

H.R. 2528: The Voluntary Compliance Preservation Act of 2011

With the debt limit debate behind us, the Congress will now turn to tax reform proposals advanced by Republicans and Democrats. President Obama, Secretary Geithner, CEA Chairman Austan Goolsbee, and IRS Commissioner Shulman all support a proposal to massively expand the authority of the IRS by having the tax agency prepare the annual tax returns of American families. Using information gleaned from employers and financial institutions, the Administration would use a new expensive government computer systems to calculate your tax bill from now on.

This is a horrible deal for many of reasons, and here are a few:

- There is an inherent conflict when the tax collector is also the tax preparer
- The IRS has very limited access to taxpayers' personal information, a government tax preparation regime would give the IRS access to an unprecedented amount of sensitive data
- This will be a de-facto tax increase on millions of Americans, especially low income filers, because they would not receive all of the credits and deductions to which they are legally entitled
- The IRS would waste hundreds of millions of dollars just to set up such a system. In fact it would double the size of the IRS
- The US Government Accountability Office (GAO) says the IRS already incorrectly answers 1 in every 4 tax questions

This tax preparation and collection scheme, called Return Free or Simple Return or EZ File by its supporters, is bad for taxpayers, bad for the government, and a radical change from the tax policy of Voluntary Compliance system we have always had in the United States.

The IRS maintains that it already has the authority to construct a system like this under existing law. *The Voluntary Compliance Preservation Act of 2011* prevents this or any Administration from bypassing Congress before considering any system which would dramatically expand the role of the tax collector with an IRS tax preparation system. The bill replaces section 2004 of the *IRS Restructuring and Reform Act* with a provision that states simply that –

“The Secretary of the Treasury may not develop or implement a return-free tax system.”

Please help restrain the growth of IRS in size and power by co-sponsoring H.R. 2528, *The Voluntary Compliance Preservation Act of 2011*.