

**H.R. 4994**  
**Taxpayer Assistance Act of 2010**  
**April 13, 2010**

**I. CELL PHONES AND ELECTRONIC RETURNS**

**Removal of cell phones from listed property.** As recommended by the Administration, the bill would eliminate the strict substantiation rules requiring individuals to keep detailed records regarding cell phones and similar equipment used for business purposes. *This provision is estimated to cost \$411 million over 10 years.*

**Electronic filing exemption for religious reasons.** The bill would allow the Secretary of Treasury to exempt, for religious reasons, certain tax return preparers from the electronic filing mandate. *This provision is estimated to have no revenue effect.*

**Accelerate interest on refunds for returns filed electronically.** The bill would require the Internal Revenue Service (IRS) to pay interest on refunds related to individual income tax returns that are filed electronically if the refund is not paid within 30 days of the later of the return due date or the date the return is filed. *This provision is estimated to have a negligible revenue effect.*

**II. COLLECTION**

**Study on effectiveness of collection alternatives.** The bill would require the Secretary of Treasury to conduct a study on the effectiveness of collection alternatives (*e.g.*, offers-in-compromise). *This provision is estimated to have no revenue effect.*

**Repeal of the partial payment requirement on submissions of offers-in-compromise.** As recommended by the Administration, the bill would help taxpayers enter into offer-in-compromise (OIC) agreements to settle their federal tax liabilities, and increase the likelihood that some amount of tax is collected, by repealing the partial payment requirement. *This provision is estimated to cost \$10 million over 10 years.*

**III. TAXPAYER ASSISTANCE AND PROTECTION IMPROVEMENTS**

**Referrals to Low Income Taxpayer Clinics permitted.** The bill would allow, as recommended by the National Taxpayer Advocate, IRS employees to refer taxpayers to Low Income Taxpayer Clinics (LITC). *This provision is estimated to have no revenue effect.*

**Low Income Taxpayer Clinic grants.** The bill would increase the allocated amount for LITCs from \$6 million to \$20 million annually. *This provision is estimated to have no revenue effect.*

**Earned Income Tax Credit outreach.** The bill would require the IRS, to the extent practicable,

to notify taxpayers of the availability of the Earned Income Tax Credit in prior taxable years. The bill also would require the IRS to review return information (such as Forms W-2, Wage and Tax Statements) and identify potentially eligible taxpayers to the extent possible. *This provision is estimated to have a negligible revenue effect.*

**Taxpayer notification of suspected identify theft.** The bill would require the IRS to notify taxpayers when it suspects that their identities, or their dependents' identities, have been stolen. *This provision is estimated to have no revenue effect.*

**Clarification of IRS unclaimed refund authority.** The bill would allow the IRS to use "mass communication," including the internet and its website, to notify taxpayers of undelivered refunds. *This provision is estimated to have no revenue effect.*

**Study on delivery of tax refunds.** The bill would require the National Taxpayer Advocate to conduct a study on the feasibility of delivering federal tax refunds on debit cards or prepaid cards, or by other electronic means. *This provision is estimated to have no revenue effect.*

**Study on timely processing and use of information returns.** As recommended by the National Taxpayer Advocate, the bill would require the Secretary of Treasury to study, and make recommendations on, the administrative and legislative steps required to allow the IRS to receive information returns before it processes income tax returns. *This provision is estimated to have no revenue effect.*

**Study on easing the burden of in-person tax payments.** The bill would require the Secretary of the Treasury to study how to reduce the number of taxpayers making in-person payments at IRS Taxpayer Assistance Centers. *This provision is estimated to have no revenue effect.*

#### **IV. REVENUE PROVISIONS**

**Expansion of bad check penalty to electronic payments.** As recommended by the Administration, the bill would clarify that the penalty applicable to bad checks or money orders extends to all commercially acceptable instruments of payment (*i.e.*, electronic payments). *The proposal is estimated to raise \$47 million over ten years.*

**Increase information return penalties.** Similar to the Administration's proposal to increase penalties on failure to provide information returns, the bill would increase the penalties for failing to file correct returns, failing to furnish correct payee statements, and failing to comply with other information reporting requirements. *This proposal is estimated to raise \$419 million over 10 years.*