

112TH CONGRESS  
2D SESSION

# H. R. 5630

To amend the Internal Revenue Code of 1986 to provide an increased penalty in certain cases of fraudulent understatement of a taxpayer's liability by a tax return preparer.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2012

Mr. PAULSEN (for himself, Mr. McDERMOTT, Mr. BOUSTANY, and Mr. LEWIS of Georgia) 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 provide an increased penalty in certain cases of fraudulent understatement of a taxpayer's liability by a tax return preparer.

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.**

4 This Act may be cited as the "Fighting Tax Fraud  
5 Act of 2012".

1 **SEC. 2. INCREASED PENALTY FOR CERTAIN FRAUDULENT**  
2 **UNDERSTATEMENTS OF TAXPAYER'S LIABIL-**  
3 **ITY BY TAX RETURN PREPARER.**

4 (a) IN GENERAL.—Section 6694 of the Internal Rev-  
5 enue Code of 1986 is amended by redesignating sub-  
6 sections (c), (d), (e), and (f) as subsections (d), (e), (f),  
7 and (g), respectively, and by inserting after subsection (b)  
8 the following new subsection:

9 “(c) UNDERSTATEMENT DUE TO FRAUD.—

10 “(1) IN GENERAL.—Any tax return preparer  
11 who prepares any return or claim for refund with re-  
12 spect to which any part of an understatement of li-  
13 ability is due to conduct described in paragraph (2)  
14 shall pay (in addition to any other penalties) a pen-  
15 alty with respect to each such return or claim in an  
16 amount equal to the greater of—

17 “(A) \$5,000, or

18 “(B) the amount of such understatement  
19 of liability.

20 “(2) FRAUDULENT CONDUCT.—Conduct is de-  
21 scribed in this paragraph if such conduct consists  
22 of—

23 “(A) a willful modification of any return or  
24 claim for refund which—

25 “(i) creates an understatement of li-  
26 ability, and

1                   “(ii) is made by the tax return pre-  
2                   parer after such return or claim has been  
3                   signed by the taxpayer, and

4                   “(B) a willful attempt by the tax return  
5                   preparer to receive the proceeds of a refund any  
6                   portion of which is attributable to such under-  
7                   statement of liability.”.

8           (b) CONFORMING AMENDMENTS.—Subsections (d)  
9 and (e) of section 6694 of such Code, as redesignated by  
10 subsection (a), are each amended by striking “subsection  
11 (a) or (b)” each place it appears and inserting “subsection  
12 (a), (b), or (c)”.

13           (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to returns and claims prepared  
15 after the date of the enactment of this Act.

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