

## Summary of the Tax Collection Responsibility Act of 2007

The Tax Collection Responsibility Act of 2007, H.R. 3056, contains seven "good government" provisions which are listed below. The bill is revenue neutral (i.e., items 4-7 provide revenue offsets).

- 1. Repeal of IRS authority to enter into private debt collection contracts.** The provision would repeal the IRS's authority to enter into contracts with private companies to collect Federal income taxes. The Committee held a hearing demonstrating the need to repeal private debt collection on May 23, 2007.
- 2. Delay application of withholding requirement on certain governmental payments for goods and services.** The provision would delay, for one year (to December 31, 2011), the application of the three percent withholding requirement on government payments for goods and services.
- 3. Clarification of entitlement of Virgin Islands residents to protections of limitations on assessment and collection of tax.** The provision would extend to residents of the Virgin Islands the same administrative and procedural protections that are available to U.S. taxpayers, such as a three-year statute of limitations on collections.
- 4. Increase information return penalties.** The provision is a scaled-back version of the Treasury Department's proposal to increase penalties (per return and annual cap) on failures to provide Form 1099 information returns.
- 5. Repeal of suspension on certain penalties and interest.** The provision would repeal the suspension of interest and penalties on certain tax deficiencies (e.g., due to negligence) where the IRS has notified a taxpayer after 36 months.
- 6. Revision of tax rules on expatriation.** The provision would impose an immediate tax on individuals that renounce their U.S. citizenship and would mark-to-market gains on property of expatriating individuals.
- 7. Increase corporate estimated tax payment requirements.** The provision would temporarily increase, for three months in 2012, required estimated tax payments for certain large corporations.