

RULES COMMITTEE PRINT 115-87
TEXT OF THE HOUSE AMENDMENT TO THE
SENATE AMENDMENT TO H.R. 88

[Showing the text of the Retirement, Savings, and Other Tax Relief Act of 2018 and the Taxpayer First Act of 2018.]

In lieu of the matter proposed to be inserted by the Senate, insert the following:

1 **DIVISION A—RETIREMENT, SAV-**
2 **INGS, AND OTHER TAX RE-**
3 **LIEF ACT OF 2018**

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

5 (a) **SHORT TITLE.**—This division may be cited as the
6 Retirement, Savings, and Other Tax Relief Act of 2018.

7 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
8 wise expressly provided, whenever in this division an
9 amendment or repeal is expressed in terms of an amend-
10 ment to, or repeal of, a section or other provision, the ref-
11 erence shall be considered to be made to a section or other
12 provision of the Internal Revenue Code of 1986.

13 (c) **TABLE OF CONTENTS.**—The table of contents for
14 this division is as follows:

Sec. 1. Short title, etc.

TITLE I—DISASTER TAX RELIEF

Sec. 101. Definitions.

- Sec. 102. Special disaster-related rules for use of retirement funds.
- Sec. 103. Employee retention credit for employers affected by qualified disasters.
- Sec. 104. Other disaster-related tax relief provisions.
- Sec. 105. Treatment of certain possessions.
- Sec. 106. Automatic extension of filing deadline.

TITLE II—RETIREMENT AND SAVINGS

Subtitle A—Expanding and Preserving Retirement Savings

- Sec. 201. Multiple employer plans; pooled employer plans.
- Sec. 202. Rules relating to election of safe harbor 401(k) status.
- Sec. 203. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
- Sec. 204. Repeal of maximum age for traditional IRA contributions.
- Sec. 205. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
- Sec. 206. Portability of lifetime income investments.
- Sec. 207. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 208. Clarification of retirement income account rules relating to church-controlled organizations.
- Sec. 209. Increase in 10 percent cap for automatic enrollment safe harbor after 1st plan year.
- Sec. 210. Increase in credit limitation for small employer pension plan startup costs.
- Sec. 211. Small employer automatic enrollment credit.
- Sec. 212. Exemption from required minimum distribution rules for individuals with certain account balances.
- Sec. 213. Elective deferrals by members of the Ready Reserve of a reserve component of the Armed Forces.

Subtitle B—Administrative Improvements

- Sec. 221. Plan adopted by filing due date for year may be treated as in effect as of close of year.
- Sec. 222. Modification of nondiscrimination rules to protect older, longer service participants.
- Sec. 223. Fiduciary safe harbor for selection of lifetime income provider.
- Sec. 224. Disclosure regarding lifetime income.
- Sec. 225. Modification of PBGC premiums for CSEC plans.

Subtitle C—Other Savings Provisions

- Sec. 231. Expansion of section 529 plans.
- Sec. 232. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.

TITLE III—REPEAL OR DELAY OF CERTAIN HEALTH-RELATED TAXES

- Sec. 301. Extension of moratorium on medical device excise tax.
- Sec. 302. Delay in implementation of excise tax on high cost employer-sponsored health coverage.
- Sec. 303. Extension of suspension of annual fee on health insurance providers.
- Sec. 304. Repeal of excise tax on indoor tanning services.

TITLE IV—CERTAIN EXPIRING PROVISIONS

- Sec. 401. Railroad track maintenance credit made permanent.
- Sec. 402. Biodiesel and renewable diesel provisions extended and phased out.

TITLE V—OTHER PROVISIONS

- Sec. 501. Technical amendments relating to Public Law 115–97.
- Sec. 502. Clarification of treatment of veterans as specified group for purposes of the low-income housing tax credit.
- Sec. 503. Clarification of general public use requirement for qualified residential rental projects.
- Sec. 504. Floor plan financing applicable to certain trailers and campers.
- Sec. 505. Repeal of increase in unrelated business taxable income by disallowed fringe.
- Sec. 506. Certain purchases of employee-owned stock disregarded for purposes of foundation tax on excess business holdings.
- Sec. 507. Allowing 501(c)(3) organization to make statements relating to political campaign in ordinary course of carrying out its tax exempt purpose.
- Sec. 508. Charitable organizations permitted to make collegiate housing and infrastructure grants.
- Sec. 509. Restriction on regulation of contingency fees with respect to tax returns, etc.

1 TITLE I—DISASTER TAX RELIEF

2 SEC. 101. DEFINITIONS.

3 For purposes of this title—

4 (1) GENERAL DEFINITIONS.—

5 (A) QUALIFIED DISASTER AREA.—The

6 term “qualified disaster area” means the Hurri-

7 cane Florence disaster area; the Hurricane Mi-

8 chael disaster area; the Typhoon Mangkhut dis-

9 aster area; the Typhoon Yutu disaster area; the

10 Mendocino wildfire disaster area; the Camp and

11 Woolsey wildfire disaster area; the Kilauea vol-

12 canic eruption and earthquakes disaster area;

13 the Hawaii severe storms, flooding, landslides,

14 and mudslides disaster area; the Wisconsin se-

1 vere storms, tornadoes, straight-line winds,
2 flooding, and landslides disaster area; the Texas
3 severe storms and flooding disaster area; the
4 North Carolina tornado and severe storms dis-
5 aster area; the Indiana severe storms and flood-
6 ing disaster area; the Alabama severe storms
7 and tornadoes disaster area; and the Tropical
8 Storm Gita disaster area.

9 (B) QUALIFIED DISASTER ZONE.—The
10 term “qualified disaster zone” means that por-
11 tion of any qualified disaster area which is de-
12 termined by the President to warrant individual
13 or individual and public assistance from the
14 Federal Government under the Robert T. Staf-
15 ford Disaster Relief and Emergency Assistance
16 Act by reason of the qualified disaster with re-
17 spect to such disaster area.

18 (C) QUALIFIED DISASTER.—The term
19 “qualified disaster” means, with respect to any
20 qualified disaster area, the disaster by reason of
21 which a major disaster was declared with re-
22 spect to such area.

23 (2) HURRICANE FLORENCE.—

24 (A) HURRICANE FLORENCE DISASTER
25 AREA.—The term “Hurricane Florence disaster

1 area” means an area with respect to which a
2 major disaster has been declared by the Presi-
3 dent on or before December 17, 2018, under
4 section 401 of the Robert T. Stafford Disaster
5 Relief and Emergency Assistance Act by reason
6 of Hurricane Florence.

7 (B) INCIDENT BEGINNING DATE.—The in-
8 cident beginning date of Hurricane Florence is
9 September 7, 2018.

10 (C) INCIDENT PERIOD.—The incident pe-
11 riod of Hurricane Florence is the period begin-
12 ning on the incident beginning date of Hurri-
13 cane Florence and ending on October 8, 2018.

14 (3) HURRICANE MICHAEL.—

15 (A) HURRICANE MICHAEL DISASTER
16 AREA.—The term “Hurricane Michael disaster
17 area” means an area with respect to which a
18 major disaster has been declared by the Presi-
19 dent on or before December 17, 2018, under
20 section 401 of the Robert T. Stafford Disaster
21 Relief and Emergency Assistance Act by reason
22 of Hurricane Michael.

23 (B) INCIDENT BEGINNING DATE.—The in-
24 cident beginning date of Hurricane Michael is
25 October 7, 2018.

1 (C) INCIDENT PERIOD.—The incident pe-
2 riod of Hurricane Michael is the period begin-
3 ning on the incident beginning date of Hurri-
4 cane Michael and ending on October 23, 2018.

5 (4) TYPHOON MANGKHUT.—

6 (A) TYPHOON MANGKHUT DISASTER
7 AREA.—The term “Typhoon Mangkhut disaster
8 area” means an area with respect to which a
9 major disaster has been declared by the Presi-
10 dent on or before December 17, 2018, under
11 section 401 of the Robert T. Stafford Disaster
12 Relief and Emergency Assistance Act by reason
13 of Typhoon Mangkhut.

14 (B) INCIDENT BEGINNING DATE.—The in-
15 cident beginning date of Typhoon Mangkhut is
16 September 10, 2018.

17 (C) INCIDENT PERIOD.—The incident pe-
18 riod of Typhoon Mangkhut is the period begin-
19 ning on the incident beginning date of Typhoon
20 Mangkhut and ending on September 11, 2018.

21 (5) TYPHOON YUTU.—

22 (A) TYPHOON YUTU DISASTER AREA.—The
23 term “Typhoon Yutu disaster area” means an
24 area with respect to which a major disaster has
25 been declared by the President on or before De-

1 cember 17, 2018, under section 401 of the Rob-
2 ert T. Stafford Disaster Relief and Emergency
3 Assistance Act by reason of Typhoon Yutu.

4 (B) INCIDENT BEGINNING DATE.—The in-
5 cident beginning date of Typhoon Yutu is Octo-
6 ber 24, 2018.

7 (C) INCIDENT PERIOD.—The incident pe-
8 riod of Typhoon Yutu is the period beginning
9 on the incident beginning date of Typhoon Yutu
10 and ending on October 26, 2018.

11 (6) MENDOCINO WILDFIRE.—

12 (A) MENDOCINO WILDFIRE DISASTER
13 AREA.—The term “Mendocino wildfire disaster
14 area” means an area with respect to which,
15 during the period beginning on August 4, 2018,
16 and ending on December 17, 2018, a major dis-
17 aster has been declared by the President under
18 section 401 of the Robert T. Stafford Disaster
19 Relief and Emergency Assistance Act by reason
20 of the wildfire in California commonly known as
21 the Mendocino wildfire of 2018 (including the
22 Carr wildfire of 2018).

23 (B) INCIDENT BEGINNING DATE.—The in-
24 cident beginning date of the wildfires referred
25 to in subparagraph (A) is July 23, 2018.

1 (C) INCIDENT PERIOD.—The incident pe-
2 riod of the wildfires referred to in subparagraph
3 (A) is the period beginning on the incident be-
4 ginning date of such wildfires and ending on
5 September 19, 2018.

6 (7) CAMP AND WOOLSEY WILDFIRES.—

7 (A) CAMP AND WOOLSEY WILDFIRE DIS-
8 ASTER AREA.—The term “Camp and Woolsey
9 wildfire disaster area” means an area with re-
10 spect to which, during the period beginning on
11 November 12, 2018, and ending on December
12 17, 2018, a major disaster has been declared by
13 the President under section 401 of the Robert
14 T. Stafford Disaster Relief and Emergency As-
15 sistance Act by reason of the wildfires in Cali-
16 fornia commonly known as the Camp and Wool-
17 sey wildfires of 2018 (including the Hill wildfire
18 of 2018).

19 (B) INCIDENT BEGINNING DATE.—The in-
20 cident beginning date of the wildfires referred
21 to in subparagraph (A) is November 8, 2018.

22 (C) INCIDENT PERIOD.—The incident pe-
23 riod of the wildfires referred to in subparagraph
24 (A) is the period beginning on the incident be-

1 ginning date of such wildfires and ending on
2 November 25, 2018.

3 (8) KILAUEA VOLCANIC ERUPTION AND EARTH-
4 QUAKES.—

5 (A) KILAUEA VOLCANIC ERUPTION AND
6 EARTHQUAKES DISASTER AREA.—The term
7 “Kilauea volcanic eruption and earthquakes dis-
8 aster area” means an area with respect to
9 which, during the period beginning on May 11,
10 2018, and ending on December 17, 2018, a
11 major disaster has been declared by the Presi-
12 dent under section 401 of the Robert T. Staf-
13 ford Disaster Relief and Emergency Assistance
14 Act by reason of the Kilauea volcanic eruption
15 and earthquakes occurring in Hawaii during the
16 period beginning on May 3, 2018, and ending
17 on August 17, 2018.

18 (B) INCIDENT BEGINNING DATE.—The in-
19 cident beginning date of the volcanic eruption
20 and earthquakes referred to in subparagraph
21 (A) is May 3, 2018.

22 (C) INCIDENT PERIOD.—The incident pe-
23 riod of the volcanic eruption and earthquakes
24 referred to in subparagraph (A) is the period
25 beginning on the incident beginning date with

1 respect to such eruption and earthquakes and
2 ending on August 17, 2018.

3 (9) HAWAII SEVERE STORMS, FLOODING, LAND-
4 SLIDES, AND MUDSLIDES.—

5 (A) HAWAII SEVERE STORMS, FLOODING,
6 LANDSLIDES, AND MUDSLIDES DISASTER
7 AREA.—The term “Hawaii severe storms, flood-
8 ing, landslides, and mudslides disaster area”
9 means an area with respect to which, during
10 the period beginning on May 8, 2018, and end-
11 ing on December 17, 2018, a major disaster
12 has been declared by the President under sec-
13 tion 401 of the Robert T. Stafford Disaster Re-
14 lief and Emergency Assistance Act by reason of
15 the severe storms, flooding, landslides, and
16 mudslides occurring in Hawaii during the pe-
17 riod beginning on April 13, 2018, and ending
18 on April 16, 2018.

19 (B) INCIDENT BEGINNING DATE.—The in-
20 cident beginning date of the severe storms,
21 flooding, landslides, and mudslides referred to
22 in subparagraph (A) is April 13, 2018.

23 (C) INCIDENT PERIOD.—The incident pe-
24 riod of the severe storms, flooding, landslides,
25 and mudslides referred to in subparagraph (A)

1 is the period beginning on the incident begin-
2 ning date with respect to such severe storms,
3 flooding, landslides, and mudslides and ending
4 on April 16, 2018.

5 (10) WISCONSIN SEVERE STORMS, TORNADOES,
6 STRAIGHT-LINE WINDS, FLOODING, AND LAND-
7 SLIDES.—

8 (A) WISCONSIN SEVERE STORMS, TORNA-
9 DOES, STRAIGHT-LINE WINDS, FLOODING, AND
10 LANDSLIDES DISASTER AREA.—The term “Wis-
11 consin severe storms, tornadoes, straight-line
12 winds, flooding, and landslides disaster area”
13 means an area with respect to which, during
14 the period beginning on October 18, 2018, and
15 ending on December 17, 2018, a major disaster
16 has been declared by the President under sec-
17 tion 401 of the Robert T. Stafford Disaster Re-
18 lief and Emergency Assistance Act by reason of
19 the severe storms, tornadoes, straight-line
20 winds, flooding, and landslides occurring in
21 Wisconsin during the period beginning on Au-
22 gust 17, 2018, and ending on September 14,
23 2018.

24 (B) INCIDENT BEGINNING DATE.—The in-
25 cident beginning date of the severe storms, tor-

1 nadoes, straight-line winds, flooding, and land-
2 slides referred to in subparagraph (A) is Au-
3 gust 17, 2018.

4 (C) INCIDENT PERIOD.—The incident pe-
5 riod of the severe storms, tornadoes, straight-
6 line winds, flooding, and landslides referred to
7 in subparagraph (A) is the period beginning on
8 the incident beginning date with respect to such
9 severe storms, tornadoes, straight-line winds,
10 flooding, and landslides and ending on Sep-
11 tember 14, 2018.

12 (11) TEXAS SEVERE STORMS AND FLOODING.—

13 (A) TEXAS SEVERE STORMS AND FLOOD-
14 ING DISASTER AREA.—The term “Texas severe
15 storms and flooding disaster area” means an
16 area with respect to which, during the period
17 beginning on July 6, 2018, and ending on De-
18 cember 17, 2018, a major disaster has been de-
19 clared by the President under section 401 of
20 the Robert T. Stafford Disaster Relief and
21 Emergency Assistance Act by reason of the se-
22 vere storms and flooding occurring in Texas
23 during the period beginning on June 19, 2018,
24 and ending on July 13, 2018.

1 (B) INCIDENT BEGINNING DATE.—The in-
2 cident beginning date of the severe storms and
3 flooding referred to in subparagraph (A) is
4 June 19, 2018.

5 (C) INCIDENT PERIOD.—The incident pe-
6 riod of the severe storms and flooding referred
7 to in subparagraph (A) is the period beginning
8 on the incident beginning date with respect to
9 such severe storms and flooding and ending on
10 July 13, 2018.

11 (12) NORTH CAROLINA TORNADO AND SEVERE
12 STORMS.—

13 (A) NORTH CAROLINA TORNADO AND SE-
14 VERE STORMS DISASTER AREA.—The term
15 “North Carolina tornado and severe storms dis-
16 aster area” means an area with respect to
17 which, during the period beginning on May 8,
18 2018, and ending on December 17, 2018, a
19 major disaster has been declared by the Presi-
20 dent under section 401 of the Robert T. Staf-
21 ford Disaster Relief and Emergency Assistance
22 Act by reason of the tornado and severe storms
23 occurring in North Carolina on April 15, 2018.

24 (B) INCIDENT BEGINNING DATE; INCIDENT
25 PERIOD.—The incident beginning date, and the

1 incident period, of the tornado and severe
2 storms referred to in subparagraph (A) is April
3 15, 2018.

4 (13) INDIANA SEVERE STORMS AND FLOOD-
5 ING.—

6 (A) INDIANA SEVERE STORMS AND FLOOD-
7 ING DISASTER AREA.—The term “Indiana se-
8 vere storms and flooding disaster area” means
9 an area with respect to which, during the period
10 beginning on May 4, 2018, and ending on De-
11 cember 17, 2018, a major disaster has been de-
12 clared by the President under section 401 of
13 the Robert T. Stafford Disaster Relief and
14 Emergency Assistance Act by reason of the se-
15 vere storms and flooding occurring in Indiana
16 during the period beginning on February 14,
17 2018, and ending on March 4, 2018.

18 (B) INCIDENT BEGINNING DATE.—The in-
19 cident beginning date of the severe storms and
20 flooding referred to in subparagraph (A) is
21 February 14, 2018.

22 (C) INCIDENT PERIOD.—The incident pe-
23 riod of the severe storms and flooding referred
24 to in subparagraph (A) is the period beginning
25 on the incident beginning date with respect to

1 such severe storms and flooding and ending on
2 March 4, 2018.

3 (14) ALABAMA SEVERE STORMS AND TORNA-
4 DOES.—

5 (A) ALABAMA SEVERE STORMS AND TOR-
6 NADOES DISASTER AREA.—The term “Alabama
7 severe storms and tornadoes disaster area”
8 means an area with respect to which, during
9 the period beginning on April 26, 2018, and
10 ending on December 17, 2018, a major disaster
11 has been declared by the President under sec-
12 tion 401 of the Robert T. Stafford Disaster Re-
13 lief and Emergency Assistance Act by reason of
14 the severe storms and tornadoes occurring in
15 Alabama during the period beginning on March
16 19, 2018, and ending on March 20, 2018.

17 (B) INCIDENT BEGINNING DATE.—The in-
18 cident beginning date of the severe storms and
19 tornadoes referred to in subparagraph (A) is
20 March 19, 2018.

21 (C) INCIDENT PERIOD.—The incident pe-
22 riod of the severe storms and tornadoes referred
23 to in subparagraph (A) is the period beginning
24 on the incident beginning date with respect to

1 such severe storms and tornadoes and ending
2 on March 20, 2018.

3 (15) TROPICAL STORM GITA.—

4 (A) TROPICAL STORM GITA DISASTER
5 AREA.—The term “Tropical Storm Gita dis-
6 aster area” means an area with respect to
7 which a major disaster has been declared by the
8 President on or before December 17, 2018,
9 under section 401 of the Robert T. Stafford
10 Disaster Relief and Emergency Assistance Act
11 by reason of Tropical Storm Gita.

12 (B) INCIDENT BEGINNING DATE.—The in-
13 cident beginning date of Tropical Storm Gita is
14 February 7, 2018.

15 (C) INCIDENT PERIOD.—The incident pe-
16 riod of Tropical Storm Gita is the period begin-
17 ning on the incident beginning date of Tropical
18 Storm Gita and ending on February 12, 2018.

19 **SEC. 102. SPECIAL DISASTER-RELATED RULES FOR USE OF**
20 **RETIREMENT FUNDS.**

21 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-
22 MENT PLANS.—

23 (1) IN GENERAL.—Section 72(t) of the Internal
24 Revenue Code of 1986 shall not apply to any quali-
25 fied disaster distribution.

1 (2) AGGREGATE DOLLAR LIMITATION.—

2 (A) IN GENERAL.—For purposes of this
3 subsection, the aggregate amount of distribu-
4 tions received by an individual which may be
5 treated as qualified disaster distributions for
6 any taxable year shall not exceed the excess (if
7 any) of—

8 (i) \$100,000, over

9 (ii) the aggregate amounts treated as
10 qualified disaster distributions received by
11 such individual for all prior taxable years.

12 (B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would
13 (without regard to subparagraph (A)) be a
14 qualified disaster distribution, a plan shall not
15 be treated as violating any requirement of the
16 Internal Revenue Code of 1986 merely because
17 the plan treats such distribution as a qualified
18 disaster distribution, unless the aggregate
19 amount of such distributions from all plans
20 maintained by the employer (and any member
21 of any controlled group which includes the em-
22 ployer) to such individual exceeds \$100,000.

23 (C) CONTROLLED GROUP.—For purposes
24 of subparagraph (B), the term “controlled
25

1 group” means any group treated as a single
2 employer under subsection (b), (c), (m), or (o)
3 of section 414 of the Internal Revenue Code of
4 1986.

5 (D) SPECIAL RULE FOR INDIVIDUALS AF-
6 FECTED BY MORE THAN ONE DISASTER.—The
7 limitation of subparagraph (A) shall be applied
8 separately with respect to distributions made
9 with respect to each qualified disaster which is
10 described in a separate paragraph of section
11 101.

12 (3) AMOUNT DISTRIBUTED MAY BE REPAYED.—

13 (A) IN GENERAL.—Any individual who re-
14 ceives a qualified disaster distribution may, at
15 any time during the 3-year period beginning on
16 the day after the date on which such distribu-
17 tion was received, make 1 or more contributions
18 in an aggregate amount not to exceed the
19 amount of such distribution to an eligible retire-
20 ment plan of which such individual is a bene-
21 ficiary and to which a rollover contribution of
22 such distribution could be made under section
23 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or
24 457(e)(16), of the Internal Revenue Code of
25 1986, as the case may be.

1 (B) TREATMENT OF REPAYMENTS OF DIS-
2 TRIBUTIONS FROM ELIGIBLE RETIREMENT
3 PLANS OTHER THAN IRAS.—For purposes of
4 the Internal Revenue Code of 1986, if a con-
5 tribution is made pursuant to subparagraph (A)
6 with respect to a qualified disaster distribution
7 from an eligible retirement plan other than an
8 individual retirement plan, then the taxpayer
9 shall, to the extent of the amount of the con-
10 tribution, be treated as having received the
11 qualified disaster distribution in an eligible roll-
12 over distribution (as defined in section
13 402(c)(4) of such Code) and as having trans-
14 ferred the amount to the eligible retirement
15 plan in a direct trustee to trustee transfer with-
16 in 60 days of the distribution.

17 (C) TREATMENT OF REPAYMENTS OF DIS-
18 TRIBUTIONS FROM IRAS.—For purposes of the
19 Internal Revenue Code of 1986, if a contribu-
20 tion is made pursuant to subparagraph (A)
21 with respect to a qualified disaster distribution
22 from an individual retirement plan (as defined
23 by section 7701(a)(37) of such Code), then, to
24 the extent of the amount of the contribution,
25 the qualified disaster distribution shall be treat-

1 ed as a distribution described in section
2 408(d)(3) of such Code and as having been
3 transferred to the eligible retirement plan in a
4 direct trustee to trustee transfer within 60 days
5 of the distribution.

6 (4) DEFINITIONS.—For purposes of this sub-
7 section—

8 (A) QUALIFIED DISASTER DISTRIBUTION.—Except as provided in paragraph (2),
9 the term “qualified disaster distribution” means
10 any distribution from an eligible retirement
11 plan made on or after the incident beginning
12 date of a qualified disaster and before January
13 1, 2020, to an individual whose principal place
14 of abode at any time during the incident period
15 of such qualified disaster is located in the quali-
16 fied disaster area with respect to such qualified
17 disaster and who has sustained an economic
18 loss by reason of such qualified disaster.
19

20 (B) ELIGIBLE RETIREMENT PLAN.—The
21 term “eligible retirement plan” shall have the
22 meaning given such term by section
23 402(c)(8)(B) of the Internal Revenue Code of
24 1986.

1 (5) INCOME INCLUSION SPREAD OVER 3-YEAR
2 PERIOD.—

3 (A) IN GENERAL.—In the case of any
4 qualified disaster distribution, unless the tax-
5 payer elects not to have this paragraph apply
6 for any taxable year, any amount required to be
7 included in gross income for such taxable year
8 shall be so included ratably over the 3-taxable-
9 year period beginning with such taxable year.

10 (B) SPECIAL RULE.—For purposes of sub-
11 paragraph (A), rules similar to the rules of sub-
12 paragraph (E) of section 408A(d)(3) of the In-
13 ternal Revenue Code of 1986 shall apply.

14 (6) SPECIAL RULES.—

15 (A) EXEMPTION OF DISTRIBUTIONS FROM
16 TRUSTEE TO TRUSTEE TRANSFER AND WITH-
17 HOLDING RULES.—For purposes of sections
18 401(a)(31), 402(f), and 3405 of the Internal
19 Revenue Code of 1986, qualified disaster dis-
20 tributions shall not be treated as eligible roll-
21 over distributions.

22 (B) QUALIFIED DISASTER DISTRIBUTIONS
23 TREATED AS MEETING PLAN DISTRIBUTION RE-
24 QUIREMENTS.—For purposes the Internal Rev-
25 enue Code of 1986, a qualified disaster dis-

1 tribution shall be treated as meeting the re-
2 quirements of sections 401(k)(2)(B)(I),
3 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A)
4 of such Code.

5 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR
6 HOME PURCHASES.—

7 (1) RECONTRIBUTIONS.—

8 (A) IN GENERAL.—Any individual who re-
9 ceived a qualified distribution may, during the
10 applicable period, make 1 or more contributions
11 in an aggregate amount not to exceed the
12 amount of such qualified distribution to an eli-
13 gible retirement plan (as defined in section
14 402(c)(8)(B) of the Internal Revenue Code of
15 1986) of which such individual is a beneficiary
16 and to which a rollover contribution of such dis-
17 tribution could be made under section 402(c),
18 403(a)(4), 403(b)(8), or 408(d)(3), of such
19 Code, as the case may be.

20 (B) TREATMENT OF REPAYMENTS.—Rules
21 similar to the rules of subparagraphs (B) and
22 (C) of subsection (a)(3) shall apply for purposes
23 of this subsection.

1 (2) QUALIFIED DISTRIBUTION.—For purposes
2 of this subsection, the term “qualified distribution”
3 means any distribution—

4 (A) described in section
5 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only
6 to the extent such distribution relates to finan-
7 cial hardship), 403(b)(11)(B), or 72(t)(2)(F),
8 of the Internal Revenue Code of 1986,

9 (B) which was to be used to purchase or
10 construct a principal residence in a qualified
11 disaster area, but which was not so used on ac-
12 count of the qualified disaster with respect to
13 such area, and

14 (C) which was received on or after January
15 1, 2018, and before the date which is 30 days
16 after the last day of the incident period of such
17 qualified disaster.

18 (3) APPLICABLE PERIOD.—For purposes of this
19 subsection, the term “applicable period” means, in
20 the case of a principal residence in a qualified dis-
21 aster area with respect to any qualified disaster, the
22 period beginning on the incident beginning date of
23 such qualified disaster and ending on February 28,
24 2019.

25 (c) LOANS FROM QUALIFIED PLANS.—

1 (1) INCREASE IN LIMIT ON LOANS NOT TREAT-
2 ED AS DISTRIBUTIONS.—In the case of any loan
3 from a qualified employer plan (as defined under
4 section 72(p)(4) of the Internal Revenue Code of
5 1986) to a qualified individual made during the pe-
6 riod beginning on the date of the enactment of this
7 Act and ending on December 31, 2019—

8 (A) clause (i) of section 72(p)(2)(A) of
9 such Code shall be applied by substituting
10 “\$100,000” for “\$50,000”, and

11 (B) clause (ii) of such section shall be ap-
12 plied by substituting “the present value of the
13 nonforfeitable accrued benefit of the employee
14 under the plan” for “one-half of the present
15 value of the nonforfeitable accrued benefit of
16 the employee under the plan”.

17 (2) DELAY OF REPAYMENT.—In the case of a
18 qualified individual (with respect to any qualified
19 disaster) with an outstanding loan on or after the
20 incident beginning date (of such qualified disaster)
21 from a qualified employer plan (as defined in section
22 72(p)(4) of the Internal Revenue Code of 1986)—

23 (A) if the due date pursuant to subpara-
24 graph (B) or (C) of section 72(p)(2) of such
25 Code for any repayment with respect to such

1 loan occurs during the period beginning on the
2 incident beginning date of such qualified dis-
3 aster and ending on December 31, 2019, such
4 due date shall be delayed for 1 year,

5 (B) any subsequent repayments with re-
6 spect to any such loan shall be appropriately
7 adjusted to reflect the delay in the due date
8 under paragraph (1) and any interest accruing
9 during such delay, and

10 (C) in determining the 5-year period and
11 the term of a loan under subparagraph (B) or
12 (C) of section 72(p)(2) of such Code, the period
13 described in subparagraph (A) of this para-
14 graph shall be disregarded.

15 (3) QUALIFIED INDIVIDUAL.—For purposes of
16 this subsection, the term “qualified individual”
17 means any individual—

18 (A) whose principal place of abode at any
19 time during the incident period of any qualified
20 disaster is located in the qualified disaster area
21 with respect to such qualified disaster, and

22 (B) who has sustained an economic loss by
23 reason of such qualified disaster.

24 (d) PROVISIONS RELATING TO PLAN AMEND-
25 MENTS.—

1 (1) IN GENERAL.—If this subsection applies to
2 any amendment to any plan or annuity contract,
3 such plan or contract shall be treated as being oper-
4 ated in accordance with the terms of the plan during
5 the period described in paragraph (2)(B)(i).

6 (2) AMENDMENTS TO WHICH SUBSECTION AP-
7 PLIES.—

8 (A) IN GENERAL.—This subsection shall
9 apply to any amendment to any plan or annuity
10 contract which is made—

11 (i) pursuant to any provision of this
12 section, or pursuant to any regulation
13 issued by the Secretary or the Secretary of
14 Labor under any provision of this section,
15 and

16 (ii) on or before the last day of the
17 first plan year beginning on or after Janu-
18 ary 1, 2020, or such later date as the Sec-
19 retary may prescribe.

20 In the case of a governmental plan (as defined
21 in section 414(d) of the Internal Revenue Code
22 of 1986), clause (ii) shall be applied by sub-
23 stituting the date which is 2 years after the
24 date otherwise applied under clause (ii).

1 (B) CONDITIONS.—This subsection shall
2 not apply to any amendment unless—

3 (i) during the period—

4 (I) beginning on the date that
5 this section or the regulation de-
6 scribed in subparagraph (A)(i) takes
7 effect (or in the case of a plan or con-
8 tract amendment not required by this
9 section or such regulation, the effec-
10 tive date specified by the plan), and

11 (II) ending on the date described
12 in subparagraph (A)(ii) (or, if earlier,
13 the date the plan or contract amend-
14 ment is adopted),

15 the plan or contract is operated as if such plan
16 or contract amendment were in effect, and

17 (ii) such plan or contract amendment
18 applies retroactively for such period.

19 **SEC. 103. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**
20 **AFFECTED BY QUALIFIED DISASTERS.**

21 (a) IN GENERAL.—For purposes of section 38 of the
22 Internal Revenue Code of 1986, in the case of an eligible
23 employer, the 2018 qualified disaster employee retention
24 credit shall be treated as a credit listed in subsection (b)
25 of such section. For purposes of this subsection, the 2018

1 qualified disaster employee retention credit for any taxable
2 year is an amount equal to 40 percent of the qualified
3 wages with respect to each eligible employee of such em-
4 ployer for such taxable year. For purposes of the pre-
5 ceding sentence, the amount of qualified wages which may
6 be taken into account with respect to any individual shall
7 not exceed \$6,000.

8 (b) DEFINITIONS.—For purposes of this section—

9 (1) ELIGIBLE EMPLOYER.—The term “eligible
10 employer” means any employer—

11 (A) which conducted an active trade or
12 business in a qualified disaster zone at any time
13 during the incident period of the qualified dis-
14 aster with respect to such qualified disaster
15 zone, and

16 (B) with respect to whom the trade or
17 business described in subparagraph (A) is inop-
18 erable at any time after the incident beginning
19 date of such qualified disaster, and before Jan-
20 uary 1, 2019, as a result of damage sustained
21 by reason of such qualified disaster.

22 (2) ELIGIBLE EMPLOYEE.—The term “eligible
23 employee” means with respect to an eligible em-
24 ployer an employee whose principal place of employ-
25 ment at any time during the incident period of the

1 qualified disaster referred to in paragraph (1) with
2 such eligible employer was in the qualified disaster
3 zone referred to in such paragraph.

4 (3) QUALIFIED WAGES.—The term “qualified
5 wages” means wages (as defined in section 51(c)(1)
6 of the Internal Revenue Code of 1986, but without
7 regard to section 3306(b)(2)(B) of such Code) paid
8 or incurred by an eligible employer with respect to
9 an eligible employee at any time after the incident
10 beginning date of the qualified disaster referred to
11 in paragraph (1), and before January 1, 2019,
12 which occurs during the period—

13 (A) beginning on the date on which the
14 trade or business described in paragraph (1)
15 first became inoperable at the principal place of
16 employment of the employee immediately before
17 the qualified disaster referred to in such para-
18 graph, and

19 (B) ending on the date on which such
20 trade or business has resumed significant oper-
21 ations at such principal place of employment.

22 Such term shall include wages paid without regard
23 to whether the employee performs no services, per-
24 forms services at a different place of employment
25 than such principal place of employment, or per-

1 forms services at such principal place of employment
2 before significant operations have resumed.

3 (c) CERTAIN RULES TO APPLY.—For purposes of
4 this subsection, rules similar to the rules of sections
5 51(i)(1), 52, and 280C(a), of the Internal Revenue Code
6 of 1986, shall apply.

7 (d) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE
8 THAN ONCE.—An employee shall not be treated as an eli-
9 gible employee for purposes of this subsection for any pe-
10 riod with respect to any employer if such employer is al-
11 lowed a credit under section 51 of the Internal Revenue
12 Code of 1986 with respect to such employee for such pe-
13 riod.

14 **SEC. 104. OTHER DISASTER-RELATED TAX RELIEF PROVI-**
15 **SIONS.**

16 (a) TEMPORARY SUSPENSION OF LIMITATIONS ON
17 CHARITABLE CONTRIBUTIONS.—

18 (1) IN GENERAL.—Except as otherwise pro-
19 vided in paragraph (2), subsection (b) of section 170
20 of the Internal Revenue Code of 1986 shall not
21 apply to qualified contributions and such contribu-
22 tions shall not be taken into account for purposes of
23 applying subsections (b) and (d) of such section to
24 other contributions.

1 (2) TREATMENT OF EXCESS CONTRIBUTIONS.—

2 For purposes of section 170 of the Internal Revenue
3 Code of 1986—

4 (A) INDIVIDUALS.—In the case of an indi-
5 vidual—

6 (i) LIMITATION.—Any qualified con-
7 tribution shall be allowed only to the ex-
8 tent that the aggregate of such contribu-
9 tions does not exceed the excess of the tax-
10 payer's contribution base (as defined in
11 subparagraph (H) of section 170(b)(1) of
12 such Code) over the amount of all other
13 charitable contributions allowed under sec-
14 tion 170(b)(1) of such Code.

15 (ii) CARRYOVER.—If the aggregate
16 amount of qualified contributions made in
17 the contribution year (within the meaning
18 of section 170(d)(1) of such Code) exceeds
19 the limitation of clause (i), such excess
20 shall be added to the excess described in
21 the portion of subparagraph (A) of such
22 section which precedes clause (i) thereof
23 for purposes of applying such section.

24 (B) CORPORATIONS.—In the case of a cor-
25 poration—

1 (i) LIMITATION.—Any qualified con-
2 tribution shall be allowed only to the ex-
3 tent that the aggregate of such contribu-
4 tions does not exceed the excess of the tax-
5 payer’s taxable income (as determined
6 under paragraph (2) of section 170(b) of
7 such Code) over the amount of all other
8 charitable contributions allowed under such
9 paragraph.

10 (ii) CARRYOVER.—Rules similar to the
11 rules of subparagraph (A)(ii) shall apply
12 for purposes of this subparagraph.

13 (3) QUALIFIED CONTRIBUTIONS.—

14 (A) IN GENERAL.—For purposes of this
15 subsection, the term “qualified contribution”
16 means any charitable contribution (as defined
17 in section 170(c) of the Internal Revenue Code
18 of 1986) if—

19 (i) such contribution—

20 (I) is paid during the period be-
21 ginning on February 7, 2018, and
22 ending on December 31, 2018, in cash
23 to an organization described in section
24 170(b)(1)(A) of such Code, and

1 (II) is made for relief efforts in
2 one or more qualified disaster areas,

3 (ii) the taxpayer obtains from such or-
4 ganization contemporaneous written ac-
5 knowledgment (within the meaning of sec-
6 tion 170(f)(8) of such Code) that such con-
7 tribution was used (or is to be used) for
8 relief efforts described in clause (i)(II),
9 and

10 (iii) the taxpayer has elected the ap-
11 plication of this subsection with respect to
12 such contribution.

13 (B) EXCEPTION.—Such term shall not in-
14 clude a contribution by a donor if the contribu-
15 tion is—

16 (i) to an organization described in sec-
17 tion 509(a)(3) of the Internal Revenue
18 Code of 1986, or

19 (ii) for the establishment of a new, or
20 maintenance of an existing, donor advised
21 fund (as defined in section 4966(d)(2) of
22 such Code).

23 (C) APPLICATION OF ELECTION TO PART-
24 NERSHIPS AND S CORPORATIONS.—In the case
25 of a partnership or S corporation, the election

1 under subparagraph (A)(iii) shall be made sepa-
2 rately by each partner or shareholder.

3 (b) SPECIAL RULES FOR QUALIFIED DISASTER-RE-
4 LATED PERSONAL CASUALTY LOSSES.—

5 (1) IN GENERAL.—If an individual has a net
6 disaster loss for any taxable year—

7 (A) the amount determined under section
8 165(h)(2)(A)(ii) of the Internal Revenue Code
9 of 1986 shall be equal to the sum of—

10 (i) such net disaster loss, and

11 (ii) so much of the excess referred to

12 in the matter preceding clause (i) of sec-

13 tion 165(h)(2)(A) of such Code (reduced

14 by the amount in clause (i) of this sub-

15 paragraph) as exceeds 10 percent of the

16 adjusted gross income of the individual,

17 (B) section 165(h)(1) of such Code shall

18 be applied by substituting “\$500” for “\$500

19 (\$100 for taxable years beginning after Decem-

20 ber 31, 2009”),

21 (C) the standard deduction determined

22 under section 63(c) of such Code shall be in-

23 creased by the net disaster loss, and

24 (D) section 56(b)(1)(E) of such Code shall

25 not apply to so much of the standard deduction

1 as is attributable to the increase under sub-
2 paragraph (C) of this paragraph.

3 (2) NET DISASTER LOSS.—For purposes of this
4 subsection, the term “net disaster loss” means the
5 excess of qualified disaster-related personal casualty
6 losses over personal casualty gains (as defined in
7 section 165(h)(3)(A) of the Internal Revenue Code
8 of 1986).

9 (3) QUALIFIED DISASTER-RELATED PERSONAL
10 CASUALTY LOSSES.—For purposes of this sub-
11 section, the term “qualified disaster-related personal
12 casualty losses” means losses described in section
13 165(c)(3) of the Internal Revenue Code of 1986
14 which arise in a qualified disaster area on or after
15 the incident beginning date of the qualified disaster
16 to which such area relates, and which are attrib-
17 utable to such qualified disaster.

18 (c) SPECIAL RULE FOR DETERMINING EARNED IN-
19 COME.—

20 (1) IN GENERAL.—In the case of a qualified in-
21 dividual, if the earned income of the taxpayer for the
22 applicable taxable year is less than the earned in-
23 come of the taxpayer for the preceding taxable year,
24 the credits allowed under sections 24(d) and 32 of
25 the Internal Revenue Code of 1986 may, at the elec-

1 tion of the taxpayer, be determined by sub-
2 stituting—

3 (A) such earned income for the preceding
4 taxable year, for

5 (B) such earned income for the applicable
6 taxable year.

7 (2) QUALIFIED INDIVIDUAL.—For purposes of
8 this subsection, the term “qualified individual”
9 means any individual whose principal place of abode
10 at any time during the incident period of any quali-
11 fied disaster was located—

12 (A) in the qualified disaster zone with re-
13 spect to such qualified disaster, or

14 (B) in the qualified disaster area with re-
15 spect to such qualified disaster (but outside the
16 qualified disaster zone with respect to such
17 qualified disaster) and such individual was dis-
18 placed from such principal place of abode by
19 reason of such qualified disaster.

20 (3) APPLICABLE TAXABLE YEAR.—The term
21 “applicable taxable year” means, with respect to any
22 qualified individual, any taxable year which includes
23 any day during the incident period of the qualified
24 disaster to which the qualified disaster area referred
25 to in paragraph (2) relates.

1 (4) EARNED INCOME.—For purposes of this
2 subsection, the term “earned income” has the mean-
3 ing given such term under section 32(c) of the Inter-
4 nal Revenue Code of 1986.

5 (5) SPECIAL RULES.—

6 (A) APPLICATION TO JOINT RETURNS.—

7 For purposes of paragraph (1), in the case of
8 a joint return for an applicable taxable year—

9 (i) such paragraph shall apply if ei-
10 ther spouse is a qualified individual, and

11 (ii) the earned income of the taxpayer
12 for the preceding taxable year shall be the
13 sum of the earned income of each spouse
14 for such preceding taxable year.

15 (B) UNIFORM APPLICATION OF ELEC-
16 TION.—Any election made under paragraph (1)
17 shall apply with respect to both sections 24(d)
18 and 32 of the Internal Revenue Code of 1986.

19 (C) ERRORS TREATED AS MATHEMATICAL
20 ERROR.—For purposes of section 6213 of the
21 Internal Revenue Code of 1986, an incorrect
22 use on a return of earned income pursuant to
23 paragraph (1) shall be treated as a mathe-
24 matical or clerical error.

1 (D) NO EFFECT ON DETERMINATION OF
2 GROSS INCOME, ETC.—Except as otherwise pro-
3 vided in this subsection, the Internal Revenue
4 Code of 1986 shall be applied without regard to
5 any substitution under paragraph (1).

6 **SEC. 105. TREATMENT OF CERTAIN POSSESSIONS.**

7 (a) PAYMENTS TO GUAM AND THE COMMONWEALTH
8 OF THE NORTHERN MARIANA ISLANDS.—The Secretary
9 of the Treasury shall pay to Guam and the Commonwealth
10 of the Northern Mariana Islands amounts equal to the loss
11 to that possession by reason of the application of the pro-
12 visions of this title. Such amounts shall be determined by
13 the Secretary of the Treasury based on information pro-
14 vided by the government of the respective possession.

15 (b) PAYMENTS TO AMERICAN SAMOA.—

16 (1) IN GENERAL.—The Secretary of the Treas-
17 ury shall pay to American Samoa amounts estimated
18 by the Secretary of the Treasury as being equal to
19 the aggregate benefits that would have been pro-
20 vided to residents of American Samoa by reason of
21 the provisions of this title if a mirror code tax sys-
22 tem had been in effect in American Samoa. The pre-
23 ceding sentence shall not apply unless American
24 Samoa has a plan, which has been approved by the
25 Secretary of the Treasury, under which American

1 Samoa will promptly distribute such payments to its
2 residents.

3 (2) MIRROR CODE TAX SYSTEM.—For purposes
4 of this subsection, the term “mirror code tax sys-
5 tem” means, with respect to any possession of the
6 United States, the income tax system of such posses-
7 sion if the income tax liability of the residents of
8 such possession under such system is determined by
9 reference to the income tax laws of the United
10 States as if such possession were the United States.

11 (c) TREATMENT OF PAYMENTS.—For purposes of
12 section 1324 of title 31, United States Code, the payments
13 under this section shall be treated in the same manner
14 as a refund due from a credit provision referred to in sub-
15 section (b)(2) of such section.

16 **SEC. 106. AUTOMATIC EXTENSION OF FILING DEADLINE.**

17 (a) IN GENERAL.—Section 7508A is amended by
18 adding at the end the following new subsection:

19 “(d) MANDATORY 60-DAY EXTENSION.—In the case
20 of—

21 “(1) any individual whose principal place of
22 abode is in a disaster area (as defined in section
23 165(i)(5)(B)), and

24 “(2) any taxpayer if the taxpayer’s principal
25 place of business (other than the business of per-

1 forming services of an employee) is located in a dis-
2 aster area (as so defined),
3 the period beginning on the earliest incident date specified
4 in the declaration to which such area relates and ending
5 on the date which is 60 days after the latest incident date
6 so specified shall be disregarded in the same manner as
7 a period specified under subsection (a).”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to Federally declared disasters de-
10 clared after December 31, 2017.

11 **TITLE II—RETIREMENT AND** 12 **SAVINGS**

13 **Subtitle A—Expanding and** 14 **Preserving Retirement Savings**

15 **SEC. 201. MULTIPLE EMPLOYER PLANS; POOLED EM-** 16 **PLOYER PLANS.**

17 (a) QUALIFICATION REQUIREMENTS.—

18 (1) IN GENERAL.—Section 413 is amended by
19 adding at the end the following new subsection:

20 “(e) APPLICATION OF QUALIFICATION REQUIRE-
21 MENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH
22 POOLED PLAN PROVIDERS.—

23 “(1) IN GENERAL.—Except as provided in para-
24 graph (2), if a defined contribution plan to which
25 subsection (c) applies—

1 “(A) is maintained by employers which
2 have a common interest other than having
3 adopted the plan, or

4 “(B) in the case of a plan not described in
5 subparagraph (A), has a pooled plan provider,
6 then the plan shall not be treated as failing to meet
7 the requirements under this title applicable to a plan
8 described in section 401(a) or to a plan that consists
9 of individual retirement accounts described in sec-
10 tion 408 (including by reason of subsection (c)
11 thereof), whichever is applicable, merely because one
12 or more employers of employees covered by the plan
13 fail to take such actions as are required of such em-
14 ployers for the plan to meet such requirements.

15 “(2) LIMITATIONS.—

16 “(A) IN GENERAL.—Paragraph (1) shall
17 not apply to any plan unless the terms of the
18 plan provide that in the case of any employer
19 in the plan failing to take the actions described
20 in paragraph (1)—

21 “(i) the assets of the plan attributable
22 to employees of such employer (or bene-
23 ficiaries of such employees) will be trans-
24 ferred to a plan maintained only by such
25 employer (or its successor), to an eligible

1 retirement plan as defined in section
2 402(c)(8)(B) for each individual whose ac-
3 count is transferred, or to any other ar-
4 rangement that the Secretary determines is
5 appropriate, unless the Secretary deter-
6 mines it is in the best interests of the em-
7 ployees of such employer (and the bene-
8 ficiaries of such employees) to retain the
9 assets in the plan, and

10 “(ii) such employer (and not the plan
11 with respect to which the failure occurred
12 or any other employer in such plan) shall,
13 except to the extent provided by the Sec-
14 retary, be liable for any liabilities with re-
15 spect to such plan attributable to employ-
16 ees of such employer (or beneficiaries of
17 such employees).

18 “(B) FAILURES BY POOLED PLAN PRO-
19 VIDERS.—If the pooled plan provider of a plan
20 described in paragraph (1)(B) does not perform
21 substantially all of the administrative duties
22 which are required of the provider under para-
23 graph (3)(A)(i) for any plan year, the Secretary
24 may provide that the determination as to
25 whether the plan meets the requirements under

1 this title applicable to a plan described in sec-
2 tion 401(a) or to a plan that consists of indi-
3 vidual retirement accounts described in section
4 408 (including by reason of subsection (c)
5 thereof), whichever is applicable, shall be made
6 in the same manner as would be made without
7 regard to paragraph (1).

8 “(3) POOLED PLAN PROVIDER.—

9 “(A) IN GENERAL.—For purposes of this
10 subsection, the term ‘pooled plan provider’
11 means, with respect to any plan, a person
12 who—

13 “(i) is designated by the terms of the
14 plan as a named fiduciary (within the
15 meaning of section 402(a)(2) of the Em-
16 ployee Retirement Income Security Act of
17 1974), as the plan administrator, and as
18 the person responsible to perform all ad-
19 ministrative duties (including conducting
20 proper testing with respect to the plan and
21 the employees of each employer in the
22 plan) which are reasonably necessary to
23 ensure that—

24 “(I) the plan meets any require-
25 ment applicable under the Employee

1 Retirement Income Security Act of
2 1974 or this title to a plan described
3 in section 401(a) or to a plan that
4 consists of individual retirement ac-
5 counts described in section 408 (in-
6 cluding by reason of subsection (c)
7 thereof), whichever is applicable, and
8 “(II) each employer in the plan
9 takes such actions as the Secretary or
10 such person determines are necessary
11 for the plan to meet the requirements
12 described in subclause (I), including
13 providing to such person any disclo-
14 sures or other information which the
15 Secretary may require or which such
16 person otherwise determines are nec-
17 essary to administer the plan or to
18 allow the plan to meet such require-
19 ments,
20 “(ii) registers as a pooled plan pro-
21 vider with the Secretary, and provides such
22 other information to the Secretary as the
23 Secretary may require, before beginning
24 operations as a pooled plan provider,

1 “(iii) acknowledges in writing that
2 such person is a named fiduciary (within
3 the meaning of section 402(a)(2) of the
4 Employee Retirement Income Security Act
5 of 1974), and the plan administrator, with
6 respect to the plan, and

7 “(iv) is responsible for ensuring that
8 all persons who handle assets of, or who
9 are fiduciaries of, the plan are bonded in
10 accordance with section 412 of the Em-
11 ployee Retirement Income Security Act of
12 1974.

13 “(B) AUDITS, EXAMINATIONS AND INVES-
14 TIGATIONS.—The Secretary may perform au-
15 dits, examinations, and investigations of pooled
16 plan providers as may be necessary to enforce
17 and carry out the purposes of this subsection.

18 “(C) AGGREGATION RULES.—For purposes
19 of this paragraph, in determining whether a
20 person meets the requirements of this para-
21 graph to be a pooled plan provider with respect
22 to any plan, all persons who perform services
23 for the plan and who are treated as a single
24 employer under subsection (b), (c), (m), or (o)
25 of section 414 shall be treated as one person.

1 “(D) TREATMENT OF EMPLOYERS AS PLAN
2 SPONSORS.—Except with respect to the admin-
3 istrative duties of the pooled plan provider de-
4 scribed in subparagraph (A)(i), each employer
5 in a plan which has a pooled plan provider shall
6 be treated as the plan sponsor with respect to
7 the portion of the plan attributable to employ-
8 ees of such employer (or beneficiaries of such
9 employees).

10 “(4) GUIDANCE.—The Secretary shall issue
11 such guidance as the Secretary determines appro-
12 priate to carry out this subsection, including guid-
13 ance—

14 “(A) to identify the administrative duties
15 and other actions required to be performed by
16 a pooled plan provider under this subsection,

17 “(B) which describes the procedures to be
18 taken to terminate a plan which fails to meet
19 the requirements to be a plan described in para-
20 graph (1), including the proper treatment of,
21 and actions needed to be taken by, any em-
22 ployer in the plan and the assets and liabilities
23 of the plan attributable to employees of such
24 employer (or beneficiaries of such employees),
25 and

1 “(C) identifying appropriate cases to which
2 the rules of paragraph (2)(A) will apply to em-
3 ployers in the plan failing to take the actions
4 described in paragraph (1).

5 The Secretary shall take into account under sub-
6 paragraph (C) whether the failure of an employer or
7 pooled plan provider to provide any disclosures or
8 other information, or to take any other action, nec-
9 essary to administer a plan or to allow a plan to
10 meet requirements applicable to the plan under sec-
11 tion 401(a) or 408, whichever is applicable, has con-
12 tinued over a period of time that demonstrates a
13 lack of commitment to compliance.

14 “(5) MODEL PLAN.—The Secretary shall pub-
15 lish model plan language which meets the require-
16 ments of this subsection and of paragraphs (43) and
17 (44) of section 3 of the Employee Retirement In-
18 come Security Act of 1974 and which may be adopt-
19 ed in order for a plan to be treated as a plan de-
20 scribed in paragraph (1)(B).”.

21 (2) CONFORMING AMENDMENT.—Section
22 413(c)(2) is amended by striking “section 401(a)”
23 and inserting “sections 401(a) and 408(c)”.

1 (3) TECHNICAL AMENDMENT.—Section 408(c)
2 is amended by inserting after paragraph (2) the fol-
3 lowing new paragraph:

4 “(3) There is a separate accounting for any in-
5 terest of an employee or member (or spouse of an
6 employee or member) in a Roth IRA.”.

7 (b) NO COMMON INTEREST REQUIRED FOR POOLED
8 EMPLOYER PLANS.—Section 3(2) of the Employee Retire-
9 ment Income Security Act of 1974 (29 U.S.C. 1002(2))
10 is amended by adding at the end the following:

11 “(C) A pooled employer plan shall be treat-
12 ed as—

13 “(i) a single employee pension benefit
14 plan or single pension plan; and

15 “(ii) a plan to which section 210(a)
16 applies.”.

17 (c) POOLED EMPLOYER PLAN AND PROVIDER DE-
18 FINED.—

19 (1) IN GENERAL.—Section 3 of the Employee
20 Retirement Income Security Act of 1974 (29 U.S.C.
21 1002) is amended by adding at the end the fol-
22 lowing:

23 “(43) POOLED EMPLOYER PLAN.—

24 “(A) IN GENERAL.—The term ‘pooled em-
25 ployer plan’ means a plan—

1 “(i) which is an individual account
2 plan established or maintained for the pur-
3 pose of providing benefits to the employees
4 of 2 or more employers;

5 “(ii) which is a plan described in sec-
6 tion 401(a) of the Internal Revenue Code
7 of 1986 which includes a trust exempt
8 from tax under section 501(a) of such
9 Code or a plan that consists of individual
10 retirement accounts described in section
11 408 of such Code (including by reason of
12 subsection (c) thereof); and

13 “(iii) the terms of which meet the re-
14 quirements of subparagraph (B).

15 Such term shall not include a plan maintained
16 by employers which have a common interest
17 other than having adopted the plan.

18 “(B) REQUIREMENTS FOR PLAN TERMS.—
19 The requirements of this subparagraph are met
20 with respect to any plan if the terms of the
21 plan—

22 “(i) designate a pooled plan provider
23 and provide that the pooled plan provider
24 is a named fiduciary of the plan;

1 “(ii) designate one or more trustees
2 meeting the requirements of section
3 408(a)(2) of the Internal Revenue Code of
4 1986 (other than an employer in the plan)
5 to be responsible for collecting contribu-
6 tions to, and holding the assets of, the
7 plan and require such trustees to imple-
8 ment written contribution collection proce-
9 dures that are reasonable, diligent, and
10 systematic;

11 “(iii) provide that each employer in
12 the plan retains fiduciary responsibility
13 for—

14 “(I) the selection and monitoring
15 in accordance with section 404(a) of
16 the person designated as the pooled
17 plan provider and any other person
18 who, in addition to the pooled plan
19 provider, is designated as a named fi-
20 duciary of the plan; and

21 “(II) to the extent not otherwise
22 delegated to another fiduciary by the
23 pooled plan provider and subject to
24 the provisions of section 404(c), the
25 investment and management of the

1 portion of the plan’s assets attrib-
2 utable to the employees of the em-
3 ployer (or beneficiaries of such em-
4 ployees);

5 “(iv) provide that employers in the
6 plan, and participants and beneficiaries,
7 are not subject to unreasonable restric-
8 tions, fees, or penalties with regard to
9 ceasing participation, receipt of distribu-
10 tions, or otherwise transferring assets of
11 the plan in accordance with section 208 or
12 paragraph (44)(C)(i)(II);

13 “(v) require—

14 “(I) the pooled plan provider to
15 provide to employers in the plan any
16 disclosures or other information which
17 the Secretary may require, including
18 any disclosures or other information
19 to facilitate the selection or any moni-
20 toring of the pooled plan provider by
21 employers in the plan; and

22 “(II) each employer in the plan
23 to take such actions as the Secretary
24 or the pooled plan provider determines
25 are necessary to administer the plan

1 or for the plan to meet any require-
2 ment applicable under this Act or the
3 Internal Revenue Code of 1986 to a
4 plan described in section 401(a) of
5 such Code or to a plan that consists
6 of individual retirement accounts de-
7 scribed in section 408 of such Code
8 (including by reason of subsection (c)
9 thereof), whichever is applicable, in-
10 cluding providing any disclosures or
11 other information which the Secretary
12 may require or which the pooled plan
13 provider otherwise determines are nec-
14 essary to administer the plan or to
15 allow the plan to meet such require-
16 ments; and

17 “(vi) provide that any disclosure or
18 other information required to be provided
19 under clause (v) may be provided in elec-
20 tronic form and will be designed to ensure
21 only reasonable costs are imposed on
22 pooled plan providers and employers in the
23 plan.

24 “(C) EXCEPTIONS.—The term ‘pooled em-
25 ployer plan’ does not include—

1 “(i) a multiemployer plan; or

2 “(ii) a plan established before the
3 date of the enactment of the Retirement,
4 Savings, and Other Tax Relief Act of 2018
5 unless the plan administrator elects that
6 the plan will be treated as a pooled em-
7 ployer plan and the plan meets the require-
8 ments of this title applicable to a pooled
9 employer plan established on or after such
10 date.

11 “(D) TREATMENT OF EMPLOYERS AS PLAN
12 SPONSORS.—Except with respect to the admin-
13 istrative duties of the pooled plan provider de-
14 scribed in paragraph (44)(A)(i), each employer
15 in a pooled employer plan shall be treated as
16 the plan sponsor with respect to the portion of
17 the plan attributable to employees of such em-
18 ployer (or beneficiaries of such employees).

19 “(44) POOLED PLAN PROVIDER.—

20 “(A) IN GENERAL.—The term ‘pooled plan
21 provider’ means a person who—

22 “(i) is designated by the terms of a
23 pooled employer plan as a named fiduciary,
24 as the plan administrator, and as the per-
25 son responsible for the performance of all

1 administrative duties (including conducting
2 proper testing with respect to the plan and
3 the employees of each employer in the
4 plan) which are reasonably necessary to
5 ensure that—

6 “(I) the plan meets any require-
7 ment applicable under this Act or the
8 Internal Revenue Code of 1986 to a
9 plan described in section 401(a) of
10 such Code or to a plan that consists
11 of individual retirement accounts de-
12 scribed in section 408 of such Code
13 (including by reason of subsection (c)
14 thereof), whichever is applicable; and

15 “(II) each employer in the plan
16 takes such actions as the Secretary or
17 pooled plan provider determines are
18 necessary for the plan to meet the re-
19 quirements described in subclause (I),
20 including providing the disclosures
21 and information described in para-
22 graph (43)(B)(v)(II);

23 “(ii) registers as a pooled plan pro-
24 vider with the Secretary, and provides to
25 the Secretary such other information as

1 the Secretary may require, before begin-
2 ning operations as a pooled plan provider;

3 “(iii) acknowledges in writing that
4 such person is a named fiduciary, and the
5 plan administrator, with respect to the
6 pooled employer plan; and

7 “(iv) is responsible for ensuring that
8 all persons who handle assets of, or who
9 are fiduciaries of, the pooled employer plan
10 are bonded in accordance with section 412.

11 “(B) AUDITS, EXAMINATIONS AND INVES-
12 TIGATIONS.—The Secretary may perform au-
13 dits, examinations, and investigations of pooled
14 plan providers as may be necessary to enforce
15 and carry out the purposes of this paragraph
16 and paragraph (43).

17 “(C) GUIDANCE.—The Secretary shall
18 issue such guidance as the Secretary determines
19 appropriate to carry out this paragraph and
20 paragraph (43), including guidance—

21 “(i) to identify the administrative du-
22 ties and other actions required to be per-
23 formed by a pooled plan provider under ei-
24 ther such paragraph; and

1 “(ii) which requires in appropriate
2 cases that if an employer in the plan fails
3 to take the actions required under sub-
4 paragraph (A)(i)(II)—

5 “(I) the assets of the plan attrib-
6 utable to employees of such employer
7 (or beneficiaries of such employees)
8 are transferred to a plan maintained
9 only by such employer (or its suc-
10 cessor), to an eligible retirement plan
11 as defined in section 402(c)(8)(B) of
12 the Internal Revenue Code of 1986
13 for each individual whose account is
14 transferred, or to any other arrange-
15 ment that the Secretary determines is
16 appropriate in such guidance; and

17 “(II) such employer (and not the
18 plan with respect to which the failure
19 occurred or any other employer in
20 such plan) shall, except to the extent
21 provided in such guidance, be liable
22 for any liabilities with respect to such
23 plan attributable to employees of such
24 employer (or beneficiaries of such em-
25 ployees).

1 The Secretary shall take into account under
2 clause (ii) whether the failure of an employer or
3 pooled plan provider to provide any disclosures
4 or other information, or to take any other ac-
5 tion, necessary to administer a plan or to allow
6 a plan to meet requirements described in sub-
7 paragraph (A)(i)(II) has continued over a pe-
8 riod of time that demonstrates a lack of com-
9 mitment to compliance. The Secretary may
10 waive the requirements of subclause (ii)(I) in
11 appropriate circumstances if the Secretary de-
12 termines it is in the best interests of the em-
13 ployees of the employer referred to in such
14 clause (and the beneficiaries of such employees)
15 to retain the assets in the plan with respect to
16 which the employer's failure occurred.

17 “(D) AGGREGATION RULES.—For purposes
18 of this paragraph, in determining whether a
19 person meets the requirements of this para-
20 graph to be a pooled plan provider with respect
21 to any plan, all persons who perform services
22 for the plan and who are treated as a single
23 employer under subsection (b), (c), (m), or (o)
24 of section 414 of the Internal Revenue Code of
25 1986 shall be treated as one person.”.

1 (2) BONDING REQUIREMENTS FOR POOLED EM-
2 PLOYER PLANS.—The last sentence of section 412(a)
3 of the Employee Retirement Income Security Act of
4 1974 (29 U.S.C. 1112(a)) is amended by inserting
5 “or in the case of a pooled employer plan (as defined
6 in section 3(43))” after “section 407(d)(1)”.

7 (3) CONFORMING AND TECHNICAL AMEND-
8 MENTS.—Section 3 of the Employee Retirement In-
9 come Security Act of 1974 (29 U.S.C. 1002) is
10 amended—

11 (A) in paragraph (16)(B)—

12 (i) by striking “or” at the end of
13 clause (ii); and

14 (ii) by striking the period at the end
15 and inserting “, or (iv) in the case of a
16 pooled employer plan, the pooled plan pro-
17 vider.”; and

18 (B) by striking the second paragraph (41).

19 (d) POOLED EMPLOYER AND MULTIPLE EMPLOYER
20 PLAN REPORTING.—

21 (1) ADDITIONAL INFORMATION.—Section 103
22 of the Employee Retirement Income Security Act of
23 1974 (29 U.S.C. 1023) is amended—

24 (A) in subsection (a)(1)(B), by striking
25 “applicable subsections (d), (e), and (f)” and

1 inserting “applicable subsections (d), (e), (f),
2 and (g)”;

3 (B) by amending subsection (g) to read as
4 follows:

5 “(g) ADDITIONAL INFORMATION WITH RESPECT TO
6 POOLED EMPLOYER AND MULTIPLE EMPLOYER
7 PLANS.—An annual report under this section for a plan
8 year shall include—

9 “(1) with respect to any plan to which section
10 210(a) applies (including a pooled employer plan), a
11 list of employers in the plan, a good faith estimate
12 of the percentage of total contributions made by
13 such employers during the plan year, and the aggregate
14 account balances attributable to each employer
15 in the plan (determined as the sum of the account
16 balances of the employees of such employer (and the
17 beneficiaries of such employees)); and

18 “(2) with respect to a pooled employer plan, the
19 identifying information for the person designated
20 under the terms of the plan as the pooled plan pro-
21 vider.”.

22 (2) SIMPLIFIED ANNUAL REPORTS.—Section
23 104(a) of the Employee Retirement Income Security
24 Act of 1974 (29 U.S.C. 1024(a)) is amended by

1 striking paragraph (2)(A) and inserting the fol-
2 lowing:

3 “(2)(A) With respect to annual reports required
4 to be filed with the Secretary under this part, the
5 Secretary may by regulation prescribe simplified an-
6 nual reports for any pension plan that—

7 “(i) covers fewer than 100 participants; or

8 “(ii) is a plan described in section 210(a)
9 that covers fewer than 1,000 participants, but
10 only if no single employer in the plan has 100
11 or more participants covered by the plan.”.

12 (e) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall apply to plan years beginning after
15 December 31, 2019.

16 (2) RULE OF CONSTRUCTION.—Nothing in the
17 amendments made by subsection (a) shall be con-
18 strued as limiting the authority of the Secretary of
19 the Treasury or the Secretary’s delegate (determined
20 without regard to such amendments) to provide for
21 the proper treatment of a failure to meet any re-
22 quirement applicable under the Internal Revenue
23 Code of 1986 with respect to one employer (and its
24 employees) in a multiple employer plan.

1 **SEC. 202. RULES RELATING TO ELECTION OF SAFE HARBOR**

2 **401(k) STATUS.**

3 (a) **LIMITATION OF ANNUAL SAFE HARBOR NOTICE**
4 **TO MATCHING CONTRIBUTION PLANS.—**

5 (1) **IN GENERAL.**—Section 401(k)(12)(A) is
6 amended by striking “if such arrangement” and all
7 that follows and inserting “if such arrangement—

8 “(i) meets the contribution require-
9 ments of subparagraph (B) and the notice
10 requirements of subparagraph (D), or

11 “(ii) meets the contribution require-
12 ments of subparagraph (C).”.

13 (2) **AUTOMATIC CONTRIBUTION ARRANGE-**
14 **MENTS.**—Section 401(k)(13)(B) is amended by
15 striking “means” and all that follows and inserting
16 “means a cash or deferred arrangement—

17 “(i) which is described in subpara-
18 graph (D)(i)(I) and meets the applicable
19 requirements of subparagraphs (C)
20 through (E), or

21 “(ii) which is described in subpara-
22 graph (D)(i)(II) and meets the applicable
23 requirements of subparagraphs (C) and
24 (D).”.

25 (b) **NONELECTIVE CONTRIBUTIONS.**—Section
26 401(k)(12) is amended by redesignating subparagraph (F)

1 as subparagraph (G), and by inserting after subparagraph
2 (E) the following new subparagraph:

3 “(F) TIMING OF PLAN AMENDMENT FOR
4 EMPLOYER MAKING NONELECTIVE CONTRIBU-
5 TIONS.—

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), a plan may be amend-
8 ed after the beginning of a plan year to
9 provide that the requirements of subpara-
10 graph (C) shall apply to the arrangement
11 for the plan year, but only if the amend-
12 ment is adopted—

13 “(I) at any time before the 30th
14 day before the close of the plan year,
15 or

16 “(II) at any time before the last
17 day under paragraph (8)(A) for dis-
18 tributing excess contributions for the
19 plan year.

20 “(ii) EXCEPTION WHERE PLAN PRO-
21 VIDED FOR MATCHING CONTRIBUTIONS.—
22 Clause (i) shall not apply to any plan year
23 if the plan provided at any time during the
24 plan year that the requirements of sub-

1 paragraph (B) or paragraph (13)(D)(i)(I)
2 applied to the plan year.

3 “(iii) 4-PERCENT CONTRIBUTION RE-
4 QUIREMENT.—Clause (i)(II) shall not
5 apply to an arrangement unless the
6 amount of the contributions described in
7 subparagraph (C) which the employer is
8 required to make under the arrangement
9 for the plan year with respect to any em-
10 ployee is an amount equal to at least 4
11 percent of the employee’s compensation.”.

12 (c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—
13 Section 401(k)(13) is amended by adding at the end the
14 following:

15 “(F) TIMING OF PLAN AMENDMENT FOR
16 EMPLOYER MAKING NONELECTIVE CONTRIBU-
17 TIONS.—

18 “(i) IN GENERAL.—Except as pro-
19 vided in clause (ii), a plan may be amend-
20 ed after the beginning of a plan year to
21 provide that the requirements of subpara-
22 graph (D)(i)(II) shall apply to the arrange-
23 ment for the plan year, but only if the
24 amendment is adopted—

1 “(I) at any time before the 30th
2 day before the close of the plan year,
3 or

4 “(II) at any time before the last
5 day under paragraph (8)(A) for dis-
6 tributing excess contributions for the
7 plan year.

8 “(ii) EXCEPTION WHERE PLAN PRO-
9 VIDED FOR MATCHING CONTRIBUTIONS.—
10 Clause (i) shall not apply to any plan year
11 if the plan provided at any time during the
12 plan year that the requirements of sub-
13 paragraph (D)(i)(I) or paragraph (12)(B)
14 applied to the plan year.

15 “(iii) 4-PERCENT CONTRIBUTION RE-
16 QUIREMENT.—Clause (i)(II) shall not
17 apply to an arrangement unless the
18 amount of the contributions described in
19 subparagraph (D)(i)(II) which the em-
20 ployer is required to make under the ar-
21 rangement for the plan year with respect
22 to any employee is an amount equal to at
23 least 4 percent of the employee’s com-
24 pensation.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2018.

4 **SEC. 203. CERTAIN TAXABLE NON-TUITION FELLOWSHIP**
5 **AND STIPEND PAYMENTS TREATED AS COM-**
6 **PENSATION FOR IRA PURPOSES.**

7 (a) IN GENERAL.—Section 219(f)(1) is amended by
8 adding at the end the following: “The term ‘compensation’
9 shall include any amount included in gross income and
10 paid to an individual to aid the individual in the pursuit
11 of graduate or postdoctoral study.”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to taxable years beginning after
14 December 31, 2018.

15 **SEC. 204. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA**
16 **CONTRIBUTIONS.**

17 (a) IN GENERAL.—Section 219(d) is amended by
18 striking paragraph (1).

19 (b) CONFORMING AMENDMENT.—Section 408A(c) is
20 amended by striking paragraph (4) and by redesignating
21 paragraphs (5), (6), and (7) as paragraphs (4), (5), and
22 (6), respectively.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to contributions made for taxable
25 years beginning after December 31, 2018.

1 **SEC. 205. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**
2 **MAKING LOANS THROUGH CREDIT CARDS**
3 **AND OTHER SIMILAR ARRANGEMENTS.**

4 (a) IN GENERAL.—Section 72(p)(2) is amended by
5 redesignating subparagraph (D) as subparagraph (E) and
6 by inserting after subparagraph (C) the following new sub-
7 paragraph:

8 “(D) PROHIBITION OF LOANS THROUGH
9 CREDIT CARDS AND OTHER SIMILAR ARRANGE-
10 MENTS.—Notwithstanding subparagraph (A),
11 paragraph (1) shall apply to any loan which is
12 made through the use of any credit card or any
13 other similar arrangement.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 subsection (a) shall apply to loans made after the date
16 of the enactment of this Act.

17 **SEC. 206. PORTABILITY OF LIFETIME INCOME INVEST-**
18 **MENTS.**

19 (a) IN GENERAL.—Section 401(a) is amended by in-
20 serting after paragraph (37) the following new paragraph:

21 “(38) PORTABILITY OF LIFETIME INCOME IN-
22 VESTMENTS.—

23 “(A) IN GENERAL.—Except as may be oth-
24 erwise provided by regulations, a trust forming
25 part of a defined contribution plan shall not be

1 treated as failing to constitute a qualified trust
2 under this section solely by reason of allowing—

3 “(i) qualified distributions of a life-
4 time income investment, or

5 “(ii) distributions of a lifetime income
6 investment in the form of a qualified plan
7 distribution annuity contract,

8 on or after the date that is 90 days prior to the
9 date on which such lifetime income investment
10 is no longer authorized to be held as an invest-
11 ment option under the plan.

12 “(B) DEFINITIONS.—For purposes of this
13 subsection—

14 “(i) the term ‘qualified distribution’
15 means a direct trustee-to-trustee transfer
16 described in paragraph (31)(A) to an eligi-
17 ble retirement plan (as defined in section
18 402(c)(8)(B)),

19 “(ii) the term ‘lifetime income invest-
20 ment’ means an investment option which is
21 designed to provide an employee with elec-
22 tion rights—

23 “(I) which are not uniformly
24 available with respect to other invest-
25 ment options under the plan, and

1 “(II) which are to a lifetime in-
2 come feature available through a con-
3 tract or other arrangement offered
4 under the plan (or under another eli-
5 gible retirement plan (as so defined),
6 if paid by means of a direct trustee-
7 to-trustee transfer described in para-
8 graph (31)(A) to such other eligible
9 retirement plan),

10 “(iii) the term ‘lifetime income fea-
11 ture’ means—

12 “(I) a feature which guarantees a
13 minimum level of income annually (or
14 more frequently) for at least the re-
15 mainder of the life of the employee or
16 the joint lives of the employee and the
17 employee’s designated beneficiary, or

18 “(II) an annuity payable on be-
19 half of the employee under which pay-
20 ments are made in substantially equal
21 periodic payments (not less frequently
22 than annually) over the life of the em-
23 ployee or the joint lives of the em-
24 ployee and the employee’s designated
25 beneficiary, and

1 “(iv) the term ‘qualified plan distribu-
2 tion annuity contract’ means an annuity
3 contract purchased for a participant and
4 distributed to the participant by a plan or
5 contract described in subparagraph (B) of
6 section 402(c)(8) (without regard to
7 clauses (i) and (ii) thereof).”.

8 (b) CASH OR DEFERRED ARRANGEMENT.—

9 (1) IN GENERAL.—Section 401(k)(2)(B)(i) is
10 amended by striking “or” at the end of subclause
11 (IV), by striking “and” at the end of subclause (V)
12 and inserting “or”, and by adding at the end the fol-
13 lowing new subclause:

14 “(VI) except as may be otherwise
15 provided by regulations, with respect
16 to amounts invested in a lifetime in-
17 come investment (as defined in sub-
18 section (a)(38)(B)(ii)), the date that
19 is 90 days prior to the date that such
20 lifetime income investment may no
21 longer be held as an investment option
22 under the arrangement, and”.

23 (2) DISTRIBUTION REQUIREMENT.—Section
24 401(k)(2)(B), as amended by paragraph (1), is
25 amended by striking “and” at the end of clause (i),

1 by striking the semicolon at the end of clause (ii)
2 and inserting “, and”, and by adding at the end the
3 following new clause:

4 “(iii) except as may be otherwise pro-
5 vided by regulations, in the case of
6 amounts described in clause (i)(VI), will be
7 distributed only in the form of a qualified
8 distribution (as defined in subsection
9 (a)(38)(B)(i)) or a qualified plan distribu-
10 tion annuity contract (as defined in sub-
11 section (a)(38)(B)(iv)),”.

12 (c) SECTION 403(b) PLANS.—

13 (1) ANNUITY CONTRACTS.—Section 403(b)(11)
14 is amended by striking “or” at the end of subpara-
15 graph (B), by striking the period at the end of sub-
16 paragraph (C) and inserting “, or”, and by inserting
17 after subparagraph (C) the following new subpara-
18 graph:

19 “(D) except as may be otherwise provided
20 by regulations, with respect to amounts invested
21 in a lifetime income investment (as defined in
22 section 401(a)(38)(B)(ii))—

23 “(i) on or after the date that is 90
24 days prior to the date that such lifetime
25 income investment may no longer be held

1 as an investment option under the con-
2 tract, and

3 “(ii) in the form of a qualified dis-
4 tribution (as defined in section
5 401(a)(38)(B)(i)) or a qualified plan dis-
6 tribution annuity contract (as defined in
7 section 401(a)(38)(B)(iv)).”.

8 (2) CUSTODIAL ACCOUNTS.—Section
9 403(b)(7)(A) is amended by striking “if—” and all
10 that follows and inserting “if the amounts are to be
11 invested in regulated investment company stock to
12 be held in that custodial account, and under the cus-
13 todial account—

14 “(i) no such amounts may be paid or
15 made available to any distributee (unless
16 such amount is a distribution to which sec-
17 tion 72(t)(2)(G) applies) before—

18 “(I) the employee dies,

19 “(II) the employee attains age
20 59½,

21 “(III) the employee has a sever-
22 ance from employment,

23 “(IV) the employee becomes dis-
24 abled (within the meaning of section
25 72(m)(7)),

1 “(V) in the case of contributions
2 made pursuant to a salary reduction
3 agreement (within the meaning of sec-
4 tion 3121(a)(5)(D)), the employee en-
5 counters financial hardship, or

6 “(VI) except as may be otherwise
7 provided by regulations, with respect
8 to amounts invested in a lifetime in-
9 come investment (as defined in section
10 401(a)(38)(B)(ii)), the date that is 90
11 days prior to the date that such life-
12 time income investment may no longer
13 be held as an investment option under
14 the contract, and

15 “(ii) in the case of amounts described
16 in clause (i)(VI), such amounts will be dis-
17 tributed only in the form of a qualified dis-
18 tribution (as defined in section
19 401(a)(38)(B)(i)) or a qualified plan dis-
20 tribution annuity contract (as defined in
21 section 401(a)(38)(B)(iv)).”.

22 (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

23 (1) IN GENERAL.—Section 457(d)(1)(A) is
24 amended by striking “or” at the end of clause (ii),

1 by inserting “or” at the end of clause (iii), and by
2 adding after clause (iii) the following:

3 “(iv) except as may be otherwise pro-
4 vided by regulations, in the case of a plan
5 maintained by an employer described in
6 subsection (e)(1)(A), with respect to
7 amounts invested in a lifetime income in-
8 vestment (as defined in section
9 401(a)(38)(B)(ii)), the date that is 90
10 days prior to the date that such lifetime
11 income investment may no longer be held
12 as an investment option under the plan,”.

13 (2) DISTRIBUTION REQUIREMENT.—Section
14 457(d)(1) is amended by striking “and” at the end
15 of subparagraph (B), by striking the period at the
16 end of subparagraph (C) and inserting “, and”, and
17 by inserting after subparagraph (C) the following
18 new subparagraph:

19 “(D) except as may be otherwise provided
20 by regulations, in the case of amounts described
21 in subparagraph (A)(iv), such amounts will be
22 distributed only in the form of a qualified dis-
23 tribution (as defined in section
24 401(a)(38)(B)(i)) or a qualified plan distribu-

1 tion annuity contract (as defined in section
2 401(a)(38)(B)(iv)).”.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to plan years beginning after De-
5 cember 31, 2018.

6 **SEC. 207. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**
7 **MINATION OF SECTION 403(b) PLANS.**

8 Not later than six months after the date of enactment
9 of this Act, the Secretary of the Treasury shall issue guid-
10 ance to provide that, if an employer terminates the plan
11 under which amounts are contributed to a custodial ac-
12 count under subparagraph (A) of section 403(b)(7), the
13 plan administrator or custodian may distribute an indi-
14 vidual custodial account in kind to a participant or bene-
15 ficiary of the plan and the distributed custodial account
16 shall be maintained by the custodian on a tax-deferred
17 basis as a section 403(b)(7) custodial account, similar to
18 the treatment of fully-paid individual annuity contracts
19 under Revenue Ruling 2011–7, until amounts are actually
20 paid to the participant or beneficiary. The guidance shall
21 provide further (i) that the section 403(b)(7) status of the
22 distributed custodial account is generally maintained if the
23 custodial account thereafter adheres to the requirements
24 of section 403(b) that are in effect at the time of the dis-
25 tribution of the account and (ii) that a custodial account

1 would not be considered distributed to the participant or
2 beneficiary if the employer has any material retained
3 rights under the account (but the employer would not be
4 treated as retaining material rights simply because the
5 custodial account was originally opened under a group
6 contract).

7 **SEC. 208. CLARIFICATION OF RETIREMENT INCOME AC-**
8 **COUNT RULES RELATING TO CHURCH-CON-**
9 **TROLLED ORGANIZATIONS.**

10 (a) **IN GENERAL.**—Section 403(b)(9)(B) is amended
11 by inserting “(including an employee described in section
12 414(e)(3)(B))” after “employee described in paragraph
13 (1)”.

14 (b) **EFFECTIVE DATE.**—The amendment made by
15 this section shall apply to years beginning before, on, or
16 after the date of the enactment of this Act.

17 **SEC. 209. INCREASE IN 10 PERCENT CAP FOR AUTOMATIC**
18 **ENROLLMENT SAFE HARBOR AFTER 1ST**
19 **PLAN YEAR.**

20 (a) **IN GENERAL.**—Section 401(k)(13)(C)(iii) is
21 amended by striking “does not exceed 10 percent” and
22 inserting “does not exceed 15 percent (10 percent during
23 the period described in subclause (I))”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2018.

4 **SEC. 210. INCREASE IN CREDIT LIMITATION FOR SMALL**
5 **EMPLOYER PENSION PLAN STARTUP COSTS.**

6 (a) IN GENERAL.—Paragraph (1) of section 45E(b)
7 is amended to read as follows:

8 “(1) for the first credit year and each of the 2
9 taxable years immediately following the first credit
10 year, the greater of—

11 “(A) \$500, or

12 “(B) the lesser of—

13 “(i) \$250 for each employee of the eli-
14 gible employer who is not a highly com-
15 pensated employee (as defined in section
16 414(q)) and who is eligible to participate
17 in the eligible employer plan maintained by
18 the eligible employer, or

19 “(ii) \$1,500, and”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2018.

1 **SEC. 211. SMALL EMPLOYER AUTOMATIC ENROLLMENT**

2 **CREDIT.**

3 (a) IN GENERAL.—Section 45E is amended by add-
4 ing at the end the following new subsection:”.

5 “(f) CREDIT FOR AUTO-ENROLLMENT OPTION FOR
6 RETIREMENT SAVINGS OPTIONS.—

7 “(1) IN GENERAL.—The credit allowed under
8 subsection (a) for any taxable year during an eligible
9 employer’s retirement auto-enrollment credit period
10 shall be increased (without regard to subsection (b))
11 by \$500.

12 “(2) RETIREMENT AUTO-ENROLLMENT CREDIT
13 PERIOD.—

14 “(A) IN GENERAL.—The retirement auto-
15 enrollment credit period with respect to any eli-
16 gible employer is the 3-taxable-year period be-
17 ginning with the first taxable year for which the
18 employer includes an eligible automatic con-
19 tribution arrangement (as defined in section
20 414(w)(3)) in a qualified employer plan (as de-
21 fined in section 4972(d)) sponsored by the em-
22 ployer.

23 “(B) MAINTENANCE OF ARRANGEMENT.—
24 No taxable year with respect to an employer
25 shall be treated as occurring within the retire-
26 ment auto-enrollment credit period unless the

1 arrangement described in subparagraph (A) is
2 included in the plan for such year.

3 “(3) NOT LIMITED TO NEW PLANS.—This sub-
4 section shall be applied without regard to subsection
5 (c)(2).”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2018.

9 **SEC. 212. EXEMPTION FROM REQUIRED MINIMUM DIS-**
10 **TRIBUTION RULES FOR INDIVIDUALS WITH**
11 **CERTAIN ACCOUNT BALANCES.**

12 (a) IN GENERAL.—Section 401(a)(9) is amended by
13 adding at the end the following new subparagraph:

14 “(H) EXCEPTION FROM REQUIRED MIN-
15 IMUM DISTRIBUTIONS DURING LIFE OF EM-
16 PLOYEE WHERE ASSETS DO NOT EXCEED
17 \$50,000.—

18 “(i) IN GENERAL.—If on the last day
19 of any calendar year the aggregate value of
20 an employee’s entire interest under all ap-
21 plicable eligible retirement plans does not
22 exceed \$50,000, then the requirements of
23 subparagraph (A) with respect to any dis-
24 tribution relating to such year shall not
25 apply with respect to such employee.

1 “(ii) APPLICABLE ELIGIBLE RETIRE-
2 MENT PLAN.—For purposes of this sub-
3 paragraph, the term ‘applicable eligible re-
4 tirement plan’ means an eligible retirement
5 plan (as defined in section 402(c)(8)(B))
6 other than a defined benefit plan.

7 “(iii) LIMIT ON REQUIRED MINIMUM
8 DISTRIBUTION.—The required minimum
9 distribution determined under subpara-
10 graph (A) for an employee under all appli-
11 cable eligible retirement plans shall not ex-
12 ceed an amount equal to the excess of—

13 “(I) the aggregate value of an
14 employee’s entire interest under such
15 plans on the last day of the calendar
16 year to which such distribution re-
17 lates, over

18 “(II) the dollar amount in effect
19 under clause (i) for such calendar
20 year.

21 The Secretary in regulations or other guid-
22 ance may provide how such amount shall
23 be distributed in the case of an individual
24 with more than one applicable eligible re-
25 tirement plan.

1 “(iv) INFLATION ADJUSTMENT.—In
2 the case of any calendar year beginning
3 after 2019, the \$50,000 amount in clause
4 (i) shall be increased by an amount equal
5 to—

6 “(I) such dollar amount, multi-
7 plied by

8 “(II) the cost of living adjust-
9 ment determined under section 1(f)(3)
10 for the calendar year, determined by
11 substituting ‘calendar year 2018’ for
12 ‘calendar year 2016’ in subparagraph
13 (A)(ii) thereof.

14 Any increase determined under this clause
15 shall be rounded to the next lowest mul-
16 tiple of \$5,000.

17 “(v) PLAN ADMINISTRATOR RELIANCE
18 ON EMPLOYEE CERTIFICATION.—An appli-
19 cable eligible retirement plan described in
20 clause (iii), (iv), (v), or (vi) of section
21 402(c)(8)(B) shall not be treated as failing
22 to meet the requirements of this paragraph
23 in the case of any failure to make a re-
24 quired minimum distribution for a cal-
25 endar year if—

1 “(I) the aggregate value of an
2 employee’s entire interest under all
3 applicable eligible retirement plans of
4 the employer on the last day of the
5 calendar year to which such distribu-
6 tion relates does not exceed the dollar
7 amount in effect for such year under
8 clause (i), and

9 “(II) the employee certifies that
10 the aggregate value of the employee’s
11 entire interest under all applicable eli-
12 gible retirement plans on the last day
13 of the calendar year to which such
14 distribution relates did not exceed the
15 dollar amount in effect for such year
16 under clause (i).

17 “(vi) AGGREGATION RULE.—All em-
18 ployers treated as a single employer under
19 subsection (b), (c), (m), or (o) of section
20 414 shall be treated as a single employer
21 for purposes of clause (v).”.

22 (b) PLAN ADMINISTRATOR REPORTING.—Section
23 6047 is amended by redesignating subsection (h) as sub-
24 section (i) and by inserting after subsection (g) the fol-
25 lowing new subsection:

1 “(h) ACCOUNT BALANCE FOR PARTICIPANTS WHO
2 HAVE ATTAINED AGE 69.—

3 “(1) IN GENERAL.—Not later than January 31
4 of each year, the plan administrator (as defined in
5 section 414(g)) of each applicable eligible retirement
6 plan (as defined in section 401(a)(9)(H)) shall make
7 a return to the Secretary with respect to each par-
8 ticipant of such plan who has attained age 69 as of
9 the end of the preceding calendar year which
10 states—

11 “(A) the name and plan number of the
12 plan,

13 “(B) the name and address of the plan ad-
14 ministrator,

15 “(C) the name, address, and taxpayer
16 identification number of the participant, and

17 “(D) the account balance of such partici-
18 pant as of the end of the preceding calendar
19 year.

20 “(2) STATEMENT FURNISHED TO PARTICI-
21 PANT.—Every person required to make a return
22 under paragraph (1) with respect to a participant
23 shall furnish a copy of such return to such partici-
24 pant.

1 “(3) APPLICATION TO INDIVIDUAL RETIREMENT
2 PLANS AND ANNUITIES.—In the case of an applica-
3 ble eligible retirement plan described in clause (i) or
4 (ii) of section 402(c)(8)(B)—

5 “(A) any reference in this subsection to
6 the plan administrator shall be treated as a ref-
7 erence to the trustee or issuer, as the case may
8 be, and

9 “(B) any reference in this subsection to
10 the participant shall be treated as a reference
11 to the individual for whom such account or an-
12 nuity is maintained.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to distributions required to be
15 made in calendar years beginning more than 120 days
16 after the date of the enactment of this Act.

17 **SEC. 213. ELECTIVE DEFERRALS BY MEMBERS OF THE**
18 **READY RESERVE OF A RESERVE COMPONENT**
19 **OF THE ARMED FORCES.**

20 (a) IN GENERAL.—Section 402(g) is amended by
21 adding at the end the following new paragraph:

22 “(9) ELECTIVE DEFERRALS BY MEMBERS OF
23 READY RESERVE.—

24 “(A) IN GENERAL.—In the case of a quali-
25 fied ready reservist for any taxable year, the

1 limitations of subparagraphs (A) and (C) of
2 paragraph (1) shall be applied separately with
3 respect to—

4 “(i) elective deferrals of such qualified
5 ready reservist with respect to compensa-
6 tion described in subparagraph (B), and

7 “(ii) all other elective deferrals of
8 such qualified ready reservist.

9 “(B) QUALIFIED READY RESERVIST.—For
10 purposes of this paragraph, the term ‘qualified
11 ready reservist’ means any individual for any
12 taxable year if such individual received com-
13 pensation for service as a member of the Ready
14 Reserve of a reserve component (as defined in
15 section 101 of title 37, United States Code)
16 during such taxable year.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to plan years beginning after De-
19 cember 31, 2018.

20 **Subtitle B—Administrative**

21 **Improvements**

22 **SEC. 221. PLAN ADOPTED BY FILING DUE DATE FOR YEAR**
23 **MAY BE TREATED AS IN EFFECT AS OF CLOSE**
24 **OF YEAR.**

25 (a) IN GENERAL.—Section 401(b) is amended—

1 (1) by striking “RETROACTIVE CHANGES IN
2 PLAN.—A stock bonus” and inserting “PLAN
3 AMENDMENTS.—

4 “(1) CERTAIN RETROACTIVE CHANGES IN
5 PLAN.—A stock bonus”, and

6 (2) by adding at the end the following new
7 paragraph:

8 “(2) ADOPTION OF PLAN.—If an employer
9 adopts a stock bonus, pension, profit-sharing, or an-
10 nuity plan after the close of a taxable year but be-
11 fore the time prescribed by law for filing the employ-
12 er’s return of tax for the taxable year (including ex-
13 tensions thereof), the employer may elect to treat
14 the plan as having been adopted as of the last day
15 of the taxable year.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to plans adopted for taxable years
18 beginning after December 31, 2018.

19 **SEC. 222. MODIFICATION OF NONDISCRIMINATION RULES**
20 **TO PROTECT OLDER, LONGER SERVICE PAR-**
21 **TICIPANTS.**

22 (a) IN GENERAL.—Section 401 is amended—

23 (1) by redesignating subsection (o) as sub-
24 section (p), and

1 (2) by inserting after subsection (n) the fol-
2 lowing new subsection:

3 “(o) SPECIAL RULES FOR APPLYING NON-
4 DISCRIMINATION RULES TO PROTECT OLDER, LONGER
5 SERVICE AND GRANDFATHERED PARTICIPANTS.—

6 “(1) TESTING OF DEFINED BENEFIT PLANS
7 WITH CLOSED CLASSES OF PARTICIPANTS.—

8 “(A) BENEFITS, RIGHTS, OR FEATURES
9 PROVIDED TO CLOSED CLASSES.—A defined
10 benefit plan which provides benefits, rights, or
11 features to a closed class of participants shall
12 not fail to satisfy the requirements of sub-
13 section (a)(4) by reason of the composition of
14 such closed class or the benefits, rights, or fea-
15 tures provided to such closed class, if—

16 “(i) for the plan year as of which the
17 class closes and the 2 succeeding plan
18 years, such benefits, rights, and features
19 satisfy the requirements of subsection
20 (a)(4) (without regard to this subpara-
21 graph but taking into account the rules of
22 subparagraph (I)),

23 “(ii) after the date as of which the
24 class was closed, any plan amendment
25 which modifies the closed class or the ben-

1 efits, rights, and features provided to such
2 closed class does not discriminate signifi-
3 cantly in favor of highly compensated em-
4 ployees, and

5 “(iii) the class was closed before April
6 5, 2017, or the plan is described in sub-
7 paragraph (C).

8 “(B) AGGREGATE TESTING WITH DEFINED
9 CONTRIBUTION PLANS PERMITTED ON A BENE-
10 FITS BASIS.—

11 “(i) IN GENERAL.—For purposes of
12 determining compliance with subsection
13 (a)(4) and section 410(b), a defined benefit
14 plan described in clause (iii) may be aggre-
15 gated and tested on a benefits basis with
16 1 or more defined contribution plans, in-
17 cluding with the portion of 1 or more de-
18 fined contribution plans which—

19 “(I) provides matching contribu-
20 tions (as defined in subsection
21 (m)(4)(A)),

22 “(II) provides annuity contracts
23 described in section 403(b) which are
24 purchased with matching contribu-
25 tions or nonelective contributions, or

1 “(III) consists of an employee
2 stock ownership plan (within the
3 meaning of section 4975(e)(7)) or a
4 tax credit employee stock ownership
5 plan (within the meaning of section
6 409(a)).

7 “(ii) SPECIAL RULES FOR MATCHING
8 CONTRIBUTIONS.—For purposes of clause
9 (i), if a defined benefit plan is aggregated
10 with a portion of a defined contribution
11 plan providing matching contributions—

12 “(I) such defined benefit plan
13 must also be aggregated with any por-
14 tion of such defined contribution plan
15 which provides elective deferrals de-
16 scribed in subparagraph (A) or (C) of
17 section 402(g)(3), and

18 “(II) such matching contribu-
19 tions shall be treated in the same
20 manner as nonelective contributions,
21 including for purposes of applying the
22 rules of subsection (l).

23 “(iii) PLANS DESCRIBED.—A defined
24 benefit plan is described in this clause if—

1 “(I) the plan provides benefits to
2 a closed class of participants,

3 “(II) for the plan year as of
4 which the class closes and the 2 suc-
5 ceeding plan years, the plan satisfies
6 the requirements of section 410(b)
7 and subsection (a)(4) (without regard
8 to this subparagraph but taking into
9 account the rules of subparagraph
10 (I)),

11 “(III) after the date as of which
12 the class was closed, any plan amend-
13 ment which modifies the closed class
14 or the benefits provided to such closed
15 class does not discriminate signifi-
16 cantly in favor of highly compensated
17 employees, and

18 “(IV) the class was closed before
19 April 5, 2017, or the plan is described
20 in subparagraph (C).

21 “(C) PLANS DESCRIBED.—A plan is de-
22 scribed in this subparagraph if, taking into ac-
23 count any predecessor plan—

1 “(i) such plan has been in effect for
2 at least 5 years as of the date the class is
3 closed, and

4 “(ii) during the 5-year period pre-
5 ceding the date the class is closed, there
6 has not been a substantial increase in the
7 coverage or value of the benefits, rights, or
8 features described in subparagraph (A) or
9 in the coverage or benefits under the plan
10 described in subparagraph (B)(iii) (which-
11 ever is applicable).

12 “(D) DETERMINATION OF SUBSTANTIAL
13 INCREASE FOR BENEFITS, RIGHTS, AND FEA-
14 TURES.—In applying subparagraph (C)(ii) for
15 purposes of subparagraph (A)(iii), a plan shall
16 be treated as having had a substantial increase
17 in coverage or value of the benefits, rights, or
18 features described in subparagraph (A) during
19 the applicable 5-year period only if, during such
20 period—

21 “(i) the number of participants cov-
22 ered by such benefits, rights, or features
23 on the date such period ends is more than
24 50 percent greater than the number of

1 such participants on the first day of the
2 plan year in which such period began, or

3 “(ii) such benefits, rights, and fea-
4 tures have been modified by 1 or more
5 plan amendments in such a way that, as of
6 the date the class is closed, the value of
7 such benefits, rights, and features to the
8 closed class as a whole is substantially
9 greater than the value as of the first day
10 of such 5-year period, solely as a result of
11 such amendments.

12 “(E) DETERMINATION OF SUBSTANTIAL
13 INCREASE FOR AGGREGATE TESTING ON BENE-
14 FITS BASIS.—In applying subparagraph (C)(ii)
15 for purposes of subparagraph (B)(iii)(IV), a
16 plan shall be treated as having had a substan-
17 tial increase in coverage or benefits during the
18 applicable 5-year period only if, during such pe-
19 riod—

20 “(i) the number of participants bene-
21 fitting under the plan on the date such pe-
22 riod ends is more than 50 percent greater
23 than the number of such participants on
24 the first day of the plan year in which such
25 period began, or

1 “(ii) the average benefit provided to
2 such participants on the date such period
3 ends is more than 50 percent greater than
4 the average benefit provided on the first
5 day of the plan year in which such period
6 began.

7 “(F) CERTAIN EMPLOYEES DIS-
8 REGARDED.—For purposes of subparagraphs
9 (D) and (E), any increase in coverage or value
10 or in coverage or benefits, whichever is applica-
11 ble, which is attributable to such coverage and
12 value or coverage and benefits provided to em-
13 ployees—

14 “(i) who became participants as a re-
15 sult of a merger, acquisition, or similar
16 event which occurred during the 7-year pe-
17 riod preceding the date the class is closed,
18 or

19 “(ii) who became participants by rea-
20 son of a merger of the plan with another
21 plan which had been in effect for at least
22 5 years as of the date of the merger,
23 shall be disregarded, except that clause (ii)
24 shall apply for purposes of subparagraph (D)
25 only if, under the merger, the benefits, rights,

1 or features under 1 plan are conformed to the
2 benefits, rights, or features of the other plan
3 prospectively.

4 “(G) RULES RELATING TO AVERAGE BEN-
5 EFIT.—For purposes of subparagraph (E)—

6 “(i) the average benefit provided to
7 participants under the plan will be treated
8 as having remained the same between the
9 2 dates described in subparagraph (E)(ii)
10 if the benefit formula applicable to such
11 participants has not changed between such
12 dates, and

13 “(ii) if the benefit formula applicable
14 to 1 or more participants under the plan
15 has changed between such 2 dates, then
16 the average benefit under the plan shall be
17 considered to have increased by more than
18 50 percent only if—

19 “(I) the total amount determined
20 under section 430(b)(1)(A)(i) for all
21 participants benefitting under the
22 plan for the plan year in which the 5-
23 year period described in subparagraph
24 (E) ends, exceeds

1 “(II) the total amount deter-
2 mined under section 430(b)(1)(A)(i)
3 for all such participants for such plan
4 year, by using the benefit formula in
5 effect for each such participant for
6 the first plan year in such 5-year pe-
7 riod, by more than 50 percent.

8 In the case of a CSEC plan (as defined in
9 section 414(y)), the normal cost of the
10 plan (as determined under section
11 433(j)(1)(B)) shall be used in lieu of the
12 amount determined under section
13 430(b)(1)(A)(i).

14 “(H) TREATMENT AS SINGLE PLAN.—For
15 purposes of subparagraphs (E) and (G), a plan
16 described in section 413(c) shall be treated as
17 a single plan rather than as separate plans
18 maintained by each employer in the plan.

19 “(I) SPECIAL RULES.—For purposes of
20 subparagraphs (A)(i) and (B)(iii)(II), the fol-
21 lowing rules shall apply:

22 “(i) In applying section 410(b)(6)(C),
23 the closing of the class of participants shall
24 not be treated as a significant change in
25 coverage under section 410(b)(6)(C)(i)(II).

1 “(ii) 2 or more plans shall not fail to
2 be eligible to be aggregated and treated as
3 a single plan solely by reason of having dif-
4 ferent plan years.

5 “(iii) Changes in the employee popu-
6 lation shall be disregarded to the extent at-
7 tributable to individuals who become em-
8 ployees or cease to be employees, after the
9 date the class is closed, by reason of a
10 merger, acquisition, divestiture, or similar
11 event.

12 “(iv) Aggregation and all other testing
13 methodologies otherwise applicable under
14 subsection (a)(4) and section 410(b) may
15 be taken into account.

16 The rule of clause (ii) shall also apply for pur-
17 poses of determining whether plans to which
18 subparagraph (B)(i) applies may be aggregated
19 and treated as 1 plan for purposes of deter-
20 mining whether such plans meet the require-
21 ments of subsection (a)(4) and section 410(b).

22 “(J) SPUN-OFF PLANS.—For purposes of
23 this paragraph, if a portion of a defined benefit
24 plan described in subparagraph (A) or (B)(iii)
25 is spun off to another employer and the spun-

1 off plan continues to satisfy the requirements
2 of—

3 “(i) subparagraph (A)(i) or
4 (B)(iii)(II), whichever is applicable, if the
5 original plan was still within the 3-year pe-
6 riod described in such subparagraph at the
7 time of the spin off, and

8 “(ii) subparagraph (A)(ii) or
9 (B)(iii)(III), whichever is applicable,
10 the treatment under subparagraph (A) or (B)
11 of the spun-off plan shall continue with respect
12 to such other employer.

13 “(2) TESTING OF DEFINED CONTRIBUTION
14 PLANS.—

15 “(A) TESTING ON A BENEFITS BASIS.—A
16 defined contribution plan shall be permitted to
17 be tested on a benefits basis if—

18 “(i) such defined contribution plan
19 provides make-whole contributions to a
20 closed class of participants whose accruals
21 under a defined benefit plan have been re-
22 duced or eliminated,

23 “(ii) for the plan year of the defined
24 contribution plan as of which the class eli-
25 gible to receive such make-whole contribu-

1 tions closes and the 2 succeeding plan
2 years, such closed class of participants sat-
3 isfies the requirements of section
4 410(b)(2)(A)(i) (determined by applying
5 the rules of paragraph (1)(I)),

6 “(iii) after the date as of which the
7 class was closed, any plan amendment to
8 the defined contribution plan which modi-
9 fies the closed class or the allocations, ben-
10 efits, rights, and features provided to such
11 closed class does not discriminate signifi-
12 cantly in favor of highly compensated em-
13 ployees, and

14 “(iv) the class was closed before April
15 5, 2017, or the defined benefit plan under
16 clause (i) is described in paragraph (1)(C)
17 (as applied for purposes of paragraph
18 (1)(B)(iii)(IV)).

19 “(B) AGGREGATION WITH PLANS INCLUD-
20 ING MATCHING CONTRIBUTIONS.—

21 “(i) IN GENERAL.—With respect to 1
22 or more defined contribution plans de-
23 scribed in subparagraph (A), for purposes
24 of determining compliance with subsection
25 (a)(4) and section 410(b), the portion of

1 such plans which provides make-whole con-
2 tributions or other nonelective contribu-
3 tions may be aggregated and tested on a
4 benefits basis with the portion of 1 or
5 more other defined contribution plans
6 which—

7 “(I) provides matching contribu-
8 tions (as defined in subsection
9 (m)(4)(A)),

10 “(II) provides annuity contracts
11 described in section 403(b) which are
12 purchased with matching contribu-
13 tions or nonelective contributions, or

14 “(III) consists of an employee
15 stock ownership plan (within the
16 meaning of section 4975(e)(7)) or a
17 tax credit employee stock ownership
18 plan (within the meaning of section
19 409(a)).

20 “(ii) SPECIAL RULES FOR MATCHING
21 CONTRIBUTIONS.—Rules similar to the
22 rules of paragraph (1)(B)(ii) shall apply
23 for purposes of clause (i).

24 “(C) SPECIAL RULES FOR TESTING DE-
25 FINED CONTRIBUTION PLAN FEATURES PRO-

1 VIDING MATCHING CONTRIBUTIONS TO CERTAIN
2 OLDER, LONGER SERVICE PARTICIPANTS.—In
3 the case of a defined contribution plan which
4 provides benefits, rights, or features to a closed
5 class of participants whose accruals under a de-
6 fined benefit plan have been reduced or elimi-
7 nated, the plan shall not fail to satisfy the re-
8 quirements of subsection (a)(4) solely by reason
9 of the composition of the closed class or the
10 benefits, rights, or features provided to such
11 closed class if the defined contribution plan and
12 defined benefit plan otherwise meet the require-
13 ments of subparagraph (A) but for the fact that
14 the make-whole contributions under the defined
15 contribution plan are made in whole or in part
16 through matching contributions.

17 “(D) SPUN-OFF PLANS.—For purposes of
18 this paragraph, if a portion of a defined con-
19 tribution plan described in subparagraph (A) or
20 (C) is spun off to another employer, the treat-
21 ment under subparagraph (A) or (C) of the
22 spun-off plan shall continue with respect to the
23 other employer if such plan continues to comply
24 with the requirements of clauses (ii) (if the
25 original plan was still within the 3-year period

1 described in such clause at the time of the spin
2 off) and (iii) of subparagraph (A), as deter-
3 mined for purposes of subparagraph (A) or (C),
4 whichever is applicable.

5 “(3) DEFINITIONS.—For purposes of this sub-
6 section—

7 “(A) MAKE-WHOLE CONTRIBUTIONS.—EX-
8 cept as otherwise provided in paragraph (2)(C),
9 the term ‘make-whole contributions’ means non-
10 elective allocations for each employee in the
11 class which are reasonably calculated, in a con-
12 sistent manner, to replace some or all of the re-
13 tirement benefits which the employee would
14 have received under the defined benefit plan
15 and any other plan or qualified cash or deferred
16 arrangement under subsection (k)(2) if no
17 change had been made to such defined benefit
18 plan and such other plan or arrangement. For
19 purposes of the preceding sentence, consistency
20 shall not be required with respect to employees
21 who were subject to different benefit formulas
22 under the defined benefit plan.

23 “(B) REFERENCES TO CLOSED CLASS OF
24 PARTICIPANTS.—References to a closed class of
25 participants and similar references to a closed

1 class shall include arrangements under which 1
2 or more classes of participants are closed, ex-
3 cept that 1 or more classes of participants
4 closed on different dates shall not be aggre-
5 gated for purposes of determining the date any
6 such class was closed.

7 “(C) HIGHLY COMPENSATED EMPLOYEE.—
8 The term ‘highly compensated employee’ has
9 the meaning given such term in section
10 414(q).”.

11 (b) PARTICIPATION REQUIREMENTS.—Section
12 401(a)(26) is amended by adding at the end the following
13 new subparagraph:

14 “(I) PROTECTED PARTICIPANTS.—
15 “(i) IN GENERAL.—A plan shall be
16 deemed to satisfy the requirements of sub-
17 paragraph (A) if—

18 “(I) the plan is amended—
19 “(aa) to cease all benefit ac-
20 cruals, or
21 “(bb) to provide future ben-
22 efit accruals only to a closed
23 class of participants,

24 “(II) the plan satisfies subpara-
25 graph (A) (without regard to this sub-

1 paragraph) as of the effective date of
2 the amendment, and

3 “(III) the amendment was adopt-
4 ed before April 5, 2017, or the plan is
5 described in clause (ii).

6 “(ii) PLANS DESCRIBED.—A plan is
7 described in this clause if the plan would
8 be described in subsection (o)(1)(C), as ap-
9 plied for purposes of subsection
10 (o)(1)(B)(iii)(IV) and by treating the effec-
11 tive date of the amendment as the date the
12 class was closed for purposes of subsection
13 (o)(1)(C).

14 “(iii) SPECIAL RULES.—For purposes
15 of clause (i)(II), in applying section
16 410(b)(6)(C), the amendments described in
17 clause (i) shall not be treated as a signifi-
18 cant change in coverage under section
19 410(b)(6)(C)(i)(II).

20 “(iv) SPUN-OFF PLANS.—For pur-
21 poses of this subparagraph, if a portion of
22 a plan described in clause (i) is spun off to
23 another employer, the treatment under
24 clause (i) of the spun-off plan shall con-
25 tinue with respect to the other employer.”.

1 (c) EFFECTIVE DATE.—

2 (1) IN GENERAL.—Except as provided in para-
3 graph (2), the amendments made by this section
4 shall take effect on the date of the enactment of this
5 Act, without regard to whether any plan modifica-
6 tions referred to in such amendments are adopted or
7 effective before, on, or after such date of enactment.

8 (2) SPECIAL RULES.—

9 (A) ELECTION OF EARLIER APPLICA-
10 TION.—At the election of the plan sponsor, the
11 amendments made by this section shall apply to
12 plan years beginning after December 31, 2013.

13 (B) CLOSED CLASSES OF PARTICIPANTS.—
14 For purposes of paragraphs (1)(A)(iii),
15 (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o)
16 of the Internal Revenue Code of 1986 (as added
17 by this section), a closed class of participants
18 shall be treated as being closed before April 5,
19 2017, if the plan sponsor's intention to create
20 such closed class is reflected in formal written
21 documents and communicated to participants
22 before such date.

23 (C) CERTAIN POST-ENACTMENT PLAN
24 AMENDMENTS.—A plan shall not be treated as
25 failing to be eligible for the application of sec-

1 tion 401(o)(1)(A), 401(o)(1)(B)(iii), or
2 401(a)(26) of such Code (as added by this sec-
3 tion) to such plan solely because in the case
4 of—

5 (i) such section 401(o)(1)(A), the plan
6 was amended before the date of the enact-
7 ment of this Act to eliminate 1 or more
8 benefits, rights, or features, and is further
9 amended after such date of enactment to
10 provide such previously eliminated benefits,
11 rights, or features to a closed class of par-
12 ticipants, or

13 (ii) such section 401(o)(1)(B)(iii) or
14 section 401(a)(26), the plan was amended
15 before the date of the enactment of this
16 Act to cease all benefit accruals, and is
17 further amended after such date of enact-
18 ment to provide benefit accruals to a closed
19 class of participants. Any such section
20 shall only apply if the plan otherwise meets
21 the requirements of such section and in ap-
22 plying such section, the date the class of
23 participants is closed shall be the effective
24 date of the later amendment.

1 **SEC. 223. FIDUCIARY SAFE HARBOR FOR SELECTION OF**
2 **LIFETIME INCOME PROVIDER.**

3 Section 404 of the Employee Retirement Income Se-
4 curity Act of 1974 (29 U.S.C. 1104) is amended by adding
5 at the end the following:

6 “(e) SAFE HARBOR FOR ANNUITY SELECTION.—

7 “(1) IN GENERAL.—With respect to the selec-
8 tion of an insurer for a guaranteed retirement in-
9 come contract, the requirements of subsection
10 (a)(1)(B) will be deemed to be satisfied if a fidu-
11 ciary—

12 “(A) engages in an objective, thorough,
13 and analytical search for the purpose of identi-
14 fying insurers from which to purchase such con-
15 tracts;

16 “(B) with respect to each insurer identified
17 under subparagraph (A)—

18 “(i) considers the financial capability
19 of such insurer to satisfy its obligations
20 under the guaranteed retirement income
21 contract; and

22 “(ii) considers the cost (including fees
23 and commissions) of the guaranteed retire-
24 ment income contract offered by the in-
25 surer in relation to the benefits and prod-
26 uct features of the contract and adminis-

1 trative services to be provided under such
2 contract; and

3 “(C) on the basis of such consideration,
4 concludes that—

5 “(i) at the time of the selection, the
6 insurer is financially capable of satisfying
7 its obligations under the guaranteed retire-
8 ment income contract; and

9 “(ii) the relative cost of the selected
10 guaranteed retirement income contract as
11 described in subparagraph (B)(ii) is rea-
12 sonable.

13 “(2) FINANCIAL CAPABILITY OF THE IN-
14 SURER.—A fiduciary will be deemed to satisfy the
15 requirements of paragraphs (1)(B)(i) and (1)(C)(i)
16 if—

17 “(A) the fiduciary obtains written rep-
18 resentations from the insurer that—

19 “(i) the insurer is licensed to offer
20 guaranteed retirement income contracts;

21 “(ii) the insurer, at the time of selec-
22 tion and for each of the immediately pre-
23 ceding 7 plan years—

24 “(I) operates under a certificate
25 of authority from the insurance com-

1 missioner of its domiciliary State
2 which has not been revoked or sus-
3 pended;

4 “(II) has filed audited financial
5 statements in accordance with the
6 laws of its domiciliary State under ap-
7 plicable statutory accounting prin-
8 ciples;

9 “(III) maintains (and has main-
10 tained) reserves which satisfies all the
11 statutory requirements of all States
12 where the insurer does business; and

13 “(IV) is not operating under an
14 order of supervision, rehabilitation, or
15 liquidation;

16 “(iii) the insurer undergoes, at least
17 every 5 years, a financial examination
18 (within the meaning of the law of its domi-
19 ciliary State) by the insurance commis-
20 sioner of the domiciliary State (or rep-
21 resentative, designee, or other party ap-
22 proved by such commissioner); and

23 “(iv) the insurer will notify the fidu-
24 ciary of any change in circumstances oc-
25 curring after the provision of the represen-

1 tations in clauses (i), (ii), and (iii) which
2 would preclude the insurer from making
3 such representations at the time of
4 issuance of the guaranteed retirement in-
5 come contract; and

6 “(B) after receiving such representations
7 and as of the time of selection, the fiduciary
8 has not received any notice described in sub-
9 paragraph (A)(iv) and is in possession of no
10 other information which would cause the fidu-
11 ciary to question the representations provided.

12 “(3) NO REQUIREMENT TO SELECT LOWEST
13 COST.—Nothing in this subsection shall be construed
14 to require a fiduciary to select the lowest cost con-
15 tract. A fiduciary may consider the value of a con-
16 tract, including features and benefits of the contract
17 and attributes of the insurer (including, without lim-
18 itation, the insurer’s financial strength) in conjunc-
19 tion with the cost of the contract.

20 “(4) TIME OF SELECTION.—

21 “(A) IN GENERAL.—For purposes of this
22 subsection, the time of selection is—

23 “(i) the time that the insurer and the
24 contract are selected for distribution of

1 benefits to a specific participant or bene-
2 ficiary; or

3 “(ii) if the fiduciary periodically re-
4 views the continuing appropriateness of the
5 conclusion described in paragraph (1)(C)
6 with respect to a selected insurer, taking
7 into account the considerations described
8 in such paragraph, the time that the in-
9 surer and the contract are selected to pro-
10 vide benefits at future dates to participants
11 or beneficiaries under the plan.

12 Nothing in the preceding sentence shall be con-
13 strued to require the fiduciary to review the ap-
14 propriateness of a selection after the purchase
15 of a contract for a participant or beneficiary.

16 “(B) PERIODIC REVIEW.—A fiduciary will
17 be deemed to have conducted the periodic re-
18 view described in subparagraph (A)(ii) if the fi-
19 duciary obtains the written representations de-
20 scribed in clauses (i), (ii), and (iii) of paragraph
21 (2)(A) from the insurer on an annual basis, un-
22 less the fiduciary receives any notice described
23 in paragraph (2)(A)(iv) or otherwise becomes
24 aware of facts that would cause the fiduciary to
25 question such representations.

1 “(5) LIMITED LIABILITY.—A fiduciary which
2 satisfies the requirements of this subsection shall not
3 be liable following the distribution of any benefit, or
4 the investment by or on behalf of a participant or
5 beneficiary pursuant to the selected guaranteed re-
6 tirement income contract, for any losses that may
7 result to the participant or beneficiary due to an in-
8 surer’s inability to satisfy its financial obligations
9 under the terms of such contract.

10 “(6) DEFINITIONS.—For purposes of this sub-
11 section—

12 “(A) INSURER.—The term ‘insurer’ means
13 an insurance company, insurance service, or in-
14 surance organization, including affiliates of
15 such companies.

16 “(B) GUARANTEED RETIREMENT INCOME
17 CONTRACT.—The term ‘guaranteed retirement
18 income contract’ means an annuity contract for
19 a fixed term or a contract (or provision or fea-
20 ture thereof) which provides guaranteed bene-
21 fits annually (or more frequently) for at least
22 the remainder of the life of the participant or
23 the joint lives of the participant and the partici-
24 pant’s designated beneficiary as part of an indi-
25 vidual account plan.”.

1 **SEC. 224. DISCLOSURE REGARDING LIFETIME INCOME.**

2 (a) IN GENERAL.—Subparagraph (B) of section
3 105(a)(2) of the Employee Retirement Income Security
4 Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

5 (1) in clause (i), by striking “and” at the end;

6 (2) in clause (ii), by striking “diversification.”

7 and inserting “diversification, and”; and

8 (3) by inserting at the end the following:

9 “(iii) the lifetime income disclosure
10 described in subparagraph (D)(i).

11 In the case of pension benefit statements de-
12 scribed in clause (i) of paragraph (1)(A), a life-
13 time income disclosure under clause (iii) of this
14 subparagraph shall be required to be included
15 in only one pension benefit statement during
16 any one 12-month period.”.

17 (b) LIFETIME INCOME.—Paragraph (2) of section
18 105(a) of the Employee Retirement Income Security Act
19 of 1974 (29 U.S.C. 1025(a)) is amended by adding at the
20 end the following new subparagraph:

21 “(D) LIFETIME INCOME DISCLOSURE.—

22 “(i) IN GENERAL.—

23 “(I) DISCLOSURE.—A lifetime in-
24 come disclosure shall set forth the life-
25 time income stream equivalent of the

1 total benefits accrued with respect to
2 the participant or beneficiary.

3 “(II) LIFETIME INCOME STREAM
4 EQUIVALENT OF THE TOTAL BENE-
5 FITS ACCRUED.—For purposes of this
6 subparagraph, the term ‘lifetime in-
7 come stream equivalent of the total
8 benefits accrued’ means the amount of
9 monthly payments the participant or
10 beneficiary would receive if the total
11 accrued benefits of such participant or
12 beneficiary were used to provide life-
13 time income streams described in sub-
14 clause (III), based on assumptions
15 specified in rules prescribed by the
16 Secretary.

17 “(III) LIFETIME INCOME
18 STREAMS.—The lifetime income
19 streams described in this subclause
20 are a qualified joint and survivor an-
21 nuity (as defined in section 205(d)),
22 based on assumptions specified in
23 rules prescribed by the Secretary, in-
24 cluding the assumption that the par-
25 ticipant or beneficiary has a spouse of

1 equal age, and a single life annuity.
2 Such lifetime income streams may
3 have a term certain or other features
4 to the extent permitted under rules
5 prescribed by the Secretary.

6 “(ii) MODEL DISCLOSURE.—Not later
7 than 1 year after the date of the enact-
8 ment of the Retirement, Savings, and
9 Other Tax Relief Act of 2018, the Sec-
10 retary shall issue a model lifetime income
11 disclosure, written in a manner so as to be
12 understood by the average plan partici-
13 pant, which—

14 “(I) explains that the lifetime in-
15 come stream equivalent is only pro-
16 vided as an illustration;

17 “(II) explains that the actual
18 payments under the lifetime income
19 stream described in clause (i)(III)
20 which may be purchased with the
21 total benefits accrued will depend on
22 numerous factors and may vary sub-
23 stantially from the lifetime income
24 stream equivalent in the disclosures;

1 “(III) explains the assumptions
2 upon which the lifetime income stream
3 equivalent was determined; and

4 “(IV) provides such other similar
5 explanations as the Secretary con-
6 siders appropriate.

7 “(iii) ASSUMPTIONS AND RULES.—
8 Not later than 1 year after the date of the
9 enactment of the Retirement, Savings, and
10 Other Tax Relief Act of 2018, the Sec-
11 retary shall—

12 “(I) prescribe assumptions which
13 administrators of individual account
14 plans may use in converting total ac-
15 crued benefits into lifetime income
16 stream equivalents for purposes of
17 this subparagraph; and

18 “(II) issue interim final rules
19 under clause (i).

20 In prescribing assumptions under sub-
21 clause (I), the Secretary may prescribe a
22 single set of specific assumptions (in which
23 case the Secretary may issue tables or fac-
24 tors which facilitate such conversions), or
25 ranges of permissible assumptions. To the

1 extent that an accrued benefit is or may be
2 invested in a lifetime income stream de-
3 scribed in clause (i)(III), the assumptions
4 prescribed under subclause (I) shall, to the
5 extent appropriate, permit administrators
6 of individual account plans to use the
7 amounts payable under such lifetime in-
8 come stream as a lifetime income stream
9 equivalent.

10 “(iv) LIMITATION ON LIABILITY.—No
11 plan fiduciary, plan sponsor, or other per-
12 son shall have any liability under this title
13 solely by reason of the provision of lifetime
14 income stream equivalents which are de-
15 rived in accordance with the assumptions
16 and rules described in clause (iii) and
17 which include the explanations contained in
18 the model lifetime income disclosure de-
19 scribed in clause (ii). This clause shall
20 apply without regard to whether the provi-
21 sion of such lifetime income stream equiva-
22 lent is required by subparagraph (B)(iii).

23 “(v) EFFECTIVE DATE.—The require-
24 ment in subparagraph (B)(iii) shall apply
25 to pension benefit statements furnished

1 more than 12 months after the latest of
2 the issuance by the Secretary of—

3 “(I) interim final rules under
4 clause (i);

5 “(II) the model disclosure under
6 clause (ii); or

7 “(III) the assumptions under
8 clause (iii).”.

9 **SEC. 225. MODIFICATION OF PBGC PREMIUMS FOR CSEC**
10 **PLANS.**

11 (a) **FLAT RATE PREMIUM.**—Subparagraph (A) of
12 section 4006(a)(3) of the Employee Retirement Income
13 Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amend-
14 ed—

15 (1) in clause (i), by striking “plan,” and insert-
16 ing “plan other than a CSEC plan (as defined in
17 section 210(f)(1))”;

18 (2) in clause (v), by striking “or” at the end;

19 (3) in clause (vi), by striking the period at the
20 end and inserting “, or”; and

21 (4) by adding at the end the following new
22 clause:

23 “(vii) in the case of a CSEC plan (as
24 defined in section 210(f)(1)), for plan
25 years beginning after December 31, 2018,

1 for each individual who is a participant in
2 such plan during the plan year an amount
3 equal to the sum of—

4 “(I) the additional premium (if
5 any) determined under subparagraph
6 (E), and

7 “(II) \$19.”.

8 (b) VARIABLE RATE PREMIUM.—

9 (1) UNFUNDED VESTED BENEFITS.—

10 (A) IN GENERAL.—Subparagraph (E) of
11 section 4006(a)(3) of the Employee Retirement
12 Income Security Act of 1974 (29 U.S.C.
13 1306(a)(3)) is amended by adding at the end
14 the following new clause:

15 “(v) For purposes of clause (ii), in the
16 case of a CSEC plan (as defined in section
17 210(f)(1)), the term ‘unfunded vested ben-
18 efits’ means, for plan years beginning after
19 December 31, 2018, the excess (if any)
20 of—

21 “(I) the funding liability of the
22 plan as determined under section
23 306(j)(5)(C) for the plan year by only
24 taking into account vested benefits,
25 over

1 “(II) the fair market value of
2 plan assets for the plan year which
3 are held by the plan on the valuation
4 date.”.

5 (B) CONFORMING AMENDMENT.—Clause
6 (iii) of section 4006(a)(3)(E) of such Act (29
7 U.S.C. 1306(a)(3)(E)) is amended by striking
8 “For purposes” and inserting “Except as pro-
9 vided in clause (v), for purposes”.

10 (2) APPLICABLE DOLLAR AMOUNT.—

11 (A) IN GENERAL.—Paragraph (8) of sec-
12 tion 4006(a) of such Act (29 U.S.C. 1306(a))
13 is amended by adding at the end the following
14 new subparagraph:

15 “(E) CSEC PLANS.—In the case of a
16 CSEC plan (as defined in section 210(f)(1)),
17 the applicable dollar amount shall be \$9.”.

18 (B) CONFORMING AMENDMENT.—Subpara-
19 graph (A) of section 4006(a)(8) of such Act (29
20 U.S.C. 1306(a)(8)) is amended by striking “(B)
21 and (C)” and inserting “(B), (C), and (E)”.

1 **Subtitle C—Other Savings**
2 **Provisions**

3 **SEC. 231. EXPANSION OF SECTION 529 PLANS.**

4 (a) DISTRIBUTIONS FOR CERTAIN EXPENSES ASSO-
5 CIATED WITH REGISTERED APPRENTICESHIP PRO-
6 GRAMS.—Section 529(c) of the Internal Revenue Code of
7 1986 is amended by adding at the end the following new
8 paragraph:

9 “(8) TREATMENT OF CERTAIN EXPENSES ASSO-
10 CIATED WITH REGISTERED APPRENTICESHIP PRO-
11 GRAMS.—Any reference in this subsection to the
12 term ‘qualified higher education expense’ shall in-
13 clude a reference to expenses for fees, books, sup-
14 plies, and equipment required for the participation
15 of a designated beneficiary in an apprenticeship pro-
16 gram registered and certified with the Secretary of
17 Labor under section 1 of the National Apprentice-
18 ship Act (29 U.S.C. 50).”.

19 (b) DISTRIBUTIONS FOR CERTAIN HOMESCHOOLING
20 EXPENSES.—Section 529(c)(7) of such Code is amended
21 by striking “include a reference to” and all that follows
22 and inserting “include a reference to—

23 “(A) expenses for tuition in connection
24 with enrollment or attendance of a designated

1 beneficiary at an elementary or secondary pub-
2 lic, private, or religious school, and

3 “(B) expenses, with respect to a des-
4 ignated beneficiary, for—

5 “(i) curriculum and curricular mate-
6 rials,

7 “(ii) books or other instructional ma-
8 terials,

9 “(iii) online educational materials,

10 “(iv) tuition for tutoring or edu-
11 cational classes outside of the home (but
12 only if the tutor or class instructor is not
13 related (within the meaning of section
14 152(d)(2)) to the student),

15 “(v) dual enrollment in an institution
16 of higher education, and

17 “(vi) educational therapies for stu-
18 dents with disabilities,

19 in connection with a homeschool (whether treat-
20 ed as a homeschool or a private school for pur-
21 poses of applicable State law).”.

22 (c) DISTRIBUTIONS FOR QUALIFIED EDUCATION

23 LOAN REPAYMENTS.—

1 (1) IN GENERAL.—Section 529(e) of such Code,
2 as amended by subsection (a), is amended by adding
3 at the end the following new paragraph:

4 “(9) TREATMENT OF QUALIFIED EDUCATION
5 LOAN REPAYMENTS.—

6 “(A) IN GENERAL.—Any reference in this
7 subsection to the term ‘qualified higher edu-
8 cation expense’ shall include a reference to
9 amounts paid as principal or interest on any
10 qualified education loan (as defined in section
11 221(d)) of the designated beneficiary or a sib-
12 ling of the designated beneficiary.

13 “(B) LIMITATION.—The amount of dis-
14 tributions treated as a qualified higher edu-
15 cation expense under this paragraph with re-
16 spect to the loans of any individual shall not ex-
17 ceed \$10,000 (reduced by the amount of dis-
18 tributions so treated for all prior taxable years).

19 “(C) SPECIAL RULES FOR SIBLINGS OF
20 THE DESIGNATED BENEFICIARY.—

21 “(i) SEPARATE ACCOUNTING.—For
22 purposes of subparagraph (B) and sub-
23 section (d), amounts treated as a qualified
24 higher education expense with respect to
25 the loans of a sibling of the designated

1 beneficiary shall be taken into account
2 with respect to such sibling and not with
3 respect to such designated beneficiary.

4 “(ii) SIBLING DEFINED.—For pur-
5 poses of this paragraph, the term ‘sibling’
6 means an individual who bears a relation-
7 ship to the designated beneficiary which is
8 described in section 152(d)(2)(B).”.

9 (2) COORDINATION WITH DEDUCTION FOR STU-
10 DENT LOAN INTEREST.—Section 221(e)(1) of such
11 Code is amended by adding at the end the following:
12 “The deduction otherwise allowable under subsection
13 (a) (prior to the application of subsection (b)) to the
14 taxpayer for any taxable year shall be reduced (but
15 not below zero) by so much of the distributions
16 treated as a qualified higher education expense
17 under section 529(c)(9) with respect to loans of the
18 taxpayer as would be includible in gross income
19 under section 529(c)(3)(A) for such taxable year but
20 for such treatment.”.

21 (d) DISTRIBUTIONS FOR CERTAIN ELEMENTARY AND
22 SECONDARY SCHOOL EXPENSES IN ADDITION TO TUI-
23 TION.—Section 529(c)(7)(A), as amended by subsection
24 (b), is amended to read as follows:

1 “(A) expenses described in section
2 530(b)(3)(A)(i) in connection with enrollment
3 or attendance of a designated beneficiary at an
4 elementary or secondary public, private, or reli-
5 gious school, and”.

6 (e) UNBORN CHILDREN ALLOWED AS ACCOUNT
7 BENEFICIARIES.—Section 529(e) is amended by adding at
8 the end the following new paragraph:

9 “(6) TREATMENT OF UNBORN CHILDREN.—

10 “(A) IN GENERAL.—Nothing shall prevent
11 an unborn child from being treated as a des-
12 ignated beneficiary or an individual under this
13 section.

14 “(B) UNBORN CHILD.—For purposes of
15 this paragraph—

16 “(i) IN GENERAL.—The term ‘unborn
17 child’ means a child in utero.

18 “(ii) CHILD IN UTERO.—The term
19 ‘child in utero’ means a member of the
20 species homo sapiens, at any stage of de-
21 velopment, who is carried in the womb.”.

22 (f) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as otherwise pro-
24 vided in this subsection, the amendments made by

1 this section shall apply to distributions made after
2 December 31, 2018.

3 (2) UNBORN CHILDREN ALLOWED AS ACCOUNT
4 BENEFICIARIES.—The amendment made by sub-
5 section (e) shall apply to contributions made after
6 December 31, 2018.

7 **SEC. 232. PENALTY-FREE WITHDRAWALS FROM RETIRE-**
8 **MENT PLANS FOR INDIVIDUALS IN CASE OF**
9 **BIRTH OF CHILD OR ADOPTION.**

10 (a) IN GENERAL.—Section 72(t)(2) is amended by
11 adding at the end the following new subparagraph:

12 “(H) DISTRIBUTIONS FROM RETIREMENT
13 PLANS IN CASE OF BIRTH OF CHILD OR ADOPT-
14 TION.—

15 “(i) IN GENERAL.—Any qualified
16 birth or adoption distribution.

17 “(ii) LIMITATION.—The aggregate
18 amount which may be treated as qualified
19 birth or adoption distributions by any indi-
20 vidual with respect to any birth or adop-
21 tion shall not exceed \$7,500.

22 “(iii) QUALIFIED BIRTH OR ADOPTION
23 DISTRIBUTION.—For purposes of this sub-
24 paragraph—

1 “(I) IN GENERAL.—The term
2 ‘qualified birth or adoption distribu-
3 tion’ means any distribution from an
4 applicable eligible retirement plan to
5 an individual if made during the 1-
6 year period beginning on the date on
7 which a child of the individual is born
8 or on which the legal adoption by the
9 individual of an eligible child is final-
10 ized.

11 “(II) ELIGIBLE CHILD.—The
12 term ‘eligible child’ means any indi-
13 vidual (other than a child of the tax-
14 payer’s spouse) who has not attained
15 age 18 or is physically or mentally in-
16 capable of self-support.

17 “(iv) TREATMENT OF PLAN DISTRIBUTIONS.—
18 TIONS.—

19 “(I) IN GENERAL.—If a distribu-
20 tion to an individual would (without
21 regard to clause (ii)) be a qualified
22 birth or adoption distribution, a plan
23 shall not be treated as failing to meet
24 any requirement of this title merely
25 because the plan treats the distribu-

1 tion as a qualified birth or adoption
2 distribution, unless the aggregate
3 amount of such distributions from all
4 plans maintained by the employer
5 (and any member of any controlled
6 group which includes the employer) to
7 such individual exceeds \$7,500.

8 “(II) CONTROLLED GROUP.—For
9 purposes of subclause (I), the term
10 ‘controlled group’ means any group
11 treated as a single employer under
12 subsection (b), (c), (m), or (o) of sec-
13 tion 414.

14 “(v) AMOUNT DISTRIBUTED MAY BE
15 REPAID.—

16 “(I) IN GENERAL.—Any indi-
17 vidual who receives a qualified birth
18 or adoption distribution may make
19 one or more contributions in an ag-
20 gregate amount not to exceed the
21 amount of such distribution to an ap-
22 plicable eligible retirement plan of
23 which such individual is a beneficiary
24 and to which a rollover contribution of
25 such distribution could be made under

1 section 402(c), 403(a)(4), 403(b)(8),
2 408(d)(3), or 457(e)(16), as the case
3 may be.

4 “(II) LIMITATION ON CONTRIBU-
5 TIONS TO APPLICABLE ELIGIBLE RE-
6 TIREMENT PLANS OTHER THAN
7 IRAS.—The aggregate amount of con-
8 tributions made by an individual
9 under subclause (I) to any applicable
10 eligible retirement plan which is not
11 an individual retirement plan shall not
12 exceed the aggregate amount of quali-
13 fied birth or adoption distributions
14 which are made from such plan to
15 such individual. Subclause (I) shall
16 not apply to contributions to any ap-
17 plicable eligible retirement plan which
18 is not an individual retirement plan
19 unless the individual is eligible to
20 make contributions (other than those
21 described in subclause (I)) to such ap-
22 plicable eligible retirement plan.

23 “(III) TREATMENT OF REPAY-
24 MENTS OF DISTRIBUTIONS FROM AP-
25 PPLICABLE ELIGIBLE RETIREMENT

1 PLANS OTHER THAN IRAS.—If a con-
2 tribution is made under subclause (I)
3 with respect to a qualified birth or
4 adoption distribution from an applica-
5 ble eligible retirement plan other than
6 an individual retirement plan, then
7 the taxpayer shall, to the extent of the
8 amount of the contribution, be treated
9 as having received such distribution in
10 an eligible rollover distribution (as de-
11 fined in section 402(c)(4)) and as
12 having transferred the amount to the
13 applicable eligible retirement plan in a
14 direct trustee to trustee transfer with-
15 in 60 days of the distribution.

16 “(IV) TREATMENT OF REPAY-
17 MENTS FOR DISTRIBUTIONS FROM
18 IRAS.—If a contribution is made
19 under subclause (I) with respect to a
20 qualified birth or adoption distribution
21 from an individual retirement plan,
22 then, to the extent of the amount of
23 the contribution, such distribution
24 shall be treated as a distribution de-
25 scribed in section 408(d)(3) and as

1 having been transferred to the appli-
2 cable eligible retirement plan in a di-
3 rect trustee to trustee transfer within
4 60 days of the distribution.

5 “(vi) DEFINITION AND SPECIAL
6 RULES.—For purposes of this subpara-
7 graph—

8 “(I) APPLICABLE ELIGIBLE RE-
9 TIREMENT PLAN.—The term ‘applica-
10 ble eligible retirement plan’ means an
11 eligible retirement plan (as defined in
12 section 402(c)(8)(B)) other than a de-
13 fined benefit plan.

14 “(II) EXEMPTION OF DISTRIBU-
15 TIONS FROM TRUSTEE TO TRUSTEE
16 TRANSFER AND WITHHOLDING
17 RULES.—For purposes of sections
18 401(a)(31), 402(f), and 3405, a quali-
19 fied birth or adoption distribution
20 shall not be treated as an eligible roll-
21 over distribution.

22 “(III) TAXPAYER MUST INCLUDE
23 TIN.—A distribution shall not be
24 treated as a qualified birth or adop-
25 tion distribution with respect to any

1 child or eligible child unless the tax-
2 payer includes the name, age, and
3 TIN of such child or eligible child on
4 the taxpayer's return of tax for the
5 taxable year.

6 “(IV) DISTRIBUTIONS TREATED
7 AS MEETING PLAN DISTRIBUTION RE-
8 QUIREMENTS.—Any qualified birth or
9 adoption distribution shall be treated
10 as meeting the requirements of sec-
11 tions 401(k)(2)(B)(i),
12 403(b)(7)(A)(ii), 403(b)(11), and
13 457(d)(1)(A).”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to distributions made after Decem-
16 ber 31, 2018.

17 **TITLE III—REPEAL OR DELAY OF**
18 **CERTAIN HEALTH-RELATED**
19 **TAXES**

20 **SEC. 301. EXTENSION OF MORATORIUM ON MEDICAL DE-**
21 **VICE EXCISE TAX.**

22 Section 4191(c) of the Internal Revenue Code of
23 1986 is amended by striking “December 31, 2019” and
24 inserting “December 31, 2024”.

1 **SEC. 302. DELAY IN IMPLEMENTATION OF EXCISE TAX ON**
2 **HIGH COST EMPLOYER-SPONSORED HEALTH**
3 **COVERAGE.**

4 Section 9001(c) of the Patient Protection and Afford-
5 able Care Act is amended by striking “December 31,
6 2021” and inserting “December 31, 2022”.

7 **SEC. 303. EXTENSION OF SUSPENSION OF ANNUAL FEE ON**
8 **HEALTH INSURANCE PROVIDERS.**

9 Section 9010(j)(3) of the Patient Protection and Af-
10 fordable Care Act is amended by striking “December 31,
11 2019” and inserting “December 31, 2021”.

12 **SEC. 304. REPEAL OF EXCISE TAX ON INDOOR TANNING**
13 **SERVICES.**

14 (a) **IN GENERAL.**—Subtitle D of the Internal Rev-
15 enue Code of 1986 is amended by striking chapter 49 and
16 by striking the item relating to such chapter in the table
17 of chapters of such subtitle.

18 (b) **EFFECTIVE DATE.**—The amendments made by
19 this section shall apply to services performed in calendar
20 quarters beginning more than 30 days after the date of
21 the enactment of this Act.

1 **TITLE IV—CERTAIN EXPIRING**
2 **PROVISIONS**

3 **SEC. 401. RAILROAD TRACK MAINTENANCE CREDIT MADE**
4 **PERMANENT.**

5 (a) CREDIT PERCENTAGE REDUCED.—Section
6 45G(a) is amended by striking “50 percent” and inserting
7 “30 percent”.

8 (b) MADE PERMANENT.—Section 45G is amended by
9 striking subsection (f).

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to expenditures paid or incurred
12 during taxable years beginning after December 31, 2017.

13 **SEC. 402. BIODIESEL AND RENEWABLE DIESEL PROVISIONS**
14 **EXTENDED AND PHASED OUT.**

15 (a) INCOME TAX CREDIT.—

16 (1) IN GENERAL.—Section 40A(g) is amended
17 to read as follows:

18 “(g) PHASE OUT; TERMINATION.—

19 “(1) PHASE OUT.—In the case of any sale or
20 use after December 31, 2021, subsections (b)(1)(A)
21 and (b)(2)(A) shall be applied by substituting for
22 ‘\$1.00’—

23 “(A) ‘\$.75’, if such sale or use is before
24 January 1, 2023,

1 “(B) ‘\$.50’, if such sale or use is after De-
2 cember 31, 2022, and before January 1, 2024,
3 and

4 “(C) ‘\$.33’, if such sale or use is after De-
5 cember 31, 2023, and before January 1, 2025.

6 “(2) TERMINATION.—This section shall not
7 apply to any sale or use after December 31, 2024.”.

8 (2) EFFECTIVE DATE.—The amendment made
9 by this subsection shall apply to fuel sold or used
10 after December 31, 2017.

11 (b) EXCISE TAX INCENTIVES.—

12 (1) PHASE OUT.—Section 6426(c)(2) is amend-
13 ed to read as follows:

14 “(2) APPLICABLE AMOUNT.—For purposes of
15 this subsection, the applicable amount is—

16 “(A) \$1.00 in the case of any sale or use
17 for any period before January 1, 2022,

18 “(B) \$.75 in the case of any sale or use for
19 any period after December 31, 2021, and before
20 January 1, 2023,

21 “(C) \$.50 in the case of any sale or use for
22 any period after December 31, 2022, and before
23 January 1, 2024, and

1 “(D) \$.33 in the case of any sale or use
2 for any period after December 31, 2023, and
3 before January 1, 2025.”.

4 (2) TERMINATION.—

5 (A) IN GENERAL.—Section 6426(e)(6) is
6 amended by striking “December 31, 2017” and
7 inserting “December 31, 2024”.

8 (B) PAYMENTS.—Section 6427(e)(6)(B) is
9 amended by striking “December 31, 2017” and
10 inserting “December 31, 2024”.

11 (3) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to fuel sold or used
13 after December 31, 2017.

14 (4) SPECIAL RULE FOR 2018.—Notwithstanding
15 any other provision of law, in the case of any bio-
16 diesel mixture credit properly determined under sec-
17 tion 6426(c) of the Internal Revenue Code of 1986
18 for the period beginning on January 1, 2018, and
19 ending on December 31, 2018, such credit shall be
20 allowed, and any refund or payment attributable to
21 such credit (including any payment under section
22 6427(e) of such Code) shall be made, only in such
23 manner as the Secretary of the Treasury (or the
24 Secretary’s delegate) shall provide. Such Secretary
25 shall issue guidance within 30 days after the date of

1 the enactment of this Act providing for a one-time
2 submission of claims covering periods described in
3 the preceding sentence. Such guidance shall provide
4 for a 180-day period for the submission of such
5 claims (in such manner as prescribed by such Sec-
6 retary) to begin not later than 30 days after such
7 guidance is issued. Such claims shall be paid by such
8 Secretary not later than 60 days after receipt. If
9 such Secretary has not paid pursuant to a claim
10 filed under this subsection within 60 days after the
11 date of the filing of such claim, the claim shall be
12 paid with interest from such date determined by
13 using the overpayment rate and method under sec-
14 tion 6621 of such Code.

15 **TITLE V—OTHER PROVISIONS**

16 **SEC. 501. TECHNICAL AMENDMENTS RELATING TO PUBLIC**

17 **LAW 115-97.**

18 (a) AMENDMENT RELATING TO SECTION 11011.—
19 Section 852(b) is amended by adding at the end the fol-
20 lowing:

21 “(10) TREATMENT BY SHAREHOLDERS OF
22 QUALIFIED REIT DIVIDENDS AND QUALIFIED PUB-
23 LICLY TRADED PARTNERSHIP INCOME.—

24 “(A) IN GENERAL.—A shareholder of a
25 regulated investment company shall take into

1 account for purposes of section
2 199A(b)(1)(B)—

3 “(i) as a qualified REIT dividend the
4 amount which is reported by the company
5 (in written statements furnished to its
6 shareholders) as being attributable to
7 qualified REIT dividends received by the
8 company, and

9 “(ii) as qualified publicly traded part-
10 nership income the amount which is re-
11 ported by the company (in written state-
12 ments furnished to its shareholders) as
13 being attributable to qualified publicly
14 traded partnership income of the company.

15 “(B) EXCESS REPORTED AMOUNTS.—
16 Rules similar to the rules of clauses (ii) and
17 (iii) of paragraph (5)(A) shall apply for pur-
18 poses of this paragraph.

19 “(C) NEGATIVE QUALIFIED PUBLICLY
20 TRADED PARTNERSHIP INCOME REQUIRED TO
21 BE TAKEN INTO ACCOUNT.—If the qualified
22 publicly traded partnership income of the com-
23 pany is less than zero, such income shall be re-
24 ported by the company under subparagraph
25 (A)(ii).

1 “(D) REGULATIONS.—The Secretary shall
2 issue such regulations or other guidance as may
3 be necessary or appropriate to carry out the
4 purposes of this paragraph.”.

5 (b) AMENDMENTS RELATING TO SECTION 13204.—

6 (1) Section 168(e)(3)(E) is amended by striking
7 “and” at the end of clause (v), by striking the pe-
8 riod at the end of clause (vi) and inserting “, and”,
9 and by adding at the end the following new clause:

10 “(vii) any qualified improvement prop-
11 erty.”.

12 (2) The table contained in subparagraph (B) of
13 section 168(g)(3) is amended—

14 (A) by striking the item relating to sub-
15 paragraph (D)(v), and

16 (B) by inserting after the item relating to
17 subparagraph (E)(vi) the following new item:

“(E)(vii) 20”.

18 (c) AMENDMENT RELATING TO SECTION 13302.—

19 Section 13302(e)(2) of Public Law 115-97 is amended by
20 striking “ending” and inserting “beginning”.

21 (d) AMENDMENT RELATING TO SECTION 13307.—

22 Section 162(q)(2) is amended by inserting “in the case
23 of the taxpayer for whom a deduction is disallowed by rea-
24 son of paragraph (1),” before “attorney’s fees”.

25 (e) AMENDMENT RELATING TO SECTION 14103.—

1 (1) IN GENERAL.—Section 965(h) is amended
2 by adding at the end the following new paragraph:

3 “(7) INSTALLMENTS NOT TO PREVENT CREDIT
4 OR REFUND OF OVERPAYMENTS OR INCREASE ESTI-
5 MATED TAXES.—If an election is made under para-
6 graph (1) to pay the net tax liability under this sec-
7 tion in installments—

8 “(A) no installment of such net tax liabil-
9 ity shall—

10 “(i) in the case of a request for credit
11 or refund, be taken into account as a li-
12 ability for purposes of determining whether
13 an overpayment exists for purposes of sec-
14 tion 6402 before the date on which such
15 installment is due, or

16 “(ii) for purposes of sections 6425,
17 6654, and 6655, be treated as a tax im-
18 posed by section 1, section 11, or sub-
19 chapter L of chapter 1, and

20 “(B) the first sentence of section 6403
21 shall not apply with respect to any such install-
22 ment.”.

23 (2) LIMITATION ON PAYMENT OF INTEREST.—
24 In the case of the portion of any overpayment which
25 exists by reason of the application of section

1 965(h)(7) of the Internal Revenue Code of 1986 (as
2 added by this subsection)—

3 (A) if credit or refund of such portion is
4 made on or before the date which is 45 days
5 after the date of the enactment of this Act, no
6 interest shall be allowed or paid under section
7 6611 of such Code with respect to such portion,
8 and

9 (B) if credit or refund of such portion is
10 made after the date which is 45 days after the
11 date of the enactment of this Act, no interest
12 shall be allowed or paid under section 6611 of
13 such Code with respect to such portion for any
14 period before the date of the enactment of this
15 Act.

16 (f) AMENDMENTS RELATING TO SECTION 14213.—

17 (1) Section 958(b) is amended—

18 (A) by inserting after paragraph (3) the
19 following:

20 “(4) Subparagraphs (A), (B), and (C) of sec-
21 tion 318(a)(3) shall not be applied so as to consider
22 a United States person as owning stock which is
23 owned by a person who is not a United States per-
24 son.”, and

1 (B) by striking “Paragraph (1)” in the
2 last sentence and inserting “Paragraphs (1)
3 and (4)”.

4 (2) Subpart F of part III of subchapter N of
5 chapter 1 is amended by inserting after section
6 951A the following new section:

7 **“SEC. 951B. AMOUNTS INCLUDED IN GROSS INCOME OF**
8 **FOREIGN CONTROLLED UNITED STATES**
9 **SHAREHOLDERS.**

10 “(a) IN GENERAL.—In the case of any foreign con-
11 trolled United States shareholder of a foreign controlled
12 foreign corporation—

13 “(1) this subpart (other than sections 951A,
14 951(b), 957, and 965) shall be applied with respect
15 to such shareholder (separately from, and in addi-
16 tion to, the application of this subpart without re-
17 gard to this section)—

18 “(A) by substituting ‘foreign controlled
19 United States shareholder’ for ‘United States
20 shareholder’ each place it appears therein, and

21 “(B) by substituting ‘foreign controlled
22 foreign corporation’ for ‘controlled foreign cor-
23 poration’ each place it appears therein, and

24 “(2) sections 951A and 965 shall be applied
25 with respect to such shareholder —

1 “(A) by treating each reference to ‘United
2 States shareholder’ in such sections as includ-
3 ing a reference to such shareholder, and

4 “(B) by treating each reference to ‘con-
5 trolled foreign corporation’ in such sections as
6 including a reference to such foreign controlled
7 foreign corporation.

8 “(b) FOREIGN CONTROLLED UNITED STATES
9 SHAREHOLDER.—For purposes of this section, the term
10 ‘foreign controlled United States shareholder’ means, with
11 respect to any foreign corporation, any United States per-
12 son which would be a United States shareholder with re-
13 spect to such foreign corporation if—

14 “(1) section 951(b) were applied by substituting
15 ‘more than 50 percent’ for ‘10 percent or more’, and

16 “(2) section 958(b) were applied without regard
17 to paragraph (4) thereof.

18 “(c) FOREIGN CONTROLLED FOREIGN CORPORA-
19 TION.—For purposes of this section, the term ‘foreign con-
20 trolled foreign corporation’ means a foreign corporation,
21 other than a controlled foreign corporation, which would
22 be a controlled foreign corporation if section 957(a) were
23 applied—

1 “(1) by substituting ‘foreign controlled United
2 States shareholders’ for ‘United States share-
3 holders’, and

4 “(2) by substituting ‘section 958(b) (other than
5 paragraph (4) thereof)’ for ‘section 958(b)’.

6 “(d) REGULATIONS.—The Secretary shall prescribe
7 such regulations or other guidance as may be necessary
8 or appropriate to carry out the purposes of this section,
9 including regulations or other guidance—

10 “(1) to treat a foreign controlled United States
11 shareholder or a foreign controlled foreign corpora-
12 tion as a United States shareholder or as a con-
13 trolled foreign corporation, respectively, for purposes
14 of provisions of this title other than this subpart,
15 and

16 “(2) to prevent the avoidance of the purposes of
17 this section.”.

18 (3) The amendments made by paragraphs (1)
19 and (2) shall apply to—

20 (A) the last taxable year of foreign cor-
21 porations beginning before January 1, 2018,
22 and each subsequent taxable year of such for-
23 eign corporations, and

1 (B) taxable years of United States persons
2 in which or with which such taxable years of
3 foreign corporations end.

4 (g) EFFECTIVE DATES.—Except as otherwise pro-
5 vided in this section, the amendments made by this section
6 shall take effect as if included in the provision of Public
7 Law 115-97 to which they relate.

8 **SEC. 502. CLARIFICATION OF TREATMENT OF VETERANS AS**
9 **SPECIFIED GROUP FOR PURPOSES OF THE**
10 **LOW-INCOME HOUSING TAX CREDIT.**

11 For purposes of section 42(g)(9)(B) of the Internal
12 Revenue Code of 1986, veterans shall not fail to be treated
13 as a specified group under a Federal program.

14 **SEC. 503. CLARIFICATION OF GENERAL PUBLIC USE RE-**
15 **QUIREMENT FOR QUALIFIED RESIDENTIAL**
16 **RENTAL PROJECTS.**

17 (a) IN GENERAL.—Section 142(d)(2) is amended by
18 adding at the end the following new subparagraph:

19 “(F) CLARIFICATION OF GENERAL PUBLIC USE
20 REQUIREMENT.—Rules similar to the rules of sec-
21 tion 42(g)(9) shall apply for purposes of this sub-
22 section.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to bonds issued before, on, or after
25 the date of enactment of this Act.

1 **SEC. 504. FLOOR PLAN FINANCING APPLICABLE TO CER-**
2 **TAIN TRAILERS AND CAMPERS.**

3 (a) IN GENERAL.—Section 163(j)(9)(C) is amended
4 by adding at the end the following new flush sentence:

5 “Such term shall include any trailer or camper
6 which is designed to provide temporary living
7 quarters for recreational, camping, travel, or
8 seasonal use and is designed to be towed by, or
9 affixed to, a motor vehicle.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2017.

13 **SEC. 505. REPEAL OF INCREASE IN UNRELATED BUSINESS**
14 **TAXABLE INCOME BY DISALLOWED FRINGE.**

15 (a) IN GENERAL.—Section 512(a) is amended by
16 striking paragraph (7).

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall take effect as if included in section
19 13703 of Public Law 115-97.

20 **SEC. 506. CERTAIN PURCHASES OF EMPLOYEE-OWNED**
21 **STOCK DISREGARDED FOR PURPOSES OF**
22 **FOUNDATION TAX ON EXCESS BUSINESS**
23 **HOLDINGS.**

24 (a) IN GENERAL.—Section 4943(c)(4)(A) is amended
25 by adding at the end the following new clause:

1 “(v) CERTAIN PURCHASES OF EM-
2 PLOYEE-OWNED STOCK DISREGARDED.—
3 For purposes of clause (i), subparagraph
4 (D), and paragraph (2), any voting stock
5 which—

6 “(I) is not readily tradable on an
7 established securities market,

8 “(II) is purchased by the busi-
9 ness enterprise on or after January 1,
10 2005, from a stock bonus or profit
11 sharing plan described in section
12 401(a) in which employees of such
13 business enterprise participate, in con-
14 nection with a distribution from such
15 plan, and

16 “(III) is held by the business en-
17 terprise as treasury stock, cancelled,
18 or retired,

19 shall be treated as outstanding voting
20 stock, but only to the extent so treating
21 such stock would not result in permitted
22 holdings exceeding 49 percent (determined
23 without regard to this clause). The pre-
24 ceding sentence shall not apply with re-
25 spect to the purchase of stock from a plan

1 during the 10-year period beginning on the
2 date the plan is established.”

3 (b) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section shall apply to taxable years ending after
6 the date of enactment of this Act and to purchases
7 by a business enterprise of voting stock in taxable
8 years beginning before, on, or after the date of en-
9 actment of this Act.

10 (2) SPECIAL RULE FOR GRANDFATHERED
11 FOUNDATIONS IN CASE OF DECREASE IN OWNER-
12 SHIP BY REASON OF PRE-ENACTMENT PUR-
13 CHASES.—Section 4943(c)(4)(A)(ii) of the Internal
14 Revenue Code of 1986 shall not apply with respect
15 to any decrease in the percentage of holdings in a
16 business enterprise by reason of section
17 4943(c)(4)(A)(v) of such Code (as added by this sec-
18 tion).

19 **SEC. 507. ALLOWING 501(c)(3) ORGANIZATION TO MAKE**
20 **STATEMENTS RELATING TO POLITICAL CAM-**
21 **PAIGN IN ORDINARY COURSE OF CARRYING**
22 **OUT ITS TAX EXEMPT PURPOSE.**

23 (a) IN GENERAL.—Section 501 of the Internal Rev-
24 enue Code of 1986 is amended by adding at the end the
25 following new subsection:

1 “(s) SPECIAL RULE RELATING TO POLITICAL CAM-
2 PAIGN STATEMENTS OF ORGANIZATION DESCRIBED IN
3 SUBSECTION (c)(3).—

4 “(1) IN GENERAL.—For purposes of subsection
5 (c)(3) and sections 170(c)(2), 2055, 2106, 2522,
6 and 4955, an organization shall not fail to be treat-
7 ed as organized and operated exclusively for a pur-
8 pose described in subsection (c)(3), nor shall it be
9 deemed to have participated in, or intervened in any
10 political campaign on behalf of (or in opposition to)
11 any candidate for public office, solely because of the
12 content of any statement which—

13 “(A) is made in the ordinary course of the
14 organization’s regular and customary activities
15 in carrying out its exempt purpose, and

16 “(B) results in the organization incurring
17 not more than de minimis incremental ex-
18 penses.”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years ending after the
21 date of the enactment of this Act.

1 **SEC. 508. CHARITABLE ORGANIZATIONS PERMITTED TO**
2 **MAKE COLLEGIATE HOUSING AND INFRA-**
3 **STRUCTURE GRANTS.**

4 (a) IN GENERAL.—Section 501, as amended by the
5 preceding provisions of this Act, is amended by adding at
6 the end the following new subsection:

7 “(t) TREATMENT OF ORGANIZATIONS MAKING COL-
8 LEGIATE HOUSING AND INFRASTRUCTURE IMPROVEMENT
9 GRANTS.—

10 “(1) IN GENERAL.—For purposes of subsection
11 (c)(3) and sections 170(c)(2)(B), 2055(a)(2), and
12 2522(a)(2), an organization shall not fail to be
13 treated as organized and operated exclusively for
14 charitable or educational purposes solely because
15 such organization makes collegiate housing and in-
16 frastructure grants to an organization described in
17 subsection (c)(7) which applies the grant to its colle-
18 giate housing property.

19 “(2) HOUSING AND INFRASTRUCTURE
20 GRANTS.—For purposes of paragraph (1), collegiate
21 housing and infrastructure grants are grants to pro-
22 vide, improve, operate, or maintain collegiate hous-
23 ing property that may involve more than incidental
24 social, recreational, or private purposes, so long as
25 such grants are for purposes that would be permis-
26 sible for a dormitory or other residential facility of

1 the college or university with which the collegiate
2 housing property is associated. A grant shall not be
3 treated as a collegiate housing and infrastructure
4 grant for purposes of paragraph (1) to the extent
5 that such grant is used to provide physical fitness
6 facilities.

7 “(3) COLLEGIATE HOUSING PROPERTY.—For
8 purposes of this subsection, collegiate housing prop-
9 erty is property in which, at the time of a grant or
10 following the acquisition, lease, construction, or
11 modification of such property using such grant, sub-
12 stantially all of the residents are full-time students
13 at the college or university in the community where
14 such property is located.

15 “(4) GRANTS TO CERTAIN ORGANIZATIONS
16 HOLDING TITLE TO PROPERTY, ETC.—For purposes
17 of this subsection, a collegiate housing and infra-
18 structure grant to an organization described in sub-
19 section (c)(2) or (c)(7) holding title to property ex-
20 clusively for the benefit of an organization described
21 in subsection (c)(7) shall be considered a grant to
22 the organization described in subsection (c)(7) for
23 whose benefit such property is held.”

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to grants made in taxable years
3 ending after the date of the enactment of this Act.

4 **SEC. 509. RESTRICTION ON REGULATION OF CONTINGENCY**
5 **FEEES WITH RESPECT TO TAX RETURNS, ETC.**

6 The Secretary of the Treasury may not regulate, pro-
7 hibit, or restrict the use of a contingent fee in connection
8 with tax returns, claims for refund, or documents in con-
9 nection with tax returns or claims for refund prepared on
10 behalf of a taxpayer.

11 **DIVISION B—TAXPAYER FIRST**
12 **ACT OF 2018**

13 **SECTION 1. SHORT TITLE; ETC.**

14 (a) SHORT TITLE.—This division may be cited as the
15 “Taxpayer First Act of 2018”.

16 (b) AMENDMENT OF 1986 CODE.—Except as other-
17 wise expressly provided, whenever in this division an
18 amendment or repeal is expressed in terms of an amend-
19 ment to, or repeal of, a section or other provision, the ref-
20 erence shall be considered to be made to a section or other
21 provision of the Internal Revenue Code of 1986.

22 (c) TABLE OF CONTENTS.—The table of contents for
23 this division is as follows:

Sec. 1. Short title; etc.

TITLE I—PUTTING TAXPAYERS FIRST

Subtitle A—Independent Appeals Process

Sec. 1001. Establishment of Internal Revenue Service Independent Office of Appeals.

Subtitle B—Improved Service

- Sec. 1101. Comprehensive customer service strategy.
- Sec. 1102. IRS Free File Program.
- Sec. 1103. Low-income exception for payments otherwise required in connection with a submission of an offer-in-compromise.

Subtitle C—Sensible Enforcement

- Sec. 1201. Internal Revenue Service seizure requirements with respect to structuring transactions.
- Sec. 1202. Exclusion of interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.
- Sec. 1203. Clarification of equitable relief from joint liability.
- Sec. 1204. Modification of procedures for issuance of third-party summons.
- Sec. 1205. Private debt collection and special compliance personnel program.
- Sec. 1206. Reform of notice of contact of third parties.
- Sec. 1207. Modification of authority to issue designated summons.
- Sec. 1208. Limitation on access of non-Internal Revenue Service employees to returns and return information.

Subtitle D—Organizational Modernization

- Sec. 1301. Office of the National Taxpayer Advocate.
- Sec. 1302. Modernization of Internal Revenue Service organizational structure.

Subtitle E—Other Provisions

- Sec. 1401. Return preparation programs for applicable taxpayers.
- Sec. 1402. Provision of information regarding low-income taxpayer clinics.
- Sec. 1403. Notice from IRS regarding closure of taxpayer assistance centers.
- Sec. 1404. Rules for seizure and sale of perishable goods restricted to only perishable goods.
- Sec. 1405. Whistleblower reforms.
- Sec. 1406. Customer service information.
- Sec. 1407. Misdirected tax refund deposits.

TITLE II—21ST CENTURY IRS

Subtitle A—Cybersecurity and Identity Protection

- Sec. 2001. Public-private partnership to address identity theft refund fraud.
- Sec. 2002. Recommendations of Electronic Tax Administration Advisory Committee regarding identity theft refund fraud.
- Sec. 2003. Information sharing and analysis center.
- Sec. 2004. Compliance by contractors with confidentiality safeguards.
- Sec. 2005. Report on electronic payments.
- Sec. 2006. Identity protection personal identification numbers.
- Sec. 2007. Single point of contact for tax-related identity theft victims.
- Sec. 2008. Notification of suspected identity theft.
- Sec. 2009. Guidelines for stolen identity refund fraud cases.
- Sec. 2010. Increased penalty for improper disclosure or use of information by preparers of returns.

Subtitle B—Development of Information Technology

- Sec. 2101. Management of Internal Revenue Service information technology.
- Sec. 2102. Development of online accounts and portals.
- Sec. 2103. Internet platform for Form 1099 filings.
- Sec. 2104. Streamlined critical pay authority for information technology positions.

Subtitle C—Modernization of Consent-based Income Verification System

- Sec. 2201. Disclosure of taxpayer information for third-party income verification.
- Sec. 2202. Limit redisclosures and uses of consent-based disclosures of tax return information.

Subtitle D—Expanded Use of Electronic Systems

- Sec. 2301. Electronic filing of returns.
- Sec. 2302. Uniform standards for the use of electronic signatures for disclosure authorizations to, and other authorizations of, practitioners.
- Sec. 2303. Payment of taxes by debit and credit cards.
- Sec. 2304. Requirement that electronically prepared paper returns include scannable code.
- Sec. 2305. Authentication of users of electronic services accounts.

Subtitle E—Other Provisions

- Sec. 2401. Repeal of provision regarding certain tax compliance procedures and reports.
- Sec. 2402. Comprehensive training strategy.

TITLE III—MISCELLANEOUS PROVISIONS

Subtitle A—Reform of Laws Governing Internal Revenue Service Employees

- Sec. 3001. Electronic record retention.
- Sec. 3002. Prohibition on rehiring any employee of the Internal Revenue Service who was involuntarily separated from service for misconduct.
- Sec. 3003. Notification of unauthorized inspection or disclosure of returns and return information.

Subtitle B—Provisions Relating to Exempt Organizations

- Sec. 3101. Mandatory e-filing by exempt organizations.
- Sec. 3102. Notice required before revocation of tax exempt status for failure to file return.

Subtitle C—Tax Court

- Sec. 3301. Disqualification of judge or magistrate judge of the Tax Court.
- Sec. 3302. Opinions and judgments.
- Sec. 3303. Title of special trial judge changed to magistrate judge of the Tax Court.
- Sec. 3304. Repeal of deadwood related to Board of Tax Appeals.

1 **TITLE I—PUTTING TAXPAYERS**
2 **FIRST**
3 **Subtitle A—Independent Appeals**
4 **Process**

5 **SEC. 1001. ESTABLISHMENT OF INTERNAL REVENUE SERV-**
6 **ICE INDEPENDENT OFFICE OF APPEALS.**

7 (a) IN GENERAL.—Section 7803 is amended by add-
8 ing at the end the following new subsection:

9 “(e) INDEPENDENT OFFICE OF APPEALS.—

10 “(1) ESTABLISHMENT.—There is established in
11 the Internal Revenue Service an office to be known
12 as the ‘Internal Revenue Service Independent Office
13 of Appeals’.

14 “(2) CHIEF OF APPEALS.—

15 “(A) IN GENERAL.—The Internal Revenue
16 Service Independent Office of Appeals shall be
17 under the supervision and direction of an offi-
18 cial to be known as the ‘Chief of Appeals’. The
19 Chief of Appeals shall report directly to the
20 Commissioner of the Internal Revenue Service
21 and shall be entitled to compensation at the
22 same rate as the highest rate of basic pay es-
23 tablished for the Senior Executive Service under
24 section 5382 of title 5, United States Code.

1 “(B) APPOINTMENT.—The Chief of Ap-
2 peals shall be appointed by the Commissioner of
3 the Internal Revenue Service without regard to
4 the provisions of title 5, United States Code, re-
5 lating to appointments in the competitive serv-
6 ice or the Senior Executive Service.

7 “(C) QUALIFICATIONS.—An individual ap-
8 pointed under subparagraph (B) shall have ex-
9 perience and expertise in—

10 “(i) administration of, and compliance
11 with, Federal tax laws,

12 “(ii) a broad range of compliance
13 cases, and

14 “(iii) management of large service or-
15 ganizations.

16 “(3) PURPOSES AND DUTIES OF OFFICE.—It
17 shall be the function of the Internal Revenue Service
18 Independent Office of Appeals to resolve Federal tax
19 controversies without litigation on a basis which—

20 “(A) is fair and impartial to both the Gov-
21 ernment and the taxpayer,

22 “(B) promotes a consistent application and
23 interpretation of, and voluntary compliance
24 with, the Federal tax laws, and

1 “(C) enhances public confidence in the in-
2 tegrity and efficiency of the Internal Revenue
3 Service.

4 “(4) RIGHT OF APPEAL.—The resolution proc-
5 ess described in paragraph (3) shall be generally
6 available to all taxpayers.

7 “(5) LIMITATION ON DESIGNATION OF CASES
8 AS NOT ELIGIBLE FOR REFERRAL TO INDEPENDENT
9 OFFICE OF APPEALS.—

10 “(A) IN GENERAL.—If any taxpayer which
11 is in receipt of a notice of deficiency authorized
12 under section 6212 requests referral to the In-
13 ternal Revenue Service Independent Office of
14 Appeals and such request is denied, the Com-
15 missioner of the Internal Revenue Service shall
16 provide such taxpayer a written notice which—

17 “(i) provides a detailed description of
18 the facts involved, the basis for the deci-
19 sion to deny the request, and a detailed ex-
20 planation of how the basis of such decision
21 applies to such facts, and

22 “(ii) describes the procedures pre-
23 scribed under subparagraph (C) for pro-
24 testing the decision to deny the request.

1 “(B) REPORT TO CONGRESS.—The Com-
2 missioner of the Internal Revenue Service shall
3 submit a written report to Congress on an an-
4 nual basis which includes the number of re-
5 quests described in subparagraph (A) which
6 were denied and the reasons (described by cat-
7 egory) that such requests were denied.

8 “(C) PROCEDURES FOR PROTESTING DE-
9 NIAL OF REQUEST.—The Commissioner of the
10 Internal Revenue Service shall prescribe proce-
11 dures for protesting to the Commissioner of the
12 Internal Revenue Service a denial of a request
13 described in subparagraph (A).

14 “(D) NOT APPLICABLE TO FRIVOLOUS PO-
15 SITIONS.—This paragraph shall not apply to a
16 request for referral to the Internal Revenue
17 Service Independent Office of Appeals which is
18 denied on the basis that the issue involved is a
19 frivolous position (within the meaning of section
20 6702(c)).

21 “(6) STAFF.—

22 “(A) IN GENERAL.—All personnel in the
23 Internal Revenue Service Independent Office of
24 Appeals shall report to the Chief of Appeals.

1 “(B) ACCESS TO STAFF OF OFFICE OF
2 THE CHIEF COUNSEL.—The Chief of Appeals
3 shall have authority to obtain legal assistance
4 and advice from the staff of the Office of the
5 Chief Counsel. The Chief Counsel shall ensure
6 that such assistance and advice is provided by
7 staff of the Office of the Chief Counsel who
8 were not involved in the case with respect to
9 which such assistance and advice is sought and
10 who are not involved in preparing such case for
11 litigation.

12 “(7) ACCESS TO CASE FILES.—

13 “(A) IN GENERAL.—In any case in which
14 a conference with the Internal Revenue Service
15 Independent Office of Appeals has been sched-
16 uled upon request of a specified taxpayer, the
17 Chief of Appeals shall ensure that such tax-
18 payer is provided access to the nonprivileged
19 portions of the case file on record regarding the
20 disputed issues (other than documents provided
21 by the taxpayer to the Internal Revenue Serv-
22 ice) not later than 10 days before the date of
23 such conference.

24 “(B) TAXPAYER ELECTION TO EXPEDITE
25 CONFERENCE.—If the taxpayer so elects, sub-

1 paragraph (A) shall be applied by substituting
2 ‘the date of such conference’ for ‘10 days before
3 the date of such conference’.

4 “(C) SPECIFIED TAXPAYER.—For pur-
5 poses of this paragraph—

6 “(i) IN GENERAL.—The term ‘speci-
7 fied taxpayer’ means—

8 “(I) in the case of any taxpayer
9 who is a natural person, a taxpayer
10 whose adjusted gross income does not
11 exceed \$400,000 for the taxable year
12 to which the dispute relates, and

13 “(II) in the case of any other
14 taxpayer, a taxpayer whose gross re-
15 ceipts do not exceed \$5,000,000 for
16 the taxable year to which the dispute
17 relates.

18 “(ii) AGGREGATION RULE.—Rules
19 similar to the rules of section 448(c)(2)
20 shall apply for purposes of clause (i)(II).”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) The following provisions are each amended
23 by striking “Internal Revenue Service Office of Ap-
24 peals” and inserting “Internal Revenue Service
25 Independent Office of Appeals”:

1 (A) Section 6015(c)(4)(B)(ii)(I).

2 (B) Section 6320(b)(1).

3 (C) Subsections (b)(1) and (d)(3) of sec-
4 tion 6330.

5 (D) Section 6603(d)(3)(B).

6 (E) Section 6621(c)(2)(A)(i).

7 (F) Section 7122(e)(2).

8 (G) Subsections (a), (b)(1), (b)(2), and
9 (c)(1) of section 7123.

10 (H) Subsections (c)(7)(B)(i), and (g)(2)(A)
11 of section 7430.

12 (I) Section 7522(b)(3).

13 (J) Section 7612(c)(2)(A).

14 (2) Section 7430(c)(2) is amended by striking
15 “Internal Revenue Service Office of Appeals” each
16 place it appears and inserting “Internal Revenue
17 Service Independent Office of Appeals”.

18 (3) The heading of section 6330(d)(3) is
19 amended by inserting “INDEPENDENT” after “IRS”.

20 (c) OTHER REFERENCES.—Any reference in any pro-
21 vision of law, or regulation or other guidance, to the Inter-
22 nal Revenue Service Office of Appeals shall be treated as
23 a reference to the Internal Revenue Service Independent
24 Office of Appeals.

1 (d) SAVINGS PROVISIONS.—Rules similar to the rules
2 of paragraphs (2) through (6) of section 1001(b) of the
3 Internal Revenue Service Restructuring and Reform Act
4 of 1998 shall apply for purposes of this section (and the
5 amendments made by this section).

6 (e) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this subsection, the amendments made by
9 this section shall take effect on the date of the en-
10 actment of this Act.

11 (2) ACCESS TO CASE FILES.—Section
12 7803(e)(7) of the Internal Revenue Code of 1986, as
13 added by subsection (a), shall apply to conferences
14 occurring after the date which is 1 year after the
15 date of the enactment of this Act.

16 **Subtitle B—Improved Service**

17 **SEC. 1101. COMPREHENSIVE CUSTOMER SERVICE STRAT-** 18 **EGY.**

19 (a) IN GENERAL.—Not later than the date which is
20 1 year after the date of the enactment of this Act, the
21 Secretary of the Treasury shall submit to Congress a writ-
22 ten comprehensive customer service strategy for the Inter-
23 nal Revenue Service. Such strategy shall include—

24 (1) a plan to provide assistance to taxpayers
25 that is secure, designed to meet reasonable taxpayer

1 expectations, and adopts appropriate best practices
2 of customer service provided in the private sector,
3 including online services, telephone call back serv-
4 ices, and training of employees providing customer
5 services,

6 (2) a thorough assessment of the services that
7 the Internal Revenue Service can co-locate with
8 other Federal services or offer as self-service op-
9 tions,

10 (3) proposals to improve Internal Revenue Serv-
11 ice customer service in the short term (the current
12 and following fiscal year), medium term (approx-
13 imately 3 to 5 fiscal years), and long term (approx-
14 imately 10 fiscal years),

15 (4) a plan to update guidance and training ma-
16 terials for customer service employees of the Internal
17 Revenue Service, including the Internal Revenue
18 Manual, to reflect such strategy, and

19 (5) identified metrics and benchmarks for quan-
20 titatively measuring the progress of the Internal
21 Revenue Service in implementing such strategy.

22 (b) UPDATED GUIDANCE AND TRAINING MATE-
23 RIALS.—Not later than 2 years after the date of the enact-
24 ment of this Act, the Secretary of the Treasury (or the
25 Secretary's delegate) shall make available the updated

1 guidance and training materials described in subsection
2 (a)(4) (including the Internal Revenue Manual). Such up-
3 dated guidance and training materials (including the In-
4 ternal Revenue Manual) shall be written in a manner so
5 as to be easily understood by customer service employees
6 of the Internal Revenue Service and shall provide clear
7 instructions.

8 **SEC. 1102. IRS FREE FILE PROGRAM.**

9 (a) IN GENERAL.—

10 (1) The Secretary of the Treasury, or the Sec-
11 retary's delegate, shall continue to operate the IRS
12 Free File Program as established by the Internal
13 Revenue Service and published in the Federal Reg-
14 ister on November 4, 2002 (67 Fed. Reg. 67247),
15 including any subsequent agreements and governing
16 rules established pursuant thereto.

17 (2) The IRS Free File Program shall continue
18 to provide free commercial-type online individual in-
19 come tax preparation and electronic filing services to
20 the lowest 70 percent of taxpayers by adjusted gross
21 income. The number of taxpayers eligible to receive
22 such services each year shall be calculated by the In-
23 ternal Revenue Service annually based on prior year
24 aggregate taxpayer adjusted gross income data.

1 (3) In addition to the services described in
2 paragraph (2), and in the same manner, the IRS
3 Free File Program shall continue to make available
4 to all taxpayers (without regard to income) a basic,
5 online electronic fillable forms utility.

6 (4) The IRS Free File Program shall continue
7 to work cooperatively with the private sector to pro-
8 vide the free individual income tax preparation and
9 the electronic filing services described in paragraphs
10 (2) and (3).

11 (5) The IRS Free File Program shall work co-
12 operatively with State government agencies to en-
13 hance and expand the use of the program to provide
14 needed benefits to the taxpayer while reducing the
15 cost of processing returns.

16 (b) INNOVATIONS.—The Secretary of the Treasury,
17 or the Secretary's delegate, shall work with the private
18 sector through the IRS Free File Program to identify and
19 implement, consistent with applicable law, innovative new
20 program features to improve and simplify the taxpayer's
21 experience with completing and filing individual income
22 tax returns through voluntary compliance.

1 **SEC. 1103. LOW-INCOME EXCEPTION FOR PAYMENTS OTH-**
2 **ERWISE REQUIRED IN CONNECTION WITH A**
3 **SUBMISSION OF AN OFFER-IN-COMPROMISE.**

4 (a) IN GENERAL.—Section 7122(e) is amended by
5 adding at the end the following new paragraph:

6 “(3) EXCEPTION FOR LOW-INCOME TAX-
7 PAYERS.—Paragraph (1), and any user fee otherwise
8 required in connection with the submission of an
9 offer-in-compromise, shall not apply to any offer-in-
10 compromise with respect to a taxpayer who is an in-
11 dividual with adjusted gross income, as determined
12 for the most recent taxable year for which such in-
13 formation is available, which does not exceed 250
14 percent of the applicable poverty level (as deter-
15 mined by the Secretary).”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to offers-in-compromise submitted
18 after the date of the enactment of this Act.

19 **Subtitle C—Sensible Enforcement**

20 **SEC. 1201. INTERNAL REVENUE SERVICE SEIZURE RE-**
21 **QUIREMENTS WITH RESPECT TO STRUC-**
22 **TURING TRANSACTIONS.**

23 Section 5317(c)(2) of title 31, United States Code,
24 is amended—

25 (1) by striking “Any property” and inserting
26 the following:

1 “(A) IN GENERAL.—Any property”; and
2 (2) by adding at the end the following:

3 “(B) INTERNAL REVENUE SERVICE SEI-
4 ZURE REQUIREMENTS WITH RESPECT TO
5 STRUCTURING TRANSACTIONS.—

6 “(i) PROPERTY DERIVED FROM AN IL-
7 LEGAL SOURCE.—Property may only be
8 seized by the Internal Revenue Service
9 pursuant to subparagraph (A) by reason of
10 a claimed violation of section 5324 if the
11 property to be seized was derived from an
12 illegal source or the funds were structured
13 for the purpose of concealing the violation
14 of a criminal law or regulation other than
15 section 5324.

16 “(ii) NOTICE.—Not later than 30
17 days after property is seized by the Inter-
18 nal Revenue Service pursuant to subpara-
19 graph (A), the Internal Revenue Service
20 shall—

21 “(I) make a good faith effort to
22 find all persons with an ownership in-
23 terest in such property; and

24 “(II) provide each such person so
25 found with a notice of the seizure and

1 of the person's rights under clause
2 (iv).

3 “(iii) EXTENSION OF NOTICE UNDER
4 CERTAIN CIRCUMSTANCES.—The Internal
5 Revenue Service may apply to a court of
6 competent jurisdiction for one 30-day ex-
7 tension of the notice requirement under
8 clause (ii) if the Internal Revenue Service
9 can establish probable cause of an immi-
10 nent threat to national security or personal
11 safety necessitating such extension.

12 “(iv) POST-SEIZURE HEARING.—If a
13 person with an ownership interest in prop-
14 erty seized pursuant to subparagraph (A)
15 by the Internal Revenue Service requests a
16 hearing by a court of competent jurisdic-
17 tion within 30 days after the date on which
18 notice is provided under subclause (ii),
19 such property shall be returned unless the
20 court holds an adversarial hearing and
21 finds within 30 days of such request (or
22 such longer period as the court may pro-
23 vide, but only on request of an interested
24 party) that there is probable cause to be-
25 lieve that there is a violation of section

1 5324 involving such property and probable
2 cause to believe that the property to be
3 seized was derived from an illegal source or
4 the funds were structured for the purpose
5 of concealing the violation of a criminal
6 law or regulation other than section
7 5324.”.

8 **SEC. 1202. EXCLUSION OF INTEREST RECEIVED IN ACTION**
9 **TO RECOVER PROPERTY SEIZED BY THE IN-**
10 **TERNAL REVENUE SERVICE BASED ON**
11 **STRUCTURING TRANSACTION.**

12 (a) IN GENERAL.—Part III of subchapter B of chap-
13 ter 1 is amended by inserting before section 140 the fol-
14 lowing new section:

15 **“SEC. 139H. INTEREST RECEIVED IN ACTION TO RECOVER**
16 **PROPERTY SEIZED BY THE INTERNAL REV-**
17 **ENUE SERVICE BASED ON STRUCTURING**
18 **TRANSACTION.**

19 “Gross income shall not include any interest received
20 from the Federal Government in connection with an action
21 to recover property seized by the Internal Revenue Service
22 pursuant to section 5317(c)(2) of title 31, United States
23 Code, by reason of a claimed violation of section 5324 of
24 such title.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part III of subchapter B of chapter 1 is amended by
3 inserting before the item relating to section 140 the fol-
4 lowing new item:

“Sec. 139H. Interest received in action to recover property seized by the Inter-
nal Revenue Service based on structuring transaction.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to interest received on or after the
7 date of the enactment of this Act.

8 **SEC. 1203. CLARIFICATION OF EQUITABLE RELIEF FROM**
9 **JOINT LIABILITY.**

10 (a) IN GENERAL.—Section 6015 is amended—

11 (1) in subsection (e), by adding at the end the
12 following new paragraph:

13 “(7) STANDARD AND SCOPE OF REVIEW.—Any
14 review of a determination made under this section
15 shall be reviewed de novo by the Tax Court and shall
16 be based upon—

17 “(A) the administrative record established
18 at the time of the determination, and

19 “(B) any additional newly discovered or
20 previously unavailable evidence.”, and

21 (2) by amending subsection (f) to read as fol-
22 lows:

23 “(f) EQUITABLE RELIEF.—

1 “(1) IN GENERAL.—Under procedures pre-
2 scribed by the Secretary, if—

3 “(A) taking into account all the facts and
4 circumstances, it is inequitable to hold the indi-
5 vidual liable for any unpaid tax or any defi-
6 ciency (or any portion of either), and

7 “(B) relief is not available to such indi-
8 vidual under subsection (b) or (c),
9 the Secretary may relieve such individual of such li-
10 ability.

11 “(2) LIMITATION.—A request for equitable re-
12 lief under this subsection may be made with respect
13 to any portion of any liability that—

14 “(A) has not been paid, provided that such
15 request is made before the expiration of the ap-
16 plicable period of limitation under section 6502,
17 or

18 “(B) has been paid, provided that such re-
19 quest is made during the period in which the
20 individual could submit a timely claim for re-
21 fund or credit of such payment.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to petitions or requests filed or
24 pending on or after the date of the enactment of this Act.

1 **SEC. 1204. MODIFICATION OF PROCEDURES FOR ISSUANCE**
2 **OF THIRD-PARTY SUMMONS.**

3 (a) **IN GENERAL.**—Section 7609(f) is amended by
4 adding at the end the following flush sentence:

5 “The Secretary shall not issue any summons described in
6 the preceding sentence unless the information sought to
7 be obtained is narrowly tailored to information that per-
8 tains to the failure (or potential failure) of the person or
9 group or class of persons referred to in paragraph (2) to
10 comply with one or more provisions of the internal revenue
11 law which have been identified for purposes of such para-
12 graph.”.

13 (b) **EFFECTIVE DATE.**—The amendments made by
14 this section shall apply to summonses served after the date
15 of the enactment of this Act.

16 **SEC. 1205. PRIVATE DEBT COLLECTION AND SPECIAL COM-**
17 **PLIANCE PERSONNEL PROGRAM.**

18 (a) **CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR**
19 **COLLECTION UNDER TAX COLLECTION CONTRACTS.**—
20 Section 6306(d)(3) is amended by striking “or” at the end
21 of subparagraph (C) and by inserting after subparagraph
22 (D) the following new subparagraphs:

23 “(E) a taxpayer substantially all of whose
24 income consists of disability insurance benefits
25 under section 223 of the Social Security Act or
26 supplemental security income benefits under

1 title XVI of the Social Security Act (including
2 supplemental security income benefits of the
3 type described in section 1616 of such Act or
4 section 212 of Public Law 93-66), or

5 “(F) a taxpayer who is an individual with
6 adjusted gross income, as determined for the
7 most recent taxable year for which such infor-
8 mation is available, which does not exceed 200
9 percent of the applicable poverty level (as deter-
10 mined by the Secretary).”.

11 (b) DETERMINATION OF INACTIVE TAX RECEIV-
12 ABLES ELIGIBLE FOR COLLECTION UNDER TAX COLLEC-
13 TION CONTRACTS.—Section 6306(c)(2)(A)(ii) is amended
14 by striking “more than $\frac{1}{3}$ of the period of the applicable
15 statute of limitation has lapsed” and inserting “more than
16 2 years has passed since assessment”.

17 (c) MAXIMUM LENGTH OF INSTALLMENT AGREE-
18 MENTS OFFERED UNDER TAX COLLECTION CON-
19 TRACTS.—Section 6306(b)(1)(B) is amended by striking
20 “5 years” and inserting “7 years”.

21 (d) CLARIFICATION THAT SPECIAL COMPLIANCE
22 PERSONNEL PROGRAM ACCOUNT MAY BE USED FOR
23 PROGRAM COSTS.—

24 (1) IN GENERAL.—Section 6307(b) is amend-
25 ed—

1 (A) in paragraph (2), by striking all that
2 follows “under such program” and inserting a
3 period, and

4 (B) in paragraph (3), by striking all that
5 follows “out of such account” and inserting
6 “for other than program costs”.

7 (2) COMMUNICATIONS, SOFTWARE, AND TECH-
8 NOLOGY COSTS TREATED AS PROGRAM COSTS.—Sec-
9 tion 6307(d)(2)(B) is amended by striking “tele-
10 communications” and inserting “communications,
11 software, technology”.

12 (3) CONFORMING AMENDMENT.—Section
13 6307(d)(2) is amended by striking “and” at the end
14 of subparagraph (A), by striking the period at the
15 end of subparagraph (B) and inserting “, and”, and
16 by inserting after subparagraph (B) the following
17 new subparagraph:

18 “(C) reimbursement of the Internal Rev-
19 enue Service or other government agencies for
20 the cost of administering the qualified tax col-
21 lection program under section 6306.”.

22 (e) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as otherwise pro-
24 vided in this subsection, the amendments made by
25 this section shall apply to tax receivables identified

1 by the Secretary (or the Secretary's delegate) after
2 December 31, 2019.

3 (2) MAXIMUM LENGTH OF INSTALLMENT
4 AGREEMENTS.—The amendment made by subsection
5 (c) shall apply to contracts entered into after the
6 date of the enactment of this Act.

7 (3) USE OF SPECIAL COMPLIANCE PERSONNEL
8 PROGRAM ACCOUNT.—The amendment made by sub-
9 section (d) shall apply to amounts expended from
10 the special compliance personnel program account
11 after the date of the enactment of this Act.

12 **SEC. 1206. REFORM OF NOTICE OF CONTACT OF THIRD**
13 **PARTIES.**

14 (a) IN GENERAL.—Section 7602(c)(1) is amended to
15 read as follows:

16 “(1) GENERAL NOTICE.—An officer or em-
17 ployee of the Internal Revenue Service may not con-
18 tact any person other than the taxpayer with respect
19 to the determination or collection of the tax liability
20 of such taxpayer unless such contact occurs during
21 a period (not greater than 1 year) which is specified
22 in a notice which—

23 “(A) informs the taxpayer that contacts
24 with persons other than the taxpayer are in-
25 tended to be made during such period, and

1 “(B) except as otherwise provided by the
2 Secretary, is provided to the taxpayer not later
3 than 45 days before the beginning of such pe-
4 riod.

5 Nothing in the preceding sentence shall prevent the
6 issuance of notices to the same taxpayer with respect
7 to the same tax liability with periods specified there-
8 in that, in the aggregate, exceed 1 year. A notice
9 shall not be issued under this paragraph unless
10 there is an intent at the time such notice is issued
11 to contact persons other than the taxpayer during
12 the period specified in such notice. The preceding
13 sentence shall not prevent the issuance of a notice
14 if the requirement of such sentence is met on the
15 basis of the assumption that the information sought
16 to be obtained by such contact will not be obtained
17 by other means before such contact.”.

18 (b) **EFFECTIVE DATE.**—The amendment made by
19 this section shall apply to notices provided, and contacts
20 of persons made, after the date which is 45 days after
21 the date of the enactment of this Act.

22 **SEC. 1207. MODIFICATION OF AUTHORITY TO ISSUE DES-**
23 **IGNATED SUMMONS.**

24 (a) **IN GENERAL.**—Paragraph (1) of section 6503(j)
25 is amended by striking “coordinated examination pro-

1 gram” and inserting “coordinated industry case pro-
2 gram”.

3 (b) REQUIREMENTS FOR SUMMONS.—Clause (i) of
4 section 6503(j)(2)(A) is amended to read as follows:

5 “(i) the issuance of such summons is
6 preceded by a review and written approval
7 of such issuance by the Commissioner of
8 the relevant operating division of the Inter-
9 nal Revenue Service and the Chief Counsel
10 which—

11 “(I) states facts clearly estab-
12 lishing that the Secretary has made
13 reasonable requests for the informa-
14 tion that is the subject of the sum-
15 mons, and

16 “(II) is attached to such sum-
17 mons,”.

18 (c) ESTABLISHMENT THAT REASONABLE REQUESTS
19 FOR INFORMATION WERE MADE.—Subsection (j) of sec-
20 tion 6503 is amended by adding at the end the following
21 new paragraph:

22 “(4) ESTABLISHMENT THAT REASONABLE RE-
23 QUESTS FOR INFORMATION WERE MADE.—In any
24 court proceeding described in paragraph (3), the
25 Secretary shall establish that reasonable requests

1 (1) shall take effect on the date of the enact-
2 ment of this Act, and

3 (2) shall not fail to apply to a contract in effect
4 under section 6103(n) of the Internal Revenue Code
5 of 1986 merely because such contract was in effect
6 before the date of the enactment of this Act.

7 **Subtitle D—Organizational** 8 **Modernization**

9 **SEC. 1301. OFFICE OF THE NATIONAL TAXPAYER ADVOCATE.** 10 **CATE.**

11 (a) TAXPAYER ADVOCATE DIRECTIVES.—

12 (1) IN GENERAL.—Section 7803(c) is amended
13 by adding at the end the following new paragraph:

14 “(5) TAXPAYER ADVOCATE DIRECTIVES.—In
15 the case of any Taxpayer Advocate Directive issued
16 by the National Taxpayer Advocate pursuant to a
17 delegation of authority from the Commissioner of
18 the Internal Revenue Service—

19 “(A) the Commissioner or a Deputy Com-
20 missioner shall modify, rescind, or ensure com-
21 pliance with such directive not later than 90
22 days after the issuance of such directive, and

23 “(B) in the case of any directive which is
24 modified or rescinded by a Deputy Commis-
25 sioner, the National Taxpayer Advocate may

1 (not later than 90 days after such modification
2 or rescission) appeal to the Commissioner and
3 the Commissioner shall (not later than 90 days
4 after such appeal is made) ensure compliance
5 with such directive as issued by the National
6 Taxpayer Advocate or provide the National
7 Taxpayer Advocate with a detailed description
8 of the reasons for any modification or rescission
9 made or upheld by the Commissioner pursuant
10 to such appeal.”.

11 (2) REPORT TO CERTAIN COMMITTEES OF CON-
12 GRESS REGARDING DIRECTIVES.—Section
13 7803(c)(2)(B)(ii) is amended by redesignating sub-
14 clauses (VIII) through (XI) as subclauses (IX)
15 through (XII), respectively, and by inserting after
16 subclause (VII) the following new subclause:

17 “(VIII) identify any Taxpayer
18 Advocate Directive which was not
19 honored by the Internal Revenue
20 Service in a timely manner, as speci-
21 fied under paragraph (5);”.

22 (b) NATIONAL TAXPAYER ADVOCATE ANNUAL RE-
23 PORTS TO CONGRESS.—

24 (1) INCLUSION OF MOST SERIOUS TAXPAYER
25 PROBLEMS.—Section 7803(c)(2)(B)(ii)(III) is

1 amended by striking “at least 20 of the” and insert-
2 ing “the 10”.

3 (2) COORDINATION WITH TREASURY INSPECTOR
4 GENERAL FOR TAX ADMINISTRATION.—Section
5 7803(e)(2) is amended by adding at the end the fol-
6 lowing new subparagraph:

7 “(E) COORDINATION WITH TREASURY IN-
8 SPECTOR GENERAL FOR TAX ADMINISTRA-
9 TION.—Before beginning any research or study,
10 the National Taxpayer Advocate shall coordi-
11 nate with the Treasury Inspector General for
12 Tax Administration to ensure that the National
13 Taxpayer Advocate does not duplicate any ac-
14 tion that the Treasury Inspector General for
15 Tax Administration has already undertaken or
16 has a plan to undertake.”.

17 (3) STATISTICAL SUPPORT.—

18 (A) IN GENERAL.—Section 6108 is amend-
19 ed by adding at the end the following new sub-
20 section:

21 “(d) STATISTICAL SUPPORT FOR NATIONAL TAX-
22 PAYER ADVOCATE.—The Secretary shall, upon request of
23 the National Taxpayer Advocate, provide the National
24 Taxpayer Advocate with statistical support in connection
25 with the preparation by the National Taxpayer Advocate

1 of the annual report described in section
2 7803(c)(2)(B)(ii). Such statistical support shall include
3 statistical studies, compilations, and the review of infor-
4 mation provided by the National Taxpayer Advocate for
5 statistical validity and sound statistical methodology.”.

6 (B) DISCLOSURE OF REVIEW.—Section
7 7803(c)(2)(B)(ii), as amended by subsection
8 (a), is amended by redesignating subclause
9 (XII) as subclause (XIII) and by inserting after
10 subclause (XI) the following new subclause:

11 “(XII) with respect to any statis-
12 tical information included in such re-
13 port, include a statement of whether
14 such statistical information was re-
15 viewed or provided by the Secretary
16 under section 6108(d) and, if so,
17 whether the Secretary determined
18 such information to be statistically
19 valid and based on sound statistical
20 methodology.”.

21 (C) CONFORMING AMENDMENT.—Section
22 7803(c)(2)(B)(iii) is amended by adding at the
23 end the following: “The preceding sentence
24 shall not apply with respect to statistical infor-
25 mation provided to the Secretary for review, or

1 received from the Secretary, under section
2 6108(d).”.

3 (c) SALARY OF NATIONAL TAXPAYER ADVOCATE.—
4 Section 7803(c)(1)(B)(i) is amended by striking “, or, if
5 the Secretary of the Treasury so determines, at a rate
6 fixed under section 9503 of such title”.

7 (d) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the amendments made by
10 this section shall take effect on the date of the en-
11 actment of this Act.

12 (2) SALARY OF NATIONAL TAXPAYER ADVO-
13 CATE.—The amendment made by subsection (c)
14 shall apply to compensation paid to individuals ap-
15 pointed as the National Taxpayer Advocate after the
16 date of the enactment of this Act.

17 **SEC. 1302. MODERNIZATION OF INTERNAL REVENUE SERV-**
18 **ICE ORGANIZATIONAL STRUCTURE.**

19 (a) IN GENERAL.—Not later than September 30,
20 2020, the Commissioner of the Internal Revenue Service
21 shall submit to Congress a comprehensive written plan to
22 redesign the organization of the Internal Revenue Service.
23 Such plan shall—

24 (1) ensure the successful implementation of the
25 priorities specified by Congress in this Act,

1 (2) prioritize taxpayer services to ensure that
2 all taxpayers easily and readily receive the assistance
3 that they need,

4 (3) streamline the structure of the agency in-
5 cluding minimizing the duplication of services and
6 responsibilities within the agency,

7 (4) best position the Internal Revenue Service
8 to combat cybersecurity and other threats to the In-
9 ternal Revenue Service, and

10 (5) address whether the Criminal Investigation
11 Division of the Internal Revenue Service should re-
12 port directly to the Commissioner.

13 (b) REPEAL OF RESTRICTION ON ORGANIZATIONAL
14 STRUCTURE OF INTERNAL REVENUE SERVICE.—Para-
15 graph (3) of section 1001(a) of the Internal Revenue Serv-
16 ice Restructuring and Reform Act of 1998 shall cease to
17 apply beginning 1 year after the date on which the Com-
18 missioner of the Internal Revenue Service submits to Con-
19 gress the plan described in subsection (a).

20 **Subtitle E—Other Provisions**

21 **SEC. 1401. RETURN PREPARATION PROGRAMS FOR APPLI-** 22 **CABLE TAXPAYERS.**

23 (a) IN GENERAL.—Chapter 77 is amended by insert-
24 ing after section 7526 the following new section:

1 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR AP-**
2 **PLICABLE TAXPAYERS.**

3 “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX
4 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-
5 retary shall establish a Community Volunteer Income Tax
6 Assistance Matching Grant Program under which the Sec-
7 retary may, subject to the availability of appropriated
8 funds, make grants to provide matching funds for the de-
9 velopment, expansion, or continuation of qualified return
10 preparation programs assisting applicable taxpayers and
11 members of underserved populations.

12 “(b) USE OF FUNDS.—

13 “(1) IN GENERAL.—Qualified return prepara-
14 tion programs may use grants received under this
15 section for—

16 “(A) ordinary and necessary costs associ-
17 ated with program operation in accordance with
18 cost principles under the applicable Office of
19 Management and Budget circular, including—

20 “(i) wages or salaries of persons co-
21 ordinating the activities of the program,

22 “(ii) developing training materials,
23 conducting training, and performing qual-
24 ity reviews of the returns prepared under
25 the program,

26 “(iii) equipment purchases, and

1 “(iv) vehicle-related expenses associ-
2 ated with remote or rural tax preparation
3 services,

4 “(B) outreach and educational activities
5 described in subsection (c)(2)(B), and

6 “(C) services related to financial education
7 and capability, asset development, and the es-
8 tablishment of savings accounts in connection
9 with tax return preparation.

10 “(2) REQUIREMENT OF MATCHING FUNDS.—A
11 qualified return preparation program must provide
12 matching funds on a dollar-for-dollar basis for all
13 grants provided under this section. Matching funds
14 may include—

15 “(A) the salary (including fringe benefits)
16 of individuals performing services for the pro-
17 gram,

18 “(B) the cost of equipment used in the
19 program, and

20 “(C) other ordinary and necessary costs
21 associated with the program.

22 Indirect expenses, including general overhead of any
23 entity administering the program, shall not be
24 counted as matching funds.

25 “(c) APPLICATION.—

1 “(1) IN GENERAL.—Each applicant for a grant
2 under this section shall submit an application to the
3 Secretary at such time, in such manner, and con-
4 taining such information as the Secretary may rea-
5 sonably require.

6 “(2) PRIORITY.—In awarding grants under this
7 section, the Secretary shall give priority to applica-
8 tions which demonstrate—

9 “(A) assistance to applicable taxpayers,
10 with emphasis on outreach to, and services for,
11 such taxpayers,

12 “(B) taxpayer outreach and educational
13 activities relating to eligibility and availability
14 of income supports available through this title,
15 including the earned income tax credit, and

16 “(C) specific outreach and focus on one or
17 more underserved populations.

18 “(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-
19 termining matching grants under this section, the
20 Secretary shall only take into account amounts pro-
21 vided by the qualified return preparation program
22 for expenses described in subsection (b).

23 “(d) PROGRAM ADHERENCE.—

24 “(1) IN GENERAL.—The Secretary shall estab-
25 lish procedures for, and shall conduct not less fre-

1 quently than once every 5 calendar years during
2 which a qualified return preparation program is op-
3 erating under a grant under this section, periodic
4 site visits—

5 “(A) to ensure the program is carrying out
6 the purposes of this section, and

7 “(B) to determine whether the program
8 meets such program adherence standards as the
9 Secretary shall by regulation or other guidance
10 prescribe.

11 “(2) ADDITIONAL REQUIREMENTS FOR GRANT
12 RECIPIENTS NOT MEETING PROGRAM ADHERENCE
13 STANDARDS.—In the case of any qualified return
14 preparation program which—

15 “(A) is awarded a grant under this section,
16 and

17 “(B) is subsequently determined—

18 “(i) not to meet the program adher-
19 ence standards described in paragraph
20 (1)(B), or

21 “(ii) not to be otherwise carrying out
22 the purposes of this section,

23 such program shall not be eligible for any additional
24 grants under this section unless such program pro-
25 vides sufficient documentation of corrective meas-

1 ures established to address any such deficiencies de-
2 termined.

3 “(e) DEFINITIONS.—For purposes of this section—

4 “(1) QUALIFIED RETURN PREPARATION PRO-
5 GRAM.—The term ‘qualified return preparation pro-
6 gram’ means any program—

7 “(A) which provides assistance to individ-
8 uals, not less than 90 percent of whom are ap-
9 plicable taxpayers, in preparing and filing Fed-
10 eral income tax returns,

11 “(B) which is administered by a qualified
12 entity,

13 “(C) in which all volunteers who assist in
14 the preparation of Federal income tax returns
15 meet the training requirements prescribed by
16 the Secretary, and

17 “(D) which uses a quality review process
18 which reviews 100 percent of all returns.

19 “(2) QUALIFIED ENTITY.—

20 “(A) IN GENERAL.—The term ‘qualified
21 entity’ means any entity which—

22 “(i) is an eligible organization,

23 “(ii) is in compliance with Federal tax
24 filing and payment requirements,

1 “(iii) is not debarred or suspended
2 from Federal contracts, grants, or coopera-
3 tive agreements, and

4 “(iv) agrees to provide documentation
5 to substantiate any matching funds pro-
6 vided pursuant to the grant program under
7 this section.

8 “(B) ELIGIBLE ORGANIZATION.—The term
9 ‘eligible organization’ means—

10 “(i) an institution of higher education
11 which is described in section 102 (other
12 than subsection (a)(1)(C) thereof) of the
13 Higher Education Act of 1965 (20 U.S.C.
14 1002), as in effect on the date of the en-
15 actment of this section, and which has not
16 been disqualified from participating in a
17 program under title IV of such Act,

18 “(ii) an organization described in sec-
19 tion 501(c) and exempt from tax under
20 section 501(a),

21 “(iii) a local government agency, in-
22 cluding—

23 “(I) a county or municipal gov-
24 ernment agency, and

1 “(II) an Indian tribe, as defined
2 in section 4(13) of the Native Amer-
3 ican Housing Assistance and Self-De-
4 termination Act of 1996 (25 U.S.C.
5 4103(13)), including any tribally des-
6 ignated housing entity (as defined in
7 section 4(22) of such Act (25 U.S.C.
8 4103(22))), tribal subsidiary, subdivi-
9 sion, or other wholly owned tribal en-
10 tity,

11 “(iv) a local, State, regional, or na-
12 tional coalition (with one lead organization
13 which meets the eligibility requirements of
14 clause (i), (ii), or (iii) acting as the appli-
15 cant organization), or

16 “(v) in the case of applicable tax-
17 payers and members of underserved popu-
18 lations with respect to which no organiza-
19 tions described in the preceding clauses are
20 available—

21 “(I) a State government agency,
22 or

23 “(II) an office providing Cooper-
24 ative Extension services (as estab-
25 lished at the land-grant colleges and

1 universities under the Smith-Lever
2 Act of May 8, 1914).

3 “(3) APPLICABLE TAXPAYERS.—The term ‘ap-
4 plicable taxpayer’ means a taxpayer whose income
5 for the taxable year does not exceed an amount
6 equal to the completed phaseout amount under sec-
7 tion 32(b) for a married couple filing a joint return
8 with three or more qualifying children, as deter-
9 mined in a revenue procedure or other published
10 guidance.

11 “(4) UNDERSERVED POPULATION.—The term
12 ‘underserved population’ includes populations of per-
13 sons with disabilities, persons with limited English
14 proficiency, Native Americans, individuals living in
15 rural areas, members of the Armed Forces and their
16 spouses, and the elderly.

17 “(f) SPECIAL RULES AND LIMITATIONS.—

18 “(1) DURATION OF GRANTS.—Upon application
19 of a qualified return preparation program, the Sec-
20 retary is authorized to award a multi-year grant not
21 to exceed 3 years.

22 “(2) AGGREGATE LIMITATION.—Unless other-
23 wise provided by specific appropriation, the Sec-
24 retary shall not allocate more than \$30,000,000 per

1 fiscal year (exclusive of costs of administering the
2 program) to grants under this section.

3 “(g) PROMOTION OF PROGRAMS.—

4 “(1) IN GENERAL.—The Secretary shall pro-
5 mote tax preparation through qualified return prepa-
6 ration programs through the use of mass commu-
7 nications and other means.

8 “(2) PROVISION OF INFORMATION REGARDING
9 QUALIFIED RETURN PREPARATION PROGRAMS.—The
10 Secretary may provide taxpayers information regard-
11 ing qualified return preparation programs receiving
12 grants under this section.

13 “(3) VITA GRANTEE REFERRAL.—Qualified re-
14 turn preparation programs receiving a grant under
15 this section are encouraged, in appropriate cases,
16 to—

17 “(A) advise taxpayers of the availability of,
18 and eligibility requirements for receiving, advice
19 and assistance from qualified low-income tax-
20 payer clinics receiving funding under section
21 7526, and

22 “(B) provide information regarding the lo-
23 cation of, and contact information for, such
24 clinics.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 77 is amended by inserting after the item re-
3 lating to section 7526 the following new item:

“Sec. 7526A. Return preparation programs for applicable taxpayers.”.

4 **SEC. 1402. PROVISION OF INFORMATION REGARDING LOW-**
5 **INCOME TAXPAYER CLINICS.**

6 (a) IN GENERAL.—Section 7526(c) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following new paragraph:

9 “(6) PROVISION OF INFORMATION REGARDING
10 QUALIFIED LOW-INCOME TAXPAYER CLINICS.—Not-
11 withstanding any other provision of law, officers and
12 employees of the Department of the Treasury may—

13 “(A) advise taxpayers of the availability of,
14 and eligibility requirements for receiving, advice
15 and assistance from one or more specific quali-
16 fied low-income taxpayer clinics receiving fund-
17 ing under this section, and

18 “(B) provide information regarding the lo-
19 cation of, and contact information for, such
20 clinics.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on the date of the enactment
23 of this Act.

1 **SEC. 1403. NOTICE FROM IRS REGARDING CLOSURE OF**
2 **TAXPAYER ASSISTANCE CENTERS.**

3 Not later than 90 days before the date that a pro-
4 posed closure of a Taxpayer Assistance Center would take
5 effect, the Secretary of the Treasury (or the Secretary's
6 delegate) shall—

7 (1) make publicly available (including by non-
8 electronic means) a notice which—

9 (A) identifies the Taxpayer Assistance
10 Center proposed for closure and the date of
11 such proposed closure, and

12 (B) identifies the relevant alternative
13 sources of taxpayer assistance which may be
14 utilized by taxpayers affected by such proposed
15 closure, and

16 (2) submit to Congress a written report that in-
17 cludes—

18 (A) the information included in the notice
19 described in paragraph (1),

20 (B) the reasons for such proposed closure,
21 and

22 (C) such other information as the Sec-
23 retary may determine appropriate.

1 **SEC. 1404. RULES FOR SEIZURE AND SALE OF PERISHABLE**
2 **GOODS RESTRICTED TO ONLY PERISHABLE**
3 **GOODS.**

4 (a) **IN GENERAL.**—Section 6336 of the Internal Rev-
5 enue Code of 1986 is amended by striking “or become
6 greatly reduced in price or value by keeping, or that such
7 property cannot be kept without great expense”.

8 (b) **EFFECTIVE DATE.**—The amendment made by
9 this section shall apply to property seized after the date
10 of the enactment of this Act.

11 **SEC. 1405. WHISTLEBLOWER REFORMS.**

12 (a) **MODIFICATIONS TO DISCLOSURE RULES FOR**
13 **WHISTLEBLOWERS.**—

14 (1) **IN GENERAL.**—Section 6103(k) is amended
15 by adding at the end the following new paragraph:

16 “(13) **DISCLOSURE TO WHISTLEBLOWERS.**—

17 “(A) **IN GENERAL.**—The Secretary may
18 disclose, to any individual providing information
19 relating to any purpose described in paragraph
20 (1) or (2) of section 7623(a), return informa-
21 tion related to the investigation of any taxpayer
22 with respect to whom the individual has pro-
23 vided such information, but only to the extent
24 that such disclosure is necessary in obtaining
25 information, which is not otherwise reasonably
26 available, with respect to the correct determina-

1 tion of tax liability for tax, or the amount to be
2 collected with respect to the enforcement of any
3 other provision of this title.

4 “(B) UPDATES ON WHISTLEBLOWER IN-
5 VESTIGATIONS.—The Secretary shall disclose to
6 an individual providing information relating to
7 any purpose described in paragraph (1) or (2)
8 of section 7623(a) the following:

9 “(i) Not later than 60 days after a
10 case for which the individual has provided
11 information has been referred for an audit
12 or examination, a notice with respect to
13 such referral.

14 “(ii) Not later than 60 days after a
15 taxpayer with respect to whom the indi-
16 vidual has provided information has made
17 a payment of tax with respect to tax liabil-
18 ity to which such information relates, a no-
19 tice with respect to such payment.

20 “(iii) Subject to such requirements
21 and conditions as are prescribed by the
22 Secretary, upon a written request by such
23 individual—

1 “(I) information on the status
2 and stage of any investigation or ac-
3 tion related to such information, and

4 “(II) in the case of a determina-
5 tion of the amount of any award
6 under section 7623(b), the reasons for
7 such determination.

8 Clause (iii) shall not apply to any information
9 if the Secretary determines that disclosure of
10 such information would seriously impair Fed-
11 eral tax administration. Information described
12 in clauses (i), (ii), and (iii) may be disclosed to
13 a designee of the individual providing such in-
14 formation in accordance with guidance provided
15 by the Secretary.”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) CONFIDENTIALITY OF INFORMA-
18 TION.—Section 6103(a)(3) is amended by strik-
19 ing “subsection (k)(10)” and inserting “para-
20 graph (10) or (13) of subsection (k)”.

21 (B) PENALTY FOR UNAUTHORIZED DIS-
22 CLOSURE.—Section 7213(a)(2) is amended by
23 striking “(k)(10)” and inserting “(k)(10) or
24 (13)”.

1 (C) COORDINATION WITH AUTHORITY TO
2 DISCLOSE FOR INVESTIGATIVE PURPOSES.—
3 Section 6103(k)(6) is amended by adding at the
4 end the following new sentence: “This para-
5 graph shall not apply to any disclosure to an in-
6 dividual providing information relating to any
7 purpose described in paragraph (1) or (2) of
8 section 7623(a) which is made under paragraph
9 (13)(A).”.

10 (b) PROTECTION AGAINST RETALIATION.—Section
11 7623 is amended by adding at the end the following new
12 subsection:

13 “(d) CIVIL ACTION TO PROTECT AGAINST RETALIA-
14 TION CASES.—

15 “(1) ANTI-RETALIATION WHISTLEBLOWER PRO-
16 TECTION FOR EMPLOYEES.—No employer, or any of-
17 ficer, employee, contractor, subcontractor, or agent
18 of such employer, may discharge, demote, suspend,
19 threaten, harass, or in any other manner discrimi-
20 nate against an employee in the terms and condi-
21 tions of employment (including through an act in the
22 ordinary course of such employee’s duties) in re-
23 prisal for any lawful act done by the employee—

24 “(A) to provide information, cause infor-
25 mation to be provided, or otherwise assist in an

1 investigation regarding underpayment of tax or
2 any conduct which the employee reasonably be-
3 lieves constitutes a violation of the internal rev-
4 enue laws or any provision of Federal law relat-
5 ing to tax fraud, when the information or as-
6 sistance is provided to the Internal Revenue
7 Service, the Secretary of Treasury, the Treas-
8 ury Inspector General for Tax Administration,
9 the Comptroller General of the United States,
10 the Department of Justice, the United States
11 Congress, a person with supervisory authority
12 over the employee, or any other person working
13 for the employer who has the authority to inves-
14 tigate, discover, or terminate misconduct, or

15 “(B) to testify, participate in, or otherwise
16 assist in any administrative or judicial action
17 taken by the Internal Revenue Service relating
18 to an alleged underpayment of tax or any viola-
19 tion of the internal revenue laws or any provi-
20 sion of Federal law relating to tax fraud.

21 “(2) ENFORCEMENT ACTION.—

22 “(A) IN GENERAL.—A person who alleges
23 discharge or other reprisal by any person in vio-
24 lation of paragraph (1) may seek relief under
25 paragraph (3) by—

1 “(i) filing a complaint with the Sec-
2 retary of Labor, or

3 “(ii) if the Secretary of Labor has not
4 issued a final decision within 180 days of
5 the filing of the complaint and there is no
6 showing that such delay is due to the bad
7 faith of the claimant, bringing an action at
8 law or equity for de novo review in the ap-
9 propriate district court of the United
10 States, which shall have jurisdiction over
11 such an action without regard to the
12 amount in controversy.

13 “(B) PROCEDURE.—

14 “(i) IN GENERAL.—An action under
15 subparagraph (A)(i) shall be governed
16 under the rules and procedures set forth in
17 section 42121(b) of title 49, United States
18 Code.

19 “(ii) EXCEPTION.—Notification made
20 under section 42121(b)(1) of title 49,
21 United States Code, shall be made to the
22 person named in the complaint and to the
23 employer.

24 “(iii) BURDENS OF PROOF.—An ac-
25 tion brought under subparagraph (A)(ii)

1 shall be governed by the legal burdens of
2 proof set forth in section 42121(b) of title
3 49, United States Code, except that in ap-
4 plying such section—

5 “(I) ‘behavior described in para-
6 graph (1)’ shall be substituted for ‘be-
7 havior described in paragraphs (1)
8 through (4) of subsection (a)’ each
9 place it appears in paragraph (2)(B)
10 thereof, and

11 “(II) ‘a violation of paragraph
12 (1)’ shall be substituted for ‘a viola-
13 tion of subsection (a)’ each place it
14 appears.

15 “(iv) STATUTE OF LIMITATIONS.—A
16 complaint under subparagraph (A)(i) shall
17 be filed not later than 180 days after the
18 date on which the violation occurs.

19 “(v) JURY TRIAL.—A party to an ac-
20 tion brought under subparagraph (A)(ii)
21 shall be entitled to trial by jury.

22 “(3) REMEDIES.—

23 “(A) IN GENERAL.—An employee pre-
24 vailing in any action under paragraph (2)(A)

1 shall be entitled to all relief necessary to make
2 the employee whole.

3 “(B) COMPENSATORY DAMAGES.—Relief
4 for any action under subparagraph (A) shall in-
5 clude—

6 “(i) reinstatement with the same se-
7 niority status that the employee would
8 have had, but for the reprisal,

9 “(ii) the sum of 200 percent of the
10 amount of back pay and 100 percent of all
11 lost benefits, with interest, and

12 “(iii) compensation for any special
13 damages sustained as a result of the re-
14 prisal, including litigation costs, expert wit-
15 ness fees, and reasonable attorney fees.

16 “(4) RIGHTS RETAINED BY EMPLOYEE.—Noth-
17 ing in this section shall be deemed to diminish the
18 rights, privileges, or remedies of any employee under
19 any Federal or State law, or under any collective
20 bargaining agreement.

21 “(5) NONENFORCEABILITY OF CERTAIN PROVI-
22 SIONS WAIVING RIGHTS AND REMEDIES OR REQUIR-
23 ING ARBITRATION OF DISPUTES.—

24 “(A) WAIVER OF RIGHTS AND REM-
25 EDIES.—The rights and remedies provided for

1 in this subsection may not be waived by any
2 agreement, policy form, or condition of employ-
3 ment, including by a predispute arbitration
4 agreement.

5 “(B) PREDISPUTE ARBITRATION AGREE-
6 MENTS.—No predispute arbitration agreement
7 shall be valid or enforceable, if the agreement
8 requires arbitration of a dispute arising under
9 this subsection.”.

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 subsection (a) shall apply to disclosures made after
13 the date of the enactment of this Act.

14 (2) CIVIL PROTECTION.—The amendment made
15 by subsection (b) shall take effect on the date of the
16 enactment of this Act.

17 **SEC. 1406. CUSTOMER SERVICE INFORMATION.**

18 The Secretary of the Treasury (or the Secretary’s
19 delegate) shall provide helpful information to taxpayers
20 placed on hold during a telephone call to any Internal Rev-
21 enue Service help line, including the following:

22 (1) Information about common tax scams.

23 (2) Information on where and how to report tax
24 scams.

1 (3) Additional advice on how taxpayers can pro-
2 tect themselves from identity theft and tax scams.

3 **SEC. 1407. MISDIRECTED TAX REFUND DEPOSITS.**

4 Section 6402 is amended by adding at the end the
5 following new subsection:

6 “(n) MISDIRECTED DIRECT DEPOSIT REFUND.—Not
7 later than the date which is 6 month after the date of
8 the enactment of the Taxpayer First Act of 2018, the Sec-
9 retary shall prescribe regulations to establish procedures
10 to allow for—

11 “(1) taxpayers to report instances in which a
12 refund made by the Secretary by electronic funds
13 transfer was erroneously delivered to an account at
14 a financial institution for which the taxpayer is not
15 the owner;

16 “(2) coordination with financial institutions for
17 the purpose of—

18 “(A) identifying erroneous payments de-
19 scribed in paragraph (1); and

20 “(B) recovery of the erroneously trans-
21 ferred amounts; and

22 “(3) the refund to be delivered to the correct
23 account of the taxpayer.”.

1 **TITLE II—21ST CENTURY IRS**
2 **Subtitle A—Cybersecurity and**
3 **Identity Protection**

4 **SEC. 2001. PUBLIC-PRIVATE PARTNERSHIP TO ADDRESS**
5 **IDENTITY THEFT REFUND FRAUD.**

6 The Secretary of the Treasury (or the Secretary's
7 delegate) shall work collaboratively with the public and
8 private sectors to protect taxpayers from identity theft re-
9 fund fraud.

10 **SEC. 2002. RECOMMENDATIONS OF ELECTRONIC TAX AD-**
11 **MINISTRATION ADVISORY COMMITTEE RE-**
12 **GARDING IDENTITY THEFT REFUND FRAUD.**

13 The Secretary of the Treasury shall ensure that the
14 advisory group convened by the Secretary pursuant to sec-
15 tion 2001(b)(2) of the Internal Revenue Service Restruc-
16 turing and Reform Act of 1998 (commonly known as the
17 Electronic Tax Administration Advisory Committee) stud-
18 ies (including by providing organized public forums) and
19 makes recommendations to the Secretary regarding meth-
20 ods to prevent identity theft and refund fraud.

21 **SEC. 2003. INFORMATION SHARING AND ANALYSIS CENTER.**

22 (a) IN GENERAL.—The Secretary of the Treasury (or
23 the Secretary's delegate) may participate in an informa-
24 tion sharing and analysis center to centralize, standardize,
25 and enhance data compilation and analysis to facilitate

1 sharing actionable data and information with respect to
2 identity theft tax refund fraud.

3 (b) DEVELOPMENT OF PERFORMANCE METRICS.—

4 The Secretary of the Treasury (or the Secretary’s dele-
5 gate) shall develop metrics for measuring the success of
6 such center in detecting and preventing identity theft tax
7 refund fraud.

8 (c) DISCLOSURE.—

9 (1) IN GENERAL.—Section 6103(k), as amend-
10 ed by this Act, is amended by adding at the end the
11 following new paragraph:

12 “(14) DISCLOSURE OF RETURN INFORMATION
13 FOR PURPOSES OF CYBERSECURITY AND THE PRE-
14 VENTION OF IDENTITY THEFT TAX REFUND
15 FRAUD.—

16 “(A) IN GENERAL.—Under such proce-
17 dures and subject to such conditions as the Sec-
18 retary may prescribe, the Secretary may dis-
19 close specified return information to specified
20 ISAC participants to the extent that the Sec-
21 retary determines such disclosure is in further-
22 ance of effective Federal tax administration re-
23 lating to the detection or prevention of identity
24 theft tax refund fraud, validation of taxpayer

1 identity, authentication of taxpayer returns, or
2 detection or prevention of cybersecurity threats.

3 “(B) SPECIFIED ISAC PARTICIPANTS.—For
4 purposes of this paragraph—

5 “(i) IN GENERAL.—The term ‘speci-
6 fied ISAC participant’ means—

7 “(I) any person designated by
8 the Secretary as having primary re-
9 sponsibility for a function performed
10 with respect to the information shar-
11 ing and analysis center described in
12 section 2003(a) of the Taxpayer First
13 Act of 2018, and

14 “(II) any person subject to the
15 requirements of section 7216 and
16 which is a participant in such infor-
17 mation sharing and analysis center.

18 “(ii) INFORMATION SHARING AGREE-
19 MENT.—Such term shall not include any
20 person unless such person has entered into
21 a written agreement with the Secretary
22 setting forth the terms and conditions for
23 the disclosure of information to such per-
24 son under this paragraph, including re-
25 quirements regarding the protection and

1 safeguarding of such information by such
2 person.

3 “(C) SPECIFIED RETURN INFORMATION.—

4 For purposes of this paragraph, the term ‘spec-
5 ified return information’ means—

6 “(i) in the case of a return which is
7 in connection with a case of potential iden-
8 tity theft refund fraud—

9 “(I) in the case of such return
10 filed electronically, the internet pro-
11 tocol address, device identification,
12 email domain name, speed of comple-
13 tion, method of authentication, refund
14 method, and such other return infor-
15 mation related to the electronic filing
16 characteristics of such return as the
17 Secretary may identify for purposes of
18 this subclause, and

19 “(II) in the case of such return
20 prepared by a tax return preparer,
21 identifying information with respect to
22 such tax return preparer, including
23 the preparer taxpayer identification
24 number and electronic filer identifica-
25 tion number of such preparer,

1 “(ii) in the case of a return which is
2 in connection with a case of a identity
3 theft refund fraud which has been con-
4 firmed by the Secretary (pursuant to such
5 procedures as the Secretary may provide),
6 the information referred to in subclauses
7 (I) and (II) of clause (i), the name and
8 taxpayer identification number of the tax-
9 payer as it appears on the return, and any
10 bank account and routing information pro-
11 vided for making a refund in connection
12 with such return, and

13 “(iii) in the case of any cybersecurity
14 threat to the Internal Revenue Service, in-
15 formation similar to the information de-
16 scribed in subclauses (I) and (II) of clause
17 (i) with respect to such threat.

18 “(D) RESTRICTION ON USE OF DISCLOSED
19 INFORMATION.—

20 “(i) DESIGNATED THIRD PARTIES.—
21 Any return information received by a per-
22 son described in subparagraph (B)(i)(I)
23 shall be used only for the purposes of and
24 to the extent necessary in—

1 “(I) performing the function such
2 person is designated to perform under
3 such subparagraph,

4 “(II) facilitating disclosures au-
5 thorized under subparagraph (A) to
6 persons described in subparagraph
7 (B)(i)(II), and

8 “(III) facilitating disclosures au-
9 thorized under subsection (d) to par-
10 ticipants in such information sharing
11 and analysis center.

12 “(ii) RETURN PREPARERS.—Any re-
13 turn information received by a person de-
14 scribed in subparagraph (B)(i)(II) shall be
15 treated for purposes of section 7216 as in-
16 formation furnished to such person for, or
17 in connection with, the preparation of a re-
18 turn of the tax imposed under chapter 1.

19 “(E) DATA PROTECTION AND SAFE-
20 GUARDS.—Return information disclosed under
21 this paragraph shall be subject to such protec-
22 tions and safeguards as the Secretary may re-
23 quire in regulations or other guidance or in the
24 written agreement referred to in subparagraph
25 (B)(ii). Such written agreement shall include a

1 requirement that any unauthorized access to in-
2 formation disclosed under this paragraph, and
3 any breach of any system in which such infor-
4 mation is held, be reported to the Treasury In-
5 spector General for Tax Administration.”.

6 (2) APPLICATION OF CIVIL AND CRIMINAL PEN-
7 ALTIES.—

8 (A) Section 6103(a)(3), as amended by
9 this Act, is amended by striking “or (13)” and
10 inserting “(13), or (14)”.

11 (B) Section 7213(a)(2), as amended by
12 this Act, is amended by striking “or (13)” and
13 inserting “(13), or (14)”.

14 **SEC. 2004. COMPLIANCE BY CONTRACTORS WITH CON-**
15 **FIDENTIALITY SAFEGUARDS.**

16 (a) IN GENERAL.—Section 6103(p) is amended by
17 adding at the end the following new paragraph:

18 “(9) DISCLOSURE TO CONTRACTORS AND
19 OTHER AGENTS.—Notwithstanding any other provi-
20 sion of this section, no return or return information
21 shall be disclosed to any contractor or other agent
22 of a Federal, State, or local agency unless such
23 agency, to the satisfaction of the Secretary—

24 “(A) has requirements in effect which re-
25 quire each such contractor or other agent which

1 would have access to returns or return informa-
2 tion to provide safeguards (within the meaning
3 of paragraph (4)) to protect the confidentiality
4 of such returns or return information,

5 “(B) agrees to conduct an on-site review
6 every 3 years (or a mid-point review in the case
7 of contracts or agreements of less than 3 years
8 in duration) of each contractor or other agent
9 to determine compliance with such require-
10 ments,

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

15 “(D) certifies to the Secretary for the most
16 recent annual period that such contractor or
17 other agent is in compliance with all such re-
18 quirements.

19 The certification required by subparagraph (D) shall
20 include the name and address of each contractor or
21 other agent, a description of the contract or agree-
22 ment with such contractor or other agent, and the
23 duration of such contract or agreement. The require-
24 ments of this paragraph shall not apply to dislo-

1 sures pursuant to subsection (n) for purposes of
2 Federal tax administration.”.

3 (b) CONFORMING AMENDMENT.—Section
4 6103(p)(8)(B) is amended by inserting “or paragraph
5 (9)” after “subparagraph (A)”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to disclosures made after Decem-
8 ber 31, 2022.

9 **SEC. 2005. REPORT ON ELECTRONIC PAYMENTS.**

10 Not later than 2 years after the date of the enact-
11 ment of this Act, the Secretary of the Treasury (or the
12 Secretary’s delegate), in coordination with the Bureau of
13 Fiscal Service and the Internal Revenue Service, and in
14 consultation with private sector financial institutions, shall
15 submit a written report to Congress describing how the
16 government can utilize new payment platforms to increase
17 the number of tax refunds paid by electronic funds trans-
18 fer. Such report shall weigh the interests of reducing iden-
19 tity theft tax refund fraud, reducing the Federal Govern-
20 ment’s costs in delivering tax refunds, the costs and any
21 associated fees charged to taxpayers (including monthly
22 and point-of-service fees) to access their tax refunds, the
23 impact on individuals who do not have access to financial
24 accounts or institutions, and ensuring payments are made
25 to accounts at a financial institution that complies with

1 section 21 of the Federal Deposit Insurance Act, chapter
2 2 of title I of Public Law 91–508, and subchapter II of
3 chapter 53 of title 31, United States Code (commonly re-
4 ferred to collectively as the “Bank Secrecy Act”) and the
5 USA PATRIOT Act. Such report shall include any legisla-
6 tive recommendations necessary to accomplish these goals.

7 **SEC. 2006. IDENTITY PROTECTION PERSONAL IDENTIFICA-**
8 **TION NUMBERS.**

9 (a) IN GENERAL.—Subject to subsection (b), the Sec-
10 retary of the Treasury or the Secretary’s delegate (here-
11 after referred to in this section as the “Secretary”) shall
12 establish a program to issue, upon the request of any indi-
13 vidual, a number which may be used in connection with
14 such individual’s social security number (or other identi-
15 fying information with respect to such individual as deter-
16 mined by the Secretary) to assist the Secretary in
17 verifying such individual’s identity.

18 (b) REQUIREMENTS.—

19 (1) ANNUAL EXPANSION.—For each calendar
20 year beginning after the date of the enactment of
21 this Act, the Secretary shall provide numbers
22 through the program described in subsection (a) to
23 individuals residing in such States as the Secretary
24 deems appropriate, provided that the total number
25 of States served by such program during such year

1 is greater than the total number of States served by
2 such program during the preceding year.

3 (2) NATIONWIDE AVAILABILITY.—Not later
4 than 5 years after the date of the enactment of this
5 Act, the Secretary shall ensure that the program de-
6 scribed in subsection (a) is made available to any in-
7 dividual residing in the United States.

8 **SEC. 2007. SINGLE POINT OF CONTACT FOR TAX-RELATED**
9 **IDENTITY THEFT VICTIMS.**

10 (a) IN GENERAL.—The Secretary of the Treasury (or
11 the Secretary's delegate) shall establish and implement
12 procedures to ensure that any taxpayer whose return has
13 been delayed or otherwise adversely affected due to tax-
14 related identity theft has a single point of contact at the
15 Internal Revenue Service throughout the processing of the
16 taxpayer's case. The single point of contact shall track the
17 taxpayer's case to completion and coordinate with other
18 Internal Revenue Service employees to resolve case issues
19 as quickly as possible.

20 (b) SINGLE POINT OF CONTACT.—

21 (1) IN GENERAL.—For purposes of subsection
22 (a), the single point of contact shall consist of a
23 team or subset of specially trained employees who—

1 (A) have the ability to work across func-
2 tions to resolve the issues involved in the tax-
3 payer’s case; and

4 (B) shall be accountable for handling the
5 case until its resolution.

6 (2) TEAM OR SUBSET.—The employees included
7 within the team or subset described in paragraph (1)
8 may change as required to meet the needs of the In-
9 ternal Revenue Service, provided that procedures
10 have been established to—

11 (A) ensure continuity of records and case
12 history; and

13 (B) notify the taxpayer when appropriate.

14 **SEC. 2008. NOTIFICATION OF SUSPECTED IDENTITY THEFT.**

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

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

19 “(a) IN GENERAL.—If the Secretary determines that
20 there has been or may have been an unauthorized use of
21 the identity of any individual, the Secretary shall, without
22 jeopardizing an investigation relating to tax administra-
23 tion—

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

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

4 “(B) the identification of any forms nec-
5 essary for the individual to complete and submit
6 to law enforcement to permit access to personal
7 information of the individual during the inves-
8 tigation,

9 “(C) information regarding actions the in-
10 dividual may take in order to protect the indi-
11 vidual from harm relating to such unauthorized
12 use, and

13 “(D) an offer of identity protection meas-
14 ures to be provided to the individual by the In-
15 ternal Revenue Service, such as the use of an
16 identity protection personal identification num-
17 ber, and

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

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

1 “(B) whether the investigation substan-
2 tiated an unauthorized use of the identity of the
3 individual, and

4 “(C) whether—

5 “(i) any action has been taken against
6 a person relating to such unauthorized use,
7 or

8 “(ii) any referral has been made for
9 criminal prosecution of such person and, to
10 the extent such information is available,
11 whether such person has been criminally
12 charged by indictment or information.

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

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the unauthorized use of the identity of an indi-
16 vidual includes the unauthorized use of the identity
17 of the individual to obtain employment.

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

24 “(A) obtained from a statement described
25 in section 6051 or an information return relat-

1 ing to compensation for services rendered other
2 than as an employee, or

3 “(B) provided to the Internal Revenue
4 Service by the Social Security Administration
5 regarding any statement described in section
6 6051,

7 which indicates that the social security account num-
8 ber provided on such statement or information re-
9 turn does not correspond with the name provided on
10 such statement or information return or the name
11 on the tax return reporting the income which is in-
12 cluded on such statement or information return.”.

13 (b) ADDITIONAL MEASURES.—

14 (1) EXAMINATION OF BOTH PAPER AND ELEC-
15 TRONIC STATEMENTS AND RETURNS.—The Sec-
16 retary of the Treasury (or the Secretary’s delegate)
17 shall examine the statements, information returns,
18 and tax returns described in section 7529(b)(2) of
19 the Internal Revenue Code of 1986 (as added by
20 subsection (a)) for any evidence of employment-re-
21 lated identity theft, regardless of whether such state-
22 ments or returns are submitted electronically or on
23 paper.

24 (2) IMPROVEMENT OF EFFECTIVE RETURN
25 PROCESSING PROGRAM WITH SOCIAL SECURITY AD-

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

14 (3) UNDERREPORTING OF INCOME.—The Sec-
15 retary (or the Secretary’s delegate) shall establish
16 procedures to ensure that income reported in con-
17 nection with the unauthorized use of a taxpayer’s
18 identity is not taken into account in determining any
19 penalty for underreporting of income by the victim
20 of identity theft.

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

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

24 (d) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to determinations made after the

1 date that is 6 months after the date of the enactment of
2 this Act.

3 **SEC. 2009. GUIDELINES FOR STOLEN IDENTITY REFUND**
4 **FRAUD CASES.**

5 (a) IN GENERAL.—Not later than 1 year after the
6 date of the enactment of this Act, the Secretary (or the
7 Secretary’s delegate), in consultation with the National
8 Taxpayer Advocate, shall develop and implement publicly
9 available guidelines for management of cases involving sto-
10 len identity refund fraud in a manner that reduces the
11 administrative burden on taxpayers who are victims of
12 such fraud.

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

16 (1) standards for—

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

20 (B) the maximum length of time, on aver-
21 age, a taxpayer who is a victim of stolen iden-
22 tity refund fraud and is entitled to a tax refund
23 which has been stolen should have to wait to re-
24 ceive such refund; and

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

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

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

14 **SEC. 2010. INCREASED PENALTY FOR IMPROPER DISCLO-**
15 **SURE OR USE OF INFORMATION BY PRE-**
16 **PARERS OF RETURNS.**

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

18 (1) by redesignating subsections (b) and (c) as
19 subsections (c) and (d), respectively; and

20 (2) by inserting after subsection (a) the fol-
21 lowing new subsection:

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

24 “(1) IN GENERAL.—In the case of a disclosure
25 or use described in subsection (a) that is made in

1 connection with a crime relating to the misappropriation of another person's taxpayer identity (as defined in section 6103(b)(6)), whether or not such
2 crime involves any tax filing, subsection (a) shall be
3 applied—
4

5
6 “(A) by substituting ‘\$1,000’ for ‘\$250’,
7 and

8 “(B) by substituting ‘\$50,000’ for
9 ‘\$10,000’.

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

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

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

1 **Subtitle B—Development of**
2 **Information Technology**

3 **SEC. 2101. MANAGEMENT OF INTERNAL REVENUE SERVICE**
4 **INFORMATION TECHNOLOGY.**

5 (a) DUTIES AND RESPONSIBILITIES OF INTERNAL
6 REVENUE SERVICE CHIEF INFORMATION OFFICER.—Sec-
7 tion 7803, as amended by section 1001, is amended by
8 adding at the end the following new subsection:

9 “(f) INTERNAL REVENUE SERVICE CHIEF INFORMA-
10 TION OFFICER.—

11 “(1) IN GENERAL.—There shall be in the Inter-
12 nal Revenue Service an Internal Revenue Service
13 Chief Information Officer (hereafter referred to in
14 this subsection as the ‘IRS CIO’) who shall be ap-
15 pointed by the Commissioner of the Internal Rev-
16 enue Service.

17 “(2) CENTRALIZED RESPONSIBILITY FOR IN-
18 TERNAL REVENUE SERVICE INFORMATION TECH-
19 NOLOGY.—The Commissioner of the Internal Rev-
20 enue Service (and the Secretary) shall act through
21 the IRS CIO with respect to all development, imple-
22 mentation, and maintenance of information tech-
23 nology for the Internal Revenue Service. Any ref-
24 erence in this subsection to the IRS CIO which di-
25 rects the IRS CIO to take any action, or to assume

1 any responsibility, shall be treated as a reference to
2 the Commissioner of the Internal Revenue Service
3 acting through the IRS CIO.

4 “(3) GENERAL DUTIES AND RESPONSIBIL-
5 ITIES.—The IRS CIO shall—

6 “(A) be responsible for the development,
7 implementation, and maintenance of informa-
8 tion technology for the Internal Revenue Serv-
9 ice,

10 “(B) ensure that the information tech-
11 nology of the Internal Revenue Service is secure
12 and integrated,

13 “(C) maintain operational control of all in-
14 formation technology for the Internal Revenue
15 Service,

16 “(D) be the principal advocate for the in-
17 formation technology needs of the Internal Rev-
18 enue Service, and

19 “(E) consult with the Chief Procurement
20 Officer of the Internal Revenue Service to en-
21 sure that the information technology acquired
22 for the Internal Revenue Service is consistent
23 with—

1 “(i) the goals and requirements speci-
2 fied in subparagraphs (A) through (D),
3 and

4 “(ii) the strategic plan developed
5 under paragraph (4).

6 “(4) STRATEGIC PLAN.—

7 “(A) IN GENERAL.—The IRS CIO shall
8 develop and implement a multiyear strategic
9 plan for the information technology needs of the
10 Internal Revenue Service. Such plan shall—

11 “(i) include performance measure-
12 ments of such technology and of the imple-
13 mentation of such plan,

14 “(ii) include a plan for an integrated
15 enterprise architecture of the information
16 technology of the Internal Revenue Service,

17 “(iii) include and take into account
18 the resources needed to accomplish such
19 plan,

20 “(iv) take into account planned major
21 acquisitions of information technology by
22 the Internal Revenue Service, including
23 Customer Account Data Engine 2 and the
24 Enterprise Case Management System, and

1 “(v) align with the needs and stra-
2 tegic plan of the Internal Revenue Service.

3 “(B) PLAN UPDATES.—The IRS CIO
4 shall, not less frequently than annually, review
5 and update the strategic plan under subpara-
6 graph (A) (including the plan for an integrated
7 enterprise architecture described in subpara-
8 graph (A)(ii)) to take into account the develop-
9 ment of new information technology and the
10 needs of the Internal Revenue Service.

11 “(5) SCOPE OF AUTHORITY.—

12 “(A) INFORMATION TECHNOLOGY.—For
13 purposes of this subsection, the term ‘informa-
14 tion technology’ has the meaning given such
15 term by section 11101 of title 40, United States
16 Code.

17 “(B) INTERNAL REVENUE SERVICE.—Any
18 reference in this subsection to the Internal Rev-
19 enue Service includes a reference to all compo-
20 nents of the Internal Revenue Service, includ-
21 ing—

22 “(i) the Office of the Taxpayer Advo-
23 cate,

24 “(ii) the Criminal Investigation Divi-
25 sion of the Internal Revenue Service, and

1 “(iii) except as otherwise provided by
2 the Secretary with respect to information
3 technology related to matters described in
4 subsection (b)(3)(B), the Office of the
5 Chief Counsel.”.

6 (b) INDEPENDENT VERIFICATION AND VALIDATION
7 OF THE CUSTOMER ACCOUNT DATA ENGINE 2 AND EN-
8 TERPRISE CASE MANAGEMENT SYSTEM.—

9 (1) IN GENERAL.—The Commissioner of the In-
10 ternal Revenue Service shall enter into a contract
11 with an independent reviewer to verify and validate
12 the implementation plans (including the performance
13 milestones and cost estimates included in such
14 plans) developed for the Customer Account Data
15 Engine 2 and the Enterprise Case Management Sys-
16 tem.

17 (2) DEADLINE FOR COMPLETION.—Such con-
18 tract shall require that such verification and valida-
19 tion be completed not later than the date which is
20 1 year after the date of the enactment of this Act.

21 (3) APPLICATION TO PHASES OF CADE 2.—

22 (A) IN GENERAL.—Paragraphs (1) and (2)
23 shall not apply to phase 1 of the Customer Ac-
24 count Data Engine 2 and shall apply separately
25 to each other phase.

1 (B) DEADLINE FOR COMPLETING
2 PLANS.—Not later than 1 year after the date of
3 the enactment of this Act, the Commissioner of
4 the Internal Revenue Service shall complete the
5 development of plans for all phases of the Cus-
6 tomer Account Data Engine 2.

7 (C) DEADLINE FOR COMPLETION OF
8 VERIFICATION AND VALIDATION OF PLANS.—In
9 the case of any phase after phase 2 of the Cus-
10 tomer Account Data Engine 2, paragraph (2)
11 shall be applied by substituting “the date on
12 which the plan for such phase was completed”
13 for “the date of the enactment of this Act”.

14 (c) COORDINATION OF IRS CIO AND CHIEF PRO-
15 CUREMENT OFFICER OF THE INTERNAL REVENUE SERV-
16 ICE.—

17 (1) IN GENERAL.—The Chief Procurement Offi-
18 cer of the Internal Revenue Service shall—

19 (A) identify all significant IRS information
20 technology acquisitions and provide written no-
21 tification to the Internal Revenue Service Chief
22 Information Officer (hereafter referred to in
23 this subsection as the “IRS CIO”) of each such
24 acquisition in advance of such acquisition, and

1 (B) regularly consult with the IRS CIO re-
2 garding acquisitions of information technology
3 for the Internal Revenue Service, including
4 meeting with the IRS CIO regarding such ac-
5 quisitions upon request.

6 (2) SIGNIFICANT IRS INFORMATION TECH-
7 NOLOGY ACQUISITIONS.—For purposes of this sub-
8 section, the term “significant IRS information tech-
9 nology acquisitions” means—

10 (A) any acquisition of information tech-
11 nology for the Internal Revenue Service in ex-
12 cess of \$1,000,000, and

13 (B) such other acquisitions of information
14 technology for the Internal Revenue Service (or
15 categories of such acquisitions) as the IRS CIO,
16 in consultation with the Chief Procurement Of-
17 ficer of the Internal Revenue Service, may iden-
18 tify.

19 (3) SCOPE.—Terms used in this subsection
20 which are also used in section 7803(f) of the Inter-
21 nal Revenue Code of 1986 (as amended by sub-
22 section (a)) shall have the same meaning as when
23 used in such section.

1 **SEC. 2102. DEVELOPMENT OF ONLINE ACCOUNTS AND POR-**
2 **TALS.**

3 (a) IN GENERAL.—The Secretary of the Treasury or
4 the Secretary’s delegate (hereafter referred to in this sec-
5 tion as the “Secretary”) shall—

6 (1) develop secure individualized online ac-
7 counts to provide services to taxpayers and their
8 designated return preparers, including obtaining tax-
9 payer information, making payment of taxes, shar-
10 ing documentation, and (to the extent feasible) ad-
11 dressing and correcting issues, and

12 (2) develop a process for the acceptance of tax
13 forms, and supporting documentation, in digital or
14 other electronic format.

15 (b) ELECTRONIC SERVICES TREATED AS SUPPLE-
16 MENTAL; APPLICATION OF SECURITY STANDARDS.—The
17 Secretary shall ensure that the processes described in sub-
18 section (a)—

19 (1) are a supplement to, and not a replacement
20 for, other services provided by the Internal Revenue
21 Service to taxpayers, including face-to-face taxpayer
22 assistance and services provided by phone, and

23 (2) comply with applicable security standards
24 and guidelines.

25 (c) PROCESS FOR DEVELOPING ONLINE AC-
26 COUNTS.—

1 (1) DEVELOPMENT OF PLAN.—Not later than 1
2 year after the date of the enactment of this Act, the
3 Secretary shall submit to Congress a written report
4 describing the Secretary’s plan for developing the se-
5 cure individualized online accounts described in sub-
6 section (a)(1). Such plan shall address the feasibility
7 of taxpayers addressing and correcting issues
8 through such accounts and whether access to such
9 accounts should be restricted and in what manner.

10 (2) DEADLINE.—The Secretary shall make
11 every reasonable effort to make the secure individ-
12 ualized online accounts described in subsection
13 (a)(1) available to taxpayers by December 31, 2023.

14 **SEC. 2103. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

15 (a) IN GENERAL.—Not later than January 1, 2023,
16 the Secretary of the Treasury or the Secretary’s delegate
17 (hereafter referred to in this section as the “Secretary”)
18 shall make available an Internet website or other elec-
19 tronic media, with a user interface and functionality simi-
20 lar to the Business Services Online Suite of Services pro-
21 vided by the Social Security Administration, that will pro-
22 vide access to resources and guidance provided by the In-
23 ternal Revenue Service and will allow persons to—

24 (1) prepare and file Forms 1099,

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

4 (3) maintain a record of completed and sub-
5 mitted Forms 1099.

6 (b) **ELECTRONIC SERVICES TREATED AS SUPPLE-**
7 **MENTAL; APPLICATION OF SECURITY STANDARDS.**—The
8 Secretary shall ensure that the services described in sub-
9 section (a)—

10 (1) are a supplement to, and not a replacement
11 for, other services provided by the Internal Revenue
12 Service to taxpayers, and

13 (2) comply with applicable security standards
14 and guidelines.

15 **SEC. 2104. STREAMLINED CRITICAL PAY AUTHORITY FOR**
16 **INFORMATION TECHNOLOGY POSITIONS.**

17 (a) **IN GENERAL.**—Subchapter A of chapter 80 is
18 amended by adding at the end the following new section:

19 **“SEC. 7812. STREAMLINED CRITICAL PAY AUTHORITY FOR**
20 **INFORMATION TECHNOLOGY POSITIONS.**

21 “In the case of any position which is critical to the
22 functionality of the information technology operations of
23 the Internal Revenue Service—

24 “(1) section 9503 of title 5, United States
25 Code, shall be applied—

1 “(A) by substituting ‘during the period be-
2 ginning on the date of the enactment of section
3 7812 of the Internal Revenue Code of 1986,
4 and ending on September 30, 2023’ for ‘Before
5 September 30, 2013 in subsection (a)’,

6 “(B) without regard to subparagraph (B)
7 of subsection (a)(1), and

8 “(C) by substituting ‘the date of the enact-
9 ment of the Taxpayer First Act of 2018’ for
10 ‘June 1, 1998’ in subsection (a)(6),

11 “(2) section 9504 of such title 5 shall be ap-
12 plied by substituting ‘During the period beginning
13 on the date of the enactment of section 7812 of the
14 Internal Revenue Code of 1986, and ending on Sep-
15 tember 30, 2023’ for ‘Before September 30, 2013’
16 each place it appears in subsections (a) and (b), and

17 “(3) section 9505 of such title shall be ap-
18 plied—

19 “(A) by substituting ‘During the period be-
20 ginning on the date of the enactment of section
21 7812 of the Internal Revenue Code of 1986,
22 and ending on September 30, 2023’ for ‘Before
23 September 30, 2013’ in subsection (a), and

1 1986 of returns or return information by the Secretary
2 to a person seeking to verify the income or creditworthi-
3 ness of a taxpayer who is a borrower in the process of
4 a loan application.

5 (c) APPLICATION OF SECURITY STANDARDS.—The
6 Secretary shall ensure that the program described in sub-
7 section (a) complies with applicable security standards and
8 guidelines.

9 (d) USER FEE.—

10 (1) IN GENERAL.—During the 2-year period be-
11 ginning on the first day of the 6th calendar month
12 beginning after the date of the enactment of this
13 Act, the Secretary shall assess and collect a fee for
14 qualified disclosures (in addition to any other fee as-
15 sessed and collected for such disclosures) at such
16 rates as the Secretary determines are sufficient to
17 cover the costs related to implementing the program
18 described in subsection (a), including the costs of
19 any necessary infrastructure or technology.

20 (2) DEPOSIT OF COLLECTIONS.—Amounts re-
21 ceived from fees assessed and collected under para-
22 graph (1) shall be deposited in, and credited to, an
23 account solely for the purpose of carrying out the
24 activities described in subsection (a). Such amounts
25 shall be available to carry out such activities without

1 need of further appropriation and without fiscal year
2 limitation.

3 **SEC. 2202. LIMIT REDISCLOSURES AND USES OF CONSENT-**
4 **BASED DISCLOSURES OF TAX RETURN INFOR-**
5 **MATION.**

6 (a) IN GENERAL.—Section 6103(c) is amended by
7 adding at the end the following: “Persons designated by
8 the taxpayer under this subsection to receive return infor-
9 mation shall not use the information for any purpose other
10 than the express purpose for which consent was granted
11 and shall not disclose return information to any other per-
12 son without the express permission of, or request by, the
13 taxpayer.”.

14 (b) APPLICATION OF PENALTIES.—Section
15 6103(a)(3) is amended by inserting “subsection (c),” after
16 “return information under”.

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

20 **Subtitle D—Expanded Use of**
21 **Electronic Systems**

22 **SEC. 2301. ELECTRONIC FILING OF RETURNS.**

23 (a) IN GENERAL.—Section 6011(e)(2)(A) is amended
24 by striking “250” and inserting “the applicable number
25 of”.

1 (b) APPLICABLE NUMBER.—Section 6011(e) is
2 amended by striking paragraph (5) and inserting the fol-
3 lowing new paragraphs:

4 “(5) APPLICABLE NUMBER.—

5 “(A) IN GENERAL.—For purposes of para-
6 graph (2)(A), the applicable number shall be—

7 “(i) except as provided in subpara-
8 graph (B), in the case of calendar years
9 before 2020, 250,

10 “(ii) in the case of calendar year
11 2020, 100, and

12 “(iii) in the case of calendar years
13 after 2020, 10.

14 “(B) SPECIAL RULE FOR PARTNERSHIPS
15 FOR 2018 AND 2019.—In the case of a partner-
16 ship, for any calendar year before 2020, the ap-
17 plicable number shall be—

18 “(i) in the case of calendar year 2018,
19 200, and

20 “(ii) in the case of calendar year
21 2019, 150.

22 “(6) PARTNERSHIPS REQUIRED TO FILE ON
23 MAGNETIC MEDIA.—Notwithstanding paragraph
24 (2)(A), the Secretary shall require partnerships hav-

1 ing more than 100 partners to file returns on mag-
2 netic media.”.

3 (c) RETURNS FILED BY A TAX RETURN PRE-
4 PARER.—Section 6011(e)(3) is amended by adding at the
5 end the following new subparagraph:

6 “(D) EXCEPTION FOR CERTAIN PRE-
7 PARERS LOCATED IN AREAS WITHOUT INTER-
8 NET ACCESS.—The Secretary may waive the re-
9 quirement of subparagraph (A) if the Secretary
10 determines, on the basis of an application by
11 the tax return preparer, that the preparer can-
12 not meet such requirement by reason of being
13 located in a geographic area which does not
14 have access to internet service (other than dial-
15 up or satellite service).”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on the date of the enactment
18 of this Act.

19 **SEC. 2302. UNIFORM STANDARDS FOR THE USE OF ELEC-**
20 **TRONIC SIGNATURES FOR DISCLOSURE AU-**
21 **THORIZATIONS TO, AND OTHER AUTHORIZA-**
22 **TIONS OF, PRACTITIONERS.**

23 Section 6061(b)(3) is amended to read as follows:

24 “(3) PUBLISHED GUIDANCE.—

1 “(A) IN GENERAL.—The Secretary shall
2 publish guidance as appropriate to define and
3 implement any waiver of the signature require-
4 ments or any method adopted under paragraph
5 (1).

6 “(B) ELECTRONIC SIGNATURES FOR DIS-
7 CLOSURE AUTHORIZATIONS TO, AND OTHER AU-
8 THORIZATIONS OF, PRACTITIONERS.—Not later
9 than 6 months after the date of the enactment
10 of this subparagraph, the Secretary shall pub-
11 lish guidance to establish uniform standards
12 and procedures for the acceptance of taxpayers’
13 signatures appearing in electronic form with re-
14 spect to any request for disclosure of a tax-
15 payer’s return or return information under sec-
16 tion 6103(c) to a practitioner or any power of
17 attorney granted by a taxpayer to a practi-
18 tioner.

19 “(C) PRACTITIONER.—For purposes of
20 subparagraph (B), the term ‘practitioner’
21 means any individual in good standing who is
22 regulated under section 330 of title 31, United
23 States Code.”.

1 **SEC. 2303. PAYMENT OF TAXES BY DEBIT AND CREDIT**
2 **CARDS.**

3 Section 6311(d)(2) is amended by adding at the end
4 the following: “The preceding sentence shall not apply to
5 the extent that the Secretary ensures that any such fee
6 or other consideration is fully recouped by the Secretary
7 in the form of fees paid to the Secretary by persons paying
8 taxes imposed under subtitle A with credit, debit, or
9 charge cards pursuant to such contract. Notwithstanding
10 the preceding sentence, the Secretary shall seek to mini-
11 mize the amount of any fee or other consideration that
12 the Secretary pays under any such contract.”.

13 **SEC. 2304. REQUIREMENT THAT ELECTRONICALLY PRE-**
14 **PARED PAPER RETURNS INCLUDE SCAN-**
15 **NABLE CODE.**

16 (a) IN GENERAL.—Subsection (e) of section 6011, as
17 amended by this Act, is amended by adding at the end
18 the following new paragraph:

19 “(7) SPECIAL RULE FOR RETURNS PREPARED
20 ELECTRONICALLY AND SUBMITTED ON PAPER.—The
21 Secretary shall require that any return of tax which
22 is prepared electronically, but is printed and filed on
23 paper, bear a code which can, when scanned, convert
24 such return to electronic format.”.

1 (b) CONFORMING AMENDMENT.—Paragraph (1) of
2 section 6011(e) is amended by striking “paragraph (3)”
3 and inserting “paragraphs (3) and (7)”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to returns of tax the due date for
6 which (determined without regard to extensions) is after
7 December 31, 2020.

8 **SEC. 2305. AUTHENTICATION OF USERS OF ELECTRONIC**
9 **SERVICES ACCOUNTS.**

10 Beginning 180 days after the date of the enactment
11 of this Act, the Secretary of the Treasury (or the Sec-
12 retary’s delegate) shall verify the identity of any individual
13 opening an e-Services account with the Internal Revenue
14 Service before such individual is able to use the e-Services
15 tools.

16 **Subtitle E—Other Provisions**

17 **SEC. 2401. REPEAL OF PROVISION REGARDING CERTAIN**
18 **TAX COMPLIANCE PROCEDURES AND RE-**
19 **PORTS.**

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

23 **SEC. 2402. COMPREHENSIVE TRAINING STRATEGY.**

24 Not later than 1 year after the date of the enactment
25 of this Act, the Commissioner of Internal Revenue shall

1 submit to Congress a written report providing a com-
2 prehensive training strategy for employees of the Internal
3 Revenue Service, including—

4 (1) a plan to streamline current training proc-
5 esses, including an assessment of the utility of fur-
6 ther consolidating internal training programs, tech-
7 nology, and funding,

8 (2) a plan to develop annual training regarding
9 taxpayer rights, including the role of the Office of
10 the Taxpayer Advocate, for employees that interface
11 with taxpayers and their managers,

12 (3) a plan to improve technology-based training,

13 (4) proposals to—

14 (A) focus employee training on early, fair,
15 and efficient resolution of taxpayer disputes for
16 employees that interface with taxpayers and
17 their managers, and

18 (B) ensure consistency of skill development
19 and employee evaluation throughout the Inter-
20 nal Revenue Service, and

21 (5) a thorough assessment of the funding nec-
22 essary to implement such strategy.

1 **TITLE III—MISCELLANEOUS**
2 **PROVISIONS**
3 **Subtitle A—Reform of Laws Gov-**
4 **erning Internal Revenue Serv-**
5 **ice Employees**

6 **SEC. 3001. ELECTRONIC RECORD RETENTION.**

7 (a) RETENTION OF RECORDS.—

8 (1) IN GENERAL.—Email records of the Inter-
9 nal Revenue Service shall be retained in an appro-
10 priate electronic system that supports records man-
11 agement and litigation requirements, including the
12 capability to identify, retrieve, and retain the
13 records, in accordance with the requirements de-
14 scribed in paragraph (2).

15 (2) REQUIREMENTS.—

16 (A) PRIOR TO CERTIFICATION.—The Com-
17 missioner of Internal Revenue and the Chief
18 Counsel for the Internal Revenue Service shall
19 retain all email records generated on or after
20 the date of the enactment of this Act and be-
21 fore the date on which the Treasury Inspector
22 General for Tax Administration makes the cer-
23 tification under subsection (c)(1).

24 (B) PRINCIPAL OFFICERS AND SPECIFIED
25 EMPLOYEES.—Not later than December 31,

1 2019, the Commissioner of Internal Revenue
2 and the Chief Counsel for the Internal Revenue
3 Service shall maintain email records of all prin-
4 cipal officers and specified employees of the In-
5 ternal Revenue Service for a period of not less
6 than 15 years beginning on the date such
7 record was generated.

8 (b) TRANSMISSION OF RECORDS TO THE NATIONAL
9 ARCHIVES.—Not later than 15 years after the date on
10 which an email record of a principal officer or specified
11 employee of the Internal Revenue Service is generated, the
12 Commissioner of Internal Revenue and the Chief Counsel
13 for the Internal Revenue Service shall transfer such email
14 record to the Archivist of the United States.

15 (c) COMPLIANCE.—

16 (1) CERTIFICATION.—On the date that the
17 Treasury Inspector General for Tax Administration
18 determines that the Internal Revenue Service has a
19 program in place that complies with the require-
20 ments of subsections (a)(2)(B) and (b), the Treas-
21 ury Inspector General for Tax Administration shall
22 certify to the Committee on Ways and Means of the
23 House of Representatives and the Committee on Fi-
24 nance of the Senate that the Internal Revenue Serv-
25 ice is in compliance with such requirements.

1 (2) REPORTS.—

2 (A) INTERIM REPORT.—Not later than De-
3 cember 31, 2019, the Treasury Inspector Gen-
4 eral for Tax Administration shall submit a re-
5 port to the Committee on Ways and Means of
6 the House of Representatives and the Com-
7 mittee on Finance of the Senate on the steps
8 being taken by the Commissioner of Internal
9 Revenue and the Chief Counsel for the Internal
10 Revenue Service to comply with the require-
11 ments of subsections (a)(2)(B) and (b).

12 (B) FINAL REPORT.—Not later than April
13 1, 2020, the Treasury Inspector General for
14 Tax Administration shall submit a report to the
15 Committee on Ways and Means of the House of
16 Representatives and the Committee on Finance
17 of the Senate describing whether the Internal
18 Revenue Service is in compliance with the re-
19 quirements of subsections (a)(2)(B) and (b).

20 (d) DEFINITIONS.—For purposes of this section—

21 (1) PRINCIPAL OFFICER.—The term “principal
22 officer” means, with respect to the Internal Revenue
23 Service—

24 (A) any employee whose position is listed
25 under the Internal Revenue Service in the most

1 recent version of the United States Government
2 Manual published by the Office of the Federal
3 Register;

4 (B) any employee who is a senior staff
5 member reporting directly to the Commissioner
6 of Internal Revenue or the Chief Counsel for
7 the Internal Revenue Service; and

8 (C) any associate counsel, deputy counsel,
9 or division head in the Office of the Chief
10 Counsel for the Internal Revenue Service.

11 (2) SPECIFIED EMPLOYEE.—The term “speci-
12 fied employee” means, with respect to the Internal
13 Revenue Service, any employee who—

14 (A) holds a Senior Executive Service posi-
15 tion (as defined in section 3132 of title 5,
16 United States Code) in the Internal Revenue
17 Service or the Office of Chief Counsel for the
18 Internal Revenue Service; and

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

1 **SEC. 3002. PROHIBITION ON REHIRING ANY EMPLOYEE OF**
2 **THE INTERNAL REVENUE SERVICE WHO WAS**
3 **INVOLUNTARILY SEPARATED FROM SERVICE**
4 **FOR MISCONDUCT.**

5 (a) IN GENERAL.—Section 7804 is amended by add-
6 ing at the end the following new subsection:

7 “(d) PROHIBITION ON REHIRING EMPLOYEES INVOL-
8 UNTARILY SEPARATED.—The Commissioner may not hire
9 any individual previously employed by the Commissioner
10 who was removed for misconduct under this subchapter
11 or chapter 43 or chapter 75 of title 5, United States Code,
12 or whose employment was terminated under section 1203
13 of the Internal Revenue Service Restructuring and Reform
14 Act of 1998 (26 U.S.C. 7804 note).”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply with respect to the hiring of em-
17 ployees after the date of the enactment of this Act.

18 **SEC. 3003. NOTIFICATION OF UNAUTHORIZED INSPECTION**
19 **OR DISCLOSURE OF RETURNS AND RETURN**
20 **INFORMATION.**

21 (a) IN GENERAL.—Subsection (e) of section 7431 is
22 amended by adding at the end the following new sen-
23 tences: “The Secretary shall also notify such taxpayer if
24 the Internal Revenue Service or a Federal or State agency
25 (upon notice to the Secretary by such Federal or State
26 agency) proposes an administrative determination as to

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

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to determinations proposed after
9 the date which is 180 days after the date of the enactment
10 of this Act.

11 **Subtitle B—Provisions Relating to** 12 **Exempt Organizations**

13 **SEC. 3101. MANDATORY E-FILING BY EXEMPT ORGANIZA-** 14 **TIONS.**

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

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

21 (b) CONFORMING AMENDMENT.—Paragraph (7) of
22 section 527(j) is amended by striking “if the organization
23 has” and all that follows through “such calendar year”.

24 (c) 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 as soon as practicable in a machine readable for-
5 mat.”.

6 (d) 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 of the Treas-
16 ury or the Secretary’s delegate (hereafter
17 referred to in this paragraph as the “Sec-
18 retary”) determines the application of the
19 amendments made by this section would
20 cause undue burden without a delay, the
21 Secretary may delay the application of
22 such amendments, but such delay shall not
23 apply to any taxable year beginning on or
24 after the date 2 years after of the enact-
25 ment of this Act.

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

4 (I) the gross receipts of which for
5 the taxable year are less than
6 \$200,000; and

7 (II) the aggregate gross assets of
8 which at the end of the taxable year
9 are less than \$500,000.

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

1 **SEC. 3102. NOTICE REQUIRED BEFORE REVOCATION OF**
2 **TAX EXEMPT STATUS FOR FAILURE TO FILE**
3 **RETURN.**

4 (a) IN GENERAL.—Section 6033(j)(1) is amended by
5 striking “If an organization” and inserting the following:

6 “(A) NOTICE.—

7 “(i) IN GENERAL.—After an organiza-
8 tion described in subsection (a)(1) or (i)
9 fails to file the annual return or notice re-
10 quired under either subsection for 2 con-
11 secutive years, the Secretary shall notify
12 the organization—

13 “(I) that the Internal Revenue
14 Service has no record of such a return
15 or notice from such organization for 2
16 consecutive years, and

17 “(II) about the revocation that
18 will occur under subparagraph (B) if
19 the organization fails to file such a re-
20 turn or notice by the due date for the
21 next such return or notice required to
22 be filed.

23 The notification under the preceding sen-
24 tence shall include information about how
25 to comply with the filing requirements
26 under subsection (a)(1) and (i).

1 “(B) REVOCATION.—If an organization”.

2 (b) EFFECTIVE DATE.—The amendment made by
3 this section shall apply to failures to file returns or notices
4 for 2 consecutive years if the return or notice for the sec-
5 ond year is required to be filed after December 31, 2018.

6 **Subtitle C—Tax Court**

7 **SEC. 3301. DISQUALIFICATION OF JUDGE OR MAGISTRATE**

8 **JUDGE OF THE TAX COURT.**

9 (a) IN GENERAL.—Part II of subchapter C of chap-
10 ter 76 is amended by adding at the end the following new
11 section:

12 **“SEC. 7467. DISQUALIFICATION OF JUDGE OR MAGISTRATE**

13 **JUDGE OF THE TAX COURT.**

14 “Section 455 of title 28, United States Code, shall
15 apply to judges and magistrate judges of the Tax Court
16 and to proceedings of the Tax Court.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for such part is amended by adding at the end the fol-
19 lowing new item:

“Sec. 7467. Disqualification of judge or magistrate judge of the Tax Court.”.

20 **SEC. 3302. OPINIONS AND JUDGMENTS.**

21 (a) IN GENERAL.—Section 7459 is amended by strik-
22 ing all the precedes subsection (c) and inserting the fol-
23 lowing:

1 **“SEC. 7459. OPINIONS AND JUDGMENTS.**

2 “(a) REQUIREMENT.—An opinion upon any pro-
3 ceeding instituted before the Tax Court and a judgment
4 thereon shall be made as quickly as practicable. The judg-
5 ment shall be made by a judge in accordance with the
6 opinion of the Tax Court, and such judgment so made
7 shall, when entered, be the judgment of the Tax Court.

8 “(b) INCLUSION OF FINDINGS OF FACT IN OPIN-
9 ION.—It shall be the duty of the Tax Court and of each
10 division to include in its opinion or memorandum opinion
11 upon any proceeding, its findings of fact. The Tax Court
12 shall issue in writing all of its findings of fact, opinions,
13 and memorandum opinions. Subject to such conditions as
14 the Tax Court may by rule provide, the requirements of
15 this subsection and of section 7460 are met if findings
16 of fact or opinion are stated orally and recorded in the
17 transcript of the proceedings.”.

18 (b) REFERENCES.—Section 7459 is amended by re-
19 designating subsection (g) as subsection (h) and by insert-
20 ing after subsection (f) the following new subsection:

21 “(g) REFERENCES.—Any reference in this title to a
22 decision or report of the Tax Court shall be treated as
23 a reference to a judgment or opinion of the Tax Court,
24 respectively.”.

1 (c) CONFORMING AMENDMENT.—The item relating
2 to section 7459 in the table of sections for part II of sub-
3 chapter C of chapter 76 is amended to read as follows:

“Sec. 7459. Opinions and judgments.”.

4 (d) CONTINUING EFFECT OF LEGAL DOCUMENTS.—

5 All orders, decisions, reports, rules, permits, agreements,
6 grants, contracts, certificates, licenses, registrations, privi-
7 leges, and other administrative actions, in connection with
8 the Tax Court, which are in effect at the time this section
9 takes effect, or were final before the effective date of this
10 section and are to become effective on or after the effective
11 date of this section, shall continue in effect according to
12 their terms until modified, terminated, superseded, set
13 aside, or revoked in accordance with law by the Tax Court.

14 **SEC. 3303. TITLE OF SPECIAL TRIAL JUDGE CHANGED TO**
15 **MAGISTRATE JUDGE OF THE TAX COURT.**

16 (a) IN GENERAL.—Section 7443A is amended—

17 (1) by striking “special trial judges” in sub-
18 sections (a) and (e) and inserting “magistrate
19 judges of the Tax Court”,

20 (2) by striking “special trial judges of the
21 court” in subsection (b) and inserting “magistrate
22 judges of the Tax Court”, and

23 (3) by striking “special trial judge” in sub-
24 sections (c) and (d) and inserting “magistrate judge
25 of the Tax Court”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) The heading of section 7443A is amended
3 by striking “**SPECIAL TRIAL JUDGES**” and insert-
4 ing “**MAGISTRATE JUDGES OF THE TAX**
5 **COURT**”.

6 (2) The heading of section 7443A(b) is amend-
7 ed by striking “SPECIAL TRIAL JUDGES” and insert-
8 ing “MAGISTRATE JUDGES OF THE TAX COURT”.

9 (3) The item relating to section 7443A in the
10 table of sections for part I of subchapter C of chap-
11 ter 76 is amended to read as follows:

“Sec. 7443A. Magistrate judges of the Tax Court.”.

12 (4) The heading of section 7448 is amended by
13 striking “**SPECIAL TRIAL JUDGES**” and inserting
14 “**MAGISTRATE JUDGES OF THE TAX COURT**”.

15 (5) Section 7448 is amended—

16 (A) by striking “special trial judge’s” each
17 place it appears in subsections (a)(6), (c)(1),
18 (d), and (m)(1) and inserting “magistrate judge
19 of the Tax Court’s”, and

20 (B) by striking “special trial judge” each
21 place it appears other than in subsection (n)
22 and inserting “magistrate judge of the Tax
23 Court”.

24 (6) Section 7448(n) is amended—

1 (A) by striking “special trial judge which
2 are allowable” and inserting “magistrate judge
3 of the Tax Court which are allowable”, and

4 (B) by striking “special trial judge of the
5 Tax Court” both places it appears and inserting
6 “magistrate judge of the Tax Court”.

7 (7) The heading of section 7448(b)(2) is
8 amended by striking “SPECIAL TRIAL JUDGES” and
9 inserting “MAGISTRATE JUDGES OF THE TAX
10 COURT”.

11 (8) The item relating to section 7448 in the
12 table of sections for part I of subchapter C of chap-
13 ter 76 is amended to read as follows:

“Sec. 7448. Annuities to surviving spouses and dependent children of judges
and magistrate judges of the Tax Court.”.

14 (9) Section 7456(a) is amended—

15 (A) by striking “special trial judge” each
16 place it appears and inserting “magistrate
17 judge”, and

18 (B) by striking “(or by the clerk” and in-
19 serting “of the Tax Court (or by the clerk”.

20 (10) Section 7466(a) is amended by striking
21 “special trial judge” and inserting “magistrate
22 judge”.

23 (11) Section 7470A is amended by striking
24 “special trial judges” both places it appears in sub-

1 sections (a) and (b) and inserting “magistrate
2 judges”.

3 (12) Section 7471(a)(2)(A) is amended by
4 striking “special trial judges” and inserting “mag-
5 istrate judges”.

6 (13) Section 7471(c) is amended—

7 (A) by striking “SPECIAL TRIAL JUDGES”
8 in the heading and inserting “MAGISTRATE
9 JUDGES OF THE TAX COURT”, and

10 (B) by striking “special trial judges” and
11 inserting “magistrate judges”.

12 **SEC. 3304. REPEAL OF DEADWOOD RELATED TO BOARD OF**
13 **TAX APPEALS.**

14 (a) Section 7459, as amended by this Act, is amended
15 by striking subsection (f) and by redesignating subsections
16 (g) and (h) as subsections (f) and (g), respectively.

17 (b) Section 7447(a)(3) is amended to read as follows:

18 “(3) In any determination of length of service
19 as judge or as a judge of the Tax Court of the
20 United States there shall be included all periods
21 (whether or not consecutive) during which an indi-
22 vidual served as judge.”.

