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English Warns Taxpayers of Delays in Tax Refunds

Congress's Inaction on the AMT Causes Chaos & Confusion for Taxpayers in 2008

Erie, Pa. –U.S. Rep. Phil English (R-Pa.) is warning all taxpayers to prepare for delays in receiving their tax refund checks next year.

The U.S. Department of Treasury has repeatedly warned that delaying the enactment of an AMT bill beyond November 16th will cause chaos and confusion for taxpayers in the 2008 tax-filing season. Now, in December, the Democrat-led Congress has still failed to act. As a result, 50 million tax refunds worth a total of about \$75 billion will be delayed getting to their rightful owner: the American people.

“At a time when working families and taxpayers are having their pocketbooks squeezed from different directions, it is incredible that Congress has failed to take timely action to protect middle class taxpayers from the AMT, English said. “Now, Congressional fumbling has complicated the tax refunds of 50 million taxpayers and created uncertainty about what tax breaks will be available and who will have to pay penalties.”

For the past several years, serious concerns have been raised by the real and growing problem posed by the Alternative Minimum Tax (AMT). Designed to secure taxes from a handful of millionaires, its' impact now threatens to reach deep into the middle class. But while the theoretical impact of the tax – the amount of revenue it generates according to the tax law and CBO baseline – has been growing, Congress has shielded all but a handful of Americans from its effects with a series of patches.

Without congressional action on an AMT bill this year, 21 million middle-class families will get hit with an unfair \$2,000 income tax hike. In addition, the refund checks for those and millions more taxpayers will be delayed.

“Congressional inaction on the AMT patch, a one year extension of expiring AMT tax breaks, has potentially left taxpayer refunds hostage for 2007 until it's fixed, or worse requiring taxpayers to file amended returns after the filing season has begun because Congress subsequently decided at their convenience to fix it,” said Bill Finnecey, CPA, CVA and Partner at Malin, Bergquist & Company in Erie, Pa.

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“This boils down to a simple scenario: the Democratic Leadership is taking out an interest free loan on the backs of taxpayers by failing to enact at least an AMT patch,” English said.

English, Ranking Member of the Select Revenue Measures Subcommittee and longtime champion of comprehensive AMT reform, worked with the Ranking Member of the Ways and Means Committee to have the U.S. Treasury Department go on the record and outline the dangers of delaying the enactment of a patch to protect taxpayers from the AMT.

“Treasury has admitted to Ways and Means Republicans that Congress’s failure to act will have massive consequences for millions of taxpayers and their families,” English said. This has raised serious issues about whether Washington policymakers are even competent to manage the government on a day-to-day basis.”

According to Treasury, 25 million taxpayers - in addition to the 25 million that are subject to the AMT without a patch - could have their tax refunds delayed by as much as 13 weeks. Non-AMT taxpayers would be affected by the same delays if they use any one of the 11 popular tax credit forms, including the child tax credit and the retirement savings contribution credit. These delays would impact taxpayers that utilize both paper or electronic tax forms or a tax preparer or tax preparation software.

“This analysis demonstrates Congress’s failure to address the AMT is imposing real costs on middle class families,” English said. “The average tax refund last year was approximately \$2,300. For many local families, that is a mortgage payment, a college tuition payment or extra money to support nursing care for an elderly relative.”

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