

## Union Calendar No. 36

105<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1226

[Report No. 105-51]

To amend the Internal Revenue Code of 1986 to prevent the unauthorized inspection of tax returns or tax return information.

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### IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 1997

Mr. ARCHER (for himself, Ms. DUNN, Mr. RANGEL, Mrs. JOHNSON of Connecticut, Mr. COYNE, Mr. THOMAS, Mr. HERGER, Mr. CAMP, Mr. ENSIGN, Mr. HAYWORTH, Mr. WELLER, Mrs. KENNELLY of Connecticut, Mr. LEVIN, Mr. KLECZKA, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. JEFFERSON, Mr. TANNER, Mrs. THURMAN, and Mr. PORTMAN) introduced the following bill; which was referred to the Committee on Ways and Means

APRIL 14, 1997

Additional sponsors: Mr. BUNNING, Mrs. SMITH of Washington, Mrs. CUBIN, Mr. STARK, Mr. MATSUI, Mr. CARDIN, Mr. McDERMOTT, and Mr. GREENWOOD

APRIL 14, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Insert the part printed in *italic*]

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## A BILL

To amend the Internal Revenue Code of 1986 to prevent the unauthorized inspection of tax returns or tax return information.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer Browsing  
5 Protection Act”.

6 **SEC. 2. PENALTY FOR UNAUTHORIZED INSPECTION OF TAX**  
7 **RETURNS OR TAX RETURN INFORMATION.**

8 (a) IN GENERAL.—Part I of subchapter A of chapter  
9 75 of the Internal Revenue Code of 1986 (relating to  
10 crimes, other offenses, and forfeitures) is amended by add-  
11 ing after section 7213 the following new section:

12 **“SEC. 7213A. UNAUTHORIZED INSPECTION OF RETURNS OR**  
13 **RETURN INFORMATION.**

14 “(a) PROHIBITIONS.—

15 “(1) FEDERAL EMPLOYEES AND OTHER PER-  
16 SONS.—It shall be unlawful for—

17 “(A) any officer or employee of the United  
18 States, or

19 “(B) any person described in section  
20 6103(n) or an officer or employee of any such  
21 person,

22 willfully to inspect, except as authorized in this title,  
23 any return or return information.

24 “(2) STATE AND OTHER EMPLOYEES.—It shall  
25 be unlawful for any person (not described in para-

1 graph (1)) willfully to inspect, except as authorized  
2 in this title, any return or return information ac-  
3 quired by such person or another person under a  
4 provision of section 6103 referred to in section  
5 7213(a)(2).

6 “(b) PENALTY.—

7 “(1) IN GENERAL.—Any violation of subsection  
8 (a) shall be punishable upon conviction by a fine in  
9 any amount not exceeding \$1,000, or imprisonment  
10 of not more than 1 year, or both, together with the  
11 costs of prosecution.

12 “(2) FEDERAL OFFICERS OR EMPLOYEES.—An  
13 officer or employee of the United States who is con-  
14 victed of any violation of subsection (a) shall, in ad-  
15 dition to any other punishment, be dismissed from  
16 office or discharged from employment.

17 “(c) DEFINITIONS.—For purposes of this section, the  
18 terms ‘inspect’, ‘return’, and ‘return information’ have the  
19 respective meanings given such terms by section 6103(b).”

20 (b) TECHNICAL AMENDMENTS.—

21 (1) Paragraph (2) of section 7213(a) of such  
22 Code is amended by inserting “(5),” after “(m)(2),  
23 (4),”.

24 (2) The table of sections for part I of sub-  
25 chapter A of chapter 75 of such Code 1986 is

1 amended by inserting after the item relating to sec-  
 2 tion 7213 the following new item:

“Sec. 7213A. Unauthorized inspection of returns or return infor-  
 mation.”

3 (c) EFFECTIVE DATE.—The amendments made by  
 4 this section shall apply to violations occurring on and after  
 5 the date of the enactment of this Act.

6 **SEC. 3. CIVIL DAMAGES FOR UNAUTHORIZED INSPECTION**  
 7 **OF RETURNS AND RETURN INFORMATION;**  
 8 **NOTIFICATION OF UNLAWFUL INSPECTION**  
 9 **OR DISCLOSURE.**

10 (a) CIVIL DAMAGES FOR UNAUTHORIZED INSPEC-  
 11 TION.—Subsection (a) of section 7431 of the Internal Reve-  
 12 nue Code of 1986 is amended—

13 (1) by striking “DISCLOSURE” in the headings  
 14 for paragraphs (1) and (2) and inserting “INSPEC-  
 15 TION OR DISCLOSURE”, and

16 (2) by striking “discloses” in paragraphs (1) and  
 17 (2) and inserting “inspects or discloses”.

18 (b) NOTIFICATION OF UNLAWFUL INSPECTION OR DIS-  
 19 CLOSURE.—Section 7431 of such Code is amended by redес-  
 20 ignating subsections (e) and (f) as subsections (f) and (g),  
 21 respectively, and by inserting after subsection (d) the follow-  
 22 ing new subsection:

23 “(e) NOTIFICATION OF UNLAWFUL INSPECTION AND  
 24 DISCLOSURE.—If any person is criminally charged by in-

1 *dictment or information with inspection or disclosure of a*  
2 *taxpayer's return or return information in violation of—*  
3 *“(1) paragraph (1) or (2) of section 7213(a),*  
4 *“(2) section 7213A(a), or*  
5 *“(3) subparagraph (B) of section 1030(a)(2) of*  
6 *title 18, United States Code,*  
7 *the Secretary shall notify such taxpayer as soon as prac-*  
8 *ticable of such inspection or disclosure.”*

9 *(c) NO DAMAGES FOR INSPECTION REQUESTED BY*  
10 *TAXPAYER.—Subsection (b) of section 7431 of such Code is*  
11 *amended to read as follows:*

12 *“(b) EXCEPTIONS.—No liability shall arise under this*  
13 *section with respect to any inspection or disclosure—*

14 *“(1) which results from a good faith, but erro-*  
15 *neous, interpretation of section 6103, or*

16 *“(2) which is requested by the taxpayer.”*

17 *(d) CONFORMING AMENDMENTS.—*

18 *(1) Subsections (c)(1)(A), (c)(1)(B)(i), and (d) of*  
19 *section 7431 of such Code are each amended by insert-*  
20 *ing “inspection or” before “disclosure”.*

21 *(2) Clause (ii) of section 7431(c)(1)(B) of such*  
22 *Code is amended by striking “willful disclosure or a*  
23 *disclosure” and inserting “willful inspection or dis-*  
24 *closure or an inspection or disclosure”.*

1           (3) Subsection (f) of section 7431 of such Code,  
2           as redesignated by subsection (b), is amended to read  
3           as follows:

4           “(f) *DEFINITIONS.*—For purposes of this section, the  
5           terms ‘inspect’, ‘inspection’, ‘return’, and ‘return informa-  
6           tion’ have the respective meanings given such terms by sec-  
7           tion 6103(b).”

8           (4) The section heading for section 7431 of such  
9           Code is amended by inserting “**INSPECTION OR**” be-  
10          fore “**DISCLOSURE**”.

11          (5) The table of sections for subchapter B of  
12          chapter 76 of such Code is amended by inserting “in-  
13          spection or” before “disclosure” in the item relating  
14          to section 7431.

15          (6) Paragraph (2) of section 7431(g) of such  
16          Code, as redesignated by subsection (b), is amended  
17          by striking “any use” and inserting “any inspection  
18          or use”.

19          (e) *EFFECTIVE DATE.*—The amendments made by this  
20          section shall apply to inspections and disclosures occurring  
21          on and after the date of the enactment of this Act.



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1<sup>ST</sup> Session

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