

Access to Tax Information by the Department of Veterans Affairs: H.R. 5008 (Dependency and Indemnity Compensation Reform Act of 1992), Scheduled for Markup in the Committee on Ways and Means, August 5, 1992

Present Law

The Internal Revenue Code prohibits disclosure of tax returns and return information of taxpayers, with exceptions for authorized disclosure to certain Governmental entities in certain enumerated instances (sec. 6103). Unauthorized disclosure is a felony punishable by a fine not exceeding \$5,000 or imprisonment of not more than five years, or both (sec. 7213). An action for civil damages also may be brought for unauthorized disclosure (sec. 7431).

Among the disclosures permitted under the Code is disclosure to the Department of Veterans Affairs (DVA) of self-employment tax information and certain tax information supplied to the IRS and SSA by third parties. Disclosure is permitted to assist DVA in determining eligibility for, and establishing correct benefit amounts under, certain of its needs-based pension and other programs (sec. 6103(1)(7)(D)(viii)). The income tax returns filed by the veterans themselves are not disclosed to DVA.

The DVA disclosure provision is scheduled to expire after September 30, 1992. It was added to the Code by section 8051 of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508).

H.R. 5008, As Reported by the Committee on Veterans' Affairs

On July 29, 1992, the House Committee on Veterans' Affairs ordered reported H.R. 5008, the Dependency and Indemnity Compensation Reform Act of 1992. Section 303 of that bill extends this authority to disclose tax information to the DVA for five years. The DVA disclosure provision would be effective October 1, 1992, and would expire after September 30, 1997.

Possible Option

Report favorably H.R. 5008, as reported by the Committee on Veterans' Affairs, without amendment.

Previous Committee and House Action

This provision was included in H.R. 776 (the Comprehensive National Energy Policy Act) (sec. 2034), as favorably reported by the Committee on Ways and Means and as passed by the House of Representatives.