



For Immediate Release
April 2, 2009

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**BAUCUS, GRASSLEY CALL FOR IMPROVED ELECTRONIC FILING PROCESS
FOR FEDERAL TAX RETURNS**

*GAO makes recommendations for secure, simple,
and cost-effective E-filing for taxpayers*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) commented today on a Government Accountability Office (GAO) report calling on the Internal Revenue Service (IRS) to improve its oversight of tax software used by individuals to prepare their tax returns. The report recommends that the IRS survey taxpayers to determine how tax software pricing affects taxpayer participation in electronic filing, monitor whether tax software companies are complying with security and privacy standards, and measure whether tax software results in accurate tax returns. Baucus supports the use of electronic filing to speed up tax refunds, improve the accuracy of tax returns and reduce IRS administrative costs. The IRS agreed to the GAO's recommendations and outlined the IRS's plans to implement them.

"I'm encouraged to see the IRS taking tax return privacy and accuracy seriously. In 2007, over 117 million individual tax returns were prepared using tax software. The importance of these returns being safe and accurate cannot be overstated. By monitoring the risks associated with the use of tax software, I think we'll see significant return on investment in safety, accuracy and cost savings over the long-term," said Baucus. **"E-filing not only reduces paperwork and streamlines the process, but taxpayers get their much-needed refund faster. I intend to monitor progress at the IRS on this issue to make certain that the available software is something American taxpayers can continue to rely on to process their tax returns with accuracy and security."**

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Grassley said, **“A little IRS oversight of tax preparation software could bring big results in tax accuracy and compliance. For example, IRS insisted on changing software that defaulted to a ‘no’ response when taxpayers are asked about having a foreign bank account. That fix should help the IRS do a better job of monitoring offshore transactions, which is how some taxpayers avoid their U.S. taxes. As the report says, even small improvements in voluntary compliance by taxpayers could result in substantial amounts of taxes being paid. The IRS should work with software providers to improve guidance and settings for taxpayers.”**

The Senate Finance Committee holds jurisdiction over U.S. tax policy, including IRS oversight.

The full GAO report is available here: <http://www.gao.gov/new.items/d09297.pdf>

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