



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: IRS announcement on frozen refunds
Da: Monday, Feb. 6, 2006

Today Internal Revenue Service Commissioner Mark Everson announced that the agency will notify taxpayers when it has frozen a refund under the agency's Questionable Refund Program. Sen. Chuck Grassley, chairman of the Committee on Finance, with IRS jurisdiction, has urged the IRS and the Treasury Department to fix problems in the program. Last month, he wrote the Treasury secretary, seeking a fix in time for this spring's filing season. Grassley's action came after the National Taxpayer Advocate, who serves as an ombudsman for taxpayers with the IRS, faulted the IRS' refund fraud detection program in her annual report of the worst problems facing taxpayers. Taxpayer Advocate Nina Olson said the IRS freezes tens of thousands of tax refunds it deems questionable every year without telling taxpayers that they're suspected of fraud. Grassley made the following comment on today's announcement.

"I commend the IRS commissioner and the national taxpayer advocate for working together to find a taxpayer-friendly solution to the Questionable Refund Program problem. I'm glad the commissioner agreed to the key proposal of my request that the IRS give timely notification to taxpayers when a tax refund is frozen. I'm also glad this change will be in effect for the current filing season. While we need to catch the bad guys, the good guys need to have their day in court."