



Committee On Finance

Max Baucus, Ranking Member

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Baucus Works to Increase Taxpayers Assistance *Senator Joins Colleagues to Provide More Funds for Taxpayer Service*

(WASHINGTON, D.C.) U.S. Senator Max Baucus has introduced legislation to provide more assistance to taxpayers and promote competency among tax return preparers.

During last week's Senate Finance Committee hearing on the Tax Gap--the difference between the amount of taxes owed and the amount of taxes paid--Baucus emphasized the importance of taxpayer service in addressing the \$353 billion in taxes that goes uncollected every year. Baucus also raised concerns with administration plans to reduce taxpayer access to assistance and service.

"I have serious concerns regarding the IRS's plans to cut taxpayer service," Baucus said. "If we diminish the quality of and access to taxpayer service, honest Americans are not being well-served by their government. I urge the IRS to rethink their planned cuts. In that light, the legislation introduced today will make it easier to give millions of taxpayers more assistance and will promote ethical and competent service by tax practitioners."

The "Taxpayer Protection and Assistance Act of 2005" authorizes \$10 million in matching grants for low-income tax preparation clinics. These clinics provide tax return preparation to those who cannot afford an accountant, including those who speak English as a second language.

A provision in the bill will also address refund anticipation loans (RALs). RALs are loans based on the taxpayer's tax refund. Unfortunately, RALs can carry excessive, hidden costs. The legislation provides for more IRS regulation of RAL facilitators and requires these facilitators to disclose specific information to taxpayers.

The bill also contains a provision to ensure IRS oversight of tax return preparers. According to the National Taxpayer Advocate, over 55% of the 130 million individual taxpayers paid a tax practitioner to prepare their federal income tax returns. Yet, one-quarter to one-half are not required to hold a license or subject to any competency tests.

"There is no question our tax code is complex. That's why it is critical for taxpayers to have the help they need to comply with the law," Baucus said. "Quality taxpayer assistance is key to preserving the integrity of our voluntary tax system."

Baucus was joined by Senators Bingaman, Smith, Grassley, Akaka, Schumer, and Pryor in introducing the bill.

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