

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 1/3/02****Release No: IR-2002-02****IRS NATIONAL TAXPAYER ADVOCATE RELEASES ANNUAL REPORT TO CONGRESS**

WASHINGTON – National Taxpayer Advocate Nina Olson today released an annual report to Congress that includes a recommendation for lawmakers to create a uniform definition of a “qualifying child” for tax purposes. The report also includes proposals for narrowing the impact of the alternative minimum tax for individuals.

The Fiscal Year 2001 Annual Report to Congress contains several key legislative recommendations aimed at making tax filing easier and less confusing. “I have chosen to focus the attention of the report on several key legislative proposals that create significant complexity for large numbers of taxpayers,” Olson said.

For example, a uniform definition of a “qualifying child” would allow taxpayers to use the same definition for the Earned Income Tax Credit (EITC), the Child Tax Credit and other benefits. Key recommendations also include:

- Repeal of the alternative minimum tax (AMT), or, alternatively, exempt individuals whose gross income is below a certain threshold.
- Allowance for single or separate non-custodial parents who are paying substantially all required child support to claim the head-of-household filing status.
- Authorizing the Secretary of Treasury to grant a one-time abatement of the Failure to File Penalty.

The FY 2001 report differs significantly from previous reports in the content and presentation surrounding the legislative proposals. The report contains three categories of legislative recommendations: key, additional and potential.

The key legislative recommendations include a summary, a specific example of the problem, a description of the present law, reasons for the proposed change and an analysis of the proposal’s impact on taxpayer and IRS administrative burden. The additional and potential recommendations are significant proposals, which deserve mention in the report, but require additional consideration and development.

“The sheer numbers of taxpayers affected by the legislative proposals and the top taxpayer problems should lead any public servant to the conclusion that he or she must act to remedy this problem,” Olson said.

As in prior years, the FY 2001 report lists the most serious problems facing taxpayers. Access to toll-free telephone customer service topped the list as the most serious problem facing taxpayers.

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According to the report, other serious problems facing taxpayers include:

- Multiple definitions of qualifying child. (The law requires different tests and rules to determine if a child qualifies a taxpayer to claim numerous deductions or credits. These tests confuse taxpayers and lead to errors.)
- Determining and documenting EITC eligibility.
- Answers to questions on the toll-free customer service line. (When a taxpayer reaches toll free, he or she may be given inaccurate information or different responses to same question.)
- Refund inquiries.

Last year's report identified tax code complexity as the top problem facing individual and business taxpayers. This year's report incorporates the concept of tax complexity into every aspect of the report.

The report, which is required by law, also includes IRS efforts to improve customer service and reduce the burden on taxpayers. It reflects actions taken by the Taxpayer Advocate Service organization to resolve taxpayer problems and identify areas of tax law that impose significant compliance burdens.

The report was delivered to Congress last week. To review the report, visit the IRS Web site at www.irs.gov. A hard copy will be available by late January.

The Taxpayer Advocate Service, an independent organization within the IRS, helps individuals solve ongoing tax problems with the IRS and recommends changes to prevent problems from happening in the future.

You may qualify for the assistance of a taxpayer advocate if:

- If you are facing a significant hardship due to an action taken by IRS.
- Your case has gone through all established systems without being resolved.
- You are on the second attempt to resolve a problem.
- Or you have not been contacted by the date promised.

Call toll free, 1-877-777-4778, to request the assistance of a taxpayer advocate.

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