

United States Senate Committee on Finance

For Immediate Release
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Contact:

Carol Guthrie (Baucus)
Jill Gerber (Grassley)
(202) 224-4515

SENATORS CALL FOR TAX INFORMATION ON OIL AND GAS GIANTS AS FUEL PRICES RISE FOR AMERICAN FAMILIES, BUSINESSES

Washington, DC --- U.S. Senators Chuck Grassley (R-Iowa) and Max Baucus (D-Mont.), Chairman and Ranking Member of the Senate Finance Committee, are asking the Internal Revenue Service to provide tax and financial information on the nation's largest oil and gas companies. Gas prices now top three dollars per gallon in many regions of the country. American families and businesses are feeling harsh economic effects from high fuel prices, while oil companies are posting record profits. The Senators are planning a comprehensive review of Federal taxes paid by oil and gas companies on these record profits.

"We're seeing record profits and significant executive compensation in the oil and gas industry," said Grassley. **"We all know there can be a slip between cup and lip on corporate profits made and taxes paid. I want to make sure the oil companies aren't taking a speed pass by the tax man."**

"The whole country is trying to figure out what should be done about record high gasoline prices at a time of record oil company profits," said Baucus. **"It's relevant to know what the real financial picture is for this industry, because the financial picture for American consumers is pretty bleak."**

The text of their letter to IRS Commissioner Mark Everson follows here:

April 26, 2006

The Honorable Mark W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Mr. Commissioner:

As pressure mounts to address extraordinarily high gas prices that consumers are facing at the pump, we feel we should better understand the federal tax posture of the industry. Pursuant to Internal Revenue Code section 6103(f)(1) and (f)(4)(A), we would like to inspect the annual Federal corporate income tax returns for the last five years of the largest 15 oil and gas companies, based on sales. Recent press articles have highlighted the industry's record profits, as well as an extremely lucrative retirement plan by one oil and gas industry executive, benefits which may have been subsidized in part by the taxpayers.

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While our review of the Federal taxes paid by these companies will be comprehensive, we would initially like to see consolidated Forms 1120 (the U.S. corporate income tax return), 1118 (Foreign tax credits-corporations), 5471 (Information with respect to certain controlled foreign corporations), 6765 (Credit for increasing research activities), Schedule M-3 (Net income (loss) reconciliation for corporations with total assets of \$10 million or more), if applicable during those years, and any supplementary schedules, statements, or attachments to any of the foregoing.

Pursuant to Internal Revenue Code section 6103(f)(4)(A), the Chairman hereby designates {staff names redacted} as authorized to receive and inspect tax returns and return information with regard to this request.

If you have any questions, please do not hesitate to contact us. We look forward to receiving this information in a timely manner.

Sincerely yours,

Charles E. Grassley
Chairman

Max Baucus
Ranking Member

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