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114TH CONGRESS
2^D SESSION

S. _____

[Report No. 114-_____]]

To prevent taxpayer identity theft and tax refund fraud, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. HATCH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

A BILL

To prevent taxpayer identity theft and tax refund fraud,
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 “Stolen Identity Refund Fraud Prevention Act”.

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

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

4 (c) SECRETARY.—In this Act, the term “Secretary”
5 means the Secretary of the Treasury or the Secretary’s
6 delegate.

7 (d) TABLE OF CONTENTS.—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—IDENTITY THEFT AND TAX REFUND FRAUD PREVENTION

Subtitle A—General Provisions

Sec. 101. Guidelines for stolen identity refund fraud cases.

Sec. 102. Criminal penalty for misappropriating taxpayer identity in connection
with tax fraud.

Sec. 103. Increased penalty for improper disclosure or use of information by
preparers of returns.

Sec. 104. Notification of suspected identity theft.

Subtitle B—Administrative Authority to Prevent Identity Theft and Tax Refund Fraud

Sec. 111. Authority to transfer Internal Revenue Service appropriations to combat
tax fraud.

Sec. 112. Streamlined critical pay authority for information technology posi-
tions.

Sec. 113. Access to the National Directory of New Hires to identify and prevent
fraudulent tax return filings and claims for refund.

Sec. 114. Repeal of provision regarding certain tax compliance procedures and
reports.

Sec. 115. Sense of the Senate on strengthened penalties and enforcement for
impersonating an IRS official or agent.

Subtitle C—Reports

Sec. 121. IRS Report on stolen identity refund fraud.

Sec. 122. Report on status of the Identity Theft Tax Refund Fraud Informa-
tion Sharing and Analysis Center.

Sec. 123. GAO Reports on identity theft and tax refund fraud.

TITLE II—IMPROVEMENTS TO ELECTRONIC FILING OF TAX RETURNS

Sec. 201. Study on feasibility of blocking electronically-filed tax returns.

Sec. 202. Enhancements to IRS PIN Program.

Sec. 203. Increasing electronic filing of returns.

Sec. 204. Internet platform for Form 1099 filings.

Sec. 205. Requirement that electronically prepared paper returns include scannable code.

Sec. 206. Authentication of users of electronic services accounts.

1 **TITLE I—IDENTITY THEFT AND**
2 **TAX REFUND FRAUD PREVEN-**
3 **TION**

4 **Subtitle A—General Provisions**

5 **SEC. 101. GUIDELINES FOR STOLEN IDENTITY REFUND**
6 **FRAUD CASES.**

7 (a) IN GENERAL.—Not later than 6 months after the
8 date of the enactment of this Act, the Secretary, in con-
9 sultation with the National Taxpayer Advocate, shall de-
10 velop and implement publicly available guidelines for man-
11 agement of cases involving stolen identity refund fraud in
12 a manner that reduces the administrative burden on tax-
13 payers who are victims of such fraud.

14 (b) STANDARDS AND PROCEDURES TO BE CONSID-
15 ERED.—The guidelines described in subsection (a) may in-
16 clude—

17 (1) standards for—

18 (A) the average length of time in which a
19 case involving stolen identity refund fraud
20 should be resolved,

21 (B) the maximum length of time, on aver-
22 age, a taxpayer who is a victim of stolen iden-
23 tity refund fraud and is entitled to a tax refund

1 which has been stolen should have to wait to re-
2 ceive such refund, and

3 (C) the maximum number of offices and
4 employees within the Internal Revenue Service
5 with whom a taxpayer who is a victim of stolen
6 identity refund fraud should be required to
7 interact in order to resolve a case,

8 (2) standards for opening, assigning, reas-
9 signing, or closing a case involving stolen identity re-
10 fund fraud, and

11 (3) procedures for implementing and accom-
12 plishing the standards described in paragraphs (1)
13 and (2), and measures for evaluating such proce-
14 dures and determining whether such standards have
15 been successfully implemented.

16 **SEC. 102. CRIMINAL PENALTY FOR MISAPPROPRIATING**
17 **TAXPAYER IDENTITY IN CONNECTION WITH**
18 **TAX FRAUD.**

19 (a) IN GENERAL.—Section 7206 is amended—

20 (1) by striking “Any person” and inserting the
21 following:

22 “(a) IN GENERAL.—Any person”, and

23 (2) by adding at the end the following new sub-
24 section:

1 “(b) MISAPPROPRIATION OF IDENTITY.—Any person
2 who willfully misappropriates another person’s taxpayer
3 identity (as defined in section 6103(b)(6)) for the purpose
4 of making any list, return, account, statement, or other
5 document submitted to the Secretary under the provisions
6 of this title shall be guilty of a felony and, upon conviction
7 thereof, shall be fined not more than \$250,000 (\$500,000
8 in the case of a corporation) or imprisoned not more than
9 5 years, or both, together with the costs of prosecution.”.

10 (b) IDENTITY PROTECTION PERSONAL IDENTIFICA-
11 TION NUMBER.—Section 6109 is amended by inserting
12 after subsection (d) the following new subsection:

13 “(e) IDENTITY PROTECTION PERSONAL IDENTIFICA-
14 TION NUMBER.—

15 “(1) IN GENERAL.—For purposes of this sec-
16 tion, the term ‘identifying number’ shall include an
17 identity protection personal identification number, as
18 defined in paragraph (2).

19 “(2) DEFINITION.—The term ‘identity protec-
20 tion personal identification number’ means a number
21 assigned by the Secretary to a taxpayer to help pre-
22 vent the misuse of the social security account num-
23 ber of the taxpayer on fraudulent Federal income
24 tax returns and to assist the Secretary in verifying
25 a taxpayer’s identity.”.

1 (c) SENSE OF THE SENATE RELATING TO CRIMINAL
2 PENALTY FOR AGGRAVATED IDENTITY THEFT.—It is the
3 sense of the Senate that subsection (c) of section 1028A
4 of title 18, United States Code, should be amended to in-
5 clude the offenses described in section 7206(b) of the In-
6 ternal Revenue Code of 1986, as added by subsection (a).

7 (d) EFFECTIVE DATE.—The amendments made by
8 subsection (a) shall apply to offenses committed on or
9 after the date of the enactment of this Act.

10 **SEC. 103. INCREASED PENALTY FOR IMPROPER DISCLO-**
11 **SURE OR USE OF INFORMATION BY PRE-**
12 **PARERS OF RETURNS.**

13 (a) IN GENERAL.—Section 6713 is amended—

14 (1) by redesignating subsections (b) and (c) as
15 subsections (c) and (d), respectively, and

16 (2) by inserting after subsection (a) the fol-
17 lowing new subsection:

18 “(b) ENHANCED PENALTY FOR IMPROPER USE OR
19 DISCLOSURE RELATING TO IDENTITY THEFT.—

20 “(1) IN GENERAL.—In the case of a disclosure
21 or use described in subsection (a) that is made in
22 connection with a crime relating to the misappropriation
23 of another person’s taxpayer identity (as de-
24 fined in section 6103(b)(6)), whether or not such

1 crime involves any tax filing, subsection (a) shall be
2 applied—

3 “(A) by substituting ‘\$1,000’ for ‘\$250’,

4 and

5 “(B) by substituting ‘\$50,000’ for
6 ‘\$10,000’.

7 “(2) SEPARATE APPLICATION OF TOTAL PEN-
8 ALTY LIMITATION.—The limitation on the total
9 amount of the penalty under subsection (a) shall be
10 applied separately with respect to disclosures or uses
11 to which this subsection applies and to which it does
12 not apply.”.

13 (b) CRIMINAL PENALTY.—Section 7216(a) is amend-
14 ed by striking “\$1,000” and inserting “\$1,000 (\$100,000
15 in the case of a disclosure or use to which section 6713(b)
16 applies)”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to disclosures or uses on or after
19 the date of the enactment of this Act.

20 **SEC. 104. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

21 (a) IN GENERAL.—Chapter 77 is amended by adding
22 at the end the following new section:

1 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**
2 **THEFT.**

3 “(a) IN GENERAL.—If the Secretary determines that
4 there has been or may have been an unauthorized use of
5 the identity of any individual, the Secretary shall, without
6 jeopardizing an investigation relating to tax administra-
7 tion—

8 “(1) as soon as practicable, notify the indi-
9 vidual of such determination and provide—

10 “(A) instructions on how to file a report
11 with law enforcement regarding the unauthor-
12 ized use of the identity of the individual,

13 “(B) the identification of any forms nec-
14 essary for the individual to complete and submit
15 to law enforcement to permit access to personal
16 information of the individual during the inves-
17 tigation,

18 “(C) information regarding actions the in-
19 dividual may take in order to protect the indi-
20 vidual from harm relating to such unauthorized
21 use, and

22 “(D) an offer of identity protection meas-
23 ures to be provided to the individual by the In-
24 ternal Revenue Service, such as the use of an
25 identity protection personal identification num-
26 ber (as defined in section 6109(e)), and

1 “(2) at the time the information described in
2 paragraph (1) is provided (or, if not available at
3 such time, as soon as practicable thereafter), issue
4 additional notifications to such individual (or such
5 individual’s designee) regarding—

6 “(A) whether an investigation has been ini-
7 tiated in regards to such unauthorized use,

8 “(B) whether the investigation substan-
9 tiated an unauthorized use of the identity of the
10 individual, and

11 “(C) whether—

12 “(i) any action has been taken against
13 a person relating to such unauthorized use,
14 or

15 “(ii) any referral has been made for
16 criminal prosecution of such person and, to
17 the extent such information is available,
18 whether such person has been criminally
19 charged by indictment or information.

20 “(b) EMPLOYMENT-RELATED IDENTITY THEFT.—

21 “(1) IN GENERAL.—For purposes of this sec-
22 tion, the unauthorized use of the identity of an indi-
23 vidual includes the unauthorized use of the identity
24 of the individual to obtain employment.

1 “(2) DETERMINATION OF EMPLOYMENT-RE-
2 LATED IDENTITY THEFT.—For purposes of this sec-
3 tion, in making a determination as to whether there
4 has been or may have been an unauthorized use of
5 the identity of an individual to obtain employment,
6 the Secretary shall review any information—

7 “(A) obtained from a statement described
8 in section 6051 or an information return relat-
9 ing to compensation for services rendered other
10 than as an employee, or

11 “(B) provided to the Internal Revenue
12 Service by the Social Security Administration
13 regarding any statement described in section
14 6051,

15 which indicates that the social security account num-
16 ber provided on such statement or information re-
17 turn does not correspond with the name provided on
18 such statement or information return or the name
19 on the tax return reporting the income which is in-
20 cluded on such statement or information return.”.

21 (b) ADDITIONAL MEASURES.—

22 (1) EXAMINATION OF BOTH PAPER AND ELEC-
23 TRONIC STATEMENTS AND RETURNS.—The Sec-
24 retary shall examine the statements, information re-
25 turns, and tax returns described in section

1 7529(b)(2) for any evidence of employment-related
2 identity theft, regardless of whether such statements
3 or returns are submitted electronically or on paper.

4 (2) IMPROVEMENT OF EFFECTIVE RETURN
5 PROCESSING PROGRAM WITH SOCIAL SECURITY AD-
6 MINISTRATION.—Section 232 of the Social Security
7 Act (42 U.S.C. 432) is amended by inserting after
8 the third sentence the following: “For purposes of
9 carrying out the return processing program de-
10 scribed in the preceding sentence, the Commissioner
11 of Social Security shall request, not less than annu-
12 ally, such information described in section
13 7529(b)(2) of the Internal Revenue Code of 1986 as
14 may be necessary to ensure the accuracy of the
15 records maintained by the Commissioner of Social
16 Security related to the amounts of wages paid to,
17 and the amounts of self-employment income derived
18 by, individuals.”.

19 (3) UNDERREPORTING OF INCOME.—The Sec-
20 retary shall establish procedures to ensure that in-
21 come reported in connection with the unauthorized
22 use of a taxpayer’s identity is not taken into account
23 in determining any penalty for underreporting of in-
24 come by the victim of identity theft.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for chapter 77 is amended by adding at the end the fol-
3 lowing new item:

“Sec. 7529. Notification of suspected identity theft.”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to determinations made after the
6 date of the enactment of this Act.

7 **Subtitle B—Administrative Author-**
8 **ity to Prevent Identity Theft**
9 **and Tax Refund Fraud**

10 **SEC. 111. AUTHORITY TO TRANSFER INTERNAL REVENUE**

11 **SERVICE APPROPRIATIONS TO COMBAT TAX**

12 **FRAUD.**

13 (a) IN GENERAL.—For any fiscal year, in addition
14 to any other authority to transfer amounts appropriated
15 to an Internal Revenue Service account, the Commissioner
16 of Internal Revenue (referred to in this section as the
17 “Commissioner”) may transfer not more than
18 \$10,000,000 to any account of the Internal Revenue Serv-
19 ice from amounts appropriated to other Internal Revenue
20 Service accounts. Any amounts so transferred shall be
21 used solely for the purposes of preventing, detecting, and
22 resolving potential cases of tax fraud, which may include
23 educating taxpayers about common tax fraud scams and
24 how to protect themselves from such scams.

1 (b) LIMITATION.—The Commissioner shall not trans-
2 fer any amounts described in subsection (a) unless the
3 Commissioner has determined that taxpayer services pro-
4 vided by the Internal Revenue Service to the public (in-
5 cluding telephone operations, forms and publications, and
6 similar types of taxpayer assistance) will not be impaired
7 by such transfer.

8 **SEC. 112. STREAMLINED CRITICAL PAY AUTHORITY FOR IN-**
9 **FORMATION TECHNOLOGY POSITIONS.**

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

12 (1) in the matter preceding paragraph (1), by
13 striking “the Secretary of the Treasury” and all that
14 follows through “establish” and inserting “the Sec-
15 retary of the Treasury may, during the period begin-
16 ning on the date of the enactment of the Stolen
17 Identity Refund Fraud Prevention Act and ending
18 on September 30, 2021, establish”, and

19 (2) in paragraph (1)(B), by striking “the Inter-
20 nal Revenue Service’s successful accomplishment of
21 an important mission” and inserting “the
22 functionality of the information technology oper-
23 ations of the Internal Revenue Service”.

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

4 (1) in subsection (a)—

5 (A) by striking “Before September 30,
6 2013” and inserting “During the period begin-
7 ning on the date of the enactment of the Stolen
8 Identity Refund Fraud Prevention Act and end-
9 ing on September 30, 2021”, and

10 (B) by inserting “for employees holding
11 positions described in section 9503(a)(1)” after
12 “incentives”, and

13 (2) in subsection (b)—

14 (A) by striking “Before September 30,
15 2013” and inserting “During the period begin-
16 ning on the date of the enactment of the Stolen
17 Identity Refund Fraud Prevention Act and end-
18 ing on September 30, 2021”,

19 (B) by striking “employees transferred or
20 reemployed” and inserting “employees holding
21 positions described in section 9503(a)(1) who
22 are transferred or reemployed during such pe-
23 riod”, and

1 (C) by striking “section 9502 or 9503
2 after June 1, 1998” and inserting “section
3 9503 during such period”.

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

7 (1) by striking “Before September 30, 2013”
8 and inserting “During the period beginning on the
9 date of the enactment of the Stolen Identity Refund
10 Fraud Prevention Act and ending on September 30,
11 2021”, and

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

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

17 **SEC. 113. ACCESS TO THE NATIONAL DIRECTORY OF NEW**
18 **HIRES TO IDENTIFY AND PREVENT FRAUDU-**
19 **LENT TAX RETURN FILINGS AND CLAIMS FOR**
20 **REFUND.**

21 (a) IN GENERAL.—Paragraph (3) of section 453(i)
22 of the Social Security Act (42 U.S.C. 653(i)) is amended
23 to read as follows:

24 “(3) ADMINISTRATION OF FEDERAL TAX
25 LAWS.—The Secretary of the Treasury shall have

1 access to the information in the National Directory
2 of New Hires for the purposes of—

3 “(A) administering section 32 of the Inter-
4 nal Revenue Code of 1986,

5 “(B) verifying a claim with respect to em-
6 ployment in a tax return, and

7 “(C) identifying and preventing fraudulent
8 tax return filings and claims for refund under
9 the Internal Revenue Code of 1986.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall take effect on the date of the enactment
12 of this Act.

13 **SEC. 114. REPEAL OF PROVISION REGARDING CERTAIN TAX**
14 **COMPLIANCE PROCEDURES AND REPORTS.**

15 Section 2004 of the Internal Revenue Service Re-
16 structuring and Reform Act of 1998 (26 U.S.C. 6012
17 note) is repealed.

18 **SEC. 115. SENSE OF THE SENATE ON STRENGTHENED PEN-**
19 **ALTIES AND ENFORCEMENT FOR IMPER-**
20 **SONATING AN IRS OFFICIAL OR AGENT.**

21 It is the sense of the Senate that the penalties under
22 section 912 of title 18, United States Code, for imper-
23 sonating an officer or employee acting under the authority
24 of the United States should be amended to increase the
25 penalties for impersonating an official or agent of the In-

1 ternal Revenue Service and enforced to the fullest extent
2 of the law.

3 **Subtitle C—Reports**

4 **SEC. 121. IRS REPORT ON STOLEN IDENTITY REFUND** 5 **FRAUD.**

6 (a) IN GENERAL.—Not later than September 30,
7 2018, and every even-numbered calendar year thereafter
8 through September 30, 2026, the Secretary shall report
9 to the Committee on Ways and Means of the House of
10 Representatives and the Committee on Finance of the
11 Senate on the extent and nature of stolen identity refund
12 fraud under the Internal Revenue Code of 1986, as based
13 on the most recent data that is available.

14 (b) CONTENTS.—The report described in subsection
15 (a) shall include—

16 (1) a discussion of the detection, prevention,
17 and enforcement activities undertaken by the Inter-
18 nal Revenue Service with respect to such fraud, in-
19 cluding—

20 (A) efforts to combat stolen identity refund
21 fraud, including an update on the victims' as-
22 sistance unit,

23 (B) an update on Internal Revenue Service
24 efforts and results associated with limiting mul-
25 tiple refunds to the same financial account and

1 physical address, with appropriate exceptions,
2 and

3 (C) Internal Revenue Service efforts asso-
4 ciated with other avenues for addressing stolen
5 identity refund fraud,

6 (2) information regarding the average and max-
7 imum amounts of time that elapsed before resolution
8 of a victim's case,

9 (3) an analysis of ways to accelerate informa-
10 tion matching in order to prevent stolen identity re-
11 fund fraud,

12 (4) an update on the implementation of the rel-
13 evant provisions of this Act and the amendments
14 made by this Act, and

15 (5) identification of any further legislation to
16 protect taxpayer resources and information, includ-
17 ing preventing tax refund fraud related to the Inter-
18 nal Revenue Service's e-Services tools and electronic
19 filing identification numbers.

20 (c) ADDITIONAL INFORMATION FOR THE FIRST RE-
21 PORT.—The first report required under this section shall
22 include—

23 (1) an assessment of the progress made by the
24 Internal Revenue Service on identity theft outreach

1 and education to individuals, businesses, State agen-
2 cies, and other external organizations, and

3 (2) the results of a study on the costs and bene-
4 fits relating to enhancement of the taxpayer authen-
5 tication approach employed by the Internal Revenue
6 Service in the electronic tax return filing process.

7 **SEC. 122. REPORT ON STATUS OF THE IDENTITY THEFT TAX**
8 **REFUND FRAUD INFORMATION SHARING AND**
9 **ANALYSIS CENTER.**

10 Not later than 90 days after the date of the enact-
11 ment of this Act, the Secretary shall report to the Com-
12 mittee on Ways and Means of the House of Representa-
13 tives and the Committee on Finance of the Senate on—

14 (1) whether the Identity Theft Tax Refund
15 Fraud Information Sharing and Analysis Center (re-
16 ferred to in this section as the “Center”) is fully
17 operational,

18 (2) if the Center is not fully operational, what
19 steps are necessary for the Center to be fully oper-
20 ational and an estimate of when the Center will be
21 fully operational, and

22 (3) any challenges that remain for effective
23 sharing of information between the public and pri-
24 vate sectors and efforts that are being undertaken to
25 address such challenges.

1 **SEC. 123. GAO REPORTS ON IDENTITY THEFT AND TAX RE-**
2 **FUND FRAUD.**

3 (a) REPORT ON NOTIFICATION RELATING TO STO-
4 LEN IDENTITY REFUND FRAUD.—Not later than Sep-
5 tember 30, 2018, the Comptroller General of the United
6 States shall submit a report to the Committee on Ways
7 and Means of the House of Representatives and the Com-
8 mittee on Finance of the Senate which evaluates—

9 (1) the clarity of the language used by the In-
10 ternal Revenue Service for notifying taxpayers who
11 are potential or known victims of stolen identity re-
12 fund fraud, and

13 (2) the systems employed by the Internal Rev-
14 enue Service for generating stolen identity refund
15 fraud notifications.

16 (b) REPORT ON TAXPAYER AUTHENTICATION AND
17 IDENTITY THEFT OUTREACH AND EDUCATION.—Not
18 later than September 30, 2020, the Comptroller General
19 of the United States shall submit to the Committee on
20 Ways and Means of the House of Representatives and the
21 Committee on Finance of the Senate a report evaluating
22 the following:

23 (1) Progress made by the Internal Revenue
24 Service on identity theft outreach and education to
25 individuals, businesses, State agencies, and other ex-
26 ternal organizations.

1 (2) The study described in section 121(c)(2) of
2 this Act.

3 **TITLE II—IMPROVEMENTS TO**
4 **ELECTRONIC FILING OF TAX**
5 **RETURNS**

6 **SEC. 201. STUDY ON FEASIBILITY OF BLOCKING ELEC-**
7 **TRONICALLY-FILED TAX RETURNS.**

8 Not later than 180 days after the date of the enact-
9 ment of this Act, the Secretary shall report to the Com-
10 mittee on Ways and Means of the House of Representa-
11 tives and the Committee on Finance of the Senate on the
12 feasibility of implementing a program under which a per-
13 son who has filed an identity theft affidavit with the Sec-
14 retary may elect to prevent the processing of any Federal
15 tax return submitted in an electronic format by anyone
16 purporting to be such person, including a recommendation
17 on whether to implement such a program.

18 **SEC. 202. ENHANCEMENTS TO IRS PIN PROGRAM.**

19 Not later than July 1, 2019, the Secretary shall es-
20 tablish a program to issue, upon request, an identity pro-
21 tection personal identification number (as described in sec-
22 tion 6109(e)(2) of the Internal Revenue Code of 1986 (as
23 added by section 102(b) of this Act)) to any individual
24 after the individual's identity has been verified to the sat-
25 isfaction of the Secretary.

1 **SEC. 203. INCREASING ELECTRONIC FILING OF RETURNS.**

2 (a) IN GENERAL.—Subparagraph (A) of section
3 6011(e)(2) is amended by striking “250” and inserting
4 “the applicable number of”.

5 (b) APPLICABLE NUMBER.—Subsection (e) of section
6 6011 is amended by adding at the end the following new
7 paragraph:

8 “(5) APPLICABLE NUMBER.—For purposes of
9 paragraph (2)(A), the applicable number is—

10 “(A) in the case of returns and statements
11 relating to calendar years before 2019, 250,

12 “(B) in the case of returns and statements
13 relating to calendar year 2019, 200,

14 “(C) in the case of returns and statements
15 relating to calendar year 2020, 150,

16 “(D) in the case of returns and statements
17 relating to calendar year 2021, 100,

18 “(E) in the case of returns and statements
19 relating to calendar year 2022, 50, and

20 “(F) in the case of returns and statements
21 relating to calendar years after 2022, 20.”.

22 (c) RETURNS FILED BY A TAX RETURN PRE-
23 PARER.—

24 (1) IN GENERAL.—Subparagraph (A) of section
25 6011(e)(3) is amended to read as follows:

1 “(A) IN GENERAL.—The Secretary shall
2 require that any individual income tax return
3 which is prepared and filed by a tax return pre-
4 parer be filed on magnetic media. The Sec-
5 retary may waive the requirement of the pre-
6 ceding sentence if the Secretary determines, on
7 the basis of an application by the tax return
8 preparer, that the preparer cannot meet such
9 requirement based on technological constraints
10 (including lack of access to the Internet).”.

11 (2) CONFORMING AMENDMENT.—Paragraph (3)
12 of section 6011(e) is amended by striking subpara-
13 graph (B) and by redesignating subparagraph (C) as
14 subparagraph (B).

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to returns the due date for which
17 (determined without regard to extensions) is after Decem-
18 ber 31, 2017.

19 **SEC. 204. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

20 (a) IN GENERAL.—Not later than January 1, 2021,
21 the Secretary shall make available an Internet website or
22 other electronic media, similar to the Business Services
23 Online Suite of Services provided by the Social Security
24 Administration, that will provide taxpayers access to re-

1 sources and guidance provided by the Internal Revenue
2 Service and will allow taxpayers to—

3 (1) prepare and file Forms 1099,

4 (2) prepare Forms 1099 for distribution to re-
5 cipients other than the Internal Revenue Service,
6 and

7 (3) create and maintain necessary taxpayer
8 records.

9 (b) EARLY IMPLEMENTATION FOR FORMS 1099—
10 MISC.—Not later than January 1, 2019, the Internet
11 website under subsection (a) shall be available in a partial
12 form that will allow taxpayers to take the actions de-
13 scribed in such subsection with respect to Forms 1099—
14 MISC required to be filed or distributed by such tax-
15 payers.

16 **SEC. 205. REQUIREMENT THAT ELECTRONICALLY PRE-**
17 **PARSED PAPER RETURNS INCLUDE SCAN-**
18 **NABLE CODE.**

19 (a) IN GENERAL.—Subsection (e) of section 6011, as
20 amended by section 203(b) of this Act, is amended by add-
21 ing at the end the following new paragraph:

22 “(6) SPECIAL RULE FOR RETURNS PREPARED
23 ELECTRONICALLY AND SUBMITTED ON PAPER.—The
24 Secretary shall require that any return of tax which
25 is prepared electronically, but is printed and filed on

1 paper, bear a code which can, when scanned, convert
2 such return to electronic format.”.

3 (b) CONFORMING AMENDMENT.—Paragraph (1) of
4 section 6011(e) is amended by striking “paragraph (3)”
5 and inserting “paragraphs (3) and (6)”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to returns of tax the due date for
8 which (determined without regard to extensions) is after
9 December 31, 2017.

10 **SEC. 206. AUTHENTICATION OF USERS OF ELECTRONIC**
11 **SERVICES ACCOUNTS.**

12 Beginning 180 days after the date of the enactment
13 of this Act, the Secretary shall verify the identity of any
14 individual opening an e-Services account with the Internal
15 Revenue Service before such individual is able to use the
16 e-Services tools.