

INCREASE IN JOINT COMMITTEE REFUND REVIEW THRESHOLD

Present Law

No refund or credit in excess of \$200,000 of any income tax, estate or gift tax, or certain other specified taxes, may be made until 30 days after the date a report on the refund is given to the Joint Committee on Taxation (sec. 6405). A report is also required in the case of certain tentative refunds. Additionally, the Joint Committee staff conducts post-audit reviews of large deficiency cases and other select issues.

Explanation of Proposal

The threshold above which refunds must be submitted to the Joint Committee for review would be increased from \$200,000 to \$1,000,000. This increase would speed the issuance of refunds between \$200,000 and \$1,000,000 to the taxpayers involved. In addition, this increase would free up significant resources of both the Internal Revenue Service and the Joint Committee staff, without materially impairing the Joint Committee's ability to monitor problems in the administration of the tax laws.

In addition, the legislative history would state that the Joint Committee staff would be expected to continue to exercise its existing statutory authority to conduct a program of expanded post-audit reviews of large deficiency cases and other select issues. The legislative history would also indicate that the IRS would be expected to fully cooperate in this expanded program.

Effective Date

The proposal would be effective on the date of enactment.