



**Opening Statement of Ranking Member Charles Boustany (R-LA)
Oversight Subcommittee Hearing on IRS Operations and
FY 2010 Budget Proposals**

June 4, 2009

(Remarks as Prepared)

Mr. Chairman, thank you for yielding time. I want to thank you for holding this hearing and for your leadership on a number of legislative initiatives on which we are cooperating, including our offers-in-compromise legislation as well as other projects. As the new Ranking Member for this Subcommittee, I look forward to continuing to work with you to improve IRS tax administration to make the system work better for the American people.

We are conducting this important annual hearing to review the proposed budget for the IRS and the latest filing season. These last two filing seasons have been different from previous years as the IRS has faced the enactment of economic stimulus legislation that provides many new tax benefits to American taxpayers. These provisions have created an unanticipated work load on top of the expected work load for the 2009 filing season, and I look forward to hearing how the IRS has handled it and what long-term lessons the agency has learned from the experience.

The President's budget for fiscal year 2010 requests additional resources for IRS enforcement efforts. While additional enforcement tools may be necessary, it is important to remember that the most effective way to close the tax gap would be to simplify the tax code, especially for small businesses and the self-employed. Most of the tax gap results from honest mistakes by taxpayers trying to make sense of complex tax laws, rather than from intentional wrongdoing. And in this time of economic hardship and restricted access to credit, small businesses across the country are hanging on by a thread. Overly aggressive tax enforcement activities that single out small businesses that have been trapped by the complexity of the tax code could be the difference between those businesses surviving and disappearing.

Also, as the IRS steps up enforcement efforts in the area of international tax evasion, I hope the Obama Administration, Members of Congress, the media, and the American people will remember that there is a bright-line distinction between tax evasion, on one hand, and legitimate international tax policies that improve the competitiveness of American businesses, on the other hand.

Tax evasion is a Federal crime, and individuals who break the law by hiding their income in offshore accounts should be aggressively pursued and punished to the fullest extent of the law. But these efforts should not be confused with policies such as the ability of U.S. businesses to defer tax on foreign profits -- a long-standing principle of sound tax policy that puts our businesses on a more even playing field with foreign competitors.

My previous conversations with Commissioner Shulman make me confident that he appreciates this distinction, and I am heartened by that. I look forward to Commissioner Shulman's testimony today, to discussing these issues further with him.

Thank you, Mr. Chairman. I yield back.

###