

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 917

To amend the Internal Revenue Code of 1986 to require an investigation of Internal Revenue Service abuse of taxpayers' rights, to safeguard taxpayer rights, to monitor the effectiveness of the Internal Revenue Service's program for the prevention of taxpayer abuse, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 1993

Mr. TRAFICANT introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to require an investigation of Internal Revenue Service abuse of taxpayers' rights, to safeguard taxpayer rights, to monitor the effectiveness of the Internal Revenue Service's program for the prevention of taxpayer abuse, and for other purposes.

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. INVESTIGATION OF INTERNAL REVENUE SERV-**  
4 **ICE ABUSE OF TAXPAYERS' RIGHTS.**

5 (a) FINDINGS.—The Congress hereby finds that—

1           (1) although generally IRS employees perform  
2 their duties in a competent and professional manner,  
3 many instances have been reported concerning IRS  
4 abuse of taxpayers' rights, including the improper  
5 targeting of taxpayers or groups of taxpayers for  
6 political purposes;

7           (2) there is a need to enable the public to scru-  
8 tinize the activities of the IRS and to ensure that  
9 the IRS is subject to public accountability;

10          (3) there is a need to improve the oversight of  
11 the IRS;

12          (4) there is a need for procedures by which  
13 Congress can obtain necessary information to effec-  
14 tively perform its oversight role on behalf of the  
15 public; and

16          (5) there currently exists no effective reporting  
17 or monitoring mechanism to assist Congress in safe-  
18 guarding taxpayer rights.

19          (b) PURPOSE.—It is the purpose of this Act to im-  
20 prove oversight by the Congress of the IRS, to safeguard  
21 taxpayer rights, to discourage abuse of taxpayer rights,  
22 to encourage reporting of taxpayer abuse, to uncover past  
23 instances of such abuse so that they do not occur in the  
24 future, and to provide independent monitoring of IRS ac-  
25 tions taken to prevent taxpayer abuse.

1 (c) REPORTING RESPONSIBILITIES OF INTERNAL  
2 REVENUE SERVICE.—

3 (1) ANNUAL REPORTS.—During each calendar  
4 year beginning after the date of the enactment of  
5 this Act, the Secretary of the Treasury shall submit  
6 to the Congress a compliance report on—

7 (A) the nature of its program to prevent  
8 abuses of taxpayers' rights by the Internal Rev-  
9 enue Service, and to comply with the Taxpayer  
10 Bill of Rights,

11 (B) the implementation of such program,

12 (C) the effectiveness of such program and  
13 the evidence on the basis of which such analysis  
14 is made, and

15 (D) detailed descriptions of the types of  
16 taxpayer abuse cases that have occurred and  
17 IRS measures instituted to correct such abuses  
18 and prevent their recurrence.

19 Such report shall be submitted to the Committee on  
20 Ways and Means of the House of Representatives  
21 and the Committee on Finance of the Senate by Oc-  
22 tober 1 of each year.

23 (d) INVESTIGATION BY GENERAL ACCOUNTING OF-  
24 FICE.—

25 (1) IN GENERAL.—The Comptroller General—

1 (A) shall conduct a full and complete in-  
2 vestigation of past instances in which the Inter-  
3 nal Revenue Service has abused taxpayers'  
4 rights, has been used for political purposes, has  
5 improperly targeted taxpayers (or groups of  
6 taxpayers) for investigation, has promoted over-  
7 zealous agents on the strength of collections,  
8 has maintained illegal dossiers on taxpayers,  
9 has conducted investigations for political pur-  
10 poses, has retaliated against IRS employees  
11 who have reported IRS misconduct, or has en-  
12 gaged in other significant misconduct; and

13 (B) shall provide an assessment and eval-  
14 uation of the implementation and effectiveness  
15 of the program of the Internal Revenue Service  
16 to prevent such abuses from occurring in the  
17 future.

18 (2) REPORT.—Not later than 1 year after the  
19 date of the enactment of this Act, the Comptroller  
20 General shall submit to the Oversight Subcommittee  
21 of the Committee on Ways and Means of the House  
22 of Representatives and the Oversight Committee of  
23 the Committee on Finance of the Senate, a report  
24 on the investigation conducted under paragraph (1),  
25 together with such recommendations as he may

1 deem advisable. The Comptroller General shall have  
2 access to any IRS return information he deems nec-  
3 essary to perform his duties under this section.  
4 Nothing in this section shall be construed to permit  
5 the Comptroller General to make public the names  
6 or similar identifying information of any taxpayer.

7 (3) ACCESS TO RETURNS AND RETURN INFOR-  
8 MATION.—The purposes for which returns and re-  
9 turn information may be open to inspection or dis-  
10 closure under section 6103(i)(7)(A) of the Internal  
11 Revenue Code of 1986 (relating to disclosure to  
12 General Accounting Office) shall include the pur-  
13 poses of carrying out the Comptroller General’s du-  
14 ties as specified in this section.

15 (e) DEFINITIONS.—For purpose of this section—

16 (1) the term “Service” or “IRS” refer to the  
17 Internal Revenue Service of the Department of  
18 Treasury; and

19 (2) the term “employee” includes any IRS offi-  
20 cer or employee.

21 **SEC. 2. ESTABLISHMENT OF POSITION OF TAXPAYER AD-**  
22 **VOCATE WITHIN INTERNAL REVENUE SERV-**  
23 **ICE.**

24 (a) GENERAL RULE.—Section 7802 of the Internal  
25 Revenue Code of 1986 (relating to Commissioner of Inter-

1 nal Revenue; Assistant Commissioner (Employee Plans  
2 and Exempt Organizations)) is amended by adding at the  
3 end thereof the following new subsection:

4 “(d) OFFICE OF TAXPAYER ADVOCATE.—

5 “(1) IN GENERAL.—There is established in the  
6 Internal Revenue Service an office to be known as  
7 the ‘Office of the Taxpayer Advocate’. Such office,  
8 including all problem resolution officers, shall be  
9 under the supervision and direction of an official to  
10 be known as the ‘Taxpayer Advocate’ who shall be  
11 appointed by the President by and with the advice  
12 and consent of the Senate, and who shall report di-  
13 rectly to the Commissioner of Internal Revenue. The  
14 Taxpayer Advocate shall be entitled to compensation  
15 at the same rate as the Chief Counsel for the Inter-  
16 nal Revenue Service.

17 “(2) FUNCTIONS OF OFFICE.—

18 “(A) IN GENERAL.—It shall be the func-  
19 tion of the Office of Taxpayer Advocate to—

20 “(i) assist taxpayers in resolving prob-  
21 lems with the Internal Revenue Service,

22 “(ii) identify areas in which taxpayers  
23 have problems in dealings with the Internal  
24 Revenue Service,

1           “(iii) to the extent possible, propose  
2 changes in the administrative practices of  
3 the Internal Revenue Service to mitigate  
4 problems identified under clause (ii), and

5           “(iv) identify potential legislative  
6 changes which may be appropriate to miti-  
7 gate such problems.

8           “(B) ANNUAL REPORTS.—

9           “(i) OBJECTIVES.—Not later than Oc-  
10 tober 31 of each calendar year after 1992,  
11 the Taxpayer Advocate shall report to the  
12 Committee on Ways and Means of the  
13 House of Representatives and the Commit-  
14 tee on Finance of the Senate on the objec-  
15 tives of the Taxpayer Advocate for the fol-  
16 lowing calendar year. Any such report shall  
17 contain full and substantive analysis, in  
18 addition to statistical information.

19           “(ii) ACTIVITIES.—Not later than  
20 June 30 of each calendar year after 1992,  
21 the Taxpayer Advocate shall report to the  
22 Committee on Ways and Means of the  
23 House of Representatives and the Commit-  
24 tee on Finance of the Senate on the activi-  
25 ties of the Taxpayer Advocate during the

1 fiscal year ending during such calendar  
2 year. Any such report shall contain full  
3 and substantive analysis, in addition to  
4 statistical information, and shall—

5 “(I) identify the initiatives the  
6 Taxpayer Advocate has taken on im-  
7 proving taxpayer services and Internal  
8 Revenue Service responsiveness,

9 “(II) contain recommendations  
10 received from individuals with the au-  
11 thority to issue taxpayer assistance  
12 orders under section 7811,

13 “(III) contain a summary of at  
14 least 20 of the most serious problems  
15 encountered by taxpayers, including a  
16 description of the nature of such prob-  
17 lems,

18 “(IV) contain an inventory of the  
19 items described in subclauses (I), (II),  
20 and (III) for which action has been  
21 taken and the result of such action,

22 “(V) contain an inventory of the  
23 items described in subclauses (I), (II),  
24 and (III) for which action remains to  
25 be completed and the period during

1 which each item has remained on such  
2 inventory,

3 “(VI) contain an inventory of the  
4 items described in subclauses (II) and  
5 (III) for which no action has been  
6 taken, the period during which each  
7 item has remained on such inventory,  
8 the reasons for the inaction, and iden-  
9 tify any Internal Revenue Service  
10 official who is responsible for such  
11 inaction,

12 “(VII) identify any Taxpayer As-  
13 sistance Order which was not honored  
14 by the Internal Revenue Service in a  
15 timely manner, as specified under sec-  
16 tion 7811(b),

17 “(VIII) contain recommendations  
18 for such administrative and legislative  
19 action as may be appropriate to re-  
20 solve problems encountered by tax-  
21 payers, and

22 “(IX) include such other infor-  
23 mation as the Taxpayer Advocate may  
24 deem advisable.

1           “(iii) REPORT TO BE SUBMITTED DI-  
2           RECTLY.—Each report required under this  
3           subparagraph shall be provided directly to  
4           the Committees referred to in clauses (i)  
5           and (ii) without any prior review or com-  
6           ment from the Commissioner of the Inter-  
7           nal Revenue Service, the Secretary of the  
8           Treasury, any other officer or employee of  
9           the Department of the Treasury, or the  
10          Office of Management and Budget.

11          “(3) RESPONSIBILITIES OF COMMISSIONER OF  
12          INTERNAL REVENUE SERVICE.—The Commissioner  
13          of Internal Revenue shall establish procedures re-  
14          quiring a formal response to all recommendations  
15          submitted to the Commissioner by the Taxpayer  
16          Advocate.”

17          (b) CONFORMING AMENDMENTS.—

18                 (1) Section 7811 of such Code (relating to tax-  
19                 payer assistance orders) is amended—

20                         (A) by striking “the Office of Ombuds-  
21                         man” in subsection (a) and inserting “the Of-  
22                         fice of the Taxpayer Advocate”, and

23                         (B) by striking “Ombudsman” each place  
24                         it appears (including in the headings of sub-

1 sections (e) and (f)) and inserting “Taxpayer  
2 Advocate”.

3 (2) The heading for section 7802 of such Code  
4 is amended to read as follows:

5 **“SEC. 7802. COMMISSIONER OF INTERNAL REVENUE; AS-**  
6 **SISTANT COMMISSIONERS; TAXPAYER ADVO-**  
7 **CATE.”**

8 (3) The table of sections for subchapter A of  
9 chapter 80 of subtitle F is amended by striking the  
10 item relating to section 7802 and inserting the fol-  
11 lowing new item:

“Sec. 7802. Commissioner of Internal Revenue; Assistant Com-  
missioners; Taxpayer Advocate.”

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

15 **SEC. 3. REPORTS ON TAXPAYER-RIGHTS EDUCATION PRO-**  
16 **GRAM.**

17 Not later than 6 months after the date of the enact-  
18 ment of this Act, the Secretary of the Treasury or his dele-  
19 gate shall submit a report to the Committee on Ways and  
20 Means of the House of Representatives and the Committee  
21 on Finance of the Senate on the scope and content of the  
22 Internal Revenue Service’s taxpayer-rights education pro-  
23 gram for its officers and employees. Not later than 8  
24 months after the date of the enactment of this Act, such

1 Secretary shall submit a report to such Committees on the  
2 effectiveness of the program referred to in the preceding  
3 sentence.

4 **SEC. 4. BIENNIAL REPORTS ON MISCONDUCT BY INTERNAL**  
5 **REVENUE SERVICE EMPLOYEES.**

6 During December of 1993 and during December of  
7 each second calendar year thereafter, the Secretary of the  
8 Treasury or his delegate shall report to the Committee on  
9 Ways and Means of the House of Representatives and the  
10 Committee on Finance of the Senate on all cases involving  
11 complaints about misconduct of Internal Revenue Service  
12 employees and the disposition of such complaints.

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