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BAUCUS, HARKIN, BROWN COMMEND IRS DECISION TO PROVIDE RELIEF TO INNOCENT SPOUSES

Senators Called on IRS in April to Review Two-Year Limit on Innocent Spouse Protection

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.), Senator Tom Harkin (D-Iowa) and Senator Sherrod Brown (D-Ohio) commended an announcement today from the IRS eliminating the two-year time limit for innocent spouses to file for equitable relief from joint tax liability. The Senators first [wrote to the IRS in April](#) asking for a full review of the two-year limit. Innocent spouse provisions excuse from income tax liability spouses who did not know or have reason to know of understatements or underpayments of tax on a joint return.

“Husbands and wives deceived by their spouses should not be left shouldering the burden of a tax bill they didn’t cause,” Baucus said. **“Thanks to today’s decision, the innocent spouse law will ensure fair tax treatment of people in Montana and across the country, many of whom are victims of domestic abuse. This is yet another step in the process of making our tax system more fair for all Americans.”**

“The IRS made the right decision: to protect innocent spouses who do not know the details of their partner’s financial situation,” said Harkin. **“Financial protection without an arbitrary deadline is necessary to keep those who are innocent and directly influenced by familial wrong-doing economically protected from financial charges not attributable to the innocent.”**

“The IRS made the right decision today to move forward with a common-sense approach that does not penalize the victims of domestic violence and others who were innocent of fraud from the misdeeds of a joint filer. This decision provides equitable relief and protects responsible taxpayers from irresponsible ones,” Brown said.

According to the announcement from the IRS, the end of the two-year limit for innocent spouse relief is effective immediately. And any taxpayer whose request was previously denied because he or she fell outside that two-year window may reapply for relief.

As a then-Finance Committee member, Baucus helped to make it easier for innocent spouses to obtain relief from joint tax liability as part of the IRS Restructuring and Reform Act of 1998. The law Baucus helped pass allows innocent spouses to request equitable relief from liability for a joint deficiency or unpaid tax arising from a joint return at any time during the 10-year collection statute of limitations. The now-defunct treasury regulation and IRS published guidance fixed a deadline for filing for equitable relief claims of two years from the date of IRS’s first collection activity.

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