



**MEMORANDUM**

January 4, 2010

To: Reporters and Editors  
From: Dan Virkstis and Jennifer Donohue  
for Senate Finance Committee Chairman Max Baucus (D-Mont.)  
Jill Gerber for Ranking Member Chuck Grassley (R-Iowa)  
Re: New IRS Strategy to Monitor Tax Preparer Competency

Senate Finance Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) commented today following an announcement by the Internal Revenue Service (IRS) of a new strategy to better monitor tax preparer competency and ethics. Paid preparers have a substantial and direct effect on voluntary tax compliance with responsibility for at least 60 percent of individual returns. Senators Baucus and Grassley have long advocated stricter oversight of paid preparers as part of the Senators' continued efforts to improve voluntary compliance.

From Chairman Baucus:

**"I support the IRS in its efforts to improve oversight of paid tax preparers and increase voluntary compliance among taxpayers. Increased accountability and competency of tax preparers will improve customer service for American taxpayers and help protect them from scams that cheat both taxpayers and the U.S. Treasury. Stricter oversight will also work to improve accuracy in tax preparation and help to narrow the tax gap, which costs American taxpayers \$345 billion each year. We will be watching carefully as the IRS works to implement this new strategy and will use the oversight authority of the Finance Committee to ensure it is as effective as possible at protecting American taxpayers and monitoring the competency and enhancing the accountability of all paid tax return preparers."**

From Ranking Member Grassley:

**"In 2006, when I was chairman and Senator Baucus was ranking member, we held a hearing that exposed the problems that result from little oversight of tax preparers. We also advanced legislation to improve the oversight. This came after the Government Accountability Office visited 19 offices of national tax return preparers in a single major metropolitan area and found major problems on basic issues, such as failure to disclose cash income. Mistakes like that can result in audits, thousands of dollars in fines, and even jail time. Americans have a right to expect that when they hire a tax preparer, they're going to get accurate, straightforward advice. The IRS is correct to take action. People who seek out professional service should get it, plain and simple. If taxpayers overpay their taxes, it's unfair to them. If they underpay, it's unfair to those who pay what they owe."**

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