

**DESCRIPTION OF H.R. 1155,
THE “RECOVERY OF STOLEN CHECKS ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on February 12, 2025

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup for February 12, 2025, of H.R. 1155, the “Recovery of Stolen Checks Act.” This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of this bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 1155, the “Recovery of Stolen Checks Act”* (JCX-5-25), February 10, 2025. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references in the document are to the Internal Revenue Code of 1986, as amended (the “Code”), unless otherwise stated.

A. Election to Receive Certain Replacement Refunds Electronically

Present Law

Section 6402(a) requires the Secretary² to issue refunds for overpayments of tax liabilities. As required by the Code, the Secretary has prescribed regulations for taxpayers to report instances in which a refund made by the Secretary by electronic funds transfer was not transferred to the account of the taxpayer.³ The regulations refer to this as a “misdirected direct deposit refund.”⁴ Under the regulations, a taxpayer may report to the Internal Revenue Service (“IRS”) that the taxpayer never received a direct deposit refund and request a replacement refund.⁵ The report must include the name of the taxpayer who requested the refund, the taxpayer identification number (“TIN”) of the taxpayer, the taxpayer’s mailing address, the type of return to which the refund is related, the account number and routing number that the taxpayer requested the refund be directly deposited into, and any other information necessary to locate the misdirected direct deposit refund.⁶

When the IRS has determined that a misdirected direct deposit refund has occurred, the IRS will issue a replacement refund in the full amount of the refund that was misdirected.⁷ The replacement refund may be issued as a direct deposit or as a paper check sent to the taxpayer’s last known address.⁸

Description of Proposal

Within six months of the date of enactment, the proposal requires the Secretary to prescribe regulations establishing procedures to allow certain taxpayers to elect to receive a replacement refund amount by direct deposit in lieu of receiving a replacement paper check. Specifically, if the Secretary has previously sent a refund of an overpayment of tax by paper check and that check is lost or stolen, then the taxpayer who is otherwise eligible to receive the replacement amount by paper check will be allowed to elect, under procedures prescribed by the Secretary, to receive such amount by direct deposit.

² The term “Secretary” means the Secretary of the Treasury or his delegate. Sec. 7701(a)(11)(B).

³ Sec. 6402(n). Treas. Reg. sec. 301.6402-2(g).

⁴ Treas. Reg. sec. 301.6402-2(g)(1) (“The term misdirected direct deposit refund includes any refund of an overpayment of tax that is disbursed as a direct deposit but is not deposited into the account designated on the claim for refund to receive the direct deposit refund.”)

⁵ Treas. Reg. sec. 301.6402-2(g)(2)(i).

⁶ *Ibid.*

⁷ Treas. Reg. sec. 301.6402-2(g)(4)

⁸ *Ibid.*

Effective Date

The proposal shall take effect on the date of enactment.

B. Estimated Revenue Effects of the Proposal

The proposal is estimated to have a negligible effect on Federal fiscal year budget receipts.