

STATEMENT OF ADMINISTRATION POLICY

H.R. 3996 – Temporary Tax Relief Act of 2007 (Rep. Rangel (D) New York)

The Administration strongly supports alternative minimum tax (AMT) relief as proposed in the President's Budget through an increase in the AMT exemption amounts and an extension of the AMT relief for nonrefundable personal credits. However, the Administration does not believe the appropriate way to protect 21 million additional taxpayers from 2007 AMT liability is to impose a tax increase on other taxpayers. Accordingly, if H.R. 3996 were presented to the President in its current form, the President's senior advisors would recommend he veto the bill.

The Administration is also disappointed that the House has waited so long to address the AMT, which presents significant administrative challenges for the Internal Revenue Service (IRS) that could result in delays in processing returns, delays in tax refunds, and confusion for taxpayers. Moreover, instead of acting promptly at this late date to present an AMT "patch" to the President for his swift signature, the House is considering a bill that would increase the tax burden of American businesses and workers relative to their foreign competitors by raising taxes on certain partners in partnerships, increasing taxes on U.S.-based employees of corporations headquartered in countries with dissimilar corporate deduction rules, and subjecting U.S. companies to continued double taxation by delaying the effect of new rules for allocating worldwide interest for foreign tax credit purposes. Together, these additional tax burdens would undermine the competitiveness of U.S. businesses in the global economy and could have adverse effects on the U.S. economy. If H.R. 3996 were presented to the President with these offsets, the President's senior advisors would recommend he veto the bill. The Administration urges Congress to reduce the risk of further disruption to the 2008 tax filing season by eliminating tax increases from the final bill.

The Administration is also disappointed that H.R. 3996 includes provisions that would repeal the current statutory authorization for the IRS private debt collection program. Terminating this program would result in a loss of significant revenue over the next ten years. As noted in a Statement of Administration Policy on H.R. 3056 earlier this

year, the Administration strongly opposes these provisions, which are not consistent with the Administration's commitment to a balanced approach toward improving taxpayer compliance and collecting outstanding tax liabilities. If H.R. 3996 were presented to the President with these provisions, the President's senior advisors would recommend he veto the bill.

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