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BAUCUS PRESSES IRS TO HELP TAXPAYERS BENEFIT FROM NEW TAX BREAKS

On Tax Day, Finance Chairman reviews IRS customer service, new tax incentives, efforts to close tax gap

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) convened a hearing today to review the 2010 Internal Revenue Service (IRS) filing season and determine what actions the IRS is taking to encourage and facilitate the use of new tax incentives to help create jobs and jumpstart the economy. Baucus examined the effectiveness of the IRS’s customer service, modernization efforts, oversight of paid tax preparers, implementation of the new health care reform law and execution of a comprehensive plan to close the tax gap.

“New tax cuts enacted in the past year mean more money back in the pockets of hardworking Americans,” said Baucus. **“We have a responsibility to ensure the IRS is working to help taxpayers understand new tax breaks for individuals and businesses and how to claim them. The IRS needs to effectively implement the many tax incentives we enacted last year to help jumpstart our economy and create more jobs.”**

New tax incentives for individuals and families that were recently enacted, including tax cuts for working families, first-time homebuyers, service members, parents and college students, are expected to save taxpayers billions of dollars this tax year. Tax breaks for businesses, which were passed generally to encourage businesses to grow and create jobs, will help small businesses write-off losses and purchases, like equipment, more quickly and easily, help cities and towns receive financing to build projects like roads and schools, cut taxes for businesses hiring new workers and help businesses create clean energy manufacturing jobs. Baucus said the IRS plays an important role helping taxpayers understand the availability of these tax breaks and how to claim them. He urged the IRS to help make these tax incentives work effectively in order to help America’s economy grow.

Baucus asked why the IRS has not placed a permanent IRS Appeals Officer in Montana and 17 other states, and said an officer needs to be in the field in every state to help taxpayers and encouraged more resources to be positioned around the country instead of in Washington, DC. Baucus also expressed deep frustration that, despite his continued efforts to address the gap between the taxes owed and the taxes paid each year, the IRS and the Treasury Department have not adequately fought to close that gap. Baucus encouraged those agencies to aggressively redouble their efforts to address the tax gap and instructed the IRS to design a specific plan to close the tax gap. He pressed for specific data and benchmarks on the IRS’s progress and said that he expects to hear about significant results, and not just goals, next April. Several tax compliance proposals drafted by Baucus, including bills to improve credit card information reporting, increase securities basis reporting, close tax loopholes offshore and enhance corporate information reporting, have recently been enacted and are estimated to help collect \$40 billion over the next ten years in taxes that are owed, but that have gone uncollected in the past.

“The tax gap puts a burden on the rest of taxpayers who do pay their taxes,” said Baucus. “My tax compliance proposals 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.”

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