

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4994

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## AN ACT

To amend the Internal Revenue Code of 1986 to reduce taxpayer burdens and enhance taxpayer protections, 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,*

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Taxpayer Assistance Act of 2010”.

4 (b) AMENDMENT OF INTERNAL REVENUE CODE OF  
5 1986.—Except as otherwise expressly provided, whenever  
6 in this Act an amendment or repeal is expressed in terms  
7 of an amendment to, or repeal of, a section or other provi-  
8 sion, the reference shall be considered to be made to a  
9 section or other provision of the Internal Revenue Code  
10 of 1986.

11 (c) TABLE OF CONTENTS.—The table of contents of  
12 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—CELL PHONES AND ELECTRONIC FILING

Sec. 101. Removal of cellular telephones and similar telecommunications equip-  
ment from listed property.

Sec. 102. Electronic filing exemption for religious reasons.

Sec. 103. Accelerate interest on refunds for returns filed electronically.

TITLE II—COLLECTION

Sec. 201. Study on the effectiveness of collection alternatives.

Sec. 202. Repeal of partial payment requirement on submissions of offers-in-  
compromise.

TITLE III—TAXPAYER ASSISTANCE AND PROTECTION  
IMPROVEMENTS

Sec. 301. Referrals to Low-Income Taxpayer Clinics permitted.

Sec. 302. Low-income taxpayer clinics.

Sec. 303. EITC outreach.

Sec. 304. Taxpayer notification of suspected identity theft.

Sec. 305. Clarification of IRS unclaimed refund authority.

Sec. 306. Study on delivery of tax refunds.

Sec. 307. Study on timely processing and use of information returns.

Sec. 308. Study on easing the burden of in-person tax payments.

TITLE IV—REVENUE PROVISIONS

Sec. 401. Expansion of bad check penalty to electronic payments.

Sec. 402. Increase in information return penalties.

Sec. 403. Budget compliance.

1           **TITLE I—CELL PHONES AND**  
 2                           **ELECTRONIC FILING**

3   **SEC. 101. REMOVAL OF CELLULAR TELEPHONES AND SIMI-**  
 4                           **LAR TELECOMMUNICATIONS EQUIPMENT**  
 5                           **FROM LISTED PROPERTY.**

6           (a) IN GENERAL.—Subparagraph (A) of section  
 7 280F(d)(4) (defining listed property) is amended by add-  
 8 ing “and” at the end of clause (iv), by striking clause (v),  
 9 and by redesignating clause (vi) as clause (v).

10          (b) EFFECTIVE DATE.—The amendment made by  
 11 subsection (a) shall apply to taxable years beginning after  
 12 December 31, 2009.

13   **SEC. 102. ELECTRONIC FILING EXEMPTION FOR RELIGIOUS**  
 14                           **REASONS.**

15          Paragraph (3) of section 6011(e) (relating to special  
 16 rule for tax return preparers) is amended by adding at  
 17 the end the following new subparagraph:

18                           “(D) EXEMPTION FOR RELIGIOUS REA-  
 19                           SONS.—The Secretary may exempt from re-  
 20                           quirements under subparagraph (A) a tax re-  
 21                           turn preparer who—

22   “(i) is a member of a recognized reli-  
 23   gious sect or division thereof, and

1                   “(ii) is an adherent of established  
2                   teachings or tenets that do not permit the  
3                   use of magnetic media.”.

4 **SEC. 103. ACCELERATE INTEREST ON REFUNDS FOR RE-**  
5 **TURNS FILED ELECTRONICALLY.**

6           (a) IN GENERAL.—Subsection (e) of section 6611  
7 (relating to disallowance of interest on certain overpay-  
8 ments) is amended by adding at the end the following new  
9 paragraph:

10                   “(4) SPECIAL RULE.—In the case of any indi-  
11                   vidual income tax return relating to income tax filed  
12                   by electronic means, paragraph (1) shall be applied  
13                   by substituting ‘30 days’ for ‘45 days’ each place it  
14                   appears.”.

15           (b) EFFECTIVE DATE.—The amendments made by  
16 subsection (a) shall apply to taxable years beginning after  
17 December 31, 2011.

18                   **TITLE II—COLLECTION**

19 **SEC. 201. STUDY ON THE EFFECTIVENESS OF COLLECTION**  
20 **ALTERNATIVES.**

21           (a) IN GENERAL.—The Secretary of the Treasury  
22 shall conduct a study to assess the effectiveness of collec-  
23 tion alternatives, especially offers-in-compromise, on long-  
24 term tax compliance. Such a study shall analyze a group  
25 of taxpayers who applied for offers-in-compromise 5 or

1 more years ago and compare the amount of revenue col-  
2 lected from the taxpayers whose offers were accepted with  
3 the amount of revenue collected from the taxpayers whose  
4 offers were rejected, and compare, among the taxpayers  
5 whose offers were rejected, the amount they offered with  
6 the amounts collected.

7 (b) REPORT.—Not later than 1 year after the date  
8 of enactment of this Act, the Secretary of the Treasury  
9 shall submit a report to Congress containing the results  
10 of the study conducted under subsection (a).

11 **SEC. 202. REPEAL OF PARTIAL PAYMENT REQUIREMENT**  
12 **ON SUBMISSIONS OF OFFERS-IN-COM-**  
13 **PROMISE.**

14 (a) IN GENERAL.—Section 7122 is amended by strik-  
15 ing subsection (c) and by redesignating subsections (d),  
16 (e), (f), and (g) as subsection (c), (d), (e), and (f), respec-  
17 tively.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (3) of section 7122(d) is amend-  
20 ed—

21 (A) by inserting “and” at the end of the  
22 subparagraph (A),

23 (B) by striking “, and” at the end of sub-  
24 paragraph (B) and inserting a period, and

25 (C) by striking subparagraph (C).

1           (2) Subsection (f) of section 6159 is amended  
2           by striking “section 7122(e)” and inserting “section  
3           7122(d)”.

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

7 **TITLE III—TAXPAYER ASSIST-**  
8 **ANCE AND PROTECTION IM-**  
9 **PROVEMENTS**

10 **SEC. 301. REFERRALS TO LOW-INCOME TAXPAYER CLINICS**

11 **PERMITTED.**

12           (a) IN GENERAL.—Subsection (c) of section 7526 is  
13 amended by adding at the end the following new para-  
14 graph:

15           “(6) TREASURY EMPLOYEES PERMITTED TO  
16 REFER TAXPAYERS TO QUALIFIED LOW-INCOME TAX-  
17 PAYER CLINICS.—Notwithstanding any other provi-  
18 sion of law, officers and employees of the Depart-  
19 ment of the Treasury may refer taxpayers for advice  
20 and assistance to qualified low-income taxpayer clin-  
21 ics receiving funding under this section.”.

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

1 **SEC. 302. LOW-INCOME TAXPAYER CLINICS.**

2 (a) INCREASE IN AUTHORIZED GRANTS.—Paragraph  
3 (1) of section 7526(c) (relating to aggregate limitation)  
4 is amended by striking “\$6,000,000” and inserting  
5 “\$20,000,000”.

6 (b) CLERICAL AMENDMENT.—Section 7526(c)(5) is  
7 amended by inserting “qualified” before “low-income”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply with respect to grants made after  
10 the date of the enactment of this Act.

11 **SEC. 303. EITC OUTREACH.**

12 (a) IN GENERAL.—Section 32 (relating to earned in-  
13 come) is amended by adding at the end the following new  
14 subsection:

15 “(n) NOTIFICATION OF POTENTIAL ELIGIBILITY FOR  
16 CREDIT AND REFUND.—

17 “(1) IN GENERAL.—To the extent possible and  
18 on an annual basis, the Secretary shall provide to  
19 each taxpayer who—

20 “(A) for any preceding taxable year for  
21 which credit or refund is not precluded by sec-  
22 tion 6511, and

23 “(B) did not claim the credit under sub-  
24 section (a) but may be allowed such credit for  
25 any such taxable year based on return or return

1 information (as defined in section 6103(b))  
2 available to the Secretary,  
3 notice that such taxpayer may be eligible to claim  
4 such credit and a refund for such taxable year.

5 “(2) NOTICE.—Notice provided under para-  
6 graph (1) shall be in writing and sent to the last  
7 known address of the taxpayer.”.

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

11 **SEC. 304. TAXPAYER NOTIFICATION OF SUSPECTED IDEN-**  
12 **TITY THEFT.**

13 (a) IN GENERAL.—Chapter 77 (relating to miscella-  
14 neous provisions), as amended by this Act, is amended by  
15 adding at the end the following new section:

16 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**  
17 **THEFT.**

18 “If, in the course of an investigation under the inter-  
19 nal revenue laws, the Secretary determines that there was  
20 or may have been an unauthorized use of the identity of  
21 the taxpayer or a dependent of the taxpayer, the Secretary  
22 shall, to the extent permitted by law—

23 “(1) as soon as practicable and without jeop-  
24 ardizing such investigation, notify the taxpayer of  
25 such determination, and



1           “(2) if any person is criminally charged by in-  
2           dictment or information with respect to such unau-  
3           thorized use, notify such taxpayer as soon as prac-  
4           ticable of such charge.”.

5           (b) CLERICAL AMENDMENT.—The table of sections  
6 for chapter 77 is amended by adding at the end the fol-  
7 lowing new item:

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

8           (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to determinations made after the  
10 date of the enactment of this Act.

11 **SEC. 305. CLARIFICATION OF IRS UNCLAIMED REFUND AU-**  
12 **THORITY.**

13           Paragraph (1) of section 6103(m) (relating to tax re-  
14 funds) is amended by inserting “, and through any other  
15 means of mass communication,” after “media”.

16 **SEC. 306. STUDY ON DELIVERY OF TAX REFUNDS.**

17           (a) IN GENERAL.—The National Taxpayer Advocate  
18 shall conduct a study on the feasibility of delivering tax  
19 refunds on debit cards, prepaid cards, and other electronic  
20 means to assist individuals that do not have access to fi-  
21 nancial accounts or institutions.

22           (b) REPORT.—Not later than 1 year after the date  
23 of enactment of this Act, the National Taxpayer Advocate  
24 shall submit a report to Congress containing the results  
25 of the study conducted under subsection (a).

1 **SEC. 307. STUDY ON TIMELY PROCESSING AND USE OF IN-**  
2 **FORMATION RETURNS.**

3 (a) IN GENERAL.—The Secretary of the Treasury  
4 shall conduct a study on the administrative and legislative  
5 changes that would be needed to receive and process infor-  
6 mation returns before processing income tax returns.

7 (b) REPORT.—Not later than 1 year after the date  
8 of the enactment of this Act, the Secretary shall submit  
9 a report to the Committee on Ways and Means of the  
10 House of Representatives and the Committee on Finance  
11 of the Senate containing the results of the study conducted  
12 under subsection (a), together with such recommendations  
13 as the Secretary considers necessary or appropriate for  
14 implementation of these changes.

15 **SEC. 308. STUDY ON EASING THE BURDEN OF IN-PERSON**  
16 **TAX PAYMENTS.**

17 (a) IN GENERAL.—The Secretary of the Treasury  
18 shall conduct a study on how to reduce the number of tax-  
19 payers making payments at IRS Taxpayer Assistance  
20 Centers. The report shall include an analysis of—

21 (1) whether the Federal Tax Deposit Coupon  
22 (Form 8109) could be expanded so that it can be  
23 used with all Federal tax deposits and payments,  
24 and

1           (2) what current or new return filing, payment,  
2           and proof of payment options could be implemented  
3           to reduce the burden of in-person payments.

4           (b) REPORT.—Not later than 1 year after the date  
5 of the enactment of this Act, the Secretary shall submit  
6 a report to the Committee on Ways and Means of the  
7 House of Representatives and the Committee on Finance  
8 of the Senate containing the results of the study conducted  
9 under subsection (a), together with such recommendations  
10 as the Secretary considers necessary or appropriate.

## 11                           **TITLE IV—REVENUE** 12                           **PROVISIONS**

### 13   **SEC. 401. EXPANSION OF BAD CHECK PENALTY TO ELEC-** 14                           **TRONIC PAYMENTS.**

15           (a) IN GENERAL.—Section 6657 (relating to bad  
16 checks) is amended by adding at the end the following:  
17 “Except as otherwise provided by the Secretary, any au-  
18 thorization of a payment by commercially acceptable  
19 means (within the meaning of section 6311) shall be treat-  
20 ed for purposes of this section in the same manner as a  
21 check.”.

22           (b) EFFECTIVE DATE.—The amendment made by  
23 subsection (a) shall apply to authorizations of payments  
24 made after December 31, 2010.

1 **SEC. 402. INCREASE IN INFORMATION RETURN PENALTIES.**

2 (a) FAILURE TO FILE CORRECT INFORMATION RE-  
3 TURNS.—

4 (1) IN GENERAL.—Subsections (a)(1),  
5 (b)(1)(A), and (b)(2)(A) of section 6721 are each  
6 amended by striking “\$50” and inserting “\$100”.

7 (2) AGGREGATE ANNUAL LIMITATION.—Sub-  
8 sections (a)(1), (d)(1)(A), and (e)(3)(A) of section  
9 6721 are each amended by striking “\$250,000” and  
10 inserting “\$1,500,000”.

11 (b) REDUCTION WHERE CORRECTION WITHIN 30  
12 DAYS.—

13 (1) IN GENERAL.—Subparagraph (A) of section  
14 6721(b)(1) is amended by striking “\$15” and insert-  
15 ing “\$30”.

16 (2) AGGREGATE ANNUAL LIMITATION.—Sub-  
17 sections (b)(1)(B) and (d)(1)(B) of section 6721 are  
18 each amended by striking “\$75,000” and inserting  
19 “\$250,000”.

20 (c) REDUCTION WHERE CORRECTION ON OR BEFORE  
21 AUGUST 1.—

22 (1) IN GENERAL.—Subparagraph (A) of section  
23 6721(b)(2) is amended by striking “\$30” and insert-  
24 ing “\$60”.

25 (2) AGGREGATE ANNUAL LIMITATION.—Sub-  
26 sections (b)(2)(B) and (d)(1)(C) of section 6721 are

1 each amended by striking “\$150,000” and inserting  
2 “\$500,000”.

3 (d) AGGREGATE ANNUAL LIMITATIONS FOR PER-  
4 SONS WITH GROSS RECEIPTS OF NOT MORE THAN  
5 \$5,000,000.—Paragraph (1) of section 6721(d) is amend-  
6 ed—

7 (1) by striking “\$100,000” in subparagraph  
8 (A) and inserting “\$500,000”,

9 (2) by striking “\$25,000” in subparagraph (B)  
10 and inserting “\$75,000”, and

11 (3) by striking “\$50,000” in subparagraph (C)  
12 and inserting “\$200,000”.

13 (e) PENALTY IN CASE OF INTENTIONAL DIS-  
14 REGARD.—Paragraph (2) of section 6721(e) is amended  
15 by striking “\$100” and inserting “\$250”.

16 (f) ADJUSTMENT FOR INFLATION.—Section 6721 is  
17 amended by adding at the end the following new sub-  
18 section:

19 “(f) ADJUSTMENT FOR INFLATION.—

20 “(1) IN GENERAL.—For each fifth calendar  
21 year beginning after 2012, each of the dollar  
22 amounts under subsections (a), (b), (d) (other than  
23 paragraph (2)(A) thereof), and (e) shall be increased  
24 by such dollar amount multiplied by the cost-of-liv-  
25 ing adjustment determined under section 1(f)(3) de-

1       terminated by substituting ‘calendar year 2011’ for  
2       ‘calendar year 1992’ in subparagraph (B) thereof.

3               “(2) ROUNDING.—If any amount adjusted  
4       under paragraph (1)—

5                       “(A) is not less than \$75,000 and is not  
6                       a multiple of \$500, such amount shall be  
7                       rounded to the next lowest multiple of \$500,  
8                       and

9                       “(B) is not described in subparagraph (A)  
10                      and is not a multiple of \$10, such amount shall  
11                      be rounded to the next lowest multiple of \$10.”.

12       (g) EFFECTIVE DATE.—The amendments made by  
13       this section shall apply with respect to information returns  
14       required to be filed on or after January 1, 2011.

15       **SEC. 403. BUDGET COMPLIANCE.**

16       The budgetary effects of this Act, for the purpose of  
17       complying with the Statutory Pay-As-You-Go Act of 2010,  
18       shall be determined by reference to the latest statement  
19       titled “Budgetary Effects of PAYGO Legislation” for this  
20       Act, submitted for printing in the Congressional Record  
21       by the Chairman of the Committee on the Budget of the

- 1 House of Representatives, provided that such statement
- 2 has been submitted prior to the vote on passage.

Passed the House of Representatives April 14, 2010.

Attest:

*Clerk.*

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

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**H. R. 4994**

**AN ACT**

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