

United States Senate Committee on Finance

MEMORANDUM

To: Reporters and Editors
Re: National Taxpayer Advocate's Report to Congress
Da: Tuesday, Jan. 9, 2007

Sen. Chuck Grassley, outgoing chairman of the Committee on Finance, today issued the following statement regarding the National Taxpayer Advocate's Report to Congress. The National Taxpayer Advocate, Nina Olson, heads the Taxpayer Advocate Service. The Taxpayer Advocate Service is an independent organization within the Internal Revenue Service (IRS) whose employees assist taxpayers who are experiencing economic harm, seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. The law requires the National Taxpayer Advocate to issue an annual report to Congress on systemic problems encountered by taxpayers in their dealings with the IRS.

"I appreciate the work of this report. This is an important resource for Congress as we monitor taxpayers' experience with the IRS.

"It's good to have the taxpayer advocate joining the chorus. The AMT is taxpayer enemy number one. It's Congress' responsibility to fix it. Senator Baucus and I introduced a bill to repeal the AMT as our first bill together in the new Congress. The purpose is to show our commitment to repealing the AMT and otherwise simplifying the tax code in the coming months. While there's no consensus on whether to offset the cost of repeal, or how to offset the cost, we intend to work toward a bipartisan solution. In the meantime, our temporary 'patches' keep more taxpayers from falling into the AMT.

"It's also good to have the taxpayer advocate focused on the tax gap. The Finance Committee has enacted several steps to reduce the tax gap, such as boosting the IRS' whistleblower program and authorizing a carefully conceived private debt collection program. But we need to do more. Dozens of factors contribute to the tax gap, and dozens of solutions are needed to close it. The taxpayer advocate's concern about the private debt collection program is noteworthy. I intend to learn much more about her concern and the IRS' management of private debt collectors. The Finance Committee has made clear that oversight of the program should be a priority for the Treasury Inspector General for Tax Administration and the Government Accountability Office. We need to make sure private debt collectors fully respect taxpayers' rights and are as accountable to Congress and the public as the IRS. But calls for repealing the private debt collection program are premature. The program just started, and we have to make it work. As the advocate herself points out, taxpayers who don't pay what they owe put a financial burden on everyone who does. Closing the tax gap is only fair to good-faith taxpayers."