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119TH CONGRESS
2D SESSION

H. R. 9481

To amend the Internal Revenue Code of 1986 to improve responses by the Internal Revenue Service to claims for refund, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2026

Ms. ROSS (for herself, Mr. PANETTA, and Ms. DELAURO) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to improve responses by the Internal Revenue Service to claims for refund, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Restoring Efficiency in Taxpayer Updates, Refunds, and Notifications Act’’ or the ‘‘RETURN Act’’.

SEC. 2. RESPONSES TO CLAIMS FOR REFUND REQUIRED.

(a) IN GENERAL.—Subsection (l) of section 6402 of the Internal Revenue Code of 1986 is amended to read as follows:

"(l) EXPLANATION OF REASON FOR REFUND DISALLOWANCE.—

"(1) IN GENERAL.—Not later than the applicable date, the Secretary shall review any claim for refund, make a determination with respect to such claim, and, in the case of a disallowance of such claim (in whole or in part), provide the taxpayer with a detailed written explanation for such disallowance, which shall—

"(A) be mailed to the last known address of the taxpayer, and

"(B) in the case of any taxpayer entitled to an appeal of such determination, include instructions for appealing such disallowance to the Internal Revenue Service Independent Office of Appeals.

"(2) FAILURE TO MAKE TIMELY DETERMINATION.—

"(A) IN GENERAL.—In the case of any claim for refund for which the Secretary fails to satisfy the requirements of paragraph (1) by the applicable date, for purposes of determining interest on any overpayment for any period subsequent to such date, the overpayment rate (as established under section 6621(a)(1)) shall be increased by 1 percentage point.

"(B) LIMITATION.—With respect to any claim for refund described in subparagraph (A), the amount of any increase in interest on any overpayment pursuant to such subparagraph shall not exceed $500.

"(C) ADJUSTMENT FOR INFLATION.—

"(i) IN GENERAL.—In the case of any claim for refund filed during any calendar year beginning after 2026, the $500 amount in subparagraph (B) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2024' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(ii) ROUNDING.—If any amount determined under clause (i) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

"(3) FRIVOLOUS CLAIMS.—

"(A) IN GENERAL.—In the case of any frivolous claim—

"(i) paragraph (1) shall not apply, and

"(ii) not later than the applicable date, written notification of the denial of such claim shall be mailed to the last known address of the taxpayer.

"(B) DEFINITION.—For purposes of this paragraph, the term 'frivolous claim' means a claim for refund which is based on a position which—

"(i) a Federal court has determined to be frivolous, and

"(ii) the Secretary has identified as frivolous for purposes of subsection (c) of section 6702.

"(4) APPLICABLE DATE.—For purposes of this subsection, the term 'applicable date' means, with respect to any claim for refund—

"(A) the date which is 12 months after the date of receipt of such claim by the Secretary, or

"(B) such other date as is agreed to by the Secretary and the taxpayer.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any claim for refund received after the date which is 12 months after the date of enactment of this Act.

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