

Additional Revenue-Related Provision in the
President's Fiscal Year 1991 Budget Proposal:
Access to Tax Information by the
Department of Veterans Affairs¹

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. Unauthorized disclosure is a felony punishable by a fine not exceeding \$5,000 or imprisonment of not more than five years, or both.

Among the disclosures permitted under the Code is disclosure of return information to Federal, State, and local agencies administering certain programs under the Social Security Act or the Food Stamp Act of 1977. This disclosure, pursuant to a written request by the agency, is for the purpose of determining eligibility for, and the correct amount of benefits under, certain enumerated programs. The Department of Veterans Affairs (DVA) is not currently authorized to receive this information.

President's Budget Proposal

The President's budget proposal would allow disclosure of tax information to the Department of Veterans Affairs (DVA) to assist DVA in verifying the income of pension beneficiaries.

Prior Action

A similar provision was included in H.R. 3299, The Omnibus Budget Reconciliation Act of 1989, as passed by the House. A similar provision, approved by the Senate Finance Committee, was also included in S. 1750, The Omnibus Budget Reconciliation Act of 1989, as reported by the Senate Budget Committee; the provision was removed from that bill by Senate floor amendment. The provision was not included in the conference agreement on the Omnibus Budget Reconciliation Act of 1989.

¹ This provision was not included in the Department of the Treasury, General Explanations of the President's Budget Proposals Affecting Receipts, January 1990. It is presented on page A-1000 of the Budget of the United States Government, Fiscal Year 1991.