

BRIAN HIGGINS
27TH DISTRICT, NEW YORK

COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON
BORDER AND MARITIME SECURITY
SUBCOMMITTEE ON COUNTERTERRORISM
AND INTELLIGENCE

COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON THE
MIDDLE EAST AND SOUTH ASIA
SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION AND TRADE

REVITALIZING OLDER CITIES
TASK FORCE
Co-CHAIR

January 10, 2012

Richard E. Dauch
Director & CEO
American Axle & Manufacturing
One Dauch Drive
Detroit, MI 48211-1198

Dear Mr. Dauch,

I am writing you to inform you of a matter that involves the American Axle & Manufacturing as it relates to the federal taxes applied to buyouts of Western New York employees in the years 2006 and 2007. I have been hearing from Western New Yorkers, former employees of American Axle, who believe they were overtaxed in the years of 2006 and 2007, and I am looking for your assistance in investigating this matter.

In 2006 and 2007, American Axle was offering buyouts to many of their Western New York employees while in the process of closing their plants in Cheektowaga, Buffalo and Tonawanda, New York. A great deal of these employees took buyouts in excess of \$100,000. The problem is that the income in excess of \$100,000 should not have been subject to Social Security or FICA taxes.

We have recently become aware of over 20 employees who contend they were taxed improperly on their buyout income. Many of these individuals contacted the Taxpayer Advocacy Service in order to mediate this issue; however the statute of limitations was up on filing amended returns for years before 2008.

I am asking American Axle to look further into this problem, as it is being presented to me as a widespread issue in my district. Additionally, we have written to the Internal Revenue Service to request their investigation into this matter. Any way that you can assist our office in returning these funds to constituents affected by this accounting error would be greatly appreciated.

Thank you, in advance for your prompt response to this issue.

Sincerely,



Brian Higgins
Member of Congress
NY-27

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Congress of the United States
House of Representatives
Washington, DC 20515-3227

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Co-CHAIR

January 10, 2012

Floyd Williams
National Director for Legislative Affairs
Internal Revenue Service
U.S. Department of Treasury
1111 Constitution Ave., NW, Room 3241
Washington, DC 20224

Dear Mr. Williams,

I am writing you to inform you of a matter that involves the Internal Revenue Service as it relates to the manufacturing company American Axle and their buyouts of Western New York employees in the years 2006 and 2007. I have been hearing from Western New Yorkers, former employees of American Axle, who believe they were overtaxed in the years of 2006 and 2007, and I am looking for your assistance in investigating this matter.

In 2006 and 2007, American Axle was offering buyouts to many of their Western New York employees while in the process of closing their plants in Cheektowaga, Buffalo and Tonawanda, New York. A great deal of these employees took buyouts in excess of \$100,000. The problem is that the income in excess of \$100,000 should not have been subject to Social Security or FICA taxes.

We have recently become aware of over 20 employees who contend they were taxed improperly on their buyout income. Many of these individuals contacted the Taxpayer Advocacy Service in order to mediate this issue; however the statute of limitations was up on filing amended returns for years before 2008.

I am asking the IRS to look further into this problem with American Axle, as it is being presented to me as a widespread issue in my district. Our office is in the process of collecting privacy release forms for these constituents so that we can assist in filing individual complaints with the Taxpayer Advocacy Service. Additionally, we have written to American Axle to request their investigation into this matter. Any way that you can assist our office in returning these funds to constituents affected by this accounting error would be greatly appreciated.

Thank you, in advance for your prompt response to this issue.

Sincerely,



Brian Higgins
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