

March 2, 2022

The Honorable Patrick Leahy
Chairman
United States Senate
Appropriations Committee
Washington, D.C. 20510

The Honorable Richard Shelby
Vice-Chairman
United States Senate
Appropriations Committee
Washington, D.C. 20510

RE: A Balanced Approach to IRS Funding Between Taxpayer Services, Technology, Training and Compliance

Dear Chairman Leahy and Vice-Chairman Shelby:

We are writing to voice our general support for additional funding for the Internal Revenue Service (IRS) and our general support for the increased IRS funding in the *Build Back Better Act*.

The House-passed *Build Back Better Act* (BBB) contains enhanced funding for the IRS. The IRS annual funding has decreased from \$11.3 billion to only \$9.1 billion over the last 10 years. We strongly support the significant additional funding for the IRS provided in the BBB that would enable the IRS to both provide assistance to taxpayers and tax practitioners to comply with the complexities of our tax laws and to enforce our tax laws. However, while the House-approved bill would add nearly \$45 billion for enforcement activities over a 10-year period, it would add less than \$2 billion for improved taxpayer services over the same period. The BBB, if it is passed, will be much more effective for efficient tax compliance if there is more of a balanced approach between enforcement, service needs, staff training and modernization. In this time of increasing complexity of our tax law, it is essential that more of the total funding be allocated to improving IRS services to enable taxpayers to comply.

Americans generally comply voluntarily with the tax law and this has been a basic strength of our tax system. Often, errors in returns are the result of a complex tax law and inability to get answers from the IRS to properly comply. The number of unanswered letters, emails and telephone calls has been well documented by the Treasury Inspector General for Tax Administration (TIGTA) and others, including IRS Commissioner Charles Rettig. In a November 2021 letter to the editor of the *Washington Post* (<https://home.treasury.gov/news/press-releases/jy0477>), Commissioner Rettig stated, "Today, we have fewer than 15,000 people to handle more than 240 million calls received in the first half of this year alone.... Dozens of the assistance centers across the country that provide face-to-face service sit empty because we don't have the resources to hire staff. Many of these are located in vulnerable, underserved areas, which I passionately believe need help." Just recently, Commissioner Rettig found it necessary to juggle personnel to open and process returns because of a severe resource shortage. Clearly, more funding is needed, including in taxpayer services.

The Texas Society of CPAs, the American Institute of CPAs, the National Taxpayer Advocate, TIGTA and others have encouraged additional funding for the IRS to improve taxpayer service and make the IRS more responsive to taxpayers and practitioners. However, the BBB's emphasis on funding enforcement rather than taxpayer services

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could detract from the generally cooperative and compliant relationship between taxpayers and the IRS.

Regardless of the ultimate fate of the BBB, we encourage both houses of Congress to consider additional IRS funding. It is imperative for the IRS to be adequately funded to produce equity in our national taxation and to encourage all Americans to comply with our voluntary tax system. To meet the needs of taxpayers, we encourage a more balanced funding approach between taxpayer services, modernized technological infrastructure, staff training and compliance.

Thank you for considering our comments. We would be pleased to discuss them further if you or your staff members believe it would be helpful. Please feel free to contact me at 214-749-2462 or at dcolmenero@meadowscollier.com or TXCPA Staff Liaison Patty Wyatt at 817-656-5100 or pw Wyatt@tx.cpa.

Sincerely,



David Colmenero, J.D., LL.M., CPA
Chair, Federal Tax Policy Committee
Texas Society of Certified Public Accountants

cc: U.S. Senators and Representatives from Texas

The Honorable Janet Yellen, Secretary of the Treasury

The Honorable Lily Batchelder, Assistant Secretary for Tax Policy

The Honorable Charles P. Rettig, Commissioner, IRS

National Taxpayer Advocate Erin M. Collins

Kenneth Corbin, Commissioner, Wage and Investment Division and Chief Taxpayer Experience Officer, IRS