

August 28, 2009

The Honorable Charles B. Rangel
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Max Baucus
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Dave Camp
Ranking Member
House Committee on Ways and Means
1139E Longworth House Office Building
Washington, DC 20515

The Honorable Charles E. Grassley
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

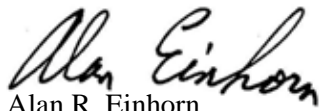
Dear Chairmen and Ranking Members:

We believe the time is past due for civil tax penalty reform. In the twenty years since Congress enacted the Improved Penalty and Compliance Tax Act (IMPACT), there have been numerous legislative and administrative changes in the civil tax penalty regime that have negatively influenced the effectiveness of civil tax penalties as a means of encouraging voluntary compliance. We urge Congress, Treasury, and the Internal Revenue Service to work with taxpayers, practitioners, professional organizations and other stakeholders in developing a systematic and thoughtful approach to the reform of civil tax penalties and penalty administration. To that end, we are sending you the enclosed report. The enclosed report and a similar letter are also being sent to Treasury and the IRS today. While the report makes the general case for penalty reform, we anticipate providing more specific recommendations in a supplemental letter.

The American Institute of Certified Public Accountants is the national professional association of approximately 350,000 CPAs throughout the country. It is from this perspective that we submit the enclosed report to you.

If you would like to discuss this matter in more depth or have any questions, please contact me at aeinhorn@deloitte.com, or (202) 879-4966; Rochelle L. Hodes, Chair, AICPA Penalty Reform Task Force, at rochelle.hodes@us.pwc.com or (202) 312-7859; or Jean E. Trompeter, AICPA Technical Manager, at jtrompeter@aicpa.org or (202) 434-9219 .

Sincerely,



Alan R. Einhorn
Chair, Tax Executive Committee

Enclosure