



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley  
“Bridging the Tax Gap”  
Wednesday, July 21, 2004

This hearing is to consider a serious subject: the tax gap and ways to close the tax gap. As members of the Finance Committee know, the tax gap is the difference between the amount of tax due and owing versus the amount actually collected.

Due to a number of factors, especially the war and increased spending, our nation is looking at deficits. At the same time the Administration and many in Congress do not want to increase the tax burden on the vast majority of honest citizens who pay their fair share of taxes.

Therefore, we must look at ways of dealing with the tax gap to bring revenues to the Treasury and fairness to the tax code. This is even more important as we look to the fall where we will hopefully have conferences concluding on several issues – each of them with significant demand for possible new revenue raisers.

In addressing the problem of the tax gap we have to recognize that we have finite resources and that we are not going to place a heavy burden on honest taxpayers. We must retain the proper balance of service and enforcement coupled with a respect for taxpayers’ rights.

To achieve that, it is clear that we have to work smarter and more efficiently. We have to target limited resources where they will do the most good.

This hearing provides the Finance Committee an opportunity to consider both what the IRS is doing currently to address the tax gap and also learn about new ideas and innovations that are being implemented at the state level or being proposed by witnesses today.