

April 15, 2008 - Slaughter Applauds Passage of Taxpayer Assistance and Simplification Act

FOR IMMEDIATE RELEASE

Tuesday, April 15, 2008

Rep. Slaughter Applauds
Passage of Taxpayer Assistance and Simplification Act

Washington, DC – Congresswoman Louise M. Slaughter (D-NY-28), Chairwoman of the House Committee on Rules, today joined colleagues in passing H.R. 5719, the Taxpayer Assistance and Simplification Act. This critical legislation will strengthen taxpayer protections from identity theft and tax fraud, close offshore tax loopholes for federal contractors, stop taxpayer harassment by ending the private collection of federal taxes, and expand help for low-income taxpayers. The bill passed by a vote of 238-179.

“American

families deserve a tax code that is fair and ensures that their hard-earned tax dollars are spent wisely," said Rep. Slaughter. "This legislation is a critical step to increasing much-needed protections for taxpayers, eliminating wasteful programs, and making certain that big federal contractors can't shirk their responsibility to pay their fair share."

"It is simply outrageous that our current debt collection program is actually losing us money," Slaughter continued. "By employing private debt collectors we are exposing taxpayers to harassment and potential breaches of their privacy."

"For far too long, large federal contractors, like KBR, have been exploiting a loophole in our tax code to set up sham companies overseas in order to avoid paying what they owe," Slaughter concluded. "This Democratic Congress has finally declared that enough is enough. I am very proud to have joined my colleagues in voting to close this loophole."

BACKGROUND ON THE LEGISLATION

Ending the Use of Private Debt Collectors and Safeguarding Taxpayers from Harassment

H.R. 5719 strengthens government accountability and protects taxpayers by repealing the authorization for the Internal Revenue Service (IRS) to use private contractors to collect federal income taxes.

The current private debt collection program exposes taxpayers to harassment, abusive calling, and violations of taxpayer rights and disclosure protections.

To date, the private debt collection program has lost almost \$50 million, in part because of huge payments made to private debt collectors. .

New Taxpayer Protections Against Identity Theft and Tax Fraud

In the course of a tax fraud investigation, H.R. 5719 requires the IRS to notify a taxpayer if there may have been unauthorized use of the taxpayer's identity.

The bill increases both civil and criminal penalties for phony websites found to be soliciting personal information by masquerading as the IRS.

Closing Offshore Tax Loopholes for Federal Contractors

The bill would close a tax loophole that allows government contractors to set up sham companies in foreign jurisdictions to avoid paying Social Security and Medicare taxes.

For example, defense contractor KBR, which has received millions of U.S. taxpayer dollars through its Iraq contracts, has reportedly avoided paying Social Security and Medicare taxes by creating shell companies in the Cayman Islands. H.R. 5719 would close the loophole that has allowed KBR to fleece taxpayers by almost \$100 million a year and prevent American KBR employees working abroad from being able to qualify for Social Security and Medicare.

Expanding Assistance to Low Income Taxpayers

H.R. 5719 would strengthen IRS outreach to ensure that taxpayers know they are entitled to tax refunds or to payments under the Earned Income Tax Credit.

The bill would also permit the IRS to refer low-income taxpayers to tax clinics and increase funding for these clinics.

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