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## **BAUCUS CALLS FOR MORE IRS RESEARCH ON MISMATCHED TAX REPORTING DOCUMENTS**

*TIGTA report released today recommends using available resources to reconcile  
mismatched income statements and tax returns*

*Washington, DC* – Senate Finance Committee Chairman Max Baucus (D-Mont.) today called on the Internal Revenue Service (IRS) to make better use of information reporting documents in order to collect more of the \$345 billion “tax gap”- the gulf between Federal taxes legally owed and actually collected each year. A Treasury Inspector General for Tax Administration (TIGTA) report released today found that in Tax Year 2004 the IRS failed to match almost four million income statements to tax returns. These mismatched documents allowed individuals to underreport their income or avoid filing tax returns altogether. The report also recommends tax law changes that would allow employers to validate employees’ Social Security numbers, a provision Baucus supported in 2006.

**“Making sure that the numbers match up on tax returns and income statements is basic to proper administration at the IRS,”** said Baucus. **“The IRS should take some common-sense steps to tighten up its processes and stop the willful violation of tax laws.”**

The TIGTA investigation found that mismatched statements accounted for \$150 billion in earnings in 2004. TIGTA used automated data systems already in place at the IRS to match up 50 percent of the statements in the audit. Recommendations to use automated data systems already in place to research, investigate, and resolve miscellaneous document cases is an element also included in the Treasury Department’s plan to reduce the tax gap, delivered to the Finance Committee at Baucus’s request in August of this year. In addition, the TIGTA report advised that the Department of Treasury pursue tax law changes that would give employers the ability to use IRS databases to validate Social Security Numbers provided by job applicants. This proposal was included in legislation supported by Baucus in the 109<sup>th</sup> Congress, the Telephone Excise Tax Repeal and Taxpayer Protection and Assistance Act of 2006.

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