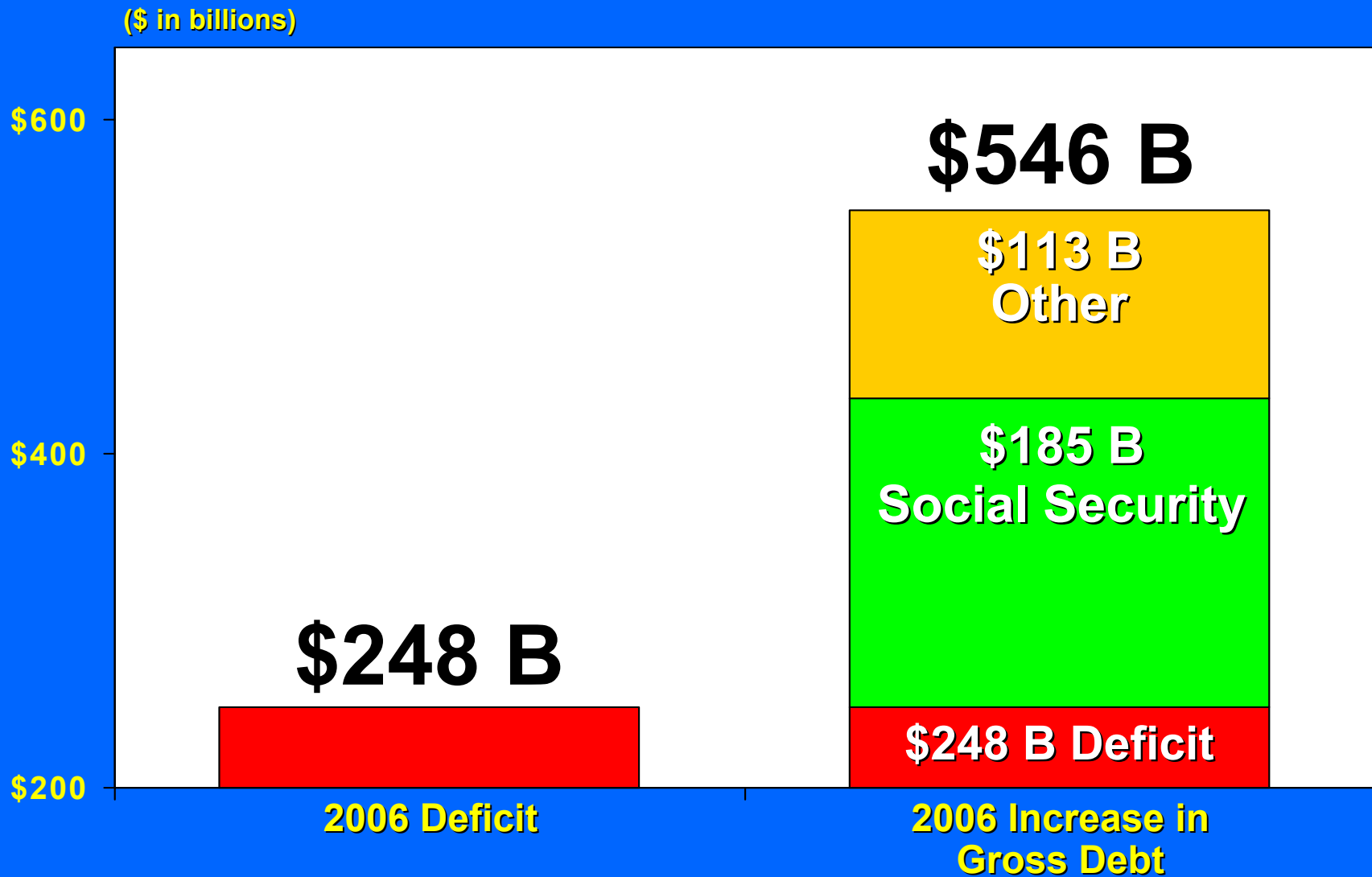
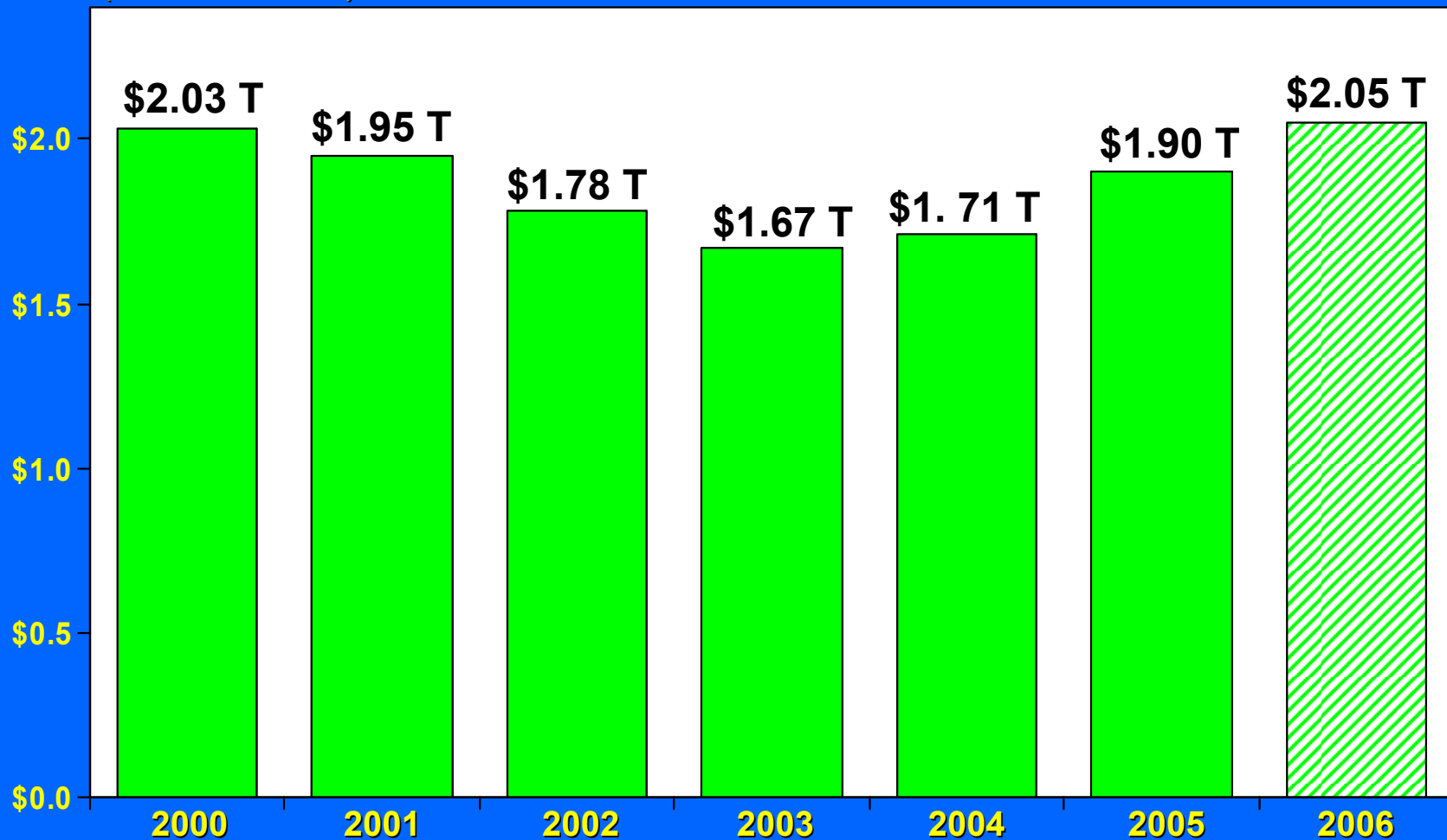


Increase in Debt in 2006 is Far Greater Than the \$248 Billion Deficit



Real Revenues Have Experienced Virtually No Growth Since 2000

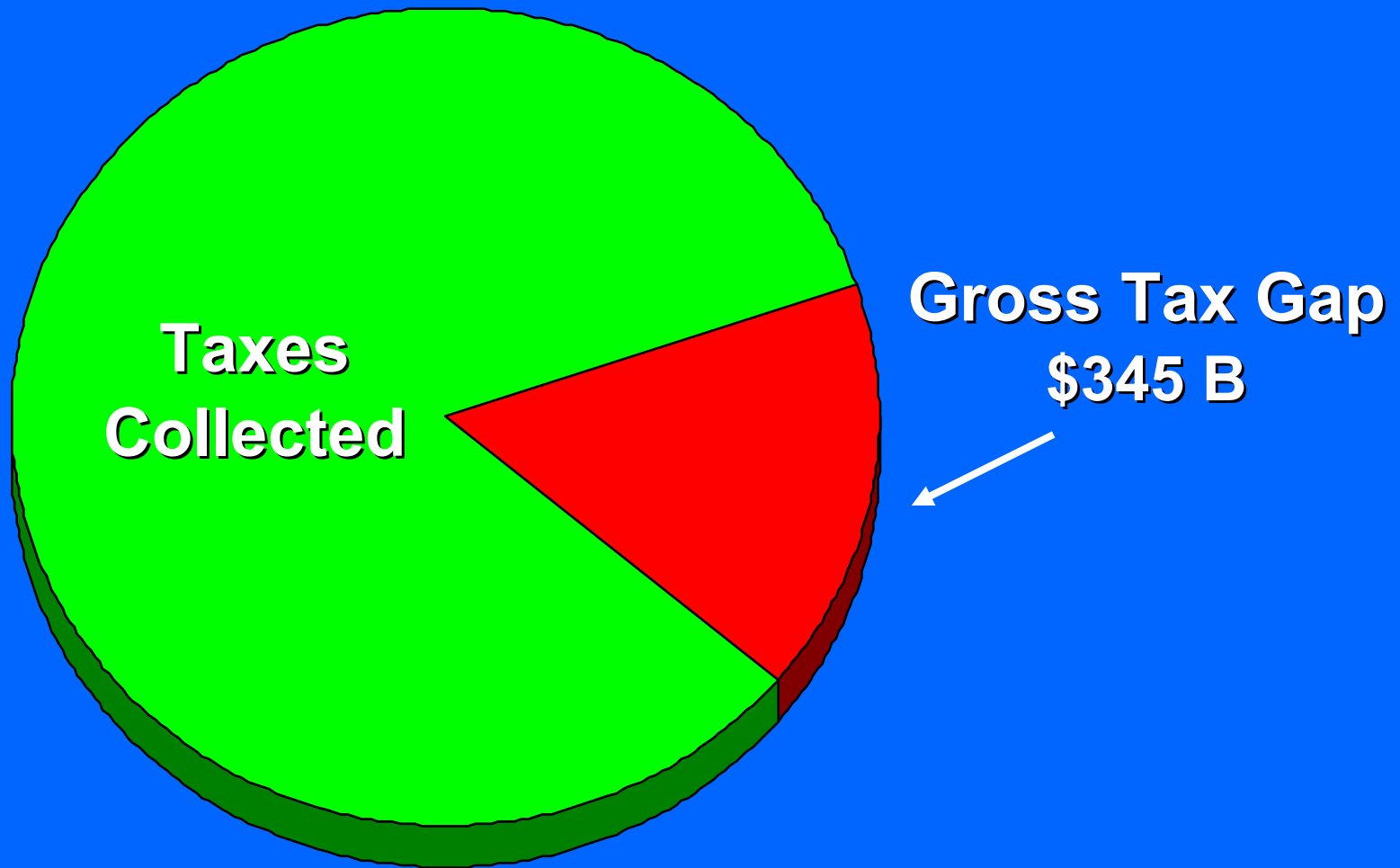
(Trillions of 2000 \$)



Source: OMB, CBO

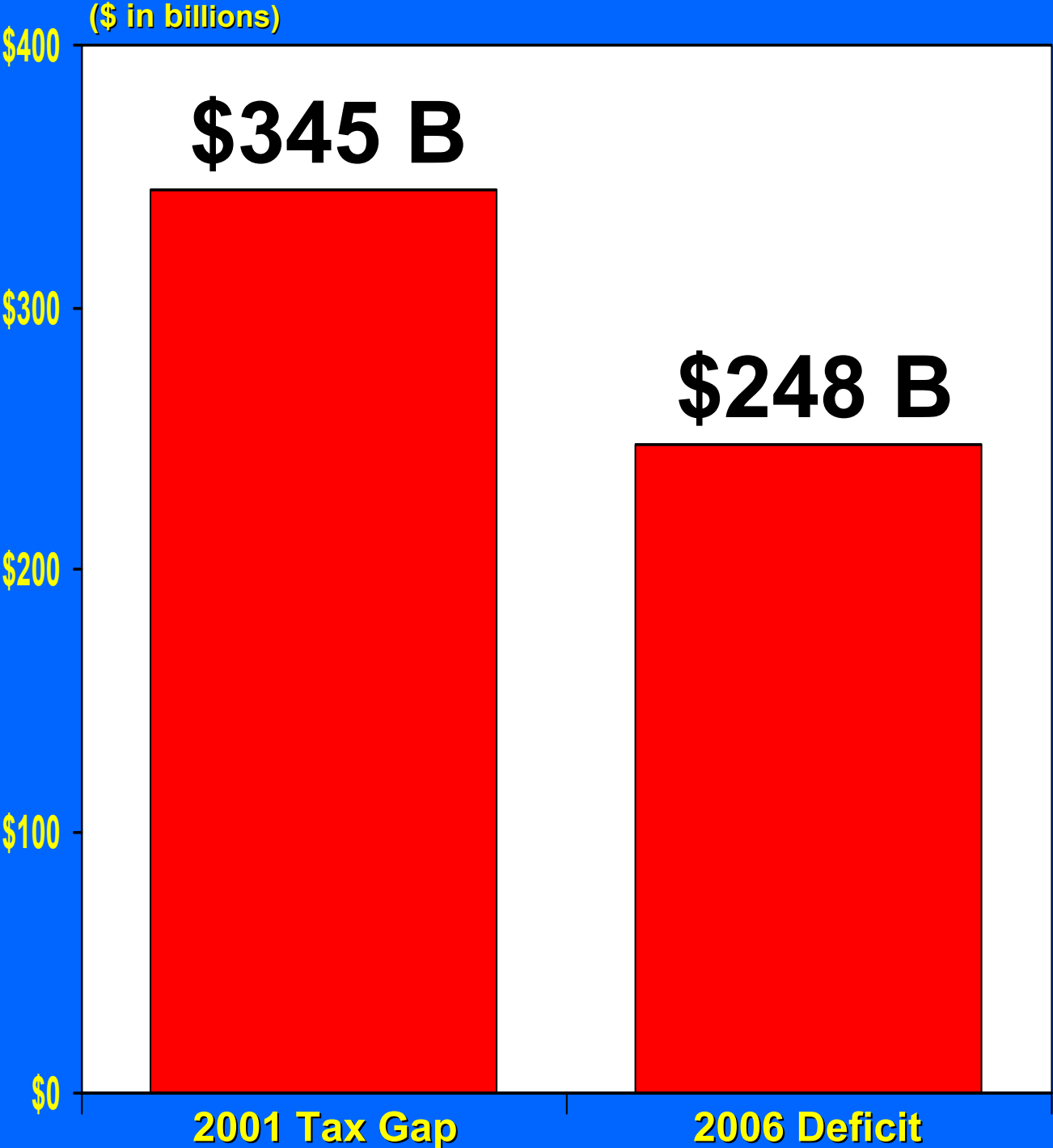
Note: 2006 estimate using deflator from President's budget, FY 2007

IRS Estimates \$345 Billion Annual Tax Gap



Source: IRS estimate of 2001 tax gap, February, 2006

Size of Tax Gap Compared to Size of Projected Deficit in 2006



Source: IRS, CBO

IRS Commissioner Says Tax Gap Can Be Reduced \$50-100 Billion

“...[Y]ou can clearly reduce [the tax gap] by \$50 or \$100 billion, without changing the way the government interacts with its citizenry.”

**– IRS Commissioner Mark Everson
Testimony before Senate Budget Committee
February 15, 2006**

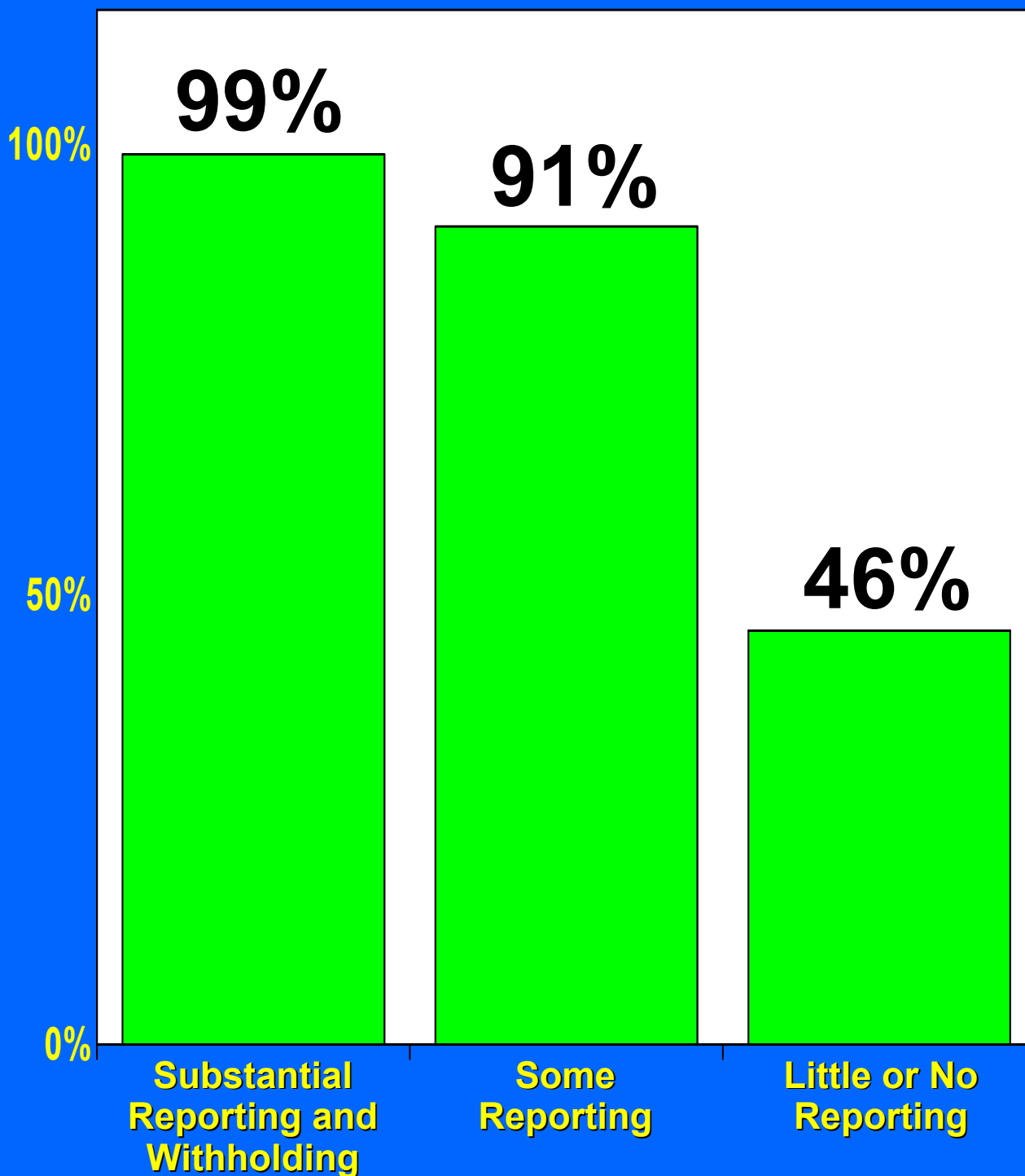
National Taxpayer Advocate Finds Tax Gap Adding More Than \$2,000 to Average Household Tax Bill

“Compliant taxpayers pay a great deal of money each year to subsidize noncompliance by others. ... [E]ach household was effectively assessed an average ‘surtax’ of about \$2,680 to subsidize noncompliance [in 2001]. That is not a burden we should expect our nation’s taxpayers to bear lightly.”

**–National Taxpayer Advocate Nina E. Olson
2006 Annual Report to Congress
January 9, 2007**

Taxpayer Compliance Improves Dramatically with Increased Reporting and Withholding

(percent of net income correctly reported)



Source: GAO, IRS

IRS Commissioner Everson Projects 4-to-1 Return on IRS Enforcement

“The IRS yields approximately four dollars in direct revenue for every additional dollar spent in its enforcement efforts.”

**– IRS Commissioner Mark Everson
Testimony before Senate Budget Committee
February 15, 2006**