



For Immediate Release

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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding the 2010 Tax Filing Season**

It is the time of the year when the days grow longer. It is the time of the year when the daffodils are in bloom. And it is the time of the year when we Americans file our tax returns.

So, it is time for this Committee to call in the IRS. It is time to ask the IRS for an update on the recent filing season. And it is time to discuss other matters affecting tax administration.

The Finance Committee holds the IRS to a high standard. It is appropriate to do so. That's not only because of the Committee's responsibility to oversee the IRS, but also on behalf of the American people.

Taxpayers have a right to expect that their government applies the tax laws fairly and correctly. They have a right to expect the IRS to operate efficiently. And, they have a right to know that the IRS is protecting their personal tax information.

We will have the opportunity to consider all of these matters with our witnesses today.

I am pleased that with us today are Steve Miller, the IRS Deputy Commissioner for Services and Enforcement, and Nina Olson, the IRS National Taxpayer Advocate. Welcome to both of you.

Today, we will want to know what actions the IRS is taking during this filing season to encourage and facilitate the use of the many new tax incentives to jumpstart the economy and create jobs. The IRS has reported an average 10 percent increase in refunds this year, following the enactment of these incentives.

For individuals, these incentives include the Making Work Pay Tax Credit, the American Opportunity Education Tax Credit, the New Homebuyer's Tax Credit, the Military Homeowner Assistance Program, and the Adoption Tax Credit — to name just a few.

And for businesses, these incentives include Extension of Bonus Depreciation, Extension of Increased Small Business Expensing, the 5-Year Carry-back of Net Operating Losses, Build America Bonds, the Payroll Tax Exemption, and the Advanced Energy Investment Credit — to name just a few.

These incentives are effective only if taxpayers use them. The IRS plays an important role, especially during filing season, in helping taxpayers understand the availability of these tax breaks and how to claim them. If the IRS can help to make these incentives work effectively, the country can grow more rapidly and create more jobs.

And more generally, I look forward to learning how the 2010 filing season has unfolded. I look forward to updates on electronic filing rates and the IRS's modernization efforts to reduce filing errors and generate faster refunds.

I want to hear how the IRS is working to improve its taxpayer services, including the level of service on the telephones, to ensure that taxpayers who contact the IRS with a tax question are able to get through and have their questions answered accurately.

I am interested to hear more about the IRS's new strategy to improve paid preparer competency, accountability and transparency. With paid preparers doing more than 60 percent of individual tax returns, the quality of paid preparers has a direct and significant effect on voluntary compliance and the tax gap.

And the committee also will take this opportunity to catch up on other matters of tax administration.

I am interested to receive an update on the tax gap. I would like to know when the \$345 billion annual figure will be updated. I also want to hear what specific actions the IRS is taking to implement the comprehensive plan to close the tax gap that Treasury developed at my request and that was updated last summer.

Of particular interest to me is the IRS's progress on the planning and implementation of several of my tax compliance proposals that recently have been enacted.

These include Credit Card Information Reporting, Securities Basis Reporting, Offshore Loophole Closers and Corporate Information Reporting. These provisions are estimated to raise over \$40 billion in revenues over the next ten years.

Each of them will improve voluntary compliance and reduce the tax gap without raising one single dime of taxes on anyone, making timely and efficient IRS implementation especially critical to their effectiveness.

I also want the IRS to address the rumors and rhetoric that have been circulating about the IRS's role in administering health care reform. We've all heard the rumors alleging the IRS will hire up to 17,000 armed IRS agents to enforce health care — rumors that fly in the face of specific proscriptions in the law against criminal penalties for failing to buy health insurance.

I want to hear — directly from the IRS — to what extent it has determined the need for increased staffing and resources to conduct its role in health care reform, as well as what functions any increased staffing will perform.

Finally, I want to extend my sincere condolences to the IRS victims of the airplane crash into the IRS building in Austin on February 18, 2010. Our thoughts especially are with the family of Vernon Hunter, a long-time IRS employee who was killed in the incident.

Threats and violence against the IRS and its employees are unacceptable and intolerable.

So, we have a lot to cover today. Again, I want to thank Mr. Miller and Ms. Olson for appearing. We look forward to your testimony.

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