



**THE REPUBLICAN
STUDY COMMITTEE**

LIBERTY. OPPORTUNITY. SECURITY.
MARK WALKER, CHAIRMAN

H.R. 5445 – 21st Century IRS Act (Rep. Bishop, R-MI)

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FLOOR SCHEDULE:

Scheduled for consideration on April 18, 2018 under a [closed rule](#).

The rule would also provide for consideration of H.R. 5444, the Taxpayer First Act.

The rule provides that engrossment of H.R. 5444, the Clerk shall add the text of several other IRS reform bills being considered by the House this week to the end of H.R. 5444: [H.R. 2901, the Volunteer Income Tax Assistance Permanence Act of 2017](#), [H.R. 5437 To require the Secretary of the Treasury to establish a program for the issuance of identity protection personal identification numbers](#), [H.R. 5438 To amend the Internal Revenue Code of 1986 to allow officers and employees of the Department of the Treasury to provide to taxpayers information regarding low-income taxpayer clinics](#), [H.R. 5439– To provide for a single point of contact at the Internal Revenue Service for the taxpayers who are victims of tax-related identity theft](#), [H.R. 5440 To require notice from the Secretary of the Treasury in the case of any closure of a Taxpayer Assistance Center](#), [H.R. 5443 – To amend the Internal Revenue Code of 1986 to require electronic filing of the annual returns of exempt organizations and provide for making such returns available for public inspection](#), [H.R. 5445 21st Century IRS Act](#), and [H.R. 5446 To amend the Internal Revenue Code of 1986 to restrict the immediate sale of seized](#). The rule would further provide that upon the addition to the engrossment of H.R. 5444, the bills that are added shall be laid on the table.

TOPLINE SUMMARY:

[H.R. 5445](#), the 21st Century IRS Act, would require the Treasury Department to implement a number of administrative and operational reforms including developing strategies to protect against fraud and identity theft, automating the IRS's Income Verification Express Service (IVES), requiring certain tax preparers to submit returns electronically, and facilitating the IRS to directly accept of debt and credit card payments.

COST:

According to the [Congressional Budget Office](#), “The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 5445 would increase revenues by less than \$500,000. Pay-as-you-go procedures apply because the bill would affect revenues. Enacting H.R. 5445 would not affect direct spending... CBO has not completed an estimate of the cost of implementing” provisions related to modernizing IT systems which “would have a significant cost over the 2019-2023 period...”

According to the IRS, most of the provisions in the bill regarding fraud and identity theft would codify current IRS policies and practices and implementing them would have no significant cost.”

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

TITLE I—CYBERSECURITY AND IDENTITY PROTECTION

The bill would direct the Department of the Treasury to work with the public and the entities in the private sector in order to enhance methods to protect taxpayers from identity theft tax refund fraud.

The bill would require the Electronic Tax Administration Advisory Committee to recommend to the Secretary of the Treasury methods by which the Treasury can prevent identity theft and refund fraud.

The bill would authorize the Treasury to participate in the Identity Theft Tax Return Fraud Information Sharing and Analysis Center (ISAC). According to the [Committee Report](#), “The ISAC is a secure, web-based venue for States, industry and the IRS to share and exchange information. The ISAC enables the IRS and the States to work together with external third parties to serve as an early warning system for tax refund fraud, identity theft schemes, and cybersecurity issues.”

The bill would direct that federal or state agencies conduct period on-site inspections of government contractors that are authorized to receive federal returns and related information. A review would have to happen at least once every three years under the bill.

The bill would require the Treasury to report on its use, and potential improvements to its use, of electronic platforms to accept payment of taxes.

TITLE II—DEVELOPMENT OF INFORMATION TECHNOLOGY

The measure would formally codify the existing position of Chief Information Officer within the IRS. The Chief Information Officer would be responsible for creating a multiyear strategic plan for the information technology needs of the IRS.

Under the bill, the Treasury would have to develop online accounts to provide services to taxpayers for making payment of taxes, sharing documentation, and addressing and correcting issues. The Treasury would also have to develop an online method for people to file 1099 forms.

TITLE III—MODERNIZATION OF CONSENT-BASED INCOME VERIFICATION SYSTEM

The bill would automate the IRS’s Income Verification Express Service (IVES), which is typically used by lenders to verify applicant income. Presently, requests for verification have to be approved via fax. The bill would allow the IRS to collect fees for the service.

TITLE IV—EXPANDED USE OF ELECTRONIC SYSTEMS

The bill phases in a reduction in the threshold requirement determining when a tax preparer must file returns electronically. That threshold is reduced from 250 to 100 returns filed in a year by the preparer for 2020, from 100 to 10 for 2021, and then stays at that level.

The bill directs the Treasury to create standards for how it can accept electronic signatures.

The bill would the IRS to directly accept payments via credit or debit card, but would also require that taxpayers pay the fees charged by the card company. Currently, the IRS accepts credit and debit card payments but is prohibited from paying a fee or providing any other consideration in connection with the use of a credit card, and so taxpayers must pay through a third party.

COMMITTEE ACTION:

H.R. 5445 was introduced on March 10, 2018, and referred to the House Ways and Means Committee. An amended version was reported by the Committee on April 13, 2018, by voice vote.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

Congress has the power to enact this legislation pursuant to the following: "Article I, Section 7, Clause 1 stating "All Bills for raising Revenue shall originate in the House of Representatives; Article I, Section 8, Clause 1 stating "The Congress shall have the power to lay and collect Taxes" and Clause 18 stating that it has the power to "make all laws which shall be necessary and proper for carrying into execution the foregoing powers.'"

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