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# United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

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Dear Colleague:

On April 12, 1999, the Committee on Small Business, which I chair, held a hearing to examine the tax filing and reporting burdens that small business owners face every day. What we discovered was nothing short of startling. According to the General Accounting Office, a small business owner faces more than 200 IRS forms and schedules that could apply in a given year. While no business will have to file them all, it is a daunting universe of forms, including more than 8,000 lines, boxes, and data requirements, which are accompanied by over 700 pages of instructions.

Even more surprising was that 76% of small business owners in 1995 (the most recent data available) hired a tax professional to help them fulfill their tax obligations. And when we consider the complexity of the forms, rules and regulations, it's no wonder. Add to that the dreaded IRS audit, and a professional accountant or lawyer often becomes a necessity just to figure out what the IRS letters and notices mean.

During the hearing, I asked IRS Commissioner Charles Rossotti to help taxpayers by undertaking a common-sense review of the forms, schedules, instructions, publications, letters, and notices confronting taxpayers throughout every year. To get that process started, we are seeking to identify the worst offenders — what forms and schedules are the most complex; which publications are the most unclear; what letters and notices are the most difficult to understand.

While my staff and I can pick out some obvious candidates, our best information always comes from those who deal with these documents first hand — the small business owner. To obtain their views, my Committee is taking an "unpopularity poll" of IRS forms, schedules, instructions, publications, letters, and notices. Small business taxpayers interested in participating can go to the Committee's webpage at <http://sbc.senate.gov> and cast their vote for the worst offender in each category. As always, participant identifiers will be kept confidential.

My goal is to present Commissioner Rossotti periodically with a list of IRS forms, schedules, instructions, publications, letters, and notices most in need of common-sense review and revision. I would appreciate your help in alerting your small business constituents to this effort and encouraging them to cast their vote.

There is much that the IRS and Congress need to do if we are to reduce the tax filing and recordkeeping burdens that small businesses encounter every day. This common-sense review of IRS forms and other documents is a first step, and one that could have far-reaching benefits for small business owners across the nation.