



# TaxNewsFlash

## United States

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### **Proposed regulations: Disclosure of delinquent taxpayer information to State Department passport services contractors**

The U.S. Treasury Department and IRS today released for publication in the Federal Register proposed regulations (REG-129260-16) under Code section 6103(n) to implement rules requiring the IRS to notify the U.S. State Department of “seriously delinquent tax debts” of taxpayers seeking passports (or passport renewals).

The rules also allow the State Department to disclose such taxpayer information to those contractors providing passport services for the State Department.

#### **Background**

The *Fixing America’s Surface Transportation (FAST) Act* enacted Code section 7345 to require that the IRS notify the State Department of “certified seriously delinquent tax debts,” and added Code section 6103(k)(11) providing that, upon certification under Code section 7345, the IRS is authorized to disclose the return information of a taxpayer to officers and employees of the State Department.

The FAST Act also generally requires that the State Department deny a passport (or passport renewal) in the case of an individual if notified by the IRS that the individual has been certified as having seriously delinquent tax debts and permits the State Department to revoke a previously issued passport to such person. Code section 6103(k)(11), however, did not authorize the State Department to disclose to its contractors such returns and return information of delinquent taxpayers applying for a passport or applying to renew a passport.

#### **Proposed regulations**

As explained in the preamble to today’s [proposed regulations](#) [PDF 237 KB], the State Department engages contractors to assist in carrying out its responsibilities with

respect to passports. These contractors are not “officers and employees” of the State Department.

The proposed regulations add the State Department to the list, under the section 6103(n) regulations, of agencies whose officers and employees may disclose returns and return information to any person for tax administrative purposes to the extent necessary in connection with a written service contract, specifically to contractors providing passport-related services.

Comments are due 30 days after the proposed regulations are published in the Federal Register (scheduled for March 13, 2018).

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