

Tax Report

A Special Summary and Forecast Of Federal and State Tax Developments

TAX CHEATS, victims and prosecutors will tell their stories to senators next week.

Internal Revenue Service efforts to combat taxpayer "schemes, scams and cons" will be the focus of a colorful Senate Finance Committee hearing April 11. Among those scheduled to testify is a former white-collar professional, now in prison, who plans to talk about his involvement in an offshore tax scheme, staffers say. The panel also is expected to hear from victims, IRS officials and government prosecutors.

Staffers say the General Accounting Office, a congressional investigative agency, is expected to report the IRS generally has made good progress in fighting the problem. But the report also is expected to say more work lies ahead. "Tax scams undermine our tax system and can destroy people's lives," said Finance Chairman Max Baucus (D., Mont.) and Sen. Chuck Grassley (R., Iowa), the ranking Republican member, in a joint statement yesterday.

The hearing is expected to probe the growing use of credit or debit cards by people to tap offshore accounts set up to conceal taxable income, a staffer says.

PROCRASTINATORS PROLIFERATE: More people are set to file for extensions.

The IRS expects to receive more than 8.2 million filing-extension requests this year. That would be a record and up from an estimated 7.9 million last year and 7.3 million in 2000. Taxpayers can get automatic four-month extensions, until Aug. 15, by filing Form 4868 or by phone or computer. They don't need to give a reason. The IRS has a toll-free phone line for extensions: 888-796-1074.

Use Form 4868 as a worksheet to prepare for that call, the IRS says. Taxpayers will get a confirmation number to show their extension request has been accepted. The IRS says an extension gives you more time to file but not more time to pay any taxes owed. If taxpayers discover this summer they need even more time to file, they can request an additional two months, through Oct. 15. But this second extension isn't automatic. For that, you need a reason the IRS accepts, such as missing records or a health problem.

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