

COMPARISON OF THE ESTIMATED BUDGET EFFECTS OF H.R. 2676,
 THE "INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998,"
 AS PASSED BY THE HOUSE AND THE SENATE

Fiscal Years 1998 - 2007

[Millions of Dollars]

Provision [1]	Effective	House Bill								Senate Amendment							
		1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	1998	1999	2000	2001	2002	1998-02	2003-07	1998-07
I. IDENTICAL PROVISIONS																	
Title II. Electronic Filing																	
* Return-free tax system.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
Title III. Taxpayer Protections and Rights																	
* Suspension of statute of limitations on filing refund claims during periods of disability.....	tyoea 1/1/98	-10	-70	-35	-15	-16	-146	-95	-241	-10	-70	-35	-15	-16	-146	-95	-241
* Limitation on financial status audits.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
* Notice of deficiency to specify deadlines for filing Tax Court petition.....	nma 12/31/98	----- Negligible Revenue Effect -----								----- Negligible Revenue Effect -----							
* Refund or credit of overpayments before final determination.....	DOE	----- Negligible Revenue Effect -----								----- Negligible Revenue Effect -----							
* Prohibition on improper threat of audit activity for tip reporting.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
* Explanation of taxpayers' rights in interviews with IRS.....	180da DOE	---	-13	[2]	[2]	[2]	[3]	[4]	[3]	---	-13	[2]	[2]	[2]	[3]	[4]	[3]
* Disclosure of criteria for examination selection.....	180da DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
* Cataloging complaints of IRS employee misconduct.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
* Archive of records of Internal Revenue Service.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
* Payment of taxes to the U.S. Treasury [5].....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
* Clarification of authority of Secretary relating to the making of elections.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
SUBTOTAL: IDENTICAL PROVISIONS.....		-10	-83	-36	-16	-17	-161	-99	-260	-10	-83	-36	-16	-17	-161	-99	-260
II. SIMILAR PROVISIONS																	
Title I. Executive Branch Governance and Management of the IRS																	
A. IRS Restructuring and Creation of Oversight Board																	
2. Creation of IRS Oversight Board.....	6ma DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
B. Appointment and Duties of IRS Commissioner.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
C. Structure and Funding of the Employee Plans and Exempt Organization Division.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
D. Expand the Taxpayer Advocate's Authority to Issue Taxpayer Assistance Orders.....	DOE	[2]	[2]	[2]	[2]	[2]	[4]	[4]	[3]	[2]	[2]	[2]	[2]	[2]	[4]	[4]	[3]
F. Prohibition on Executive Branch Influence Over Taxpayer Audits.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							
H. IRS Personnel Flexibilities.....	DOE	----- No Revenue Effect -----								----- No Revenue Effect -----							

Provision [1]	Effective	House Bill									Senate Amendment							
		1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	
Title II. Electronic Filing																		
A. Electronic Filing of Tax and Information Returns.....	DOE	----- No Revenue Effect -----									----- No Revenue Effect -----							
B. Due Date for Certain Information Returns.....	irfa 12/31/99	----- No Revenue Effect -----									----- No Revenue Effect -----							
C. Paperless Electronic Filing.....	DOE	----- No Revenue Effect -----									----- No Revenue Effect -----							
D. Access to Account Information.....	DOE	----- No Revenue Effect -----									----- No Revenue Effect -----							
Title III. Taxpayer Protections and Rights																		
A. Burden of Proof [S] (apply to all taxes rather than only income taxes for examinations commencing 6 months after the date of enactment and examinations commencing before 6/30/01).....	eca DOE	-80	-166	-174	-183	-192	-795	-1,117	-1,912	[2]	-234	-260	-272	-282	-1,049	-1,483	-2,532	
B. Proceedings by Taxpayers																		
1. Expansion of authority to award costs and certain fees [S] at prevailing rate and rule 68 provision with net worth limitation (includes outlay effects).....	180da DOE	-5	-7	-8	-9	-10	-39	-65	-104	---	-14	-15	-16	-17	-62	-111	-173	
2. Civil damages with respect to unauthorized collection actions (includes outlay effects).....	DOE	-2	-15	-25	-50	-30	-122	-125	-247	-2	-15	-25	-50	-30	-122	-125	-247	
3. Increase in size of cases permitted on small case calendar [S] to \$50,000.....	pca DOE	----- No Revenue Effect -----									----- No Revenue Effect -----							
5. Actions for refund with respect to certain estates which have elected the installment method of payment.....	rfa DOE	----- Negligible Revenue Effect -----									----- Negligible Revenue Effect -----							
C. Relief for Innocent Spouses and Persons with Disabilities - [H] expand innocent spouse relief - [S] innocent spouses would be able to elect to be liable only for tax attributable to their income (includes anti-abuse rule; not innocent if have actual knowledge of understatement of tax; require the IRS to send separate notification to both spouses).....																		
	tyba DOE = H laa & ulb DOE = S	---	---	-5	-12	-14	-31	-100	-131	-58	-350	-288	-273	-346	-1,315	-3,842	-5,157	
D. Provisions Relating to Interest and Penalties																		
1. Elimination of interest rate differential on overlapping periods of interest on income tax overpayments and underpayments.....	cqba DOE = H tyoo/a DOE = S	-1	-9	-28	-42	-54	-134	-315	-449	-26	-68	-58	-61	-56	-267	-326	-593	
2. Increase refund interest rate to Applicable Federal Rate ("AFR") + 3 for individual taxpayers [S]	cqba DOE = H 2nd & scqa DOE = S	-49	-51	-54	-56	-59	-269	-344	-613	---	-36	-54	-56	-59	-205	-344	-549	
3. [H] Failure to pay penalty capped at 9.5% for individuals (installment agreements only); [S] elimination of penalty on individual's failure to pay during installment agreements (for individuals and timely filed returns only).....	iapma DOE = H iapma 12/31/99 = S	-176	-198	-209	-220	-231	-1,034	-1,358	-2,392	---	---	-239	-302	-317	-858	-1,864	-2,722	
E. Protections for Taxpayers Subject to Audit or Collection																		
2. Examination activities																		
a. Extend the attorney client privilege to accountants and other tax practitioners.....	DOE	[4]	[4]	[4]	[4]	[4]	[3]	[3]	[6]	[4]	[4]	[4]	[4]	[4]	[9]	[3]	[6]	
b. Limitation on IRS authority to require production of computer source code.....	si 90da DOE = H [7] = S	[4]	[4]	[4]	[4]	[4]	[3]	[3]	[6]	---	-26	-32	-39	-45	-142	-326	-468	
4. Provisions relating to examination and collection activities																		
a. Prohibition on extension of statute of limitations [H] by agreement; [S] for collection beyond 10 years with estate tax exception.....	DOE = H [8] = S	----- No Revenue Effect -----									---	---	-48	-38	-31	-117	-125	-242

Provision [1]	Effective	House Bill									Senate Amendment							
		1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	
b. Offers-in-compromise - rights of taxpayers entering into offers-in-compromise; publications of taxpayer's rights; (S) prohibit IRS rejection of low-income taxpayer's offer-in-compromise based on amount of offer; prohibit IRS' rejection of an offer-in-compromise solely based on a dispute as to liability because the taxpayer's file cannot be located by the IRS; prohibit the IRS from requiring a financial statement for offer-in-compromise based solely on doubt as to liability.....	DOE	No Revenue Effect									[2]	[4]	[2]	[2]	[2]	[3]	[4]	[3]
F. Disclosures to Taxpayers																		
1. Explanation of joint and several liability.....	180da DOE	No Revenue Effect									No Revenue Effect							
2. Explanations of appeals and collection process.....	180da DOE	No Revenue Effect									No Revenue Effect							
G. Low-Income Taxpayer Clinics.....	DOE	No Revenue Effect									No Revenue Effect							
i. Studies																		
1. Study of (H) penalty administration; (S) and interest administration and implementation.....	9ma DOE	No Revenue Effect									No Revenue Effect							
2. Study of confidentiality of tax return information.....	1ya DOE	No Revenue Effect									No Revenue Effect							
Title IV. Congressional Accountability for the IRS																		
C. Budget Matters																		
1. Funding for century date change.....	DOE	No Revenue Effect									No Revenue Effect							
	1/1/98 = H																	
D. Tax Law Complexity Analysis.....	1/1/99 = S	No Revenue Effect									No Revenue Effect							
Title V. Revenue Offsets																		
A. (H) Overrule Schmidt Baking with Respect to Vacation Pay (S) and Severance and Other Types of Compensation.....	tyea 10/8/97 = H tyea DOE = S	705	1,111	653	120	126	2,715	731	3,446	603	1,141	1,160	141	148	3,193	860	4,053	
Title VI. Tax Technical Corrections.....		No Revenue Effect									No Revenue Effect							
SUBTOTAL: SIMILAR PROVISIONS.....		385	658	143	-459	-471	257	-2,727	-2,470	512	391	137	-971	-1,040	-969	-7,709	-8,677	
III. ADDITIONAL PROVISIONS IN HOUSE BILL																		
Title IV. Congressional Accountability for the IRS																		
A. Review of Requests for GAO Investigations of the IRS.....	DOE	No Revenue Effect									No Provision							
B. Joint Congressional Hearings and Coordinated Oversight Reports.....	DOE	No Revenue Effect									No Provision							
C. Budget Matters																		
2. Financial management advisory group.....	DOE	No Revenue Effect									No Provision							
SUBTOTAL: ADDITIONAL PROVISIONS IN HOUSE BILL.....		No Revenue Effect																
IV. ADDITIONAL PROVISIONS IN SENATE AMENDMENT																		
Title I. Executive Branch Governance and Management of the IRS																		
A. IRS Restructuring and Creation of Oversight Board																		
1. Reorganization of the IRS and IRS Mission Statement.....	6ma DOE	No Provision									No Revenue Effect							
B. Appointment and Duties of Chief Counsel.....	90da DOE	No Provision									No Revenue Effect							
E. Treasury Office of Inspector General.....	180da DOE	No Provision									No Revenue Effect							

Provision [1]	Effective	House Bill								Senate Amendment							
		1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	1998	1999	2000	2001	2002	1998-02	2003-07	1998-07
G. Review of Milwaukee and Waukesha IRS Offices.....	DOE						No Provision										No Revenue Effect
H. IRS Personnel Flexibilities - mandatory employee terminations; employee training.....	DOE						No Provision										No Revenue Effect
Title III. Taxpayer Protections and Rights																	
B. Proceedings by Taxpayers																	
4. Expand Tax Court jurisdiction to include responsible person penalties.....	plia DOE						No Provision										-11 -15 -13 -7 -7 -53 -38 -91
6. Provide Tax Court jurisdiction to review adverse IRS determination of a bond issuer's tax-exempt status.....	pfa DOE						No Provision										[2] -5 -2 -2 -2 -11 -10 -21
7. Civil action for release of erroneous lien.....	DOE						No Provision										Negligible Revenue Effect
D. Provisions Relating to Interest and Penalties																	
4. Mitigation of failure to deposit penalty	dma 180da DOE						No Provision										--- -47 -64 -64 -65 -240 -335 -575
5. Suspend accrual of interest and penalties if IRS fails to contact taxpayer within 12 months after a timely-filed return (except for fraud and criminal penalties).....	tyea DOE						No Provision										--- --- -358 -428 -482 -1,268 -2,988 -4,256
6. Procedural requirements for imposition of penalties and additions to tax.....	na & pa 180da DOE						No Provision										Negligible Revenue Effect
7. Permit personal delivery of section 6672 notices.....	DOE						No Provision										No Revenue Effect
8. Notice of interest charges.....	nla 6/30/00						No Provision										No Revenue Effect
9. Abate interest on underpayments by taxpayers in Presidentially declared disaster areas.....	dda 12/31/96						No Provision										No Revenue Effect
E. Protections for Taxpayers Subject to Audit or Collection Activities																	
1. Due process for IRS collection actions.....	cala 6ma DOE						No Provision										--- -108 -66 -67 -69 -310 -380 -690
2. Examination activities																	
c. Allow taxpayers to quash all third-party summonses.....	ssa DOE						No Provision										Negligible Revenue Effect
d. Permit service of summonses by mail or in person.....	ssa DOE						No Provision										No Revenue Effect
e. Require IRS to notify taxpayer before contacting third parties regarding IRS examination or collection activities with respect to the taxpayer.....	180da DOE						No Provision										--- [4] [4] [4] [4] [3] [3] [6]
3. Collection activities																	
a. IRS to implement approval process for liens, levies, or seizures.....	[9]						No Provision										Negligible Revenue Effect
b. Increase the amount exempt from levy to \$10,000 for personal property and \$5,000 for books and tools of trade, indexed for inflation.....	cata DOE						No Provision										[2] -5 -5 -5 -5 -21 -30 -51
c. Require the IRS to immediately release a levy upon agreement that the amount is not collectible.....	lia 12/31/99						No Provision										Negligible Revenue Effect
d. Suspend collection by levy during refund suit.....	tyba 12/31/98						No Provision										Negligible Revenue Effect
e. Require District Counsel review of jeopardy and termination assessments and jeopardy levies.....	taa DOE						No Provision										Negligible Revenue Effect
f. Increase superpriority dollar limits.....	DOE						No Provision										Negligible Revenue Effect
g. Waive the 10% early withdrawal tax when IRA or qualified plan is levied.....	wa 12/31/99						No Provision										--- --- -1 -3 -4 -9 -24 -33
h. Prohibit the IRS from selling taxpayer's property for less than the minimum bid.....	Soa DOE						No Provision										No Revenue Effect
i. Require the IRS to provide an accounting and receipt to the taxpayer (including the amount credited to the taxpayer's account) for property seized and sold.....	soa DOE						No Provision										Negligible Revenue Effect
j. Require the IRS to study and implement a uniform asset disposal mechanism for sales of seized property to prevent revenue officers from conducting sales.....	DOE & 2 years						No Provision										No Revenue Effect

Provision [1]	Effective	House Bill								Senate Amendment								
		1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	
k. Codify IRS administrative procedures for seizure of taxpayer's property.....	DOE								No Provision									No Revenue Effect
l. Prohibit seizure of residences in small deficiency cases; require the IRS to exhaust all payment options before seizing a business or principal residence; State fish and wildlife permits.....	generally DOE								No Provision	[2]	-3	-3	-3	-3	-12	-15	-27	
4. Provisions relating to examination and collection activities																		
b. Offers-in-compromise - suspend collection by levy while offer-in-compromise is pending; rejected offers-in-compromise and requests for installment agreements to be reviewed; liberal acceptance policy.....	various								No Provision									Negligible Revenue Effect
c. IRS procedures relating to appeal of examinations and collections; appeals videoconferencing alternative for rural areas.....	DOE								No Provision									No Revenue Effect
d. Codify certain fair debt collection procedures.....	DOE								No Provision									No Revenue Effect
e. Ensure availability of installment agreements.....	DOE								No Provision									No Revenue Effect
f. Prohibit Government officers and employees from requesting taxpayers to give up their rights to sue.....	DOE								No Provision									No Revenue Effect
F. Disclosures to Taxpayers																		
3. Require IRS to explain reason for denial for refund.....	180da DOE								No Provision									No Revenue Effect
4. Statement to taxpayers with installment agreements.....	180da DOE								No Provision									No Revenue Effect
5. Require IRS to notify all partners of any resignation of the tax matters partner that is required by the IRS, and of the identity of any successor tax matters partner who was appointed to fill the vacancy created by such resignation.....	tyba 12/31/98								No Provision	[10]	[10]	[10]	[10]	[10]	-1	-1	-2	
6. Require information to taxpayers concerning disclosure of their income tax return information to parties outside the IRS.....	180da DOE								No Provision									No Revenue Effect
H. Other Provisions																		
1. IRS employee contacts																		
a. IRS notices must contain name and telephone number of IRS employee to contact.....	1/1/00								No Provision									No Revenue Effect
b. Require IRS telephone services in Spanish.....	1/1/00								No Provision									No Revenue Effect
c. Live person help line.....	1/1/00								No Provision									No Revenue Effect
2. Require approval of use of pseudonyms by IRS employees.....	DOE								No Provision									No Revenue Effect
3. National Office conferences without field personnel.....	DOE								No Provision									No Revenue Effect
4. Require the IRS to end the use of the illegal tax protestor label.....	rdnrb 1/1/99								No Provision									No Revenue Effect
5. Modify section 6103 to allow the tax-writing committees to obtain data from IRS employees regarding employee and taxpayer abuse.....	DOE								No Provision									No Revenue Effect
6. Publish telephone numbers for local IRS offices.....	180da DOE								No Provision									No Revenue Effect
7. Alternative to Social Security numbers for tax return preparers.....	DOE								No Provision									No Revenue Effect
8. Authorize the Federal government to offset a Federal income tax refund to satisfy a past due, legally owing State income tax debt.....	rpa 12/31/98								No Provision	...	2	3	3	3	11	18	29	
9. Treasury cannot implement Notice 98-11 regulations for 6 months, with no inference about transition rules.....	DOE								No Provision	-8	-36	-10	-6	-3	-63	-8	-71	
10. Sense of the Senate regarding Notices 98-5 and 98-11.....	DOE								No Provision									No Revenue Effect

Provision [1]	Effective	House Bill								Senate Amendment							
		1998	1999	2000	2001	2002	1998-02	2003-07	1998-07	1998	1999	2000	2001	2002	1998-02	2003-07	1998-07
11. Iowa demonstration project.....	DOE	----- No Provision -----								----- No Revenue Effect -----							
12. Modify section 6050S to require educational institutions to report grant amounts processed through and refunds made by the institution.....	tyba 12/31/98	----- No Provision -----								----- Negligible Revenue Effect -----							
1. Studies		----- No Provision -----								----- No Revenue Effect -----							
3. Study of transfer pricing enforcement.....	DOE	----- No Provision -----								----- No Revenue Effect -----							
4. Require study of willful tax non-compliance by Joint Tax, Treasury, and IRS Commissioner.....	DOE	----- No Provision -----								----- No Revenue Effect -----							
5. Study of section 7623 which allows payment to informants.....	DOE	----- No Provision -----								----- No Revenue Effect -----							
Title V. Revenue Offsets																	
B. Allow Taxpayers to use Foreign Tax Credits to Reduce Income for 1 Year Back and Carryforward 7 Years.....	ftcal tyba 12/31/98	----- No Provision -----								---	84	546	487	454	1,571	1,619	3,190
C. Clarify and Expand Math Error Procedures.....	tyea DOE	----- No Provision -----								---	12	25	26	27	90	150	240
D. Freeze Grandfathered Status of Stapled or Paired-Share REITs.....	tyea 3/26/98	----- No Provision -----								[11]	1	3	6	10	20	139	159
E. Make Certain Trade Receivables Ineligible for Mark-to-Market Treatment.....	tyea DOE	----- No Provision -----								33	317	500	333	117	1,300	386	1,686
F. Add Vaccines Against Rotavirus Gastroenteritis to the List of Taxable Vaccines (\$0.75 per dose).....	vpa DOE	----- No Provision -----								---	1	2	3	4	10	30	40
G. Restrict Special Net Operating Loss Carryback Rules for Specified Liability Losses.....	NOLgl tyba DOE	----- No Provision -----								---	---	15	32	42	89	207	296
H. Disregard Minimum Distributions in Determining AGI for IRA Conversions to a Roth IRA.....	tyba 12/31/04	----- No Provision -----								---	---	---	---	---	8,028	8,028	
I. Extend Fee for IRS Letter Rulings.....	10/1/03	----- No Provision -----								---	---	---	---	---	277	277	
J. Clarify the Meaning of "Subject To" Liabilities Under Section 357(c).....	Ta DOE	----- No Provision -----								[11]	7	12	14	16	49	110	159
Pay-Go Surplus [5].....		----- No Provision -----								---	---	---	---	---	---	406	406
SUBTOTAL: ADDITIONAL PROVISIONS IN SENATE AMENDMENT		---	---	---	---	---	---	---	---	---	202	581	316	30	1,140	7,526	6,666
NET TOTAL		375	575	108	-475	-488	96	-2,826	-2,730	515	510	682	-670	-1,026	11	-281	-271
Revenue Effect From Emergency Legislation Per Section 252(e) of the Balanced Budget and Emergency Deficit Control Act																	
1. Abate interest on underpayments by taxpayers in Presidentially declared disaster areas.....	dda 12/31/96	----- No Provision -----								-8	-25	-25	-25	-25	-108	-126	-234

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

[Legend and Footnotes for JCX-44-98 appear on the following page]

Legend and Footnotes for JCX-44-98:

Legend: (H) = House bill
{S} = Senate amendment

Legend for "Effective" column:

caia = collection actions initiated after
cata = collection actions taken after
cqba = calendar quarters beginning after
dda = disasters declared after
dma = deposits made after
DOE = date of enactment
eca = examinations commencing after
ftcal = foreign tax credits arising in
iapma = installment agreement payments made after
irifa = information returns required to be filed after
laa = liability arising after
lia = levies imposed after
na = notices after
nia = notices issued after
NOLgi = net operating losses generated in

nma = notices mailed after
pa = penalties after
pca = proceedings commencing after
pfa = petitions filed after
pia = penalties imposed after
rdb = report due before
rdnr = removal designation not required before
rfa = refunds filed after
rpa = refunds payable after
scqa = succeeding calendar quarters beginning after
si = summaries issued
soa = seizures occurring after
Soa = sales occurring after
ssa = summonses served after

Ta = transfers after
taa = taxes assessed after
tyba = taxable years beginning after
tyea = taxable years ending after
tyoea = taxable years open or ending on or after
tyoo/a = taxable years open on or after
ulb = unpaid liability before
vpa = vaccines purchased after
wa = withdrawals after
1ya = 1 year after
6ma = 6 months after
9ma = 9 months after
90da = 90 days after
180da = 180 days after

- [1] Enumeration order from JCS-5-98 contents.
- [2] Loss of less than \$1 million.
- [3] Loss of less than \$25 million.
- [4] Loss of less than \$5 million.
- [5] Estimate provided by the Congressional Budget Office.
- [6] Loss of less than \$50 million.
- [7] Effective for summonses issued after the date of enactment and protection against disclosures of trade secrets on or after 90 days after the date of enactment.
- [8] Effective for requests to extend the statute of limitations made after 12/31/99 and to all extensions of the statute of limitations on collections that are open after 12/31/99.
- [9] Generally effective for collection actions commencing after the date of enactment; collections at ACS sites effective for levies imposed after 12/31/99.
- [10] Loss of less than \$500,000.
- [11] Gain of less than \$500,000.