

HEARING

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**SMALL
BUSINESS
COMMITTEE**

**Opening Statement of
Chairman Steve Chabot
House Committee on Small Business
“How Tax Compliance Obligations Hinder Small Business Growth”
July 22, 2015**

Good morning. Thank you all for being here. A special thanks to our witnesses who have taken time away from their undoubtedly busy schedules to be with us.

Earlier this year, our committee heard from a man named Scott, who owns a small mattress factory in Franklin, Ohio. Scott *wants* to pay his taxes – he probably wishes he could pay less, but more than anything he wishes it could be simpler. He wants a flatter and fairer code that is more predictable.

Scott is emblematic of the small business community. There are millions of Americans out there just like Scott, who feel the weight of the tax code each day. I speak to them every time I am back home. And I hear the same concerns again and again: more Americans are frustrated with the *process* of paying their taxes than with *actually writing the check to the government*. *It’s unacceptable and we must do better by these people.*

Making the tax code simpler is particularly important for American small business owners, as they are disproportionately affected by tax complexity – a finding that unfortunately, has not changed with time. Studies conducted by Office of Advocacy at the SBA over the past 10 years found that small firms pay 67% more to comply with the tax code than large firms do. A recent update to those Advocacy studies found that firms with less than 50 employees pay, on average, \$1,518 per employee in tax compliance costs, whereas firms with more than 100 pay \$647.

It is because of statistics like that why, in 2013, this committee requested that the Government Accountability Office examine the dynamics of small firms and their tax compliance burden. The GAO will be testifying today to outline their findings. I would like to point out that right at the end of the report the GAO outlines 25 separate recommendations that they have made to the IRS over the past few years that could (and probably would, in my estimation) help reduce taxpayer compliance burdens. The IRS has implemented none of them. And that is a problem.

To be fair, I am not blaming only the IRS for this problem. Congress has been just as guilty. The tax code has grown to nearly 74,000 pages. The IRS did not do that; Washington did.

This committee is and will continue listening to the American people and working with them to make the tax code simpler and less stressful. Again, I want to thank each of our witnesses for taking the time to be with us today. I now yield to our Ranking Member, Ms. Velázquez, for her opening statement.