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MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, 202/224-1308
for Senator Chuck Grassley
RE: GAO report on sole proprietor tax compliance
DA: Monday, Aug. 13, 2007

Sen. Chuck Grassley, Ranking Member of the Committee on Finance, made the following comment on a new report from the Government Accountability Office, “Tax Gap/A Strategy for Reducing the Gap Should Include Options for Addressing Sole Proprietor Noncompliance,” GAO-07-1014.

“Compliance with federal tax laws is already a major expense and headache for America’s small businesses. So, the burden is on the IRS to streamline filing processes and demonstrate better use of information it has already about compliance problems before sole proprietors are asked to do more. Today’s report points out common-sense fixes that ought to be made, including scrapping a form that is supposed to be submitted with a special red, magnetic ink so IRS scanners can more easily read it. I hope to get additional reality-based comments from taxpayers about other options put forward by the Government Accountability Office to increase compliance without overburdening small business owners. Honest taxpayers shouldn’t be forced to bear the brunt of IRS efforts to crack down on bad actors.”