

H.R.3470 - Omnibus Taxpayers' Bill of Rights Act

100th Congress (1987-1988)

BILL

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Sponsor: [Rep. Flippo, Ronnie G. \[D-AL-5\]](#) (Introduced 10/13/1987)

Committees: House - Ways and Means

Latest Action: 11/10/1988 Provisions of Measure Incorporated Into [H.R.4333](#). ([All Actions](#))

Tracker:

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Introduced in House (10/13/1987)

Omnibus Taxpayers' Bill of Rights Act - Requires the Secretary of the Treasury (Secretary) to prepare a statement setting forth in nontechnical terms: (1) the rights and obligations of a taxpayer and of the Internal Revenue Service (IRS) during a tax audit; (2) the procedures by which a taxpayer may appeal adverse decisions, prosecute refund claims, and file complaints; and (3) the procedures that the IRS may use in enforcing revenue laws. Directs the Secretary to transmit drafts of such statement to specified congressional committees and to distribute the final statement to all taxpayers receiving annual tax filing forms from the IRS.

Requires the IRS, upon taxpayer request, to conduct any interview regarding the determination or collection of any tax at a reasonable time and place convenient to the taxpayer and to the IRS, and to permit the taxpayer, at his or her own expense, to record the interview. Authorizes the IRS interviewer to record such interview if the taxpayer has been given prior notice and is provided, upon request and payment of reproduction costs, with a transcript of the recording. Requires the interviewer to explain to the taxpayer the audit process, including the taxpayer's rights with respect to the process.

Requires the Secretary to abate any penalty or interest imposed on any deficiency attributable to erroneous advice in writing given to a taxpayer by an IRS officer or employee in response to such taxpayer's specific inquiry.

Authorizes the IRS Ombudsman, upon application filed by a taxpayer, to issue a Taxpayer Assistance Order if, in the determination of the Ombudsman: (1) the taxpayer is suffering or is about to suffer from an unusual or irreparable loss as a result of the manner in which the internal revenue laws are being administered by the Secretary; and (2) the Secretary has failed to carry out any of his or her duties or has violated any provision of law. Allows the terms of a Taxpayer Assistance Order to require the Secretary to release property of the taxpayer levied upon or to cease or refrain from certain actions. Requires the Secretary to obey any Taxpayer Assistance Order issued by the Ombudsman.

Directs the Secretary, within 90 days of this Act's enactment, to issue regulations with respect to Taxpayer Assistance Orders, including provisions to assure full, fair, and impartial due process for affected taxpayers.

Amends the Inspector General Act of 1978 and other Federal law to establish within the Department of the Treasury an Office of Inspector General. Transfers to such Office the existing audit and investigation units of the Department. Sets forth criteria with respect to: (1) the authority of the Inspector General to conduct an investigation; and (2) the authority of the Secretary in cases of audits or investigations requiring access to information of a sensitive or confidential nature. Allows the Secretary to prohibit investigations under specified circumstances. Restricts disclosure by the Inspector General of tax returns and return information.

Prohibits records of tax enforcement results from being used to evaluate certain IRS personnel or to impose or suggest production quotas. Requires district directors to certify compliance with this mandate on a monthly basis.

Requires the Secretary to certify that a rule proposed by the IRS is substantially the only alternative that meets the mandate of the relevant statute in order for the rule to be considered an interpretative rule (and thereby not subject to analyses under the Regulatory Flexibility Act).

Amends the Regulatory Flexibility Act to require regulatory flexibility analyses to include consideration of both the direct and indirect beneficial and negative effects of a proposed or final rule.

Amends the Internal Revenue Code to direct the Secretary, with limited exceptions, to send a preliminary letter of deficiency to a taxpayer prior to the mailing of a deficiency notice. Specifies required contents for tax due notices and deficiency notices, including the basis of the deficiency and a breakdown of the total amount into tax, interest, and penalty.

Directs the Secretary, within 90 days of this Act's enactment, to issue regulations requiring all IRS personnel to explain and support their position in assessing any penalties or additions to tax. Requires the Comptroller General to study IRS procedures with respect to such assessments and to present findings to specified congressional committees no later than December 31, 1988.

Authorizes the Secretary to enter into a binding agreement with a taxpayer under which the taxpayer may pay tax liability in installments if the Secretary determines that such an agreement will facilitate collection of the liability. Permits the Secretary, after proper notice and a hearing, to modify or annul the agreement upon the finding that the financial condition of the affected taxpayer has significantly changed. Renders such an agreement nonbinding if the taxpayer fails to pay any installment or any other tax liability when due.

Extends from ten to 30 days the period between the required notice to a person who neglects or refuses to pay tax liability and a levy on such person's salary, wages, or other property. Specifies information that must be incorporated in such notice, including possible alternative actions and the appropriate appeals procedures. Adds to the circumstances triggering termination of such a levy: (1) an agreement between the taxpayer and the Secretary for payment of the liability; and (2) the Secretary's determination that the taxpayer's financial condition precludes enforceability of the liability.

Revises the list of property exempt from levy to: (1) increase the exempt amount permitted for certain personal effects, the property of a business, and wages; (2) add an exemption for certain deposits in qualified institutions; and (3) provide an express exemption, except under limited circumstances specified in this Act, for the taxpayer's principal residence, a motor vehicle used by the taxpayer as the primary means of transportation to work, and any tangible personal property essential to the operation of the taxpayer's business in cases when a levy would prevent the taxpayer from carrying on such business.

Prohibits a levy on any property when levy and sales expenses would exceed either the liability for which the levy is made or the fair market value of the levied property. Permits the Secretary to demand surrender of bank accounts only after 21 days in escrow have passed since service of the notice of levy on the accounts. Sets forth situations in which the Secretary must release a levy. Applies to jeopardy levies the administrative and judicial review procedures currently applicable to jeopardy assessments.

Permits a taxpayer to bring a civil action against the United States in the Tax Court for judicial review of jeopardy levies and assessments. (Under current law an action for judicial review of jeopardy assessments may be filed only in district court.) Increases the time during which a taxpayer may petition for such review. Describes the jurisdictional requirements to be applied to such actions.

Allows an administrative appeal of tax liens.

Grants to the Tax Court exclusive jurisdiction to enjoin premature assessments if the taxpayer has filed a timely petition for review. Provides for review of such injunctive orders by the U.S. Court of Appeals.

Grants to the Tax Court jurisdiction to enforce payment by the Secretary of refunds of overpayment and interest to taxpayers. Places on the Secretary the burden of proof of justifying any failure to refund, credit, or offset relevant amounts with respect to a taxpayer. Entitles a prevailing taxpayer to: (1) an interest rate of 120 percent of the overpayment rate with respect to refunds; and (2) reasonable litigation costs.

Grants to the Tax Court jurisdiction to: (1) review jeopardy assessment sales of assets; and (2) redetermine interest under certain circumstances when a taxpayer claims an overpayment of the interest.

Vests in the Tax Court original jurisdiction over any civil action against the Secretary for the recovery of any tax, additions to tax, and penalties with respect to income, estate, gift, and certain excise taxes.

Authorizes an award of reasonable litigation costs to the prevailing party in proceedings by taxpayers before the Internal Revenue Service.

Permits a taxpayer to bring a civil action in district court for actual damages resulting from the failure of any Federal officer or employee to release a tax lien on the taxpayer's property.

Permits a civil cause of action in district court for damages resulting from the careless, reckless, or intentional disregard of internal revenue laws by any Federal officer or employee. Denies damage awards in cases of contributory negligence.

Authorizes a damage award, to a \$10,000 maximum, to the United States in cases of frivolous or groundless claims by a taxpayer.

Amends the Internal Revenue Code to prescribe criminal penalties for: (1) any investigation or surveillance authorized or conducted by an officer or employee of the United States in connection with Federal tax laws that inquires into the beliefs, associations, or activities of any individual or organization; or (2) the maintenance of any records containing information derived from such an investigation.

Establishes in the Internal Revenue Service the Office for Taxpayers Services, under the supervision of an Assistant Commissioner of Internal Revenue. Directs this Assistant Commissioner to: (1) be responsible for telephone, walk-in, and educational services, and for the design and production of tax and information forms; and (2) prepare annually, for presentation to specified congressional committees, a joint report (with the Chief Problem Resolution Officer for the IRS) on the quality of taxpayer services.