



Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release
Friday, October 13, 2006

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BAUCUS CALLS FOR SWIFT RENEWAL OF TAX PROVISIONS AS IRS PRINTING DEADLINE PASSES

After October 15, IRS must print 2006 tax forms without popular tax benefits

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, today renewed his call for Congress to pass popular tax measures as soon as possible, in light of Sunday's IRS printing deadline. The IRS has denoted October 15 as the deadline for revising the basic Form 1040, which is used by more than 120 million Americans and other 2006 tax forms. As a result, final standard forms may not include any reference to these widely-used benefits such as the research and development credit, the college tuition tax deduction and the state and local sales tax deduction, among others. Because the provisions were not passed before Congress went into pre-election recess, final forms could now be printed without these benefits. Baucus, who called repeatedly for these deductions and credits to be restored before the deadline, wants the provisions renewed as soon as Congress reconvenes in November.

“These tax measures have real value. They mean millions of dollars to millions of Americans, who are at risk of losing out because of the majority's inaction,” said Baucus. **“Time and time again, I called on Congress to renew these provisions while the IRS still had time to print the correct forms and still had time to prevent a lot of confusion. These tax cuts may not be printed on the standard tax forms once this deadline passes, but we can and we must extend these measures, so that people can still benefit from these vital tax provisions.”**

The areas in which American families and businesses now face tax increases include, but are not limited to:

- R&D tax credit
- WOTC/Welfare-to-Work incentives
- state and local sales tax deduction
- qualified tuition deduction
- deduction for teacher classroom expenses
- New Market Tax Credit (boosts investment in community development)
- Earned Income Tax Credit for military combat pay
- computer donation deduction (for equipment donations to schools and libraries)
- Indian employment tax credit for wages and health insurance

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If and when the measures are ultimately extended, IRS contingency plans include sending out notices and supplementary information. However, according to a previously released Finance Committee staff memo, there is a substantial likelihood that millions of taxpayers may miss out or not be aware of eligibility for these benefits if they no longer appear on the Form 1040. Earlier this year, these tax measures were omitted from the 2006 tax reconciliation bill in favor of extending tax cuts on capital gains and dividend income beyond 2009. The provisions were also stripped from the final pension bill to force a vote on other, controversial legislation. Last month, the majority repeatedly rejected Baucus's calls to pass the measures by themselves, exactly as written in a bill favored by the congressional leadership.

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