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117TH CONGRESS
2D SESSION

H. R. 9612

To direct the Secretary of the Treasury to report to Congress regarding audit rates of taxpayers claiming the adoption tax credit and regarding the audit practices for refundable and nonrefundable personal tax credits.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2022

Mr. MOORE of Utah (for himself and Mr. SMUCKER) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To direct the Secretary of the Treasury to report to Congress regarding audit rates of taxpayers claiming the adoption tax credit and regarding the audit practices for refundable and nonrefundable personal tax credits.

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 ''Protecting Adopting Families from Audits Act''.

SEC. 2. ANNUAL REPORTS TO CONGRESS REGARDING AUDIT RATES OF TAXPAYERS CLAIMING THE ADOPTION TAX CREDIT.

(a) INITIAL REPORT IN 2023.—

(1) IN GENERAL.—Not later than December 31, 2023, the Secretary of the Treasury shall submit a written report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate comparing the auditing rate of individuals who claim the adoption tax credit to the auditing rate of comparable individuals who did not claim such credit. Such report shall include the following information stated separately with respect to taxable years beginning in or with each of calendar years 2008 through 2019:

(A) The auditing rate for individuals who claim the adoption tax credit for such taxable year, and such rate determined separately (for each such taxable year) for:

(i) Each State (determined on the basis of mailing address).

(ii) Joint returns.

(iii) Returns other than joint returns.

(B) The auditing rate for comparable individuals who did not claim the adoption tax credit for such taxable year, and such rate determined separately (for each such taxable) for each category described in clauses (i), (ii), and (iii) of subparagraph (A).

(2) COMPARABLE INDIVIDUAL.—For purposes of this subsection, the term ''comparable individual'' means, with respect to any taxable year, any individual who files an income tax return for such taxable year and whose adjusted gross income (as defined in section 23(b)(2)(B) of the Internal Revenue Code of 1986) for such taxable year does not exceed the dollar amount of adjusted gross income (as so defined) at which the adoption tax credit is reduced to zero for such taxable year.

(b) ANNUAL REPORTS.—

(1) FIRST ANNUAL REPORT IN 2024.—Not later than the close of calendar year 2024, the Secretary of the Treasury shall submit a written report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate including the information described in subparagraphs (A) and (B) of subsection (a)(1) with respect to taxable years beginning in or with calendar year 2020.

(2) SUBSEQUENT ANNUAL REPORTS THROUGH 2036.—With respect to each calendar year after

2024 and before 2037, paragraph (1) shall be applied by increasing "2024" and "2020" by the number of years equal to the excess of—

(A) such calendar year, over

(B) 2024.

SEC. 3. REPORT TO CONGRESS REGARDING AUDITING PRACTICES FOR REFUNDABLE AND NONREFUNDABLE PERSONAL TAX CREDITS.

(a) IN GENERAL.—Not later than December 31, 2023, the Secretary of the Treasury shall submit a written report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding audit practices of the Internal Revenue Service with respect to individuals who claim refundable credits and individuals who claim nonrefundable credits. Such report shall include—

(1) a comparison (stated separately for various income categories) of the auditing rate for individuals who claim one or more refundable credits (other than any credit which constitutes an overpayment of tax) and the auditing rate for individuals who claim one or more nonrefundable personal credits, and

(2) a description of any policies or practices of the Internal Revenue Service which create, or which would tend to create, a discrepancy between the au-

diting rates of the taxpayers described in paragraph (1).

(b) PROTECTION OF TAX ADMINISTRATION AND PREVENTION OF FRAUD.—The description referred to in subsection (a)(2) shall be as detailed as possible without disclosing information which would impair tax administration or aid in the commission of fraud.

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