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(Original Signature of Member)

119TH CONGRESS  
1ST SESSION

# H. R.

To amend the Internal Revenue Code of 1986 to penalize improper compliance with certain taxpayer requirements, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. PANETTA introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To amend the Internal Revenue Code of 1986 to penalize improper compliance with certain taxpayer requirements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Taxpayer Protection and Preparer Proficiency Act”.

6 (b) REFERENCES TO INTERNAL REVENUE CODE.—

7 Except as otherwise expressly provided, whenever in this

8 Act an amendment is expressed in terms of an amendment

1 to a section or other provision, the reference shall be con-  
2 sidered to be made to a section or other provision of the  
3 Internal Revenue Code of 1986.

4 (c) REFERENCES TO SECRETARY.—For purposes of  
5 this Act, the term “Secretary” means the Secretary of the  
6 Treasury or the Secretary’s delegate.

7 **SEC. 2. PENALTIES FOR TAX RETURN PREPARERS WHO IM-**  
8 **PROPERLY ALTER RETURNS.**

9 (a) IN GENERAL.—Paragraph (1) of section 6696(e)  
10 is amended to read as follows:

11 “(1) RETURN.—The term ‘return’ means—

12 “(A) any return of any tax imposed by this  
13 title,

14 “(B) any administrative adjustment re-  
15 quest under section 6227,

16 “(C) any partnership adjustment tracking  
17 report under section 6226(b)(4)(A), and

18 “(D) any other document purporting to be  
19 a return, request, or report described in sub-  
20 paragraphs (A) through (C).”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall take effect on the date of enactment of  
23 this Act.

1 **SEC. 3. PENALTIES FOR INVALID OR APPROPRIATED PRE-**  
2 **PARER IDENTIFICATION NUMBERS.**

3 (a) IN GENERAL.—Section 6695 is amended—

4 (1) by striking subsection (c) and inserting the  
5 following:

6 “(c) FAILURE TO FURNISH VALID IDENTIFYING  
7 NUMBER.—

8 “(1) IN GENERAL.—

9 “(A) PENALTY.—Any person who is a tax  
10 return preparer with respect to any return or  
11 claim for refund and who fails to furnish an  
12 identifying number which complies with section  
13 6109(a)(4)(A) with respect to such return or  
14 claim shall pay a penalty of \$250 for such fail-  
15 ure.

16 “(B) NON-COMPLIANCE.—For purposes of  
17 this paragraph, an identifying number shall be  
18 deemed to not comply with section  
19 6109(a)(4)(A) if such identifying number—

20 “(i) is assigned to another person,

21 “(ii) does not exist,

22 “(iii) is inactive or expired,

23 “(iv) has been withdrawn,

24 “(v) is suspended or has been revoked,

25 or

1                   “(vi) is otherwise invalid for use by  
2                   the tax return preparer.

3                   “(2) EXCEPTION.—The penalty imposed under  
4                   paragraph (1) shall not apply if it is shown that  
5                   such failure is due to reasonable cause and not due  
6                   to willful neglect.

7                   “(3) LIMITATION.—The maximum penalty im-  
8                   posed under this subsection on any person with re-  
9                   spect to documents filed during any calendar year  
10                  shall not exceed \$75,000.”,

11                  (2) by redesignating subsection (h) as sub-  
12                  section (i),

13                  (3) by inserting after subsection (g) the fol-  
14                  lowing new subsection:

15                  “(h) USE OF INVALID OR APPROPRIATED ELEC-  
16                  TRONIC FILING IDENTIFICATION NUMBER.—

17                  “(1) IN GENERAL.—Any person who is an elec-  
18                  tronic return originator with respect to any return  
19                  or claim for refund who fails to use, with respect to  
20                  such return or claim, an electronic filing identifica-  
21                  tion number which is assigned to such person by the  
22                  Secretary, shall pay a penalty of \$250 for such fail-  
23                  ure, unless it is shown that such failure is due to  
24                  reasonable cause and not due to willful neglect.

1           “(2) DEFINITIONS.—For purposes of this sub-  
2           section—

3           “(A) ELECTRONIC RETURN ORIGINATOR.—

4                   “(i) IN GENERAL.—The term ‘elec-  
5                   tronic return originator’ means a person  
6                   who originates the electronic submission of  
7                   1 or more returns or claims for refund on  
8                   behalf of other taxpayers.

9                   “(ii) EXCEPTIONS.—The term ‘elec-  
10                   tronic return originator’ shall not include a  
11                   person merely because such person origi-  
12                   nates an electronic submission described in  
13                   clause (i)—

14                           “(I) by furnishing mechanical as-  
15                           sistance to a person described in such  
16                           subclause,

17                           “(II) at the direction of an em-  
18                           ployer (or of an officer or employee of  
19                           the employer) by whom such person is  
20                           regularly and continuously employed,

21                           “(III) as a fiduciary, or

22                           “(IV) in response to a determina-  
23                           tion that directly or indirectly affects  
24                           the tax liability of a taxpayer.

1                   “(B) ELECTRONIC FILING IDENTIFICATION  
2                   NUMBER.—

3                   “(i) IN GENERAL.—The term ‘elec-  
4                   tronic filing identification number’ means  
5                   an identification number assigned by the  
6                   Secretary to a person authorized to file re-  
7                   turns in electronic format on behalf of  
8                   other taxpayers.

9                   “(ii) SUSPENSION OR REVOCATION.—  
10                  In the case of any electronic filing identi-  
11                  fication number which has been suspended  
12                  or revoked by the Secretary, such number  
13                  shall not be deemed valid for purposes of  
14                  paragraph (1).”, and

15                  (4) in subsection (i)(1), as redesignated by  
16                  paragraph (2), by striking “and (g)” and inserting  
17                  “(g), and (h)”.

18                  (b) MODIFICATION OF DEFINITION OF TAX RETURN  
19                  PREPARER.—Section 7701(a)(36) is amended—

20                  (1) by striking subparagraph (A) and inserting  
21                  the following:

22                  “(A) IN GENERAL.—The term ‘tax return  
23                  preparer’ means any person who prepares for  
24                  compensation, or who employs one or more per-  
25                  sons to prepare for compensation, any return of

1 tax imposed by this title, any document pur-  
2 porting to be a return of tax imposed by this  
3 title, or any claim for refund of tax imposed by  
4 this title. For purposes of the preceding sen-  
5 tence, the preparation of a substantial portion  
6 of a return, document purporting to be a re-  
7 turn, or claim for refund shall be treated as if  
8 it were the preparation of such return, docu-  
9 ment purporting to be a return, or claim for re-  
10 fund.”, and

11 (2) in subparagraph (B)—

12 (A) in clause (ii), by striking “return or  
13 claim for refund” and inserting “return, docu-  
14 ment purporting to be a return, or claim for re-  
15 fund”, and

16 (B) in clause (iii), by striking “return or  
17 claim for refund” and inserting “return, docu-  
18 ment purporting to be a return, or claim for re-  
19 fund”.

20 (c) PREVENTION OF INADVERTENT ERRORS INVOLV-  
21 ING IDENTIFYING NUMBERS.—

22 (1) IN GENERAL.—Not later than 18 months  
23 after the date of enactment of this Act, the Sec-  
24 retary shall establish a program to improve vol-  
25 untary compliance with respect to requirements

1 under subsections (c) and (h) of section 6695 of the  
2 Internal Revenue Code of 1986 (as amended by this  
3 section) and avoid the imposition of penalties under  
4 such subsections.

5 (2) OPPORTUNITY TO CORRECT.—For purposes  
6 of the program described in paragraph (1), the Sec-  
7 retary shall—

8 (A) prior to acceptance for processing,  
9 identify—

10 (i) any return or claim for refund  
11 which has been electronically submitted  
12 and does not include an identifying number  
13 which complies with section 6109(a)(4)(A)  
14 of the Internal Revenue Code of 1986, and

15 (ii) any return or claim for refund  
16 which has been electronically submitted  
17 and does not include an electronic filing  
18 identification number (as defined in section  
19 6695(h)(2)(B) of such Code), and

20 (B) provide an opportunity for the person  
21 who submitted such return or claim for refund  
22 to avoid imposition of a penalty under sub-  
23 section (c) or (h) of section 6695 of such Code,  
24 as applicable, if—

1 (i) such return or claim for refund is  
2 withdrawn, or

3 (ii) the correct identifying number or  
4 electronic filing identification number is  
5 provided.

6 (d) CRIMINAL PENALTY.—

7 (1) IN GENERAL.—Part I of subchapter A of  
8 chapter 75 is amended by adding at the end the fol-  
9 lowing new section:

10 **“SEC. 7218. WILLFUL MISUSE OR MISAPPROPRIATION OF**  
11 **IDENTIFYING NUMBER.**

12 “(a) IN GENERAL.—Any tax return preparer who,  
13 with respect to any return, document purporting to be a  
14 return, or claim for refund—

15 “(1) willfully fails to furnish a valid preparer  
16 tax identification number with intent to evade or de-  
17 feat the application of any requirement under any  
18 provision of this title which requires such preparer  
19 to obtain and furnish such number,

20 “(2) willfully furnishes a preparer tax identi-  
21 fication number which—

22 “(A) does not exist,

23 “(B) is inactive or expired,

24 “(C) has been withdrawn,

25 “(D) is suspended or has been revoked, or



1 PERSONS.—Section 6695, as amended by the preceding  
2 provisions of this Act, is amended—

3 (1) in subsection (a)—

4 (A) by striking “\$50” and inserting  
5 “\$250”, and

6 (B) by striking “\$25,000” and inserting  
7 “\$50,000”,

8 (2) in subsection (b)—

9 (A) by striking “\$50” and inserting  
10 “\$250”, and

11 (B) by striking “\$25,000” and inserting  
12 “\$75,000”,

13 (3) in subsection (d)—

14 (A) by striking “\$50” and inserting  
15 “\$250”, and

16 (B) by striking “\$25,000” and inserting  
17 “\$50,000”,

18 (4) in subsection (e)—

19 (A) by striking “\$50” and inserting  
20 “\$250”, and

21 (B) by striking “\$25,000” and inserting  
22 “\$75,000”,

23 (5) in subsection (g), by striking “\$500” and  
24 inserting “\$1,000”, and

25 (6) in subsection (i)(1)—

1 (A) by striking “2014” and inserting  
2 “2024”, and

3 (B) by striking “calendar year 2013” and  
4 inserting “calendar year 2023”.

5 (b) MISAPPROPRIATION OF ELECTRONIC FUNDS  
6 TRANSFER.—

7 (1) IN GENERAL.—Subsection (f) of section  
8 6695 is amended to read as follows:

9 “(f) NEGOTIATION OF CHECK; MISAPPROPRIA-  
10 TION.—

11 “(1) IN GENERAL.—Any person who is a tax re-  
12 turn preparer who—

13 “(A) endorses or otherwise negotiates (di-  
14 rectly or through an agent) any check made in  
15 respect of the taxes imposed by this title which  
16 is issued to a taxpayer (other than the tax re-  
17 turn preparer), or

18 “(B) misappropriates any refund (or ad-  
19 vance payment with respect to a refundable  
20 credit), or any portion thereof, issued to any  
21 taxpayer through an electronic funds transfer,  
22 shall pay a penalty in an amount determined under  
23 paragraph (2).

24 “(2) PENALTY.—The amount of the penalty de-  
25 termined under this paragraph shall, with respect to

1 each check or transfer described in paragraph (1),  
2 be equal to the greater of—

3 “(A) \$1,000, or

4 “(B) the full amount of such check or  
5 transfer.

6 “(3) EXCEPTION.—Paragraph (1)(A) shall not  
7 apply with respect to the deposit by a bank (within  
8 the meaning of section 581) of the full amount of  
9 the check in the taxpayer’s account in such bank for  
10 the benefit of the taxpayer.”.

11 (2) CONFORMING AMENDMENT.—Section  
12 6695(i)(1) is amended by striking “(f),” and insert-  
13 ing “(f)(2)(A),”.

14 **SEC. 5. AUTHORITY TO DENY, REVOKE, OR SUSPEND PRE-**  
15 **PARER TAX IDENTIFICATION NUMBERS.**

16 (a) IN GENERAL.—Section 6109 is amended—

17 (1) in subsection (a), by striking paragraph (4)  
18 and inserting the following:

19 “(4) FURNISHING IDENTIFYING NUMBER OF  
20 TAX RETURN PREPARER.—

21 “(A) IN GENERAL.—Any return or claim  
22 for refund which is prepared by a tax return  
23 preparer shall bear such identifying number for  
24 securing proper identification of such preparer,  
25 their employer, or both, as may be prescribed.

1           “(B) EXCEPTION FOR SUPERVISED PRE-  
2           PARER.—Subparagraph (A) shall not apply with  
3           respect to any tax return preparer who prepares  
4           any return or claim for refund if such preparer  
5           is—

6                   “(i) employed by a specified practi-  
7                   tioner, and

8                   “(ii) under the supervision and direc-  
9                   tion of a tax return preparer who—

10                           “(I) includes their identifying  
11                           number (as described in subparagraph  
12                           (A)) on such return or claim,

13                           “(II) signs such return or claim,  
14                           and

15                           “(III) is a specified practitioner.

16           “(C) SUSPENSION OR REVOCATION.—In  
17           the case of any identifying number which has  
18           been suspended or revoked by the Secretary  
19           under subsection (e), such number shall not be  
20           deemed valid for purposes of subparagraph (A).

21           “(D) DEFINITIONS.—For purposes of this  
22           section—

23                   “(i) SPECIFIED PRACTITIONER.—The  
24                   term ‘specified practitioner’ means a cer-

1           tified public accountant, attorney, or en-  
2           rolled agent—

3                       “(I) who is in good standing and  
4                       authorized to represent persons before  
5                       the Department of the Treasury  
6                       under section 330 of title 31, United  
7                       States Code, and

8                       “(II) whose professional license  
9                       or certification has not been revoked.

10                      “(ii) RETURN; CLAIM FOR REFUND.—  
11                      The terms ‘return’ and ‘claim for refund’  
12                      have the respective meanings given to such  
13                      terms by section 6696(e).”, and

14                      (2) by inserting after subsection (d) the fol-  
15                      lowing:

16                      “(e) IDENTIFYING NUMBER OF TAX RETURN PRE-  
17                      PARER.—

18                      “(1) IN GENERAL.—The Secretary shall main-  
19                      tain a program for administration of preparer tax  
20                      identification numbers required under subsection  
21                      (a)(4), which shall include restrictions on the  
22                      issuance of such numbers to any individual other  
23                      than an individual who—

1           “(A) meets the suitability requirements of  
2 paragraph (2) and the education requirements  
3 of paragraph (3),

4           “(B) meets the state program require-  
5 ments of paragraph (4), or

6           “(C) is a specified practitioner.

7           “(2) DEMONSTRATION OF SUITABILITY.—

8           “(A) IN GENERAL.—An individual meets  
9 the suitability requirements of this paragraph if  
10 such individual has demonstrated to the Sec-  
11 retary the individual’s suitability to be a tax re-  
12 turn preparer by—

13           “(i) providing such information as the  
14 Secretary determines necessary, and

15           “(ii) undergoing a background check,  
16 including a review by the Secretary regard-  
17 ing compliance with personal tax obliga-  
18 tions.

19           “(B) CONDUCT DEMONSTRATING LACK OF  
20 SUITABILITY.—For purposes of subparagraph  
21 (A), an individual shall be deemed to have  
22 failed to demonstrate their suitability to be a  
23 tax return preparer if—

24           “(i) any license or registration issued  
25 to such individual by a State to prepare

1 tax returns has been suspended or revoked  
2 by such State, or

3 “(ii) the Secretary determines that  
4 such individual is described in clauses (ii)  
5 through (vi) of paragraph (5)(A).

6 “(C) REGULATIONS AND GUIDANCE.—The  
7 Secretary shall issue such regulations or other  
8 guidance as the Secretary determines necessary  
9 to carry out the purposes of this paragraph.

10 “(D) PROHIBITION ON EXAMINATIONS.—  
11 For purposes of subparagraph (A), except as  
12 provided in paragraph (3)(C)(iii), the Secretary  
13 may not require an examination as a pre-  
14 requisite for the assignment or renewal of a  
15 preparer tax identification number.

16 “(E) GRANDFATHERING OF PRIOR BACK-  
17 GROUND CHECKS.—For purposes of subpara-  
18 graph (A)(ii), in the case of an individual who  
19 has undergone a background check prior to the  
20 date of enactment of this subsection, the Sec-  
21 retary may deem such individual to have satis-  
22 fied the requirement under such subparagraph.

23 “(3) EDUCATIONAL PROGRAMS.—

24 “(A) IN GENERAL.—An individual meets  
25 the education requirements of this paragraph if

1 such individual completes a specified number of  
2 hours of educational programs on ethics, profes-  
3 sional responsibility, and tax law (including re-  
4 cently enacted legislation) as may be required  
5 by the Secretary prior to the assignment or re-  
6 newal of a preparer tax identification number.

7 “(B) ADDITIONAL EDUCATIONAL REQUIRE-  
8 MENTS FOR RENEWAL.—The Secretary may re-  
9 quire any individual seeking the renewal of a  
10 preparer tax identification number to complete  
11 educational programs in addition to those re-  
12 quired under subparagraph (A). Any edu-  
13 cational programs required under this subpara-  
14 graph shall be based on—

15 “(i) a review of returns which include  
16 the preparer tax identification number of  
17 such preparer, and

18 “(ii) any errors identified by the Sec-  
19 retary as part of the review described in  
20 clause (i).

21 “(C) OTHER REQUIREMENTS.—For pur-  
22 poses of this paragraph, the Secretary—

23 “(i) may not require a tax return pre-  
24 parer to annually complete more than 18  
25 hours of educational programs,

1           “(ii) shall require that any edu-  
2           cational program include written materials  
3           which satisfy such standards as are estab-  
4           lished by the Secretary,

5           “(iii) may require that any edu-  
6           cational program include a method to en-  
7           sure that the tax return preparer attended  
8           the program and sufficiently understood  
9           the material presented, and

10          “(iv) may not direct any educational  
11          program to be completed through a specific  
12          provider.

13          “(D) NOTICE OF FAILURE TO TIMELY  
14          COMPLETE REQUIREMENTS.—The Secretary  
15          shall provide any tax return preparer who fails  
16          to complete the requirements of this paragraph  
17          notice of such failure and a period in which to  
18          cure such failure.

19          “(E) PUBLICATION OF APPROVED  
20          COURSES.—The Secretary shall publish, on the  
21          public website of the Internal Revenue Serv-  
22          ice—

23                 “(i) a list of educational programs  
24                 which have been determined by the Sec-  
25                 retary to satisfy the requirement under

1 clause (ii) of subparagraph (C) (and, if ap-  
2 plicable, the requirement under clause (iii)  
3 of such subparagraph), including the pro-  
4 viders of such programs, and

5 “(ii) any such requirements as the  
6 Secretary deems necessary to impose with  
7 respect to any additional programs re-  
8 quired under subparagraph (B).

9 “(4) EXEMPTION.—

10 “(A) IN GENERAL.—Subject to subpara-  
11 graph (B), any individual meets the state pro-  
12 gram requirements of this paragraph if such in-  
13 dividual maintains a valid State license or reg-  
14 istration issued by a State licensing program or  
15 State registration program (including State tax  
16 education councils) which includes examination,  
17 education, and background check requirements  
18 that are determined by the Secretary (on the  
19 basis of such information as is provided by the  
20 taxpayer or State program) to be comparable to  
21 the suitability requirements described in para-  
22 graph (2) and the education requirements de-  
23 scribed in paragraph (3).

24 “(B) GRANDFATHERING OF CERTAIN PRO-  
25 GRAMS.—For purposes of subparagraph (A),

1 with respect to determining whether a State li-  
2 censing program or State registration program  
3 (including State tax education councils) in-  
4 cludes examination, education, and background  
5 check requirements which are comparable to the  
6 suitability requirements described in paragraph  
7 (2) and the education requirements described in  
8 paragraph (3), such determination shall be  
9 made by the Secretary without regard to wheth-  
10 er such requirements were included in such pro-  
11 gram at the time that such individual was li-  
12 censed or registered under such program, pro-  
13 vided that such requirements are, as of the date  
14 that such individual requested assignment or  
15 renewal of a preparer tax identification number  
16 under this subsection, presently included in  
17 such program.

18 “(5) AUTHORITY TO REVOKE OR SUSPEND PRE-  
19 PARER TAX IDENTIFICATION NUMBER.—

20 “(A) IN GENERAL.—The Secretary may  
21 suspend or revoke a preparer tax identification  
22 number if, after notice and opportunity for a  
23 hearing, the Secretary makes a determination  
24 that the tax return preparer—

25 “(i) has not met—

1                   “(I) the suitability requirements  
2                   of paragraph (2) and the education  
3                   requirements of paragraph (3), or

4                   “(II) the state program require-  
5                   ments of paragraph (4),

6                   “(ii) is incompetent, as demonstrated  
7                   by a repeated pattern of errors in returns  
8                   that were prepared by such preparer or in-  
9                   dividuals who were supervised by such pre-  
10                  parer (as described in subsection  
11                  (a)(4)(B)) which affected the determina-  
12                  tion of tax liability in such returns,

13                  “(iii) is disreputable, as demonstrated  
14                  by—

15                  “(I) giving false or misleading in-  
16                  formation under paragraph (2)(A)(i),

17                  “(II) failure to comply with per-  
18                  sonal tax obligations,

19                  “(III) revocation or suspension of  
20                  any license or registration issued by a  
21                  State for the preparation of tax re-  
22                  turns,

23                  “(IV) conviction of any criminal  
24                  offense—

1                   “(aa) involving dishonesty or  
2                   breach of trust, or

3                   “(bb) which is punishable  
4                   under this title,

5                   “(V) a final determination of li-  
6                   ability for a penalty pursuant to sec-  
7                   tion 6694, 6695(h), 6700, 6701, or  
8                   6702, or

9                   “(VI) any conduct similar to the  
10                  conduct described in subclauses (I)  
11                  through (V),

12                  “(iv) in the case of a person subject to  
13                  regulation under section 330 of title 31,  
14                  United States Code, or regulations pre-  
15                  scribed thereunder, has violated the re-  
16                  quirements under such section or such reg-  
17                  ulations,

18                  “(v) with intent to defraud, willfully  
19                  and knowingly misleads or threatens—

20                  “(I) the person whose return or  
21                  claim for refund is being prepared, or

22                  “(II) a prospective person seek-  
23                  ing for a return or claim for refund to  
24                  be prepared, or

1           “(vi) has engaged in conduct (as iden-  
2           tified in regulations or guidance issued by  
3           the Secretary) which is similar to the con-  
4           duct described in clauses (i) through (v)  
5           and that the denial, suspension, or revoca-  
6           tion of such number would promote com-  
7           pliance with the requirements of this title  
8           and effective tax administration.

9           “(B) MONETARY PENALTY.—

10           “(i) IN GENERAL.—In addition to, or  
11           in lieu of, any suspension or revocation of  
12           a preparer tax identification number under  
13           subparagraph (A), the Secretary may im-  
14           pose a penalty in any amount not exceed-  
15           ing—

16           “(I) in the case of any deter-  
17           mination made by the Secretary with  
18           respect to a tax return preparer which  
19           is described in subparagraph (A)  
20           (with the exception of clause (v) of  
21           such subparagraph), \$1,000 with re-  
22           spect to each such determination, and

23           “(II) in the case of any deter-  
24           mination made by the Secretary with  
25           respect to a tax return preparer which

1 is described in subparagraph (A)(v),  
2 \$5,000 with respect to each such de-  
3 termination.

4 “(ii) REDUCTION.—Any penalty im-  
5 posed under clause (i) shall be reduced by  
6 the amount of any penalty imposed under  
7 section 6694, 6695, 6700, 6701, or 6702  
8 with regard to the same conduct.

9 “(iii) ADJUSTMENT FOR INFLA-  
10 TION.—

11 “(I) IN GENERAL.—In the case  
12 of any penalty imposed during any  
13 calendar year beginning after 2025,  
14 the \$1,000 amount in clause (i)(I)  
15 and the \$5,000 amount in clause  
16 (i)(II) shall each be increased by an  
17 amount equal to—

18 “(aa) such dollar amount,  
19 multiplied by

20 “(bb) the cost-of-living ad-  
21 justment determined under sec-  
22 tion 1(f)(3) for the calendar year,  
23 determined by substituting ‘cal-  
24 endar year 2024’ for ‘calendar

1 year 2016' in subparagraph  
2 (A)(ii) thereof.

3 “(II) ROUNDING.—If any  
4 amount determined under subclause  
5 (I) is not a multiple of \$100, such  
6 amount shall be rounded to the near-  
7 est multiple of \$100.

8 “(C) REINSTATEMENT.—The Secretary  
9 shall, through regulations or other guidance, es-  
10 tablish procedures to allow any tax return pre-  
11 parer whose preparer tax identification number  
12 has been suspended or revoked pursuant to sub-  
13 paragraph (A) to have such number reissued  
14 (or, in the case of a suspension, for such sus-  
15 pension to be terminated), provided that such  
16 preparer demonstrates, to the satisfaction of  
17 the Secretary, that—

18 “(i) the conduct described in such  
19 paragraph which was the basis for such  
20 suspension or revocation has been suffi-  
21 ciently addressed or resolved (such as  
22 through completion of educational pro-  
23 grams described in paragraph (3) or rein-  
24 statement of a license issued by a State for  
25 the preparation of tax returns), and

1           “(ii) effective tax administration  
2 would be promoted by terminating the sus-  
3 pension of such number or reissuing such  
4 number to such preparer.

5           “(D) PRELIMINARY SUSPENSION.—

6           “(i) IN GENERAL.—After notice and  
7 opportunity to respond, the Secretary may  
8 suspend the preparer tax identification  
9 number of a tax return preparer for a pe-  
10 riod of not greater than 180 days if the  
11 Secretary determines that—

12           “(I) such tax return preparer has  
13 engaged in any conduct described in  
14 clauses (i) through (vi) of subpara-  
15 graph (A), and

16           “(II) such suspension is nec-  
17 essary to prevent serious economic  
18 harm to taxpayers or serious impair-  
19 ment of effective tax administration,  
20 such as to prevent the filing of fraud-  
21 ulent returns or claims for refund.

22           “(ii) LIMITATION.—For purposes of  
23 clause (i), if the preparer tax identification  
24 number of a tax return preparer has been  
25 suspended pursuant to such clause 2 times

1           during any 5-year period, the Secretary  
2           may not issue an additional suspension  
3           pursuant to such clause with respect to  
4           such preparer during such period unless  
5           such suspension is subsequent to a deter-  
6           mination by the Secretary to suspend or  
7           revoke the preparer tax identification num-  
8           ber of such preparer pursuant to subpara-  
9           graph (A).

10           “(E) REGULATIONS.—Not later than 24  
11           months after the date of enactment of this sub-  
12           section, the Secretary shall issue such regula-  
13           tions or other guidance as the Secretary deter-  
14           mines necessary to carry out the purposes of  
15           this paragraph, including—

16                   “(i) guidelines that identify the par-  
17                   ticular penalty applicable to any conduct  
18                   described in subparagraph (A), and

19                   “(ii) the manner of notice and oppor-  
20                   tunity to respond for purposes of subpara-  
21                   graph (D).

22           “(6) APPEAL.—In the case of any tax return  
23           preparer for whom the Secretary has made a deter-  
24           mination—

1           “(A) that such preparer has not met the  
2 requirements of paragraphs (2) and (3) or of  
3 paragraph (4) and that issuance of a preparer  
4 tax identification number should be denied,

5           “(B) under paragraph (5)(A) that the pre-  
6 parer tax identification number for such pre-  
7 parer should be suspended or revoked, or

8           “(C) that a penalty should be imposed pur-  
9 suant to paragraph (5)(B),

10 such preparer shall be provided with an opportunity  
11 to appeal such determination to the Internal Rev-  
12 enue Service Independent Office of Appeals pursuant  
13 to procedures (as established by the Secretary  
14 through regulations or other guidance) which are  
15 similar to the procedures provided under section 330  
16 of title 31, United States Code, or regulations pre-  
17 scribed thereunder.

18           “(7) DISCLOSURE OF FINAL DETERMINA-  
19 TIONS.—

20           “(A) IN GENERAL.—In the case of any  
21 final determination with respect to the extended  
22 suspension, revocation, reissuance, or termi-  
23 nation of an extended suspension of a preparer  
24 tax identification number under this subsection,  
25 not later than 30 days following such deter-

1           mination, the Secretary shall publish such de-  
2           termination on the public website of the Inter-  
3           nal Revenue Service, which shall include—

4                   “(i) a statement of the facts and cir-  
5                   cumstances relating to such determination,  
6                   and

7                   “(ii) the reasons for the determina-  
8                   tion.

9                   “(B) EXTENDED SUSPENSION.—For pur-  
10                  poses of subparagraph (A), the term ‘extended  
11                  suspension’ means a suspension issued by the  
12                  Secretary pursuant to paragraph (5)(A) for a  
13                  period of greater than 180 days.

14                  “(8) PREPARER TAX IDENTIFICATION NUM-  
15                  BER.—For purposes of this subsection, the term  
16                  ‘preparer tax identification number’ means an iden-  
17                  tifying number described in subsection (a)(4)(A).”.

18                  (b) INFORMATION RETURNS OF TAX RETURN PRE-  
19                  PARERS.—Section 6060 is amended—

20                   (1) by redesignating subsection (c) as sub-  
21                   section (d), and

22                   (2) by inserting after subsection (b) the fol-  
23                   lowing:

24                   “(c) ADDITIONAL INFORMATION FROM SUPER-  
25                   VISORS.—In the case of a person required to make a re-

1 turn under subsection (a) who is described in section  
2 6109(a)(4)(B)(ii)(III), such person shall include in such  
3 return—

4 “(1) the name and taxpayer identification num-  
5 ber of any tax return preparer under their super-  
6 vision and direction who, pursuant to subparagraph  
7 (B) of section 6109(a)(4), is exempted from the re-  
8 quirement under subparagraph (A) of such section,

9 “(2) with respect to each tax return preparer  
10 described in paragraph (1), whether such preparer is  
11 employed by such person as of the date on which  
12 such return is made, and

13 “(3) such other information as the Secretary  
14 determines appropriate.”.

15 (c) DETERMINATIONS REGARDING PRACTICE BE-  
16 FORE THE DEPARTMENT.—Section 330 of title 31, United  
17 States Code, is amended—

18 (1) by redesignating subsection (e) as sub-  
19 section (f); and

20 (2) by inserting after subsection (d) the fol-  
21 lowing:

22 “(e) DISCLOSURE OF FINAL DETERMINATIONS.—In  
23 the case of any final determination under subsection (c)  
24 or (d), not later than 30 days following such determina-

1 tion, the Secretary shall publish such determination on a  
2 public website, which shall include—

3 “(1) a statement of the facts and circumstances  
4 relating to such determination, and

5 “(2) the reasons for the determination.”.

6 (d) DISCLOSURE RELATING TO MISCONDUCT BY  
7 PRACTITIONERS AND TAX RETURN PREPARERS.—

8 (1) IN GENERAL.—Section 6103(k) is amended  
9 by adding at the end the following new paragraph:

10 “(16) DISCLOSURE RELATING TO MISCONDUCT  
11 BY PRACTITIONERS AND TAX RETURN PREPARERS.—

12 Under such procedures as the Secretary may pre-  
13 scribe, the Secretary may disclose returns and re-  
14 turn information to the extent the Secretary deter-  
15 mines it is necessary to publish determinations pur-  
16 suant to section 6109(e)(7) and section 330(e) of  
17 title 31, United States Code, provided that such dis-  
18 closure is redacted to remove—

19 “(A) any name, address, or other identi-  
20 fying information with respect to any persons  
21 other than the representative or tax return pre-  
22 parer who is the subject of such determination,  
23 and

1           “(B) such other information as the Sec-  
2           retary determines appropriate to protect the  
3           privacy of such persons.”.

4           (2) CONFORMING AMENDMENT.—Section  
5           6103(p)(3)(A) is amended by striking “or (9)” and  
6           inserting “(9), or (16)”.

7           (e) REQUIREMENT TO INCLUDE IDENTIFYING NUM-  
8           BER FOR PAID PREPARER OF OFFER-IN-COMPROMISE.—

9           (1) IN GENERAL.—Section 6109(a) is amended  
10          by inserting after paragraph (4) the following new  
11          paragraph:

12          “(5) FURNISHING IDENTIFYING NUMBER FOR  
13          OFFER-IN-COMPROMISE.—Any offer-in-compromise  
14          (as described in section 7122) which has been pre-  
15          pared by any person for compensation shall include  
16          such identifying number as may be prescribed for se-  
17          curing proper identification of such person.”.

18          (2) PENALTY.—Section 7122 is amended by  
19          adding at the end the following new subsection:

20          “(h) FAILURE TO FURNISH IDENTIFYING NUM-  
21          BER.—

22          “(1) IN GENERAL.—

23                  “(A) PENALTY.—Any person who prepares  
24                  an offer-in-compromise for compensation and  
25                  who fails to include an identifying number

1           which complies with section 6109(a)(5) with re-  
2           spect to such offer-in-compromise shall pay a  
3           penalty of \$250 for such failure.

4           “(B) NON-COMPLIANCE.—For purposes of  
5           this paragraph, an identifying number shall be  
6           deemed to not comply with section 6109(a)(5)  
7           if such identifying number—

8                   “(i) is assigned to another person,

9                   “(ii) does not exist,

10                  “(iii) is inactive or expired,

11                  “(iv) has been withdrawn,

12                  “(v) is suspended or has been revoked,

13           or

14                  “(vi) is otherwise invalid for use by  
15           the preparer.

16           “(C) ADJUSTMENT FOR INFLATION.—

17                  “(i) IN GENERAL.—In the case of any  
18           documents filed during any calendar year  
19           beginning after 2025, the \$250 amount in  
20           subparagraph (A) shall be increased by an  
21           amount equal to—

22                   “(I) such dollar amount, multi-  
23                   plied by

24                   “(II) the cost-of-living adjust-  
25                   ment determined under section 1(f)(3)

1 for the calendar year, determined by  
2 substituting ‘calendar year 2024’ for  
3 ‘calendar year 2016’ in subparagraph  
4 (A)(ii) thereof.

5 “(ii) ROUNDING.—If any amount de-  
6 termined under clause (i) is not a multiple  
7 of \$10, such amount shall be rounded to  
8 the nearest multiple of \$10.

9 “(2) EXCEPTION.—The penalty imposed under  
10 paragraph (1) shall not apply if it is shown that  
11 such failure is due to reasonable cause and not due  
12 to willful neglect.

13 “(3) LIMITATION.—

14 “(A) IN GENERAL.—The maximum penalty  
15 imposed under this subsection on any person  
16 with respect to documents filed during any cal-  
17 endar year shall not exceed \$75,000.

18 “(B) ADJUSTMENT FOR INFLATION.—

19 “(i) IN GENERAL.—In the case of any  
20 penalty imposed during any calendar year  
21 beginning after 2025, the \$75,000 amount  
22 in subparagraph (A) shall be increased by  
23 an amount equal to—

24 “(I) such dollar amount, multi-  
25 plied by

1                   “(II) the cost-of-living adjust-  
2                   ment determined under section 1(f)(3)  
3                   for the calendar year, determined by  
4                   substituting ‘calendar year 2024’ for  
5                   ‘calendar year 2016’ in subparagraph  
6                   (A)(ii) thereof.

7                   “(ii) ROUNDING.—If any amount de-  
8                   termined under clause (i) is not a multiple  
9                   of \$1,000, such amount shall be rounded  
10                  to the nearest multiple of \$1,000.

11                  “(4) OTHER APPLICABLE RULES.—Rules simi-  
12                  lar to the rules of section 6696 shall apply for pur-  
13                  poses of this subsection.”.

14                  (f) GAO STUDY AND REPORT ON THE EXCHANGE  
15                  OF INFORMATION BETWEEN THE IRS AND STATE TAX-  
16                  ATION AUTHORITIES.—

17                  (1) IN GENERAL.—Not later than 18 months  
18                  after the date of the enactment of this Act, the  
19                  Comptroller General of the United States shall con-  
20                  duct a study and submit to Congress a report on the  
21                  sharing of information between the Secretary and  
22                  State authorities, as authorized under subsections  
23                  (d) and (k)(5) of section 6103 of the Internal Rev-  
24                  enue Code of 1986, regarding identification numbers

1 issued to paid tax return preparers and return pre-  
2 parer minimum standards.

3 (2) INCREASED INFORMATION SHARING.—The  
4 study and report described in paragraph (1) shall in-  
5 clude an analysis of the impact that increased infor-  
6 mation sharing between Federal and State authori-  
7 ties would have on efforts to enforce minimum  
8 standards on paid tax return preparers.

9 (g) PUBLICATION OF COMMON ERRORS AND PEN-  
10 ALTIES.—Not later than 36 months after the date of the  
11 enactment of this Act and annually thereafter, the Com-  
12 missioner of the Internal Revenue shall publish on the  
13 public website of the Internal Revenue Service—

14 (1) the 10 most frequent errors found on tax  
15 returns which were prepared by tax return preparers  
16 (as defined in section 7701(a)(36) of the Internal  
17 Revenue Code of 1986) during the preceding cal-  
18 endar year, and

19 (2) with respect to the preceding calendar year,  
20 the top 10 reasons that tax return preparers were—

21 (A) subject to penalties imposed under the  
22 Internal Revenue Code of 1986, or

23 (B) otherwise disciplined under section  
24 6109 of such Code or section 330 of title 31,  
25 United States Code.

1 (h) RULE OF CONSTRUCTION.—Nothing in this sec-  
2 tion (or amendment made by this section) shall be con-  
3 strued to require the Secretary to eliminate or terminate  
4 any existing program or authority—

5 (1) which, pursuant to section 330 of title 31,  
6 United States Code, permits a tax return preparer  
7 to represent a taxpayer before the Department of  
8 the Treasury in cases in which such preparer pre-  
9 pared and signed the return of tax, or

10 (2) for publication of a public database on the  
11 website of the Internal Revenue Service of tax re-  
12 turn preparers who have satisfied the requirements  
13 for issuance of a preparer tax identification number  
14 (as defined in section 6109(e)(8) of the Internal  
15 Revenue Code of 1986).

16 (i) EFFECTIVE DATE.—

17 (1) IN GENERAL.—The amendments made by  
18 this section shall take effect on the date which is  
19 180 days after the date of enactment of this Act.

20 (2) TRANSITION RULES FOR EDUCATIONAL RE-  
21 QUIREMENTS FOR TAX RETURN PREPARERS.—

22 (A) ANNUAL FILING SEASON PROGRAM.—

23 In the case of any tax return preparer who, as  
24 of the date of enactment of this Act, has re-  
25 ceived a record of completion with respect to

1 the Annual Filing Season Program established  
2 by the Internal Revenue Service, such tax re-  
3 turn preparer shall be deemed to have satisfied  
4 the education requirements of section  
5 6109(e)(3) of the Internal Revenue Code of  
6 1986 (as added by this section) for the calendar  
7 year for which such record of completion ap-  
8 plies.

9 (B) APPROVED COURSES.—In the case of  
10 any entity which, as of the date of enactment  
11 of this Act, is approved to provide continuing  
12 education for purposes of the Annual Filing  
13 Season Program established by the Internal  
14 Revenue Service, such entity shall be deemed to  
15 satisfy the applicable requirements under sec-  
16 tion 6109(e)(3) of the Internal Revenue Code of  
17 1986 until the date on which the Secretary  
18 has—

19 (i) issued such regulations or other  
20 guidance as the Secretary determines nec-  
21 essary for purposes of establishing stand-  
22 ards for educational programs under such  
23 section, and

24 (ii) pursuant to subparagraph (E) of  
25 such section, published a list of educational

1 programs which have been determined by  
2 the Secretary to satisfy the applicable re-  
3 quirements under such section.