

119TH CONGRESS  
2D SESSION

# S. 4752

To amend the Internal Revenue Code of 1986 to increase criminal and civil penalties for unauthorized disclosure of taxpayer information, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 11, 2026

Mr. DAINES (for himself and Ms. CORTEZ MASTO) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to increase criminal and civil penalties for unauthorized disclosure of taxpayer information, 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. MODIFICATIONS TO PENALTIES FOR UNAU-**  
4 **THORIZED DISCLOSURES OF TAXPAYER IN-**  
5 **FORMATION.**

6 (a) CRIMINAL PENALTIES.—

7 (1) IN GENERAL.—Paragraphs (1), (2), (3),  
8 (4), and (5) of section 7213(a) of the Internal Rev-  
9 enue Code of 1986 are each amended by striking

1 “\$5,000, or imprisonment of not more than 5 years”  
2 each place it appears and inserting “\$250,000, or  
3 imprisonment of not more than 7 years”.

4 (2) FAILURE OF CONTRACTORS TO MAINTAIN  
5 SAFEGUARDS.—

6 (A) IN GENERAL.—Part I of subchapter A  
7 of chapter 75 of subtitle F of the Internal Rev-  
8 enue Code of 1986 is amended by inserting  
9 after section 7213A the following new section:

10 **“SEC. 7213B. FAILURE OF IRS CONTRACTORS TO MAINTAIN**  
11 **SAFEGUARDS.**

12 “(a) IN GENERAL.—In the case of a contractor of  
13 the Internal Revenue Service that willfully fails to imple-  
14 ment or enforce any applicable requirement under section  
15 6103 (or regulations prescribed thereunder) to protect the  
16 confidentiality of returns or return information, if such  
17 failure results in the unauthorized disclosure of returns  
18 or return information, such contractor shall be guilty of  
19 a felony and, upon conviction thereof, shall be fined the  
20 greater of—

21 “(1) \$500,000, or

22 “(2) an amount equal to 25 percent of the total  
23 amount obligated under all contracts with the Inter-  
24 nal Revenue Service during the first fiscal year in  
25 which such contractor was provided access to any re-

1 turns or return information related to the unauthor-  
 2 ized disclosure.

3 “(b) DEFINITIONS.—For purposes of this section, the  
 4 term ‘contractor of the Internal Revenue Service’ means  
 5 any person described in section 6103(n) (including any of-  
 6 ficer or employee of such person) in connection with a  
 7 written contract with the Internal Revenue Service.”.

8 (B) CLERICAL AMENDMENT.—The table of  
 9 sections for part I of subchapter A of chapter  
 10 75 of subtitle F of the Internal Revenue Code  
 11 of 1986 is amended by inserting after the item  
 12 relating to section 7213A the following new  
 13 item:

“Sec. 7213B. Failure of IRS contractors to maintain safeguards.”.

14 (C) CONFORMING AMENDMENTS.—

15 (i) Section 6103(e)(11) of such Code  
 16 is amended by inserting “7213B,” after  
 17 “7213A,”.

18 (ii) Section 6105(d) of such Code is  
 19 amended by inserting “7213B,” after  
 20 “7213A,”.

21 (iii) Section 7431(e) of such Code is  
 22 amended by striking the first sentence and  
 23 inserting the following: “If any person is  
 24 criminal charged by indictment or informa-  
 25 tion with—

1           “(1) inspection or disclosure of a taxpayer’s re-  
2           turn or return information in violation of—

3                   “(A) paragraph (1) or (2) of section  
4           7213(a),

5                   “(B) section 7213A(a), or

6                   “(C) subparagraph (B) of section  
7           1030(a)(2) of title 18, United States Code, or

8           “(2) failure to protect the confidentiality of re-  
9           turns or return information which results in the un-  
10          authorized disclosure of the taxpayer’s return or re-  
11          turn information in violation of section 7213B(a),

12          the Secretary shall notify such taxpayer as soon as prac-  
13          ticable of such inspection or disclosure.”.

14                   (iv) Section 7513(c) of such Code is  
15                   amended by striking “section 7213” and  
16                   inserting “sections 7213 and 7213B”.

17          (b) CIVIL DAMAGES.—Section 7431(c)(1)(A) of the  
18          Internal Revenue Code of 1986 is amended by striking  
19          “\$1,000” and inserting “\$5,000”.

20          (c) EFFECTIVE DATE.—The amendments made by  
21          this section shall apply to disclosures or inspections made  
22          after the date of the enactment of this Act.

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