

For Immediate Release

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U.S. Senate Finance Committee Chairman Chuck Grassley and Ranking Member Max Baucus today released the findings of a General Accounting Office (GAO) investigation into the Internal Revenue Service (IRS), reporting that millions of taxpayer and IRS dollars could be saved through more user-friendly tax forms.

The GAO investigation into the IRS forms and instructions was completed at the request of Grassley and Baucus.

According to the GAO, between July 1997 and June 2002, the IRS used focus groups made up of individual taxpayers and its employees to critique revisions to only five individual tax forms. According to IRS officials, the agency revised about 450 tax forms and instructions in 2001, many of which were for individual income tax returns.

Grassley said, "We just had a hearing showing that more than half of individual tax filers pay someone to do their taxes for them each year. They pay a lot of money -- \$14.7 billion -- for this service. Clearly many taxpayers find the paperwork of taxpaying frustrating, and maybe even maddening. It's hard to see why the IRS doesn't spend more time developing tax forms with real life taxpayers."

"With the tax filing deadline right around the corner, I'm disturbed by the GAO findings proving that the complex IRS tax forms are causing unnecessary errors and costing thousands and thousands of dollars," Baucus said. "It's easy to see that by working more closely with taxpayers, the IRS can create filing forms that are based on common sense. This is another example of how an ounce of prevention is worth a pound of cure."

The GAO found that had the IRS used focus groups for the instructions used to calculate the rate reduction credit during the 2002 filing season, approximately two million errors could have been eliminated, saving taxpayers and the IRS \$1.5 million.

In comparison, it would cost the IRS only \$56,000 to test the forms.

Full report available at <http://www.gao.gov>

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IRS Should Reassess the Level of Resources for Testing Forms and Instructions

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