

IRS, THE REAL PAPER TIGER EXPOSED!



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

September 24, 1998

Mr. DeJuan Abel
1792 C.W. Montgomery Drive
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Dear Mr. Abel:

Thank you for your letter to Mr. Charles O. Rosotti, Commissioner of the Internal Revenue Service, dated July 7, 1998. We are pleased to provide you with the following information.

Based on our 1996 tax filing program, we estimate there are approximately 63 million taxpayers who have not filed a tax return and initially would appear to have a legal requirement to file. This estimate is based on data available to the Service on the Individual Master File, the Information Reporting Program, and filing status and exemptions from prior years. Data not available to the Service such as capital losses, itemized deductions, changes in filing status or exemptions would significantly lower this estimate. The vast majority of this taxpayer population are due refunds or would owe little or no tax. Since we do not have sufficient resources to work 63 million potential non filers, the Service uses statistical methodology based on algorithms and selection code criteria to identify the population of non filers on whom it will create a case.

We believe the Internal Revenue Service has sufficient statutory authority to enforce the current non filer laws and regulations. The Service has the authority to summons information from taxpayers and other third party record keepers. The Service also has the authority to prepare a tax return should a taxpayer neglect or refuse to voluntarily file a correct return. The Internal Revenue Service has the authority to prepare a tax return using its Substitute for Return Program or the Automated Substitute for Return Program using internal information sources such as W-2 and 1099 data. There are also examination audit programs and criminal sanctions that apply in certain non filer situations.

Each year the Service mails out millions of notices advising taxpayers of their filing requirements. In addition, each of the Service's compliance functions works non filer cases. These functions include Customer Services, Examination, Collection, and Criminal Investigation. Non filer cases are worked by correspondence, by telephone, and by field contact.

The IRS got 116 million Tax Confession Forms (Like 1040 forms) in 1996 from individuals, corporations, trusts and their entities. Yet according to the IRS, in 1996, there were 63 million non-filing individuals! That is more than half of filers! Are 63 million non-filers in jail? No, only less than 250 per year!! The IRS is mostly bluff!!

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