

114TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. GRASSLEY (for himself and Mr. THUNE) introduced the following bill;
which was read twice and referred to the Committee on

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Taxpayer Bill of Rights Enhancement Act of 2015”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents for
 4 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—TAXPAYER BILL OF RIGHTS AND INTERNAL REVENUE
 SERVICE ACCOUNTABILITY

Sec. 101. Duty to ensure that IRS employees are familiar with and act in ac-
 cord with certain taxpayer rights.

Sec. 102. Revisions relating to termination of employment of IRS employees for
 misconduct.

Sec. 103. Codification of rules for retention of Internal Revenue Service emails.

TITLE II—THE RIGHT TO PRIVACY

Sec. 201. Criminal penalty for unauthorized disclosure or inspection.

Sec. 202. Civil damages for unauthorized disclosure or inspection.

Sec. 203. IRS employees prohibited from using personal email accounts for offi-
 cial business.

Sec. 204. Compliance by contractors with confidentiality safeguards.

TITLE III—THE RIGHT TO APPEAL IN AN INDEPENDENT FORUM
 AND TO CHALLENGE THE INTERNAL REVENUE SERVICE POSI-
 TION AND BE HEARD

Sec. 301. Increase in limitations on civil damages for certain unauthorized col-
 lection actions.

Sec. 302. Extension of time limit for contesting IRS levy.

Sec. 303. Expansion of declaratory judgment remedy to tax-exempt organiza-
 tions.

TITLE IV—THE RIGHT TO A FAIR AND JUST TAX SYSTEM

Sec. 401. Waiver of user fee for installment agreements using automated with-
 drawals.

Sec. 402. Individuals held harmless on improper levy on individual retirement
 plan.

Sec. 403. Office of Chief Counsel review of offers-in-compromise.

Sec. 404. Authority of the National Taxpayer Advocate to comment on Treas-
 ury regulations.

Sec. 405. Individual estimated tax.

Sec. 406. Corporate estimated tax.

Sec. 407. Increase in large corporation threshold for estimated tax payments.

Sec. 408. Expansion of interest netting.

Sec. 409. Clarification of application of Federal tax deposit penalty.

TITLE V—THE RIGHT TO BE INFORMED

Sec. 501. Collection activities with respect to joint return disclosable to either
 spouse based on oral request.

Sec. 502. Disclosure of taxpayer identity for tax refund purposes.

Sec. 503. Release of information regarding the status of certain investigations.
 Sec. 504. Mandatory electronic filing for annual returns of exempt organizations.

TITLE VI—THE RIGHT TO QUALIFY SERVICE

Sec. 601. Free electronic filing.
 Sec. 602. Access to appeals.

1 **TITLE I—TAXPAYER BILL OF**
 2 **RIGHTS AND INTERNAL REV-**
 3 **ENUE SERVICE ACCOUNT-**
 4 **ABILITY**

5 **SEC. 101. DUTY TO ENSURE THAT IRS EMPLOYEES ARE FA-**
 6 **MILIAR WITH AND ACT IN ACCORD WITH CER-**
 7 **TAIN TAXPAYER RIGHTS.**

8 (a) IN GENERAL.—Section 7803(a) of the Internal
 9 Revenue Code of 1986 is amended by redesignating para-
 10 graph (3) as paragraph (4) and by inserting after para-
 11 graph (2) the following new paragraph:

12 “(3) EXECUTION OF DUTIES IN ACCORD WITH
 13 TAXPAYER RIGHTS.—In discharging his duties, the
 14 Commissioner shall ensure that employees of the In-
 15 ternal Revenue Service are familiar with and act in
 16 accord with taxpayer rights as afforded by other
 17 provisions of this title, including—

18 “(A) the right to be informed,

19 “(B) the right to quality service,

20 “(C) the right to pay no more than the
 21 correct amount of tax,

1 “(D) the right to challenge the position of
2 the Internal Revenue Service and be heard,

3 “(E) the right to appeal a decision of the
4 Internal Revenue Service in an independent
5 forum,

6 “(F) the right to finality,

7 “(G) the right to privacy,

8 “(H) the right to confidentiality,

9 “(I) the right to retain representation, and

10 “(J) the right to a fair and just tax sys-
11 tem.”.

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

15 **SEC. 102. REVISIONS RELATING TO TERMINATION OF EM-**
16 **PLOYMENT OF IRS EMPLOYEES FOR MIS-**
17 **CONDUCT.**

18 (a) TERMINATION FOR TAKING OFFICIAL ACTIONS
19 FOR POLITICAL PURPOSES.—Paragraph (10) of section
20 1203(b) of the Internal Revenue Service Restructuring
21 and Reform Act of 1998 is amended to read as follows:

22 “(10) performing, delaying, or failing to per-
23 form (or threatening to perform, delay, or fail to
24 perform) any official action (including any audit)

1 with respect to a taxpayer for purpose of extracting
2 personal gain or benefit or for a political purpose.”.

3 (b) NOTIFICATION OF DECISION NOT TO TERMINATE
4 EMPLOYMENT.—Section 1203(c) of the Internal Revenue
5 Service Restructuring and Reform Act of 1998 is amended
6 by adding at the end the following new paragraph:

7 “(4) NOTIFICATION.—In any case in which the
8 Commissioner exercises the authority under para-
9 graph (1), the Commissioner shall submit to the
10 chairman and ranking member of the Committee on
11 Finance of the Senate and the chairman and rank-
12 ing member of the Committee on Ways and Means
13 of the House of Representatives of the reasons for
14 taking a personnel action other than termination.”.

15 **SEC. 103. CODIFICATION OF RULES FOR RETENTION OF IN-**
16 **TERNAL REVENUE SERVICE EMAILS.**

17 (a) RETENTION OF RECORDS.—Email records of the
18 Internal Revenue Service shall be retained in an appro-
19 priate electronic system that supports records manage-
20 ment and litigation requirements, including the capability
21 to identify, retrieve, and retain the records, in accordance
22 with this subsection:

23 (1) Prior to the date on which the Treasury In-
24 spector General for Tax Administration makes the
25 certification under subsection (c)(1), the Commis-

1 sioner of Internal Revenue and the Chief Counsel for
2 the Internal Revenue Service shall retain all email
3 records.

4 (2) Not later than December 31, 2016, the
5 Commissioner of Internal Revenue and the Chief
6 Counsel for the Internal Revenue Service shall main-
7 tain email records of all principal officers and speci-
8 fied employees of the Internal Revenue Service for a
9 period of 15 years beginning on the date such record
10 was generated.

11 (b) TRANSMISSION OF RECORDS TO THE NATIONAL
12 ARCHIVES.—Not later than the last day of the 15-year
13 period described in subsection (a)(2), the Commissioner
14 of Internal Revenue and the Chief Counsel for the Internal
15 Revenue Service shall transfer the email records of prin-
16 cipal officers of the Internal Revenue Service to the Archi-
17 vist of the United States.

18 (c) COMPLIANCE.—

19 (1) CERTIFICATION.—On the date that the
20 Treasury Inspector General for Tax Administration
21 determines that the Internal Revenue Service has a
22 program in place that complies with the require-
23 ments of subsections (a)(2) and (b), the Treasury
24 Inspector General for Tax Administration shall cer-
25 tify to the Committee on Finance of the Senate and

1 the Committee on Ways and Means of the House of
2 Representatives that the Internal Revenue Service is
3 in compliance with such requirements.

4 (2) REPORTS.—

5 (A) INTERIM REPORT.—Not later than
6 March 1, 2016, the Treasury Inspector General
7 for Tax Administration shall submit a report to
8 the Committee on Finance of the Senate and
9 the Committee on Ways and Means of the
10 House of Representatives on the steps being
11 taken by the Commissioner of Internal Revenue
12 and the Chief Counsel for the Internal Revenue
13 Service to comply with the requirements of sub-
14 sections (a)(2) and (b).

15 (B) FINAL REPORT.—Not later than
16 March 1, 2017, the Treasury Inspector General
17 for Tax Administration shall submit a report to
18 the Committee on Finance of the Senate and
19 the Committee on Ways and Means of the
20 House of Representatives describing whether
21 the Internal Revenue Service is in compliance
22 with the requirements of subsections (a)(2) and
23 (b).

24 (d) DEFINITIONS.—

1 (1) PRINCIPAL OFFICERS.—For purposes of
2 this section, the term “principal officer” means, with
3 respect to the Internal Revenue Service—

4 (A) any employee whose position is listed
5 under the Internal Revenue Service in the most
6 recent version of the United States Government
7 Manual published by the Office of the Federal
8 Register,

9 (B) any employee who is a senior staff
10 member reporting directly to the Commissioner
11 of Internal Revenue, and

12 (C) any—

13 (i) associate counsel, deputy counsel,
14 or division head in the Office of the Chief
15 Counsel for the Internal Revenue Service,
16 and

17 (ii) any employee who is a senior staff
18 member,

19 who reports directly to such Chief Counsel.

20 (2) SPECIFIED EMPLOYEES.—The term “speci-
21 fied employee” means, with respect to the Internal
22 Revenue Service, any employee who—

23 (A) holds a Senior Executive Service posi-
24 tion (as defined in section 3132 of title 5,
25 United States Code) in the Internal Revenue

1 Service or the Office of Chief Counsel for the
2 Internal Revenue Service), and

3 (B) is not a principal officer of the Inter-
4 nal Revenue Service.

5 **TITLE II—THE RIGHT TO**
6 **PRIVACY**

7 **SEC. 201. CRIMINAL PENALTY FOR UNAUTHORIZED DIS-**
8 **CLOSURE OR INSPECTION.**

9 (a) UNAUTHORIZED DISCLOSURE.—Section 7213 is
10 amended by striking “\$5,000” each place it appears in
11 subsections (a) and (d) and inserting “\$20,000”.

12 (b) UNAUTHORIZED INSPECTION.—Section
13 7213A(b)(1) is amended by striking “\$1,000” and insert-
14 ing “\$5,000”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to violations occurring after the
17 date of the enactment of this Act.

18 **SEC. 202. CIVIL DAMAGES FOR UNAUTHORIZED DISCLO-**
19 **SURE OR INSPECTION.**

20 (a) NOTICE TO TAXPAYER.—Subsection (e) of section
21 7431 is amended by adding at the end the following new
22 sentences: “The Secretary shall also notify such taxpayer
23 if the Internal Revenue Service or, upon notice to the Sec-
24 retary by a Federal or State agency, if such Federal or
25 State agency, proposes an administrative determination as

1 to disciplinary or adverse action against an employee arising from the employee's unauthorized inspection or disclosure of the taxpayer's return or return information. The notice described in this subsection shall include the date of the inspection or disclosure and the rights of the taxpayer under such administrative determination.”.

7 (b) PAYMENT AUTHORITY CLARIFIED.—

8 (1) IN GENERAL.—Section 7431 is amended by adding at the end the following new subsection:

9 “(i) PAYMENT AUTHORITY.—Claims pursuant to subsection (a)(1) shall be payable out of funds appropriated under section 1304 of title 31, United States Code.”.

14 (2) ANNUAL REPORTS OF PAYMENTS.—The Secretary of the Treasury shall annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding payments made from the United States Judgment Fund under section 7431(i) of the Internal Revenue Code of 1986.

21 (c) BURDEN OF PROOF FOR GOOD FAITH EXCEPTION RESTS WITH PERSON MAKING INSPECTION OR DISCLOSURE.—Section 7431(b) is amended by adding at the end the following new flush sentence:

1 “In any proceeding involving the issue of the existence of
2 good faith, the burden of proof with respect to such issue
3 shall be on the person who made the inspection or disclo-
4 sure.”.

5 (d) REPORTS.—Subsection (p) of section 6103 is
6 amended by adding at the end the following new para-
7 graph:

8 “(9) REPORT ON WILLFUL UNAUTHORIZED DIS-
9 CLOSURE AND INSPECTION.—As part of the report
10 required by paragraph (3)(C) for each calendar year,
11 the Secretary shall furnish information regarding
12 the willful unauthorized disclosure and inspection of
13 returns and return information, including the num-
14 ber, status, and results of—

15 “(A) administrative investigations,

16 “(B) civil lawsuits brought under section
17 7431 (including the amounts for which such
18 lawsuits were settled and the amounts of dam-
19 ages awarded), and

20 “(C) criminal prosecutions.”.

21 (e) INCREASE IN AMOUNT OF DAMAGES PER VIOLA-
22 TION.—

23 (1) IN GENERAL.—Subparagraph (A) of section
24 7431(c)(1) is amended to read as follows:

25 “(A) the sum of—

1 “(i) \$5,000 for each act of unauthor-
2 ized inspection of a return or return infor-
3 mation with respect to which such defend-
4 ant is found liable, and

5 “(ii) \$10,000 for each act of unau-
6 thorized disclosure of a return or return
7 information with respect to which such de-
8 fendant is found liable, or”.

9 (2) PUNITIVE DAMAGES.—

10 (A) IN GENERAL.—Section 7431(c) is
11 amended by redesignating paragraphs (2) and
12 (3) as paragraphs (3) and (4), respectively, and
13 by inserting after paragraph (1) the following
14 new paragraph:

15 “(2) in the case of willful inspection or disclo-
16 sure or an inspection or disclosure which is the re-
17 sult of gross negligence, punitive damages, plus”.

18 (B) CONFORMING AMENDMENT.—Subpara-
19 graph (B) of section 7431(c) is amended to
20 read as follows:

21 “(B) the actual damages sustained by the
22 plaintiff as a result of such unauthorized in-
23 spection or disclosure, plus”.

24 (f) EFFECTIVE DATES.—

1 (1) NOTICE.—The amendment made by sub-
2 section (a) shall apply to determinations made after
3 the date which is 180 days after the date of the en-
4 actment of this Act.

5 (2) PAYMENT AUTHORITY.—The amendment
6 made by subsection (b)(1) shall take effect on the
7 date which is 180 days after the date of the enact-
8 ment of this Act.

9 (3) BURDEN OF PROOF.—The amendments
10 made by subsection (c) shall apply to inspections
11 and disclosures occurring on and after the date
12 which is 180 days after the date of the enactment
13 of this Act.

14 (4) REPORTS.—Subsection (b)(2) and the
15 amendment made by subsection (d) shall apply to
16 calendar years ending after the date which is 180
17 days after the date of the enactment of this Act.

18 (5) INCREASE IN DAMAGES.—The amendment
19 made by subsection (e) shall apply to proceedings
20 commenced after the date of the enactment of this
21 Act.

1 **SEC. 203. IRS EMPLOYEES PROHIBITED FROM USING PER-**
2 **SONAL EMAIL ACCOUNTS FOR OFFICIAL**
3 **BUSINESS.**

4 No officer or employee of the Internal Revenue Serv-
5 ice may use a personal email account to conduct any offi-
6 cial business of the Government.

7 **SEC. 204. COMPLIANCE BY CONTRACTORS WITH CONFIDEN-**
8 **TIALITY SAFEGUARDS.**

9 (a) IN GENERAL.—Section 6103(p), as amended by
10 this Act, is amended by adding at the end the following
11 new paragraph:

12 “(10) DISCLOSURE TO CONTRACTORS AND
13 OTHER AGENTS.—Notwithstanding any other provi-
14 sion of this section, no return or return information
15 shall be disclosed to any contractor or other agent
16 of a Federal, State, or local agency unless such
17 agency, to the satisfaction of the Secretary—

18 “(A) has requirements in effect which re-
19 quire each such contractor or other agent which
20 would have access to returns or return informa-
21 tion to provide safeguards (within the meaning
22 of paragraph (4)) to protect the confidentiality
23 of such returns or return information,

24 “(B) agrees to conduct an on-site review
25 every 3 years (or a mid-point review in the case
26 of contracts or agreements of less than 3 years

1 in duration) of each contractor or other agent
2 to determine compliance with such require-
3 ments,

4 “(C) submits the findings of the most re-
5 cent review conducted under subparagraph (B)
6 to the Secretary as part of the report required
7 by paragraph (4)(E), and

8 “(D) certifies to the Secretary for the most
9 recent annual period that such contractor or
10 other agent is in compliance with all such re-
11 quirements.

12 The certification required by subparagraph (D) shall
13 include the name and address of each contractor and
14 other agent, a description of the contract or agree-
15 ment with such contractor or other agent, and the
16 duration of such contract or agreement. The require-
17 ments of this paragraph shall not apply to disclo-
18 sures pursuant to subsection (n) for purposes of
19 Federal tax administration.”.

20 (b) CONFORMING AMENDMENT.—Subparagraph (B)
21 of section 6103(p)(8) is amended by inserting “or para-
22 graph (10)” after “subparagraph (A)”.

23 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall apply to disclosures made after the
3 date of the enactment of this Act.

4 (2) CERTIFICATIONS.—The first certification
5 under section 6103(p)(10)(D) of the Internal Rev-
6 enue Code of 1986, as added by subsection (a), shall
7 be made with respect to the portion of calendar year
8 2015 following the date of the enactment of this
9 Act.

10 **TITLE III—THE RIGHT TO AP-**
11 **PEAL IN AN INDEPENDENT**
12 **FORUM AND TO CHALLENGE**
13 **THE INTERNAL REVENUE**
14 **SERVICE POSITION AND BE**
15 **HEARD**

16 **SEC. 301. INCREASE IN LIMITATIONS ON CIVIL DAMAGES**
17 **FOR CERTAIN UNAUTHORIZED COLLECTION**
18 **ACTIONS.**

19 (a) IN GENERAL.—Section 7433(b) is amended by
20 striking “\$1,000,000 (\$100,000” and inserting
21 “\$1,500,000 (\$150,000”.

22 (b) PUNITIVE DAMAGES IN THE CASE OF RECKLESS
23 OR INTENTIONAL ACTION.—Subsection (b) of section
24 7433 is amended—

1 (1) by redesignating paragraphs (1) and (2) as
2 subparagraphs (A) and (B), respectively, and by
3 moving such subparagraphs 2 ems to the right,

4 (2) by striking “In any action” and inserting
5 the following:

6 “(1) IN GENERAL.—In any action”, and

7 (3) by adding at the end the following new
8 paragraph:

9 “(2) PUNITIVE DAMAGES FOR WILLFUL AND
10 RECKLESS ACTIONS.—In any action brought under
11 subsection (a) or petition filed under subsection (e)
12 in which the defendant is found to be liable and to
13 have acted recklessly or intentionally, the court may
14 award the plaintiff punitive damages.”.

15 (c) PERIOD FOR BRINGING ACTION.—Paragraph (3)
16 of section 7433(d) is amended by striking “the date the
17 right of action accrues” and inserting “the later of the
18 date of on which administrative remedies available within
19 the Internal Revenue Service have been exhausted or the
20 date on which the taxpayer reasonably could have discov-
21 ered that the actions of the officer or employee were done
22 in disregard of a provision of this title or any regulation
23 promulgated under this title”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply in the case of proceedings com-
3 menced after the date of the enactment of this Act.

4 **SEC. 302. EXTENSION OF TIME LIMIT FOR CONTESTING IRS**
5 **LEVY.**

6 (a) EXTENSION OF TIME FOR RETURN OF PROPERTY
7 SUBJECT TO LEVY.—Subsection (b) of section 6343 is
8 amended by striking “9 months” and inserting “2 years”.

9 (b) PERIOD OF LIMITATION ON SUITS.—Subsection
10 (c) of section 6532 is amended—

11 (1) by striking “9 months” in paragraph (1)
12 and inserting “2 years”, and

13 (2) by striking “9-month” in paragraph (2) and
14 inserting “2-year”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to—

17 (1) levies made after the date of the enactment
18 of this Act, and

19 (2) levies made on or before such date if the 9-
20 month period has not expired under section 6343(b)
21 of the Internal Revenue Code of 1986 (without re-
22 gard to this section) as of such date.

1 **SEC. 303. EXPANSION OF DECLARATORY JUDGMENT REM-**
2 **EDY TO TAX-EXEMPT ORGANIZATIONS.**

3 (a) IN GENERAL.—Paragraph (1) of section 7428(a)
4 is amended—

5 (1) in subparagraph (B) by inserting after
6 “509(a)” the following: “or as a private operating
7 foundation (as defined in section 4942(j)(3))”; and

8 (2) by amending subparagraph (C) to read as
9 follows:

10 “(C) with respect to the initial qualifica-
11 tion or continuing qualification of an organiza-
12 tion as an organization described in section
13 501(c) (other than paragraph (3)) or 501(d)
14 which is exempt from tax under section 501(a),
15 or”.

16 (b) COURT JURISDICTION.—Subsection (a) of section
17 7428 is amended in the material following paragraph (2)
18 by striking “United States Tax Court, the United States
19 Claims Court, or the district court of the United States
20 for the District of Columbia” and inserting the following:
21 “United States Tax Court (in the case of any such deter-
22 mination or failure) or the Court of Federal Claims or the
23 district court of the United States for the District of Co-
24 lumbia (in the case of a determination or failure with re-
25 spect to an issue referred to in subparagraph (A), (B),
26 or (D) of paragraph (1)),”.

1 (c) TECHNICAL AMENDMENT.—Section 7428, as
2 amended by subsection (b), is amended by striking
3 “Claims Court” each place it appears in subsection (a),
4 (b)(2), and (c)(1)(C)(iii) and inserting “Court of Federal
5 Claims”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to pleadings filed after the date
8 of the enactment of this Act.

9 **TITLE IV—THE RIGHT TO A FAIR**
10 **AND JUST TAX SYSTEM**

11 **SEC. 401. WAIVER OF USER FEE FOR INSTALLMENT AGREE-**
12 **MENTS USING AUTOMATED WITHDRAWALS.**

13 (a) IN GENERAL.—Section 6159 is amended by re-
14 designating subsections (e) and (f) as subsections (f) and
15 (g), respectively, and by inserting after subsection (d) the
16 following new subsection:

17 “(e) WAIVER OF USER FEES FOR INSTALLMENT
18 AGREEMENTS USING AUTOMATED WITHDRAWALS.—In
19 the case of a taxpayer who enters into an installment
20 agreement in which automated installment payments are
21 agreed to, the Secretary shall waive the fee (if any) for
22 entering into the installment agreement.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to agreements entered into on or

1 after the date which is 180 days after the date of the en-
2 actment of this Act.

3 **SEC. 402. INDIVIDUALS HELD HARMLESS ON IMPROPER**
4 **LEVY ON INDIVIDUAL RETIREMENT PLAN.**

5 (a) IN GENERAL.—Section 6343 is amended by add-
6 ing at the end the following new subsection:

7 “(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL
8 LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.—

9 “(1) IN GENERAL.—If the Secretary determines
10 that an individual retirement plan has been levied
11 upon in a case to which subsection (b) or (d)(2)(A)
12 applies and property or an amount of money is re-
13 turned to the individual who is the beneficiary of
14 such plan—

15 “(A) the individual may contribute such
16 property or an amount equal to the sum of—

17 “(i) the amount of money returned by
18 the Secretary on account of such levy, and

19 “(ii) interest paid under subsection (c)
20 on such amount of money,

21 into an individual retirement plan (other than
22 an endowment contract) to which a rollover
23 contribution of a distribution from the plan lev-
24 ied upon is permitted if such contribution is
25 made not later than the due date (not including

1 extensions) for filing the return of tax for the
2 taxable year in which such property or amount
3 of money is returned, and

4 “(B) the Secretary shall, at the time such
5 property or amount of money is returned, notify
6 such individual that a contribution described in
7 subparagraph (A) may be made.

8 “(2) TREATMENT AS ROLLOVER.—The distribu-
9 tion on account of the levy and any contribution
10 under paragraph (1) with respect to such distribu-
11 tion shall be treated for purposes of this title as if
12 such distribution and contribution were part of a
13 rollover contribution described in section
14 408(d)(3)(A)(i); except that—

15 “(A) the contribution shall be treated as
16 having been made to the individual retirement
17 plan for the taxable year in which the distribu-
18 tion on account of the levy occurred, and the in-
19 terest paid under subsection (c) shall be treated
20 as earnings within such plan after the contribu-
21 tion and as not includible in gross income, and

22 “(B) such contribution shall not be taken
23 into account under section 408(d)(3)(B).

24 “(3) REFUND, ETC., OF INCOME TAX ON
25 LEVY.—Except in the case of a rollover contribution

1 under this subsection from an individual retirement
2 plan that is not a Roth IRA to a Roth IRA, if any
3 amount is includible in gross income for a taxable
4 year by reason of a levy referred to in paragraph (1)
5 and any portion of such amount is treated as a roll-
6 over contribution under paragraph (2), any tax im-
7 posed by chapter 1 on such portion shall not be as-
8 sessed, and if assessed shall be abated, and if col-
9 lected shall be credited or refunded as an overpay-
10 ment made on the due date for filing the return of
11 tax for such taxable year.

12 “(4) INTEREST.—Notwithstanding subsection
13 (d), interest shall be allowed under subsection (c) in
14 a case in which the Secretary makes a determination
15 described in subsection (d)(2)(A) with respect to a
16 levy upon an individual retirement plan.

17 “(5) TREATMENT OF INHERITED ACCOUNTS.—
18 For purposes of paragraph (1)(A), section
19 408(d)(3)(C) shall be disregarded in determining
20 whether an individual retirement plan is a plan to
21 which a rollover contribution of a distribution from
22 the plan levied upon is permitted.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to amounts paid under subsections

1 (b), (c), and (d)(2)(A) of section 6343 of the Internal Rev-
2 enue Code of 1986 after December 31, 2015.

3 **SEC. 403. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-**
4 **IN-COMPROMISE.**

5 (a) IN GENERAL.—Section 7122(b) is amended by
6 striking “Whenever a compromise” and all that follows
7 through “his delegate” and inserting “If the Secretary de-
8 termines that an opinion of the General Counsel for the
9 Department of the Treasury, or the Counsel’s delegate,
10 is required with respect to a compromise, there shall be
11 placed on file in the office of the Secretary such opinion”.

12 (b) CONFORMING AMENDMENTS.—Section 7122(b) is
13 amended by striking the second and third sentences.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to offers-in-compromise submitted
16 or pending on or after the date of the enactment of this
17 Act.

18 **SEC. 404. AUTHORITY OF THE NATIONAL TAXPAYER ADVO-**
19 **CATE TO COMMENT ON TREASURY REGULA-**
20 **TIONS.**

21 (a) IN GENERAL.—Section 7805 is amended by add-
22 ing at the end the following new subsection:

23 “(g) REVIEW OF IMPACT OF REGULATIONS ON TAX-
24 PAYER RIGHTS.—

1 “(1) SUBMISSIONS TO NATIONAL TAXPAYER AD-
2 VOCATE.—Prior to publication of any proposed or
3 temporary regulation by the Secretary, the Secretary
4 shall submit such regulation to the National Tax-
5 payer Advocate for comment on the impact of such
6 regulation on taxpayer rights or taxpayer burden.
7 Not later than the date 4 weeks after the date of
8 such submission, the National Taxpayer Advocate
9 shall submit comments, if any, on such regulation to
10 the Secretary.

11 “(2) CONSIDERATION OF COMMENTS.—In pre-
12 scribing any final regulation which supersedes a pro-
13 posed or temporary regulation with respect to which
14 the National Taxpayer Advocate has submitted com-
15 ments—

16 “(A) the Secretary shall consider the com-
17 ments of the National Taxpayer Advocate on
18 such proposed or temporary regulation, and

19 “(B) the Secretary shall discuss its re-
20 sponse to such comments in the preamble of
21 such final regulation.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply with respect to regulations issued
24 after the date of the enactment of this Act.

1 **SEC. 405. INDIVIDUAL ESTIMATED TAX.**

2 (a) INCREASE IN EXCEPTION FOR INDIVIDUALS
3 OWING SMALL AMOUNT OF TAX.—Section 6654(e)(1) is
4 amended by striking “\$1,000” and inserting “\$2,000”.

5 (b) COMPUTATION OF ADDITION TO TAX.—Section
6 6654 is amended by striking subsections (a) and (b) and
7 inserting the following:

8 “(a) ADDITION TO THE TAX.—

9 “(1) IN GENERAL.—Except as otherwise pro-
10 vided in this section, in the case of any under-
11 payment of estimated tax by an individual for a tax-
12 able year, there shall be added to the tax under
13 chapter 1, the tax under chapter 2, and the tax
14 under chapter 2A for such taxable year the sum of
15 the amounts determined under paragraph (2) for
16 each day for which there is an underpayment.

17 “(2) AMOUNT OF ADDITION TO TAX.—The
18 amount determined under this paragraph for any
19 day shall be the product of—

20 “(A) the underpayment rate established
21 under subsection (b)(2) for such day, multiplied
22 by

23 “(B) the amount of the underpayment for
24 such day.

25 “(b) AMOUNT OF UNDERPAYMENT; UNDERPAYMENT
26 RATE.—For purposes of subsection (a)—

1 “(1) AMOUNT.—The amount of underpayment
2 on any day shall be the excess (if any) of—

3 “(A) the sum of the required installments
4 for the taxable year the due dates for which are
5 on or before such day, over

6 “(B) the sum of the amounts of estimated
7 tax payments made for such taxable year on or
8 before such day.

9 “(2) DETERMINATION OF UNDERPAYMENT
10 RATE.—

11 “(A) IN GENERAL.—The underpayment
12 rate with respect to any day in an installment
13 underpayment period shall be the under-
14 payment rate established under section 6621
15 for the first day of the calendar quarter in
16 which such installment underpayment period
17 begins.

18 “(B) INSTALLMENT UNDERPAYMENT PE-
19 RIOD.—For purposes of subparagraph (A), the
20 term ‘installment underpayment period’ means
21 the period beginning on the day after the due
22 date for a required installment and ending on
23 the due date for the subsequent required in-
24 stallment (or in the case of the 4th required in-

1 stallment, the 15th day of the 4th month fol-
2 lowing the close of a taxable year).

3 “(C) DAILY RATE.—The rate determined
4 under subparagraph (A) shall be applied on a
5 daily basis and shall be based on the assump-
6 tion of 365 days in a calendar year.

7 “(3) TERMINATION OF ESTIMATED TAX UNDER-
8 PAYMENT.—No day after the end of the installment
9 underpayment period for the 4th required install-
10 ment specified in paragraph (2)(B) for a taxable
11 year shall be treated as a day of underpayment with
12 respect to such taxable year.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2015.

16 **SEC. 406. CORPORATE ESTIMATED TAX.**

17 (a) INCREASE IN SMALL TAX AMOUNT EXCEP-
18 TION.—Section 6655(f) is amended by striking “\$500”
19 and inserting “\$1,000”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2015.

23 **SEC. 407. INCREASE IN LARGE CORPORATION THRESHOLD**
24 **FOR ESTIMATED TAX PAYMENTS.**

25 (a) IN GENERAL.—Section 6655(g)(2) is amended—

1 (1) by striking “\$1,000,000” in subparagraph
2 (A) and inserting “the applicable amount”,

3 (2) by striking “the \$1,000,000 amount speci-
4 fied in subparagraph (A)” in subparagraph (B)(ii)
5 and inserting “the applicable amount”,

6 (3) by redesignating subparagraph (B) as sub-
7 paragraph (C), and

8 (4) by inserting after subparagraph (A) the fol-
9 lowing new subparagraph:

10 “(B) APPLICABLE AMOUNT.—For purposes
11 of this paragraph, the applicable amount is
12 \$1,000,000 increased (but not above
13 \$1,500,000) by \$50,000 for each taxable year
14 beginning after 2015.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2015.

18 **SEC. 408. EXPANSION OF INTEREST NETTING.**

19 (a) IN GENERAL.—Subsection (d) of section 6621 is
20 amended by adding at the end the following new sentence:
21 “Solely for purposes of the preceding sentence, section
22 6611(e) shall not apply.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to interest accrued after December
25 31, 2015.

1 **SEC. 409. CLARIFICATION OF APPLICATION OF FEDERAL**
2 **TAX DEPOSIT PENALTY.**

3 Nothing in section 6656 of the Internal Revenue
4 Code of 1986 shall be construed to permit the percentage
5 specified in subsection (b)(1)(A)(iii) thereof to apply other
6 than in a case where the failure is for more than 15 days.

7 **TITLE V—THE RIGHT TO BE**
8 **INFORMED**

9 **SEC. 501. COLLECTION ACTIVITIES WITH RESPECT TO**
10 **JOINT RETURN DISCLOSABLE TO EITHER**
11 **SPOUSE BASED ON ORAL REQUEST.**

12 (a) **IN GENERAL.**—Paragraph (8) of section 6103(e)
13 is amended by striking “in writing” the first place it ap-
14 pears.

15 (b) **EFFECTIVE DATE.**—The amendment made by
16 this section shall apply to requests made after the date
17 of the enactment of this Act.

18 **SEC. 502. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX**
19 **REFUND PURPOSES.**

20 Section 6103(m)(1) is amended by striking “taxpayer
21 identity information to the press and other media” and
22 by inserting “a person’s name and the city and State of
23 the person’s mailing address to the press, other media,
24 and through any other means of mass communication,”.

1 **SEC. 503. RELEASE OF INFORMATION REGARDING THE STA-**
2 **TUS OF CERTAIN INVESTIGATIONS.**

3 (a) IN GENERAL.—Subsection (e) of section 6103 is
4 amended by adding at the end the following new para-
5 graph:

6 “(11) DISCLOSURE TO CERTAIN RELEVANT
7 PERSONS OF INFORMATION REGARDING STATUS OF
8 CERTAIN INVESTIGATIONS.—

9 “(A) INFORMATION UPON REQUEST.—
10 With respect to any investigation conducted by
11 the officers and employees of the Treasury In-
12 spector General for Tax Administration which
13 relates to possible violations of the internal rev-
14 enue laws or related statutes, the Secretary and
15 the Attorney General may, upon written request
16 by any relevant person, disclose to such person
17 (or such person’s designee)—

18 “(i) whether there is or has been such
19 an investigation with respect to which such
20 person is a relevant person, and

21 “(ii) if there is or has been such an
22 investigation—

23 “(I) whether such investigation is
24 on-going or has been completed, and

25 “(II) if such investigation has
26 been completed, the conclusions of

1 such investigation, including whether
2 there was a referral to administrative
3 authorities or for criminal prosecu-
4 tion, and the contact information of
5 the person handling the referred mat-
6 ter.

7 “(B) NOTIFICATION UPON CONCLUSION.—
8 Not later than 30 days after the completion of
9 any investigation—

10 “(i) which is conducted by the officers
11 and employees of the Treasury Inspector
12 General for Tax Administration, and

13 “(ii) the results of which indicate
14 that—

15 “(I) there is substantial evidence
16 that there has been a violation of the
17 internal revenue laws or related stat-
18 utes, and

19 “(II) such violation involves one
20 or more relevant persons,

21 the Secretary shall disclose to all such relevant
22 persons (or designees) the conclusions of the in-
23 vestigation, including whether there was a re-
24 ferral to administrative authorities or for crimi-

1 nal prosecution, and the contact information of
2 the person handling the referred matter.

3 “(C) RELEVANT PERSON.—For purposes
4 of this paragraph, the term ‘relevant person’
5 means, with respect to any investigation—

6 “(i) any complainant who provided in-
7 formation to the Treasury Inspector Gen-
8 eral for Tax Administration related to the
9 investigation, and

10 “(ii) any taxpayer who is directly con-
11 nected with the matter being inves-
12 tigated.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect on the date of the enactment
15 of this Act.

16 **SEC. 504. MANDATORY ELECTRONIC FILING FOR ANNUAL**
17 **RETURNS OF EXEMPT ORGANIZATIONS.**

18 (a) IN GENERAL.—Section 6033 is amended by re-
19 designating subsection (n) as subsection (o) and by insert-
20 ing after subsection (m) the following new subsection:

21 “(n) MANDATORY ELECTRONIC FILING.—Any orga-
22 nization required to file a return under this section shall
23 file such return in electronic form.”.

24 (b) INSPECTION OF ELECTRONICALLY FILED AN-
25 NUAL RETURNS.—Subsection (b) of section 6104 is

1 amended by adding at the end the following: “Any annual
2 return required to be filed electronically under section
3 6033(n) shall be made available by the Secretary to the
4 public in machine readable format as soon as prac-
5 ticable.”.

6 (c) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as provided in para-
8 graph (2), the amendments made by this section
9 shall apply to taxable years beginning after the date
10 of the enactment of this Act.

11 (2) TRANSITIONAL RELIEF.—

12 (A) SMALL ORGANIZATIONS.—

13 (i) IN GENERAL.—In the case of any
14 small organizations, or any other organiza-
15 tions for which the Secretary determines
16 the application of the amendments made
17 by subsection (a) would cause undue bur-
18 den without a delay, the Secretary may
19 delay the application of such amendments,
20 but not later than taxable years beginning
21 2 years after the date of the enactment of
22 this Act.

23 (ii) SMALL ORGANIZATION.—For pur-
24 poses of clause (i), the term “small organi-
25 zation” means any organization—

1 (I) the gross receipts of which for
2 the taxable year are less than
3 \$200,000, and

4 (II) the aggregate gross assets of
5 which at the end of the taxable year
6 are less than \$500,000.

7 (B) ORGANIZATIONS FILING FORM 990-
8 T.—In the case of any organization described
9 in section 511(a)(2) of the Internal Revenue
10 Code of 1986 which is subject to the tax im-
11 posed by section 511(a)(1) of such Code on its
12 unrelated business taxable income, or any orga-
13 nization required to file a return under section
14 6033 of such Code and include information
15 under subsection (e) thereof, the Secretary may
16 delay the application of the amendments made
17 by this section, but not later than taxable years
18 beginning 2 years after the date of the enact-
19 ment of this Act.

20 **TITLE VI—THE RIGHT TO**
21 **QUALIFY SERVICE**

22 **SEC. 601. FREE ELECTRONIC FILING.**

23 (a) IN GENERAL.—The Secretary of the Treasury (or
24 the Secretary's delegate) shall, in cooperation with the pri-
25 vate sector technology industry, maintain a program that

1 provides free individual income tax preparation and elec-
2 tronic filing services to low-income taxpayers and elderly
3 taxpayers.

4 (b) REQUIREMENTS OF PROGRAM.—The Secretary
5 shall by regulation or other guidance prescribe with re-
6 spect to the program—

7 (1) the qualifications, selection process, and
8 contract term for businesses participating in the pro-
9 gram,

10 (2) a process for periodic review of businesses
11 participating in the program,

12 (3) procedures for terminating business partici-
13 pation in the program for failure to comply with any
14 program requirements, and

15 (4) such other procedures as the Secretary de-
16 termines are necessary or appropriate to carry out
17 the purposes of the program.

18 (c) FREE FILE PROGRAM.—The Internal Revenue
19 Service Free File program, as set forth in the notice pub-
20 lished in the Federal Register on November 4, 2002 (67
21 Fed. Reg. 67247), shall be treated as meeting the require-
22 ments of subsection (a).

23 **SEC. 602. ACCESS TO APPEALS.**

24 Subsection (b) of section 3465 of the Internal Rev-
25 enue Service Restructuring and Reform Act of 1998 is

1 amended by striking “an appeals officer is regularly avail-
2 able within each State” and inserting “there is at least
3 one appeals officer and one settlement officer located and
4 permanently available in each State, the District of Co-
5 lumbia, and Puerto Rico”.