

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3832
OFFERED BY MR. BRADY OF TEXAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Stolen Identity Refund
3 Fraud Prevention Act of 2016”.

**4 SEC. 2. CENTRALIZED POINT OF CONTACT FOR IDENTITY
5 THEFT VICTIMS.**

6 The Secretary of the Treasury, or the Secretary’s del-
7 egate, shall establish and maintain an office at the Inter-
8 nal Revenue Service and procedures to ensure that any
9 taxpayer whose return has been delayed or otherwise ad-
10 versely affected due to the theft of the taxpayer’s identity
11 has a centralized point of contact throughout the proc-
12 essing of his or her case. The office shall coordinate with
13 other offices within the Internal Revenue Service to resolve
14 the taxpayer’s case as quickly as possible.

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

2 **THEFT.**

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

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

7 **THEFT.**

8 “If the Secretary determines that there was an unau-
9 thorized use of the identity of any taxpayer, the Secretary
10 shall—

11 “(1) as soon as practicable and without jeop-
12 ardizing an investigation relating to tax administra-
13 tion, notify the taxpayer and include with that no-
14 tice—

15 “(A) instructions to the taxpayer about fil-
16 ing a police report, and

17 “(B) the forms the taxpayer must submit
18 to allow investigating law enforcement officials
19 to access the taxpayer’s personal information,
20 and

21 “(2) if any person is criminally charged by in-
22 dictment or information relating to such unauthor-
23 ized use, notify such taxpayer as soon as practicable
24 of such charge.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 77 of such Code is amended by adding at the
3 end the following new item:

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

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to determinations made after the
6 date of the enactment of this Act.

7 **SEC. 4. REPORT ON ELECTRONIC FILING OPT OUT.**

8 The Secretary of the Treasury (or the Secretary’s
9 delegate) shall submit a feasibility study to the Committee
10 on Ways and Means of the House of Representatives and
11 the Committee on Finance of the Senate describing a pro-
12 gram under which a person who has filed an identity theft
13 affidavit with the Secretary may elect to prevent the proc-
14 essing of any Federal tax return submitted in an electronic
15 format by that taxpayer or a person purporting to be that
16 taxpayer. The study shall be submitted within 180 days
17 after the date of the enactment of this Act and should
18 also include a recommendation on whether to implement
19 such a program.

20 **SEC. 5. CRIMINAL PENALTY FOR USING A FALSE IDENTITY**
21 **IN CONNECTION WITH TAX FRAUD.**

22 (a) IN GENERAL.—Section 7206 of the Internal Rev-
23 enue Code of 1986 is amended—

24 (1) by striking “Any person” and inserting the
25 following:

1 “(a) IN GENERAL.—Any person”, and

2 (2) by adding at the end the following new sub-
3 section:

4 “(b) USE OF FALSE IDENTITY.—Any person who
5 willfully misappropriates another person’s taxpayer iden-
6 tity (as defined in section 6103(b)(6)) for the purpose of
7 making any list, return, account, statement, or other docu-
8 ment submitted to the Secretary under the provisions of
9 this title shall be guilty of a felony and, upon conviction
10 thereof, shall be fined not more than \$250,000 (\$500,000
11 in the case of a corporation) or imprisoned not more than
12 5 years, or both, together with the costs of prosecution.”.

13 (b) AGGRAVATED IDENTITY THEFT.—Section
14 1028A(c) of title 18, United States Code, is amended by
15 striking “or” at the end of paragraph (10), by striking
16 the period at the end of paragraph (11) and inserting “;
17 or”, and by adding at the end the following new para-
18 graph:

19 “(12) section 7206(b) of the Internal Revenue
20 Code of 1986 (relating to use of false identity in
21 connection with tax fraud).”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to offenses committed after the
24 date of the enactment of this Act.

1 **SEC. 6. USE OF INFORMATION IN DO NOT PAY INITIATIVE**
2 **IN PREVENTION OF IDENTITY THEFT RE-**
3 **FUND FRAUD.**

4 The Secretary of the Treasury, and the Secretary's
5 delegate, shall use the information available under the Do
6 Not Pay Initiative established under section 5 of the Im-
7 proper Payments Elimination and Recovery Improvement
8 Act of 2012 (31 U.S.C. 3321 note) to help prevent identity
9 theft refund fraud.

10 **SEC. 7. REPORT ON IDENTITY THEFT REFUND FRAUD.**

11 (a) IN GENERAL.—Not later than September 30,
12 2018, and biannually thereafter through September 30,
13 2023, the Secretary of the Treasury (or the Secretary's
14 delegate) shall report to the Committee on Ways and
15 Means of the House of Representatives and the Committee
16 on Finance of the Senate on the extent and nature of
17 fraud involving the use of a misappropriated taxpayer
18 identity with respect to claims for refund under the Inter-
19 nal Revenue Code of 1986 during the preceding completed
20 income tax filing season, and the detection, prevention,
21 and enforcement activities undertaken by the Internal
22 Revenue Service with respect to such fraud, including—
23 (1) detailing efforts to combat identity theft
24 fraud, including an update on the victims' assistance
25 unit;

1 (2) information on both the average and max-
2 imum amounts of time that elapsed before the cases
3 of victims of such fraud were resolved; and

4 (3) discussing Internal Revenue Service efforts
5 associated with other avenues for addressing identity
6 theft refund fraud.

7 (b) **ADDITIONAL REQUIREMENTS.**—In addition, each
8 report shall provide an update on the implementation of
9 this Act and identify the need for any further legislation
10 to protect taxpayer identities.

11 (c) **PROGRESS ON OUTREACH AND EDUCATION.**—In
12 the first biannual report on identity theft refund fraud
13 under subsection (a), the Secretary (or the Secretary's del-
14 egate) shall include—

15 (1) an assessment of the agency's progress on
16 identity theft outreach and education to the private
17 sector, State agencies, and external organizations;
18 and

19 (2) the results of a feasibility study on the costs
20 and benefits to enhancing its taxpayer authentica-
21 tion approach to the electronic tax return filing
22 process.

23 **SEC. 8. INFORMATION SHARING AND ANALYSIS CENTER.**

24 (a) **IN GENERAL.**—The Secretary (or the Secretary's
25 delegate) shall establish an information sharing and anal-

1 ysis center to centralize, standardize, and enhance data
2 compilation and analysis to facilitate sharing actionable
3 data and information with respect to identity theft.

4 (b) REPORT.—Not later than 1 year after establish-
5 ment of the information sharing and analysis center, the
6 Secretary (or the Secretary’s delegate) shall submit a re-
7 port to the Committee on Ways and Means of the House
8 of Representatives and Committee on Finance of the Sen-
9 ate on the information sharing and analysis center de-
10 scribed in subsection (a). The report shall include the data
11 that was shared, the use of such data, and the results of
12 the data sharing and analysis center in combating identity
13 theft.

