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New proposed legislation that puts taxpayers first is understandably drawing approvals from both sides of the aisle in Congress. On March 28, the top tax writers from the House Ways & Means Committee and the Senate Finance Committee (SFC) introduced the appropriately-named “Taxpayer First Act of 2019.” It’s expected that a marked-up bill will be ready in April.

Previously, similar legislation was floated by former SFC Committee Chairman Orrin

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the IRS up-to-speed technologically. This includes establishing secure online accounts for taxpayers, enabling the IRS to directly accept credit and debit card payments and making other improvements.

Cybersecurity: The IRS has acknowledged that identity theft is an ongoing problem. Accordingly, the legislation includes several protections, including extending the Identity Protection Personal Identification Number (IP PIN) program and establishing a single point of contact within the IRS for any taxpayer who is victimized by ID theft.

Independent Office of Appeals: Under the bill, a new Independent Office of Appeals is open to all taxpayers during the administrative review process. In addition, taxpayers may request to see the case files against them in certain instances.

Free filing options: Currently, free filing options and other assistance are available to low-income taxpayers, disabled individuals, those with limited English proficiency and certain others. The proposed legislation continues these options on a permanent basis.

Seizures: Over the past few years, the IRS has seized assets when transactions are structured to avoid reporting responsibilities for bank accounts above \$10,000. The bill requires the IRS to show probable cause that the structuring was linked to an illegal source or otherwise connected to criminal activity. There are no such restrictions under current law.

Equitable relief: Generally, when a married couple files a joint tax return, they are jointly and severally liable for the tax owed, absent an exception like the “innocent spouse” rule. The bill clarifies that the Tax Court can take a fresh look at the facts to determine if equitable relief is available

Private debt collection: The private debt collection program, initiated by the IRS in

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encourage whistleblowers to come forward. Now the IRS would be able to contact whistleblowers during investigation, provide them with updates and prohibit them from disclosing information they receive from the IRS.

E-filing: As you're probably well-aware, tax professionals who prepare more than 250 individual returns for clients must file them electronically. The bill gradually lowers the e-filing threshold to just ten. Exception: Tax return preparers in remote areas with limited or no Internet access are excluded.

Failure-to-file penalty: Currently, the combined failure-to-file penalty is 5% (4.5% for late filing and 0.5% for late payment) for each month or part of a month that the return is late, up to 25%. The bill increases penalties for failing to file tax returns by about \$100. This increase will offset some of the modernization costs.

Finally, be aware that the bill also allows the IRS to provide information while taxpayers are on hold, such as messages about prevalent tax scams, directions on how and where to report these activities and tips about avoiding ID theft. If the law is approved, you won't hear music playing in the background anymore, regardless of your preference.

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