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# Tax Gap Report

The latest information on America's growing tax gap from U.S. Senator Max Baucus (D-Mont.), Ranking Member, U.S. Senate Finance Committee

## BAUCUS BLOCK STANDS ON SOLOMON CONFIRMATION AS TREASURY REFUSES SFC INVITATION TO PAULSON

**Washington, DC** – U.S. Senator Max Baucus (D-Mont.) announced today that he will not lift his objection to the confirmation of Eric Solomon as Assistant Treasury Secretary for Tax Policy, as the Treasury Department has refused an invitation for Secretary Henry Paulson to provide final details on the Department's plan to close the \$345 billion annual tax gap in testimony at an upcoming Senate Finance Committee hearing. Baucus offered to allow Solomon's confirmation to proceed immediately if Paulson would fill in missing elements of the newly delivered plan at a November hearing. Despite the fact that Paulson agreed at his own June 27 confirmation hearing "to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress," Treasury has declined the invitation for Paulson to appear.



**"They turned it in on time, but as it's written, the Treasury Department's tax gap plan isn't the complete and credible product that I asked for. It lacks the specific benchmarks, timetables, and goals that turn a rote government report into a real strategy,"** said Baucus. **"I was perfectly willing to let the Solomon nomination proceed on the Secretary's promise that he would fill the holes in this plan at a November Finance Committee hearing. But the Secretary's staff has declined that invitation from the Chairman and from me. If the Treasury Department will not or cannot provide these final details, then there's no reason to believe their plan is actionable or real."**

The Treasury plan is posted at <http://www.treasury.gov/>. While it contains a comprehensive review of reasons for the tax gap, and a list of areas in which efforts to close the gap might be improved, it lacks specific goals, standards, and timetables for successful implementation. Unanswered questions include what percentage of voluntary compliance the IRS expects from the taxpaying public by the end of the decade, what benchmarks will be used to measure progress, and whether the IRS has the resources to perform the tasks that it suggests are needed to close the tax gap.

Baucus first received a commitment for a comprehensive, credible strategy to close the tax gap from IRS Commissioner Mark W. Everson in June. His hold on the Solomon nomination came after Paulson and Solomon failed to promise a plan by the end of the fiscal year. It was hoped that a Senate Finance Committee vote on the Solomon nomination could occur this week.

*Every year, hundreds of billions of dollars in legally owed taxes go uncollected in the U.S. Closing that "tax gap" will significantly strengthen America's economy. Max Baucus has spearheaded efforts to reduce factors contributing to America's growing tax gap.*