

# JOINT COMMITTEE ON TAXATION

## PRESS RELEASE

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JCT Press Release: 99-03

For Immediate Release: August 17, 1999

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The Internal Revenue Service Reform and Restructuring Act requires the Joint Committee on Taxation ("Joint Committee") to conduct a study regarding taxpayer confidentiality and make any legislative or administrative recommendations the Joint Committee deems appropriate. The study is required to be submitted to Congress by January 22, 2000.

The Internal Revenue Code (the "Code") prohibits disclosure of tax returns and return information except to the extent specifically authorized by the Internal Revenue Code. The Code provides a limited exception to this rule to allow public inspection of information required to be filed with the IRS from certain exempt organizations and trusts. Certain Federal and state agencies and other persons are authorized to receive tax return information under the Code. No tax return information may be furnished by the IRS to another agency unless the other agency establishes procedures satisfactory to the IRS for safeguarding the confidentiality of the tax information it receives. Unauthorized disclosure is punishable by both civil and criminal penalties.

In connection with this study, the staff of the Joint Committee invites comments with respect to issues relevant to the confidentiality of tax returns and return information. In particular, comments are requested on the following:

- (1) the adequacy of present-law protections governing taxpayer privacy;
- (2) the need, if any, for third parties, including those presently authorized under the Code, to use tax return information;
- (3) whether greater levels of voluntary compliance can be achieved by allowing the public to know who is legally required to file tax returns but does not do so;
- (4) the interrelationship of the taxpayer confidentiality provisions in the Internal Revenue Code with the Freedom of Information Act, the Privacy Act, and section 6110 of the Code; and
- (5) the impact on taxpayer privacy of sharing tax information for the purposes of enforcing State and local tax laws (other than income tax laws), including the impact on taxpayer privacy intended to be protected at the Federal, state and local levels under the Taxpayer Browsing Protection Act of 1997.
- (6) the extent to which the current disclosure provisions provide taxpayers, exempt

organizations, and tax practitioners with sufficient guidance.

In addition, the staff of the Joint Committee invites comments on disclosure of information with respect to tax-exempt organizations described in Code section 501. Accordingly, the staff of the Joint Committee solicits comments on:

(1) whether the public interest would be served by greater disclosure of information with respect to tax-exempt organizations described in Code section 501; and

(2) the extent to which the present-law tax-exempt disclosure provisions assure accountability of exempt organizations to the public, the Internal Revenue Service, and other agencies that provide oversight.

Written comments on these issues and any other issues relevant to the study, including specific recommendations, should be submitted by October 1, 1999, in writing, to the attention of Lindy L. Paull, Chief of Staff, Joint Committee on Taxation. Comments should also be submitted on diskette (Word Perfect 8 format preferred). The staff of the Joint Committee may make the comments submitted publicly available as a part of its report; unless specifically noted, individuals and organizations submitting comments will be considered to have consented to such publication.