



## News Release

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### **IRS, Treasury Issue Priority Guidance Plan for 2005-2006**

IR-2005-80, Aug. 8, 2005

WASHINGTON — The Internal Revenue Service and Department of the Treasury released today the 2005-2006 Priority Guidance Plan, listing the tax issues that will be the subject of formal legal guidance during the next year.

The Priority Guidance Plan, a 27-page document, plays an important role in assisting taxpayers to navigate the tax system. The guidance plan is developed in consideration of suggestions from internal and external stakeholders, including taxpayers, tax practitioners and industry groups. This input enables the IRS and the Department of Treasury to focus legal resources on providing guidance on a broad range of issues that are important to taxpayers and tax administration.

The 2005-2006 Priority Guidance Plan contains 254 projects dealing with tax topics that affect individuals, corporations, charities, international transactions and employee benefit plans. The guidance items touch on a wide range of issues, including:

- Additional legal requirements prompted by the stronger standards for reporting tax shelters under the new American Jobs Creation Act.
- Guidance on the tax treatment of distributions from Roth retirement plans.
- Guidance on the impact of providing a 2 ½ month grace period for flexible spending accounts on health savings accounts (HSAs).
- Regulations under section 529 regarding qualified tuition programs for higher education.
- How should charities report car donations they receive.
- Legal requirements to withhold on the winner's prizes at poker tournaments.

"Guidance provides a real service to taxpayers by clarifying how the IRS interprets the law," said IRS Commissioner Mark W. Everson. "The results of the new plan, published over the next 12 months, will help taxpayers comply with the law."

This year's plan also reflects the IRS Strategic Plan, which highlights the agency's commitment to providing excellent service to taxpayers and enforcing America's tax laws in a balanced manner.

A key component of service entails assisting taxpayers in understanding how the IRS will apply the law. The Priority Guidance Plan serves a critical role in eliminating ambiguity and guesswork on how the IRS will treat certain issues.

This year's plan reflects changes making it more useful for tax practitioners. The plan has been redesigned to include more specific descriptions of guidance projects for the year ahead.