

119<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1983

To amend title 31, United States Code, to direct the Secretary of the Treasury to regulate tax return preparers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2025

Mr. COHEN introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title 31, United States Code, to direct the Secretary of the Treasury to regulate tax return preparers, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

3        **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Tax Return Preparer  
5        Accountability Act of 2025”.

6        **SEC. 2. REGULATION OF TAX RETURN PREPARERS.**

7        (a) IN GENERAL.—Subsection (a) of section 330 of  
8        title 31, United States Code, is amended—

9                (1) by striking paragraph (1) and inserting the  
10        following:

1 “(1) regulate—

2 “(A) the practice of representatives of per-  
3 sons before the Department of the Treasury;  
4 and

5 “(B) the practice of tax return preparers;  
6 and”; and

7 (2) in paragraph (2)—

8 (A) by inserting “or a tax return preparer  
9 to prepare tax returns” after “practice”;

10 (B) by inserting “or tax return preparer”  
11 before “demonstrate”; and

12 (C) by inserting “or in preparing their tax  
13 returns, claims for refund, or documents in con-  
14 nection with tax returns or claims for refund”  
15 after “cases” in subparagraph (D).

16 (b) AUTHORITY TO SANCTION REGULATED TAX RE-  
17 TURN PREPARERS.—Subsection (c) of section 330 of title  
18 31, United States Code, is amended—

19 (1) by striking “before the Department”;

20 (2) by inserting “or tax return preparer” after  
21 “representative” each place it appears; and

22 (3) in paragraph (4), by striking “misleads or  
23 threatens” and all that follows and inserting “mis-  
24 leads or threatens—

1           “(A) any person being represented or any  
2           prospective person being represented; or

3           “(B) any person or prospective person  
4           whose tax return, claim for refund, or document  
5           in connection with a tax return or claim for re-  
6           fund, is being or may be prepared.”.

7           (c) MINIMUM COMPETENCY STANDARDS FOR TAX  
8           RETURN PREPARERS.—Section 330 of title 31, United  
9           States Code, is amended by adding at the end the fol-  
10          lowing new subsection:

11          “(f) TAX RETURN PREPARERS.—

12           “(1) IN GENERAL.—Any tax return preparer  
13           shall demonstrate minimum competency standards  
14           under this subsection by—

15           “(A) obtaining an identifying number for  
16           securing proper identification of such preparer  
17           as described in section 6109(a)(4) of the Inter-  
18           nal Revenue Code of 1986;

19           “(B) satisfying any examination and an-  
20           nual continuing education requirements as pre-  
21           scribed by the Secretary; and

22           “(C) completing a background check ad-  
23           ministered by the Secretary.

24           “(2) EXEMPTION.—The Secretary shall exempt  
25           tax return preparers who have been subject to com-

1       parable examination, continuing education require-  
2       ments, and background checks administered by the  
3       Secretary or any comparable State licensing pro-  
4       gram. Such exemption shall extend directly to indi-  
5       viduals who are supervised by such preparers and  
6       are not required to secure an identification number  
7       under section 6109(a)(4).”.

8       (d) TAX RETURN PREPARER DEFINED.—Section  
9       330 of title 31, United States Code, as amended by sub-  
10      section (c), is amended by adding at the end the following  
11      new subsection:

12       “(g) TAX RETURN PREPARER.—For purposes of this  
13      section—

14               “(1) IN GENERAL.—The term ‘tax return pre-  
15              parer’ has the meaning given such term under sec-  
16              tion 7701(a)(36) of the Internal Revenue Code of  
17              1986.

18               “(2) TAX RETURN.—The term ‘tax return’ has  
19              the meaning given to the term ‘return’ under section  
20              6696(e)(1) of the Internal Revenue Code of 1986.

21               “(3) CLAIM FOR REFUND.—The term ‘claim for  
22              refund’ has the meaning given such term under sec-  
23              tion 6696(e)(2) of such Code.”.

24       (e) AMENDMENTS WITH RESPECT TO IDENTIFYING  
25      NUMBER.—

1           (1) IN GENERAL.—Section 6109(a) of the In-  
2           ternal Revenue Code of 1986 is amended by striking  
3           paragraph (4) and inserting the following:

4           “(4) FURNISHING IDENTIFYING NUMBER OF  
5           TAX RETURN PREPARER.—

6           “(A) IN GENERAL.—Any return or claim  
7           for refund prepared by a tax return preparer  
8           shall bear such identifying number for securing  
9           proper identification of such preparer, his em-  
10          ployer, or both, as may be prescribed. For pur-  
11          poses of this paragraph, the terms ‘return’ and  
12          ‘claim for refund’ have the respective meanings  
13          given to such terms by section 6696(e).

14          “(B) EXCEPTION.—Subparagraph (A)  
15          shall not apply with respect to the preparation  
16          of any return or claim for refund by a tax re-  
17          turn preparer if—

18                 “(i) such return or claim is prepared  
19                 by such preparer while such preparer is  
20                 employed by an attorney, certified public  
21                 accountant, or enrolled agent firm, and

22                 “(ii) such preparer prepares such re-  
23                 turn or claim under the supervision and di-  
24                 rection of a tax return preparer who signs  
25                 such return or claim and is an attorney,

1 certified public accountant, or enrolled  
2 agent.”.

3 (2) CLARIFICATION OF RESCISSION AUTHOR-  
4 ITY.—Section 6109 of such Code is amended by in-  
5 sserting after subsection (d) the following new sub-  
6 section:

7 “(e) AUTHORITY TO RESCIND IDENTIFYING NUM-  
8 BER OF TAX RETURN PREPARER.—

9 “(1) IN GENERAL.—The Secretary may rescind  
10 an identifying number issued under subsection  
11 (a)(4) if—

12 “(A) after notice and opportunity for a  
13 hearing, the preparer is shown to be incom-  
14 petent or disreputable (as such terms are used  
15 in subsection (c) of section 330 of title 31,  
16 United States Code); and

17 “(B) rescinding the identifying number  
18 would promote compliance with the require-  
19 ments of this title and effective tax administra-  
20 tion.

21 “(2) RECORDS.—If an identifying number is re-  
22 scinded under paragraph (1), the Secretary shall  
23 place in the file in the Office of the Director of Pro-  
24 fessional Responsibility the opinion of the Secretary  
25 with respect to the determination, including—

1           “(A) a statement of the facts and cir-  
2           cumstances relating to the determination; and

3           “(B) the reasons for the rescission.”.

4           (3) EFFECTIVE DATE.—The amendments made  
5           by this subsection shall apply to returns filed after  
6           the date of the enactment of this Act.

7 **SEC. 3. TECHNOLOGY UPDATES AT INTERNAL REVENUE**  
8           **SERVICE.**

9           (a) IMPLEMENTATION OF AUTOMATED FORMULA TO  
10 IDENTIFY TAXPAYERS AT RISK OF ECONOMIC HARD-  
11 SHIP.—As soon as practicable, the Secretary of the Treas-  
12 ury (or the Secretary’s delegate), shall implement at the  
13 Internal Revenue Service an algorithm that will enable the  
14 Internal Revenue Service to—

15           (1) identify taxpayers at high risk of economic  
16           hardship (as defined by the Secretary in regula-  
17           tions),

18           (2) ask questions of taxpayers who contact the  
19           Internal Revenue Service regarding a balance due  
20           for purposes of identifying those at risk of hardship,

21           (3) in the case of taxpayers at risk of economic  
22           hardship who seek to enter into streamlined install-  
23           ment agreements online, to notify such taxpayers of  
24           the resources available to them,

1           (4) determine whether to exclude taxpayers'  
2 debts from automated collection treatments such as  
3 the Federal Payment Levy Program, the private  
4 debt collection program, and passport certification,  
5 and

6           (5) rank cases for collection priority.

7           (b) SECURITY STANDARDS FOR TAX SOFTWARE.—  
8 The Secretary of the Treasury (or the Secretary's dele-  
9 gate), shall—

10           (1) as soon as practicable, promulgate such reg-  
11 ulations and guidance as are necessary to prescribe  
12 information security standards for all tax software  
13 providers, and

14           (2) annually thereafter, review and update such  
15 standards.

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