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**STATEMENT OF B. JOHN WILLIAMS
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AND ASSISTANT GENERAL COUNSEL IN THE DEPARTMENT OF THE TREASURY
BEFORE THE COMMITTEE ON FINANCE
UNITED STATES SENATE**

Good day, Mr. Chairman, Senator Grassley and Members of the Committee. I am very pleased to appear before the Committee as the President's nominee for Chief Counsel for the Internal Revenue Service. I would like to introduce my family to the Committee.

Mr. Chairman, I consider this opportunity for public service to be a great honor, and especially so at this time in our country's history. I would very much appreciate the opportunity to contribute to the efforts that Treasury is making in the war on terrorism and in helping Commissioner Rossotti develop a system of effective tax administration.

I would like to offer the Committee a brief summary of my thoughts on the role of the Chief Counsel in the administration of the tax laws.

The power to tax is exercised not only by enacting revenue laws but also by interpreting and enforcing them. In our democracy we must take special care to adhere faithfully to the law as enacted. Only a fair and impartial interpretation and application of the law can command the respect of our citizens, and in my view the Chief Counsel's principal duty is to assure that that respect is earned.

In fulfilling this duty, it is critical that the Service publish more guidance to the public, especially revenue rulings. I share Commissioner Rossotti's belief that the Chief Counsel's office needs to focus more on its advisory role to the public. Too often the public looks to informal advice given to specific taxpayers to discern the positions of the Service. This advice cannot, by statute, be relied on as precedential. If confirmed, one of my goals will be to increase this public guidance.

The Chief Counsel's advisory role on interpreting the law should not be confused with Counsel's enforcement role. Enforcement is a tool to assure even-handed application of the law, not a means to obtain new interpretations of unclear law. When interpretive uncertainties are clarified through public guidance, the central focus of enforcement, whether civil or criminal, is properly to maintain the integrity of the revenue laws. If fair application of the law does not, render an acceptable policy result, then legislative or regulatory change should be the way to effect the desired policy. I firmly believe that litigation should never be the means to advance policy choices. The public is entitled to know and rely on the law and the agency's interpretations before cases are developed. Counsel must make a renewed effort to develop those interpretations through public guidance.

The Chief Counsel must be dedicated to the operational success of the Service. Such dedication entails working closely with the client and offering good judgment to help inform the choices the agency must make. Most frequently that means thinking hard about feasible alternatives. Sometimes that means saying "no," but that never means taking too long to say it.

I would be pleased to answer any questions the Committee might have.