

ESTIMATED REVENUE EFFECTS OF H.R. 2676,
 THE "INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998,"
 AS REPORTED BY THE SENATE COMMITTEE ON FINANCE AND MODIFIED BY THE ROTH FINANCING AMENDMENT

Fiscal Years 1998 - 2007

[Millions of Dollars]

Provision	Effective	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-02	2003-07
Title I. Executive Branch Governance													<i>No Revenue Effect</i>
Title II. Electronic Filing													<i>No Revenue Effect</i>
Title III. Taxpayer Bill of Rights 3													
A. Burden of Proof.....	eca DOE	[1]	-221	-232	-243	-256	-269	-282	-295	-311	-326	-953	-1,483
B. Proceedings by Taxpayers													
1. Expansion of authority to award costs and certain fees at prevailing rate and CFR 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
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 & uib DOE	-58	-350	-288	-273	-346	-480	-608	-773	-910	-1,071	-1,315	-3,842
2. Reports on collection activity against spouses.....	bi 1999												<i>No Revenue Effect</i>
3. Suspension of statute of limitations on filing refund claims during periods of disability.....	[2]	-10	-70	-35	-15	-16	-17	-18	-19	-20	-21	-146	-95
4. Require the IRS to send separate notification to both spouses by certified mail.....	nma DOE												<i>No Revenue Effect</i>
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	[1]	-9	-28	-42	-54	-57	-60	-63	-66	-69	-134	-315
2. Increase refund interest rate to Applicable Federal Rate ("AFR") + 3 for individual taxpayers (includes outlay effects) [3].....	cqba DOE	-5	-51	-54	-56	-59	-62	-65	-69	-72	-76	-225	-344

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3. Elimination of penalty on individual's failure to pay during installment agreements (for individuals and timely filed returns only).....	iapma DOE	-29	-272	-287	-302	-317	-338	-354	-372	-390	-410	-1,207	-1,864
4. Mitigations 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 -----											
E. Protections for Taxpayers Subject to Audit or Collection													
1. Due process for IRS collection actions.....	caia 6ma DOE	---	-45	-1	-1	-1	-1	-1	-1	-1	-1	-48	-5
2. Extend the attorney client privilege to accountants and other tax practitioners for tax advice of accountant and other tax practitioners.....	DOE	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[5]
3. Expand the Taxpayer Advocate's authority to issue taxpayer assistance orders.....	DOE	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[4]	[4]
4. Limitation on financial status audit techniques.....	DOE	----- No Revenue Effect -----											
5. IRS summons of computer source code.....	sia DOE & pfsib DOE	---	-26	-32	-39	-45	-53	-61	-66	-72	-74	-142	-326
6. Prohibition on extension of statute of limitations for collection beyond 10 years with estate tax exception.....	[6]	-6	-44	-38	-31	-25	-25	-25	-25	-25	-25	-144	-125
7. Notice of deficiency to specify deadlines for filing Tax Court petition.....	nma 12/31/98	----- Negligible Revenue Effect -----											
8. Refund or credit of overpayments before final determination.....	DOE	----- Negligible Revenue Effect -----											
9. Prohibition on improper threat of audit activity for tip reporting.....	DOE	----- No Revenue Effect -----											
10. Codify existing IRS procedures relating to appeal of examinations and collections and increase independence of appeals function.....	DOE	----- No Revenue Effect -----											
11. Appeals videoconferencing alternative for rural areas.....	DOE	----- No Revenue Effect -----											
12. 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	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[5]
F. Disclosures to Taxpayers													
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]	[4]
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 -----											
G. Low-Income Taxpayer Clinics.....	DOE	----- No Revenue Effect -----											
H. Other Taxpayer Rights Provisions													
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 [3].....	DOE	----- No Revenue Effect -----											

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6. Rejected offers-in-compromise and requests for installment agreements to be reviewed.....	oara DOE	----- No Revenue Effect -----											
7. Appeals review of rejected offers-in-compromise.....	osa DOE	----- No Revenue Effect -----											
L. Additional Items													
1. Prohibit using tax enforcement results to evaluate IRS employees.....	DOE	----- No Revenue Effect -----											
2. IRS notices must contain name and telephone number of IRS employee to contact.....	60da DOE	----- No Revenue Effect -----											
3. Require approval of use of pseudonyms by IRS employees.....	DOE	----- No Revenue Effect -----											
4. National Office conferences without field personnel.....	DOE	----- No Revenue Effect -----											
5. Require the IRS to end the use of the illegal tax protestor label.....	DOE	----- No Revenue Effect -----											
6. Modify section 6103 to allow the tax-writing committees to obtain data from IRS employees regarding employee and taxpayer abuse.....	DOE	----- No Revenue Effect -----											
7. Publish telephone numbers for local IRS offices.....	1/1/99	----- No Revenue Effect -----											
8. Alternative to Social Security numbers for tax return preparers.....	DOE	----- No Revenue Effect -----											
9. Expand Alternative Dispute Resolution; binding arbitration pilot program.....	DOE	----- No Revenue Effect -----											
10. Treasury can not implement 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
11. 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	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	-1	-1
Subtotal of Taxpayer Protections.....		-137	-1,251	-1,499	-1,592	-1,742	-1,957	-2,225	-2,442	-2,635	-2,849	-6,223	-12,110
Title IV. Congressional Accountability for the IRS.....		----- No Revenue Effect -----											
Title V. Revenue Offsets													
A. Repeal Schmidt Baking 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	[8]	1	3	6	10	14	19	26	35	45	20	139
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.....	rda DOE	2	2	3	3	3	3	3	4	4	4	13	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

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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
Subtotal of Revenue Offsets.....		638	1,558	2,254	1,031	805	743	792	3,055	3,570	3,554	6,286	11,714
Title VI. Tax Technical Corrections.....		----- <i>No Revenue Effect</i> -----											
Title VII. Pay-Go Surplus [3].....		---	---	---	---	---	29	61	93	97	126	---	406
NET TOTAL		501	307	755	-561	-937	-1,185	-1,372	706	1,032	831	63	10

Joint Committee on Taxation

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

Legend for "Effective" column:

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> aa = actions after bi = beginning in caca = collection actions commenced after caia = collection actions initiated after cata = collection actions taken after cqba = calendar quarters beginning after dma = deposits made after DOE = date of enactment eca = examinations commencing after ftcai = foreign tax credits arising in iapma = installment agreement payments made after la = levies after laa = liability arising after lia = levies imposed after | <ul style="list-style-type: none"> na = notices after NOLgi = net operating losses generated in nma = notices mailed after oara = offers and requests after osa = offers-in-compromise submitted after pa = penalties after pca = proceedings commencing after pfa = petitions filed after pfsib = protection for summonses issued before pia = penalties imposed after rda = refunds due after rfa = refunds filed after sia = summonses issued after soa = seizures occurring after | <ul style="list-style-type: none"> Soa = sales occurring after ssa = summonses served after taa = taxes assessed after tao/a = taxes assessed on or after tyba = taxable years beginning after tyea = taxable years ending after ulb = unpaid liability before vpa = vaccines purchased after 1ya = 1 year after 6ma = 6 months after 9ma = 9 months after 60da = 60 days after 180da = 180 days after |
|--|---|---|

- [1] Loss of less than \$1 million.
- [2] 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.
- [3] Estimate provided by the Congressional Budget Office.
- [4] Loss of less than \$5 million.
- [5] Loss of less than \$25 million.
- [6] Effective for requests to extend the statute of limitations made after the date of enactment and to all extensions of the statute of limitations on collections that are open 180 days after the date of enactment.
- [7] Loss of less than \$500,000.
- [8] Gain of less than \$500,000.