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# Tax Gap Report

The latest information on America's growing tax gap from U.S. Senator Max Baucus (D-Mont.), Ranking Member, U.S. Senate Finance Committee

## BAUCUS LIFTS OBJECTION TO SOLOMON NOMINATION AS PAULSON AGREES TO 2007 TESTIMONY ON TAX GAP

**Washington, DC** – U.S. Senator Max Baucus (D-Mont.) announced today that he will lift his objection to the confirmation of Eric Solomon as Assistant Treasury Secretary for Tax Policy, after receiving a commitment from Treasury Secretary Henry Paulson to testify on the \$345 billion tax gap at a Senate Finance Committee next year. Baucus has blocked Solomon's nomination over the Treasury Department's failure to provide a comprehensive, credible plan for closing the gap – the difference between taxes legally owed and taxes actually collected in a timely fashion. In a conversation with Baucus today, Paulson agreed to appear before the Finance Committee after the President's FY2008 budget is delivered to Congress next year. This paves the way for a vote on Eric Solomon's nomination as early as today.



**“I'm glad the Secretary agreed to testify before the Finance Committee about what I consider to be a vitally important economic issue, and I look forward to hearing from him about the solid goals and benchmarks that will make Treasury's tax gap plan into a real strategy for action,”** said Baucus. **“As Eric Solomon continues his exemplary public service, I fully expect that he and the Secretary will turn over a new leaf at Treasury in tackling the tax gap. I believe the Secretary and I have an understanding on the importance of this issue. I'm committed to working closely with him in the coming year.”**

Baucus first received a commitment for a comprehensive, credible strategy to close the tax gap from IRS Commissioner Mark W. Everson in June. His hold on the Solomon nomination came after Paulson and Solomon failed to promise a plan by the end of the fiscal year.

The Treasury Department did deliver a report on its tax gap strategy in September of this year. (The plan is posted at <http://www.treasury.gov/>.) But while the report included a review of causes for the tax gap, and a list of areas in which efforts to close the gap might be improved, it failed to include specific goals, standards, and timetables for implementing those efforts. Baucus has called for the Treasury to determine what percentage of voluntary compliance the IRS expects from the taxpaying public by the end of the decade, what benchmarks will be used to measure progress, and whether the IRS has the resources to carry out an effective tax gap strategy.

*Every year, hundreds of billions of dollars in legally owed taxes go uncollected in the U.S. Closing that “tax gap” will significantly strengthen America's economy. Max Baucus has spearheaded efforts to reduce factors contributing to America's growing tax gap.*