

117TH CONGRESS
2D SESSION

H. R. 7341

To move the taxpayer bill of rights to the front of the Internal Revenue Code of 1986, to establish minimum competency standards for tax return preparers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2022

Mr. NEWHOUSE introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To move the taxpayer bill of rights to the front of the Internal Revenue Code of 1986, to establish minimum competency standards for tax return preparers, 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.**

4 This Act may be cited as the “System Transparency
5 and Accountability for the IRS Act”.

1 **SEC. 2. PROMINENT DISPLAY OF TAXPAYER BILL OF**
 2 **RIGHTS.**

3 (a) IN GENERAL.—The Internal Revenue Code of
 4 1986 is amended by striking section 7803(a)(3) and by
 5 inserting the following before subtitle A:

“In discharging his duties, the Commissioner of Internal Revenue shall ensure that employees of the Internal Revenue Service are familiar with and act in accord with taxpayer rights as afforded by other provisions of this title, including—

- “(1) the right to be informed,
- “(2) the right to quality service,
- “(3) the right to pay no more than the correct amount of tax,
- “(4) the right to challenge the position of the Internal Revenue Service and be heard,
- “(5) the right to appeal a decision of the Internal Revenue Service in an independent forum,
- “(6) the right to finality,
- “(7) the right to privacy,
- “(8) the right to confidentiality,
- “(9) the right to retain representation, and
- “(10) the right to a fair and just tax system.”.

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

9 **SEC. 3. REGULATION OF TAX RETURN PREPARERS.**

10 (a) IN GENERAL.—Subsection (a) of section 330 of
 11 title 31, United States Code, is amended—

1 (1) by striking paragraph (1) and inserting the
2 following:

3 “(1) regulate—

4 “(A) the practice of representatives of per-
5 sons before the Department of the Treasury;
6 and

7 “(B) the practice of tax return preparers;
8 and”; and

9 (2) in paragraph (2)—

10 (A) by inserting “or a tax return preparer
11 to prepare tax returns” after “practice”;

12 (B) by inserting “or tax return preparer”
13 before “demonstrate”;

14 (C) in subparagraph (C), by inserting “and
15 minimum competency standards” after “nec-
16 essary qualifications”; and

17 (D) in subparagraph (D), by striking the
18 period at the end and inserting “or in preparing
19 their tax returns, claims for refund, or docu-
20 ments in connection with tax returns or claims
21 for refund.”.

22 (b) AUTHORITY TO SANCTION REGULATED TAX RE-
23 TURN PREPARERS.—Subsection (c) of section 330 of title
24 31, United States Code, is amended—

1 (1) by inserting “or tax return preparer” after
2 “representative” each place it appears; and

3 (2) in paragraph (4), by striking “misleads or
4 threatens” and all that follows and inserting “mis-
5 leads or threatens—

6 “(A) any person being represented or any
7 prospective person being represented; or

8 “(B) any person or prospective person
9 whose tax return, claim for refund, or document
10 in connection with a tax return or claim for re-
11 fund, is being or may be prepared.”.

12 (c) MINIMUM COMPETENCY STANDARDS FOR TAX
13 RETURN PREPARERS.—Section 330 of title 31, United
14 States Code, is amended by adding at the end the fol-
15 lowing new subsection:

16 “(f) MINIMUM COMPETENCY STANDARDS FOR TAX
17 RETURN PREPARERS.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), a tax return preparer shall demonstrate
20 minimum competency standards under this sub-
21 section by—

22 “(A) obtaining an identifying number for
23 securing proper identification of such preparer
24 as described in section 6109(a)(4) of the Inter-
25 nal Revenue Code of 1986;

1 “(B) satisfying any examination and an-
2 nual continuing education requirements as pre-
3 scribed by the Secretary; and

4 “(C) completing a background check ad-
5 ministered by the Secretary.

6 “(2) EXEMPTION.—The Secretary shall exempt
7 tax return preparers who have been subject to com-
8 parable examination, continuing education require-
9 ments, and background checks administered by the
10 Secretary or any comparable State licensing pro-
11 gram from the applicable requirements of paragraph
12 (1). Such exemption shall extend directly to individ-
13 uals who are supervised by such preparers and are
14 not required to secure an identification number
15 under section 6109(a)(4) of the Internal Revenue
16 Code of 1986.

17 “(3) REINSTATEMENT OF REGISTERED TAX RE-
18 TURN PREPARER PROGRAM.—The Secretary shall
19 issue regulations under this section reinstating the
20 Registered Tax Return Preparer Program. Examina-
21 tion of tax return prepares under such program shall
22 be limited to a one-time, basic individual income tax
23 examination and the annual continuing education re-
24 quirement under such program shall not exceed 15
25 hours.”.

1 (d) TAX RETURN PREPARER DEFINED.—Section
2 330 of title 31, United States Code, as amended by sub-
3 section (c), is amended by adding at the end the following
4 new subsection:

5 “(g) TAX RETURN PREPARER.—For purposes of this
6 section—

7 “(1) IN GENERAL.—The term ‘tax return pre-
8 parer’ has the meaning given such term under sec-
9 tion 7701(a)(36) of the Internal Revenue Code of
10 1986.

11 “(2) TAX RETURN.—The term ‘tax return’ has
12 the meaning given to the term ‘return’ under section
13 6696(e)(1) of the Internal Revenue Code of 1986.

14 “(3) CLAIM FOR REFUND.—The term ‘claim for
15 refund’ has the meaning given such term under sec-
16 tion 6696(e)(2) of such Code.”.

17 (e) AMENDMENTS WITH RESPECT TO IDENTIFYING
18 NUMBER.—

19 (1) IN GENERAL.—Paragraph (4) of section
20 6109(a) of the Internal Revenue Code of 1986 is
21 amended to read as follows:

22 “(4) FURNISHING IDENTIFYING NUMBER OF
23 TAX RETURN PREPARER.—

24 “(A) IN GENERAL.—Any return or claim
25 for refund prepared by a tax return preparer

1 shall bear such identifying number for securing
2 proper identification of such preparer, his em-
3 ployer, or both, as may be prescribed. For pur-
4 poses of this paragraph, the terms ‘return’ and
5 ‘claim for refund’ have the respective meanings
6 given to such terms in section 6696(e).

7 “(B) EXCEPTION.—Subparagraph (A)
8 shall not apply with respect to the preparation
9 of any return or claim for refund by a tax re-
10 turn preparer if—

11 “(i) such return or claim is prepared
12 by such preparer while such preparer is
13 employed by an attorney, certified public
14 accountant, or enrolled agent firm, and

15 “(ii) such preparer prepares such re-
16 turn or claim under the supervision and di-
17 rection of a tax return preparer who signs
18 such return or claim and is an attorney,
19 certified public accountant, or enrolled
20 agent.”.

21 (2) CLARIFICATION OF RESCISSION AUTHOR-
22 ITY.—Section 6109 of such Code is amended by in-
23 serting after subsection (d) the following new sub-
24 section:

1 “(e) AUTHORITY TO RESCIND IDENTIFYING NUM-
2 BER OF TAX RETURN PREPARER.—

3 “(1) IN GENERAL.—The Secretary may rescind
4 an identifying number issued under subsection
5 (a)(4) if—

6 “(A) after notice and opportunity for a
7 hearing, the preparer is shown to be incom-
8 petent or disreputable (as such terms are used
9 in subsection (c) of section 330 of title 31,
10 United States Code), and

11 “(B) rescinding the identifying number
12 would promote compliance with the require-
13 ments of this title and effective tax administra-
14 tion.

15 “(2) RECORDS.—If an identifying number is re-
16 scinded under paragraph (1), the Secretary shall
17 place in the file in the Office of the Director of Pro-
18 fessional Responsibility the opinion of the Secretary
19 with respect to the determination, including—

20 “(A) a statement of the facts and cir-
21 cumstances relating to the determination, and

22 “(B) the reasons for the rescission.”.

23 “(3) EFFECTIVE DATE.—The amendments made
24 by this section shall take effect on the date which is
25 180 days after the date of the enactment of this Act.

1 **SEC. 4. REPORT.**

2 Not later than 180 days after the date of the enact-
3 ment of this Act, the Secretary of the Treasury (or the
4 Secretary's delegate) shall submit to Congress a report de-
5 tailing the implementation of tax preparer minimum
6 standards under section 330(f) of title 31, United States
7 Code (as added by this Act).

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