

August 3, 2007

07 AUG -9 PM 4: 03

The Honorable Charles Grassley
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Ranking Member Grassley:

As President of the National Association of Enrolled Agents (NAEA), I write on behalf of 40,000 enrolled agents to express our support for S. 1855, the AMT Penalty Protection Act of 2007.

In a June hearing held by the Senate Finance Committee on the alternative minimum tax (AMT), NAEA Government Relations Chair Frank Degen, EA, testified that the current short-term approach to dealing with the AMT creates uncertainty and hinders tax-planning. Many taxpayers are constantly faced with an unpleasant choice when calculating their estimated taxes: to either assume that Congress will enact another AMT patch, or follow the letter of the law literally. If Congress fails to act, those who choose the former option will suffer the consequences of underpayment. If Congress extends the patch, those who choose the latter will likely receive a large refund, amounting to an interest-free loan to the IRS.

S. 1855 would prevent taxpayers who didn't pay AMT last year from being punished for assuming Congress will extend the AMT patch to this year. While not a permanent solution to the AMT problem, this is a step in the direction of certainty.

We applaud you for your efforts to ease the burden of the AMT.

Sincerely,



Diana Thompson, EA
President