

117TH CONGRESS
2D SESSION

H. R. 8368

To amend the Internal Revenue Code of 1986 to establish a free on-line tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information and information held by the Internal Revenue Service.

IN THE HOUSE OF REPRESENTATIVES

JULY 13, 2022

Mr. SHERMAN (for himself, Ms. PORTER, Ms. NORTON, Mr. BLUMENAUER, Mr. BEYER, Ms. SPEIER, Mrs. CHERFILUS-McCORMICK, Mr. RASKIN, Mr. COHEN, Ms. WILD, Mr. EVANS, Mr. JONES, Mr. WELCH, Mr. TAKANO, Ms. SCANLON, Mr. JOHNSON of Georgia, Mr. CARBAJAL, Mr. CASE, Ms. JACOBS of California, Mr. BUTTERFIELD, Ms. ROYBAL-ALLARD, Ms. TITUS, Ms. JACKSON LEE, Ms. LEE of California, Mr. LOWENTHAL, Mr. SMITH of Washington, Ms. PRESSLEY, Mr. GARCÍA of Illinois, Ms. BARRAGÁN, Mr. KAHELE, Ms. JAYAPAL, Mr. MCGOVERN, Ms. OCASIO-CORTEZ, Ms. NEWMAN, Mr. VARGAS, Ms. VELÁZQUEZ, Ms. TLAIB, Mr. LEVIN of California, Ms. STANSBURY, Mr. KHANNA, Mr. CARTER of Louisiana, Mrs. CAROLYN B. MALONEY of New York, Ms. BASS, Ms. MATSUI, Mr. DEFazio, Ms. PINGREE, Mrs. WATSON COLEMAN, Ms. BROWN of Ohio, and Ms. DEAN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to establish a free on-line tax preparation and filing service and programs that allow taxpayers to access third-party provided tax return information and information held by the Internal Revenue Service.

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 “Tax Filing Simplifica-
 5 tion Act of 2022”.

6 **SEC. 2. PROHIBITION ON AGREEMENTS RESTRICTING GOV-**
 7 **ERNMENT TAX PREPARATION AND FILING**
 8 **SERVICES.**

9 The Secretary of the Treasury, or the Secretary’s del-
 10 egate, may not enter into any agreement after the date
 11 of the enactment of this Act which restricts the Sec-
 12 retary’s legal right to provide tax return preparation serv-
 13 ices or software or to provide tax return filing services.

14 **SEC. 3. GOVERNMENT-ASSISTED TAX PREPARATION AND**
 15 **FILING SERVICES.**

16 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
 17 enue Code of 1986 is amended by adding at the end the
 18 following new section:

19 **“SEC. 7531. GOVERNMENT-ASSISTED TAX-RETURN PREPA-**
 20 **RATION PROGRAMS.**

21 **“(a) ESTABLISHMENT OF PROGRAMS.—**The Sec-
 22 retary shall establish and operate the following programs:

23 **“(1) SIMPLIFIED TAX BENEFITS PORTAL FOR**
 24 **NON-FILERS.—**Not later than March 1, 2023, a pro-
 25 gram through which any eligible taxpayer (as de-

1 fined in subsection (b)(1)) can claim any credit al-
2 lowed under subpart C of part IV of subchapter A
3 of chapter 1 (including the earned income tax credit
4 under section 32 and the portion of the child tax
5 credit allowed under section 24(d)) for the taxable
6 year without being required to report any additional
7 income data to the Internal Revenue Service.

8 “(2) ONLINE TAX PREPARATION AND FILING
9 SOFTWARE.—Not later than January 31, 2024, soft-
10 ware for the preparation and filing of individual in-
11 come tax returns for taxable years beginning after
12 2022.

13 “(3) TAXPAYER DATA ACCESS.—Not later than
14 March 1, 2024, a program under which taxpayers
15 may download third-party provided return informa-
16 tion and IRS-held information relating to individual
17 income tax returns for taxable years beginning after
18 2022.

19 “(4) EXPEDITED TAX FILING.—Not later than
20 March 1, 2024, a program under which eligible indi-
21 viduals (as defined in subsection (e)(1)) may elect to
22 have income tax returns for taxable years beginning
23 after 2022 prepared by the Secretary.

24 “(b) SIMPLIFIED TAX BENEFITS PORTAL FOR NON-
25 FILERS.—

1 “(1) ELIGIBLE TAXPAYER.—

2 “(A) IN GENERAL.—For purposes of sub-
3 section (a)(1), the term ‘eligible taxpayer’
4 means a taxpayer who is not required to file a
5 return of tax for the taxable year.

6 “(B) EXPANSION TO INCLUDE POPU-
7 LATIONS OTHER THAN NON-FILERS.—At the
8 discretion of the Secretary, with respect to any
9 taxable year beginning after 2023, the term ‘eli-
10 gible taxpayer’ may include taxpayers who are
11 required to file a return of tax for the taxable
12 year.

13 “(2) REQUIREMENTS.—

14 “(A) IN GENERAL.—The program de-
15 scribed in subsection (a)(1) shall—

16 “(i) request no information other than
17 that which—

18 “(I) is strictly required for pur-
19 poses of determining the amount of
20 any credit described in subsection
21 (a)(1), and

22 “(II) is not already contained in
23 the records of the Internal Revenue
24 Service or to which the Internal Rev-
25 enue Service does not have access,

1 “(ii) be user-tested,

2 “(iii) use plain language and be made
3 available in all languages for which trans-
4 lations are provided on the public website
5 of the Internal Revenue Service,

6 “(iv) be accessible on mobile devices,

7 “(v) conform to all guidelines under
8 section 508 of the Rehabilitation Act of
9 1973 (29 U.S.C. 794d),

10 “(vi) be available for use by taxpayers
11 throughout the calendar year,

12 “(vii) be displayed in a prominent po-
13 sition on the website of the Internal Rev-
14 enue Service,

15 “(viii) be advertised through direct
16 mailings, and

17 “(ix) provide real-time feedback to
18 taxpayers using the program and, in the
19 case of a claim for any credit described in
20 subsection (a)(1) which is not allowed to
21 the taxpayer, provide additional informa-
22 tion to the taxpayer on subsequent actions
23 with respect to such claim.

1 “(B) EXCEPTION.—Subparagraph (A)(i)
2 shall not apply with respect to any information
3 relating to demographic characteristics which—

4 “(i) is collected by the Internal Rev-
5 enue Service for the purposes of improving
6 equity, and

7 “(ii) is not required to be submitted
8 by the taxpayer for purposes of using the
9 program described in subsection (a)(1).

10 “(3) DETERMINATION OF CREDIT AMOUNT.—

11 “(A) IN GENERAL.—For purposes of deter-
12 mining the amount of any credit described in
13 subsection (a)(1), the Secretary shall determine
14 such amount based on—

15 “(i) any information which the tax-
16 payer elects to provide through the pro-
17 gram described in such subsection, and

18 “(ii) any information available to the
19 Internal Revenue Service at the time that
20 the taxpayer is claiming such credit
21 through the program described in such
22 subsection.

23 “(B) SUBSEQUENT THIRD-PARTY INFOR-
24 MATION.—In the case of any third-party pro-
25 vided return information which is received by

1 the Secretary after any determination made
2 under subparagraph (A) with respect to a tax-
3 payer, if such information would have resulted
4 in an increase in the amount of any credit de-
5 scribed in subsection (a)(1) had it been in-
6 cluded in the prior determination made under
7 such subparagraph, the Secretary may make a
8 payment to the taxpayer in an amount equal to
9 the difference between—

10 “(i) the amount determined under
11 subparagraph (A) with respect to such
12 credit prior to receipt of such information,
13 and

14 “(ii) the amount that would have oth-
15 erwise been determined under subpara-
16 graph (A) if such subparagraph had been
17 applied subsequent to the receipt of such
18 information.

19 “(c) REQUIREMENTS FOR ONLINE TAX PREPARA-
20 TION AND FILING SOFTWARE.—The software described in
21 subsection (a)(2) shall—

22 “(1) satisfy the requirements described in sub-
23 section (b)(2), except that, for purposes of subpara-
24 graph (A)(i)(I) of such subsection, such subpara-
25 graph shall be applied by substituting ‘the prepara-

1 tion and filing of an individual income tax return’
2 for ‘determining the amount of any credit described
3 in subsection (a)(1)’, and

4 “(2) be compatible with the program described
5 in subsection (a)(1) so as to permit a taxpayer to—

6 “(A) submit any required information once
7 for use by both programs, and

8 “(B) based on such information, be di-
9 rected to the appropriate program.

10 “(d) REQUIREMENTS FOR TAXPAYER DATA ACCESS
11 PROGRAM.—Return information under the program estab-
12 lished under subsection (a)(3) shall be made available—

13 “(1) for any calendar year beginning after De-
14 cember 31, 2024, not later than 15 days after the
15 Secretary receives such information, and

16 “(2) through a secure function that allows a
17 taxpayer to download such information from the
18 website of the Internal Revenue Service in both a
19 printable document file and in a computer-readable
20 form suitable for use by automated tax preparation
21 software.

22 “(e) EXPEDITED TAX FILING.—

23 “(1) ELIGIBLE INDIVIDUAL.—For purposes of
24 the program established under subsection (a)(4)—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraphs (B) and (C), the term ‘eligible
3 individual’ means, with respect to any taxable
4 year, any individual who—

5 “(i) elects to participate in the pro-
6 gram established under subsection (a)(4),

7 “(ii) does not claim any deduction al-
8 lowed under section 62 for purposes of de-
9 termining adjusted gross income,

10 “(iii) claims the standard deduction
11 under section 63,

12 “(iv) does not file schedule C, and

13 “(v) has no income other than income
14 from—

15 “(I) wages (as defined in section
16 3401),

17 “(II) interest, or

18 “(III) dividends.

19 “(B) LIMITATION ON ELIGIBILITY FOR
20 TAX YEAR 2023.—With respect to any taxable
21 year beginning in 2023, the term ‘eligible indi-
22 vidual’ shall only include such populations of in-
23 dividuals described in subparagraph (A) as is
24 determined by the Secretary.

1 “(C) EXPANSION OF ELIGIBILITY AFTER
2 TAX YEAR 2023.—

3 “(i) IN GENERAL.—At the discretion
4 of the Secretary, with respect to any tax-
5 able year beginning after 2023, the term
6 ‘eligible individual’ may include popu-
7 lations of individuals who would not other-
8 wise satisfy the requirements established
9 under subparagraph (A).

10 “(ii) REPORT.—Not later than August
11 31, 2025, the Secretary shall submit a re-
12 port to Congress that contains rec-
13 ommendations for such legislative or ad-
14 ministrative actions as the Secretary deter-
15 mines necessary with respect to expanding
16 the populations of individuals that may
17 qualify as eligible individuals for purposes
18 of the program established under sub-
19 section (a)(4).

20 “(2) RETURN MUST BE FILED BY INDI-
21 VIDUAL.—No return prepared under the program es-
22 tablished under subsection (a)(4) shall be treated as
23 filed before the date such return is submitted by the
24 taxpayer as provided under the rules of section
25 6011.

1 “(3) INTERACTION WITH SOFTWARE.—Not
2 later than March 1, 2024, the Secretary shall pro-
3 vide for interaction between the software described
4 in subsection (a)(2) and the program established
5 under subsection (a)(4) such that an individual may
6 elect to have their income tax return partially pre-
7 pared by the Secretary pursuant to such subsection
8 (based on such information as is available to the
9 Secretary) and made available through the software
10 described in subsection (a)(2) for the individual to
11 complete and file.

12 “(f) VERIFICATION OF IDENTITY.—

13 “(1) IN GENERAL.—An individual shall not par-
14 ticipate in any program described in subsection (a)
15 or access any information under such a program un-
16 less such individual has verified their identity to the
17 satisfaction of the Secretary.

18 “(2) ACCESSIBILITY.—For purposes of
19 verifying the identity of any individual seeking to
20 participate in any program described in subsection
21 (a) or to access any information under any such pro-
22 gram, the Secretary shall ensure that—

23 “(A) any verification procedures are acces-
24 sible to a significant majority of taxpayers, and

1 “(B) for any taxpayer who cannot access
2 or use such verification procedures, a secondary
3 verification procedure (or multiple secondary
4 verification procedures) that is accessible by
5 such taxpayer, including in-person verification
6 procedures.

7 “(3) ONLINE VERIFICATION.—Not later than 3
8 years after the date of enactment of this section, the
9 Secretary shall ensure that any verification proce-
10 dures established under this section are able to be
11 used successfully by—

12 “(A) 70 percent of households in the
13 United States, and

14 “(B) 80 percent of taxpayers who are eligi-
15 ble to claim the earned income tax credit under
16 section 32.

17 “(4) STUDY AND REPORT.—Not later than 3
18 years after the date of enactment of this section,
19 and annually thereafter, the Secretary shall conduct
20 a study and make publicly available a report on the
21 verification pass rates by taxpayers under this sec-
22 tion, with such information to be disaggregated by
23 income levels and subpopulation groups, including
24 disadvantaged populations such as—

1 “(A) individuals without access to desktop
2 or laptop computers,

3 “(B) individuals without internet service at
4 home,

5 “(C) individuals without credit histories,

6 “(D) individuals experiencing homeless-
7 ness, and

8 “(E) individuals with limited English pro-
9 ficiency.

10 “(g) OTHER DEFINITIONS.—For purposes of this
11 section—

12 “(1) IRS-HELD INFORMATION.—The term
13 ‘IRS-held information’ means—

14 “(A) any information relating to payments
15 made to a taxpayer with respect to any credit
16 allowed under subpart C of part IV of sub-
17 chapter A of chapter 1, and

18 “(B) any other information, as identified
19 and determined appropriate by the Secretary
20 for the purposes of this section, which—

21 “(i) is contained in the records of the
22 Internal Revenue Service or to which the
23 Internal Revenue Service has access, and

24 “(ii) is not third-party provided return
25 information.

1 “(2) THIRD-PARTY PROVIDED RETURN INFOR-
2 MATION.—The term ‘third-party provided return in-
3 formation’ means—

4 “(A) information reported to the Secretary
5 through an information return (as defined in
6 section 6724(d)(1)),

7 “(B) information reported to the Secretary
8 pursuant to section 232 of the Social Security
9 Act, and

10 “(C) such other information reported to
11 the Secretary as is determined appropriate by
12 the Secretary for purposes of—

13 “(i) the program established under
14 subsection (a)(2), and

15 “(ii) any determination described in
16 subsection (b)(3)(B).

17 “(h) TAXPAYER RESPONSIBILITY.—Nothing in this
18 section shall be construed to absolve the taxpayer from
19 full responsibility for the accuracy or completeness of their
20 return of tax.

21 “(i) PROHIBITION ON FEES.—No fee may be imposed
22 on any taxpayer who participates in any program estab-
23 lished under subsection (a).

24 “(j) INFORMATION PROVIDED FOR WAGE AND SELF-
25 EMPLOYMENT INCOME.—For purposes of subsection

1 (a)(3), in the case of information relating to wages paid
2 for any calendar year after 2022 required to be provided
3 to the Commissioner of Social Security under section
4 205(c)(2)(A) of the Social Security Act (42 U.S.C.
5 405(c)(2)(A)), the Commissioner shall make such infor-
6 mation available to the Secretary not later than the Feb-
7 ruary 15 of the calendar year following the calendar year
8 to which such wages and self-employment income relate.

9 “(k) OUTREACH CAMPAIGN.—

10 “(1) IN GENERAL.—The Secretary, in coordina-
11 tion with local community-based organizations, shall
12 conduct an outreach campaign to—

13 “(A) provide information to the public re-
14 garding the programs and software described in
15 subsection (a), and

16 “(B) enroll individuals in the programs de-
17 scribed in such subsection.

18 “(2) METHODS.—With respect to the outreach
19 campaign described in paragraph (1), the Secretary
20 shall—

21 “(A) provide relevant information on the
22 public website of the Internal Revenue Service,
23 and

1 “(B) send direct mailings to individuals
2 who have been identified as not having filed a
3 return of tax for the taxable year.

4 “(1) STATE INCOME TAX RETURNS.—Subject to any
5 applicable requirements under section 6103, the Secretary
6 shall establish intergovernmental cooperative agreements
7 with State and local governments to exchange taxpayer re-
8 turn information which is provided, imputed, calculated,
9 or used to make calculations under the programs described
10 in subsection (a) for purposes of the administration of
11 State and local tax laws and the preparation of State in-
12 come tax returns.”.

13 (b) FILING DEADLINE FOR INFORMATION RE-
14 TURNS.—Section 6071(b) of such Code is amended to
15 read as follows:

16 “(b) INFORMATION RETURNS.—Returns made under
17 part III of this chapter shall be filed on or before January
18 31 of the year following the calendar year to which such
19 returns relate. Section 6081 shall not apply to returns
20 under such part III.”.

21 (c) CONFORMING AMENDMENT TO SOCIAL SECURITY
22 ACT.—Section 205(c)(2)(A) of the Social Security Act (42
23 U.S.C. 405(c)(2)(A)) is amended by adding at the end the
24 following new sentence: “For purposes of the preceding
25 sentence, the Commissioner shall require that information

1 relating to wages paid be provided to the Secretary of the
2 Treasury not later than February 15 of the year following
3 the calendar year to which such wages and self-employ-
4 ment income relate.”.

5 (d) CLERICAL AMENDMENT.—The table of sections
6 for chapter 77 of such Code is amended by adding at the
7 end the following new item:

“Sec. 7531. Government-assisted tax-return preparation programs.”.

8 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
9 authorized to be appropriated to carry out the amend-
10 ments made by this section such sums as may be necessary
11 for each of fiscal years 2022 through 2026.

12 (f) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to returns for taxable years begin-
14 ning after December 31, 2021.

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