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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

# H. R.

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

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## IN THE HOUSE OF REPRESENTATIVES

Ms. Ross introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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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.

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 “Restoring Efficiency  
5 in Taxpayer Updates, Refunds, and Notifications Act” or  
6 the “RETURN Act”.

1 **SEC. 2. RESPONSES TO CLAIMS FOR REFUND REQUIRED.**

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

5 “(l) EXPLANATION OF REASON FOR REFUND DIS-  
6 ALLOWANCE.—

7 “(1) IN GENERAL.—Not later than the applica-  
8 ble date, the Secretary shall review any claim for re-  
9 fund, make a determination with respect to such  
10 claim, and, in the case of a disallowance of such  
11 claim (in whole or in part), provide the taxpayer  
12 with a detailed written explanation for such disallow-  
13 ance, which shall—

14 “(A) be mailed to the last known address  
15 of the taxpayer, and

16 “(B) in the case of any taxpayer entitled  
17 to an appeal of such determination, include in-  
18 structions for appealing such disallowance to  
19 the Internal Revenue Service Independent Of-  
20 fice of Appeals.

21 “(2) FAILURE TO MAKE TIMELY DETERMINA-  
22 TION.—

23 “(A) IN GENERAL.—In the case of any  
24 claim for refund for which the Secretary fails to  
25 satisfy the requirements of paragraph (1) by  
26 the applicable date, for purposes of determining

1 interest on any overpayment for any period sub-  
2 sequent to such date, the overpayment rate (as  
3 established under section 6621(a)(1)) shall be  
4 increased by 1 percentage point.

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

10 “(C) ADJUSTMENT FOR INFLATION.—

11 “(i) IN GENERAL.—In the case of any  
12 claim for refund filed during any calendar  
13 year beginning after 2026, the \$500  
14 amount in subparagraph (B) shall be in-  
15 creased by an amount equal to—

16 “(I) such dollar amount, multi-  
17 plied by

18 “(II) the cost-of-living adjust-  
19 ment determined under section 1(f)(3)  
20 for the calendar year, determined by  
21 substituting ‘calendar year 2024’ for  
22 ‘calendar year 2016’ in subparagraph  
23 (A)(ii) thereof.

24 “(ii) ROUNDING.—If any amount de-  
25 termined under clause (i) is not a multiple

1 of \$50, such amount shall be rounded to  
2 the nearest multiple of \$50.

3 “(3) FRIVOLOUS CLAIMS.—

4 “(A) IN GENERAL.—In the case of any  
5 frivolous claim—

6 “(i) paragraph (1) shall not apply,  
7 and

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

12 “(B) DEFINITION.—For purposes of this  
13 paragraph, the term ‘frivolous claim’ means a  
14 claim for refund which is based on a position  
15 which—

16 “(i) a Federal court has determined to  
17 be frivolous, and

18 “(ii) the Secretary has identified as  
19 frivolous for purposes of subsection (c) of  
20 section 6702.

21 “(4) APPLICABLE DATE.—For purposes of this  
22 subsection, the term ‘applicable date’ means, with  
23 respect to any claim for refund—

1                   “(A) the date which is 12 months after the  
2                   date of receipt of such claim by the Secretary,  
3                   or

4                   “(B) such other date as is agreed to by the  
5                   Secretary and the taxpayer.”.

6           (b) **EFFECTIVE DATE.**—The amendment made by  
7 this section shall apply to any claim for refund received  
8 after the date which is 12 months after the date of enact-  
9 ment of this Act.