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April 26, 2012

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## **HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING WAYS TO IMPROVE THE TAX FILING EXPERIENCE FOR AMERICAN TAXPAYERS**

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing examining ways to improve the tax filing experience for American taxpayers:

Though you would not know it from the fiscal policies being advanced by President Obama, this nation faces a real crisis in just a few months. What some have called taxmageddon is rapidly approaching. Unless Congress acts, come January 1, 2013 Americans will be hit with the largest tax increase in history.

This record-breaking tax increase will hit every American that pays income taxes. Small business owners will face a top marginal tax rate hike of 17 percent.

The number of farmers and small businesses that will face the death tax will grow exponentially.

Don't forget, the alternative minimum tax patch has already expired, leaving 26 million middle-income families and individuals paying \$92 billion in stealth taxes in just 8 months. In fact, those 26 million families and individuals are required by law to have already made their first estimated tax payments this year.

The rate of tax on dividends will nearly triple, from 15 percent to 43.4 percent. The President has actually proposed this massive dividend tax-increase in the latest version of his annual tax-and-spend budget that is still supported by exactly nobody.

And the rate of tax on capital gains will increase by 59 percent, from 15 percent to 23.8 percent.

These tax increases are ones for the record book, and Congress should have already prevented them from occurring. They are a ticking time bomb for families, individuals, and the American economy.

Instead, the Senate continues to dawdle on non-starter proposals, like the Buffett Tax. That so-called deficit reduction proposal is so backwards, that it actually loses \$793 billion over the next ten years if it is implemented in the way proposed by President Obama in his most recent budget. That is, if the Buffett Tax replaces the AMT as President Obama says it should, we actually increase the deficit by \$793 billion over the next ten years alone.

Unfortunately, some view the expiration of such a large part of our tax code at the end of the year as a bonanza for big government. Deploying the tired rhetoric of class warfare, they welcome these tax increases, which will finance every higher government spending.

But make no mistake about it. This impulse to increase taxes at all costs risks a recession. Congress should come together and act to prevent this historic tax increase that is hanging over the nation's head like the Sword of Damocles. Doing so would greatly improve the taxpayer experience by giving taxpayers more predictability and allowing the IRS to put out more complete and timely guidance for taxpayers.

With respect to the IRS's performance when it comes to the tax filing experience, I will say that one thing that stands out is its stated goal of answering 61 percent of phone calls from taxpayers. I have heard of setting the bar low so that it's easy to exceed expectations, but 61 percent of phone calls answered is simply not good enough. It would earn a student a D-minus at best, and that is probably grade inflation.

On this issue, I would give the IRS a failing grade, and I suspect that the nearly 40 percent of taxpayers whose calls go unanswered would agree.

And I would like to extend a special welcome to Mr. Troy Lewis who comes from Utah and has a wide array of experience with taxes. He is an adjunct professor at Brigham Young University, owns his own CPA firm, is a Vice President at Heritage Bank in Saint George, Utah, and spent the majority of his career at a large accounting firm in Salt Lake City. I want to thank you all for coming here this morning.

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