



(Original Signature of Member)

110TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to enhance taxpayer protections and outreach.

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IN THE HOUSE OF REPRESENTATIVES

Mr. RANGEL (for himself and Mr. LEWIS of Georgia) 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 enhance taxpayer protections and outreach.

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 Act of 2007”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
2 shall be considered to be made to a section or other provi-  
3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents for  
5 this Act is as follows:

- Sec. 1. Short title; etc.
- Sec. 2. Family business tax simplification.
- Sec. 3. Taxpayer notification of suspected identity theft.
- Sec. 4. Extension of time for return of property for wrongful levy.
- Sec. 5. Individuals held harmless on wrongful levy, etc., on individual retire-  
ment plan.
- Sec. 6. Clarification of IRS unclaimed refund authority.
- Sec. 7. Prohibition on IRS debt indicators for predatory refund anticipation  
loans.
- Sec. 8. Prohibition on misuse of Department of the Treasury names and sym-  
bols.
- Sec. 9. EITC outreach.

6 **SEC. 2. FAMILY BUSINESS TAX SIMPLIFICATION.**

7 (a) IN GENERAL.—Section 761 (defining terms for  
8 purposes of partnerships) is amended by redesignating  
9 subsection (f) as subsection (g) and by inserting after sub-  
10 section (e) the following new subsection:

11 “(f) QUALIFIED JOINT VENTURE.—

12 “(1) IN GENERAL.—In the case of a qualified  
13 joint venture conducted by a husband and wife who  
14 file a joint return for the taxable year, for purposes  
15 of this title—

16 “(A) such joint venture shall not be treat-  
17 ed as a partnership,

18 “(B) all items of income, gain, loss, deduc-  
19 tion, and credit shall be divided between the

1 spouses in accordance with their respective in-  
2 terests in the venture, and

3 “(C) each spouse shall take into account  
4 such spouse’s respective share of such items as  
5 if they were attributable to a trade or business  
6 conducted by such spouse as a sole proprietor.

7 “(2) QUALIFIED JOINT VENTURE.—For pur-  
8 poses of paragraph (1), the term ‘qualified joint ven-  
9 ture’ means any joint venture involving the conduct  
10 of a trade or business if—

11 “(A) the only members of such joint ven-  
12 ture are a husband and wife,

13 “(B) both spouses materially participate  
14 (within the meaning of section 469(h) without  
15 regard to paragraph (5) thereof) in such trade  
16 or business, and

17 “(C) both spouses elect the application of  
18 this subsection.”.

19 (b) NET EARNINGS FROM SELF-EMPLOYMENT.—

20 (1) Subsection (a) of section 1402 (defining net  
21 earnings from self-employment) is amended by strik-  
22 ing “, and” at the end of paragraph (15) and insert-  
23 ing a semicolon, by striking the period at the end of  
24 paragraph (16) and inserting “; and”, and by insert-

1 ing after paragraph (16) the following new para-  
2 graph:

3 “(17) notwithstanding the preceding provisions  
4 of this subsection, each spouse’s share of income or  
5 loss from a qualified joint venture shall be taken  
6 into account as provided in section 761(f) in deter-  
7 mining net earnings from self-employment of such  
8 spouse.”.

9 (2) Subsection (a) of section 211 of the Social  
10 Security Act (defining net earnings from self-em-  
11 ployment) is amended by striking “and” at the end  
12 of paragraph (14), by striking the period at the end  
13 of paragraph (15) and inserting “; and”, and by in-  
14 serting after paragraph (15) the following new para-  
15 graph:

16 “(16) Notwithstanding the preceding provisions  
17 of this subsection, each spouse’s share of income or  
18 loss from a qualified joint venture shall be taken  
19 into account as provided in section 761(f) of the In-  
20 ternal Revenue Code of 1986 in determining net  
21 earnings from self-employment of such spouse.”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2006.

1 **SEC. 3. TAXPAYER NOTIFICATION OF SUSPECTED IDENTITY**

2 **THEFT.**

3 (a) **IN GENERAL.**—Chapter 77 (relating to miscella-  
4 neous provisions) is amended by adding at the end the  
5 following new section:

6 **“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY**

7 **THEFT.**

8 “If, in the course of an investigation under section  
9 7206 (relating to fraud and false statements) or 7207 (re-  
10 lating to fraudulent returns, statements, or other docu-  
11 ments), the Secretary determines that there may have  
12 been an unauthorized use of the identity of the taxpayer  
13 or dependents, the Secretary shall—

14 “(1) as soon as practicable and without jeop-  
15 ardizing such investigation, notify the taxpayer of  
16 such determination, and

17 “(2) if any person is criminally charged by in-  
18 dictment or information under either of such sec-  
19 tions, notify such taxpayer as soon as practicable of  
20 such charge.”.

21 (b) **CLERICAL AMENDMENT.**—The table of sections  
22 for chapter 77 is amended by adding at the end the fol-  
23 lowing new item:

“Sec. 7529. Notification of suspected identity theft.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to determinations made after the  
3 date of the enactment of this Act.

4 **SEC. 4. EXTENSION OF TIME FOR RETURN OF PROPERTY**  
5 **FOR WRONGFUL LEVY.**

6 (a) EXTENSION OF TIME FOR RETURN OF PROPERTY  
7 SUBJECT TO LEVY.—Subsection (b) of section 6343 (re-  
8 lating to return of property) is amended by striking “9  
9 months” and inserting “2 years”.

10 (b) PERIOD OF LIMITATION ON SUITS.—Subsection  
11 (c) of section 6532 (relating to suits by persons other than  
12 taxpayers) is amended—

13 (1) in paragraph (1) by striking “9 months”  
14 and inserting “2 years”, and

15 (2) in paragraph (2) by striking “9-month” and  
16 inserting “2-year”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to—

19 (1) levies made after the date of the enactment  
20 of this Act, and

21 (2) levies made on or before such date if the 9-  
22 month period has not expired under section 6343(b)  
23 of the Internal Revenue Code of 1986 (without re-  
24 gard to this section) as of such date.

1 **SEC. 5. INDIVIDUALS HELD HARMLESS ON WRONGFUL**  
2 **LEVY, ETC., ON INDIVIDUAL RETIREMENT**  
3 **PLAN.**

4 (a) IN GENERAL.—Section 6343 (relating to author-  
5 ity to release levy and return property) is amended by add-  
6 ing at the end the following new subsection:

7 “(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL  
8 LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.—

9 “(1) IN GENERAL.—If the Secretary determines  
10 that an individual retirement plan has been levied  
11 upon in a case to which subsection (b) or (d)(2)(A)  
12 applies, an amount equal to the sum of—

13 “(A) the amount of money returned by the  
14 Secretary on account of such levy, and

15 “(B) interest paid under subsection (c) on  
16 such amount of money,

17 may be deposited into such individual retirement  
18 plan or any other individual retirement plan (other  
19 than an endowment contract) to which a rollover  
20 from the plan levied upon is permitted.

21 “(2) TREATMENT AS ROLLOVER.—If amounts  
22 are deposited into an individual retirement plan  
23 under paragraph (1) not later than the 60th day  
24 after the date on which the individual receives the  
25 amounts under paragraph (1)—

1           “(A) such deposit shall be treated as a  
2           rollover described in section 408(d)(3)(A)(i),

3           “(B) to the extent the deposit includes in-  
4           terest paid under subsection (c), such interest  
5           shall not be includible in gross income, and

6           “(C) such deposit shall not be taken into  
7           account under section 408(d)(3)(B).

8           For purposes of subparagraph (B), an amount shall  
9           be treated as interest only to the extent that the  
10          amount deposited exceeds the amount of the levy.

11          “(3) REFUND, ETC., OF INCOME TAX ON  
12          LEVY.—If any amount is includible in gross income  
13          for a taxable year by reason of a levy referred to in  
14          paragraph (1) and any portion of such amount is  
15          treated as a rollover under paragraph (2), any tax  
16          imposed by chapter 1 on such portion shall not be  
17          assessed, and if assessed shall be abated, and if col-  
18          lected shall be credited or refunded as an overpay-  
19          ment made on the due date for filing the return of  
20          tax for such taxable year.

21          “(4) INTEREST.—Notwithstanding subsection  
22          (d), interest shall be allowed under subsection (c) in  
23          a case in which the Secretary makes a determination  
24          described in subsection (d)(2)(A) with respect to a  
25          levy upon an individual retirement plan.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to amounts paid under subsections  
3 (b), (c), and (d)(2)(A) of section 6343 of the Internal Rev-  
4 enue Code of 1986 after the date of the enactment of this  
5 Act.

6 **SEC. 6. CLARIFICATION OF IRS UNCLAIMED REFUND AU-**  
7 **THORITY.**

8 Section 6103(m)(1) (relating to tax refunds) is  
9 amended by inserting after “media” and “, and through  
10 any other means of mass communication,”.

11 **SEC. 7. PROHIBITION ON IRS DEBT INDICATORS FOR PRED-**  
12 **ATORY REFUND ANTICIPATION LOANS.**

13 (a) IN GENERAL.—Subsection (f) of section 6011 (re-  
14 lating to promotion of electronic filing) is amended by add-  
15 ing at the end the following new paragraph:

16 “(3) PROHIBITION ON IRS DEBT INDICATORS  
17 FOR PREDATORY REFUND ANTICIPATION LOANS.—

18 “(A) IN GENERAL.—In carrying out any  
19 program under this subsection, the Secretary  
20 shall not provide a debt indicator to any person  
21 with respect to any refund anticipation loan if  
22 the Secretary determines that the business  
23 practices of such person involve refund anticipa-  
24 tions loans and related charges and fees that  
25 are predatory.

1           “(B) REFUND ANTICIPATION LOAN.—For  
2 purposes of this paragraph, the term ‘refund  
3 anticipation loan’ means a loan of money or of  
4 any other thing of value to a taxpayer secured  
5 by the taxpayer’s anticipated receipt of a Fed-  
6 eral tax refund.

7           “(C) IRS DEBT INDICATOR.—For purposes  
8 of this paragraph, the term ‘debt indicator’  
9 means a notification provided through a tax re-  
10 turn’s acknowledgment file that a refund will be  
11 offset to repay debts for delinquent Federal or  
12 State taxes, student loans, child support, or  
13 other Federal agency debt.”.

14       (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply with respect to returns filed after  
16 the date of the enactment of this Act.

17 **SEC. 8. PROHIBITION ON MISUSE OF DEPARTMENT OF THE**  
18 **TREASURY NAMES AND SYMBOLS.**

19       (a) IN GENERAL.—Subsection (a) of section 333 of  
20 title 31, United States Code, is amended by inserting  
21 “internet domain address,” after “solicitation,” both  
22 places it appears.

23       (b) PENALTY FOR MISUSE BY ELECTRONIC  
24 MEANS.—Subsections (c)(2) and (d)(1) of section 333 of  
25 such Code are each amended by inserting “or any other

1 mass communications by electronic means,” after “tele-  
2 cast,”.

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

6 **SEC. 9. EITC OUTREACH.**

7 (a) IN GENERAL.—Section 32 (relating to earned in-  
8 come) is amended by adding at the end the following new  
9 subsection:

10 “(n) NOTIFICATION OF POTENTIAL ELIGIBILITY FOR  
11 CREDIT AND REFUND.—

12 “(1) IN GENERAL.—To the extent possible and  
13 on an annual basis, the Secretary shall provide to  
14 each taxpayer who—

15 “(A) for any preceding taxable year for  
16 which credit or refund is not precluded by sec-  
17 tion 6511, and

18 “(B) did not claim the credit under sub-  
19 section (a) but may be allowed such credit for  
20 any such taxable year based on return or return  
21 information (as defined in section 6103(b))  
22 available to the Secretary,

23 notice that such taxpayer may be eligible to claim  
24 such credit and a refund for such taxable year.

1           “(2) NOTICE.—Notice provided under para-  
2           graph (1) shall be in writing and sent to the last  
3           known address of the taxpayer.”.

4           (b) EFFECTIVE DATE.—The amendment made by  
5           this section shall take effect on the date of the enactment  
6           of this Act.