

Carlton Hedges & Associates Advises The US Government Against Its Current Approach On Tax

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Press release from: [Carlton Hedges & Associates](#)

After a week in which leading Democrats and the General Accounting Office looked to the fabled 'tax gap' to collect more money without seeming to increase tax rates, Treasury Secretary Henry Paulson told a Senate hearing that trying to reduce the level of uncollected tax significantly would do more harm than good.

Mr Paulson said "There is a big part of the tax gap that we simply won't be able to reach without adding draconian and painful requirements on all taxpayers," he said. "The cost of compliance for individuals and businesses, most of whom already pay what they owe, would far outweigh the gains," he added.

Addressing the Democrats' plan to finance tax cut extensions by closing the tax gap, he warned: "The tax gap is simply not a pot of gold. Nor should it be viewed as an easy solution to existing challenges, such as the alternative minimum tax."

Speaking from their corporate headquarters in New York Carlton Hedges & Associates spokes person, Walt Lecter, said "Last week, the Government Accountability Office said that improved IRS reporting would help the IRS bring in more of the \$345 billion in taxes that supposedly go unpaid each year. And Senate Finance Committee Chairman Max Baucus, at the same hearing, challenged the Treasury and the Internal Revenue Service to increase voluntary tax compliance to 90% within ten years from the current 83.7%."

He continued by saying "In order to collect more taxes, the IRS would have to impose significantly more reporting requirements on taxpayers." He further added "Nina Olson, the National Taxpayer Advocate recently said No one wants to be obligated to file a document with the IRS every time he or she takes a cab ride, has someone mow their lawn, or calls a plumber to fix a broken faucet."

After a short pause he went on to say "A better approach would be to simplify the tax code by reducing rates and broadening the tax base by getting rid of the myriad of deductions and loopholes that now plague the system. At 17,000 pages, the tax code is incredibly complex, leading to many compliance problems, and every year Congress inserts more complicating loopholes and special interest provisions into it."

He finished by saying "The American people have a right to expect that their government will have a goal and a credible plan to reduce this tax gap and it is the Treasury's job to fix it. Yet the administration does not appear to take the job seriously."

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Walt Lecter
Carlton Hedges & Associates
44 Wall Street, 21st Floor,
New York
NY 10005
Tel: 1-718-732-2850

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