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**Opening Statement of Michael F. Mundaca**  
**Nominee for Assistant Secretary of the Treasury for Tax Policy**  
**U. S. Senate Committee on Finance**  
**November 4, 2009**

Thank you, Chairman Baucus, Senator Grassley, and members of the Senate Finance Committee, for the opportunity to appear before you today. I am honored to have been nominated by President Obama to serve as Treasury Assistant Secretary for Tax Policy, and I am grateful to Secretary Geithner for recommending me to the President. And I want to thank you and your staffs for meeting with me over the last weeks to discuss tax policy issues and my qualifications for the position to which I have been nominated.

I know the time is brief. If you permit me, Mr. Chairman, I would like to introduce the members of my family who are here today and who have supported me through the years. My wife, Gina, who has been with me since our time together at university, and my daughter, Ana, who is a fourth-grader at the Oyster-Adams Bilingual Public School, here in Washington, D.C. My son, Alexander, who is 4 years old and also a student at Oyster, could not be with us here today. All three have been a steadfast source of support and I thank them for their consent to my continuing public service. If approved by this Committee and confirmed by the Senate, I will need their further support and guidance.

If confirmed, I would be honored to begin my third phase of federal public service. I first worked at the Treasury Department from 1997-2002, starting as an Attorney-Advisor in the Office of the International Tax Counsel in Tax Policy and leaving after over 5 years' service as Deputy International Tax Counsel, returning to the private sector, as a partner at the accounting firm, Ernst & Young. I was honored to be asked to return to the Treasury Department in 2007, as Deputy Assistant Secretary for International Tax Affairs, and have served at the Treasury Department since that time.

My commitment to public service was instilled in me by my parents. My father, Fred Mundaca, was born in Chile and came to this country as a teenager with his parents. He met my mother, Irene, in Staten Island, NY, where his family settled and where my mother lived. When I was born, my parents and my sister, Marie and I, lived in the West Brighton housing projects on Staten Island. My father went to Staten Island Community College during the day and worked at night for the U.S. Postal Service. After getting his degree, he was hired by IBM, where he worked for the next 25 years, until retiring. Through saving and borrowing, my mother and father raised enough money to move us out of the projects and into the house my parents still live in to this day. They also helped put my sister and me through college and graduate school, with the additional help of student loans and scholarships. My parents' experience taught me to work hard, play by the rules, and help others whenever you can.

I hope that my children can learn those lessons from me.

And I also hope that my children will have all the opportunities that I have had. I do not need to tell this Committee that both the United States and the world economy have faced unprecedented turmoil. However, I am convinced that we can meet the serious challenges we continue to face with the right mix of economic and tax policies that address near-term conditions in a manner that promotes long-term growth.

Tax policy will play an important role as we move ahead. We need a tax system that is simple, fair, and promotes growth, while providing necessary revenue. Our current system falls short.

If confirmed, I look forward to working with this Committee and Congress to address the necessary changes to our tax system.

In addition to changing our current system, however, we must also work together to improve compliance with our current rules. Non-compliance undermines confidence in the fairness of our tax system and fosters further non-compliance. It also results in a de facto tax increase on compliant taxpayers, who must pay more because others fail to pay what they owe.

It is incumbent upon the Treasury Department to issue guidance necessary to provide taxpayers the information they need to meet their obligations. Taxpayer service is also an important element.

But we must do more. The Obama Administration has also already proposed and already taken a number of additional significant steps to increase compliance.

We are currently moving to implement the recent important changes that Congress passed to increase reporting with respect to credit card and securities transactions.

In addition, the Administration's Budget includes a number of proposals to increase both domestic and cross-border compliance. We welcome the recent introduction by the Chairman and others of a significant offshore evasion bill that incorporates the approach of the Administration's proposals, and appreciate the leadership this Committee as a whole has shown on the important issue of improving compliance. If confirmed, I look forward to working with this Committee and Congress to enact those proposals.

Treasury has also sought to improve compliance by increasing our access to the information held by our trading partners which is necessary to enforce our laws. We have recently entered into a number of important agreements to exchange tax information, including agreements with Switzerland, Luxembourg, Monaco, and Gibraltar.

In addition, through greater cooperation within the G-20 and the OECD, we have been able to increase the number of countries that have committed to full tax information exchange and to establish a process to assess implementation of those commitments.

In closing I would like to thank the lawyers, economists, accountants and other professional within the Office of Tax Policy. I have never worked with such a talented group of individuals, and it has been an honor to head the office during this challenging period.

I am humbled and honored to have the possibility of serving the nation in this new capacity during these extraordinary times. If you and your colleagues in the Senate give me the

opportunity to serve as Assistant Secretary for Tax Policy, I pledge to you diligent and dedicated service, and I promise to apply myself fully to the best of my ability to justify your trust and confidence.

Again, thank you for allowing me to appear before you today. I would be pleased to answer any questions.