



United States House Committee on

Ways & Means

CHAIRMAN JASON SMITH

H.R. 6495, *Taxpayer Notification and Privacy Act*

Rep. Steube (R-FL), Rep. Panetta (D-CA)

Background:

- The IRS has statutory authority to require production of information during an audit.
 - **The IRS may informally request that a taxpayer provide additional information** necessary to arrive at a fair and accurate audit adjustment, if any adjustment is warranted.
- Not all taxpayers cooperate with such requests, whether by failing to respond or by providing inadequate or incomplete responses.
 - In such cases, **if the necessary information cannot be provided by other witnesses or sources**, the IRS seeks information by issuing an administrative summons.
- Under current law, **the IRS is required to notify taxpayers at least 45 days in advance before contacting third parties**, such as banks or employers, to request information about them.

H.R. 6495, *Taxpayer Notification and Privacy Act*:

- **Requires the IRS to tell taxpayers what information it plans to request** from third parties and identify which parties it intends to contact.
 - This level of specificity is not required if the Treasury Secretary determines that the information sought from a person other than the taxpayer is necessary notwithstanding whether the taxpayer could independently provide such information and for third-party summonses.
- **Subsequently provides taxpayers an opportunity to supply the additional requested information directly from their own records within 45 days**, protecting taxpayers' reputation and eliminating the need for many third-party contacts entirely.
 - The taxpayer can also request additional time if they show reasonable cause.