To amend the Internal Revenue Code of 1986 to reduce taxpayer burdens and enhance taxpayer protections, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2010

Mr. LEWIS of Georgia (for himself, Mr. LEVIN, Mr. RANGEL, Mr. STARK, Mr. MCDERMOTT, Mr. NEAL of Massachusetts, Mr. TANNER, Mr. POMEROY, Mr. LARSON of Connecticut, Mr. KIND, Mr. PASCRELL, Ms. BERKLEY, Mr. CROWLEY, Mr. VAN HOLLEN, Mr. MEK of Florida, Ms. SCHWARTZ, Mr. DAVIS of Illinois, Ms. LINDA T. SÁNCHEZ of California, Mr. HIGGINS, Mr. YARMUTH, and Mr. BECERRA) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To amend the Internal Revenue Code of 1986 to reduce taxpayer burdens and enhance taxpayer protections, and for other purposes.

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

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the “Taxpayer Assistance Act of 2010”.

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

(c) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—CELL PHONES AND ELECTRONIC FILING

Sec. 101. Removal of cellular telephones and similar telecommunications equipment from listed property.
Sec. 102. Electronic filing exemption for religious reasons.
Sec. 103. Accelerate interest on refunds for returns filed electronically.

TITLE II—COLLECTION

Sec. 201. Study on the effectiveness of collection alternatives.

TITLE III—TAXPAYER ASSISTANCE AND PROTECTION IMPROVEMENTS

Sec. 301. Referrals to Low-Income Taxpayer Clinics permitted.
Sec. 302. Programs for the benefit of low-income taxpayers.
Sec. 303. EITC outreach.
Sec. 304. Taxpayer notification of suspected identity theft.
Sec. 305. Clarification of IRS unclaimed refund authority.
Sec. 306. Study on delivery of tax refunds.
Sec. 307. Study on timely processing and use of information returns.
Sec. 308. Study on easing the burden of in-person tax payments.

TITLE IV—REVENUE PROVISIONS

Sec. 401. Expansion of bad check penalty to electronic payments.
Sec. 402. Increase in information return penalties.
Sec. 403. Budget compliance.
TITLE I—CELL PHONES AND ELECTRONIC FILING

SEC. 101. REMOVAL OF CELLULAR TELEPHONES AND SIMILAR TELECOMMUNICATIONS EQUIPMENT FROM LISTED PROPERTY.

(a) In General.—Subparagraph (A) of section 280F(d)(4) (defining listed property) is amended by adding “and” at the end of clause (iv), by striking clause (v), and by redesignating clause (vi) as clause (v).

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2009.

SEC. 102. ELECTRONIC FILING EXEMPTION FOR RELIGIOUS REASONS.

Paragraph (3) of section 6011(e) (relating to special rule for tax return preparers) is amended by adding at the end the following new subparagraph:

“(D) Exemption for religious reasons.—The Secretary may exempt from requirements under subparagraph (A) a tax return preparer who—

“(i) is a member of a recognized religious sect or division thereof, and
“(ii) is an adherent of established teachings or tenets that do not permit the use of magnetic media.”.

SEC. 103. ACCELERATE INTEREST ON REFUNDS FOR RETURNS FILED ELECTRONICALLY.

(a) In general.—Subsection (e) of section 6611 (relating to disallowance of interest on certain overpayments) is amended by adding at the end the following new paragraph:

“(4) Special rule.—In the case of any individual income tax return relating to income tax filed by electronic means, paragraph (1) shall be applied by substituting ‘30 days’ for ‘45 days’ each place it appears.”.

(b) Effective date.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2011.

TITLE II—COLLECTION

SEC. 201. STUDY ON THE EFFECTIVENESS OF COLLECTION ALTERNATIVES.

(a) In general.—The Secretary of the Treasury shall conduct a study to assess the effectiveness of collection alternatives, especially offers-in-compromise, on long-term tax compliance. Such a study shall analyze a group of taxpayers who applied for offers-in-compromise 5 or
more years ago and compare the amount of revenue collected from the taxpayers whose offers were accepted with the amount of revenue collected from the taxpayers whose offers were rejected, and compare, among the taxpayers whose offers were rejected, the amount they offered with the amounts collected.

(b) Report.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury shall submit a report to Congress containing the results of the study conducted under subsection (a).

SEC. 202. REPEAL OF PARTIAL PAYMENT REQUIREMENT ON SUBMISSIONS OF OFFERS-IN-COMPROMISE.

(a) In General.—Section 7122 is amended by striking subsection (c) and by redesignating subsections (d), (e), (f), and (g) as subsection (c), (d), (e), and (f), respectively.

(b) Conforming Amendments.—

(1) Paragraph (3) of section 7122(d) is amended—

(A) by inserting “and” at the end of the subparagraph (A),

(B) by striking “, and” at the end of subparagraph (B) and inserting a period, and

(C) by striking subparagraph (C).
(2) Subsection (f) of section 6159 is amended by striking “section 7122(e)” and inserting “section 7122(d)”.

(e) Effective Date.—The amendments made by this section shall apply to offers submitted after the date of the enactment of this Act.

TITLE III—TAXPAYER ASSISTANCE AND PROTECTION IMPROVEMENTS

SEC. 301. REFERRALS TO LOW-INCOME TAXPAYER CLINICS PERMITTED.

(a) In General.—Subsection (c) of section 7526 is amended by adding at the end the following new paragraph:

“(6) Treasury employees permitted to refer taxpayers to qualified low-income taxpayer clinics.—Notwithstanding any other provision of law, officers and employees of the Department of the Treasury may refer taxpayers for advice and assistance to qualified low-income taxpayer clinics receiving funding under this section.”.

(b) Effective Date.—The amendment made by this section shall apply to referrals made after the date of the enactment of this Act.
SEC. 302. PROGRAMS FOR THE BENEFIT OF LOW-INCOME TAXPAYERS.

(a) VOLUNTEER INCOME TAX ASSISTANCE PROGRAMS.—Chapter 77 (relating to miscellaneous provisions) is amended by inserting after section 7526 the following new section:

“SEC. 7526A. VOLUNTEER INCOME TAX ASSISTANCE PROGRAMS.

“(a) IN GENERAL.—The Secretary may, subject to the availability of appropriated funds, make grants to provide matching funds for the development, expansion, or continuation of volunteer income tax assistance programs.

“(b) VOLUNTEER INCOME TAX ASSISTANCE PROGRAM.—For purposes of this section, the term ‘volunteer income tax assistance program’ means a program—

“(1) which does not charge taxpayers for its return preparation services,

“(2) which operates programs to assist low- and moderate-income (as determined by the Secretary) taxpayers in preparing and filing their Federal income tax returns, and

“(3) in which all of the volunteers who assist in the preparation of Federal income tax returns meet the requirements prescribed by the Secretary.

“(c) SPECIAL RULES AND LIMITATIONS.—
“(1) **Aggregate Limitation.**—Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $20,000,000 per year (exclusive of costs of administering the program) to grants under this section.

“(2) **Other Applicable Rules.**—Rules similar to the rules under paragraphs (2) through (6) of section 7526(c) shall apply with respect to the awarding of grants to volunteer income tax assistance programs.”.

(b) **Increase in Authorized Grants for Low-Income Taxpayer Clinics.**—Paragraph (1) of section 7526(c) (relating to aggregate limitation) is amended by striking “$6,000,000” and inserting “$20,000,000”.

(c) **Clerical Amendments.**—

(1) Section 7526(c)(5) is amended by inserting “qualified” before “low-income”.

(2) The table of sections for chapter 77 is amended by inserting after the item relating to section 7526 the following new item:

“Sec. 7526A. Volunteer income tax assistance programs.”.

(d) **Effective Date.**—The amendments made by this section shall take effect for authorized grants made after the date of the enactment of this Act.
SEC. 303. EITC OUTREACH.

(a) IN GENERAL.—Section 32 (relating to earned income) is amended by adding at the end the following new subsection:

“(n) NOTIFICATION OF POTENTIAL ELIGIBILITY FOR CREDIT AND REFUND.—

“(1) IN GENERAL.—To the extent possible and on an annual basis, the Secretary shall provide to each taxpayer who—

“(A) for any preceding taxable year for which credit or refund is not precluded by section 6511, and

“(B) did not claim the credit under subsection (a) but may be allowed such credit for any such taxable year based on return or return information (as defined in section 6103(b)) available to the Secretary,

notice that such taxpayer may be eligible to claim such credit and a refund for such taxable year.

“(2) NOTICE.—Notice provided under paragraph (1) shall be in writing and sent to the last known address of the taxpayer.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.
SEC. 304. TAXPAYER NOTIFICATION OF SUSPECTED IDENTITY THEFT.

(a) In General.—Chapter 77 (relating to miscellaneous provisions), as amended by this Act, is amended by adding at the end the following new section:

"SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY THEFT.

"If, in the course of an investigation under the internal revenue laws, the Secretary determines that there was or may have been an unauthorized use of the identity of the taxpayer or a dependent of the taxpayer, the Secretary shall, to the extent permitted by law—

"(1) as soon as practicable and without jeopardizing such investigation, notify the taxpayer of such determination, and

"(2) if any person is criminally charged by indictment or information with respect to such unauthorized use, notify such taxpayer as soon as practicable of such charge."

(b) Clerical Amendment.—The table of sections for chapter 77 is amended by adding at the end the following new item:

"Sec. 7529. Notification of suspected identity theft."

(c) Effective Date.—The amendments made by this section shall apply to determinations made after the date of the enactment of this Act.

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SEC. 305. CLARIFICATION OF IRS UNCLAIMED REFUND AUTHORITY.

Paragraph (1) of section 6103(m) (relating to tax refunds) is amended by inserting “, and through any other means of mass communication,” after “media”.

SEC. 306. STUDY ON DELIVERY OF TAX REFUNDS.

(a) IN GENERAL.—The National Taxpayer Advocate shall conduct a study on the feasibility of delivering tax refunds on debit cards, prepaid cards, and other electronic means to assist individuals that do not have access to financial accounts or institutions.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the National Taxpayer Advocate shall submit a report to Congress containing the results of the study conducted under subsection (a).

SEC. 307. STUDY ON TIMELY PROCESSING AND USE OF INFORMATION RETURNS.

(a) IN GENERAL.—The Secretary of the Treasury shall conduct a study on the administrative and legislative changes that would be needed to receive and process information returns before processing income tax returns.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate containing the results of the study conducted
SEC. 308. STUDY ON EASING THE BURDEN OF IN-PERSON TAX PAYMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall conduct a study on how to reduce the number of taxpayers making payments at IRS Taxpayer Assistance Centers. The report shall include an analysis of—

(1) whether the Federal Tax Deposit Coupon (Form 8109) could be expanded so that it can be used with all Federal tax deposits and payments, and

(2) what current or new return filing, payment, and proof of payment options could be implemented to reduce the burden of in-person payments.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate containing the results of the study conducted under subsection (a), together with such recommendations as the Secretary considers necessary or appropriate.
TITLE IV—REVENUE

PROVISIONS

SEC. 401. EXPANSION OF BAD CHECK PENALTY TO ELECTRONIC PAYMENTS.

(a) In General.—Section 6657 (relating to bad checks) is amended by adding at the end the following:

“Except as otherwise provided by the Secretary, any authorization of a payment by commercially acceptable means (within the meaning of section 6311) shall be treated for purposes of this section in the same manner as a check.”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to authorizations of payments made after December 31, 2010.

SEC. 402. INCREASE IN INFORMATION RETURN PENALTIES.

(a) Failure To File Correct Information Returns.—

(1) In General.—Subsections (a)(1), (b)(1)(A), and (b)(2)(A) of section 6721 are each amended by striking “$50” and inserting “$100”.

(2) Aggregate Annual Limitation.—Subsections (a)(1), (d)(1)(A), and (e)(3)(A) of section 6721 are each amended by striking “$250,000” and inserting “$1,500,000”.

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(b) **Reduction Where Correction Within 30 Days.**—

(1) **In General.**—Subparagraph (A) of section 6721(b)(1) is amended by striking “$15” and inserting “$30”.

(2) **Aggregate Annual Limitation.**—Subsections (b)(1)(B) and (d)(1)(B) of section 6721 are each amended by striking “$75,000” and inserting “$250,000”.

(c) **Reduction Where Correction on or Before August 1.**—

(1) **In General.**—Subparagraph (A) of section 6721(b)(2) is amended by striking “$30” and inserting “$60”.

(2) **Aggregate Annual Limitation.**—Subsections (b)(2)(B) and (d)(1)(C) of section 6721 are each amended by striking “$150,000” and inserting “$500,000”.

(d) **Aggregate Annual Limitations for Persons With Gross Receipts of Not More Than $5,000,000.**—Paragraph (1) of section 6721(d) is amended—

(1) by striking “$100,000” in subparagraph (A) and inserting “$500,000”,
(2) by striking “$25,000” in subparagraph (B) and inserting “$75,000”, and
(3) by striking “$50,000” in subparagraph (C) and inserting “$200,000”.

(e) Penalty in Case of Intentional Disregard.—Paragraph (2) of section 6721(e) is amended by striking “$100” and inserting “$250”.

(f) Adjustment for Inflation.—Section 6721 is amended by adding at the end the following new subsection:

“(f) Adjustment for Inflation.—

“(1) In General.—For each fifth calendar year beginning after 2012, each of the dollar amounts under subsections (a), (b), (d) (other than paragraph (2)(A) thereof), and (e) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting ‘calendar year 2011’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) Rounding.—If any amount adjusted under paragraph (1)—

“(A) is not less than $75,000 and is not a multiple of $500, such amount shall be rounded to the next lowest multiple of $500,
“(B) is not described in subparagraph (A) and is not a multiple of $10, such amount shall be rounded to the next lowest multiple of $10.”.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2011.

SEC. 403. BUDGET COMPLIANCE.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the Committee on the Budget of the House of Representatives, provided that such statement has been submitted prior to the vote on passage.