonstrate  
25           timely electronic submission.”.

1       (b) *EFFECTIVE DATE.*—*The amendments made by sub-*  
 2 *section (a) shall apply to any document or payment sent*  
 3 *on or after the date which is 1 year after the date of enact-*  
 4 *ment of this Act.*

5 **SEC. 903. SPECIFICITY OF THIRD-PARTY CONTACT NOTICES.**

6       (a) *IN GENERAL.*—*Paragraph (1) of section 7602(c)*  
 7 *is amended—*

8               (1) *by striking “and” at the end of subpara-*  
 9 *graph (A),*

10              (2) *by redesignating subparagraph (B) as sub-*  
 11 *paragraph (C) and by inserting after subparagraph*  
 12 *(A) the following new subparagraph:*

13                       *“(B) in any case in which the information*  
 14 *sought to be obtained from such other persons*  
 15 *could reasonably be provided by the taxpayer,*  
 16 *identifies the item of information intended to be*  
 17 *sought from such persons, and”, and*

18              (3) *by amending subparagraph (C), as redesign-*  
 19 *ated by paragraph (2), to read as follows:*

20                       *“(C) provides the taxpayer with reasonable*  
 21 *opportunity and a period of not less than 45*  
 22 *days (or more, if the taxpayer requests addi-*  
 23 *tional time and shows reasonable cause) to re-*  
 24 *spond, including by providing the information*

1           *described in subparagraph (B), before contact is*  
 2           *made with such other persons.”.*

3       **(b) EXCEPTION.**—*Section 7602(c)(3) is amended—*

4           *(1) by redesignating subparagraphs (A), (B),*  
 5           *and (C) as clauses (i), (ii), and (iii), respectively,*  
 6           *and by moving such clauses 2 ems to the right,*

7           *(2) by striking “This subsection” and inserting*  
 8           *the following:*

9                     *“(A) IN GENERAL.—This subsection”, and*

10           *(3) by adding at the end the following new sub-*  
 11           *paragraph:*

12                     *“(B) GOOD CAUSE.—For purposes of sub-*  
 13           *paragraph (A)(ii), good cause includes a reason-*  
 14           *able belief that compliance with this subsection*  
 15           *will lead to—*

16                     *“(i) attempts by any person to conceal,*  
 17                     *remove, destroy, or alter records or assets*  
 18                     *that may be relevant to any tax examina-*  
 19                     *tion or collection activity;*

20                     *“(ii) attempts by any person to pre-*  
 21                     *vent other persons, through intimidation,*  
 22                     *bribery, or collusion, from communicating*  
 23                     *any information that may be relevant to*  
 24                     *any tax examination or collection activity;*  
 25                     *or*

1                   “(iii) attempts by any person to flee,  
 2                   or otherwise avoid testifying or producing  
 3                   records that may be relevant to any tax ex-  
 4                   amination or collection activity.”.

5           (c) *EFFECTIVE DATE.*—The amendments made by this  
 6 section shall apply to notices provided under section  
 7 7602(c) of the Internal Revenue Code of 1986 after the date  
 8 that is 12 months after the date of the enactment of this  
 9 Act.

10 **SEC. 904. MODIFICATION OF ESTIMATED TAX RULES FOR**  
 11 **FARMERS AND FISHERMEN.**

12           (a) *IN GENERAL.*—Section 6654(i)(1)(D)(i) is amend-  
 13 ed by striking “March 1” and inserting “April 15”.

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

17 **SEC. 905. BUSINESS CHILD CARE LIAISON.**

18           Section 7803 is amended by adding at the end the fol-  
 19 lowing new subsection:

20           “(g) *BUSINESS CHILD CARE LIAISON.*—

21                   “(1) *IN GENERAL.*—The Commissioner of Inter-  
 22                   nal Revenue shall appoint within the Internal Rev-  
 23                   enue Service a Business Child Care Liaison. The ap-  
 24                   pointment shall be made without regard to the provi-  
 25                   sions of title 5, United States Code, relating to ap-

1 *pointments in the competitive service or Senior Exec-*  
 2 *utive Service. At the Commissioner's discretion, the*  
 3 *Commissioner may create an office with additional*  
 4 *support staff to assist the Business Child Care Liai-*  
 5 *son in carrying out the duties described in this sub-*  
 6 *section.*

7 “(2) *DUTIES.—The Business Child Care Liaison*  
 8 *shall—*

9 “(A) *act as a liaison between the Internal*  
 10 *Revenue Service, employer-provided child care*  
 11 *benefit advocates, businesses considering pro-*  
 12 *viding or expanding child care benefits for their*  
 13 *employees, state workforce boards, state economic*  
 14 *development agencies, child care resource and re-*  
 15 *ferral agencies, tribal organizations (as defined*  
 16 *in section 4(l) of the Indian Self-Determination*  
 17 *and Education Assistance Act), and other stake-*  
 18 *holders, including child development experts,*

19 “(B) *provide public education and assist-*  
 20 *ance related to the expansion of employer-pro-*  
 21 *vided child care benefits through the establish-*  
 22 *ment and maintenance of practices that promote*  
 23 *employer-provided child care benefits, including*  
 24 *the use of dependent care assistance programs*  
 25 *(as defined in section 129(d)), on-site or sub-*

1        *sidized child care, Dependent Care Flexible*  
2        *Spending Accounts, child care stipends, near-site*  
3        *child care partnerships, shared and pooled child-*  
4        *care arrangements, backup child care, and re-*  
5        *source and referral services,*

6                *“(C) issue a fact sheet for use by tax return*  
7        *preparers listing the different tax benefits for*  
8        *employer-provided child care and the appro-*  
9        *priate rules for each such benefit,*

10                *“(D) help facilitate communication between*  
11        *businesses and the Internal Revenue Service*  
12        *about the operational challenges and opportuni-*  
13        *ties that exist to improve the use of Federally*  
14        *incentivized child care benefits such as dependent*  
15        *care assistance programs (as so defined), De-*  
16        *pendent Care Flexible Spending Accounts, and*  
17        *the credit under section 45F,*

18                *“(E) in collaboration with the General*  
19        *Services Administration, within 120 days of the*  
20        *date of the enactment of this subsection, establish*  
21        *a link on the homepage of SAM.gov, which al-*  
22        *lows website visitors to access a landing page on*  
23        *the SAM.gov website which is tailored to helping*  
24        *businesses learn about utilizing dependent care*  
25        *assistance programs (as so defined), Dependent*

1       *Care Flexible Spending Accounts, and the credit*  
2       *under section 45F, resources for understanding*  
3       *the rules and regulations with these programs,*  
4       *and the benefits of utilizing these programs on*  
5       *worker recruitment, retention, productivity, and*  
6       *well-being,*

7               “(F) identify and recommend to Congress  
8       *potential legislative and administrative changes*  
9       *to increase practices that promote employer-pro-*  
10       *vided child care benefits, and*

11               “(G) coordinate with other Federal agencies  
12       *and officials, including the Secretary, the Ad-*  
13       *ministrator of the Small Business Administra-*  
14       *tion, the Secretary of Commerce, the Secretary of*  
15       *Health and Human Services, the Secretary of the*  
16       *Interior, the Secretary of Labor, and the Sec-*  
17       *retary of Education, or the designee of any such*  
18       *individual, and State and local governments on*  
19       *outreach and education to inform employers and*  
20       *employees about the possibilities and benefits of*  
21       *employer-provided child care benefits and par-*  
22       *ticularly reducing information barriers for small*  
23       *businesses.*

24               “(3) CONSULTATION AND INPUT.—The Commis-  
25       *sioner of Internal Revenue shall solicit advice and*

1        *input from the Business Child Care Liaison in devel-*  
 2        *oping regulations or interpretations of this title that*  
 3        *relate to employer-provided child care benefits.*

4            “(4) *COMPENSATION.*—*The Business Child Care*  
 5        *Liaison shall be entitled to compensation at the same*  
 6        *rate as the rate of basic pay in effect for a position*  
 7        *at level V of the Executive Schedule under section*  
 8        *5316 of title 5, United States Code.*

9            “(5) *ANNUAL REPORT.*—

10           “(A) *IN GENERAL.*—*Not later than Decem-*  
 11        *ber 31 of each calendar year beginning after the*  
 12        *date of the enactment of this subsection, the*  
 13        *Business Child Care Liaison shall submit a re-*  
 14        *port to the Committee on Finance of the Senate*  
 15        *and the Committee on Ways and Means of the*  
 16        *House of Representatives on the activities of the*  
 17        *Business Child Care Liaison during the fiscal*  
 18        *year ending during such calendar year.*

19           “(B) *CONTENTS.*—*Each report submitted*  
 20        *pursuant to subparagraph (A) shall—*

21           “(i) *summarize the assistance requests*  
 22        *received by the Business Child Care Liaison*  
 23        *during the fiscal year ending during the*  
 24        *calendar year of such report,*

1           “(ii) describe the activities conducted  
2           by the Business Child Care Liaison, includ-  
3           ing the activities described under subpara-  
4           graphs (B) and (F) of paragraph (2), and  
5           evaluate the effectiveness of the Business  
6           Child Care Liaison during such fiscal year,

7           “(iii) describe any significant problems  
8           the Business Child Care Liaison has identi-  
9           fied during such fiscal year and ways to  
10          mitigate such problems,

11          “(iv) contain recommendations for any  
12          administrative or legislative action which  
13          may be appropriate to resolve barriers to,  
14          and to incentivize, practices which promote  
15          employer-provided child care benefits, and

16          “(v) describe progress related to em-  
17          ployer-provided child care benefits in busi-  
18          nesses in the United States, including data  
19          updated at least annually on the utilization  
20          of dependent care assistance programs, De-  
21          pendent Care Flexible Spending Accounts,  
22          and the credit under section 45F, in par-  
23          ticular—

24                 “(I) the number of employers uti-  
25                 lizing these tax benefits,

1                   “(II) a breakdown of the size of  
2                   employers utilizing these tax benefits,  
3                   and

4                   “(III) other relevant information  
5                   as deemed appropriate by the Business  
6                   Child Care Liaison.

7                   “(C) CONCURRENT SUBMISSION.—The Busi-  
8                   ness Child Care Liaison shall submit a copy of  
9                   each report submitted pursuant to subparagraph  
10                  (A) to the Commissioner of Internal Revenue,  
11                  and any other appropriate official, at the same  
12                  time such report is submitted pursuant to such  
13                  subparagraph.

14                  “(D) PUBLIC AVAILABILITY.—The Commis-  
15                  sioner shall make a copy of each report sub-  
16                  mitted pursuant to subparagraph (A) available  
17                  and widely accessible to the public.”.

## 18                   **TITLE X—MISCELLANEOUS**

### 19                   **SEC. 1001. AUTHORITY FOR REDISCLOSURE OF CERTAIN** 20                   **TAX INFORMATION RELATED TO EDUCATION** 21                   **LOANS TO THE CONGRESSIONAL BUDGET OF-** 22                   **FICE.**

23                  (a) IN GENERAL.—Section 6103(l)(13)(D) is amended  
24                  by adding at the end the following new clause:

1                   “(vii) *REDISCLASURE TO THE CON-*  
 2                   *GRESSIONAL BUDGET OFFICE.*—*Authorized*  
 3                   *persons may, upon written request by the*  
 4                   *Director of the Congressional Budget Office*  
 5                   *to the Secretary of Education, redisclose re-*  
 6                   *turn information received under subpara-*  
 7                   *graphs (A), (B), and (C) to officers and em-*  
 8                   *ployees of the Congressional Budget Office*  
 9                   *for the purpose of, but only to the extent*  
 10                   *necessary in, carrying out the purposes de-*  
 11                   *scribed in subclause (III) of clause (i).”.*

12           (b)           *CONFORMING            AMENDMENT.*—*Section*  
 13           *6103(l)(13)(F) is amended by striking “(iv) (v), or (vi)”*  
 14           *and inserting “(iv), (v), (vi), or (vii)”.*

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

18           (d) *REPORTS.*—*The Secretary of Education shall an-*  
 19           *nually submit a written report to the Secretary of the*  
 20           *Treasury—*

21                   (1) *regarding disclosures of return information*  
 22                   *under subparagraph (D)(vii) of section 6103(l)(13) of*  
 23                   *the Internal Revenue Code of 1986 (as added by this*  
 24                   *section), including the number of such disclosures;*  
 25                   *and*

1           (2) *regarding any unauthorized use, access, or*  
 2           *disclosure of return information disclosed under such*  
 3           *section.*

4   **SEC. 1002. AUTHORIZATION TO REQUIRE LARGE PARTNER-**  
 5           **SHIPS TO FILE ON MAGNETIC MEDIA.**

6           (a) *IN GENERAL.*—Section 6011(e) is amended—

7                   (1) *by striking the first paragraph (6), as added*  
 8           *by section 2301(b) of the Taxpayer First Act, and in-*  
 9           *serting the following:*

10                   “(6) *PARTNERSHIPS REQUIRED TO FILE ON MAG-*  
 11           *NETIC MEDIA.*—Notwithstanding paragraph (2)(A),  
 12           *the Secretary shall require a partnership to file re-*  
 13           *turns on magnetic media if, at the close of the part-*  
 14           *nership’s taxable year—*

15                           “(A) *the partnership has more than 50*  
 16                   *partners, or*

17                           “(B) *the value of the partnership’s assets*  
 18                   *equals or exceeds \$1,000,000, as determined*  
 19                   *under regulations prescribed by the Secretary.”,*  
 20                   *and*

21                   (2) *by redesignating the second paragraph (6),*  
 22           *as added by section 202(d) of the Setting Every Com-*  
 23           *munity Up for Retirement Enhancement Act of 2019,*  
 24           *as paragraph (7).*

1       (b) *EFFECTIVE DATE.*—*The amendments made by this*  
 2 *section shall apply to returns filed on or after January 1*  
 3 *of the first calendar year beginning after the date of enact-*  
 4 *ment of this Act.*

5 **SEC. 1003. LIMITATION PERIOD NOT EXTENDED FOR VIC-**  
 6 **TIMS OF PREPARER FRAUD.**

7       (a) *IN GENERAL.*—*Section 6501(c)(1) is amended—*

8               (1) *by inserting “by the taxpayer” after “in-*  
 9 *tent”, and*

10              (2) *by adding at the end the following new sen-*  
 11 *tence: “For purposes of this paragraph, in the case of*  
 12 *a joint return under section 6013, intent by either*  
 13 *spouse to evade tax with respect to such return shall*  
 14 *be treated as intent by the taxpayer, and this para-*  
 15 *graph shall apply to both spouses.”.*

16       (b) *EFFECTIVE DATE.*—*The amendments made by this*  
 17 *section shall apply to assessments made or proceedings*  
 18 *begun after the date of enactment of this Act.*

19 **SEC. 1004. TECHNICAL AMENDMENT RELATED TO THE DIS-**  
 20 **ASTER RELATED EXTENSION OF DEADLINES**  
 21 **ACT.**

22       (a) *IN GENERAL.*—*Subsection (f) of section 7508A (as*  
 23 *added by the Disaster Related Extension of Deadlines Act)*  
 24 *is redesignated as subsection (g).*

1       (b) *EFFECTIVE DATE.*—*The amendment made by this*  
 2 *section shall take effect as if included in section 2(a) of the*  
 3 *Disaster Related Extension of Deadlines Act.*

4       **SEC. 1005. TIME FOR FILING CERTAIN INFORMATION RE-**  
 5               **TURNS.**

6       (a) *IN GENERAL.*—*Section 6071(b) is amended—*

7               (1) *by striking “Returns made under” and in-*  
 8 *serting the following:*

9               “(1) *IN GENERAL.*—*Returns made under”, and*

10              (2) *by adding at the end the following new para-*  
 11 *graph:*

12              “(2) *SPECIAL RULE FOR CERTAIN RETURNS.*—

13                      “(A) *IN GENERAL.*—*In the case of any re-*  
 14 *turn to which this paragraph applies and which*  
 15 *is filed electronically, such return shall be filed*  
 16 *on or before January 31 of the year following the*  
 17 *calendar year to which such return relates.*

18                      “(B) *RETURNS.*—*This paragraph shall*  
 19 *apply to any return required to be filed under*  
 20 *section 6041 (other than returns and statements*  
 21 *required to be filed with respect to nonemployee*  
 22 *compensation), 6042, 6047(d), 6049, 6050F, or*  
 23 *6050W.”.*

24       (b) *IRA REPORTING.*—*Section 408(i)(1) is amended*  
 25 *by inserting “(but not later than January 31 of the cal-*

1 *endar year following the calendar year to which reports re-*  
 2 *late in the case of reports relating to distributions)” after*  
 3 *“at such time”.*

4 *(c) EFFECTIVE DATE.—The amendments made by this*  
 5 *section shall apply to returns relating to calendar years*  
 6 *after December 31, 2027.*

7 **SEC. 1006. MODIFICATIONS TO PENALTIES FOR UNAUTHOR-**  
 8 **IZED DISCLOSURES OF TAXPAYER INFORMA-**  
 9 **TION.**

10 *(a) CRIMINAL PENALTIES.—*

11 *(1) IN GENERAL.—Paragraphs (1), (2), (3), (4),*  
 12 *and (5) of section 7213(a) are each amended by strik-*  
 13 *ing “\$5,000, or imprisonment of not more than 5*  
 14 *years” each place it appears and inserting “\$250,000,*  
 15 *or imprisonment of not more than 7 years”.*

16 *(2) FAILURE OF CONTRACTORS TO MAINTAIN*  
 17 *SAFEGUARDS.—*

18 *(A) IN GENERAL.—Part I of subchapter A*  
 19 *of chapter 75 of subtitle F is amended by insert-*  
 20 *ing after section 7213A the following new sec-*  
 21 *tion:*

22 **“SEC. 7213B. FAILURE OF IRS CONTRACTORS TO MAINTAIN**  
 23 **SAFEGUARDS.**

24 *“(a) IN GENERAL.—In the case of a contractor of the*  
 25 *Internal Revenue Service that willfully fails to implement*

1 *or enforce any applicable requirement under section 6103*  
 2 *(or regulations prescribed thereunder) to protect the con-*  
 3 *fidentiality of returns or return information, if such failure*  
 4 *results in the unauthorized disclosure of returns or return*  
 5 *information, such contractor shall be guilty of a felony and,*  
 6 *upon conviction thereof, shall be fined the greater of—*

7           “(1) \$500,000, or

8           “(2) an amount equal to 25 percent of the spe-  
 9       cific contract with the Internal Revenue Service  
 10       under which such contractor was provided access to  
 11       the returns or return information related to the unau-  
 12       thorized disclosure.

13       “(b) *DEFINITIONS.*—For purposes of this section, the  
 14       term ‘contractor of the Internal Revenue Service’ means any  
 15       person described in section 6103(n) (including any officer  
 16       or employee of such person) in connection with a written  
 17       contract with the Internal Revenue Service.”.

18           (B) *CLERICAL AMENDMENT.*—The table of  
 19       sections for part I of subchapter A of chapter 75  
 20       of subtitle F is amended by inserting after the  
 21       item relating to section 7213A the following new  
 22       item:

“Sec. 7213B. *Failure of IRS contractors to maintain safeguards.*”.

23           (C) *CONFORMING AMENDMENTS.*—

24           (i) Section 6103(e)(11) is amended by  
 25       inserting “7213B,” after “7213A,”.

1                   (ii) Section 6105(d) is amended by in-  
2                   serting “7213B,” after “7213A,”.

3                   (iii) Section 7431(e) is amended by  
4                   striking the first sentence and inserting the  
5                   following: “If any person is criminally  
6                   charged by indictment or information  
7                   with—

8                   “(1) inspection or disclosure of a taxpayer’s re-  
9                   turn or return information in violation of—

10                  “(A) paragraph (1) or (2) of section  
11                  7213(a),

12                  “(B) section 7213A(a), or

13                  “(C) subparagraph (B) of section  
14                  1030(a)(2) of title 18, United States Code, or

15                  “(2) failure to protect the confidentiality of re-  
16                  turns or return information which results in the un-  
17                  authorized disclosure of the taxpayer’s return or re-  
18                  turn information in violation of section 7213B(a),

19                  the Secretary shall notify such taxpayer as soon as prac-  
20                  ticable of such inspection or disclosure.”.

21                   (iv) Section 7513(c) is amended by  
22                   striking “section 7213” and inserting “sec-  
23                   tions 7213 and 7213B”.

24                  (b) CIVIL DAMAGES.—Section 7431(c)(1)(A) is amend-  
25                  ed by striking “\$1,000” and inserting “\$5,000”.

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

Amend the title so as to read: “An Act to improve services provided to taxpayers by the Internal Revenue Service.”.

Attest:

*Secretary.*



119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H.R. 5349**

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## **AMENDMENTS**