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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To provide a taxpayer bill of rights for small businesses.

IN THE HOUSE OF REPRESENTATIVES

Mr. KUSTOFF introduced the following bill; which was referred to the
Committee on _____

A BILL

To provide a taxpayer bill of rights for small businesses.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Small Business Taxpayer Bill of Rights Act of 2025”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Modification of standards for awarding of costs and certain fees.
- Sec. 3. Civil damages allowed for reckless or intentional disregard of internal revenue laws.
- Sec. 4. Modifications relating to certain offenses by officers and employees in connection with revenue laws.

- Sec. 5. Modifications relating to civil damages for unauthorized inspection or disclosure of returns and return information.
- Sec. 6. Ban on ex parte discussions.
- Sec. 7. Right to independent conference.
- Sec. 8. Alternative dispute resolution procedures.
- Sec. 9. Increase in monetary penalties for certain unauthorized disclosures of information.
- Sec. 10. Ban on raising new issues on appeal.
- Sec. 11. Limitation on enforcement of liens against principal residences.
- Sec. 12. Additional provisions relating to mandatory termination for misconduct.
- Sec. 13. Review by the Treasury Inspector General for Tax Administration.
- Sec. 14. Deduction for expenses relating to certain audits.
- Sec. 15. Term limit for National Taxpayer Advocate.
- Sec. 16. Release of IRS levy due to economic hardship for business taxpayers.
- Sec. 17. Repeal of partial payment requirement on submissions of offers-in-compromise.

1 **SEC. 2. MODIFICATION OF STANDARDS FOR AWARDING OF**
2 **COSTS AND CERTAIN FEES.**

3 (a) **SMALL BUSINESSES ELIGIBLE WITHOUT RE-**
4 **GARD TO NET WORTH.**—Subparagraph (D) of section
5 7430(c)(4) of the Internal Revenue Code of 1986 is
6 amended by striking “and” at the end of clause (i)(II),
7 by striking the period at the end of clause (ii) and insert-
8 ing “, and”, and by adding at the end the following new
9 clause:

10 “(iii) in the case of an eligible small
11 business, the net worth limitation in clause
12 (ii) of such section shall not apply.”.

13 (b) **ELIGIBLE SMALL BUSINESS.**—Paragraph (4) of
14 section 7430(c) of the Internal Revenue Code of 1986 is
15 amended by adding at the end the following new subpara-
16 graph:

17 “(F) **ELIGIBLE SMALL BUSINESS.**—

1 “(i) IN GENERAL.—For purposes of
2 subparagraph (D)(iii), the term ‘eligible
3 small business’ means, with respect to any
4 proceeding commenced in a taxable year—

5 “(I) a corporation the stock of
6 which is not publicly traded,

7 “(II) a partnership, or

8 “(III) a sole proprietorship,
9 if the average annual gross receipts of such
10 corporation, partnership, or sole propri-
11 etorship for the 3-taxable-year period pre-
12 ceding such taxable year does not exceed
13 \$50,000,000. For purposes of applying the
14 test under the preceding sentence, rules
15 similar to the rules of paragraphs (2) and
16 (3) of section 448(c) shall apply.

17 “(ii) ADJUSTMENT FOR INFLATION.—
18 In the case of any calendar year after
19 2025, the \$50,000,000 amount in clause
20 (i) shall be increased by an amount equal
21 to—

22 “(I) such dollar amount, multi-
23 plied by

24 “(II) the cost-of-living adjust-
25 ment determined under section 1(f)(3)

1 for such calendar year, determined by
2 substituting ‘calendar year 2024’ for
3 ‘calendar year 2016’ in subparagraph
4 (A)(ii) thereof.

5 If any amount as increased under the pre-
6 ceding sentence is not a multiple of \$500,
7 such amount shall be rounded to the next
8 lowest multiple of \$500.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to proceedings commenced after
11 the date of the enactment of this Act.

12 **SEC. 3. CIVIL DAMAGES ALLOWED FOR RECKLESS OR IN-**
13 **TENTIONAL DISREGARD OF INTERNAL REV-**
14 **ENUE LAWS.**

15 (a) INCREASE IN AMOUNT OF DAMAGES.—

16 (1) IN GENERAL.—Section 7433(b) of the In-
17 ternal Revenue Code of 1986 is amended by striking
18 “\$1,000,000 (\$100,000, in the case of negligence)”
19 and inserting “\$5,000,000 (\$500,000, in the case of
20 negligence)”.

21 (2) ADJUSTMENT FOR INFLATION.—Section
22 7433 of such Code is amended by adding at the end
23 the following new subsection:

24 “(f) ADJUSTMENT FOR INFLATION.—In the case of
25 any calendar year after 2025, the \$5,000,000 and

1 \$500,000 amounts in subsection (b) shall each be in-
2 creased by an amount equal to—

3 “(1) such dollar amount, multiplied by

4 “(2) the cost-of-living adjustment determined
5 under section 1(f)(3) for such calendar year, deter-
6 mined by substituting ‘calendar year 2023’ for ‘cal-
7 endar year 2016’ in subparagraph (A)(ii) thereof.

8 If any amount as increased under the preceding sentence
9 is not a multiple of \$500, such amount shall be rounded
10 to the next lowest multiple of \$500.”.

11 (b) EXTENSION OF TIME TO BRING ACTION.—Sec-
12 tion 7433(d)(3) of the Internal Revenue Code of 1986 is
13 amended by striking “2 years” and inserting “5 years”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to actions of employees of the In-
16 ternal Revenue Service after the date of the enactment
17 of this Act.

18 **SEC. 4. MODIFICATIONS RELATING TO CERTAIN OFFENSES**
19 **BY OFFICERS AND EMPLOYEES IN CONNEC-**
20 **TION WITH REVENUE LAWS.**

21 (a) INCREASE IN PENALTY.—Section 7214 of the In-
22 ternal Revenue Code of 1986 is amended—

23 (1) by striking “\$10,000” in subsection (a) and
24 inserting “\$25,000”, and

1 (2) by striking “\$5,000” in subsection (b) and
2 inserting “\$10,000”.

3 (b) ADJUSTMENT FOR INFLATION.—Section 7214 of
4 the Internal Revenue Code of 1986, as amended by sub-
5 section (a), is amended by redesignating subsection (c) as
6 subsection (d) and by inserting after subsection (b) the
7 following new subsection:

8 “(c) ADJUSTMENT FOR INFLATION.—In the case of
9 any calendar year after 2025, the \$25,000 amount in sub-
10 section (a) and the \$10,000 amount in subsection (b) shall
11 each be increased by an amount equal to—

12 “(1) such dollar amount, multiplied by

13 “(2) the cost-of-living adjustment determined
14 under section 1(f)(3) for such calendar year, deter-
15 mined by substituting ‘calendar year 2024’ for ‘cal-
16 endar year 2016’ in subparagraph (A)(ii) thereof.

17 If any amount as increased under the preceding sentence
18 is not a multiple of \$100, such amount shall be rounded
19 to the next lowest multiple of \$100.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall take effect on the date of the enactment
22 of this Act.

1 **SEC. 5. MODIFICATIONS RELATING TO CIVIL DAMAGES FOR**
2 **UNAUTHORIZED INSPECTION OR DISCLO-**
3 **SURE OF RETURNS AND RETURN INFORMA-**
4 **TION.**

5 (a) INCREASE IN AMOUNT OF DAMAGES.—Subpara-
6 graph (A) of section 7431(c)(1) of the Internal Revenue
7 Code of 1986 is amended by striking “\$1,000” and insert-
8 ing “\$10,000”.

9 (b) ADJUSTMENT FOR INFLATION.—Section 7431 of
10 the Internal Revenue Code of 1986 is amended by adding
11 at the end the following new subsection:

12 “(i) ADJUSTMENT FOR INFLATION.—In the case of
13 any calendar year after 2025, the \$10,000 amount in sub-
14 section (c)(1)(A) shall be increased by an amount equal
15 to—

16 “(1) such dollar amount, multiplied by

17 “(2) the cost-of-living adjustment determined
18 under section 1(f)(3) for such calendar year, deter-
19 mined by substituting ‘calendar year 2024’ for ‘cal-
20 endar year 2016’ in subparagraph (A)(ii) thereof.

21 If any amount as increased under the preceding sentence
22 is not a multiple of \$100, such amount shall be rounded
23 to the next lowest multiple of \$100.”.

24 (c) PERIOD FOR BRINGING ACTION.—Subsection (d)
25 of section 7431 of the Internal Revenue Code of 1986 is
26 amended by striking “2 years” and inserting “5 years”.

1 (d) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to inspections and disclosure occur-
3 ring on and after the date of the enactment of this Act.

4 **SEC. 6. BAN ON EX PARTE DISCUSSIONS.**

5 (a) IN GENERAL.—Notwithstanding section
6 1001(a)(4) of the Internal Revenue Service Restructuring
7 and Reform Act of 1998, the Internal Revenue Service
8 shall prohibit any ex parte communications between offi-
9 cers in the Internal Revenue Service Independent Office
10 of Appeals and other Internal Revenue Service employees
11 with respect to any matter pending before such officers.

12 (b) TERMINATION OF EMPLOYMENT FOR MIS-
13 CONDUCT.—Subject to subsection (c), the Commissioner
14 of Internal Revenue shall terminate the employment of
15 any employee of the Internal Revenue Service if there is
16 a final administrative or judicial determination that such
17 employee committed any act or omission prohibited under
18 subsection (a) in the performance of the employee’s official
19 duties. Such termination shall be a removal for cause on
20 charges of misconduct.

21 (c) DETERMINATION OF COMMISSIONER.—

22 (1) IN GENERAL.—The Commissioner of Inter-
23 nal Revenue may take a personnel action other than
24 termination for an act prohibited under subsection

25 (a).

1 (2) DISCRETION.—The exercise of authority
2 under paragraph (1) shall be at the sole discretion
3 of the Commissioner of Internal Revenue and may
4 not be delegated to any other officer. At the sole dis-
5 cretion of the Commissioner of Internal Revenue,
6 such Commissioner may establish a procedure which
7 will be used to determine whether an individual
8 should be referred to the Commissioner of Internal
9 Revenue for a determination by the Commissioner
10 under paragraph (1).

11 (3) NO APPEAL.—Any determination of the
12 Commissioner of Internal Revenue under this sub-
13 section may not be appealed in any administrative or
14 judicial proceeding.

15 (d) TIGTA REPORTING OF TERMINATION OR MITI-
16 GATION.—Section 7803(d)(1)(E) of the Internal Revenue
17 Code of 1986 is amended by inserting “or section 6 of
18 the Small Business Taxpayer Bill of Rights Act of 2025”
19 after “1998”.

20 **SEC. 7. RIGHT TO INDEPENDENT CONFERENCE.**

21 Section 1001 of the Internal Revenue Service Re-
22 structuring and Reform Act of 1998 is amended by redес-
23 ignating subsection (c) as subsection (d) and by inserting
24 after subsection (b) the following new subsection:

1 “(c) RIGHT TO INDEPENDENT CONFERENCE.—
2 Under the organization plan of the Internal Revenue Serv-
3 ice, a taxpayer shall have the right to a conference with
4 the Internal Revenue Service Independent Office of Ap-
5 peals which does not include personnel from the Office of
6 Chief Counsel for the Internal Revenue Service or the
7 compliance functions of the Internal Revenue Service un-
8 less the taxpayer specifically consents to the participation
9 of such personnel.”.

10 **SEC. 8. ALTERNATIVE DISPUTE RESOLUTION PROCE-**
11 **DURES.**

12 (a) IN GENERAL.—Section 7123 of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end the
14 following new subsection:

15 “(d) AVAILABILITY OF DISPUTE RESOLUTIONS.—

16 “(1) IN GENERAL.—The procedures prescribed
17 under subsection (b)(1) and the pilot program estab-
18 lished under subsection (b)(2) shall provide that a
19 taxpayer may request mediation or arbitration in
20 any case unless the Secretary has specifically ex-
21 cluded the type of issue involved in such case or the
22 class of cases to which such case belongs as not ap-
23 propriate for resolution under such subsection. The
24 Secretary shall make any determination that ex-
25 cludes a type of issue or a class of cases public with-

1 in 5 working days and provide an explanation for
2 each determination.

3 “(2) INDEPENDENT MEDIATORS.—

4 “(A) IN GENERAL.—The procedures pre-
5 scribed under subsection (b)(1) shall provide
6 the taxpayer an opportunity to elect to have the
7 mediation conducted by an independent, neutral
8 individual not employed by the Internal Rev-
9 enue Service Independent Office of Appeals.

10 “(B) COST AND SELECTION.—

11 “(i) IN GENERAL.—Any taxpayer
12 making an election under subparagraph
13 (A) shall be required—

14 “(I) to share the costs of such
15 independent mediator equally with the
16 Internal Revenue Service Independent
17 Office of Appeals, and

18 “(II) to limit the selection of the
19 mediator to a roster of recognized na-
20 tional or local neutral mediators.

21 “(ii) EXCEPTION.—Clause (i)(I) shall
22 not apply to any taxpayer who is an indi-
23 vidual or who was a small business in the
24 preceding calendar year if such taxpayer
25 had an adjusted gross income that did not

1 exceed 250 percent of the poverty level, as
2 determined in accordance with criteria es-
3 tablished by the Director of the Office of
4 Management and Budget, in the taxable
5 year preceding the request.

6 “(iii) SMALL BUSINESS.—For pur-
7 poses of clause (ii), the term ‘small busi-
8 ness’ has the meaning given such term
9 under section 41(b)(3)(D)(iii).

10 “(3) AVAILABILITY OF PROCESS.—The proce-
11 dures prescribed under subsection (b)(1) and the
12 pilot program established under subsection (b)(2)
13 shall provide the opportunity to elect mediation or
14 arbitration at the time when the case is first filed
15 with the Internal Revenue Service Independent Of-
16 fice of Appeals and at any time before deliberations
17 in the appeal commence.”

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall take effect on the date of the enactment
20 of this Act.

21 **SEC. 9. INCREASE IN MONETARY PENALTIES FOR CERTAIN**
22 **UNAUTHORIZED DISCLOSURES OF INFORMA-**
23 **TION.**

24 (a) IN GENERAL.—Paragraphs (1), (2), (3), and (4)
25 of section 7213(a) of the Internal Revenue Code of 1986

1 are each amended by striking “\$5,000” and inserting
2 “\$10,000”.

3 (b) ADJUSTMENT FOR INFLATION.—Subsection (a)
4 of section 7213 of the Internal Revenue Code of 1986 is
5 amended by adding at the end the following new para-
6 graph:

7 “(6) ADJUSTMENT FOR INFLATION.—In the
8 case of any calendar year after 2025, the \$10,000
9 amounts in paragraphs (1), (2), (3), and (4) shall
10 each be increased by an amount equal to—

11 “(A) such dollar amount, multiplied by

12 “(B) the cost-of-living adjustment deter-
13 mined under section 1(f)(3) for such calendar
14 year, determined by substituting ‘calendar year
15 2023’ for ‘calendar year 2016’ in subparagraph
16 (A)(ii) thereof.

17 If any amount as increased under the preceding sen-
18 tence is not a multiple of \$100, such amount shall
19 be rounded to the next lowest multiple of \$100.”.

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

1 **SEC. 10. BAN ON RAISING NEW ISSUES ON APPEAL.**

2 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
3 enue Code of 1986 is amended by adding at the end the
4 following new section:

5 **“SEC. 7531. PROHIBITION ON INTERNAL REVENUE SERVICE**
6 **RAISING NEW ISSUES IN AN INTERNAL AP-**
7 **PEAL.**

8 “(a) IN GENERAL.—In reviewing an appeal of any
9 determination initially made by the Internal Revenue
10 Service, the Internal Revenue Service Independent Office
11 of Appeals may not consider or decide any issue that is
12 not within the scope of the initial determination.

13 “(b) CERTAIN ISSUES DEEMED OUTSIDE OF SCOPE
14 OF DETERMINATION.—For purposes of subsection (a), the
15 following matters shall be considered to be not within the
16 scope of a determination:

17 “(1) Any issue that was not raised in a notice
18 of deficiency or an examiner’s report which is the
19 subject of the appeal.

20 “(2) Any deficiency in tax which was not in-
21 cluded in the initial determination.

22 “(3) Any theory or justification for a tax defi-
23 ciency which was not considered in the initial deter-
24 mination.

25 “(c) NO INFERENCE WITH RESPECT TO ISSUES
26 RAISED BY TAXPAYERS.—Nothing in this section shall be

1 construed to provide any limitation in addition to any limi-
2 tations in effect on the date of the enactment of this sec-
3 tion on the right of a taxpayer to raise an issue, theory,
4 or justification on an appeal from a determination initially
5 made by the Internal Revenue Service that was not within
6 the scope of the initial determination.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for chapter 77 of the Internal Revenue Code of 1986 is
9 amended by adding at the end the following new item:

“Sec. 7531. Prohibition on Internal Revenue Service raising new issues in an
internal appeal.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to matters filed or pending with
12 the Internal Revenue Service Independent Office of Ap-
13 peals on or after the date of the enactment of this Act.

14 **SEC. 11. LIMITATION ON ENFORCEMENT OF LIENS AGAINST**
15 **PRINCIPAL RESIDENCES.**

16 (a) IN GENERAL.—Section 7403(a) of the Internal
17 Revenue Code of 1986 is amended—

18 (1) by striking “In any case” and inserting the
19 following:

20 “(1) IN GENERAL.—In any case”; and

21 (2) by adding at the end the following new
22 paragraph:

23 “(2) LIMITATION WITH RESPECT TO PRINCIPAL
24 RESIDENCE.—

1 “(A) IN GENERAL.—Paragraph (1) shall
2 not apply to any property used as the principal
3 residence of the taxpayer (within the meaning
4 of section 121) unless the Secretary of the
5 Treasury makes a written determination that—

6 “(i) all other property of the taxpayer,
7 if sold, is insufficient to pay the tax or dis-
8 charge the liability, and

9 “(ii) such action will not create an
10 economic hardship for the taxpayer.

11 “(B) DELEGATION.—For purposes of this
12 paragraph, the Secretary of the Treasury may
13 not delegate any responsibilities under subpara-
14 graph (A) to any person other than—

15 “(i) the Commissioner of Internal
16 Revenue, or

17 “(ii) a district director or assistant
18 district director of the Internal Revenue
19 Service.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to actions filed after the date of
22 the enactment of this Act.

1 **SEC. 12. ADDITIONAL PROVISIONS RELATING TO MANDA-**
2 **TORY TERMINATION FOR MISCONDUCT.**

3 (a) **TERMINATION OF UNEMPLOYMENT FOR INAP-**
4 **PROPRIATE REVIEW OF TAX-EXEMPT STATUS.**—Section
5 1203(b) of the Internal Revenue Service Restructuring
6 and Reform Act of 1998 (26 U.S.C. 7804 note) is amend-
7 ed by striking “and” at the end of paragraph (9), by strik-
8 ing the period at the end of paragraph (10) and inserting
9 “; and”, and by adding at the end the following new para-
10 graph:

11 “(11) in the case of any review of an applica-
12 tion for tax-exempt status by an organization de-
13 scribed in section 501(c) of the Internal Revenue
14 Code of 1986, developing or using any methodology
15 that applies disproportionate scrutiny to any appli-
16 cant based on the ideology expressed in the name or
17 purpose of the organization.”.

18 (b) **MANDATORY UNPAID ADMINISTRATIVE LEAVE**
19 **FOR MISCONDUCT.**—Paragraph (1) of section 1203(c) of
20 the Internal Revenue Service Restructuring and Reform
21 Act of 1998 (26 U.S.C. 7804 note) is amended by adding
22 at the end the following new sentence: “Notwithstanding
23 the preceding sentence, if the Commissioner of Internal
24 Revenue takes a personnel action other than termination
25 for an act or omission described in subsection (b), the

1 Commissioner shall place the employee on unpaid adminis-
2 trative leave for a period of not less than 90 days.”.

3 (c) **LIMITATION ON ALTERNATIVE PUNISHMENT.**—
4 Paragraph (1) of section 1203(c) of the Internal Revenue
5 Service Restructuring and Reform Act of 1998 (26 U.S.C.
6 7804 note) is amended by striking “The Commissioner”
7 and inserting “Except in the case of an act or omission
8 described in subsection (b)(3)(A), the Commissioner”.

9 **SEC. 13. REVIEW BY THE TREASURY INSPECTOR GENERAL**
10 **FOR TAX ADMINISTRATION.**

11 (a) **REVIEW.**—Subsection (k)(1) of section 412 of
12 title 5, United States Code, is amended—

13 (1) in subparagraph (C), by striking “and” at
14 the end;

15 (2) by redesignating subparagraph (D) as sub-
16 paragraph (E);

17 (3) by inserting after subparagraph (C) the fol-
18 lowing new subparagraph:

19 “(D) shall—

20 “(i) review any criteria employed by
21 the Internal Revenue Service to select tax
22 returns (including applications for recogni-
23 tion of tax-exempt status) for examination
24 or audit, assessment or collection of defi-
25 ciencies, criminal investigation or referral,

1 refunds for amounts paid, or any height-
2 ened scrutiny or review in order to deter-
3 mine whether the criteria discriminates
4 against taxpayers on the basis of race, reli-
5 gion, or political ideology; and

6 “(ii) consult with the Internal Rev-
7 enue Service on recommended amendments
8 to such criteria in order to eliminate any
9 discrimination identified pursuant to the
10 review described in clause (i); and”; and

11 (4) in subparagraph (E), as so redesignated, by
12 striking “and (C)” and inserting “(C), and (D)”.

13 (b) SEMIANNUAL REPORT.—Subsection (g) of section
14 412 of title 5, United States Code, is amended by adding
15 at the end the following new paragraph:

16 “(3) SEMIANNUAL REPORTS.—Any semiannual
17 report made by the Treasury Inspector General for
18 Tax Administration that is required pursuant to sec-
19 tion 405(b) shall include—

20 “(A) a statement affirming that the Treas-
21 ury Inspector General for Tax Administration
22 has reviewed the criteria described in subsection
23 (k)(1)(D) and consulted with the Internal Rev-
24 enue Service regarding such criteria; and

1 “(B) a description and explanation of any
2 such criteria that was identified as discrimina-
3 tory by the Treasury Inspector General for Tax
4 Administration.”.

5 **SEC. 14. DEDUCTION FOR EXPENSES RELATING TO CER-**
6 **TAIN AUDITS.**

7 (a) IN GENERAL.—Subsection (a) of section 62 of the
8 Internal Revenue Code of 1986 is amended by inserting
9 after paragraph (21) the following new paragraph:

10 “(22) EXPENSES RELATING TO CERTAIN AU-
11 DITS.—The deduction allowed by section 224.”.

12 (b) DEDUCTION FOR EXPENSES RELATING TO CER-
13 TAIN AUDITS.—Part VII of subchapter B of chapter 1 of
14 the Internal Revenue Code of 1986 is amended by redesignig-
15 nating section 224 as section 225 and by inserting after
16 section 223 the following new section:

17 **“SEC. 224. EXPENSES RELATING TO CERTAIN AUDITS.**

18 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
19 individual, there shall be allowed as a deduction for the
20 taxable year an amount equal to so much of the qualified
21 NRP expenses paid or incurred during the taxable year
22 as does not exceed \$5,000.

23 “(b) QUALIFIED NRP EXPENSES.—For purposes of
24 this section, the term ‘qualified NRP expenses’ means
25 amounts which but for subsection (c) would be allowed as

1 a deduction under section 162 or 212(3) in connection
2 with an audit of the taxpayer's return of the tax imposed
3 by this chapter for any taxable year under the National
4 Research Program, but only if such audit results in no
5 increase in the tax liability of the taxpayer for such taxable
6 year.

7 “(c) DENIAL OF DOUBLE BENEFIT.—No deduction
8 shall be allowed under any other provision of this chapter
9 for any amount for which a deduction is allowed under
10 this section.”.

11 (c) CLERICAL AMENDMENT.—The table of sections
12 for part VII of subchapter B of chapter 1 of the Internal
13 Revenue Code of 1986 is amended by striking the item
14 relating to section 224 and by inserting after the item re-
15 lating to section 223 the following new items:

“Sec. 224. Expenses relating to certain audits.

“Sec. 225. Cross reference.”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

19 **SEC. 15. TERM LIMIT FOR NATIONAL TAXPAYER ADVOCATE.**

20 (a) IN GENERAL.—Subparagraph (B) of section
21 7803(c)(1) of the Internal Revenue Code of 1986 is
22 amended by adding at the end the following new clause:

23 “(v) TERM.—The term of the Na-
24 tional Taxpayer Advocate shall be a 10-

1 year term, beginning with a term to com-
2 mence on the date which is 18 months
3 after the date of the enactment of the
4 Small Business Taxpayer Bill of Rights
5 Act of 2025. Each subsequent term shall
6 begin on the day after the date on which
7 the previous term expires. The National
8 Taxpayer Advocate may be appointed to
9 serve more than 1 term.”.

10 (b) EFFECTIVE DATE.—The term of any individual
11 serving as the National Taxpayer Advocate under section
12 7803(c) of the Internal Revenue Code of 1986 as of the
13 date of the enactment of this Act shall end as of the day
14 before the date which is 18 months after such date of en-
15 actment, unless such individual is reappointed as the Na-
16 tional Taxpayer Advocate for a subsequent term pursuant
17 to section 7803(c)(1)(B)(v) of such Code.

18 **SEC. 16. RELEASE OF IRS LEVY DUE TO ECONOMIC HARD-**
19 **SHIP FOR BUSINESS TAXPAYERS.**

20 (a) IN GENERAL.—Subparagraph (D) of section
21 6343(a)(1) of the Internal Revenue Code of 1986 is
22 amended by striking “or” and inserting “including the fi-
23 nancial condition of the taxpayer’s viable trade or busi-
24 ness, or”.

1 (b) DETERMINATION OF ECONOMIC HARDSHIP.—
2 Subsection (a) of section 6343 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the fol-
4 lowing new paragraph:

5 “(4) DETERMINATION OF ECONOMIC HARDSHIP
6 TO BUSINESS TAXPAYER.—In determining whether
7 to release any levy under paragraph (1)(D), the Sec-
8 retary shall consider—

9 “(A) the economic viability of the business,

10 “(B) the nature and extent of the hardship
11 created by the levy (including whether the tax-
12 payer has exercised ordinary business care and
13 prudence), and

14 “(C) the potential harm to individuals if
15 the business is liquidated.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to levies made after the date of
18 the enactment of this Act.

19 **SEC. 17. REPEAL OF PARTIAL PAYMENT REQUIREMENT ON**
20 **SUBMISSIONS OF OFFERS-IN-COMPROMISE.**

21 (a) IN GENERAL.—Section 7122 of the Internal Rev-
22 enue Code of 1986 is amended by striking subsection (c)
23 and by redesignating subsections (d), (e), (f), and (g) as
24 subsections (c), (d), (e), and (f), respectively.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Paragraph (3) of section 7122(c) of the In-
2 ternal Revenue Code of 1986, as redesignated by
3 subsection (a), is amended by inserting “and” at the
4 end of subparagraph (A), by striking “, and” at the
5 end of subparagraph (B) and inserting a period, and
6 by striking subparagraph (C).

7 (2) Section 7122 of such Code, as amended by
8 this section, is amended by adding at the end the
9 following new subsection:

10 “(g) APPLICATION OF USER FEE.—In the case of
11 any assessed tax or other amounts imposed under this title
12 with respect to such tax which is the subject of an offer-
13 in-compromise, such tax or other amounts shall be reduced
14 by any user fee imposed under this title with respect to
15 such offer-in-compromise.”.

16 (3) Section 6159(g) of such Code is amended
17 by striking “section 7122(e)” and inserting “section
18 7122(d)”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to offers-in-compromise submitted
21 after the date of the enactment of this Act.