

118TH CONGRESS
1ST SESSION

H. R. 3335

To ensure the successful development of the electronic Income Verification Express Service of the Internal Revenue Service by amending the Taxpayer First Act to clarify that taxpayer identity verification is the responsibility of users of the system rather than the taxpayer, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2023

Mr. MCHENRY (for himself and Mr. PANETTA) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To ensure the successful development of the electronic Income Verification Express Service of the Internal Revenue Service by amending the Taxpayer First Act to clarify that taxpayer identity verification is the responsibility of users of the system rather than the taxpayer, 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. IDENTITY VERIFICATION RESPONSIBILITY.**

4 (a) IN GENERAL.—Section 2201 of the Taxpayer
5 First Act (Public Law 116–25) is amended—

1 (1) in subsection (a), by striking “and” at the
2 end of paragraph (1), by redesignating paragraph
3 (2) as paragraph (3), and by inserting after para-
4 graph (1) the following new paragraph:

5 “(2) is accomplished only after a financial insti-
6 tution (or a service provider, subsidiary, affiliate,
7 agent, subcontractor, or assignee of a financial insti-
8 tution) has formed a reasonable belief that the iden-
9 tity of the taxpayer has been authenticated; and”;
10 and

11 (2) in subsection (b), by striking “by the Sec-
12 retary to a person seeking to verify the income or
13 creditworthiness of a taxpayer who is a borrower in
14 the process of a loan application” and inserting “,
15 including business tax return information, by the
16 Secretary to a taxpayer or financial institution (or a
17 service provider, subsidiary, affiliate, agent, subcon-
18 tractor, or assignee of a financial institution) des-
19 igned by a taxpayer seeking to verify the income
20 or creditworthiness of a taxpayer who is in the pro-
21 cess of a financial application”.

22 (b) FINANCIAL INSTITUTION DEFINITION, STAND-
23 ARDS AND GUIDELINES.—Section 2201(c) of such Act is
24 amended—

25 (1) in subsection (c)—

1 (A) by striking “The Secretary” and in-
2 serting:

3 “(1) IN GENERAL.—The Secretary”; and

4 (B) by adding at the end the following new
5 paragraph:

6 “(2) STANDARDS.—The Secretary shall ensure
7 that any standards and guidelines deemed applicable
8 to the system described in this section—

9 “(A) Enable a taxpayer to provide the ap-
10 propriate designation and electronic consent to
11 a financial institution (or a service provider,
12 subsidiary, affiliate, agent, subcontractor, or as-
13 signee of a financial institution), including
14 those defined in section 106 of the Electronic
15 Signatures in Global and National Commerce
16 Act (15 U.S.C. 7006);

17 “(B) Enable a financial institution (or a
18 service provider, subsidiary, affiliate, agent,
19 subcontractor, or assignee of a financial institu-
20 tion) to act upon such designation and consent
21 to request a qualified disclosure directly with
22 the system implemented pursuant to this sec-
23 tion; and

24 “(C) Ensure the security and confiden-
25 tiality of taxpayer information, to the extent

1 such standards and guidelines do not conflict
2 with other standards and guidelines applicable
3 to financial institutions.”, and

4 (2) by redesignating subsections (c) and (d) as
5 subsections (d) and (e), respectively, and by insert-
6 ing after subsection (b) the following new subsection:
7 “(c) FINANCIAL INSTITUTION.—For purposes of this
8 section, the term ‘financial institution’ has the meaning
9 given such term in section 509 of the Gramm-Leach-Bliley
10 Act (15 U.S.C. 6809).”.

11 (c) LIMITATION ON AUTHORITY.—Section 2201 of
12 such Act is amended by adding at the end the following
13 new subsection:

14 “(f) LIMITATION ON AUTHORITY.—The Secretary
15 may not require a taxpayer seeking a qualified disclosure
16 to access any information technology system or service
17 used by or on behalf of the Internal Revenue Service pur-
18 suant to this section for any purpose relating to a qualified
19 disclosure, including identity verification or the provision
20 of electronic consent.”.

21 (d) CLARIFICATION REGARDING CERTAIN BUSINESS
22 TAX RETURN INFORMATION AVAILABLE FOR DISCLO-
23 SURE.—Section 2201 of such Act, as amended by sub-
24 section (c), is amended by adding at the end the following
25 new subsection:

1 “(g) PROGRAM REQUIRED TO MAKE CERTAIN IN-
2 FORMATION AVAILABLE FOR DISCLOSURE.—The Sec-
3 retary shall ensure that the program implemented under
4 this section makes certain business tax return information
5 available for disclosure, including, but not limited to, the
6 following:

7 “(1) The following information from Schedule
8 K–1 of Forms 1065 and 1120:

9 “(A) Names of owners.

10 “(B) Percentage of capital ownership of
11 each owner.

12 “(C) Distributions to each owner.

13 “(D) In the case of Form 1065, direct
14 payments to partners.

15 “(2) The following information from Schedule
16 G of Form 1120:

17 “(A) Names of owners.

18 “(B) Percentage of capital ownership of
19 each owner.

20 “(3) With respect to each entity identified on
21 Schedule C of Form 1040, the following information
22 from such Schedule:

23 “(A) Name of such entity.

24 “(B) Names of owners of such entity.

25 “(C) Income statement of each entity.

1 “(4) All information available on the following
2 forms or schedules:

3 “(A) Schedule L.

4 “(B) Schedule M.

5 “(C) Form 1125–E.

6 “(D) Any schedules or supplemental sched-
7 ules of Form 1040 (or any other personal in-
8 come tax return form) which includes informa-
9 tion related to any income, deduction, gain,
10 loss, or credit which is derived in the conduct
11 of any trade or business (other than the trade
12 or business of being an employee).

13 “(5) NAICS codes with respect to all forms and
14 schedules.

15 Each reference to a form or schedule in this subsection
16 shall be treated as including a reference to any form or
17 schedule which is a successor or alternative to such form
18 or schedule.”.

19 (e) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall take effect as if included in section
23 2201 of the Taxpayer First Act (Public Law 116–
24 25).

1 (2) CLARIFICATION REGARDING CERTAIN BUSI-
2 NESS TAX RETURN INFORMATION AVAILABLE FOR
3 DISCLOSURE.—The amendment made by subsection
4 (d) shall take effect on the date which is 1 year after
5 the date of the enactment of this Act.

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