

Summary of Taxpayer Protection Act of 2007

The Taxpayer Protection Act of 2007, H.R. 1677, is the result of hearings conducted by the Subcommittee on Oversight. It is expected that the bill will be brought to the House Floor on April 17th, the tax return filing due date this year. The provisions outlined below have been developed on a bipartisan basis. The bill has little or no revenue effect.

- Family business tax simplification: Family business tax simplification would allow both spouses in a family-owned business to pay social security and Medicare taxes as a sole proprietorship (rather than as a partnership).
- Identity theft: Require the IRS (in the course of a tax fraud investigation) to notify a taxpayer that there may have been an unauthorized use of the taxpayer's (or dependent's) identity.
- Wrongful levies: Provide an individual with a longer period of time to seek return of property (money or proceeds from the sale of property) resulting from a wrongful IRS levy, as well as for bringing a civil action. Allow a taxpayer to retribute individual retirement fund amounts as if the wrongful levy had never occurred.
- Unclaimed refunds: Allow the IRS to notify taxpayers on the Internet about unclaimed tax refunds, rather than only in the media.
- Predatory RALs: Prohibit the Secretary of Treasury (IRS) from providing debt indicators to any person if their business practices involve refund anticipation loans (plus related charges and fees) that are predatory.
- Misleading the public: Clarify that current rules prohibiting the misleading use of Department of Treasury names and symbols apply to internet domain names (*e.g.*, IRS.com, IRS.net, IRS.org) and "phishing" and are subject to the higher-level civil and criminal penalties.
- EITC outreach: Require, to the extent possible, that the IRS conduct additional EITC outreach including notification of potential eligibility.

- Disclosure of prisoner information: Provide Federal Bureau of Prisons officials with certain information to prevent tax fraud schemes.
- FIRPTA nonforeign affidavits: Modify rules related to the dispositions of U.S. real property interests for nonforeign affidavits to better protect the social security numbers of U.S. transferors by allowing attorneys and title companies to collect the nonforeign affidavit.
- Bad check fee: Increases the minimum penalty for writing a bad check to the IRS from \$15 to \$25.