



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Closing Statement of Sen. Chuck Grassley
Hearing, Preparing Your Taxes: How Costly Is It?
Tuesday, April 4, 2006

This hearing has been eye opening. Clearly, there is much that can be done to make life easier for taxpayers to file their taxes. We need to take steps to ensure that when taxpayers use a preparer, they can trust that preparer to be a knowledgeable professional who will do the right thing and put the interest of the taxpayer first. That preparer needs to be of mind that it is his duty to make sure the taxpayer pays the right amount of tax – not a penny more and not a penny less.

We've also heard discussions today about taxpayer privacy – an issue that I hear more and more about these days. I am concerned about trends suggesting that tax preparers are interested in selling taxpayer information to make a fast buck, rather than as proprietary information that should be held in confidence by a trusted advisor. We need to change the focus of paid preparers from selling to advising.

My hope is that in consultation with Senator Baucus and other members of the Finance Committee we can look to the near future for a time to reconsider the Good Government legislation that we have developed to address many of the issues discussed here today. We should take some time to incorporate into that legislation new issues considered here today including the impropriety of “peace of mind” audit insurance and the development of additional means of electronic filing.

The IRS needs to have an aggressive game plan to increase electronic filing in the near future. In the Congress, we really need to consider whether having the IRS provide a basic means of electronic filing should be seen as an extension of its obligation to taxpayers to provide them with forms and instructions. The Tax Code is complex enough without making it harder for working families. We should continue to look at how we can partner with the private sector and the IRS to make this happen – there should be plenty of room for the software industry to continue to provide value-added services.

Finally, I would ask that Ms. Olson, as Taxpayer Advocate, take back a message that my patience is wearing thin on the issue of Offers in Compromise and Effective Tax Administration – I've asked the Secretary and the Commissioner for a response to this matter. It is important to many of my constituents hit by the Incentive Stock Option AMT. I know you share my concerns and have been fighting the good fight. However, I've heard nothing from Treasury in response to my request and I'm not pleased with what appears to be thinking that rather than responding to my question, Treasury hopes this will just go away. I see no reason why the IRS cannot put a pilot program together in this area and see what the reaction is from practitioners and taxpayers – rather than doing nothing for fear of the unknown.