

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. 6506**  
**OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Taxpayer Due Process  
3 Enhancement Act”.

**4 SEC. 2. SUSPENSION OF PERIOD OF LIMITATIONS ON FIL-**  
**5                   ING A CLAIM FOR CREDIT OR REFUND DUR-**  
**6                   ING COLLECTION ACTION PROCEEDINGS.**

7       (a) IN GENERAL.—Section 6330(e)(1) of the Internal  
8 Revenue Code of 1986 is amended by inserting “sub-  
9 section (a), (b), or (c) of section 6511 (relating to limita-  
10 tions on credit or refund),” after “section 6502 (relating  
11 to collection after assessment),”.

12       (b) PERIOD OF LIMITATIONS ON FILING A CLAIM  
13 FOR CREDIT OR REFUND.—Section 6330(e) of such Code  
14 is amended by adding at the end the following new para-  
15 graph:

16               “(3) PERIOD OF LIMITATIONS ON FILING A  
17 CLAIM FOR CREDIT OR REFUND.—In the case of the  
18 running of any period of limitations under sub-

1 section (a), (b), or (c) of section 6511 with respect  
2 to the filing of any claim for credit or refund, para-  
3 graph (1)—

4 “(A) shall apply only to the extent that  
5 such credit or refund relates to an underlying  
6 tax liability properly disputed at the hearing re-  
7 quested under this section, and

8 “(B) shall not result in a suspension of the  
9 running of such period of limitations after any  
10 date on which a lapse of a deadline, a court fil-  
11 ing, or a court order establishes that the tax-  
12 payer has forfeited or otherwise lost the right to  
13 pursue such dispute.”.

14 (c) CROSS REFERENCE.—Section 6511(i) of such  
15 Code is amended by adding at the end the following new  
16 paragraph:

17 “(8) For limitations in case of collection action  
18 proceedings, see section 6330(e).”.

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to the running of any period of  
21 limitations if such period (determined without regard to  
22 the amendments made by this section) ends on or after  
23 the date of the enactment of this Act.

1   **SEC. 3. PROHIBITION ON CREDITING OF OVERPAYMENTS**  
2                   **AGAINST DISPUTED TAX LIABILITY DURING**  
3                   **COLLECTION ACTION PROCEEDINGS.**

4       (a) IN GENERAL.—Section 6402 of the Internal Rev-  
5 enue Code of 1986 is amended by adding at the end the  
6 following new subsection:

7       “(o) PROHIBITION ON CREDITING OF OVERPAY-  
8 MENTS AGAINST DISPUTED TAX LIABILITY DURING COL-  
9 LECTION ACTION PROCEEDINGS.—If a hearing is properly  
10 requested under section 6320(a)(3)(B) or 6330(a)(3)(B),  
11 and an underlying tax liability referred to in section  
12 6330(c)(2)(B) is properly disputed at such hearing, such  
13 tax liability shall not, except with the consent of the tax-  
14 payer, be taken into account under subsection (a) for the  
15 period during which the period of limitations for filing a  
16 claim for credit or refund relating to such tax liability is  
17 suspended by reason of section 6330(e).”.

18       (b) CLARIFICATION OF APPLICATION OF CERTAIN  
19 LEVY HEARING RULES TO LIEN HEARINGS.—Section  
20 6330(c)(2)(A) of such Code is amended by striking “un-  
21 paid tax or the proposed levy” and inserting “unpaid tax,  
22 collection action, or proposed collection action”.

23       (c) EFFECTIVE DATES.—

24           (1) IN GENERAL.—The amendment made by  
25 subsection (a) shall apply with respect to any period  
26 described in section 6402(o) of the Internal Revenue

1 Code of 1986 (as added by this section) if any por-  
2 tion of such period is after the date of the enact-  
3 ment of this Act.

4 (2) CLARIFICATION OF APPLICATION OF CER-  
5 TAIN LEVY HEARING RULES TO LIEN HEARINGS.—

6 The amendment made by subsection (b) shall take  
7 effect on the date of the enactment of this Act.

8 **SEC. 4. EXPANSION OF JURISDICTION OF TAX COURT.**

9 (a) IN GENERAL.—Section 6330(d)(1) of the Inter-  
10 nal Revenue Code of 1986 is amended to read as follows:

11 “(1) PETITION FOR REVIEW BY TAX COURT.—

12 “(A) IN GENERAL.—In the case of a deter-  
13 mination under this section, the person may,  
14 within 30 days of such determination, petition  
15 the Tax Court for review of—

16 “(i) such determination, and

17 “(ii) any underlying tax liability re-  
18 ferred to in subsection (c)(2)(B) which is  
19 properly disputed at the hearing in which  
20 such determination is made.

21 “(B) JURISDICTION OF TAX COURT.—

22 Upon the filing of a petition, the Tax Court  
23 shall have jurisdiction with respect to—

24 “(i) the determination referred to in  
25 subparagraph (A)(i),

1 “(ii) any underlying tax liability re-  
2 ferred to in subparagraph (A)(ii), and

3 “(iii) any equitable tolling of the 30-  
4 day deadline referred to in subparagraph  
5 (A).

6 “(C) RETENTION OF JURISDICTION.—  
7 Upon a determination being made under this  
8 section, subparagraphs (A) and (B) shall apply  
9 whether or not the Secretary abandons the col-  
10 lection action or proposed collection action at  
11 issue in such determination.”.

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

