

113TH CONGRESS
1ST SESSION

H. R. 3523

To amend the Internal Revenue Code of 1986 to provide for audits of the Internal Revenue Service to ensure that employees and service contractors of the Internal Revenue Service file their Federal tax returns on time and pay Federal tax debts owed.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2013

Mr. KINGSTON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for audits of the Internal Revenue Service to ensure that employees and service contractors of the Internal Revenue Service file their Federal tax returns on time and pay Federal tax debts owed.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “IRS Accountability
5 Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) The Internal Revenue Manual requires all
2 Internal Revenue Service employees, and contract
3 employees, to file their Federal tax returns on time
4 and pay any Federal tax debt.

5 (2) The Treasury Inspector General for Tax
6 Administration reports that as of June 14, 2012,
7 691 of the 13,591 Internal Revenue Service con-
8 tractor employees reviewed by the Treasury Inspec-
9 tor General for Tax Administration had \$5.4 million
10 in Federal tax debt.

11 (3) Of the 691 contractor employees, 352 were
12 not currently on a payment plan to resolve their tax
13 debt.

14 (4) The Treasury Inspector General for Tax
15 Administration also found that while the Internal
16 Revenue Service reviews employee tax compliance
17 every year, the Internal Revenue Service only re-
18 views contract employee tax compliance only once
19 every five years or if the contract employee has had
20 longer than a two-year break in service.

21 **SEC. 3. TAX COMPLIANCE BY INTERNAL REVENUE SERVICE**
22 **EMPLOYEES AND CONTRACTORS.**

23 (a) IN GENERAL.—Subchapter A of chapter 80 of the
24 Internal Revenue Code of 1986 is amended by adding at
25 the end the following new section:

1 **“SEC. 7811. TAX COMPLIANCE BY INTERNAL REVENUE**
2 **SERVICE EMPLOYEES AND CONTRACTORS.**

3 “(a) EMPLOYEE AND CONTRACTOR TAX COMPLI-
4 ANCE AUDITS.—Not later than 1 year after the date of
5 the enactment of this section, and annually thereafter, the
6 Treasury Inspector General for Tax Administration shall
7 conduct annual audits of employees and service contrac-
8 tors of the Internal Revenue Service to determine tax com-
9 pliance with the following acts and omissions punishable
10 under paragraphs (8) and (9) of section 1203(b) of the
11 Internal Revenue Service Restructuring and Reform Act
12 of 1998:

13 “(1) willful failure to file any return of tax re-
14 quired under the Internal Revenue Code of 1986 on
15 or before the date prescribed therefor (including any
16 extensions), unless such failure is due to reasonable
17 cause and not to willful neglect, and

18 “(2) willful understatement of Federal tax li-
19 ability, unless such understatement is due to reason-
20 able cause and not to willful neglect.

21 “(b) PENALTY.—

22 “(1) INTERNAL REVENUE SERVICE EMPLOYEES.—See section 1203 of the Internal Revenue
23 Service Restructuring and Reform Act of 1998 for
24 provisions relating to personnel actions against em-
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1 employees of the Internal Revenue Service in case of
2 misconduct.

3 “(2) SERVICE CONTRACTOR.—If there is a final
4 administrative or judicial determination that a serv-
5 ice contractor committed an act or omission de-
6 scribed in subsection (a), then—

7 “(A) in the case of contracts entered into
8 after the date of the enactment of this section,
9 the employment or contract relationship (as the
10 case may be) with the service contractor, and
11 any individual providing services to the service
12 contractor determined in such determination to
13 have committed such act or omission, shall be
14 terminated, and

15 “(B) the contractor shall be debarred for
16 not less than 5 years, as determined by the Sec-
17 retary.

18 “(c) LIMITATION ON CONTRACT AUTHORITY.—The
19 Internal Revenue Service may not enter into a contract
20 after the date of the enactment of this section for services
21 unless the contract contains a clause under which the serv-
22 ice contractor agrees to be subject to this section.

23 “(d) SERVICE CONTRACTOR.—For purposes of this
24 section, the term ‘service contractor’ means any contractor
25 providing services to the Internal Revenue Service, includ-

1 ing any agent of such contractor and any subcontractor
2 of such contractor providing such services, and any em-
3 ployee or intern of any such contractor or subcontractor
4 providing such services.”.

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for subchapter A of chapter 80 of the Internal Revenue
7 Code of 1986 is amended by adding at the end the fol-
8 lowing new item:

“Sec. 7811. Tax Compliance by Internal Revenue Service employees and con-
tractors.”.

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

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