



President orders clampdown on tax-delinquent contractors

Memo directs federal officials and Congress to improve information sharing in order to block delinquent companies from receiving new awards

- By [Matthew Weigelt](#)
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President Barack Obama today took some basic steps to hammer government contractors that are delinquent in paying their taxes.

In a [memo](#) the president signed this morning, Obama directed the Office of Management and Budget, the Treasury Department and other federal agencies to find ways to block companies that have not paid taxes from receiving new government contracts. He expects recommendations on how the government can do that in three months.

One way to do that is better data-sharing. The president wants a plan to make contractors' certifications on their taxes available in a governmentwide database, similar to the data exchanges already being done with other information on companies.

"All across this country, there are people who meet their obligations each and every day," Obama said in a speech today before signing the memo. "And yet, somehow, it's become standard practice in Washington to give contracts to companies that don't pay their taxes."

The president is also directing the IRS to conduct a review of the overall accuracy of companies' claims about tax delinquency.

"We need to be sure that when a company says it's paying taxes, that company is in fact paying taxes," he said.

A [regulatory change](#) to the Federal Acquisition Regulation in 2008 requires contractors to certify whether they had delinquent taxes, had failed to pay taxes or had received notice of a tax lien against them. In addition, an agency could suspend or debar the company from government work if a contractor told the government it had had problems with taxes during the previous three years.

In his speech, Obama asked Congress to approve legislation to allow data sharing between the IRS and contracting officials at agencies.

"So the steps I'm directing today and the steps I'm calling on Congress to take are just basic common-sense steps," Obama said. "They're not going to eliminate all the waste or all the abuse in government contracting in one fell swoop."

About the Author

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