

INTRODUCTION: Legislative Recommendations

Section 7803(c)(2)(B)(ii)(VIII) of the Internal Revenue Code (IRC) requires the National Taxpayer Advocate to include in her Annual Report to Congress, among other things, legislative recommendations to resolve problems encountered by taxpayers.

The table that follows this introduction summarizes congressional action on recommendations that the National Taxpayer Advocate proposed in her 2001 through 2017 Annual Reports.¹ The National Taxpayer Advocate places a high priority on working with the tax-writing committees and other interested parties to try to resolve problems encountered by taxpayers. In addition to submitting legislative proposals in each Annual Report, the National Taxpayer Advocate meets regularly with members of Congress and their staffs and testifies at hearings on the problems faced by taxpayers to ensure that Congress has an opportunity to receive and consider a taxpayer perspective. Last year, for the first time, the National Taxpayer Advocate included with her Annual Report a separate volume, *The National Taxpayer Advocate Purple Book*, which proposed 50 legislative recommendations intended to strengthen taxpayer rights and improve tax administration. The National Taxpayer Advocate has decided to make the Purple Book a recurring addition to her Annual Report. This year's Purple Book contains a concise summary of 58 legislative recommendations, most of which have been made in detail in our prior reports, but others are presented for the first time.² Each recommendation is presented in a format similar to the one used for congressional committee reports, with "Present Law," "Reasons for Change," and "Recommendation(s)" sections. We hope for this to be a user-friendly resource for members of Congress and their staffs.

The following discussion highlights legislative activity during the second session of the 115th Congress relating to the National Taxpayer Advocate's proposals.

Bipartisan Budget Act of 2018

On April 4, 2017, Representative Larson and sixteen other Representatives introduced this legislation, which became Public Law No. 115-123 on February 9, 2018, that enacted one of the National Taxpayer Advocate's prior proposals.³

- **Hold Taxpayers Harmless When the IRS Returns Funds Levied From a Retirement Plan or Account.**⁴ This provision would hold individuals harmless on improper levies on individual retirement accounts.

1 An electronic version of the chart is available on the TAS website at www.TaxpayerAdvocate.irs.gov/Reports. The chart lists all legislative recommendations the National Taxpayer Advocate has made since 2001 and identifies each section of the Internal Revenue Code (IRC) affected by the recommendations.

2 See National Taxpayer Advocate 2019 Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration* (Dec. 2018).

3 Bipartisan Budget Act, Pub. L. No. 115-123, § 41104, 132 Stat 64, 155-156 (2018).

4 National Taxpayer Advocate Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration* 41-42 (*Hold Taxpayers Harmless When the IRS Returns Funds Levied From a Retirement Plan or Account*) (Dec. 2018).

Taxpayer First Act

On April 10, 2018, Representative Jenkins and four other Representatives introduced this legislation, which passed the House by a unanimous vote of 414-0.⁵ The Taxpayer First Act would enact many of the National Taxpayer Advocate's prior proposals.

- **Matching Grants Program for Return Preparation.**⁶ This provision would establish a Volunteer Income Tax Assistance (VITA) matching grant program.
- **Referrals to LITCs.**⁷ This provision would allow officers and employees of the Department of Treasury to advise taxpayers of the availability of and the eligibility requirements for receiving assistance from Low Income Taxpayer Clinics (LITCs). It would also allow such officers and employees to provide to taxpayers the addresses and contact information for these clinics.
- **Waiver of Installment Agreement Fees for Low Income Taxpayers.**⁸ This provision would waive any fee otherwise required with the submission of an offer in compromise (OIC) for low income taxpayers. While this provision does not mention installment agreement fees as the title of this recommendation suggests, our past Most Serious Problems (MSPs) and Legislative Recommendations (LRs) that discussed this recommendation extend the recommendation to the OIC and user fees that this provision waives.
- **Restrict Tax Return Disclosures to Necessary Content.**⁹ This provision would limit the redisclosures and uses of tax return information to only the express purpose for which consent to use that information was granted. The tax return information shall not be disclosed to any other person without the express permission or request of the taxpayer.
- **Taxpayer Advocate Directive.**¹⁰ This provision would amend IRC § 7803(c) by adding a segment on the power of the National Taxpayer Advocate to issue Taxpayer Advocate Directives (TADs), and that the Administrator of the IRS¹¹ must modify, rescind, or ensure compliance with a TAD within 90 days of its issuance. The National Taxpayer Advocate may appeal a modification or rescission, to which the Administrator must ensure compliance or provide the National Taxpayer Advocate with a detailed description of the reasons behind making the modification or rescission.

5 Taxpayer First Act, H.R. 5444, 115th Cong. (2018).

6 National Taxpayer Advocate 2014 Annual Report to Congress 55-66 (Most Serious Problem: *VTA/TCE Funding: Volunteer Tax Assistance Programs Are Too Restrictive and the Design Grant Structure Is Not Adequately Based on Specific Needs of Served Taxpayer Populations*); National Taxpayer Advocate 2002 Annual Report to Congress vii-viii.

7 National Taxpayer Advocate 2007 Annual Report to Congress 551-553 (Legislative Recommendation: *Referral to Low Income Taxpayer Clinics*).

8 National Taxpayer Advocate 2017 Annual Report to Congress 307-313 (Legislative Recommendation: *User Fees: Prohibit User Fees That Reduce Revenue, Increase Costs, or Erode Taxpayer Rights*); National Taxpayer Advocate 2015 Annual Report to Congress 14-35 (Most Serious Problem: *IRS User Fees: The IRS May Adopt User Fees to Fill Funding Gaps Without Fully Considering Taxpayer Burden and the Impact on Voluntary Compliance*); National Taxpayer Advocate 2007 Annual Report to Congress 66-82 (Most Serious Problem: *User Fees: Taxpayer Service For Sale*); National Taxpayer Advocate 2006 Annual Report to Congress 141-156 (Most Serious Problem: *Collection Issues of Low Income Taxpayers*).

9 National Taxpayer Advocate 2007 Annual Report to Congress 554-555 (Legislative Recommendation: *Consent-Based Disclosures of Tax Return Information Under Internal Revenue Code Section 6103(c)*).

10 National Taxpayer Advocate 2016 Annual Report to Congress 39-40 (Special Focus: *IRS Future State: The National Taxpayer Advocate's Vision for a Taxpayer-Centric 21st Century Tax Administration*); National Taxpayer Advocate 2011 Annual Report to Congress 573-581 (Legislative Recommendation: *Codify the Authority of the National Taxpayer Advocate to File Amicus Briefs, Comment on Regulations, and Issue Taxpayer Advocate Directives*); National Taxpayer Advocate 2002 Annual Report to Congress 198-215 (Legislative Recommendation: *The Office of the Taxpayer Advocate*).

11 The bill modifies the title of the "Commissioner of Internal Revenue" and replaces it with the "Administrator of the Internal Revenue Service". See Taxpayer First Act, H.R. 5444, 115th Cong. § 11401 (2018).

- **Single Point of Contact.**¹² This provision would require the Secretary of the Treasury to establish and implement procedures to create a single point of contact at the IRS for taxpayers whose tax return has been delayed or adversely affected by tax-related identity theft.
- **Strengthen the Independence of the IRS Office of Appeals.**¹³ This provision would establish within the IRS a new office, the IRS Independent Office of Appeals.
- **Tax Court Review of Request for Equitable Innocent Spouse Relief.**¹⁴ This provision clarifies the standards and scope of Tax Court review for equitable innocent spouse relief.
- **Clarify that the Scope and Standard of Tax Court Determinations Under IRC § 6015(f) is *De Novo*.**¹⁵ This provision clarifies that any review of a determination made under IRC § 6015(f) (equitable relief for innocent spouses from joint and several liability on a joint return) will be reviewed *de novo* by the Tax Court.

Taxpayer First Act of 2018

On July 19, 2018, Senator Hatch and thirteen other Senators introduced this legislation.¹⁶ This Act includes several changes and additions from the House version of the bill. While this Senate version would remove some of the prior National Taxpayer Advocate's recommendations that were included in the House bill, this legislation would still enact a number of the National Taxpayer Advocate's prior proposals.

- **Matching Grants Program for Return Preparation.**¹⁷ This provision would establish a VITA matching grant program.
- **Single Point of Contact.**¹⁸ This provision would require the Secretary of the Treasury to establish and implement procedures to create a single point of contact at the IRS for taxpayers whose tax return has been delayed or adversely affected by tax-related identity theft.
- **Notification of Suspected Identity Theft.**¹⁹ This provision would require the Secretary to notify an individual as soon as practicable if there has been or may have been an unauthorized use of their identity, and it can be disclosed without jeopardizing an investigation relating to tax administration. Such notice must include instructions on further steps, including the necessary forms to complete and how to file a report with law enforcement.

12 National Taxpayer Advocate 2013 Annual Report to Congress 61 (Most Serious Problem: *Regulation of Return Preparers: Taxpayers and Tax Administration Remain Vulnerable to Incompetent and Unscrupulous Return Preparers While the IRS is Enjoined From Continuing its Efforts to Effectively Regulate Unenrolled Preparers*).

13 National Taxpayer Advocate 2009 Annual Report to Congress 346-350 (Legislative Recommendation: *Strengthen the Independence of the IRS Office of Appeals and Require at Least One Appeals Officer and Settlement Officer in Each State*).

14 National Taxpayer Advocate 2001 Annual Report to Congress 128-165 (Legislative Recommendation: *Joint and Several Liability*).

15 National Taxpayer Advocate 2011 Annual Report to Congress 531-536 (Legislative Recommendation: *Clarify that the Scope and Standard of Tax Court Determinizations Under Internal Revenue Code Section 6015(f) is De Novo*).

16 Taxpayer First Act of 2018, S. 3246, 115th Cong. (2018).

17 National Taxpayer Advocate 2014 Annual Report to Congress 55-66 (Most Serious Problem: *VTA/TCE Funding: Volunteer Tax Assistance Programs Are Too Restrictive and the Design Grant Structure Is Not Adequately Based on Specific Needs of Served Taxpayer Populations*); National Taxpayer Advocate 2002 Annual Report to Congress vii-viii.

18 National Taxpayer Advocate 2013 Annual Report to Congress 61 (Most Serious Problem: *Regulation of Return Preparers: Taxpayers and Tax Administration Remain Vulnerable to Incompetent and Unscrupulous Return Preparers While the IRS is Enjoined From Continuing its Efforts to Effectively Regulate Unenrolled Preparers*).

19 National Taxpayer Advocate 2011 Annual Report to Congress 48-74 (Most Serious Problem: *Tax-Related Identity Theft Continues to Impose Significant Burdens on Taxpayers and the IRS*).

- **Increase Preparer Penalties.**²⁰ This provision would increase penalties for improper disclosure or use of information by preparers of tax returns.
- **Tax Court Review of Request for Equitable Innocent Spouse Relief.**²¹ This provision clarifies the standards and scope of Tax Court review for equitable innocent spouse relief.
- **Clarify that the Scope and Standard of Tax Court Determinations Under IRC § 6015(f) is *De Novo*.**²² This provision clarifies that any review of a determination made under IRC § 6015(f) (equitable relief for innocent spouses from joint and several liability on a joint return) will be reviewed *de novo* by the Tax Court.
- **Scannable Returns.**²³ This provision would require that electronically prepared tax returns that are printed and filed on paper include scannable code, which can convert such a tax return to electronic format.
- **Notification to Exempt Organizations.**²⁴ This provision would require the IRS to provide notice to tax exempt organizations before the revocation of their tax-exempt status for failure to file their tax return for two consecutive years. The notification shall include information about how to comply to avoid loss of tax-exempt status.
- **Restrict Tax Return Disclosures to Necessary Content.**²⁵ This provision would limit the redisclosures and uses of tax return information to only the express purpose for which consent to use that information was granted. The tax return information shall not be disclosed to any other person without the express permission or request of the taxpayer.
- **Whistleblower.**²⁶ This provision amends IRC § 7623 to add civil action protections for whistleblowers against retaliation.
- **Referrals to LITCs.**²⁷ This provision would allow officers and employees of the Department of Treasury to advise taxpayers of the availability of and the eligibility requirements for receiving assistance from LITCs. It would also allow such officers and employees to provide to taxpayers the addresses and contact information for these clinics.

20 National Taxpayer Advocate 2003 Annual Report to Congress 270-301 (Legislative Recommendations: *Federal Tax Return Preparers: Oversight and Compliance*).

21 National Taxpayer Advocate 2001 Annual Report to Congress 128-165 (Legislative Recommendation: *Joint and Several Liability*).

22 National Taxpayer Advocate 2011 Annual Report to Congress 531-536 (Legislative Recommendation: *Clarify that the Scope and Standard of Tax Court Determinations Under Internal Revenue Code Section 6015(f) is De Novo*).

23 National Taxpayer Advocate 2013 Annual Report to Congress vol. 2 70, 91, 96 (Research Study: *Fundamental Changes to Return Filing and Processing Will Assist Taxpayers in Return Preparation and Decrease Improper Payments*).

24 National Taxpayer Advocate 2011 Annual Report to Congress 444 (Most Serious Problem: *The IRS Makes Reinstatement on an Organization's Exempt Status Following Revocation Unnecessarily Burdensome*).

25 National Taxpayer Advocate 2007 Annual Report to Congress 554-555 (Legislative Recommendation: *Consent-Based Disclosures of Tax Return Information Under Internal Revenue Code Section 6103(c)*).

26 National Taxpayer Advocate 2015 Annual Report to Congress 409-412 (Legislative Recommendation: *Whistleblower Program: Enact Anti-Retaliation Legislation to Protect Tax Whistleblowers*).

27 National Taxpayer Advocate 2007 Annual Report to Congress 551-553 (Legislative Recommendation: *Referral to Low Income Taxpayer Clinics*).

Taxpayer First Act of 2018

On December 10, 2018, Representatives Jenkins and Lewis introduced this legislation.²⁸ It passed in the House on December 20, 2018. This Act includes several changes and additions from the first House version and the Senate version of the bill, discussed above.²⁹ It also is nearly identical to Division B of H.R. 88 which was introduced by Representative Brady on December 17, 2018, and passed in the House on December 20, 2018.³⁰ This legislation would enact many of the National Taxpayer Advocate's prior proposals.

- **Waiver of Installment Agreement Fees for Low Income Taxpayers.**³¹ This provision would waive any fee otherwise required with the submission of an OIC for low income taxpayers. While this provision does not mention installment agreement fees as the title of this recommendation suggests, our past MSPs and LRs that discussed this recommendation extend the recommendation to the OIC and user fees that this provision waives.
- **Tax Court Review of Request for Equitable Innocent Spouse Relief.**³² This provision clarifies the standards and scope of Tax Court review for equitable innocent spouse relief.
- **Clarify that the Scope and Standard of Tax Court Determinations Under IRC § 6015(f) is *De Novo*.**³³ This provision clarifies that any review of a determination made under IRC § 6015(f) (equitable relief for innocent spouses from joint and several liability on a joint return) will be reviewed *de novo* by the Tax Court.
- **Repeal PDC Provisions.**³⁴ While the National Taxpayer Advocate's legislative recommendation has been to repeal private debt collection (PDC) provisions, she has made additional recent recommendations to establish an income threshold for referral to PDC for taxpayers whose incomes are less than their allowable living expenses or if their adjusted gross income does not

28 Taxpayer First Act of 2018, H.R. 7227, 115th Cong. (2018).

29 Taxpayer First Act, H.R. 5444, 115th Cong. (2018); Taxpayer First Act of 2018, S. 3246, 115th Cong. (2018).

30 Taxpayer First Act of 2018, H.R. 88, 115th Cong. (2018). This legislation included a provision not present in the Taxpayer First Act which would enact one of the National Taxpayer Advocate's proposals regarding the development of online accounts to provide services to taxpayers and their preparers, including obtaining taxpayer information, making payment of taxes, sharing documents, and addressing and correcting issues. See Taxpayer First Act of 2018, H.R. 88, 115th Cong. § 2102 (2018). See also National Taxpayer Advocate 2004 Annual Report to Congress 471-477 (Legislative Recommendation: *Free Electronic Filing for All Taxpayers*).

31 National Taxpayer Advocate 2017 Annual Report to Congress 307-313 (Legislative Recommendation: *User Fees: Prohibit User Fees That Reduce Revenue, Increase Costs, or Erode Taxpayer Rights*); National Taxpayer Advocate 2015 Annual Report to Congress 14-35 (Most Serious Problem: *IRS User Fees: The IRS May Adopt User Fees to Fill Funding Gaps Without Fully Considering Taxpayer Burden and the Impact on Voluntary Compliance*); National Taxpayer Advocate 2007 Annual Report to Congress 66-82 (Most Serious Problem: *User Fees: Taxpayer Service For Sale*); National Taxpayer Advocate 2006 Annual Report to Congress 141-156 (Most Serious Problem: *Collection Issues of Low Income Taxpayers*).

32 National Taxpayer Advocate 2001 Annual Report to Congress 128-165 (Legislative Recommendation: *Joint and Several Liability*).

33 National Taxpayer Advocate 2011 Annual Report to Congress 531-536 (Legislative Recommendation: *Clarify that the Scope and Standard of Tax Court Determinations Under Internal Revenue Code Section 6015(f) is De Novo*).

34 National Taxpayer Advocate 2006 Annual Report to Congress 458-462 (Legislative Recommendation: *Repeal Private Debt Collection Provisions*).

exceed 250 percent of the applicable poverty level.³⁵ The provision in this bill would establish an income threshold for referral to PDC for taxpayers whose adjusted gross income does not exceed 200 percent of the applicable poverty level.

- **Taxpayer Advocate Directive.**³⁶ This provision would amend IRC § 7803(c) by adding a segment on the power of the National Taxpayer Advocate to issue TADs, and that the Commissioner of the Internal Revenue Service must modify, rescind, or ensure compliance with a TAD within 90 days of its issuance. The National Taxpayer Advocate may appeal a modification or rescission, to which the Commissioner must ensure compliance or provide the National Taxpayer Advocate with a detailed description of the reasons behind making the modification or rescission.
- **Matching Grants Program for Return Preparation.**³⁷ This provision would establish a VITA matching grant program.
- **Referrals to LITCs.**³⁸ This provision would allow officers and employees of the Department of Treasury to advise taxpayers of the availability of and the eligibility requirements for receiving assistance from LITCs. It would also allow such officers and employees to provide to taxpayers the addresses and contact information for these clinics.
- **Whistleblower.**³⁹ This provision amends IRC § 7623 to add civil action protections for whistleblowers against retaliation.
- **Single Point of Contact.**⁴⁰ This provision would require the Secretary of the Treasury to establish and implement procedures to create a single point of contact at the IRS for taxpayers whose tax return has been delayed or adversely affected by tax-related identity theft.
- **Notification of Suspected Identity Theft.**⁴¹ This provision would require the Secretary to notify an individual as soon as practicable if there has been or may have been an unauthorized use of their identity, and it can be disclosed without jeopardizing an investigation relating to tax

35 Most Serious Problem: *Private Debt Collection: The IRS's Expanding Private Debt Collection Program Continues to Burden Taxpayers Who Are Likely Experiencing Economic Hardship While Inactive PCA Inventory Accumulates*, supra; National Taxpayer Advocate 2019 Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration (Amend IRC § 6306(d) to Exclude the Debts of Taxpayers Whose Incomes are Less Than Their Allowable Living Expenses From Assignment to Private Collection Agencies or, if That Is Not Feasible, Exclude the Debts of Taxpayers Whose Incomes Are Less Than 250 Percent of the Federal Poverty Level)* (Dec. 2018); National Taxpayer Advocate 2017 Annual Report to Congress 10-21 (Most Serious Problem: *Private Debt Collection: The IRS's Private Debt Collection Program Is Not Generating Net Revenues, Appears to Have Been Implemented Inconsistently with the Law, and Burdens Taxpayers Experiencing Economic Hardship*).

36 National Taxpayer Advocate 2016 Annual Report to Congress 39-40 (Special Focus: *IRS Future State: The National Taxpayer Advocate's Vision for a Taxpayer-Centric 21st Century Tax Administration*); National Taxpayer Advocate 2011 Annual Report to Congress 573-581 (Legislative Recommendation: *Codify the Authority of the National Taxpayer Advocate to File Amicus Briefs, Comment on Regulations, and Issue Taxpayer Advocate Directives*); National Taxpayer Advocate 2002 Annual Report to Congress 198-215 (Legislative Recommendation: *The Office of the Taxpayer Advocate*).

37 National Taxpayer Advocate 2014 Annual Report to Congress 55-66 (Most Serious Problem: *VTA/TCE Funding: Volunteer Tax Assistance Programs Are Too Restrictive and the Design Grant Structure Is Not Adequately Based on Specific Needs of Served Taxpayer Populations*); National Taxpayer Advocate 2002 Annual Report to Congress vii-viii.

38 National Taxpayer Advocate 2007 Annual Report to Congress 551-553 (Legislative Recommendation: *Referral to Low Income Taxpayer Clinics*).

39 National Taxpayer Advocate 2015 Annual Report to Congress 409-412 (Legislative Recommendation: *Whistleblower Program: Enact Anti-Retaliation Legislation to Protect Tax Whistleblowers*).

40 National Taxpayer Advocate 2013 Annual Report to Congress 61 (Most Serious Problem: *Regulation of Return Preparers: Taxpayers and Tax Administration Remain Vulnerable to Incompetent and Unscrupulous Return Preparers While the IRS is Enjoined From Continuing its Efforts to Effectively Regulate Unenrolled Preparers*).

41 National Taxpayer Advocate 2011 Annual Report to Congress 48-74 (Most Serious Problem: *Tax-Related Identity Theft Continues to Impose Significant Burdens on Taxpayers and the IRS*).

administration. Such notice must include instructions on further steps, including the necessary forms to complete and how to file a report with law enforcement.

- **Increase Preparer Penalties.**⁴² This provision would increase penalties for improper disclosure or use of information by preparers of tax returns.
- **Scannable Returns.**⁴³ This provision would require that electronically prepared tax returns that are printed and filed on paper include scannable code, which can convert such a tax return to electronic format.
- **Require the IRS to Provide Annual Taxpayer Rights Training to Employees.**⁴⁴ This provision would require the Commissioner of Internal Revenue to provide Congress with a written report on a comprehensive training strategy, including a plan to develop annual training regarding taxpayer rights, including the role of the Office of the Taxpayer Advocate, for employees that interface with taxpayers and their managers.
- **Notification to Exempt Organizations.**⁴⁵ This provision would require the IRS to provide notice to tax exempt organizations before the revocation of their tax-exempt status for failure to file their tax return for two consecutive years. The notification shall include information about how to comply to avoid loss of tax-exempt status.

Protecting Taxpayers Act

On April 11, 2018, co-sponsors Senators Portman and Cardin introduced this legislation that would enact several of the National Taxpayer Advocate's proposals.⁴⁶

- **Regulation of Income Tax Return Preparers.**⁴⁷ This provision would allow the Department of the Treasury to regulate the practice of tax return preparers and give it the authority to sanction regulated tax return preparers. This provision would also provide minimum competency standards for tax return preparers.
- **Permit the IRS to Release Levies on Small Business Taxpayers.**⁴⁸ This provision would allow for the release of federal tax levies which cause business hardship.

42 National Taxpayer Advocate 2003 Annual Report to Congress 270-301 (Legislative Recommendations: *Federal Tax Return Preparers: Oversight and Compliance*).

43 National Taxpayer Advocate 2013 Annual Report to Congress vol. 2 70, 91, 96 (Research Study: *Fundamental Changes to Return Filing and Processing Will Assist Taxpayers in Return Preparation and Decrease Improper Payments*).

44 National Taxpayer Advocate 2019 Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration (Codify the Taxpayer Bill of Rights, a Taxpayer Rights Training Requirement, and the IRS Mission Statement As Section 1 of the Internal Revenue Code)* (Dec. 2018); National Taxpayer Advocate Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 7 (Require the IRS to Provide Annual Taxpayer Rights Training to Employees)* (Dec. 2017).

45 National Taxpayer Advocate 2011 Annual Report to Congress 444 (Most Serious Problem: *The IRS Makes Reinstatement on an Organization's Exempt Status Following Revocation Unnecessarily Burdensome*).

46 Protecting Taxpayers Act, S. 3278, 115th Cong. (2018).

47 National Taxpayer Advocate 2009 Annual Report to Congress 41-69 (Most Serious Problem: *The IRS Lacks a Servicewide Return Preparer Strategy*); National Taxpayer Advocate 2008 Annual Report to Congress 423-426 (Legislative Recommendation: *The Time Has Come to Regulate Federal Tax Return Preparers*); National Taxpayer Advocate 2007 Annual Report to Congress 140-155 (Most Serious Problem: *Preparer Penalties and Bypass of Taxpayers' Representatives*); National Taxpayer Advocate 2007 Annual Report to Congress 83-95 (Most Serious Problem: *The Use and Disclosure of Tax Return Information by Preparers to Facilitate the Marketing of Refund Anticipation Loans and Other Products with High Abuse Potential*); National Taxpayer Advocate 2003 Annual Report to Congress 270-301 (Legislative Recommendation: *Federal Tax Return Preparers: Oversight and Compliance*); National Taxpayer Advocate 2002 Annual Report to Congress 216-230 (Legislative Recommendation: *Regulation of Federal Tax Return Preparers*).

48 National Taxpayer Advocate 2011 Annual Report to Congress 537-543 (Legislative Recommendation: *Amend IRC § 6343(a) to Permit the IRS to Release Levies on Business Taxpayers that Impose Economic Hardship*).

- **Election to Be Treated as an S Corporation.**⁴⁹ This provision would give an extension of time for a small business corporation to elect to be treated as an S corporation. Small businesses could make the election no later than the due date for filing the tax return of the S corporation for the taxable year.
- **Repeal PDC Provisions.**⁵⁰ While the National Taxpayer Advocate's legislative recommendation has been to repeal PDC provisions, she has made additional recent recommendations to establish an income threshold for referral to PDC for taxpayers whose incomes are less than their allowable living expenses or if their adjusted gross income does not exceed 250 percent of the applicable poverty level.⁵¹ The provision in this bill would establish an income threshold for referral to PDC for taxpayers whose adjusted gross income does not exceed 250 percent of the applicable poverty level.
- **Matching Grants Program for Return Preparation.**⁵² This provision would establish a VITA matching grant program.
- **Referrals to LITCs.**⁵³ This provision would allow the Secretary to refer taxpayers to LITCs, and to promote the benefits and encourage the use of LITCs in mass communications and referrals. It would also allow the VITA grantee programs to advise taxpayers on the availability and eligibility requirements to use LITCs and to provide to taxpayers the addresses and contact information for these clinics.
- **Waiver of Installment Agreement Fees for Low Income Taxpayers.**⁵⁴ This provision would waive any fee otherwise required with the submission of an OIC for low income taxpayers. While this provision does not mention installment agreement fees as the title of this recommendation suggests, the past MSPs and LR that discussed this recommendation extend the recommendation to the OIC and user fees that this provision waives.

49 National Taxpayer Advocate 2010 Annual Report to Congress 410-411 (Legislative Recommendation: *Extend the Due Date for S Corporation Elections to Reduce the High Rate of Untimely Elections*); National Taxpayer Advocate 2004 Annual Report to Congress 390-393 (Legislative Recommendation: *Election To Be Treated As An S Corporation*); National Taxpayer Advocate 2002 Annual Report to Congress 246 (Legislative Recommendation: *Election To Be Treated As An S Corporation*).

50 National Taxpayer Advocate 2006 Annual Report to Congress 458-462 (Legislative Recommendation: *Repeal Private Debt Collection Provisions*).

51 Most Serious Problem: *Private Debt Collection: The IRS's Expanding Private Debt Collection Program Continues to Burden Taxpayers Who Are Likely Experiencing Economic Hardship While Inactive PCA Inventory Accumulates*, supra; National Taxpayer Advocate 2019 Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration (Amend IRC § 6306(d) to Exclude the Debts of Taxpayers Whose Incomes are Less Than Their Allowable Living Expenses From Assignment to Private Collection Agencies or, if That Is Not Feasible, Exclude the Debts of Taxpayers Whose Incomes Are Less Than 250 Percent of the Federal Poverty Level)* (Dec. 2018); National Taxpayer Advocate 2017 Annual Report to Congress 10-21 (Most Serious Problem: *Private Debt Collection: The IRS's Private Debt Collection Program Is Not Generating Net Revenues, Appears to Have Been Implemented Inconsistently with the Law, and Burdens Taxpayers Experiencing Economic Hardship*).

52 National Taxpayer Advocate 2014 Annual Report to Congress 55-66 (Most Serious Problem: *VTA/TCE Funding: Volunteer Tax Assistance Programs Are Too Restrictive and the Design Grant Structure Is Not Adequately Based on Specific Needs of Served Taxpayer Populations*); National Taxpayer Advocate 2002 Annual Report to Congress vii-viii.

53 National Taxpayer Advocate 2007 Annual Report to Congress 551-553 (Legislative Recommendation: *Referral to Low Income Taxpayer Clinics*).

54 National Taxpayer Advocate 2017 Annual Report to Congress 307-313 (Legislative Recommendation: *User Fees: Prohibit User Fees That Reduce Revenue, Increase Costs, or Erode Taxpayer Rights*); National Taxpayer Advocate 2015 Annual Report to Congress 14-35 (Most Serious Problem: *IRS User Fees: The IRS May Adopt User Fees to Fill Funding Gaps Without Fully Considering Taxpayer Burden and the Impact on Voluntary Compliance*); National Taxpayer Advocate 2007 Annual Report to Congress 66-82 (Most Serious Problem: *User Fees: Taxpayer Service For Sale*); National Taxpayer Advocate 2006 Annual Report to Congress 141-156 (Most Serious Problem: *Collection Issues of Low Income Taxpayers*).

- **Strengthen the Independence of the IRS Office of Appeals.**⁵⁵ This provision would give taxpayers the right to a conference with the IRS Office of Appeals that does not include personnel from the IRS Office of Chief Counsel or IRS compliance functions. Such personnel would not be allowed to participate in the conference without the specific consent of the taxpayer to include them.
- **Restrict Tax Return Disclosures to Necessary Content.**⁵⁶ This provision would limit the access of non-IRS employees to tax returns and tax return information.
- **Require the IRS to Provide Annual Taxpayer Rights Training to Employees.**⁵⁷ This provision would require the Commissioner of the IRS to provide Congress with a written report on a comprehensive training strategy for employees, including a plan to develop annual training regarding taxpayer rights, including the role of the Office of the Taxpayer Advocate.

21st Century IRS Act

On April 10, 2018, Representative Bishop and six other Representatives introduced this legislation that would enact two of the National Taxpayer Advocate's recommendations.⁵⁸

- **Restrict Tax Return Disclosures to Necessary Content.**⁵⁹ This provision would limit redisclosures and uses of consent-based disclosures of tax return information.
- **Increase Preparer Penalties.**⁶⁰ This provision would require the Secretary to publish guidance to establish uniform standards and procedures for accepting electronic signatures with respect to any request for disclosure of a taxpayer's tax return or tax return information to any practitioner or power of attorney. This relates to our recommendation to strengthen oversight of all preparers by enhancing due diligence and signature requirements.

55 National Taxpayer Advocate 2009 Annual Report to Congress 346-350 (Legislative Recommendation: *Strengthen the Independence of the IRS Office of Appeals and Require at Least One Appeals Officer and Settlement Officer in Each State*).

56 National Taxpayer Advocate 2007 Annual Report to Congress 554-555 (Legislative Recommendation: *Consent-Based Disclosures of Tax Return Information Under Internal Revenue Code Section 6103(c)*).

57 National Taxpayer Advocate 2019 Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration (Codify the Taxpayer Bill of Rights, a Taxpayer Rights Training Requirement, and the IRS Mission Statement As Section 1 of the Internal Revenue Code)* (Dec. 2018); National Taxpayer Advocate Purple Book: *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 7 (Require the IRS to Provide Annual Taxpayer Rights Training to Employees)* (Dec. 2017).

58 21st Century IRS Act, H.R. 5445, 115th Cong. (2018).

59 National Taxpayer Advocate 2007 Annual Report to Congress 554-555 (Legislative Recommendation: *Consent-Based Disclosures of Tax Return Information Under Internal Revenue Code Section 6103(c)*).

60 National Taxpayer Advocate 2003 Annual Report to Congress 270-301 (Legislative Recommendation: *Federal Tax Return Preparers: Oversight and Compliance*).

Military Taxpayer Assistance Act

In her 2017 Annual Report, the National Taxpayer Advocate discussed problems with the customer service the IRS provided to the military and made both administrative and legislative recommendations to improve it.⁶¹ On April 11, 2018, Representatives Walz and Kind introduced legislation that would enact four of the National Taxpayer Advocate's proposals.⁶²

- Provide a year-round dedicated toll-free telephone line for members of the Uniformed Services and their families to answer tax law and filing questions, and to resolve their tax account and compliance issues.
- Create a special unit of Stakeholder Partnerships, Education & Communication (SPEC) staffed, to the extent possible, with veterans whose responsibilities are to develop and conduct outreach, education, and assistance to current military taxpayers, including National Guard and Reservists, and to those organizations that provide tax assistance to these taxpayers.
- Support the authorization of the VITA program and support ample funding for SPEC to provide face-to-face training for military VITA volunteers in overseas locations.
- Assign a dedicated IRS employee to routinely update the military information on the irs.gov website.

In addition to the legislation discussed above, there were a handful of smaller bills introduced during the second session of the 115th Congress relating to the National Taxpayer Advocate's past recommendations that are not highlighted here but are recorded in the table following this introduction.

61 National Taxpayer Advocate 2017 Annual Report to Congress 151-164 (Most Serious Problem: *Military Assistance: The IRS's Customer Service and Information Provided to Military Taxpayers Falls Short of Meeting Their Needs and Preferences*).

62 Military Taxpayer Assistance Act, H.R. 5479, 115th Cong. (2018).