

NATIONAL TAXPAYER ADVOCATE

2019 Purple Book

Compilation of Legislative Recommendations to Strengthen
Taxpayer Rights and Improve Tax Administration

INTRODUCTION

We are pleased to present the second edition of the National Taxpayer Advocate Purple Book. In it, we provide a concise summary of 58 legislative recommendations that we believe will strengthen taxpayer rights and improve tax administration.

Section 7803(c)(2)(B)(ii)(VIII) of the Internal Revenue Code (IRC) requires the National Taxpayer Advocate to propose legislative recommendations to resolve problems encountered by taxpayers. Last year, we decided to compile and publish this Purple Book to make the legislative recommendations contained in the main volumes of the National Taxpayer Advocate's Annual Reports to Congress as accessible and user-friendly as possible.

Toward that end, each proposal is presented in a format similar to the one used for congressional committee reports, with "Present Law," "Reasons for Change," and "Recommendation(s)" sections. To assist Members of Congress and staff who interested in our proposals, we include a footnote at the end of each recommendation that identifies bills introduced in prior years that are generally consistent with what we are recommending. Because of the large number of bills introduced in each Congress, we almost surely have failed to list every relevant bill. We apologize for our inadvertent oversights.

We also have compiled a chart, which appears at the end of this volume, that lists reference material. In addition to identifying a greater number of prior bills, the chart provides references to more detailed issue discussions that have been included in prior National Taxpayer Advocate reports.

In last year's Purple Book, we made 50 legislative recommendations. One—a proposal to hold taxpayers harmless when the IRS improperly levies on a retirement account—was enacted into law.¹ At least 20 others were included in comprehensive tax administration bills—notably, H.R. 5444, the Taxpayer First Act of 2018, which the House passed on a vote of 414-0;² S. 3246, also known as the Taxpayer First Act, which was co-sponsored by Senate Finance Committee Chairman Hatch and Ranking Member Wyden; and S. 3278, the Protecting Taxpayers Act, which was introduced by Senator Portman and Senator Cardin, who two decades ago were the House sponsors of the landmark IRS Restructuring and Reform Act of 1998.

Although none of these bills made it across the finish line last year and the National Taxpayer Advocate does not endorse every provision in every bill, these bills—and others—would go a long way toward helping

1 Bipartisan Budget Act, Pub. L. No. 115-123, § 41104, 132 Stat. 64, 155-157 (2018) (adding a new subsection (f) to IRC § 6343).

2 The House passed similar versions of the Taxpayer First Act twice in December 2018. See Taxpayer First Act of 2018, H.R. 7227, 115th Cong. (2018); H.R. 88, Division B, 115th Cong. (2018) (as passed by the House on Dec. 20, 2018). None of these bills were approved by the Senate. Because these two bills were introduced and approved as this report was going to press and because most provisions were identical to H.R. 5444, this report generally references only the provisions of H.R. 5444. Note, however, that there were some differences between the bills.

taxpayers and modernizing the IRS. We are hopeful Congress will pass comprehensive tax administration legislation in 2019.

The Office of the Taxpayer Advocate is an independent organization within the IRS that advocates for the interests of taxpayers. The office is non-partisan, and we have dubbed this the “Purple Book” because the color purple, as a mix of red and blue, has come to symbolize bipartisanship. The House approval of H.R. 5444 on a 414-0 vote underscores that tax administration is an area where bipartisan cooperation is achievable and is often the norm.

We believe most of the recommendations presented in this volume are non-controversial, common sense reforms that will strengthen taxpayer rights and improve tax administration. We hope the tax-writing committees and other Members of Congress find it useful.