

The Tax Council

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May 5, 2005

The Honorable Charles Grassley
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Max Baucus
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

Dear Chairman Grassley and Senator Baucus:

I am writing on behalf of The Tax Council to express our strong opposition to a proposal requiring chief executive officers to sign a corporate income tax return declaration, which was approved by the Senate Finance Committee as part of the Highway Reauthorization and Excise Tax Simplification Act of 2005. The Tax Council is extremely concerned that the CEO return declaration proposal, if enacted, would consume valuable company resources without enhancing tax compliance.

The Tax Council is an association of senior tax executives representing over 120 of the largest corporations and businesses in the United States. The Tax Council's members include senior tax officers of companies involved in manufacturing, mining, energy, transportation, consumer products and services, retailing, telecommunications, insurance, and financial services. The Tax Council promotes sound tax and fiscal policies that encourage capital formation and preservation in order to enlarge productive investment and generate national economic growth.

The Tax Council believes that the CEO return declaration proposal will not improve tax compliance and will result in unnecessary costs for U.S. corporations. CEOs generally do not have a detailed or technical understanding of the corporation's tax return. As such, CEOs would be required to devote significant time to compliance with this provision. In addition, companies will incur added internal costs and may feel compelled to hire outside consultants to validate their compliance efforts.

U.S. corporations have committed substantial resources to compliance with recent corporate governance reforms, including extensive reviews of internal financial reporting controls under section 404 of the Sarbanes-Oxley Act. In the absence of a compelling need for additional reform, The Tax Council believes it is inappropriate to impose significant new administrative burdens on U.S. corporations.

At a time when policymakers are concerned about job creation and economic growth, the Congress should not impose unnecessary compliance burdens that would limit the time and resources that CEOs can devote to growing their businesses and creating additional employment opportunities.

The Tax Council appreciates your consideration of these comments. We look forward to working with you on this and other matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Petrini", written in a cursive style.

Kenneth Petrini
Chairman, Tax Policy Committee
The Tax Council

cc: Mark Prater, Chief Tax Counsel
Ed McClellan, Majority Tax Counsel
Pat Heck, Minority Chief Tax Counsel