



New York State Bar Association

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TAX SECTION

2001-2002 Administrative Committee

March 2, 2001

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The Honorable William M. Thomas
Chair

House Ways & Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Charles B. Rangel
Senior Minority Member,
House Ways & Means Committee
House of Representatives
1106 Longworth House Office Building
Washington, D.C. 20515

The Honorable Charles E. Grassley
Chairman, Senate Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Max Baucus
Senior Minority Member
Senate Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senators Grassley and Baucus:
Dear Congressmen Thomas and Rangel:

We write to express the Tax Section's concern with the significant reduction in recent years in the audit rate by the Internal Revenue Service and the reduction in the overall number of Revenue Agents and Tax Auditors.*

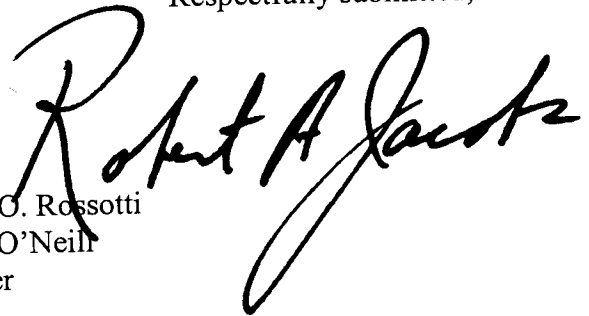
* Unlike most all Tax Section reports and letters, this letter has not been formally adopted by the Section's Executive Committee. Given the time exigencies, the Section's Administrative Committee has authorized my sending this letter to you at this time.

Our tax system depends most heavily on voluntary compliance. Taxpayer perception of the integrity of the system -- the general belief that each of us and our neighbors are paying the correct amount of tax -- is essential to insuring voluntary compliance. Important to this perception is a general belief among taxpayers that persons who do not comply risk of being subjected to civil and criminal penalties. We have serious concerns as to whether the present audit rate, level of IRS staffing and allocation of resources within the IRS are adequate to that end.

Although tax audits are not popular, we believe most taxpayers recognize the need for tax audits.

The IRS has in recent years been criticized for certain perceived abuses. While some of these criticisms may have been valid, they have unfortunately largely obscured the diligent efforts of the vast majority of IRS personnel in carrying out their task of collecting revenue and properly enforcing the internal revenue laws. The integrity of our tax system and our continued reliance on voluntary compliance requires that the IRS receive adequate support to carry out its mission. For these reasons we urge Congress to provide additional funding to the Internal Revenue Service to enable it to fulfill its mission.

Respectfully submitted,



cc: The Honorable Charles O. Rossotti
The Honorable Paul H. O'Neill
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