

**DESCRIPTION OF H.R. 6956,
THE “BARCODE EFFICIENCY ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on January 14, 2026

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 January 14, 2026, of H.R. 6956, the “BARCODE Efficiency 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. 6956, the “BARCODE Efficiency Act”* (JCX-1-26), January 12, 2026. 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. Scanning and Digitization of Tax Returns and Correspondence

Present Law

Every citizen, whether residing in or outside the United States, and every resident of the United States within the meaning of section 7701(b) must file an income tax return if the individual has income that equals or exceeds the exemption amount.² Regulations issued by the Department of the Treasury (“Treasury”) require individual taxpayers to make this return using a Form 1040, U.S. Individual Income Tax Return.³ Similarly, every corporation subject to Federal income tax, regardless of the amount of its gross or taxable income for the taxable year, is required to file a return.⁴ Various returns are also required to be submitted by certain employers, partnerships, estates, trusts, noncitizen nonresident individuals, and taxpayers subject to Federal gift tax, estate tax, generation-skipping transfer tax, excise taxes, and other miscellaneous Federal taxes.

In 1998, Congress declared a policy that (1) paperless filing should be the preferred and most convenient means of filing Federal tax and information returns, (2) the goal of the Internal Revenue Service (“IRS”) should be to receive at least 80 percent of all returns electronically by 2007, and (3) the IRS should encourage private-sector competition to increase electronic filing.⁵ Section 6011(f), also enacted in 1998, authorizes Treasury to advertise the benefits of electronic tax administration programs and to make payment of appropriate incentives for electronically-filed returns.

Treasury generally is authorized to prescribe regulations providing standards for determining which returns must be filed on magnetic media or in another machine-readable form.⁶ However, except under certain circumstances, Treasury “may not require returns of any tax imposed by subtitle A on individuals, estates, and trusts, to be other than on paper forms supplied by the Secretary.”⁷

Description of Proposal

The proposal provides that taxpayers that prepare their returns electronically but print and file the returns on paper must print their returns with a scannable code that enables the IRS to convert paper-filed tax returns into an electronic format using scanning technology.

² Sec. 6012(a)(1); Treas. Reg. sec. 1.6012-1(a)(1).

³ Treas. Reg. sec. 1.6012-1(a)(6).

⁴ Sec. 6012(a)(2).

⁵ The Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105-206, sec. 2001.

⁶ Sec. 6011(e). The statute uses the term “magnetic media,” and applicable Treasury regulations specify that magnetic media includes electronic filing. Treas. Reg. sec. 301.6011-2(a)(1).

⁷ Sec. 6011(e)(1). In this context, “Secretary” refers to the Secretary of the Treasury or his delegate. See sec. 7701(a)(11).

The proposal requires the IRS to use optical character recognition (“OCR”) technology (or any functionally similar technology) to transcribe (1) any return not prepared electronically and printed and filed on paper; (2) any return prepared electronically but printed and filed on paper using a scannable code that cannot be used to accurately convert data into an electronic format; and (3) any correspondence received by the IRS in paper form (unless such correspondence is also received in electronic form).

An exception to these requirements applies if the Secretary of the Treasury (or delegate) (“Secretary”) determines that the scannable code or the OCR technology is slower or less reliable than the process of manually transcribing the returns or correspondence received in paper form (or any other process normally used by the IRS).

Under the proposal, any such exception applies only if the Secretary provides a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate within 30 days of making a determination of the exception.

Effective Date

The proposal is effective for individual income tax returns received on or after January 1 of the first calendar year beginning more than 180 days after date of enactment.

The proposal is effective for estate tax returns or gift tax returns received on or after January 1 of the first calendar year beginning more than 24 months after the date of enactment.

The proposal is effective for any other return or correspondence received on or after January 1 of the first calendar year beginning more than 12 months after the date of enactment.

B. Estimated Revenue Effects of the Proposal

The staff of the Joint Committee on Taxation estimates the proposal to have a negligible effect on Federal fiscal year budget receipts.