

Prospective:

- **Improvements Stemming from Administration Memo:** As directed by the January 20, 2010 memo mentioned above, OMB, working with other agencies, will develop recommendations to prevent companies with serious tax delinquencies from receiving contracts and to make contractor certifications more easily available.
- **Provision in House Bill to Require Disclosure of Tax Debts:** Section 403 of [H.R. 5003](#), which passed the House on April 28, 2010 (likely to be included in the FY 2011 National Defense Authorization Act), requires potential federal contractors and grantees to submit certifications as to whether they have a seriously delinquent tax debt and to authorize the Secretary of the Treasury to verify the certifications. The concepts in Section 403 are in alignment with those industry has supported in the past in order to demonstrate the need to repeal the 3% withholding tax.
- **Treasury Green Book Proposal:** The Department of the Treasury's [Green Book](#) released with the President's FY 2011 Budget includes a proposal (page 104) to allow information reporting on federal non-wage government payments. This proposal would enhance transparency and therefore increase tax compliance without imposing an enormous burden on the government sector.

All these measures taken together pursue the laudable goal of tax compliance in a way that puts the burden of the law and regulation more on the tax avoiders, and provides a positive inducement to law-abiding firms and the public agencies with which they do business. Such regulatory vigilance will keep tax avoiders out of the public contracting market in the first place, rather than shifting the compliance burden to law-abiding firms and the Federal, state and local governments.