

John J. Rizzo
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June 17, 1999

INTERNAL REVENUE INVESTIGATION

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
EIGHTY-THIRD CONGRESS
FIRST SESSION
ON
ADMINISTRATION OF THE INTERNAL REVENUE LAWS

PART A

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MR. CURTIS. So in comparing the number of men in the top echelon who would supervise the people in the field, that varies from district to district?

MR. AVIS. That is true. In some districts where we do not have very much of a permissive problem, we would not have as many permissive supervisors.

MR. CURTIS. What is a permissive problem?

MR. AVIS. That is your tax problem, your regulatory problem, your regulation of your industry; that is what we refer to generally as the permissive side, that is, distinguished from the law enforcement.

CHAIRMAN KEAN. They are classified differently?

MR. AVIS. Depending on the job they do. For example, take in the Denver district and the Seattle district, the problem there does not correspond to the Louisville district, for example, which is a large distilling center, and in Indiana and Kentucky, and consequently they are not graded as high.

CHAIRMAN KEAN. You still have the same title, but not the same grade and salary?

MR. AVIS. That is right, sir.

CHAIRMAN KEAN. And the staff is much smaller in one area than in another?

MR. AVIS. Much smaller, and that applies to rank and file, of course, as well as to intermediate supervisory positions.

CHAIRMAN KEAN. The only reason some of these areas exist are for geographical reasons, and otherwise you would probably make it a lot bigger to cover more territory; but for geographical reasons you have to bunch them close together, some of the smaller ones?

MR. AVIS. That is true, sir.

MR. CURTIS. I have one more question. What type of alcohol and liquor tax problem would be referred to the Bureau of Internal Revenue generally, and not be confined to and finally disposed of in the Alcohol and Tobacco Tax Division?

MR. AVIS. I do not believe there is any.

One of my assistants refers to policy and personnel, and of course, under this new structure, we are concerned here in Washington, as I pointed out, largely with policy and in administering the industry, rather than directing the personnel. That is left primarily to the district commissioners or, rather, the assistant district commissioners.

MR. CURTIS. An alcohol tax matter that would go to the Appeals Section -

MR. AVIS. There is just no such thing. That is where this structure differs.

Let me point this out now: *Your income tax is 100 percent voluntary tax and your liquor tax is 100 percent enforced tax.* Now, the situation is as different as night and day. Consequently, your same rules just will not apply, and therefore the alcohol and tobacco tax has been handled here in this reorganization a little differently, because of the very nature of it, than the rest of the overall tax problem.

Exhibit F