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NSA URGES INCREASE IN IRS BUDGET

Proposed IRS budget appropriation under consideration will not adequately serve the needs of individual and small business taxpayers.

ALEXANDRIA, VA, January 25, 2018 — The National Society of Accountants (NSA) expresses its continuing disappointment with the Internal Revenue Service (IRS) budget appropriation under consideration and its belief that the proposed budget is a disservice to the many individual and small business taxpayers for whom NSA members provide tax services.

“The IRS Division responsible for responding to taxpayer telephone calls estimates that it would be able to respond to only 60 percent of calls during the 2018 filing season, which is the high point of their operations,” said NSA Executive Director John G. Ams. “It’s even more distressing that they estimate that for the entire 2018 fiscal year, less than 40 percent of calls will be answered. This is unacceptable.”

In a letter to members of the Subcommittee on Financial Services and General Government, Ams and NSA President Brian L. Thompson, CPA, urge committee members to substantially increase appropriations for the IRS from the proposed level of slightly more than \$11 billion in order to provide the agency adequate resources to perform its mission. “The budget recommendation would fund the IRS, in total, below their fiscal year 2008 level,” noted Ams, citing a report from the House Subcommittee on Appropriations.

The impact of this inadequate funding level will have immediate and profound impacts for all taxpayers, according to Thompson. “Without adequate funding, the IRS will not be able to respond to taxpayers or tax professionals due to a reduction in the number of IRS personnel and the lack of training for either seasonal or full-time employees; and the IRS will not be able to update and modernize outdated technology systems that still prevent some returns from being filed electronically even though e-filing provides a more efficient means of operations.”

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According to Thompson, this funding level also leaves the future uncertain for both the IRS and the taxpaying public. “It’s interesting to note that in the midst of one of the largest tax reform initiatives in more than 30 years, we are seeing budget cuts to the one organization responsible for establishing definitive guidance and regulations, and helping interpret provisions of the newly-created *Tax Cuts and Jobs Act*,” Thompson noted. “Frankly, we question whether many of the estimated benefits of the Act can be realized in the absence of this much-needed IRS guidance,” he added.

In their letter, Ams and Thompson also note the need for additional funding to support the IRS in its efforts to fight identity theft and tax refund fraud, and to ensure its ability to have an adequate number of fully-trained employees on hand to respond to taxpayer calls and provide assistance throughout the year.

The NSA letter agrees with findings from the National Taxpayer Advocate’s 2017 Annual Report to Congress that noted, “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.”

“What we need now is for the Committee to reflect upon the full scope of work it has established for the IRS, which is to ‘enforce tax laws, stop and prevent fraud, prepare forms and instructions, process refunds, collect revenue and assist taxpayers in complying with tax obligations’—and then establish a budget that adequately supports those efforts,” Ams said.

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