



American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004

July 16, 2012

The Honorable Dave Camp
Chairman
House Committee on Ways & Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sander M. Levin
Ranking Member
House Committee on Ways & Means
1236 Longworth House Office Building
Washington, DC 20515

Dear Chairman Camp and Ranking Member Levin:

The American Institute of Certified Public Accountants (AICPA) is pleased to provide our support for H.R. 5630, Fighting Tax Fraud Act of 2012, introduced by Representative Erik Paulsen on May 8th. H.R. 5630 would amend Internal Revenue Code section 6694 subsections (c), (d), (e) and (f) to provide an increased penalty in certain cases of a fraudulent understatement of a taxpayer's liability by a tax return preparer.

As noted in the [National Taxpayer Advocate's 2011 Annual Report to Congress](#) (pages 558-561), a small number of tax return preparers defraud taxpayers and the Internal Revenue Service (IRS) by altering the taxpayers' returns without their knowledge. In many cases, preparers claimed increased refunds – that the taxpayers were not entitled to receive – in order to pocket the extra money themselves.

The AICPA supports efforts to deter such outrageously unethical behavior. These fraudulent activities create an administrative burden for unsuspecting taxpayers, are costly to the government and result in a loss of public trust in the reputable community of tax return preparers. Under current law, the IRS has limited authority for penalizing a preparer who commits fraud against both the government and the taxpayer (and for recouping the misappropriated refund) and limited resources for prosecuting criminal actions against these individuals. Rather than modifying the criminal sanctions for such activity, with the attendant issue of providing for additional enforcement resources, we view the enhanced civil penalty approach as an appropriate compromise. While we believe this proposed legislation is beneficial, we believe that its primary focus is restitution of the government's loss due to the fraud. While we strongly encourage you to pass H.R. 5630 we believe consideration should be given to whether additional deterrence is warranted in the case of this type of egregious fraud.

The AICPA is the national professional organization of certified public accountants comprised of approximately 377,000 members. Our members advise clients on federal, state and international tax matters, and prepare income and other tax returns for millions of Americans. They provide services to individuals, not-for-profit organizations, small and medium-sized business, as well as America's largest businesses.

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We appreciate the opportunity to present our support for this legislative proposal. If you have any questions, please contact me at (401) 699-0206, or patt@pgco.com; James Sansone, Chair of the AICPA Tax Practice Responsibilities Committee, at (847) 413-6912, or james.sansone@mcgladrey.com; or Melanie Lauridsen, AICPA Technical Manager, at (202) 434-9235, or mlauridsen@aicpa.org.

Sincerely,

A handwritten signature in black ink that reads "Patricia A. Thompson". The signature is written in a cursive style with a large initial "P".

Patricia A. Thompson, CPA
Chair, AICPA Tax Executive Committee

cc: House Committee on Ways & Means Members