



For Immediate Release  
July 8, 2009

Contact: Dan Virkstis  
(202) 224-4515

## TREASURY DELIVERS UPDATED TAX GAP PLAN TO BAUCUS

*Finance Chairman notes quick response, calls for greater attention to long-term*

**Washington, DC** – Senate Finance Committee Chairman Max Baucus (D-Mont.) commented today after receiving Treasury’s updated plan to address America’s “tax gap,” an estimated \$345 billion in legally-owed tax dollars that go unpaid each year. Baucus has worked with Treasury and the Internal Revenue Service (IRS) on an ongoing basis to find ways to narrow the tax gap and improve voluntary compliance among taxpayers. He first requested a Treasury strategy to manage the issue in February 2006, and requested an updated plan during the May 8, 2009, nomination hearing of Treasury Deputy Secretary Neal Wolin.

Baucus noted that today’s report demonstrates the IRS is working to identify problems, improve tax administration, and set short-term compliance goals. However, he said more specific long-term goals, measures, and timelines for an improved rate of tax compliance and a reduction in the amount of lost tax revenues are necessary for the IRS to effectively focus its resources and evaluate its progress on an ongoing basis.

**“This plan contains good information, and I’m pleased Deputy Secretary Wolin acted quickly to meet my request, but the plan lacks specifics on long-term goals on improving the voluntary compliance rate and reducing the size of the tax gap. With an ongoing economic recession, these billions of dollars in lost tax revenue could help relieve undue tax burdens paid by honest families, and contribute to long-term economic stability,”** said Baucus. **“As Chairman of the Finance Committee, I will continue to press the Treasury Department and the IRS to make our tax system fairer for every American. I am committed to developing legislation to make it easier for taxpayers to comply with their tax responsibilities and eliminate opportunities to underreport taxes or set up offshore tax schemes.”**

Baucus set a goal for Treasury in 2007 of 90 percent voluntary tax compliance by 2017, a significant increase from the current IRS estimate of 83.7 percent, a difference that would bring billions of additional dollars into the U.S. Treasury each year without raising tax rates or cutting benefits for American taxpayers. In March, Baucus released draft legislation to detect, deter, and discourage offshore noncompliance by giving the IRS more time and better tools – like additional reporting requirements – to spot and shut down tax evasion before it happens.

Full text of the Treasury report may be viewed here:  
<http://finance.senate.gov/press/Bpress/2009press/prb070809b.pdf>.

###