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# Tax Gap Report

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

## TREASURY DELIVERS TAX GAP PLAN TO BAUCUS

***Finance Chairman encouraged by improved strategy, will watch closely to see plan implemented by IRS***

**Washington, DC** – Senate Finance Committee Chairman Max Baucus (D-Mont.) said today that he is “encouraged” by an updated strategy from the Treasury Department to reduce the \$345 billion annual tax gap. Baucus has long called for a comprehensive and credible plan from Treasury and the Internal Revenue Service (IRS) to reduce the “tax gap” – the amount of legally owed taxes that go uncollected in the U.S. each year – and to improve the rate of voluntary compliance with America’s tax laws. In April of this year, Baucus informed Treasury and the IRS that he would expect the agency to achieve a 90% rate of voluntary compliance by 2017. The strategy delivered today in response substantially expands upon a September 2006 Treasury effort, and contains specific action items, benchmarks and timelines to achieve more effective and efficient tax administration.



**“I am very encouraged by today’s report and I believe it is an important step toward fairer and more efficient tax administration. Treasury’s plan recognizes the importance of top-notch taxpayer service, reliable research, state-of-the-art technology and smart use of enforcement resources. It dovetails with the strategic plans of the operating functions at the IRS, and contains benchmarks and timelines that are critical to a successful plan,”** said Baucus. **“I am disappointed that Treasury chose not to set a specific goal for the rate of voluntary compliance, but if Treasury sticks to this plan, significant improvements in voluntary compliance can be achieved. I intend to continue keeping a close watch on Treasury and the IRS to hold them accountable, to ensure that this plan actually is implemented and doesn’t just sit collecting dust.”**

The Treasury report contains a commitment to work with Congress and other stakeholders to reduce the tax gap through a long-term, focused effort. Key principles of the plan include reducing opportunities for tax evasion, a multi-year commitment to research, improvements in information technology, improved compliance activities, enhanced taxpayer service, reforming and simplifying tax laws, and coordinating with partners and stakeholders. The full report, “Reducing the Federal Tax Gap; A Report on Improving Voluntary Compliance,” is available from the Treasury Department.

*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.*