



January 25, 2018

The Honorable Shelly Moore Capito
Chairman
Subcommittee on Financial Services and
General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Tom Graves
Chairman
Subcommittee on Financial Services and
General Government
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

The Honorable Christopher A. Coons
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Mike Quigley
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Chairmen Capito and Graves, and Ranking Members Coons and Quigley:

We are writing to express our continuing disappointment with the IRS budget appropriation under consideration and believe it a disservice to the many individual and small business taxpayers for whom our members provide tax services. We strongly urge the appropriation for the IRS to be substantially increased from the proposed level of just over \$11 billion in order to provide the agency adequate resources to perform its mission.

The fact is that individual and small business taxpayers are being harmed by IRS budget cuts on a daily basis. They are desperate for the kind of help and guidance that only the IRS can provide but for which the Congress has appropriated little or no budgeted funds. We would ask the following:

- How would your budget help taxpayers or tax professionals when individuals calling the IRS for help are more likely to receive incorrect information or no information at all because of the budget-caused reduction in the number of IRS personnel or the budget-caused lack of training?
- How would a reduction in budgeted funds help the IRS in the fight against identity theft and tax refund fraud?
- How would your budget help the agency update and modernize its outdated technology systems that still prevents some returns from being e-filed?

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- How would a reduction in budgeted funds provide the IR the resources to quickly implement, and provide needed guidance on, the numerous tax law provisions in the Tax Cuts and Jobs Act?

The answer is obvious: it does not. In fact, it makes the problems far worse. The House Subcommittee on Appropriations report notes that its budget recommendation “would fund the IRS, in total, below their fiscal year 2008 level.”

What have continuing IRS budget cuts meant in actual practice? Please consider:

- The IRS Division responsible for responding to taxpayer telephone calls estimated that it would be able to respond to only 60 percent of such calls during the 2018 filing season. Since the IRS hires seasonal employees during filing season to increase the number of calls that can be answered, this is the high point – for the entire fiscal year the Division estimates that less than 40 percent of call will be answered.
- IRS funds for employee training have been reduced by 75 percent since 2010. When coupled with a budget that precludes hiring replacements for retired or retiring workers, this has resulted in few employees able to respond to taxpayer questions. As a result, the IRS has responded only to “basic” tax law questions during the tax filing season and has been unable to respond to any questions at all during other times of the year.

Our concern is heightened because we are now tasked with providing answers to our clients about the Tax Cuts and Jobs Act without the benefit of any definitive guidance or regulations to help interpret any of the provisions. Many taxpayers are naturally reluctant to commit their time and financial resources to business expansion or other job-creating activities in the absence of the certainly that only IRS-issued guidance can provide. Frankly, we question whether many of the estimated benefits of the Act can be realized in the absence of this much-needed IRS guidance.

Our experience as tax professionals and working with our clients leads us to agree with the National Taxpayer Advocate, who wrote in her 2017 Annual Report to Congress that, “Funding cuts have rendered the IRS unable to provide acceptable levels of taxpayer service, unable to upgrade its technology to improve its efficiency and effectiveness, and unable to maintain compliance programs that both promote compliance and protect taxpayer rights.”

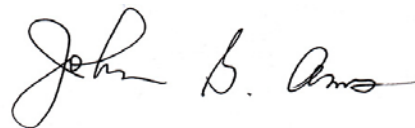
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If you truly believe that, as stated in your Committee reports, "we need the IRS to enforce tax laws, stop and prevent fraud, prepare forms and instructions, process refunds, collect revenue and assist taxpayers in complying with tax obligations," then the first step would be to develop a budget for the IRS that would actually provide the agency the means with which to do so.

Sincerely,



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cc: Hon. Thad Cochran, Chairman, Senate Appropriations Committee
Hon. Patrick Leahy, Ranking Member, Senate Appropriations Committee
Hon. Rodney P. Frelinghuysen, Chairman, House Appropriations Committee
Hon. Nita M. Lowey, Ranking Member, House Appropriations Committee
Hon. Orrin G. Hatch, Chairman, Senate Finance Committee
Hon. Ron Wyden, Ranking Member, Senate Finance Committee
Hon. Kevin Brady, Chairman, House Ways and Means Committee
Hon. Richard Neal, Ranking Member, House Ways and Means Committee
Hon. Steven Mnuchin, Secretary, Department of the Treasury
Hon. David Kautter, Acting Commissioner of Internal Revenue Service
Ms. Nina E. Olson, National Taxpayer Advocate, Internal Revenue Service