

News from Senator

# BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE:  
THURSDAY, JULY 21, 1983

CONTACT: WALT RIKER  
(202) 224-6521

## DOLE HAILS TAX COMPLIANCE IMPROVEMENTS ADOPTED BY

### JOINT WITHHOLDING CONFERENCE

WASHINGTON -- Senator Bob Dole (R.-Kan.), Chairman of the Senate Committee on Finance, today said he was pleased that the House-Senate conference on tax withholding had adopted, with only minor changes, the significant tax compliance measures produced by the Senate.

"The conferees expressed overwhelming support for efforts to obtain taxes due on interest and dividend income. While there was an effort to streamline the Senate provisions to ease administration, the substantive provisions of the Senate bill were retained in an effective form," Senator Dole stated.

"We're still working out some final details - I'm optimistic we will solve the problem. We will continue to stay in touch with the conferees, in person or by telephone," Dole said.

The compliance package agreed to by the conferees will raise the same amount of revenue as the Senate bill, but both versions are dependent on Congress appropriating the funds for additional IRS enforcement activity with respect to interest and dividends.

"The advocates for repealing mandatory withholding almost universally agreed the cost of compliance should not be borne by the banks, rather, the IRS should do a better job of enforcing compliance. This will take additional funds," Dole said. "I am pleased that the Senate Appropriations Committee has already voted to provide the appropriations needed to fund increased interest and dividend compliance in Fiscal Year 1984," Senator Dole observed.

Senator Dole released the following list of the most important new compliance measures agreed to by the conference:

1. Backup withholding would be required, beginning in 1984, at a 20 percent rate on all interest and dividend payments, as well as other payments subject to reporting, where no taxpayer identification number was provided to the payor.
2. Backup withholding would also be required on all payments of interest and dividends where payors were notified by the IRS that a payee's taxpayer identification number was incorrect, or that the taxpayer had failed to report interest or dividend income in a previous year.
3. Banks and corporations paying interest and dividends on new investments would be required to obtain sworn certifications of payee taxpayer identification numbers, and to correctly include those numbers on information returns or risk substantial penalties.
4. Financial institutions would be required to contact existing customers at least once a year to verify the accuracy of taxpayer identification numbers on existing accounts.
5. Information returns provided to taxpayers by payors of interest and dividends would need to be provided on a separate, official form, rather than on an annual financial statement, and be sent in a separate first class mailing. In addition, information reporting to the IRS would generally be required on magnetic tape.
6. Taxpayers underreporting interest and dividend payments would be subject to stricter negligence penalties than under current law.