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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

BAUCUS WELCOMES INFO FROM TAX GAP FORUM *Finance Chairman says insight from congressional agencies can improve IRS efforts, strengthen Committee's oversight*

Washington, DC – Senate Finance Chairman Max Baucus, a leader in efforts to close the annual \$345 billion “tax gap” – which is the gulf between Federal taxes legally owed and actually collected – today welcomed new information from a forum held by the Joint Committee on Taxation, the Government Accountability Office, and the Congressional Budget Office. The forum entitled, “Tax Compliance: Options for Improvement and Their Budgetary Potential,” examined the accuracy of current tax gap projections and the potential efficacy of proposed solutions. Experts at the forum said the size of the annual tax gap is probably understated, and that an overall strategy – as Baucus has long said – is needed to solve the problem.



“Getting a handle on taxes that are owed but unpaid is vital, because those dollars are needed for health care, education, and other vital national priorities. Today, experts confirmed what I’ve always maintained – that if we’re ever going to get at the tax gap, we have to know whether we’re working with the right numbers or not. We have to make sure our resources are being targeted in the most effective way. And we need a comprehensive, long-term strategy to get the job done,” said Baucus. **“I said last month that if the Treasury Department sticks to its plan to improve compliance with our tax laws, significant progress can be made. The discussion among the congressional agencies today can help the IRS to move the ball forward, and it will certainly inform the Finance Committee’s oversight of tax gap efforts.”**

JCT, GAO, and CBO experts today discussed the need for an open-minded, flexible approach toward improving tax administration, including better Federal-state partnerships, a focus on training of IRS personnel, and a rapid response from the agency when Congress makes new laws aimed at closing the tax gap.

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 Treasury Department delivered a “tax gap strategy” to Baucus on August 2 that contained specific action items, benchmarks and timelines to achieve more effective and efficient tax administration.

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.