

115TH CONGRESS
1ST SESSION

S. 606

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

IN THE SENATE OF THE UNITED STATES

MARCH 9, 2017

Mr. NELSON (for himself, Mr. BLUMENTHAL, Ms. KLOBUCHAR, Mrs. GILLIBRAND, Mr. CARDIN, Mr. CASEY, and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to prevent taxpayer identity theft and tax refund 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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Identity Theft and Tax Fraud Prevention Act of 2017”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) SECRETARY.—In this Act, the term “Secretary”
 4 means the Secretary of the Treasury or the Secretary’s
 5 delegate.

6 (d) TABLE OF CONTENTS.—The table of contents of
 7 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—IDENTITY THEFT AND TAX REFUND FRAUD
 PREVENTION

Subtitle A—General Provisions

Sec. 101. Guidelines for stolen identity refund fraud cases.

Sec. 102. Criminal penalty for misappropriating taxpayer identity in connection
 with tax fraud.

Sec. 103. Increased penalty for improper disclosure or use of information by
 preparers of returns.

Sec. 104. Notification of suspected identity theft.

Sec. 105. Local law enforcement liaison.

Subtitle B—Administrative Authority To Prevent Identity Theft and Tax
 Refund Fraud

Sec. 111. Authority to transfer Internal Revenue Service appropriations to com-
 bat tax fraud.

Sec. 112. Streamlined critical pay authority for information technology posi-
 tions.

Sec. 113. Access to the National Directory of New Hires for tax administration
 purposes.

Sec. 114. Use of information in Do Not Pay Initiative in prevention of identity
 theft refund fraud.

Sec. 115. Minimum standards for professional tax preparers.

Sec. 116. Sense of the Senate on strengthened penalties and enforcement for
 impersonating an IRS official or agent.

Subtitle C—Reports

Sec. 121. IRS Report on stolen identity refund fraud.

Sec. 122. Report on status of the Identity Theft Tax Refund Fraud Informa-
 tion Sharing and Analysis Center.

Sec. 123. Report on IRS imposter phone scam.

TITLE II—IMPROVEMENTS TO ELECTRONIC FILING OF TAX
 RETURNS

Sec. 201. Study on feasibility of blocking electronically filed tax returns.

Sec. 202. Enhancements to IRS PIN Program.

Sec. 203. Increasing electronic filing of returns.

Sec. 204. Internet platform for Form 1099 filings.

Sec. 205. Requirement that electronically prepared paper returns include scannable code.

Sec. 206. Authentication of users of electronic services accounts.

1 **TITLE I—IDENTITY THEFT AND**
 2 **TAX REFUND FRAUD PREVEN-**
 3 **TION**

4 **Subtitle A—General Provisions**

5 **SEC. 101. GUIDELINES FOR STOLEN IDENTITY REFUND**
 6 **FRAUD CASES.**

7 (a) IN GENERAL.—Not later than 6 months after the
 8 date of the enactment of this Act, the Secretary, in con-
 9 sultation with the National Taxpayer Advocate, shall de-
 10 velop and implement publicly available guidelines for man-
 11 agement of cases involving stolen identity refund fraud in
 12 a manner that reduces the administrative burden on tax-
 13 payers who are victims of such fraud.

14 (b) STANDARDS AND PROCEDURES TO BE CONSID-
 15 ERED.—The guidelines described in subsection (a) may in-
 16 clude—

17 (1) standards for—

18 (A) the average length of time in which a
 19 case involving stolen identity refund fraud
 20 should be resolved,

21 (B) the maximum length of time, on aver-
 22 age, a taxpayer who is a victim of stolen iden-
 23 tity refund fraud and is entitled to a tax refund

1 which has been stolen should have to wait to re-
2 ceive such refund, and

3 (C) the maximum number of offices and
4 employees within the Internal Revenue Service
5 with whom a taxpayer who is a victim of stolen
6 identity refund fraud should be required to
7 interact in order to resolve a case,

8 (2) standards for opening, assigning, reas-
9 signing, or closing a case involving stolen identity re-
10 fund fraud, and

11 (3) procedures for implementing and accom-
12 plishing the standards described in paragraphs (1)
13 and (2), and measures for evaluating such proce-
14 dures and determining whether such standards have
15 been successfully implemented.

16 **SEC. 102. CRIMINAL PENALTY FOR MISAPPROPRIATING**
17 **TAXPAYER IDENTITY IN CONNECTION WITH**
18 **TAX FRAUD.**

19 (a) IN GENERAL.—Section 7206 is amended—

20 (1) by striking “Any person” and inserting the
21 following:

22 “(a) IN GENERAL.—Any person”, and

23 (2) by adding at the end the following new sub-
24 section:

1 “(b) MISAPPROPRIATION OF IDENTITY.—Any person
2 who willfully misappropriates another person’s taxpayer
3 identity (as defined in section 6103(b)(6)) for the purpose
4 of making any list, return, account, statement, or other
5 document submitted to the Secretary under the provisions
6 of this title shall be guilty of a felony and, upon conviction
7 thereof, shall be fined not more than \$250,000 (\$500,000
8 in the case of a corporation) or imprisoned not more than
9 5 years, or both, together with the costs of prosecution.”.

10 (b) IDENTITY PROTECTION PERSONAL IDENTIFICA-
11 TION NUMBER.—Section 6109 is amended by inserting
12 after subsection (d) the following new subsection:

13 “(e) IDENTITY PROTECTION PERSONAL IDENTIFICA-
14 TION NUMBER.—

15 “(1) IN GENERAL.—For purposes of this sec-
16 tion, the term ‘identifying number’ shall include an
17 identity protection personal identification number, as
18 defined in paragraph (2).

19 “(2) DEFINITION.—The term ‘identity protec-
20 tion personal identification number’ means a number
21 assigned by the Secretary to a taxpayer to help pre-
22 vent the misuse of the social security account num-
23 ber of the taxpayer on fraudulent Federal income
24 tax returns and to assist the Secretary in verifying
25 a taxpayer’s identity.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) shall apply to offenses committed on or
 3 after the date of the enactment of this Act.

4 **SEC. 103. INCREASED PENALTY FOR IMPROPER DISCLO-**
 5 **SURE OR USE OF INFORMATION BY PRE-**
 6 **PARERS OF RETURNS.**

7 (a) IN GENERAL.—Section 6713 is amended—

8 (1) by redesignating subsections (b) and (c) as
 9 subsections (c) and (d), respectively, and

10 (2) by inserting after subsection (a) the fol-
 11 lowing new subsection:

12 “(b) ENHANCED PENALTY FOR IMPROPER USE OR
 13 DISCLOSURE RELATING TO IDENTITY THEFT.—

14 “(1) IN GENERAL.—In the case of a disclosure
 15 or use described in subsection (a) that is made in
 16 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
 17 crime involves any tax filing, subsection (a) shall be
 18 applied—
 19

21 “(A) by substituting ‘\$1,000’ for ‘\$250’,

22 and

23 “(B) by substituting ‘\$50,000’ for
 24 ‘\$10,000’.

1 “(2) SEPARATE APPLICATION OF TOTAL PEN-
2 ALTY LIMITATION.—The limitation on the total
3 amount of the penalty under subsection (a) shall be
4 applied separately with respect to disclosures or uses
5 to which this subsection applies and to which it does
6 not apply.”.

7 (b) CRIMINAL PENALTY.—Section 7216(a) is amend-
8 ed by striking “\$1,000” and inserting “\$1,000 (\$100,000
9 in the case of a disclosure or use to which section 6713(b)
10 applies)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to disclosures or uses on or after
13 the date of the enactment of this Act.

14 **SEC. 104. 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 “If the Secretary determines that there has been or
20 may have been an unauthorized use of the identity of any
21 individual, the Secretary shall, without jeopardizing an in-
22 vestigation relating to tax administration—

23 “(1) as soon as practicable, notify the indi-
24 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 (as defined in section 6109(e)), 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) CLERICAL AMENDMENT.—The table of sections
 14 for chapter 77 is amended by adding at the end the fol-
 15 lowing new item:

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

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

19 **SEC. 105. LOCAL LAW ENFORCEMENT LIAISON.**

20 (a) ESTABLISHMENT.—The Commissioner of Inter-
 21 nal Revenue shall establish within the Criminal Investiga-
 22 tion Division of the Internal Revenue Service the position
 23 of Local Law Enforcement Liaison.

24 (b) DUTIES.—The Local Law Enforcement Liaison
 25 shall serve as the primary source of contact for State and

1 local law enforcement authorities with respect to tax-re-
2 lated identity theft and other tax fraud matters, having
3 duties that shall include—

4 (1) receiving information from State and local
5 law enforcement authorities,

6 (2) responding to inquiries from State and local
7 law enforcement authorities,

8 (3) administering authorized information-shar-
9 ing initiatives with State or local law enforcement
10 authorities and reviewing the performance of such
11 initiatives,

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

17 (5) any other duties as delegated by the Com-
18 missioner of Internal Revenue.

1 **Subtitle B—Administrative Author-**
2 **ity To Prevent Identity Theft**
3 **and Tax Refund Fraud**

4 **SEC. 111. AUTHORITY TO TRANSFER INTERNAL REVENUE**
5 **SERVICE APPROPRIATIONS TO COMBAT TAX**
6 **FRAUD.**

7 (a) IN GENERAL.—For any fiscal year, in addition
8 to any other authority to transfer amounts appropriated
9 to an Internal Revenue Service account, the Commissioner
10 of Internal Revenue (referred to in this section as the
11 “Commissioner”) may transfer not more than
12 \$10,000,000 to any account of the Internal Revenue Serv-
13 ice from amounts appropriated to other Internal Revenue
14 Service accounts. Any amounts so transferred shall be
15 used solely for the purposes of preventing, detecting, and
16 resolving potential cases of tax fraud, which may include
17 educating taxpayers about common tax fraud scams and
18 how to protect themselves from such scams.

19 (b) LIMITATION.—The Commissioner shall not trans-
20 fer any amounts described in subsection (a) unless the
21 Commissioner has determined that taxpayer services pro-
22 vided by the Internal Revenue Service to the public (in-
23 cluding telephone operations, forms and publications, and
24 similar types of taxpayer assistance) will not be impaired
25 by such transfer.

1 **SEC. 112. STREAMLINED CRITICAL PAY AUTHORITY FOR IN-**
2 **FORMATION TECHNOLOGY POSITIONS.**

3 (a) **AUTHORITY.**—Section 9503(a) of title 5, United
4 States Code, is amended—

5 (1) in the matter preceding paragraph (1), by
6 striking “the Secretary of the Treasury” and all that
7 follows through “establish” and inserting “the Sec-
8 retary of the Treasury may, during the period begin-
9 ning on the date of the enactment of the Identity
10 Theft and Tax Fraud Prevention Act of 2017 and
11 ending on September 30, 2022, establish”, and

12 (2) in paragraph (1)(B), by striking “the Inter-
13 nal Revenue Service’s successful accomplishment of
14 an important mission” and inserting “the
15 functionality of the information technology oper-
16 ations of the Internal Revenue Service”.

17 (b) **RECRUITMENT, RETENTION, RELOCATION IN-**
18 **CENTIVES, AND RELOCATION EXPENSES.**—Section 9504
19 of title 5, United States Code, is amended—

20 (1) in subsection (a)—

21 (A) by striking “Before September 30,
22 2013” and inserting “During the period begin-
23 ning on the date of the enactment of the Iden-
24 tity Theft and Tax Fraud Prevention Act of
25 2017 and ending on September 30, 2022”, and

1 (B) by inserting “for employees holding
2 positions described in section 9503(a)(1)” after
3 “incentives”, and
4 (2) in subsection (b)—

5 (A) by striking “Before September 30,
6 2013” and inserting “During the period begin-
7 ning on the date of the enactment of the Iden-
8 tity Theft and Tax Fraud Prevention Act of
9 2017 and ending on September 30, 2022”,

10 (B) by striking “employees transferred or
11 reemployed” and inserting “employees holding
12 positions described in section 9503(a)(1) who
13 are transferred or reemployed during such pe-
14 riod”, and

15 (C) by striking “section 9502 or 9503
16 after June 1, 1998” and inserting “section
17 9503 during such period”.

18 (c) PERFORMANCE AWARDS FOR SENIOR EXECU-
19 TIVES.—Section 9505(a) of title 5, United States Code,
20 is amended—

21 (1) by striking “Before September 30, 2013”
22 and inserting “During the period beginning on the
23 date of the enactment of the Identity Theft and Tax
24 Fraud Prevention Act of 2017 and ending on Sep-
25 tember 30, 2022”, and

1 (2) by striking “significant functions” and in-
2 serting “the information technology operations”.

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to payments made on or after the
5 date of the enactment of this Act.

6 **SEC. 113. ACCESS TO THE NATIONAL DIRECTORY OF NEW**
7 **HIRES FOR TAX ADMINISTRATION PURPOSES.**

8 (a) **IN GENERAL.**—Paragraph (3) of section 453(i)
9 of the Social Security Act (42 U.S.C. 653(i)) is amended
10 to read as follows:

11 “(3) **ADMINISTRATION OF FEDERAL TAX**
12 **LAWS.**—The Secretary of the Treasury shall have
13 access to the information in the National Directory
14 of New Hires solely for purposes of administering
15 the Internal Revenue Code of 1986.”.

16 (b) **EFFECTIVE DATE.**—The amendment made by
17 this section shall take effect on the date of the enactment
18 of this Act.

19 **SEC. 114. USE OF INFORMATION IN DO NOT PAY INITIATIVE**
20 **IN PREVENTION OF IDENTITY THEFT RE-**
21 **FUND FRAUD.**

22 The Secretary shall use the information available
23 under the Do Not Pay Initiative established under section
24 5 of the Improper Payments Elimination and Recovery

1 Improvement Act of 2012 (31 U.S.C. 3321 note) to help
2 prevent identity theft refund fraud.

3 **SEC. 115. MINIMUM STANDARDS FOR PROFESSIONAL TAX**
4 **PREPARERS.**

5 (a) IN GENERAL.—Subsection (a) of section 330 of
6 title 31, United States Code, is amended—

7 (1) by striking paragraph (1) and inserting the
8 following:

9 “(1) establish minimum standards regulating—

10 “(A) the practice of representatives of per-
11 sons before the Department of the Treasury;
12 and

13 “(B) the practice of tax return preparers;
14 and”, and

15 (2) in paragraph (2)—

16 (A) by inserting “or tax return preparer”
17 after “representative” each place it appears,
18 and

19 (B) by inserting “or in preparing their tax
20 returns, claims for refund, or documents in con-
21 nection with tax returns or claims for refund”
22 after “cases” in subparagraph (D).

23 (b) AUTHORITY TO SANCTION REGULATED TAX RE-
24 TURN PREPARERS.—Subsection (b) of section 330 of title
25 31, United States Code, is amended—

- 1 (1) by striking “before the Department”,
2 (2) by inserting “or tax return preparer” after
3 “representative” each place it appears, and
4 (3) in paragraph (4), by striking “misleads or
5 threatens” and all that follows and inserting “mis-
6 leads or threatens—

7 “(A) any person being represented or any
8 prospective person being represented; or

9 “(B) any person or prospective person
10 whose tax return, claim for refund, or document
11 in connection with a tax return or claim for re-
12 fund, is being or may be prepared.”.

13 (c) TAX RETURN PREPARER DEFINED.—Section 330
14 of title 31, United States Code, is amended by adding at
15 the end the following new subsection:

16 “(e) TAX RETURN PREPARER.—For purposes of this
17 section—

18 “(1) IN GENERAL.—The term ‘tax return pre-
19 parer’ has the meaning given such term under sec-
20 tion 7701(a)(36) of the Internal Revenue Code of
21 1986.

22 “(2) TAX RETURN.—The term ‘tax return’ has
23 the meaning given to the term ‘return’ under section
24 6696(e)(1) of the Internal Revenue Code of 1986.

1 “(3) CLAIM FOR REFUND.—The term ‘claim for
2 refund’ has the meaning given such term under sec-
3 tion 6696(e)(2) of such Code.”.

4 **SEC. 116. SENSE OF THE SENATE ON STRENGTHENED PEN-**
5 **ALTIES AND ENFORCEMENT FOR IMPER-**
6 **SONATING AN IRS OFFICIAL OR AGENT.**

7 It is the sense of the Senate that the penalties under
8 section 912 of title 18, United States Code, for imper-
9 sonating an officer or employee acting under the authority
10 of the United States should be amended to increase the
11 penalties for impersonating an official or agent of the In-
12 ternal Revenue Service and enforced to the fullest extent
13 of the law.

14 **Subtitle C—Reports**

15 **SEC. 121. IRS REPORT ON STOLEN IDENTITY REFUND**
16 **FRAUD.**

17 (a) IN GENERAL.—Not later than September 30,
18 2018, and every even-numbered calendar year thereafter
19 through September 30, 2026, the Secretary shall report
20 to the Committee on Ways and Means of the House of
21 Representatives and the Committee on Finance of the
22 Senate on the extent and nature of stolen identity refund
23 fraud under the Internal Revenue Code of 1986, as based
24 on the most recent data that is available.

1 (b) CONTENTS.—The report described in subsection

2 (a) shall include—

3 (1) a discussion of the detection, prevention,
4 and enforcement activities undertaken by the Inter-
5 nal Revenue Service with respect to such fraud, in-
6 cluding—

7 (A) efforts to combat stolen identity refund
8 fraud, including an update on the victims' as-
9 sistance unit (or any equivalent unit),

10 (B) an update on Internal Revenue Service
11 efforts and results associated with limiting mul-
12 tiple refunds to the same financial account and
13 physical address, with appropriate exceptions,
14 and

15 (C) Internal Revenue Service efforts asso-
16 ciated with other avenues for addressing stolen
17 identity refund fraud,

18 (2) information regarding the average and max-
19 imum amounts of time that elapsed before resolution
20 of a victim's case,

21 (3) an analysis of ways to accelerate informa-
22 tion matching in order to prevent stolen identity re-
23 fund fraud,

1 (4) an update on the implementation of the rel-
2 evant provisions of this Act and the amendments
3 made by this Act, and

4 (5) identification of any further legislation to
5 protect taxpayer resources and information, includ-
6 ing preventing tax refund fraud related to the Inter-
7 nal Revenue Service's e-Services tools and electronic
8 filing identification numbers.

9 (c) **ADDITIONAL INFORMATION FOR THE FIRST RE-**
10 **PORT.**—The first report required under this section shall
11 include—

12 (1) an assessment of the progress made by the
13 Internal Revenue Service on identity theft outreach
14 and education to individuals, businesses, State agen-
15 cies, and other external organizations, and

16 (2) the results of a study on the costs and bene-
17 fits relating to enhancement of the taxpayer authen-
18 tication approach employed by the Internal Revenue
19 Service in the electronic tax return filing process.

20 **SEC. 122. REPORT ON STATUS OF THE IDENTITY THEFT TAX**
21 **REFUND FRAUD INFORMATION SHARING AND**
22 **ANALYSIS CENTER.**

23 Not later than 90 days after the date of the enact-
24 ment of this Act, the Secretary shall report to the Com-

1 mittee on Ways and Means of the House of Representa-
2 tives and the Committee on Finance of the Senate on—

3 (1) whether the Identity Theft Tax Refund
4 Fraud Information Sharing and Analysis Center (re-
5 ferred to in this section as the “Center”) is fully
6 operational,

7 (2) if the Center is not fully operational, what
8 steps are necessary for the Center to be fully oper-
9 ational and an estimate of when the Center will be
10 fully operational, and

11 (3) any challenges that remain for effective
12 sharing of information between the public and pri-
13 vate sectors and efforts that are being undertaken to
14 address such challenges.

15 **SEC. 123. REPORT ON IRS IMPOSTER PHONE SCAM.**

16 (a) IN GENERAL.—Not later than 1 year after the
17 date of the enactment of this Act, the Inspector General
18 for Tax Administration, in consultation with the Federal
19 Communications Commission and the Federal Trade Com-
20 mission, shall submit a report to Congress regarding iden-
21 tity theft phone scams under which individuals attempt
22 to obtain personal information over the phone from tax-
23 payers by falsely claiming to be calling from or on behalf
24 the Internal Revenue Service.

1 (b) CONTENTS OF REPORT.—Such report shall in-
2 clude—

3 (1) a description of the nature and form of such
4 scams,

5 (2) an estimate of the number of taxpayers con-
6 tacted pursuant to, and the number of taxpayers
7 who have been victims of, such scams,

8 (3) an estimate of the amount of wrongful pay-
9 ments obtained from such scams, and

10 (4) details of potential solutions to combat and
11 prevent such scams, including best practices from
12 the private sector and technological solutions.

13 **TITLE II—IMPROVEMENTS TO**
14 **ELECTRONIC FILING OF TAX**
15 **RETURNS**

16 **SEC. 201. STUDY ON FEASIBILITY OF BLOCKING ELEC-**
17 **TRONICALLY FILED TAX RETURNS.**

18 Not later than 180 days after the date of the enact-
19 ment of this Act, the Secretary shall report to the Com-
20 mittee on Ways and Means of the House of Representa-
21 tives and the Committee on Finance of the Senate on the
22 feasibility of implementing a program under which a per-
23 son who has filed an identity theft affidavit with the Sec-
24 retary may elect to prevent the processing of any Federal
25 tax return submitted in an electronic format by anyone

1 purporting to be such person, including a recommendation
2 on whether to implement such a program.

3 **SEC. 202. ENHANCEMENTS TO IRS PIN PROGRAM.**

4 Not later than July 1, 2019, the Secretary shall es-
5 tablish a program to issue, upon request, an identity pro-
6 tection personal identification number (as described in sec-
7 tion 6109(e)(2) of the Internal Revenue Code of 1986 (as
8 added by section 102(b) of this Act)) to any individual
9 after the individual’s identity has been verified to the sat-
10 isfaction of the Secretary.

11 **SEC. 203. INCREASING ELECTRONIC FILING OF RETURNS.**

12 (a) IN GENERAL.—Subparagraph (A) of section
13 6011(e)(2) is amended by striking “250” and inserting
14 “the applicable number of”.

15 (b) APPLICABLE NUMBER.—Subsection (e) of section
16 6011 is amended by adding at the end the following new
17 paragraph:

18 “(5) APPLICABLE NUMBER.—For purposes of
19 paragraph (2)(A), the applicable number is—

20 “(A) in the case of returns and statements
21 relating to calendar years before 2020, 250,

22 “(B) in the case of returns and statements
23 relating to calendar year 2020, 200,

24 “(C) in the case of returns and statements
25 relating to calendar year 2021, 150,

1 “(D) in the case of returns and statements
2 relating to calendar year 2022, 100,

3 “(E) in the case of returns and statements
4 relating to calendar year 2023, 50, and

5 “(F) in the case of returns and statements
6 relating to calendar years after 2023, 20.”.

7 (c) RETURNS FILED BY A TAX RETURN PRE-
8 PARER.—

9 (1) IN GENERAL.—Subparagraph (A) of section
10 6011(e)(3) is amended to read as follows:

11 “(A) IN GENERAL.—The Secretary shall
12 require that any individual income tax return
13 which is prepared and filed by a tax return pre-
14 parer be filed on magnetic media. The Sec-
15 retary may waive the requirement of the pre-
16 ceding sentence if the Secretary determines, on
17 the basis of an application by the tax return
18 preparer, that the preparer cannot meet such
19 requirement based on technological constraints
20 (including lack of access to the Internet).”.

21 (2) CONFORMING AMENDMENT.—Paragraph (3)
22 of section 6011(e) is amended by striking subpara-
23 graph (B) and by redesignating subparagraph (C) as
24 subparagraph (B).

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to returns the due date for which
3 (determined without regard to extensions) is after Decem-
4 ber 31, 2018.

5 **SEC. 204. INTERNET PLATFORM FOR FORM 1099 FILINGS.**

6 (a) IN GENERAL.—Not later than January 1, 2022,
7 the Secretary shall make available an Internet website or
8 other electronic media, similar to the Business Services
9 Online Suite of Services provided by the Social Security
10 Administration, that will provide taxpayers access to re-
11 sources and guidance provided by the Internal Revenue
12 Service and will allow taxpayers to—

13 (1) prepare and file Forms 1099,

14 (2) prepare Forms 1099 for distribution to re-
15 cipients other than the Internal Revenue Service,
16 and

17 (3) create and maintain necessary taxpayer
18 records.

19 (b) EARLY IMPLEMENTATION FOR FORMS 1099–
20 MISC.—Not later than January 1, 2020, the Internet
21 website under subsection (a) shall be available in a partial
22 form that will allow taxpayers to take the actions de-
23 scribed in such subsection with respect to Forms 1099–
24 MISC required to be filed or distributed by such tax-
25 payers.

1 **SEC. 205. REQUIREMENT THAT ELECTRONICALLY PRE-**
2 **PARED PAPER RETURNS INCLUDE SCAN-**
3 **NABLE CODE.**

4 (a) IN GENERAL.—Subsection (e) of section 6011, as
5 amended by section 203(b) of this Act, is amended by add-
6 ing at the end the following new paragraph:

7 “(6) SPECIAL RULE FOR RETURNS PREPARED
8 ELECTRONICALLY AND SUBMITTED ON PAPER.—The
9 Secretary shall require that any return of tax which
10 is prepared electronically, but is printed and filed on
11 paper, bear a code which can, when scanned, convert
12 such return to electronic format.”.

13 (b) CONFORMING AMENDMENT.—Paragraph (1) of
14 section 6011(e) is amended by striking “paragraph (3)”
15 and inserting “paragraphs (3) and (6)”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to returns of tax the due date for
18 which (determined without regard to extensions) is after
19 December 31, 2018.

20 **SEC. 206. AUTHENTICATION OF USERS OF ELECTRONIC**
21 **SERVICES ACCOUNTS.**

22 Beginning 180 days after the date of the enactment
23 of this Act, the Secretary shall verify the identity of any
24 individual opening an e-Services account with the Internal

- 1 Revenue Service before such individual is able to use the
- 2 e-Services tools.

