H.R. ____
Taxpayer Assistance and Simplification Act of 2008

April 8, 2008

Modification of penalty on understatement of taxpayer's liability by tax return preparer. The bill would conform the penalty standards for return preparers with the standards for taxpayers. For undisclosed positions, the penalty standard for return preparers is reduced to substantial authority. For disclosed positions, a return preparer generally must have a reasonable basis for the position. For positions involving tax shelters and certain reportable transactions, a return preparer must have a reasonable belief that the position would more likely than not be sustained on the merits. *This proposal is estimated to cost $22 million over ten years.*

Removal of cellular telephones (or similar telecommunications equipment) from listed property. The bill would eliminate the special requirements for individuals to keep detailed records of calls made on employer-provided cell phones to substantiate business use of such devices. *This proposal is estimated to cost $237 million over ten years.*

Delay of application of withholding requirement on certain governmental payments for goods and services. The bill would delay for one year the imposition of a three-percent withholding requirement on government payments for goods and services made after December 31, 2010. *This proposal is estimated to cost $316 million over ten years.*

Elderly and disabled individuals receiving in-home care under certain government programs not subject to employment tax provisions. The bill would make the administrators of state and local government programs liable for paying the employment taxes on amounts paid by government programs to in-home care workers provided to elderly and disabled persons. The bill would not apply to amounts paid by elderly and disabled individuals to home care workers. *This proposal is estimated to have a negligible revenue effect.*

Referrals to low income taxpayer clinics permitted. The bill would allow IRS employees to refer taxpayers needing assistance with tax cases to qualified low-income taxpayer clinics. *This proposal is estimated to have a negligible revenue effect.*

Programs for the benefit of low-income taxpayers. The bill would authorize an annual $10 million grant for Volunteer Income Tax Assistance ("VITA") programs. The bill also would increase the annual aggregate limitation authorized on grants to qualified low-income taxpayer clinics to $10 million. *This proposal is estimated to have no revenue effect.*

Earned Income Tax Credit (EITC) outreach. The bill would require the IRS, to the extent possible, to notify taxpayers: (1) of potential eligibility for the credit for all open tax years and (2) who have not filed a return but may be eligible for the credit based on other return or return information. *The proposal is estimated to have no revenue effect.*

Prohibition on IRS debt indicators for predatory refund anticipation loans. The bill would prohibit the Secretary of Treasury (e.g., IRS) from providing debt indicators to private parties if it is determined that the resulting refund anticipation loan plus related fees are predatory. *This proposal is estimated to have no revenue effect.*

Study on delivery tax refunds. The bill would require a one-year study by Treasury of the feasibility of providing tax refunds on debit cards. *This proposal is estimated to have no revenue effect.*

Extension of time for return of property for wrongful levy. The bill would increase the time from nine months to two years for returning property that has been wrongfully levied and the period for bringing action for wrongful levy. *The proposal is estimated to have a negligible revenue effect.*

Individuals held harmless on wrongful levy, etc., on individual retirement plan. The bill would allow an individual to contribute back to an IRA amounts that were levied and returned by the IRS (and interest if applicable) within 60 days without the normal limitations on IRA contributions. *The proposal is estimated to have a negligible revenue effect.*

Taxpayer notification of suspected identity theft. The bill would require the Secretary of Treasury (e.g., the IRS), to the extent permitted by law, to notify taxpayers if it determines that there may have been an unauthorized use of the identity of a taxpayer or the taxpayer's dependent. *This proposal is estimated to have no revenue effect.*

Repeal of authority to enter into private debt collection contracts. The bill would repeal the IRS's statutory authority to use private debt collection companies to locate and contact taxpayers owing federal taxes and to arrange payment of such taxes. *This proposal is estimated to cost $578 million over ten years.*

Clarification of IRS unclaimed refund authority. The bill would provide that the IRS may disclose taxpayer identity information, for unclaimed refund notification purposes, by any "means of mass communication," which would include on the website www.irs.gov. *The proposal is estimated to have no revenue effect.*

Prohibition on misuse of Department of the Treasury names and symbols. The bill would clarify that Internet domain names using the Department of Treasury and associated agencies (e.g., IRS.com, IRS.net, IRS.org) are misleading within the meaning of law, and clarify that mass Internet email communications ("phishing") that mislead the public into believing the sender is the IRS are subject to the higher civil/criminal penalties available under current law (i.e.,

$25,000/$50,000). *This proposal is estimated to have no revenue effect.*

Substantiation of amounts paid or distributed out of health savings accounts. The bill would provide that distributions from a health savings account for qualified medical expenses would be excluded from gross income only to the extent substantiated. The bill also would require trustees to report expenses not substantiated. *This proposal is estimated to raise $485 million over ten years.*

Increase in information return penalties. The bill would increase per-return penalties on failures to provide information returns (1099s) from $50 to $100 and increase the annual cap from $250,000 to $600,000. *This proposal is estimated to raise $347 million over ten years.*

Increase in penalty for failure to file partnership returns. The bill generally would increase the per-partner penalty for failure to file a partnership return from $85 to $100. *The proposal is estimated to raise $172 million over ten years.*

Increase in penalty for failure to file S corporation return. The bill would increase the per-shareholder penalty for failure to file an S corporation return from $85 to $100. *This proposal is estimated to raise $158 million over ten years.*

Time for payment of corporate estimated tax payment. The bill would temporarily increase, for three months in 2013, required estimated tax payments for certain large corporations. *The proposal is estimated to have no effect on revenue over ten years.*