

# SENATE BUDGET COMMITTEE

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## KENT CONRAD, RANKING MEMBER

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### **STATEMENT BY SENATOR KENT CONRAD (D-ND) ON NEW IRS TAX GAP ESTIMATE**

The IRS today released the results of a major research study on tax compliance. The study, which updates earlier estimates, shows that the amount of taxes going uncollected each year could exceed \$350 billion, a staggering sum of lost revenue that deserves Washington's immediate attention.

This so-called tax gap is unacceptable. This is unfair to the vast majority of honest taxpayers who pay what they owe. Every dollar lost in the tax gap – the difference between the amount of taxes owed and the amount actually paid – represents an added dollar of burden on those who pay their fair share. When people pay their taxes, they deserve to know that they aren't paying higher amounts because others are avoiding their responsibilities or because the IRS is failing to collect what is owed.

According to the IRS, the lost revenue in 2001 could to be as much as \$353 billion. And in the years since 2001, it is likely that the tax gap has grown even larger.

We simply cannot bring the budget back to balance by looking only at spending. Both the revenue and spending sides of the federal ledger have to be considered. Closing the tax gap should be the first step we take on the revenue side of the equation to put our nation's finances back in order.

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