



The Taxpayer Data Protection Act (H.R. 8292) *Sponsored by: Rep. Smith*

Background: 26 U.S.C. § 7213 of the Internal Revenue Code outlines the penalties for the unauthorized disclosure of any tax return information of an individual as defined in 26 U.S.C. § 6103. Current law states that any violation shall be a felony punishable by a fine in any amount not to exceed

\$5,000, or imprisonment of not more than **5 years**, or both. This bill increases the maximum penalty to a fine of up to **\$250,000**, or imprisonment of not more than **10 years**, or both. It also clarifies that any violation which affects **more than one taxpayer** shall be treated as a **separate, distinct violation**.

Issue: Starting in **2019**, an Internal Revenue Service (IRS) contractor **stole taxpayer data** and leaked it to the *New York Times* and *ProPublica*. Those organizations then published a significant amount of **confidential tax information** targeting numerous American taxpayers using information that the IRS is tasked with keeping confidential and secure.

- Starting in **September 2020**, the Committee questioned federal investigators and sought answers about who illegally stole and leaked confidential American taxpayer information and how the IRS allowed it to happen. Committee efforts continued after *ProPublica* began publishing articles in **June 2021** with private taxpayer information.
- In **September 2023**, the U.S. Department of Justice (DOJ) announced it was charging IRS contractor Charles Littlejohn—who stole tax return information for thousands of individuals—with one count of disclosing tax return information without authorization.
- Committee Republicans sent a letter to the Judge who oversaw Mr. Littlejohn’s case expressing disappointment that DOJ plead Mr. Littlejohn to a single count when the facts clearly warranted additional charges. The letter, however, also encouraged the Judge to sentence Mr. Littlejohn to the **maximum of 5 years** imprisonment despite the anticipated sentencing range of **8 to 14 months**.
- The Judge ultimately agreed and sentenced Mr. Littlejohn to **5 years** in prison and a **\$5,000** fine.

Increasing Penalties for The Unauthorized Disclosure of Taxpayer Information

- The *Taxpayer Data Protection Act* amends paragraphs (1), (2), (3), (4), and (5) of 26 U.S.C. § 7213(a) to **increase the penalties** for unauthorized disclosure of taxpayer information.
- It increases the maximum fine and imprisonment period for an unauthorized disclosure of 26 U.S.C. § 6103 information from “**\$5,000, or imprisonment of not more than 5 years**” to “**\$250,000, or imprisonment of not more than 10 years**.” This fine amount is consistent with 18 U.S.C. § 3571.
- The bill also adds language to ensure **every impacted taxpayer counts as a distinct instance of a disclosure**.
- Imposing a more serious maximum sentence will help **deter** the unauthorized disclosure of taxpayer information in the future.