

110TH CONGRESS  
2D SESSION

# H. R. 5716

To amend the Internal Revenue Code of 1986 to provide taxpayer protection and assistance, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2008

Mr. BECERRA (for himself, Mr. DOGGETT, and Mr. PASCRELL) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to provide taxpayer protection and assistance, 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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Taxpayer Bill of Rights Act of 2008”.

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

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

4 **SEC. 2. STATEMENT OF TAXPAYER RIGHTS AND OBLIGA-**  
5 **TIONS.**

6 (a) IN GENERAL.—Chapter 77 (relating to miscella-  
7 neous provisions) is amended by adding at the end the  
8 following new section:

9 **“SEC. 7529. STATEMENT OF TAXPAYER RIGHTS AND OBLI-**  
10 **GATIONS.**

11 “(a) IN GENERAL.—The Secretary, in consultation  
12 with the National Taxpayer Advocate, shall publish a sum-  
13 mary statement of rights and obligations arising under  
14 this title. Such statement shall provide citations to the  
15 main provisions of this title which provide for the right  
16 or obligation (as the case may be). This statement of  
17 rights and obligations does not create or confer any rights  
18 or obligations not otherwise provided for under this title.

19 “(b) STATEMENT OF RIGHTS AND OBLIGATIONS.—  
20 The statement of rights and obligations is as follows:

21 “(1) TAXPAYER RIGHTS.—

22 “(A) Right to be informed (including ade-  
23 quate legal and procedural guidance and infor-  
24 mation about taxpayer rights).

25 “(B) Right to be assisted.

1           “(C) Right to be heard.

2           “(D) Right to pay no more than the cor-  
3 rect amount of tax.

4           “(E) Right of appeal (administrative and  
5 judicial).

6           “(F) Right to certainty (including guid-  
7 ance, periods of limitation, no second exam, and  
8 closing agreements).

9           “(G) Right to privacy (including due proc-  
10 ess considerations, least intrusive enforcement  
11 action, and search and seizure protections).

12           “(H) Right to confidentiality.

13           “(I) Right to appoint a representative in  
14 matters before the Internal Revenue Service.

15           “(J) Right to fair and just tax system  
16 (offer in compromise, abatement, assistance  
17 from the Office of the Taxpayer Advocate under  
18 section 7803(c), apology, and other compensa-  
19 tion payments).

20           “(2) TAXPAYER OBLIGATIONS.—

21           “(A) Obligation to be honest.

22           “(B) Obligation to be cooperative.

23           “(C) Obligation to provide accurate infor-  
24 mation and documents on time.

25           “(D) Obligation to keep records.

1 “(E) Obligation to pay taxes on time.”.

2 (b) CLERICAL AMENDMENT.—The table of sections  
3 for chapter 77 is amended by adding at the end the fol-  
4 lowing new item:

“Sec. 7529. Statement of taxpayer rights and obligations.”.

5 (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall take effect 180 days after the date of  
7 the enactment of this Act.

8 **SEC. 3. PROGRAMS FOR THE BENEFIT OF LOW-INCOME**  
9 **TAXPAYERS.**

10 (a) VOLUNTEER INCOME TAX ASSISTANCE PLUS.—  
11 Chapter 77 (relating to miscellaneous provisions) is  
12 amended by inserting after section 7526 the following new  
13 section:

14 **“SEC. 7526A. VOLUNTEER INCOME TAX ASSISTANCE PLUS.**

15 “(a) IN GENERAL.—The Secretary may, subject to  
16 the availability of appropriated funds, make grants to pro-  
17 vide matching funds for the development, expansion, or  
18 continuation of qualified return preparation programs.

19 “(b) DEFINITIONS.—For purposes of this section—

20 “(1) QUALIFIED RETURN PREPARATION PRO-  
21 GRAM.—

22 “(A) IN GENERAL.—The term ‘qualified  
23 return preparation program’ means a pro-  
24 gram—

1           “(i) which does not charge taxpayers  
2           for its return preparation services,

3           “(ii) which operates programs which  
4           assist low-income taxpayers in preparing  
5           and filing their Federal income tax re-  
6           turns, including schedules reporting sole  
7           proprietorship or farm income, and

8           “(iii) in which all of the volunteers  
9           who assist in the preparation of Federal  
10          income tax returns meet the training re-  
11          quirements prescribed by the Secretary.

12          “(B) ASSISTANCE TO LOW-INCOME TAX-  
13          PAYERS.—For purposes of subparagraph (A), a  
14          program is treated as assisting low-income tax-  
15          payers if at least 90 percent of the taxpayers  
16          assisted by the program have incomes which do  
17          not exceed 250 percent of the poverty level, as  
18          determined in accordance with criteria estab-  
19          lished by the Director of the Office of Manage-  
20          ment and Budget.

21          “(2) PROGRAM.—The term ‘program’ in-  
22          cludes—

23                  “(A) a program at an institution of higher  
24                  education which—

1           “(i) is described in section 102 (other  
2           than subsection (a)(1)(C) thereof) of the  
3           Higher Education Act of 1965 (20 U.S.C.  
4           1088), as in effect on the date of the en-  
5           actment of this section, and which has not  
6           been disqualified from participating in a  
7           program under title IV of such Act, and

8           “(ii) satisfies the requirements of  
9           paragraph (1) through student assistance  
10          of taxpayers in return preparation and fil-  
11          ing,

12          “(B) an organization described in section  
13          501(c) and exempt from tax under section  
14          501(a) which satisfies the requirements of para-  
15          graph (1);

16          “(C) a regional, State or local coalition  
17          (with one lead organization, which meets the  
18          eligibility requirements, acting as the applicant  
19          organization);

20          “(D) a county or municipal government  
21          agency;

22          “(E) an Indian tribe, as defined in section  
23          4(12) of the Native American Housing Assist-  
24          ance and Self-Determination Act of 1996 (25  
25          U.S.C. 4103(12), and includes any tribally des-

1           ignated housing entity (as defined in section  
2           4(21) of such Act (25 U.S.C. 4103(21)), tribal  
3           subsidiary, subdivision, or other wholly owned  
4           tribal entity;

5           “(F) a section 501(c)(5) organization;

6           “(G) a State government agency if no  
7           other eligible organization is available to assist  
8           the targeted population or community;

9           “(H) a Cooperative Extension Service of-  
10          fice if no other eligible organization is available  
11          to assist the targeted population or community;  
12          and

13          “(I) a nonprofit Community Development  
14          Financial Institution (CDFI) and federally- and  
15          State-chartered credit union that qualifies for a  
16          tax exemption under sections 501(c)(1) and  
17          501(c)(14), respectively.

18          “(c) SPECIAL RULES AND LIMITATIONS.—

19                 “(1) AGGREGATE LIMITATION.—Unless other-  
20                 wise provided by specific appropriation, the Sec-  
21                 retary shall not allocate more than \$10,000,000 per  
22                 year (exclusive of costs of administering the pro-  
23                 gram) to grants under this section.

24                 “(2) USE OF GRANTS FOR OVERHEAD EX-  
25                 PENSES PROHIBITED.—No grant made under this

1 section may be used for the overhead expenses that  
2 are not directly related to any program or that are  
3 of any institution sponsoring such program.

4 “(3) OTHER APPLICABLE RULES.—Rules simi-  
5 lar to the rules under paragraphs (2) through (6) of  
6 section 7526(c) shall apply with respect to the  
7 awarding of grants to qualified return preparation  
8 programs.

9 “(4) PROMOTION OF CLINICS.—The Secretary  
10 is authorized to promote the benefits of and encour-  
11 age the use of qualified VITA Plus through the use  
12 of mass communications, referrals, and other  
13 means.”.

14 (b) LOW-INCOME TAXPAYER CLINICS.—

15 (1) INCREASE IN AUTHORIZED GRANTS.—Para-  
16 graph (1) of section 7526(c) (relating to aggregate  
17 limitation) is amended by striking “\$6,000,000” and  
18 inserting “\$10,000,000”.

19 (2) USE OF GRANTS FOR OVERHEAD EXPENSES  
20 PROHIBITED.—

21 (A) IN GENERAL.—Section 7526(c) (relat-  
22 ing to special rules and limitations) is amended  
23 by adding at the end the following new para-  
24 graph:

1           “(6) USE OF GRANTS FOR OVERHEAD EX-  
2           PENSES PROHIBITED.—No grant made under this  
3           section may be used for the overhead expenses that  
4           are not directly related to the clinic or that are of  
5           any institution sponsoring such clinic.”.

6                   (B) CONFORMING AMENDMENTS.—Section  
7           7526(c)(5) is amended—

8                           (i) by inserting “qualified” before  
9                           “low-income”, and

10                           (ii) by striking the last sentence.

11           (3) PROMOTION OF CLINICS.—Subsection (c) of  
12           section 7526 (relating to special rules and limita-  
13           tions), as amended by paragraph (2), is amended by  
14           adding at the end the following new paragraph:

15                   “(7) PROMOTION OF CLINICS.—The Secretary  
16           is authorized to promote the benefits of and encour-  
17           age the use of qualified low-income taxpayer clinics  
18           through the use of mass communications, referrals,  
19           and other means.”.

20           (4) IRS REFERRALS TO CLINICS.—Subsection  
21           (c) of section 7526 (relating to special rules and lim-  
22           itations), as amended by the preceding provisions of  
23           this subsection, is amended by adding at the end the  
24           following new paragraph:

1           “(8) IRS REFERRALS.—The Secretary may  
2           refer taxpayers to low-income taxpayer clinics receiv-  
3           ing funding under this section.”.

4           (c) CLERICAL AMENDMENT.—The table of sections  
5           for chapter 77 is amended by inserting after the item re-  
6           lating to section 7526 the following new item:

          “Sec. 7526A. Volunteer income tax assistance plus.”.

7           (d) EFFECTIVE DATE.—The amendments made by  
8           this section shall take effect on the date of the enactment  
9           of this Act.

10 **SEC. 4. REGULATION OF FEDERAL INCOME TAX RETURN**  
11 **PREPARERS.**

12           (a) IN GENERAL.—Section 330(a)(1) of title 31,  
13           United States Code, is amended by inserting “(including  
14           tax return preparers of Federal tax returns, documents,  
15           and other submissions)” after “representatives”.

16           (b) PROMULGATION OF REGULATIONS.—The Sec-  
17           retary of the Treasury shall prescribe regulations under  
18           section 330 of title 31, United States Code, to regulate  
19           those tax return preparers not otherwise regulated under  
20           regulations promulgated under such section on the date  
21           of the enactment of this Act to carry out the provisions  
22           of, and amendments made by, this section.

23           (c) REQUIREMENTS.—Such regulations shall provide  
24           guidance on the following:

25           (1) EXAMINATION.—

1 (A) IN GENERAL.—In promulgating the  
2 regulations under paragraph (1), the Secretary  
3 shall approve and oversee an eligibility examina-  
4 tion designed to test—

5 (i) the technical knowledge and com-  
6 petency of each tax return preparer to pre-  
7 pare Federal tax returns, including indi-  
8 vidual and business income tax returns,  
9 and

10 (ii) the knowledge of each such tax re-  
11 turn preparer regarding such ethical stand-  
12 ards for the preparation of such returns as  
13 determined appropriate by the Secretary.

14 (B) GRANDFATHER.—The Secretary is au-  
15 thorized to accept an individual as meeting the  
16 eligibility examination requirement of this sec-  
17 tion if, in lieu of the eligibility examination  
18 under this section, the individual passed an  
19 exam comparable to the eligibility examination  
20 described in subparagraph (A) if such exam was  
21 administered within 5 years of the issuance of  
22 the regulations under this section.

23 (2) SUITABILITY STANDARDS.—The Secretary  
24 shall provide suitability standards for practicing as  
25 a tax return preparer, including personal compliance

1 with the requirements of the Internal Revenue Code  
2 of 1986.

3 (3) CONTINUING ELIGIBILITY.—

4 (A) IN GENERAL.—The regulations under  
5 paragraph (1) shall require a renewal of eligi-  
6 bility every 3 years and shall set forth the man-  
7 ner in which a tax return preparer must renew  
8 such eligibility.

9 (B) CONTINUING PROFESSIONAL EDU-  
10 CATION REQUIREMENTS.—As part of the re-  
11 newal of eligibility, such regulations shall re-  
12 quire that each such tax return preparer show  
13 evidence of completion of such continuing edu-  
14 cation or testing requirements as specified by  
15 the Secretary.

16 (C) NONMONETARY SANCTIONS.—

17 (i) The regulations under this section  
18 shall provide for the denial, suspension or  
19 termination of such eligibility in the event  
20 of any failure to comply with the require-  
21 ments promulgated hereunder.

22 (ii) Under such regulations, the Sec-  
23 retary shall establish procedures for the  
24 appeal of any determination under this  
25 paragraph.

1 (d) PENALTY FOR UNAUTHORIZED PREPARATION OF  
2 RETURNS.—

3 (1) In promulgating the regulations pursuant to  
4 subsection (b), the Secretary shall impose a penalty  
5 of \$1,000 for each Federal tax return, document, or  
6 other submission prepared by a tax return preparer  
7 who is not in compliance with the regulations pro-  
8 mulgated under this section or who is suspended or  
9 disbarred from practice before the Department of  
10 the Treasury under such regulations. Such penalty  
11 shall be in addition to any other penalty which may  
12 be imposed.

13 (2) No penalty may be imposed under para-  
14 graph (1) with respect to any failure if it is shown  
15 that such failure is due to reasonable cause.

16 (e) DEFINITION OF TAX RETURN PREPARER.—For  
17 purposes of this section, the term “tax return preparer”  
18 has the meaning given by section 7701(a)(36), and in-  
19 cludes any person requiring the purchase of services, a fi-  
20 nancial product or goods in lieu of or in addition to direct  
21 monetary payment.

22 (f) PUBLIC AWARENESS CAMPAIGN.—The Secretary  
23 shall conduct a public information and consumer edu-  
24 cation campaign, utilizing paid advertising—

1           (1) to encourage taxpayers to use for Federal  
2 tax matters only professionals who establish their  
3 competency under the regulations promulgated  
4 under section 330 of title 31, United States Code,  
5 and

6           (2) to inform the public of the requirements  
7 that any compensated preparer of tax returns, docu-  
8 ments, and submissions subject to the requirements  
9 under the regulations promulgated under such sec-  
10 tion must sign the return, document, or submission  
11 prepared for a fee and display notice of such pre-  
12 parer's compliance under such regulations.

13 (g) EFFECTIVE DATES.—

14           (1) IN GENERAL.—The amendment made by  
15 this section shall take effect on the date of the en-  
16 actment of the Act.

17           (2) REGULATIONS.—The regulations required  
18 by section 330(d) of title 31, United States Code,  
19 shall be prescribed not later than 2 years after the  
20 date of the enactment of this Act.

21           (3) FULL IMPLEMENTATION.—The Secretary,  
22 taking into consideration the complexity and mag-  
23 nitude of the requirements set forth under this Act,  
24 may delay full implementation of the regulations

1 promulgated herein not later than the fifth filing  
2 season after the enactment of this Act.

3 **SEC. 5. REFUND ANTICIPATION LOANS.**

4 (a) IN GENERAL.—Chapter 77 (relating to miscella-  
5 neous provisions), as amended by section 2, is amended  
6 by adding at the end the following new section:

7 **“SEC. 7530. REFUND ANTICIPATION LOANS.**

8 “(a) REGISTRATION.—

9 “(1) IN GENERAL.—The Secretary shall by reg-  
10 ulation require each refund loan facilitator to reg-  
11 ister annually with the Secretary.

12 “(2) REGISTRATION REQUIREMENTS.—A reg-  
13 istration shall under paragraph (1) shall include—

14 “(A) the name, address, and TIN of the  
15 refund loan facilitator, and

16 “(B) the fee schedule of the facilitator for  
17 the year.

18 “(3) DISPLAY OF REGISTRATION CERTIFI-  
19 CATE.—The certificate of registration under para-  
20 graph (1) shall be displayed in the facility of the re-  
21 fund loan facilitator in the manner required by the  
22 Secretary.

23 “(b) DISCLOSURE REQUIREMENTS.—

24 “(1) IN GENERAL.—Each refund loan  
25 facilitator registered with the Secretary shall be sub-

1       ject to the requirements of paragraphs (2) through  
2       (5).

3               “(2) TAXPAYER EDUCATION.—The require-  
4       ments of this paragraph are that the refund loan  
5       facilitator makes available to consumers an informa-  
6       tional pamphlet that—

7               “(A) sets forth options available for receiv-  
8       ing tax refunds, presented from least expensive  
9       to most expensive, and

10              “(B) discusses short-term credit alter-  
11       natives to utilizing refund loans.

12              “(3) NATURE OF THE TRANSACTION.—The re-  
13       quirements of this paragraph are that, at the time  
14       of application for the refund loan, the refund loan  
15       facilitator specifically state in writing—

16              “(A) that the applicant is applying for a  
17       loan based on the applicant’s anticipated in-  
18       come tax refund,

19              “(B) the expected time within which the  
20       loan will be paid to the applicant if such loan  
21       is approved,

22              “(C) the time frame in which income tax  
23       refunds are typically paid based upon the dif-  
24       ferent filing options available to the applicant,

1           “(D) that there is no guarantee that a re-  
2 fund will be paid in full or received within a  
3 specified time period, and that the applicant is  
4 responsible for the repayment of the loan even  
5 if the refund is not paid in full or has been de-  
6 layed, and

7           “(E) that the applicant may file an elec-  
8 tronic return without applying for a refund loan  
9 and the fee for filing such an electronic return.

10           “(4) FEES, INTEREST AND AMOUNTS RE-  
11 CEIVED.—The requirements of this paragraph are  
12 that, at the time of application for the refund loan,  
13 the refund loan facilitator discloses to the applicant  
14 all amounts to be received in connection with a re-  
15 fund loan. Such disclosure shall include—

16           “(A) a copy of the fee schedule of the re-  
17 fund loan facilitator,

18           “(B) the typical fees and interest rates  
19 (using annual percentage rates as defined by  
20 section 107 of the Truth in Lending Act (15  
21 U.S.C. 1606)) for several typical amounts of  
22 such loans and of other types of consumer cred-  
23 it,

24           “(C) that the loan may have substantial  
25 fees and interest charges that may exceed those

1 of other sources of credit, and the applicant  
2 should carefully consider—

3 “(i) whether such a loan is appro-  
4 priate for the applicant, and

5 “(ii) other sources of credit.

6 “(D) typical fees and interest charges if a  
7 refund is not paid or delayed,

8 “(E) the amount of a fee (if any) that will  
9 be charged if the loan is not approved, and

10 “(F) administrative costs and any other  
11 amounts.

12 “(5) OTHER INFORMATION.—The requirements  
13 of this paragraph are that the refund loan facilitator  
14 discloses any other information required to be dis-  
15 closed by the Secretary.

16 “(6) DISCLOSURE REQUIREMENT.—A disclosure  
17 under any of the preceding paragraphs of this sub-  
18 section shall not be treated as meeting the require-  
19 ments of the respective paragraph unless the disclo-  
20 sure is written in a manner calculated to be under-  
21 stood by the average consumer of refund anticipa-  
22 tion loans and provides sufficient information (as de-  
23 termined in accordance with regulations prescribed  
24 by the Secretary) to allow the consumer to under-  
25 stand such options and credit alternatives.

1 “(c) PENALTY.—

2 “(1) IN GENERAL.—There is hereby imposed a  
3 penalty on any refund loan facilitator who fails to  
4 register with the Secretary pursuant to subsection  
5 (a) or fails to meet a disclosure requirement under  
6 subsection (b).

7 “(2) AMOUNT OF PENALTY.—The amount of  
8 the penalty imposed by paragraph (1) shall be the  
9 greater of—

10 “(A) \$1,000, and

11 “(B) three times the amount of the refund  
12 loan and refund loan facilitator-determined fees  
13 charged with respect to each refund loan pro-  
14 vided by the refund loan facilitator during the  
15 period in which the failure described in para-  
16 graph (1) occurred.

17 “(3) WAIVER BY SECRETARY.—In the case of a  
18 failure which is due to reasonable cause and not to  
19 willful neglect, the Secretary may waive part or all  
20 of the penalty imposed by paragraph (1) to the ex-  
21 tent that the payment of such penalty would be ex-  
22 cessive or otherwise inequitable relative to the failure  
23 involved.

24 “(d) CONDUCT.—

1           “(1) RULES OF CONDUCT.—The Secretary shall  
2           prescribed rules of conduct for refund loan  
3           facilitators which are similar to the rules applicable  
4           to federally authorized tax practitioners (as defined  
5           by section 7525(a)(3)(A)) under part 10 of title 31,  
6           Code of Federal Regulations.

7           “(2) LIMITATION ON APPROVAL AS REFUND  
8           LOAN FACILITATOR.—For such period as the Sec-  
9           retary (in his discretion) determines reasonable, the  
10          Secretary may not register any person as a refund  
11          loan facilitator under subsection (a) who the Sec-  
12          retary determines has engaged in any conduct that  
13          would warrant disciplinary action under the rules of  
14          conduct prescribed under paragraph (1) or under  
15          part 10 of title 31, Code of Federal Regulations.

16          “(e) OTHER LIMITATIONS RELATING TO REFUND  
17          ANTICIPATION LOANS.—In any case in which a taxpayer  
18          has consented to the release of the taxpayer’s debt indi-  
19          cator to a refund loan facilitator, the Secretary may only  
20          provide information related to the debt indicator to a re-  
21          fund loan facilitator who is registered under subsection  
22          (a). For purposes of the preceding sentence, the term ‘debt  
23          indicator’ means a notification provided through a tax re-  
24          turn’s acknowledgment file that a refund will be offset to

1 repay debts for delinquent Federal or State taxes, student  
2 loans, child support, or other Federal agency debt.

3 “(f) DEFINITIONS.—For purposes of this section—

4 “(1) REFUND LOAN FACILITATOR.—

5 “(A) IN GENERAL.—The term ‘refund loan  
6 facilitator’ includes any electronic filing service  
7 provider who—

8 “(i) solicits for, processes, receives, or  
9 accepts delivery of an application for a re-  
10 fund anticipation loan, or

11 “(ii) facilitates the making of a refund  
12 anticipation loan in any other manner.

13 “(B) ELECTRONIC FILING SERVICE PRO-  
14 VIDER.—The term ‘electronic filing service pro-  
15 vider’ includes any person who is an electronic  
16 return originator, intermediate service provider,  
17 or transmitter.

18 “(C) ELECTRONIC RETURN ORIGINATOR.—  
19 The term ‘electronic return originator’ includes  
20 a person who originates the electronic submis-  
21 sion of income tax returns for another person.

22 “(D) INTERMEDIATE SERVICE PRO-  
23 VIDER.—The term ‘intermediate service pro-  
24 vider’ includes a person who assists with proc-  
25 essing return information between an electronic

1 return originator (or the taxpayer in the case of  
2 online filing) and a transmitter.

3 “(E) TRANSMITTER.—The term ‘trans-  
4 mitter’ includes a person who sends the elec-  
5 tronic return data directly to the Internal Rev-  
6 enue Service.

7 “(2) REFUND LOAN.—The term ‘refund loan’  
8 includes any loan of money or any other thing of  
9 value to a taxpayer in connection with the taxpayer’s  
10 anticipated receipt of a Federal tax refund. Such  
11 term includes a loan secured by the tax refund or an  
12 arrangement to repay a loan from the tax refund.

13 “(g) REGULATIONS.—

14 “(1) IN GENERAL.—The Secretary may pre-  
15 scribe such regulations as necessary to carry out this  
16 subchapter.

17 “(2) BURDEN OF REGISTRATION.—In promul-  
18 gating such regulations, the Secretary shall minimize  
19 the burden and cost on the registrant.”.

20 (b) PUBLIC AWARENESS CAMPAIGN.—The Secretary  
21 of the Treasury shall conduct a public information and  
22 consumer education campaign, utilizing paid advertising,  
23 to educate the public on making sound financial decisions  
24 with respect to refund loans (as defined by section 7529  
25 of the Internal Revenue Code of 1986), including—

1           (1) the need to compare the rates and fees of  
2           such loans with the rates and fees of conventional  
3           loans,

4           (2) the need to compare the amount of money  
5           received under the loan after taking into consider-  
6           ation such costs and fees with the total amount of  
7           the refund, and

8           (3) where and how taxpayers may lodge com-  
9           plaints concerning refund loan facilitators.

10          (c) CLERICAL AMENDMENT.—The table of sections  
11 for chapter 77 is amended by adding at the end the fol-  
12 lowing new item:

“Sec. 7530. Refund anticipation loans.”.

13          (d) EFFECTIVE DATES.—

14           (1) IN GENERAL.—The amendments made by  
15           this section shall take effect on the date of the en-  
16           actment of the Act.

17           (2) REGULATIONS.—The regulations required  
18           by section 7530(g) of the Internal Revenue Code of  
19           1986 shall be prescribed not later than 2 years after  
20           the date of the enactment of this Act.

21           (3) FULL IMPLEMENTATION.—The Secretary of  
22           the Treasury, taking into consideration the com-  
23           plexity and magnitude of the requirements set forth  
24           under this Act, may delay full implementation of the

1 regulations promulgated under such section not later  
2 than 5 years after the enactment of this Act.

3 **SEC. 6. PREPARER PENALTIES WITH RESPECT TO PREPA-**  
4 **RATION OF RETURNS AND OTHER SUBMIS-**  
5 **SIONS.**

6 (a) INCLUSION OF OTHER SUBMISSIONS IN PENALTY  
7 PROVISIONS.—

8 (1) UNDERSTATEMENT OF TAXPAYER'S LIABIL-  
9 ITY.—

10 (A) IN GENERAL.—Section 6694 (relating  
11 to understatement of taxpayer's liability by tax  
12 return preparer) is amended by striking “return  
13 or claim of refund” each place it appears and  
14 inserting “return, claim of refund, or other sub-  
15 mission”.

16 (B) CONFORMING AMENDMENTS.—Section  
17 6694, as amended by paragraph (1), is amend-  
18 ed by striking “return or claim” each place it  
19 appears and inserting “return, claim, or other  
20 submission”.

21 (2) OTHER ASSESSABLE PENALTIES.—

22 (A) IN GENERAL.—Section 6695 (relating  
23 to other assessable penalties with respect to the  
24 preparation of tax returns for other persons) is  
25 amended by striking “return or claim of re-

1 fund” each place it appears and inserting “re-  
2 turn, claim of refund, or other submission”.

3 (B) CONFORMING AMENDMENTS.—Section  
4 6695, as amended by paragraph (1), is amend-  
5 ed by striking “return or claim” each place it  
6 appears and inserting “return, claim, or other  
7 submission”.

8 (b) INCREASE IN CERTAIN OTHER ASSESSABLE PEN-  
9 ALTY AMOUNTS.—

10 (1) IN GENERAL.—Subsections (a), (b), and (c)  
11 of section 6695 (relating to other assessable pen-  
12 alties with respect to the preparation of income tax  
13 returns for other persons) are each amended by  
14 striking “\$50” and inserting “\$1,000”.

15 (2) REMOVAL OF ANNUAL LIMITATION.—Sub-  
16 sections (a), (b), and (c) of section 6695 are each  
17 amended by striking the last sentence thereof.

18 (c) REVIEW BY THE TREASURY INSPECTOR GEN-  
19 ERAL FOR TAX ADMINISTRATION.—Subparagraph (A) of  
20 section 7803(d)(2) is amended by striking “and” at the  
21 end of clause (iii), by striking the period at the end of  
22 clause (iv) and inserting “, and”, and by adding at the  
23 end the following new clause:

24 “(v) a summary of the penalties as-  
25 sessed and collected during the reporting

1 period under sections 6694 and 6695 and  
2 under the regulations promulgated under  
3 section 330 of title 31, United States  
4 Code, and a review of the procedures by  
5 which violations are identified and pen-  
6 alties are assessed under those sections.”.

7 (d) ADDITIONAL CERTIFICATION ON DOCUMENTS  
8 OTHER THAN RETURNS.—

9 (1) IDENTIFYING NUMBER REQUIRED FOR ALL  
10 SUBMISSIONS TO THE IRS BY TAX RETURN PRE-  
11 PARERS.—The first sentence of paragraph (4) of  
12 section 6109(a) is amended by striking “return or  
13 claim for refund” and inserting “return, claim for  
14 refund, or other document”.

15 (2) EFFECTIVE DATE.—The amendment made  
16 by paragraph (1) shall apply to documents filed  
17 after the date of the enactment of this Act.

18 (e) COORDINATION WITH SECTION 6060(a).—The  
19 Secretary of the Treasury shall coordinate the require-  
20 ments under the regulations promulgated under section  
21 330 of title 31, United States Code, with the return re-  
22 quirements of section 6060 of the Internal Revenue Code  
23 of 1986.

1 (f) EFFECTIVE DATE.—The regulations required by  
2 this section shall be prescribed not later than one year  
3 after the date of the enactment of this Act.

4 **SEC. 7. CLARIFICATION OF ENROLLED AGENT CREDEN-**  
5 **TIALS.**

6 Section 330 of title 31, United States Code, as  
7 amended by section 4, is amended—

8 (1) by redesignating subsection (e) as sub-  
9 section (f), and

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

12 “(e) Any enrolled agents properly licensed to practice  
13 as required under rules promulgated under subsection (a)  
14 shall be allowed to use the credentials or designation as  
15 ‘enrolled agent’, ‘EA’, or ‘E.A.’.”

16 **SEC. 8. PUBLIC AWARENESS.**

17 (a) IN GENERAL.—Section 6103(k) (relating to dis-  
18 closure of certain returns and return information for tax  
19 administration purposes) is amended by adding at the end  
20 the following new paragraph:

21 “(10) DISCLOSURE OF RECOGNIZED, CER-  
22 TIFIED, OR REGISTERED PERSONS; REVOCATION OF  
23 REGISTRATION.—The Secretary shall furnish to the  
24 public—

25 “(A) the identity of any person who—

1           “(i) is an enrolled agent or is an at-  
2           torney or certified public accountant who  
3           either has a power of attorney on file with  
4           the Internal Revenue Service or notifies  
5           the Internal Revenue Service of their sta-  
6           tus as a preparer of Federal tax returns,

7           “(ii) is certified under section 330(d)  
8           of title 31, United States Code, as a tax  
9           return preparer, or

10           “(iii) is registered as a refund loan  
11           facilitator pursuant to section 7529, and

12           “(B) information as to whether or not any  
13           person who is otherwise suspended or disbarred  
14           is no longer so recognized, certified, or reg-  
15           istered (as the case may be).”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17           subsection (a) shall take effect not later than two years  
18           after the date of enactment of this Act.

19           **SEC. 9. IMPROVED SERVICES FOR TAXPAYERS.**

20           (a) IN GENERAL.—It is the sense of Congress that  
21           the Internal Revenue Service should within 5 years—

22           (1) reduce the time between receipt of an elec-  
23           tronically filed return and issuance of a refund,

24           (2) provide free filing and preparation to low-  
25           income taxpayers,

1 (3) expand assistance to low-income taxpayers,

2 (4) allocate resources to assist low-income tax-  
3 payers in establishing accounts at financial institu-  
4 tions that receive direct deposits from the United  
5 States Treasury,

6 (5) deliver tax refunds on debit cards, prepaid  
7 cards, and other electronic means to assist individ-  
8 uals that do not have access to financial accounts or  
9 institutions, and

10 (6) establish a pilot program for mobile tax re-  
11 turn preparation offices.

12 (b) LOCATION OF SERVICE.—

13 (1) IN GENERAL.—The mobile tax return filing  
14 offices should be located in communities that the  
15 Secretary determines have a high incidence of tax-  
16 payers claiming the earned income tax credit, par-  
17 ticularly in locations with few community volunteer  
18 tax preparation clinics.

19 (2) INDIAN RESERVATION.—At least one mobile  
20 tax return filing office should be on or near an In-  
21 dian reservation (as defined in section 168(j)(6) of  
22 the Internal Revenue Code of 1986).

23 **SEC. 10. TAXPAYER ACCESS TO FINANCIAL INSTITUTIONS.**

24 (a) ESTABLISHMENT OF PROGRAM.—The Secretary  
25 of the Treasury may award demonstration project grants

1 (including multiyear awards) to eligible entities to provide  
2 accounts to individuals who currently do not have an ac-  
3 count with a financial institution. The account would be  
4 held in a federally insured depository institution.

5 (b) PRIORITY.—Priority shall be given to demonstra-  
6 tion project proposals that provide accounts at low or no  
7 cost and—

8 (1) that utilize new technologies such as the  
9 prepaid product to expand access to financial serv-  
10 ices, in particular for persons without bank ac-  
11 counts, with low access to financial services, or low  
12 utilization of mainstream financial services,

13 (2) that promote the development of new finan-  
14 cial products and services that are adequate to im-  
15 prove access to wealth building financial services,  
16 which help integrate more Americans into the finan-  
17 cial mainstream,

18 (3) that promote education for these persons  
19 and depository institutions concerning the avail-  
20 ability and use of financial services for and by such  
21 persons, and

22 (4) that include other such activities and  
23 projects as the Secretary may determine are con-  
24 sistent with the purpose of this section.

25 (c) ELIGIBLE ENTITIES.—

1           (1) IN GENERAL.—An entity is eligible to re-  
2           ceive a grant under this section if such an entity  
3           is—

4                   (A) an organization described in section  
5                   501(c)(3) of the Internal Revenue Code of 1986  
6                   and exempt from tax under section 501(a) of  
7                   such Code,

8                   (B) a federally insured depository institu-  
9                   tion,

10                  (C) an agency of a State or local govern-  
11                  ment,

12                  (D) a community development financial in-  
13                  stitution,

14                  (E) an Indian tribal organization,

15                  (F) an Alaska Native Corporation,

16                  (G) a Native Hawaiian organization,

17                  (H) an organization described in  
18                  501(c)(5), and exempt from tax under section  
19                  501(a), of such Code,

20                  (I) a nonbank financial service provider, or

21                  (J) a partnership comprised of 1 or more  
22                  of the entities described in the preceding sub-  
23                  paragraphs.

24           (2) DEFINITIONS.—For purposes of this sec-  
25           tion—

1 (A) FEDERALLY INSURED DEPOSITORY IN-  
2 STITUTION.—The term “federally insured de-  
3 pository institution” means any insured deposi-  
4 tory institution (as defined in section 3 of the  
5 Federal Deposit Insurance Act (12 U.S.C.  
6 1813)) and any insured credit union (as defined  
7 in section 101 of the Federal Credit Union Act  
8 (12 U.S.C. 1752)).

9 (B) COMMUNITY DEVELOPMENT FINAN-  
10 CIAL INSTITUTION.—The term “community de-  
11 velopment financial institution” means any or-  
12 ganization that has been certified as such pur-  
13 suant to section 1805.201 of title 12, Code of  
14 Federal Regulations.

15 (C) ALASKA NATIVE CORPORATION.—The  
16 term “Alaska Native Corporation” has the  
17 same meaning as the term “Native Corpora-  
18 tion” under section 3(m) of the Alaska Native  
19 Claims Settlement Act (43 U.S.C. 1602(m)).

20 (D) NATIVE HAWAIIAN ORGANIZATION.—  
21 The term “Native Hawaiian organization”  
22 means any organization that—

23 (i) serves and represents the interests  
24 of Native Hawaiians, and

1 (ii) has as a primary and stated pur-  
2 pose the provision of services to Native  
3 Hawaiians.

4 (E) LABOR ORGANIZATION.—The term  
5 “labor organization” means an organization—

6 (i) in which employees participate,

7 (ii) which exists for the purpose, in  
8 whole or in part, of dealing with employers  
9 concerning grievances, labor disputes,  
10 wages, rates of pay, hours of employment,  
11 or conditions of work, and

12 (iii) which is described in section  
13 501(c)(5) of the Internal Revenue Code of  
14 1986.

15 (F) NONBANK FINANCIAL SERVICE PRO-  
16 VIDER.—The term “nonbank financial service  
17 provider” mean an entity that engages in finan-  
18 cial services activities, as authorized under the  
19 Federal Reserve Board, 12 Code of Federal  
20 Regulations Part 225, Regulation Y.

21 (d) APPLICATION.—An eligible entity shall submit an  
22 application to the Secretary of the Treasury in such form  
23 and containing such information as the Secretary may re-  
24 quire.

1 (e) EVALUATION AND REPORT.—For each fiscal year  
2 in which a grant is awarded under this section, the Sec-  
3 retary of the Treasury shall submit a report to Congress  
4 containing a description of the activities funded, amounts  
5 distributed, and measurable results, as appropriate and  
6 available.

7 (f) POWER AND AUTHORITY OF THE SECRETARY.—

8 (1) ASSISTANCE.—Subject to appropriations,  
9 the Secretary of the Treasury may provide financial  
10 and technical assistance to awardees for expanding  
11 the distribution of financial services, including  
12 through financial services electronic networks.

13 (2) RESEARCH AND DEVELOPMENT.—The Sec-  
14 retary of the Treasury may conduct or support such  
15 research and development as the Secretary considers  
16 appropriate in order to further the purpose of this  
17 section, including the collection of information about  
18 access to financial services.

19 (3) REGULATIONS.—The Secretary of the  
20 Treasury is authorized to promulgate regulations to  
21 implement and administer the program under this  
22 section.

23 (g) STUDY ON DELIVERY OF TAX REFUNDS.—

24 (1) IN GENERAL.—The Secretary of the Treas-  
25 ury, in consultation with the National Taxpayer Ad-

1       vocate, shall conduct a study on the payment oppor-  
2       tunities of delivering tax refunds on debit cards pre-  
3       paid cards, and other electronic means to assist indi-  
4       viduals that do not have access to financial accounts  
5       or institutions.

6               (2) REPORT.—Not later than 1 year after the  
7       date of the enactment of this Act, the Secretary of  
8       the Treasury shall submit a report to Congress con-  
9       taining the result of the study conducted under sub-  
10      section (a).

○