

119TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

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

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

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

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

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment is expressed in terms of an amendment to a section
9 or other provision, the reference shall be considered to be
10 made to a section or other provision of the Internal Rev-
11 enue Code 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. Scanning and 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 and online accounts.

Sec. 105. Improvement of notices of math or clerical error.

Sec. 106. Automation of refund offset bypass for individuals facing economic hardship.

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. Postponement of certain deadlines by reason of disasters made applicable to limitation on credit or refund.

Sec. 113. Modification of procedural requirements for penalties and disallowance periods.

Sec. 114. Return of amounts collected by IRS in excess of accepted offer-in-compromise amount.

Sec. 115. Extension of period for return of amounts subject to wrongful levy.

Sec. 116. Modification of rules for postponing certain deadlines by reason of disaster.

Sec. 117. Reports to Congress.

TITLE II—AMERICAN CITIZENS ABROAD

Sec. 201. Combined tax and foreign bank and financial account reporting.

Sec. 202. Study and reports on simplification.

Sec. 203. Simplification of currency exchanges rules.

Sec. 204. Increase in threshold for simplified foreign tax credit rules and reporting.

Sec. 205. Extension of time for persons outside of the United States to request abatement of math error.

Sec. 206. Reduced burden for low-income, dual-citizen expatriates; clarification of limitation period.

TITLE III—JUDICIAL REVIEW

Sec. 301. Authorization of subpoenas before hearings to facilitate settlements.

3

- 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 Tax Court jurisdiction to apply equitable tolling in deficiency cases.
- 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 use deficiency procedures for certain penalties.
- Sec. 312. Authorization to allow claims for refund in certain cases where full tax not paid.

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. Penalties for invalid or appropriated preparer 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.

- Sec. 707. Nondisclosure of return information by whistleblowers.
 Sec. 708. Appeal of award determination.

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 time for making S corporation elections.
 Sec. 903. Quarterly installments for estimated income tax payments by individuals.
 Sec. 904. Establishment of failure-to-pay penalty safe harbor for individuals.
 Sec. 905. Extension of mailbox rule to electronic submissions and payments.
 Sec. 906. Specificity of third-party contact notices.

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. Imposition of penalty for erroneous claims relating to employment taxes.

1 **TITLE I—TAX ADMINISTRATION**
 2 **AND CUSTOMER SERVICE**
 3 **SEC. 101. SCANNING AND DIGITIZATION OF TAX RETURNS**
 4 **AND CORRESPONDENCE.**

5 (a) RETURNS PREPARED ELECTRONICALLY AND
 6 SUBMITTED ON PAPER.—With respect to any Federal tax
 7 return which is prepared electronically, but is printed and
 8 filed on paper—

9 (1) such return shall bear a code which, when
 10 scanned, converts the data included in such return
 11 to electronic format, and

1 (2) subject to subsection (b)(1)(B), the Internal
2 Revenue Service shall use barcode scanning tech-
3 nology to convert the data included in such returns
4 to electronic format.

5 (b) OPTICAL CHARACTER RECOGNITION SOFT-
6 WARE.—With respect to—

7 (1) any Federal tax return which—

8 (A) is not prepared electronically and is
9 printed and filed on paper, or

10 (B) is described in subsection (a)(1) but,
11 for any reason, the data included in such return
12 cannot be accurately converted into electronic
13 format, or

14 (2) any correspondence which is received by the
15 Internal Revenue Service in a paper form (with the
16 exception of any such correspondence which has
17 been received by the Internal Revenue Service in
18 electronic format),

19 the Internal Revenue Service shall use optical character
20 recognition technology (or any functionally similar tech-
21 nology) to transcribe such return or correspondence.

22 (c) EXCEPTION.—

23 (1) IN GENERAL.—Subsection (a)(2) or (b)
24 shall not apply to the extent that the Secretary de-

1 termines that the technology described in such sub-
2 section is slower or less reliable than—

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

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

9 (2) REPORT TO CONGRESS.—Any exception to
10 the application of subsection (a)(2) or (b) pursuant
11 to paragraph (1) shall not take effect unless the Sec-
12 retary provides a report to the Committee on Ways
13 and Means of the House of Representatives and the
14 Committee on Finance of the Senate regarding the
15 determination made by the Secretary under such
16 paragraph within 30 days of such determination.

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

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

23 (2) any estate tax return (as described in sec-
24 tion 6018 of such Code) or gift tax return (as de-
25 scribed in section 6019 of such Code) received on or

1 after January 1 of the first calendar year beginning
2 more than 24 months after the date of enactment of
3 this Act, and

4 (3) any other return or correspondence received
5 on or after January 1 of the first calendar year be-
6 ginning more than 12 months after the date of en-
7 actment of this Act.

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

10 (a) IN GENERAL.—If, for any week beginning on or
11 after the date which is 180 days after the date of enact-
12 ment of this Act, there is a significant delay with respect
13 to any applicable item or applicable phone number, the
14 Secretary shall require the Internal Revenue Service to
15 provide on its public website, during the following week,
16 the following information:

17 (1) Separately for each such applicable item,
18 the average date on which any such applicable items
19 processed during the preceding week were received
20 by the Internal Revenue Service.

21 (2) Separately with respect to each such appli-
22 cable phone number—

23 (A) the percentage of callers during such
24 period who were able to speak directly with an
25 Internal Revenue Service employee,

1 (B) the total number of callers described in
2 subparagraph (A), and

3 (C) with respect to each such phone num-
4 ber—

5 (i) the current estimated wait time to
6 speak directly with an Internal Revenue
7 Service employee,

8 (ii) the median wait time to speak di-
9 rectly with an Internal Revenue Service
10 employee,

11 (iii) the time of day with the shortest
12 wait time to speak directly with an Inter-
13 nal Revenue Service employee, and

14 (iv) whether such number employs
15 callback service for any calls made by tax-
16 payers to such number which are not an-
17 swered, and the average time for such call-
18 backs to be made.

19 (b) DEFINITIONS.— For purposes of this section—

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

24 (2) APPLICABLE PHONE NUMBER.—The term
25 “applicable phone number” means any toll-free

1 phone number which is listed by the Internal Rev-
2 enue Service on any website, publication, form, or
3 instruction which is available to the public and—

4 (A) operated by the Internal Revenue Serv-
5 ice accounts management function,

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

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

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

12 (3) SIGNIFICANT DELAY.—

13 (A) IN GENERAL.—The term “significant
14 delay” means—

15 (i) in the case of any applicable item
16 for any week, the failure to process all of
17 such applicable items which were received
18 by the Internal Revenue Service at least 21
19 days before the first day of the week, and

20 (ii) in the case of an applicable phone
21 number for any week, the failure to answer
22 30 percent or more of the calls to such
23 number during such week.

24 (B) ANSWERED CALLS.—For purposes of
25 subparagraph (A)(ii)—

1 (i) a phone call shall be deemed to
2 have been answered if the caller is—

3 (I) connected to an individual or
4 an automated system, and

5 (II) provided information rel-
6 evant to their specific inquiry, and

7 (ii) a phone call shall be deemed to
8 have not been answered if—

9 (I) the caller receives an auto-
10 mated response which is provided to
11 all callers and is not specific to their
12 inquiry, or

13 (II) the call is disconnected or
14 terminated prior to the information
15 described in clause (i)(II) being fully
16 provided to the caller.

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

19 Not later than January 1 of the first calendar year
20 beginning more than 12 months after the date of enact-
21 ment of this Act, through a website or mobile application,
22 the Secretary shall provide individualized, specific, and up-
23 to-date information to taxpayers regarding their tax re-
24 turns and amended returns, including information with re-
25 spect to whether the Internal Revenue Service has—

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

3 (2) completed processing such return, includ-
4 ing—

5 (A) the date on which the Internal Rev-
6 enue Service issued any refund of any overpay-
7 ment of tax, or

8 (B) the estimated date on which the tax-
9 payer can expect to receive such refund, or

10 (3) suspended processing such return, includ-
11 ing—

12 (A) the reason for the suspension, and

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

16 (i) the information requested,

17 (ii) the form and manner for submis-
18 sion of such information, and

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

1 **SEC. 104. EXPANSION OF CALLBACK TECHNOLOGY AND ON-**
2 **LINE ACCOUNTS.**

3 (a) IN GENERAL.—Not later than January 1 of the
4 first calendar year beginning more than 12 months after
5 the date of enactment of this Act, the Secretary shall—

6 (1) with respect to any applicable phone num-
7 ber (as defined in section 102(b)(2)), employ call-
8 back service for any calls made by taxpayers to such
9 number which are not answered within 10 minutes,
10 and

11 (2) make available a website or mobile applica-
12 tion which allows any taxpayer the ability to—

13 (A) in a manner consistent with any appli-
14 cable limitations under section 6103 of the In-
15 ternal Revenue Code of 1986, view any return
16 (as defined in section 6103(b)(1) of the Inter-
17 nal Revenue Code of 1986), document, notice,
18 or letter (with the exception of any educational
19 item which has no legal effect) which, during
20 the preceding 6-year period, has been—

21 (i) sent by the Internal Revenue Serv-
22 ice to such taxpayer, or

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

26 (I) by such taxpayer,

1 (II) by a person described in sub-
2 section (c) of section 6103 of the In-
3 ternal Revenue Code of 1986 with re-
4 spect to such taxpayer, or

5 (III) with respect to such tax-
6 payer in a manner described in sub-
7 section (e) of such section,

8 (B) with respect to any document, notice,
9 or letter sent to such taxpayer by the Internal
10 Revenue Service, respond to such document, no-
11 tice, or letter by uploading or otherwise trans-
12 mitting the taxpayer's response through the
13 website or mobile application, and

14 (C) in the case of—

15 (i) any representative of such tax-
16 payer who is authorized to practice before
17 the Department of the Treasury pursuant
18 to section 330 of title 31, United States
19 Code, or

20 (ii) any tax return preparer (as de-
21 fined in section 7701(a)(36) of the Inter-
22 nal Revenue Code of 1986) with an identi-
23 fying number (as described in section
24 6109(a)(4) of such Code),

1 permit such representative or preparer, to the
2 extent authorized by the taxpayer, to access the
3 information described in subparagraph (A) or
4 transmit any information described in subpara-
5 graph (B).

6 (b) **AVAILABILITY FOR VIEWING.**—With respect to
7 any return, document, notice, or letter described in sub-
8 paragraph (A) of subsection (a)(2), such return, docu-
9 ment, notice, or letter shall be made available for viewing
10 by the taxpayer (or, pursuant to subparagraph (C) of such
11 subsection, any representative or tax return preparer au-
12 thorized by the taxpayer) as soon as is practicable and
13 within such periods as are established pursuant to regula-
14 tions prescribed by the Secretary.

15 (c) **ACCESS TO MULTIPLE ACCOUNTS BY REP-**
16 **RESENTATIVE OR PREPARER.**—For purposes of sub-
17 section (a)(2)(B), the website or mobile application shall
18 allow a representative or tax return preparer to be able
19 to access information for multiple taxpayers who have pro-
20 vided permission under such subsection without any re-
21 quirement to individually and separately access the ac-
22 count of each such taxpayer.

23 **SEC. 105. IMPROVEMENT OF NOTICES OF MATH OR CLER-**
24 **ICAL ERROR.**

25 (a) **IN GENERAL.**—Section 6213(b)(1) is amended—

1 (1) by striking “ERRORS.—If the taxpayer” and
2 inserting “ERRORS.—

3 “(A) IN GENERAL.—If the taxpayer”,

4 (2) by striking “Each notice” in the second sen-
5 tence and inserting “Subject to subparagraph (B),
6 each notice”, and

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

9 “(B) SPECIFICITY OF MATH OR CLERICAL
10 ERROR NOTICE.—

11 “(i) IN GENERAL.—The notice pro-
12 vided under subparagraph (A) shall—

13 “(I) be sent to the taxpayer’s last
14 known address,

15 “(II) describe the mathematical
16 or clerical error in comprehensive,
17 plain language, including—

18 “(aa) the type of error,

19 “(bb) the section of this title
20 to which the error relates,

21 “(cc) a description of the
22 nature of the error, and

23 “(dd) the specific line of the
24 return on which the error was
25 made,

1 “(III) an itemized computation of
2 any direct or incidental adjustments
3 to be made to the return in correction
4 of the error, including any adjustment
5 to the amount of—
6 “(aa) adjusted gross income,
7 “(bb) taxable income,
8 “(cc) itemized or standard
9 deductions,
10 “(dd) nonrefundable credits,
11 “(ee) credits under section
12 24, 25A, 32, 35, or 36B, credits
13 claimed with respect to undistrib-
14 uted long-term capital gains on
15 Form 2439, credits for Federal
16 taxes paid on fuels claimed on
17 Form 4136, and any other re-
18 fundable credits,
19 “(ff) income tax,
20 “(gg) other taxes,
21 “(hh) total tax,
22 “(ii) Federal income tax
23 withheld or excess tax withheld
24 under section 3101 or 3201(a),

1 “(jj) estimated tax pay-
2 ments, including amount applied
3 from prior year’s return,

4 “(kk) refund or amount
5 owed,

6 “(ll) net operating loss
7 carryforwards, or

8 “(mm) credit carryforwards,

9 “(IV) include the telephone num-
10 ber for the automated phone tran-
11 script service, and

12 “(V) display the date by which
13 the taxpayer may request to abate any
14 assessment specified in such notice
15 pursuant to paragraph (2)(A), in bold,
16 font size 14, and immediately next to
17 the taxpayer’s address on page 1 of
18 the notice.

19 “(ii) NO LISTS OF POTENTIAL ER-
20 RORS.—A notice which provides multiple
21 potential or alternative errors which may
22 be applicable to the return shall not be suf-
23 ficiently specific for purposes of clause
24 (i)(II); however, if multiple specific errors

1 apply to the return all such errors should
2 be listed.”.

3 (b) NOTICE OF ABATEMENT.—Paragraph (2) of sec-
4 tion 6213(b) is amended by adding at the end the fol-
5 lowing new subparagraph:

6 “(C) NOTICE.—Upon determination of an
7 abatement pursuant to subparagraph (A), the
8 Secretary shall send notice to the taxpayer of
9 such abatement which—

10 “(i) is sent to the taxpayer’s last
11 known address,

12 “(ii) describes the abatement in com-
13 prehensive, plain language, and

14 “(iii) provides an itemized computa-
15 tion of any adjustments to be made to the
16 items described in the notice of mathe-
17 matical or clerical error, including any
18 changes to any item described in para-
19 graph (1)(B)(i)(III).”.

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

23 (d) PROCEDURES.—Not later than 180 days after the
24 date of the enactment of this Act, the Secretary shall pro-
25 vide for procedures by which a taxpayer may request an

1 abatement pursuant to section 6213(b)(1)(B)(i)(V) of the
2 Internal Revenue Code of 1986 in writing, electronically,
3 by telephone, or in person.

4 (e) PILOT PROGRAM.—Not later than 18 months
5 after the date of the enactment of this Act, the Secretary,
6 in consultation with the National Taxpayer Advocate,
7 shall—

8 (1) implement a pilot program to send a trial
9 number of notices, in an amount which is a statis-
10 tically significant portion of all such notices, of
11 mathematical or clerical error pursuant to section
12 6213(b) of the Internal Revenue Code of 1986 by
13 certified or registered mail with e-signature con-
14 firmation of receipt, and

15 (2) report to Congress, aggregated by the type
16 of error under section 6213(g) of such Code to
17 which the notices relate, on—

18 (A) the number of mathematical or clerical
19 errors noticed under the program and the dollar
20 amounts involved,

21 (B) the number of abatements of tax and
22 the dollar amounts of such abatements, and

23 (C) the effect of such pilot program on
24 taxpayer response and adjustments or abate-
25 ments to tax,

1 with conclusions drawn about the effectiveness of
2 certified mail, with and without return receipt, and
3 any other recommendations for improving taxpayer
4 response rates.

5 **SEC. 106. AUTOMATION OF REFUND OFFSET BYPASS FOR**
6 **INDIVIDUALS FACING ECONOMIC HARDSHIP.**

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

8 (1) by striking “In the case” and inserting the
9 following:

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

12 (2) by adding at the end the following new
13 paragraph:

14 “(2) SPECIAL RULE FOR INDIVIDUALS FACING
15 ECONOMIC HARDSHIP.—In the case of an overpay-
16 ment with respect to any taxable year for which a
17 credit is allowed to the taxpayer under section 32,
18 the Secretary shall, subject to subsections (c), (d),
19 (e), and (f), refund such overpayment in an amount
20 not to exceed the amount of the credit allowed under
21 such section for such taxable year.”.

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

1 **SEC. 107. INSTALLMENT AGREEMENT FEES ELIMINATED**
2 **FOR CERTAIN INDIVIDUALS.**

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

5 “(2) WAIVER.—No fee shall be imposed on an
6 installment agreement under this section in the case
7 of—

8 “(A) any taxpayer with an adjusted gross
9 income, as determined for the most recent year
10 for which such information is available, which
11 does not exceed 250 percent of the applicable
12 poverty level (as determined by the Secretary),
13 or

14 “(B) any taxpayer which has agreed to
15 make payments under the installment agree-
16 ment by electronic payment through a debit in-
17 strument.”.

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

22 **SEC. 108. INDIVIDUALS FACING ECONOMIC HARDSHIPS IN-**
23 **FORMED OF COLLECTION ALTERNATIVES.**

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

1 (1) establish a program to identify taxpayers
2 who—

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

5 (B) have an unpaid tax liability, and

6 (2) in the case of any taxpayer described in
7 paragraph (1) who requests to enter into an agree-
8 ment described in section 6159(a) of the Internal
9 Revenue Code of 1986, provide such taxpayer with
10 information regarding other options which the Inter-
11 nal Revenue Service makes available to taxpayers
12 who have an unpaid tax liability and are experi-
13 encing an economic hardship, including—

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

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

18 (C) classification as currently not collect-
19 ible (within the meaning of section 6343(e) of
20 such Code).

21 (b) EXCEPTION.—Subsection (a)(2) shall not apply
22 in the case of a taxpayer who requests to enter into an
23 agreement described in section 6159(a) of the Internal
24 Revenue Code of 1986 for partial collection of a tax liabil-
25 ity.

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

7 (1) the most recent income data which the Sec-
8 retary has received from a return or a report from,
9 or with respect to, such taxpayer, and

10 (2) the schedules described in section
11 7122(d)(2)(A) of such Code.

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

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

22 (2) whether such identification procedures may
23 be appropriately applied for other purposes.

1 **SEC. 109. QUARTERLY NOTICES TO CERTAIN TAXPAYERS**
2 **WITH DELINQUENCIES.**

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

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

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

8 “(a) IN GENERAL.—Except as provided in subsection

9 (b), not less often than quarterly”, and

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

11 “(b) EXCEPTION.—The requirement under sub-
12 section (a) shall not apply—

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

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

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

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

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect on the date which is 24
25 months after 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 (b) CONFORMING AMENDMENTS.—Section 7122(b) is
2 amended by striking the second and third sentences.

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

7 **SEC. 112. POSTPONEMENT OF CERTAIN DEADLINES BY**
8 **REASON OF DISASTERS MADE APPLICABLE**
9 **TO LIMITATION ON CREDIT OR REFUND.**

10 (a) EXTENSION OF TIME FOR FILING RETURN.—

11 (1) IN GENERAL.—Section 7508A is amended
12 by adding at the end the following new subsection:

13 “(f) APPLICATION TO LIMITATION ON CREDIT OR
14 REFUND.—For purposes of section 6511(b)(2)(A), any
15 period disregarded under this section with respect to the
16 time prescribed for filing any return of tax shall be treated
17 as an extension of time for filing such return.”.

18 (2) EFFECTIVE DATE.—The amendment made
19 by this subsection shall apply to claims filed after
20 the date of enactment of this Act.

21 (b) COLLECTION NOTICES.—

22 (1) IN GENERAL.—Section 6303(b) is amend-
23 ed—

24 (A) by striking “Except” and inserting the
25 following:

1 “(1) IN GENERAL.—Except”, and

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

4 “(2) POSTPONEMENT BY REASON OF DISASTER,
5 SIGNIFICANT FIRE, OR TERRORISTIC OR MILITARY
6 ACTIONS.—For purposes of paragraph (1), the last
7 date prescribed for payment of any tax shall be de-
8 termined after taking into account any period dis-
9 regarded under section 7508A.”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to notices issued after
12 the date of enactment of this Act.

13 **SEC. 113. MODIFICATION OF PROCEDURAL REQUIREMENTS**
14 **FOR PENALTIES AND DISALLOWANCE PERI-**
15 **ODS.**

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

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

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

22 “(A) the initial determination to apply
23 such penalty or disallowance period, as applica-
24 ble, is personally approved (in writing) by the

1 immediate supervisor of the individual making
2 such determination, and

3 “(B) the approval described in subpara-
4 graph (A) is obtained on or before the date any
5 notice is sent to the taxpayer regarding the ap-
6 plication of such penalty or disallowance pe-
7 riod.”, and

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

9 “(3) INITIAL DETERMINATION.—

10 “(A) IN GENERAL.—For purposes of this
11 subsection, the term ‘initial determination’
12 means the first determination, provided in a
13 written notice to a taxpayer, that, based on spe-
14 cific facts and circumstances with respect to
15 such taxpayer—

16 “(i) a specific penalty applies to such
17 taxpayer for a specific amount, or

18 “(ii) a disallowance period applies to
19 such taxpayer for a specific period.

20 “(B) REQUESTS OR INQUIRIES.—No re-
21 quest or inquiry made by the Secretary shall be
22 deemed to be an initial determination unless
23 such request or inquiry provides the taxpayer
24 with an offer to agree to a specific penalty for
25 a specific amount (with the exception of any

1 penalty offered under a settlement initiative to
2 a class of taxpayers) or a disallowance period
3 for a specific period.”.

4 (b) DISALLOWANCE PERIOD.—Section 6751 is
5 amended by adding at the end the following new sub-
6 section:

7 “(d) DISALLOWANCE PERIOD.—

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

10 “(A) with respect to any credit under sec-
11 tion 24, the period determined under section
12 24(g)(1),

13 “(B) with respect to any credit under sec-
14 tion 25A, the period determined under section
15 25A(b)(4)(A), and

16 “(C) with respect to any credit under sec-
17 tion 32, the period determined under section
18 32(k)(1).

19 “(2) APPROVAL REQUIRED FOR DISALLOWANCE
20 PERIOD AUTOMATICALLY CALCULATED THROUGH
21 ELECTRONIC MEANS.—With respect to the applica-
22 tion of any disallowance period, subsection (b)(2)(B)
23 shall not apply.”.

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

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

12 (1) every organizational unit of the Internal
13 Revenue Service that has power to assess, abate, or
14 otherwise enforce any penalty imposed by the Inter-
15 nal Revenue Service under the Internal Revenue
16 Code of 1986, and

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

21 **SEC. 114. RETURN OF AMOUNTS COLLECTED BY IRS IN EX-**
22 **CESS OF ACCEPTED OFFER-IN-COMPROMISE**
23 **AMOUNT.**

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

1 “(h) RETURN AMOUNTS COLLECTED IN EXCESS OF
2 PAYMENT AMOUNT OF ACCEPTED OFFER-IN-COM-
3 PROMISE.—

4 “(1) IN GENERAL.—Subject to paragraph (2),
5 in the case of any taxpayer for which an offer-in-
6 compromise has been accepted under this section,
7 any proceeds collected from such taxpayer after ac-
8 ceptance of the offer-in-compromise which are in ex-
9 cess of any remaining payments scheduled under
10 such compromise shall be transferred to the tax-
11 payer.

12 “(2) EXCEPTION.—Paragraph (1) shall not
13 apply if—

14 “(A) the taxpayer and the Secretary have
15 specifically agreed otherwise, or

16 “(B) the Secretary has—

17 “(i) determined that, under the terms
18 of the compromise, such compromise is in
19 default, and

20 “(ii) elected to terminate such com-
21 promise.”.

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

24 (1) in subsection (a)(1)—

1 (A) in subparagraph (D), by striking “or”
2 at the end,

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

5 (C) by adding at the end the following sub-
6 paragraph:

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

11 (2) in subsection (d)(2)—

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

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

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

18 “(E) 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,”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to any compromise made under
24 section 7122 of the Internal Revenue Code of 1986 which

1 is accepted by the Secretary after the date of enactment
2 of this Act.

3 **SEC. 115. EXTENSION OF PERIOD FOR RETURN OF**
4 **AMOUNTS SUBJECT TO WRONGFUL LEVY.**

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

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

14 **SEC. 116. MODIFICATION OF RULES FOR POSTPONING CER-**
15 **TAIN DEADLINES BY REASON OF DISASTER.**

16 (a) AUTHORITY TO POSTPONE FEDERAL TAX DEAD-
17 LINES BY REASON OF STATE-DECLARED DISASTERS.—
18 Section 7508A is amended by redesignating subsections
19 (c), (d), and (e) as subsections (d), (e), and (f), respec-
20 tively, and by inserting after subsection (b) the following
21 new subsection:

22 “(c) SPECIAL RULE FOR STATE-DECLARED DISAS-
23 TERS.—

24 “(1) IN GENERAL.—The Secretary (after con-
25 sultation with the Administrator of the Federal

1 Emergency Management Agency) may, upon the
2 written request of the Governor of a State (or the
3 Mayor, in the case of the District of Columbia),
4 apply the rules of subsection (a) to the counties
5 specified in a qualified State declared disaster in the
6 same manner as a disaster, fire, or action otherwise
7 described in subsection (a).

8 “(2) QUALIFIED STATE DECLARED DIS-
9 ASTER.—For purposes of this section, the term
10 ‘qualified State declared disaster’ means, with re-
11 spect to any State, any natural catastrophe (includ-
12 ing any hurricane, tornado, storm, high water, wind-
13 driven water, tidal wave, tsunami, earthquake, vol-
14 canic eruption, landslide, mudslide, snowstorm, or
15 drought), or, regardless of cause, any fire, flood, or
16 explosion, in any part of the State, which in the de-
17 termination of the Governor of such State (or the
18 Mayor, in the case of the District of Columbia)
19 causes damage of sufficient severity and magnitude
20 to warrant the application of the rules of this sec-
21 tion.

22 “(3) STATE.—For purposes of this section, the
23 term ‘State’ includes the District of Columbia, the
24 Commonwealth of Puerto Rico, the Virgin Islands,

1 Guam, American Samoa, and the Commonwealth of
2 the Northern Mariana Islands.”.

3 (b) MANDATORY EXTENSIONS EXTENDED TO 120
4 DAYS.—Section 7508A(e), as redesignated by subsection
5 (a), is amended—

6 (1) by striking “60 days” in paragraph (1)(B)
7 thereof and inserting “120 days”,

8 (2) by striking “60-day” in paragraph (6)
9 thereof and inserting “120-day”, and

10 (3) by striking “60-DAY” in the heading and in-
11 serting “120-DAY”.

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

16 **SEC. 117. REPORTS TO CONGRESS.**

17 (a) IMPLEMENTATION.—Not later than the date
18 which is 2 years after the date of enactment of this Act,
19 the Secretary (following consultation with the National
20 Taxpayer Advocate, the Treasury Inspector General for
21 Tax Administration, and the Comptroller General of the
22 United States) shall provide a report to the Committee
23 on Ways and Means of the House of Representatives and
24 the Committee on Finance of the Senate regarding the

1 actions taken by the Internal Revenue Service to imple-
2 ment sections 101, 103, 104, and 105, including—

3 (1) an analysis of successes and challenges with
4 respect to implementation of such sections, and

5 (2) any recommendations to Congress with re-
6 spect to the implementation or administration of
7 such section.

8 (b) FRAUD.—

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

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

21 (A) a detailed description, timeline, and
22 analysis of any efforts undertaken by the Inter-
23 nal Revenue Service and any of the other mem-
24 bers of the Security Summit during the most

1 recent tax filing season to address and prevent
2 each type of tax fraud, including—

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

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

10 (II) updated guidelines or restric-
11 tions,

12 (III) potential threat analyses,

13 (IV) specific data or analytics,

14 and

15 (V) any other actionable threat
16 information, and

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

1 Revenue Service and other members of the
2 Security Summit,

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

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

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

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

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

12 (ii) the total dollar amount of fraudu-
13 lent claims for refund—

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

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

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

1 **TITLE II—AMERICAN CITIZENS**
2 **ABROAD**

3 **SEC. 201. COMBINED TAX AND FOREIGN BANK AND FINAN-**
4 **CIAL ACCOUNT REPORTING.**

5 (a) IN GENERAL.—Section 5314 of title 31, United
6 States Code, is amended by adding at the end the fol-
7 lowing new subsection:

8 “(d) Except as otherwise provided by the Secretary
9 in regulations—

10 “(1) any person required to file a report under
11 this section shall file such report with the Federal
12 income tax return for the taxable year beginning
13 with or within the calendar year with respect to
14 which the report relates (or, if no return is filed, at
15 the same time and in the same manner as such a
16 return); and

17 “(2) any report filed in the manner prescribed
18 under paragraph (1) shall be treated as timely filed
19 if the Federal income tax return with which such re-
20 port is included is timely filed.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to returns and reports required
23 to be filed after the date that is 24 months after the date
24 of the enactment of this Act.

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

2 (a) GAO STUDY AND REPORT.—

3 (1) IN GENERAL.—The Comptroller General of
4 the United States shall conduct a study on the bur-
5 dens of compliance with Federal tax laws for citizens
6 living abroad.

7 (2) FACTORS CONSIDERED.—The study con-
8 ducted under subsection (a) shall identify problems
9 relating to compliance of Federal tax laws for such
10 citizens, including problems specific to low-income
11 and moderate-income citizens related to—

12 (A) the filing of Federal tax returns and
13 any reports required under section 5314 of title
14 31, United States Code, in a timely, accurate,
15 and affordable manner;

16 (B) the methods and processes allowing
17 such citizens to receive, understand, and re-
18 spond to inquiries from the Internal Revenue
19 Service and the Financial Crimes Enforcement
20 Network about such returns and reports;

21 (C) access to services of the Internal Rev-
22 enue Service and the Financial Crimes Enforce-
23 ment Network with respect to such returns and
24 reports; and

25 (D) accessing financial services abroad.

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

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

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

13 (2) any legislative recommendations necessary
14 to address such problems.

15 **SEC. 203. SIMPLIFICATION OF CURRENCY EXCHANGES**

16 **RULES.**

17 (a) INCREASE IN THRESHOLD FOR EXCLUSION FOR
18 PERSONAL TRANSACTIONS.—

19 (1) IN GENERAL.—The second sentence of sec-
20 tion 988(e)(2) is amended by striking “\$200” and
21 inserting “\$1,000”.

22 (2) INFLATION ADJUSTMENT.—Section 988(e)
23 is amended by adding at the end the following new
24 paragraph:

25 “(4) INFLATION ADJUSTMENT.—

1 “(A) IN GENERAL.—In the case of any
2 taxable year beginning after 2024, the \$1,000
3 amount in paragraph (2) shall be increased by
4 an amount equal to—

5 “(i) such dollar amount, multiplied by

6 “(ii) the cost-of-living adjustment de-
7 termined under section 1(f)(3) for the cal-
8 endar year in which the taxable year be-
9 gins, determined by substituting in sub-
10 paragraph (A)(ii) thereof ‘calendar year
11 2023’ for ‘calendar year 2016’.

12 “(B) ROUNDING.—If any amount as ad-
13 justed under subparagraph (A) is not a multiple
14 of \$50, such dollar amount shall be rounded to
15 the next lowest multiple of \$50.”.

16 (b) LOSSES RELATED TO SALES OF PERSONAL RESI-
17 DENCES DENOMINATED IN FOREIGN CURRENCIES.—

18 (1) IN GENERAL.—Section 165(c) is amended
19 by striking “and” at the end of paragraph (2), by
20 striking the period at the end of paragraph (3) and
21 inserting a comma, and by adding at the end the fol-
22 lowing new paragraphs:

23 “(4) foreign currency losses with respect to
24 qualified mortgage debt, but only to the extent of
25 any gain recognized during the taxable year on the

1 sale of a qualified residence (as defined in section
2 163(h)(4)) which is located outside of the United
3 States and which secures such qualified mortgage
4 debt, and

5 “(5) losses from the sale or exchange of a quali-
6 fied residence (as so defined) which is located out-
7 side of the United States, but only to the extent of
8 any foreign currency gain recognized during the tax-
9 able year with respect to qualified mortgage debt se-
10 cured by such qualified residence.”.

11 (2) QUALIFIED MORTGAGE DEBT.—Section 165
12 is amended by redesignating subsection (m) as sub-
13 section (n) and by inserting after subsection (l) the
14 following new subsection:

15 “(m) QUALIFIED MORTGAGE DEBT.—For purposes
16 of subsection (c), the term ‘qualified mortgage debt’
17 means—

18 “(1) any acquisition indebtedness (as defined in
19 section 163(h)(3)(B), determined without regard to
20 clause (ii) thereof) of an individual,

21 “(2) any home equity indebtedness (as defined
22 in section 163(h)(3)(C), determined without regard
23 to clause (ii) thereof) of an individual, and

24 “(3) any other indebtedness approved under
25 regulations or guidance provided by the Secretary.”.

1 (c) SPECIAL RULE FOR HOME MORTGAGE REFI-
2 NANCING TRANSACTIONS.—Section 989 is amended by re-
3 designating subsection (c) as subsection (d) and by insert-
4 ing after subsection (b) the following new subsection:

5 “(c) SPECIAL RULE FOR HOME MORTGAGE REFI-
6 NANCING TRANSACTIONS.—In the case of the refinancing
7 of any qualified mortgage debt (as defined in section
8 165(c)) in a nonfunctional currency—

9 “(1) no foreign currency gain shall be recog-
10 nized, and

11 “(2) the amount of foreign currency gain or
12 loss on the repayment of such debt shall be deter-
13 mined by reference to the liability of the borrower at
14 the time the debt was originally incurred.”.

15 (d) ELECTION TO USE AVERAGE EXCHANGE RATE
16 WITH RESPECT TO CERTAIN FOREIGN CURRENCY
17 TRANSACTIONS.—Section 989, as amended by subsection
18 (c), is further amended by redesignating subsection (d) as
19 subsection (e) and by inserting after subsection (c) the fol-
20 lowing new subsection:

21 “(d) ELECTION TO AGGREGATE TRANSACTION WITH
22 RESPECT TO FOREIGN EARNED INCOME.—

23 “(1) IN GENERAL.—In the case of a qualified
24 individual who makes an election under this sub-
25 section—

1 “(A) all transactions during a calendar
2 year which involve an item of qualified income
3 or expense shall be treated as 1 transaction,
4 and

5 “(B) the amount of foreign currency gain
6 or loss attributable to such transaction shall be
7 determined by using the average exchange rate
8 for the calendar year.

9 “(2) QUALIFIED INDIVIDUAL.—For purposes of
10 this subsection, the term ‘qualified individual’ has
11 the meaning given such term under section
12 911(d)(1).

13 “(3) ITEM OF QUALIFIED INCOME OR EX-
14 PENSE.—For purposes of this subsection, the term
15 ‘item of qualified income or expense’ means—

16 “(A) foreign earned income (as defined in
17 section 911(b)(1)(A), determined without re-
18 gard to section 911(b)(1)(B)), and

19 “(B) any other item of income or expense
20 specified by the Secretary in regulations.”.

21 “(e) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to transactions in taxable years
23 beginning after the date of the enactment of this Act.

1 **SEC. 204. INCREASE IN THRESHOLD FOR SIMPLIFIED FOR-**
2 **EIGN TAX CREDIT RULES AND REPORTING.**

3 (a) IN GENERAL.—Subparagraph (B) of section
4 904(j)(2) is amended by striking “\$300 (\$600” and in-
5 serting “\$1,000 (\$2,000”.

6 (b) INFLATION ADJUSTMENT.—Section 904(j) is
7 amended by adding at the end the following new para-
8 graph:

9 “(4) INFLATION ADJUSTMENT.—

10 “(A) IN GENERAL.—In the case of any
11 taxable year beginning in a calendar year after
12 2024, each of the dollar amounts under para-
13 graph (2)(B) shall be increased by an amount
14 equal to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the cost-of-living adjustment de-
17 termined under section 1(f)(3) for the cal-
18 endar year in which the taxable year be-
19 gins, determined by substituting in sub-
20 paragraph (A)(ii) thereof ‘calendar year
21 2023’ for ‘calendar year 2016’.

22 “(B) ROUNDING.—If any amount as ad-
23 justed under paragraph (1) is not a multiple of
24 \$50, such dollar amount shall be rounded to the
25 next lowest multiple of \$50.”.

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

4 **SEC. 205. EXTENSION OF TIME FOR PERSONS OUTSIDE OF**
5 **THE UNITED STATES TO REQUEST ABATE-**
6 **MENT OF MATH ERROR.**

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

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

14 **SEC. 206. REDUCED BURDEN FOR LOW-INCOME, DUAL-CIT-**
15 **IZEN EXPATRIATES; CLARIFICATION OF LIMI-**
16 **TATION PERIOD.**

17 (a) RELIEF FOR CERTAIN LOWER-INCOME DUAL
18 CITIZENS.—

19 (1) IN GENERAL.—Section 877A(g)(1) is
20 amended by redesignating subparagraph (C) as sub-
21 paragraph (D) and by inserting after subparagraph
22 (B) the following new subparagraph:

23 “(C) REGULATORY EXCEPTION FOR CER-
24 TAIN LOW-INCOME DUAL CITIZENS.—

1 “(i) IN GENERAL.—Under regulations
2 established by the Secretary, an individual
3 shall not be treated as failing to meet the
4 certification requirements of subparagraph
5 (C) of section 877(a)(2) if such individual
6 meets the requirements of clauses (ii) and
7 (iii).

8 “(ii) QUALIFICATIONS.—An individual
9 meets the requirements of this clause if,
10 immediately before the expatriation date,
11 such individual—

12 “(I) is a citizen of both the
13 United States and another country,

14 “(II) has a tax home (as defined
15 in section 911(d)(3)) outside of the
16 United States,

17 “(III) has limited connections
18 with the United States for the pre-
19 ceding 5 years, and

20 “(IV) except as provided by the
21 Secretary, provides to the Secretary
22 the information described in section
23 6039G(b).

24 “(iii) DETERMINATION.—

1 “(I) IN GENERAL.—An individual
2 meets the requirements of this clause
3 if the Secretary determines that the
4 amount of unpaid taxes imposed
5 under this chapter and chapter 2A on
6 such individual for each of the 5 pre-
7 ceding taxable years is reasonably
8 likely to be not more than a de mini-
9 mis amount, as determined under a
10 formula established by the Secretary.

11 “(II) RULE OF CONSTRUC-
12 TION.—Any determination by the Sec-
13 retary under this clause with respect
14 to an individual shall not be construed
15 as a determination that such indi-
16 vidual has complied with the require-
17 ments of this title.

18 “(iv) REGULATIONS OR GUIDANCE.—

19 “(I) IN GENERAL.—The Sec-
20 retary shall issue such regulations or
21 other guidance as the Secretary deter-
22 mines necessary to carry out the pur-
23 poses of this paragraph.

24 “(II) PROHIBITION ON UNITED
25 STATES INCOME TAX REPORTING.—

1 Such regulations or guidance may not
2 require the reporting of United States
3 income tax liability.

4 “(III) DE MINIMIS THRESH-
5 OLDS.—Such regulations and guid-
6 ance shall establish the formula for de
7 minimis amounts under clause (iii)(I)
8 in a manner that is consistent with
9 the purposes of section 879(a)(2)(A)
10 and 911(b) and that takes into ac-
11 count geographic disparities and infla-
12 tion.”.

13 (2) EFFECTIVE DATE.—

14 (A) IN GENERAL.—The amendments made
15 by this subsection shall apply to individuals
16 whose expatriation date (as defined in section
17 877A of the Internal Revenue Code of 1986) is
18 on or after the first day of the first calendar
19 year beginning after the date that is one year
20 after the date of the enactment of this Act.

21 (B) INTERIM REGULATORY RELIEF.—The
22 Secretary of the Treasury (or the Secretary’s
23 delegate) may by regulations provide for rules
24 similar to the rules of section 877A(g)(1)(C) of
25 the Internal Revenue Code of 1986 (as added

1 by paragraph (1)) for individuals whose expa-
2 triation date (as defined in section 877A of
3 such Code) is after the date of the enactment
4 of this Act and before the date described in
5 subparagraph (A).

6 (b) APPLICATION OF STATUTE OF LIMITATION IN
7 CASE OF FAILURE TO FILE EXPATRIATION STATE-
8 MENT.—

9 (1) IN GENERAL.—Section 6501(c)(8)(A) is
10 amended—

11 (A) by inserting “6039G,” after “6038D,”

12 (B) by striking “the Secretary is fur-
13 nished”, and

14 (C) by inserting “is furnished to the Sec-
15 retary in the form and manner as the Secretary
16 may prescribe under such section” before the
17 period at the end.

18 (2) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply to returns filed after
20 the date of the enactment of this Act.

21 **TITLE III—JUDICIAL REVIEW**

22 **SEC. 301. AUTHORIZATION OF SUBPOENAS BEFORE HEAR-** 23 **INGS TO FACILITATE SETTLEMENTS.**

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

25 “(a) IN GENERAL.—

1 “(1) ADMINISTRATION OF OATHS.—For the ef-
2 ficient administration of the functions vested in the
3 Tax Court or any division thereof, any judge or spe-
4 cial trial judge, the clerk or the clerk’s deputies, as
5 such, or any other employee of the Tax Court des-
6 ignated in writing for the purpose by the chief judge,
7 may administer oaths or affirmations.

8 “(2) SUBPOENA AUTHORITY.—Any judge or
9 special trial judge may examine witnesses and re-
10 quire, by subpoena ordered by the Tax Court or any
11 division thereof and signed by the judge or special
12 trial judge (or by the clerk of the Tax Court or by
13 any other employee of the Tax Court when acting as
14 deputy clerk), any of the following:

15 “(A) The attendance of parties or wit-
16 nesses.

17 “(B) The production of books, papers, doc-
18 uments, electronically stored information, or
19 tangible things from any place in the United
20 States by any party or witness having custody
21 or control thereof for purposes of discovery or
22 for use of the things produced as evidence in
23 accordance with the rules and orders of the Tax
24 Court.

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

4 “(3) DEPOSITIONS.—Pursuant to rules and or-
5 ders of the Court, the deposition of a witness may
6 be taken before any designated individual competent
7 to administer oaths under this title. Any deposition
8 testimony shall be reduced to writing by the indi-
9 vidual taking the deposition, or under such individ-
10 ual’s direction, and shall be subscribed by the depo-
11 nent.”.

12 **SEC. 302. CLARIFICATION OF TAX COURT AUTHORITY TO**
13 **ORDER RELIEF FROM A JUDGMENT OR**
14 **ORDER.**

15 Section 7481 is amended—

16 (1) by striking “and (d),” in subsection (a) and
17 inserting “(d), and (e),” and

18 (2) adding at the end the following new sub-
19 section:

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

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

23 “(A) IN GENERAL.—The Tax Court may
24 correct a clerical mistake, or a mistake arising
25 from oversight or omission, whenever one is

1 found in a judgment, order, or other part of the
2 record. The Tax Court may do so on motion or
3 on its own, with or without notice.

4 “(B) APPELLATE COURT LEAVE REQUIRED
5 ON APPEAL.—After an appeal has been dock-
6 eted in the appellate court, and while such ap-
7 peal is pending, any such mistake may be cor-
8 rected only with the appellate Court’s leave.

9 “(2) GROUNDS FOR RELIEF FROM A FINAL
10 JUDGMENT OR ORDER.—On motion and just terms,
11 the Tax Court may relieve a party or its legal rep-
12 resentative from a final judgment or order for any
13 of the following reasons:

14 “(A) Mistake, inadvertence, surprise, or
15 excusable neglect.

16 “(B) Newly discovered evidence that, with
17 reasonable diligence, could not have been dis-
18 covered in time to move for a new trial under
19 rules prescribed by the Court.

20 “(C) Fraud (whether previously called in-
21 trinsic or extrinsic), misrepresentation, or mis-
22 conduct by an opposing party.

23 “(D) The judgment is void.

24 “(E) Any other circumstance where justice
25 so requires.

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

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

3 (2)—

4 “(i) must be made within a reasonable
5 time, and

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

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

13 “(4) OTHER POWERS TO GRANT RELIEF.—The
14 Tax Court may set aside a judgment in the case of
15 fraud on the Tax Court.

16 “(5) COURT OF APPEALS JURISDICTION.—If
17 the Tax Court provides relief from a judgment or
18 order that is otherwise final under this section, ei-
19 ther or both parties may obtain review of such relief
20 by filing a notice of appeal under this subchapter
21 within 90 days of the Court’s judgment or order di-
22 recting such relief.”.

1 **SEC. 303. AUTHORIZATION OF SPECIAL TRIAL JUDGES TO**
2 **HEAR ADDITIONAL CASES AND ADDRESS**
3 **CONTEMPT.**

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

8 “(7) upon the consent of the parties, and pur-
9 suant to rules promulgated by the Tax Court, any
10 proceeding not described in paragraphs (1) through
11 (6), and”, and

12 (b) AUTHORIZING SPECIAL TRIAL JUDGE.—Section
13 7443A(c) is amended by striking “or (6)” and inserting
14 “(6), or (7)”.

15 (c) CONTEMPT AUTHORITY.—Section 7443A is
16 amended by adding at the end the following new sub-
17 section:

18 “(f) INCIDENTAL POWERS.—A special trial judge ap-
19 pointed under this section shall have the power to punish
20 for contempt of the authority of the Tax Court as provided
21 in section 7456(c), except the sentence imposed by such
22 a special trial judge for any contempt shall not exceed the
23 penalties for a Class C misdemeanor as set forth in sec-
24 tions 3571(b)(6) and 3581(b)(8) of title 18, United States
25 Code. This subsection shall not be construed to limit the
26 authority of a special trial judge to order sanctions under

1 any other statute or any rule of the Tax Court prescribed
2 pursuant to section 7453.”.

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

7 **SEC. 304. DISQUALIFICATION OF JUDGES AND SPECIAL**
8 **TRIAL JUDGES.**

9 (a) **IN GENERAL.**—Part II of subchapter C of chap-
10 ter 76 is amended by adding at the end the following new
11 section:

12 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR SPECIAL**
13 **TRIAL JUDGE.**

14 “Section 455 of title 28, United States Code, shall
15 apply to judges, special trial judges, and proceedings of
16 the Tax Court.”.

17 (b) **CLERICAL AMENDMENT.**—The table of sections
18 for such part is amended by adding at the end the fol-
19 lowing new item:

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

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

22 (a) **NOTICE.**—

23 (1) **IN GENERAL.**—Section 6212(a) is amend-
24 ed—

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

3 “(1) NOTICE.—If the”,

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

6 “(2) MATTERS INCLUDED.—Such notice shall
7 include—

8 “(A) a notice”,

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

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

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

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

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

1 required by the Secretary to demonstrate eli-
2 gibility for the credit, and

3 “(iii) in any case in which the Sec-
4 retary has made a determination to impose
5 a disallowance period under section
6 24(g)(1), 25A(b)(4)(A), or 32(k)(1), pro-
7 viding the grounds for such disallowance
8 period (and the length of the disallowance
9 period unless overturned on appeal).”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to notices mailed 36
12 months after the date of enactment of this Act.

13 (b) AUTHORITY OF THE TAX COURT.—

14 (1) IN GENERAL.—Section 6214 is amended by
15 redesignating subsection (e) as subsection (f) and by
16 inserting after subsection (d) the following new sub-
17 section:

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

20 “(1) IN GENERAL.—The Tax Court shall have
21 jurisdiction to redetermine the imposition of any dis-
22 allowance period with respect to any credit under
23 section 24, 25A, or 32 for any taxable year in which
24 such a credit was denied.

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

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

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

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

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

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

1 (ii) was mailed before the date that is
2 36 months after the date of the enactment
3 of this Act.

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

9 (c) BURDEN OF PRODUCTION.—

10 (1) IN GENERAL.—Section 7491(c) is amend-
11 ed—

12 (A) by striking “with respect to the liabil-
13 ity” and inserting “with respect to—
14 “(1) the liability”,

15 (B) by striking the period after “title” and
16 inserting “, and”, and

17 (C) by adding at the end the following new
18 paragraph:

19 “(2) the application of any disallowance period
20 (as defined in section 6751(d)) to any individual.”.

21 (2) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to court proceedings
23 beginning after the date that is 36 months after the
24 date of the enactment of this Act in connection with
25 disallowance periods (as defined in section 6751(d))

1 of the Internal Revenue Code of 1986, as added by
2 this Act) determined after such date.

3 (d) MODIFICATION OF DISALLOWANCE PERIOD.—

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

6 (A) in subparagraph (B), by striking “for
7 which there was a final determination that the
8 taxpayer’s claim of credit under this section
9 was” each place it appears in clauses (i) and
10 (ii) and inserting “for which a notice of defi-
11 ciency has been sent under section 6212(a)
12 which notifies the taxpayer that the taxpayer’s
13 claim of credit under this section was denied”,
14 and

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

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

1 (2) AMERICAN OPPORTUNITY TAX CREDIT.—

2 Section 25A(b)(4)(A) is amended—

3 (A) in clause (ii), by striking “for which
4 there was a final determination that the tax-
5 payer’s claim of the American Opportunity
6 Credit under this section was” each place it ap-
7 pears in subclauses (I) and (II) and inserting
8 “for which a notice of deficiency has been sent
9 under section 6212(a) which notifies the tax-
10 payer that the taxpayer’s claim of credit under
11 this section was denied”, and

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

14 “(iii) ALLOWANCE OF PREVIOUSLY
15 DENIED CREDITS AFTER TAX COURT CON-
16 SIDERATION.—Notwithstanding clauses (i)
17 and (ii), a taxable year shall not be treated
18 as a taxable year in the disallowance pe-
19 riod if the Tax Court determines that the
20 disallowance period was not properly im-
21 posed for such year pursuant to section
22 6214(e).”.

23 (3) EARNED INCOME TAX CREDIT.—Section
24 32(k)(1) is amended—

1 (A) in subparagraph (B), by striking “for
2 which there was a final determination that the
3 taxpayer’s claim of credit under this section
4 was” each place it appears in clauses (i) and
5 (ii) and inserting “for which a notice of defi-
6 ciency has been sent under section 6212(a)
7 which notifies the taxpayer that the taxpayer’s
8 claim of credit under this section was denied”,
9 and

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

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

20 (4) EFFECTIVE DATE.—The amendments made
21 by this subsection shall apply to—

22 (A) taxable years beginning after the date
23 that is 36 months after the date of the enact-
24 ment of this Act, and

1 (B) disallowance periods (as defined in sec-
2 tion 6751(d) of the Internal Revenue Code of
3 1986, as added by this Act) in taxable years be-
4 ginning on or before such date if the notice of
5 deficiency for the taxable year with respect to
6 which the determination to impose such dis-
7 allowance period was made was sent after such
8 date.

9 **SEC. 306. AUTHORIZATION OF DE NOVO REVIEW OF INNO-**
10 **CENT SPOUSE RELIEF BY THE TAX COURT**
11 **AND OTHER COURTS.**

12 (a) DETERMINATIONS OF EQUITABLE RELIEF.—Sec-
13 tion 6015(f)(1) is amended—

14 (1) by striking by striking “Under procedures
15 prescribed by the Secretary, if—” and inserting “An
16 individual shall be relieved of liability for any unpaid
17 tax or any deficiency (or any portion of either) if—
18 ”

19 (2) by striking “any unpaid tax or any defi-
20 ciency (or any portion of either” in subparagraph
21 (A) and insert “such unpaid tax or deficiency (or
22 portion thereof)”,

23 (3) by striking the comma at the end of sub-
24 paragraph (B) and inserting a period, and

1 (4) by striking the matter following subpara-
2 graph (B).

3 (b) REVIEW.—

4 (1) IN GENERAL.—Section 6015(e)(7) is
5 amended by striking “by the Tax Court and shall be
6 based upon” and all that follows and inserting a pe-
7 riod.

8 (2) EFFECTIVE DATE.—The amendment made
9 by paragraph (1) shall apply to petitions and re-
10 quests filed or pending on or after the date of the
11 enactment of this Act.

12 **SEC. 307. CLARIFICATION OF TAX COURT JURISDICTION TO**
13 **APPLY EQUITABLE TOLLING IN DEFICIENCY**
14 **CASES.**

15 (a) IN GENERAL.—Section 7451(b) is amended to
16 read as follows:

17 “(b) TOLLING OF TIME.—

18 “(1) IN GENERAL.—The Tax Court shall have
19 jurisdiction to toll the period for filing a petition
20 under section 6213(a) in cases in which the Tax
21 Court determines based on the facts and cir-
22 cumstances that equity warrants such tolling.

23 “(2) RULES FOR INACCESSIBLE FILING LOCA-
24 TIONS.—

1 “(A) IN GENERAL.—Notwithstanding any
2 other provision of this title, in any case (includ-
3 ing by reason of a lapse in appropriations) in
4 which a filing location is inaccessible or other-
5 wise unavailable to the general public on the
6 date a petition is due, the relevant time period
7 for filing such petition shall be tolled for the
8 number of days within the period of inaccess-
9 sibility plus an additional 14 days.

10 “(B) FILING LOCATION.—For purposes of
11 this paragraph, the term ‘filing location’
12 means—

13 “(i) the office of the clerk of the Tax
14 Court, or

15 “(ii) Any on-line portal made available
16 by the Tax Court for electronic filing of
17 petitions.”.

18 (b) CONFORMING AMENDMENT.—Section 7459(d) is
19 amended—

20 (1) by striking “If a petition” and inserting the
21 following:

22 “(1) IN GENERAL.—If a petition”, and

23 (2) by adding at the end the following new
24 paragraph:

1 “(2) EXCEPTION.—Paragraph (1) shall not
2 apply with respect to any dismissal which is solely
3 based on a determination of the Tax Court not to
4 toll the period for filing a petition under section
5 6213(a).”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to filings made after the date of
8 the enactment of this Act.

9 (d) NO INFERENCE.—The amendment made by sub-
10 sections (a) shall not be construed to create any inference
11 with respect to the jurisdiction of the Tax Court with re-
12 spect to any petition filed on or before the date of the
13 enactment of this Act.

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

17 (a) IN GENERAL.—Section 6330(c)(2)(B) is amended
18 by inserting “in the Tax Court” after “otherwise have an
19 opportunity to dispute such tax liability”

20 (b) UNDERLYING TAX LIABILITY.—Section
21 6330(c)(4)(A) is amended by striking “An issue may not
22 be raised” and inserting “An issue which is not related
23 to the amount or existence of the underlying tax liability
24 may not be raised”.

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

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

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

7 “(A) IN GENERAL.—The person may”,

8 (2) by inserting “and with respect to the deter-
9 mination of any overpayment of tax for the taxable
10 year” after “matter”, and

11 (3) by adding at the end the following new sub-
12 paragraph:

13 “(B) LIMITATION ON AMOUNT OF CREDIT
14 OR REFUND.—In the case of any petition under
15 subparagraph (A), no credit or refund shall be
16 allowed or made of any portion of the tax un-
17 less the Tax Court determines as part of its de-
18 cision that such portion was paid within the pe-
19 riod which would be applicable under section
20 6511(b)(2), (c), or (d), if on the date of the
21 mailing of the notice described in subsection
22 (a)(1) a claim had been filed (whether or not
23 filed) stating the grounds upon which the Tax
24 Court finds that there is an overpayment.”.

25 (b) CONFORMING AMENDMENT.—Section 6330(e)(1)
26 is amended by inserting “section 6511 (relating to limita-

1 tions on credit or refund),” after “section 6502 (relating
2 to collection after assessment)”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to petitions filed after the date of
5 the enactment of this Act.

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

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

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

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

12 (2) by adding at the end the following new sub-
13 section:

14 “(b) ACTIONS FOR REFUNDS.—

15 “(1) IN GENERAL.—In addition to any other
16 court authorized by law, the Tax Court shall, subject
17 to section 7422, have jurisdiction over any action for
18 the recovery of any internal revenue tax alleged to
19 have been erroneously or illegally assessed or col-
20 lected, or of any penalty claimed to have been col-
21 lected without authority, or of any sum alleged to
22 have been excessive or in any manner wrongfully col-
23 lected to the same extent as the district courts of the
24 United States.

1 “(2) FURTHER NOTICE OF DEFICIENCY.—If the
2 Secretary prior to the hearing of a suit brought by
3 a taxpayer under paragraph (1) mails to the tax-
4 payer a notice that a deficiency has been determined
5 in respect of the tax which is the subject matter of
6 taxpayer’s suit, the proceedings in taxpayer’s suit
7 shall be stayed during the period of time in which
8 the taxpayer may file a petition with the Tax Court
9 for a redetermination of the asserted deficiency, and
10 for 60 days thereafter. If the taxpayer files such a
11 petition with the Tax Court, such petition shall be
12 consolidated with the suit brought under paragraph
13 (1).”.

14 (b) CONFORMING AMENDMENTS.—

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

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

19 (2) Section 1346(a) of title 28, United States
20 Code, is amended by inserting “and the Tax Court”
21 after “Court of Federal Claims”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to actions filed after the date that
24 is 18 months after the date of the enactment of this Act.

1 **SEC. 311. AUTHORIZATION TO USE DEFICIENCY PROCE-**
2 **DURES FOR CERTAIN PENALTIES.**

3 (a) IN GENERAL.—Chapter 63 is amended by adding
4 at the end the following new subchapter:

5 **“Subchapter D—Treatment of Penalties**

“Sec. 6251. Application of deficiency procedures.

“Sec. 6252. Authority to assess certain penalties.

6 **“SEC. 6251. APPLICATION OF DEFICIENCY PROCEDURES.**

7 “(a) IN GENERAL.—The Secretary may treat the
8 amount of any penalty imposed under this title as a defi-
9 ciency to which subchapter B applies.

10 “(b) SPECIAL RULES.—

11 “(1) GENERAL LIMITATION.—Subsection (a)
12 shall not apply to any penalty to which subchapter
13 B does not apply by statute.

14 “(2) LIMITATION ON ASSESSMENT AFTER NO-
15 TICE OF DEFICIENCY.—If the Secretary sends a no-
16 tice of deficiency with respect to a penalty imposed
17 under this title as provided in section 6212, the Sec-
18 retary may not thereafter assess such penalty for the
19 same period except as otherwise provided in sections
20 6213 and 6215 unless such notice has been re-
21 scinded as provided in section 6212(d).

22 “(3) ADDITIONAL DEFICIENCY LETTERS RE-
23 STRICTED.—If the Secretary has mailed to the tax-
24 payer a notice of deficiency as provided in section

1 6212(a), and the taxpayer files a petition with the
2 Tax Court within the time prescribed in section
3 6213(a), the Secretary shall have no right to deter-
4 mine any additional deficiency with respect to an act
5 (or failure to act) to which such petition relates.

6 **“SEC. 6252. AUTHORITY TO ASSESS CERTAIN PENALTIES.**

7 “(a) IN GENERAL.—Any penalty which the Secretary
8 identifies in guidance as not otherwise assessable under
9 this title (determined without regard to this section) may
10 be assessed if the Secretary sends a notice of deficiency
11 with respect to such penalty.

12 “(b) EXCEPTION.—Subsection (a) shall not apply to
13 any penalty expressly required to be recovered in a civil
14 or criminal action.”.

15 (b) CONFORMING AMENDMENT.—The table of sub-
16 chapters for chapter 63 is amended by adding at the end
17 the following new item:

“SUBCHAPTER D—TREATMENT OF PENALTIES”.

18 **SEC. 312. AUTHORIZATION TO ALLOW CLAIMS FOR REFUND**
19 **IN CERTAIN CASES WHERE FULL TAX NOT**
20 **PAID.**

21 (a) IN GENERAL.—Section 7422, as amended by this
22 Act, is amended by redesignating subsection (k) as sub-
23 section (l) and by inserting after subsection (m) the fol-
24 lowing new subsection:

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

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

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

18 “(A) such amount—

19 “(i) is the subject of an agreement
20 under section 6159 for which all install-
21 ments the due date for which is on or be-
22 fore the date the action is filed have been
23 paid, or

1 “(ii) has been determined by the Sec-
2 retary to be not collectible (within the
3 meaning of section 6343(e)), and

4 “(B) there is no pending procedural period
5 with respect to such amount.

6 “(3) PENDING PROCEDURAL PERIOD.—For
7 purposes of paragraph (2)(B), there is a pending
8 procedural period with respect to an amount if—

9 “(A) a notice has been provided under sec-
10 tion 6320 or 6330 with respect to such amount,
11 and

12 “(B)(i) the time period under such notice
13 for requesting a hearing has not expired,

14 “(ii) a hearing has been requested, or

15 “(iii) the period under section 6330(d)(1)
16 for appealing any determination of all issues
17 considered at such a hearing has not expired.

18 “(4) PERMISSIVE DISMISSAL.—

19 “(A) REQUEST FOR DISMISSAL.—The
20 United States (or the Secretary, in the case of
21 a case in the Tax Court) may request the dis-
22 missal of an applicable action if the taxpayer is
23 no longer in compliance with an installment
24 agreement under section 6159 or is no longer in

1 currently not collectible status (within the
2 meaning of section 6343(e)).

3 “(B) COURT ACTION.—In any case in
4 which there is a request for dismissal under
5 subparagraph (A), the court may, with or with-
6 out taking any evidence or holding a hearing,
7 dismiss the action with leave to refile when ei-
8 ther the full amount of such liability has been
9 paid or the conditions in paragraph (2) are met
10 at the time of refiling. In deciding whether to
11 dismiss the action, the court may consider the
12 extent to which the action has proceeded, the
13 extent to which full payment has been made,
14 any burden that may result to the taxpayer, the
15 United States, the Secretary, or the court from
16 such dismissal, and any other reason relating to
17 the policy of the full payment rule. A dismissal
18 under this paragraph shall not be reviewed by
19 any other court.

20 “(5) PROHIBITION ON COLLECTION OF DIS-
21 ALLOWED LIABILITY.—If the court redetermines
22 under paragraph (1) the correct amount of tax li-
23 ability of the taxpayer, no part of such liability
24 which is disallowed by a decision of such court which
25 has become final may be collected by the Secretary,

1 and amounts paid in excess of the amount deter-
2 mined by the court as correctly paid shall be re-
3 funded.”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to actions filed on or after the date
6 of the enactment of this Act.

7 **TITLE IV—OFFICE OF THE** 8 **TAXPAYER ADVOCATE**

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

11 Section 7803(c)(2)(D) is amended—

12 (1) in clause (i)—

13 (A) in subclause (I), by striking “and” at
14 the end,

15 (B) in subclause (II), by striking the pe-
16 riod at the end and inserting “; and”, and

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

18 “(III) appoint counsel in the Of-
19 fice of the Taxpayer Advocate to re-
20 port directly to the National Taxpayer
21 Advocate.”, and

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

23 “(iii) COUNSEL.—For purposes of
24 clause (i)(III)—

1 “(I) the National Taxpayer Advoca-
2 cate may utilize direct hire authority
3 to recruit and appoint qualified appli-
4 cants, without regard to any notice or
5 preference requirements, and

6 “(II) any counsel appointed pur-
7 suant to such clause shall not report
8 to the Chief Counsel for the Internal
9 Revenue Service.”.

10 **SEC. 402. NTA AUTHORIZATION TO MAKE PERSONNEL DE-**
11 **CISIONS.**

12 (a) **IN GENERAL.**—Section 7803(c)(2)(D)(i)(II) is
13 amended by striking “any employee of any local office of
14 a taxpayer advocate described in subclause (I)” and in-
15 serting “any employee of the Office of the Taxpayer Advoca-
16 cate”.

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

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

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

24 “(6) **ACCESS TO INFORMATION AND MEET-**
25 **INGS.**—

1 “(A) IN GENERAL.—Upon request, the
2 Commissioner of Internal Revenue shall provide
3 the Office of the Taxpayer Advocate with access
4 to any of the following:

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

9 “(I) any return or return infor-
10 mation (as such terms are defined in
11 section 6103(b)) which is necessary to
12 assist such taxpayer,

13 “(II) any legal advice provided by
14 the staff of the Office of the Chief
15 Counsel to any employee of the Inter-
16 nal Revenue Service (including any
17 legal advice prepared in contemplation
18 of litigation) which is necessary to as-
19 sist such taxpayer, regardless of
20 whether such legal advice cannot be
21 disclosed to such taxpayer, and

22 “(III) any meeting between such
23 taxpayer and any employee of the In-
24 ternal Revenue Service.

1 “(ii) To the extent necessary to per-
2 form a full and substantive analysis in-
3 cluded in any report described in para-
4 graph (2)(B)—

5 “(I) any relevant document, data,
6 or statistical information, and

7 “(II) any legal advice provided by
8 the staff of the Office of the Chief
9 Counsel to any employee of the Inter-
10 nal Revenue Service (including any
11 legal advice prepared in contemplation
12 of litigation).

13 “(iii) Legal advice from the staff of
14 the Office of the Chief Counsel on any
15 matter or issue.

16 “(B) DEADLINE.—Access to any informa-
17 tion, advice, or meeting described in subpara-
18 graph (A) shall be provided by the Commis-
19 sioner of Internal Revenue not later than—

20 “(i) the date which is 2 weeks after
21 the date on which a written request sub-
22 mitted by the National Taxpayer Advocate
23 (or delegate thereof) has been received by
24 the Commissioner of Internal Revenue (or
25 delegate thereof), or

1 “(ii) such date as is otherwise agreed
2 to by the Commissioner of Internal Rev-
3 enue (or delegate thereof) and the National
4 Taxpayer Advocate (or delegate thereof).

5 “(C) MEETINGS.—For purposes of sub-
6 paragraph (A)(i)(III), the Commissioner of In-
7 ternal Revenue shall be deemed to have satis-
8 fied the requirement under such subparagraph
9 if the Commissioner of Internal Revenue (or
10 delegate thereof) has extended an invitation to
11 attend the meeting to the Office of the Tax-
12 payer Advocate, without regard to whether such
13 an invitation was declined by any employee of
14 the Office of the Taxpayer Advocate.

15 “(D) PRIVILEGE.—Any access provided to
16 the Office of the Taxpayer Advocate pursuant
17 to this paragraph with respect to information or
18 legal advice from the staff of the Office of the
19 Chief Counsel shall have no effect on any privi-
20 lege which otherwise applies to such informa-
21 tion or legal advice.”.

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

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

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

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

5 “(XIV) identify any failure by
6 the Commissioner of Internal Revenue
7 to provide access to any information,
8 advice, or meeting described in sub-
9 paragraph (A) of paragraph (6) by
10 the date required under subparagraph
11 (B) of such paragraph.”.

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

15 **SEC. 404. REPEAL OF LIMITATION PERIOD SUSPENSION**
16 **FOR TAXPAYERS SEEKING ASSISTANCE FROM**
17 **TAS.**

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

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

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

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

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

4 **SEC. 405. OPERATIONS TO ASSIST TAXPAYERS EXPERI-**
5 **ENCING HARDSHIPS DURING LAPSE IN AP-**
6 **PROPRIATIONS.**

7 Notwithstanding section 1341(a) of title 31, United
8 States Code, during any lapse in appropriations, the Com-
9 missioner of Internal Revenue (or delegate thereof, includ-
10 ing the National Taxpayer Advocate) may incur obliga-
11 tions in advance of appropriations for such amounts as
12 may be necessary—

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

18 (2) for the purpose of complying with any Tax-
19 payer Assistance Order issued pursuant to section
20 7811 of such Code.

1 **TITLE V—TAX RETURN**
2 **PREPARERS**

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

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

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

8 “(A) any return of any tax imposed by this
9 title,

10 “(B) any administrative adjustment re-
11 quest under section 6227,

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

14 “(D) any other document purporting to be
15 a return, request, or report described in sub-
16 paragraphs (A) through (C).”.

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

20 **SEC. 502. PENALTIES FOR INVALID OR APPROPRIATED**
21 **PREPARER IDENTIFICATION NUMBERS.**

22 (a) IN GENERAL.—Section 6695 is amended—

23 (1) by striking subsection (c) and inserting the
24 following:

1 “(c) FAILURE TO FURNISH VALID IDENTIFYING
2 NUMBER.—

3 “(1) IN GENERAL.—

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

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

15 “(i) is assigned to another person,

16 “(ii) does not exist,

17 “(iii) is inactive or expired,

18 “(iv) has been withdrawn,

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

20 or

21 “(vi) is otherwise invalid for use by
22 the tax return preparer.

23 “(2) EXCEPTION.—The penalty imposed under
24 paragraph (1) shall not apply if it is shown that

1 such failure is due to reasonable cause and not due
2 to willful neglect.

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

7 (2) by redesignating subsection (h) as sub-
8 section (i),

9 (3) by inserting after subsection (g) the fol-
10 lowing new subsection:

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

13 “(1) IN GENERAL.—Any person who is an elec-
14 tronic return originator with respect to any return
15 or claim for refund who fails to use, with respect to
16 such return or claim, an electronic filing identifica-
17 tion number which is assigned to such person by the
18 Secretary, shall pay a penalty of \$250 for such fail-
19 ure, unless it is shown that such failure is due to
20 reasonable cause and not due to willful neglect.

21 “(2) DEFINITIONS.—For purposes of this sub-
22 section—

23 “(A) ELECTRONIC RETURN ORIGINATOR.—

24 “(i) IN GENERAL.—The term ‘elec-
25 tronic return originator’ means a person

1 who originates the electronic submission of
2 1 or more returns or claims for refund on
3 behalf of other taxpayers.

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

9 “(I) by furnishing mechanical as-
10 sistance to a person described in such
11 subclause,

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

16 “(III) as a fiduciary, or

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

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

22 “(i) IN GENERAL.—The term ‘elec-
23 tronic filing identification number’ means
24 an identification number assigned by the
25 Secretary to a person authorized to file re-

1 turns in electronic format on behalf of
2 other taxpayers.

3 “(ii) SUSPENSION OR REVOCATION.—

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

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

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

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

16 “(A) IN GENERAL.—The term ‘tax return
17 preparer’ means any person who prepares for
18 compensation, or who employs one or more per-
19 sons to prepare for compensation, any return of
20 tax imposed by this title, any document pur-
21 porting to be a return of tax imposed by this
22 title, or any claim for refund of tax imposed by
23 this title. For purposes of the preceding sen-
24 tence, the preparation of a substantial portion
25 of a return, document purporting to be a re-

1 turn, or claim for refund shall be treated as if
2 it were the preparation of such return, docu-
3 ment purporting to be a return, or claim for re-
4 fund.”, and

5 (2) in subparagraph (B)—

6 (A) in clause (ii), by striking “return or
7 claim for refund” and inserting “return, docu-
8 ment purporting to be a return, or claim for re-
9 fund”, and

10 (B) in clause (iii), by striking “return or
11 claim for refund” and inserting “return, docu-
12 ment purporting to be a return, or claim for re-
13 fund”.

14 (c) PREVENTION OF INADVERTENT ERRORS INVOLV-
15 ING IDENTIFYING NUMBERS.—

16 (1) IN GENERAL.—Not later than 18 months
17 after the date of enactment of this Act, the Sec-
18 retary shall establish a program to improve vol-
19 untary compliance with respect to requirements
20 under subsections (c) and (h) of section 6695 of the
21 Internal Revenue Code of 1986 (as amended by this
22 section) and avoid the imposition of penalties under
23 such subsections.

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

4 (A) prior to acceptance for processing,
5 identify—

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

11 (ii) any return or claim for refund
12 which has been electronically submitted
13 and does not include an electronic filing
14 identification number (as defined in section
15 6695(h)(2)(B) of such Code), and

16 (B) provide an opportunity for the person
17 who submitted such return or claim for refund
18 to avoid imposition of a penalty under sub-
19 section (c) or (h) of section 6695 of such Code,
20 as applicable, if—

21 (i) such return or claim for refund is
22 withdrawn, or

23 (ii) the correct identifying number or
24 electronic filing identification number is
25 provided.

1 (d) CRIMINAL PENALTY.—

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

5 **“SEC. 7218. WILLFUL MISUSE OR MISAPPROPRIATION OF**
6 **IDENTIFYING NUMBER.**

7 “(a) IN GENERAL.—Any tax return preparer who,
8 with respect to any return, document purporting to be a
9 return, or claim for refund—

10 “(1) willfully fails to furnish a valid preparer
11 tax identification number with intent to evade or de-
12 feat the application of any requirement under any
13 provision of this title which requires such preparer
14 to obtain and furnish such number,

15 “(2) willfully furnishes a preparer tax identi-
16 fication number which—

17 “(A) does not exist,

18 “(B) is inactive or expired,

19 “(C) has been withdrawn,

20 “(D) is suspended or has been revoked, or

21 “(E) is otherwise invalid for use by such
22 tax return preparer, or

23 “(3) willfully furnishes a preparer tax identi-
24 fication number which is assigned to another person,

1 shall, in addition to any other penalties provided by law,
2 be guilty of a felony and, upon conviction thereof, shall
3 be fined not more than \$50,000 (\$100,000 in the case
4 of a corporation), or imprisoned not more than 2 years,
5 or both, together with the costs of prosecution.

6 “(b) PREPARER TAX IDENTIFICATION NUMBER.—
7 The term ‘preparer tax identification number’ means an
8 identifying number described in section 6109(a)(4)(A).”.

9 (2) CLERICAL AMENDMENT.—The table of sec-
10 tions for part I of subchapter A of chapter 75 is
11 amended by adding at the end the following new
12 item:

“Sec. 7218. Willful misuse or misappropriation of identifying number.”.

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

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

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

23 (1) in subsection (a)—

24 (A) by striking “\$50” and inserting
25 “\$250”, and

1 (B) by striking “\$25,000” and inserting
2 “\$50,000”,

3 (2) in subsection (b)—

4 (A) by striking “\$50” and inserting
5 “\$250”, and

6 (B) by striking “\$25,000” and inserting
7 “\$75,000”,

8 (3) in subsection (d)—

9 (A) by striking “\$50” and inserting
10 “\$250”, and

11 (B) by striking “\$25,000” and inserting
12 “\$50,000”,

13 (4) in subsection (e)—

14 (A) by striking “\$50” and inserting
15 “\$250”, and

16 (B) by striking “\$25,000” and inserting
17 “\$75,000”,

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

20 (6) in subsection (i)(1)—

21 (A) by striking “2014” and inserting
22 “2024”, and

23 (B) by striking “calendar year 2013” and
24 inserting “calendar year 2023”.

1 (b) MISAPPROPRIATION OF ELECTRONIC FUNDS
2 TRANSFER.—

3 (1) IN GENERAL.—Subsection (f) of section
4 6695 is amended to read as follows:

5 “(f) NEGOTIATION OF CHECK; MISAPPROPRIA-
6 TION.—

7 “(1) IN GENERAL.—Any person who is a tax re-
8 turn preparer who—

9 “(A) endorses or otherwise negotiates (di-
10 rectly or through an agent) any check made in
11 respect of the taxes imposed by this title which
12 is issued to a taxpayer (other than the tax re-
13 turn preparer), or

14 “(B) misappropriates any refund (or ad-
15 vance payment with respect to a refundable
16 credit), or any portion thereof, issued to any
17 taxpayer through an electronic funds transfer,
18 shall pay a penalty in an amount determined under
19 paragraph (2).

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

24 “(A) \$1,000, or

1 “(B) the full amount of such check or
2 transfer.

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

8 (2) CONFORMING AMENDMENT.—Section
9 6695(i)(1) is amended by striking “(f),” and insert-
10 ing “(f)(2)(A),”.

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

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

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

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

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

23 “(B) EXCEPTION FOR SUPERVISED PRE-
24 PARER.—Subparagraph (A) shall not apply with
25 respect to any tax return preparer who prepares

1 any return or claim for refund if such preparer
2 is—

3 “(i) employed by a specified practi-
4 tioner, and

5 “(ii) under the supervision and direc-
6 tion of a tax return preparer who—

7 “(I) includes their identifying
8 number (as described in subparagraph
9 (A)) on such return or claim,

10 “(II) signs such return or claim,
11 and

12 “(III) is a specified practitioner.

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

18 “(D) DEFINITIONS.—For purposes of this
19 section—

20 “(i) SPECIFIED PRACTITIONER.—The
21 term ‘specified practitioner’ means a cer-
22 tified public accountant, attorney, or en-
23 rolled agent—

24 “(I) who is in good standing and
25 authorized to represent persons before

1 the Department of the Treasury
2 under section 330 of title 31, United
3 States Code, and

4 “(II) whose professional license
5 or certification has not been revoked.

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
18 issuance of such numbers to any individual other
19 than an individual who—

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

23 “(B) meets the state program require-
24 ments 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) undergoing a background check,
10 including a review by the Secretary regard-
11 ing compliance with personal tax obliga-
12 tions.

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

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

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

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

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

11 “(E) GRANDFATHERING OF PRIOR BACK-
12 GROUND CHECKS.—For purposes of subpara-
13 graph (A)(ii), in the case of an individual who
14 has undergone a background check prior to the
15 date of enactment of this subsection, the Sec-
16 retary may deem such individual to have satis-
17 fied the requirement under such subparagraph.

18 “(3) EDUCATIONAL PROGRAMS.—

19 “(A) IN GENERAL.—An individual meets
20 the education requirements of this paragraph if
21 such individual completes a specified number of
22 hours of educational programs on ethics, profes-
23 sional responsibility, and tax law (including re-
24 cently enacted legislation) as may be required

1 by the Secretary prior to the assignment or re-
2 newal of a preparer tax identification number.

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

11 “(i) a review of returns which include
12 the preparer tax identification number of
13 such preparer, and

14 “(ii) any errors identified by the Sec-
15 retary as part of the review described in
16 clause (i).

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

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

22 “(ii) shall require that any edu-
23 cational program include written materials
24 which satisfy such standards as are estab-
25 lished by the Secretary,

1 “(iii) may require that any edu-
2 cational program include a method to en-
3 sure that the tax return preparer attended
4 the program and sufficiently understood
5 the material presented, and

6 “(iv) may not direct any educational
7 program to be completed through a specific
8 provider.

9 “(D) NOTICE OF FAILURE TO TIMELY
10 COMPLETE REQUIREMENTS.—The Secretary
11 shall provide any tax return preparer who fails
12 to complete the requirements of this paragraph
13 notice of such failure and a period in which to
14 cure such failure.

15 “(E) PUBLICATION OF APPROVED
16 COURSES.—The Secretary shall publish, on the
17 public website of the Internal Revenue Serv-
18 ice—

19 “(i) a list of educational programs
20 which have been determined by the Sec-
21 retary to satisfy the requirement under
22 clause (ii) of subparagraph (C) (and, if ap-
23 plicable, the requirement under clause (iii)
24 of such subparagraph), including the pro-
25 viders of such programs, and

1 “(ii) any such requirements as the
2 Secretary deems necessary to impose with
3 respect to any additional programs re-
4 quired under subparagraph (B).

5 “(4) EXEMPTION.—

6 “(A) IN GENERAL.—Subject to subpara-
7 graph (B), any individual meets the state pro-
8 gram requirements of this paragraph if such in-
9 dividual maintains a valid State license or reg-
10 istration issued by a State licensing program or
11 State registration program (including State tax
12 education councils) which includes examination,
13 education, and background check requirements
14 that are determined by the Secretary (on the
15 basis of such information as is provided by the
16 taxpayer or State program) to be comparable to
17 the suitability requirements described in para-
18 graph (2) and the education requirements de-
19 scribed in paragraph (3).

20 “(B) GRANDFATHERING OF CERTAIN PRO-
21 GRAMS.—For purposes of subparagraph (A),
22 with respect to determining whether a State li-
23 censing program or State registration program
24 (including State tax education councils) in-
25 cludes examination, education, and background

1 check requirements which are comparable to the
2 suitability requirements described in paragraph
3 (2) and the education requirements described in
4 paragraph (3), such determination shall be
5 made by the Secretary without regard to wheth-
6 er such requirements were included in such pro-
7 gram at the time that such individual was li-
8 censed or registered under such program, pro-
9 vided that such requirements are, as of the date
10 that such individual requested assignment or
11 renewal of a preparer tax identification number
12 under this subsection, presently included in
13 such program.

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

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

21 “(i) has not met—

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

1 “(II) the state program require-
2 ments of paragraph (4),

3 “(ii) is incompetent, as demonstrated
4 by a repeated pattern of errors in returns
5 that were prepared by such preparer or in-
6 dividuals who were supervised by such pre-
7 parer (as described in subsection
8 (a)(4)(B)) which affected the determina-
9 tion of tax liability in such returns,

10 “(iii) is disreputable, as demonstrated
11 by—

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

14 “(II) failure to comply with per-
15 sonal tax obligations,

16 “(III) revocation or suspension of
17 any license or registration issued by a
18 State for the preparation of tax re-
19 turns,

20 “(IV) conviction of any criminal
21 offense—

22 “(aa) involving dishonesty or
23 breach of trust, or

24 “(bb) which is punishable
25 under this title,

1 “(V) a final determination of li-
2 ability for a penalty pursuant to sec-
3 tion 6694, 6695(h), 6700, 6701, or
4 6702, or

5 “(VI) any conduct similar to the
6 conduct described in subclauses (I)
7 through (V),

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

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

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

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

21 “(vi) has engaged in conduct (as iden-
22 tified in regulations or guidance issued by
23 the Secretary) which is similar to the con-
24 duct described in clauses (i) through (v)
25 and that the denial, suspension, or revoca-

1 tion of such number would promote com-
2 pliance with the requirements of this title
3 and effective tax administration.

4 “(B) MONETARY PENALTY.—

5 “(i) IN GENERAL.—In addition to, or
6 in lieu of, any suspension or revocation of
7 a preparer tax identification number under
8 subparagraph (A), the Secretary may im-
9 pose a penalty in any amount not exceed-
10 ing—

11 “(I) in the case of any deter-
12 mination made by the Secretary with
13 respect to a tax return preparer which
14 is described in subparagraph (A)
15 (with the exception of clause (v) of
16 such subparagraph), \$1,000 with re-
17 spect to each such determination, and

18 “(II) in the case of any deter-
19 mination made by the Secretary with
20 respect to a tax return preparer which
21 is described in subparagraph (A)(v),
22 \$5,000 with respect to each such de-
23 termination.

24 “(ii) REDUCTION.—Any penalty im-
25 posed under clause (i) shall be reduced by

1 the amount of any penalty imposed under
2 section 6694, 6695, 6700, 6701, or 6702
3 with regard to the same conduct.

4 “(iii) ADJUSTMENT FOR INFLA-
5 TION.—

6 “(I) IN GENERAL.—In the case
7 of any penalty imposed during any
8 calendar year beginning after 2025,
9 the \$1,000 amount in clause (i)(I)
10 and the \$5,000 amount in clause
11 (i)(II) shall each be increased by an
12 amount equal to—

13 “(aa) such dollar amount,
14 multiplied by

15 “(bb) the cost-of-living ad-
16 justment determined under sec-
17 tion 1(f)(3) for the calendar year,
18 determined by substituting ‘cal-
19 endar year 2024’ for ‘calendar
20 year 2016’ in subparagraph
21 (A)(ii) thereof.

22 “(II) ROUNDING.—If any
23 amount determined under subclause
24 (I) is not a multiple of \$100, such

1 amount shall be rounded to the near-
2 est multiple of \$100.

3 “(C) REINSTATEMENT.—The Secretary
4 shall, through regulations or other guidance, es-
5 tablish procedures to allow any tax return pre-
6 parer whose preparer tax identification number
7 has been suspended or revoked pursuant to sub-
8 paragraph (A) to have such number reissued
9 (or, in the case of a suspension, for such sus-
10 pension to be terminated), provided that such
11 preparer demonstrates, to the satisfaction of
12 the Secretary, that—

13 “(i) the conduct described in such
14 paragraph which was the basis for such
15 suspension or revocation has been suffi-
16 ciently addressed or resolved (such as
17 through completion of educational pro-
18 grams described in paragraph (3) or rein-
19 statement of a license issued by a State for
20 the preparation of tax returns), and

21 “(ii) effective tax administration
22 would be promoted by terminating the sus-
23 pension of such number or reissuing such
24 number to such preparer.

25 “(D) PRELIMINARY SUSPENSION.—

1 “(i) IN GENERAL.—After notice and
2 opportunity to respond, the Secretary may
3 suspend the preparer tax identification
4 number of a tax return preparer for a pe-
5 riod of not greater than 180 days if the
6 Secretary determines that—

7 “(I) such tax return preparer has
8 engaged in any conduct described in
9 clauses (i) through (vi) of subpara-
10 graph (A), and

11 “(II) such suspension is nec-
12 essary to prevent serious economic
13 harm to taxpayers or serious impair-
14 ment of effective tax administration,
15 such as to prevent the filing of fraud-
16 ulent returns or claims for refund.

17 “(ii) LIMITATION.—For purposes of
18 clause (i), if the preparer tax identification
19 number of a tax return preparer has been
20 suspended pursuant to such clause 2 times
21 during any 5-year period, the Secretary
22 may not issue an additional suspension
23 pursuant to such clause with respect to
24 such preparer during such period unless
25 such suspension is subsequent to a deter-

1 mination by the Secretary to suspend or
2 revoke the preparer tax identification num-
3 ber of such preparer pursuant to subpara-
4 graph (A).

5 “(E) REGULATIONS.—Not later than 24
6 months after the date of enactment of this sub-
7 section, the Secretary shall issue such regula-
8 tions or other guidance as the Secretary deter-
9 mines necessary to carry out the purposes of
10 this paragraph, including—

11 “(i) guidelines that identify the par-
12 ticular penalty applicable to any conduct
13 described in subparagraph (A), and

14 “(ii) the manner of notice and oppor-
15 tunity to respond for purposes of subpara-
16 graph (D).

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

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

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

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

6 such preparer shall be provided with an opportunity
7 to appeal such determination to the Internal Rev-
8 enue Service Independent Office of Appeals pursuant
9 to procedures (as established by the Secretary
10 through regulations or other guidance) which are
11 similar to the procedures provided under section 330
12 of title 31, United States Code, or regulations pre-
13 scribed thereunder.

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

16 “(A) IN GENERAL.—In the case of any
17 final determination with respect to the extended
18 suspension, revocation, reissuance, or termi-
19 nation of an extended suspension of a preparer
20 tax identification number under this subsection,
21 not later than 30 days following such deter-
22 mination, the Secretary shall publish such de-
23 termination on the public website of the Inter-
24 nal Revenue Service, which shall include—

1 “(i) a statement of the facts and cir-
2 cumstances relating to such determination,
3 and

4 “(ii) the reasons for the determina-
5 tion.

6 “(B) EXTENDED SUSPENSION.—For pur-
7 poses of subparagraph (A), the term ‘extended
8 suspension’ means a suspension issued by the
9 Secretary pursuant to paragraph (5)(A) for a
10 period of greater than 180 days.

11 “(8) PREPARER TAX IDENTIFICATION NUM-
12 BER.—For purposes of this subsection, the term
13 ‘preparer tax identification number’ means an iden-
14 tifying number described in subsection (a)(4)(A).”.

15 (b) INFORMATION RETURNS OF TAX RETURN PRE-
16 PARERS.—Section 6060 is amended—

17 (1) by redesignating subsection (c) as sub-
18 section (d), and

19 (2) by inserting after subsection (b) the fol-
20 lowing:

21 “(c) ADDITIONAL INFORMATION FROM SUPER-
22 VISORS.—In the case of a person required to make a re-
23 turn under subsection (a) who is described in section
24 6109(a)(4)(B)(ii)(III), such person shall include in such
25 return—

1 “(1) the name and taxpayer identification num-
2 ber of any tax return preparer under their super-
3 vision and direction who, pursuant to subparagraph
4 (B) of section 6109(a)(4), is exempted from the re-
5 quirement under subparagraph (A) of such section,

6 “(2) with respect to each tax return preparer
7 described in paragraph (1), whether such preparer is
8 employed by such person as of the date on which
9 such return is made, and

10 “(3) such other information as the Secretary
11 determines appropriate.”.

12 (c) DETERMINATIONS REGARDING PRACTICE BE-
13 FORE THE DEPARTMENT.—Section 330 of title 31, United
14 States Code, is amended—

15 (1) by redesignating subsection (e) as sub-
16 section (f); and

17 (2) by inserting after subsection (d) the fol-
18 lowing:

19 “(e) DISCLOSURE OF FINAL DETERMINATIONS.—In
20 the case of any final determination under subsection (c)
21 or (d), not later than 30 days following such determina-
22 tion, the Secretary shall publish such determination on a
23 public website, which shall include—

24 “(1) a statement of the facts and circumstances
25 relating to such determination, and

1 “(2) the reasons for the determination.”.

2 (d) DISCLOSURE RELATING TO MISCONDUCT BY
3 PRACTITIONERS AND TAX RETURN PREPARERS.—

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

6 “(16) DISCLOSURE RELATING TO MISCONDUCT
7 BY PRACTITIONERS AND TAX RETURN PREPARERS.—

8 Under such procedures as the Secretary may pre-
9 scribe, the Secretary may disclose returns and re-
10 turn information to the extent the Secretary deter-
11 mines it is necessary to publish determinations pur-
12 suant to section 6109(e)(7) and section 330(e) of
13 title 31, United States Code, provided that such dis-
14 closure is redacted to remove—

15 “(A) any name, address, or other identi-
16 fying information with respect to any persons
17 other than the representative or tax return pre-
18 parer who is the subject of such determination,
19 and

20 “(B) such other information as the Sec-
21 retary determines appropriate to protect the
22 privacy of such persons.”.

23 (2) CONFORMING AMENDMENT.—Section
24 6103(p)(3)(A) is amended by striking “or (9)” and
25 inserting “(9), or (16)”.

1 (e) REQUIREMENT TO INCLUDE IDENTIFYING NUM-
2 BER FOR PAID PREPARER OF OFFER-IN-COMPROMISE.—

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

6 “(5) FURNISHING IDENTIFYING NUMBER FOR
7 OFFER-IN-COMPROMISE.—Any offer-in-compromise
8 (as described in section 7122) which has been pre-
9 pared by any person for compensation shall include
10 such identifying number as may be prescribed for se-
11 curing proper identification of such person.”.

12 (2) PENALTY.—Section 7122 is amended by
13 adding at the end the following new subsection:

14 “(h) FAILURE TO FURNISH IDENTIFYING NUM-
15 BER.—

16 “(1) IN GENERAL.—

17 “(A) PENALTY.—Any person who prepares
18 an offer-in-compromise for compensation and
19 who fails to include an identifying number
20 which complies with section 6109(a)(5) with re-
21 spect to such offer-in-compromise shall pay a
22 penalty of \$250 for such failure.

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

1 deemed to not comply with section 6109(a)(5)
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
10 the preparer.

11 “(C) ADJUSTMENT FOR INFLATION.—

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

17 “(I) such dollar amount, multi-
18 plied by

19 “(II) the cost-of-living adjust-
20 ment determined under section 1(f)(3)
21 for the calendar year, determined by
22 substituting ‘calendar year 2024’ for
23 ‘calendar year 2016’ in subparagraph
24 (A)(ii) thereof.

1 “(ii) ROUNDING.—If any amount de-
2 termined under clause (i) is not a multiple
3 of \$10, such amount shall be rounded to
4 the nearest multiple of \$10.

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

9 “(3) LIMITATION.—

10 “(A) IN GENERAL.—The maximum penalty
11 imposed under this subsection on any person
12 with respect to documents filed during any cal-
13 endar year shall not exceed \$75,000.

14 “(B) ADJUSTMENT FOR INFLATION.—

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

20 “(I) such dollar amount, multi-
21 plied by

22 “(II) the cost-of-living adjust-
23 ment determined under section 1(f)(3)
24 for the calendar year, determined by
25 substituting ‘calendar year 2024’ for

1 ‘calendar year 2016’ in subparagraph
2 (A)(ii) thereof.

3 “(ii) ROUNDING.—If any amount de-
4 termined under clause (i) is not a multiple
5 of \$1,000, such amount shall be rounded
6 to the nearest multiple of \$1,000.

7 “(4) OTHER APPLICABLE RULES.—Rules simi-
8 lar to the rules of section 6696 shall apply for pur-
9 poses of this subsection.”.

10 (f) GAO STUDY AND REPORT ON THE EXCHANGE
11 OF INFORMATION BETWEEN THE IRS AND STATE TAX-
12 ATION AUTHORITIES.—

13 (1) IN GENERAL.—Not later than 18 months
14 after the date of the enactment of this Act, the
15 Comptroller General of the United States shall con-
16 duct a study and submit to Congress a report on the
17 sharing of information between the Secretary and
18 State authorities, as authorized under subsections
19 (d) and (k)(5) of section 6103 of the Internal Rev-
20 enue Code of 1986, regarding identification numbers
21 issued to paid tax return preparers and return pre-
22 parer minimum standards.

23 (2) INCREASED INFORMATION SHARING.—The
24 study and report described in paragraph (1) shall in-
25 clude an analysis of the impact that increased infor-

1 mation sharing between Federal and State authori-
2 ties would have on efforts to enforce minimum
3 standards on paid tax return preparers.

4 (g) PUBLICATION OF COMMON ERRORS AND PEN-
5 ALTIES.—Not later than 36 months after the date of the
6 enactment of this Act and annually thereafter, the Com-
7 missioner of the Internal Revenue shall publish on the
8 public website of the Internal Revenue Service—

9 (1) the 10 most frequent errors found on tax
10 returns which were prepared by tax return preparers
11 (as defined in section 7701(a)(36) of the Internal
12 Revenue Code of 1986) during the preceding cal-
13 endar year, and

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

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

18 (B) otherwise disciplined under section
19 6109 of such Code or section 330 of title 31,
20 United States Code.

21 (h) RULE OF CONSTRUCTION.—Nothing in this sec-
22 tion (or amendment made by this section) shall be con-
23 strued to require the Secretary to eliminate or terminate
24 any existing program or authority—

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

6 (2) for publication of a public database on the
7 website of the Internal Revenue Service of tax re-
8 turn preparers who have satisfied the requirements
9 for issuance of a preparer tax identification number
10 (as defined in section 6109(e)(8) of the Internal
11 Revenue Code of 1986).

12 (i) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall take effect on the date which is
15 180 days after the date of enactment of this Act.

16 (2) TRANSITION RULES FOR EDUCATIONAL RE-
17 QUIREMENTS FOR TAX RETURN PREPARERS.—

18 (A) ANNUAL FILING SEASON PROGRAM.—

19 In the case of any tax return preparer who, as
20 of the date of enactment of this Act, has re-
21 ceived a record of completion with respect to
22 the Annual Filing Season Program established
23 by the Internal Revenue Service, such tax re-
24 turn preparer shall be deemed to have satisfied
25 the education requirements of section

1 6109(e)(3) of the Internal Revenue Code of
2 1986 (as added by this section) for the calendar
3 year for which such record of completion ap-
4 plies.

5 (B) APPROVED COURSES.—In the case of
6 any entity which, as of the date of enactment
7 of this Act, is approved to provide continuing
8 education for purposes of the Annual Filing
9 Season Program established by the Internal
10 Revenue Service, such entity shall be deemed to
11 satisfy the applicable requirements under sec-
12 tion 6109(e)(3) of the Internal Revenue Code of
13 1986 until the date on which the Secretary
14 has—

15 (i) issued such regulations or other
16 guidance as the Secretary determines nec-
17 essary for purposes of establishing stand-
18 ards for educational programs under such
19 section, and

20 (ii) pursuant to subparagraph (E) of
21 such section, published a list of educational
22 programs which have been determined by
23 the Secretary to satisfy the applicable re-
24 quirements under such section.

1 **TITLE VI—APPEALS**

2 **SEC. 601. AUTHORIZATION FOR OFFICE OF APPEALS TO**
3 **HIRE ATTORNEYS.**

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

6 “(B) **HIRING OF COUNSEL.**—The Chief of
7 Appeals shall have the authority to appoint
8 counsel in the Internal Revenue Service Inde-
9 pendent Office of Appeals to report directly to
10 the Chief of Appeals. Any counsel appointed
11 pursuant to this subparagraph shall not report
12 to the Chief Counsel for the Internal Revenue
13 Service.”.

14 **SEC. 602. AUTHORIZATION FOR OFFICE OF APPEALS TO DI-**
15 **RECT HIRE CERTAIN INDIVIDUALS.**

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

18 “(C) **AUTHORITY TO APPOINT INDIVID-**
19 **UALS NOT EMPLOYED BY INTERNAL REVENUE**
20 **SERVICE.**—Subject to such policies as the Sec-
21 retary may establish, the Commissioner may
22 utilize direct hire authority to recruit and ap-
23 point qualified applicants, without regard to
24 any notice or preference requirements, to posi-
25 tions within the Internal Revenue Service Inde-

1 pendent Office of Appeals, provided that such
2 applicants are not employees of the Internal
3 Revenue Service engaged in enforcement func-
4 tions.”.

5 **SEC. 603. RESPONSES TO CLAIMS FOR REFUND REQUIRED;**
6 **APPEAL OF CLAIMS FOR REFUND AUTHOR-**
7 **IZED.**

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

10 “(l) EXPLANATION OF REASON FOR REFUND DIS-
11 ALLOWANCE; APPEALS.—

12 “(1) IN GENERAL.—Not later than the applica-
13 ble date, the Secretary shall review any claim for re-
14 fund, make a determination with respect to such
15 claim, and, in the case of a disallowance of such
16 claim, provide the taxpayer with a detailed written
17 explanation for such disallowance, which shall—

18 “(A) be mailed to the last known address
19 of the taxpayer, and

20 “(B) in the case of any taxpayer entitled
21 to an appeal of such determination, include in-
22 structions for appealing such disallowance to
23 the Internal Revenue Service Independent Of-
24 fice of Appeals.

1 for the calendar year, determined by
2 substituting ‘calendar year 2024’ for
3 ‘calendar year 2016’ in subparagraph
4 (A)(ii) thereof.

5 “(ii) ROUNDING.—If any amount de-
6 termined under clause (i) is not a multiple
7 of \$50, such amount shall be rounded to
8 the nearest multiple of \$50.

9 “(3) APPEALS.—

10 “(A) IN GENERAL.—Any disallowance of a
11 claim for refund may, within 30 days of such
12 disallowance, be appealed to the Internal Rev-
13 enue Service Independent Office of Appeals.
14 Notwithstanding paragraph (4) of section
15 6532(a), during the period in which any such
16 appeal is pending before the Internal Revenue
17 Service Independent Office of Appeals (and for
18 30 days thereafter), the 2-year period in para-
19 graph (1) of such section for filing suit for re-
20 fund after disallowance of a claim shall be sus-
21 pended.

22 “(B) DEEMED DISALLOWANCE.—For pur-
23 poses of subparagraph (A), in the case of any
24 claim for refund for which the Secretary has
25 failed to make a determination with respect to

1 such claim by the date described in paragraph
2 (4)(A), the taxpayer may elect for such claim to
3 be deemed to have been disallowed by the Sec-
4 retary as of such date.

5 “(4) FRIVOLOUS CLAIMS.—

6 “(A) IN GENERAL.—In the case of any
7 frivolous claim—

8 “(i) paragraphs (1) and (3) shall not
9 apply, and

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

14 “(B) DEFINITION.—For purposes of this
15 paragraph, the term ‘frivolous claim’ means a
16 claim for refund which is based on a position
17 which—

18 “(i) a Federal court has determined to
19 be frivolous, and

20 “(ii) the Secretary has identified as
21 frivolous for purposes of subsection (c) of
22 section 6702.

23 “(5) APPLICABLE DATE.—For purposes of this
24 subsection, the term ‘applicable date’ means, with
25 respect to any claim for refund—

1 “(A) the date which is 36 months after the
2 date of receipt of such claim by the Secretary,
3 or

4 “(B) such other date as is agreed to by the
5 Secretary and the taxpayer.”.

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 this section shall apply to any claim for refund received
8 after the date which is 12 months after the date of enact-
9 ment of this Act.

10 **SEC. 604. APPEALS OF RETURNED OFFERS.**

11 Section 7122(e) is amended—

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

14 “(1) for an independent administrative review
15 of—

16 “(A) any determination that an offer-in-
17 compromise be returned to the taxpayer be-
18 cause such offer-in-compromise is not accepted
19 for processing or is otherwise determined to be
20 nonprocessable before such determination is
21 communicated to the taxpayer, and

22 “(B) any rejection of a proposed offer-in-
23 compromise or installment agreement made by
24 a taxpayer under this section or section 6159

1 before such rejection is communicated to the
2 taxpayer, and”, and

3 (2) in paragraph (2), by striking “any rejection
4 of such offer or agreement” and inserting “any de-
5 termination described in paragraph (1)(A) or any re-
6 jection described in paragraph (1)(B)”.

7 **SEC. 605. PURPOSES AND DUTIES OF INDEPENDENT OF-**
8 **FICE OF APPEALS; RIGHT OF APPEAL CLARI-**
9 **FIED.**

10 (a) IN GENERAL.—Section 7803(e) is amended—

11 (1) in paragraph (3)—

12 (A) in subparagraph (B), by striking
13 “and” at the end,

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

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

18 “(D) without exception, evaluates and con-
19 siders all hazards of litigation in resolving any
20 case referred to the Internal Revenue Service
21 Independent Office of Appeals.”, and

22 (2) by striking paragraph (4) and inserting the
23 following new paragraph:

24 “(4) RIGHT OF APPEAL.—

1 “(A) IN GENERAL.—Except as otherwise
2 provided under this title, the resolution process
3 described in paragraph (3) shall be available to
4 all taxpayers with respect to any determination
5 by the Secretary regarding such taxpayer’s—

6 “(i) liability for, or any claim for re-
7 fund of, any tax, or

8 “(ii) liability for any penalty or addi-
9 tion to tax.

10 “(B) EXCEPTIONS.—Subparagraph (A)
11 shall not apply with respect to any appeal—

12 “(i) which is solely based on a chal-
13 lenge to the constitutionality or validity of
14 any law, regulation, notice, revenue ruling,
15 or revenue procedure issued by the Sec-
16 retary, unless there is a final and
17 unreviewable decision rendered by a Fed-
18 eral court that the relevant provision of
19 such law, regulation, notice, revenue rul-
20 ing, or revenue procedure which is being
21 challenged is unconstitutional or otherwise
22 invalid,

23 “(ii) which—

24 “(I) is based on a position
25 which—

1 “(aa) a Federal court has
2 determined to be frivolous, and

3 “(bb) the Secretary has
4 identified as frivolous for pur-
5 poses of subsection (c) of section
6 6702, or

7 “(II) relates to any penalty im-
8 posed under such section with respect
9 to such position,

10 “(iii) which relates to any matter
11 agreed upon pursuant to an agreement
12 under section 7121,

13 “(iv) subject to subparagraph (C),
14 during any period in which—

15 “(I) the Secretary is actively in-
16 vestigating whether to refer the tax-
17 payer to the Attorney General for
18 criminal prosecution,

19 “(II) a recommendation made by
20 the Secretary to the Attorney General
21 for the criminal prosecution of the
22 taxpayer for any offense connected
23 with the administration or enforce-
24 ment of the internal revenue laws is
25 pending, or

1 “(III) any such criminal prosecu-
2 tion is pending, or

3 “(v) with respect to any case which,
4 based on the relevant facts and cir-
5 cumstances of such case, the Chief Counsel
6 for the Internal Revenue Service—

7 “(I) has designated for litigation,
8 and

9 “(II) is prepared to proceed with
10 such litigation in a timely manner.

11 “(C) EXCEPTION FOR CERTAIN CRIMINAL
12 PROSECUTIONS.—Subparagraph (B)(iv) shall
13 not apply if the Chief Counsel for the Internal
14 Revenue Service determines that the resolution
15 process described in paragraph (3) would not
16 interfere with the criminal prosecution of a tax-
17 payer.”.

18 **TITLE VII—WHISTLEBLOWERS**

19 **SEC. 701. STANDARD AND SCOPE OF REVIEW OF WHISTLE-** 20 **BLOWER AWARD DETERMINATIONS.**

21 (a) IN GENERAL.—Paragraph (4) of section 7623(b)
22 is amended—

23 (1) by striking “appealed to” and inserting “re-
24 viewed by”; and

1 (2) by adding at the end the following: “Any re-
2 view by the Tax Court under the preceding sentence
3 shall be de novo and shall be based on the adminis-
4 trative record established at the time of the original
5 determination and any additional newly discovered
6 or previously unavailable evidence.”.

7 (b) CONFORMING AMENDMENT.—The heading of
8 paragraph (4) of section 7623(b) is amended by striking
9 “APPEAL” and inserting “REVIEW”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to petitions under section
12 7623(b)(4) of the Internal Revenue Code of 1986 which
13 are pending on, or filed on or after, the date of the enact-
14 ment of this Act.

15 **SEC. 702. EXEMPTION FROM SEQUESTRATION.**

16 (a) IN GENERAL.—Section 255 of the Balanced
17 Budget and Emergency Deficit Control Act of 1985 (2
18 U.S.C. 905) is amended—

19 (1) by redesignating subsection (k) as sub-
20 section (l); and

21 (2) by inserting after subsection (j) the fol-
22 lowing:

23 “(k) AWARDS TO WHISTLEBLOWERS.—An award au-
24 thorized under section 7623 of the Internal Revenue Code

1 of 1986 shall be exempt from reduction under any order
2 issued under this part.”.

3 (b) **APPLICABILITY.**—The amendment made by this
4 section shall apply to any sequestration order issued under
5 the Balanced Budget and Emergency Deficit Control Act
6 of 1985 (2 U.S.C. 900 et seq.) after December 31, 2022.

7 **SEC. 703. WHISTLEBLOWER PRIVACY PROTECTIONS.**

8 (a) **IN GENERAL.**—Paragraph (6) of section 7623(b)
9 is amended by adding at the end the following new sub-
10 paragraph:

11 “(D) **WHISTLEBLOWER ANONYMITY BE-**
12 **FORE THE TAX COURT.**—Notwithstanding sec-
13 tions 7458 and 7461, a whistleblower shall pro-
14 ceed anonymously before the Tax Court for all
15 proceedings under this section absent a finding
16 by the Tax Court that a heightened societal in-
17 terest exists for disclosing the whistleblower’s
18 identity. Should the Tax Court find that such
19 a heightened societal interest exists, such inter-
20 est shall be balanced against the potential harm
21 disclosure could cause to the whistleblower.”.

22 (b) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to petitions filed with the Tax
24 Court which are pending on, or filed on or after, the date
25 of the enactment of this Act.

1 **SEC. 704. MODIFICATION OF IRS WHISTLEBLOWER REPORT.**

2 (a) IN GENERAL.—Section 406(c) of division A of the
3 Tax Relief and Health Care Act of 2006 is amended by
4 striking “such use,” in paragraph (1) and inserting “such
5 use (which shall include a list and descriptions of the top
6 tax avoidance schemes, not to exceed 10, disclosed by
7 whistleblowers during such year),”.

8 (b) EFFECTIVE DATE.— The amendments made by
9 this section shall apply to reports for fiscal years ending
10 after the enactment of this Act.

11 **SEC. 705. INTEREST ON WHISTLEBLOWER AWARDS.**

12 (a) IN GENERAL.—Section 7623(b) is amended by
13 adding at the end the following new paragraph:

14 “(7) INTEREST.—

15 “(A) IN GENERAL.—If the Secretary has
16 not provided notice to an individual described in
17 paragraph (1) of a preliminary award rec-
18 ommendation before the applicable date, the
19 amount of any award under this subsection
20 shall include interest from such date at the
21 overpayment rate under section 6621(a).

22 “(B) EXCEPTION.—No interest shall ac-
23 crue under this paragraph after the date on
24 which the Secretary provides notice to the indi-
25 vidual of a preliminary award recommendation.

1 “(C) APPLICABLE DATE.—For purposes of
2 this paragraph, the applicable date is the date
3 that is 12 months after the first date on
4 which—

5 “(i) all of the proceeds resulting from
6 actions subject to the award recommenda-
7 tion have been collected, and

8 “(ii) either—

9 “(I) the statutory period for fil-
10 ing a claim or suit for refund has ex-
11 pired, or

12 “(II) the taxpayers subject to the
13 actions and the Secretary have agreed
14 with finality to the tax or other liabil-
15 ities for the periods at issue, and ei-
16 ther the taxpayers have waived the
17 right to file a claim or suit for refund
18 or any claim or suit for refund has
19 been resolved.”.

20 (b) EFFECTIVE DATE.—

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

24 (2) SPECIAL RULE.—In the case of a claim for
25 a whistleblower award under section 7623(b) of the

1 Internal Revenue Code of 1986 with respect to
2 which, as of the date described in paragraph (1)—

3 (A) the Secretary has not provided notice
4 to the individual of a preliminary award rec-
5 ommendation as described in paragraph (7)(A)
6 of such section, as added by this Act, and

7 (B) the applicable date provided in para-
8 graph (7)(C) of such section, as so added, has
9 passed,

10 the applicable date for purposes of such paragraph
11 (7)(C) is the date that is 12 months after the date
12 described in paragraph (1).

13 **SEC. 706. CORRECTION REGARDING DEDUCTIONS FOR AT-**
14 **TORNEY'S FEES.**

15 (a) IN GENERAL.—Section 62(a)(21)(A)(i) is amend-
16 ed by striking “7623(b)” and inserting “7623”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to taxable years ending after the
19 date of the enactment of this Act.

20 **SEC. 707. NONDISCLOSURE OF RETURN INFORMATION BY**
21 **WHISTLEBLOWERS.**

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

24 “(7) SPECIAL RULE FOR ADMINISTRATIVE AND
25 JUDICIAL WHISTLEBLOWER AWARD PROCEEDINGS.—

1 For purposes of paragraph (4), if the taxpayer is not
2 a party to the proceeding, any party (including
3 counsel for such party) to a judicial or administra-
4 tive proceeding to determine an award under sub-
5 section (a) or (b) of section 7623 shall not, except
6 as otherwise provided in this section, redisclose re-
7 turns or return information of such taxpayer dis-
8 closed or received as part of such proceedings unless
9 and until such information becomes a part of the
10 public record.”.

11 (b) APPLICATION OF PROHIBITIONS.—

12 (1) IN GENERAL.—Section 6103(a)(3) is
13 amended—

14 (A) by striking “person (or officer or em-
15 ployee thereof) who has or had” and inserting
16 “person (or officer or employee thereof)—

17 “(A) who has or had”,

18 (B) by inserting “or” after “subsection
19 (n),”, and

20 (C) by adding at the end the following new
21 subparagraph:

22 “(B) who has or had access to returns or
23 return information under subsection (h)(4) and
24 to whom subsection (h)(7) applies,”.

1 (2) CRIMINAL PENALTY.—The first sentence of
2 section 7213(a)(2) is amended—

3 (A) by striking “shall be unlawful for any
4 person” and inserting “shall be unlawful for—
5 “(A) any person”,

6 (B) by inserting after “section 6104(c)”
7 the following: “ or,

8 “(B) any person to whom section
9 6103(h)(7) applies to willfully to disclose to any
10 person, except as authorized in this title, any
11 return or return information (as so defined) ac-
12 quired by him or another person under section
13 6103(h)(4)”, and

14 (C) by striking “Any violation” and insert-
15 ing the following:

16 “Any violation”.

17 (c) NO INFERENCE.—The amendments made by this
18 section shall not be construed to create any inference with
19 respect to the application of section 6103(h)(4) of the In-
20 ternal Revenue Code of 1986 with respect to persons and
21 proceedings to which section 6103(h)(7) of such Code (as
22 added by subsection (a)) does not apply.

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

1 **SEC. 708. APPEAL OF AWARD DETERMINATION.**

2 Paragraph (4) of section 7623(b), as amended by sec-
3 tion 701, is amended to read as follows:

4 “(4) APPEAL OF AWARD DETERMINATION.—

5 “(A) INDEPENDENT OFFICE OF AP-
6 PEALS.—Any determination regarding an award
7 under paragraph (1), (2), or (3) may, within 30
8 days of such determination, be appealed to the
9 Internal Revenue Service Independent Office of
10 Appeals.

11 “(B) TAX COURT.—Any determination re-
12 garding an award under paragraph (1), (2), or
13 (3), or any determination made by the Internal
14 Revenue Service Independent Office of Appeals
15 regarding an appeal described in subparagraph
16 (A), may, within 30 days of such determination,
17 be reviewed by the Tax Court (and the Tax
18 Court shall have jurisdiction with respect to
19 such matter). Any review by the Tax Court
20 under the preceding sentence shall be de novo
21 and shall be based on the administrative record
22 established at the time of the original deter-
23 mination and any additional newly discovered or
24 previously unavailable evidence.”.

1 **TITLE VIII—HOSTAGES**

2 **SEC. 801. POSTPONEMENT OF TAX DEADLINES FOR HOS-**
3 **TAGES AND INDIVIDUALS WRONGFULLY DE-**
4 **TAINED ABROAD.**

5 (a) IN GENERAL.—Chapter 77 is amended by insert-
6 ing after section 7510 the following new section:

7 **“SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POST-**
8 **PONED FOR HOSTAGES AND INDIVIDUALS**
9 **WRONGFULLY DETAINED ABROAD.**

10 “(a) TIME TO BE DISREGARDED.—

11 “(1) IN GENERAL.—The period during which
12 an applicable individual was unlawfully or wrongfully
13 detained abroad, or held hostage abroad, shall be
14 disregarded in determining, under the internal rev-
15 enue laws, in respect of any tax liability of such indi-
16 vidual—

17 “(A) whether any of the acts described in
18 section 7508(a)(1) were performed within the
19 time prescribed thereof (determined without re-
20 gard to extension under any other provision of
21 this subtitle for periods after the initial date (as
22 determined by the Secretary) on which such in-
23 dividual was unlawfully or wrongfully detained
24 abroad or held hostage abroad),

1 “(B) the amount of any interest, penalty,
2 additional amount, or addition to the tax for
3 periods 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 “(3) SPECIAL RULE FOR OVERPAYMENTS.—The
9 rules of section 7508(b) shall apply for purposes of
10 this section.

11 “(b) APPLICABLE INDIVIDUAL.—

12 “(1) IN GENERAL.—For purposes of this sec-
13 tion, the term ‘applicable individual’ means any indi-
14 vidual who is—

15 “(A) a United States national unlawfully
16 or wrongfully detained abroad, as determined
17 under section 302 of the Robert Levinson Hos-
18 tage Recovery and Hostage-Taking Account-
19 ability Act (22 U.S.C. 1741), or

20 “(B) a United States national taken hos-
21 tage abroad, as determined pursuant to the
22 findings of the Hostage Recovery Fusion Cell
23 (as described in section 304 of the Robert
24 Levinson Hostage Recovery and Hostage-Tak-
25 ing Accountability Act (22 U.S.C. 1741b)).

1 “(2) INFORMATION PROVIDED TO TREASURY.—

2 For purposes of identifying individuals described in
3 paragraph (1), not later than January 1, 2025, and
4 annually thereafter—

5 “(A) the Secretary of State shall provide
6 the Secretary with a list of the individuals de-
7 scribed in paragraph (1)(A), as well as any
8 other information necessary to identify such in-
9 dividuals, and

10 “(B) the Attorney General, acting through
11 the Hostage Recovery Fusion Cell, shall provide
12 the Secretary with a list of the individuals de-
13 scribed in paragraph (1)(B), as well as any
14 other information necessary to identify such in-
15 dividuals.

16 “(c) REFUND AND ABATEMENT OF PENALTIES AND
17 FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-
18 BLE INDIVIDUAL.—In the case of any applicable indi-
19 vidual—

20 “(1) for whom any interest, penalty, additional
21 amount, or addition to the tax in respect to any tax
22 liability for any taxable year ending during the pe-
23 riod described in subsection (a)(1) was assessed or
24 collected, and

1 with the Secretary of State and the Attorney
2 General) shall establish a program to allow any
3 eligible individual (or the spouse or any depend-
4 ent (as defined in section 152) of such indi-
5 vidual) to apply for a refund or an abatement
6 of any amount described in paragraph (2) (in-
7 cluding interest) to the extent such amount was
8 attributable to the applicable period.

9 “(B) IDENTIFICATION OF INDIVIDUALS.—

10 Not later than January 1, 2025, the Secretary
11 of State and the Attorney General, acting
12 through the Hostage Recovery Fusion Cell (as
13 described in section 304 of the Robert Levinson
14 Hostage Recovery and Hostage-Taking Ac-
15 countability Act (22 U.S.C. 1741b)), shall—

16 “(i) compile a list, based on such in-
17 formation as is available, of individuals
18 who were applicable individuals during the
19 applicable period, and

20 “(ii) provide the list described in
21 clause (i) to the Secretary.

22 “(C) NOTICE.—For purposes of carrying
23 out the program described in subparagraph (A),
24 the Secretary (in consultation with the Sec-
25 retary of State and the Attorney General) shall,

1 with respect to any individual identified under
2 subparagraph (B), provide notice to such indi-
3 vidual—

4 “(i) in the case of an individual who
5 has been released on or before the date of
6 enactment of this subsection, not later
7 than 90 days after the date of enactment
8 of this subsection, or

9 “(ii) in the case of an individual who
10 is released after the date of enactment of
11 this subsection, not later than 90 days
12 after the date on which such individual is
13 released,

14 that such individual may be eligible for a refund
15 or an abatement of any amount described in
16 paragraph (2) pursuant to the program de-
17 scribed in subparagraph (A).

18 “(D) AUTHORIZATION.—

19 “(i) IN GENERAL.—Subject to clause
20 (ii), in the case of any refund described in
21 subparagraph (A), the Secretary shall
22 issue such refund to the eligible individual
23 in the same manner as any refund of an
24 overpayment of tax.

1 “(ii) EXTENSION OF LIMITATION ON
2 TIME FOR REFUND.—With respect to any
3 refund under subparagraph (A)—

4 “(I) the 3-year period of limita-
5 tion prescribed by section 6511(a)
6 shall be extended until the end of the
7 1-year period beginning on the date
8 that the notice described in subpara-
9 graph (C) is provided to the eligible
10 individual, and

11 “(II) any limitation under section
12 6511(b)(2) shall not apply.

13 “(2) ELIGIBLE INDIVIDUAL.—For purposes of
14 this subsection, the term ‘eligible individual’ means
15 any applicable individual who, for any taxable year
16 ending during the applicable period, paid or incurred
17 any interest, penalty, additional amount, or addition
18 to the tax in respect to any tax liability for such
19 year of such individual based on a determination
20 that an act described in section 7508(a)(1) which
21 was not performed by the time prescribed therefor
22 (without regard to any extensions).

23 “(3) APPLICABLE PERIOD.—For purposes of
24 this subsection, the term ‘applicable period’ means
25 the period—

1 “(A) beginning on January 1, 2021, and
2 “(B) ending on the date of enactment of
3 this subsection.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years ending on or be-
6 fore the date of enactment of this Act.

7 **TITLE IX—SMALL BUSINESSES**

8 **SEC. 901. IMPLEMENTATION OF VOLUNTARY WITH-** 9 **HOLDING AGREEMENTS FOR PAYMENTS TO** 10 **INDEPENDENT CONTRACTORS.**

11 (a) IN GENERAL.—Section 3402(p) is amended by
12 redesignating paragraph (3) as paragraph (4) and by in-
13 serting after paragraph (2) the following new paragraph:

14 “(3) VOLUNTARY WITHHOLDING ON CERTAIN
15 NON-WAGE REMUNERATION.—

16 “(A) IN GENERAL.—If, at the time a pay-
17 ment of applicable non-wage remuneration is
18 made to any person, there is a voluntary agree-
19 ment between the person making and the per-
20 son receiving the payment that the applicable
21 non-wage remuneration be subject to with-
22 holding, then for purposes of this chapter and
23 so much of subtitle F as relates to this chapter,
24 such payment shall be treated as if it were a

1 payment of wages by an employer to an em-
2 ployee.

3 “(B) APPLICABLE NON-WAGE REMUNERA-
4 TION.—For purposes of this subsection, the
5 term ‘applicable non-wage remuneration’ means
6 remuneration for services performed by an indi-
7 vidual which (without regard to this paragraph)
8 does not constitute wages.

9 “(C) REGULATIONS AND GUIDANCE.—The
10 Secretary shall issue such regulations or other
11 guidance as may be necessary or appropriate to
12 carry out the provisions of this section, includ-
13 ing such regulations or guidance for deter-
14 mining the amount to be deducted and withheld
15 and the types of payments which are considered
16 to be applicable non-wage remuneration.”.

17 **SEC. 902. EXTENSION OF TIME FOR MAKING S CORPORA-**
18 **TION ELECTIONS.**

19 (a) IN GENERAL.—

20 (1) WHEN ELECTION MADE.—Section
21 1362(b)(1) is amended to read as follows:

22 “(1) IN GENERAL.—An election under sub-
23 section (a) may be made by a small business cor-
24 poration for any taxable year not later than the due

1 date for filing the return of the S corporation for
2 such taxable year (including extensions).”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 1362(b)(2) is amended—

5 (i) by striking “during such year and
6 on or before the 15th day of the 3d month
7 of such year” in subparagraph (A) and in-
8 serting “within the period described in
9 paragraph (1)”, and

10 (ii) by striking “MADE DURING THE
11 FIRST 2 1/2 MONTHS” in the heading there-
12 of.

13 (B) Section 1362(b) is amended by strik-
14 ing paragraphs (3) and (4) and by redesign-
15 ating paragraph (5) as paragraph (3).

16 (C) Section 1362(b)(3), as redesignated by
17 subparagraph (B), is amended—

18 (i) by striking “(determined without
19 regard to paragraph (3))” in subparagraph
20 (A), and

21 (ii) by striking “(and paragraph (3)
22 shall not apply)”.

23 (D) Section 1362(b), as amended by the
24 preceding provisions of this subsection, is

1 amended by adding at the end the following
2 new paragraphs:

3 “(4) ELECTION ON TIMELY FILED RETURNS.—
4 Except as otherwise provided by the Secretary, an
5 election under subsection (a) for any taxable year
6 may be made on a timely filed return of the S cor-
7 poration for such taxable year.

8 “(5) SECRETARIAL AUTHORITY.—The Secretary
9 may prescribe such regulations, rules, or other guid-
10 ance as may be necessary or appropriate to imple-
11 ment this subsection, including forms or other guid-
12 ance for making the election in the manner de-
13 scribed by this subsection.”.

14 (b) COORDINATION WITH CERTAIN OTHER PROVI-
15 SIONS.—

16 (1) QUALIFIED SUBCHAPTER S SUBSIDI-
17 ARIES.—Section 1361(b)(3)(B) is amended by add-
18 ing at the end the following flush sentence:

19 “Rules similar to the rules of section 1362(b)
20 shall apply with respect to any election under
21 clause (ii).”.

22 (2) QUALIFIED SUBCHAPTER S TRUSTS.—Sec-
23 tion 1361(d)(2) of such Code is amended by striking
24 subparagraph (D).

1 (c) REVOCATIONS.—Section 1362(d)(1) is amend-
2 ed—

3 (1) by striking “subparagraph (D)” in subpara-
4 graph (C) and inserting “subparagraphs (D) and
5 (E)”, and

6 (2) by adding at the end the following new sub-
7 paragraph:

8 “(E) AUTHORITY TO TREAT LATE REVOCATIONS AS
9 TIMELY.—If—

10 “(i) a revocation under subparagraph
11 (A) is made for any taxable year after the
12 date prescribed by this paragraph for mak-
13 ing such revocation for such taxable year
14 or no such revocation is made for any tax-
15 able year, and

16 “(ii) the Secretary determines that
17 there was reasonable cause for the failure
18 to timely make such revocation,

19 the Secretary may treat such a revocation as
20 timely made for such taxable year.”.

21 (d) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as otherwise pro-
23 vided in this subsection, the amendments made by
24 this section shall apply to elections for taxable years

1 beginning after the last day of the calendar year
2 which includes the date of the enactment of this Act.

3 (2) REVOCATIONS.—The amendments made by
4 subsection (c) shall apply to revocations made after
5 the date of the enactment of this Act.

6 **SEC. 903. QUARTERLY INSTALLMENTS FOR ESTIMATED IN-**
7 **COME TAX PAYMENTS BY INDIVIDUALS.**

8 (a) IN GENERAL.—The table contained in section
9 6654(c)(2) is amended—

10 (1) by striking “June 15” and inserting “July
11 15”, and

12 (2) by striking “September 15” and inserting
13 “October 15”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to installments due in taxable years
16 beginning after the date of the enactment of this Act.

17 **SEC. 904. ESTABLISHMENT OF FAILURE-TO-PAY PENALTY**
18 **SAFE HARBOR FOR INDIVIDUALS.**

19 (a) IN GENERAL.—Section 6651(c) is amended by
20 adding at the end the following new paragraph:

21 “(3) NO PENALTY FOR FAILURE TO PAY IN-
22 COME TAX FOR INDIVIDUALS WHO TIMELY PAY 125
23 PERCENT OF INCOME TAX LIABILITY FOR PRIOR
24 YEAR.—

1 “(A) IN GENERAL.—Subsection (a)(2)
2 shall not apply with respect to an income tax
3 return of an individual if such individual pays,
4 on or before the date prescribed for the pay-
5 ment of the tax with respect to which such re-
6 turn relates (determined with regard to any ex-
7 tension of time for payment), 125 percent of
8 the amount of tax required to be shown on the
9 income tax return of such individual for the im-
10 mediately preceding taxable year.

11 “(B) FAILURE TO FILE; SHORT TAXABLE
12 YEARS.—Subparagraph (A) shall not apply—

13 “(i) if the individual does not file an
14 income tax return for the taxable year de-
15 scribed in subparagraph (A) on or before
16 the date prescribed therefor (determined
17 with regard to any extension of time for
18 filing),

19 “(ii) if the individual did not file an
20 income tax return for the immediately pre-
21 ceding taxable year referred to in subpara-
22 graph (A), or

23 “(iii) if the immediately preceding
24 taxable year referred to in subparagraph
25 (A) was less than 12 months.

1 “(C) JOINT RETURNS.—In the case of a
2 joint return, if the taxpayer did not file a joint
3 return for the immediately preceding taxable
4 year referred to in subparagraph (A), the
5 amounts required to be shown on the income
6 tax returns of both spouses for such imme-
7 diately preceding taxable year shall be taken
8 into account under subparagraph (A). Except
9 as otherwise provided by the Secretary, if the
10 individual does not file a joint return for the
11 taxable year to which subparagraph (A) applies
12 and filed a joint return for the immediately pre-
13 ceding taxable year, the entire amount of tax
14 required to be shown on such joint return shall
15 be taken into account under subparagraph (A).

16 “(D) EXCEPTION NOT APPLICABLE UN-
17 LESS ADDITIONAL PAYMENTS ARE MADE WITH
18 TIMELY FILED RETURN.—Subparagraph (A)
19 shall not apply with respect to any period be-
20 ginning after the earlier of—

21 “(i) the date prescribed for filing the
22 income tax return for the taxable year (in-
23 cluding extensions thereof), or

24 “(ii) the date on which such return
25 was filed.”.

1 (b) CONFORMING AMENDMENT.—The heading of sec-
2 tion 6651(c) is amended by striking “RULE” and inserting
3 “RULES”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 the date which is 12 months after the date of enactment
7 of this Act.

8 **SEC. 905. EXTENSION OF MAILBOX RULE TO ELECTRONIC**
9 **SUBMISSIONS AND PAYMENTS.**

10 (a) IN GENERAL.—Section 7502(c) is amended—

11 (1) in the heading, by inserting “AND PAY-
12 MENT” after “FILING”,

13 (2) in paragraph (2)—

14 (A) in the heading, by striking “; ELEC-
15 TRONIC FILING”, and

16 (B) by striking “and electronic filing”, and

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

18 “(3) ELECTRONIC FILING AND PAYMENT.—

19 “(A) IN GENERAL.—In the case of any
20 document which the Secretary has permitted to
21 be filed by electronic means (or, in the case of
22 any payment, which the Secretary has per-
23 mitted to be made by electronic means), if such
24 document or payment is—

1 “(i) transmitted by the permitted elec-
2 tronic means to the agency, officer, or of-
3 fice to which the document was required to
4 be filed (or payment was required to be
5 made) on or before the prescribed date (or
6 within the period required) with respect to
7 such document or payment, and

8 “(ii) received (or, in the case of a pay-
9 ment, received and accounted for) after the
10 prescribed date or period required with re-
11 spect to such document or payment,
12 the date that such document or payment was
13 transmitted (as described in clause (i)) shall be
14 deemed to be the date that such document was
15 filed or such payment was made.

16 “(B) REGULATIONS.—Not later than the
17 date which is 1 year after the date of enact-
18 ment of the Taxpayer Assistance and Service
19 Act, the Secretary shall issue such regulations
20 or other guidance as the Secretary determines
21 necessary to carry out the purposes of this
22 paragraph.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 subsection (a) shall apply to any document or payment

1 sent on or after the date which is 1 year after the date
2 of enactment of this Act.

3 **SEC. 906. SPECIFICITY OF THIRD-PARTY CONTACT NO-**
4 **TICES.**

5 (a) IN GENERAL.—Paragraph (1) of section 7602(c)
6 is amended

7 (1) by striking “and” at the end of subpara-
8 graph (A),

9 (2) by redesignating subparagraph (B) as sub-
10 subparagraph (C) and by inserting after subparagraph
11 (A) the following new subparagraph:

12 “(B) in any case in which the information
13 sought to be obtained from such other persons
14 could reasonably be provided by the taxpayer,
15 identifies each specific item of information in-
16 tended to be sought from such persons, and”,
17 and

18 (3) by amending subparagraph (C), as redesign-
19 nated by paragraph (2), to read as follows:

20 “(C) except as otherwise provided by the
21 Secretary, provides the taxpayer with reason-
22 able opportunity and a period of not less than
23 45 days (or more, if the taxpayer requests addi-
24 tional time and shows reasonable cause) to re-
25 spond, including by providing the information

1 described in subparagraph (B), before contact
2 is 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) EXCEPTION FOR INFORMATION SPEC-
13 IFICITY.—If the Secretary determines that the
14 information sought from a person other than
15 the taxpayer is necessary notwithstanding
16 whether the taxpayer could independently pro-
17 vide such information, subparagraph (B) of
18 paragraph (1) shall not apply.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to notices provided under section
21 7602(c) of the Internal Revenue Code of 1986 after the
22 date that is 12 months after the date of the enactment
23 of this Act.

1 **TITLE X—MISCELLANEOUS**

2 **SEC. 1001. AUTHORITY FOR REDISCLOSURE OF CERTAIN**
3 **TAX INFORMATION RELATED TO EDUCATION**
4 **LOANS TO THE CONGRESSIONAL BUDGET OF-**
5 **FICE.**

6 (a) **IN GENERAL.**—Section 6103(l)(13)(D) is amend-
7 ed by adding at the end the following new clause:

8 “(vii) **REDISCLOSURE TO THE CON-**
9 **GRESSIONAL BUDGET OFFICE.**—Authorized
10 persons may, upon written request by the
11 Director of the Congressional Budget Of-
12 fice to the Secretary of Education, redis-
13 close return information received under
14 subparagraphs (A), (B), and (C) to officers
15 and employees of the Congressional Budg-
16 et Office for the purpose of, but only to the
17 extent necessary in, carrying out the pur-
18 poses described in subclause (III) of clause
19 (i).”.

20 (b) **CONFORMING AMENDMENT.**—Section
21 6103(l)(13)(F) is amended by striking “(iv) (v), or (vi)”
22 and inserting “(iv), (v), (vi), or (vii)”.

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

1 (d) REPORTS.—The Secretary of Education shall an-
2 nually submit a written report to the Secretary of the
3 Treasury—

4 (1) regarding redisclosures of return informa-
5 tion under subparagraph (D)(vii) of section
6 6103(l)(13) of the Internal Revenue Code of 1986
7 (as added by this section), including the number of
8 such redisclosures; and

9 (2) regarding any unauthorized use, access, or
10 disclosure of return information disclosed under such
11 section.

12 **SEC. 1002. AUTHORIZATION TO REQUIRE LARGE PARTNER-**
13 **SHIPS TO FILE ON MAGNETIC MEDIA.**

14 (a) IN GENERAL.—Section 6011(e) is amended—

15 (1) by striking the first paragraph (6), as
16 added by section 2301(b) of the Taxpayer First Act,
17 and inserting the following:

18 “(6) PARTNERSHIPS REQUIRED TO FILE ON
19 MAGNETIC MEDIA.—Notwithstanding paragraph
20 (2)(A), the Secretary—

21 “(A) shall require partnerships having
22 more than 100 partners, and

23 “(B) may require partnerships having—

1 “(i) total assets or liabilities which are
2 greater than \$10,000,000 in any of the 3
3 preceding taxable years, or

4 “(ii) any item of income or loss which
5 is greater than \$10,000,000 in any of the
6 3 preceding taxable years,

7 to file returns on magnetic media.”, and

8 (2) by redesignating the second paragraph (6),
9 as added by section 202(d) of the Setting Every
10 Community Up for Retirement Enhancement Act of
11 2019, as paragraph (7).

12 (b) **EFFECTIVE DATE.**—The amendments made by
13 this section shall apply to returns filed on or after January
14 1 of the first calendar year beginning after the date of
15 enactment of this Act.

16 **SEC. 1003. IMPOSITION OF PENALTY FOR ERRONEOUS**
17 **CLAIMS RELATING TO EMPLOYMENT TAXES.**

18 (a) **IN GENERAL.**—Section 6676(a) is amended by
19 striking “income”.

20 (b) **EFFECTIVE DATE.**—The amendment made by
21 this section shall apply to claims filed after the date of
22 enactment of this Act.