



January 27, 2014

Hon. Ander Crenshaw, Chair
House Financial Services and Government Appropriations Subcommittee
B-300 Rayburn House Office Building
U.S. House of Representatives
Washington, DC

Dear Chair Crenshaw,

I strongly disagree with a number of the statements made in your "Hold the IRS Accountable" opinion letter in the January 23, 2014 *USA Today*. Moreover, I disagree with your conclusions that, as a result of your Subcommittee's work, the IRS is "pointed in a direction that respects American taxpayers" or that the recently-approved IRS budget represents "responsible fiscal policy from Washington." In fact, the budget is a disservice to taxpayers and is the essence of irresponsibility.

The opening paragraph of your letter begins with an attempt to justify the reductions in the IRS budget because, in your view, the IRS recently targeted "Americans who hold certain political beliefs..." a reference to groups seeking tax exemption even though it was unclear whether they qualified for such an exemption because they may have been engaged in political activity. Even if the IRS did target such groups, it is a short-term problem that could have been addressed with targeted solutions. Instead, according to *Forbes* magazine, your budget reduces the IRS budget on an overall basis to an amount "\$526 million below its 2013 budget and \$1.7 billion less than President Obama requested. According to the House Appropriations Committee, the funding level would be lower than agency spending in 2009." All this while the Congress has been busy making the tax code even more complicated by enacting over 4,400 changes to the Internal Revenue Code in the last few years.

Republicans in Congress have taken the position that they do not want to enact long-term tax increases to pay for short-term spending programs. Fair enough. Why is it then any better, or more intellectually consistent, to enact long-term IRS budget reductions to address short-term issues such as that with the tax-exempt groups?

Oh yes, as you pointed out in your letter, your budget would also require the IRS to use scarce budget resources to provide to Congress "numerous, frequent and extensive reports about its spending on training, bonuses, information technology and operations." Given the reduced amounts you have provided for these purposes, at least the reports will be short.

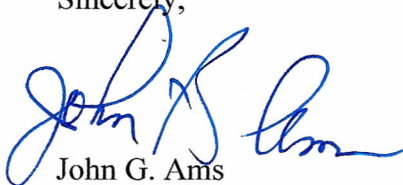
You also state in your letter that the appropriations process is about making choices when funding is limited. Due to IRS budget reductions, agency managers must also make choices, even in light of the increase in workload as a result of the 4,400 changes to the tax code mentioned above. Inevitably, those choices will have an impact on taxpayers because at some point – and we have long since reached that point – the IRS cannot do more with less, it can only do less with less. According to the IRS Taxpayer Advocate:

- Last year, the IRS could only answer 61 percent of calls from taxpayers seeking to speak with a customer service representative (CSR). That's down from 87 percent ten years earlier, with half the decline occurring since FY 2010. In FY 2013, 39 percent of calls (some 20 million) simply did not get through.
- Taxpayers who did get through had to wait on hold approximately 17.6 minutes before speaking with a CSR. That's up from 2.6 minutes ten years earlier, a nearly six-fold increase, with nearly half the increase occurring since FY 2010.
- Millions of taxpayers visit IRS walk-in sites each year for assistance. Ten years ago, the IRS answered some 795,000 tax law questions in the sites during the filing season. Last year, it handled about 110,000 tax law questions during the filing season – a reduction of 86 percent.
- Last year, the IRS received about 8.4 million letters from taxpayers responding to proposed adjustments to their tax liabilities. As of the end of the fiscal year, 53 percent of taxpayer letters in the IRS's "adjustments" inventory were considered "over age" (generally, more than 45 days old). That compares with "over age" percentages of 12 percent ten years earlier and 28 percent in FY 2010.
- The IRS recently announced it will only answer "basic" tax law questions on its telephone lines and in its walk-in sites during the upcoming filing season and it will not answer any tax law questions after the filing season, including questions from the millions of taxpayers who obtain filing extensions and prepare their returns later in the year.
- Since FY 2010, the IRS's training budget has been cut from \$172 million to \$22 million.

Members of the National Society of Accountants are gearing up for the tax filing season and are desperate for the kind of help and guidance that only the IRS can provide but for which the agency has little or no budgeted funds. How is your budget helping taxpayers or tax professionals when individuals calling for help are more likely to receive incorrect information or no information because of the lack of training? How is your budget helping taxpayers if, because of the lack of funds, they face inappropriate adjustments and assessments, inappropriate levies or inappropriate liens because IRS enforcement employees are not well trained?

If you truly believe, as you state, that "we need the IRS to enforce tax laws, stop and prevent fraud, prepare forms and instruction, process refunds, collect revenue and assist taxpayers in complying with tax obligations," then the first step would be reconvene your Subcommittee 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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