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**Hearing Statement of Chairman Ron Wyden, D-Ore.,
On Protecting American Taxpayers from Incompetent and Unscrupulous Tax Preparers**

As prepared for delivery

There is just a week to go before the April 15 deadline for filing taxes, and millions of Americans are spending a good portion of the spring struggling to fill out tax forms and digging through piles of receipts in a painful annual ritual. The complexity of the tax code creates an environment where confusion and errors flourish. Congress isn't blameless on this issue, and that's one reason why it's time to rewrite the code to make filing easier.

For many Americans, maybe even a majority, nothing will have a bigger impact on their pocketbooks all year long. The great majority of Americans want to get it right, but because the tax code is so byzantine, so complicated and so overgrown, nearly 80 million Americans pay for help preparing their tax return.

Here's the alarming thing: most of those paid tax return preparers don't have to meet any standards for competence in order to prepare someone else's return.

Earlier this year, because of the baffling outcome of a federal appeals court case called *Loving v. IRS*, protection for American taxpayers against incompetence and fraud among tax preparers has taken a significant blow.

As often seems to be the case in situations like this, the most vulnerable people in America will bear the brunt of the effects of this decision. They're often people struggling from paycheck to paycheck, counting down the days until their refund comes through to help them make ends meet. They could be seniors or working families who qualify for the Earned Income Tax Credit. Or they could be immigrants proud to pay taxes in their new country who want to make sure they're following the rules of a tax code that's hard for anyone to understand.

For the second time in eight years, the Government Accountability Office has done an independent inquiry and proven that the absence of meaningful oversight of much of the tax preparer industry is harming too many citizens who can least afford it. The problems they run into could be as simple as a typo or a miscalculation on a form, but they can also be much worse.

In some egregious cases, preparers calculate a taxpayer's refund in person and skip the line that shows who did the work. Then after the taxpayer leaves, the preparer falsifies the math to boost the refund, files the return and pockets the difference. And worst of all, unless the taxpayer can prove what happened, they're on the hook for the money when the IRS finds out.

The witnesses here today are going to share some more eye-opening stories, and I'm eager to get their thoughts on how the government can help. The most important thing is to restore standards to protect American taxpayers.

I'm proud to say my home state gets this issue right. Tax preparers in Oregon study, pass an exam and keep up with the changing landscape of the tax code in order to maintain their licenses, and those standards work. The GAO took a look at the system a few years ago and found that tax returns from Oregon were 72 percent likelier to be accurate than returns from the rest of the country. That puts fewer Oregonians at the mercy of unscrupulous preparers and reduces the risk of the dreaded audit.

There are ways for Congress to help in this arena. For example, I'm a firm believer that comprehensive tax reform can simplify the code and make filing an easier process. When the Finance Committee passed the EXPIRE Act last week, practically every Senator on the dais agreed it's time to end stop-and-go policies and give Americans more certainty about their taxes.

The bipartisan income tax reform plan I worked on with Senators Begich and Coats, as well as former Senator Judd Gregg, would make filing a much quicker and simpler process for millions of taxpayers by tripling the standard deduction. Because that would eliminate the need for more than 80 percent of taxpayers to itemize deductions, they could easily prepare their own returns and never risk falling prey to tax preparers' ineptitude or misconduct.

Senator Nelson has led the charge to protect taxpayers from identity theft, and few people have fought harder for taxpayer rights than Senator Cardin. They've got a lot of valuable ideas that can help solve this challenge, and I look forward to continuing the conversation and building on their excellent work to protect the American taxpayer and the integrity of the tax system.

As long as the U.S. tax code is so overgrown and complicated that most Americans have to seek out help to file, they shouldn't have to worry about crooked or incompetent tax preparers. It's that simple.

And as I wrap up, I'd like to thank both our panels of witnesses for being here today. I'm looking forward to hearing your stories and your ideas of how the government can do a better job of protecting taxpayers.

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