

U.S. Senate Committee on Finance

For Immediate Release

Thursday, April 1, 2004

Grassley, Baucus Seek Details of Charities Using Abusive Tax Shelters

WASHINGTON -- Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today asked the Treasury Department and Internal Revenue Service to disclose the details of the charities that are using abusive tax shelters. Their request came after the agencies announced they are targeting charities and non-profit groups as participants in abusive tax avoidance deals for the first time.

"It looks like charities might be just as susceptible to the snake oil salesmen promoting tax shelter deals as anybody else," Grassley said. "I'm glad to see this enforcement step from the Treasury Department and the IRS. Also, the charities involved in tax shelters will be subject to close scrutiny by the Finance Committee."

Baucus said, "The list of abusive transactions identified by Treasury continues to grow while tough anti-tax shelter legislation awaits action. The misuse of charitable organizations to steal from the Treasury is reprehensible.

"Until we have an overall legislative solution in place, we can expect to see more abuses come to light. The constant promotion of these deals breeds disrespect for the tax system and are costing honest taxpayers billions each year."

The text of the senators' letter to the Treasury Department follows.

April 1, 2004

Mr. Gregory Jenner
Acting Assistant Secretary (Tax Policy)
Department of Treasury
Washington DC

Dear Mr. Jenner:

We are writing in response to your notice and statement issued today – Notice 2004-30 -- which declares as a listed transaction a tax shelter that involves charities and other tax exempt entities.

Our oversight work has given us great concern about the increasing number of tax exempt organizations that are facilitating tax shelters and schemes. We are pleased that your statements recognize this growing problem and that you are requiring that tax-exempt parties be identified in any listed transaction.

To assist us in our work regarding tax shelters and charities, we would ask that the Internal Revenue Service please provide the Finance Committee a listing of any tax-exempt entities of which you are aware that have participated in a transaction, or similar transaction, described in Notice 2004-30.

Thank you for your time and cooperation.

Cordially yours,

Charles E. Grassley
Chairman

Max Baucus
Ranking Member