

# *United States Senate Committee on Finance*

## MEMORANDUM

To: Reporters and Editors  
Re: IRS enforcement action on paid preparer  
Da: Tuesday, April 3, 2007

Sen. Max Baucus, chairman of the Committee on Finance, and Sen. Chuck Grassley, ranking member, today made the following comments on the IRS' enforcement action against Jackson Hewitt, described as the nation's number two paid tax preparation firm.

Chairman Baucus' comment: "The Finance Committee was already going to return to the issue of regulating paid preparers this year, and this news from the IRS underscores the need for closer oversight. The federal government owes it to all the honest taxpayers out there to build in safeguards that prevent fraud and encourage trustworthy service. The majority of paid preparers are honest folks providing good service. But with a \$345 billion total tax gap every year, we have an obligation to close the cracks through which billions of legally owed tax dollars currently fall."

Senator Grassley's comment: "I can't presume guilt on anyone's part and don't want to comment on the specifics of this case. But in general, it's good to see the IRS and the Justice Department focusing enforcement on tax preparation. Almost a year ago to the date, a Finance Committee hearing highlighted problems with some paid preparers. We're having a hearing next week to focus on filing season problems. Taxpayers need to be able to trust their paid preparers. In turn, the government needs accurate tax returns. We have a net tax gap of \$290 billion. Any paid preparers cheating on taxpayers' behalf are part of the problem. Last year, the Finance Committee passed legislation to make paid preparers more accountable. That legislation wasn't brought before the full Senate, but we need to try again."