

115TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide additional protections to taxpayers.

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IN THE SENATE OF THE UNITED STATES

Mr. PORTMAN (for himself and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide additional protections to taxpayers.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Protecting Taxpayers Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Amendment of Internal Revenue Code of 1986.

TITLE I—MANAGEMENT AND TRAINING

Sec. 101. Internal Revenue Service Management Board.

## 2

- Sec. 102. Comprehensive training strategy.
- Sec. 103. Streamlining centralized training program approval.

## TITLE II—TAXPAYER PROTECTION

- Sec. 201. Quarterly notices of delinquency.
- Sec. 202. Regulation of tax return preparers.
- Sec. 203. Misdirected tax refund deposits.

## TITLE III—SMALL BUSINESS TAX ADMINISTRATION AND COMPLIANCE

- Sec. 301. Safe harbor for employer tip reporting.
- Sec. 302. Information reporting of income from certain rentals of space in the beauty service industry.
- Sec. 303. Release of Federal tax levies which cause business hardship.
- Sec. 304. Extension of time for making S corporation elections.
- Sec. 305. Quarterly reporting of estimated tax payments.

## TITLE IV—RETIREMENT PLANS AND SAVINGS

- Sec. 401. Expansion of employee plans compliance resolution system.

## TITLE V—ASSISTANCE FOR LOW-INCOME TAXPAYERS

- Sec. 501. Establishment of income threshold for referral to private debt collection.
- Sec. 502. Return preparation programs for applicable taxpayers.
- Sec. 503. Low-income taxpayer clinics.
- Sec. 504. Low-income exception for payments otherwise required in connection with a submission of an offer-in-compromise.

## TITLE VI—APPEALS PROCESS

- Sec. 601. Right to independent conference.
- Sec. 602. Access to case files.
- Sec. 603. Ensuring taxpayer right to appeal.
- Sec. 604. Limitation on designation of cases as not eligible for referral to Independent Office of Appeals.
- Sec. 605. Procedures related to Secretarial authority to designate cases for litigation.

## TITLE VII—MISCELLANEOUS

- Sec. 701. Modification of authority to issue designated summons.
- Sec. 702. Streamlined critical pay authority for information technology positions.
- Sec. 703. Uniform standards for the use of electronic signatures for disclosure authorizations to, and other authorizations of, practitioners.
- Sec. 704. Limitation on access of non-Internal Revenue Service employees to returns and return information.

1 **SEC. 2. AMENDMENT OF INTERNAL REVENUE CODE OF**  
2 **1986.**

3 Except as otherwise expressly provided, whenever in  
4 this Act an amendment or repeal is expressed in terms  
5 of an amendment to, or repeal of, a section or other provi-  
6 sion, the reference shall be considered to be made to a  
7 section or other provision of the Internal Revenue Code  
8 of 1986.

9 **TITLE I—MANAGEMENT AND**  
10 **TRAINING**

11 **SEC. 101. INTERNAL REVENUE SERVICE MANAGEMENT**  
12 **BOARD.**

13 (a) IN GENERAL.—Section 7802 is amended—

14 (1) in the heading, by striking “**OVERSIGHT**  
15 **BOARD**” and inserting “**MANAGEMENT BOARD**”,

16 (2) by striking “Oversight Board” each place it  
17 appears and inserting “Management Board”,

18 (3) in subsection (b)—

19 (A) in paragraph (1)—

20 (i) in subparagraph (A), by striking  
21 “six” and inserting “four”,

22 (ii) by striking subparagraph (B) and  
23 inserting the following:

24 “(B) one non-voting member shall be the  
25 Deputy Secretary of the Treasury.”,

1 (iii) in subparagraph (C), by inserting  
2 “non-voting” before “member”, and

3 (iv) by adding at the end the following  
4 new subparagraph:

5 “(E) one non-voting member shall be the  
6 Deputy Inspector General for Tax Administra-  
7 tion.”,

8 (B) in paragraph (4), by striking “Five  
9 members” and inserting “Three voting mem-  
10 bers”, and

11 (C) in paragraph (5), by striking subpara-  
12 graph (B) and inserting the following:

13 “(B) EX OFFICIO MEMBERS.—An indi-  
14 vidual described in subparagraph (B), (C), or  
15 (E) of paragraph (1) shall be removed upon ter-  
16 mination of service in the office described in  
17 such subparagraph.”,

18 (4) in subsection (c)(1)(B), by inserting “and  
19 that all employees of the Internal Revenue Service  
20 are familiar with and act in accordance with the  
21 Taxpayer Bill of Rights” before the period, and

22 (5) in subsection (d)—

23 (A) in paragraph (1)—

24 (i) in subparagraph (A), by striking  
25 “and” at the end,

1 (ii) by striking subparagraph (B) and  
2 inserting the following:

3 “(B) long-range strategic plans, and”, and

4 (iii) by adding at the end the fol-  
5 lowing:

6 “(C) an annual performance report and  
7 plan.”,

8 (B) in paragraph (3)—

9 (i) in subparagraph (B)—

10 (I) by striking “selection, evalua-  
11 tion, and compensation” and inserting  
12 “selection and evaluation”, and

13 (II) by striking “and” at the end,

14 (ii) by redesignating subparagraph  
15 (C) as subparagraph (D), and

16 (iii) by inserting after subparagraph  
17 (B) the following:

18 “(C) review and approve the Commis-  
19 sioner’s compensation of Internal Revenue Serv-  
20 ice senior executives described in subparagraph  
21 (B); and”,

22 (C) in paragraph (4)—

23 (i) in subparagraph (B), by striking  
24 “and” at the end,

1 (ii) by redesignating subparagraph  
2 (C) as subparagraph (D), and

3 (iii) by inserting after subparagraph  
4 (B) the following:

5 “(C) review any changes made to such  
6 budget request by the Office of Management  
7 and Budget prior to submission of the Presi-  
8 dent’s annual budget request to Congress;  
9 and”, and

10 (D) by inserting after paragraph (5) the  
11 following:

12 “(6) AUDITS.—To direct the Treasury Inspec-  
13 tor General for Tax Administration to perform an  
14 audit of any programs or operations of the Internal  
15 Revenue Service.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 4946(c)(7) is amended by striking  
18 “Oversight Board” and inserting “Management  
19 Board”.

20 (2) Paragraph (6) of section 6103(h) is amend-  
21 ed—

22 (A) in the heading, by striking “OVER-  
23 SIGHT BOARD” and inserting “MANAGEMENT  
24 BOARD”, and

1 (B) by striking “Oversight Board” each  
2 place it appears and inserting “Management  
3 Board”.

4 (3) Section 7803 is amended—

5 (A) in subsection (a)(4), by striking “Over-  
6 sight Board” and inserting “Management  
7 Board”,

8 (B) in subsection (c)—

9 (i) in paragraph (1)(B)(ii), by striking  
10 “Oversight Board” and inserting “Man-  
11 agement Board”, and

12 (ii) in paragraph (2)(B)(iii), by strik-  
13 ing “Oversight Board” and inserting  
14 “Management Board”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall take effect on the date of the enactment  
17 of this Act.

18 **SEC. 102. COMPREHENSIVE TRAINING STRATEGY.**

19 Not later than 1 year after the date of the enactment  
20 of this Act, the Commissioner of Internal Revenue, in con-  
21 sultation with the National Taxpayer Advocate, shall sub-  
22 mit to Congress a written report providing a comprehen-  
23 sive training strategy for employees of the Internal Rev-  
24 enue Service, including—

1           (1) a plan to streamline current training proc-  
2           esses, including an assessment of the utility of fur-  
3           ther consolidating internal training programs, tech-  
4           nology, and funding,

5           (2) a plan to develop annual training regarding  
6           taxpayer rights, including the role of the Office of  
7           the Taxpayer Advocate,

8           (3) a plan to improve technology-based training,  
9           including by developing or adopting state-of-the-art  
10          training delivery methods,

11          (4) proposals to focus employee training on  
12          early, fair, and efficient resolution of taxpayer dis-  
13          putes and to ensure consistency of skill development  
14          and employee evaluation throughout the Internal  
15          Revenue Service,

16          (5) recommendations for improvement of em-  
17          ployee recruitment, and

18          (6) a thorough assessment of the funding nec-  
19          essary to implement such strategy.

20 **SEC. 103. STREAMLINING CENTRALIZED TRAINING PRO-**  
21 **GRAM APPROVAL.**

22          The Secretary of the Treasury, or the Secretary's del-  
23          egate, shall modify the policy promulgated under Treasury  
24          Directive 12-70 to permit employee training events (as de-  
25          fined by the Secretary or the Secretary's delegate) for em-



1 ployees of the Internal Revenue Service, the cost to the  
2 Internal Revenue Service of which exceeds \$249,999 (but  
3 does not exceed \$500,000), to be approved by a Deputy  
4 Commissioner of Internal Revenue.

5 **TITLE II—TAXPAYER**  
6 **PROTECTION**

7 **SEC. 201. QUARTERLY NOTICES OF DELINQUENCY.**

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

9 (1) in the heading, by striking “**ANNUAL**” and  
10 inserting “**QUARTERLY**”, and

11 (2) by striking “annually” and inserting “each  
12 calendar quarter”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to any calendar quarter beginning  
15 after December 31, 2018.

16 **SEC. 202. REGULATION OF TAX RETURN PREPARERS.**

17 (a) IN GENERAL.—Subsection (a) of section 330 of  
18 title 31, United States Code, is amended—

19 (1) by striking paragraph (1) and inserting the  
20 following:

21 “(1) regulate—

22 “(A) the practice of representatives of per-  
23 sons before the Department of the Treasury;

24 and

1           “(B) the practice of tax return preparers;  
2           and”, and

3           (2) in paragraph (2)—

4           (A) by inserting “or a tax return preparer  
5           to prepare tax returns” after “practice”,

6           (B) by inserting “or tax return preparer”  
7           before “demonstrate”, and

8           (C) by inserting “or in preparing their tax  
9           returns, claims for refund, or documents in con-  
10          nection with tax returns or claims for refund”  
11          after “cases” in subparagraph (D).

12          (b) AUTHORITY TO SANCTION REGULATED TAX RE-  
13          TURN PREPARERS.—Subsection (c) of section 330 of title  
14          31, United States Code, is amended—

15                 (1) by striking “before the Department”,

16                 (2) by inserting “or tax return preparer” after  
17                 “representative” each place it appears, and

18                 (3) in paragraph (4), by striking “misleads or  
19                 threatens” and all that follows and inserting “mis-  
20                 leads or threatens—

21                         “(A) any person being represented or any  
22                         prospective person being represented; or

23                         “(B) any person or prospective person  
24                         whose tax return, claim for refund, or document

1           in connection with a tax return or claim for re-  
2           fund, is being or may be prepared.”.

3           (c) MINIMUM COMPETENCY STANDARDS FOR TAX  
4 RETURN PREPARERS.—Section 330 of title 31, United  
5 States Code, is amended by adding at the end the fol-  
6 lowing new subsection:

7           “(f) TAX RETURN PREPARERS.—

8                 “(1) IN GENERAL.—Any tax return preparer  
9           shall demonstrate minimum competency standards  
10          under this subsection by—

11                         “(A) obtaining an identifying number for  
12           securing proper identification of such preparer  
13           as described in section 6109(a)(4) of the Inter-  
14           nal Revenue Code of 1986;

15                         “(B) satisfying any examination and an-  
16           nual continuing education requirements as pre-  
17           scribed by the Secretary; and

18                         “(C) completing a background check ad-  
19           ministered by the Secretary.

20                 “(2) EXEMPTION.—The Secretary shall exempt  
21          tax return preparers who have been subject to com-  
22          parable examination, continuing education require-  
23          ments, and background checks administered by the  
24          Secretary or any comparable State licensing pro-  
25          gram. Such exemption shall extend directly to indi-

1       viduals who are supervised by such preparers and  
2       are not required to secure an identification number  
3       under section 6109(a)(4).”.

4       (d) TAX RETURN PREPARER DEFINED.—Section  
5       330 of title 31, United States Code, as amended by sub-  
6       section (c), is amended by adding at the end the following  
7       new subsection:

8       “(g) TAX RETURN PREPARER.—For purposes of this  
9       section—

10       “(1) IN GENERAL.—The term ‘tax return pre-  
11       parer’ has the meaning given such term under sec-  
12       tion 7701(a)(36) of the Internal Revenue Code of  
13       1986.

14       “(2) TAX RETURN.—The term ‘tax return’ has  
15       the meaning given to the term ‘return’ under section  
16       6696(e)(1) of the Internal Revenue Code of 1986.

17       “(3) CLAIM FOR REFUND.—The term ‘claim for  
18       refund’ has the meaning given such term under sec-  
19       tion 6696(e)(2) of such Code.”.

20       (e) AMENDMENTS WITH RESPECT TO IDENTIFYING  
21       NUMBER.—

22       (1) IN GENERAL.—Section 6109(a) is amended  
23       by striking paragraph (4) and inserting the fol-  
24       lowing:

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

3           “(A) IN GENERAL.—Any return or claim  
4 for refund prepared by a tax return preparer  
5 shall bear such identifying number for securing  
6 proper identification of such preparer, his em-  
7 ployer, or both, as may be prescribed. For pur-  
8 poses of this paragraph, the terms ‘return’ and  
9 ‘claim for refund’ have the respective meanings  
10 given to such terms by section 6696(e).

11           “(B) EXCEPTION.—Subparagraph (A)  
12 shall not apply to any tax return preparer who  
13 prepares a return or claim for refund under the  
14 supervision and direction of a tax return pre-  
15 parer who signs the return or claim for refund  
16 and is a certified public accountant, an attorney  
17 or enrolled agent.”.

18           (2) CLARIFICATION OF RESCISSION AUTHOR-  
19 ITY.—Section 6109 is amended by inserting after  
20 subsection (d) the following new subsection:

21           “(e) AUTHORITY TO RESCIND IDENTIFYING NUMBER  
22 OF TAX RETURN PREPARER.—

23           “(1) IN GENERAL.—The Secretary may rescind  
24 an identifying number issued under subsection  
25 (a)(4) if—

1           “(A) after notice and opportunity for a  
2           hearing, the preparer is shown to be incom-  
3           petent or disreputable (as such terms are used  
4           in subsection (c) of section 330 of title 31,  
5           United States Code), and

6           “(B) rescinding the identifying number  
7           would promote compliance with the require-  
8           ments of this title and effective tax administra-  
9           tion.

10          “(2) RECORDS.—If an identifying number is re-  
11          scinded under paragraph (1), the Secretary shall  
12          place in the file in the Office of the Director of Pro-  
13          fessional Responsibility the opinion of the Secretary  
14          with respect to the determination, including—

15                 “(A) a statement of the facts and cir-  
16                 cumstances relating to the determination, and

17                 “(B) the reasons for the rescission.”.

18          (f) GAO STUDY AND REPORT ON THE EXCHANGE  
19          OF INFORMATION BETWEEN THE IRS AND STATE TAX-  
20          ATION AUTHORITIES.—

21                 (1) IN GENERAL.—Not later than 18 months  
22                 after the date of the enactment of this Act, the  
23                 Comptroller General shall conduct a study and sub-  
24                 mit to Congress a report on the sharing of informa-  
25                 tion between the Secretary of the Treasury and

1 State authorities, as authorized under section  
2 6103(d) of the Internal Revenue Code of 1986, re-  
3 garding identification numbers issued to paid tax re-  
4 turn preparers and return preparer minimum stand-  
5 ards.

6 (2) INCREASED INFORMATION SHARING.—The  
7 study and report described in paragraph (1) shall in-  
8 clude an analysis of the impact that increased infor-  
9 mation sharing between Federal and State authori-  
10 ties would have on efforts to enforce minimum  
11 standards on paid tax return preparers.

12 **SEC. 203. MISDIRECTED TAX REFUND DEPOSITS.**

13 Section 6402 is amended by adding at the end the  
14 following new subsection:

15 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not  
16 later than January 1, 2019, the Secretary shall prescribe  
17 regulations to establish procedures to allow for—

18 “(1) taxpayers to report instances in which a  
19 refund made by the Secretary by electronic funds  
20 transfer was erroneously delivered to an account at  
21 a financial institution for which the taxpayer is not  
22 the owner;

23 “(2) coordination with financial institutions for  
24 the purpose of—

1           “(A) identifying erroneous payments de-  
2           scribed in paragraph (1); and

3           “(B) recovery of the erroneously trans-  
4           ferred amounts; and

5           “(3) the refund to be delivered to the correct  
6           account of the taxpayer.”.

7 **TITLE III—SMALL BUSINESS TAX**  
8 **ADMINISTRATION AND COM-**  
9 **PLIANCE**

10 **SEC. 301. SAFE HARBOR FOR EMPLOYER TIP REPORTING.**

11       (a) IN GENERAL.—Subsection (q) of section 3121 is  
12 amended—

13           (1) by striking “For purposes of this chapter”  
14           and inserting the following:

15           “(1) IN GENERAL.—For purposes of this chap-  
16           ter”, and

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

18           “(2) TIP PROGRAM SAFE HARBOR.—In the case  
19           of an employer for which 1 or more employees re-  
20           ceive tips in the course of their employment which  
21           are considered remuneration for such employment  
22           under paragraph (1), the Secretary shall not initiate  
23           a tip examination (as that term is used in the model  
24           Tip Reporting Alternative Commitment agreement  
25           promulgated by the Internal Revenue Service) of the



1 employer (except in relation to a tip examination of  
2 1 or more employees or former employees of such  
3 employer) if such employer has demonstrated that it  
4 has—

5 “(A) established an educational program  
6 regarding the applicable laws relating to the  
7 proper reporting of tips received by employees  
8 for—

9 “(i) new employees, which shall in-  
10 clude both verbal explanations and written  
11 materials; and

12 “(ii) existing employees, which shall  
13 be conducted quarterly;

14 “(B) established procedures for employees  
15 who receive tips to, in accordance with section  
16 6053(a), provide monthly reporting of their  
17 cash and charged services and any related tips  
18 of \$20 or greater;

19 “(C) complied with any requirements ap-  
20 plicable to employers for purposes of filing re-  
21 turns and collection and payment of taxes im-  
22 posed with respect to tips received by employ-  
23 ees; and

24 “(D) maintained employee records related  
25 to—

1 “(i) contact information for such em-  
2 ployees; and

3 “(ii) gross receipts from any services  
4 subject to tipping and charge receipts for  
5 such services for a period of not less than  
6 4 calendar years after the calendar year to  
7 which such records relate.”.

8 (b) **EFFECTIVE DATE.**—The amendments made by  
9 this section shall apply to tips received for services per-  
10 formed after December 31, 2018.

11 **SEC. 302. INFORMATION REPORTING OF INCOME FROM**  
12 **CERTAIN RENTALS OF SPACE IN THE BEAUTY**  
13 **SERVICE INDUSTRY.**

14 (a) **IN GENERAL.**—Subpart B of part III of sub-  
15 chapter A of chapter 61 is amended by inserting after sec-  
16 tion 6050Y the following new section:

17 **“SEC. 6050Z. RETURNS WITH RESPECT TO INCOME FROM**  
18 **CERTAIN RENTALS OF SPACE FOR BEAUTY**  
19 **SERVICES.**

20 “(a) **IN GENERAL.**—Any person who, in connection  
21 with its trade or business or rental activity, receives rental  
22 income from 2 or more individuals providing beauty serv-  
23 ices in excess of \$600 each for a calendar year for the  
24 rental of space to provide such beauty services to third-  
25 party patrons, shall make a return with respect to each

1 such individual, at such time and in such manner as the  
2 Secretary shall prescribe, which shall include—

3 “(1) the name, address, and TIN of such indi-  
4 vidual,

5 “(2) the total amount received from such indi-  
6 vidual during such calendar year, including the date  
7 and amount of each payment, and

8 “(3) such additional information as the Sec-  
9 retary may require.

10 “(b) STATEMENTS TO BE FURNISHED TO PERSONS  
11 WITH RESPECT TO WHOM INFORMATION IS REQUIRED  
12 TO BE FURNISHED.—

13 “(1) IN GENERAL.—Every person required to  
14 make a return under subsection (a) shall furnish to  
15 each individual whose name is required to be set  
16 forth in such return a written statement showing—

17 “(A) the name, address, and phone num-  
18 ber of the information contact of the person re-  
19 quired to make such return, and

20 “(B) the aggregate amount of payments to  
21 the person required to be shown on such return.

22 “(2) FURNISHING OF INFORMATION.—The  
23 written statement required under paragraph (1)  
24 shall be furnished to the individual on or before Jan-

1 uary 31 of the year following the calendar year for  
2 which the return under subsection (a) was made.

3 “(c) REGULATIONS AND GUIDANCE.—The Secretary  
4 may prescribe such regulations and other guidance as may  
5 be appropriate or necessary to carry out the purposes of  
6 this section, including rules to prevent duplicative report-  
7 ing of transactions.

8 “(d) BEAUTY SERVICE.—For purposes of this sec-  
9 tion, the term ‘beauty service’ means—

10 “(1) barbering and hair care,

11 “(2) nail care,

12 “(3) esthetics, and

13 “(4) body and spa treatments.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 6724(d)(1)(B) is amended by strik-  
16 ing “or” at the end of clause (xxv), by striking  
17 “and” at the end of clause (xxvi) and inserting “or”,  
18 and by inserting after clause (xxvi) the following  
19 new clause:

20 “(xvii) section 6050X(a) (relating to  
21 information reporting with respect to rent-  
22 als of space for beauty services), and”.

23 (2) Paragraph (2) of section 6724(d) is amend-  
24 ed—

1 (A) by striking “or” at the end of subpara-  
2 graph (II),

3 (B) by striking the period at the end of the  
4 first subparagraph (JJ) and inserting a comma,

5 (C) by redesignating the second subpara-  
6 graph (JJ) as subparagraph (KK),

7 (D) in subparagraph (KK), as redesign-  
8 dated by subparagraph (C), by striking the pe-  
9 riod at the end and inserting “, or”, and

10 (E) by inserting after subparagraph (KK)  
11 the following new subparagraph:

12 “(LL) section 6050Z(b)(1) (relating to  
13 statements to providers of beauty services).”.

14 (3) The table of sections for subpart B of part  
15 III of subchapter A of chapter 61 is amended by  
16 adding after the item relating to section 6050Y the  
17 following new item:

“Sec. 6050Z. Returns with respect to income from certain rentals of space for  
beauty services.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to calendar years after 2018.

20 **SEC. 303. RELEASE OF FEDERAL TAX LEVIES WHICH CAUSE**  
21 **BUSINESS HARDSHIP.**

22 (a) IN GENERAL.—Subparagraph (D) of section  
23 6343(a)(1) is amended by inserting “or any trade or busi-  
24 ness of the taxpayer” before “, or”.

1 (b) CRITERIA FOR DETERMINING BUSINESS HARD-  
2 SHIP.—Subsection (a) of section 6343 is amended by add-  
3 ing at the end the following new paragraph:

4 “(4) CRITERIA FOR DETERMINING BUSINESS  
5 HARDSHIP.—For purposes of making a determina-  
6 tion under paragraph (1)(D), with respect to a trade  
7 or business of the taxpayer, the Secretary shall take  
8 into consideration—

9 “(A) the economic viability of such trade  
10 or business,

11 “(B) the nature and extent of the hard-  
12 ship, including the extent to which the taxpayer  
13 exercised ordinary business care and prudence,  
14 and

15 “(C) any hardships which would be caused  
16 to other individuals or businesses if such trade  
17 or business were liquidated.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall take effect on the date of the enactment  
20 of this Act.

21 **SEC. 304. EXTENSION OF TIME FOR MAKING S CORPORA-**  
22 **TION ELECTIONS.**

23 (a) IN GENERAL.—Subsection (b) of section 1362 is  
24 amended to read as follows:

25 “(b) WHEN MADE.—

1           “(1) IN GENERAL.—An election under sub-  
2           section (a) may be made by a small business cor-  
3           poration for any taxable year not later than the due  
4           date for filing the return of the S corporation for  
5           such taxable year (including extensions).

6           “(2) CERTAIN ELECTIONS TREATED AS MADE  
7           FOR NEXT TAXABLE YEAR.—If—

8                   “(A) an election under subsection (a) is  
9                   made for any taxable year within the period de-  
10                  scribed in paragraph (1), but

11                  “(B) either—

12                           “(i) on 1 or more days in such taxable  
13                           year and before the day on which the elec-  
14                           tion was made the corporation did not  
15                           meet the requirements of subsection (b) of  
16                           section 1361, or

17                           “(ii) 1 or more of the persons who  
18                           held stock in the corporation during such  
19                           taxable year and before the election was  
20                           made did not consent to the election,

21                  then such election shall be treated as made for  
22                  the following taxable year.

23           “(3) AUTHORITY TO TREAT LATE ELECTIONS,  
24           ETC., AS TIMELY.—If—

1           “(A) an election under subsection (a) is  
2           made for any taxable year after the date pre-  
3           scribed by this subsection for making such elec-  
4           tion for such taxable year or no such election is  
5           made for any taxable year, and

6           “(B) the Secretary determines that there  
7           was reasonable cause for the failure to timely  
8           make such election,  
9           the Secretary may treat such an election as timely  
10          made for such taxable year.

11          “(4) ELECTION ON TIMELY FILED RETURNS.—  
12          Except as otherwise provided by the Secretary, an  
13          election under subsection (a) for any taxable year  
14          may be made on a timely filed return of the S cor-  
15          poration for such taxable year.

16          “(5) SECRETARIAL AUTHORITY.—The Secretary  
17          may prescribe such regulations, rules, or other guid-  
18          ance as may be necessary or appropriate for pur-  
19          poses of applying this subsection.”.

20          (b) COORDINATION WITH CERTAIN OTHER PROVI-  
21          SIONS.—

22                 (1) QUALIFIED SUBCHAPTER S SUBSIDI-  
23                 ARIES.—Section 1361(b)(3)(B) is amended by add-  
24                 ing at the end the following flush sentence:



1 “Rules similar to the rules of section 1362(b)  
2 shall apply with respect to any election under  
3 clause (ii).”

4 (2) QUALIFIED SUBCHAPTER S TRUSTS.—Sec-  
5 tion 1361(d)(2) is amended by striking subpara-  
6 graph (D).

7 (c) REVOCATIONS.—Paragraph (1) of section  
8 1362(d) is amended—

9 (1) by striking “subparagraph (D)” in subpara-  
10 graph (C) and inserting “subparagraphs (D) and  
11 (E)”, and

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

14 “(E) AUTHORITY TO TREAT LATE REVOCATIONS AS  
15 TIMELY.—If—

16 “(i) a revocation under subparagraph  
17 (A) is made for any taxable year after the  
18 date prescribed by this paragraph for mak-  
19 ing such revocation for such taxable year  
20 or no such revocation is made for any tax-  
21 able year, and

22 “(ii) the Secretary determines that  
23 there was reasonable cause for the failure  
24 to timely make such revocation,

1 the Secretary may treat such a revocation as  
2 timely made for such taxable year.”.

3 (d) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as otherwise pro-  
5 vided in this subsection, the amendments made by  
6 this section shall apply to elections for taxable years  
7 beginning after December 31, 2018.

8 (2) REVOCATIONS.—The amendments made by  
9 subsection (c) shall apply to revocations after De-  
10 cember 31, 2018.

11 **SEC. 305. QUARTERLY REPORTING OF ESTIMATED TAX PAY-**  
12 **MENTS.**

13 (a) IN GENERAL.—The table contained in paragraph  
14 (2) of section 6654(c) is amended—

15 (1) by striking “June 15” and inserting “July  
16 15”, and

17 (2) by striking “September 15” and inserting  
18 “October 15”.

19 (b) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to installments due in taxable years  
21 beginning after December 31, 2018.

1     **TITLE IV—RETIREMENT PLANS**  
2                     **AND SAVINGS**

3     **SEC. 401. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**  
4                     **RESOLUTION SYSTEM.**

5             (a) IN GENERAL.—Except as otherwise provided in  
6 regulations prescribed by the Secretary of the Treasury  
7 or the Secretary’s delegate (referred to in this section as  
8 the “Secretary”), any inadvertent failure to comply with  
9 the rules applicable under section 401(a), 403(a), 403(b),  
10 408(p), or 408(k) of the Internal Revenue Code of 1986  
11 may be self-corrected under the Employee Plans Compli-  
12 ance Resolution System (as described in Revenue Proce-  
13 dure 2016-51 or any successor guidance), except to the  
14 extent that such failure was identified by Secretary prior  
15 to any actions that demonstrate a commitment to imple-  
16 ment a self-correction.

17             (b) LOAN ERROR.—The Secretary of Labor shall  
18 treat any loan error corrected pursuant to subsection (a)  
19 as meeting the requirements of the Voluntary Fiduciary  
20 Correction Program of the Department of Labor.

21             (c) EPCRS FOR IRAS.—The Secretary shall expand  
22 the Employee Plans Compliance Resolution System to  
23 allow custodians of individual retirement plans to address  
24 inadvertent errors for which the owner of an individual

1 retirement plan was not at fault, including (but not limited  
2 to)—

3 (1) waivers of the excise tax that would other-  
4 wise apply under section 4974 of the Internal Rev-  
5 enue Code of 1986;

6 (2) under the self-correction component of the  
7 Employee Plans Compliance Resolution System,  
8 waivers of the 60-day deadline for a rollover where  
9 the deadline is missed for reasons beyond the rea-  
10 sonable control of the account owner; and

11 (3) rules permitting a nonspouse beneficiary to  
12 return distributions to an inherited individual retire-  
13 ment plan described in section 408(d)(3)(C) of the  
14 Internal Revenue Code of 1986 in a case where, due  
15 to an inadvertent error by a service provider, the  
16 beneficiary had reason to believe that the distribu-  
17 tion could be rolled over without inclusion in income  
18 of any part of the distributed amount.

19 (d) REQUIRED MINIMUM DISTRIBUTION CORREC-  
20 TIONS.—The Secretary shall expand the Employee Plans  
21 Compliance Resolution System to allow plans to which  
22 such system applies and custodians of individual retire-  
23 ment plans to self-correct, without an excise tax, any inad-  
24 vertent errors pursuant to which a distribution is made  
25 no more than 180 days after it was required to be made.

1 (e) ADDITIONAL SAFE HARBORS.—The Secretary  
2 shall expand the Employee Plans Compliance Resolution  
3 System (as described in Revenue Procedure 2016-51 or  
4 any successor guidance) to provide additional safe harbor  
5 means of correcting inadvertent failures described in sub-  
6 section (a), including safe harbor means of calculating the  
7 earnings that must be restored to a plan in cases where  
8 plan assets have been depleted by reason of an inadvertent  
9 failure.

10 **TITLE V—ASSISTANCE FOR LOW-**  
11 **INCOME TAXPAYERS**

12 **SEC. 501. ESTABLISHMENT OF INCOME THRESHOLD FOR**  
13 **REFERRAL TO PRIVATE DEBT COLLECTION.**

14 (a) IN GENERAL.—Section 6306(d)(3) is amended by  
15 striking “or” at the end of subparagraph (C), by adding  
16 “or” at the end of subparagraph (D), and by inserting  
17 after subparagraph (D) the following new subparagraph:

18 “(E) in the case of a tax receivable which  
19 is identified by the Secretary (or the Secretary’s  
20 delegate) during the period beginning on the  
21 date which is 180 days after the date of the en-  
22 actment of this Act and ending on December  
23 31, 2019, a taxpayer who is an individual with  
24 adjusted gross income, as determined for the  
25 most recent taxable year for which such infor-



1           “(1) IN GENERAL.—Qualified return prepara-  
2           tion programs may use grants received under this  
3           section for—

4                   “(A) ordinary and necessary costs associ-  
5                   ated with program operation in accordance with  
6                   cost principles under the applicable Office of  
7                   Management and Budget circular, including—

8                           “(i) wages or salaries of persons co-  
9                           ordinating the activities of the program,

10                           “(ii) developing training materials,  
11                           conducting training, and performing qual-  
12                           ity reviews of the returns prepared under  
13                           the program,

14                           “(iii) equipment purchases, and

15                           “(iv) vehicle-related expenses associ-  
16                           ated with remote or rural tax preparation  
17                           services,

18                   “(B) outreach and educational activities  
19                   described in subsection (c)(2)(B), and

20                   “(C) services related to financial education  
21                   and capability, asset development, and the es-  
22                   tablishment of savings accounts in connection  
23                   with tax return preparation.

24           “(2) REQUIREMENT OF MATCHING FUNDS.—A  
25           qualified return preparation program must provide

1 matching funds on a dollar-for-dollar basis for all  
2 grants provided under this section. Matching funds  
3 may include—

4 “(A) the salary (including fringe benefits)  
5 of individuals performing services for the pro-  
6 gram,

7 “(B) the cost of equipment used in the  
8 program, and

9 “(C) other ordinary and necessary costs  
10 associated with the program.

11 Indirect expenses, including general overhead of any  
12 entity administering the program, shall not be  
13 counted as matching funds.

14 “(c) APPLICATION.—

15 “(1) IN GENERAL.—Each applicant for a grant  
16 under this section shall submit an application to the  
17 Secretary at such time, in such manner, and con-  
18 taining such information as the Secretary may rea-  
19 sonably require.

20 “(2) PRIORITY.—In awarding grants under this  
21 section, the Secretary shall give priority to applica-  
22 tions which demonstrate—

23 “(A) assistance to applicable taxpayers,  
24 with emphasis on outreach to, and services for,  
25 such taxpayers,



1           “(B) taxpayer outreach and educational  
2           activities relating to eligibility and availability  
3           of income supports available through this title,  
4           including the earned income tax credit, and

5           “(C) specific outreach and focus on one or  
6           more underserved populations.

7           “(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-  
8           termining matching grants under this section, the  
9           Secretary shall only take into account amounts pro-  
10          vided by the qualified return preparation program  
11          for expenses described in subsection (b).

12          “(d) PROGRAM ADHERENCE.—

13           “(1) IN GENERAL.—The Secretary shall estab-  
14           lish procedures for, and shall conduct not less fre-  
15           quently than once every 5 calendar years during  
16           which a qualified return preparation program is op-  
17           erating under a grant under this section, periodic  
18           site visits—

19           “(A) to ensure the program is carrying out  
20           the purposes of this section, and

21           “(B) to determine whether the program  
22           meets such program adherence standards as the  
23           Secretary shall by regulation or other guidance  
24           prescribe.

1           “(2) ADDITIONAL REQUIREMENTS FOR GRANT  
2 RECIPIENTS NOT MEETING PROGRAM ADHERENCE  
3 STANDARDS.—In the case of any qualified return  
4 preparation program which—

5                   “(A) is awarded a grant under this section,  
6           and

7                   “(B) is subsequently determined—

8                           “(i) not to meet the program adher-  
9                           ence standards described in paragraph  
10                           (1)(B), or

11                           “(ii) not to be otherwise carrying out  
12                           the purposes of this section,

13           such program shall not be eligible for any additional  
14           grants under this section unless such program pro-  
15           vides sufficient documentation of corrective meas-  
16           ures established to address any such deficiencies de-  
17           termined.

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

19                   “(1) QUALIFIED RETURN PREPARATION PRO-  
20                   GRAM.—The term ‘qualified return preparation pro-  
21                   gram’ means any program—

22                           “(A) which provides assistance to individ-  
23                           uals, not less than 90 percent of whom are ap-  
24                           plicable taxpayers, in preparing and filing Fed-  
25                           eral income tax returns,

1           “(B) which is administered by a qualified  
2 entity,

3           “(C) in which all volunteers who assist in  
4 the preparation of Federal income tax returns  
5 meet the training requirements prescribed by  
6 the Secretary, and

7           “(D) which uses a quality review process  
8 which reviews 100 percent of all returns.

9           “(2) QUALIFIED ENTITY.—

10           “(A) IN GENERAL.—The term ‘qualified  
11 entity’ means any entity which—

12                   “(i) is an eligible organization,

13                   “(ii) is in compliance with Federal tax  
14 filing and payment requirements,

15                   “(iii) is not debarred or suspended  
16 from Federal contracts, grants, or coopera-  
17 tive agreements, and

18                   “(iv) agrees to provide documentation  
19 to substantiate any matching funds pro-  
20 vided pursuant to the grant program under  
21 this section.

22           “(B) ELIGIBLE ORGANIZATION.—The term  
23 ‘eligible organization’ means—

24                   “(i) an institution of higher education  
25 which is described in section 102 (other

1 than subsection (a)(1)(C) thereof) of the  
2 Higher Education Act of 1965 (20 U.S.C.  
3 1002), as in effect on the date of the en-  
4 actment of this section, and which has not  
5 been disqualified from participating in a  
6 program under title IV of such Act,

7 “(ii) an organization described in sec-  
8 tion 501(c) and exempt from tax under  
9 section 501(a),

10 “(iii) a local government agency, in-  
11 cluding—

12 “(I) a county or municipal gov-  
13 ernment agency, and

14 “(II) an Indian tribe, as defined  
15 in section 4(13) of the Native Amer-  
16 ican Housing Assistance and Self-De-  
17 termination Act of 1996 (25 U.S.C.  
18 4103(13)), including any tribally des-  
19 igned housing entity (as defined in  
20 section 4(22) of such Act (25 U.S.C.  
21 4103(22))), tribal subsidiary, subdivi-  
22 sion, or other wholly owned tribal en-  
23 tity,

24 “(iv) a local, State, regional, or na-  
25 tional coalition (with one lead organization

1           which meets the eligibility requirements of  
2           clause (i), (ii), or (iii) acting as the appli-  
3           cant organization), or

4                   “(v) in the case of applicable tax-  
5           payers and members of underserved popu-  
6           lations with respect to which no organiza-  
7           tions described in the preceding clauses are  
8           available—

9                           “(I) a State government agency,  
10                           or

11                           “(II) an office providing Cooper-  
12           ative Extension services (as estab-  
13           lished at the land-grant colleges and  
14           universities under the Smith-Lever  
15           Act of May 8, 1914).

16                   “(3) APPLICABLE TAXPAYERS.—The term ‘ap-  
17           plicable taxpayer’ means a taxpayer whose income  
18           for the taxable year does not exceed an amount  
19           equal to the completed phaseout amount under sec-  
20           tion 32(b) for a married couple filing a joint return  
21           with 3 or more qualifying children, as determined in  
22           a revenue procedure or other published guidance.

23                   “(4) UNDERSERVED POPULATION.—The term  
24           ‘underserved population’ includes populations of per-  
25           sons with disabilities, persons with limited English

1 proficiency, Native Americans, individuals living in  
2 rural areas, members of the Armed Forces and their  
3 spouses, and the elderly.

4 “(f) SPECIAL RULES AND LIMITATIONS.—

5 “(1) DURATION OF GRANTS.—Upon application  
6 of a qualified return preparation program, the Sec-  
7 retary is authorized to award a multi-year grant not  
8 to exceed 3 years.

9 “(2) AGGREGATE LIMITATION.—Unless other-  
10 wise provided by specific appropriation, the Sec-  
11 retary shall not allocate more than \$30,000,000 per  
12 fiscal year (exclusive of costs of administering the  
13 program) to grants under this section.

14 “(g) PROMOTION OF PROGRAMS.—

15 “(1) IN GENERAL.—The Secretary shall pro-  
16 mote tax preparation through qualified return prepa-  
17 ration programs through the use of mass commu-  
18 nications and other means.

19 “(2) PROVISION OF INFORMATION REGARDING  
20 QUALIFIED RETURN PREPARATION PROGRAMS.—The  
21 Secretary may provide taxpayers information regard-  
22 ing qualified return preparation programs receiving  
23 grants under this section.

24 “(3) VITA GRANTEE REFERRAL.—Qualified re-  
25 turn preparation programs receiving a grant under

1 this section are encouraged, in appropriate cases,  
2 to—

3 “(A) advise taxpayers of the availability of,  
4 and eligibility requirements for receiving, advice  
5 and assistance from qualified low-income tax-  
6 payer clinics receiving funding under section  
7 7526, and

8 “(B) provide information regarding the lo-  
9 cation of, and contact information for, such  
10 clinics.”.

11 (b) CLERICAL AMENDMENT.—The table of sections  
12 for chapter 77 is amended by inserting after the item re-  
13 lating to section 7526 the following new item:

“Sec. 7526A. Return preparation programs for applicable taxpayers.”.

14 **SEC. 503. LOW-INCOME TAXPAYER CLINICS.**

15 (a) PROMOTION OF CLINICS.—Section 7526 is  
16 amended by adding at the end the following new sub-  
17 section:

18 “(d) PROMOTION OF CLINICS.—The Secretary is au-  
19 thorized to promote the benefits of and encourage the use  
20 of qualified low-income taxpayer clinics through the use  
21 of mass communications, referrals, and other means.”.

22 (b) IRS REFERRALS TO CLINICS.—Subsection (c) of  
23 section 7526 is amended by adding at the end the fol-  
24 lowing new paragraph:

1           “(6) IRS REFERRALS.—Notwithstanding any  
2 other provision of law, the Secretary may refer tax-  
3 payers to specific qualified low-income taxpayer clin-  
4 ics receiving funding under this section.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall take effect on the date of the enactment  
7 of this Act.

8 **SEC. 504. LOW-INCOME EXCEPTION FOR PAYMENTS OTHER-**  
9 **WISE REQUIRED IN CONNECTION WITH A**  
10 **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

11           (a) IN GENERAL.—Section 7122(c) is amended by  
12 adding at the end the following new paragraph:

13           “(3) EXCEPTION FOR LOW-INCOME TAX-  
14 PAYERS.—Paragraph (1), and any user fee otherwise  
15 required in connection with the submission of an  
16 offer-in-compromise, shall not apply to any offer-in-  
17 compromise with respect to a taxpayer who is an in-  
18 dividual with adjusted gross income, as determined  
19 for the most recent taxable year for which such in-  
20 formation is available, which does not exceed 250  
21 percent of the applicable poverty level (as deter-  
22 mined by the Secretary).”.

23           (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to offers-in-compromise submitted  
25 after the date of the enactment of this Act.



## 1     **TITLE VI—APPEALS PROCESS**

### 2     **SEC. 601. RIGHT TO INDEPENDENT CONFERENCE.**

3           (a) IN GENERAL.—Section 1001 of the Internal Rev-  
4     enue Service Restructuring and Reform Act of 1998 is  
5     amended by redesignating subsection (c) as subsection (d)  
6     and by inserting after subsection (b) the following new  
7     subsection:

8           “(c) RIGHT TO INDEPENDENT CONFERENCE.—  
9     Under the organization plan of the Internal Revenue Serv-  
10    ice, a taxpayer shall have the right to a conference with  
11    the Internal Revenue Service Office of Appeals which does  
12    not include personnel from the Office of Chief Counsel for  
13    the Internal Revenue Service or the compliance functions  
14    of the Internal Revenue Service unless the taxpayer spe-  
15    cifically consents to the participation of such personnel.”.

16           (b) EFFECTIVE DATE.—This section shall apply to  
17    conferences occurring after the date of the enactment of  
18    this Act.

### 19    **SEC. 602. ACCESS TO CASE FILES.**

20           (a) IN GENERAL.—In the case of any specified tax-  
21    payer with respect to which a conference with the Internal  
22    Revenue Service Office of Appeals has been scheduled, the  
23    taxpayer shall be provided access to the nonprivileged por-  
24    tions of the case file on record regarding the disputed  
25    issues (other than documents provided by the taxpayer to

1 the Internal Revenue Service) not later than 10 days be-  
2 fore the date of such conference.

3 (b) TAXPAYER ELECTION TO EXPEDITE CON-  
4 FERENCE.—If the taxpayer so elects, subsection (a) shall  
5 be applied by substituting “the date of such conference”  
6 for “10 days before the date of such conference”.

7 (c) SPECIFIED TAXPAYER.—For purposes of this sec-  
8 tion:

9 (1) IN GENERAL.—The term “specified tax-  
10 payer” means—

11 (A) in the case of any taxpayer who is a  
12 natural person, a taxpayer whose adjusted gross  
13 income does not exceed \$400,000, and

14 (B) in the case of any other taxpayer, a  
15 taxpayer whose gross receipts do not exceed  
16 \$5,000,000.

17 (2) AGGREGATION RULE.—Rules similar to the  
18 rules of section 448(c)(2) of the Internal Revenue  
19 Code of 1986 shall apply for purposes of paragraph  
20 (1)(B).

21 (d) EFFECTIVE DATE.—This section shall apply to  
22 conferences occurring after the date which is 1 year after  
23 the date of the enactment of this Act.

1 **SEC. 603. ENSURING TAXPAYER RIGHT TO APPEAL.**

2 (a) IN GENERAL.—Subsection (a) of section 6212 is  
3 amended—

4 (1) by striking “IN GENERAL.—If the Sec-  
5 retary” and inserting “IN GENERAL.—

6 “(1) AUTHORIZATION.—If—

7 “(A) the Secretary”,

8 (2) by striking “44, he is authorized” and in-  
9 serting “44, and

10 “(B) the requirements of paragraph (2)

11 have been met with respect to such deficiency,

12 the Secretary is authorized”, and

13 (3) by adding at the end the following new  
14 paragraph:

15 “(2) OPPORTUNITY FOR ADMINISTRATIVE RE-  
16 VIEW IN THE OFFICE OF APPEALS.—

17 “(A) IN GENERAL.—The requirements of

18 this paragraph are met with respect to a defi-

19 ciency if, prior to the issuance of the notice of

20 deficiency under paragraph (1)—

21 “(i) the taxpayer has been issued a

22 letter of proposed deficiency that explains

23 the basis for the determination of defi-

24 ciency and allows the taxpayer an oppor-

25 tunity for administrative review in the In-

1           ternal Revenue Service Office of Appeals,  
2           and

3           “(ii) either—

4                   “(I) the time provided in such  
5                   letter for contacting the Office of Ap-  
6                   peals has expired and the taxpayer  
7                   has not so contacted such Office, or

8                   “(II) the Office of Appeals has  
9                   issued a decision with respect to such  
10                  deficiency.

11               “(B) FRIVOLOUS TAX POSITIONS.—The  
12               Secretary is authorized to issue regulations lim-  
13               iting the application of subparagraph (A) in  
14               cases involving solely the failure or refusal to  
15               comply with the tax laws because of moral, reli-  
16               gious, political, constitutional, conscientious, or  
17               similar grounds, or for other positions listed as  
18               frivolous under section 6702(e).

19               “(C) CASES DESIGNATED FOR LITIGA-  
20               TION.—Subparagraph (A) shall not apply in the  
21               case of issues designated for litigation in ac-  
22               cordance with section 7124.”.

23           (b) OPPORTUNITY FOR APPEAL IF FEWER THAN 60  
24           DAYS REMAIN ON STATUTE OF LIMITATIONS.—Section

1 6212 is amended by adding at the end the following new  
2 subsection:

3       “(e) OPPORTUNITY FOR APPEAL IF FEWER THAN 60  
4 DAYS REMAIN ON STATUTE OF LIMITATIONS.—In the  
5 case of any issues relating to a potential deficiency with  
6 respect to which 60 days or fewer remain in the period  
7 applicable under section 6501, if the taxpayer agrees to  
8 the extension of such period by 12 months, the Secretary  
9 shall issue a letter of proposed deficiency described in sub-  
10 section (a)(2)(A)(i) allowing the taxpayer an opportunity  
11 for administrative review of such issues in the Internal  
12 Revenue Service Office of Appeals before a notice of defi-  
13 ciency is issued under this section. Rules similar to the  
14 rules of subsection (a)(2)(B) shall apply for purposes of  
15 this subsection.”.

16       (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to notices of deficiency issued after  
18 the date of the enactment of this Act.

19 **SEC. 604. LIMITATION ON DESIGNATION OF CASES AS NOT**  
20 **ELIGIBLE FOR REFERRAL TO INDEPENDENT**  
21 **OFFICE OF APPEALS.**

22       (a) IN GENERAL.—If any taxpayer which is in receipt  
23 of notice of deficiency authorized under section 6212 of  
24 the Internal Revenue Code of 1986 requests referral to  
25 the Internal Revenue Service Office of Appeals and such

1 request is denied, the Commissioner of Internal Revenue  
2 shall provide such taxpayer a written notice which—

3 (1) provides a detailed description of the facts  
4 involved, the basis for the decision to deny the re-  
5 quest, and a detailed explanation of how the basis of  
6 such decision applies to such facts, and

7 (2) describes the procedures proscribed under  
8 subsection (c) for protesting the decision to deny the  
9 request.

10 (b) REPORT TO CONGRESS.—The Commissioner of  
11 Internal Revenue shall submit a written report to Con-  
12 gress on an annual basis which includes the number of  
13 requests described in subsection (a) which were denied and  
14 the reasons (described by category) that such requests  
15 were denied.

16 (c) PROCEDURES FOR PROTESTING DENIAL OF RE-  
17 QUEST.—The Commissioner of Internal Revenue shall  
18 prescribe procedures for protesting to the Commissioner  
19 of Internal Revenue (personally and not through any dele-  
20 gate) a denial of a request described in subsection (a).

21 (d) NOT APPLICABLE TO FRIVOLOUS POSITIONS.—  
22 This section shall not apply to a request for referral to  
23 the Internal Revenue Service Office of Appeals which is  
24 denied on the basis that the issue involved is a frivolous

1 position (within the meaning of section 6702(c) of the In-  
2 ternal Revenue Code of 1986).

3 **SEC. 605. PROCEDURES RELATED TO SECRETARIAL AU-**  
4 **THORITY TO DESIGNATE CASES FOR LITIGA-**  
5 **TION.**

6 (a) IN GENERAL.—Chapter 74 is amended by redess-  
7 ignating section 7124 as section 7125 and by inserting  
8 after section 7123 the following new section:

9 **“SEC. 7124. PROCEDURES RELATED TO SECRETARIAL AU-**  
10 **THORITY TO DESIGNATE CASES FOR LITIGA-**  
11 **TION.**

12 “(a) IN GENERAL.—For any matter which the Com-  
13 missioner of Internal Revenue and the Chief Counsel for  
14 the Internal Revenue Service have determined shall be  
15 designated for litigation, such determination shall be—

16 “(1) based on a joint written recommendation  
17 by the Commissioner of the relevant operating divi-  
18 sion of the Internal Revenue Service and the Divi-  
19 sion Counsel for such operating division, which shall  
20 include an explanation as to why the designation is  
21 preferable to other means of resolving the matter,  
22 and

23 “(2) made in consultation with the Associate  
24 Chief Counsel with relevant subject matter jurisdic-  
25 tion over such matter.

1           “(b) NOTIFICATION PRIOR TO RECOMMENDATION.—  
2 Prior to submission of a recommendation described in sub-  
3 section (a)(1), the Division Counsel for the relevant oper-  
4 ating division of the Internal Revenue Service shall pro-  
5 vide written notification to the taxpayer regarding the rec-  
6 ommendation, including—

7                   “(1) a description of the issues recommended  
8 for designation and the reasons for such rec-  
9 ommendation, and

10                   “(2) notification that the taxpayer’s views may  
11 be presented in writing or in person to the Division  
12 Counsel and the Commissioner of the relevant oper-  
13 ating division—

14                           “(A) within 60 days of such notification,  
15 or

16                           “(B) prior to such other date as the tax-  
17 payer and the Division Counsel may agree.

18           “(c) NOTIFICATION AFTER RECOMMENDATION.—  
19 Not later than 30 days after submission of a recommenda-  
20 tion described in subsection (a)(1), the Division Counsel  
21 for the relevant operating division of the Internal Revenue  
22 Service shall provide written notification to the taxpayer  
23 regarding submission of the recommendation, including  
24 notification that the taxpayer’s views may be presented in  
25 writing or in person to the Commissioner of Internal Rev-



1 enue and the Chief Counsel for the Internal Revenue Serv-  
2 ice—

3 “(1) within 60 days of such notification, or

4 “(2) prior to such other date as the taxpayer,  
5 the Commissioner of Internal Revenue, and the  
6 Chief Counsel for the Internal Revenue Service may  
7 agree.

8 “(d) NOTICE OF APPROVAL OF DESIGNATION.—For  
9 any matter which the Commissioner of Internal Revenue  
10 and the Chief Counsel for the Internal Revenue Service  
11 have determined shall be designated for litigation—

12 “(1) the Division Counsel for the relevant oper-  
13 ating division of the Internal Revenue Service shall  
14 provide written notification to the taxpayer regard-  
15 ing such determination, and

16 “(2) the jurisdiction of the Internal Revenue  
17 Service Office of Appeals over such matter shall be  
18 limited solely to any issues not included in such des-  
19 ignation.

20 “(e) RESCINDING OF DESIGNATION.—The Chief  
21 Counsel for the Internal Revenue Service may rescind any  
22 designation of a matter for litigation if the Chief Counsel  
23 determines that continuation of such litigation does not  
24 serve the purpose for which such designation was origi-  
25 nally made.”.

1 (b) CLERICAL AMENDMENT.—The table of sections  
 2 for chapter 74 is amended by striking the item relating  
 3 to section 7124 and inserting the following new items:

“Sec. 7124. Procedures related to Secretarial authority to designate cases for  
 litigation.

“Sec. 7125. Cross references.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to the designation of issues for liti-  
 6 gation occurring after the date of the enactment of this  
 7 Act.

## 8 **TITLE VII—MISCELLANEOUS**

### 9 **SEC. 701. MODIFICATION OF AUTHORITY TO ISSUE DES-** 10 **IGNATED SUMMONS.**

11 (a) IN GENERAL.—Paragraph (1) of section 6503(j)  
 12 is amended by striking “coordinated examination pro-  
 13 gram” and inserting “coordinated industry case pro-  
 14 gram”.

15 (b) DESIGNATED SUMMONS.—Clause (i) of section  
 16 6503(j)(2)(A) is amended to read as follows:

17 “(i) the issuance of such summons is  
 18 preceded by a review and written approval  
 19 of such issuance by the Large Business  
 20 and International Division Commissioner  
 21 and the Division Counsel of the Office of  
 22 Chief Counsel (or their successors)—

23 “(I) which clearly establishes  
 24 that the taxpayer did not reasonably

1 cooperate with reasonable requests by  
2 the Secretary for witnesses, docu-  
3 ments, meetings, and interviews, and  
4 “(II) which is attached to such  
5 summons,”.

6 (c) BURDEN OF PROOF.—Subsection (j) of section  
7 6503 is amended by adding at the end the following new  
8 paragraph:

9 “(4) BURDEN OF PROOF.—In any court pro-  
10 ceeding described in paragraph (3), the Secretary  
11 shall bear the burden of proving that the corporation  
12 described in paragraph (1) did not reasonably co-  
13 operate with reasonable requests by the Secretary  
14 for witnesses, documents, meetings, and inter-  
15 views.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to summonses issued after the date  
18 of the enactment of this Act.

19 **SEC. 702. STREAMLINED CRITICAL PAY AUTHORITY FOR IN-**  
20 **FORMATION TECHNOLOGY POSITIONS.**

21 (a) AUTHORITY.—Section 9503(a) of title 5, United  
22 States Code, is amended—

23 (1) in the matter preceding paragraph (1), by  
24 striking “the Secretary of the Treasury” and all that  
25 follows through “establish” and inserting “the Sec-

1       retary of the Treasury may, during the period begin-  
2       ning on October 1, 2018, and ending on September  
3       30, 2023, establish”, and

4               (2) in paragraph (1)(B), by striking “the Inter-  
5       nal Revenue Service’s successful accomplishment of  
6       an important mission” and inserting “the  
7       functionality of the information technology oper-  
8       ations of the Internal Revenue Service”.

9       (b) RECRUITMENT, RETENTION, RELOCATION IN-  
10      CENTIVES, AND RELOCATION EXPENSES.—Section 9504  
11      of title 5, United States Code, is amended—

12               (1) in subsection (a)—

13                       (A) by striking “Before September 30,  
14                       2013” and inserting “During the period begin-  
15                       ning on October 1, 2018, and ending on Sep-  
16                       tember 30, 2023”, and

17                       (B) by inserting “for employees holding  
18                       positions described in section 9503(a)(1)” after  
19                       “incentives”, and

20               (2) in subsection (b)—

21                       (A) by striking “Before September 30,  
22                       2013” and inserting “During the period begin-  
23                       ning on October 1, 2018, and ending on Sep-  
24                       tember 30, 2023”,

1           (B) by striking “employees transferred or  
2           reemployed” and inserting “employees holding  
3           positions described in section 9503(a)(1) who  
4           are transferred or reemployed during such pe-  
5           riod”, and

6           (C) by striking “section 9502 or 9503  
7           after June 1, 1998” and inserting “section  
8           9503 during such period”.

9           (c) PERFORMANCE AWARDS FOR SENIOR EXECU-  
10          TIVES.—Section 9505(a) of title 5, United States Code,  
11          is amended—

12           (1) by striking “Before September 30, 2013”  
13           and inserting “During the period beginning on Octo-  
14           ber 1, 2018, and ending on September 30, 2023”,  
15           and

16           (2) by striking “significant functions” and in-  
17           serting “the information technology operations”.

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

1 **SEC. 703. UNIFORM STANDARDS FOR THE USE OF ELEC-**  
2 **TRONIC SIGNATURES FOR DISCLOSURE AU-**  
3 **THORIZATIONS TO, AND OTHER AUTHORIZA-**  
4 **TIONS OF, PRACTITIONERS.**

5 Paragraph (3) of section 6061(b) is amended to read  
6 as follows:

7 “(3) PUBLISHED GUIDANCE.—

8 “(A) IN GENERAL.—The Secretary shall  
9 publish guidance as appropriate to define and  
10 implement any waiver of the signature require-  
11 ments or any method adopted under paragraph  
12 (1).

13 “(B) ELECTRONIC SIGNATURES FOR DIS-  
14 CLOSURE AUTHORIZATIONS TO, AND OTHER AU-  
15 THORIZATIONS OF, PRACTITIONERS.—Not later  
16 than 6 months after the date of the enactment  
17 of this subparagraph, the Secretary shall pub-  
18 lish guidance to establish uniform standards  
19 and procedures for the acceptance of taxpayers’  
20 signatures appearing in commercially provided  
21 electronic form with respect to any request for  
22 disclosure of a taxpayer’s return or return in-  
23 formation under section 6103(c) to a practi-  
24 tioner or any power of attorney granted by a  
25 taxpayer to a practitioner.

1           “(C) PRACTITIONER.—For purposes of  
2           subparagraph (B), the term ‘practitioner’  
3           means any individual in good standing who is  
4           regulated under section 330 of title 31, United  
5           States Code.”.

6 **SEC. 704. LIMITATION ON ACCESS OF NON-INTERNAL REV-**  
7           **ENUE SERVICE EMPLOYEES TO RETURNS**  
8           **AND RETURN INFORMATION.**

9           (a) IN GENERAL.—Section 7602 is amended by add-  
10          ing at the end the following new subsection:

11          “(f) LIMITATION ON ACCESS OF PERSONS OTHER  
12          THAN INTERNAL REVENUE SERVICE OFFICERS AND EM-  
13          PLOYEES.—The Secretary shall not, under the authority  
14          of section 6103(n), provide any books, papers, records, or  
15          other data obtained pursuant to this section to any person  
16          authorized under section 6103(n), except when such per-  
17          son requires such information for the sole purpose of pro-  
18          viding expert evaluation and assistance to the Internal  
19          Revenue Service. No person other than an officer or em-  
20          ployee of the Internal Revenue Service or the Office of  
21          Chief Counsel may, on behalf of the Secretary, question  
22          a witness under oath whose testimony was obtained pursu-  
23          ant to this section.”.

24          (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graph (2), the amendment made by this section shall  
3           take effect on the date of the enactment of this Act.

4           (2) APPLICATION TO CONTRACTS IN EFFECT.—  
5           The amendment made by this section shall apply to  
6           any contract in effect under section 6103(n) of the  
7           Internal Revenue Code of 1986, pursuant to tem-  
8           porary Treasury Regulation section 301.7602–1T  
9           proposed in Internal Revenue Bulletin 2014–28,  
10          Treasury Regulation section 301.7602–1(b)(3), or  
11          any similar or successor regulation, that is in effect  
12          on the date of the enactment of this Act.