

Carlton Hedges & Associates Advises The IRS That The US Tax Gap Can Be Narrowed

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

Carlton Hedges & Associates have completed a review of an Internal Revenue Service (IRS) research project and have outlined 14 opportunities for IRS to identify and collect more unpaid taxes.

Carlton Hedges & Associates have looked at the National Research Project that IRS launched to see how many taxpayers underpaid or overpaid Federal taxes in 2001. Carlton Hedges & Associates reviewed IRS files to see where the most taxpayers willfully or mistakenly misreported their tax obligations. Improving reporting in these areas will help the IRS bring in more of the \$345 billion in taxes that go unpaid each year, a loss known as the tax gap.

According to Carlton Hedges & Associates, areas of individual taxpayer noncompliance that are promising targets for additional research to improve reporting compliance include: income/losses from partnerships and S corporations, income/losses from rental real estate, sole proprietor income/losses, income/losses from farming, other income - net operating losses, gambling income/losses, capital gains for assets other than securities, other gains/losses, Earned Income Tax Credit, Additional Child Tax Credit, deduction for charitable contributions, deduction for medical and dental expenses, deduction for job expenses and most other deductions, and exemptions.

These areas are types of tax deductions and exemptions where taxpayer mistakes or deliberate fraud caused a significant loss – where taxpayers reported the wrong amounts by more than five percent or by more than \$450 each, or where the total amount of misreporting among all taxpayers in that area topped \$3 billion.

Carlton Hedges & Associates findings offer IRS a real opportunity to improve compliance with our tax laws, just as the Finance Committee has said they should,” said Walt Lecter, spokes person for Carlton Hedges & Associates. “Better customer service can help taxpayers avoid the mistakes found most frequently, so honest Americans can pay their taxes properly and on time. More effective enforcement can stop those who actively seek to defraud their fellow Americans by willfully misreporting the deductions and exemptions they’re due.”

Walt Lecter continued by saying “Taxpayers need to pay what they owe, not a penny more, not a penny less. The more we can drill down on the reasons for overpayment or underpayment, the more fairness we can add to the system and the more compliance we’ll achieve. Identifying the tax gap’s causes and focusing IRS enforcement on those causes will shift any undue attention on honest taxpayers, allowing them to continue complying with the law.”

Carlton Hedges & Associates also found that the IRS’s overall estimate of the tax gap, and opportunities to improve compliance with tax laws, would be helped by better technology and information storage. Paper storage of some files, as opposed to electronic storage, makes tax data from the National Research Project harder to assess.

Carlton Hedges & Associates provides financial advisory services to wealthy individuals and families, select endowments, and corporate clients. Their independent, fee only, conflict free "open architecture" consulting service combines a blend of independence, tax awareness and extensive intellectual resources. Carlton Hedges & Associates today is one of the best-recognized open architecture firms advising clients on their investment portfolios and other wealth management issues.

With expertise in the Investment Banking industry, Carlton Hedges & Associates can help you meet the challenges of wealth investment. Carlton Hedges & Associates is a professional financial advisory and venture capital firm with expertise in Mergers and Acquisitions, Investment Banking, Emerging Growth Companies, and Specialized tax advisory services. Carlton Hedges & Associates provides powerful solutions for growing your wealth in a complex market.

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