

MEMORANDUM

To: Reporters and Editors

From: Scott Mulhauser and Erin Shields for Senate Finance Committee Chairman Max Baucus (D-Mont.)

Re: Baucus Comment on IRS Removing Debt Indicator

Senate Finance Committee Chairman Max Baucus (D-Mont.) today applauded the IRS's announcement that it would discontinue the practice of making a taxpayer's debt indicator (DI), a figure maintained by the IRS to track whether an individual taxpayer has any delinquent tax debts or other obligations that are subject to the Treasury refund offset program, available to banks and other providers of refund anticipation loans (RALs) - short-term high-interest loans to taxpayers based on their tax refunds. This action will result in taxpayers keeping more of their tax refunds instead of paying high interest rates to banks. Baucus has championed measures to discontinue making the DI available to banks in order to protect taxpayers from being victimized by very high interest rates and protect taxpayers' privacy. From Chairman Baucus:

“Refund Anticipation Loans charge taxpayers sky-high interest rates – 36 percent or more – for access to their own money. It is reprehensible that banks would use our tax system as a profit center to exploit taxpayers and today’s announcement takes that problem head on. The IRS announcement today means taxpayers’ privacy will be better protected and more taxpayers will keep their tax refunds where they belong – in their own pockets.”

Baucus has urged the IRS to continue its work on systems upgrades so returns are processed more quickly and refunds promptly issued.

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