



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

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Senate Bill Would Ease Some Tax Shelter Penalties

EDWARDSVILLE, IL, March 6, 2010 - A bipartisan group of senators has won passage of tax legislation they have been seeking for eight months that would relax penalties on small businesses that participated in certain tax shelters.

The bill is aimed at helping those hit by huge penalties — \$300,000 in some cases — that often far exceeded the benefits the companies gained from the tax shelters. Supporters of the measure said many firms did not realize what they were doing.

“The intent of the original tax shelter legislation was to get at the big corporations that were working hard to hide their participation in tax shelters,” Charles E. Grassley, (R-IA), said in a statement. “Small businesses that have no ill intent shouldn’t get caught in the same net. The penalty should be in proportion to the transgression. This legislation makes that fix, and it’s a matter of fairness to get it done.”

The bill would set the penalty at 75 percent of the tax benefit received, with a minimum for corporations of \$10,000 and a maximum of \$200,000. The amounts are half that for individuals.

To offset the cost of the bill, the legislation also includes a provision that increases the Treasury Department’s ability to withhold payments to federal contractors that owe back taxes on amounts paid for property, along with a provision that gives the government more flexibility to assess penalties for bad checks on payments made electronically.

Grassley and other lawmakers have been pushing for legislation on the penalties since June 2009. In December, Grassley briefly held up several Treasury Department nominations to get the IRS to suspend its collection efforts.

John Lewis , (D-GA)., who chairs the House Ways and Means oversight subcommittee, has introduced companion legislation but it has not been considered by the committee or the full House.

This news bulletin has been issued by The Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#) and [scholarships](#). FACT’s administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.