

115TH CONGRESS
1ST SESSION

H. R. 439

To amend the Internal Revenue Code of 1986 to prevent tax-related identity theft and tax fraud, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 11, 2017

Mr. RENACCI (for himself, Mr. LEWIS of Georgia, Mr. KELLY of Pennsylvania, Mr. KILMER, Mr. BUCSHON, Mr. BARLETTA, Mr. DIAZ-BALART, Mr. MEEHAN, Mr. COSTELLO of Pennsylvania, Mr. TIBERI, Mr. ROSKAM, Mrs. COMSTOCK, Mr. JOYCE of Ohio, and Mr. REICHERT) 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 prevent tax-related identity theft and tax fraud, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stolen Identity Refund
5 Fraud Prevention Act of 2017”.

1 **SEC. 2. CENTRALIZED POINT OF CONTACT FOR IDENTITY**
2 **THEFT VICTIMS.**

3 The Secretary of the Treasury, or the Secretary's del-
4 egate, shall establish and maintain an office at the Inter-
5 nal Revenue Service and procedures to ensure that any
6 taxpayer whose return has been delayed or otherwise ad-
7 versely affected due to the theft of the taxpayer's identity
8 has a centralized point of contact throughout the proc-
9 essing of his or her case. The office shall coordinate with
10 other offices within the Internal Revenue Service to resolve
11 the taxpayer's case as quickly as possible.

12 **SEC. 3. TAXPAYER NOTIFICATION OF SUSPECTED IDENTITY**
13 **THEFT.**

14 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following new section:

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

19 “If the Secretary determines that there was an unau-
20 thorized use of the identity of any taxpayer, the Secretary
21 shall—

22 “(1) as soon as practicable and without jeop-
23 ardizing an investigation relating to tax administra-
24 tion, notify the taxpayer and include with that no-
25 tice—

1 “(A) instructions to the taxpayer about fil-
2 ing a police report; and

3 “(B) the forms the taxpayer must submit
4 to allow investigating law enforcement officials
5 to access the taxpayer’s personal information;
6 and

7 “(2) if any person is criminally charged by in-
8 dictment or information relating to such unauthor-
9 ized use, notify such taxpayer as soon as practicable
10 of such charge.”.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for chapter 77 of such Code is amended by adding at the
13 end the following new item:

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

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

17 **SEC. 4. REPORT ON ELECTRONIC FILING OPT OUT.**

18 The Secretary of the Treasury (or the Secretary’s
19 delegate) shall submit a feasibility study to the Committee
20 on Ways and Means of the House of Representatives and
21 the Committee on Finance of the Senate describing a pro-
22 gram under which a person who has filed an identity theft
23 affidavit with the Secretary may elect to prevent the proc-
24 essing of any Federal tax return submitted in an electronic
25 format by that taxpayer or a person purporting to be that

1 taxpayer. The study shall be submitted within 180 days
2 after the date of the enactment of this Act and should
3 also include a recommendation on whether to implement
4 such a program.

5 **SEC. 5. USE OF INFORMATION IN DO NOT PAY INITIATIVE**
6 **IN PREVENTION OF IDENTITY THEFT RE-**
7 **FUND FRAUD.**

8 The Secretary of the Treasury, and the Secretary's
9 delegate, shall use the information available under the Do
10 Not Pay Initiative established under section 5 of the Im-
11 proper Payments Elimination and Recovery Improvement
12 Act of 2012 (31 U.S.C. 3321 note) to help prevent identity
13 theft refund fraud.

14 **SEC. 6. REPEAL OF PROVISION REGARDING CERTAIN TAX**
15 **COMPLIANCE PROCEDURES AND REPORTS.**

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

19 **SEC. 7. REPORT ON IDENTITY THEFT REFUND FRAUD.**

20 (a) IN GENERAL.—Not later than September 30,
21 2018, and biannually thereafter through September 30,
22 2023, the Secretary of the Treasury (or the Secretary's
23 delegate) shall report to the Committee on Ways and
24 Means of the House of Representatives and the Committee
25 on Finance of the Senate on the extent and nature of

1 fraud involving the use of a misappropriated taxpayer
2 identity with respect to claims for refund under the Inter-
3 nal Revenue Code of 1986 during the preceding completed
4 income tax filing season, and the detection, prevention,
5 and enforcement activities undertaken by the Internal
6 Revenue Service with respect to such fraud, including—

7 (1) detailing efforts to combat identity theft
8 fraud, including an update on the victims' assistance
9 unit;

10 (2) information on both the average and max-
11 imum amounts of time that elapsed before the cases
12 of victims of such fraud were resolved; and

13 (3) discussing Internal Revenue Service efforts
14 associated with other avenues for addressing identity
15 theft refund fraud.

16 (b) ADDITIONAL REQUIREMENTS.—In addition, each
17 report shall provide an update on the implementation of
18 this Act and identify the need for any further legislation
19 to protect taxpayer identities.

20 (c) PROGRESS ON OUTREACH AND EDUCATION.—In
21 the first biannual report on identity theft refund fraud
22 under subsection (a), the Secretary (or the Secretary's del-
23 egate) shall include—

24 (1) an assessment of the agency's progress on
25 identity theft outreach and education to the private

1 sector, State agencies, and external organizations;
2 and

3 (2) the results of a feasibility study on the costs
4 and benefits to enhancing its taxpayer authentica-
5 tion approach to the electronic tax return filing
6 process.

7 **SEC. 8. INFORMATION SHARING AND ANALYSIS CENTER.**

8 (a) IN GENERAL.—The Secretary (or the Secretary’s
9 delegate) shall establish an information sharing and anal-
10 ysis center to centralize, standardize, and enhance data
11 compilation and analysis to facilitate sharing actionable
12 data and information with respect to identity theft.

13 (b) REPORT.—Not later than 1 year after establish-
14 ment of the information sharing and analysis center, the
15 Secretary (or the Secretary’s delegate) shall submit a re-
16 port to the Committee on Ways and Means of the House
17 of Representatives and Committee on Finance of the Sen-
18 ate on the information sharing and analysis center de-
19 scribed in subsection (a). The report shall include the data
20 that was shared, the use of such data, and the results of
21 the data sharing and analysis center in combating identity
22 theft.

23 **SEC. 9. LOCAL LAW ENFORCEMENT LIAISON.**

24 (a) ESTABLISHMENT.—The Commissioner of Inter-
25 nal Revenue shall establish within the Criminal Investiga-

1 tion Division of the Internal Revenue Service the position
2 of Local Law Enforcement Liaison.

3 (b) DUTIES.—The Local Law Enforcement Liaison
4 shall serve as the primary source of contact for State and
5 local law enforcement authorities with respect to tax-re-
6 lated identity theft, having duties that shall include—

7 (1) receiving information from State and local
8 law enforcement authorities;

9 (2) responding to inquiries from State and local
10 law enforcement authorities;

11 (3) administering authorized information-shar-
12 ing initiatives with State or local law enforcement
13 authorities and reviewing the performance of such
14 initiatives;

15 (4) ensuring any information provided through
16 authorized information-sharing initiatives with State
17 or local law enforcement authorities is used only for
18 the prosecution of identity theft-related crimes and
19 not re-disclosed to third parties; and

20 (5) such other duties relating to tax-related
21 identity theft prevention as are delegated by the
22 Commissioner of Internal Revenue.

23 **SEC. 10. IRS PHONE SCAM REPORT.**

24 (a) IN GENERAL.—Not later than 1 year after the
25 date of the enactment of this Act, the Inspector General

1 for Tax Administration, in consultation with the Federal
2 Communications Commission and the Federal Trade Com-
3 mission, shall submit a report to Congress regarding iden-
4 tity theft phone scams under which individuals attempt
5 to obtain personal information over the phone from tax-
6 payers by falsely claiming to be calling from or on behalf
7 the Internal Revenue Service.

8 (b) CONTENTS OF REPORT.—Such report shall in-
9 clude—

10 (1) a description of the nature and form of such
11 scams;

12 (2) an estimate of the number of taxpayers con-
13 tacted pursuant to, and the number of taxpayers
14 who have been victims of, such scams;

15 (3) an estimate of the amount of wrongful pay-
16 ments obtained from such scams; and

17 (4) details of potential solutions to combat and
18 prevent such scams, including best practices from
19 the private sector and technological solutions.

20 **SEC. 11. PROVIDING IDENTITY THEFT PREVENTION INFOR-**
21 **MATION WHILE ON HOLD WITH INTERNAL**
22 **REVENUE SERVICE.**

23 The Secretary of the Treasury, or the Secretary's del-
24 egate, shall ensure that if a taxpayer is on hold with the

1 Internal Revenue Service on a taxpayer service telephone
2 call the following information is provided:

3 (1) Basic information about common identity
4 theft tax scams.

5 (2) Directions on where to report such activity.

6 (3) Tips on how to protect against identity
7 theft tax scams.

8 **SEC. 12. NO ADDITIONAL FUNDS AUTHORIZED.**

9 No additional funds are authorized to carry out the
10 requirements of this Act and the amendments made by
11 this Act. Such requirements shall be carried out using
12 amounts otherwise authorized.

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