

114TH CONGRESS
1ST SESSION

H. R. 1913

To direct the Secretary of the Treasury to develop guidance and procedures for the recovery of refunds relating to tax return preparer fraud.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2015

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

A BILL

To direct the Secretary of the Treasury to develop guidance and procedures for the recovery of refunds relating to tax return preparer fraud.

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 “Protecting American
5 Taxpayers from Fraud Act of 2015”.

6 **SEC. 2. PURPOSE.**

7 The purpose of this Act is to address predatory prac-
8 tices in low income communities by some tax return pre-
9 parers.

1 **SEC. 3. REFERRAL PROCEDURES FOR RECOVERY OF RE-**
2 **FUNDS FOR TAXPAYERS DEFRAUDED BY EM-**
3 **PLOYEES OR AGENTS OF TAX PREPARATION**
4 **FIRMS.**

5 The Secretary of the Treasury (or the Secretary's
6 delegate) shall develop referral procedures for, and estab-
7 lish a liaison to, tax preparation firms to seek recovery
8 of refunds for taxpayers defrauded by employees or agents
9 of tax preparation firms. In developing such procedures,
10 the Secretary (or the Secretary's delegate) shall ensure
11 that there is coordination among the following entities
12 within the Internal Revenue Service: Taxpayer Advocate
13 Service, Wage & Investment Division, Criminal Investiga-
14 tion, Office of the Chief Counsel, Return Preparer Office,
15 and Office of Professional Responsibility.

16 **SEC. 4. COMPREHENSIVE GUIDANCE FOR THE TREATMENT**
17 **OF ALL CLAIMS FOR REFUNDS RELATING TO**
18 **TAX RETURN PREPARER FRAUD.**

19 (a) IN GENERAL.—The Secretary of the Treasury (or
20 the Secretary's delegate) shall develop comprehensive
21 guidance for the treatment by the Internal Revenue Serv-
22 ice of all claims for refunds relating to tax return preparer
23 fraud. Such guidance shall provide a clear description the
24 rights and responsibilities of taxpayers, including the fol-
25 lowing:

1 (1) MITIGATION.—Actions taken by the tax-
2 payer to prevent the preparer fraud or to minimize
3 the loss.

4 (2) RESTITUTION.—Actions taken by the tax-
5 payer to receive restitution relating to tax return
6 preparer fraud and whether the taxpayer has re-
7 ceived any restitution.

8 (3) SUBSTANTIATION.—Actions taken by the
9 taxpayer to substantiate a claim of fraud, including
10 one or more of the following, if available:

11 (A) Providing a copy of the unaltered re-
12 turn of tax (if provided by the preparer).

13 (B) Providing a business card, flyer, or
14 other advertisement with the preparer's contact
15 information.

16 (C) Providing a copy of any refund traces
17 requested.

18 (D) Providing a copy of bank statements
19 showing the expected refund was not deposited
20 into the victim's account.

21 (E) Providing a taxpayer statement re-
22 garding the fraud, which shall be signed under
23 penalties of perjury.

24 (F) Filing a report or complaint with local
25 law enforcement authorities.

1 (b) GUIDANCE RELATING TO RESTITUTION.—The
2 Secretary shall, in the guidance developed for restitu-
3 tion—

4 (1) place the emphasis on restitution received
5 by the taxpayer and making the taxpayer whole rel-
6 ative to the cash value of assets that have already
7 been transferred to the taxpayer,

8 (2) not reduce restitution on the basis of either
9 anticipated or court mandated (but not yet collected)
10 payments, and

11 (3) provide for a claw-back procedure to ensure
12 that restitution ultimately paid to the taxpayer, sub-
13 sequent to the restitution provided by the Internal
14 Revenue Service, would be remitted to the Internal
15 Revenue Service.

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