

“A Closer Look at the Size and Sources Of the Tax Gap”
Subcommittee on Taxation and IRS Oversight
Senate Finance Committee
July 26, 2006

Chairman Kyl, I want to commend you for holding today’s hearing on the tax gap. I also want to recognize the efforts of Chairman Grassley, and especially Senator Baucus, in calling attention to this issue over the years.

Even more important than talking about the problem, of course, is taking action to fix it. I look forward with great interest to the plan of action we will be receiving from the Administration in the next few months.

I have to say I am not sure this has been a high enough priority for the Administration. When I checked last week we were still awaiting answers from the Administration to questions posed at our April 2005 hearing on the tax gap.

Congress bears plenty of the responsibility as well.

We have had lots of good recommendations for years from several sources, including many of today's witnesses, but have yet to act on them.

I hope that with our continued efforts to shed light on this problem we can build support for taking concrete steps to attack it. As Ms. Olson pointed out last year, the average tax return includes a tax gap “surtax” of \$2,000 each year. We need to get that number as close to zero as we possibly can.

Mr. Chairman, thank you again for calling today’s hearing, and my thanks as well to the witnesses for their willingness to help us, and their work day-in and day-out on this vital issue.