

105TH CONGRESS
1ST SESSION

H. R. 2598

To amend the Internal Revenue Code of 1986 to provide for improved taxpayer access to the Internal Revenue Service, increased equity for taxpayers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 1997

Mr. MORAN of Kansas 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 improved taxpayer access to the Internal Revenue Service, increased equity for taxpayers, 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 “IRS Customer Service
5 Improvement Act”.

1 **SEC. 2. DEVELOPMENT AND IMPLEMENTATION OF PER-**
2 **SONAL SERVICE PLAN.**

3 Not later than 1 year after the date of the enactment
4 of this Act, the Director of the Internal Revenue Service
5 shall develop and implement a plan to ensure that—

6 (1) each voice call to service telephone numbers
7 of the Internal Revenue Service is answered person-
8 ally and in a timely manner by an employee of the
9 Internal Revenue Service; and

10 (2) each letter and notification sent to a tax-
11 payer by the Internal Revenue Service is signed by
12 the Internal Revenue Service employee who can be
13 contacted for additional information regarding such
14 letter or notification.

15 **SEC. 3. INTEREST RATE FOR OVERPAYMENTS TO EQUAL**
16 **RATE FOR UNDERPAYMENTS.**

17 (a) IN GENERAL.—Section 6621(a) of the Internal
18 Revenue Code of 1986 (relating to determination of rate
19 of interest) is amended to read as follows:

20 “(a) GENERAL RULE.—The overpayment rate and
21 the underpayment rate established under this section shall
22 be the Federal short-term rate determined under sub-
23 section (b).”

24 (b) CONFORMING AMENDMENT.—Section 6621 of
25 such Code (relating to determination of rate of interest)
26 is amended by striking subsection (c).

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply for purposes of determining inter-
3 est to periods after the date of the enactment of this Act.

4 **SEC. 4. NOTICE OF ASSESSMENT ARISING OUT OF MATHE-**
5 **MATICAL OR CLERICAL ERRORS.**

6 (a) IN GENERAL.—Paragraph (1) of section 6213(b)
7 of the Internal Revenue Code of 1986 (relating to assess-
8 ments arising out of mathematical or clerical errors) is
9 amended to read as follows:

10 “(1) ASSESSMENTS ARISING OUT OF MATHE-
11 MATICAL OR CLERICAL ERRORS.—

12 “(A) NOTICE TO TAXPAYER.—Not later
13 than 6 months after the due date of a return
14 (or, if applicable, the last day of any extension
15 relating thereto), the Secretary shall notify the
16 taxpayer by certified mail or registered mail if,
17 on account of a mathematical or clerical error
18 appearing on the return, an amount of tax in
19 excess of that shown on the return is due, and
20 an assessment of the tax has been or will be
21 made on the basis of what would have been the
22 correct amount of tax but for the mathematical
23 or clerical error.

1 “(B) REQUIRED CONTENTS.—Each notice
2 under this paragraph shall set forth the error
3 alleged and an explanation thereof.

4 “(C) NOT TREATED AS NOTICE OF DEFICIENCY.—A notice under this paragraph shall
5 not be considered as a notice of deficiency for
6 the purposes of subsection (a) (prohibiting as-
7 sessment and collection until notice of the defi-
8 ciency has been mailed), or of section
9 6212(c)(1) (restricting further deficiency let-
10 ters), or of section 6512(a) (prohibiting credits
11 or refunds after petition to the Tax Court), and
12 the taxpayer shall have no right to file a peti-
13 tion with the Tax Court based on such notice,
14 nor shall such assessment or collection be pro-
15 hibited by the provisions of subsection (a) of
16 this section.
17

18 “(D) FAILURE TO PROVIDE TIMELY NO-
19 TICE.—In the case of a failure by the Secretary
20 to provide timely notice under this paragraph,
21 see section 6404(d)(2) for waiver of certain in-
22 terest amounts and penalties.”

23 (b) EFFECTIVE DATE.—The amendment made by
24 subsection (a) shall apply to returns filed after the date
25 of the enactment of this Act.

1 **SEC. 5. FAIRNESS WHEN COLLECTING A TAX DUE TO MATH-**
2 **EMATICAL AND CLERICAL ERRORS.**

3 (a) IN GENERAL.—Section 6404(d) of the Internal
4 Revenue Code of 1986 (relating to abatements) is amend-
5 ed to read as follows:

6 “(d) ABATEMENT OF INTEREST, PENALTY, ADDI-
7 TIONAL AMOUNT, AND ADDITION TO TAX ATTRIBUTABLE
8 TO CERTAIN MATHEMATICAL OR CLERICAL ERRORS.—

9 “(1) PROMPT PAYMENT.—In the case of an as-
10 sessment of additional tax attributable to a mathe-
11 matical or clerical error (as defined in section
12 6213(g)(2)), the Secretary shall abate any interest,
13 penalty, additional amount, and addition to tax with
14 respect to such assessment if, within 60 days after
15 notice of such assessment is sent under section
16 6213(b)(1), the taxpayer pays, or files a request for
17 an abatement of, such assessment.

18 “(2) FAILURE OF SECRETARY TO NOTIFY WITH-
19 IN 6 MONTHS.—In the case of an assessment of ad-
20 ditional tax attributable to a mathematical or cleri-
21 cal error (as defined in section 6213(g)(2)) with re-
22 spect to which the Secretary failed to notify the tax-
23 payer within the 6-month period specified in section
24 6213(b)(1), the Secretary shall abate any interest,
25 penalty, and additional amount with respect to such
26 assessment.”

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to notices filed after the date
3 of the enactment of this Act.

4 **SEC. 6. 1-YEAR PERIOD OF LIMITATION ON CERTAIN ADDI-**
5 **TIONAL ASSESSMENTS RELATING TO CER-**
6 **TAIN RETURNS.**

7 (a) IN GENERAL.—Subsection (c) of section 6501 of
8 the Internal Revenue Code of 1986 (relating to exceptions
9 to limitations on assessment and collection) is amended
10 by adding at the end the following new paragraph:

11 “(10) 1-YEAR PERIOD FOR CERTAIN INDIVID-
12 UAL INCOME TAX TAXPAYERS.—

13 “(A) IN GENERAL.—Except as otherwise
14 provided by this subsection, in the case of a re-
15 turn described in subparagraph (B), subsection
16 (a) shall be applied by substituting ‘1 year’ for
17 ‘3 years’ both places it appears.

18 “(B) RETURN DESCRIBED.—A return is
19 described in this subparagraph if the return is
20 a return of tax imposed under section 1 for a
21 taxable year of a taxpayer and if—

22 “(i) the amount of taxable income
23 shown on such return is equal to or ex-
24 ceeds the lowest amount of taxable income

1 to which the 39.6 percent rate of tax ap-
2 plies, and

3 “(ii) the understatement of tax (if
4 any) on such return is 25 percent or less
5 of the tax required to be shown on the re-
6 turn for such taxable year.

7 For purposes of clause (ii), the term ‘under-
8 statement’ has the meaning given such term by
9 section 6662(d)(2)(A).”

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to taxable years beginning after
12 December 31, 1997.

13 **SEC. 7. EXCEPTION FOR SMALL BUSINESSES FROM RE-**
14 **QUIRED USE OF ELECTRONIC FUND TRANS-**
15 **FER SYSTEM.**

16 (a) IN GENERAL.—Subsection (h) of section 6302 of
17 the Internal Revenue Code of 1986 (relating to use of elec-
18 tronic fund transfer system for collection of certain taxes)
19 is amended by redesignating paragraphs (3) and (4) as
20 paragraphs (4) and (5), respectively, and by inserting
21 after paragraph (2) the following new paragraph:

22 “(3) EXCEPTION FOR SMALL DEPOSITORS.—

23 “(A) IN GENERAL.—A taxpayer who is a
24 small depositor for any calendar year shall not
25 be required to make deposits by electronic fund

1 transfer for taxes attributable to payments
2 made during the following calendar year.

3 “(B) SMALL DEPOSITOR.—A taxpayer is a
4 small depositor for any calendar year if the
5 amount of employment taxes attributable to
6 payments made by such taxpayer during such
7 year is \$50,000 or less.”

8 (b) REQUIRED PERCENTAGES OF DEPOSITS FROZEN
9 AT 1996 LEVEL.—

10 (1) Subparagraph (B) of section 6302(h)(2) of
11 such Code is amended—

12 (A) by striking “the applicable required
13 percentage” in clause (i) and inserting “20.1
14 percent”, and

15 (B) by striking “the applicable required
16 percentage” in clause (ii) and inserting “30
17 percent”.

18 (2) Paragraph (2) of section 6302(h) of such
19 Code is amended by striking subparagraph (C).

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to amounts otherwise required to
22 be deposited after June 30, 1998.

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