



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: President's budget proposals on tax shelters, car donations, other reforms  
Da: Tuesday, Jan. 13, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, is the sponsor of bipartisan legislation to ensure that the Internal Revenue Service has more information about transactions than ever before so it can distinguish between legal tax transactions and illicit tax shelters. The Finance Committee and the full Senate have passed Grassley's bill several times. Also, Grassley is the sponsor of a provision to shut down tax shelters using the leasing of public subways, sewers, water lines, and other items. His legislation passed the Finance Committee last October. Grassley today made the following comment on the items in the President's proposed Fiscal Year 2005 budget designed to close loopholes, improve compliance, end several abusive tax avoidance transactions, and simplify the tax code.

"I'm very pleased the administration is continuing its attacks on illicit tax shelters. I'm especially glad to see administration support of my efforts to shut down abusive leasing transactions that allow corporations to claim tax deductions for subways, water mains, and other infrastructure built with taxpayer dollars. The administration should receive high marks for its anti-tax shelter efforts. It's issued numerous shelter regulations over the past year and laid down a solid response to attacking this problem. Congress needs to back up these efforts by passing tax shelter legislation.

"On patent donations, we know there's massive abuse. The Treasury Department has offered a clever proposal that's grounded in law that currently exists in the international area. My Foreign Sales Corporation/Extraterritorial Income bill also has a proposal to rein in patent donation abuses. I'm glad there's common ground with the administration on this, and I look forward to working on this issue together.

"I'm also pleased that the administration has responded to the Finance Committee review of car donations and suggested reforms. With the efforts regarding intellectual property and cars, Treasury clearly recognizes the concerns I've raised that there are serious issues in terms of in-kind charitable donations. There's much to be done to police in-kind donations.

"Finally, I'm pleased that the administration has made good proposals regarding simplification. I applaud the administration recognizing that simplification should start with low-

income families. Working families will greatly benefit from the simplification reforms proposed by the administration regarding the definition of a child. We've passed a simplified definition of a child in the Senate, and I hope to see it enacted this year."