



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

1975
Confidentiality of Tax Returns

FOR RELEASE: SUNDAY A.M. CONTACT: JANET ANDERSON
SEPTEMBER 7, 1975

DOLE TO INTRODUCE BILL TO PROTECT TAX RETURN PRIVACY

WASHINGTON, D. C. -- Senator Bob Dole will introduce tax-privacy legislation on Monday which would severely restrict access to Federal income tax returns by government officials. Acknowledging that his proposal is an extraordinarily restrictive one, Dole says that "breaches of tax privacy can be done with almost routine, business-as-usual bureaucratic procedures. The only way to stop this abuse," he adds, "is to stop it immediately and altogether." The bill would explicitly deny such access to the President or any Executive Branch official except those charged with administering the tax laws, and under strict Court-approved procedures, to Justice Department officials engaged in criminal investigations.

"The most overriding challenge we face--more far-reaching even than our pressing economic and energy concerns--is the restoration of public trust in government and government officials," says Dole, Ranking Minority Member of the Senate Internal Revenue Code Subcommittee. "In particular, past abuses and lax administration have raised serious doubts in the public mind about the integrity of the nation's income tax system. The bill I am introducing will assure every American that his or her tax return will remain confidential and immune from political misuses," Dole said in remarks prepared for delivery on the floor of the Senate.

"In addition to highly publicized attempts to use the Internal Revenue Service for political purposes, in recent years the number of requests from various government agencies for access to individual income tax returns has increased dramatically. It is reported that last year, some thirty thousand returns were turned over to agencies of the Federal government other than the IRS. The time has come to put an end to the government practice of using income tax returns for purposes other than administration of the tax system or legitimate criminal investigations."

(Criminal Law Enforcement. Under the legislative proposal, the IRS would be largely removed from the process by which Federal criminal statutes (other than tax laws) are enforced. Generally, returns and return information would be made available to other agencies of the Federal government (including private entities) for criminal law enforcement purposes only. The Department of Justice (for criminal law enforcement purposes only) would be authorized to issue subpoenas to Federal district judges authorizing such disclosure. Such orders could be issued only where the Federal district judge finds that (1) there is probable cause to believe that a criminal offense has occurred, (2) the information sought is necessary to the proper investigation of the offense and/or prosecution of the offender, and (3) the information sought is not otherwise reasonably available to law enforcement authorities. Generally, returns and return information would not be available to other Federal agencies. A limited exception would be made for the Commerce Department for restricted information. Agencies such as the FTC, SEC, and USA would not be entitled to receive returns or return information.)

FACT SHEET:
INCOME TAX RETURN CONFIDENTIALITY ACT OF 1975

Confidential Nature of Tax Returns

Under the legislative proposal, all Federal tax returns and items of tax return information would constitute confidential records, and, except as expressly authorized by the statute, inspection and disclosure of returns and tax return information would be prohibited. This prohibition would apply to courts and administrative agencies.

Despite this general prohibition, nothing in the legislative proposal would prohibit the IRS from using returns and return information to prepare whatever statistical data it needs for its internal purposes. Also, statistical information could be published by the IRS so long as the publication does not disclose the identity of any taxpayer or return. The legislative proposal would authorize the IRS to provide "clean" statistics to other Federal agencies.

Permitted Disclosures

Federal Tax Administration. The legislative proposal contemplates that tax returns and tax return information could be freely used for purposes of Federal tax administration.

State Tax Administration. Under the legislative proposal, tax returns and return information could be inspected by, or disclosed to, a State body, agency, or commission charged with tax administration. A written request would be required which would designate by name the person or persons authorized to receive the information on behalf of the State body, agency, or commission and would contain a certification that the information would be used solely for tax administration purposes. Direct disclosure by the IRS to local tax authorities would not be authorized.

President and White House Personnel. No disclosure of tax returns would be made to the President or White House personnel, since there does not appear to be a legitimate reason for the White House to have access to such data. Of course, legitimate "tax checks" on prospective appointees to the executive or judicial branches would be permitted. (See "Tax Checks" below.)

Tax Checks. The legislative proposal would contain a special provision authorizing "tax checks" on persons being actively considered for highly compensated or sensitive positions. Tax checks would be limited to prospective employees of the Executive or Judicial Branch of the Federal government, and then only upon written request of the President, a cabinet officer, or the head of a Federal establishment. The information to be disclosed would be limited to whether the individual has filed income tax returns for the last three years, has failed in the current or preceding three years to pay any tax within ten days after notice and demand or has been assessed a negligence penalty within this time period, has been under any criminal tax investigation and the results of such investigation, and has been assessed a civil penalty for fraud or negligence.

Congressional Committees. Under the legislative proposal tax returns and return information would be available, upon written request, to the Joint Committee on Internal Revenue Taxation, the Senate Finance Committee, and the House Ways and Means Committee. The written request would be required to state the purpose for which the information is requested, and to certify that the request was authorized by a majority vote of the Committee's members. All disclosures would be made in executive session.

Criminal Law Enforcement. Under the legislative proposal, the IRS would be largely removed from the process by which Federal criminal statutes (other than tax laws) are enforced. Generally, returns and return information would be made available to other agencies of the Federal government (including principally the Department of Justice) for criminal law enforcement purposes only pursuant to an order from a Federal district judge authorizing such disclosure. Such orders could be issued only where the Federal district judge finds that (1) there is probable cause to believe that a criminal offense has occurred, (2) the information sought is necessary to the proper investigation of the offense and/or prosecution of the offender, and (3) the information sought is not otherwise reasonably available to law enforcement authorities. Generally, returns and return information would not be available to other Federal agencies. A limited exception would be made for the Commerce Department for statistical information. Agencies such as the FTC, SEC, and USDA would not be entitled to receive returns or return information.