

ESTIMATED REVENUE EFFECTS OF H.R. 2676,  
 THE "INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998,"  
 AS PASSED BY THE SENATE ON MAY 7, 1998

Fiscal Years 1998 - 2007

[Millions of Dollars]

Provision	Effective	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-02	2003-07
<b>Title I. Executive Branch Governance.....</b>		[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[2]	[2]
<b>Title II. Electronic Filing.....</b>		----- <i>No Revenue Effect</i> -----											
<b>Title III. Taxpayer Bill of Rights 3</b>													
A. Burden of Proof (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	[1]	-234	-260	-272	-282	-269	-282	-295	-311	-326	-1,049	-1,483
B. Proceedings by Taxpayers													
1. Expansion of authority to award costs and certain fees at prevailing rate and rule 68 provision with net worth limitation (includes outlay effects).....	180da DOE	---	-14	-15	-16	-17	-20	-21	-22	-23	-25	-62	-111
2. Civil damages with respect to unauthorized collection actions (includes outlay effects).....	DOE	-2	-15	-25	-50	-30	-25	-25	-25	-25	-25	-122	-125
3. Increase in size of cases permitted on small case calendar to \$50,000.....	pca DOE	----- <i>No Revenue Effect</i> -----											
4. Expand Tax Court jurisdiction to include responsible person penalties.....	pia DOE	-11	-15	-13	-7	-7	-7	-7	-8	-8	-8	-53	-38
5. Actions for refund with respect to certain estates which have elected the installment method of payment.....	rfa DOE	----- <i>Negligible Revenue Effect</i> -----											
6. Provide Tax Court jurisdiction to review adverse IRS determination of a bond issuer's tax-exempt status.....	pfa DOE	[1]	-5	-2	-2	-2	-2	-2	-2	-2	-2	-11	-10
7. Civil action for release of erroneous lien.....	DOE	----- <i>Negligible Revenue Effect</i> -----											
C. Relief for Innocent Spouses and Persons with Disabilities													
1. Innocent spouse relief - innocent spouses would be able to elect to be liable only for tax attributable to their income (assumes no interaction with any other proposal; includes anti-abuse rule; not innocent if have actual knowledge of understatement of tax).....	laa & ulb DOE	-58	-350	-288	-273	-346	-480	-608	-773	-910	-1,071	-1,315	-3,842
2. Require the IRS to send separate notification to both spouses.....	nma DOE	----- <i>No Revenue Effect</i> -----											
3. Suspension of statute of limitations on filing refund claims during periods of disability.....	[3]	-10	-70	-35	-15	-16	-17	-18	-19	-20	-21	-146	-95
D. Provisions Relating to Interest and Penalties													
1. Elimination of interest rate differential on overlapping periods of interest on income tax overpayments and underpayments.....	tyoo/a DOE	-26	-68	-58	-61	-56	-59	-62	-65	-68	-72	-267	-326

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2. Increase refund interest rate to Applicable Federal Rate ("AFR") + 3 for individual taxpayers (includes outlay effects) [4].....	2nd & scqa DOE	---	-36	-54	-56	-59	-62	-65	-69	-72	-76	-205	-344
3. Elimination of penalty on individual's failure to pay during installment agreements (for individuals and timely filed returns only).....	iapma 12/31/99	---	---	-239	-302	-317	-338	-354	-372	-390	-410	-858	-1,864
4. Mitigation of failure to deposit penalty cascading (all taxpayers).....	dma 180da DOE	---	-47	-64	-64	-65	-66	-66	-67	-68	-68	-240	-335
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	---	---	-358	-428	-482	-514	-609	-615	-622	-628	-1,268	-2,988
6. Notices of interest and penalties must show computation.....	na 180da DOE	----- No Revenue Effect -----											
7. Require management to approve non-computer generated penalties (excluding failure to file, pay, or estimated tax payment).....	pa 180da DOE	----- Negligible Revenue Effect -----											
<b>E. Protections for Taxpayers Subject to Audit or Collection</b>													
1. Due process for IRS collection actions.....	caia 6ma DOE	---	-108	-66	-67	-69	-72	-74	-76	-78	-80	-310	-380
2. Extend the attorney client privilege to accountants and other tax practitioners.....	DOE	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[5]	[5]
3. Limitation on financial status audit techniques.....	DOE	----- No Revenue Effect -----											
4. IRS summons of computer source code.....	sia DOE & ptsib DOE	---	-26	-32	-39	-45	-53	-61	-66	-72	-74	-142	-326
5. Prohibition on extension of statute of limitations for collection beyond 10 years with estate tax exception.....	[6]	---	---	-48	-38	-31	-25	-25	-25	-25	-25	-117	-125
6. Notice of deficiency to specify deadlines for filing Tax Court petition.....	nma 12/31/98	----- Negligible Revenue Effect -----											
7. Refund or credit of overpayments before final determination.....	DOE	----- Negligible Revenue Effect -----											
8. Prohibition on improper threat of audit activity for tip reporting.....	DOE	----- No Revenue Effect -----											
9. IRS procedures relating to appeal of examinations and collections.....	DOE	----- No Revenue Effect -----											
10. Appeals videoconferencing alternative for rural areas.....	DOE	----- No Revenue Effect -----											
11. Require IRS to notify taxpayer before contacting third parties regarding IRS examination or collection activities with respect to the taxpayer (does not apply for criminal cases).....	180da DOE	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[5]	[5]
<b>F. Disclosures to Taxpayers</b>													
1. Explanation of joint and several liability.....	180da DOE	----- No Revenue Effect -----											
2. Explanation of taxpayers' rights in interviews with IRS.....	180da DOE	---	-13	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[5]	[2]
3. Disclosure of criteria for examination selection.....	180da DOE	----- No Revenue Effect -----											
4. Explanations of appeals and collection process.....	180da DOE	----- No Revenue Effect -----											
5. Require IRS to explain reason for denial for refund.....	180da DOE	----- No Revenue Effect -----											
6. Statement to taxpayers with installment agreements.....	180da DOE	----- No Revenue Effect -----											
<b>G. Low-Income Taxpayer Clinics.....</b>	DOE	----- No Revenue Effect -----											
<b>H. Other Taxpayer Rights Provisions</b>													
1. Cataloging complaints of IRS employee misconduct.....	DOE	----- No Revenue Effect -----											
2. Archive of records of IRS.....	DOE	----- No Revenue Effect -----											
3. Payment of taxes to the U.S. Treasury [4].....	DOE	----- No Revenue Effect -----											
4. Clarification of authority of Secretary relating to the making of elections.....	DOE	----- No Revenue Effect -----											

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<b>I. Studies</b>													
1. Study of penalty and interest administration and implementation.....	9ma DOE												No Revenue Effect
2. Study of confidentiality of tax return information.....	1ya DOE												No Revenue Effect
3. Study of section 7623 which allows payment to informants.....	DOE												No Revenue Effect
4. Study of transfer pricing enforcement.....	DOE												No Revenue Effect
5. Study of Milwaukee and Waukesa, WI IRS offices.....	rdb 7/1/99												No Revenue Effect
6. Require study of willful tax non-compliance by Joint Tax, Treasury, and IRS Commissioner.....	DOE												No Revenue Effect
7. Report on tax complexity.....	DOE												No Revenue Effect
<b>J. Limits on Seizure Authority</b>													
1. IRS to implement approval process for liens, levies, or seizures.....	[7]												Negligible Revenue Effect
2. Prohibit the IRS from selling taxpayer's property for less than the minimum bid.....	Soa DOE												No Revenue Effect
3. 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												Negligible Revenue Effect
4. 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 Revenue Effect
5. 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	[1]	-5	-5	-5	-5	-6	-6	-6	-6	-6	-21	-30
6. Require the IRS to immediately release a levy upon agreement that the amount is not collectible.....	lia 12/31/99												Negligible Revenue Effect
7. Codify IRS administrative procedures for seizure of taxpayer's property.....	DOE												No Revenue Effect
8. Suspend collection by levy during refund suit.....	tyba 12/31/98												Negligible Revenue Effect
9. Require District Counsel review of jeopardy and termination assessments and jeopardy levies.....	taa DOE												Negligible Revenue Effect
10. Codify certain fair debt collection procedures.....	DOE												No Revenue Effect
11. Ensure availability of installment agreements.....	DOE												No Revenue Effect
12. Increase superpriority dollar limits.....	DOE												Negligible Revenue Effect
13. Permit personal delivery of section 6672(b) notices.....	DOE												No Revenue Effect
14. Allow taxpayers to quash all third-party summonses.....	ssa DOE												Negligible Revenue Effect
15. Permit service of summonses by mail or in person.....	ssa DOE												No Revenue Effect
16. Waive the 10% early withdrawal tax when IRA or qualified plan is levied.....	wa 12/31/99	---	---	-1	-3	-4	-4	-5	-5	-5	-5	-9	-24
17. Prohibit seizure of residences in small deficiency cases....	DOE												Negligible Revenue Effect
18. Require the IRS to exhaust all payment options before seizing a business or principal residence.....	aa DOE												No Revenue Effect
<b>K. Offers-in-Compromise</b>													
1. Rights of taxpayers entering into offers-in-compromise.....	DOE	[1]	[2]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[5]	[2]
2. Prohibit IRS rejection of low-income taxpayer's offer-in-compromise based on amount of offer.....	osa DOE												No Revenue Effect
3. 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.....	osa DOE												No Revenue Effect
4. Prohibit the IRS from requiring a financial statement for offer-in-compromise based solely on doubt as to liability....	DOE												No Revenue Effect
5. Suspend collection by levy while offer-in-compromise is pending.....	12/31/99												Negligible Revenue Effect

Provision	Effective	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-02	2003-07
6. Rejected offers-in-compromise and requests for installment agreements to be reviewed.....	oara DOE	----- <i>No Revenue Effect</i> -----											
<b>L. Additional Items</b>													
1. IRS notices must contain name and telephone number of IRS employee to contact.....	1/1/00	----- <i>No Revenue Effect</i> -----											
2. Require approval of use of pseudonyms by IRS employees.....	DOE	----- <i>No Revenue Effect</i> -----											
3. National Office conferences without field personnel.....	DOE	----- <i>No Revenue Effect</i> -----											
4. Require the IRS to end the use of the illegal tax protestor label.....	rdnrb 1/1/99	----- <i>No Revenue Effect</i> -----											
5. Modify section 6103 to allow the tax-writing committees to obtain data from IRS employees regarding employee and taxpayer abuse.....	DOE	----- <i>No Revenue Effect</i> -----											
6. Publish telephone numbers for local IRS offices.....	180da DOE	----- <i>No Revenue Effect</i> -----											
7. Alternative to Social Security numbers for tax return preparers.....	DOE	----- <i>No Revenue Effect</i> -----											
8. Treasury cannot implement Notice 98-11 regulations for 6 months, with no inference about transition rules.....	DOE	-8	-36	-10	-6	-3	-3	-2	-1	-1	-1	-63	-8
9. 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	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	-1	-1
10. Provide electronic access to certain IRS information on the Internet.....	DOE	----- <i>No Revenue Effect</i> -----											
11. Iowa demonstration project.....	DOE	----- <i>No Revenue Effect</i> -----											
12. Require Spanish IRS telephone services.....	1/1/00	----- <i>No Revenue Effect</i> -----											
13. Live person help line.....	1/1/00	----- <i>No Revenue Effect</i> -----											
14. Prohibit Government officers and employees from requesting taxpayers to give up their rights to sue.....	DOE	----- <i>No Revenue Effect</i> -----											
15. Require information to taxpayers concerning disclosure of their income tax return information to parties outside the IRS.....	180da DOE	----- <i>No Revenue Effect</i> -----											
16. Abate interest on underpayments by taxpayers in Presidentially declared disaster areas.....	dda 12/31/96	----- <i>No Revenue Effect</i> -----											
17. Modify section 6050S to require educational institutions to report grant amounts processed through and refunds made by the institution.....	tyba 12/31/98	----- <i>Negligible Revenue Effect</i> -----											
18. State fish and wildlife permits.....	DOE	[1]	-3	-3	-3	-3	-3	-3	-3	-3	-3	-12	-15
<b>Subtotal of Taxpayer Protections.....</b>		<b>-120</b>	<b>-1,054</b>	<b>-1,583</b>	<b>-1,715</b>	<b>-1,847</b>	<b>-2,033</b>	<b>-2,303</b>	<b>-2,522</b>	<b>-2,717</b>	<b>-2,934</b>	<b>-6,319</b>	<b>-12,508</b>
<b>Title IV. Congressional Accountability for the IRS.....</b>		----- <i>No Revenue Effect</i> -----											
<b>Title V. Revenue Offsets</b>													
A. Overrule <i>Schmidt Baking</i> with Respect to Vacation and Severance Pay.....	tyea DOE	603	1,141	1,160	141	148	156	163	172	180	189	3,193	860
B. Allow Taxpayers to use Foreign Tax Credits to Reduce Income for 1 Year Back and Carryforward 7 Years.....	ftcai tyba 12/31/98	---	84	546	487	454	424	394	271	267	263	1,571	1,619
C. Clarify and Expand Math Error Procedures.....	tyea DOE	---	12	25	26	27	28	29	30	31	32	90	150
D. Freeze Grandfathered Status of Stapled or Paired-Share REITs.....	tyea 3/26/98	[9]	1	3	6	10	14	19	26	35	45	20	139

Provision	Effective	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-02	2003-07
E. Make Certain Trade Receivables Ineligible for Mark-to-Market Treatment With Spread.....	tyea DOE	33	317	500	333	117	70	73	77	81	85	1,300	386
F. Add Vaccines Against Rotavirus Gastroenteritis to the List of Taxable Vaccines (\$0.75 per dose).....	vpa DOE	---	1	2	3	4	5	6	6	6	7	10	30
G. Authorize the Federal Government to Offset a Federal Income Tax Refund to Satisfy a Past Due, Legally Owing State Income Tax Debt (expand to administrative hearing).....	rpa 12/31/98	---	2	3	3	3	3	3	4	4	4	11	18
H. Restrict Special Net Operating Loss Carryback Rules for Specified Liability Losses.....	NOLgi tyba DOE	---	---	15	32	42	43	41	40	41	42	89	207
I. Disregard Minimum Distributions in Determining AGI for IRA Conversions to a Roth IRA.....	tyba 12/31/04	---	---	---	---	---	---	---	2,362	2,854	2,812	---	8,028
J. Extend Fee for IRS Letter Rulings.....	10/1/03	---	---	---	---	---	---	64	67	71	75	---	277
K. Clarify the Meaning of "Subject To" Liabilities Under Section 357(c).....	Ta DOE	[9]	7	12	14	16	18	20	22	24	26	49	110
<b>Subtotal of Revenue Offsets.....</b>		<b>636</b>	<b>1,565</b>	<b>2,266</b>	<b>1,045</b>	<b>821</b>	<b>761</b>	<b>812</b>	<b>3,077</b>	<b>3,594</b>	<b>3,580</b>	<b>6,333</b>	<b>11,824</b>
<b>Title VI. Tax Technical Corrections.....</b>		----- <i>No Revenue Effect</i> -----											
<b>Pay-Go Surplus [4].....</b>		---	---	---	---	---	29	61	93	97	126	---	406
<b>NET TOTAL .....</b>		<b>515</b>	<b>510</b>	<b>682</b>	<b>-670</b>	<b>-1,026</b>	<b>-1,243</b>	<b>-1,430</b>	<b>648</b>	<b>974</b>	<b>772</b>	<b>11</b>	<b>-281</b>
<b>Revenue Effect From Emergency Legislation Per Section 252(e) of the Balanced Budget and Emergency Deficit Control Act</b>													
1. Abate interest on underpayments by taxpayers in Presidentially declared disaster areas.....	dda 12/31/96	-8	-25	-25	-25	-25	-25	-25	-25	-25	-25	-108	-126

Joint Committee on Taxation

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

Legend for "Effective" column:

- |   |   |   |
|---|---|---|
| aa = actions after                                | oara = offers and requests after                    | Soa = sales occurring after             |
| caia = collection actions initiated after         | osa = offers-in-compromise submitted after          | ssa = summonses served after            |
| cata = collection actions taken after             | pa = penalties after                                | Ta = transfers after                    |
| dda = disasters declared after                    | pca = proceedings commencing after                  | taa = taxes assessed after              |
| dma = deposits made after                         | pfa = petitions filed after                         | tyba = taxable years beginning after    |
| DOE = date of enactment                           | pfsib = protection for summonses issued before      | tyea = taxable years ending after       |
| eca = examinations commencing after               | pia = penalties imposed after                       | tyoo/a = taxable years open on or after |
| ftcai = foreign tax credits arising in            | rdp = report due before                             | ulb = unpaid liability before           |
| iapma = installment agreement payments made after | rdnrb = removal designation not required before     | vpa = vaccines purchased after          |
| laa = liability arising after                     | rfa = refunds filed after                           | wa = withdrawals after                  |
| lia = levies imposed after                        | rpa = refunds payable after                         | 1ya = 1 year after                      |
| na = notices after                                | scqa = succeeding calendar quarters beginning after | 6ma = 6 months after                    |
| NOLgi = net operating losses generated in         | sia = summonses issued after                        | 9ma = 9 months after                    |
| nma = notices mailed after                        | soa = seizures occurring after                      | 180da = 180 days after                  |

[Footnotes for JCX-42-98 appear on the following page]

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**Footnotes for JCX-42-98:**

- [1] Loss of less than \$1 million.
- [2] Loss of less than \$5 million.
- [3] Effective for periods of disability before, on or after the date of enactment but would not apply to any claim for refund or credit which (without regard to the proposed provision) is barred by the statute of limitations as of 1/1/98.
- [4] Estimate provided by the Congressional Budget Office.
- [5] Loss of less than \$25 million.
- [6] 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.
- [7] Generally effective for collection actions commencing after the date of enactment; collections at ACS sites effective for levies imposed after 12/31/99.
- [8] Loss of less than \$500,000.
- [9] Gain of less than \$500,000.