HEARING ON ACCOUNTABILITY AND TRANSPARENCY AT THE INTERNAL REVENUE SERVICE WITH IRS COMMISSIONER WERFEL

HEARING

BEFORE THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

APRIL 27, 2023

Serial No. 118–14

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PUBLISHING OFFICE
54–350 WASHINGTON : 2024

COMMITTEE ON WAYS AND MEANS

JASON SMITH, Missouri, *Chairman*

VERN BUCHANAN, Florida
ADRIAN SMITH, Nebraska
MIKE KELLY, Pennsylvania
DAVID SCHWEIKERT, Arizona
DARIN LaHOOD, Illinois
BRAD WENSTRUP, Ohio
JODEY ARRINGTON, Texas
DREW FERGUSON, Georgia
RON ESTES, Kansas
LLOYD SMUCKER, Pennsylvania
KEVIN HERN, Oklahoma
CAROL MILLER, West Virginia
GREG MURPHY, North Carolina
DAVID KUSTOFF, Tennessee
BRIAN FITZPATRICK, Pennsylvania
GREG STEUBE, Florida
CLAUDIA TENNEY, New York
MICHELLE FISCHBACH, Minnesota
BLAKE MOORE, Utah
MICHELLE STEEL, California
BETH VAN DUYNE, Texas
RANDY FEENSTRA, Iowa
NICOLE MALLIOTAKIS, New York
MIKE CAREY, Ohio

RICHARD E. NEAL, Massachusetts
LLOYD DOGGETT, Texas
MIKE THOMPSON, California
JOHN B. LARSON, Connecticut
EARL BLUMENAUER, Oregon
BILL PASCRELL, JR., New Jersey
DANNY DAVIS, Illinois
LINDA SÁNCHEZ, California
BRIAN HIGGINS, New York
TERRI SEWELL, Alabama
SUZAN DELBENE, Washington
JUDY CHU, California
GWEN MOORE, Wisconsin
DAN KILDEE, Michigan
DON BEYER, Virginia
DWIGHT EVANS, Pennsylvania
BRAD SCHNEIDER, Illinois
JIMMY PANETTA, California

MARK ROMAN, *Staff Director*
BRANDON CASEY, *Minority Chief Counsel*

C O N T E N T S

OPENING STATEMENTS

WITNESS

MEMBER QUESTIONS FOR THE RECORD

PUBLIC SUBMISSIONS FOR THE RECORD

United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

FOR IMMEDIATE RELEASE CONTACT: 202-225-3625
April 20, 2023
No. FC-09

Chairman Smith Announces Hearing on
Accountability and Transparency at the Internal Revenue Service
with IRS Commissioner Werfel

House Committee on Ways and Means Chairman Jason Smith (MO-08) announced today that the Committee will hold a hearing on accountability and transparency at the Internal Revenue Service with IRS Commissioner Danny Werfel. The hearing will take place on **Thursday, April 27, 2023, at 1:00pm in 1100 Longworth House Office Building**.

Members of the public may view the hearing via live webcast available at https://waysandmeans.house.gov. The webcast will not be available until the hearing starts.

In view of the limited time available to hear the witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMSubmission@mail.house.gov.

Please ATTACH your submission as a Microsoft Word document in compliance with the formatting requirements listed below, **by the close of business on Thursday, May 11, 2023**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee.

The Committee will not alter the content of your submission but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Please indicate the title of the hearing as the subject line in your submission. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

ACCOMMODATIONS:

The Committee seeks to make its facilities accessible to persons with disabilities. If you require accommodations, please call 202-225-3625 or request via email to WMSubmission@mail.house.gov in advance of the event (four business days' notice is requested). Questions regarding accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the Committee website at http://www.waysandmeans.house.gov/.

###

ACCOUNTABILITY AND TRANSPARENCY AT THE INTERNAL REVENUE SERVICE WITH IRS COMMISSIONER WERFEL

THURSDAY, APRIL 27, 2023

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC.

The committee met, pursuant to call, at 1:04 p.m. in Room 1100, Longworth House Office Building, Hon. Jason T. Smith [chairman of the committee] presiding.

Chairman SMITH. The committee will come to order.

Commissioner Werfel, thank you for being here today.

I first want to address an issue that has been widely reported last week. A whistleblower came forward with troubling claims about abuses of power, and we are conducting a review of this matter and will go wherever the facts lead us. And I expect full cooperation from the IRS, particularly with regard to ensuring this whistleblower is protected from any retaliation.

We value the importance and the role of whistleblowers in ensuring the integrity of our governing institutions, which is why we established an online portal providing IRS employees a direct avenue to provide information regarding any wrongdoing that they may witness or believe to be occurring.

Commissioner, while I know you are fairly new on the job, it would be irresponsible not to put you on notice about the various concerns the American people have about your agency.

Over the past two years the IRS has leaked private tax information of Americans at the same time the Biden Administration was pushing tax increases on those very individuals.

Accidentally posted online the private taxpayer information of thousands of retirees. They apologized, they took it down, said it wouldn't happen again, and did the very same thing four months later.

They destroyed over 30 million tax returns due to the backlog. They tried and then delayed for a year a new paperwork nightmare of gig economy workers under the new 1099K reporting requirements.

And promised to release a spin plan for the $80 billion pay raise Democrats gave the agency, only to fail to explain whether low-income taxpayers will be protected from increased audits, and failed to show exactly how many bureaucrats in total you plan to put on the payroll.

Repurposed $3.9 billion of the $80 billion to support costly green corporate handouts, and requested an additional $43 billion for your agency last month on top of the $80 billion it received last August.

Concocted plans to become the tax preparer, the tax filer, and government auditor of the American people.

I was surprised that, after receiving the greatest windfall in agency history, the President's fiscal year 2024 budget requested an additional—an additional—$43 billion. That is 91 percent of which is targeted toward enforcement and operations like further increasing audits on middle-class families. Meanwhile, the IRS cannot tell us in total beyond the next two years how many people it plans to hire with its new funding.

Statements from you and Secretary Yellen make clear that audit rates will rise for Americans earning less than $400,000. The only question left is how fast those rates will rise. When I asked for a plan, I was not looking for assurances. I was looking for concrete proposals of how the Treasury Department and your agency will protect lower and middle-income Americans.

I look forward to you making good on your commitment from last week to follow up with far more detail about how your agency plans to spin these funds over the next 10 years.

Democrats super-charged the IRS with the hopes of raising billions to pay for special interest tax breaks for the wealthy that are now projected to cost three times that amount. Now the IRS is dedicating billions to support these green corporate handouts, and it is clear Democrats are all about subsidizing the low-emission lifestyles of the wealthy.

It is not only new audits Americans have to worry about. The Inflation Reduction Act includes new reporting requirements for any Venmo or PayPal transaction over $600. Is it really a top priority for tax collectors to know whether someone is selling a used couch, or unused concert tickets, or paying for their neighbor's kid to mow the lawn?

This gives your agency too much power and, in effect, creates a surveillance network that will invade Americans' privacy and squeeze them out of more of their hard-earned dollars.

The IRS has a lot of work to do to repair the trust it has broken with the public over the last decade. I hope we can begin the conversation to do that in today's hearing.

And I am pleased to recognize the gentleman from Massachusetts, Ranking Member Neal, for his opening statement.

Mr. NEAL. Thank you, Mr. Chairman, and I want to welcome to the Committee on Ways and Means Commissioner Werfel.

It certainly is an honor to have you here today, and we look forward to working with you as you start your time as the commissioner. So let's start by saluting the dedicated workers of the Internal Revenue Service. It is their commitment to taxpayers that has allowed for the Inflation Reduction Act to make such quick headway.

Many members on the other side of the aisle and their constituencies are already taking advantage of the Inflation Reduction Act in terms of investments as they relate to the tax credits. Your testimony this afternoon comes at an important time for the IRS. The

Democratic multi-year investment in the Internal Revenue Service has already unlocked a new era of service for America's taxpayers.

This filing season alone, Americans experienced a historic level of customer assistance and support. Two million more calls were answered through live assistance, wait times were drastically decreased, new digital tools were introduced, and in-person services at taxpayer assistance centers were expanded. Modernizing the IRS should have been a bipartisan undertaking. Its systems needed to be remodeled, and we are appreciative of the fact that it appears as though the much-needed headway is now underway. Updates to technology infrastructure will pay dividends for the American taxpayers for decades to come.

It still is the old adage: people at the bottom shouldn't be paying for more than they ordinarily would because people at the top are able to escape their fair share. The Inflation Reduction Act also reverses decades of Republican-targeted cuts to the IRS, taking action to close the tax gap and eliminate our two-tiered tax system. Far too long, the wealthy and the well-connected have been able to get away with not paying their share at the expense of everyday Americans. It is interesting to note that the compliance rate for those who pay taxes through withholding is in the high 90 percentiles.

The IRS recently released Strategic Operating Plans. It is a strong blueprint for bringing our historic legislation to reality. Soon the IRS will be better equipped to ensure that top one percent of those who avoid the tax system will be held accountable.

Once again, the contrast between our achievements and the extremism of the other side could not be more clear. We have pushed for decisive action to regain taxpayers' trust and build a fairer tax code. And just yesterday our colleagues on the other side doubled down on undoing this progress, and thereby adding to the deficit. While we are looking out for workers and their families, they, apparently, were looking out for their own, costing taxpayers $100 billion.

That is, sadly, not the limit of that extremism. They have advocated for legislation that would abolish the IRS in favor of a 30 percent national sales tax. I served on this committee when members on the other side did precisely that. Republicans would raise the cost of groceries, gas, medicine, child care, and just about all aspects of life for the middle class, while extending the unfunded tax cuts for the wealthy and well-connected. That would create more harm than good.

So I look forward to working with you as we continue to implement the Inflation Reduction Act and deliver on our shared commitment to a tax system that works for all members of the American family.

Thank you, Commissioner.

Thank you, Mr. Chairman.

Chairman SMITH. Thank you, Ranking Member Neal.

Today's sole witness is the very new commissioner of the Internal Revenue Service, Mr. Daniel Werfel.

The committee has received your written statement, and it will be made part of the formal hearing record today. Commissioner Werfel, you can begin when you are ready.

Mr. WERFEL. Thank you.

STATEMENT OF DANIEL I. WERFEL, COMMISSIONER, INTERNAL REVENUE SERVICE

Mr. WERFEL. Chairman Smith, Ranking Member Neal, and members of the committee, thank you for the opportunity to testify on the filing season and the IRS budget.

I am pleased to report the IRS provided substantially better service to taxpayers during the 2023 filing season. We delivered a strong tax season for the nation, the best in several years. IRS employees were able to make substantial improvements this tax season because of funding Congress provided through the Inflation Reduction Act. This funding made a difference. It allowed us to hire more than 5,000 phone assisters, which led to a phone level of service averaging 85 percent during the filing season. The average wait time on the phone was three minutes. This is a major improvement from last year, when service levels were under 16 percent and wait times averaged 28 minutes. Perhaps most telling was this: IRS employees answered seven million calls to help taxpayers. That is 2.7 million more than last year.

Improvements were seen in other areas. We increased face-to-face visits at our taxpayer assistance centers to 523,000, up about 30 percent from the year before. And we expanded digital scanning efforts to speed up the processing of paper returns.

Providing a better filing season experience this year was an important step, but more work remains. The long-term funding gives us a unique opportunity to transform our agency over the next decade.

Historically, the IRS received funding that allowed our staffing and operations to keep pace with the size of the U.S. population. In 2010 that changed. Cuts in annual funding caused IRS staffing levels to decline by nearly 17 percent to less than 80,000 full-time employees by 2022. While the IRS shrank, the U.S. population grew by more than 7 percent, reaching 334 million. These reductions caught up with us. You could see that in the poor taxpayer service levels in previous years, including last year.

We were able to improve this filing season by shifting Inflation Reduction Act funds over to our day-to-day operations. If we continue using IRA funds this way, focused on short-term operations rather than long-term systemic improvements, we will not be able to transform the taxpayer experience, modernize outdated IRS technology, and deliver more effective enforcement of the tax laws, as the IRA envisioned.

The IRA funding was designed to restore IRS core operations and prepare the agency to serve the nation in its future. But that work is outside of our base funding levels. That level of funding, which is $12.3 billion for fiscal year 2023, has not materially increased since fiscal year 2010. In fact, in real terms, we are 33 percent below our funding level in fiscal year 2010 if we had just received inflationary adjustments. It is not enough resources to fund a tax system in an economy that grows in size and complexity every year.

So I ask for your help to build on the remarkable progress we saw this filing season by supporting the $1.8 billion in incremental discretionary funding requested for fiscal year 2024. This funding will enable us to maintain our current performance in the next filing season, while allowing us to use IRA resources, as Congress intended, to modernize our operations so we can sustain and improve our service to taxpayers into the future.

Our Strategic Operating Plan lays out in detail our path forward, describing how we will improve all aspects of our operations. The plan, which I call our public to-do list, lays out more than 200 projects for improvements for taxpayers, tax professionals, and IRS employees that will transform our work on the phones, in person, and online.

IRA funding also gives us an important opportunity to improve enforcement efforts, to promote fairness while respecting taxpayer rights. The agency will follow Secretary Yellen's directive not to raise audit rates above historic levels for small businesses and households making less than $400,000.

I want to be crystal clear: we are not increasing audit rates for hardworking taxpayers making under $400,000. That is my pledge. There is no new surge of audits coming for workers, retirees, and others. We have plenty of other areas we need to focus on.

I am optimistic we can build on the accomplishments of this filing season. The question is not whether the IRS can improve taxpayer services. This year we proved that dramatic improvement is possible. The question is whether we continue to improve.

Chairman Smith, Ranking Member Neal, and members of the committee, that concludes my statement. I would be happy to take your questions.

[The statement of Mr. Werfel follows:]

**WRITTEN TESTIMONY OF
DANIEL WERFEL
COMMISSIONER
INTERNAL REVENUE SERVICE
BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE
ON THE FILING SEASON AND THE IRS BUDGET
APRIL 27, 2023**

INTRODUCTION

Chairman Smith, Ranking Member Neal and members of the Committee, thank you for the opportunity to discuss the 2023 filing season and the IRS budget.

I am honored to serve as the 50th IRS Commissioner and have the chance to lead a group of extremely dedicated and talented public servants at a pivotal moment in IRS history. My first few weeks as Commissioner have reinforced my belief in the importance of the IRS to the nation, as I have witnessed the ongoing efforts of our workforce to fulfill the critical mission of administering the nation's tax system. This includes administering the tax filing season, which has gone smoothly in terms of processing tax returns, the operation of our information technology systems and improvements in taxpayer service.

As I begin my new role, I have a unique opportunity coming into the agency to bring a fresh perspective on our operations, examining them to determine where improvements can be made and what processes and controls need to be strengthened to better fulfill our mission. Ensuring a high-performing IRS is critical for our nation, as the agency collects more than $4 trillion in revenues each year, generating about 96 percent of the funding that supports the federal government's operations – everything from roads and other infrastructure to education and the nation's military.

We greatly appreciate the funding provided by Congress in the Inflation Reduction Act of 2022 (IRA), which has already allowed us to make improvements in many areas, including our levels of service on the phones and in person during the 2023 filing season. In tandem with the IRS' annual discretionary budget, this critical, sustained multi-year funding will allow the agency to transform its operations– through improved taxpayer service, smarter enforcement, upgraded technology, and better data security.

As we continue implementing the IRA, we welcome Congressional oversight of our efforts. I believe in the oversight role of this Committee and others, and I will always strive to be accountable to you for the investments we make using the IRA funding. Accountability will be essential for the IRS to maintain public trust.

We must be transparent about our work, be responsible stewards of the taxpayer dollars we receive, and collaborate with Congress and other oversight entities. A good example of how we are striving for better transparency is the IRA Strategic Operating Plan we issued earlier this month. This plan lays out our objectives, initiatives and milestones for transformation of the agency, and will be described in more detail later in this testimony. In all of our efforts, our ultimate goals are to provide all taxpayers with world-class customer service and implement the tax code in a way that safeguards the rights of taxpayers and promotes tax fairness.

UPDATE ON THE 2023 FILING SEASON

I am pleased to report the 2023 tax filing season, which began on time on January 23, has gone well. Through April 14, the IRS received more than 117 million individual federal tax returns and issued more than 75 million refunds totaling more than $215 billion. It is important to note that, although we are now past the April 18 filing deadline, the work of the filing season continues, as IRS employees continue to process tax returns, including amended returns and returns for which taxpayers have requested an extension through mid-October.

This filing season, following the infusion of IRA funding, the IRS has been able to provide taxpayers with a substantially better experience than they have seen for several years. Notably, we have answered more calls from taxpayers seeking our help than in 2022, and we have significantly reduced their wait time on the phones, provided more in-person assistance at our Taxpayer Assistance Centers (TACs) around the country, and provided more online services for taxpayers who prefer using this service channel.

Examples of the improvements seen this filing season include:

- ***Phone service***. We hired more than 5,000 additional customer service representatives (CSR) for our toll-free lines. That allowed us to achieve a level of service (LOS) on the phones averaging 85.4 percent this filing season through April 14. This is a significant increase from approximately 16 percent for the same period last year. Our CSRs have answered over 2 million more calls this filing season compared to this time last year during filing season. The IRA resources also have allowed us to reduce the average time it takes to answer a taxpayer call to about three minutes, compared with 28 minutes a year ago.
- ***In-person assistance***. We have already hired hundreds of new employees for our TACs, with more to come. So far this year through April 14, TACs have provided face-to-face service to more than 523,000 taxpayers, compared with 399,000 during the same period last year. IRA funding has also allowed us to reopen many TACs that were closed due to lack of resources. As of early April, 334 of our 362 TACs are open, with 28 closed or unstaffed. That compares with August 2022, when we had 317

TACs open out of a total of 359, with 42 closed or unstaffed. Additionally, again this year, we have had special Saturday openings of certain TACs in dozens of locations across the country to assist taxpayers.

- ***Electronically filed forms***. We launched an online portal, the Information Returns Intake System (IRIS) for businesses to electronically file 1099-series forms, saving time and effort for both businesses that issue these forms and the taxpayers that receive them. Though available to businesses of all sizes, IRIS is especially helpful to small businesses that currently submit their 1099 forms on paper.
- ***Scanned returns***. We began a new initiative called Digital Intake to scan paper tax returns to save time and effort for taxpayers and businesses, as well as for the IRS. We have scanned more than 474,000 paper Forms 940, *Employer's Annual Federal Unemployment Tax (FUTA) Return*, since the start of 2023. In March, we expanded this effort to include scanning of Form 1040, *U.S Individual Income Tax Return*, and Form 941, *Employer's Quarterly Federal Tax Return.* We hope to scan more than a million forms this year, a major accomplishment for the agency.
- ***Easier response to IRS notices***. We gave taxpayers the option to respond to a range of IRS notices by uploading documents electronically using our Document Upload Tool. At the current stage of this ongoing effort, we estimate this can help serve more than 500,000 taxpayers each year who respond to these notices, which include military personnel serving in combat areas and recipients of important tax credits such as the Earned Income Tax Credit.
- ***Faster refunds on amended returns***. This filing season, for the first time, taxpayers who electronically filed Form 1040-X to amend their tax returns had the option to choose direct deposit for their refund – which can save weeks over delivery of a paper refund check. This helps a significant segment of taxpayers, as a total of 3 million amended returns are filed each year.

TRANSFORMING THE IRS: IRA STRATEGIC OPERATING PLAN

The IRA legislation provides the IRS with a unique opportunity to transform our agency and the taxpayer experience over the next decade. To ensure we are on the right path in implementing the IRA, we recently issued our Strategic Operating Plan, which provides a long-term vision for how we will use these historic investments to better serve taxpayers. This robust plan provides the roadmap for the IRS to enhance the taxpayer experience, improve fairness in tax administration by reducing the tax gap, and strengthen our operations to be more efficient.

By implementing the plan, the IRS will provide the American public the customer experience they deserve, modernize outdated technology and tools for taxpayers, and deliver more effective enforcement of tax laws that apply to high-income taxpayers, large corporations, and complex partnerships which do not pay the taxes they legally owe. This plan, which IRS and Treasury staff started working on in advance of my confirmation as IRS Commissioner, lays out a solid foundation for transforming the IRS. This vision is achievable with the long-term funding provided by the Inflation Reduction Act and assuming the IRS receives sufficient discretionary funding each year through the annual appropriations process.

Taken as a whole, the plan provides a vision for the future of the IRS as an organization that will deliver:

- A world-class customer service operation where taxpayers can engage with the IRS in a fully digital manner if they choose, where helpful tools for taxpayers to navigate the complexity of our tax laws are deployed and then refreshed and updated regularly based on taxpayer feedback, and where our customer service workforce is maintained at the right size and with the right resources and training to always be ready to meet the taxpayer demand for assistance.
- New capacities, including specialized skills, to unpack the complex filings of high-income taxpayers, large corporations, and partnerships so Americans have confidence that all taxpayers, regardless of means, are doing their part to meet their responsibilities under our tax laws.
- Modern technology that provides taxpayers with increased confidence that data is secure and that we are prepared and able to more rapidly meet new requirements or responsibilities as they emerge in the future.

The plan is organized around five objectives:

- Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.
- Quickly resolve taxpayer issues when they arise.
- Focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap.
- Deliver cutting-edge technology, data, and analytics to operate more effectively.
- Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers.

The IRS that emerges from this plan will deliver an improved taxpayer experience that mirrors what best-in-class public and private organizations now provide. Among the improvements, taxpayers and tax professionals will have the ability to interact with the IRS in the way they prefer, whether online, over the phone, or in person. This approach will also help the IRS reach more underserved communities, providing the assistance to taxpayers in the ways that they want and deserve.

Along with improving the taxpayer experience, another component of the plan involves enforcement to ensure fairness in tax administration and address the tax gap. This focus will not be a concern to compliant taxpayers; the emphasis will be on pursuing those who do not follow the tax law. In conducting these enforcement activities, we are committed to following the Treasury Department's directive not to increase audit rates relative to historical levels for small businesses and households earning $400,000 per year or less.

To be clear, we have years of work ahead of us where we will be 100% focused on building capacity for higher income individuals, large corporations and complex partnerships. During this time, the audit rate for average, hard-working taxpayers will not be increasing, and these rates are at historical lows. People who get W-2 forms or receive most of their income from Social Security or have a small business should not be worrying about some new wave of IRS audits. Instead, our focus will be on other high-dollar areas for quite some time, because there is a lot of work to do in those more complex areas of tax law that will take a number of years to accomplish.

Instead, our compliance efforts will focus on complex issues and high-dollar noncompliance. This is important, because over the past several years, our ability to enforce the tax laws against non-compliant taxpayers with complex returns – including large corporations, complex partnerships, and high-wealth individuals – has been hampered by a lack of resources. We have been unable to audit a reasonable percentage of these groups, and we are often limited in the issues reviewed among those we do audit. Many of these taxpayers can afford to spend large amounts to drag out proceedings unnecessarily or bury the government in paper, leaving us unable to assure a reasonable degree of compliance with the laws passed by Congress.

Funding provided under the IRA will allow us to hire and train more specialists across a wide range of complex areas needed to assist with the audits of the complex issues we will be focusing on. For example, we will focus the IRA enforcement resources on hiring the accountants, attorneys, engineers, economists, and data scientists needed to pursue high-income and high-wealth individuals, complex partnerships, and large corporations that are not paying the taxes they owe. Using improved data and analytics, we will enhance detection of noncompliance and increase enforcement activities for such high-risk and novel emerging issues as digital assets, listed transactions, and certain international tax issues. All of this will be done with an eye toward fairness and always respecting taxpayer rights.

It is important to note that our plan to focus on these types of complex issues will be resource intensive. But achieving our goals will result not only in a fairer tax system, but also in benefits for taxpayers and the nation, because detecting and stopping noncompliance in these areas would result in significant additional revenues and reduce the deficit.

This plan is only the beginning of our work. As we stand up the IRS Transformation and Strategy Office and begin specific implementation sequencing and planning efforts, we will provide additional information to the

Treasury, to our oversight bodies, and to the American people outlining the details of our transformation.

We will hold ourselves accountable to achieving the plan's vision by regularly monitoring and reporting to Congress on our progress. We will also update the plan's details as we learn more about what works and as the operating environment changes. More important than any detail in this plan, however, is our responsibility to improve the customer experience we provide to the American people. The IRS looks forward to demonstrating how the actions under this plan will translate into real improvements in how taxpayers engage with us and in the assistance we provide. The plan articulates how, through both service and technology enhancements, the experience of the future will look and feel much different from the IRS of today.

I also want to note that the IRS will continue looking for feedback from Congress, from people inside and outside the tax community, including taxpayers, as we work to put these changes in place. This feedback is important to make sure that we strengthen IRS operations and transform the agency to serve taxpayers and the nation.

THE PRESIDENT'S FISCAL YEAR (FY) 2024 BUDGET

The President's FY 2024 Budget proposal for the IRS provides $14.1 billion in discretionary appropriations, an increase of $1.8 billion, or about 15 percent, above the 2023 enacted level of $12.3 billion. This request provides funding to maintain basic IRS service, operations and technology functions, which, when paired with IRA funding, will ultimately lead to increased voluntary tax compliance. The request also aims to ensure the IRS stays current with paper inventory and can provide both live phone assistance and in-person service; facilitates optimal oversight of high-income, large corporate and large partnership tax returns; and maintains digital tools to enable efficient and cleaner communication with taxpayers.

As noted above, the historic funding provided by Congress under the IRA will allow us to transform tax administration and taxpayer service in ways not possible under the annual budget alone. Years of underfunding left the IRS understaffed and unable to deliver the modern customer service experience taxpayers deserve, and also left the agency with challenges operating on outdated information technology systems and unable to keep up with a changing economy. But the transformative investments to be made using IRA funding can only be put to work if Congress continues annual funding for steady-state maintenance of agency operations.

The IRS's plan for IRA implementation assumes that IRA funds will support transformation efforts, while day-to-day operations would continue to be supported by annual appropriations. Any reduction in annual discretionary funds – including failing to sufficiently provide for inflationary increases to maintain current levels – would require IRA funding to be shifted to general operations. This would mean worse service for the taxpayer.

The President's FY 2024 Budget requests total program increases of approximately $1 billion, including the following:

- ***Improving the Taxpayer Experience***: $41.4 million. This investment will allow the IRS to continue helping taxpayers and tax practitioners meet their tax obligations. Funding will be used to maintain and expand the number of digital assistance options taxpayers may use to access resources for complying with the tax laws. Additional online self-service options to be funded include account updates, secure messaging and notice delivery, and refund tracking.
- ***Green Tax Credit Implementation***: $105.6 million, which will be used to support the various IRA tax credit provisions. This funding will supplement IRA funding for this area to develop and modify forms, instructions and notifications; conduct taxpayer education and research; address increased taxpayer demand for assistance with the new credits; and ensure compliance with tax credit requirements.
- ***Improving Phone Level of Service (LOS)/Reducing Paper Inventory***: $267.2 million. This investment will enable the IRS to achieve and maintain high LOS performance outcomes and exceed FY 2023 levels. This is important, given that taxpayer research continues to indicate phone service is a preferred service channel. Research also shows that inadequate phone service causes taxpayers to increase usage of other service channels, such as paper correspondence, so keeping phone LOS high will reduce incoming paper inventory.
- ***Restoration of Staffing Levels***: $167.6 million. This investment will restore discretionary funding for the IRS staffing levels in place prior to enactment of the IRA. While the IRA provided the IRS with significant resources for a transformative expansion of its tax enforcement related to large and complex tax returns as well as increasing taxpayer services efforts, there remains a need for a reversal of the multi-year inflation-adjusted decline in the IRS's foundational staffing resources.
- ***Sustaining IT Capabilities***: $55.9 million. The IRS intends to use funds provided under the American Rescue Plan Act and the IRA to accelerate the modernization of its core foundational technology. But it must continue to operate the existing core tax processing system while planning and executing the modernization initiatives. This funding will allow the IRS to fund operations and maintenance of these key existing systems.
- ***Business Systems Modernization***: $289.6 million. This investment will restore discretionary IT modernization funding to help the IRS continue to develop into a 21st century tax administrator. Although the IRA provides funding for business systems modernization, sustained annual discretionary funding is necessary for the envisioned transformative modernization to be realized and sustained going forward.

LEGISLATIVE PROPOSALS IN THE PRESIDENT'S FY 2024 BUDGET

Along with the funding requested in the President's FY 2024 Budget request, we are also requesting legislative proposals that would improve tax administration, including the following:

- ***Direct Hire Authority and Streamlined Critical Pay.*** The President's Budget includes two administrative provisions within the appropriations language designed to expand Direct Hire Authority (DHA) and provide the ability to offer Streamlined Critical Pay (SCP) to certain new hires to accelerate IRS hiring efforts. DHA provides the ability to expedite the normal hiring process to hire more efficiently when there is a severe shortage of highly qualified candidates or during a critical hiring need. DHA has helped the IRS address the backlog of paper returns and other issues. Expanded DHA will help ensure hiring delays are not an obstacle to implementing plans for utilizing IRA resources and achieving broad mission-related functions. SCP authority gives the IRS a management tool to quickly recruit and retain a limited number of employees with high levels of expertise in technical or professional fields that are crucial to the success of the IRS's transformative efforts.
- ***Information reporting by financial institutions and digital asset brokers for purposes of exchange of information.*** Over time, the U.S. has established a broad network of information exchange relationships with other jurisdictions based on established international standards. The information obtained through those relationships has been central to recent successful IRS enforcement efforts against offshore tax evasion. The ability to exchange information reciprocally is particularly important in connection with the implementation of the Foreign Account Tax Compliance Act (FATCA). Currently, however, the U.S. provides less information to foreign governments than we receive from them. The proposal would expand reporting by financial institutions and digital asset brokers in a number of ways – for example, by requiring financial institutions to report the account balance for all financial accounts maintained at a U.S. office and held by foreign persons. These new reporting requirements would enable the IRS to provide equivalent levels of information to cooperative foreign governments in appropriate circumstances to support their efforts to address tax evasion by their residents. The proposal would be effective for returns required to be filed after December 31, 2025.
- ***Require reporting by certain taxpayers on foreign digital asset accounts.*** Section 6038D(b) of the Internal Revenue Code contains an annual reporting requirement for individuals in regard to two categories of foreign financial assets, but there is no reporting requirement under this section for digital assets. Against this backdrop, tax compliance and enforcement with respect to digital assets is a rapidly growing problem.

The global nature of the digital assets market offers opportunities for U.S. taxpayers to conceal assets and taxable income by using offshore digital asset exchanges and wallet providers. The proposal would amend section 6038D(b) to require reporting with respect to a new third category of asset: that is, any account that holds digital assets maintained by a foreign digital asset exchange or other foreign digital asset service provider. Reporting would be required *only* for taxpayers that hold an aggregate value of all three categories of assets in excess of $50,000. The proposal would be effective for returns required to be filed after December 31, 2023.

- ***Extend the statute of limitations for certain tax assessments.*** Section 6501 of the Internal Revenue Code generally requires the IRS to assess a tax within three years after the filing of a return. But for complex audits in the largest cases, critical issues may not be identified until late in the process of an examination, and in many cases these issues cannot be pursued further due to time and resource constraints. The proposal would amend section 6501 to extend the three-year statute of limitations to six years if a taxpayer omits from gross income more than $100 million on a return. This change would give the IRS enhanced agility and flexibility in evaluating and staffing its case inventory and appropriately allocating its limited enforcement resources.
- ***Increase oversight of paid tax return preparers.*** Paid tax return preparers have an important role in tax administration because they assist taxpayers in complying with their obligations under the tax laws. The proposal would amend Title 31, U.S. Code (Money and Finance) to provide the Secretary with explicit authority to regulate all paid preparers of Federal tax returns, including by establishing mandatory minimum competency standards. The proposal would be effective on the date of enactment.
- ***Expand and increase penalties for return preparation and e-filing***. Inappropriate behavior by paid tax return preparers harms taxpayers through the filing of inaccurate returns, erroneous refunds and credits and personal tax return noncompliance. Tax return preparer misconduct continues, in part, because the amounts of the penalties under current law do not adequately promote voluntary compliance. The proposal would increase the amount of the tax penalties that apply to paid tax return preparers for willful, reckless or unreasonable understatements, as well as for forms of noncompliance that do not involve an understatement of tax.
- ***Expand authority to require electronic filing for forms and returns***. Under this proposal, electronic filing would be required for returns filed by taxpayers reporting larger amounts or that are complex business entities, including: (1) income tax returns of individuals with gross income of $400,000 or more; (2) income, estate, or gift tax returns of all related individuals, estates, and trusts with assets or gross income of $400,000 or more in any of the three preceding years; (3) partnership returns for partnerships with assets or any item of income of more than $10 million in any of the three preceding years; (4) partnership returns for partnerships

with more than 10 partners; (5) returns of real estate investment trusts, real estate mortgage investment conduits, regulated investment companies and all insurance companies; and (6) corporate returns for corporations with $10 million or more in assets or more than 10 shareholders. Further, electronic filing would be required for the following forms: (1) Forms 8918, *Material Advisor Disclosure Statement*; (2) Forms 8886, *Reportable Transaction Disclosure Statement*; (3) Forms 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*; (4) Forms 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds*; and (5) Forms 8300, *Report of Cash Payments Over $10,000 Received in a Trade or Business*. Return preparers that expect to prepare more than 10 corporation income tax returns or partnership returns would be required to file such returns electronically. The Secretary would also be authorized to determine which additional returns, statements, and other documents must be filed in electronic form in order to ensure the efficient administration of the internal revenue laws without regard to the number of returns that a person files during a year.

- ***Improve reporting for payments subject to backup withholding***. The proposal would treat all information returns subject to backup withholding similarly. Specifically, the IRS would be permitted to require payees of any reportable payments to furnish their Taxpayer Identification Numbers (TIN) to payors under penalty of perjury. The proposal would be effective for payments made after December 31, 2023.

CONCLUSION

Chairman Smith, Ranking Member Neal and Members of the Committee, thank you again for the opportunity to update you on the filing season and IRS operations. This has been a strong filing season for the IRS, and the future holds great promise for the agency and the taxpayers we serve. As Commissioner, I am committed to leading the IRS's transformation efforts in close collaboration with this Committee, and I look forward to working with you to achieve a more modern and high-performing IRS, which will better serve taxpayers and our nation.

Chairman SMITH. Thank you, Commissioner. We will now proceed to the question-and-answer session, and I will begin.

Nearly two years since a massive leak of confidential taxpayer information was published by ProPublica, the American people are still without answers from the Biden Administration on who is responsible and how this could have occurred. This leak happened at the same time the Administration was pushing for higher taxes on the same taxpayers who had their information disclosed.

Given this terrible breach of trust at the IRS, what has the agency done in the last two years to secure its systems to prevent something like this from happening again?

Mr. WERFEL. Mr. Chairman, data security is essential to everything we do. For the whole system to work, taxpayers have to have trust in our abilities here. And as I roll up my sleeves on the job, I am taking numerous steps to assess our current capacities and our current gaps. And I have to tell you, there are areas that I have been impressed with. We successfully defend more than a billion cyber attacks a year. And I have looked into our employee training. It is very robust, including what are the consequences of failure to secure our data.

But as you mentioned, there are areas we need to improve. And I would point to TIGTA and GAO have a series of recommendations for how to strengthen our overall data security process, in particular with respect to our IT. And underfunding is one major reason why we don't have the score—an A on that report card. But with funding under the IRA, and with renewed purpose around data security and IT modernization, my objective is to get that A on the report card for those TIGTA recommendations and those GAO recommendations.

Chairman SMITH. Let's get the A, Commissioner.

Mr. WERFEL. Absolutely.

Chairman SMITH. As we discussed previously, we set up an online whistleblower portal for IRS personnel wishing to share information with the committee. I continue to urge you to let your employees know about the portal. I believe it will encourage agency personnel who witness wrongdoing to come forward.

And just this last week we received outreach from an IRS whistleblower requesting the committee look into concerns the individual has about allegations of misconduct. So can you commit that there will be no retaliation against that whistleblower?

Mr. WERFEL. Mr. Chairman, while I can't comment on a specific case, I can say without any hesitation there will be no retaliation for anyone making an allegation or a call to a whistleblower hotline.

Chairman SMITH. Thank you, Commissioner.

The Biden Administration first asked for $80 billion to hire 87,000 new employees. The Administration later claimed it would be hiring to replace retirements, and it would not be adding 87,000 additional employees. However, the information you released related to how the agency will spend the funding shows 30,000 new employees in just the next 2 years. At that rate, you will surpass 87,000 over 10 years. Can you clear up the discrepancies here?

And right now you have 85,000 employees at the IRS. How many total employees do you intend to have working at the IRS in 10 years?

Mr. WERFEL. Mr. Chairman, as I told the Senate Finance Committee last week, we are working on a final set of estimates for that, and I will have that information, the full 10-year view of the hiring plan, within the next few weeks.

I can clarify a couple of things, though, about your question, which is—one important point is also to recognize the attrition that we have. Through 2024, 16,000 IRS employees are expected to retire. So this is not all about plussing-up IRS staff. We are also making up for the staff that we are losing to retirements and other attrition.

The other point I want to make about staffing increases is that staffing increases are necessary to keep pace with the tax system that we have today. Now, in my opening statement I talked about the rise in the population, the rise in the number of filers, the rise in the complexity of the tax law. That means we get more phone calls to our call center. That means we get more people walking into our walk-in centers. And if we don't have the staff to meet them, answer their questions, then we are failing the American people in doing our job to serve them.

And on the enforcement side, just one more point. Today we have 2,600 IRS employees that are responsible for assessing the most wealthy taxpayers, the most wealthy filers. That is individuals, large corporations, and complex partnerships. There are roughly 390,000 of these wealthy taxpayers. I am not talking about $400,000 a year; I am talking about $10 million a year, I am talking about $10 million in assets. I am talking about, for these large corporations, $250 million in assets.

For the very top of our income strata, 390,000 filers, 2,600 staff. And as a result, we have seen a dramatic decline in the audit coverage of our wealthiest filers. And when you see our staffing numbers over the next 10 years—and you have them through the 3-year window—I ask you to think about what we are doing is closing the gap when we talk about enforcement between those 2,600 employees and the 390,000 of our wealthiest filers in America.

Chairman SMITH. In regards to your comments earlier about not increasing audit rates on people making less than $400,000 a year, there has been a lot of statements from Secretary Yellen that says that the audit rates will not be above that of the historical audit rates, which was—2010 was the peak. When you say that there is not going to be an increase in audit rates, are you referring to the audit rates last year or the historical, like what Secretary Yellen has said?

Mr. WERFEL. Let me provide some clarity on that, Mr. Chairman. Here is where I am at on this, in consulting with Secretary Yellen and her team.

We have a lot of work to do over the next few years. We are going to be focused completely on doing what I said earlier, closing the gap between our staff and the enforcement we need to do with our wealthiest.

What that means is the audit rate, the most recent audit rate we have that is complete and final is 2018. That is the rate that I want to share with the American people. The audit rate will not go above that rate for years to come because, for the next several years at least, we are going to be focused on the work that we are doing with the highest-income filers.

Now, once we start and reconsider that, because the 2008 rate is so low, it is not anywhere near the historical rate, if—you have probably looked at the years and said, well, the historical rate is a lot higher than the rate in the most recent years. So even if we did start increasing our audit footprint a few years from now, then you are still not going to get anywhere near the historical average for quite some time.

So I think there can be assurances to the American people that, if you earn under $400,000, there is no new wave of audits coming. The probability of you being audited before the Inflation Reduction Act and after the Inflation Reduction Act are not changed at all.

Chairman SMITH. The Inflation Reduction Act spends $15 million to pay for a supposedly independent analysis about the feasibility of setting up an e-file system through the IRS, which would essentially make the agency America's—it would make the agency the American people's tax filer, their tax collector, but also their auditor. Asking the IRS to do your taxes is like asking your kid to guard the cookie jar. The temptation to take more than their so-called fair share is too much.

Nevertheless, you all choose to hire an organization, New America, and a tax attorney, both of which have stated their support for establishing such an e-file system. How are we to expect this will be an impartial review, if those in charge of it are already committed to seeing it happen?

Mr. WERFEL. Thank you for the question, Mr. Chairman. When I arrived at the IRS, I learned that we have this study that is mandated under the Inflation Reduction Act to study a direct file option. I want to stress the word "option" there, because I think the important thing is whether we go forward with the direct file solution or not, and if we were to, it is an option for taxpayers.

If they feel concerned about engaging with the IRS in a direct file solution, they don't have to do it. There are other ways to engage with the IRS. And that is, by the way, part of our hope and our vision, that we will meet taxpayers where they are. If they want to file on paper, we are not thrilled with it, but we will be ready for it. If they want a fully digital experience, if they want to work with a third-party servicer, we want to accommodate that. They currently don't have a direct file option. So my understanding from the Inflation Reduction Act is to study it, and see if it is viable.

The report is not done yet. It will be done by mid-May. And I understand, Mr. Chairman, that there are—that you have a keen interest in seeing what this report says. I will make myself available once the report is out to answer any questions that you have. I am happy to come back to this committee and testify on it. I just think it would be premature to get into the details of the study before it is finalized.

Chairman SMITH. You know, our committee has learned that a different organization, MITRE, that occasionally does work for the IRS, conducted a study around taxpayer opinions about an IRS e-file system. Among their findings, most working-class Americans who file simple tax returns do not want an IRS system. And the plan is only popular in cases where the IRS could pull off handling complex tax returns and providing state returns, basically adding a tax preparation software company inside the IRS. A lack of trust in government was one of the main reasons taxpayers would oppose an IRS system.

And without objection, I will be submitting the MITRE study for the record.

So ordered.

[The information follows:]

MITRE Taxpayer Filing Preference Surveys

February 2023

SOLVING PROBLEMS FOR A SAFER WORLD®

Introduction

- Last year, with the imminent passage of the Inflation Reduction Act, which contained language directing the IRS to study a direct file system, MITRE conducted two surveys to gather data to evaluate taxpayer filing choices.
- The purpose of the surveys were to evaluate how certain factors of hypothetical tax filing systems affect taxpayers' interest in using those systems. Gauging that interest may help determine which features (or lack of features) may either deter taxpayers or make direct filing more appealing to taxpayers if the IRS were to build such a system.
- The hypothetical tax filing systems presented in the surveys were IRS Direct File, an IRS-run tax software program that would give taxpayers the same functionality as commercial tax software packages, and IRS Return-Free filing, in which taxpayers with simple returns (W-2 income only, no credits, itemizations or deductions others than the standard deduction) would not have to file a tax return, and the IRS would notify them of how much their refund would be, or how much they owed, with the opportunity to correct the return.
- The first survey assumed simple returns (as defined in the previous bullet) and gave the respondents the choice of their current software program (all respondents were current self-preparing commercial tax software users), IRS Direct File or IRS Return-free file. All three programs were free.

Introduction (cont.)

- The second survey assumed more complex returns, with additional forms, schedules, credits or itemizations, and gave the respondents the choice of their current software or IRS Direct File.
- While the surveys determined what percentage of taxpayers would use each of the hypothetical methods presented to them in each scenario, it was not intended to determine what the actual uptake of usage would be should those hypothetical filing systems become a reality.
- These independent surveys were conducted in keeping with MITRE's role as the operator of Treasury/IRS's Federally Funded Research and Development Center (FFRDC), and the requirement by the Sponsoring Agreement with Treasury/IRS to conduct independent research related to anticipated future needs of its Sponsor (Treasury/IRS).
- MITRE engaged YouGov, an international research data and analytics group, to conduct the surveys.

Table of Contents

Methodology

Research Design

Respondents were invited to participate in one of two survey versions, Simple Tax Return or Complex Tax Return.

- Simple Tax Return respondents were asked to imagine themselves getting ready to prepare their taxes requiring only their job-related income and standard deduction.
- Respondents were then presented with four separate scenarios in which they could select from three tax preparation options: their current software, IRS Direct File, or IRS Return-Free file. All software options held constant with no cost.
- Complex Tax Return respondents were asked to imagine themselves getting ready to prepare their taxes requiring their income from wages or interest along with additional forms or schedules, such as business income, tax credits or itemized deductions.
- Respondents were then presented with four separate scenarios in which they could select from two tax preparation software options – their current software for a fee of $80 or IRS Direct File for free.

Methodology

Who We Surveyed:

- Adults 18+ who currently live in United States
- US Taxpayers
- People who used tax preparation software or online website to prepare and file 2021 tax returns

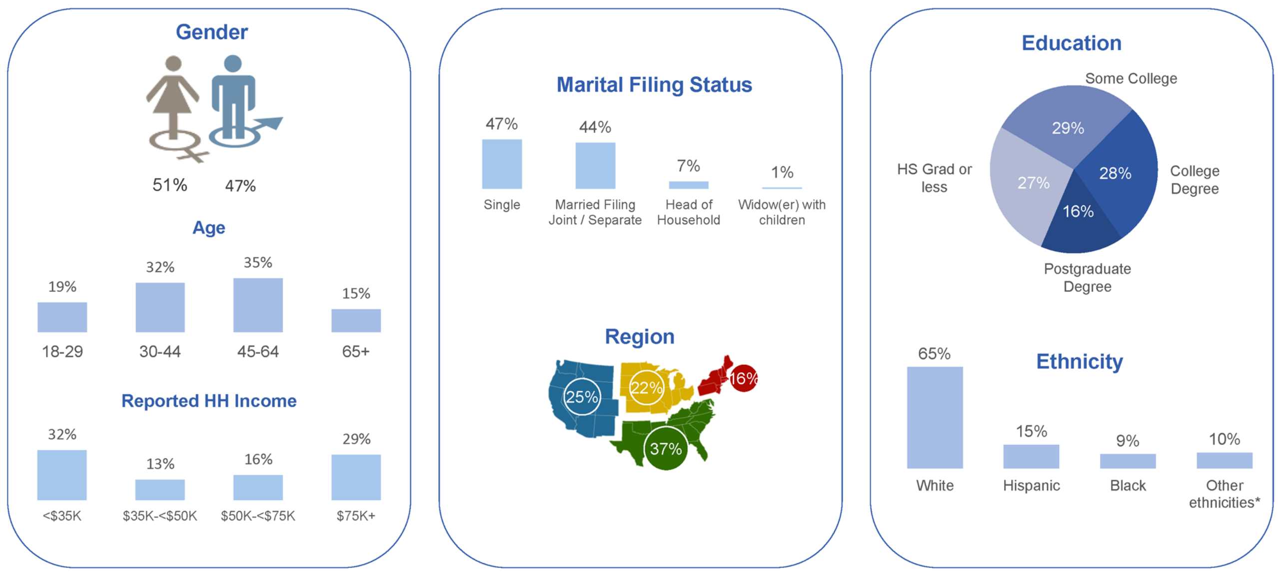
Simple Return N = 1,000
Complex Return N = 1,000

Survey Length and Field Dates:

10-minute online survey

December 7 – 12, 2022

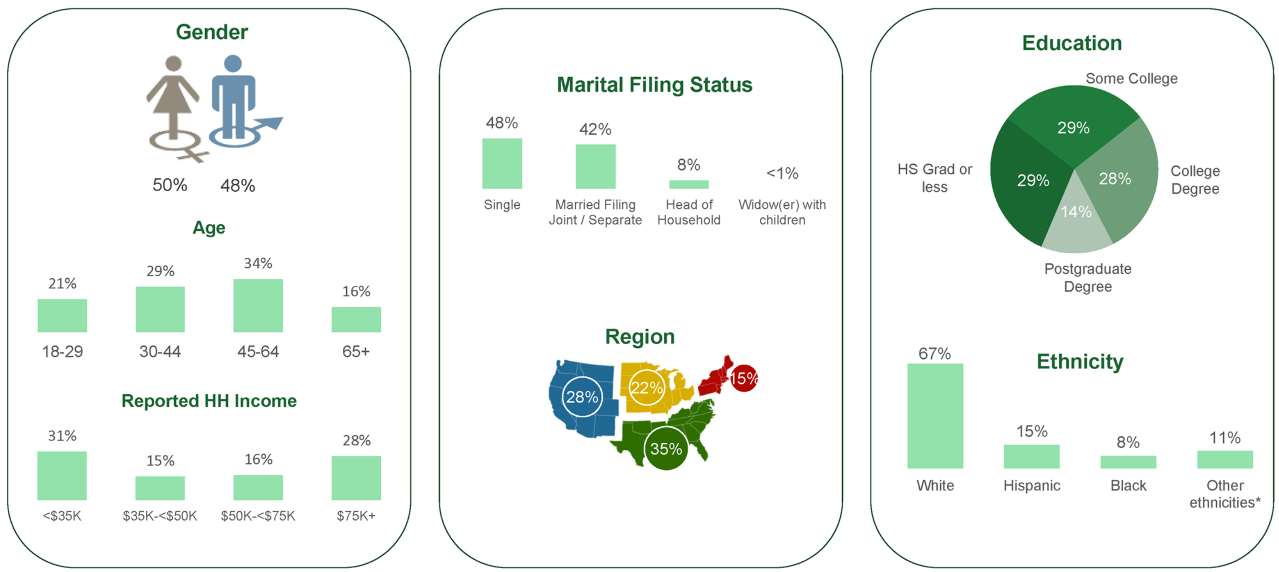
Simple Tax Return Demographics



MITRE

*Other ethnicities includes Asian, Native American, Middle Eastern, two or more races, and others

Complex Tax Return Demographics



MITRE

*Other ethnicities includes Asian, Native American, Middle Eastern, two or more races, and others

Simple Tax Return Results

Filing Option Descriptions:
Same Function, Same Cost

Simple Tax Return

48% Current Software

- Federal tax preparation and filing software package downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- No Cost (Free to use)

15% IRS Direct File

- Federal tax preparation and filing software package downloaded to your computer or used through the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

37% IRS Return-Free File

- IRS prepares and files the tax return for you using W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

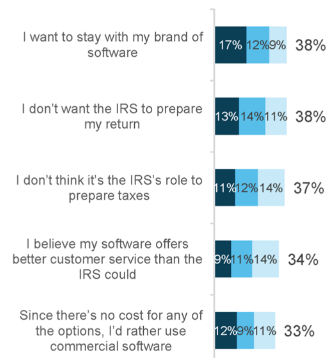
MITRE

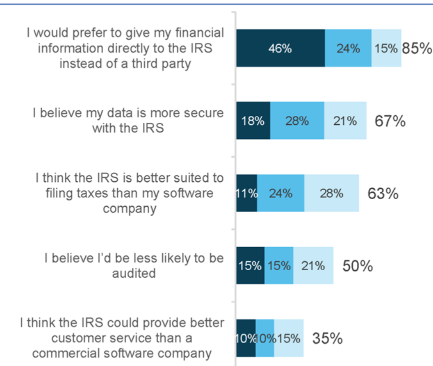
Simple Tax Return

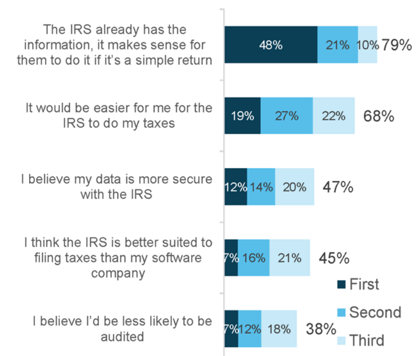
Same Function, Same Cost

Most participants chose to stay with their current software, keeping with what they know. For those willing to try IRS Software, more interest shown in having the IRS do all the work, with little interest in IRS Direct File.

Current Software	IRS Direct File	IRS Return Free File
48% *Most popular among 45-64, $75k+ income, Less educated*	15% *Least preferred amongst all age groups and income levels. Those who selected tend to have higher education.*	37% *Most popular among those 18-29, low income, college grad or post-grad education.*
Top 5 Reasons to Select (n=475)	Top 5 Reasons to Select (n=157)	Top 5 Reasons to Select (n=368)







MITRE

Filing Option Descriptions:
Same Function, Same Cost, No State Return

60% Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Uses secure website and log in
- Manually enter all income information
- State tax preparation and filing included
- No Cost (Free to use)

12% IRS Direct File

- Federal tax preparation and filing software package that was downloaded to your computer or used through the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

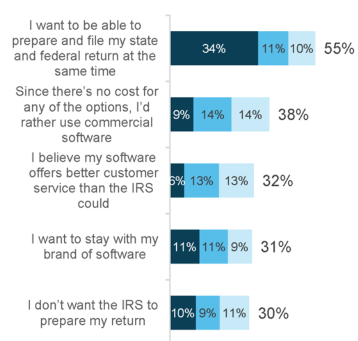
29% IRS Return-Free File

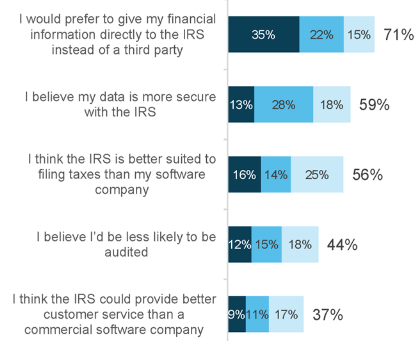
- IRS prepares and files the tax return for you using the W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

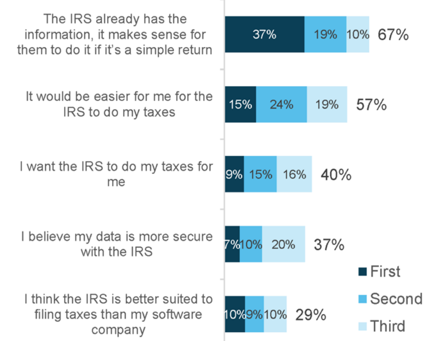
Same Function, Same Cost, No State Return

When state return is excluded, using IRS software is less than ideal. Most want to endure going through tax preparation only once and file both federal and state together using their current software. Filers that live in states that do not require tax returns, are slightly more likely to select IRS software platform than those who live in states which require state tax returns.

Current Software	IRS Direct File	IRS Return Free File
60%	12%	29%
Most popular among 45+, those with income $75k+, and evenly distributed between education levels	*Least favored amongst all age groups, those with post-grad degrees more likely to select over other education levels*	*Most popular among those under 30 with less education and lower income*
Top 5 Reasons to Select (n=603)	Top 5 Reasons to Select (n=124)	Top 5 Reasons to Select (n=273)







MITRE

Filing Option Descriptions:
Same Function, Same Cost, IRS Inputs Income Information

47% Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Uses secure website and log in
- Manually enter all income information
- State tax preparation and filing included
- No Cost (Free to use)

18% IRS Direct File

- Federal Tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- State tax preparation and filing included
- No Cost (Free to use)

35% IRS Return-Free File

- IRS prepares and files the tax return for you using the W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Same Cost, IRS Inputs Income Information

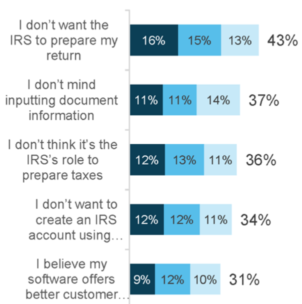
Less work for the preparer starts to sweeten the deal; perceptions that the IRS already has the information sways filers to use IRS Software, although more lean towards IRS Return Free File than IRS Direct File. Those opting to stay with their current software simply do not want the IRS to be involved with their tax preparation.

Current Software

47%

Most popular among those over 45 with higher income and less education

Top 5 Reasons to Select
(n=467)

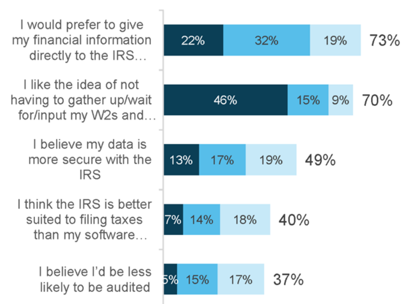


IRS Direct File

18%

Least favored option, though slightly more favorable under 44. And those with low to mid range income

Top 5 Reasons to Select
(n=186)

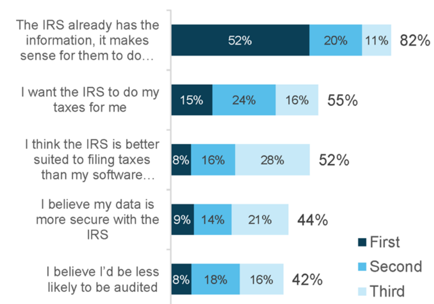


IRS Return Free File

35%

Most popular among those under 45, middle to low income and college or higher education

Top 5 Reasons to Select
(n=347)



MITRE

Simple Tax Return

Filing Option Descriptions:
Same Function, Same Cost, IRS Inputs Income Information, No State Return

62% Current Software

- Federal Tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Uses secure website and log in
- Manually enter all income information
- State tax preparation and filing included
- No Cost (Free to use)

13% IRS Direct File

- Federal Tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- Does not include state tax return preparation and filing
- No Cost (Free to use)

26% IRS Return-Free File

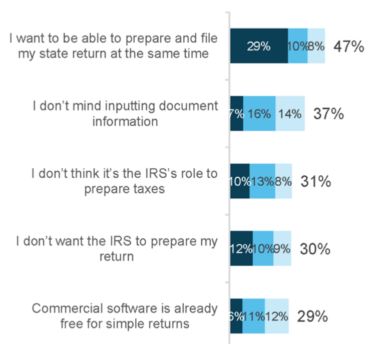
- IRS prepares and files the tax return for you using the W-2 and 1099 information that it receives from your employer.
- Confirmation of the refund or amount owed will be sent to you directly.
- Includes ability to dispute your refund or taxes owed.
- Requires IRS account using secured advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

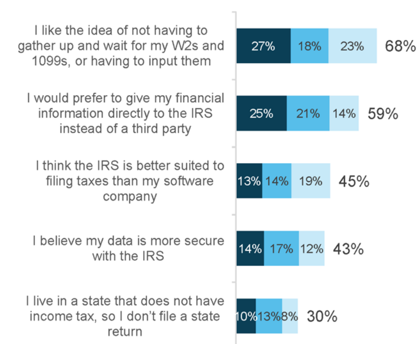
MITRE

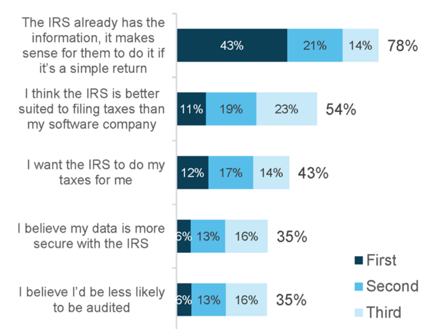
Same Function, Same Cost, IRS Inputs Income Information, No State Return

Although some prefer having the IRS complete their taxes since the IRS already has the information, most prefer to stay with their current software in order to file federal and state taxes together. Among filers that live in states without a tax return, most continued to select their current software, although more were driven to use the IRS software than filers who file state returns.

Current Software	IRS Direct File	IRS Return Free File
62%	13%	26%
Heavily favored amongst those 45+ and over $75k in household income	*Younger population more willing to try over those 30+ as well as those with lower to middle income*	*Most popular among 18-44, and lower income, evenly distributed within education levels*
Top 5 Reasons to Select (n=622)	Top 5 Reasons to Select (n=125)	Top 5 Reasons to Select (n=253)







Simple Tax Return

- IRS Direct File is the least favored tax preparation software, indicating filers want familiarity by staying with current software, or IRS Return-Free offering effortless filing.
- Lack of trust in the government is a key reason for those selecting current software, regardless of what the IRS can offer.
- Established filers with years of tax history will be hard pressed to leave their current software since it contains historical information.
- Best option to sway current software filers to use IRS Direct is to include state returns.

I like turbo tax and am not interested in changing, even if it costs money to use turbo tax *(Current Software)*

Security and length of time *(IRS Direct File)*

Familiarity with my software. *(Current Software)*

More expedited this way since I already have an account and software with this rather than the need to create an account for the IRS stuff *(Current Software)*

I would think filing directly would get me my refund quicker. *(IRS Direct File)*

If the govt. is requiring me to file they should offer a free service *(IRS Return Free File)*

It should be free and effortless to file taxes *(IRS Return-Free file)*

Commercial software is made intentionally confusing to encourage you to by a higher package *(IRS Direct File)*

Any bureaucratic system performs worse than open market competition *(Current Software)*

The IRS does not have my best interest at heart. *(Current Software)*

I cannot think of a single thing I trust the IRS to do correctly or efficiently. *(Current Software)*

The commercialization of the internal revenue collection has been extremely harmful to the American public. *(IRS Return-Free File)*

Commercial software asks questions to find other ways to reduce your tax bill outside a W2 (Current Software)

'…my choice of software solely relies on being able to do both federal & state at the same time.' *(Current Software)*

Ability to incorporate information from previous years and to compare tax years easily *(Current Software)*

Prefer to file Fed and State at once. *(Current Software)*

MITRE

Complex Tax Return Results

Complex Tax Return

Same Function, Different Cost

When all things are the same, IRS Direct File is most preferred.

30% Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through an online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: $80.00

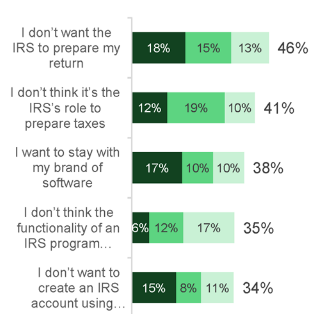
70% IRS Direct File

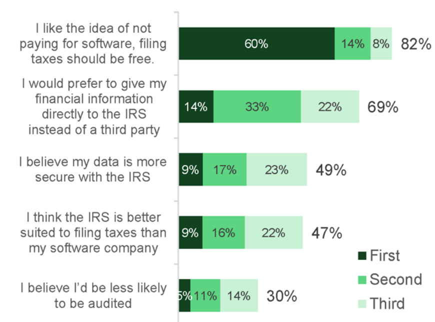
- Federal tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Different Cost

Those selecting IRS Direct File are looking to save money and have more trust in the IRS handling their data.

Current Software	IRS Direct File
30%	70%
Most popular among 65 and older, and those with high school degree or less, evenly distributed within income levels	*Most popular among those younger than 65, and those with postgrad degree.*
Top 5 Reasons to Select (n=298)	Top 5 Reasons to Select (n=702)





MITRE

Filing Option Descriptions: *Same Function, Different Cost, No State Return*

Complex Tax Return

41% Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: $80.00

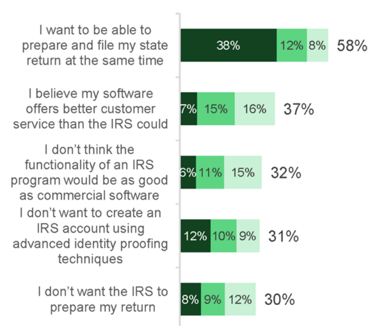
59% IRS Direct File

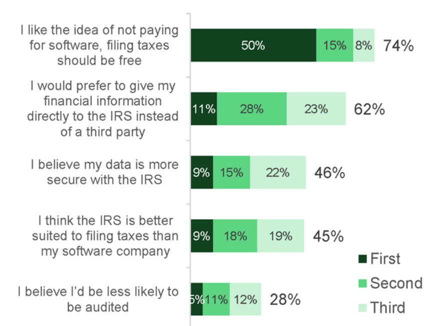
- Federal tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Manually enter all income information
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Does not include state tax return preparation and filing
- No Cost (Free to use)

Same Function, Different Cost, No State Return

Complex filers are looking to save money and feel the IRS Direct File is the best option, even if they have to file state taxes separately. Among those who live in states that do not require tax returns, 70% of tax filers chose to use IRS Direct File, significantly more than those who live in states that require tax returns (55%).

Current Software	IRS Direct File
41%	59%
Most popular among 18-29 and over 65, those with $75k +, and higher educated	*Most popular among those 45-64, lower income, and lower education.*
Top 5 Reasons to Select (n=416)	Top 5 Reasons to Select (n=584)





MITRE

Complex Tax Return

Filing Option Descriptions:
Same Function, Different Cost, IRS Inputs Information

27% Current Software

- Federal Tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: $80.00

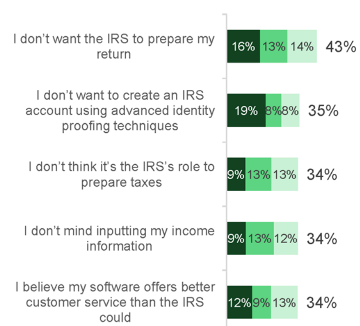
73% IRS Direct File

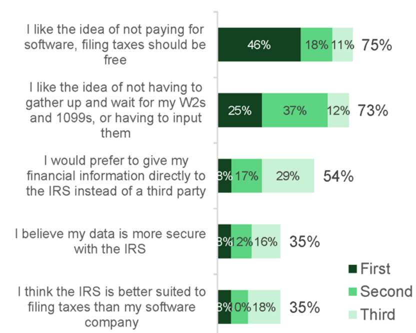
- Federal Tax preparation and filing software package that was downloaded to your computer or used through the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- State tax preparation and filing included
- No Cost (Free to use)

Same Function, Different Cost, IRS Inputs Information

Offering free software that includes state taxes AND automatically inputs income information is the winner.

Current Software	IRS Direct File
27%	73%
Most popular among 65 and older, and those with lower education. Evenly distributed amongst income levels	*Most popular among 45-64, those with income less than $75k, among higher educated*
Top 5 Reasons to Select (n=277)	Top 5 Reasons to Select (n=723)





MITRE

Complex Tax Return

Filing Option Descriptions:
Same Function, Different Cost, IRS Inputs Information, No State Return

40% Current Software

- Federal tax preparation and filing software package that was downloaded to your computer or used through a company's online website.
- Manually enter all income information
- Uses secure website and log in
- State tax preparation and filing included
- Cost: $80.00

60% IRS Direct File

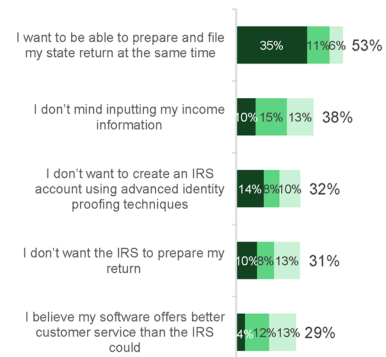
- Federal tax preparation and filing software package that was downloaded to your computer or used through an online the IRS website.
- Requires IRS account using secure advanced identity authentication techniques such as facial recognition or a video chat with a trusted agent
- Automatically inputs W-2 and 1099 information
- Does not include state tax return preparation and filing
- No Cost (Free to use)

Same Function, Different Cost, IRS Inputs Information, No State Return

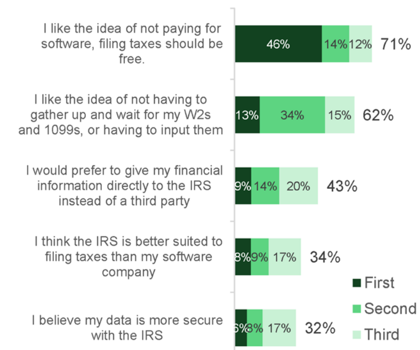
Even when excluding state returns, Complex filers prefer to use a free federal filing option over giving information to a third party. When filing a state return is not required, 69% of tax filers in states that don't require tax returns selected the free IRS Direct File software.

Current Software	IRS Direct File
40%	60%
Most popular among 65+, higher income, and higher education	*Most popular among 30-64 age groups, lower income and lower educated*

Top 5 Reasons to Select (n=406)



Top 5 Reasons to Select (n=594)



MITRE

Complex Tax Return

- Having access to free IRS software is in line with some views that one shouldn't have to pay for mandatory tax filing.
- Lack of trust in the IRS is prevalent for those filing Complex Returns. Some would rather spend money on commercial software than use IRS software.
- Access to historical tax information has the potential to be a valuable feature for IRS Direct.
- Creating a user interface that is intuitive for all ages could sway current software users to switch to IRS software.

"I think it would take way too long and doing it all myself with TurboTax takes me no time at all." (Current Software)

"The tax software I use has my history of previous tax reports for 5+ years." (Current Software)

"Easier to do tax prep under program with IRS." (IRS Direct File)

"I'm going to have to pay for the State, why not do both at once." (Current Software)

"Don't want my money going to a private tax preparation company." (IRS Direct File)

"State taxes preparation are going to cost me money, so the IRS being free no longer offers any value." (Current Software)

"Filing taxes should be done automatically for free by the IRS." (IRS Direct File)

"You can't force people to Do something by law AND make them pay for it." (IRS Direct)

"The IRS cannot be trusted". (Current Software)

" … allows the user to try scenarios to see how taxes are affected. I do not trust that the IRS would not use that data against me even if everything I looked at was 100% legal". (Current Software)

"I do not believe the customer service of the IRS would be as good as that of the current company." (Current Software)

"The government is untrustworthy." (Current Software)

"The IRS already has income information and should be able to confirm there were no input errors before submitting the form." (IRS Direct)

"Having year long access to the returns and consistency / the latest features." (Current Software)

"I want to control my personal data" (Current Software)

"A good user experience interface with the software I currently use. It also has helpful resources." (Current Software)

MITRE

Tax Filers Are Motivated by Convenience and Saving Money

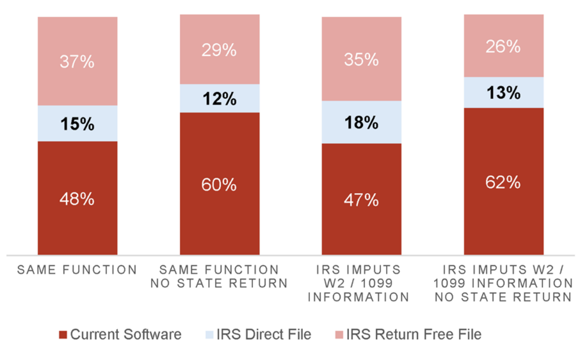
Simple Tax Return filers opt to stick with their current software when cost is the same between all options. Complex Tax Return filers lead with their pocketbook and opt for free IRS Direct File software. When the state return is excluded, less interest is shown in using free IRS software for both Simple and Complex filers.

Tax Preparation Software Selected by Tax Return Type

Simple Tax Return*

% Tax Preparation Software selected

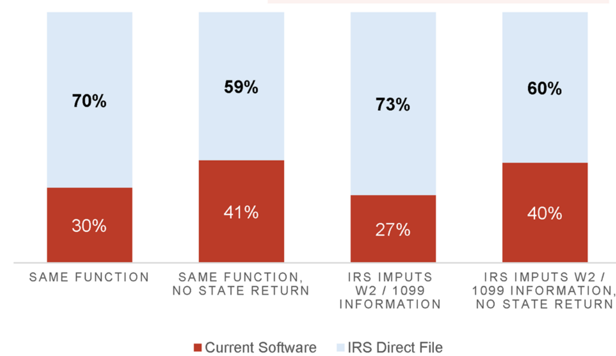
Those that do not file state taxes are more likely to use IRS software, although majority follow the trend with selecting *Current Software*.



Complex Tax Return**

% Tax Preparation Software selected

When cost is involved, Non-State Return filers opted for IRS Direct File more so than their state filer counterparts.



*Simple Tax Return scenarios presented with zero fees

**Complex Tax Return scenarios presented with $80.00 fee for using Current Software, and zero fees for using IRS Direct File

MITRE

Summary of Findings

Tax filers want fast, easy and free. However, they will exchange cost over convenience showing willingness to pay for commercial service when it comes to filing federal and state returns at the same time.

- People are looking for the most convenient and efficient way to prepare their taxes
- For *Simple* tax returns, many opt to stay with current software thinking 'if it's not broke, why fix it'
- Younger population shows higher interest in *IRS Return Free File* since there is little effort required on their part

- For *Complex* tax returns, majority are open to using free *IRS Direct File* software instead of paying for commercial software
  - Although some are willing to pay for commercial software if it means better data security, audit protection, and solid customer service

- Older generations are sticking with what they know and trust and opt for their *Current Software*
- Lack of trust in the IRS and Government plays a large role when selecting software
- Some feel advanced security technology goes too far, while others think the IRS will not have enough security

- IRS will need to match or surpass available software options, such as safeguards against tax audits and superior customer service
- Including both federal and state tax preparation will move more people towards using IRS software
- Can build trust in the IRS by marketing advanced data security and enough staff

MITRE

APPENDIX

Tax Preparation Method Selection Based on State Tax Return Requirement

Simple Tax Return Program Scenarios	Software Program Selected	All (n=1,000)	State Tax Requirement: No State Taxes* (n=236) (a)	State Tax Requirement: State Taxes (n=764) (b)
Same Function, Same Cost	Current Software	48%	53%	46%
	IRS Direct File	15%	17%	14%
	IRS Return-Free File	37%	31%	**40% *a***
Same Function, Same Cost, No State Return	Current Software	60%	55%	61%
	IRS Direct File	12%	14%	11%
	IRS Return-Free File	29%	31%	28%
Same Cost, IRS Inputs Information	Current Software	47%	46%	47%
	IRS Direct File	18%	16%	19%
	IRS Return-Free File	35%	38%	34%
Same Cost, IRS Inputs Information, No state Return	Current Software	62%	55%	**64% *a***
	IRS Direct File	13%	16%	12%
	IRS Return-Free File	26%	29%	24%

Complex Tax Return Program Scenarios	Software Program Selected	All (n=1,000)	State Tax Requirement: No State Taxes* (n=224) (a)	State Tax Requirement: State Taxes (n=776) (b)
Same Function, Different Cost	Current Software	30%	27%	30%
	IRS Direct File	70%	73%	70%
Same Function, Different Cost, No State Return	Current Software	41%	30%	**45% *a***
	IRS Direct File	59%	**70% *b***	55%
Different Cost, IRS Inputs Information	Current Software	27%	26%	28%
	IRS Direct File	73%	74%	72%
Different Cost, IRS Inputs Information, No state Return	Current Software	40%	31%	**43% *a***
	IRS Direct File	60%	**69% *b***	57%

**No State Taxes comprised of Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, Wyoming*
All other states included in State Taxes

MITRE

Simple Tax Return – Reasons for Selecting Software

Same Function, Same Cost

Same Function and Cost - Reason to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not Selected
Since there's no cost for any of the options, I'd rather use commercial software	**33%**	**54%**	12%	9%	11%	11%	10%	46%
I don't want the IRS to prepare my return	**38%**	**57%**	13%	14%	11%	8%	11%	43%
I don't think it's the IRS's role to prepare taxes	**37%**	**62%**	11%	12%	14%	11%	13%	38%
I trust a commercial tax package more than I would trust an IRS tax package	**28%**	**50%**	9%	9%	9%	11%	11%	50%
I want to stay with my brand of software	**38%**	**54%**	17%	12%	9%	10%	6%	46%
I don't think the functionality of an IRS program would be as good as commercial software	**20%**	**38%**	6%	6%	9%	10%	8%	62%
I have audit defense and I don't think the IRS could offer audit defense against itself	**15%**	**35%**	3%	7%	6%	9%	10%	65%
I believe my software offers better customer service than the IRS could	**34%**	**58%**	9%	11%	14%	13%	12%	42%
I think my data is more secure with my software	**26%**	**44%**	8%	10%	8%	9%	9%	56%
I don't want to create an IRS account using advanced identity proofing techniques	**32%**	**48%**	13%	10%	9%	6%	10%	52%

Same Function and Cost - Reasons to Use IRS Direct File	Top 3	First	Second	Third	Fourth	Fifth
I would prefer to give my financial information directly to the IRS instead of a third party	**85%**	46%	24%	15%	9%	6%
I believe my data is more secure with the IRS	**67%**	18%	28%	21%	21%	12%
I think the IRS is better suited to filing taxes than my software company	**63%**	11%	24%	28%	26%	10%
I believe I'd be less likely to be audited	**50%**	15%	15%	21%	19%	31%
I think the IRS could provide better customer service than a commercial software company	**35%**	10%	10%	15%	25%	40%

Same Function and Cost - Reasons to Use IRS Return-Free File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
The IRS already has the information, it makes sense for them to do it if it's a simple return	**79%**	**96%**	48%	21%	10%	10%	6%	4%
It would be easier for me for the IRS to do my taxes	**68%**	**92%**	19%	27%	22%	16%	9%	8%
I believe my data is more secure with the IRS	**47%**	**90%**	12%	14%	20%	20%	23%	10%
I think the IRS is better suited to filing taxes than my software company	**45%**	**91%**	7%	16%	21%	26%	21%	9%
I believe I'd be less likely to be audited	**38%**	**72%**	7%	12%	18%	15%	20%	28%
I think the IRS could provide better customer service than a commercial software company	**24%**	**59%**	6%	9%	9%	14%	20%	41%

MITRE

Simple Tax Return – Reasons for Selecting Software
Same Function, Same Cost, No State Return

Same Function, Same Cost, No State Return - Reason to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I want to be able to prepare and file my state and federal return at the same time	**55%**	**73%**	34%	11%	10%	9%	9%	27%
Since there's no cost for any of the options, I'd rather use commercial software	**38%**	**61%**	9%	14%	14%	11%	11%	39%
I believe my software offers better customer service than the IRS could	**32%**	**57%**	6%	13%	13%	14%	11%	43%
I want to stay with my brand of software	**31%**	**51%**	11%	11%	9%	9%	11%	49%
I don't want the IRS to prepare my return	**30%**	**51%**	10%	9%	11%	10%	12%	49%
I don't think it's the IRS's role to prepare taxes	**29%**	**49%**	8%	12%	8%	9%	10%	51%
I don't want to create an IRS account using advanced identity proofing techniques	**27%**	**45%**	11%	9%	7%	8%	9%	55%
I don't think the functionality of an IRS program would be as good as commercial software	**23%**	**45%**	4%	9%	10%	13%	10%	55%
I think my data is more secure with my software	**19%**	**35%**	5%	6%	8%	9%	8%	65%
I have audit defense and I don't think the IRS could offer audit defense against itself	**16%**	**33%**	2%	5%	9%	8%	10%	67%

Same Function, Same Cost, No State Return - Reason to Use IRS Direct File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
I would prefer to give my financial information directly to the IRS instead of a third party	**71%**	**92%**	35%	22%	15%	13%	8%	8%
I believe my data is more secure with the IRS	**59%**	**91%**	13%	28%	18%	21%	12%	9%
I think the IRS is better suited to filing taxes than my software company	**56%**	**95%**	16%	14%	25%	22%	17%	5%
I believe I'd be less likely to be audited	**44%**	**81%**	12%	15%	18%	13%	24%	19%
I think the IRS could provide better customer service than a commercial software company	**37%**	**85%**	9%	11%	17%	20%	29%	15%
I live in a state that does not have income tax, so I don't file a state return	**33%**	**55%**	16%	10%	8%	11%	11%	45%

Same Function, Same Cost, No State Return - Use IRS Return-Free File Reasons	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
The IRS already has the information, it makes sense for them to do it if it's a simple return	67%	88%	37%	19%	10%	13%	8%	12%
It would be easier for me for the IRS to do my taxes	57%	83%	15%	24%	19%	12%	14%	17%
I want the IRS to do my taxes for me	40%	63%	9%	15%	16%	13%	10%	37%
I believe my data is more secure with the IRS	37%	67%	7%	10%	20%	15%	15%	33%
I think the IRS is better suited to filing taxes than my software company	29%	70%	10%	9%	10%	19%	22%	30%
I believe I'd be less likely to be audited	27%	56%	6%	9%	12%	14%	15%	44%
I live in a state that does not have income tax, so I don't file a state return	22%	29%	12%	5%	5%	3%	5%	71%
I think the IRS could provide better customer service than a commercial software company	21%	43%	4%	9%	8%	12%	10%	57%

MITRE

Simple Tax Return – Reasons for Selecting Software
Same Cost, IRS Inputs W-2 Income Information

Same Cost, IRS Inputs W-2 Income - Reasons to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I don't want the IRS to prepare my return	**43%**	**64%**	16%	15%	13%	9%	11%	36%
I don't mind inputting document information	**37%**	**58%**	11%	11%	14%	10%	11%	42%
I don't think it's the IRS's role to prepare taxes	**36%**	**59%**	12%	13%	11%	11%	12%	41%
I don't want to create an IRS account using advanced identity proofing techniques	**34%**	**52%**	12%	12%	11%	8%	9%	48%
I believe my software offers better customer service than the IRS could	**31%**	**55%**	9%	12%	10%	15%	9%	45%
I want to stay with my brand of software	**29%**	**47%**	13%	7%	9%	12%	7%	53%
Commercial software is already free for simple returns	**25%**	**48%**	9%	7%	10%	12%	11%	52%
I don't think the functionality of an IRS program would be as good as commercial software	**25%**	**44%**	8%	8%	9%	8%	11%	56%
I think my data is more secure with my software	**20%**	**40%**	6%	8%	7%	8%	12%	60%
I have audit defense and I don't think the IRS could offer audit defense against itself	**18%**	**32%**	4%	7%	7%	7%	7%	68%

Same Cost, IRS Inputs W-2 Income - Reasons to Use IRS Direct File Reasons	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
I would prefer to give my financial information directly to the IRS instead of a third party	**73%**	**96%**	22%	32%	19%	13%	9%	4%
I like the idea of not having to gather up/wait for/input my W2s and 1099s	**70%**	**91%**	46%	15%	9%	10%	11%	9%
I believe my data is more secure with the IRS	**49%**	**88%**	13%	17%	19%	21%	17%	12%
I think the IRS is better suited to filing taxes than my software company	**40%**	**87%**	7%	14%	18%	23%	24%	13%
I believe I'd be less likely to be audited	**37%**	**72%**	5%	15%	17%	19%	15%	28%
I think the IRS could provide better customer service than a commercial software company	**30%**	**66%**	5%	6%	18%	13%	24%	34%

Same Cost, IRS Inputs W-2 Income - Reasons to Use IRS Return-Free File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Sixth
I think the IRS could provide better customer service than a commercial software company	**27%**	**64%**	9%	9%	9%	12%	26%	36%
I believe I'd be less likely to be audited	**42%**	**73%**	8%	18%	16%	16%	15%	27%
I believe my data is more secure with the IRS	**44%**	**87%**	9%	14%	21%	24%	20%	13%
I think the IRS is better suited to filing taxes than my software company	**52%**	**92%**	8%	16%	28%	24%	16%	8%
I want the IRS to do my taxes for me	**55%**	**87%**	15%	24%	16%	17%	15%	13%
The IRS already has the information, it makes sense for them to do it if it's a simple return	**82%**	**97%**	52%	20%	11%	8%	8%	3%

Simple Tax Return – Reasons for Selecting Software

Same Cost, IRS Inputs W-2 Income Information, No State Return

Same Cost, IRS Inputs W-2 Income No State Return - Reason to Use Current Software	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I want to be able to prepare and file my state return at the same time	**47%**	**64%**	29%	10%	8%	9%	8%	36%
I don't mind inputting document information	**37%**	**60%**	7%	16%	14%	12%	11%	40%
I don't think it's the IRS's role to prepare taxes	**31%**	**46%**	10%	13%	8%	7%	8%	54%
I don't want the IRS to prepare my return	**30%**	**45%**	12%	10%	9%	8%	7%	55%
Commercial software is already free for simple returns	**29%**	**49%**	6%	11%	12%	10%	10%	51%
I want to stay with my brand of software	**26%**	**46%**	10%	8%	8%	9%	11%	54%
I don't want to create an IRS account using advanced identity proofing techniques	**26%**	**40%**	10%	7%	10%	7%	7%	60%
I believe my software offers better customer service than the IRS could	**24%**	**50%**	6%	8%	11%	14%	13%	50%
I don't think the functionality of an IRS program would be as good as commercial software	**19%**	**38%**	6%	8%	6%	11%	8%	62%
I have audit defense and I don't think the IRS could offer audit defense against itself	**16%**	**31%**	2%	6%	8%	7%	8%	69%
I think my data is more secure with my software	**15%**	**31%**	4%	4%	7%	6%	10%	69%

Same Cost, IRS Inputs W-2 Income No State Return – Reason to Use IRS Direct File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
I like the idea of not having to gather up and wait for my W2s and 1099s, or having to input them	**68%**	**91%**	27%	18%	23%	12%	11%	9%
I would prefer to give my financial information directly to the IRS instead of a third party	**59%**	**88%**	25%	21%	14%	17%	12%	12%
I think the IRS is better suited to filing taxes than my software company\	**45%**	**84%**	13%	14%	19%	23%	15%	16%
I believe my data is more secure with the IRS	**43%**	**78%**	14%	17%	12%	16%	19%	22%
I live in a state that does not have income tax, so I don't file a state return	**30%**	**39%**	10%	13%	8%	4%	5%	61%
I think the IRS could provide better customer service than a commercial software company	**28%**	**61%**	4%	9%	15%	14%	18%	39%
I believe I'd be less likely to be audited	**26%**	**59%**	8%	9%	9%	14%	19%	41%

Same Cost, IRS Inputs W-2 Income, No State Return – Reason to Use IRS Return-Free File	Top 3	Top 5	First	Second	Third	Fourth	Fifth	Not selected
The IRS already has the information, it makes sense for them to do it if it's a simple return	**78%**	**94%**	43%	21%	14%	11%	6%	6%
I think the IRS is better suited to filing taxes than my software company	**54%**	**88%**	11%	19%	23%	17%	17%	12%
I want the IRS to do my taxes for me	**43%**	**74%**	12%	17%	14%	15%	15%	26%
I believe I'd be less likely to be audited	**35%**	**69%**	6%	13%	16%	14%	20%	31%
I believe my data is more secure with the IRS	**35%**	**80%**	6%	13%	16%	24%	21%	20%
I think the IRS could provide better customer service than a commercial software company	**30%**	**57%**	11%	9%	10%	14%	13%	43%
I live in a state that does not have income tax, so I don't file a state return	**26%**	**38%**	11%	7%	8%	5%	8%	62%

Complex Tax Return – Reasons for Selecting Software
Different Cost, Same Function

Different Cost, Same Function - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I don't want the IRS to prepare my return	**46%**	**67%**	18%	15%	13%	10%	11%	33%
I don't think it's the IRS's role to prepare taxes	**41%**	**55%**	12%	19%	10%	6%	8%	45%
I want to stay with my brand of software	**38%**	**58%**	17%	10%	10%	12%	8%	42%
I don't think the functionality of an IRS program would be as good as commercial software	**35%**	**58%**	6%	12%	17%	12%	11%	42%
I don't want to create an IRS account using advanced identity proofing techniques	**34%**	**59%**	15%	8%	11%	11%	14%	41%
I believe my software offers better customer service than the IRS could	**34%**	**63%**	7%	10%	18%	14%	15%	37%
I expect to pay for my software, cost is not an issue.	**27%**	**43%**	15%	7%	5%	8%	8%	57%
I have audit defense and I don't think the IRS could offer audit defense against itself	**23%**	**44%**	5%	9%	9%	9%	12%	56%
I think my data is more secure with my software	**22%**	**53%**	6%	9%	7%	18%	14%	47%

Different Cost, Same Function -Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	6
I like the idea of not paying for software, filing taxes should be free.	**82%**	**96%**	60%	14%	8%	8%	7%	4%
I would prefer to give my financial information directly to the IRS instead of a third party	**69%**	**94%**	14%	33%	22%	13%	12%	6%
I believe my data is more secure with the IRS	**49%**	**92%**	9%	17%	23%	23%	20%	8%
I think the IRS is better suited to filing taxes than my software company	**47%**	**92%**	9%	16%	22%	28%	17%	8%
I believe I'd be less likely to be audited	**30%**	**66%**	5%	11%	14%	15%	21%	34%
I think the IRS could provide better customer service than a commercial software company	**22%**	**60%**	3%	9%	11%	14%	23%	40%

Complex Tax Return – Reasons for Selecting Software

Different Cost, Same Function, No State Return

Different Cost, Same Function, No State Return - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I want to be able to prepare and file my state return at the same time	**58%**	**71%**	38%	12%	8%	5%	7%	29%
I believe my software offers better customer service than the IRS could	**37%**	**65%**	7%	15%	16%	13%	15%	35%
I don't think the functionality of an IRS program would be as good as commercial software	**32%**	**55%**	6%	11%	15%	11%	11%	45%
I don't want to create an IRS account using advanced identity proofing techniques	**31%**	**51%**	12%	10%	9%	11%	9%	49%
I don't want the IRS to prepare my return	**30%**	**50%**	8%	9%	12%	12%	8%	50%
I want to stay with my brand of software	**29%**	**53%**	7%	13%	9%	12%	12%	47%
I don't think it's the IRS's role to prepare taxes	**26%**	**44%**	7%	9%	11%	8%	9%	56%
I think my data is more secure with my software	**21%**	**40%**	5%	9%	7%	10%	9%	60%
I have audit defense and I don't think the IRS could offer audit defense against itself	**19%**	**41%**	4%	8%	7%	11%	10%	59%
I expect to pay for my software, cost is not an issue.	**16%**	**30%**	6%	4%	6%	5%	9%	70%

Different Cost, Same Function, No State Return - Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	Not selected
I like the idea of not paying for software, filing taxes should be free	**74%**	**90%**	50%	15%	8%	10%	7%	10%
I would prefer to give my financial information directly to the IRS instead of a third party	**62%**	**90%**	11%	28%	23%	16%	12%	10%
I believe my data is more secure with the IRS	**46%**	**86%**	9%	15%	22%	23%	17%	14%
I think the IRS is better suited to filing taxes than my software company	**45%**	**85%**	9%	18%	19%	22%	18%	15%
I believe I'd be less likely to be audited	**28%**	**60%**	5%	11%	12%	13%	19%	40%
I think the IRS could provide better customer service than a commercial software company	**23%**	**57%**	5%	7%	11%	13%	22%	43%
I live in a state that does not have income tax, so I don't file a state return	**22%**	**31%**	11%	7%	4%	3%	6%	69%

MITRE

Complex Tax Return – Reasons for Selecting Software
Different Cost, IRS Inputs Information

Different Cost, IRS Inputs Information - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I don't want the IRS to prepare my return	**43%**	**62%**	16%	13%	14%	9%	10%	38%
I don't want to create an IRS account using advanced identity proofing techniques	**35%**	**52%**	19%	8%	8%	8%	8%	48%
I don't think it's the IRS's role to prepare taxes	**34%**	**57%**	9%	13%	13%	11%	12%	43%
I don't mind inputting my income information	**34%**	**54%**	9%	13%	12%	12%	9%	46%
I believe my software offers better customer service than the IRS could	**34%**	**60%**	12%	9%	13%	12%	14%	40%
I don't think the functionality of an IRS program would be as good as commercial software	**29%**	**53%**	4%	15%	11%	12%	11%	47%
I think my data is more secure with my software	**28%**	**47%**	6%	12%	10%	8%	10%	53%
I want to stay with my brand of software	**25%**	**41%**	9%	9%	8%	8%	8%	59%
I expect to pay for my software, cost is not an issue.	**19%**	**33%**	11%	3%	5%	6%	8%	67%
I have audit defense and I don't think the IRS could offer audit defense against itself	**17%**	**41%**	4%	5%	8%	15%	9%	59%

Different Cost, IRS Inputs Information - Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	6
I like the idea of not paying for software, filing taxes should be free	**75%**	**94%**	46%	18%	11%	11%	8%	6%
I like the idea of not having to gather up and wait for my W2s and 1099s, or having to input them	**73%**	**93%**	25%	37%	12%	10%	10%	7%
I would prefer to give my financial information directly to the IRS instead of a third party	**54%**	**92%**	8%	17%	29%	26%	12%	8%
I believe my data is more secure with the IRS	**35%**	**82%**	8%	12%	16%	22%	25%	18%
I think the IRS is better suited to filing taxes than my software company	**35%**	**80%**	8%	10%	18%	19%	27%	20%
I believe I'd be less likely to be audited	**28%**	**58%**	6%	8%	14%	12%	17%	42%

MITRE

Complex Tax Return – Reasons for Selecting Software
Different Cost, IRS Inputs Information, No State Return

Different Cost, IRS Inputs Information, No State Return - Reasons to Use Current Software	Top 3	Top 5	1	2	3	4	5	Not selected
I want to be able to prepare and file my state return at the same time	**53%**	**67%**	35%	11%	6%	8%	6%	33%
I don't mind inputting my income information	**38%**	**58%**	10%	15%	13%	10%	9%	42%
I don't want to create an IRS account using advanced identity proofing techniques	**32%**	**52%**	14%	8%	10%	11%	10%	48%
I don't want the IRS to prepare my return	**31%**	**43%**	10%	8%	13%	6%	5%	57%
I believe my software offers better customer service than the IRS could	**29%**	**61%**	4%	12%	13%	15%	16%	39%
I don't think it's the IRS's role to prepare taxes	**26%**	**45%**	7%	11%	9%	8%	10%	55%
I don't think the functionality of an IRS program would be as good as commercial software	**25%**	**50%**	4%	9%	13%	13%	11%	50%
I want to stay with my brand of software	**25%**	**47%**	8%	9%	8%	9%	14%	53%
I think my data is more secure with my software	**23%**	**40%**	5%	9%	8%	9%	9%	60%
I have audit defense and I don't think the IRS could offer audit defense against itself	**17%**	**38%**	3%	7%	7%	12%	9%	62%

Different Cost, IRS Inputs Information, No State Return - Reasons to Use IRS Direct File	Top 3	Top 5	1	2	3	4	5	Not selected
I like the idea of not paying for software, filing taxes should be free.	**71%**	**87%**	46%	14%	12%	7%	9%	13%
I like the idea of not having to gather up and wait for my W2s and 1099s, or having to input them	**62%**	**81%**	13%	34%	15%	11%	8%	19%
I would prefer to give my financial information directly to the IRS instead of a third party	**43%**	**81%**	9%	14%	20%	21%	17%	19%
I think the IRS is better suited to filing taxes than my software company	**34%**	**70%**	8%	9%	17%	19%	17%	30%
I believe my data is more secure with the IRS	**32%**	**72%**	6%	8%	17%	19%	21%	28%
I live in a state that does not have income tax, so I don't file a state return	**23%**	**30%**	10%	7%	5%	4%	4%	70%
I believe I'd be less likely to be audited	**20%**	**44%**	4%	7%	8%	9%	15%	56%
I think the IRS could provide better customer service than a commercial software company	**15%**	**35%**	3%	6%	6%	10%	10%	65%

MITRE

Profiles

Simple Tax Return – Demographic Profile

Program Scenarios	Software Program Selected	All	Age				Reported Household Income					Education			
			18-29 (n=169) (a)	30-44 (n=331) (b)	45-64 (n=349) (c)	65+ (n=151) (d)	<$35k (n=326) (e)	$35k-$50k (n=131) (f)	$50k-$75k (n=161) (g)	$75k + (n=289) (h)	Not sure (n=93) (i)	HS or less (n=269) (j)	Some college (n=289) (k)	College degree (n=279) (l)	Postgraduate degree (n=163) (m)
Same Function, Same Cost	Current Software	48%	35%	40%	**55% ab**	**64% ab**	46%	46%	45%	53%	46%	**56% lm**	**50% m**	43%	38%
	IRS Direct File	15%	13%	**19% c**	13%	14%	12%	16%	16%	17%	14%	11%	16%	15%	**21% j**
	IRS Return-Free File	37%	**53% bcd**	**41% cd**	**32% d**	22%	**42% h**	38%	39%	30%	39%	33%	35%	**42% j**	41%
Same Function, Same Cost, No State Return	Current Software	60%	41%	50%	**71% ab**	**79% abc**	55%	52%	60%	**68% ef**	58%	60%	61%	58%	59%
	IRS Direct File	12%	**14% d**	**16% cd**	10%	7%	11%	16%	11%	12%	13%	13%	12%	9%	15%
	IRS Return-Free File	29%	**45% bcd**	**34% cd**	20%	14%	**34% h**	**33% h**	29%	20%	29%	26%	27%	33%	26%
Same Cost, IRS Inputs Information	Current Software	47%	31%	35%	**58% ab**	**64% ab**	45%	41%	41%	**52% fg**	**55% fg**	**54% lm**	**50% lm**	40%	39%
	IRS Direct File	18%	**23% c**	**22% c**	13%	19%	18%	21%	20%	18%	16%	18%	17%	19%	21%
	IRS Return-Free File	35%	**46% cd**	**43% cd**	**29% d**	16%	37%	38%	**40% h**	30%	29%	28%	33%	**41% jk**	**40% j**
Same Cost, IRS Inputs Information, No state Return	Current Software	62%	45%	**55% a**	**69% ab**	**81% abc**	59%	54%	57%	**70% efg**	66%	63%	63%	59%	62%
	IRS Direct File	13%	**17% d**	14%	11%	8%	**14% hi**	**19% hi**	**18% hi**	8%	6%	13%	13%	12%	13%
	IRS Return-Free File	26%	**38% cd**	**32% cd**	**19% d**	11%	27%	27%	25%	22%	28%	24%	24%	29%	24%

MITRE

Complex Tax Return – Demographic Profile

Program Scenarios	Software Program Selected	All	Age				Reported Household Income					Education			
			18-29 (n=206) (a)	30-44 (n=304) (b)	45-64 (n=336) (c)	65+ (n=154) (d)	<$35k (n=316) (e)	$35k-$50k (n=150) (f)	$50k-$75k (n=157) (g)	$75k + (n=289) (h)	Not sure (n=88) (i)	HS or less (n=298) (j)	Some college (n=294) (k)	College degree (n=253) (l)	Postgraduate degree (n=155) (m)
Same Function, Different Cost	**Current Software**	30%	27%	29%	25%	***42% abc***	27%	31%	28%	32%	31%	32%	29%	30%	25%
	IRS Direct File	70%	***73% d***	***71% d***	***75% d***	58%	73%	69%	72%	68%	69%	68%	71%	70%	75%
Same Function, Different Cost, No State Return	**Current Software**	41%	***45% c***	41%	35%	***51% bc***	35%	42%	40%	***51% egi***	38%	41%	37%	43%	***49% k***
	IRS Direct File	59%	55%	***59% d***	***65% ad***	49%	***65% h***	58%	***60% h***	49%	***62% h***	59%	***63% m***	57%	51%
Different Cost, IRS Inputs Information	**Current Software**	27%	27%	27%	22%	***40% abc***	26%	26%	26%	30%	27%	32%	26%	26%	24%
	IRS Direct File	73%	***73% d***	***73% d***	***78% d***	60%	74%	74%	74%	70%	73%	68%	74%	74%	76%
Different Cost, IRS Inputs Information, No state Return	**Current Software**	40%	44%	37%	36%	***51% bc***	37%	41%	38%	***45% e***	42%	39%	37%	44%	44%
	IRS Direct File	60%	56%	***63% d***	***64% d***	49%	***63% h***	59%	62%	55%	58%	61%	63%	56%	56%

MITRE

For more information, contact:

Jodi Patterson Jodell@mitre.org

Meredith McCullough mccullough@mitre.org

Chairman SMITH. Commissioner Werfel, why wasn't the IRS transparent with the American people about this study?

Mr. WERFEL. Well, I want to make clear, Mr. Chairman, the IRS didn't ask for this study. We didn't commission the study. Often you have companies, non-profits, academics on their own writing white papers, writing studies that the IRS didn't ask for. But if they send it to us, then we absolutely will look at it, and particularly if it is credible, and MITRE is a very credible organization.

And we have received the study from MITRE, and we were under the impression that it was going to be made public so that there wasn't a need to immediately report it out. But there was no intention of holding anything back here. People send us studies, we review them, and we will incorporate the findings from the MITRE study into our final study.

Chairman SMITH. I now recognize the ranking member for questions.

Mr. NEAL. Thank you.

Commissioner Werfel, there have been a lot of false claims made about who the IRS will audit. I know you attempted a few moments ago to address some of that. But with the additional money from the IRA, how many armed revenue agents will be hired to accomplish these audits?

Mr. WERFEL. None, sir.

Mr. NEAL. That is what I thought. So let me go over some other facts here.

Last year Secretary Yellen sent a letter to then-Commissioner Rettig, a Republican, directing that none of the additional money provided by the IRA would be used to raise the historical audit rates on families and small businesses making under $400,000 a year. The former commissioner also sent a letter to Congress reiterating this fact.

Without objection, I would like to enter both letters into the record.

Chairman SMITH. So ordered.

[The information follows:]

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

August 10, 2022

Charles P. Rettig
Commissioner
Internal Revenue Service
Washington, DC 20224

Dear Commissioner:

The Inflation Reduction Act includes much-needed funding for the IRS to improve taxpayer service, modernize outdated technological infrastructure, and increase equity in the tax system by enforcing the tax laws against those high-earners, large corporations, and complex partnerships who today do not pay what they owe.

These crucial investments have been a focus of the Biden Administration since the President's first day in office, and I was heartened to see the legislation pass the Senate this weekend.

Notwithstanding the changes that arose because of Republican challenges during the Byrd process, I write today to confirm the commitment that has been a guiding precept of the planning that you and your team are undertaking: that audit rates will not rise relative to recent years for households making under $400,000 annually.

Specifically, I direct that any additional resources—including any new personnel or auditors that are hired—shall not be used to increase the share of small business or households below the $400,000 threshold that are audited relative to historical levels. This means that, contrary to the misinformation from opponents of this legislation, small business or households earning $400,000 per year or less will not see an increase in the chances that they are audited.

Instead, enforcement resources will focus on high-end noncompliance. There, sustained, multi-year funding is so critical to the agency's ability to make the investments needed to pursue a robust attack on the tax gap by targeting crucial challenges, like large corporations, high-net-worth individuals and complex pass-throughs, where today the IRS has resources to initiate just 7,500 audits annually out of more than 4 million returns received.

This is challenging work that requires a team of sophisticated revenue agents in place to spend thousands of hours poring over complicated returns, and it is also work that has huge revenue potential: indeed, an additional hour auditing someone making more than $5 million annually generates an estimated $4,500 of additional taxes collected. This is essential work that I know the IRS is eager to undertake.

FINAL DOCUMENT

Digitally signed by FINAL DOCUMENT
Date: 2022.08.10 17:15:59 -04'00'

For regular taxpayers, as you emphasized last week, the result of this resource infusion will be a lower likelihood of audit by an agency that has the data and technological infrastructure in place to target enforcement resources where they belong—on the high end of the income distribution, where the top 1% alone is estimated to not be paying $160 billion in owed taxes each year. That's important as a matter of revenue-raising, but it's also essential as a matter of fairness.

Crucially, these resources will support a much-needed upgrade of technology that is decades out-of-date, and an investment in taxpayer service so that the IRS is finally able to communicate with taxpayers in an efficient, timely manner. I look forward to working with you on creating new digital tools to allow taxpayers to get information from the IRS instantaneously and on improving taxpayer service, so the agency is well-equipped to answer calls when they come in.

This historic investment in our tax system will accomplish two critical objectives. It will raise substantial revenue to address the deficit; and it will create a fairer system, where those at the top who do not today comply with their tax obligations find it far less easy to do so, and where all taxpayers receive the service from the IRS that they deserve, and that your dedicated workforce is eager to deliver. The importance of the work ahead cannot be overstated.

Sincerely,

Janet L. Yellen

Janet L. Yellen

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

COMMISSIONER

August 4, 2022

Dear Member of the United States House of Representatives,

It has been the greatest honor of my professional life to spend the last four years at the helm of the IRS. I am struck each day by the commitment of dedicated IRS employees to helping American families. And our employees have done all that without the tools to do so effectively. For too long, the agency has not had the resources that it needs to ensure the tax laws are enforced fairly and that Americans receive the level and quality of service they deserve. We are the greatest country in the world, yet the agency that touches more Americans than any other continually struggles to receive sufficient resources to fulfill its important mission.

The resources in the reconciliation package will get us back to historical norms in areas of challenge for the agency - large corporate and global high-net-worth taxpayers - as well as new areas like pass-through entities and multinational taxpayers with international tax issues, where we need sophisticated, specialized teams in place that are able to unpack complex structures and identify noncompliance.

These resources are absolutely not about increasing audit scrutiny on small businesses or middle-income Americans. As we've been planning, our investment of these enforcement resources is designed around the Department of the Treasury's directive that audit rates will not rise relative to recent years for households making under $400,000. Other resources will be invested in employees and IT systems that will allow us to better serve all taxpayers, including small businesses and middle-income taxpayers. Enhanced IT systems and taxpayer service will actually mean that honest taxpayers will be better able to comply with the tax laws, resulting in a lower likelihood of being audited and a reduced burden on them.

Large corporate and high-net-worth taxpayers often engage teams of sophisticated representatives who pursue unsettled or sometimes questionable interpretations of tax law. The integrity and fairness of our tax administrative system relies upon the ability of our agency to maintain a strong, visible, robust enforcement presence directed to these and other similarly situated taxpayers when they are noncompliant. These important efforts also support honest taxpayers who voluntarily comply with their filing and reporting requirements.

The IRS has fewer front-line, experienced examiners in the field than at any time since World War II, and fewer employees than at any time since the 1970s. Advances in technology have been helpful but have not kept pace with the ever-increasing responsibilities and challenges facing the IRS. As a result, the IRS has for too long been unable to pursue meaningful, impactful examinations of large corporate and high-net-worth taxpayers to ensure they are paying their fair share. This creates a direct revenue loss from evaders and lessens the potential to deter others from pursuing a similar path of noncompliance. Every American should support a fair and impartial system of tax administration supported by an appropriately resourced tax administrator. In fact, the continued success of our country depends, in part, upon the success of the agency in appropriately, fairly and impartially enforcing the tax laws and in providing meaningful, impactful services to every American.

As an extremely proud American, I'm grateful for your support of the IRS and our dedicated employees. I cannot be forceful enough in emphasizing that these resources will be transformative for the agency and for American taxpayers. I am available to meet with you at your convenience to discuss the foregoing.

Thank you,

Chuck Rettig

Charles P. Rettig

Mr. NEAL. Thank you.

Commissioner, do you stand by the letter sent to Congress from Commissioner Rettig stating that audit rates will not rise relative to recent years for households making under $400,000 a year?

Mr. WERFEL. I do.

Mr. NEAL. Thank you. Commissioner, with the additional money provided by the IRA, does the IRS plan to hire 87,000 revenue agents to carry guns to audit families and small businesses?

Mr. WERFEL. We do not.

Mr. NEAL. Thank you. Commissioner, Americans are very tired of the two-tiered tax system that allows the wealthy and well-connected to play by one set of rules, while those who use withholding, they play by another set of rules.

I have consistently stated that repealing the IRA additional enforcement funds will let the wealthy, large corporations and tax dodgers off the hook.

Last year the committee reviewed the IRS mandatory audit program for presidents and found that it was not working as intended for a former president who operated a complex web of more than 500 businesses. Given this program, the fact that it was not working, how can we be certain that audits for other wealthy individuals are taking place?

And how would the additional enforcement monies be used to assist the IRS with auditing complex returns?

Mr. WERFEL. Congressman, as I said earlier, the first thing that concerns me is the chasm between the number of IRS employees we have today to assess the number of high-wealth filers that are out there. And as a result, over the period of time from 2010 to today, there is a steep decline in the audit coverage of our wealthiest filers.

And, you know, from my vantage point, one of the reasons why I came to the IRS and am excited about the job is thinking about honest taxpayers, you know, those that own a small business, middle income, lower income. And right now the IRS does have the capability to evaluate—we have that capability because those are simple returns. The returns that come in from our wealthiest filers are sometimes thousands, tens of thousands, and sometimes hundreds of thousands of pages long.

And so, when you have a team outsized—2,600 personnel to 390,000 filers—and those files are not only voluminous, they are complicated—and multi-national corporations, the way it is structured today is more complicated than it was structured 10 years ago. Partnerships are becoming more layered and more complex, harder to find where the actual taxpayer is. We have to up our game if we are going to effectively assess whether these organizations are paying what they owe. So it is about hiring. It is about training. And it is not just hiring auditors. It is hiring economists, scientists, engineers—and when I mean science, I mean data scientists—to truly help us strategically figure out where the gaps are so we can close those gaps.

Mr. NEAL. Commissioner, if the proposals that have come from the other side were to take place, including repealing the funding that came from the IRS, what would that prohibit you from doing in terms of modernization?

Mr. WERFEL. Yes, this is very concerning because, as I said earlier, our base budget is about running the train schedules that we have today. You know, and if we don't fund our base budget, basically what I want you to picture is the platforms getting more and more crowded as the trains aren't coming, and people getting frustrated. And that is not the way to serve taxpayers. That is our base budget.

Our modernization budget, which is what the IRA provides, is how we modernize the whole system, how we improve everything about the system. So it is the difference, for example, between just having the person to answer the phone when it comes in for the IRS, versus having the option to do a call back, versus having a bot set up so, rather than wait, I can get my transcript by just hitting 1 or 2. It is the difference between just basic services and advanced services.

And one of the concerns that we should all have, if you are a taxpayer, you should come to the IRS, which you are required to do to pay your taxes, and get the same level of functionality that you would from a bank, from an airline. And right now, because of steep cuts in our funding, we are not up to snuff with what taxpayers can see around the corner at their local bank. So we want to be able to do that.

There is other—and I know I don't have enough time, but there is other ways we can spend the modernization money that is in the benefit of taxpayers, including securing data and including, as I said, you can go to sleep at night knowing that the IRS has the capability to assess the wealthy in the same way we can assess middle and low-income because we have built that capacity.

Mr. NEAL. Thank you, Commissioner.

Thank you, Mr. Chairman.

Chairman SMITH. Mr. Buchanan is recognized.

Mr. BUCHANAN. Thank you, Mr. Chairman.

And, Commissioner, I know you are new on the job, and I guess the acting commissioner for about six months——

Mr. WERFEL. Eight months in two thousand thirteen, sir.

Mr. BUCHANAN. But let me just mention there is just a lot of misinformation out there and disinformation, whatever you want to call it.

You know, they have got a budget they originally set up, an additional $80 billion, and now they are talking about another $43 billion. How do you distill that down? Where is the money going?

And I have just got to tell you, we have got to do a much—or you have got to do a much better job in terms of communicating that because the taxpayers want to know. I am telling you in my district but across the country, they want to know where the $80 billion plus another $43 billion would go, and you will be the one to decide that.

Mr. WERFEL. Yes, I would love the opportunity, and I appreciate the feedback of how we can be more effectively communicating the budget.

So let me take a moment. What we are asking for in 2024 is $1.8 billion. That is what we are asking for on top of the base budget that we already have. And again, that is just to keep the current train schedules on target. What does that additional $1.8 billion do? About one billion of it is more people, more people to man the phones, more people to process transactions. And then about $800 million is mostly inflationary adjustments, pay increases. It is a large organization, so——

Mr. BUCHANAN. Excuse me, how much of that, the recruitment and stuff, is going to go into auditing? What is the percentage there?

Mr. WERFEL. For that it is mostly taxpayer services, the—what we need in terms of more people. It is—I can get you specifics on the percentage breakdown.

The 43 billion metric I just want to make sure is understood. What we are asking for in 2024 is $1.8 billion, and that is really all I want to stand here and defend. Most of the money that is in that $43 billion is either already in our base or is way out in 2030, 2031, because as we move forward there is a cliff that occurs——

Mr. BUCHANAN. Commissioner, let me mention——

Mr. WERFEL. Yes.

Mr. BUCHANAN [continuing]. The reason I say that, because one of the commissioners in the past—I chaired Oversight, and we had a frank discussion—is he brought up the idea for every dollar that you invest, we can get you back $5 or $6. It sat with me the wrong way. So I just want to make sure we are kind of—get a better understanding of where the dollars are going so we got a better sense of that.

The other thing is some groups outside—conservative groups, I would say—are estimating that, you know, people under $400,000, there could be as many as 650,000 audits. Do you have any sense of that, or can I—is that something I can get to you?

Mr. WERFEL. I would love to better dig into the math. As I mentioned earlier, at least for the last—for the next several years, there will be no increase in the audit rate from the most recent rate that we have, which is 2018, which is a historically low rate.

Mr. BUCHANAN The other thought is just on—before I got here I was in business 30 years and dealt with, obviously, a lot of entities that were called pass-through. You are familiar with those, partnerships and——

Mr. WERFEL. Yes.

Mr. BUCHANAN [continuing]. Limited partnership.

Well, the idea that, in terms of auditing, a lot of these are over that size. They are claiming that it could be millions or hundreds of thousands of organizations. And I just want to tell you, when you get—if it is a company that has got 100 or 50 employees and it happens to make $400,000, it doesn't all go to the owner.

But the bottom line is, you know, what I am concerned about on these pass-throughs when they do get a dispute or something with the IRS, is that you do everything you can to move that along and try to resolve it as quickly as you can because it is very expensive in terms of CPAs and tax attorneys and the time taken away from their business.

So I don't know what more you could do in that area. I would like to see more resources put in that, so when you have disputes at any level, but especially small business and individuals, you do everything, you try to resolve it. I would make the best deal and go and get on to something else, but that is just my opinion.

Mr. WERFEL. Yes, and I appreciate that and I agree with it. When I made that analogy earlier of the train schedules, and that we have to improve them, that is one of the improvements. We have to improve the ability to resolve issues quicker.

First of all, it is one of the central bill of rights—we have a taxpayer bill of rights, and one of the rights is the right to a quick resolution, and I want to meet that right. So, for example, we are putting into place, because of the Inflation Reduction Act, online accounts for both small businesses and individuals that will allow them to go in real time and see if they have an issue, and have real-time ways of solving it. So if we are successful, this—it will end the era of weeks and weeks of letters and correspondence back and forth——

Mr. BUCHANAN. Let me just ask one quick——

Mr. WERFEL [continuing]. With the IRS.

Mr. BUCHANAN. You made a comment about answering the phone.

Mr. WERFEL. Yes.

Mr. BUCHANAN. I think it has got a little better, but it is still unbelievable. I mean, people can't get through, it takes hours. And I just hear that in our office constantly. Now, maybe in different parts of the country it is different, but I would like to have you make sure that whatever numbers you have got is an area you are working on, because people—their time is important. They want information. They want to resolve things with the IRS. They don't want sleepless nights.

Thank you, and I yield back.

Chairman SMITH. Mr. Doggett is recognized.

Mr. DOGGETT. Thank you, Mr. Chairman, and thank you, Commissioner, for your service.

You know, in December this committee got a good, in-depth look at the sorry state of high-end tax enforcement. After years of Republican obstruction from members of this committee, outside the committee we finally secured some of the tax returns of ex-President Trump. As the public record reflects—and I refer only to the public record—there were years of paying little or no taxes, tens of millions of dollars in questionable losses carried forward from prior years, questionable foreign tax credits.

We learned that the IRS had assigned a single auditor, one person, to review the returns of the Trump organization's 500 entities. Even after that auditor indicated that he could not by himself do a really thorough audit, no one was assigned from the specialist referral system, and he appears to have been provided no reinforcements.

Beyond the question of whether Trump himself got special treatment from his Republican appointees, and without asking you to comment on the returns of any particular non-taxpayer, the entire episode gives reason for concern that similar ultra-wealthy individuals who may well have committed tax fraud recognize that they, if they have enough high-paid accountants and tax lawyers, can get away with it.

In reviewing the few available auditor's notes on Trump's returns, the Joint Committee on Taxation, as you are probably aware, faulted the IRS auditor for assuming that using high-priced accountants and lawyers ensures the accuracy of claimed credits and deductions on returns. My first question to you: Is it standard practice at the IRS to assume that the ultra-wealthy can employ a tax consultant and just assume that if the tax consultant said that the income and credits and deductions were accurate, that they are?

Mr. WERFEL. Again, Congressman, I appreciate the ability or the opportunity to clarify that I am—would never and cannot comment on any specific taxpayer. And my responses will relate only to generalities.

Mr. DOGGETT. Sure.

Mr. WERFEL. The issue is, as I have been describing, it is the depletion of IRS resources has taken a toll, and it has taken a toll on our ability to do certain things, and one of them is to assess or unpack complicated, voluminous returns from our highest-income filers, individuals, partnerships, and organizations.

And, you know, whether you have the visual of a truck backing up with tens of thousands of pages for a given return, or the individual—or the visualization of a team of attorneys and accountants that a taxpayer might bring to the table, the reality is—and that is their right to do that, but we want to have an IRS that is resourced to ask the right questions, to challenge in the right issues, to make sure that there is fairness across the tax system.

Mr. DOGGETT. So is it fair to say you would agree with the Joint Committee on Taxation in their analysis that they were not comfortable with any reliance on professional tax preparation as an indication of accuracy?

Mr. WERFEL. It is absolutely a trust-but-verify situation, and we need the ability to verify, and we don't have that right now.

Mr. DOGGETT. And is it standard practice to assign 1 auditor to cover 500 organizations a taxpayer might submit?

Mr. WERFEL. Right now, Representative, as I said, we have 2,600 personnel for 390,000 of our wealthiest filers. So we have to make the smartest decisions we can, given that chasm. Hopefully, with——

Mr. DOGGETT. What are the factors——

Mr. WERFEL [continuing]. The increase in resources, we can change that.

Mr. DOGGETT. What are the factors that would cause an audit to remain unresolved for seven, eight, nine years?

Mr. WERFEL. Complexity.

Mr. DOGGETT. And again, a lack of resources.

Mr. WERFEL. Yes, a lack of resources, complexity——

Mr. DOGGETT. If we eliminate all of the funding that you received as an addition last year as the very first bill that these Republicans passed in the House, will that facilitate this same kind of minimal enforcement with 1 auditor for 500 organizations?

Mr. WERFEL. It would. I would point this stat to you, Congressman: audit rates in 2010 for entities, corporations between $100 million and $1 billion in assets ranged between 20 and 30 percent. Today they hover near five percent. And if we don't have the resources, they will continue to hover near five percent, and that means we are leaving money on the table.

Mr. DOGGETT. Thank you so much.

Chairman SMITH. The gentleman from Nebraska is recognized.

Mr. SMITH of Nebraska. Thank you, Mr. Chairman.

Thank you, Commissioner, for being here today. I want to clarify perhaps. There was mention earlier about special agents, especially within criminal investigation.

Now, it is my understanding from a communication I received from your agency last fall that criminal investigation plans to hire 360 special agents per year, per year, over the next 5 years for an approximate net gain of 1,200 special agents considering attrition. Is that accurate?

Mr. WERFEL. That sounds about right. Again, Criminal Investigation Division, which deals with fraud and significant cases of tax evasion——

Mr. SMITH of Nebraska. Correct, and those——

Mr. WERFEL [continuing]. They are often——

Mr. SMITH of Nebraska [continuing]. Agents are armed.

Mr. WERFEL [continuing]. Put their own—okay.

Mr. SMITH of Nebraska. Those special agents are armed, is that correct?

Mr. WERFEL. They are armed. It is less than three percent——

Mr. SMITH of Nebraska. And they——

Mr. WERFEL [continuing]. Of the IRS workforce.

Mr. SMITH of Nebraska. And they avoid magnetometers at airports, and things like that. So——

Mr. WERFEL. They are law enforcement personnel.

Mr. SMITH of Nebraska. Now, you said earlier that you are not hiring any new special agents that will be armed, but it sounds to me like you are.

Mr. WERFEL. Well, that—my understanding—I am glad you are clarifying. My understanding of the question was around audits.

Our CI division, our criminal investigation division, they do not conduct audits. What they do is they are investigating acute issues of fraud and tax evasion. And typically, they are armed when they are putting theirselves in danger.

Mr. SMITH of Nebraska. Understood, I understand. But I think it is important to note that there is a difference. There will be new hires that will be armed, for the record.

Now, last September Secretary Yellen sent a letter to then-Chairman Neal supporting Ways and Means Committee Democrats' efforts to provide additional funding for the IRS. I would like to ask for unanimous consent to include that letter in the record.

Chairman SMITH. Without objection.

[The information follows:]

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

COMMISSIONER

November 9, 2022

The Honorable Adrian Smith
U.S. House of Representatives
Washington, DC 20515

Dear Representative Smith:

Thank you for your recent letter. You shared concerns about the IRS's audit rates for individual taxpayers, closing the tax gap, and the appropriate use of resources.

The IRS is committed to ensuring our enforcement efforts are fair across the board, and no one, at any income level, thinks they can cheat on their taxes without consequence. Tax cheats undermine the integrity of our tax system. Compliant taxpayers deserve to know that those taxpayers who are noncompliant are at a significant risk of civil, and where appropriate, criminal penalties. As I have often said, ensuring compliance of high-income taxpayers remains a major enforcement priority for the IRS.

In your letter, you asked specific questions related to audit data and the tax gap. I hope the following information answers your questions and clarifies your concerns:

1. **What percentage of individual taxpayer audits does IRS project will be of families earning less than $400,000 in fiscal year 2023?**

   The IRS is committed to meeting Treasury Secretary Yellen's directive to not use the funding provided by the Inflation Reduction Act of 2022 to increase audit rates for households making under $400,000 annually, relative to historic audit rates. With this in mind, we are preparing workplans for FY2023. Once we finalize our FY2023 workplans, we can share projections for FY2023 relative to prior years.

2. **Will the number of annual audits of families earning less than $400,000 increase, decrease, or remain the same over the next ten years?**

   As previously stated in the answer to question 1, the IRS is committed to meeting Treasury Secretary Yellen's directive to not use the funding provided by the Inflation Reduction Act of 2022 to increase audit rates for households making under $400,000 annually, relative to historic rates. The IRS is designing the investment of these important resources to support honest, compliant taxpayers.

3. **Will the annual number of audits of families earning $400,000 or less who file small business taxes through an S corporation increase, decrease, or remain the same over the next ten years?**

   These resources are absolutely not about increasing audit scrutiny on small business or middle-income Americans. The IRS is committed to meeting Treasury Secretary Yellen's directive to not use the funding provided by the Inflation Reduction Act of 2022 to increase audit rates for taxpayers who own small businesses making $400,000 or less annually, relative to historic levels. As a founding principle I assure you, the plan will comply with the Secretary's directive that the additional "enforcement resources will focus on high-end noncompliance." We are designing the investment of these important resources to support honest, compliant taxpayers.

4. **According to the Congressional Budget Office, the enhanced IRS funding from P.L. 117-169 will raise $180.4 billion by helping to close the tax gap.[9] Can IRS achieve this deficit reduction projection if it does not increase the annual number of audits targeting families earning less than $400,000 over the next ten years?**

   Secretary Yellen has directed that enforcement resources in the Inflation Reduction Act (IRA) will not be used to raise audit rates for households making under $400,000 a year relative to historical levels. The IRS can achieve the projected deficit reduction amount while following the direction of the Secretary.

5. **How many unfilled Special Agent positions did IRS have prior to enactment of P.L. 117-169? How many additional Special Agent positions will be added using funding from P.L. 117-169?**

   Criminal Investigation (CI) is comprised of approximately 2,100 special agents who are sworn federal law enforcement officers, and about 900 professional staff. Since 2010, the CI workforce has decreased in size by approximately 25%. While the IRS has not yet determined the final allocation of IRA funds, CI plans to hire 360 special agents per year over the next five years, for an approximate net gain of 1,200 special agents after attrition. Increasing CI's workforce would enable CI to continue to work some of the most complex and impactful cases in the world[1].

   Criminal tax prosecution recommendations deter sophisticated actors from complicated tax fraud and money laundering schemes and increase voluntary tax

[1] https://www.latimes.com/world-nation/story/2020-10-16/doj-charges-texas-billionaire-robert-brockman-tax-fraud; https://www.justice.gov/opa/pr/two-arrested-alleged-conspiracy-launder-45-billion-stolen-cryptocurrency

compliance. In fiscal year 2021, CI identified over $10 billion[2] in tax fraud and other financial crimes.

I hope this information is helpful. If you have questions, please contact me, or a member of your staff may contact Amy Klonsky, Chief, National Congressional Affairs Branch, at 202-317-6985.

Sincerely,

Charles P. Rettig — Digitally signed by Charles P. Rettig

Charles P. Rettig

---

[2] CI Annual Report 2021

Mr. SMITH of Nebraska. Thank you. In that letter Secretary Yellen addressed the long-term decline in the number of auditors at IRS, and provided data showing the decrease in the percentage of taxpayers audited across a number of filer categories between 2010 and 2018.

Can you clarify whether 2010, the date put forward by Secretary Yellen in 2021, is the historical average you were referring to as a long-term goal—emphasis, long-term goal—once IRS ramps up to high—ramps up to audit high-net-worth individuals?

Mr. WERFEL. No, I would not clarify that—I would not characterize that as a goal. It is a benchmark. And we look at 2010 because that is the first year that started the steep decline in IRS resources.

Mr. SMITH of Nebraska. Okay.

Mr. WERFEL. So we want to provide transparency to the American people that, at the start of our decline in discretionary resources, this is what the world looked like in terms of audit rates.

Mr. SMITH of Nebraska. Okay. And there is a lot of confusion here, in terms of what a lot of these numbers are. But, you know, we—there is consideration of income brackets, what those targets will be, and the percentage of taxpayers within each bracket who are being audited.

But when you are attempting to adhere to the instruction, what metric will you actually be using? Will it be that distribution across brackets, or there—are there other numbers to consider?

Mr. WERFEL. I think what we would do, Congressman, is look historically at the type of coverage we had when we were at our healthiest. So, for example, if you look back at our audit rates when we were at our healthiest, we had fairly high audit rates for individuals with more than $20 billion—or companies with more than——

Mr. SMITH of Nebraska. Okay.

Mr. WERFEL [continuing]. $20 billion in assets. We are more than half of that right now.

Mr. SMITH of Nebraska. Okay, I——

Mr. WERFEL. And so I wouldn't call it a target, but it is a trend to make sure we are getting back to healthy levels.

Mr. SMITH of Nebraska. Now, the Joint Committee on Taxation found that more than 90 percent of under-reported income actually came from taxpayers earning less than $400,000. So how can we expect to generate $191 billion in new revenue over the next decade without drastically actually increasing the number of audits on families making less than $400,000, not even considering for the impact of inflation since the President set the $400,000 threshold not long ago?

I mean, the math seems to be difficult to reach.

Mr. WERFEL. Yes, and this is a very important question, and I am glad you asked it.

Look, there is a lot of mounting evidence that there is significant under-reporting or tax gap in the highest-income filers. For example, there is a study that was done by the U.S. Treasury Department that looked at the top 1 percent of Americans and found as much as $163 billion of tax dodging——

Mr. SMITH of Nebraska. But roughly 90 percent of the new audits will be of those making less than $400,000. Is that correct?

Mr. WERFEL. No, none of the new audits will be of people earning under $400,000. So maybe I am not understanding your question.

There will be new audits under the Inflation Reduction Act, but those will all be focused on our highest-wealth filers, individuals——

Mr. SMITH of Nebraska. So the historic average is not relevant, then, as referenced earlier.

Mr. WERFEL. Not for a number of years, no, it won't be.

Mr. SMITH of Nebraska. Okay. I wish I had more time. Thank you.

Chairman SMITH. Mr. Thompson is recognized.

Mr. THOMPSON. Thank you, Mr. Chairman.

Commissioner, thank you for being here. Commissioner, yesterday our Republican colleagues passed off the floor of the House a bill that slashed $80 billion in IRS funding that we had put in last year to help you solve some of these issues that have been discussed today. They made that cut saying that this was going to save money. It sounds like crazy math to me.

Can you help us understand? When we fund you with proper funding levels, does that cost money or does it allow you to recoup the money that is owed?

Mr. WERFEL. It allows us to recoup the money that is owed. There is longstanding historical and robust analytics that points to a return of $6 of return to the taxpayer for every $1 invested in the IRS budget.

Mr. THOMPSON. Thank you very much. I appreciate that. I appreciate the fact that you cleared up this nonsensical argument that we heard continuously over the course of the last year that this $80 billion was going to pay for heavily armed agents running around kicking in doors. So thank you for that.

I also appreciate the fact that we have made improvements in regard to customer service at the IRS. And I know all I have to do is talk to my district staff about how bad things were, and things do seem to get better. But I just want to say you got some work to do. Last week my wife spent three hours on the phone with the IRS, and she still hasn't gotten through. And most people, at least working people such as my wife, don't have time to spend. It was three different calls trying to get through. So she just didn't have time. People don't have time to spend an hour on the phone. So that——

Mr. WERFEL. Yes, Congressman. It is stories like that that is motivating. I know we have more work to do. But what worries me, Congressman, is if we reduce our funding we will hear more stories like that.

Mr. THOMPSON. Oh, I get it. I get it completely.

Mr. WERFEL. Yes.

Mr. THOMPSON. I just need to let you know that we——

Mr. WERFEL. Understood. I like when people tell me these stories, because it is motivating.

Mr. THOMPSON. Commissioner, we have some devastating wildfires in California 2015, 2017, and 2018. Fire survivors throughout California received payments from an established trust after the Pacific Gas and Electric bankruptcy. My constituents and other Californians began receiving partial compensation from that trust in 2021, and they continue to receive payments today. None of the people that we are talking about will ever be made whole. They are going to get less money than it is going to take to rebuild their homes and their businesses, and heaven knows what all they lost that are just irreplaceable.

Now, in many cases, these folks are being told that they owe taxes on the payment they received from the trust, including taxes on the lawyers' fees, the lawyers that were associated with that trust.

I have legislation with Representative LaMalfa that will make these payments non-taxable, and I appreciate that your staff has been working with mine on this issue, and I would ask that you will continue to work with Congress. This is wrong. This should not be like this. And I know the 2017 tax bill teed up some of this inappropriate taxation to take place, but we need to fix this. It is not a good situation for American taxpayers.

Mr. WERFEL. Understood.

Mr. THOMPSON. Is that a yes, you will work to continue——

Mr. WERFEL. Well, I am—absolutely will work with you.

One of the limits that I have as the IRS commissioner is not being able to comment on—pro or con—on legislative proposals, only to talk about whether it is administrable.

I will say this, though. It is Treasury who——

Mr. THOMPSON. I will be satisfied with a yes, I will continue to work with you——

Mr. WERFEL. Yes.

Mr. THOMPSON [continuing]. On helping the taxpayers who are being——

Mr. WERFEL. Absolutely.

Mr. THOMPSON [continuing]. Being harmed.

Mr. WERFEL. And we appreciate when we are provided tools to help taxpayers in need, especially those that are impacted by natural disasters.

Mr. THOMPSON. Thank you. I also just want to say that Mr. Kelly, who is not here today, and I have legislation, along with Chairman Wyden and Ranking Member Grassley over in the Senate, to strengthen the IRS whistleblower program. We have got some common-sense fixes that will strengthen that, help you guys out. And I guess it is not your policy to comment on legislation.

Mr. WERFEL. It is not my——

Mr. THOMPSON. But you can tell us if this will be helpful.

Mr. WERFEL. Yes, I can. We can work with you on that. You know, I will say we at the IRS will fiercely defend the integrity of the whistleblower process. We welcome suggestions on how to strengthen and improve it. So I would love to work with you on that.

Mr. THOMPSON. Thank you very much.

I yield back.

Chairman SMITH. Mr. Schweikert is recognized.

Mr. SCHWEIKERT. Thank you, Mr. Chairman.

Mr. Commissioner, I have a fascination with the adoption of technology as a way to deal with so many of your issues. I have a—actually, an IRS press release from just a couple of weeks ago talking about your adoption of a chat bot for simple collection questions. Do you know anything about that?

Mr. WERFEL. I do.

Mr. SCHWEIKERT. How is it working?

Mr. WERFEL. Well, we have had a very successful filing season, as I understand it, with the introduction of new chat bots for things like getting a transcript, for things like setting up an installment agreement if you have less than 25,000. These are relatively—25,000——

Mr. SCHWEIKERT. And the article makes it clear, your press release also makes clear it is relatively simple. But you have just engaged in an experiment of adopting the technology that we see much of corporate America moving to——

Mr. WERFEL. Correct.

Mr. SCHWEIKERT [continuing]. Very quickly. I desperately—what can I do, as a Member of Congress on this August committee, to help you do a hell of a lot more of this?

Mr. WERFEL. Yes.

Mr. SCHWEIKERT. The fact of the matter is, being someone who has been screwing around with chat GPT since the end of last year, it is remarkable. I have had it write code for me.

The fact of the matter is you could build a stack, the IRS, and my—ability to even ask complex questions, the ability to actually say, here is the discussion I can have, and over here is functionally the video on filling out the form.

I guess I am just desperate of what can I do to drag you in to the adoption of the technology that is truly customer-centric?

Mr. WERFEL. Congressman, I am a convert. There is not a lot you have to do to convince me. And if my team behind me and those back at the IRS are watching, they are probably laughing because of how often in my first five or six weeks I have raised this exact issue.

Mr. SCHWEIKERT. So if I went online right now, though, and actually called in and talked to the chat and you would direct me to here is the video that would walk me through how to fill out the form in multiple languages, that exists? I look for it last night——

Mr. WERFEL. Here is——

Mr. SCHWEIKERT [continuing]. And I couldn't find it.

Mr. WERFEL. Here is—when I think about a bot, I just want to make sure—like, if you called in the IRS three years ago and you needed a transcript, you got in line with everyone else.

Mr. SCHWEIKERT. Oh, no, no, it is——

Mr. WERFEL. But not anymore.

Mr. SCHWEIKERT. I want to help you with this.

Mr. WERFEL. Yes.

Mr. SCHWEIKERT. Because I also must tell you I think it is insane you maintain your own servers when you have substantial portions of the Department of Defense on highly-encrypted cloud servers.

Mr. WERFEL. Yes.

Mr. SCHWEIKERT. And you want to keep your own server farm?

Mr. WERFEL. Not necessarily, no. We are——

Mr. SCHWEIKERT. No, no, not—well, not necessarily yes or no. What can I do to help you to join this century of technology——

Mr. WERFEL. Yes.

Mr. SCHWEIKERT [continuing]. Both the storage and your computing capacity? It is absurd that you still have that server farm in West Virginia. It really is.

Mr. WERFEL. The first thing that you can do to help is make sure that we are not underfunded to modernize.

Second——

Mr. SCHWEIKERT. But—stop. The migration—because I—we spent some time looking at your plan. I didn't see the migration away from all your own storage and all your own processing, because this is really expensive. I mean, you still are maintaining, what, some AS400s and some of these things? That is insane, what you have to pay someone to do that.

Mr. WERFEL. Yes. It——

Mr. SCHWEIKERT. You know——

Mr. WERFEL. It is in there, Congressman. I will explain it, if you give me one second.

Mr. SCHWEIKERT. Oh, please.

Mr. WERFEL. Which is in the plan we are committed to replacing our core—main core systems.

Mr. SCHWEIKERT. Okay, so now stop. That is actually what I was going at. I don't want you to replace it. I want you to migrate it out.

Mr. WERFEL. Yes, that is one of the alternatives. I can't—you know, and we should talk offline about large capital technology transformation, because I want to make sure that I am following best practice. And one of the things we need to do is an alternatives analysis. And I am very interested, maybe as interested as you, in what the cloud-based, service-oriented architecture looks like as an alternative.

Mr. SCHWEIKERT. You do realize we are having a conversation that is a decade out of date.

Mr. WERFEL. I agree.

Mr. SCHWEIKERT. I mean, when the Department of Defense did this a decade ago, and you guys are still putzing around with it, and it is a conversation I had for the first week I was on this committee. And this isn't Republican or Democrat. It is just modern practices. It is just, you know, we complain about resources and funding, people are really expensive, and the rest of the world, the rest of the corporate and the rest of other parts of the government have made these migrations.

I want to—and this is one—I want to help you. If it is resources, if it is talent, I want to help you do these migrations. But the fact of the matter is this made me very happy that you guys put this out because it is a demonstration you are at least experimenting with technology.

But my pitch at the end here is a very simple one. So far, every witness here, and part of the response is resources, resources, resources. Okay. Some of them are saying the modern use of the resources you have, you could dramatically cut your operational costs by moving into this century of technology. That is all. And I want to help.

Mr. WERFEL. I would appreciate that help. I would love to meet with you offline.

One of the things I will walk you through is some successes that we have had on technology that we can build on. You have pointed to one, but there are others. But I am not disagreeing with you.

Mr. SCHWEIKERT. Okay. I just—the last sentence is I was underwhelmed with the vision on your migration plan. It just—go. Okay. You had a sentence or two that were throwaway lines. With that, I yield back.

Chairman SMITH. The gentleman from Connecticut is recognized.

Mr. LARSON. Thank you, Mr. Chairman, and thank you, Mr. Chairman, for having this hearing. I think it is enlightening to have a hearing and to re-engage with "We are from the IRS, and we are here to help."

And I want to say at the start I want to associate myself with the remarks of the Democratic leader, Neal, that he so artfully put out, but also talk about that service, and especially for the service, putting aside for a moment people earning above $400,000, but people who actually need the help.

And the VITA program, which has——

Mr. WERFEL. Yes.

Mr. LARSON [continuing]. Been in place for a number of years, I can't tell you how successful that is, and how we need to expand upon that. Is there something in the works to do that, as well?

Mr. WERFEL. Yes, I think about improved service as meeting taxpayers where they are, and working with community groups, intermediaries to help us do that.

VITA is an essential partner. They do incredible work. The number of times that VITAs are helping people file their taxes is increasing. The trend is going in the right direction. We are ready to partner and continue that trend.

Mr. LARSON. I think that is an important thing, and something we can learn in government. I hope, along with Dr. Ferguson, to talk about using a similar program. With more than 10,000 Baby Boomers a day becoming eligible for Social Security, there is also a tremendous need for volunteer help at no cost to make sure that people are getting the benefits that they richly deserve and need.

It also brings to mind, et cetera, something like the passage of the Child Tax Credit that is on the books and then off the books, and for so many families out there that were eligible that probably never even took advantage of this.

And so, again, giving new meaning to "We are from the IRS, and we are here to help," and to augment your team also with volunteers, but making sure that you have the resources to carry out what the regular taxpayer needs to understand.

[Chart]

Mr. LARSON. And we have a chart behind us, and I want to commend you because we keep a record of this—I am sure most Members do the same thing—of the number of cases that we take up. And here, just in the area of tax filing for the year, we have what went on in 2022 and what transpired in 2023.

And as you can see with the new resources, the tremendous effort that was put forward—as Mr. Thompson said, yes, we can do better, and I hope that that is the plan, as well. But between modernization and also having that human being there——

Mr. WERFEL. Yes.

Mr. LARSON. The most frustrating thing I talk to to our constituents is not having a person on the other end of that phone, or being able to talk to.

The fact that you are open on Saturdays now, as well, and provide that opportunity, if you could comment on that, as well, Mr.——

Mr. WERFEL. Yes, I really appreciate the opportunity to comment.

I mean, when we had lower resources, it was so frustrating for IRS employees, not just because we couldn't have the right amount of people on the phone, but also we couldn't do what we need to do as part of meeting taxpayers where they are and serving them effectively in underserved populations.

So what funding allows us to do is to do what—the base of what we are supposed to do, which is to be there to answer the phone, but it allows us to lean in and provide a more fulsome service experience. That means meeting taxpayers where they are, allowing them, if they want to walk into a walk-in center, that that walk-in center is open, staffed, and there is no line outside.

One of the things we did, Congressman, is we have opened 16 additional walk-in centers this filing season. That would have not been—those are in local communities around the country. Some of the districts of the members of this committee. We could not do that without the Inflation Reduction Act.

So there is really no agenda here, other than to meet the demand of a very complicated tax system so that we can serve Americans effectively.

Mr. LARSON. And it is a great thing for the American taxpayer to understand that you are from the IRS, and you are here to help, and we need to take advantage of that. Thank you for your testimony.

I yield back.

Mr. WERFEL. Thank you.

Chairman SMITH. Mr. LaHood is recognized.

Mr. LAHOOD. Thank you, Mr. Chairman.

Commissioner Werfel, welcome. Thanks for being here today. Let me start by echoing the concerns of many of my colleagues on the supplemental funding for the IRS received last year in the Democrats' IRA that disproportionately focuses on audits and enforcement over customer service and technological modernization.

Like anything in the Federal Government, things need to be made more efficient, more effective, and more accountable, and that concerns me. Law-abiding families and small businesses in Illinois need their tax returns processed and phone calls answered. And we have heard immense frustration here today regarding the lack of that being done. We don't need more IRS agents knocking on their doors with burdensome audits.

I want to focus my time today, though, on a specific provision included in the IRA: the $15 million in funding to study the feasibility of implementing the free direct e-file tax return system at the IRS. We have heard that the study is on track to be shared with us next month, and that it is likely that the group Code for America would be involved in this endeavor.

At this time, Mr. Chairman, I would like to ask unanimous consent to enter into the record an article from the Wall Street Journal dated April 26th, yesterday, titled, "Cooking the IRS Study Books: The Tax Agency Wants to Decide What You Owe Before You Do."

[Pause.]

Chairman SMITH. So approved.

[The information follows:]

https://www.wsj.com/articles/irs-study-taxes-progressives-new-america-elizabeth-warren-caecc62d

OPINIONREVIEW & OUTLOOK

Cooking the IRS Study Books

The tax agency wants to decide what you owe before you do.

By The Editorial Board

April 26, 2023 at 6:54 pm ET

532 | Gift unlocked article | Listen (3 min)

PHOTO: MANDEL NGAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

The Internal Revenue Service isn't saying how it will spend all of its new $80 billion windfall from Congress, but the political shenanigans over a proposed new IRS tax filing system aren't cause for comfort. The agency is employing progressives to study how to make the tax collector the first and last arbiter of how much Americans owe.

Most of the $80 billion will go to turbocharging audits, but the Inflation Reduction Act also earmarked $15 million to study a bad idea. Progressives led by Sen. Elizabeth Warren want to create what they call a "free direct efile tax return system," which would put the agency in charge of both calculating and auditing taxes. This would end America's longtime voluntary system that lets taxpayers determine their tax, subject to IRS review. The law instructed the IRS to hire an "independent third party" to examine the idea.

The IRS has announced that its notion of a neutral investigator is New America, a left-leaning nonprofit whose top officials include Obama Administration alumni and a former aide to Hillary Clinton, and which is already on record praising the Warren plan. The IRS also tapped to work on the project Ariel Jurow Kleiman, a Loyola Law School professor, who wrote a paper calling on the IRS to adopt a Warren-like program, "one that includes the maximum amount of taxpayer information and requires the least amount of taxpayer input." Why bother with the ruse of an "independent" study?

As it happens, the IRS has already been told by a truly independent outfit that Americans hate this idea. House Ways and Means Republicans recently discovered the IRS received a report in February from independent adviser MITRE on public attitudes toward a system in which the IRS calculates taxes.

The findings: A mere 37% of tax filers with simple returns would use an IRS tax preparation service. The number drops to 29% if the system doesn't include a similar state tax-prep function. Among the nearly 50% of respondents who say they want to stick with their current commercial software, among their reasons was, "I don't think it's the IRS's role to prepare taxes." Sensible thinking.

The IRS kept mum about this survey, even as it moved to hire a consulting group that it expects to reach the conclusion the agency and Sen. Warren want. They're from the government and they're here to tax you more.

Appeared in the April 27, 2023, print edition as 'Cooking the IRS Study Books'.

Mr. LAHOOD. So approved? Thank you. [Laughter.]

Thank you. With that, in that article, as I am sure you are well aware, Commissioner, it outlines that the IRS direct e-file system in the pending feasibility study are of grave concern. And I guess I am trying to figure out the general premise behind the direct e-file study.

As I look at the extensive list of already existing problems at the IRS, and your plans that you have to focus on in the coming years, and the fact that free e-filing services already exist in the market today—as you know, the tax preparation industry already provides free filing services for roughly 30 million returns each year. So I am not quite sure why trying to tackle this concept in the near term would be beneficial to the IRS or, more importantly, to the American taxpayers.

Now, I know you are new coming into this, and I heard your comments earlier before. But don't you think the e-file effort could lead to the IRS biting off more than it can chew, with all those things that I mentioned that you talked about, further complicating the tax filing experience?

Mr. WERFEL. Well, I would start by saying we have a responsibility to provide tax—to meet different taxpayer preferences. Not everyone wants to engage in the IRS in the same way, and not everyone has the means or the position to do so. So we have to create this menu. The menu includes walk-in centers, the menu includes our IRS.gov platform, and working with our—the Free File Alliance, and the third-party preparers, it involves advancements on the smartphone, as Congressman Schweikert was holding up his.

The question I think being posed here is, is this an additional menu item for certain taxpayers to avail themselves of if that is the way they prefer to engage the IRS, this direct file?

So the Congress said, "Study it." And they—and my understanding of the congressional provision is what would it cost, what are the taxpayers' opinions on it, and then an independent assessment of its feasibility. And that is what we will produce in mid-May, and we will come and we will talk about it, and you will have more grounding to ask me the tough questions.

Mr. LAHOOD. Well, I understand that, and I understand the study. But obviously, you are the new commissioner. You have had opportunity to digest this and look at this. What is your opinion?

Mr. WERFEL. Well, I don't want to get in front of the report itself, because the report is not done, and I don't want to get out in front of a report that isn't complete.

My take on it is I want to make sure that we are meeting customers—taxpayers, in this case—where they are. I think it is a best practice for an organization to not have a one-size-fits-all. I don't know yet whether the direct file solution is the right additional menu item to put in place so that taxpayers that prefer to engage that way can do it. What I would like to do is have the report issue and then engage in a conversation with the right set of stakeholders, and figure out what the go-forward is.

Mr. LAHOOD. Well, I would just say—and we look forward to that conversation, but it appears to me that it seems very problematic, and the focus on the IRS should be those things we talked about: prioritizing customer service, modernizing technology. You have enough to do there.

And so, again, we look forward to getting that study back, and look forward to trying to do all we can to help make the IRS more efficient, effective, and accountable to the American people.

I yield back.

Mr. WERFEL. Thank you.

Mrs. MILLER [presiding]. The gentleman from Oregon.

Mr. BLUMENAUER. Thank you very much, Madam Chair.

Mr. Commissioner, thank you very much for being here. Thank you for taking what is arguably the most thankless job in America. I have had this conversation with a number of your predecessors, and I feel the same way. Anybody who is qualified to be appointed has lots of other career opportunities with less grief, less pressure, and probably more remunerative. So I really appreciate your willingness to take this assignment on, particularly considering some of the combative attitudes that you have to put up with.

My experience with your employees, on balance, is one that is very positive. I routinely meet with Treasury employees in Oregon, and I found in the midst of the pressures that literally reduced them to tears because they couldn't answer the phone and get the job done. And Congress is complicit in this. Congress has routinely underfunded the agency, while all the time we make the tax code more complex, and you have more returns to deal with.

I have just one question. Do you have 73,000 or 85,000 employees?

Mr. WERFEL. Today we have roughly 85,000, which is still kind of at a level of staffing that is——

Mr. BLUMENAUER. No, no——

Mr. WERFEL. Yes.

Mr. BLUMENAUER. I hear you. Your reference here in terms of trying to meet the taxpayers where they are, I think, is commendable. Are there other countries in the world that have an automatic system that provides taxpayers with their returns, that computes it for them?

Mr. WERFEL. There are other countries that have adopted that type of system.

Mr. BLUMENAUER. Thank you. I don't find that particularly threatening.

I will say that I wish people had the same ire against some of the private tax preparers who have been involved with tax scams that take advantage of taxpayers who aren't particularly sophisticated. You don't have to look very far to find taxpayers who are cheated by this industry. Not all, not many, but it is a not-insignificant number.

I appreciate what you are talking about, being able to equip the IRS to meet the challenge. I remember an article a few years ago that GE had 1,200, it was one of the largest law firms in the country was their tax department, 1,200 tax attorneys for one corporation filing, I imagine, extraordinarily complex returns.

And to the point one of my colleagues made earlier, these are very difficult to move through. I meet routinely with CPAs and tax advisers and attorneys in my district, talking to them about the challenges. Most of them lament the understaffing and the inability of the IRS to be able to respond, and they acknowledge that audits largely are a thing of the past. Very few of them have clients that go through this, and they are talking about the most wealthy and privileged.

So I appreciate the course you are trying to navigate here to try and equip the agency to meet the challenges. I think you said almost 400,000 very high-wealth and expensive programs that are complex, and you have maybe 2,600 people, you know, not much larger than General Electric's former law firm, dealing with these. I think it is an admirable challenge.

I appreciate your being forthcoming with us, willing to work and explore these items. The things that my colleagues have raised, I think, are worthy to be looked at. But I do think we need to be mindful of the fact that this committee in the past did not cover itself with glory in terms of some pretty outrageous activities in terms of some of the hearings that we convened and sensationalized them. I think we can do better than that. And I appreciate what you are trying to do, your attitude, and cooperation, and look forward to working with you.

Mr. WERFEL. Thank you, sir.

Mrs. MILLER. The gentleman from Ohio, Dr. Wenstrup.

Mr. WENSTRUP. Thank you, Madam Chair, and I am grateful that we are having this hearing today.

Commissioner Werfel, I want to thank you for being here. I look forward to working with you throughout, and appreciate your candor today.

And I do want to make a plug for my IRS Advocate at home. I will tell you that we have had great success, a good relationship working there. Sometimes it is unfortunate we have to go to the Advocate as much as we do, but that cooperation has been good, and I just think it is good to give some good feedback here and there.

Mr. WERFEL. It is great to hear.

Mr. WENSTRUP. The couple topics I would like to ask you about today—so I am just going to jump right into it—my staff back home has been working for several months now with constituents who are having trouble getting their Employee Retention Tax Credits released because they have contracted with a professional employer, organization, or PEO for payroll and related tax duties. And from what I understand, the PEO and IRS are following the law, trying to resolve the issue, but it has been more than six months of ongoing casework now, and it seems that the use of the PEO is what is delaying them from getting their tax credit released.

And you know, I know you mentioned before the phones being answered more quickly. Well, that is good. That is a good first step. But resolving the issues, too, is really the ultimate step.

Mr. WERFEL. Yes.

Mr. WENSTRUP. So, if you don't mind, how is the IRS handling this PEO-related ERTC claims and the delays that are taking place?

Mr. WERFEL. Yes, it is—I am concerned about any time we have a backlog, and we need to focus on it. And what happened during the filing season is we moved and concentrated our personnel resources on the phone to make sure we were answering the phone.

We have made progress on the backlog. During filing season we were resolving and processing about 20,000 Employee Retention Credits a week, but that was not enough to keep up with the demand, because more come in. There is still eligibility through 2025. So this is a growing target, not a stable one.

Now that the filing season is over, we can reset our staffing. I am hoping that we can more than double the rate, closer to 40 to 50,000 resolved a week. Plus we have teams looking at ways we can improve the process and be more aggressive in our efforts to manage that backlog.

So it is an absolute priority. It has got my attention, and we are—you know, and I am holding people to more aggressive targets inside the IRS.

Mr. WENSTRUP. I appreciate that, and I am glad to have this opportunity to discuss the awareness of the issue that you seem to have.

Shifting gears to the IRS Strategic Operation—Operating Plan, I want to ask you specifically about the energy security lines and the IRA allocations summary table on page 109 and the FTE table on page 131. For context, the SOP allocates just $3.2 billion to taxpayer services. Even the National Taxpayer Advocate noted in a recent blog post that the funding in this plan was "disproportionately allocated for enforcement activities," and that the IRS needed to "not lose sight of its core mission."

So I look at the $3.2 billion allocated for taxpayer services, which is seemingly woefully inadequate as a share of the total funding here. And I am wondering why more than one-third of that is earmarked for energy security, because the SOP lays out five transformation objectives: dramatically improve services, quickly resolve issues, focus expanded enforcement, deliver tech improvements, recruit and retain a workforce. Those are all challenges, I get it.

And then there is this energy security line item tacked on after those five objectives. And under the taxpayer services is—energy security is siphoning off $1.2 billion.

Quickly resolving taxpayer issues when they arise for objective number two is another quote.

Let me just cut to the chase. What specifically about the—those 1,800 new IRS employees—what will they be doing to support energy security that warrants a specific line item, rather than funding improved tax administration through the five transformational objectives?

Mr. WERFEL. Yes, it is a great question, and just lifting up for one moment, you know, just—the tax code is constantly changing, and the Inflation Reduction Act changed it.

But even before that, between July 2019 and December 2022, there were 950 amendments enacted under the Internal Revenue Code. And what that means is—and that is in Congress's wisdom and the President's wisdom to sign out those. What that means is it changes the forms. It changes the types of questions that we get. It changes the type of processing that we need to do, and we need to make those adjustments.

The energy-related credits in the IRA are new, and there is some novel elements to them. And so we have to do what we are doing now, which is we have issued rounds of public comment, asked for information, we are doing advance and notice of proposed rule-making. We also have to hire more people to be in the phone center, because calls will come in with questions on am I eligible or not, how is this working? New forms will come in that we will have to assess.

We will have to have strong program integrity. So that—those funds are really dedicated to administration of these new tax provisions.

Mr. WENSTRUP. Well——

Mrs. MILLER. The gentleman's time has expired. The gentleman from New Jersey, Mr. Pascrell.

Mr. PASCRELL. Thank you, Madam Chair.

Commissioner Werfel, congratulations on your confirmation and, hopefully, a successful IRS filing season. I can't imagine the enormity of the job. We have had some hearings over the past session about the IRS, and I think it comes down to leadership. That is my opinion and my perception. I think you got great workers. They have to face a tremendous amount of filing and questions throughout the year, not just until April 15th, every year.

The historic funding enacted in the last session empowers the IRS to answer phones and get refund checks out. And looking at the numbers—I think you put it in your testimony—I think we are going in the right direction. We have a long way to go, and you said that. We are going to make writing out your taxes as easy as possible. We have promised that a number of times. We even had the postcard theory.

Now we hear lip service about protecting working Americans from audits. Let's get one thing straight. I believe there has been a sabotage of the IRS over the last years. And when Democrats were in charge we didn't do much about it, because you have to have a budget. You can sweet talk all you want. If you don't have the money, you can't get the resources.

You marked seven different places where you have improved in this year's filing season. Tremendous. And you have already got 117 million people who have filed. So we are halfway there because 50 percent of those folks got a check, a refund, already.

So we are ensuring working families face big audits while the rich get scot free. Our hearing last year laid that out. And when you see the numbers, it is startling. Smearing fear enforcement is just code for protecting somebody.

Commissioner, your predecessor shielded Donald Trump's tax returns for years. Whether he never read 6103 or not is still dubious. IRS began a ham-fisted audit the same day Chairman Neal made his appeal. It was clear, it was moderate, it was fair. Republicans did nothing while Trump's commissioner broke the law. Because you don't know the law exists or you don't know what the law says is not an excuse; 6103 is very clear, as the courts pointed out.

And I don't want to hear that we went after Mr. Trump unfairly. Where the heck were these people 10 years ago, when they investigated Ms. Lerner, who had your job, threw her out, and then exposed the names of 12 taxpayers who lean to the left—whatever the heck that means—lean to the left in the charities that they represented?

I want you to commit to following our recommendations to clearly detail the mandatory presidential audit program in the Internal Revenue Manual. I have read it. Have you?

Mr. WERFEL. Yes, I am familiar with the IRM on this.

Mr. PASCRELL. Where are we?

Mr. WERFEL. Well, first, I am required to clarify, of course, that any remarks that I make are prohibited to be attributed to any individual taxpayer.

Mr. PASCRELL. Right.

Mr. WERFEL. We have a requirement amongst many in the presidential tax review program to review the taxes of a president. And I am in the process of understanding the different ways that the reduction in IRS resources have impacted our abilities to carry out a variety of different functions, including potentially this one.

So, Congressman Pascrell, I think my answer for you right now is that I want to work with you and provide you more detailed updates on what we are doing on this program. But right now there are a lot of different activities underway as we reset the priorities.

And in particular, as I have mentioned several times in this hearing, we have a significant opportunity to change the way we assess the complex filings of the wealthy. We have capacities that we need to build, skill sets that we need to hire, resources that we need to put in place that—right now we are not able to do the types of the review that I think middle and lower-income Americans want us to be able to do to demonstrate that the tax system is fair.

And so, holistically, we are going to improve our overall efforts in this area. And then separately, I would like the opportunity to come back to you with an additional briefing on how that impacts anything related to the presidential tax review program.

Mr. PASCRELL. Fair enough, thank you.

Chairman SMITH [presiding]. Mr. Ferguson is recognized.

Mr. FERGUSON. Thank you, Mr. Chairman.

Commissioner, thank you for being here today. I have got a lot to cover, and would like to jump right into it. I am going to make a plea to you to—for—to help my constituents, all of our constituents, get their money back from the IRS, and to get what is owed to them.

I am going to make a plea to you to help with the mental health of my district staff that works with your agency all of the time, and all of the district staffs, because they are losing their minds over the frustrations of dealing with things like a taxpayer advocate service that simply is not responsive and not working. They are losing their minds over 4.5-hour courtesy hang-up calls. They are losing their minds trying to help my constituents day in and day out.

And we have heard about all of these vast improvements, and I am glad that somewhere in the rest of the country that is happening. So I am going to beg you, if I get you certain cases or get you—will you work with my staff to help get the folks the relief?

Let me give you a couple of examples of why this is important. We had one small business that was looking for $1.4 million in Earned Income Tax Credits. Because of the delays, it cost $150,000 in interest. In 2021, interest payments grew to $3.3 billion, up 33 percent.

I have got list after list after list here of the number of quarterly interest payments that—in just a very few cases that my staff works. Think about this. One of these interest payments could provide benefits for a Social Security beneficiary for maybe up to six years. Think about that. We are struggling to figure out how to pay—to solve insolvency—to fix the insolvency problem with Social Security, and one, if you just fix one of these cases, we could cover somebody for up to six years. So will you work with my office to handle this?

Because another case that is very interesting is that we have a letter—one of my constituents has a letter that says you are due a seven-figure refund, says it from the IRS, and for three years they can't get an answer on it. Three years.

So I am proud that somebody is getting a little relief, but we ain't getting it down to the Peach State. So will you help us? Will you please help my constituents and my staff?

Mr. WERFEL. Yes, you have my commitment.

Mr. FERGUSON. Okay, good. Look, now, here is the other challenge that we have got. This is the data that you provided regarding where the new hires in the IRS are going to be through fiscal year 2031. This is the data that you provided, and we have just put it into a nice little graph form here.

[Chart]

Mr. FERGUSON. And so, with this wonderful customer service that you have right now—and I say that very facetiously—what we see, taxpayer services in the out-years begins to drop significantly. So a bad problem is getting worse, yet the enforcement number is going straight through the roof, and operational support is coming down.

Based off of where we are right now, this whole thing is backwards. You need to be funding taxpayer services a heck of a lot more, getting folks their money back, and you don't need to be going after the enforcement side the way that you are. So, I mean, this simply does not make sense.

Every single person here is talking about the problems that they have, that their constituents have with the IRS in getting their money back, and yet what we see from your own data is that this line is coming down. So this doesn't make any sense. So taxpayer services are going down, enforcement is going up. It just doesn't make sense.

So one other issue that is out there I want to bring your attention to, just get your thoughts on it—I guess maybe just get a commitment. You are not planning to implement a bank surveillance scheme with IRS that was proposed before that was not—but you are making no effort to implement——

Mr. WERFEL. That is correct.

Mr. FERGUSON. Right, okay, good. So if you were a representative—and I know that you are the commissioner, but if you were a representative you would have absolutely no problem with H.R. 1010, our bill that would prohibit the IRS from implementing that bank surveillance scheme.

Mr. WERFEL. Yes, I defer to the Treasury Secretary on those types of questions.

Mr. FERGUSON. Okay. Well, she was——

Mr. WERFEL. I am just required to——

Mr. FERGUSON. She was fairly non-committal, as well. But it sounds like it is not something that you——

Mr. WERFEL. We have no intent of——

Mr. FERGUSON [continuing]. Are going to pursue. So good. You wouldn't have a problem with this.

So I looked at this, and I looked at these numbers, and I go back, I look at the enforcement side of it in the out-years. So you say, oh, don't worry about it here, nothing here. So we are going to have all of this enforcement. So the final question that I have got for you is how many rounds of ammunition does IRS plan to purchase this year?

Mr. WERFEL. I can get back to you on that, but it is not——

Mr. FERGUSON. Thank you.

Mr. WERFEL. It is not a lot.

Mr. FERGUSON. I look forward to it. Because if you are not going to hire armed agents, it doesn't make sense for you to be hiring—to be hiring agents.

But by the way, on your job posting board today there is an application for armed agents.

With that, Mr. Chairman, I yield back.

Chairman SMITH. Mr. Davis is recognized.

Mr. DAVIS. Thank you, Mr. Chairman.

And first of all, Mr. Werfel, let me congratulate you on your new assignment, and say that I look forward to working with you.

Secondly, let me thank Tracy Walker Carter and your SPEC team for their efforts to help foster and homeless youth better understand tax resources. I know how much the Earned Income Tax Credit expansion helped homeless and foster youth in 2021. Given its expiration, I am very grateful that the Internal Revenue Service has continued its outreach to help these vulnerable youth.

Third, I have got to tip my hat to our new Chicago taxpayer advocate and her team; they were very helpful to my office and to my constituents.

Mr. Commissioner, I would appreciate your updating me with some information when it is available. In particular, when the IRS has data on tax year 2021, I would appreciate reports about the benefits of the expanded Earned Income Tax Credit, the CTC, and the CDCTC in 2021. This information will greatly help us better understand how these credits impacted families and workers.

And finally, like other systems in our country, the seemingly race-neutral tax policies and audit practices can have a substantial disproportionate impact on taxpayers of color. I am glad that the Internal Revenue Service is beginning to examine these disparities, and I hope that you will keep me updated about this work and any legislation that may be needed to build on these efforts to ensure that our tax code applies fairly to all taxpayers.

And I thank you, and look forward to your response.

Mr. WERFEL. Thank you, Congressman. And I will provide you with those updates.

And we are working in response to a request from Senator Wyden, chair of the Senate Finance Committee, on an assessment of the report that I think you were alluding to with respect to potential disparate impact of IRS audits on racial minorities. Once that report is complete and we have submitted it to Chairman Wyden, and I would be happy to come and brief you on its findings and what we are doing to move forward from here.

Mr. DAVIS. Thank you very much. And while all of your offices throughout the country do outstanding work, there are none that does what the office in Chicago does. They are the best. Thank you very much.

Mr. WERFEL. Noted.

Mr. DAVIS. And I yield back.

Chairman SMITH. The gentleman from Kansas is recognized.

Mr. ESTES. Well, thank you, Mr. Chairman, and thank you, Commissioner Werfel, for joining us today.

You know, as a new commissioner, I know you have your work cut out for you as far as things going on. And, you know, I look forward to working together to help clarify the agency's priorities and deliver a better experience for the taxpayers and, at the end of the day, helping them retain as much of their income as possible. After all, they worked for it. And paying the taxes is a task that we want to do as part of our country and the process we have here.

We are all aware Tax Day was last week, and I know that it is fresh on Kansans' minds about how much money is going into the Federal Government in Washington, D.C. via their taxes. And they want to know, and have a right to know, that their hard-earned dollars are going—and what—where they are going and what it is being used for. And that is true across the Federal agencies, any agency that exists in the Federal Government.

I want to talk a little bit about, you know, instead of increasing the audits on ordinary Americans, where—what is the IRS doing about dedicating their efforts to help focus on security and protocol, given the—some of the major leaks of confidential information that has happened in recent years?

You know, it has been nearly two years now since ProPublica published confidential information obtained through a massive leak, and still no one is held accountable. And just last week the IRS disclosed confidential information contained in a Form 990T when it was not once, but twice posted online. And, you know, mistakes like this don't inspire confidence that the IRS can be trusted with the secure, confidential taxpayer information. So why is it that nobody has been held accountable for the ProPublica leaks?

And, you know, as the new commissioner, will you commit that—you know, to—that you are going to focus on finding why these leaks occurred, and will work to make sure that they don't happen again?

Mr. WERFEL. Well, let me start, Congressman, by saying—and I mentioned earlier—how important data security is. And when I first was approached about doing the IRS job, and I sat down to get ready for my Senate confirmation hearing, I wrote down, "What are the most important implementation factors?" And the first thing I wrote in tax administration is data security. It is the top-most priority.

And as I mentioned earlier, in my early weeks here I am trying to figure out and determine what is our state of the union in terms of data security. Where do we have strength? For example, right now I am comfortable with our cyber profile in terms of what we are doing, but we need to stay ahead and keep investing in the right solutions.

And there are areas as—for example, there are several TIGTA recommendations that we have not done yet that we need to do, and I want to close those gaps, and the Inflation Reduction Act provides us the resources.

With respect to the specific issue that you raised, it is my understanding that the issue has been referred to the inspector general, and the appropriate protocol for me at that point, once an issue has been referred to the inspector general, is to stand back, let the inspector general do any review that they deem necessary, and to offer to the inspector general any support that is needed from me.

And I had a general conversation with Russell George early in my term that confirmed my understanding that my role is to refer issues, let him do his work, and when he needs my help in an investigation, I will be there to help him.

Mr. ESTES. Which is great, and we want to make sure that inspector generals are able to do their job, wherever the work that they are doing.

I guess the frustration that we feel is now, two years in, we are hearing this constant story. There is an investigation underway, and we are not hearing anything. And is—do you have—are you getting updates from the inspector general? Are you having meetings, or do you have a schedule that you will get together every three months, every quarter to get an update? Or what is the process there?

Mr. WERFEL. Typically, in any investigation, what the inspector general will provide is immediate input to us if there is an action that we can take to close a critical gap.

Let's say they are doing a review of a system for security. They won't wait five months and say, "We see a gap." They will come to us early and say, "We see a gap," even though the study is not done yet, or the audit, or the investigation. So anything that the inspector general tells us mid-audit or mid-investigation is for us to take an immediate action.

And I think, in general, broader than their ongoing inspector general reports on data security and ongoing recommendations that were in place for years that haven't been closed, and my focus is on closing those.

Mr. ESTES. Well, and that is good. I guess there is just a frustration that sounds like this is being swept under the rug. Two years now, and nothing happening.

So I know I am about out of time. I have got so many other questions.

You know, one of the things that concerns me—and I know several members have already talked about it—is the Inflation Act, when it came out, only dedicated $3.2 billion out of the $80 billion for support and customer service. And that is a concern, I think, that a lot of us have.

So my time is expired, but I will yield back, Mr. Chairman.

Chairman SMITH. The gentleman from Oklahoma is recognized.

Mr. HERN. Thank you, Mr. Chairman.

Mr. Werfel, thank you for drinking from a fire hose for the first six weeks of the new job, and sitting here for almost two hours now—and probably have another couple of hours to go here. But you know, this—the IRS is something that is—you know, most people out in America—I am sure you have heard this—kind of considers the boogeyman, and sort of a place to be.

The last two-and-a-half years, you know, every congressional office has acted as the customer service reps for the IRS, trying to reach out and find people. And when I say find—I mean, let me get my Oklahoma accent—find, with a D on the end; not fine, with an E on the end.

And, you know, a lot of the—when you talk to preparers, a lot of that is due to the fact that, you know, you couldn't get answers to, you know, certain things on the returns, and then people would make adjustments and they would find out after a period of time that there were penalties, and so we were trying to get penalties abated, and things of that nature. So, you know, I would hope, as you work through this, there is some consideration of that, as well.

I want to ask you a couple of questions here in the time I have remaining. You know, in—we talk about the IRA and their allocation. When you look at the tax credits in the so-called Inflation Reduction Act, it has been widely reported that the green energy incentives in the IRA will cost us astronomically more than originally scored last year.

The JCT and Congressional Budget Office scored the tax credits last year to be $271 billion. Yesterday JCT amended that score, and now the IRA tax credits will be $570 billion, more than double the original cost. And this score does not include an update for the EV credits. But Goldman Sachs has said the provision cost $392 billion, which is 28 times more than the original score of $14 billion.

Now, we know implementing these tax credits or tax incentives will also be far more expensive than we have ever imagined. In fact, when you look at the omni last year, the omnibus bill, it allocated $500 million for the IRS to implement these provisions. However, when we look at this in the Bloomberg tax article, it says it is going to cost $3.9 billion. So there is a little bit of a discrepancy there between what was originally appropriated and what you are saying you need.

First of all, I guess part of my question is can you explain why it is eight times more than expected?

And are you seeing potential for abuse in these hundreds of billions of dollars in credits?

And with the cost of the bill going up almost 80—in fact, your current estimate of $3.9 billion, is that even accurate now?

And if you could answer that, I have got one more question as it relates to that.

Mr. WERFEL. Yes, so I will try to provide some clarity on that. There are funds that are in the Inflation Reduction Act that are necessary to administer the energy credits. We also felt that we needed additional funds in our base funding.

So again, this is a point that the Inflation Reduction Act funding sits on top of our base funding. Our base funding is roughly at this point $12 billion a year. And we have asked for a $1.8 billion increment for 2024. Within that $1.8 billion increment is $100 million to pay for additional people to be on the phones for energy credit-related questions. So what you are seeing over the 10-year period is the full cost of what the IRS feels is necessary to administer the energy credits that were in the Inflation Reduction Act.

Mr. HERN. So with the ever-escalating anticipation of the take rate of those EV credits—we have heard this widely reported outside of any governmental agency—does that mean that you are going to have to come back for a second bite at the apple as this continues to rise, and more and more people are taking, which is going to generate more and more questions and more and more oversight?

Mr. WERFEL. I am not sure. I mean, you are—this is why we have this annual budget process, is to figure out if the world changes, exigent factors, assumptions that we may have made that were incorrect. But based on our best assessment right now, we have provided you the best understanding we have of what the cost to the IRS will be over the next—over the life of the Inflation Reduction Act to administer the energy-related provisions.

Mr. HERN. So currently there are already tax credits out there that are energy——

Mr. WERFEL. Yes.

Mr. HERN [continuing]. Tax credits. And so you are only—is this 500 incremental just to——

Mr. WERFEL. Yes.

Mr. HERN [continuing]. Handle the new EV credits?

Mr. WERFEL. That is correct.

Mr. HERN. And so do you feel like adequately—you are adequately doing oversight and answering questions on the existing, with what your current budget is?

Mr. WERFEL. We currently have budget to administer the credits. As you have heard earlier, we haven't had sufficient resources, and therefore we have a backlog for some of those credits. So the idea with our funding plan is to make sure that we are in a state of readiness for the changes that have been made to the Internal Revenue Code, so that we can administer it.

But yes, we already do manage energy-related credits. The—this is—the Inflation Reduction Act expands the number of credits or the types of credits that are available, and thus we have to adjust our operations to accommodate that.

Mr. HERN. So this $3.9 billion that you have set aside right now in the $80 billion, that is what you anticipate based on the original projections of the EV credits. This take rate increase, which, again, will be more individuals taking it, more businesses, when you come back for your next budget——

Mr. WERFEL. We—if we felt that we didn't have enough operational resources, we would come back and ask for a plus-up, yes.

I mean, and it is not—and again, I go back to it. There is no agenda here. We just want to make sure that we can meet the demand of American citizens who come to the IRS for help.

Mr. HERN. Well, I guess—Mr. Chair, if I may—just the point being that this is—as these costs rise outside of your control, your responsibility is to do oversight, answer questions.

Mr. WERFEL. Yes.

Mr. HERN. So the point being here is that, as these costs rise, there are other ancillary, add-on expenses to the American taxpayer, not just what the allocation of the EV credit is, but the oversight of those credits, the administration of those credits——

Mr. WERFEL. Administration, yes.

Mr. HERN [continuing]. That are going to impact the American taxpayer.

I yield back. Thank you.

Mr. ESTES [presiding]. Thank you, and I now yield five minutes to Ms. Sánchez from California.

Ms. SÁNCHEZ. Thank you, Mr. Chairman, and I want to thank you, Commissioner Werfel, for being with us today.

It really can't be overstated how challenging last tax filing season was for our constituents. And that is why I, along with others, led a bipartisan effort last year to try to urge Treasury and the IRS to give taxpayers some breathing room while the agency tried to dig out from that enormous backlog.

And it wasn't the IRS's fault that there was a global pandemic, and it wasn't the IRS's fault that, after years of being demonized and attacked and under-funded, the agency just didn't have the capacity to keep up with all of the extra strain and complexity. So I do want to take a moment here to appreciate how far we have come since then.

We still have work to do, but it has improved, from dramatically improved individual and business backlogs to just being able to talk with a live IRS employee, we are in a much, much better place. And I want to thank you and the employees of the IRS who have been working non-stop to get us to this point. I feel like we don't thank IRS employees enough for the work that they do that is often thankless.

Commissioner Werfel, my colleagues on the other side of the aisle are sort of constantly repeating the false claim that the IRS is planning to send hordes of agents after working families using the funding that we passed under the Inflation Reduction Act.

And in reality, the fact is that the lowest earners, who are disproportionately people of color, are already audited at far higher rates than wealthy taxpayers. And that is because it takes, as you said, a lot more resources to audit a single wealthy taxpayer who can afford a skilled accountant and who has, you know, many complexities going on in their returns. So it is kind of interesting that the first bill this Republican majority passed was to gut IRS enforcement funding. And what that would have is the practical effect of protecting very wealthy tax cheats who can use the complexities to their advantage.

I wonder if you could expand on the differences in time and resources that it takes to audit a millionaire compared with filers who are at the lowest income levels?

Mr. WERFEL. Yes, thank you for the question. You know, as you know, most of Americans file—they are single source income filers. Most of their taxes are administered through their payroll. It is a very straightforward operation. When we have multi-source income, like large partnerships, corporations, billionaires, and multimillionaires, it takes up to 50 times longer for the IRS to assess, examine, or audit those returns. And that is due to their volume, their complexity.

And, you know, I—you know, to even put more of a fine point on it, it takes about five hours, on average, to audit a middle and low-income taxpayer when those audits do occur. It takes—can take 250 hours or more to audit a wealthy or more complex filing. So it is a much harder job, and it requires a specialized skill that has deteriorated at the IRS, while the complexity of these organizations have increased. So we have a lot of work to do.

And that is—if you are a mom-and-pop shop, if you are a middle-income individual, the message that the IRS has for you is the Inflation Reduction Act is going to be focused for you on improving your service. That is where our focus is.

Ms. SÁNCHEZ. Great. And the auditing——

Mr. WERFEL. The efforts in enforcement will be on these very complex returns for the wealthiest taxpayers, individuals, corporations, and partnerships.

Ms. SÁNCHEZ. Perfect. Thank you. Commissioner Werfel, if my colleagues were to succeed in cutting the Inflation Reduction Act's funding, what would that mean for the IRS's ability to improve audit rate disparities and make it harder for wealthy filers to game the system if your funding is cut?

Mr. WERFEL. Yes, I mean, I mentioned earlier, you know, our audit rates in 2010 for corporations between $100 million and $1 billion in assets ranged between 20 and 30 percent, and now they are hovering near 5 percent. So we are not doing enough to assess. And when you don't do enough to assess, you know, you create risk. You create risk that the laws are not being followed, especially if there is a sense that no one is ever going to look at what we are doing, and so then you can be more risk-preferred in how you file.

This is—you know, this is something that we can never perfect. But if we have the right amount of resources, and if we are effective at looking at these complex returns, then we can rebalance that, and they will take less risks, and that will be beneficial to the U.S. Government's bottom line.

Ms. SÁNCHEZ. Great. I want to just briefly touch on another issue, which is the reporting threshold for folks who report business income on the 1099Ks.

Mr. WERFEL. Yes.

Ms. SÁNCHEZ. If we raise the reporting threshold to a more reasonable dollar value without reinstating the 200 transaction requirement, will we still see greater reporting of true business income while avoiding some needless confusion?

Mr. WERFEL. Yes, I mean, the way I would answer that question is the way in which the law was enacted is extremely complicated. And we are learning in real time it is complicated—it was complicated for the IRS to administer and it was complicated for employers to determine how to work with third-party pay providers to make it all work.

So, as you know, we took a pause. And, you know, in retrospect, we want to get better and better at not having to take pauses and planning better. But this provision turned out to be way more complicated than was anticipated. So anything that can be done to change the dimensions of how complicated it is would be helpful for the way we administer it.

The question is a broader tax policy one that is best answered by the Secretary of Treasury. But in terms of the question of would it help with the simplicity of administration, yes.

Ms. SÁNCHEZ. Great. I appreciate that, and I yield back.

Mr. ESTES. Thank you. And now I yield five minutes to Mrs. Miller from West Virginia.

Mrs. MILLER. Thank you, Chairman Estes, and thank you for being here today.

The IRS is facing many, many hurdles, and I don't think your job has gotten any easier in the last year or two. I wish you the best of luck in taking on this huge challenge and facing what you have to face, and I encourage you to do it transparently and as productively as you possibly can.

I have been working to solve an issue for over two years that was caused by the incessant greed of the current Administration for our tax dollars. It involves the lowering of the threshold for taxpayers to receive a 1099K form and moving it back to its original intent. The lowering has created significant challenges for taxpayers, small businesses, and payment processors, along with the IRS, because President Biden needed to pay more for his agenda.

Luckily, though, we avoided an imminent disaster because of the delay in implementation last year. It saved an estimated 40 million taxpayers from a tsunami of impossible paperwork. And I would like to remind you that it is the role of Congress to make policy, and it is the role of the IRS to implement it, not upside down.

Last year the IRS cited the difficulty in administering the program as one reason for this delay. And the IRS did have a full year to send taxpayers a bill that they likely really didn't owe, and the agency wasn't really prepared to handle that type of a burden.

If this policy was too difficult for the IRS to get right in that year, with all your new employees—some of whom still are not back in the office, I believe—how do you expect an individual who is selling a bicycle or paying their rent as a group to handle the cost and the compliance burden?

Mr. WERFEL. You know, I think one of the most important principles of tax administration is that taxpayers have clarity on what is expected of them. And sometimes a law change in the Internal Revenue Code—sometimes we can administer it fluidly without any impact on the clarity. And sometimes the change is complex to administer.

In this case, we were not ready to administer in a way that provided taxpayers the clarity they need. So we paused it. This was before I got there. I think it was the right decision, though——

Mrs. MILLER. It was.

Mr. WERFEL [continuing]. To pause it. Now we have work to do, and we are working very closely and engaging all the stakeholders to figure out—because the law hasn't changed yet, it is still the same law—how do we, when we resume next year, do a much better job in providing the type of clarity? What are the questions we need to answer? What are the flexibilities we need to explore?

We are asking all those questions of your constituents and other stakeholders around the country, and I am hopeful that we are going to get it right this time. But I will say again it is complicated to administer.

Mrs. MILLER. Absolutely. Would the IRS welcome Congress raising that threshold back to the time-tested standard of 20,200 separate transactions?

Mr. WERFEL. Again, as I said earlier, I cannot opine on the wisdom or the preference of a particular policy outcome, but I will share that a change in the threshold would be easier to administer. And so, at my seat at the table, I would say the IRS would have an easier time administering it.

Mrs. MILLER. Thank you, because then my next question would be, do you have a plan to delay it again if indeed nothing had happened? But I am hoping it will happen with this bill.

And I also want to thank all my Republican colleagues who had signed onto the bill, and I certainly hope that my Democrat colleagues will do so, as well, in order to protect our constituents and make life a little bit easier while we support what we can support.

Thank you so much. I yield back.

Mr. ESTES. Thank you, and now I yield five minutes to the gentleman from North Carolina, Dr. Murphy.

Mr. MURPHY. Thank you, Mr. Chairman.

And thank you, Commissioner, for coming. I heard good things about you, and I know you have just been two months on the job. I congratulate you for going and, being a Tar Heel undergrad, I am sorry you couldn't get into a real graduate school, as you had to go to Duke. [Laughter.]

So anyway, I look forward to positive things, and I actually believe the IRS needs more people, 100 percent.

[Chart]

Mr. MURPHY. But I just want to follow up, because this chart is concerning to me. Can you just comment on that?

Because, you know, it shows an absolute meteoric rise in enforcement, and we are not pushing people to take care of the—our taxpayers.

Mr. WERFEL. Yes.

Mr. MURPHY. Can you briefly comment on this?

Mr. WERFEL. Yes. Well, yes, thank you for the question.

My job is to do both—actually, to do all three. The job of the IRS is to serve Americans and help them with their tax obligations; it is to enforce the code, and make sure people pay what they owe; and then, obviously, we need a foundation at the IRS that is stable and operates——

Mr. MURPHY. But right now—I mean, I will just ask you this. Do we need this many more enforcers, rather than that many more people to take care of taxpayers?

Mr. WERFEL. I will say, Congressman, I am concerned with the chasm that exists today between the number of people we have to assess and unpack complex filings of very wealthy Americans. And therefore, I believe we are going to put those enforcement dollars to very good work and make a lot of Americans proud in terms of how we equitably——

Mr. MURPHY. Well, I would say this, and we can get off this, but, you know, you have heard from both sides of the dais here, both sides talk about absolute unbelievable taxpayer frustration. And I think that needs to be the number-one priority that you have. We are in the business of customer service, and everybody in government should be. And that is customer service. All right. Thank you.

Let me just ask this. You have been saying a couple of times, you know, about the $400,000 limit, that you wouldn't get working on those individuals to tax them—to audit for a while. You know, when I had patients come in and I would say, "How long has it been hurting," or, "How long you been doing this," they say a while, and I say, "Is that two weeks, three months, five years? How long is a while?" Can you give me, like, two years, two-and-a-half years? Can you give me a number?

Mr. WERFEL. Yes, I would say that if I am fortunate enough to still be in this seat in 2026, we should sit down and talk through where we go from there. Because I think that——

Mr. MURPHY. So you are going to say four years you are—those people are going to——

Mr. WERFEL. Three to four—I would say in the three to four-year timeframe, we will—I will have enough information in the capacity building that——

Mr. MURPHY. Okay.

Mr. WERFEL [continuing]. We are doing for high-income filers that I will be able to turn to you and say, "Okay, what is next?"

Mr. MURPHY. All right. Do you have a percentage that you have a—close—that you say Americans are not honest on their taxes? Let's just be——

Mr. WERFEL. Yes, I think——

Mr. MURPHY. Let's see what it is.

Mr. WERFEL. I—my understanding, it is roughly 85 percent of taxpayers come in——

Mr. MURPHY. So you would say 85 percent of the people on this dais—no, I am just kidding. [Laughter.]

All right. Okay. So that is an alarming number in some ways. It is not alarming in other ways. It is sad, it is whatever.

So let me just ask this, because we always hear about this fair share thing. What percentage of tax receipts come from those who make the top one percent?

Mr. WERFEL. That I would have to get back to you on.

Mr. MURPHY. It is, like, 45 percent. I mean, the top 1 percent and the top—and the bottom 50 percent, we all know, hardly pay any taxes at all. I just want to put this in relative terms.

Mr. WERFEL. Yes.

Mr. MURPHY. I am not saying we should not go after people—the multi-billionaires who, you know, make all this money and pay relatively small amounts. But when they say the fair share, come on, let's get real. I mean, it is just—you know, when you are paying almost half the tax burden, the top one percent, let's just be real. And I just want to be fair about those things.

Let me get back to just one other thing. Let's see how much time I have.

You talked about—that you need about 2,900 employees to audit the 390,000 wealthiest, and that is about a roughly——

Mr. WERFEL. We have 2,600 today.

Mr. MURPHY [continuing]. 2,600, I am sorry.

Mr. WERFEL. Yes.

Mr. MURPHY. And that is roughly about a 1-in-150 ratio.

Mr. WERFEL. Correct.

Mr. MURPHY. Let's flip that. Let's look at the—say, the people that make under $100,000. What is the ratio there?

Mr. WERFEL. Oh, it is much, much, much higher in terms of—because there is so many more Americans that make under $150,000. And so—but it is a different challenge.

In other words, you have a return that comes in that is just a couple of pages versus a return that comes in 100,000 pages. It is just kind of optimizing the staffing that we have for the challenge of the materials that are coming in. And most middle and low-income files process very quickly, very easily, especially if they file electronically. You know, we run our math checks and we run, you know, an automated review, and many of those filings just go through. And, hopefully, if they file electronically and direct deposit, they are getting their refund within 21 days at this point.

Mr. MURPHY. All right.

Mr. WERFEL. The reason we need a lot of people is because for billionaires and large, multi-national corporations, it is just a complicated return.

Mr. MURPHY. I understand, I understand. I absolutely understand. But you also need—I am not going to say need to understand—surely understand that, especially in the last two years, the American people are tired of government over-reach. Now you can't have a puddle on a farm with [sic] it being regulated by the Biden Administration. You can't have a boat that speed is not regulated. You can't do so many things. They feel the Federal Government needs to be in every single pocket of Americans, and every single thing that you do.

So when you hear the IRS knocking on the door, when you see the differential on that slide or that graph that shows so many more people knocking on your door, it scares the hell out of the American taxpayer. So please give us some reassurance that we are going to come back to the fact that we want to be customer service first, rather than enforcement—law enforcement agency.

Mr. WERFEL. We have a lot of work to do on customer service. In the Strategic Operating Plan that we issued on April 6th, there is roughly 200 projects. I referred to it earlier as my public to-do list. A lot of that is about changing the way we serve Americans by opening up our taxpayer assistance centers, answering phones better, putting on—tools on their smartphones and on our website. There is a lot of focus on that.

And yes, there is $3 billion to do that, and we have—the challenge that we have, Congressman——

Mr. MURPHY. But you have $46 billion for enforcement.

Mr. WERFEL. Yes.

Mr. MURPHY. Okay. So—I am sorry, I have probably gone on my time here, but, boy, that just—it doesn't pass the smell test. Thank you. You got a hard job, but I would say if businesses ran their business like the Federal Government runs its business, we would be bankrupt. Oh, by the way, we are bankrupt.

So thank you.

Mr. ESTES. The gentleman's time has expired. Thank you.

Now I will yield five minutes to the gentleman from New York, Mr. Higgins.

Mr. HIGGINS. Thank you, Mr. Chairman.

The Brookings Institute came out with a report that said, over the past 10 years, $7 trillion of taxes that were owed were not paid. Is that an accurate figure?

Mr. WERFEL. If I am doing the math right, our tax gap assessment is roughly $500 billion a year. So if you multiply it by—you know, you get into the trillions once you start multiplying that over a 5, 10, 15-year timeframe.

Mr. HIGGINS. So if nothing changes over the next 10 years, how much money will be lost in revenue of taxes that are owed, but not paid?

Mr. WERFEL. If nothing changes, about $5 trillion.

Mr. HIGGINS. So that is $12 trillion over the past 20 years.

You know, there is a lot of talk here about concerns about a debt, the national debt, which is $31.6 trillion. Well, there is 12 of it, right?

And, you know, you talk about one of your main objectives is to enforce the tax code. But obviously, it isn't being enforced fairly to include everybody. You know, a teacher will pay about 22 percent in Federal taxes; 50 American corporations that are recording record profits pay nothing, and many of them get a return.

A 1960s Harvard economist, Peter Drucker, said the whole point of creating an economy is to create a middle class because they fight our wars, they teach our kids, they build our roads and bridges, and they pay our taxes.

Your predecessor, one of your predecessors—it may have been once removed—came to a Senate hearing 2 years ago and put the number of taxes that are owed but not paid at $1 trillion. That is a lot of money. And you can't at the same time talk about debt and deficit, and with any credibility not be bullish about collecting this money that is fairly taxed against corporations for income taxes that are reporting billions of dollars of profits.

So I just want to make very clear this is not about enforcement. This is not about meeting taxpayers where they are, because I will tell you where they are not. They are not in corporate America. And if you look at the list of these corporations—Amazon, you know, we—first of all, in 2017 we lowered the corporate tax rate from 35 percent to 21 percent, right? Well, Amazon the next year paid 6 percent in corporate income taxes; Exxonmobil paid a little less than 3 percent; AT&T got a rebate of $1.2 billion; Ford paid 1 percent; Charter Communications got a rebate of $1.2 million; an American teacher pays 22 percent, 22 percent in Federal income taxes.

So the problem here, it is not really customer service. It is about the fair—not aggressive, but the fair—enforcement of the U.S. tax code, which this committee is primarily responsible for.

So I know I threw a lot out there, but, you know, the Institution on Taxation and Economic Policy says that at least 55 of the largest corporations in America—in America, the largest 55 corporations in America—paid 0 Federal income taxes. Teachers pay 22 percent. Sir, this is not a customer service problem. This is a fairness problem, and the middle class is getting screwed again, and there is no denying it.

If it is not $7 trillion in 10 years, there are many other reports that you could point to, as you know, that put the number at $10 trillion a year. Some put it at $6 trillion a year. But these are trillions of dollars that contribute to the Federal debt that this body has been preoccupied, obsessed with over the past 48 hours.

So I yield back.

Chairman SMITH [presiding]. The gentleman from Tennessee is recognized.

Mr. KUSTOFF. Thank you, Mr. Chairman.

Thank you, Commissioner, for appearing today. I ask this, and I realize you are less than two months into the job, but I want to follow up, if I can, about the ProPublica leaks. Based on what you know now, do you think that the controls and the protocol are in place today to prevent another type of ProPublica leak?

Mr. WERFEL. That is a very good question. I said earlier a couple of things. I said data security is a top priority, and it is. I said I am in the process of assessing where our strengths and gaps are, and I am. There are gaps, and I want those gaps to be closed. And I have asked the team to put together an action plan. And I am really leaning on TIGTA, because the taxpayer inspector general basically gives us the roadmap. They have recommendations. As long as those recommendations are open, I think we have a higher risk than we should have.

And so the way I would answer that question is we have risks to mitigate, and I am prioritizing mitigating them.

Mr. KUSTOFF. You can appreciate why those types of leaks are concerning not only to wealthy Americans, but to all Americans.

Mr. WERFEL. Yes.

Mr. KUSTOFF. Fair enough. We sent a letter—Congressman Ferguson, who questioned you earlier, and myself—to your predecessor and to Secretary Yellen on October the 6th regarding the Employee Retention Tax Credit.

Mr. WERFEL. Yes.

Mr. KUSTOFF. So I appreciate the letter was not sent to you, it was sent to your predecessor. It regards the number of backlogged Form 941 claims. I think at that time, when we sent the letter, there were a little over 200,000 unprocessed forms. The number today is substantially higher. Again, I understand—I sent the letter—we sent the letter to your predecessor, and not to you.

My question is, first of all, can—based on what you know, can you address the backlogs and the status of the backlogs?

Mr. WERFEL. Yes, I can. Look, without—it is absolutely important that speed and processing is done. I think taxpayers expect and demand that, when they file for a credit, it is going to take a reasonable time, not an unreasonable time, for the IRS to process it.

The Employee Retention Credit has two particular challenges—probably more, but I will highlight two of them.

One is that it turns out to be an extremely difficult credit to process because it impacts multiple tax years. So the individual at the IRS that has to process it has to make sure they get the information right in each of the right tax years. That takes time. It takes expertise. And in order for the credit to register, we have to get it right.

The second is—it is a problem with the number of fraudulent credits we are getting in. So we are having to set aside credits that just don't seem to add up, and it is clogging the system a bit.

These are not excuses. These are just realities. I have still made it an absolute commitment to drive that backlog down. Earlier in the hearing I mentioned during the filing season we were processing about 20,000 a week. Now that filing season is over and we can reset staff a bit, I have asked the team to up that to double that rate.

And I am happy to come back and report to you periodically on whether that direction that I have given and whether the impact is bearing fruit. I expect it will.

Mr. KUSTOFF. I appreciate that. If I could ask you—again, it was sent to your predecessor—the letter is dated October 6, 2022. If you could respond to the letter——

Mr. WERFEL. Oh, yes.

Mr. KUSTOFF [continuing]. Laid out in the letter.

Mr. WERFEL. I will.

Mr. KUSTOFF. Lastly, a lot has been asked about the new employees and the enforcement agents—enforcement staff, however you want to characterize it. Let me just ask you, whether they are armed, or unarmed, or whatever, who are you looking for? What are their—on the enforcement staff, the enforcement agents, what are their qualifications? What is their background? Who are they?

Mr. WERFEL. Good question. So to—under the Inflation Reduction Act our focus is to rebuild our capacity to unpack complex filings. To do that we need people that understand how these filings are put together. So we need expert accountants, we need expert economists, we need data scientists that can help us analyze trends and economic behavior so that we can understand where there might be risks of balances owed that haven't been paid.

So we are looking for a pretty sophisticated group of employees that can help us unpack sophisticated returns. And that is the focal point. And look, there are labor market realities that are challenging. We have to improve our overall human capital operations. People have said this is a hard job, and it is, but I have confidence that we are going to get this done.

Mr. KUSTOFF. There is a shortage of accountants. So I think——

Mr. WERFEL. We have a shortage of a lot. But that doesn't mean we are not putting a full court press in play to make sure that we get the right staff at the IRS.

Mr. KUSTOFF. Recent reports said that more than 300,000 accountants and auditors quit their jobs in the last 2 years.

Mr. WERFEL. Yes.

Mr. KUSTOFF. Thank you, I yield back my time.

Thank you, Commissioner.

Chairman SMITH. Mr. Arrington is recognized.

Mr. ARRINGTON. Commissioner, good afternoon. Thank you for your time.

So I serve with some of my colleagues here on the Budget Committee, and I am trying to do the math here on the numbers, and then connect the sources to uses—$12 billion, I think, before IRA annual budget. Then you have got the $80 billion from IRA.

Mr. WERFEL. Yes.

Mr. ARRINGTON. That is eight billion a year. So you have a 75, 80 percent increase.

And then, in the President's budget this year, there is another 15 percent increase. So——

Mr. WERFEL. Correct.

Mr. ARRINGTON. And then the—so the first eight billion a year coming out of the IRA was for compliance and enforcement. The analysis on 2010 audit rates and the historic data from the IRS suggests that the audits would result—or the additional audits with the additional monies—would result with a million more audits per year, and that of those million additional audits, 600,000 would be people, individuals, families making $75,000 or less a year. So that would be certainly over half, maybe as high as two-thirds of your audits, a million more on people making $75,000 or less. That is using IRS historical data. Is that consistent with your analysis——

Mr. WERFEL. That is not——

Mr. ARRINGTON [continuing]. Of your own information?

Mr. WERFEL [continuing]. Consistent with our plans. I want to unpack your math a little bit, or the math that has been presented. And I appreciate the question, because I think it is important to clarify for middle, low-income, and small business, what the plan is.

But the plan, as I have mentioned, is to focus our enforcement efforts on complex returns of high-wealth filers.

And with respect to those making less than $400,000, you can go to the 2018 audit rate, and that is all we are going to audit to, at least for the next couple of—several years.

Mr. ARRINGTON. And Commissioner, you can imagine how concerned people are that, with your past practice, if that is any prediction of future behavior, they see a deluge of new audits on working people, on small businesses, and they are having to hear the line, "We are from the government, we are here to help, and you can trust us."

I mean—and listen, I am not questioning your commitment or integrity, but I think too often we take the American people for fools, and they are just going on their past experience and the data. So I, you know, certainly hope that the commitment is genuine, and that the fulfillment of that commitment is consistent with what you are saying, because I find that unacceptable.

And if you are going to focus on the more complicated and the high-net-worth individuals, I don't see any justification for the $8 billion a year, and then the President's budget asking for a 15 more percent increase. Now, I am not asking for you to respond to that.

Mr. WERFEL. Okay.

Mr. ARRINGTON. If I may, let me jump to another question. It seems a little unrelated to that one, but——

Mr. WERFEL. Please.

Mr. ARRINGTON [continuing]. Another concern. I was at the Rules Committee talking matters of budget and debt ceiling, but the issue of the IRS, your agency, came up, and firearms, and the idea that in some of your job listings—I don't know if it is all of them, but it says that people who are looking to be employed are—should be willing to use deadly force.

There was an article in The New York Post that was cited in this hearing that stated that the IRS had almost 5,000 guns, 3,282 handguns, 600-plus shotguns, 539 rifles, 15 fully automatic weapons. Anyway, a big cache of weapons. Is that true or not true? I mean, with no sort of commentary on—or a value judgment, is it true?

Mr. WERFEL. I am not going to make a value judgment, I am just going to make sure that I point out that our criminal investigation division is where we work to reduce and engage in tax fraud and acute areas of tax evasion where, in order to enforce, we are putting a Federal employee's life in danger, and therefore there is a need to arm.

This is less than three percent of the IRS. It is a small part of the overall operation.

Mr. ARRINGTON. But just—can you confirm that some number——

Mr. WERFEL. I can get back to you. I don't know the specifics on the data that you provided, but I certainly can get back. But I think context is important.

Mr. ARRINGTON. Well, I know my time has expired, and I regret that I didn't get to talk about the customer service challenges that you face. We can talk about that offline. But——

Mr. WERFEL. I would like that.

Mr. ARRINGTON [continuing]. I have got real concerns, like my colleagues do, on that front.

Mr. WERFEL. Okay.

Mr. ARRINGTON. Thank you, and I yield back.

Chairman SMITH. Thank you.

Mr. Commissioner, could you make sure that at some point you get us the total number of employees that are armed at the IRS? You said less than three percent, but——

Mr. WERFEL. Less than three percent. I can do that.

Chairman SMITH. I would love to get the total number——

Mr. WERFEL. Mr. Chairman, I will do that.

Chairman SMITH [continuing]. Of employees. Thank you.

Ms. DelBene, you are recognized.

Ms. DELBENE. Thank you, Mr. Chairman.

And thank you, Commissioner, for taking the time to be with us today. I appreciate it.

Along with my colleagues, Mr. Pascrell and Ms. Chu, I have led an appropriations letter requesting increased funding for the IRS. After years of neglect through decreased appropriations, the IRS has reduced workforce and staff to levels not seen since the 1970s. So the reduction in workforce has had a direct impact on taxpayer services, as folks have talked about. And with the funding provided by the Inflation Reduction Act, the IRS can be brought into the 21st century and provide taxpayers with the customer service and transparency they deserve.

I am disheartened that funding for the very agency that is responsible for generating 96 percent of the funds that support the Federal Government's operations, including infrastructure and education, has become such a partisan issue. So, Commissioner, I wondered if you could speak to why annual discretionary funding for the IRS is still necessary, and how the Inflation Reduction Act funding will supplement it?

Mr. WERFEL. I really appreciate the question. I have a—we have been saying I have a hard job to do, and one of the hardest jobs is to explain the funding that we need and why it is so important.

And, you know, the—our base budget, which is currently at 12—roughly $12 billion, that pays for ongoing operations, you know, answering the phones, processing the returns that are coming in. And as you mentioned, what happened over the last 10 or 15 years is our population grew, filing went up, the economy grew, filings got more complicated, and our staff went down to about 1970s level. And so we really couldn't keep pace. So we have to build back to where we can meet that demand.

I gave the analogy earlier of people waiting on the train platform. And if you don't fund our base budget, they either—they wait longer, and the platform gets more and more crowded. And what we are trying to put in our budget is here is what it takes to make sure that people aren't waiting too long on the platform, and that it doesn't get too crowded. That is what it takes just to run the train schedules.

But we need to modernize, because right now the system that we have is outdated. And when taxpayers go to their favorite airline or their favorite local bank, they engage and see a suite of tools on the call center, on the website, on their smartphones that they don't get from the IRS. And why? Because in the funding cuts that we have had over the past 10 or 15 years, we haven't had the ability to modernize. We have just kind of kept everything together. And we know that during COVID we were no longer to keep it together as well as we could, and the bottom dropped out, and we went to historic low levels of service and historic long wait times.

One concern I want to make sure is clear, and especially since it has been raised how important our taxpayer service investments are, because our base budget has not been increased, in order to keep those trains going this year we had to use Inflation Act reduction—Inflation Reduction Act service money to pay just for base operations. So essentially, we have raided modernization dollars so that we could answer the phones. And by doing that, we now have less resources to modernize the phone system.

It is the difference of can the IRS answer the phone? Yes. Can the IRS modernize the phone system to improve the call-back option, to produce—increase automated options? No, not if we raid to pay for base. And that is why it is important that Congress fund both our base and our modernization, because it is the American people that end up suffering. They are the ones waiting on that train platform for the next train to come that is taking too long, and it is getting really crowded.

And what we are doing in our budget is explaining what we need to do to keep those trains running, and what we need to do to give them an experience commensurate with what they get around the block when they go to their local bank.

Ms. DELBENE. And it will just get harder, the longer we wait to——

Mr. WERFEL. Yes, because it is getting more complicated. When I say 390,000 wealthy filers, that number is from 2019. It is probably a lot higher than that now, we are just catching up with the data.

Ms. DELBENE. I also wonder if you could speak to how the enforcement funding in the Inflation Reduction Act would improve taxpayer compliance and would close the tax gap, and what the revenue impacts of that might be.

Mr. WERFEL. Yes. I mean, I mentioned earlier, when you think about the train platform, you think about service, but there is also an enforcement component there, as well. And our audit rates of our most wealthy filers—and I know there has been a lot of discussion about the $400,000 level—I thought it might be helpful to explain to the American people, let's lift that up. Let's lift it up to individuals that make $10 million or more, partnerships, and S Corps that have $10 million or more assets, corporations that have $250 million or more assets. So this is the wealthiest of the U.S. filers, right? That is where we have 2,600 staff today with the right skill set and the right responsibilities to assess those 390,000 filers.

And I know it sounds weird for the IRS to say it, but we are overmatched in that moment because we don't have enough people with the right skill sets to assess these filers. And if you are middle-income, low-income, own a mom-and-pop, we want to build your trust, we want to improve your service, but I don't know that we can effectively build your trust if we have the capacity to audit you, but don't have the capacity to audit the most wealthy filers because those filings are most complex.

I would also share and reiterate my message to those mom-and-pops there is no new wave of new audits coming. We are focused on building that capacity for the most wealthy filers. That is the directive from Secretary Yellen, and I am going to meet it.

Ms. DELBENE. Thank you. Thank you, Mr. Commissioner.

I yield back, Mr. Chairman.

Chairman SMITH. The gentleman from Pennsylvania is recognized.

Mr. FITZPATRICK. Thank you, Mr. Chairman.

Commissioner Werfel, thank you for being here. You have got a tough job, so we appreciate your service. The IRS gets a lot of scrutiny, but it should, because it is the one agency that touches literally every single American.

It is really a question of—you know, and we all understand it is important to collect revenue. The question is how to best do it in the fairest, most efficient way and the most just way possible. And it really comes down to an allocation of resources. You are hearing a lot about this 87,000 IRS personnel. It is not agents, as you pointed out.

Mr. WERFEL. Yes.

Mr. FITZPATRICK. It is personnel. But with the addition of 87,000 additional personnel, the IRS will now be larger than the entire State Department, entire Border Patrol, entire Pentagon, and the entire FBI, not individually, but combined.

First of all, my first question is, do you accept that metric as a fact?

Mr. WERFEL. I am going to be providing an update with the staffing numbers over the 10-year period. But I am willing to accept the premise that the IRS will grow and be larger than those agencies.

My response to that is that that is the size of the organization needed to address the complexity of our tax system today.

Mr. FITZPATRICK. So you do accept it. And it is just a question of math, there is——

Mr. WERFEL. Well, I don't—we will have the—the next time I am sitting here, we will have all the numbers that we can look at.

Mr. FITZPATRICK. You don't dispute it.

Mr. WERFEL. But I don't dispute the fact that, under the Inflation Reduction Act, the IRS will grow.

Mr. FITZPATRICK. Do you believe that simplification of the tax code would reduce the number of needed IRS personnel?

Mr. WERFEL. Yes, I agree with that.

Mr. FITZPATRICK. Do you think the tax code should be simpler?

Mr. WERFEL. As I said earlier, it is not my jurisdiction to weigh in on that. That is the domain of the Treasury Secretary on behalf of the Administration. But I will say the simpler the code, the more effective the IRS can be in administering.

Mr. FITZPATRICK. And how is the decision made between CID agents, Criminal Investigation Division, which is the law enforcement arm of the IRS, and non-law enforcement personnel, how is that allocation decision made, and how would you describe to the American people and to this committee, who don't understand the difference, how would you describe that difference?

Mr. WERFEL. I mean, in virtually every interaction you are going to have with the IRS, it is not going to involve the Criminal Investigation Division. If you are calling to get help, if you are—get a letter that is saying you missed filing, if you owe an amount, you know, in most—in virtually all cases, you are going to be dealing with an IRS employee that is not part of our Criminal Investigation Division.

Mr. FITZPATRICK. So——

Mr. WERFEL. What happens, though, is that certain tax issues become acute. They become more challenging. You know, we have reached out, there is a nefarious behavior, there is an unscrupulous actor. This unscrupulous actor is known to be dangerous. We work with local law enforcement.

Mr. FITZPATRICK. Right.

Mr. WERFEL. We work with the Justice Department. This is all—and I would be happy to unpack this with you in a separate briefing.

Mr. FITZPATRICK. You have answered, you have answered sufficiently.

But can you understand the concern? Because people—you know, there have been abuses in the past, as there have been with other agencies, and I hope you are working to correct that. But just the allocation of resources.

The State Department is required for diplomacy efforts across the globe.

Border Patrol is required—you know, responsible for protecting the entire southern border, 1,300 miles, and the entire northern border with Canada from gun runners, and drug runners, drug dealers, terrorists, CI concerns.

The Pentagon is the nerve center of our entire United States military.

And the FBI is responsible for counterintelligence, counterterrorism, criminal, and cybersecurity. Those are very broad, and it is encapsulating the size of all four of those agencies. So what would your response be?

I mean, it is—clearly, you want the—as many people as you can to execute your mission.

Mr. WERFEL. No, I don't want that.

Mr. FITZPATRICK. But for Americans who are concerned about the——

Mr. WERFEL. I want the right amount of people to execute our mission, I want to right-size the IRS.

I mean, I have heard the phrase super-size the IRS. That is not the intent. We have to meet the demand. If there is a certain amount of calls coming in, we have to have the right amount of people on the phones. If there are people coming into our walk-in centers, they can't be closed. It is not fair to the taxpayers.

The taxpayers don't have a choice. They have to pay their taxes, they have to work with the IRS. If we are ill-equipped to work with them, then we are not serving the American people effectively.

Mr. FITZPATRICK. But do you believe that that demand is the case because of how complex the tax code is?

Mr. WERFEL. I think that is a big driver of it.

Mr. FITZPATRICK. Okay.

Mr. WERFEL. It also is the number of filers that we have. We are a growing economy, a growing population, something we should be proud of. But with that comes a larger tax system.

Mr. FITZPATRICK. I am glad we can agree on one thing: the tax code needs to be simplified, because it is tens of thousands of pages of a monstrosity that, you know, you need a sophisticated tax attorney to navigate. So with that, sir, I appreciate your service.

Mr. WERFEL. Thank you.

Mr. FITZPATRICK. Mr. Chairman, I yield back.

Chairman SMITH. Mr. Steube is recognized.

Mr. STEUBE. Thank you, Mr. Chairman.

On March 9th, 2023 the IRS sent agents to the home of Twitter Files journalist Matt Taibbi during his testimony in front of the House Select Committee on Weaponization of the Federal Government. IRS agents don't generally just show up at taxpayer homes. Making the situation even more bizarre, the agents left a note telling Mr. Taibbi to call them. If this was an issue that could be handled with a phone call, there would seem to be no reason to send the agents in person. The presumption has to be that this was an attempt to intimidate a witness, unless it can be proven otherwise. I mean, this is the type of tactics you see in Soviet or communist China.

Are you willing to state that there is an appearance of impropriety when an executive branch agent shows up at the home of a witness testifying before Congress literally at the time while he is testifying before a committee?

Mr. WERFEL. Congressman, section 6103 prohibits me from responding to specific questions to an incident involving a taxpayer.

Mr. STEUBE. Okay. Well, do you—did you approve of the visit to Mr. Taibbi's home?

Mr. WERFEL. Again, same answer.

Mr. STEUBE. Who would approve that? What would be the approval process?

Mr. WERFEL. Again, I would be breaking the law if I asked questions specific to a specific incident of a taxpayer.

Mr. STEUBE. Okay. Well, let me ask it this way. Is there any incidences with any taxpayer that you would have to approve the involvement of, either an agent going to their house or approval of an investigation?

Mr. WERFEL. As a general rule, the IRS commissioner is not involved.

Mr. STEUBE. So who would be, as a general rule?

Mr. WERFEL. As a general rule, we have IRS personnel that work to ensure that individuals are complying with the tax code. So, for example, if they don't file, we will send a letter. If they owe a debt, we will reach out with a letter.

There are—I think it is important to understand, at a very broad sense, without commenting on any specific taxpayer, the IRS reaches out in multiple ways to educate taxpayers while ensuring it fairly enforces our taxes.

Mr. STEUBE. Well, obviously, there has got to be some type of approval process for investigations, right?

So, like, whether it is Mr. Taibbi or whoever, what is that process within the IRS?

And are there instances, depending on the profile of the taxpayer, that you would be involved? And if you would not be involved, who is the approval process for opening an investigation, going to an individual's home? How does that work?

Mr. WERFEL. Okay. Again, making sure that I am careful——

Mr. STEUBE. I am——

Mr. WERFEL [continuing]. Not to comment——

Mr. STEUBE. I am speaking completely generally here.

Mr. WERFEL. Yes. Well, I think I would like the opportunity to get back to you on the specifics——

Mr. STEUBE. So you can't, as you sit here right now, tell me how the approval process works for opening an investigation on a taxpayer, going to their home, an agent showing up at their home, any of that. You can't give me any specifics on that.

Mr. WERFEL. I will offer, as a general matter, one important clarifying point to your questions, which is any home visit that occurs is typically after the taxpayer has been contacted through a letter or some less invasive method, and we were not able to contact the taxpayer in that way. As a very general matter, I can share that with you.

But in terms of your question of the complete process of an investigation being opened at the IRS to closure, I am not prepared to provide you an answer with full fidelity, because I am still learning the process. And I will get back to you.

Mr. STEUBE. Okay. So you said, generally, that if somebody is showing up to somebody's house, it has obviously been elevated. So would that be a criminal investigation?

Mr. WERFEL. I did not say that. I did not say it was elevated. I said that we would——

Mr. STEUBE. You said you would have opened an investigation, right?

Mr. WERFEL. No, I did not say that. I said that we would typically try to reach a taxpayer through a letter before we would do any kind of additional outreach. And if we fail to hear back from that taxpayer, then going to someone's home is a possibility.

Mr. STEUBE. So would that be a criminal investigator within the department that would go there, or a non-criminal investigator?

Mr. WERFEL. As a general matter?

Mr. STEUBE. Yes.

Mr. WERFEL. It would often be a non-criminal investigator.

Mr. STEUBE. The oversight—the House Oversight Committee has discovered numerous LLCs affiliated with Hunter Biden, where it appears he was laundering money through the LLCs and paying for basic living expenses out of the LLCs.

Now, I know you can't speak to specific taxpayers, so I am not going to ask you that question. But if the House Oversight Committee has evidence of a crime that was committed, or what appears to be tax fraud or tax evasion, who would they get those documents to within your department? Is that something that we should get directly to you?

Mr. WERFEL. No, again, the IRS commissioner would not be involved.

When there is an—and again, not specific to any specific taxpayer, but when there is an allegation of any kind, particularly from a whistleblower or anything like that——

Mr. STEUBE. Or evidence deduced from an oversight committee in Congress?

Mr. WERFEL. Exactly, exactly——

Mr. STEUBE. So who——

Mr. WERFEL. My role is——

Mr. STEUBE. Who would it be within——

Mr. WERFEL. The inspector general.

Mr. STEUBE [continuing]. Your department that would handle that investigation?

Mr. WERFEL. The inspector general.

Mr. STEUBE. Within IRS?

Mr. WERFEL. Yes.

Mr. STEUBE. What is——

Mr. WERFEL. Well, he doesn't—it is the tax inspector general for—it is the inspector general for tax administration, Russell

George. And any time I learn of an allegation, a credible allegation that something isn't right, I immediately refer it to the inspector general to do the investigation. And, as I said, then I stand back, let the inspector general do their work. And my one ask of the inspector general is, "Let me know how I can help," and I wait to hear back from him.

Mr. STEUBE. So just to—I am just trying to wrap this around so I fully understand.

Mr. WERFEL. Yes.

Mr. STEUBE. So you, as the commissioner, are not involved in making any of those decisions. So it—regardless of who it is—again, I am not asking a taxpayer—at no point in time do you get involved in making investigative decisions——

Mr. WERFEL. Correct.

Mr. STEUBE [continuing]. Enforcement decisions.

Mr. WERFEL. Correct.

Mr. STEUBE. And that—and your testimony here today is that is the IG, and only the IG.

Mr. WERFEL. For—when there is an allegation of wrongdoing amongst an IRS employee, or an allegation that requires additional investigation. But, you know, I think we might be talking past each other.

If there is——

Mr. STEUBE. I am not talking about internally.

Mr. WERFEL. Yes.

Mr. STEUBE. I am talking about a taxpayer.

Chairman SMITH. We need to wrap it up.

Mr. WERFEL. Okay. I think we should take this offline. But again, I will go back to the important point. The IRS commissioner does not generally engage in decisions about individual taxpayers. If there is an allegation that something is not right with respect to IRS operations, the inspector general investigates it. If it just involves a taxpayer, and they are being investigated for tax evasion, that decision is made not at the commissioner level, but at the bureau level within the IRS.

Mr. STEUBE. I yield back. My time has expired.

Chairman SMITH. Ms. Chu is recognized.

Ms. CHU. Commissioner Werfel, I want to congratulate you and every IRS employee on what was, by all accounts, a tremendously successful filing season. The IRS had an 87 percent level of service, which is 5 times higher than last year; hired 5,000 new customer service representatives; assisted 100,000 more taxpayers in person; and cut the phone call wait time from 28 minutes to just 3 minutes.

The reason for this incredible turnaround is clear. Democrats, led by this committee, finally gave the IRS the resources it needed to operate properly. The Inflation Reduction Act reversed over a decade of intentional disinvestment in the agency, and I was proud to play a part in its passage.

Contrary to the misinformation we have heard from the other side of the aisle, the IRA is improving taxpayer service and improving tax compliance by the wealthy. It is not targeting low-income taxpayers. And in fact, actually, I have been long concerned about the unfair burden of enforcement that low-income taxpayers shouldered in recent years. It was back in 2022 that I asked numerous times and in hearings with our IRS commissioner about the data that showed that low-income filers earning less than $25,000 had been audited as much as 5 times higher than the other filers, and these were the EITC filers.

And so, Commissioner, could you describe how the IRA funding has impacted IRS's ability to ensure that both the wealthy taxpayers are obeying the law and that low-income filers are not unfairly targeted?

Mr. WERFEL. Thank you for the question, Congresswoman. And the critical thing that the Inflation Reduction Act provides the IRS that we haven't had previously is the resources to build capacity to assess complicated returns of high-income filers.

You know, I have talked earlier in the hearing about our coverage or our audit rate for organizations that make more—or have more than $100 million in assets. And it is historically low today. And that is because, as you described, there has been an era of divestment in IRS resources. The Inflation Reduction Act allows us to essentially stop that reduction and start to build a capacity that existed previously.

And we have a lot of catching up to do because the world is very different right now in terms of the complexity of these organizations. Partnerships are more complex than they were 10 years ago. Multi-national corporations are more complex. And I believe even the way that billionaires operate, their finances change. As an example, crypto currency didn't exist 10 or 15 years ago.

So we have an ever-complicating environment by which to enforce the code. And a lot of these complications don't impact middle and low-income. Most middle and low-income are single source income, paying their taxes essentially through their payroll. A lot of these changes really only impact the wealthiest Americans. And if the IRS is unable to develop a capacity to keep up with that, well, that means that we are not doing our job to fairly enforce the tax code so that you are just as likely to be assessed of meeting your commitment if you are low or middle-income as you are higher income. And that doesn't exist today.

And I think what you are describing is there is an opportunity because of the Inflation Reduction Act to create more fairness in the system that will build trust. And ultimately, I do think that is my bottom line as commissioner, is to build trust with the American people that we are meeting our mission effectively.

Ms. Chu. Thank you so much. Commissioner, as a member representing a district with a high percentage of people that speak other languages, I am very thankful of the efforts the IRS is making to meet the needs of taxpayers with limited English proficiency. I see that these efforts are mentioned as a goal in the Inflation Reduction Act, but what specifically are you going to be doing to help these taxpayers with that limited English proficiency?

Mr. WERFEL. There is a section in our Strategic Operating Plan that points to efforts under the Inflation Reduction Act to improve the way we serve underserved populations, service improvements across diverse taxpayers segments, including those with limited English proficiency. That means digital tools, accessible, in taxpayers' preferred languages.

Again, we have now the investment to do that. We have funds and resources now to expand community partnerships, to engage with taxpayers, to understand how to educate and meet people where they are. Again, this is the type of unlock that the Inflation Reduction Act provides. I said earlier it is the difference between just being able to answer the phone versus being able to provide a call-back option.

Well, it is more than just a call-back option. It is the difference between just standing back and waiting for the taxpayer to come, and being only able to serve them in one language versus meeting the taxpayers where they are, understanding what their needs are to comply with the tax code, and meeting them where they are.

Ms. CHU. Thank you.

I yield back.

Chairman SMITH. Ms. Tenney is recognized.

Ms. TENNEY. Thank you, Mr. Chairman, and thank you, Ranking Member, and thank you to our witness.

And I know you have a tough job. I used to do tax law. I know how difficult it can be, and how scary it is, actually, for consumers, small businesses——

Mr. WERFEL. Yes.

Ms. TENNEY [continuing]. And those, and I appreciate your comments today, understanding that, as well.

I think a lot of what the concern is—and a lot of consumers and taxpayers see the IRS as all powerful, trying to be too intrusive, trying to be too controlling, interfering in our lives, now going online to not only be, you know, the tax collector, but the tax preparer. And, you know, the $600 transactions that I might, you know, buy something from my sister, and I have got to report that for $600, you know, or whatever, I think people are concerned about that, and they are concerned about our system of justice. And that is why I think you see so many questions surrounding power in this case.

And I have always looked at the IRS as very all powerful. It is—you know, the core principles of our system is you are innocent until proven guilty. It seems the IRS operates on the opposite principle. You are guilty until proven innocent. And I think that is a lot of the presumption that people feel sensitive about it.

And I know that you had an extensive dialogue with my colleague, Mr. Steube, on the situation with Matt Taibbi and a lot of the eyebrows that raised, that all of a sudden, here he is, testifying on a sensitive issue dealing with the Administration, and suddenly he has an IRS agent at his door.

And I understand you can't talk about that, but I know there were a couple of issues surrounding that, and one of those is that Chairman Jim Jordan actually asked you about providing some of the requested documents to Chairman Jordan. Did you, in fact, provide those documents that were requested by Jim Jordan?

Mr. WERFEL. I need to check, and I am not sure I can answer that question in this setting.

Ms. TENNEY. Well, let me ask you——

Mr. WERFEL. I am happy to answer the——

Ms. TENNEY. This is not a—this is a document request response and answer. So you should be able to answer that question.

[Pause.]

Mr. WERFEL. I apologize, Congresswoman. It is my understanding that, if I answered that question, it is a violation of 6103. If I am wrong about that, I will make a correction.

Ms. TENNEY. Let me ask this. In the—is that document request going to be granted, whether it has been done or not?

Mr. WERFEL. Well, let me lift up and say it is my absolute commitment to comply with all document requests from this committee, from Congressman Jordan's committee.

Like, I welcome the oversight. I really do. I think it is important to be able to answer the tough questions. That is how we build trust. And Congressman Tenney, you said it. There is this power dynamic. And one of the ways we can reduce that power dynamic is making sure that we are complying with oversight entity requests. And that is my commitment.

Ms. TENNEY. Right, and I appreciate you are sensitive to that issue, as well. But let me ask you this. And—was the IRS agent that showed up at Mr. Taibbi's door armed with a weapon?

Mr. WERFEL. Again, another question that I can't answer because it involves an individual taxpayer.

Ms. TENNEY. Well, let me ask you on the technical side of that, since—we will get into procedure. Let's take Mr. Taibbi out of that.

Assuming—what is the standard for somebody that has an IRS agent show up at their door? What is the standard for being—showing up armed?

I mean, obviously, we know that we have a drug dealer that is not, for example, paying their taxes. But if we have a journalist, who probably isn't making a whole lot of money, I mean, it just concerns me that that standard is something that really we should look into as the IRS. I mean, it is not every day that an IRS agent shows up at your door with, you know, with weapons. So I think that should be more, you know, rare than the rule.

So let me just go back, and I want to get to another substantive question.

Mr. WERFEL. Please.

Ms. TENNEY. I just wanted to talk to you, if we could, a little bit about applying the R&D credit or the R&E credit, as it is known, under 22—or 26 U.S. Code, Section 41. There have been a lot of inconsistencies expressed to me in my district through my tours through businesses. And really having a legacy of a lot of small business, a lot of innovation, a lot of technology, there has been a lot of confusion about, you know, inconsistency in enforcing that R&D rule and, you know, and a lack of clarity. And there was a question raised in last term about getting some guidance on that, and I just want to say it was not provided.

And I just want to, for the record, Mr. Chairman, I want to actually put into the record two general guidance documents, one on architects, and whether they qualify, and one on engineers, and whether they qualify that we obtained on the IRS's view of that. So I want to, for the record, if the chairman would accept these——

Chairman SMITH. So ordered.

[The information follows:]

Architects

The general consensus is entities involved in architecture activities do not qualify for the R&E credit.

- Business Component- architectural firms provide design plans to communicate their services to their clients, this does not make their services a "product" as required under IRC 41. Case law has held that physical goods, parts, and machines are what apply for the product category of a Business Component. Taxpayer does not sell the product to additional customers. The designs & drawings are specific to the customers site and Taxpayer is not improving its own product. The product is custom made for a fee and consumed by the customer who paid for the services.

- Uncertainty exists if the information available to the taxpayer does not establish the capability or method for developing or improving the business component, or the appropriate design of the business component. Since the method and capability of performance is considered certain by current technical understanding (i.e. they have the computer programs which allow them to design the project), no uncertainty exists in method or capability. Therefore, they generally do not qualify for the R&E credit (per 1.41-4(a)(3)(i) and 1.174-2(a)(1)).

- Process of experimentation - a significant body of knowledge is available in this industry for reference. Typically, the activities would be more descriptive as simple trial and error to achieve the "optimum design".

- Funding- sampling of contracts should be forwarded to the SBSE Counsel Cadre for review in order to ensure a funded research issue does not exist. Written response within 45 days from Counsel. Link on R&E website.

  Quite often, the taxpayer does not bear financial risk. Their contracts are fee for service agreements. Taxpayer does not retain substantial rights in the work it performs for its clients. The design documents (the product) become the property of taxpayer's clients and therefore would not be a new or improved business component of the taxpayer.

Every case stands on its own merit and the facts must be developed. However, based on the resolution of cases within this industry, significant audit potential exists.

Engineering

The general consensus is entities involved in engineering activities do not qualify.

(i) The activities claimed to be research are basic engineering and consulting services and do not involve a process of experimentation as required by IRC 41(d)(1)(C).

(ii) The taxpayer does not bear financial risk. Their contracts are fee for service agreements.

(iii) Taxpayer does not retain substantial rights in the engineering work it performs for its clients. The engineering design documents (the product) become the property of taxpayer's clients and therefore would not be a new or improved business component of the taxpayer.

(iv) Taxpayer is being hired to perform engineering and design services for its clients. Taxpayer does not sell the product to additional customers. The designs & drawings are specific to customers site and Taxpayer is not improving its own product. The product is custom made for a fee and consumed by the customer who paid for the engineering services.

(v) Even if there were qualified research, taxpayer's projects at best involve adaptation of existing products to meet a particular customer's requirements and are therefore excluded from the definition of qualified research by IRC 41(d)(4)(B).

- In general, the QRA "process" for engineering firms is not undertaken to discover "information to be used in the development of a new or improved business component of the taxpayer" as defined in IRC §41(d)(1); the process is for the benefit of the Taxpayer's customer and has no purpose or use by the engineering entity.
- In general, firms retain no rights to the re-designed parts or engineering performed for the benefit of the customer. Under Treasury Regulation §1.41-4A(d)(2), research is funded if the taxpayer performing research for another person or governmental entity "retains no substantial rights" in the research.

Ms. TENNEY. Thank you.

Also, I just want also—so where are we going with this R&D credit?

I mean, we are in a situation—we had the IRA pass, we have all these tax credits we want to see, we want to see innovation, we want to see our supply chains come back, we want to get our-selves in a better situation against some of our competitors and ad-versaries like China on innovation. Wouldn't—shouldn't we really look into this R&D credit, and make it consistent and fair for tax-payers?

Because that is really all many taxpayers ask. You know, there are many—many people are willing to pay their taxes. They just want consistency, fairness, neutrality in their IRS regulations so that we can have a fair playing field, especially for our innovators in our communities. Would you agree with that assessment?

Mr. WERFEL. I agree. And you know, as you were talking ear-lier, Congresswoman, about the power dynamic I reached for—you know, some people carry around the Constitution of the United States, and I certainly respect them doing that. I carry around the taxpayer bill of rights, and I make sure that I am reminded of what my responsibility is, as the IRS commissioner, to make sure that we are protecting those rights. And a lot of those rights deal with things like the right to know what you owe, and what you are entitled to.

And so your point——

Ms. TENNEY. Well, no, and if I could just—I know I don't have any time left, but I just—I worked a lot with a lot of tax preparers. And we have to come up with the laws to make it easier for you and for us to collect the taxes that are properly due, and also to give rights to our citizens.

And I have a longtime tax preparer who was one of my mentors who said, "Here is how we should look at our tax preparation: sim-plicity, transparency, stability, and neutrality." That is how we make tax law.

Mr. WERFEL. Agreed.

Ms. TENNEY. And I think that is something that the IRS and you, as the new commissioner, would be grateful if you could look up, and make that kind of policy——

Mr. WERFEL. That is a good——

Ms. TENNEY [continuing]. Based on those rules of the road, which are so simple and, really, what we are all looking for for fair-ness.

Chairman SMITH. We got to wrap it up.

Ms. TENNEY. I know. My time is up, and I thank you so much for your service. I appreciate it.

Chairman SMITH. Okay. We are going to be very specific on the timeframes, because it has been two members that has went over a minute and 30 seconds just in the last 3 times. So I will cut you off much quicker.

Mrs. FISCHBACH, please.

Mrs. FISCHBACH. And Mr. Chair, thank you very much, and I take that very seriously. And I will say a lot of the questions that I had were—you know, we have been discussing already, but—so I have just a couple of follow-up things.

Mr. WERFEL. Please.

Mrs. FISCHBACH. Dr. Murphy had asked about how many people you think—I don't know if he used the word "cheated," or—on their taxes. You came up with about 85 percent. You said 85 percent, if you are recalling that.

Mr. WERFEL. Yes, I would like to confirm that number. I am not sure I understand the question in terms of cheated. That is not a technical definition. I can certainly come back to this committee with a very precise detail in terms of where the different categories of non-compliance sit.

Mrs. FISCHBACH. Okay, and I appreciate that, because that was going to be kind of my question. When you came up with that number—and maybe this will help with your follow-up—I am looking—I am wondering what percentage of that would you consider, or what part of that would you consider actual cheaters——

Mr. WERFEL. Yes.

Mrs. FISCHBACH [continuing]. I mean, who intentionally write something wrong or, you know, deceptive on their taxes, and how many of those people don't understand the complicated tax code that we have in place.

And that leads—so for your follow-up, please, because I would like to——

Mr. WERFEL. Yes, I am glad you——

Mrs. FISCHBACH.—I would like to understand that.

Mr. WERFEL. I am glad you provided me the opportunity to clarify.

Mrs. FISCHBACH. And in particular, maybe even the breakdown with those poor middle-class folks that are, you know, doing their own taxes, and trying to figure out what is going on, and it leads into kind of a follow-up that I had.

You know, you said you are doing more audits on the middle class because the wealthier have more complicated and—correct me if I am wrong, but this is what I have been hearing—the wealthier have more complicated returns, and it is more difficult, more time-consuming to do those. And I am wondering, if that is the case, why are we looking at quantity versus quality instead of, you know, moving resources and focusing on potentially some of those folks?

But it seems like you are just saying, oh, well, there is more of them. So we do it instead of actually moving resources and focusing on some of those that potentially have more complicated returns.

Mr. WERFEL. Well, I—well, first of all, I want to make a clarification. The audit rates are going down for all—for middle income, as well. And I mean, that is one of the issues that I raised earlier, that the—as an example, the latest rate we have, 2018, is a historically low rate. And that is——

Mrs. FISCHBACH. Okay, but—and I am reclaiming my time——

Mr. WERFEL. Yes, sorry.

Mrs. FISCHBACH [continuing]. Since the chair just gave me the warning. [Laughter.]

Mr. WERFEL. Yes.

Mrs. FISCHBACH. But, you know, kind of——

Mr. WERFEL. But the answer to your question is yes, we are moving resources in a——

Mrs. FISCHBACH. Okay.

Mr. WERFEL [continuing]. Way to go after the more complicated returns that are going to have the highest return on investment. That is the goal.

Mrs. FISCHBACH. Okay, because I—because it really felt like, you know, is there kind of a quantity kind of focus?

Because obviously, with one guy you can do more for the middle—do more on the middle class than the more complicated returns.

But I guess—and you know what I am going to do is, given that, since you are going to follow up on the 85 percent, I got 1 minute and 51 seconds left, and I am going to yield back.

Chairman SMITH. Wow. [Laughter.]

Mrs. FISCHBACH. I just made points with the chair.

Chairman SMITH. You definitely have some gold stars. [Laughter.]

Chairman SMITH. Ms. Sewell, you are recognized.

Ms. SEWELL. I will try to do the same.

Mr. Commissioner, you did in your opening testimony talk about how the added resources that were given in the Inflation Reduction Act did bring up the number of calls that were answered, the number of, you know, audits that were resolved. But I also heard you say that more complicated tax returns are challenging for the IRS.

And I can tell you that my district in Alabama in the Black Belt is one of the largest districts that has—that gets the Earned Income Tax Credit audit. And these are working Americans who make less than minimum wage sometimes. And the fact that 20 to 30 percent of those audits are in poor, vulnerable communities—seems to me you should be using those resources to go after—I mean, what you are getting, what the Federal Government gets by auditing them, while it makes a big difference to those families, is peanuts in the grand scheme of things.

So can you talk to us about why that is, and what you are doing about it?

Mr. WERFEL. It is a really important question, Congressman—Congresswoman, because, you know, I think what happened, for example, with the Earned Income Tax Credit, just to go back in history a little bit, is that that program, because of the improper payments law that is on the books, that program has a historically high improper payment. And so, as part of IRS historical remediation of those improper payments, audits increased.

Ms. SEWELL. I hear you.

Mr. WERFEL. I am not defending it or not.

Ms. SEWELL. I know, I hear you.

Mr. WERFEL. I am just giving you the history——

Ms. SEWELL. But, you know——

Mr. WERFEL. Yes.

Ms. SEWELL [continuing]. ProPublica did a survey. I mean, this is documented.

Mr. WERFEL. Yes.

Ms. SEWELL. And that the report shows—the study found that EITC audits are mostly heavily concentrated in the south, and in southern Black Belt. And I represent them.

Greene County, where the median income for a family there is right around $20,000 for 4——

Mr. WERFEL. Yes.

Ms. SEWELL [continuing]. Was among the 10 most audited counties in the country for EITC recipients. In fact, audit rates in many of these areas are more than 40 percent higher than the national average, hitting rural communities of color the hardest.

Mr. WERFEL. Yes.

Ms. SEWELL. We gave you some money. We gave you a lot of money, actually. I don't expect you to target poor people.

So I understand that there is a problem that needs to be—and the policy of EITC—then we should do something about that. But if you think that there is a reason—I don't know what to ask you, other than to say please do something about that.

Mr. WERFEL. Yes. My response to you, Congresswoman, would be, first, I absolutely am in the firm belief that fairness and equity in our tax system is essential.

You are asking important questions. We are looking, and studying, and assessing the potential for—that our EITC audit program is not consistent with these values of fairness. And I am going to have to report back to you on what we find, and work together to make sure that it is fair.

I mean, we are on a journey to get to more fairness. And I think identification of the issue is maybe even not half the battle, but an important part of the battle. Now the battle begins, and I will work with you on this. That is my commitment.

Ms. SEWELL. I look forward to that. I yield back the balance of my time, 55 seconds.

Chairman SMITH. Thank you, Representative. The gentleman from Pennsylvania is recognized.

Mr. SMUCKER. Thank you, Mr. Chairman.

Good afternoon, Commissioner. Thank you for being here, and thank you for your willingness to take on this role. I want to raise a few concerns I have heard from constituents regarding the processing—IRS processing of the Employee Retention Tax Credit——

Mr. WERFEL. Yes.

Mr. SMUCKER [continuing]. The ERTC. And I do understand the program was implemented quickly.

Mr. WERFEL. Yes.

Mr. SMUCKER. And, you know, the IRS had to learn to run it as it was being developed, almost. But, you know, so I know there were kinks that needed to be ironed out. But we are now three years out from enactment, and I am still hearing from employers who have had challenges receiving the funds. Some may still be waiting, and in some cases even had to shut down the business completely because they did not receive the funds that were promised, the relief. The program appears to be rife with inconsistencies. And I am—I just want to raise this, hoping for maybe your feedback, and hopefully you are planning to make some program improvements.

So for one example, an employee shared with me that they had received their quarter 2 and quarter 4 refunds 20 weeks after applying, but never got the quarter 3. The IRS somehow determined they were ineligible for the payment for quarter three, although they got two and four, because they considered the employer a government entity. After successfully appealing, that employer finally received the quarter three check a year later.

And I asked a tax preparer how that could happen, and they revealed that they must send in the 941–X form separately for each quarter, or else they do not get scanned into the system. So it seems like there is a problem there. They were also told that initially—they were not told that initially, so many sent in their claims forms for the year, which delayed refund checks.

Another employer received a refund check, but then shortly after was contacted by the IRS being told to return the funds. And in the weeks this employer spent trying to get clarification, he received another check.

So it is actually sort of frightening for employers when they are trying to do the right thing, and they are getting a lot of mixed messages and a lot of different results.

In another conversation with tax preparers, they shared that they were not even informed when the IRS removed the Kansas City processing center from ERTC processing.

So I understand that you may be redeploying agents to help process the backlog of these claims, but I would like to understand what is being done to expedite the unprocessed backlog at the Kansas City facility or anywhere else.

Mr. WERFEL. Yes, thank you for the question, Congressman.

And, you know, lifting up—before I get into the ERC [sic], like, we are getting healthier. We are in the process of getting healthier. And I think the—our low point was during COVID, after years of funding decrease. And then, having to shut down our operations and then retool our operations into a virtual environment, we lost a lot of ground. The paper piled up, including new requirements such as the Employee Retention Credit, such as economic impact payments. So it was a bit of a perfect storm——

Mr. SMUCKER. So are all these cases being processed now? And I am sorry to cut you——

Mr. WERFEL. Yes, they are. They are being processed now. As I mentioned earlier——

Mr. SMUCKER. So none being held back.

Mr. WERFEL. No.

Mr. SMUCKER. Like, at this point we can——

Mr. WERFEL. If—the only reason why it would be on hold is if we thought there was an issue of fraud or error. Otherwise, it is being processed. We were up to 20K a week at the end of filing season in terms of the number we are processing——

Mr. SMUCKER. Thank you. And the issue of all of the 941s being in one envelope, can you commit that the individuals processing these will process multiple forms in the same——

Mr. WERFEL. Let me look into that——

Mr. SMUCKER [continuing]. Envelope? Yes.

Mr. WERFEL [continuing]. And commit to get back to you on that question.

Mr. SMUCKER. All right, thank you. And just—I have a minute left.

You have talked a lot about the $80 billion. You continue to—describing the hiring at the IRS, and the new funding as merely right-sizing the agency.

Mr. WERFEL. Yes.

Mr. SMUCKER. And you even pushed back today on the argument that the funding is super-sizing the agency.

Mr. WERFEL. Yes.

Mr. SMUCKER. I do want to point out—and I would like to submit for the record, Mr. Chairman, if I may—an article from The New York Times from April 27th, 2021. And in this article former IRS Commissioner Koskinen—I hope I am pronouncing that right—said that he thought—and this is a quote, "the $80 billion being proposed by the Biden Administration might be too much." And his quote in the interview was, "I am not sure you would be able to efficiently use that much money. That is a lot of money."

So, again, Mr. Chairman, I know I am almost out of time, but——

Chairman SMITH. Without objection.

Mr. SMUCKER [continuing]. Submit that for the record, if I could. Thank you.

[The information follows:]

Biden Seeks $80 Billion to Beef Up I.R.S. Audits of High-Earners

The president's "American Families Plan," which he will detail this week, will be offset in part by a tax enforcement effort that administration officials believe will raise $700 billion over a decade.


By Jim Tankersley and Alan Rappeport
Published April 27, 2021 Updated July 7, 2021

WASHINGTON — President Biden, looking to pay for his ambitious economic agenda and shift more of the nation's tax burden to the wealthy, will propose giving the Internal Revenue Service an extra $80 billion and more authority over the next 10 years to help crack down on tax evasion by high-earners and large corporations.

The additional money and enforcement power will accompany new disclosure requirements for people who own businesses that are not organized as corporations — like many law firms and real estate partnerships — and for other high-earners who could be hiding income from the government. Mr. Biden's goal is to raise hundreds of billions of dollars to pay for child care, education and other programs while making it harder for high-earning Americans to evade or avoid taxes.

If the president is successful, individuals who earn more than $400,000 a year would face a higher likelihood of a tax audit, regardless of how much income they report on their tax forms, a person familiar with the plan said.

Empowering the I.R.S. is one of several proposals that Mr. Biden will unveil when he addresses a joint session of Congress on Wednesday. His administration will portray that effort — coupled with new taxes it is proposing on corporations and the rich — as a way to level the tax playing field between typical American workers and very high-earners who employ sophisticated efforts to minimize or avoid taxation.

The $80 billion, parceled out over 10 years, would be a nearly 70 percent increase over the agency's entire funding levels for the past decade. The administration estimates that that financial lift could net an additional $700 billion in tax revenue over the next decade. Mr. Biden plans to use money raised by the effort to help pay for the cost of his "American Families Plan," which he will detail to lawmakers on Wednesday.

That plan, which follows his $2.3 trillion infrastructure package, is expected to cost at least $1.5 trillion and will include universal prekindergarten, a federal paid leave program, efforts to make child care more affordable, free community college for all and tax credits meant to fight poverty.

To help pay for that spending, the administration also wants raise the top marginal income tax rate for wealthy Americans to 39.6 percent from 37 percent and increase capital gains tax rates for those who earn more than $1 million a year. Mr. Biden will also seek to raise the tax rate on income that people earning more than $1 million per year receive through stock dividends, according to a person familiar with the proposal.

Still, the administration believes its efforts to invest heavily in a tax-collecting agency that has steadily lost personnel and remains partly stuck in 1960s-era information technology will raise more revenue than any individual tax increases by making it harder for high-earners to hide income not earned from wages. While the tax code has grown more complex over the past decade, the agency's budget and staffing has not kept pace.

Democrats on Capitol Hill have spent years pushing for more I.R.S. funding. Yet some conservatives say additional enforcement spending could quickly draw a political backlash, particularly from high-earning small-business owners who could become more frequent targets of audits.

Republicans criticized the agency repeatedly in the Obama administration for targeting conservative political groups, including several affiliated with the Tea Party, for tax scrutiny. A federal watchdog concluded in 2017 that I.R.S. officials had also targeted liberal groups, not just conservative ones, in questioning their claims of tax-exempt status.

Many economists and tax experts welcomed the proposal, which they said would help reverse years of declining enforcement actions against companies and the rich at the agency.

"The plan is good news for honest filers and businesses, the budget, and the rule of law," said Chye-Ching Huang, the executive director of the Tax Law Center at N.Y.U. Law. "Stopping tax cheats from having an unfair advantage helps honest businesses to compete and thrive."

Previous administrations have long talked about trying to crack down on tax evasion. This month, the head of the I.R.S., Charles Rettig, told a Senate committee that the agency lacked the resources to catch tax cheats, including those who hide income from cryptocurrencies, costing the government as much as $1 trillion a year.

The erosion of resources at the I.R.S. was detailed in a Congressional Budget Office report last year that examined the agency's work from 2010 to 2018. During that time, the I.R.S.'s annual budget declined by 20 percent and its staff declined by 22 percent. Funding for enforcement activities fell by nearly a third.

With less money and staff, the I.R.S. was forced to become more lax at enforcing tax laws. Examinations of individual tax returns fell by 46 percent and audits of corporate tax filings fell by 37 percent, according to the Congressional Budget Office.

The top 1 percent of earners have become far less likely to be audited in recent years. That is because they are far more likely than low- or middle-income Americans to earn money from businesses, capital gains and other sources of income that are not wages. Research suggests nearly all wage income is reported correctly to the agency. Capital and business income are far more likely to be underreported.

Mr. Biden aims to change that. His economic team includes a University of Pennsylvania economist, Natasha Sarin, whose research with the Harvard University economist Lawrence H. Summers suggests that the United States could raise as much as $1.1 trillion over a decade via increased tax enforcement.

Mr. Summers praised Mr. Biden's approach. "Deterioration in I.R.S. enforcement effort and information gathering is scandalous," he said. "The Biden plan would make the American tax system fairer, more efficient and, I'm confident, raise more revenue than official scorekeepers now forecast — likely a trillion over 10 years."

Mr. Biden's efforts would incorporate some of Ms. Sarin and Mr. Summers's suggestions, including investing heavily in information technology improvements to help the agency better target its audits of high-earners and companies.

Mr. Biden's plan, which he will outline in an address to Congress on Wednesday, will include universal prekindergarten. James Estrin/The New York Times

They would also provide a dedicated funding stream to the agency to enable officials to steadily ramp up their enforcement practices without fear of budget cuts, and to signal to potential tax evaders that the agency's efforts will not be soon diminished.

Mr. Biden would also add new requirements for people who own so-called pass-through corporations or hold their wealth in opaque structures, reminiscent of a program established under President Barack Obama that helps the agency better track possible tax evasion by Americans with overseas holdings.

Fred T. Goldberg Jr., an I.R.S. commissioner under President George H.W. Bush, called Mr. Biden's plan "transformative" for combining those efforts.

"Information reporting, coupled with restoring enforcement efforts, is key to improve in compliance," Mr. Goldberg said in an email. "Audits alone will never do the trick."

He added: "None of this happens overnight. A decade of stable funding is necessary to recruit and train talent and build on the necessary technology — not only for compliance purposes but to meet the quality of services that the vast majority compliant taxpayers expect and deserve."

Some conservative tax activists oppose any additional spending at the agency. Grover Norquist, the president of Americans for Tax Reform, a group that opposes all tax increases, said in an interview that additional enforcement dollars risk increasing the number of politically motivated audits while burdening small-business owners, with no guarantee of a large increase in revenues.

"Nothing says these guys are going to raise money," he said. "The I.R.S. has been highly politicized for a long time. They've done nothing to fix it."

Tax experts tend to agree that increasing enforcement capacity of the I.R.S. will more than pay for itself, but it is not clear how much is really needed at a time when many of the agency's functions can be automated and more tax returns are filed electronically.

The Congressional Budget Office estimated last year that an additional $40 billion of funding over 10 years would increase government revenues by $103 billion. Administration officials are confident the actual amount is much higher.

Supporters of beefing up I.R.S. enforcement point to the billions of dollars the agency has been able to recover even with limited resources, saying that amount could grow exponentially with adequate funding.

Last October, the I.R.S. helped nab a Houston technology executive, Robert T. Brockman, in what was billed by prosecutors as the largest tax evasion case in American history. Mr. Brockman was accused of hiding $2 billion in income from the I.R.S. through a web of entities and secret foreign bank accounts over 20 years.

This month, the I.R.S. announced that the California-based executive Michael Todd Lucas, who controlled several software development businesses, was not fully paying employment taxes even though he was withholding them from his workers. The I.R.S. said that Mr. Lucas, who pleaded guilty to tax fraud, failed to pay nearly $5 million in payroll taxes, penalties and interest.

Still, John Koskinen, who served as I.R.S. commissioner under Presidents Barack Obama and Donald J. Trump, said that he thought the $80 billion being proposed by the Biden administration might be too much. The suggestion was surprising coming from someone who lamented loudly that the agency was being starved when he was in charge.

"I'm not sure you'd be able to efficiently use that much money," Mr. Koskinen said in an interview. "That's a lot of money."

Mr. Koskinen said he thought an extra $25 billion over a decade would help bring the I.R.S. budget back to where it was around 2010, allowing it to hire enforcement agents who have been lost to attrition and revamp the agency's customer service abilities.

Jim Tankersley is a White House correspondent with a focus on economic policy. He has written for more than a decade in Washington about the decline of opportunity for American workers, and is the author of "The Riches of This Land: The Untold, True Story of America's Middle Class." More about Jim Tankersley

Alan Rappeport is an economic policy reporter, based in Washington. He covers the Treasury Department and writes about taxes, trade and fiscal matters. He previously worked for The Financial Times and The Economist. More about Alan Rappeport

A version of this article appears in print on , Section A, Page 1 of the New York edition with the headline: Biden Seeking Stronger I.R.S. To Fund Goals

Chairman SMITH. The gentleman from Utah is recognized.

Mr. MOORE of Utah. Thank you, Chairman. We are getting down to the point where it gets serious business. Everybody has left for votes.

Mr. WERFEL. Let's get down to business.

Mr. MOORE of Utah. There is just a few people left on the dais. This is where we get the real work done.

Mr. WERFEL. That is——

Mr. MOORE of Utah. I am going to ask us to actually suspend reality for a minute, and talk as if we weren't in a congressional hearing, say, in a client-consultant type of relationship.

And as I look at this whole—and I represent Ogden, Utah, which is an amazing processing center, thousands of employees.

Mr. WERFEL. Amazing.

Mr. MOORE of Utah. My constituents. And so I have taken this issue to heart to really dig into and truly understand, you know, what we need to be doing here. And I want to—what I want to highlight is there is an area of consensus here.

My frustration comes with how this all came out. This was, you know, for better or worse—usually for worse when one-party rule in Washington, they always—you know, you have to do big things and, you know, you try to get as much through legislation as you can. And there was a big bill that cost a lot of money last year in the Inflation Reduction Act. And in order to get that accomplished, we needed to find—Democrat Party needed to find revenue. So they did a huge IRS bill because the CBO would score it so they could gain revenue over time. Like, of course we are going to be frustrated at that. We don't want to manipulate a government agency in that way to be able to just satisfy a CBO score.

So all that aside, setting that context, like, we have got real areas of consensus here. And as I go meet with my constituents in Ogden, and as I hear and address this issue, there is a lot of opportunity for technical modernization, customer service capabilities to enhance that. And my point is, if I was, like, consulting the IRS to say, "Let's take this as a huge win, and there is areas of consensus, let's dig in and really go out and find that opportunity," the workforce that you have is strapped. They don't have the tools they need to do their job.

So before we go and add on an enormous amount of individuals and workforce to an already sort of system that doesn't work for them currently, let's shore that up. And then, after we evaluate the improvements that we have made in this tech modernization, in customer service capabilities, in a toll-free number, automation opportunity for them to not have to be so bogged down with phone calls that they can't answer, like, why don't we try that? And then, ultimately, take another look and say this is where the workforce needs to go.

I would love your just sincere response to that. Is that something that, if we were to be serious adults back here instead of, you know, any of the partisan back-and-forth, could we actually get something done if we did that?

Mr. WERFEL. If I understand correctly, I think your question resonates completely with me.

You know, thinking about the folks in Ogden—and I really appreciate you calling them out for the amazing civil servants that they are—and going back to this question of what kind of IRS are we going to be, are we going to be an IRS that just can answer the phones, or are we going to be an IRS that actually enhances and modernizes?

And let me give you a good example. With respect to the Employee Retention Credits that those folks in Ogden are working really hard to process right now, currently the IRS does not have the capability to ingest an amended return electronically. We need to be able to advance our technology to be able to do that.

Now, you can say, well, that is outrageous. Why don't they have that capability? And we can relitigate it from the past, and I can make the case that resources have been dwindling for years and years, and that is why we haven't done it. And someone might make another case, I don't know.

But to your point, can we roll up our sleeves and figure out what do we need in Ogden, Utah to improve that operation? Because, ultimately, it is going to help the employees. But more importantly——

Mr. MOORE of Utah. It helps the taxpayer.

Mr. WERFEL [continuing]. And I think the employees would agree—it helps the taxpayers. People are waiting for their retention credits. I don't want them waiting for their retention credits. I want them to get their retention credits as quickly as possible.

Mr. MOORE of Utah. And this is——

Mr. WERFEL. But these types of gaps are what we are dealing with.

Mr. MOORE of Utah. And these types of gaps. This is the part that—and if I haven't seen, and if I haven't done enough research, I apologize in advance. But from the IRS plan and from GAO reports, or the plan that was released in early April, you know, technology, the word "technology," was referred to many times. But I haven't seen the specificity on what is needed.

Because I know there is a motivation on our side, because our offices are getting bogged down with requests, and we can't even help our constituents to the extent that we need. Like, we would love to see the specificity laid out, knowing that I am sick and tired of saying there needs tech modernization. If I say that one more time without real—seven layers of additional things, specifics that we need to do for these folks, like, that is the area that I want to get to.

And so I will add my comments from the gentleman from—my colleague from Arizona. Like, I am ready to roll up my sleeves, too, and dig in and actually get this part done before we add on thousands and thousands and tens of thousands of more employees to a system that doesn't work currently. Let's fix that, and then figure out where we need to go in future.

And I definitely am going to stop. Thank you.

Mr. WERFEL. Thank you.

Ms. MALLIOTAKIS [presiding]. Thank you for staying on schedule. The chair now recognizes Mr. Beyer for five minutes.

Mr. BEYER. Thank you, Madam Chair, very much.

Commissioner Werfel, I just want to thank you for being here and taking on this task of leading the IRS through a very pivotal time. And I represent many, many IRS employees, and I know they are thrilled to see that, with your leadership, through the Inflation Reduction Act, we are finally providing the employees with the resources they need to serve the American people better.

I just want to say, too, that I don't know, maybe we are lucky, but our taxpayer advocates have been terrific, and have done a really, really good job.

Mr. WERFEL. Thank you for that feedback.

Mr. BEYER. However, we do still get a lot of incoming requests, which we are able to fix. Can you tell us about how the backlog is? We are not that many months away from these huge Washington Post, New York Times stories of cafeterias filled with unprocessed IRS returns.

Mr. WERFEL. Yes. So, look, I said earlier to an earlier question we are in the process of getting healthy, right? Coming into this from last filing season, 2022 into this filing season, we cut our backlog in half. We did that by people working hard, some of the people that you represent. Over time, you know, any time they are not doing something, they are working the paper backlog.

But we also scanned more, and this is part of a modern IRS. And, you know, we were not doing enough before we had the funds in the Inflation Reduction Act to avail ourselves of the sophisticated technology that is out there to take a tax return and convert it to machine-readable format, a paper return.

A lot of the backlog—most of the backlog, if not all—is caused by paper, and the fact that we don't have an automated way of processing it. So you have individuals keying it in, which seems like decades-old technology, and that is what it is. But because we are now adding a scanning technology that we previously didn't have the resources to avail ourselves of, we now have a more sophisticated technology on the ground, turning forms into machine-readable so they can be ingested into IRS systems. That is an example of what we are doing.

Between this filing season and next filing season, it is an absolute priority to further make an enormous dent in our in our paper backlog. And I am hoping that citizens start to see the results of that.

Mr. BEYER. Great, great. Thank you. I also want to thank you on the tax gap. The unfairness of having the rich pay by one set of rules and working families pay by another is pernicious and dangerous. And it really undermines the basic social contract that has kept our country so strong. So thank you for that.

I want to touch on something I don't think anyone has mentioned yet. I was ambassador to Switzerland for four years, an incredible privilege. And one of the biggest problems we had was Americans paying their taxes, the American expats. And the challenge was that so many of them didn't owe any taxes to the United States, but still had to pay 3, 4, 5, $6,000 in CPA fees to get the tax returns processed over here.

I know you have a new initiative right now on allowing them to pay with their foreign bank accounts. Can you update us on what you are trying to do to make Americans' tax compliance—the three to six million Americans who live overseas—a lot easier than what it is right now?

Mr. WERFEL. Yes, and I am glad you asked this, Congressman, because it goes back to this broader theme of taxpayer—we have to meet taxpayers where they are. Some of them are overseas. Some of them are in rural communities. Some of them don't have the means to hire an accountant or pay for a third-party provider. And some of them are hiring an army of accountants.

And for those taxpayers that are international, that want to meet their obligations, even though they are expatriates, which is great, and that is what we would expect, we need to work with them to figure out how to make their filing easier, as well. And to the extent that they are paying CPAs for filing with no balance due, we want to work to fix that.

Mr. BEYER. Great. We have legislation which you can't comment on, but bipartisan, which we will bring before you.

And one last thing in my last minute. The—by a 217 to 215 vote the Republicans passed their bill yesterday. What would happen if we actually took away that $80 billion?

Mr. WERFEL. Yes, I have tried—I am trying, Congressman, to explain in the plainest possible language how devastating that would be for the American people, not just for the IRS, because, again, we are not resourced to meet the demand that is created by the complexity of our tax system today. That complexity is in part the code, but it is in part just the number of filers, the population.

And I keep on going back to this analogy of the train platform. Right now, because of the IRA, we can get those trains moving, we can move people off the platform, get them where they want to go. If you repeal the Inflation Reduction Act, you eviscerate our ability to fix the problems that we have had historically. Those train platforms will get more and more crowded, the trains won't come, Americans will be frustrated. They will be calling your offices, they will be saying I am a terrible person. That is okay, but the important point is that eliminating the Inflation Reduction Act actually harms taxpayers.

Ms. MALLIOTAKIS. I now recognize myself for five minutes, and I would first like to—first, let me start by saying that the taxpayer advocates in New York City—we will start on a positive note. They have done a great job.

Mr. WERFEL. Great.

Ms. MALLIOTAKIS. With my office. We have spoken with them, they have been very helpful, 528 constituent cases that have—my office has had to intervene in, which is the negative part, the fact that these American taxpaying citizens need to contact their Member of Congress to get a solution or a resolution.

So I would ask one question. Are your staff members still working from home? You still have that COVID telework, or are they all back in the office today?

Mr. WERFEL. It is a mix, like all other Federal agencies. I would emphasize that everyone is working.

I will say that in my first few weeks at the IRS the question that I focused on with the IRS right now is, are we getting the job done? Are we answering the phones? Are we fighting off cyber attacks?

Are we processing the backlog? As long as the answer to that question is yes, then that is going to be my priority.

Now, if the answer is no, then I want to go deeper into the issue and figure out what the issue is. And if the issue happens to be the telework policy is negatively impacting our ability to get the job done for the American people, then we will make a change.

Ms. MALLIOTAKIS. Well, I would just—I would love to suggest that it is time to bring everyone back to the workplace. As you know, Republicans passed a bill to get all Federal employees—half the workforce still working from home, and I think that does have an issue to do with constituent services, and making sure that these calls are answered.

The fact that one congressional office in just 2 years had to intervene in over 500 cases is a problem. When we were in our hearing in Peachtree, Georgia, one of the accountants who testified said that she had been transferred four times, and was placed on hold for three hours until she received assistance.

I want to also move on to another major issue that I am seeing with my constituents, sadly. We have had over a dozen issues of check thefts, check fraud, either stimulus checks or tax refunds that have been stolen. Someone had signed the checks and deposited the money. And—are you aware of this happening, and are you working—what are you doing to try to resolve that issue? Are you working closely with the U.S. Postal Service and the Department of Justice to address that?

Mr. WERFEL. Yes, and another early priority of mine, Congresswoman, is to, in particular, address issues where there is a victim.

Look, it is upsetting when someone doesn't pay their taxes because that victimizes the U.S. Government's financial bottom line, and we are, of course, concerned about that. But when there is an individual victim, whether it is identity theft, their money is stolen, they are taken advantage of, that is something that we absolutely have to prioritize.

So I absolutely commit to working with the Postal Service, the Justice Department on cracking down on that type of nefarious behavior.

Ms. MALLIOTAKIS. I appreciate that, and I would also make the argument that that should really be a priority.

Mr. WERFEL. It is.

Ms. MALLIOTAKIS. I see some of the other initiatives that you are focusing on, whether it is the 1099s for, you know, selling something on eBay or whatnot, going after these small, you know, just middle-class people. I think what we should do is focus on these types of things to prevent those fraudsters.

But in addition to that, you said earlier that you cannot meet the demands of today. And now we are——

Mr. WERFEL. Yes.

Ms. MALLIOTAKIS [continuing]. Also seeing that the IRS is interjecting itself in government-populated returns, trying to—you know, we have a whole industry of tax preparers that are hundreds of thousands of jobs, good-paying jobs, that—they do this in the private sector, and they do it right.

I think this is a case of government coming in, saying that they feel they could do something better than the people who actually do it every day. And I would say if you can't meet the demands of today—and we have a lot of backlog here—why interject yourself in doing something more? Why fix something that is not broken?

Mr. WERFEL. Well, two responses to that. First, Congress asked us to study it, so we are going to study it. And the second is any product that would go forward would be an option for taxpayers. They would not have to use it if they didn't want.

And for me, the question is are we offering the right set of services based on taxpayer preference? You know, whether the—whether they are overseas, whether they still need to file paper, whether they want to walk into our walk-in center, I think we have an obligation to be able to provide diverse enough services to meet taxpayer preferences.

So once this study is done, we will take a look at it, we will talk with you about it, and see if this makes sense to meet a taxpayer preference that is out there, if it is feasible, and if the costs are right.

Ms. MALLIOTAKIS. As you can imagine, for some of us it is just looking like IRS looking to do more Big Government, more bureaucracy, interjecting itself in an area where you really should just leave it to the private sector.

But I would love to work with you to see how we can fix some of the issues that I brought up earlier today, because it truly is my constituents and other American citizens who are being victimized. Thank you very much for your time.

Mr. WERFEL. Thank you, Congresswoman.

Ms. MALLIOTAKIS. I now recognize Mrs. Steel of California for five minutes.

Mrs. STEEL. Thank you, Commissioner——

Mr. WERFEL. Thank you.

Mrs. STEEL [continuing]. For participating today. This is such long hours that you have been sitting and enduring, so thank you. And thank you for your service, too.

Having said that, American families and small businesses are having a hard time trusting in the IRS. Our constituents should not have to fear that the IRS might come after them. Per previous data, TIGTA, Treasury Inspector General for Tax Administration, half of large corporate audits result no change.

The article from this morning titled, "The Surprising Risk in Ramping Up IRS Audits," according to that article states that nearly half of those making $10 million or more who are audited saw no changes in their tax bills in 2018. Thirteen percent of audits of people making between $100,000 to $200,000 were no change audits in 2018 IRS data show. More than 1 in 4 people with income between $1 million and $5 million were given clear bills of health, and almost half of audits of a corporation with at least $1 billion in assets found they owed nothing more. Why are so many Americans being audited for no reason?

This article, "The Surprising Risk in Ramping Up IRS Audits" saying that could be because of the IRS is picking the wrong people to audit, or it doesn't have the right specialists to go toe to toe with big law and accounting firms. Though we are not really sure. So we are all kind of like questioning that. It sounds like the problem is not needing more money or doing more audits, but one of wasted resources.

Commissioner, how will you ensure that the correct people are getting audited in the first place?

Mr. WERFEL. Yes. So the objective, Congresswoman, is equitable tax enforcement, right? We should be able to demonstrate to the American people that, no matter what your means are and no matter how complicated your return is, the IRS is treating you the same. So just because your return is simpler to review doesn't mean you should be more likely to get an audit. If your return is more complicated to review, we should be equally equipped. And currently we are not equally equipped.

The reason I believe—my hypothesis is the reason why you see zero-balance-due audits is because we don't have the right capacities today to unlock these complex returns in an effective way.

And there isn't a lot of audit coverage. In fact, a lot of—we are at historic low audits across the board, including for these—the wealthiest-most taxpayers.

Mrs. STEEL. So what you are saying is——

Mr. WERFEL. Historically low.

Mrs. STEEL [continuing]. Zero balances because of—they didn't have enough—sufficient enough——

Mr. WERFEL. We need——

Mrs. STEEL [continuing]. Informations, is that the——

Mr. WERFEL [continuing]. The right economists, data scientists, attorneys. We need to tap into the people that know how these returns were constructed. The world is moving very quickly in terms of the complexity of these corporations.

Mrs. STEEL. But isn't your—the staff supposed to be trained for that?

Mr. WERFEL. We haven't had the resources to train.

Mrs. STEEL. So you are not training your people for——

Mr. WERFEL. Not as effectively as we could, not—we haven't had the funds to train. We have—again, we have a staffing level pre-Inflation Reduction Act that is equivalent to where we were in the 1970s. We have not had enough resources to meet the requirements of today's tax system.

And with these resources, and being able to train and hire the right mix of people, I anticipate that we will not have as many zero-balance-due audits in the future. And when we don't, it is going to be a tremendous return for the taxpayer. And that is why I think repealing the IRA costs so much in the eyes of the Congressional Budget Office, because the—if the plan is to engage at that level, a two percent, a three percent, a four percent improvement in some of these metrics will easily pay for what the Inflation Reduction Act investment is.

Mrs. STEEL. Then why don't you just reduce the audits and just go really dig in those people that you are auditing instead of those two percent, three percent, and you don't have to increase those numbers on that.

Mr. WERFEL. It is a great question. I think—and it was—another congresswoman asked the question, as well.

I think we do have to optimize. It isn't about quantity. It isn't about doing more audits of wealthy taxpayers, it is doing the right audits, and making sure that we have the right balance and the right optimized approach to how we exam the wealthiest taxpayers. We are not optimized right now. We are leaving money on the table.

Mrs. STEEL. Mr. Chairman, actually, I prepared five different questions, but it seems like my time is already up. So what I am going to do is I am going to do in writing, and ask for these questions.

Chairman SMITH [presiding]. Perfect. Please submit your questions into writing.

Mrs. STEEL. Thank you so much.

Mr. WERFEL. I would like that, thank you.

Chairman SMITH. We will have that.

Thank you, Representative.

Ms. Moore is recognized.

Ms. MOORE of Wisconsin. Thank you, Mr. Chairman, and I want to thank our brand-new IRS commissioner, join my colleagues in thanking you for your patience.

You are new, so I just am curious about your background. Were you hired from within IRS, or you came from outside?

Mr. WERFEL. No, I started my career in government. I worked for many years at the Office of Management and Budget. I worked at the Justice Department, and I——

Ms. MOORE of Wisconsin. Okay, thank——

Mr. WERFEL [continuing]. Also worked at the IRS.

Ms. MOORE of Wisconsin. All right.

Mr. WERFEL. So I am returning.

Ms. MOORE of Wisconsin. You are returning.

Mr. WERFEL. Yes.

Ms. MOORE of Wisconsin. Okay. And I only ask that question so I can just get a baseline of what you know about the laws that we have passed recently.

So in 2013 we reauthorized the Violence Against Women Act. And during that particular reauthorization, we required housing providers who had received the Low-Income Housing Tax Credit funding to no longer evict victims, as they had been doing, along with their abusers.

And so Treasury really has informally indicated that the agency needs to act, because non-compliance with the Violence Against Women Act 2013 is not considered to be non-compliance under the statute that created the Low-Income Housing Tax Credit. But the IRS is required to administer this.

So are there any plans? Are there any priorities for it? Because, you know, women who are leaving abusive situations, they are more in danger of losing their life at a time that they decide to leave a relationship, and so housing can be really critical——

Mr. WERFEL. Yes.

Ms. MOORE of Wisconsin [continuing]. In terms of their safety. Is this something that you are aware of, or is this a priority for you to——

Mr. WERFEL. I was——

Ms. MOORE of Wisconsin [continuing]. Implement?

Mr. WERFEL [continuing]. Recently made aware of it. I am really glad you are asking the question. I understand that we are looking into the regulations, and seeing whether they could be revised to expressly reference housing protections under the Violence Against Women Act, and I think that would potentially resolve the issue.

I—it is really important that this committee raise these types of issues to our attention, because that will allow me to prioritize and make sure that we close these types of issues that are problematic.

Ms. MOORE of Wisconsin. Well, I have got some more for you——

Mr. WERFEL. Please.

Ms. MOORE of Wisconsin [continuing]. Mr. Commissioner. The Earned Income Tax Credit. I just want to congratulate the IRS. They did a fantastic job during the pandemic, getting money out to people who otherwise would not have gotten it. The uptake in the Earned Income Tax Credit and the Child Tax Credit is low. But through the non-filer portal you were able to contact people who otherwise would not have received the benefit.

We have been talking to Treasury about using that non-filer portal to identify people who could benefit from the Earned Income Tax Credit and the Child Tax Credit. Is that something that the IRS would be supportive of? These are really low-income people, and they could benefit from this resource that is available and for which they are eligible.

Mr. WERFEL. Yes, 100 percent. Look, when we implement something new, we learn a lot. When we, as the IRS—and this predates me, and I also congratulate the IRS workforce for the amazing work they did during the pandemic—you know, we had to turn on a dime and implement these economic impact payments. In many cases, you know, essentially, lifesaving payments for people in need——

Ms. MOORE of Wisconsin. Right. Well, I just want to work with you to make sure that you actually implement—that you actually use that portal.

Mr. WERFEL. Yes.

Ms. MOORE of Wisconsin. It is so valuable——

Mr. WERFEL. I think it is a good suggestion.

Ms. MOORE of Wisconsin [continuing]. To do it.

Mr. WERFEL. Yes.

Ms. MOORE of Wisconsin. Implementation of the SAFER Act. Last Congress, as a part of Secure 2.0 there was a bill that Congresswoman McBath and our Congressman Smucker from this committee and I all led, Saving Access for Escaping and Rebuilding Act, the SAFER Act. Again, domestic violence——

Mr. WERFEL. Yes.

Ms. MOORE of Wisconsin [continuing]. Often means that, you know, women will not appropriately receive the tax refunds to which they may be entitled. And if the non-custodial parent files first and then the custodial parent files second, there is a big hassle with straightening it out. They may have to file a lot of paperwork.

Is there any interest in helping victims of domestic violence? We saw this a lot during COVID, where the non-custodial parent found themselves getting the check for the children and not sharing it with with the actual custodial parent, and IRS——

Mr. WERFEL. It is a very unfortunate outcome.

Ms. MOORE of Wisconsin [continuing]. Felt that they could do nothing.

Mr. WERFEL. Yes, it is a very unfortunate outcome, and I would absolutely be interested in making sure that the right parent gets the credit. And, in particular, if a victim of domestic violence is—you know, is not getting that credit when it is rightfully theirs, that is alarming and concerning, and I would like to work with you on that.

Ms. MOORE of Wisconsin. Well, I appreciate that. Thank you so much.

And I would yield back my time.

Chairman SMITH. Ms. Van Duyne is recognized.

Ms. VAN DUYNE. Thank you very much, Mr. Chairman, finally.

Mr. WERFEL, you have been doing this for a really long time. You came in nearly almost exactly 10 years ago as acting director of IRS, correct?

Mr. WERFEL. Correct.

Ms. VAN DUYNE. Under the Obama Administration.

Mr. WERFEL. Yes.

Ms. VAN DUYNE. When you came in at that time, you—the IRS was facing a tremendous amount of criticism because it felt—a number of people criticized that the IRS was targeting specific political groups for a tax exempt status, correct?

Mr. WERFEL. That was the allegation, yes.

Ms. VAN DUYNE. What did you find?

Mr. WERFEL. So through the process—and I was there for eight months—we provided a tremendous amount of information to the authoritative committees and the inspector general. And I would really rely on the final reports of TIGTA and the Permanent Subcommittee on Investigation that thoroughly, over many years, evaluated those issues. And we can——

Ms. VAN DUYNE. So the IRS——

Mr. WERFEL [continuing]. Go over those results, but——

Ms. VAN DUYNE. Yes. So the IRS——

Mr. WERFEL. It is your time.

Ms. VAN DUYNE [continuing]. Knew 10 years ago that it was already being criticized for going after Tea Party groups and their tax exempt status.

Mr. WERFEL. That was the allegation.

Ms. VAN DUYNE. So fast forward 10 years later, and I don't need to repeat the questions that we heard from Chairman Smith or from Congresswoman Tenney, Congressman Steube, but it seems like the exact same thing is still happening in the IRS.

I mean, nobody wants to pay their taxes. The IRS has a reputation as an agency that most people, most Americans, feel, and it doesn't help that we have seen in this history that the IRS seems to be treating Americans different based on their—either their political affiliations or their family affiliations.

So, Mr. Werfel, without getting into details of those past cases, how can you assure the U.S. public, moving forward, that they can actually trust the IRS to treat everyone the same, regardless of political views?

Mr. WERFEL. Here are my assurances. It is my firm commitment that there is absolutely no place for political bias at the IRS. I will take very seriously any evidence of political bias, and will immediately refer it to the inspector general.

We have——

Ms. VAN DUYNE. So including the examples that——

Mr. WERFEL. Any example——

Ms. VAN DUYNE [continuing]. That Congressman—okay.

Mr. WERFEL. Any time——

Ms. VAN DUYNE. Okay, I appreciate that.

Mr. WERFEL. I will always refer to the inspector general.

Ms. VAN DUYNE. All right.

Mr. WERFEL. And also, I will work tirelessly——

Ms. VAN DUYNE. I am going to reclaim my time, because I only got——

Mr. WERFEL. Yes.

Ms. VAN DUYNE. I want to make sure that I am staying on time.

Mr. WERFEL. Please.

Ms. VAN DUYNE. I would like to discuss the IRS plan of how your agency intends to spend the $80 billion passed as part of the Inflation Reduction Act. I have voted to repeal this now twice, but as of now this money will still be available to the IRS.

I am concerned with a number of provisions in this plan, including the $45.6 billion for auditing and enforcement, compared to only $3.2 billion for taxpayer services, which results in $14 spent on enforcement for every $1 spent on taxpayer services. Now, you have said that, you know, we are hiring more people to answer the phones.

Mr. WERFEL. We are.

Ms. VAN DUYNE. And yet you are spending 14 times the amount on enforcement, and a very small, small amount on customer service. And the dollars that you are spending on customer service, over 30 percent of that is being used to implement IRA green energy provisions.

Mr. WERFEL. Yes. So I am not really sure I know your question, but I can comment on it.

Ms. VAN DUYNE. Are you spending 14 times as much on enforcement as you are on customer service?

Mr. WERFEL. We are spending consistent with the appropriation amounts that——

Ms. VAN DUYNE. That happens to be 14 times as much on enforcement as on customer service, even though the complaints that we have had have to do with our constituents not even getting their refunds on time.

Mr. WERFEL. My commitment, Congresswoman, is to spend that, those funds, as effectively as we can, with good program integrity, and in the best interests of the taxpayer.

Ms. VAN DUYNE. But we are still spending 14 times as much on enforcement with the promise that we are not increasing the percentages at all of audits.

Mr. WERFEL. We are not increasing the percentage of audits——

Ms. VAN DUYNE. But we are going to be spending 14 times as much.

Mr. WERFEL [continuing]. For people earning $400,000 or less. We are increasing the percentage of audits for those wealthy taxpayers, where we also have historically low audit rates.

So the enforcement funds that you are describing are critically important in terms of ensuring that Americans at every income level know that the IRS is treating every income level equally.

Ms. VAN DUYNE. I just think it is disingenuous for you to say that you are spending much more money for people answering phones, when you are spending 14 times as much on enforcement.

Mr. WERFEL. Well, we did—we hired 5,000 people this filing season to answer phones.

Ms. VAN DUYNE. Yes.

Mr. WERFEL. And we are making improvements. It is in our plan issued April 6th on all the steps we are working to with the money that we have. But there is a challenge.

Ms. VAN DUYNE. It is good to know that you can do that in 2 billion, you can hire 5,000 people on that. If that is the case, then I am thrilled to hear that.

Mr. WERFEL. Well, we need more than just people.

Ms. VAN DUYNE. Because the number that I am hearing is not what you are——

Mr. WERFEL. We need more than just people. I mean, one of the challenges—and I don't want to take up too much of——

Ms. VAN DUYNE. Well, I appreciate that. And I have got seven more minutes, and I have got one quick question.

Mr. WERFEL. Please.

Ms. VAN DUYNE. The IRS agents that you—the IRS people that are helping on customer service, do you have 100 percent of your workforce back to work 5 days a week?

Mr. WERFEL. Everyone is working.

Ms. VAN DUYNE. Do you have your workforce back to work in the office five days a week?

Mr. WERFEL. Well, not everyone is in the office, but everyone is working. And I will—one thing about——

Ms. VAN DUYNE. What percentage of your workforce is back in the office?

Mr. WERFEL. I don't have the exact figure on that. I can get it for you.

Ms. VAN DUYNE. Okay. I yield back. Thank you.

Chairman SMITH. The gentleman from Iowa is recognized.

Mr. FEENSTRA. Thank you, Chairman Smith and Ranking Member Neal.

Thank you, Commissioner Werfel, for being here. You have got a very tough job.

Mr. WERFEL. Yes.

Mr. FEENSTRA. Very challenging. Obviously, we talked a lot about the $80 billion of funding in the IRS—I want to just note that, but that is not where I am going—$4.8 billion was for business modernization systems, about 6 percent of the funding.

The key here is that in February the GAO has published a report outlining the status of IRS, its IT modernization, which is concerning to me. A third of the applications and nearly a fourth of the software is considered legacy that is way behind. The assets range from 25 to 64 years of age, including software that needs up to 15 versions, or—15 versions of new versions.

It also noted that the individual master file has been in place since 1970, and barely has anybody that understands the code or, you know, I mean, it is stressed.

So the—my question is, you know, it seems like we are cutting down a tree with a dull axe. And could we be more efficient? Well, let me back up. Is the $4.8 billion—will that satisfy creating a whole new system that is required or needed?

Mr. WERFEL. I would need to line up those funds. But to make sure that I am answering your question, we have a larger fund of money available in the Inflation Reduction Act to improve our overall operations support, which includes technology. But the bottom line——

Mr. FEENSTRA. Yes, but——

Mr. WERFEL [continuing]. Is we do need to update our core systems.

Mr. FEENSTRA. That is what I am asking you. So is the $4.8 billion enough to update your core systems? That is simply what I am asking.

Mr. WERFEL. I would have to get back to you in terms of making sure that I am lining up that $4.8 billion. But there is multiple core systems. There is the individual master file——

Mr. FEENSTRA. Yes.

Mr. WERFEL [continuing]. There is the business master file, there is our enterprise——

Mr. FEENSTRA. So——

Mr. WERFEL [continuing]. Case management system.

Mr. FEENSTRA. So, Commissioner Werfel, do you see this as a concern, when you have such an archaic system?

I mean, I can't even imagine a banking industry or any business running on such a system. I mean, some of this is DOS, I think.

Mr. WERFEL. Yes.

Mr. FEENSTRA. I mean, this is crazy. I mean, think about that, running on DOS.

Mr. WERFEL. Yes.

Mr. FEENSTRA. I don't mean to stump you, but——

Mr. WERFEL. No, no, no. I mean, you are preaching to the choir here in terms of the need to update these systems. They are on old COBOL-based language. Those need to be updated.

Mr. FEENSTRA. Right, right. I would love to see the colleges and universities that still teach COBOL. [Laughter.]

But—so this is my concern, right? So what has happened in the last year under the Administration, right, is we are going down the path of OECD with pillar 2, we have GILTI right now that has 16 data points that is being collected. If you go down pillar 2, you are going to probably have 200 data points that needs to be collected. We are also going with a 15 percent minimum tax, book tax. I mean, these are very complex things. And yet would it be fair to say that we don't have a system to handle all this?

Mr. WERFEL. Like, right now, the systems are functioning. They need to function into the future better. And so what I mean by that is not enough processes are automated, we have updates we need to do to our data security requirements for these systems, and we can't hire as agilely as we could because people don't know COBOL.

Mr. FEENSTRA. Thank you. You just answered my question. That is exactly right.

Here is my thing. Wouldn't you want to dramatically update your system first before you are updating all your workforce?

I mean, right now, like I said, you have to hire somebody that knows COBOL or DOS, heaven forbid. You know, you hear what I am saying? I mean——

Mr. WERFEL. I do.

Mr. FEENSTRA [continuing]. How does—can you square this up?

Mr. WERFEL. Yes, I mean, I think we have to do multiple things to serve taxpayers in different ways.

Like, I—if I stop and just focus on the technology, then I am not putting the people in the taxpayer assistance centers, and people come to shuttered taxpayer assistance centers.

Mr. FEENSTRA. Right.

Mr. WERFEL. If I don't hire people to process the Employee Retention Credit, then people are waiting longer. So we have to have the ability to manage multiple priorities simultaneously.

Mr. FEENSTRA. Yes, you got—sure. There is a lot of things, but this is what happens with such a complex tax code.

And, I mean, I want everybody to know out there that, I mean, DOS, COBOL, this is—when a system is probably 25 years or 60—up to 25 to 45 years of age, the security concerns alone scare me, just a great fear of what—you know, what data is—you are collecting, and what could be out in the public if we don't get this right.

So I humbly ask, we got to make sure that we get a system that is updated, that can handle these complex income returns, because it is critical to our service.

Mr. WERFEL. It is actually a mission critical system, and it needs to be updated.

Mr. FEENSTRA. Thank you.

Thanks, and I yield back.

Chairman SMITH. Mr. Evans is recognized.

Mr. EVANS. Thank you, Mr. Chairman.

I would like to congratulate you first for the job and all the things that you are trying to do. I have two questions.

First question is Congresswoman Moore and I recently introduced legislation to expand poverty-busting earned income tax. I am going to follow with this question: What is the IRS doing to help low-income families who might not file the tax returns navigate through the tax system and access to benefits they have earned? That is one question.

Second question, how does the agency plan to deploy Inflation Reduction Act funds to improve customer service and provide timely response to our constituents?

Mr. WERFEL. Yes. So I appreciate both questions.

On the first one, we absolutely have an opportunity to up our game in terms of how we engage the public around what benefits and what credits they are eligible for. We try to go out using press releases, social media to remind people of what they might be eligible for. We say—we tell them they may be eligible for a credit they should file.

We have started to take other steps. We started to—we have EITC Awareness Day that we participate in. We have taxpayer experience days at our walk-in centers on Saturdays, where we try to work with local organizers to make sure people understand what might be available to them, and then how they should go about working with volunteers like VITA, which is one of our big partners, and helping them apply and fill out their taxes with the credit in mind.

That is a healthy amount of activity, but it is not nearly enough, because I think there is not enough people eligible for these credits that are actually applying for these credits, and I think there is an opportunity to up that.

In terms of the operating plan and—you know, there is a bunch of different things that we are trying to do to improve service: speed, accessibility. So it is one thing—we have to staff the—all of these centers correctly. The calls—if you want to walk in, we should be staffed. If you want to call us, there should be someone waiting for that call.

If you want to go on irs.gov, we should be able to be modern and, for example, have an individual account for you, so that you can immediately go on, not get on the phone with someone to see the status of your account, but actually log in with your username and password and see, here is the status of my account. Oh, look, there is a flag. Let me go see if I can resolve it, and resolving it in real time and, essentially, end the era of letters back and forth and correspondence with the IRS in paper.

All of that will be made possible by the Inflation Reduction Act. If we don't have those funds, then we are just reverting back to just answering phones. And so that is why I keep emphasizing it is important to fund our modernization because, at the end of the day, who benefits? Taxpayers.

Chairman SMITH. Thank you, Mr. Evans. We greatly appreciate it.

Mr. Carey.

Mr. CAREY. Commissioner, thank you for being with us. I know it has been a long day. I am going to go through a few things I have.

I am a huge believer in affordable housing——

Mr. WERFEL. Yes.

Mr. CAREY [continuing]. But as well as conversion, as it relates to many of the office buildings that we have in our inner cities, which I represent. But what I am going to focus on is historical tax credits. So—I don't think anybody else has done that yet, so I just want to get your mind set as I read through some of the examples that I have back in Ohio.

In January of 2021, 9 of my colleagues in Congress, including Ohio Senators Brown and Portman, sent a letter to the former commissioner about the IRS denying historic preservation easement tax deductions because an Ohio building owner installed an ADA-compliant wheelchair ramp on a historic structure. This building owner, who is a taxpayer, had worked with the National Park Service to design the ramp in a way that would protect the historic character of the building. But the IRS said the law does not provide exemptions for local fire and safety laws for Americans with Disabilities Act when considering whether an easement compliance with this structure is—the statutory requirement. The IRS subsequently reversed course, and the IRS Office of Chief Counsel released a memorandum in March of 2021 that clarified that the installation of an ADA accessibility ramp was permitted. So they did that.

However, I was recently made aware that the IRS has again begun to deny easement deductions on historic buildings, this time over the hypothetical scenario that a building owner might some time in the future install a wheelchair ramp. The IRS enforcement officer recently denied a historic preservation easement, saying—and I quote—"In the event the use changed to a retirement home for the elderly, it would be likely required many modifications such as wheelchair ramps, additional elevators, removal or expansion of current street-level doors and windows in order to comply with the codes of a retirement community. A change in use would likely require changes on all sides of the building, and would be inconsistent with the use of the building."

Now, we all believe in historic preservation. I don't think there is any one of us—so my question is, do you agree with the IRS Office of Chief Counsel memo stating that the ADA accessibility ramp should be permitted?

Mr. WERFEL. I haven't read that. But yes, if there is an IRS counsel legitimate opinion out there, then I would support it.

Mr. CAREY. So should taxpayers, historic building owners, something that is very important in the State of Ohio but across the country, and historic preservation community be forced to choose between complying with the ADA or using congressionally authorized preservation programs like the historic preservation easement?

Mr. WERFEL. As you have presented it, Congressman, it seems like there is an—it is very incongruent and not clear what the IRS and—is asking of. And in relation to the Americans with Disabilities Act enhancements, without commenting on any specific taxpayer, I want to get back to you with some clarity on the overarching policy.

Mr. CAREY. And this is an issue that I feel very strongly about, because, as we have seen in many of our cities, the ability to go in and take over some of these structures—many of them were eyesores for many, many years.

So I would appreciate if your team would get back to me, because it is something that I feel very strongly about. And and I appreciate your time.

And Mr. Chairman, I yield back.

Mr. WERFEL. Thank you.

Chairman SMITH. I thank the gentleman. Mr. Schneider is recognized.

Mr. SCHNEIDER. Thank you, Mr. Chairman.

And Commissioner Werfel, thank you for your patience today. It has been a long day. Save the best for the last. But also, congratulations on your recent appointment. Right, and you are the last, that is the best. But I am excited about working together.

I want to echo what my colleague from Illinois, Mr. Davis, said, and praise the great people in the Chicago office for their efforts. And I commend the incredible progress the IRS has made in general, improving customer service over the past year, largely thanks to the funding we secured through the Inflation Reduction Act.

A couple of things. I know COBOL, one.

Mr. WERFEL. You do?

Mr. SCHNEIDER. I have done programing on tax software, but in 1984. But I also worked at Sears catalog, overseeing their call center. I know how hard it is.

Mr. WERFEL. We are hiring at the IRS, so——

Mr. SCHNEIDER. Yes. So we will talk afterwards.

But my team can attest to the quicker turnaround times and the better service at the IRS now available because of these funds. And I have heard the same from our constituents, as well as my friends in the accounting profession.

I do want to mention some outstanding constituent cases. My office has been working with people who have not yet received their 2021 or 2022 tax refunds, either due to identity theft, or delays in the processing and verification of their identity, or a backlog of paper tax returns. We have been in touch with companies waiting for their Employee Retention Tax Credit.

Mr. WERFEL. Yes.

Mr. SCHNEIDER. It is compounded by the financial strain experienced due to the pandemic. It has been a burden on these companies. So I will forward everything to your office, but can I ask for your help and commitment——

Mr. WERFEL. Yes.

Mr. SCHNEIDER [continuing]. To work together?

Mr. WERFEL. Absolutely.

Mr. SCHNEIDER. Thank you very, very much. I appreciate that.

Let me go back to the tax gap——

Mr. WERFEL. Okay.

Mr. SCHNEIDER [continuing]. For a second. Earlier you said it is about $500 billion a year.

Mr. WERFEL. That is correct.

Mr. SCHNEIDER. Is that correct, $5 trillion over the next decade?

Mr. WERFEL. That is correct.

Mr. SCHNEIDER. What are the, roughly, the projected receipts coming in for fiscal year 2023?

Mr. WERFEL. I think it is around $4.6 trillion.

Mr. SCHNEIDER. So we are talking about a year's worth of receipts over the course of the year that then puts the burden on the law-abiding.

Very roughly—I won't hold you to this, but what percent of that tax cap do you think is in those 300-and-some-odd-thousand tax returns? Well, those people are filing returns, but that top one percent who——

Mr. WERFEL. Here is the challenge, Congressman, is that we have to evolve the way we measure the tax gap because of how quickly that landscape is changing for high-income filers. We can't measure effectively what we can't see. And the reality is, because we have been under-resourced and haven't had the capacity to assess these complicated returns, that is why you have previous commissioners, you know, kind of opining on what that number might be.

Mr. SCHNEIDER. But it is a big number.

Mr. WERFEL. It is—I believe it is going to be a very big number, and I think CBO agrees with that, and that is why they see the—a lot of deficit savings in our plan to go and better assess——

Mr. SCHNEIDER. Okay, and I just want to be sensitive to time.

Mr. WERFEL [continuing].—Dollars.

Mr. SCHNEIDER. You said you have roughly 2,600 people to review the returns of this high——

Mr. WERFEL. Three hundred and ninety thousand of our highest-wealth filers.

Mr. SCHNEIDER. Yes. How big do you think the army of tax experts, the tax accountants, tax lawyers helping that 390,000 filers might be? Bigger than 2,600?

Mr. WERFEL. I don't know. It is big, and it is their right to do it, but I also feel like, for middle and low-income Americans to feel confident that the tax system is fair, we have to be ready for those types of reviews and to be able to assess them effectively.

Mr. SCHNEIDER. And let me be clear. They should have that advice.

Mr. WERFEL. Absolutely.

Mr. SCHNEIDER. They should be doing everything they can to not pay one penny more of the taxes they owe, but——

Mr. WERFEL. It is their fiduciary responsibility to do so.

Mr. SCHNEIDER. Right.

Mr. WERFEL. I understand that.

Mr. SCHNEIDER. There is a symmetry that—we should be able to make sure that they are paying every penny they owe.

Mr. WERFEL. Exactly.

Mr. SCHNEIDER. Thank you. Let me go back now to the service levels beyond the anecdotes we are hearing from our case workers and my constituents.

The IRS filing season 2023 report card notes that the IRS has exceeded even its own metrics for new hiring of personnel in customer service roles. This includes nearly 6,000 customer service reps, onboarding nearly 3,000 employees in submission process being hired.

I ask unanimous consent that the IRS filing season 2023 report card be submitted for the record.

Chairman SMITH. Without objection.

[The information follows:]

U.S. Department of the Treasury

Filing Season 2023 Report Card: IRS Delivered Significantly Improved Customer Service

IRS achieved 87% Level of Service, answered 2 million more calls through live assistance, cut phone wait times by 85%

Thanks to Inflation Reduction Act resources, the IRS delivered dramatically improved service in Filing Season 2023.The IRS achieved 87% Level of Service, exceeding Secretary of the Treasury Janet L. Yellen's goal of 85%. The agency also answered 2 million more calls through live assistance, cut phone wait times to four minutes from 27 minutes, served 100,000 more taxpayers in-person, digitized 80 times more returns than in 2022 through the adoption of new scanning technology, cleared the backlog of unprocessed 2022 individual tax returns with no errors, launched two new digital tools, and enabled a new direct-deposit refund option. This marks a vast improvement over 2022, when, due to a lack of resources, the IRS hit just 15% Level of Service to taxpayers and millions of refunds were delayed for months.

Significantly Improved Phone Service – 2 Million More Calls Answered by IRS Customer Service Representatives, Wait Times Under 5 Minutes

- Thanks to the 5,000 new hires made possible by Inflation Reduction Act resources, IRS customer service representatives answered more than 6.5 million taxpayer calls this year, 2.4 million more calls with live assistance since the start of the year through April 7, compared to the same period in 2022.
- IRS cut phone wait times to four minutes, down from 27 minutes in Filing Season 2022.
- IRS achieved an 87% Level of Service with live assistance this filing season, exceeding the 85% goal set by Secretary Yellen last year. This is a more than fivefold increase in Level of Service over Filing Season 2022.
- The IRS integrated new technology features like customer callback options, which will be available for 95% of taxpayers calling for toll-free live assistance by the end of July 2023.

Reopened Taxpayer Assistance Centers (TACs) Nationwide – 92% of TAC's Open by Early April

- IRS hired hundreds of new TAC employees, with 335 TACs open this Filing Season including 17 new or newly re-opened TACs that were closed last year. IRS served 428,000 taxpayers in-person as of March 31—107,000 more taxpayers than during the same period last year. *(92% of TACs were open as of early April, with several scheduled to open in the coming weeks.)*
- Since the beginning of the year, the IRS reopened TACs in Casper, Wyo.; Binghamton, N.Y., West Nyack, N.Y.; Overland Park, Kan.; Longview, Texas; Santa Fe, N.M.; Queensbury, N.Y.,

Charlottesville, Va.; La Crosse, Wis., Cranberry Township, Pa.; Colorado Springs, Colo.; Joplin, Mo.; Jackson, Tenn.; Augusta, Maine; Bellingham, Wash., and Trenton, N.J. IRS also opened a new TAC in Greenville, Miss.

- The IRS hosted Taxpayer Experience Days in more than 100 TAC locations to provide Saturday in-person help, a key service for taxpayers who are unable to visit a TAC during the week.
- IRS in 2024 will continue to expand in-person services to reach more communities. IRS is working to give taxpayers information about wait times for on-demand service so they can better plan their visits and improve scheduling capabilities for in-person appointments.

Expanded Digitization to Eliminate Paper backlogs – 80X More Scanned Returns Than 2022

- The IRS manually enters the numbers from paper returns into its computers one digit at a time. Automating this process is one of the highest priorities as the IRS upgrades technology.
- Thanks to additional Inflation Reduction Act resources, the IRS hit a major milestone in adopting new technology that will enable the automation of the scanning of millions of individual paper returns, scanning 470,000 940 forms as of April 13. In the first quarter of the year, IRS scanned 80 times more returns than in all of 2022.
- The IRS has expanded scanning to some of the most commonly used forms—1040 and 941—and has scanned 10,000 as of April 13. The IRS is on track to scan millions of returns this year, delivering significant service improvements for taxpayers, including faster processing and refunds.

New Ability to Respond to Notices and File Online – 9 New Online Forms, 72 Notices to Come

- Taxpayers are now able to respond to notices online and have new online filing options. Until this filing season, when taxpayers received notices for things like document verification, they had to respond through the mail. Taxpayers are now able to respond to nine of the most common notices for credits like the Earned Income and Health Insurance Tax Credits online, saving them time and money.
- The IRS plans to expand this tool to allow taxpayers to respond online to 72 of the most common notices they receive through the mail. This will make it significantly easier for individuals and small businesses to resolve issues and get their refunds in a timely manner.
- The IRS launched an online portal to allow businesses to file Form 1099 series information returns electronically. These forms previously needed to be submitted through the mail. Small business owners often prepare their own taxes, rather than hire professional preparers, and this new tool is saving millions of small business owners time and money.

New direct deposit refund option

- IRS enabled a direct-deposit refund option for 1040X amended returns. These refunds were previously only available by paper check, delaying taxpayers' receipt of their refunds.

For Further Information:

- **Strategic Operating Plan**
- **IRS.gov Tools**
- **Taxpayer Experience Days**
- **Taxpayer Online Account**
- **Tax Information in Non-English Languages**

Mr. SCHNEIDER. Thank you.

Commissioner, my colleague earlier showed some charts asserting that the IRS priorities when it came to customer service were upside down. It made it look like the agency didn't care about taxpayer service. But that is not really true. Even amid the anemic funding over the past years, working with systems on COBOL, and DOS, and maybe even Fortran, didn't the IRS always do its best to shift resources to try to handle all customer service needs?

Mr. WERFEL. I mean, it is absolutely a priority, customer service. I mean, if we are not answering the phones, if we are not helping taxpayers meet their obligations, then the system isn't working effectively. And the reality is we have to be able to do both effectively, and I think we can. And we have, historically.

I think the reality is because of 15 years of underfunding, and then the impacts of the pandemic, we found ourselves in a really unhealthy state. And Americans suffered for it by not being able to get help from the IRS in meeting their tax obligation.

Both are a priority, enforcement and service. But if you are a small business, middle or low-income, what the Inflation Reduction Act means for you is better service. It doesn't mean a new increase in our enforcement capacity. That is only for our highest-wealth taxpayers.

Mr. SCHNEIDER. Thank you.

I yield back.

Chairman SMITH. Mr. Panetta is recognized.

Mr. PANETTA. Thank you, Mr. Chairman.

Commissioner Werfel, thanks for being here today, and thank you for your testimony. You have done a really good job. First of all, it gives me confidence in your ability to lead the IRS, but I hope it gives your employees confidence, as well.

So I appreciate that, especially at this time when you are taking on this role following these historic investments that we have made in the IRS. And with that investment, as you mentioned previously, you are able to hire 5,000 more employees, allowing the IRS to answer 2.4 million more calls than last year. That is great.

But I think, as you know, it is just not good enough. But I have confidence that you are going to get to good. I really do——

Mr. WERFEL. I am not satisfied.

Mr. PANETTA. I get it, good, and I appreciate that. Thank you for saying that.

I think you are going to because, what, you got some new callback options, and you got new scanning technology, as well, which I think will help. In addition to these customer improvements, you have added funding for the staff to reduce our tax gap and our deficits in the long run, as well.

Now, despite the majority's bill yesterday, I firmly believe that we have to protect this investment and ensure that we continue funding the IRS to serve customers and administer the tax code fairly, and also so that we can go after those tax cheats, those people who are intentionally evading the taxes that they owe. So once again, thank you for your service.

Now, this is great. I got a question here that, being the last in line on this dais, it is kind of nice that no one has talked about this. But I am also proud of this question because this is a question from a constituent that was brought to my attention based on the good work of my staffer, Mark Dennin, who basically talked about these ERTC mills.

You know, in my area, in the central coast of California, you listen to the radio and you are just bombarded by these advertisements for small businesses to apply for Employer Retention Tax Credits.

Mr. WERFEL. Yes.

Mr. PANETTA. Yet these advertisements, they are directly targeting businesses who did not experience any pandemic losses, and are most likely ineligible for the ERTC. Now, I am concerned that some of these companies may be taking an overly generous view of the ERTC, taking fees or cuts of refunds, but disappearing if small businesses get audited if they are not in fact eligible.

So obviously, you put out a warning—and I am grateful for that—to small businesses in October about these ERTC mills, but it is clear more needs to be done. So I got two questions.

What else is the IRS planning to do to protect small businesses from these ERTC mills?

And are there actions that we in Congress can do to shut these things down?

Mr. WERFEL. Yes. So thank you for the question. And I mentioned earlier one of the challenges we have with ERTC processing, and one of the—there is a couple of different reasons why there is a backlog. One of them is that we do get a lot of fraudulent or ineligible applications in that clog the system. And so we are working to try to figure out how to ferret those out as effectively as we can.

I think the first thing is, as you said, we have to be communicative. Like, we have our—we have what we call our dirty dozen scams. We go out, we try to explain to as many people that will hear us and engage with us, "These are the things to be on the lookout for that this might not end well for you, because the person doesn't have your best interest, or this is not an advisable way of getting tax advice. So we can do more of that.

There are steps often that Congress can do to give us authorities to regulate. I would love to work with you on what those steps may be. Ultimately, it would be up to the Secretary of the Treasury in terms of whether we would support them. But I can certainly answer questions around the types of tools that would help us.

Mr. PANETTA. Good. I look forward to working with you.

Mr. WERFEL. Thank you.

Mr. PANETTA. It has been a long day for you, for us, and that is why I am going to yield back my minute. Thank you.

Mr. WERFEL. Great.

Mr. PANETTA. Mr. Chairman.

Chairman SMITH. I thank the gentleman.

Thank you, Mr. Werfel. We appreciate you appearing before our committee today. We appreciate that you were here for over four hours. We definitely appreciate your time and your comments.

Please be advised that members have two weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

With that, the committee stands adjourned.

[Whereupon, at 5:03 p.m., the committee was adjourned.]

MEMBER QUESTIONS FOR THE RECORD

House Ways and Means Committee

Hearing on "Accountability and Transparency at the Internal Revenue Service with IRS Commissioner Werfel"

April 27, 2023

Questions for the Record for the Honorable Daniel Werfel, IRS Commissioner

Chairman Jason Smith

Question 1: What is the process for IRS Exam to request a Technical Advice Memorandum (TAM)? In which cases is it appropriate for IRS Exam to make such a request?

Answer: The process for IRS Exam to request a Technical Advice Memorandum (TAM) is set out in IRS Revenue Procedure 2023-2, 2023-1 IRB 120.

Personnel in any examination or Appeals office (IRS examination) may request technical advice when the application of the law to the facts involved is unclear. Rev. Proc. 2023-2 §§ 2.07, 3.01.

When submitting a request for technical advice, IRS examination must include a memorandum that describes the facts, issues, applicable law, and arguments supporting the taxpayer's position on the issues and IRS examination's position on the issues. IRS examination will prepare this statement with the assistance of field counsel. The memorandum must include a statement of all the facts and the issues. If the taxpayer and IRS examination disagree about ultimate findings of fact or about the relevance of facts, all of the facts should be included with an explanation that highlights the areas of disagreement. The memorandum must include an explanation of the taxpayer's position, discussing any relevant legal authority, including legislation, tax treaties, court decisions, regulations, notices, revenue rulings, revenue procedures, or announcements supporting the taxpayer's position. The memorandum must also include a similar explanation of IRS examination's position. Both IRS examination and the taxpayer should comment on any relevant legal authority contrary to their respective positions. If either party determines that there are no authorities contrary to its position, that statement should be noted in the memorandum. Rev. Proc. 2023-2 § 7.01.

When IRS examination initiates a request for technical advice, IRS examination will notify the taxpayer that it is requesting technical advice and provide the taxpayer with a copy of the arguments supporting IRS examination's position. The taxpayer has 10 calendar days to state, in writing, any factual disagreement. IRS examination will make every effort to reach agreement on the facts and specific points at issue. The taxpayer is encouraged to submit a written statement with an explanation of the taxpayer's position, including a discussion of any relevant legal authority. Rev. Proc. 2023-2 § 7.01. These procedures do not apply to a TAM that involves any matter that is the subject of a civil fraud or criminal investigation or that involves a jeopardy or termination assessment. In these cases, after all proceedings in the investigations or assessments are complete, the taxpayer receives a copy of the TAM with the notice of intention to disclose under 26 U.S.C. § 6110(f)(1). The taxpayer may protest the disclosure of certain information in the TAM by submitting a written statement in accordance with the Notice of Intention to Disclose (Notice 438). Rev. Proc. 2023-2 § 10.12.

It is appropriate for IRS examination to request technical advice when the application of the law to the facts involved is unclear. The question must be on the interpretation and proper application of any legal authority, including legislation, tax treaties, court decisions, regulations, notices, revenue rulings, revenue procedures, or announcements to a specific set of facts that concerns the treatment of an item in a tax period under examination or in Appeals. A TAM may not be requested for prospective or hypothetical transactions (except for certain TAMs in connection with a taxpayer's request for a determination letter on a matter within the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, under Rev. Proc. 2023-4 or 2023-5). Rev. Proc. 2023-2 § 3.01.

Question 2: In preparing a TAM, is IRS Chief Counsel permitted to take into account a taxpayer's facts and circumstances beyond the specific subject matter of the TAM? Is a perceived unfavorable result for the IRS in a prior examination of a taxpayer relevant to the conclusions reached by IRS Chief Counsel in a TAM regarding that taxpayer on a separate legal matter?

Answer: A question submitted for technical advice must be on the interpretation and proper application of a legal authority to a specific set of facts concerning the treatment of a tax item. The response to a request for a TAM will consider all material submitted and will not consider any other facts and circumstances.

Question 3: Is IRS Chief Counsel permitted to consider a taxpayer's public profile or political affiliation as a relevant factor in the conclusions reached in a TAM?

Answer: No. A question submitted for technical advice must be on the interpretation and proper application of a legal authority to a specific set of facts concerning the treatment of a tax item. The response to a request for a TAM will consider all material submitted and will not consider any other facts and circumstances. A taxpayer's public profile or political affiliation would not be relevant and thus would not be considered.

Question 4: Is a TAM binding with respect to the taxpayer for which the TAM was requested? If IRS Exam requests and receives a TAM, is IRS Appeals required to follow the TAM, even if IRS Appeals disagrees with the conclusions reached in the TAM?

Answer: After a TAM is issued, IRS examination must process the taxpayer's case on the basis of the conclusions in the TAM. In the case of a TAM unfavorable to the taxpayer, the Appeals Area Director may generally decide to settle the issue under existing settlement authority. Rev. Proc. 2023-2 § 12.01.

Question 5: What is the exact number of IRS employees that are authorized to carry a weapon?

Answer: IRS Criminal Investigation (CI) is the federal law enforcement arm of the IRS. It constitutes less than 3 percent of our workforce. CI special agents are the only IRS personnel authorized to carry firearms and conduct criminal investigations. Thus, it is important to emphasize that the vast majority of IRS employees are unarmed and never will be armed. Conversely, the sworn law enforcement personnel in our CI division—the only federal law enforcement agency with jurisdiction to investigate federal tax crimes—engage in inherently dangerous work and we must ensure their safety. Tax crimes are often perpetrated in the context of some very dangerous criminal enterprises and by very dangerous people—organized crime, cyber criminals, criminals operating on the dark web, narcotics trafficking, human trafficking, Ponzi schemes, terrorist financing, money laundering, national security threats, unscrupulous preparers, as well a variety of other financial crimes. To deal with these crimes, the broader law enforcement community often relies on expert IRS special agents to take the lead. In fact, tax investigations are often the best way to disrupt and deter these criminal enterprises. Law enforcement intelligence reveals that today's financial criminals are becoming more violent, better equipped, and more tactically savvy. At the same time, the types of crimes and criminals that CI is encountering show a much higher propensity toward violence.

The agency's approximately 2,100 CI special agents regularly execute and serve search, arrest, and seizure warrants; conduct covert operations; and interact with the public in law enforcement settings. All law enforcement entities in the United States require personnel to carry a firearm when carrying out such inherently dangerous duties.

Question 6: How many special agents does the Criminal Investigation Division intend on hiring over the next five years?

Answer: Since 2010, the size of the CI workforce has decreased by approximately 25 percent. Funding provided by the Inflation Reduction Act will allow the IRS to grow staffing in areas that have been historically under-resourced and where compliance has eroded over time, specifically the IRS's work to ensure that high-income, high-wealth individuals, large corporations, and complex partnerships pay the taxes they legally owe. The IRS will also focus its efforts on areas with high, ongoing risks of noncompliance or complexity, such as digital assets. IRS CI will play an important role in all of these efforts, as they investigate criminal violations of the Internal Revenue Code and related financial crimes.

Question 7: How many total rounds of ammunition does the IRS plan on purchasing this year?

Answer: CI's inventory of guns and ammunition is consistent with other Federal law enforcement agencies and is publicly available (see e.g., GAO-19-175). CI special agents use the ammunition and firearms to conduct quarterly firearms training and meet the bi-annual firearms qualification requirements. Firearms training and qualification is a requirement for all Federal law enforcement special agents.

Question 8: How many firearms, ammunition, and tactical equipment does the IRS currently have in its inventory? Please provide the specific number of pistols, revolvers, fully automatic firearms, shotguns, and rifles as well as the number of pistol and revolver rounds, fully automatic firearms rounds, shotgun rounds, and rifle rounds. Please also provide the number of aiming devices, specialized image enhancement devices, tactical lighting, and any other types of tactical equipment the IRS possesses.

Answer: CI's inventory of guns and ammunition is consistent with other Federal law enforcement agencies and is publicly available (see e.g., GAO-19-175). CI special agents use the ammunition and firearms to conduct quarterly firearms training and meet the bi-annual firearms qualification requirements. Firearms training and qualification is a requirement for all Federal law enforcement special agents.

Adrian Smith

As you know, in an August 10, 2022, letter to then-Internal Revenue Service (IRS) Commissioner Charles P. Rettig, Treasury Secretary Janet Yellen directed that "any additional resources ... shall not be used to increase the share of small business or households below the $400,000 threshold that are audited relative to historic levels."

In response to a question I asked Secretary Yellen about this directive in a March 10, 2023, hearing, she stated the directive was that the "proportion of those small businesses and families" audited would be remain the same across new audits facilitated by the Internal Revenue Service's new $80 billion funding stream. On April 27, in response to a similar question, you stated, "None of the new audits will be of people earning under $400,000." Please respond to the following questions to provide clarity regarding your testimony, Secretary Yellen's testimony, and other administration statements and plans for implementing new enforcement funding.

Question 1: From 2023 through 2031, what year or years will IRS use for determining whether audit rates or the total number of audits have risen? If this standard will change over time, please explain what years will be used as the standard for each fiscal or calendar year from 2023 through 2031.

Answer: The IRS is committed to ensuring that none of the funds provided by the IRA will be used to increase audit rates for small businesses and households making less than $400,000 annually, relative to historical levels. Instead, the IRS' compliance efforts will focus on complex issues and high-dollar noncompliance. This is important, because over the past decade, the IRS's ability to enforce the tax laws against non-compliant taxpayers with complex returns—including large corporations, complex partnerships, and high-wealth individuals—has been hampered by a lack of resources. The IRS has been unable to audit a reasonable percentage of these groups and is often limited in the issues reviewed among those it does audit. Many of these taxpayers can afford to spend large amounts to drag out proceedings unnecessarily or bury the government in paper, leaving us unable to assure a reasonable degree of compliance with the laws passed by Congress. The IRA resources will enable us to reverse those trends.

Question 2: Will IRS's primary standard for determining whether audits on families, small businesses, and other entities earning $400,000 or less have increased be based on the total number of audits within income brackets, or the distribution of new audits across those brackets?

Answer: The Secretary's directive is about audit rates, the number of audits conducted divided by the number of returns filed.

Question 3: In each year from 2023 through 2031, will the total number of audits of families who earn $400,000 or less be higher than in fiscal or calendar year 2022 – or than in the year or years you provided in response to question 1?

Answer: The IRS is committed to ensuring that none of the funds provided by the IRA will be used to increase audit rates for small businesses and households making less than $400,000 annually, relative to historical levels. Information on audit rates by tax year is published annually in the IRS Data Book. Audit rates in future years will depend on a wide range of factors, including the number and type of tax returns filed.

Question 4: In each year from 2023 through 2031, will the total number of audits of small businesses who file as S corporations and earn $400,000 or less be higher than in fiscal or calendar year 2022, or than in the year or years you provided in response to question 1?

Answer: See answer to question 3 above.

Question 5: In each year from 2023 through 2031, will the total number of audits of small businesses who file as partnerships utilizing Form 1065 and earn $400,000 or less be higher than in fiscal or calendar year 2022, or than in the year or years you provided in response to question 1?

Answer: See answer to question 3 above.

Question 6: In each year from 2023 through 2031 will the total number of audits of agriculture producers who file utilizing Schedule F and earn $400,000 or less be higher than in fiscal or calendar year 2022, or than in the year or years you provided in response to question 1?

Answer: See answer to question 3 above.

Mike Carey

Question 1: As part of the omnibus at the end of the last session, the Ways & Means Committee worked with the Senate Finance Committee on reforms to conservation easement law that are intended to root out abuse, while ensuring the integrity of legitimate land conservation and historic preservation easements going forward. Our legislation also directed the IRS to issue a retroactive safe harbor to allow taxpayers to correct deeds over technical issues including the extinguishment clause, which has been a source of controversy. Unfortunately, the safe harbor language that the IRS recently released does nothing to provide clear guidance to the historic preservation community, which has used the historic preservation easement as a powerful tool to permanently protect the historic character of buildings across the state of Ohio. I believe this was a missed opportunity, and that as currently written the safe harbor does not comply with Congressional intent or directives.

My questions:

Question 1A: Will you please direct your team at the IRS to revisit the conservation easement extinguishment safe harbor clause, either through an amendment or by adding a section that is specific to historic preservation easements?

Answer: Section 605(d) of the SECURE 2.0 Act of 2022 (the Act) directed the IRS to issue safe harbor language for extinguishment clauses and boundary line adjustments within 120 days of enactment. Section 605(d)(2) of the Act gives taxpayers a 90-day period to amend an easement deed to substitute the safe harbor language for the corresponding language in the original easement deed. The 90-day period began on April 24, 2023, when the IRS published Notice 2023-30, and ended on July 24, 2023. Nothing in Section 605(d) of the Act authorizes the IRS to supplement or amend the safe harbor guidance within the 90-day window; therefore, the IRS doesn't have current plans to supplement or amend Notice 2023-30.

The legislation excluded certain taxpayers from using the safe harbor, including taxpayers with contributions that were part of a reportable transaction, taxpayers engaged in transactions described in Notice 2017-10, and taxpayers with cases concerning disallowance of the related deduction that are docketed in federal court. The safe harbor language, if used, will enable eligible taxpayers to qualify for retroactive relief under Section 605(d)(2)(A)(ii). The IRS is committed to continuing to administer the Code in a way that encourages preservation of historic buildings and open space while curbing the abuses that have overshadowed the true purpose of the law.

Question 1B: Will you please ensure that your team engages with stakeholders in the historic preservation community to ensure that the safe harbor is able to be used by historic building owners, and that deeds are specific to the unique circumstances faced by the historic preservation community?

Answer: The IRS issued the safe harbor notice within 120 days as required by law. Eligible taxpayers may amend their deeds to include the safe harbor language for boundary line and extinguishment clauses. The IRS will work with taxpayers, historic building owners, non-profits, and other stakeholders who use Notice 2023-30's safe harbor provisions to preserve historic buildings or open space.

Question 2: In January of 2021, nine of my colleagues in Congress, including Ohio Senators Brown and Portman, sent a letter to Commissioner Rettig about the IRS denying historic preservation easement tax deductions because an Ohio building owner installed an Americans with Disabilities Act (ADA) compliant wheelchair ramp on a historic structure. This building owner/taxpayer had worked with the National Park Service to design the ramp in a way that would protect the historic character of the building, but the IRS said the law does not provide "exceptions for local fire and safety laws or the Americans with Disabilities Act when considering whether the easement complies with this statutory requirement." The IRS subsequently reversed course, and the IRS Office of Chief Counsel released a memorandum in March of 2021 [AM 2021-001] that clarified that the installation of an ADA accessibility ramp was permitted.

I was recently made aware that the IRS has again begun to deny easement deductions on historic buildings, this time over hypothetical scenarios where a building owner might sometime in the future install a wheelchair ramp. An IRS enforcement officer recently denied a historic preservation easement saying: *"In the event the use changed to a retirement home for the elderly (for example), it would likely require many modifications such as wheelchair ramps, additional elevators, removal and expansion of current street level doors and windows in order to comply with the codes of a retirement community. A change in use would likely require changes on all 4 sides of the building and would be an inconsistent use of the building."*

My questions:

Question 2A: Do you agree with IRS Office of Chief Council memo that stated that an ADA accessibility ramp is permitted under Section 170(h)?

Answer: We continue to support the IRS Office of Chief Counsel's conclusions in the March 8, 2021, legal memorandum.

Question 2B: Should taxpayers, historic building owners, and the historic preservation community be forced to choose between complying with the ADA, or utilizing Congressionally authorized preservation programs like the historic preservation easement?

Answer: The IRS is committed to enforcing the provisions enacted by Congress in section 170(h)(4) concerning easements on certified historic structures, in accordance with the statute and its legislative history. In AM 2021-001, the IRS interpreted these provisions to permit the donor's installation of an accessibility ramp required to comply with the ADA.

Question 2C: Will you please alert all of your enforcement officers reviewing historic preservation easements that ADA compliant wheelchair ramps, whether actually installed or hypothetically to be installed in the future, are permitted on historic buildings?

Answer: The IRS will ensure our agents and examiners act consistently with the conclusions in AM 2021-001. The IRS has communicated this information to employees who review returns claiming conservation easement deductions for historic preservation easements and will continue to work with others to increase awareness of this guidance.

Question 2D: Will you also please direct that the installation of a wheelchair ramp should not jeopardize a historic building owner's ability to use a historic preservation easement to protect their property?

Answer: The IRS will ensure our agents and examiners act consistently with the conclusions in AM 2021-001. The IRS has communicated this information to employees who review returns claiming conservation easement deductions for historic preservation easements and will continue to work with others to increase awareness of this guidance.

Michelle Fischbach

I am concerned about your dedication to technology advances at the Internal Revenue Service (IRS). I would also like more information on your willingness to implement taxpayer-friendly automation as your agency attempts to move away from paper returns and towards electronic filings. While the IRS accepts electronic filing of individual Employee Identification Number forms, the agency is not set up to assist large-volume filers and still requires paper filing for large numbers of submissions. Accepting electronically filed forms helps the IRS reduce the number of paper forms they process each year. In addition, other forms and filings could be converted from paper filing to electronic filings for new small businesses. Still, few IRS employees seem interested in reducing the IRS paper flow. The IRS received $80 billion in appropriations as part of the Inflation Reduction Act and has stated that a portion of this funding will be invested in systems modernization.

Question 1: What can you do to ensure to this Committee that the IRS is capable of the transition to new technology with the money you are being provided by the previous Congress?

Answer: We are committed to complete transparency and accountability in transitioning to new technology using the funds appropriated. We have numerous governance and oversight measures to track the performance of our technology investments and keep Congress apprised of our progress towards our goals.

By congressional directive, the U.S. Government Accountability Office (GAO) provides continuous oversight of IRS technology spending plans and delivery. In addition, the IRS submits quarterly reports on major information technology project activities to the Appropriations Committees and to GAO. Those reports include detailed, plain language explanations of the cumulative expenditures and schedule performance to date, any changes in schedule, and current risks and mitigation strategies. The Department of the Treasury also conducts a semi-annual review of the IRS's technology investments to ensure the cost, schedule, and scope of the projects' goals are transparent. This reporting structure provides more certainty and clarity to Congress as we become a fully digital agency.

One year into our modernization efforts under the Inflation Reduction Act, we are already demonstrating the effective use of additional technology funding through the following significant progress:

- Expanding the availability of customer callback option to cover up to 95 percent of callers seeking live assistance. The main goal of the customer callback feature is to enhance the taxpayer's experience by giving them more options when call volumes are high.
- Making significant progress scanning and e-filing paper returns as part the Paperless Processing Initiative. The IRS has scanned about 849,000 forms this year, including about 481,400 Forms 940, 304,000 Forms 941, and 64,000 Forms 1040. This is 225 times more forms than were scanned the previous year.
- Providing taxpayers with the ability to respond to notices online. During Filing Season 2023, taxpayers were able to respond to 10 of the most common notices for credits, and we have since provided this capability to an additional 51 notices and letters received from the IRS.
- Launching an online portal to allow businesses to file Form 1099 series information returns electronically. These forms previously needed to be submitted through the mail. Small business owners often prepare their own taxes, rather than hire professional preparers, and this new tool is saving thousands of small business owners time and money.

- Offering new voice and chatbots to help taxpayers with a wide range of issues, including securing account transcripts, getting answers to questions about balances due and getting help from the Taxpayer Advocate Service. Whether people call the IRS or visit online, there are new self-service options available around-the-clock.
- Enabling a direct-deposit refund option for 1040-X amended returns. These refunds were previously only available by paper check, delaying taxpayers' receipt of their refunds.

To ensure the IRS is capable of the transition and develops sound plans, we have also enlisted support from independent third parties and continue to engage in robust stakeholder engagement. For example, in 2021, we developed an Individual Master File (IMF) Retirement Plan and had the plan independently verified and validated by a third party. The plan continues to guide our approach. Retiring the IMF is incredibly complex, and we have developed an aggressive schedule to achieve by fiscal year 2028. The plan may evolve over time to maintain alignment with IRS priorities, strategic initiatives, and advances in technology. We are happy to provide these independent reviews upon request.

Transforming core tax processing is vital to all our essential functions: successfully delivering the annual tax filing season, ensuring the health of the nation's tax system, and supporting the federal government's financial strength. The IRS has migrated to cloud-based technologies and embraced modern technology practices—resulting in major improvements to our legacy systems—but more work remains. For the IMF, we will soon begin testing to ensure our modernized alternative operates as intended, confirming accurate and reliable results for taxpayers and the agency.

As noted in the strategic operating plan, we have dedicated resources to retiring outdated databases including the IMF and Business Master File (BMF). Replacing legacy databases with a modern, flexible system will ensure the data in the IMF and BMF is captured timely and is accurate and complete for both taxpayers and employees. Part of the reason the IRS has methodically replaced components of the IT infrastructure slowly over time is due to the complexity of our ecosystem. The IRS maintains hundreds of interrelated systems that collectively have major impacts on the financial workings of the federal government, as well as individuals, families, small businesses, and corporations. Changes to the heart of core tax processing systems have a ripple effect, requiring the IRS to move iteratively and carefully to avoid disrupting tax processing operations.

Question 2: What metrics are you using to measure the progress of the modernization?

Answer: As implementation of the strategic operating plan unfolds over the next several years, some progress will be best measured with a long view. In other areas, including some of the employee experience and taxpayer service work, you will notice changes over the next several months.

There are specific indicators of success and key milestones identified for each of the objectives and initiatives outlined in the Strategic Operating Plan. The IRS that emerges from this plan will deliver a taxpayer experience that mirrors the experiences they have today with best-in-class public and private organizations. We will measure the overall progress of our transformation according to several outcomes:

- World-class service experience: Improved customer satisfaction metrics.
- Filing season 2023 delivered dramatically improved service including an 87 percent Level of Service on our main taxpayer help line and expanded in-person service through new, newly opened, or pop-up taxpayer assistance centers.
- Digital-first organization: Digital options for all taxpayer interactions with the IRS, alongside the continued option for taxpayers to interact in their preferred mode, such as phone or in person. For example, taxpayers are now able to respond to notices online and have new filing options such as the online portal allowing businesses to file Form 1099 series information returns electronically. In addition, the customer callback feature enhances the taxpayer's experience by giving them more options when call volumes are high.
- Improved take-up of tax incentives by eligible taxpayers: Increased eligible participation rate of credits and deductions, as well as decrease in inadvertent errors and improper payments.
- Effective enforcement: Reduce the gap between taxes owed and paid. The IRS is now taking swift and aggressive action to close this gap. IRS Criminal Investigation has closed a lengthy list of cases in which wealthy taxpayers have been sentenced for tax evasion, money laundering and filing false tax returns, and we have closed about 175 delinquent tax cases for millionaires, generating $38 million in recoveries in recent months. We will intensify work on taxpayers with total positive income above $1 million that have more than $250,000 in recognized tax debt. We plan to contact about 1,600 taxpayers in this category that owe hundreds of millions of dollars in taxes. IRS will continue to pursue millionaires who do not pay their taxes as the agency ramps up enforcement capabilities through the Inflation Reduction Act.
  With the help of artificial intelligence, we will open examinations of 75 of the largest partnerships in the United States that each have more than $10 billion in assets. These partnerships represent a cross section of industries including hedge funds, real estate investment partnerships, publicly traded partnerships, large law firms, and other industries. We will expand our efforts involving digital assets and plan to audit the most egregious potential non-filer Foreign Bank and Financial Accounts cases.
- Employer of choice within government and industry: Improved Federal Employee Viewpoint Survey results.

Question 3: Will you provide the Committee with quarterly statistics on the various taxpayer-friendly Information Technology projects you undertake?

Answer: The IRS welcomes the opportunity to discuss progress on IT modernization and its overall transformation, made possible by the IRA funding, with Congress and other stakeholders. Progress updates will be provided at least annually to external stakeholders—including the Office of Management and Budget, Congress, and the public—through existing reporting and review processes like the Annual Performance Plan and Report. As noted in response to Question 1, the IRS will also continue to submit reports on major information technology project activities to the Appropriations Committees and to GAO. Those reports include detailed, plain language explanations of the cumulative expenditures and schedule performance to date, any changes in schedule, and current risks and mitigation strategies.

Dan Kildee

Question 1: Lead in drinking water is a national threat to public health, and removing lead service lines is one of the most effective ways to reduce lead in drinking water. Lead service lines are unique infrastructure and are often owned by both a local government and private entity, like a household or business. Under our tax code, if a public drinking water utility issues tax-exempt bonds to finance lead service line replacement on private property at no cost to their customers, the bond issue must pass the private business use test. This test requires that utilities undertake an extensive and costly analysis of their entire service area.

I have introduced bipartisan legislation that would exempt bonds issued by public water systems to finance lead service line removal and replacement from private business use test, if the water utility is replacing the lead service lines to comply with national drinking water regulations for lead.

Question 1A: Would the Internal Revenue Service (IRS) support this legislation to ease this administrative burden on public water utilities seeking to replace lead service lines?

Answer: The Office of Tax Policy in the Department of the Treasury opines on proposed legislation and provides economic and legal policy analysis for domestic and international tax policy decisions. The IRS will stand ready to implement and administer any federal tax laws enacted by Congress.

Question 2: As you know, IRS must address its long-term reliance on paper as it modernizes as an agency. A series of compounding problems, including the COVID-19 pandemic, left the IRS buried in a backlog of paper forms and correspondence, with many returns going unopened and some business owners being forced to wait more than a year for tax credits intended to be immediate.

Under the current plans, how is the IRS currently prioritizing e-file for small businesses? Is the IRS making the changes necessary to help increase the electronic filing of Employer Quarterly Federal Tax Returns?

Answer: The Form 941, Employer's Quarterly Federal Tax Return is the most commonly filed quarterly return by American small businesses.

- As of April 26, 2023, there were approximately 6.7 million e-filed Forms 941 and nearly 3 million paper-filed Forms 941. That breaks down to about 70 percent e-filed versus 30 percent paper-filed.
- Through April 27, 2022, there were approximately 7.2 million e-filed Forms 941 and 3.7 million paper-filed Forms 941. That breaks down to about 66 percent e-filed versus 34 percent paper-filed.
- This is an increase in electronic filing of over 4 percentage points over the 2022 figures.

This is attributable to multiple factors including IRS outreach programs directed to paid preparers about Form 941 electronic filing options as well as our continued promotion of electronic filing options overall.

The IRS Inflation Reduction Act Strategic Operating Plan describes a strategic shift away from paper-based filing and communications. It charts a path towards electronic filing and simpler communication options that will make it easier for all taxpayers, including small businesses, to interact with the IRS. Currently, taxpayers can e-file Form 941. We encourage taxpayers to do so because it saves them time, is secure and accurate, and they receive acknowledgment within 24 hours.

The IRS has already made changes this year to help small businesses. These include launching an online portal to allow businesses to file Form 1099 series information returns electronically. We also launched a new tool that allows taxpayers to respond to nine notices online. The IRS will modernize the tax forms most frequently used by small businesses so they are streamlined, mobile-friendly, and available in multiple languages. Over the next five years, the IRS will digitize all forms and returns when we receive them and will transition to fully digital correspondence processes. During this timeframe, small business owners will be able to securely file all documents and respond to all notices online.

Question 3: I am in favor of making the tax code fairer for working families and believe the IRS should devote its resources to ensuring that the wealthiest individuals and corporations are paying their fair share in taxes. I was pleased the IRS delayed the implementation of the new $600 1099-K reporting threshold.

Do you believe that if the 1099-K reporting threshold was higher, the IRS would have fewer forms to process and for that reason, would be able to focus its resources more efficiently?

Answer: The Office of Tax Policy in the Department of the Treasury opines on proposed legislation and provides economic and legal policy analysis for tax policy decisions. The IRS implements and administers the federal tax laws enacted by Congress. The IRS is systemically capable of administering any 1099-K reporting threshold Congress enacts into law.

David Kustoff

Question 1: In May 2020, a coalition of appraisal associations cosigned a letter to Treasury and the IRS voicing concerns over the changes to the IRM 20.1.12.7, which governs the assessment and review process for IRC 6695A valuation penalties. There is concern that as a result of these changes, examiners and attorneys who lack training and specialized knowledge have outsized control over the penalty process. The letter addressed the potential outcomes of the changes, speculating about an increase in non-meritorious cases and the problems that could flow from allowing a single examiner or attorney to make a penalty determination. Further, the letter predicted that valuation professionals would spend significant time and money to defend themselves, even in cases where the IRS and appraiser eventually agree on value, and appraisers who receive penalties could also be prohibited or limited in their ability to practice before the IRS or prepare non-tax valuations. Since this letter was submitted, stakeholders have reported that these the predictions have largely been proven accurate. In addition, appraisers seeking review through IRS Appeals or through the courts are finding that the backlog of cases is hindering meaningful resolution.

Question: How does the IRS plan to address the issues that have resulted from the changes to the 6695A process? Will you commit to meeting with appraisal professionals directly impacted by these changes to address the unintended consequences that have resulted from the changes?

Answer: The IRS is aware of the May 2020 letter to the Department of the Treasury. The May 2020 letter did not specifically address the tax issues underlying the assessment of Section 6695A penalties, which are imposed for substantial and gross valuation misstatements attributable to incorrect appraisals. To date, most of the assessments of this penalty are related to syndicated conservation easement transactions. The Senate Committee on Finance's report described the transactions and noted that an inflated appraisal is necessary to make them work economically. The report reads:

> [A]ll tax shelters share a similar feature, which is that the seemingly complicated details are really ancillary to the true nature of the deal, and each tax shelter at its core is a simple transaction with no more than a couple simple elements that defy economic reality and make the deal profitable….With syndicated conservation easement transactions, that element is always the same: an inflated appraisal saying any given piece of land has substantial development or extraction potential… In this investigation, the same appraisers often appeared again and again on appraisals used in the transactions. Based on analyses of transaction reports filed under IRS Notice 2017-10, the IRS identified approximately 25 appraisers who provided appraisals for all reported conservation easement transactions reported in 2016.

The Section 6695A penalty can be applied in situations where appraisers have substantially or grossly overvalued property. These penalty cases are thoroughly developed by trained revenue agents and qualified IRS appraisers. There is consistent managerial oversight, and no agent, appraiser, or attorney can assess a penalty without managerial approval. We changed the IRM because the review and approval process for this penalty was unnecessarily cumbersome and a lengthy review process, which was not statutorily required, often constrained our ability to assess this penalty within the statute of limitations. The revisions streamlined the review and approval process, while still ensuring the appropriate level of managerial review and approval. It puts this penalty on parity with all other penalties requiring managerial approval; and, of course, taxpayers have the ability to challenge this penalty assessment with the Independent Office of Appeals.

Furthermore, there are numerous due process protections for appraisers referred to the Office of Professional Responsibility (OPR), which administers and enforces Circular 230 (*Regulations Governing Practice Before the Internal Revenue Service*). OPR may seek an appraiser's disqualification only if the office independently determines an appraiser violated Circular 230 willfully, recklessly, or through gross incompetence with respect to the conduct underlying a section 6695A assessment. Before the commencement of any formal disqualification proceeding, OPR will notify an appraiser of suspected Circular 230 misconduct in writing, giving the appraiser an opportunity to respond. Appraisers under investigation have the right to retain representation, to submit evidence, to request materials from OPR's file, and to hold a conference with OPR. Although OPR has multiple investigations open, the office has not announced an appraiser disqualification in recent years.

Across all of its work, the IRS is committed to engaging and learning from stakeholders, including hearing taxpayers' concerns about this IRM change. We're committed to reviewing our processes and making improvements as necessary. For example, to facilitate more timely review by the Independent Office of Appeals, the IRS increased the time within which appraisers can request Appeals consideration and created an electronic process for Appeals to receive cases.

Blake Moore

Question 1: Under Utah statue, employers and retirement payors are required to file annually by January 31 and to do so electronically. In the past, the Utah Tax Commission had a sharing agreement with the IRS where the state could get 1099R data directly from the IRS instead of requesting OPM to share the data with Utah. While that sharing program no longer exists, OPM and the Utah Tax Commission would still like the state of Utah to get this information directly from the IRS, particularly because the data transfer is happening too late, and Utah cannot provide timely refunds. In addition, Utah receives files from OPM through a disc or secure portal, but in either process, the format is the same. The Utah Tax Commission has to spend several days manually processing the information for use in their system. Utah and 35 other states use the same Gen Tax system of FAST Enterprises, so changes here may help many states that have an income tax. An online demand version of access directly through

IRS—transitioning away from the extract mode through OPM—would be a big improvement for state tax agencies. Will the IRS commit to working with states to provide faster access to information earlier in the filing period?

Answer: Yes, the IRS is willing to work with the states as we deploy near real-time tax processing that will help make timely information returns electronically available to state agencies.

Question 2: Currently, the IRS requires business owners to amend their 2020 & 2021 business income returns if they claimed the ERC credit in those years. Since the majority of business owners didn't file for the credit until 2022 and beyond, is the IRS considering changing the policy to state that businesses must reduce the payroll expenses in the year they received the ERC credit instead? As I understand, this could reduce the workload of amended business income tax returns and then personal income tax returns due to K-1 adjustments for the IRS.

Answer: Under the legislation creating the ERC, employers must reduce their deduction for wages by the amount of the ERC. The legislation applies the rules in Internal Revenue Code Section 280C(a), which reduces the wage deduction in the same tax year generating the credit. To satisfy this statutory requirement, employers must file an amended return or, in the case of certain partnerships, an Administrative Adjustment Request (AAR).

Question 3: The technology used by the IRS is woefully out of date, and we're fortunate that both Republicans and Democrats see modernization as an important priority. In fact, a GAO report in February found that 33% of IRS applications, 23% of software and 8% of hardware as "outdated but still critical to day-to-day operations." In the plan the IRS released in early April, the word "technology" is referenced many times, but again, it lacks specificity other than stressing the importance of "delivering cutting-edge technology." Where will this promised technology come from, and how long will it take to develop and roll out?

Answer: The Strategic Operating Plan (SOP) introduces our long-term approach to re-engineering the agency's business processes and delivering the supporting technology. To this end, the IRS has developed a holistic architecture that identifies broad groups of functionalities needed for the agency's key business functions and is continuing to develop detailed domain-level target architectures. The target architectures shift our technology direction to an event-based architecture that is modular and technology-agnostic. By utilizing common services and micro-services, we can process in real or near real-time and quickly change tools and technologies to keep up with industry advancements. This approach allows us to stack technologies more quickly and more efficiently and provide taxpayers with a personalized and seamless customer service experience.

The IRS is also enhancing customer service by offering self-service capabilities through cloud-based tools, such as chatbots and voice bots, and providing employees with access to these capabilities to address taxpayer requests and concerns more efficiently. An event-based architecture makes it possible for us to more efficiently implement digitalization capabilities that speed up processing time for paper-based submissions and other taxpayer interactions.

We also continue to focus on transforming legacy systems to leverage the benefits of the cloud. This entails using cloud-native technologies and services to accelerate the time-to-market and automatic scalability for new capabilities that quickly improve the taxpayer experience. We currently leverage numerous cloud Software-as-a-Service capabilities using modern tools and capabilities right out of the box. We also use cloud platforms and services such as the Integrated Enterprise Portal and the Treasury WC2 platforms.

Regarding the length of time required to deliver the cutting-edge technology envisioned in the SOP, the IRS emphasizes that this is not an immediate transformation. This process will take place over the next several years. Some things will happen quickly, such as the expansion of customer callback and introduction of more automation, and others will change over time, such as the retirement of the Individual Master File. For context, the IRS's computing environment was developed over the span of more than 60 years. Some applications in our environment date back several decades. Many others have been developed more recently using industry leading architectural designs and technologies. This highly complex mix of legacy and modern applications requires us to expend significant resources to ensure they remain tightly integrated and operationally stable.

We are already seeing the impacts from modernizing IRS technology within the first year of the Inflation Reduction Act, which has contributed to a dramatically improved 2023 filing season. These include:

- Expanding the availability of customer callback option to cover up to 95 percent of callers seeking live assistance. The main goal of the customer callback feature is to enhance the taxpayer's experience by giving them more options when call volumes are high.
- Making significant progress scanning and e-filing paper returns as part the Paperless Processing Initiative. The IRS has scanned about 849,000 forms this year, including about 481,400 Forms 940, 304,000 Forms 941, and 64,000 Forms 1040. This is 225 times more forms than were scanned the previous year.
- Providing taxpayers with the ability to respond to notices online. During Filing Season 2023, taxpayers were able to respond to 10 of the most common notices for credits, and we have since provided this capability to an additional 51 notices and letters received from the IRS.
- Launching an online portal to allow businesses to file Form 1099 series information returns electronically. These forms previously needed to be submitted through the mail. Small business owners often prepare their own taxes, rather than hire professional preparers, and this new tool is saving thousands of small business owners time and money.

- Offering new voice and chatbots to help taxpayers with a wide range of issues, including securing account transcripts, getting answers to questions about balances due, and getting help from the Taxpayer Advocate Service. Whether people call the IRS or visit online, there are new self-service options available around-the clock.
- Enabling a direct-deposit refund option for 1040-X amended returns. These refunds were previously only available by paper check, delaying taxpayers' receipt of their refunds.

Technology modernization will also enable the IRS paperless processing initiative, which will eliminate up to 200 million pieces of paper annually, cut processing times in half, and expedite refunds by several weeks. By Filing Season 2024 taxpayers will be able to go paperless if they choose to do so, and by Filing Season 2025, the IRS will achieve paperless processing digitizing all paper-filed returns when received. In effect, this means all paper will be converted into digital form as soon as it arrives at the IRS.

Question 4: One area where I've found tremendous opportunity for bipartisanship is in our efforts to modernize and digitize outdated processes. But I noticed there are only three references to digitizing data in your IRS IRA plan, and none of them have much specificity. Aside from the onboarding process, where else do you think the IRS needs to improve its efforts to digitize data and move away from paper files? Are there additional authorities (from Congress or otherwise) that the IRS requires to help accelerate its digitalization efforts, and if so, what are those?

Answer: At this time, we do not anticipate the need to make any requests of Congress for additional authorities to accelerate digitization efforts. The restoration of discretionary BSM funding will remain as an IT-wide request to ensure the IRS is able to meet our digitalization and broader IT modernization goals.

The IRS is driving a digital first approach across the enterprise via the Paperless Processing Initiative that was launched on August 2, 2023. The Paperless Processing Initiative will give Taxpayers the option to go paperless for IRS correspondence by the 2024 Filing Season and it will aim to achieve paperless processing for all tax returns by Filing Season 2025. In total, the IRS Paperless Processing Initiative will eliminate up to 200 million pieces of paper annually, cut processing times in half, and expedite refunds by several weeks. However, we must still deal with incoming paper. To do so, we are moving forward to digitize data and move away from paper files across three critical categories: historic files, tax returns, and correspondence. Digitizing our historic files will reduce storage costs and provide components necessary to enable the 360-degree view of a taxpayer. Our ability to digitize paper tax returns will help eliminate manual processes such as transcribing, making it possible for IRS employees to shift their focus away from rote, manual tasks that can be automated. This will also enable faster processing of tax refunds to taxpayers. Digitizing responses to correspondence such as notices and letters provides portable work to IRS employees and enables faster resolution of taxpayer issues. Among other benefits, digitizing correspondence enables the IRS to quickly balance workload by transferring correspondence processing among processing groups.

Question 5: Can you provide an update on the IRS's plans to expand the customer callback option to cover 95% of taxpayers calling for toll-free live assistance by July 2023, and how this will improve customer service experiences?

Answer: The IRS is currently offering callback services on 43 toll-free phone lines. We are planning a second expansion to 73 additional toll-free applications, for a total of 116 by August 2023.

Question 6: As I understand it, 52,000 of your 83,000 employees will be eligible to retire or leave in the next six years. Given that hiring for the Ogden facility has been a problem in Utah for many years now despite a significant outreach effort, what are you planning to do differently to achieve a different outcome compared to what has already been tried?

Answer: The IRS developed a strategic recruitment plan to outline enterprise recruitment strategies. These strategies are applied for hiring initiatives, such as Ogden campus needs, with the goal of attracting highly qualified candidates. They include building strategic relationships with organizations that support veterans, people with disabilities, underserved communities, and additional non-governmental institutions such as colleges and universities along with IRS affinity groups (employee organizations) and new private agencies to reach and attract candidates. We've also enhanced both traditional and non-traditional recruitment strategies (print, social media, virtual recruitment platforms). This produces a consistent IRS message specifically tailored to attract key candidate segments and promotes the IRS as an employer of choice for diverse and highly qualified talent at all career levels. We've also sought to compete with several leading companies by offering recruitment and referral incentives. This combined with the Direct Hire Authority authorized through the 2023 Consolidation Appropriations Act and a Direct Hire Authority approved by the Office of Personnel Management (OPM) led to the successful hiring of thousands of new hires in Ogden, Utah. The IRS hosted several Direct Hire events throughout the year where qualified applicants were given on-the-spot tentative job offers and began the prescreening process. Broader direct hiring authority and pay flexibilities as proposed in the President's FY24 Budget request would further enhance these hiring efforts.

Question 7: How will the IRS utilize digital notifications and online access to notices to help taxpayers correct errors, claim credits, and access deductions for which they are eligible, as well as to reduce processing times?

Answer: Taxpayers are now able to respond to some notices online and have new online filing options. Until the 2023 filing season, when taxpayers received notices for things like document verification, they had to respond through the mail. During the 2023 filing season, taxpayers were able to respond online to 10 of the most common notices for credits like the Earned Income and Health Insurance Tax Credits, saving them time and money.

The IRS is now providing this capability to an additional 51 notices and letters received from the IRS. These updated IRS notices and letters, which taxpayers will receive in the coming weeks, will include instructions that guide them to the appropriate upload tool.

Question 8: How has the IRS prioritized the digitalization of its interactions with taxpayers? What role does the IRS Office of Enterprise Digitalization play? How is the Office of the Chief Taxpayer Experience Officer evolving?

Answer: The Inflation Reduction Act (IRA) funding allows the IRS to continue to prioritize the expansion of taxpayers' ability to engage digitally with the IRS. It also allows us to grow the ability of IRS personnel to leverage digital tools and technology to resolve taxpayer issues and process tax returns. Expanding digital services and digitalization is an important part of the IRS's SOP (Initiative 1.2), and it will continue to grow and evolve in the coming years. As part of that evolution, the responsibilities and projects of the Office of Enterprise Digitalization are being shifted to the leadership and project managers of Initiative 1.2. The team that formerly made up the Office of Enterprise Digitalization is shifting its focus to supporting and enabling innovation efforts across the IRS.

The Taxpayer Experience Office (TXO) continues to evolve and drive the IRS's strategic direction for improving the taxpayer experience in the IRS. On January 11, 2021, the Taxpayer First Act Report to Congress included a Taxpayer Experience Strategy (TXS) for improved customer service and plans for the creation of the TXO. The Commissioner immediately appointed a Chief Taxpayer Experience Officer, and staffing occurred during the second half of fiscal year 2022. The IRA SOP leveraged prior IRS planning efforts, including the TXS. The Chief Taxpayer Experience Officer, in consultation with the Chief Transformation and Strategy Officer, will work with the other operating divisions throughout the IRS to implement the IRA SOP to dramatically improve taxpayer services, including digital services, for all taxpayers.

Question 9: What percentage of the IRS's interactions with taxpayers today are manual vs. digital? How has this percentage changed over time?

Answer: Generally, the IRS does not capture individual topics by service channel (i.e., manual vs digital), and a comprehensive list cannot be provided.

Question 10: In addition to the multiple requirements placed on the IRS via the annual appropriations process and the IRA, the IRS is governed by other important legislation including the Taxpayer First Act and the 21st Century Integrated Digital Experience Act. How is the IRS prioritizing implementation of the requirements of these congressional directives?

Answer: The IRS is working to ensure that even while we are delivering on the new IRS SOP, we are also prioritizing implementation of other congressional directives, including the Taxpayer First Act and the 21st Century Integrated Digital Experience Act. We continue to track all outstanding congressional directives to ensure we prioritize and deliver any required work pending adequate funding.

Question 11: Are there additional authorities (from Congress or otherwise) that the IRS requires to help accelerate its digitalization efforts and if so, what are those?

Answer: The IRS requested nearly $290 million in Business Systems Modernization funding in the FY 2024 President's Budget to restore funding that was eliminated in the FY 2023 enacted budget. Restored annual BSM funding, when combined with the $4.75 billion provided to IRS through the Inflation Reduction Act (IRA), would ensure that IRS has the funding needed to fully implement the modernization changes described in our IRA Strategic Operating Plan, including our digitalization efforts. Our IRA planning presumed sufficient, annual discretionary appropriations, including in the BSM account.

The IRS has also requested in the FY 2024 President's Budget authority to appoint not more than 200 individuals to positions under streamlined critical pay authority, and not more than 300 individuals to positions using critical pay authority. Streamlined Critical Pay authority gives the IRS a management tool to quickly recruit and retain employees with high levels of expertise in technical or professional fields that are crucial to the success of the IRS's transformative efforts by allowing for higher base salaries for these hires than would otherwise be possible.

Gwen Moore

Question 1: The IRS Inflation Reduction Act of 2022 Strategic Operating Plan includes an objective to improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible. One way the Plan foresees achieving that objective is by enabling taxpayers to correct errors that the IRS systems spot after a return is submitted but before it's accepted. I understand that this process may create an undue barrier especially for vulnerable populations such as survivors of domestic violence and abuse trying to collect tax benefits like the Earned Income Tax Credit (EITC) or Child Tax Credit (CTC). The concern is that even though these survivors are due the tax credits, their abuser filed a tax return first to claim a child and so the IRS system thinks that there's an error when another parent makes a similar claim. And if the system rejects the return, the survivor may be forced to file a paper return to claim rather than let that taxpayer e-file, which can delay processing. Are you aware of these concerns and can you work to ensure that by "correcting errors" the IRS does not build in more rejections?

Answer: Your question raises an important concern involving competing claims and the inability to e-file a return when a child was already claimed by another taxpayer. If the taxpayer is notified of this processing error at the time of filing or he/she receives a rejection after submission, the taxpayer is presently required to file a paper return. We are reviewing processes to assess the possibility of allowing taxpayers with a duplicate dependent claim to submit a return electronically under certain conditions.

We continue to perform extensive outreach and an education campaign to help people understand the EITC and CTC eligibility requirements and ensure awareness of the credits in underserved communities, as part of our larger focus in helping taxpayers understand their tax obligations and claim the credits and deductions they are eligible for. We also have information available on IRS.gov regarding innocent spouse relief, filing a superseding return, and filing a claim if your payment is lost or stolen. We also have a dedicated toll-free telephone line to provide assistance regarding questions and/or misdirected payments.

Question 2: The 2013 amendments of the Violence Against Women Reauthorization Act (VAWA) explicitly extended VAWA's protections to applicants of and tenants in Low-Income Housing Tax Credit (LIHTC) properties. However, the IRS has not issued any guidance on VAWA implementation for the LIHTC program to ensure LIHTC housing providers are complying with VAWA's mandates. Failure to provide housing protections to victims of a "VAWA crime", that is domestic violence, dating violence, sexual assault, and stalking, compounds the harm to the victim. The IRS is not just an administrator of the Housing Tax Credit – the IRS has a duty to ensure the LIHTC program's compliance with VAWA. Does the IRS have plans to provide guidance on how to align LIHTC with VAWA, including (1) ensuring long-term use agreements include VAWA protections, (2) addressing lease bifurcations due to violence under VAWA so that survivors are treated as an existing tenant and not required to have their income recertified, and (3) instructing Housing Finance Agencies on how to address VAWA complaints on LIHTC properties?

Answer:

Discrimination against victims of domestic abuse is prohibited by the Fair Housing Act and, accordingly, violates the LIHTC general public use requirement. A residential unit that is not for use by the general public is not eligible for low-income housing credits. *See* Treas. Reg. Section 1.42–9. Although the broad language of section 1.42-9(a) currently encompasses this VAWA protection, we have been considering additional regulations.

Question 3: Form 8857 allows taxpayers to request innocent spouse relief, meaning sever joint and several liability for taxes when eligible under section 6015 - for example when one spouse is unaware of a partner's questionable tax actions. These situations are particularly sensitive when spousal abuse extends to financial and tax situations. I understand that Form 8857 has been updated numerous times but that it is still too complicated, especially for self-represented taxpayers. Some concerns I've heard regarding the current request form include: (1) Lack of clear guidance on each type of innocent spouse relief that's available, (2) Use of unclear, undefined terms, (3) Lack of guidance on how to inform the IRS if circumstances have changed since the filing was initially made, (4) Lack of guidance on what information will be shared with the non-requesting spouse, and (5) Insufficient space to allow those requesting relief to tell a complete story of the circumstances leading to the request for relief, including lack of prompts on domestic abuse. As you would to improve tax services for taxpayers, does that include updating IRS tax forms and will you work to ensure that the Form 8857 is more comprehensible and complete?

Answer: The IRS is committed to improving taxpayer service and we will evaluate the innocent spouse relief adjudication process for areas of improvement. The IRS routinely reviews forms and publications to ensure they are easy to understand and complete, with Form 8857, Request for Innocent Spouse Relief, last revised in June 2021. A search of "innocent spouse" on IRS.gov will point users to information and resources that explain the innocent spouse program in detail. It will also point them to Publication 971, Innocent Spouse Relief, which defines the three types of relief, who qualifies for them, and how to get them. Publication 971 was last revised in December 2021.

The instructions for Form 8857, which are available on IRS.gov in both English and Spanish, explain what information the IRS shares with the non-requesting spouse. This information can be found in the section entitled "The IRS Must Contact Your Spouse or Former Spouse". In addition, the front page of Form 8857 contains an alert in the "Important Things You Should Know" box.

Form 8857 guides taxpayers through detailed questions relevant to their request for innocent spouse relief. For taxpayers who would like to share additional information, there is a note directly underneath the "Important Things You Should Know" box on the front page of Form 8857 that states, "If you need more room to write your answer for any question, attach more pages. Be sure to write your name and social security number on the top of all pages you attach." Victims of domestic violence or abuse are invited to complete Part V of Form 8857 so that the IRS can put a code on the taxpayer's account that enables us to respond appropriately and be sensitive to the situation. Further, question 23b within Part V provides these victims with an opportunity to describe the abuse and how it affected their ability to file and pay taxes, attaching a written statement if additional room is needed.

After a taxpayer files the request, the IRS will issue an initial contact letter. The initial contact letter provides additional contact information that the taxpayer can use to provide updates on their circumstances.

Thank you for sharing the specific concerns from your constituents with the current innocent spouse request form. We will consider them during our next review of Form 8857 and its instructions. We welcome additional feedback, examples, and suggested improvements, particularly regarding which terms are unclear and undefined.

Question 4: When Congress enacted legislation during the pandemic that asked the IRS to distribute Economic Impact Payments those who were eligible for this pandemic aid, the IRS rose to the occasion. Impressively, the IRS built a non-filer portal to get those funds into the hands of those who were eligible but did not have a tax filing requirement, so weren't automatically going to get it. Since then, I have been urging the IRS to use the information gained though the non-filer portal to try to close the EITC participation rate gap – such as by sending letters to those who claimed the EIP to notify them that they may be eligible for the EITC or CTC. Was the IRS able to leverage the non-filer portal for the EIP to identify taxpayers eligible to claim the EITC who weren't claiming it?

Answer: Yes. First, the Treasury Department and the IRS leveraged the original "Non-Filers: Enter Payment Info Here Tool" (that is, the original non-filer portal) to create an enhanced 2022 non-filer portal that allowed individuals to claim the EITC, as well as the CTC and 2021 recovery rebate credit. The 2022 non-filer portal leveraged lessons that the Treasury Department and the IRS learned from the prior non-filer portals to create a significantly enhanced electronic process for individuals not otherwise required to file 2021 Federal income tax returns to claim those expanded Federal tax benefits and a refund of withheld Federal income tax for taxable year 2021.

In addition, the original non-filer portal, and each subsequent portal brought awareness of the benefits of filing and prompted taxpayers who did not file in prior years to consider filing again.

There were approximately 610,000 portal returns for taxpayers that did not file a tax return in the previous year but claimed EITC in the year following their portal return. Very few returns filed through the portal received a Computer Paragraph (CP) 09 or CP 27 notice. We send these notices to taxpayers when our records indicate that they may be eligible for the EITC, but it wasn't claimed on their tax return. However, the original non-filer portal did not capture information on the taxpayer's income since there was no income requirement for the CTC or EIP at the time. Consequently, we didn't capture enough information to determine initial EITC eligibility.

Gregory Murphy

Question 1: The Work Opportunity Tax Credit (WOTC) program is vital for the hiring and retention of certain categories of job applicants that otherwise could be disadvantaged in the pursuit of employment. However, to ensure the WOTC program fulfills this important purpose, the IRS must act to reinforce the Congressional intent of the WOTC program to incentivize hiring of WOTC eligible job applicants by unequivocally clarifying that the WOTC screening must logically occur before the employer makes any offer of employment.

It is my understanding that a lack of IRS guidance concerning WOTC has opened the program to inappropriate use, potentially resulting in windfall payments to firms that are merely claiming tax credits for employees who happen to meet WOTC criteria, despite not determining their qualifications prior to extending a job offer. The WOTC program requires an employer to obtain the pre-screening information set forth in Form 8850 "on or before" the job offer date, which helps ensure that an applicant's WOTC eligibility will positively influence an employer's hiring decision. Despite this requirement, I understand that some service providers have set up screening practices that result in screening job applicants for WOTC eligibility after they have already been offered employment. Those providers incorrectly take the view that they are not violating the

WOTC instructions because “offer of employment” is undefined for WOTC purposes, and thus that “conditional” or “contingent” offers do not trigger the screening requirement prior to becoming a “final” or unqualified offer.

Employers who follow such practices are making hiring decisions without knowing whether an applicant is eligible, and yet still seek a tax credit under WOTC. We must protect the integrity and intended function of the WOTC program.

I recognize that the WOTC program is jointly administered by the Department of Labor (via the Employment and Training Administration) and Treasury (via the IRS). Even so, DOL does not have specific statutory authority to define “offer of employment.” However, the Department of Treasury Orders and Directives number 107-03 state, “The General Counsel of the Department of the Treasury has the authority to approve all regulations pertaining to the internal revenue laws, including the authority to ratify and approve, where necessary, any such regulations previously issued.” It appears that the Department of Treasury has the statutory power to issue clear guidance on this issue.

This guidance on screening is crucial to protect the integrity of the WOTC program and ensure that it is used to incentivize the hiring of qualified individuals facing barriers to employment.

In partnership with the Treasury Department, what is your timeline to provide clear and definitive guidance to employers on what constitutes an "offer of employment," triggering the screening requirement for the purpose of WOTC?

Answer: The IRS shares your objectives of protecting the integrity of the WOTC and properly administering and enforcing its provisions. We’ve taken steps to provide guidance about the pre-screening requirement. As noted in the attached letter to you dated November 28, 2022, the IRS updated the WOTC page on irs.gov to note specifically that the applicant must provide information to the employer about being a targeted group member on or before the date the employer offers the applicant the job. This pre-screening requirement is also set forth on Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, in the instructions to Form 8850, and in Internal Revenue Manual (IRM) section 21.7.4.4.8.3.2(4). Similar to the updated page on irs.gov, and to Form 8850 and its instructions, IRM section 21.7.4.4.8.3.2(4) provides that employers must pre-screen job applicants for WOTC eligibility on or before the day that a job offer is made.

Question 2: Further, during the hearing, you mentioned that there are 2,600 IRS employees conducting audits for the wealthiest 390,000 filers, with each employee handling about 150 taxpayers. How many IRS employees conduct audits on filers making under $100,000?

Answer: IRA funding gives the IRS an important opportunity to improve fairness in enforcement and address the tax gap. The IRS’ compliance efforts will focus on building up a workforce with the skills and expertise to address noncompliance among high-income and high-wealth individuals, large corporations, and complex partnerships. A historical lack of resources in this area hampered the IRS' ability to ensure these taxpayer segments pay the taxes they legally owe. In addition, many high-wealth taxpayers can afford to spend large amounts to drag out proceedings unnecessarily or bury the IRS in paper, leaving the IRS unable to assure a reasonable degree of compliance with the laws passed by Congress. The IRS is focusing IRA enforcement resources on hiring the accountants, attorneys, engineers, economists, and data scientists needed to pursue high-income and high-wealth individuals, complex partnerships, and large corporations that are not paying the taxes they owe. Using improved data and analytics, the IRS will also enhance detection of noncompliance and increase enforcement activities for such high-risk and recently emerging issues as digital assets, listed transactions, and certain international issues.

Comparing the number of employees conducting different types of audits can be misleading because the resources required to conduct those audits can vary substantially. Audits of taxpayers with total positive income (TPI) of under $100,000 are often conducted through correspondence, and correspondence examinations are much less resource intensive for the IRS than audits of high-wealth individuals. The IRS currently employs 969 tax examiners conducting correspondence examinations of simple individual Form 1040 returns.

According to the most recent IRS Data Book, the IRS conducted 431,690 audits either closed or in progress for taxpayers with TPI under $100,000 in tax year 2018 (the most recent year outside the statute of limitations period.). However, as mentioned above, our compliance efforts under the Inflation Reduction Act funding will focus on high-income and high-wealth individuals, large corporations, and complex partnerships - not on taxpayers making under $100,000.

Question 3: Also, as your testimony states, part of the IRA funding will be used to hire and train more specialists to assist with audits. How many of these specialists will be tasked with auditing those taxpayers making under $400,000?

Answer: The IRS is committed to ensuring that none of the funds provided by the IRA will be used to increase audit rates for small businesses and households making less than $400,000 annually, relative to historical levels. The IRS is focusing IRA enforcement resources on hiring the accountants, attorneys, engineers, economists, and data scientists needed to pursue high-income and high-wealth individuals, complex partnerships, and large corporations that are not paying the taxes they owe. Using improved data and analytics, the IRS will also enhance detection of noncompliance and increase enforcement activities for such high-risk and recently emerging issues as digital assets, listed transactions, and certain international issues.

Bill Pascrell

Question 1: On March 9, 2023, Democratic Members of the Oversight Subcommittee wrote to you regarding a Stanford University working paper which found that Black taxpayers are disproportionately audited by the IRS. According to the report, a faulty

software algorithm used to select audits targets low-income taxpayers who claim the Earned Income Tax Credit (EITC). The elevated audit rate among EITC recipients is a well-documented phenomenon. Most concerning, the report found Black taxpayers that claim the EITC are between 2.9 and 4.4 times as likely to be audited as non-Black EITC recipients. Secretary Yellen affirmed to me that addressing this racial disparity is a top priority when she sat before the Ways and Means Committee on March 10, 2023. Any racial discrimination built into the audit selection algorithm must be eliminated – but your reforms cannot end there. The IRS should overhaul its entire auditing regime to ensure wealthy tax scofflaws and big business tax cheats pay their fair share.
a. We requested a response by March 31, 2023, and have not heard back. When will you provide a comprehensive response to our questions?

Answer: The IRS responded to your letter in a response dated July 21, 2023. We are committed to enforcing tax laws in a manner that is fair and impartial. When evidence of unfair treatment is presented, we will take immediate actions to address it. The IRS will stay laser-focused on this issue to ensure that we identify and implement changes prior to next filing season.

Our research demonstrated that the volume of EITC-focused exams is a major driver of this disparity. Our plans to realign our audit focus on high-end tax evasion and bad actors who contribute to the tax gap will help reduce this disparity. We've also implemented an initial round of changes to our EITC case selection process that testing suggests will increase the expected return on investment for cases selected while simultaneously reducing disparities. We're also piloting two alternative approaches to our existing EITC case selection process. The IRS is also devoting more resources to addressing unscrupulous preparers who are leading their customers to underreport income and overclaim credits and deductions and making them susceptible to higher audit rates. These efforts, along with an increased focus on helping taxpayers submit accurate filings upfront and providing education and real-time assistance in claiming available credits and incentives will further our core objectives of equitable and efficient tax administration.

Question 2: On April 13, 2023, I wrote to you in my capacity as Ranking Member of the Oversight Subcommittee regarding serious shortcomings in the methodology and data sources used to calculate several components of the tax gap. The IRA Strategic Operating Plan acknowledges that modern technology and enhanced analytics will improve the agency's understanding of "voluntary compliance by enhancing the timeliness, granularity and comprehensiveness of tax-gap measurement" but lacks specificity on carrying out this important objective. To account for the total scope of underreporting, underpayment, and nonfiling, you must direct resources toward technology modernization and additional staffing at the Office of Research, Applied Analytics and Statistics (RAAS) to support the tax gap estimation process.

a. I requested a response by May 12, 2023, and have not heard back. When will you provide a comprehensive response to my questions?

Answer: Please see a response outlining improvements to the IRS process for estimating the tax gap to address hard-to-measure segments, including high-income, high-risk taxpayers. We sent the response on July 19, 2023. The IRS continually identifies opportunities to improve the completeness of the tax gap estimates and includes enhancements to the estimates with each release. Over the last two years, the IRS has prioritized actions to improve the estimates.

Question 3: On June 22, 2022, in my capacity as Chairman of the Ways and Means Subcommittee on Oversight, I wrote to your predecessor concerning the haphazard approval process for tax-exempt organizations under 501(c)(3) of the IRC. Although Form 1023-EZ was developed to curtail an increasing backlog of exempt organization applications, the form seemingly led to fraudulent applications being approved with lax IRS oversight. On October 3, 2022, the Treasury Inspector General for Tax Administration (TIGTA) issued a report which found the information provided on Form 1023-EZ to be “insufficient to make an informed determination about tax-exempt status.” TIGTA successfully obtained 501(c)(3) status for four of five nonexistent organizations it submitted as part of its investigation. Will you direct IRA funding to strengthening the application and oversight process for 501(c)(3) tax-exempt organizations?

Answer: The IRS shares your concern with ensuring effective oversight of the tax-exempt sector, including the operation of Internal Revenue Code (IRC) Section 501(c)(3) tax-exempt charities, and we are committed to delivering it. Taxpayer confidence in this sector is essential to preserving and protecting charitable tax deductions. The Tax Exempt & Government Entities division of the IRS (TE/GE) serves exempt sector taxpayers by helping them understand and comply with applicable tax laws and reporting obligations. TE/GE issues determination letters to qualifying tax-exempt organizations and examines them using referrals and data analytics focusing on high-risk issues.

The IRS is committed to effective oversight in this area. While most stakeholders and taxpayers in the tax-exempt sector are compliant, the IRS recognizes that there are some who intentionally engage in transactions and structures to evade taxation or mask illegal activities, and the IRS’s compliance efforts focus on those fraudulent activities.

Question 4: Under IRS Publication 15-B, the use of unmarked nonpersonal use vehicles by law enforcement officials is excluded from taxation under certain conditions. With the rise in violence against public safety officers, fire services and emergency medical services (EMS) officials have begun to use unmarked county or municipal vehicles for personal safety. However, fire and EMS officials must pay taxes for the use of unmarked county or municipal vehicles as a “fringe benefit.” In 2021, my office asked the IRS to give equal tax treatment to unmarked fire and EMS vehicles. I was glad to see the IRS list regulations relating to qualified nonpersonal use vehicles as part of its 2022-2023 Priority Tax Guidance Plan.

a. When will the IRS issue guidance providing a fringe benefit tax exclusion for unmarked nonpersonal use vehicles used by fire services and EMS officials?

Answer: Both the business and personal use of an employer-provided vehicle that is a nonqualified nonpersonal use vehicle under section 274(i) qualifies under section 132(d) as a working condition fringe benefit that is excluded from an employee's income. Thus, if an employer provides an employee with a qualified nonpersonal use vehicle, the employee does not need to keep records of how the vehicle is used, and the total use of the vehicle is excluded from the employee's income as a working condition fringe benefit under section 132(d)(2). No income is imputed to employees for the use of employer-provided qualified nonpersonal use vehicles because those vehicles are not likely to be used for personal purposes more than a de minimis amount by reason of their nature. The IRS and Treasury periodically review and expand the list of qualified nonpersonal use vehicles in the regulations to include other vehicles appropriate for listing. The list is provided in Section 1.274-5(k) of the Treasury Regulations. As you note, the 2022-2023 Priority Guidance Plan (PGP) includes an entry for proposed regulations relating to qualified nonpersonal use vehicles, as defined in IRC Section 274(i). This project's inclusion on the PGP indicates that the IRS and Treasury have identified it as one of the most important guidance items to taxpayers and tax administration. Resources are being allocated to ensure its completion as soon as possible.

Question 5: The onerous $10,000 cap on the State and Local Tax (SALT) deduction imposed by the 2017 Republican tax scam targeted my constituents. In the year prior to its imposition, 1.9 million taxpayers in New Jersey deducted their local property and state income taxes – constituting approximately 42% of New Jersey taxpayers – averaging $19,162 per deduction. As of 2020, New Jersey taxpayers claiming the SALT deduction reported an average of $26,376 in payments of state and local taxes. They were only able to deduct an average of $8,997 in SALT.

Question 5a. Has the IRS conducted an analysis of the disparate impact of the SALT cap on taxpayers by state and zip code of residence?

Answer: The cap on deductible state and local taxes (SALT) was discussed briefly in the 2018 edition of IRS Statistics of Income (SOI) Publication 1304.[1]. In summary, for Tax Year 2018, the first year for both the $10,000 cap on deductible SALT and the nearly doubled standard deduction amount, the number of taxpayers reporting itemized deductions decreased by 62.6 percent from 2017 levels (from 46.9 million to 17.5 million returns). Deductible state and local taxes paid (labeled "Limited state and local taxes in SOI published tables and below) decreased 76.6 percent from 2017 levels (from $624.8 billion to $145.9 billion). In 2018, the total SALT reported on Schedule A was $210.3 billion before the limitation and the total limited SALT deduction was $128.8 billion. In 2017, the total SALT deduction was $389.4 billion.

[1] SOI Tax Stats – Individual Income Tax Returns Complete Report, page 24, *available at* https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-complete-report-publication-1304.

Question 5b: The IRS classifies annual tax data by adjusted gross income (AGI) but includes all taxpayers with AGI exceeding $200,000 within the same category. Will you provide my office with SALT data for New Jersey for the latest tax year available that separately categorizes taxpayers with AGI exceeding $400,000 and $1,000,000?

Answer: The following table shows “total state and local taxes paid” and “limited state and local taxes” for New Jersey. “Total state and local taxes” paid is the combination of state and local income taxes, general sales taxes, real estate taxes, and personal property taxes. “Limited state and local taxes” paid is the amount allowed as a deduction.

New Jersey Individual Income and Tax Data, by Size of Adjusted Gross Income, Tax Year 2020

[Money amounts are in thousands of dollars]

Selected items	All returns	Under $200,000	$200,000 under $400,000	$400,000 under $1,000,000	$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)
Number of returns [1]	**4,701,880**	**4,286,170**	**297,780**	**93,980**	**23,950**
Total itemized deductions: Number	657,330	474,990	114,160	51,450	16,730
Total state and local taxes paid [2]: Number	654,900	472,640	114,100	51,430	16,730
Amount	17,088,757	5,865,550	3,355,324	3,138,685	4,729,198
Limited state and local taxes: Number	647,800	466,430	113,430	51,250	16,690
Amount	5,828,450	4,023,205	1,128,108	510,967	166,170

[1] "Number," represents number of returns, unless otherwise specified. The number of returns have been rounded to the nearest ten.

[2] Total state and local taxes paid includes income taxes, general sales taxes, real estate taxes, and personal property taxes.

SOURCE: IRS, Statistics of Income Division, Individual Master File System, May 2023.

Question 6: With the additional funding provided under the Inflation Reduction Act, how many employees does the IRS expect to hire through 2031 and what percentage will work in taxpayer service, operations, enforcement, and business modernization? How many will replace employees lost through attrition and retirement, and how many will be new positions?

Answer: The IRS is focused on using IRA resources to hire the accountants, attorneys, engineers, economists, and data scientists needed to pursue high-income and high-wealth individuals, complex partnerships, and large corporations that are not paying the taxes they owe. The IRS faces an urgent need to replace retiring staff and train the next generation of IRS employees. From FY 2023 to FY 2025, the IRS is planning to grow its total full time equivalent (FTE) staffing footprint by about 27 percent. About 46 percent of the projected increase in the IRS workforce is in taxpayer services, energy security implementation, operations, and IT. FY 2025 will see the IRS ramp up hiring of accountants, data scientists, attorneys, and other staff focused on high-income individuals, large partnerships, and large corporations.

IT employees may charge time to either the Operations Support or Business Systems Modernization appropriation; however, employee onrolls are all assigned to the

Operations Support account. As such, the staffing is only reflected in the Operations Support account.

The IRS is still evaluating the impact of the IRA funding and has not fully determined its long-term staffing plan. Planning over a ten-year horizon involves considerable uncertainty. This stems from a rapidly changing labor market, impact of productivity gains from overdue technological investments, business process improvements, and future Congressional action on IRS appropriations. The IRS will continue to refine assumptions to update FTE requirements when Congress passes laws that impact IRS funding. The IRS will continue to include details on planned IRA spending each year in the President's Budget and through the annual IRA update.

Question 7: Providing adequate taxpayer services and support to low-income families claiming the Earned Income Tax Credit (EITC) is a far better route toward lowering the rate of improper payments than socking struggling households with often confusing and burdensome correspondence audits. The 2021 National Taxpayer Advocate (NTA) Annual Report found that the IRS conducts correspondence audits with "limited or no taxpayer interaction" in contravention of section 3705(a) of the IRS Restructuring and Reform Act (RRA) of 1998 which requires correspondence audits to include the name, telephone number, and unique identifying number of an IRS employee. The NTA further noted that the IRS's view that correspondence audits are "non-complex" is an "inaccurate description of the complexity of the issues that taxpayers must navigate when reconciling the various filing status and refundable credit implications" in the Internal Revenue Code (IRC).

Question 7a: Can you elaborate in detail on the education and outreach efforts to EITC recipients the IRS plans to engage in moving forward?

Answer: In administering the EITC, we have two goals -- increasing participation for eligible taxpayers and reducing errors that lead to improper payments. Through expanding outreach and education, we seek to increase information available to taxpayers and tax professionals about the availability of refundable credits, including the EITC, and the eligibility requirements that must be met.

The IRS pursues a variety of efforts to ensure those taxpayers eligible for refundable credits can receive them with minimal burden. We leverage internal and external stakeholders in carrying out a robust outreach and education program to reach the approximately 4.3 million non-claimants. EITC Awareness Day, for example, is an annual collection of local events across the country where the IRS invites community organizations, elected officials, state and local governments, and other entities throughout the nation to raise awareness of EITC publications and online tools. We also collaborate with members of the private, public, and nonprofit sectors by hosting the Refundable Credit Summit, an annual gathering where IRS executives share current modernization efforts and updates to IRS forms and publications. The IRS's Stakeholder Partnership, Education & Communication organization leads outreach activities at the Summit. The summit also includes breakout sessions of the Refundable

Credits Participation and Software Development Working groups to strategize future awareness and compliance approaches. We further engage with the public by collaborating with state and local municipalities and presenting information at the National Tax Forums, as well as conferences such as the Latino Tax Festival. Partnering with information technology and our online services organization, we have created tools and content on IRS.gov dedicated to EITC such as EITC Central (https://www.eitc.irs.gov/) and the EITC Assistant (https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/use-the-eitc-assistant).

We proactively educate taxpayers by sending notices to those who appear to qualify for EITC but file a return without claiming the credit. Furthermore, the IRS continues to work with IRS oversight organizations to examine and improve our outreach strategies. We also mapped our audit, return preparer, credit claims, and other data to inform our communication plans.

Question 7b: Will you direct IRA funds to implementing the RRA requirement that correspondence audits include the contact information for an individual IRS employee?

Answer: The IRA Strategic Operating Plan, in particular Objectives 1 & 2, lays out IRS initiatives and plans to improve the taxpayer experience when resolving an issue. Currently, the correspondence sent to taxpayers includes a toll-free number and the tax examiner's identification number. To offer greater availability for service, the Exam employees who handle the incoming Examination toll-free lines are experienced on the issues worked in Campus Exam and equipped to answer taxpayers' telephone calls related to the potential audit issues. In Campus Exam, all examiners within the specific Business Operating Division (BOD) have access to the taxpayers' case history, workpapers, notices, and audit report(s), which allows the examiners to sufficiently address the information requested on calls.

Question 7c: Will you direct IRA funds to restructuring IRS correspondence audit processes to ensure low-income families are provided timely and clear details regarding audit procedures, are adequately supported throughout the process, and are followed up with by an IRS employee should the taxpayer be nonresponsive?

Answer: Objectives 1 and 2 of the IRA Strategic Operating Plan (SOP), lay out IRS initiatives and plans to improve the audit process, clarity of notices or letters, and availability of information to taxpayers. As part of implementing the SOP, the IRS is working to redesign all taxpayer notices to improve the taxpayer experience. This includes notices issued to lower and higher income families alike. These redesigned notices will be written in a manner that all taxpayers can understand, delivered in ways they prefer, and provide clear explanations of issues and steps to resolution.

Question 8: On December 20, 2022, the Ways and Means Committee issued a comprehensive report regarding the IRS's failure to properly examine the tax returns of Donald Trump under its mandatory audit program. The Committee found the IRS under the Trump regime did not conduct timely audits of presidential or vice-presidential tax returns in keeping with statutorily established precedent and procedure. On the exact day Chairman Neal made a legal request under Section 6103 of the IRC for Donald Trump's business and personal tax records, the IRS began an incomplete and haphazard presidential audit for tax year 2015 with just a single revenue agent responsible for examining his incredibly voluminous and complex tax records. This dereliction remains a black eye on the IRS's entire credibility.

The Internal Revenue Manual (IRM) contains little guidance regarding the scope of a mandatory examination and merely stipulates that "[i]ndividual income tax returns for the President and Vice President are subject to mandatory examinations."

Question 8a: The Committee recommended the IRS "review the mandatory audit program and revise the procedures set forth in the Manual for the program." Will the IRS publish guidance in the Internal Revenue Manual regarding the timing and processes governing mandatory presidential and vice-presidential examinations?

Answer: We will review the Committee's recommendations for changes to the current IRM procedures and processes to determine if changes are needed. The IRM is a public document unless it contains information that is protected because release would seriously hamper tax administration.

Question 8b: The Committee further recommended that the IRS "provide adequate and appropriate staffing and resources necessary for a full and timely audit of the President and prescribe that the audit team be comprised of two senior IRS agents, a partnership specialist, a foreign specialist, and a financial products specialist." Will you direct funding to strengthening and staffing the mandatory audit program as recommended by the Committee?

Answer: Funding for IRS enforcement resources has steadily declined over the last decade while the filing population has steadily increased. This includes funding to staff specialists such as appraisers, economists, engineers, computer audit specialists, and international examiners. The funding provided by the IRA will allow for hiring much needed specialists. These specialists will be available to assist on all cases requiring their unique experience and knowledge.

Question 9: The IRS maintains that the "Customer Service Representative Level of Service" on the telephone averaged 85.4% this filing season through April 14. The Treasury Inspector General of Tax Administration (TIGTA) stated that the "Level of Access" on the phones was lower.

Question 9a: What is the difference between the "Level of Service" and "Level of Access?"

Answer: Level of Service (LOS) is a measurement of the success rate of taxpayers desiring to speak with an IRS assistor. The Level of Access (LOA) metric, developed by TIGTA, measures both assistances provided by an IRS assistor and through automation. The IRS does not begin its count of callers unless the caller initiates an action indicating they require IRS assistance. This excludes counts of calls primarily abandoned where the caller potentially dialed incorrectly or was interrupted before selecting a service provided by the IRS.

The IRS delivered dramatically improved service in filing season 2023. Thanks to the 5,000 new hires made possible by Inflation Reduction Act resources, IRS customer service representatives answered more than 6.5 million taxpayer calls this year, 2.4 million more calls with live assistance since the start of the year through April 7, compared to the same period in 2022. The IRS cut phone wait times to four minutes, down from 27 minutes in filing season 2022. The IRS achieved an 87 percent LOS with live assistance this filing season. This is a more than fivefold increase in LOS over filing season 2022.

Question 9b. When was the methodology for calculating the "Level of Service" first established and when was the last time it was changed?

Answer: The LOS methodology was created as part of Restructuring and Reform Act of 1998 (RRA 98) implementation. The formula has not been changed or updated.

Question 10: The IRS discloses confidential tax information to states and federal agencies pursuant to section 6103 of the Internal Revenue Code. How many disclosures were made in each of the last five years under section 6103(l)(6)? Please provide a breakdown of the disclosures made each year by type of recipient (state government, local government, contractor, etc.).

Answer: All disclosures of Federal Tax Information under IRC Section 6103(l)(6) are made to the Federal Office of Child Support Services (OCSS) of the United States Department of Health and Human Services (HHS). These disclosures are made under an existing agreement. The IRS does not make any disclosures under IRC Section 6103(l)(6) to any state government, local government, contractor, or any other person or organization.

Total IRC Section 6103(l)(6) disclosures to OCSS in each of the last five years are as follows:

- Calendar Year (CY) 2018 6,589,209
- CY 2019 12,134,009
- CY 2020 11,396,256
- CY 2021 11,782,349
- CY 2022 10,445,681

David Schweikert

Question 1: Commissioner Werfel, please provide an update on the status, and the detailed plan to move away from your own storage into cloud computing.

Answer: Cloud computing is a major part of IRS operations today and we expect cloud computing will continue to play an important role in the agency's technology transformation moving forward. We are happy to provide detailed program-level plans illustrating how the agency will continue to migrate key business functions to the cloud as appropriate.

For context, the IRS has made great strides removing legacy inventory and retiring the use of physical servers while continuing to accelerate the adoption of cloud wherever feasible:

- **Transforming the IRS data ecosystem.** We are moving to a data architecture on par with the largest retail and banking entities. For example, the IRS and Treasury have together built in Amazon Web Services (AWS) an Enterprise Data Platform, a component-based open architecture that will deliver universal data access for users and systems at the enterprise level and meet a range of needs. Data is protected while at-rest and in-transit using strong encryption to ensure only appropriate and authorized use.

- **Cloud-smart acceleration.** Many of the IRS's information systems, particularly customer-facing services, already operate in the cloud. The IRS is investing heavily in building its new modernized systems in the cloud and migrating legacy systems to the cloud. We are using cloud-native technologies and services to accelerate the delivery of improved taxpayer experience capabilities.

- **Transforming the enterprise IT architecture.** We are shifting to an event-based architecture that is modular and technology-agnostic, utilizing common services and micro-services. This will enable the IRS to move to real or near real-time processing, allowing us to quickly change tools and technologies to keep up with industry advancements.

- **Decommissioning physical servers.** Today more than 77 percent of the agency's servers are virtual compared to just 59 percent in 2017. We continue to expeditiously decommission servers wherever possible. In a two-year span from January 2021 to January 2023, we decommissioned more than 3,500 physical servers. New systems are designed to be virtual/cloud, and as a general matter, the hardware in use at the IRS is current and up to date. The future state of the agency's technology footprint—driven by a holistic enterprise systems architecture—has the IRS migrating to a virtual environment across all the major domains, including taxpayer experience, intake, tax account management, compliance, cybersecurity, and case management.

Question 2: In Arizona, there are collectively waiting at least $26 million in ERTC money refunds. There continues to be significant delays in the processing of the Employee Retention Tax Credit (ERTC), with the IRS site stating that the 941-X backlog is 979,000 as of April 19, up from 135,000 in August of 2022. This is causing significant financial hardship for small businesses who have been waiting, in some cases, for up to two years for their refund. What steps do you intend to take to resolve the ERTC backlog? And specifically, that for aggregate filers?

Answer:

The IRS has received approximately 3.6 million ERTC claims over the course of the program. While we experienced a backlog in processing these claims earlier this year, the IRS has cleared the backlog. Our current inventory is over 600,000, virtually all of which was received within the last 90 days.

Since enactment, the IRS has taken steps to modify how we process the claims to provide better service to businesses, but we've faced challenges in ensuring the accuracy and integrity of the credits. These challenges stem from the ERTC's complicated eligibility requirements, limited data availability, limited customer service representative resources to process claims and balance phone demand, limited enforcement resources, and the aggressive promotion of ERTC schemes.

As we worked to get current with our inventory this summer, we noticed a fundamental change taking place with a growing amount of aggressive marketing touting misleading information about the requirements and documentation necessary to qualify for the credit. This is adding risk for businesses improperly claiming the credit at the advice of these promoters. They are scamming many small businesses who fall victim to the aggressive marketing. To protect honest small business owners from scams, the IRS announced an immediate moratorium starting on September 14, 2023, through at least the end of the year on processing new ERTC claims. The moratorium will help protect taxpayers by adding a new safety net onto this program to focus on fraudulent claims and scammers taking advantage of honest taxpayers.

During the moratorium, the IRS will continue to work ERTC claims filed prior to September 14, 2023. However, because of increased fraud concerns, we're undertaking stricter compliance reviews for these claims. That means that the processing times for them will be longer, increasing from 90 days to 180 days and perhaps longer if a claim faces further review or audit. We may also seek additional documentation from taxpayers to ensure their claims are legitimate. Payouts for these claims will continue during the moratorium period but at a slower pace due to the detailed compliance reviews. The detailed compliance reviews will include audit work and criminal investigations on promoters and businesses filing dubious claims. These enhanced compliance reviews of existing claims submitted before the moratorium are critical to protect against fraud but also to protect businesses from facing penalties or interest payments stemming from bad claims pushed by promoters.

The IRS is developing new initiatives to help businesses who found themselves victims of aggressive promoters. The first is to provide businesses an opportunity to withdraw current claims. Tax professionals report they have businesses ready to come in after realizing they had been lured into claiming the credit. This option will allow the taxpayers, many of them small businesses who were misled by promoters, to avoid possible repayment issues and paying promoters contingency fees. Filers of these more than 600,000 claims awaiting processing will have this option available. In addition, we also are exploring a voluntary disclosure program for repayments for those who received an improper ERTC payment.

Question 3: Recognizing that Taxpayer Advocate Services (TAS) ordinarily provides valuable services to taxpayers, are you aware that TAS representatives have, in several instances, provided inaccurate information to taxpayers who have submitted their Employee Retention Tax Credit (ERTC) claims through third party filers, as well as to Congressional offices that have made inquiries on those taxpayers' behalf? For example, on more than one occasion TAS representatives have told taxpayers and Congressional offices that third party filers are engaging in fraudulent activity merely because they filed an aggregate return and/or that they should be advancing ERTC monies to their clients before receiving ERTC refunds from the IRS. A suggestion by TAS that third-party filers are not following the law and well-established IRS procedures when filing an aggregate return and/or that any organization should advance money from a refund not yet received from the IRS is incorrect and irresponsible. As you know, the IRS backlog of ERTC claims is approximately one million, which translates to billions of dollars in value. Please advise what steps you can take to ensure TAS representatives are providing taxpayers and Congressional offices with accurate information about the current ERTC backlog and IRS policies and procedures on third party filers and ERTC claims?

Answer: The Taxpayer Advocate Service (TAS) provided this response. TAS is an independent organization within the IRS that helps taxpayers resolve problems with the IRS and protects taxpayer rights. In recent years, TAS has assisted on the order of about 250,000 taxpayers per year, with more than 60,000 cases per year coming from congressional referrals. Cases involving the processing of ERTC claims present complex issues that do not arise in typical TAS cases.

Most notably, many employers rely on a third-party payer (TPP) to meet their payroll responsibilities and file employment tax returns based on a customer service contract with the TPP. If a TPP files a valid employment tax return claiming the ERTC, the IRS credits or pays ERTC-related refunds to the TPP—not to the TPP's customer directly—because the TPP is the "taxpayer" that filed the return claiming the ERTC. If the TPP's customer (*i.e.,* the business ultimately entitled to the ERTC) seeks TAS assistance, TAS is put in the unusual position of being unable to assist the business in claiming the credit because the business is not the "taxpayer" for this purpose.

ERTC cases also present disclosure challenges. Like the rest of the IRS, TAS generally has no authority to disclose a taxpayer's return information to third parties, including congressional offices, absent taxpayer authorization. In the TPP context, it is usually the TPP's customer—not the TPP itself—that contacts TAS seeking assistance, often through a congressional office. But because the TPP is the taxpayer, TAS case advocates in these cases are again put in the unusual position of being unable to share information about the TPP with either the TPP's customer or the congressional office.

If the TPP itself (rather than the TPP's customer) requests TAS assistance, TAS is legally permitted to provide it because the return information at issue is that of the TPP. If the TPP executes a privacy release, TAS can disclose the TPP's information to a congressional office. However, if the TPP has only executed a consent authorizing the IRS to disclose the TPP's return information to the TPP's customer, then TAS can only disclose the return information to the customer directly and cannot disclose the information to a congressional office.

TAS seeks to provide accurate information in all cases. Due to the complexity of ERTC cases, TAS has developed supplemental training materials and resources for its case advocates to assist them in doing so.

Question 4: In the past few years, IRS collections activity has dropped off sharply, especially communicating with those who either fail to file tax returns or who file balance due returns but do not pay those balances. How soon do you plan to start sending letters to non-filers and those with agreed upon taxes due? And how soon do you plan to return to pre-pandemic normal volume of communication?

Answer: Out of concern that the IRS's unprecedented levels of backlogged paper inventory could result in notices being inaccurate and collection action being premature, in February 2022 the IRS paused most collection notices and enforcement programs for non-filers and taxpayers who file balance due returns but do not pay.

We did not pause issuing statutorily required notices, such as the CP-14 balance due notices, annual reminder notices, default on installment agreement notices, and passport certification and reversal notices. Businesses and individuals are increasingly responding to the first balance due notice they receive in the wake of improvements to our payment options. Our Field Collection function, which generally works the highest priority collection cases, has continued to contact taxpayers who owed or failed to file tax returns.

Michelle Steel

Question 1: Mr. Commissioner, there has been much discussion around Treasury's study of a new IRS-run e-file system. To my knowledge, the IRS has never asked Congress for the authority to set up such a system, nor has it expressed the opinion that it already possesses that authority. Are these assertions accurate and, if so, don't they lend credence to the view that IRS lacks such authority and would rely on Congress granting such authority, even if the study mandated by the Inflation Reduction Act determines that such an e-file system is feasible? Are you concerned that any effort by the IRS that exceeds its statutory authority could result in a judicial outcome that makes it more difficult for the IRS to accomplish its objectives?

Answer: Authority for the IRS to run a direct electronic filing option is not in question as the IRS possess the authority to develop and run such a system. There is substantial precedent for the IRS providing assistance and advice to taxpayers to meet their tax filing obligations and complete their returns accurately, such as through the Tele-File program, which allowed taxpayers to file their tax returns by telephone, through taxpayer assistance centers, in which IRS employees provided in-person tax preparation services, and through the new IRIS application the IRS launched this year allowing payers to file Forms 1099 electronically. The IRS also offers individualized tax preparation assistance by phone, through calculators and other tools on its website, through formal private letter rulings, and by partnering with third-party volunteer organizations including those participating in the VITA and TCE programs to provide tax advice. Direct File is no different than any of the above when it comes to developing and implementing new technologies or tax filing options for taxpayers.

Question 2: The delayed processing of payroll tax credits, particularly the Employee Retention Tax Credit (ERTC), is creating significant hardship for thousands of small businesses and their employees across the country. Employers are now even having to pay ERTC tax liabilities before receiving ERTC funds, further exacerbating liquidity hardships in this tight credit and inflationary environment. Since your confirmation hearing, the backlog of 941-X filings – the IRS form used to apply for ERTC – is now over 979,000. This is an increase of 400,000 since December 2022 and over half a million since August 2022. I realize you were asked multiple questions about the ERTC backlog during your confirmation hearing in February and last week in Senate Finance. I believe your response when asked the question about the backlog from Senator Warner was that you expect "40,000 applications will soon be processed per week, doubling the weekly rate of 20,000 applications per week prior to tax season." While this is a step in the right direction, even if there are no new applications, at that rate, it would take at least about another six months to eliminate the backlog. Other than the staff allocation, can you make additional procedural or regulatory changes to expedite the processing of 941-X filings? When do you anticipate the backlog to be eliminated? When will the IRS be in a position to timely deliver ERTC and other payroll tax credits to businesses?

Answer:

The IRS has received approximately 3.6 million ERTC claims over the course of the program. While we experienced a backlog in processing these claims earlier this year, the IRS has cleared the backlog. Our current inventory is over 600,000, virtually all of which was received within the last 90 days.

Since enactment, the IRS has taken steps to modify how we process the claims to provide better service to businesses, but we've faced challenges in ensuring the accuracy and integrity of the credits. These challenges stem from the ERTC's complicated eligibility requirements, limited data availability, limited customer service representative resources to process claims and balance phone demand, limited enforcement resources, and the aggressive promotion of ERTC schemes.

As we worked to get current with our inventory this summer, we noticed a fundamental change taking place with a growing amount of aggressive marketing touting misleading information about the requirements and documentation necessary to qualify for the credit. This is adding risk for businesses improperly claiming the credit at the advice of these promoters. They are scamming many small businesses who fall victim to the aggressive marketing. To protect honest small business owners from scams, the IRS announced an immediate moratorium starting on September 14, 2023, through at least the end of the year on processing new ERTC claims. The moratorium will help protect taxpayers by adding a new safety net onto this program to focus on fraudulent claims and scammers taking advantage of honest taxpayers.

During the moratorium, the IRS will continue to work ERTC claims filed prior to September 14, 2023. However, because of increased fraud concerns, we're undertaking stricter compliance review for these claims. That means that the processing times for them will be longer increasing from 90 days to 180 days and perhaps longer if a claim faces further review or audit. We may also seek additional documentation from taxpayers to ensure their claims are legitimate. Payouts for these claims will continue during the moratorium period but at a slower pace due to the detailed compliance reviews. The detailed compliance reviews will include audit work and criminal investigations on promoters and businesses filing dubious claims. These enhanced compliance reviews of existing claims submitted before the moratorium are critical to protect against fraud but also to protect businesses from facing penalties or interest payments stemming from bad claims pushed by promoters.

The IRS is developing new initiatives to help businesses who found themselves victims of aggressive promoters. The first is to provide businesses an opportunity to withdraw current claims. Tax professionals report they have businesses ready to come in after realizing they had been lured into claiming the credit. This option will allow the taxpayers, many of them small businesses who were misled by promoters, to avoid possible repayment issues and paying promoters contingency fees. Filers of these more than 600,000 claims awaiting processing will have this option available. In addition, we also are exploring a voluntary disclosure program for repayments for those who received an improper ERTC payment.

Gregory Steube

Question 1: During your appearance before the committee, I asked you who at the Internal Revenue Service (IRS) should be contacted if Congress uncovers evidence of potential violations of tax laws or fraudulent activity. You answered that “the IRS Commissioner would not be involved” and that the Inspector General should be contacted.[2]

Is it still your position that evidence of taxpayer fraud or violations of tax law uncovered by Congress should be sent to the Inspector General? If such evidence should be sent to another party and not the Inspector General, please provide the relevant contact information.

Answer: In addition to reporting to the Inspector General, Congress can also report evidence of taxpayer fraud or other violations of tax law to the Deputy Commissioner for Services and Enforcement, 1111 Constitution Avenue N W, Washington, DC.

Question 2: Additionally, during our exchange, I asked you about the process that leads to an IRS agent visiting a taxpayer’s home, but you were unable to give a complete description of the process or procedures that lead to such an event. Please provide details of the process that leads to IRS agents visiting a taxpayer’s home.

Answer: On July 24, 2023, the IRS announced an end to most unannounced revenue officer visits to taxpayers. This change is part of a larger transformation effort and will reduce public confusion and enhance overall safety measures both for taxpayers and for IRS employees. Changing our long-standing practices in this area will increase confidence in our tax administration work and better serve the American taxpayers.[3]

Previously, IRS employees who made in-person visits outside an IRS office included revenue officers, revenue agents, and IRS Criminal Investigation (CI) special agents. Revenue agents and revenue officers always carry two forms of official credentials with a serial number and their photo. Taxpayers are made aware that they have a tax issue before a visit from a revenue agent or revenue officer occurred since the IRS will send the taxpayers multiple mailings notifying them of the issues. CI special agents investigate potential criminal Internal Revenue Code violations and related financial crimes. CI special agents always present their law enforcement credentials when conducting investigations.

Question 3: How many visits to individual taxpayer’s homes did IRS agents make in 2022?

Answer: We do not currently track the number of visits to taxpayer homes.

Claudia Tenney

---

[2] Exchange begins at 2:41:48 on the Committee’s published video of the hearing, available at: https://waysandmeans.house.gov/event/hearing-on-accountability-and-transparency-at-the-internal-revenue-service-with-irs-commissioner-werfel/

[3] Our press release announcing this change details our procedures going forward and can be found at https://www.irs.gov/newsroom/irs-ends-unannounced-revenue-officer-visits-to-taxpayers-major-change-to-end-confusion-enhance-safety-as-part-of-larger-agency-transformation-efforts.

Question 1: Commissioner Werfel, I want to make you aware of an issue related to how the IRS was applying the R&D credit rules to certain types of small businesses, namely those in the architecture and engineering industries, who have consistently qualified for the R&D credit throughout its 40-year history. However, several years ago, small businesses in these fields began receiving an alarming rate of R&D credit denials for activities that, again, had always qualified in the past.

Following inquiries from this committee, IRS officials ultimately admitted that internal guidance had been issued to auditors that stated, "The general consensus is entities involved in architecture activities do not qualify for the R&E credit." Nearly identical guidance was issued for small businesses involved in engineering work.

Additionally, the IRS shared these documents with this committee that I'd like to enter into the record. The agency did report that they recalled this internal audit guidance. However, as far as I know, the IRS has not yet agreed to take more proactive steps to correct the record and clarify to IRS auditing teams that these critical small businesses do, in fact, still qualify for the R&D credit. As a result, I am concerned that there may be some confusion internally as to the IRS's position.

Lastly, I have heard recent reports which indicate that this may be an issue beyond the architecture and engineering fields. Constituent manufacturers have alerted me to similar inconsistencies they have faced in claiming the R&D credit.

Commissioner Werfel, are you aware of this issue? Will you commit to working with me to rectify it?

Answer: The IRS would welcome hearing more about the concerns your constituents are raising. As previously shared with the Committee, the IRS recalled the guidance mentioned and immediately notified the examiners to disregard those documents.

The R&E credit is a very technical tax credit based on the Internal Revenue Code, regulations, and case law. Whether a taxpayer qualifies for the credit depends on the application of the law to their particular facts and circumstances. We advise our examiners to apply the law to each case regardless of the type of business claiming the credit.

To ensure that examiners apply the law uniformly, we provide training to examiners across the IRS. In both our Small Business and Self-Employed Division and our Large Business and International Division, knowledgeable subject matter experts provide ongoing technical training and support on this complex area of law. The IRS Office of Chief Counsel also supports examiners, as needed. We will continue to monitor our policies, procedures, and training to ensure that examiners properly apply the law based on the facts and circumstances of each case.

Question 2: Commissioner Werfel, at the outset of the pandemic, the IRS provided temporary relief from in-person requirements for spousal consent waivers by allowing

Americans to satisfy notarization requirements on these important documents through remote online notarization. This has been particularly important for the people in my district who live in rural areas or have jobs with nontraditional hours.

Additionally, the use of remote online notarization has extra protections by ensuring the true identity of an individual and also provides a video record of the notarization. The IRS is now proposing to make remote online notarization permanent. Commissioner Werfel, are you committed to finalizing this proposal? What timeline are you targeting?

Answer: On December 30, 2022, the Department of the Treasury and the IRS issued a proposed regulation relating to the use of an electronic medium for participant elections and spousal consents in the Federal Register (87 FR 80501). The proposed regulation would provide an alternative to in-person witnessing of spousal consents required to be witnessed by a notary public or a plan representative in certain qualified retirement plans and clarify that certain special rules for the use of an electronic medium for participant elections also apply to spousal consents. The regulation is proposed to apply beginning on the date that is six months after publication of a final regulation in the Federal Register. Prior to the applicability date provided under a final regulation, taxpayers are permitted to rely on the rules set forth in the proposed regulation.

The proposed regulation asked for comments by March 30, 2023, and a hearing was held on April 11, 2023. The Department of the Treasury and the IRS received 17 written comments, and 5 speakers provided oral testimony at the hearing. The Department of the Treasury and IRS are considering all the comments received in response to the proposed regulation, as well as oral testimony provided at the hearing, and are working to issue a final regulation as soon as reasonably practicable.

Beth Van Duyne

Question 1: Mr. Werfel without getting into details of these previous cases, how can you ensure going forward that Americans can trust the IRS to treat everyone regardless of their political views? Congress has made clear its intent to permit small- and medium-size businesses to establish a micro-captive insurance company under section 831(b) in order to insure against risk. In 2015, Congress reiterated that intent when it included a provision in the Protecting Americans Against Tax Hikes (PATH Act) that significantly expanded the availability of small captive insurance by increasing the small captive insurance premium limitation cap to its current level. But I am hearing from constituents that the IRS has been trying to contravene such congressional intent and administratively repeal section 831(b) via an aggressive audit program targeting the entire small captive industry, rather than focusing on bad actors. Please provide the Committee with the following information

• The number of section 831(b) related audits initiated each year, beginning in 2010 and continuing through the present
• The number of audits referenced immediately above that were resolved
• A list of all section 831(b) cases currently docketed in the U.S. Tax Court, the U.S.

District Courts and the U.S. Circuit Courts, with captions and docket numbers
• The total number of section 831(b) related cases that have been brought before the U.S. Tax Court, with captions and docket numbers
• The number of Tax Court cases referenced immediately above that were tried or settled to the advantage of the IRS, and the number of such cases by docket numbers that were tried or settled to the advantage of the taxpayer
• The total approximate dollar amount of aggregate assessments asserted against taxpayers in section 831(b) related cases that are currently pending in the United States Tax Court.

Answer: The numbers, as of April 18, 2023, of tax returns for which a section 831(b) audit was initiated and resolved or closed, by calendar year 2010 to present, is shown below.

Calendar Year	831(b) Related Tax Returns Initiated for Audit	831(b) Related Tax Returns Resolved/Closed
2010	62	56
2011	339	240
2012	258	112
2013	369	190
2014	1,002	430
2015	1,445	448
2016	1,379	643
2017	1,333	571
2018	1,483	702
2019	968	497
2020	1,699	631
2021	2,509	526
2022	1,670	100
2023	548	7
Total	15,064	5,153

The above cited numbers are tax returns. Generally, each audit/examination related to an entity that has elected to be treated as a section 831(b) insurance company (the "section 831(b) company") involves a "family" of related cases. These related cases may include:

- each entity that claimed deductions for amounts characterized as premiums paid to the section 831(b) company (the "insured entity") if that entity is a C corporation;
- the partners or shareholders of each insured entity that is a partnership or S corporation for Federal income tax purposes;

- the section 831(b) company; and
- the owners of the section 831(b) company.

Therefore, there are several returns associated with each audit/family of related cases (also known as a case family).

All currently docketed section 831(b) cases are listed in Appendix A with captions and docket numbers. The total number of section 831(b) related cases that have been brought before the U.S. Tax Court is 1,700. All section 831(b) related cases that have been brought before the U.S. Tax Court are listed in Appendix B with captions and docket numbers.

In each of the section 831(b) cases decided on the merits, the Tax Court held that the transactions at issue did not meet the requirements for treatment as insurance for Federal income tax purposes and resulted in judgments to the advantage of the IRS.

Since January 2020, the IRS Office of Chief Counsel ("Counsel") has offered to settle certain docketed cases pursuant to the terms of a settlement initiative. Because the settlement initiative resolves both docketed tax years and all non-docketed tax years involving the section 831(b) company for which the statute of limitations is open ("open years"), Tax Court decisions stemming from the settlements do not reflect the complete picture.

For example, because the terms of the settlement initiative characterize the section 831(b) company income as income to the owners of the section 831(b) company on liquidation (or deemed liquidation) of the section 831(b) company in a year that is generally not docketed, the settlement of the docketed case with respect to the section 831(b) company generally reflects no deficiency for the years docketed.

Counsel has settled a small number of families of docketed cases on terms favorable to the taxpayers. These settlements do not reflect a conclusion by Counsel that the adjustments were incorrect, but instead result from decisions in the interest of sound tax administration to preserve scarce examination and litigation resources for other cases.

In certain circumstances, Counsel has also settled on terms favorable to the taxpayers in one or more cases within a family of cases. These settlements include:

- Cases in which substantial unrelated adjustments were conceded.
- Cases asserting that the section 831(b) company was required to include the amounts it received in income that have been conceded on grounds unrelated to that substantive issue. The adjustments to deny the deductions claimed by the taxpayers who paid the premiums to these section 831(b) companies have not been conceded, and litigation continues with respect to those taxpayers.
- Cases in which the taxpayer received credit for additional taxes paid during the course of the controversy or was allowed a net operating loss carryback that reduced or eliminated the deficiency.

Some of the previously docketed cases were within the jurisdiction of and were resolved by the Independent Office of Appeals ("Appeals"). In general, Appeals has consistently held that taxpayers claiming deductions in these transactions face significant litigating hazards. Accordingly, to the best of our knowledge, all Appeals settlements as to deductions by the insured entity have been government favorable.

Considering all of these circumstances, we do not believe the number of previously docketed Tax Court cases that were settled to the advantage of the IRS, and the number of such cases that were settled to the advantage of the taxpayer is meaningful. We have, however, determined these numbers. Using 50 percent or more as to the advantage of the IRS and excluding interest, which continues to accrue until the liability is paid in full, 344 of the 546 settled Tax Court cases were to the advantage of the IRS and 202 of the 546 settled Tax Court cases were to the advantage of the taxpayer.

The total approximate dollar amount of deficiencies and penalties asserted against taxpayers in section 831(b) related cases pending in the United States Tax Court is $661,268,170.51.

Question 2: The ERTC was meant to support employers keeping on employees during the pandemic. Congress intended this relief to come much sooner than it has for many thousands of small businesses. To this point, there are numerous small businesses in Texas who have yet to have their ERTC claims processed.

Some of my constituents in Texas help support small businesses by facilitating small business payroll, benefits, HR, tax administration, and many other tasks, which allows the small business to focus on their core competency and grow.

However, it has come to my attention that bureaucratic impediments have led to extended delays in processing the tax credits owed to these small businesses. To this point, the IRS has been asked repeatedly about ways they could help speed up the process for small businesses who utilize these types of third-parties. Specifically, the IRS has been asked to dedicate a team within the IRS with specific knowledge of third-party filing complexities; has been asked to establish a contact number that can be used to track the status of these tax filings; and has been asked to implement procedures to ensure small businesses working with third-parties are not inequitably denied timely receipt of their ERTC claim.

Under your leadership, will you implement these (and other) changes to expedite the processing of ERTC claims for small businesses who use third-parties to assist with tax administration?

Answer: The IRS has received approximately 3.6 million ERTC claims over the course of the program. While we experienced a backlog in processing these claims earlier this year, the IRS has cleared the backlog. Our current inventory is over 600,000, virtually all of which was received within the last 90 days.

Since enactment, the IRS has taken steps to modify how we process the claims to provide better service to businesses, but we've faced challenges in ensuring the accuracy and integrity of the credits. These challenges stem from the ERTC's complicated eligibility requirements, limited data availability, limited customer service representative resources to process claims and balance phone demand, limited enforcement resources, and the aggressive promotion of ERTC schemes.

As we worked to get current with our inventory this summer, we noticed a fundamental change taking place with a growing amount of aggressive marketing touting misleading information about the requirements and documentation necessary to qualify for the credit. This is adding risk for businesses improperly claiming the credit at the advice of these promoters. They are scamming many small businesses who fall victim to the aggressive marketing. To protect honest small business owners from scams, the IRS announced an immediate moratorium starting on September 14, 2023, through at least the end of the year on processing new ERTC claims. The moratorium will help protect taxpayers by adding a new safety net onto this program to focus on fraudulent claims and scammers taking advantage of honest taxpayers.

During the moratorium, the IRS will continue to work ERTC claims filed prior to September 14, 2023. However, because of increased fraud concerns, we're undertaking stricter compliance review for these claims. That means that the processing times for them will be longer increasing from 90 days to 180 days and perhaps longer if a claim faces further review or audit. We may also seek additional documentation from taxpayers to ensure their claims are legitimate. Payouts for these claims will continue during the moratorium period but at a slower pace due to the detailed compliance reviews. The detailed compliance reviews will include audit work and criminal investigations on promoters and businesses filing dubious claims. These enhanced compliance reviews of existing claims submitted before the moratorium are critical to protect against fraud but also to protect businesses from facing penalties or interest payments stemming from bad claims pushed by promoters.

The IRS is developing new initiatives to help businesses who found themselves victims of aggressive promoters. The first is to provide businesses an opportunity to withdraw current claims. Tax professionals report they have businesses ready to come in after realizing they had been lured into claiming the credit. This option will allow the taxpayers, many of them small businesses who were misled by promoters, to avoid possible repayment issues and paying promoters contingency fees. Filers of these more than 600,000 claims awaiting processing will have this option available. In addition, we also are exploring a voluntary disclosure program for repayments for those who received an improper ERTC payment.

Question 3: The IRS approved CFA as an e-file provider and they developed a simplified filing tool for lower-income taxpayers that went online in August 2021. In February 2023, CFA released a whitepaper (https://files.codeforamerica.org/2023/02/13122111/importance-of-simplified-filing-getctc-2022-learnings-report.pdf) laying out a roadmap for the implementation of a government populated tax return system for filers. One of the co-authors of the whitepaper previously worked for New America, the third-party group selected to facilitate the study authorized by the Inflation Reduction Act on the feasibility of a government populated tax return system. Has the IRS considered that given the previous positions of both CFA, New America and Professor Kleinman, this may produce a biased report?

Answer: The IRS carefully considered the independent third-party requirement under the Inflation Reduction Act (IRA). We conducted a careful process to select highly qualified parties with expertise who were able to commit their services within the time frame needed for the agency to deliver an informed report by the IRA deadline in May. We have made the report public so its findings are transparent, and we will continue engaging with Congress and stakeholders on the next steps coming out of the report.

List of all section 831(b) cases currently docketed

Tax Court Cases

Docket Number	Case Name
25368-22	ABSOLUTE ASSURANCE COMPANY INC
12913-20	Absolute Paramount Insurance
25070-22	ADAM AMERICA CONDOS LLC
24700-18	ADS INDEMNITY INC
20562-19	ADS INDEMNITY INC
13804-20	ADS INDEMNITY INC
5915-21	ADVANCED MANAGEMENT SOLUTIONS, LLC
12090-18	AERO INSURANCE GROUP INC
1341-21	AERO INSURANCE GROUP INC
23964-17	AERO INSURANCE GROUP INC
27686-16	AERO INSURANCE GROUP INC
6610-19	AERO INSURANCE GROUP INC
12088-21	AERO INVESTMENT GROUP INC
22143-22	AERO INVESTMENT GROUP INC
12274-22	AHMED WASEEF & ROSALIA
24409-16	AIRBORNE SERIES OF FORTRESS/
5032-23	ALINK INSURANCE SERVICES LLC
23191-16	ALKADRI AMJAD & SAHAR TAHRANI
3367-23	ALLEN BRUCE & JULIE
3369-23	ALLEN BRUCE & JULIE
3370-23	ALLEN BRUCE & JULIE
5304-18	ALVA D ONEILL DYNASTY ESBT
5305-18	ALVA D ONEILL DYNASTY ESBT, JOHN T/
21085-18	ALVA D O'NEILL DYNASTY ESBY
5303-18	ALVA D ONEILL DYNASTY SIMPLE TRUST
21088-18	ALVA D O'NEILL DYNASTY SIMPLE TRUST
21087-18	ALVA D O'NEILL DYNASTY TRUST
5306-18	ALVA D ONEILL-TRUST/
11946-20	AMAYA INSURANCE COMPANY INC
23054-22	AMAYA INSURANCE COMPANY INC
31517-21	AMAYA INSURANCE COMPANY INC
3446-21	American Bread
30022-21	American Bread
294-23	AMICALOLA INSURANCE GROUP INC
1565-23	ANCIRA ENTERPRISES INC & SUBS
24217-22	ANDERSON HEART INS CO INC
21528-18	ANDERSON JOHN & SHIRLEY
13017-20	ANDERSON JOHN J & SHIRLEY
29138-21	ANDERSON JOHN JOSEPH & SHIRLEY
19926-17	ANTIQUITY SERIES OF FORTRESS LLC
21091-16	ANTIQUITY SERIES OF FORTRESS/
2635-19	ARAGON ANTONIO V & KATHLEEN
15619-18	ARAGON ANTONIO V &KATHLEEN CLARK II

17241-21	ARAGON ANTONIO V II &KATHLEEN CLARK
24736-33	ARNOLD COHEN
19935-22	ASHFORD GYPSUM SERVICES INC
26342-22	ASHTON, JOHN & Kimberly
10612-16	ASPENMARK ROOFING SOLUTIONS LLC
25265-17	ASPENMARK ROOFING SOLUTIONS LLC
9241-17	ASPENMARK ROOFING SOLUTIONS LLC
15403-22	B & D INSURANCE COMPANY INC
21752-16	B&A SERIES OF FORTRESS INS LLC
13543-16	B&D Insurance Co.
1803-16	B&D Insurance Co.
14398-22	BAILEY JAMES E & LENA D
17419-18	BAKER ALLISON A
17418-18	BAKER JEFFREY A & HALEY J
17206-19	BALLEW CHRIS
21197-18	BAMBOO INSURANCE COMPANY INC
19467-19	BARAKHSHAN KAVEH R & JESSIE
22142-22	BARGE CHARLES A
12089-21	BARGE CHARLES ALAN
12092-18	BARGE CHARLES ALAN
1348-21	BARGE CHARLES ALAN
23965-17	BARGE CHARLES ALAN
27685-16	BARGE CHARLES ALAN
6611-19	BARGE CHARLES ALAN
11783-22	BARRETT THOMAS J & KERRI A
9065-19	BARTO CRAIG C
27569-15	BARTO CRAIG C & GISELE M
4391-19	BARTO JERREL C
27570-15	BARTO JERREL C & JANICE D
24411-16	Bates, Matthew & Mary
12908-18	BATLINER LINDA
11048-19	BATLINER LINDA M
16016-16	Bauscher Randy & Mary Bauscher
25527-22	Bayou City Holdings, Inc.
27233-15	BAYSHORE INSURANCE COMPANY INC
19308-19	BDL INSURANCE COMPANY INC
23962-17	BDL INSURANCE COMPANY INC
24931-18	BDL INSURANCE COMPANY INC
8336-20	BEAR ARBOR BURLINGTON LLC
1651-20	BEDFORD WEST LIMITED
24537-22	BELL EDWARD F & PAMELA J
13666-19	BELMONT INSURANCE COMPANY INC
15705-17	BELMONT INSURANCE COMPANY INC
6791-19	BELMONT INSURANCE COMPANY INC
26763-22	BENBOW BRYCE & TANYA
26111-22	BENTZ MARK AND SHARI
26110-22	BENTZ SUZANNE

23699-22	BERRY RICHARD A & JANET A
10623-16	BETUEL JONATHAN R
2038-17	BETUEL JONATHAN R
19821-16	BEVELED EDGE INSURANCE COMPANY INC
25420-22	BIERMAN ANTHONY J & CHERIE C
25426-22	BIERMAN JAMES M
25429-22	BIERMAN JOSEPH P & JANA S
23184-16	BLEZA MAXIMO V & SANDRA
8914-21	BNJ LEASING INC
19894-16	BOEHLE JAMES O & DEBORAH L
16822-22	BOULDER INSURANCE COMPANY, INC
15093-18	BOWSER HAROLD R & DEBRA L JR
25431-16	BOWSER HAROLD R JR & DEBRA L
22360-17	BOWSER HAROLD R JR & DEBRA L
19528-19	BOWSER HAROLD R JR & DEBRA L
13258-20	BOYDS EQUIPMENT CO INC
4681-19	BOYDS EQUIPMENT CO INC
7686-22	BOYD'S EQUIPMENT CO., INC
24812-22	BRADLEY COHEN
10168-18	BRANCH VERNON R & GRETA
13758-22	BRAR HARBINDER S & BARBARA P
18325-17	BRAR HARBINDER S & BARBARA P
19657-18	BRAR HARBINDER S & BARBARA P
21908-19	BRAR HARBINDER S & BARBARA P
12187-20	BRAR HARBINDER S. & BARBARA P.
12091-18	BRIDGEWORKS INSURANCE GROUP INC
1346-21	BRIDGEWORKS INSURANCE GROUP INC
23966-17	BRIDGEWORKS INSURANCE GROUP INC
6608-19	BRIDGEWORKS INSURANCE GROUP INC
12090-21	BRIDGEWORKS INVESTMENT GROUP INC
22141-22	BRIDGEWORKS INVESTMENT GROUP INC
20138-22	BROADWAY DAVID R & HOLLY A
6935-19	BROCK G MATTHEW & NICOLE M
12460-22	BROWN II EDWIN & MAUREEN BROWN
21548-22	BUCKLEY TIMOTHY P & JENNIFER J
25010-22	BULLER ELIZABETH
25011-22	BULLER MARK & SARAH BEATTY
21727-19	BUNNELL JUSTIN M & SARAH E PELTZIE
22317-22	Burlingame Insurance Company, Inc.
14348-22	BURNS JAY O & LORI L
24546-21	Burris Byron & Lori
24396-21	Burris Cypress Lake Ranch LLC
24689-21	BURRIS QUINT T & LISA C
24208-21	Burris Walter & Demaray
26560-22	BURT KELLY D & LAURIE J
8390-19	BUSA ANTHONY J & REBECCA S
8407-19	BUSA ROME P JR & MARGARET F

11043-19	BUSH JEFFREY L & DIANE L
12903-18	BUSH JEFFREY L & DIANE L
10251-20	CADWELL CARLTON & LYNDA
19281-18	CADWELL CARLTON & LYNDA
19533-19	CADWELL CARLTON & LYNDA
25667-16	CADWELL CARLTON & LYNDA
7753-21	CADWELL CARLTON & LYNDA C
22855-17	CADWELL CARLTON & LYNDA CADWELL
22853-17	CADWELL ERIC & BRIANNA L
10252-20	CADWELL JOHN & PRISCILLA
19282-18	CADWELL JOHN & PRISCILLA
25668-16	CADWELL JOHN & PRISCILLA
7760-21	CADWELL JOHN & PRISCILLA C
19534-19	CADWELL JOHN& PRISCILLA
22854-17	CALDWELL JOHN & PRISCILLA
11280-20	CANCIENNE CHRISTIAN M & KIRSCH
11281-20	CANCIENNE CHRISTIAN M & MYRA FABRE
15068-18	CANDLAND ARTHUR D & MICHELLE M
25000-22	CAPITOL RISK MANAGEMENT GROUP INC
12016-20	CARDENAS JOSEPH A R & MACHELLE I
23628-22	CARLSON DANE & TATIANA
193-23	CARLTON MATTHEW W & ELLEN N
12000-20	CARSON JOHN & LANETTE C
10258-20	CARSON JOHN B & LANETTE
13158-20	CARSON JOHN B & LANETTE CARSON
11931-20	CAVALLO NERO INSURANCE INC
19824-16	CAVALLO NERO INSURANCE INC
20159-19	CAVALLO NERO INSURANCE INC
13251-20	CC CLARK INC & SUBSIDIARIES
14357-22	CC CLARK INC & SUBSIDIARIES
11369-16	CD LISTENING BAR INC
3429-19	CD LISTENING BAR INC
10703-19	CFM INSURANCE INC
6793-19	CH AG LLC
15707-17	CHAMBERLAIN CONSULTING GROUP LP
8050-19	CHAMBERLAIN CONSULTING GROUP LP
5239-20	CHAMBERS THOMAS M MATHESON CHAMBER
11434-18	CHARARA MARINA
24591-18	CHARARA MARINA
16938-19	CHARIKER MARK & JULIA
14769-22	CHARLES L DIETZEK DO PC
17201-19	CHASE JEFFREY D & LISA R
1248-23	CHIAWANA ORCHARDS LLC
15131-19	CHRISTOU REGAS S
15310-18	CIRCLE D FARMS PARTNERSHIP
6118-19	CIRCLE D FARMS PARTNERSHIP
612-19	CLARK CAROL K

3171-20	CLARK CAROL K
23838-22	CLARK DISTRIBUTING COMP IN & SUB
17169-19	CLEAR SKY INSURANCE COMPANY INC
5916-18	CNE INSURANCE MANAGEMENT INC FKA CN
22760-22	COHEN ALISON M
22758-22	COHEN LOUIS A & DEBORAH S
22759-22	COHEN MARC A & JAMIE M
22318-22	COLONIAL INCORPORATED CELL INC
4621-23	COLORADO ESCROW & TITLE
19484-19	COLWELL JEFFERY T & LINDA R ALFERY
22639-22	CONNOLLY JAMES L & JESSICA
625-23	CONNOLLY JAMES L & JESSICA
1458-20	CORSON CHRISTOPHER M
21846-19	CORSON CHRISTOPHER M
12459-22	COUSINS ANDREW P & AMY L
13621-19	CRACKER LAKE ASSURANCE INC
22942-18	CRACKER LAKE ASSURANCE INC
25193-16	CRAVENS ROBERT B & KARRIE A
5672-18	CRAVENS ROBERT B & KARRIE A
9211-17	CRAVENS ROBERT B & KARRIE A
14341-22	CREATION INSURANCE COMPANY INC
11935-20	CROWE MICHAEL J
19823-16	CROWE MICHAEL J & JULIE W
20158-19	CROWE MICHAEL J & JULIE W
11934-20	CROWE MICHAEL J & JULIE WERNER
9259-16	CUMMING FAMILY TRUST D
20292-22	CZERWINSKI FRANK & KAREN C
13956-20	DAISY GARDEN INDEMNITY PROT CELL
21467-18	DAITCH JONATHAN S & BARBARA S R
22907-17	DAITCH JONATHAN S & BARBARA S R
25199-16	DAITCH JONATHAN S & BARBARA S R
17178-19	DALLAGO RAY & MARK P BUTZKO
14438-20	DANIEL SAJI T & LISA M
26434-22	DANSVILLE INDEMNITY COMPANY INC
26371-22	DAVB INSURANCE COMPANY INC
23839-22	David A. Barish and Linda S. Jayaram
14013-21	DAVIS HENRY A
4468-19	DAVIS ZACHARY S & WHITNEY N
6299-20	DAVIS ZACHARY S & WHITNEY N
7692-22	DAVIS ZACHARY S & WHITNEY N
12147-21	Dayka & Hackett LLC
11561-21	Dayka Ag Management
24701-18	DDPA INSURANCE INC
20568-19	DDPA INSURANCE INC
13605-20	DDPA INSURANCE INC
25194-16	DEAN ROBERT L & KAY C
5671-18	DEAN ROBERT L & KAY C

9210-17	DEAN ROBERT L & KAY C
697-20	DEHGHANMANESH ADRIAN
9397-18	DEHGHANMANESH ADRIAN M
12495-22	DEL DON III LEROY & DEBRA DEL DON
779-23	DEL MAR TRADING LLC & CNAM
25856-22	DERMSEA INSURANCE INC
6288-18	DETWILER PAUL & A OLSSON AKA
6289-18	DETWILER PAUL & ALEKSANDRA O
33325-21	DEVAK RISK MANAGEMENT, INC
15377-22	DIALECTIC DISTRIBUTION LLC
24449-22	Distribution Casualty Corp
3834-22	DJAVAHERI JONATHAN
18886-18	DODSON DOUGLAS & REBECCA
3657-22	DODSON DOUGLAS & REBECCA
12836-20	DODSON DOUGLAS & REBECCA D
13912-20	DOMINGUEZ FELIPE E & BERLIZA
5302-18	DOREEN ANN ZISKA FAMILY IRREV TRUST
21097-18	DOREEN ANN ZISKA FAMILY IRRVO TRUST
5301-18	DOREEN ANN ZISKA FAMILY IRRVOCABLE/
21100-18	DOREEN ANN ZISKA FAMILY IRVOC TRUST
15067-18	DOSS CHERYL L
11038-19	EDEN ROCK INSURANCE COMPANY
12722-18	EDEN ROCK INSURANCE COMPANY
2924-20	EDGE FRED C
9137-17	EDWARDS 2 BAR FAMILY LTD PARTNERSHP
7373-16	EDWARDS 2 FAMILY LTD PARTNERSHIP
11897-15	EDWARDS PAUL T & MARY L
25438-16	EDWARDS PAUL T & MARY L
9261-16	EDWARDS PAUL T & MARY L
15543-16	EMPIRE AVIATION LLC
11879-18	EMPIRE AVIATION LLC STEVEN L TRENK
4325-23	EMPIRE TITLE OF COLORADO SPRINGS
5023-23	EMPIRE WEST TITLE AGENCY LLC
10681-20	ENVISION SERIES OF FORTRESS/
15422-18	ERIE FIONTAR INSURANCE INC
10494-18	EST OF JAMES PAHL, ETC &
13749-20	Estate of John Liebes
13927-20	Estate of Sally Kirshner
14070-20	Estate of Sally Kirshner
4329-23	ET HOLDINGS LIMITED PARTNERSHIP
5033-23	ET INVESTMENTS LLC
5035-23	ET INVESTMENTS LLC
24410-16	Evans, Albert & Josette
24407-16	Evans, Albert J & Kim
21474-22	EVERGREEN INCORPORATED CELL INC
7768-19	Evolution Insurance Company
4187-22	Evolution Insurance Company

21476-22	Evolution Insurance Company
9798-17	FIFTH TASTE SERIES OF FORRESS/
23990-16	FISHER JARED & JENNIFER
8878-17	FISHER JARED & JENNIFER
26467-17	FISHER JARED & JENNIFER FISHER
32865-21	FISHER SHELLEY
17594-22	FITZSIMMONS ROBERT & MICHELE F
9858-17	FLEISCHMAN ADAM D & SHANNA B
23188-16	FORDE JAMES & DIANE
12027-16	FORDE JAMES & ESTATE OF DIANE
1549-23	FORTIS CAPTIVE INSURANCE CO INC
3342-22	FORTIS CAPTIVE INSURANCE CO INC
26007-22	FRANCIS JAY H & CHRISTINE A
12842-20	FREEH ERIC
15523-18	FREEH ERIC
28528-21	FREEH ERIC
26878-16	FREIBERT DAVID L
26877-16	FREIBERT DONALD P & BARBARA B
24595-18	FRENKEL POLINA
12151-21	Fresh Pac LLC
12153-21	Fresh Pac LLC
12074-21	Fresh Select LLC
25390-22	FROEHLICH BRIAN J & CHRISTINE L
15240-20	GABERT BEAU & LYNSEY
4685-19	GABERT BEAU & LYNSEY
7690-22	GABERT BEAU & LYNSEY
4448-19	GABERT GORDON & JULIE
7688-22	GABERT GORDON JR & JULIE
12846-20	GABERT JR GORDON & JULIE G
22641-22	GALLANT INCORPORATED CELL INC
626-23	GALLANT INCORPORATED CELL INC
15214-20	GARDEN INDEMNITY INC
139-23	GASPARYAN,DAVIT & ANNA TONOYAN
10091-22	GATTIS THOMAS L & LORI
11199-18	GATTIS THOMAS L & LORI
1460-20	GATTIS THOMAS L & LORI
4475-19	GATTIS THOMAS L & LORI
8319-19	GAWORECKI WALTER III
6753-23	GDA CONSULTING GROUP LLC
21512-16	GELSTON JONATHAN D & JENNIFER B
16015-16	Gem State Series of Fortress Insurance
13091-20	GENE C VALDEZ DECD, MICHELLE VALDEZ
24174-22	GENTRY JAMES B & MARILYN J
14884-22	GIFFORD CHADWIC R
17331-18	GLEIXNER BARRETT & K HARRINGTON JR
12233-18	GLEIXNER BARRETT JR & HARRINGTON
14012-21	GO RISK MANAGEMENT INC

22640-22	GOLDENWEST INSURANCE COMPANY INC
2413-23	GOLDENWHEAT PROPERTIES LLC
11823-17	GOLDFARB DAVID & LEONA
14445-16	GOLDFARB DAVID & LEONA
17382-18	GOLDFARB DAVID & LEONA
5151-18	GOLDFARB DAVID & LEONA
11824-17	GOLDFARB WARREN & JEANETTE
14444-16	GOLDFARB WARREN & JEANETTE
17381-18	GOLDFARB WARREN & JEANETTE
5150-18	GOLDFARB WARREN & JEANETTE
18488-19	GOLI VIJAY B & SONJA
24999-22	GORDON PAUL V & ROSA PHILP
6290-18	GRAHM THOMAS & M DE LA GARZA
14001-16	GRAVBROT MARK V & ROBIN J
22273-17	GRAVBROT MARK V & ROBIN J
18489-19	GRIGORIEV VICTOR E
194-23	GROOVER JAMES M JR & DEBORAH L
24175-22	GRT INSURANCE COMPANY INC
14395-17	GST EXEMPT STURM FAMILY TRUST
14442-16	GST EXEMPT STURM FAMILY TRUST
5678-18	GST EXEMPT STURM FAMILY TRUST
14394-17	GST NON-EXEMPT STURM FAMILY TRUST
14441-16	GST NON-EXEMPT STURM FAMILY TRUST
5677-18	GST NON-EXEMPT STURM FAMILY TRUST
24215-21	GUARRACINO ANDREW R
24263-21	GUARRACINO FAMILY 2011 GST TE TRUST
24235-21	GUARRACINO JOHN A & LINDSEY M
24251-21	GUARRACINO MATTHEW P & AGELIKI
23921-21	GUARRACINO PAUL A & VIRGINIA SILVER
22643-22	GUILLOT JASON M & BETTY
629-23	GUILLOT JASON M & BETTY
20439-22	GUPTA AKSHAY KUMAR & NEETU TALREJA
12665-20	GUSTAFSON RYAN & SHANNON
6101-19	GUSTAFSON RYAN & SHANNON
11577-21	Hackett Ag Management
7634-19	HAHN J KEVIN & PATRICIA E
20528-16	HAKIM GILBERT & ELHAM
26895-16	HAKIM GILBERT & ELHAM
26144-17	HAKIM GILBERT & ELHAM
22204-18	HAKIM GILBERT & ELHAM
13752-20	HAKIM GILBERT & ELHAM
20533-16	HAKIM JEAN & IRENE
26143-17	HAKIM JEAN & IRENE
22203-18	HAKIM JEAN & IRENE
13750-20	HAKIM JEAN & IRENE
21477-22	HALL JAMES L & WANDA
24598-22	HANLON JOHN J & CATHY L

12038-18	HARBINDER S BRAR FLI IV
17776-19	HARBINDER S BRAR FLP I THE
12024-18	HARBINDER S BRAR FLP II NKA BOSH*
14800-17	HARBINDER S BRAR FLP II THE
12040-18	HARBINDER S BRAR FLP V THE
14812-17	HARBINDER S BRAR FLP V THE
12039-18	HARBINDER S BRAR FLP VI
17806-19	HARBINDER S BRAR FLP VI
11930-18	HARBINDER S BRAR FLP VIII NKA KSB
14664-17	HARBINDER S BRAR FLP VIII THE
14347-22	HARMON JAY M & CYNTHIA D
5031-23	HAWKINSON JARED L & HEATHER
9082-19	HAWTHORNE VALLEY INSURANCE CO
16108-16	Haynes Thomas & Susan Haynes
13899-20	HEATHER GARDEN INDEMNITY PROTECTED/
26058-22	HENDI ALI & AZADEH
14759-22	HERRING JAMES H JR & MELINDA
195-23	HIERS TIMOTHY P & KRYSTAL P
23348-22	HIGHLAND ASSURANCE COMPANY INC
15404-22	HILL III GILES A & NATALIE J
1804-16	Hill, Giles and Natalie
13566-16	Hill, Giles and Natalie
25393-22	HILLTOP INSURANCE COMPANY INC
10577-19	HINNER RICK A & KATHLEEN M
10578-19	HINNER ROGER E & REBECCA ANN
19977-16	Hinner, Rick & Kathleen
15417-18	Hinner, Rick & Kathleen
19934-16	Hinner, Roger and Rebecca
11821-17	Hinner, Roger and Rebecca
15418-18	Hinner, Roger and Rebecca
17177-19	HOOVER STEVEN C & SANDRA L MEDLIN
5026-23	HOVE DAVID S & HEIDI H
21911-19	HOYES CORNELIA-AKA JOYCE CORNELIA I
23007-18	HUGHES FAITH E
12805-19	HUGHES FAITH E
13848-19	HUND PAUL W II & CATHERINE C
1436-23	HUNT ADVANTAGE GROUP LLC
4021-22	HUNT ASSURANCE GROUP, INC
8789-19	HUNT JAMES T & JULIA M
8842-19	HUNT JULIA M
23181-16	HUTH JEFFREY & NANCY
2723-23	ILN TECHNOLOGIES INC
24447-22	Import Casualty Corp
12497-22	INCLINE INSURANCE COMPANY INC
11646-19	INDUSTRIAL FURNACE COMPANY INC
2763-19	INTEGRATED CONSTRUCTION LLC
140-23	INTERLAKEN INSURANCE COMPANY INC

14007-20	IRIS GARDEN INDEMNITY PROTECTED
12493-22	IV FARMING INSURANCE COMPANY INC
11041-19	JACKSON ANTHONY L & CHERYL A
12901-18	JACKSON ANTHONY L & CHERYL A
11049-16	JACKSON KEVIN G & BARBARA A
11907-15	JACKSON KEVIN G & BARBARA A
25437-16	JACKSON KEVIN G & BARBARA A
23846-22	Jacquelyn L. Barish
12509-22	JADHAV JALANDAR Y & KUNJLATA J
13637-19	JAGANNATH S & JAYA VENKATARAMAN
2370-19	JAMES BRYSON SHEPHERD TRUST
14775-22	JAMISON JAMES J
24164-22	JAVELIN INSURANCE COMPANY INC
6796-23	JAVELIN INSURANCE COMPANY INC
11993-20	JBS 2 BREE TRUST
11996-20	JBS 2 MICHAEL TRUST
23522-16	JCH INSURANCE COMPANY INC
3611-17	JCH INSURANCE COMPANY INC
26060-22	JENKINS ARTHUR REX & SUNNI P
20796-22	JENKINS DAVID G
21442-18	JENSEN SCOTT & AMY
20428-22	JESAJ INSURANCE COMPANY INC
25197-16	JMPD SERIES OF FORT INSURANCE LLC
22729-17	JMPD SERIES OF FORTRESS INSUR LLC
24165-22	JOEL SPORN & ALISON ROBIN INGBER SP
6797-23	JOEL SPORN & ALISON ROBIN INGBER SP
5312-18	JOHN ONEIIL DYNASTY TRUST
21091-18	JOHN O'NEILL DYNASTY ESBT TRUST
21092-18	JOHN O'NEILL DYNASTY ESBT TRUST
5313-18	JOHN ONEILL DYNASTY ESBT/
5314-18	JOHN ONEILL DYNASTY ESBT/
5311-18	JOHN ONEILL DYNASTY SIMPLE TRUST/
21089-18	JOHN O'NEILL DYNASTY TRUST
21090-18	JOHN O'NEILL DYNASTY TRUST
21095-18	JOHN T O'NEILL FAMILY IRREVOC TRUST
5307-18	JOHN T ONEILL FAMILY IRREVOCABLE/
5308-18	JOHN T ONEILL FAMILY IRREVOCABLE/
5309-18	JOHN T ONEILL FAMILY IRREVOCABLE/
5310-18	JOHN T ONEILL FAMILY IRREVOCABLE/
21096-18	JOHN T O'NEILL FAMILY IRRVO TRUST
21094-18	JOHN T O'NEILL FAMILY IRRVOC TRUST
21093-18	JOHN T O'NEILL IRREVOC TRUST
31164-15	JOHNSON DAVID A
33688-21	JOHNSON DAVID A
9439-18	JOHNSON DAVID A
17778-19	JOHNSON ROGER D & DEBRA
17165-19	JONES GENIE R

13089-20	JONES KEVIN E & MARY C
23847-22	Joseph B. Weisman
22385-22	Joseph D. Putnam & Juli A. Putnam
5920-18	JSM INVESTMENT MANAGEMENT INC
22785-22	JTCS CORPORATION INC
33331-21	JTCS CORPORATION, INC
4644-18	Juba Insurance Company
18198-18	Juba Insurance Company
7379-19	Juba Insurance Company
13249-20	Juba Insurance Company
36959-21	JUBA INSURANCE COMPANY
18199-18	Juba, John
7381-19	Juba, John
13247-20	Juba, John
4643-18	Juba, John
20617-22	JULIANO JAMES & LORRAINE
286-21	KADAU CURTIS K & LORI A
1560-23	Kang, Kevin & Kristin
26042-22	KAPLAN HOWARD JAY & JANET M SHIMER
23989-16	KATHEIN ITAI & LITAL
13087-17	KATHEIN LITAL & ITAI
4465-19	KAUFMAN RANDALL J & CAROL J
793-20	KAUFMAN RANDALL J & CAROL J
11185-18	KAUFMAN RANDALL J & CAROL J K
12461-22	KAUFMANN ERIK L & JENNIFER M
15066-18	KEATING TERENCE J & JANET D
14191-22	KEMPER INSURANCE COMPANY INC
23848-22	Kenneth C. Collins & Michelle G. Weis
20429-22	KEYSTONE ASSURANCE COMPANY INC
15706-17	KFM FINANCIAL & INS SERVICES INC
13665-19	KFM FINANCIAL & INSURANCE SERVICES
6790-19	KFM FINANCIAL & INSURANCE SVCS INC
16825-22	KHAN MUKARRAM A & ZAIBA M
25713-22	KINETIC INCORPORATED CELL INC
17001-18	KING THOMAS N & LAURA J
23154-17	KING THOMAS N & LAURA J
24254-16	KING THOMAS N & LAURA J
25118-18	KING THOMAS N & LAURA J
10448-17	KINGS RIVER COMMODOTIES LLC
20373-22	KNETSCHE ROBERT P & LISA T
13152-17	KNETSCHE ROBERT P & LISA TURNER
16423-19	KNETSCHE ROBERT P & LISA TURNER
5561-18	KNETSCHE ROBERT P & LISA TURNER
3452-19	KNETSCHE ROBERT P&LISA TURNER
330-19	KNUDSEN ROBERT & SHARON - ESTATE
18290-18	KNUDSEN SHARON ESTATE OF -DECEASED
12078-21	Kool Kountry LLC

13540-22	KOTOK MICHAEL & JOANNE
25489-22	KOURY MICHAEL E & TRINI T
7735-20	KPRC LLC SMMFLP LP
19233-22	KRAUSE DALE M
20876-22	KUHN CHARLES S & STACY E
10980-16	KUPERSMITH LUKE D & SOPHIE N
26469-17	KUPERSMITH LUKE D & SOPHIE N
8876-17	KUPERSMITH LUKE D & SOPHIE N
21912-19	LAAKSO TODD C
21913-19	LAAKSO TODD C & SHERI L
15729-22	LANGEVELD ANTOINETTE
15728-22	LANGEVELD BERNARDUS & JILL
15727-22	LANGEVELD PETER & SOPHIE
15726-22	LANGEVELD THEODORUS
14076-16	Langstein Mitch & Paula Langstein
12155-17	Langstein Mitch & Paula Langstein
5891-18	Langstein Mitch & Paula Langstein
9998-19	Langstein Mitch & Paula Langstein
10134-20	Langstein Mitch & Paula Langstein
10260-21	Langstein Mitch & Paula Langstein
11717-22	Langstein Mitch & Paula Langstein
7768-21	LAPICOLA FAMILY IRREVOCABLE TRUST
11998-20	LAPICOLA FAMILY IRREVOCABLE TRUST 2
19226-16	LAPICOLA JOHN J & SHIRLEY T
9181-17	LAPICOLA JOHN J & SHIRLEY T
14450-19	LAS VEGAS UROLOGY LLP
23430-18	LAS VEGAS UROLOGY LLP
15363-22	LATOUR FRANK W & EVERITA O
6293-18	LEDLIE JON T & ANDREA M
23186-16	LEE SANGYOUNG & ESTHER H LEE
21768-22	LEE YOUNG-JIK
25712-22	LEGACY INCORPORATED CELL INC
4618-23	LEGACY TITLE GROUP LLC
23849-22	Leon J. Barish & Terry McGinty
22328-22	LEONHARDT RONALD J JR
23148-22	LEVIN PAUL & EMMANUELLE
25854-22	LEVY ELLE & MIRIAM
17924-22	LEWIS KAUFMAN REID STUKEY GATTS & /
13826-19	LEWIS MARTIN & TRINA
24373-18	LEWIS MARTIN & TRINA
3765-21	LEWIS MARTIN & TRINA
8819-22	LEWIS MARTIN & TRINA
9428-19	Leyton, Corey & Leslie
9304-19	Leyton, Corriane
9307-19	Leyton, Travis
10085-20	LHEUREUX SUSAN
10086-20	LHEUREUX VERLYN

20146-14	L'HEUREUX VERLYN & SUSAN DECD
20618-22	LICATA STEPHEN & AMY
3102-20	LIFELINK INSURANCE COMPANY INC
11637-19	LILL JAMES M III
11645-19	LILL JASON K
12015-19	LILL KENNETH J & COURTNEY
11486-19	LILL KENNETH J JR
11644-19	LILL WILLIAM T & MEREDITH L JR
13966-20	LILY GARDEN INDEMNITY PROTECTED CEL
1881-23	LINDSETH EDWARD A & DIANNA T
19379-19	LIPMAN ROBERT B
25038-18	LIPMAN ROBERT B
3101-20	LIU PAULINE W
3103-20	LIU STEPHEN K
15081-19	LLOYD JR PAUL & SHANNON ANDREINI
22381-18	LLOYD PAUL & SHANNON ANDREINI JR
24219-22	LOMBOY CARL T & BONNIE S
21029-16	Longhorn Series of Fortress Insurance
22074-17	Longhorn Series of Fortress Insurance
2767-19	LOSBY MARK S & SARAH K
4091-18	LOSBY MARK S & SARAH K
23875-22	LSJ Trust
12511-22	LUTER MICHAEL D & JUDY S
23005-18	LYNCH TIMOTHY M & ROBERTA B
15524-19	LYNCH TIMOTHY M & ROBERTA B
3857-20	LYNCH TIMOTHY M & ROBERTA B
21619-16	Machine Series of Fortress Insurance
22383-17	Machine Series of Fortress Insurance
24594-18	MACKIE ROLAND L & MARIANNE T
12091-21	MADLOCK MICHAEL W & DONNA L
1344-21	MADLOCK MICHAEL W & DONNA L
22140-22	MADLOCK MICHAEL W & DONNA L
23967-17	MADLOCK MICHAEL W & DONNA L
6609-19	MADLOCK MICHAEL W & DONNA L
15209-20	MALABAR INSURANCE COMPANY
15092-18	MALONEY CHRIS & SUSAN
22845-17	MALONEY CHRIS & SUSAN
25191-16	MALONEY CHRIS & SUSAN
27232-15	MARINE INSURANCE CO INC
25099-22	Martin & Anne Putnam
5909-23	MARTINEZ CARLOS O
7292-18	MASTNY CHAD J
26044-22	MATTHEW T MATTHEW & DEBORAH F
24681-18	MATTHEWS PHILIP M & KAREN E
3173-20	MATTHEWS PHILIP M & KAREN E
22293-17	MAVERICK SERIES OF FORTRESS
19185-18	MAVERICK SERIES OF FORTRESS

19536-19	MAVERICK SERIES OF FORTRESS
13155-20	MAVERICK SERIES OF FORTRESS
25670-16	MAVERICK SERIES OF FORTRESS/
17205-19	MAXSON ROBERT C & SHERRY A
33947-21	MAY CHRISTOPHER & SUSAN
23873-22	MB JLB Trust
23878-22	MB LJB Trust
23874-22	MB-DAB Trust
21198-18	MCBEATH JOHN III
15679-18	MCCOLLUM MICHAEL SCOTT
21162-18	MCCOLLUM MICHAEL SCOTT
13620-19	MCCORMACK MATTHEW C & TIFFANY
22941-18	MCCORMACK MATTHEW C & TIFFANY
25461-16	McGuire Desmond & Cory Lynne Brame
22725-17	McGuire Desmond & Cory Lynne Brame
11882-18	McGuire Desmond & Cory Lynne Brame
15581-18	McGuire Desmond & Cory Lynne Brame
5689-23	MCGUIRE DESMOND E & CORY BRAME
9074-19	MCGUIRE MICHAEL & TRACEY
24218-22	MCLAURIN BRENT T & SONYA R
3836-22	MEDFORD JOSH
26433-22	MEHLENBACHER LAWRENCE & ELIZABETH
25430-22	MERCURY INSURANCE COMPANY INC
14439-16	Meschkat Bodo & Deborah Meschkat
22384-17	Meschkat Bodo & Deborah Meschkat
3373-23	MEYER ROBERT S
3374-23	MEYER ROBERT S
3365-23	MEYER WALTER G
3366-23	MEYER WALTER G
26974-22	MICHELLE COHEN
20160-19	MICRO CAP KY INSURANCE COMP INC
11932-20	MICRO CAP KY INSURANCE COMPANY INC
19825-16	MICRO CAP KY INSURANCE COMPANY INC
7798-20	MILLS ELIZABETH J
7740-20	MILLS ENTERPRISES -PRAIRIE LLC
7737-20	MILLS HOTEL KENOSHA LLC
7689-20	MILLS HOTEL WYOMING LLC
7814-20	MILLS KATHLEEN F
7801-20	MILLS MARTHA L
7799-20	MILLS STEPHEN C
7841-20	MILLS STEPHEN R
23182-16	MISHRA VIVEK & SONALI SHUKLA
12078-19	MMS INSURANCE LLC - SERIES B
2674-20	MMS INSURANCE LLC - SERIES B
17126-21	MMS INSURANCE LLC SERES A
2549-20	MMS INSURANCE LLC -SERIES A
17008-19	MMS INSURANCE LLC- SERIES A

12509-21	MMS INSURANCE LLC SERIES B
22516-18	MMS INSURANCE LLC-SERIES A
22303-18	MMS INSURANCE LLC-SERIES B
26589-22	MOBLEY JASON A
13820-20	Morton Kirshner
13888-20	Morton Kirshner
16169-18	MOUSHEGHIAN JOHN R & DANIELLE C
18882-18	MOUSHEGHIAN JOHN R & DANIELLE C
10682-20	MOYER ALLEN D
24406-16	MRAA Series of Fortress
8838-19	MYERS BEAU R & CHRISTIN F
5024-23	MYERS PHILLIP T & JAMIE L SOMMERS
17520-18	MYERS RICHARD III & INGELEIN S
22848-17	MYERS RICHARD III & INGELEIN S
24255-16	MYERS RICHARD III & INGELEIN S
8823-19	MYERS RICHARD III & INGELEIN S
8788-19	MYERS WALLIN H & LESLIE S
2210-20	NASIEK DARIUSZ J & SARA
12178-17	NASTANSKI FRANK C
12179-17	NASTANSKI FRANK C
2373-23	NASTANSKI FRANK C & JENNIFER L
5729-18	NASTANSKI FRANK C & JENNIFER L
6898-19	NASTANSKI FRANK C & JENNIFER L
4291-19	NATUVU SERIES OF FORTRESS/
13828-19	NELLIGAN RUSSELL & JULIE
11994-20	NEW MILLENNIUM CONCEPTS LTD
3427-19	NEW MILLENNIUM CONCEPTS LTD
9243-18	NEW MILLENNIUM CONCEPTS LTD
295-23	NIALL INSURANCE GROUP INC
21562-22	NOBLE INSURANCE COMPANY INC
24311-22	North Harbor Insurance Company, Inc.
11368-20	NORTHTOWN AUTOMOTIVE COMPANIES INC
12181-17	Northwoods Insurance
15415-18	Northwoods Insurance
10579-19	NORTHWOODS INSURANCE CO LTD
19904-16	NORTHWOODS INSURANCE COMPANY LTD
23835-22	NSI SERVICES INC
23509-22	NUGENT ASSURANCE INC
23695-22	NUGENT KENNETH S
12296-22	NZR MANAGEMENT INSURANCE CO, LLC
20024-22	O'Brien Sheilah
16937-19	O'DANIEL THOMAS G & KELLY M
21749-16	Offroad Series of Fortress Insurance
10904-17	Offroad Series of Fortress Insurance
23180-16	OLTHOFF TIMOTHY D & BRENDA L
20797-22	ON POINT CAPTIVE INSURANCE CORP INC
21086-18	ONEILL ALVA D ESBT FBO

21098-18	ONEILL JOHN T & DEBORAH
5315-18	ONEILL JOHN T & DEBORAH F
7152-22	OPTIMA INSURANCE COMPANY, INC
15309-15	OROPEZA JESUS R
11871-18	OROPEZA JESUS R & FABIOLA ANAYA
22352-17	OROPEZA JESUS R & FABIOLA ANAYA
25462-16	OROPEZA JESUS R & FABIOLA ANAYA
9623-16	OROPEZA JESUS R & FABIOLA ANAYA
22755-22	ORTEGA THOMAS A & STACIA A
12911-20	ORTNER STEVEN A & COURTNEY M
11047-16	OSMAN KHIDIR & SIIDIGA ELMOSTAFA
11898-15	OSMAN KHIDIR & SIIDIGA ELMOSTAFA
25466-16	OSMAN KHIDIR & SIIDIGA ELMOSTAFA
23630-22	OVERTURF JAMES & JACQUELYN C
15819-21	PAG INSURANCE COMPANY INC
23763-17	PAGE MILTON E & MARY S
8154-19	PAHL FRIEDA J-DECD & GREGORY L
10453-18	PAHL GREG & JULIE A
6141-19	PAHL GREG & JULIE A
8103-19	PAHL JAMES M - ESTATE
10345-18	PAHL JEFF J & TANA
13926-19	PAHL JEFF J & TANA
6128-19	PAHL JEFF J & TANA
23837-22	PALISADE SURETY INC
8391-19	PALLADIUM INSURANCE CO
26888-16	Pappas Robert S & Buffi R Pappas
11205-17	Pappas Robert S & Buffi R Pappas
27825-15	PARAGON OIL COMPANY - LTD PTNRSHIP
21822-19	PARKER FORREST W
21837-19	PARKER FORREST W
16170-18	PARKER JAMES R
21158-18	PARKER JAMES R & CHELSIE
14764-22	PARKS BILLY S & ELIZABETH W
25195-16	PARRY DAVID A & HILARY P
5670-18	PARRY DAVID A & HILARY P
9212-17	PARRY DAVID A & HILARY P
23192-16	PATEL DIVYESH G & SHILPA M
23055-22	PATEL JITESH V & SHITAL S
31518-21	PATEL JITESH V & SHITAL S
5924-21	PATEL JITESH V & SHITAL S
26130-22	PATEL RAVISHANKER & JAYASREE P
11352-18	PATEL SUNIL S & LAURIE M MCANALLY-
25268-18	PATEL SUNIL S &LAURIE MCANLLY-PATEL
5293-19	PECK JOHN W II & LEIGH
5028-23	PEDERSEN JEREMIAH T & LESLEY ANNE
4466-19	PELHAM JR JERRY & HAMMONDS STACIE
214-23	PEREZ JAIRO M

8360-21	PERLOW DAVID & JOAN
22448-16	PERLOW DAVID & JOAN
2256-18	PERLOW DAVID & JOAN
6298-20	PERLOW DAVID & JOAN
17497-17	PERLOW DAVID & JOAN P
2257-18	PERLOW INSURANCE CO II INC
6330-20	PERLOW INSURANCE CO II INC
17495-17	PERLOW INSURANCE COMPANY II
22447-16	PERLOW INSURANCE COMPANY II INC
8368-21	PERLOW INSURANCE COMPANY II, INC
23885-22	PETERS LUKE S & MARIELLA L
21027-16	Pipeline Series of Fortress Insurance
22075-17	Pipeline Series of Fortress Insurance
22402-22	Plastic Services and Products LLC
22403-22	Polymer Compounding LLC
10704-19	PRESTA ROBERTINO & ANTONELLA
22229-22	PRIMUS INSURANCE COMPANY INC
16469-18	PRYOR BARRY E - ESTATE
16470-18	PRYOR PACKERS INC
11413-20	PUNJAB INVESTMENTS LLC
13006-20	PURE MEDICAL DEVELOPMENT INC
28530-21	PURE MEDICAL DEVELOPMENT INC
13603-20	Purus Indemnity
12910-20	PURUS INDEMNITY GROUP INC
12156-17	Puttus Series of Fortress Insurance
5890-18	Puttus Series of Fortress Insurance
9997-19	Puttus Series of Fortress Insurance
10133-20	Puttus Series of Fortress Insurance
10262-21	Puttus Series of Fortress Insurance
7717-17	Rachis Casualty Corp.
14563-17	RADFORD PHILLIP
23223-16	RADIOLOGIC ASSOCIATES OF NW IND P.C
10576-19	RAJEK GARY A & KAREN L
19965-16	Rajek, Gary & Karen
15416-18	Rajek, Gary & Karen
10905-17	Ramelot Scott & Hannah Ramelot
12026-16	Ramelot Steven T
10906-17	Ramelot Steven T and Michelle Ramelot
24166-22	RANDY SPORN
6798-23	RANDY SPORN
19440-19	RATLIFF JOHN R
26129-22	RAVIJAYA INSURANCE COMPANY LLC
15238-17	REBEL OIL COMPANY INC&SUBSIDIARIES
11880-18	REBEL OIL COMPANY INC&SUBSIDIARIES
1350-23	REDBARN PET PRODUCTS LLC
25100-22	Redwood City Insurance
22405-22	Reese Real Estate and Investment Co.

11184-18	REID THAD K & AMY M
4469-19	REID THAD K & AMY M
692-20	REID THAD K & AMY M
6291-18	RENFRO MARK B
15056-18	RHEE HENRY C & GRACE JUNGIMKI
15516-16	RHEE HENRY C & GRACE JUNGIMKI
16385-19	RHEE HENRY C & GRACE JUNGIMKI
3722-17	RHEE HENRY C & GRACE JUNGIMKI
33328-21	RHEUDE GARY & CATHLEEN A
23768-22	Richard N. and Jill P. Reese
22404-22	Richard N. Reese Family LLC
26587-22	RICKERT SCOTT & LISA R
22752-22	RIESTER INSURANCE INC
22753-22	RIESTER TIMOTHY W & MIRJA
9167-22	RIGGIO CONSTRUCTION INC
9164-22	RIGGIO ROBERT
18605-22	RIVEROS RAUL E
16870-16	RIVERVIEW HEALTH INSTITUTE LLC
5358-17	RIVERVIEW HEALTH INSTITUTE LLC
5765-18	RIVERVIEW HEALTH INSTITUTE LLC
6767-19	RIVERVIEW HEALTH INSTITUTE LLC
6768-19	RIVERVIEW HEALTH INSTITUTE LLC
11360-20	RMS INSURANCE COMPANY INC
12116-17	ROBERTS HENRY L & LINDA C
15047-18	ROBERTS HENRY L & LINDA C
21750-16	ROBERTS HENRY L & LINDA C
17773-19	ROCK BOTTOM II INC FKA ROCK BOTTOM
27828-15	ROSARIO SIGNAL LLC
13918-20	ROSE GARDEN INDEMNITY PROTECTED
3823-19	ROYALTY MANAGEMENT INSURANCE/
22320-22	RUDOLPH RAYMOND & LAUREN P
15362-22	RUSHMORE INSURANCE CO INC
4907-19	RUSSELL WILLIAM B & ALICE L
3586-20	RUSSELL WILLIAM B & ALICE L
25431-22	RUTHERFORD INSURANCE COMPANY INC
622-23	S R FREEMAN INC
17606-22	SAC INSURANCE INC
13747-20	Sackler, Allen
21748-16	SACKS DAVID B & RENEE M
22308-17	SACKS DAVID B & RENEE M
20440-22	SAFEGUARD INCORPORATED CELL INC
25278-22	SAGE INSURANCE COMPANY INC
20438-18	SAIEDY SAMER
14192-22	SANBORN ROGER W & MICHELLE M
27081-22	SANDRA COHEN
11866-20	SAREYA STEVE & LORRIE
11020-20	SAREYKA ARMIN & LORETTA

18624-21	SAREYKA ARMIN & LORETTA
7761-21	SAREYKA ARMIN G & LORETTA A
11865-20	SAREYKA KYLE & TRACY
18628-21	SAREYKA KYLE & TRACY
7763-21	SAREYKA KYLE & TRACY
18629-21	SAREYKA STEVE & LORRIE
7765-21	SAREYKA STEVEN C & LORRIE A
11880-19	Scaia James & Mary Ann
4188-22	Scaia James & Mary Ann
25672-16	SCALINI FERNANDO
22295-17	SCALINI FERNANDO
21965-19	SCALINI FERNANDO
13153-20	SCALINI FERNANDO
31590-21	SCALINI FERNANDO
25718-22	SCALINI FERNANDO
13154-20	SCALINI JAVIER
31591-21	SCALINI JAVIER
25720-22	SCALINI JAVIER
25671-16	SCALINI JAVIER M
22294-17	SCALINI JAVIER M
21966-19	SCALINI JAVIER M
19183-18	Scalini, Fernando
19184-18	Scalini, Javier
16285-22	SCC HOLDING COMPANY OF PINELLAS INC
14350-22	SCHLEICH KURT & WANDA L
11046-19	SCHNELLER GEORGE F & RENEE L
12906-18	SCHNELLER GEORGE F & RENEE L
11040-19	SCHNELLER JAMES L & TANA S
12900-18	SCHNELLER JAMES L & TANA S
11044-19	SCHNELLER JEFFREY A & MICHELLE M
12904-18	SCHNELLER JEFFREY A & MICHELLE M
11039-19	SCHNELLER JEROME P
12899-18	SCHNELLER JEROME P
11047-19	SCHNELLER JOHN R & JULIE A
11050-19	SCHNELLER JOSEPH P & MARILYN S
12907-18	SCHNELLER JULIE A & JOHN R SR
11049-19	SCHNELLER KAREN L
11045-19	SCHNELLER MARY KAY
12905-18	SCHNELLER MARY KAY
33334-21	SCHULTZ CHRISTOPHER
14346-22	SCHUSTER DANIEL G & JEAN K
25714-22	SCIARETTA DONALD & DEBRA L
25715-22	SCIARETTA STEPHEN & SARAH TOEPFER
12463-22	SCIORTINO DAVID R & THERESA M
25369-22	SCODELLER PETER D & TERESA L
14765-22	SEDITA MARY ANN
3838-22	SERIES 3 OF OXFORD INSUR CO NC LLC

3835-22	SERIES 4 OF OXFORD INSUR CO NC LLC
26294-22	SERIES BV OF OXFORD INSURANCE LLC
26295-22	SERIES BW OF OXFORD INSURANCE LLC
14897-20	SERIES DC OF OXFORD INSURANCE CO
23404-22	SERIES DD OF OXFORD INS CO LLC
26296-22	SERIES FF OF OXFORD INSURANCE LLC
23407-22	SERIES FZ OXFORD INS CO LLC
14898-20	SERIES GT OF OXFORD INSURANCE CO
14987-20	SERIES IC OF OXFORD INSURANCE INC
15015-20	SERIES IK OF OXFORD INURANCE CO LLC
14754-22	SERIES JL OXFORD INS COMPANY LLC
15017-20	SERIES JN OF OXFORD INSURANCE CO
23409-22	SERIES KP OF OXFORD INS CO LLC
22387-22	SERIES KR OF OXFORD INSURANCE CO LL
18986-22	SERIES OF OXFORD INSURANCE CO LLC
20615-22	SERIES PROTECTED CELL 108
22028-22	SERIES PROTECTED CELL 20-CS
23411-22	SERIES PROTECTED CELL 2-CS
25324-22	SERIES PROTECTED CELL 40 OF
25571-22	SERIES PROTECTED CELL 56-CS
14768-22	SERIES V OF OXFORD INS COMPANY LLC
24783-22	SETH COHEN
15180-20	SHEMIA JEFFREY AND AGNES
4421-19	SHEPERD JOHN B & ANDREA
9242-18	SHEPHERD JAMES B TRUST
8065-15	SHEPHERD JAMES BRYSON - TRUST
26293-22	SHIELDS KEVIN A & EILEEN S
8331-19	SHIELDS RYAN P
12258-18	SHKAROVSKY IGOR & INNA
17332-18	SHKAROVSKY IGOR & INNA
10626-16	SHOHADAI PAYAM
2037-17	SHOHADAI PAYAM
17187-19	SHOR RICHARD J & THEODOSIA E
11566-21	Sierra Agribusiness Insurance
25495-22	Sierra Agribusiness Insurance
27827-15	SIGNAL COMPANY - LTD PARTNERSHIP
27826-15	SIGNAL HILL WEST - LTD PARTNERSHIP
31593-21	SKYLAB SERIES INC
25669-16	SKYLAB SERIES OF FORTRESS/
22292-17	SKYLAB SERIES OF FORTRESS/
19186-18	SKYLAB SERIES OF FORTRESS/
19535-19	SKYLAB SERIES OF FORTRESS/
13152-20	SKYLAB SERIES OF FORTRESS/
380-20	SLONE DONNIE E JR & RHONDA M
11414-20	SOBOSI INVESTMENTS LLC
11265-19	SOUTHWEST EMERGENCY PHYSICIANS PLLC
13157-20	SOUTHWEST EMERGENCY PHYSICIANS PLLC

4523-21	SOUTHWEST EMERGENCY PHYSICIANS PLLC
8795-16	SOUTHWEST EMERGENCY PHYSICIANS PLLC
9161-17	SOUTHWEST EMERGENCY PHYSICIANS PLLC
20140-22	SOUTHWEST RETINA SPECIALIST LLP
428-19	SOUTHWEST RETINA SPECIALIST LLP
15697-18	SOUTHWEST RETINA SPECIALISTS LLP
2847-21	SOUTHWEST RETINA SPECIALISTS LLP
13005-20	SPENCER LOREN K & CLAIRE L
18989-22	SPORT CLIPS INC & SUBSIDIARIES
25095-22	ST LANDRY INDEMNITY INC
22406-22	Standard Insurances Company
22407-22	Standard Logistic Services LLC
22408-22	Standard Plumbing Supply Company Inc.
5029-23	STENNES TODD A & ANN MARIE
24567-22	Stephen & Debbie Bryant
22221-22	STERLACCI MICHAEL T & HEIDI L
24312-22	Steven Urvan
11042-19	STEVENS JEFFREY L & SUSAN E
12902-18	STEVENS JEFFREY L & SUSAN E
24566-22	Stratford Indemnity
12458-22	STRICKLAND WILLIAM J & OKEMAH
13225-18	STROOT ERIC H & KRISTI L
11198-18	STUKEY KENNETH L & LEA
4473-19	STUKEY KENNETH L & LEA A
943-20	STUKEY KENNETH L & LEA A
14396-17	STURM ELLEN
14443-16	STURM ELLEN
5676-18	STURM ELLEN
14675-17	STURM KENNETH & MICHELLE
8877-17	SUFRLINE SERIES OF FORTRESS INSUR /
23406-22	SULLO JOSEPH A & GIOVANNA
24941-22	SUMMERS INSURANCE COMPANY
26006-22	SUN DEVIL INSURANCE COMPANY INC
13574-20	SUNCOAST PATHOLOGY ASSOCIATES INC
26468-17	SURFLINE SERIES OF FORTRESS
10982-16	SURFLINE SERIES OF FORTRESS INS LLC
6769-18	SUTHERLAND MARK L & SUSAN
25265-18	SWARUP JITENDRA & ARUNA
13705-16	SWIFT BERNARD T JR & KATHY L
5354-18	SWIFT BERNARD T JR & KATHY L
26559-22	TALON SURETY COMPANY INC
13968-20	TANSY GARDEN INDEMNITY PROTECTED
10156-20	TDS RENTALS & LEASING LLC
19231-16	TDS RENTALS & LEASING LLC
3454-19	TDS RENTALS & LEASING LLC
5919-18	TDS RENTALS & LEASING LLC
9184-17	TDS RENTALS & LEASING LLC

11366-20	TDS TESTING & START UP SERVICES LLC
19230-16	TDS TESTING & START UP SERVICES LLC
3453-19	TDS TESTING & START UP SERVICES LLC
9183-17	TDS TESTING & START UP SERVICES LLC
5917-18	TDS TESTING& STARTUP SERVICES LLC
6751-23	TECH DIAGNOSTIC MGMT & OPERATION
6752-23	TECH DIAGNOSTIC MGMT & OPERATIONS
19229-16	TECHNICAL DIAGNOSTIC MANAGEMENT & /
5918-18	TECHNICAL DIAGNOSTIC MANAGEMENT&
9182-17	TECHNICAL DIAGNOSTIC MANAGMENT & /
9168-22	TELECOMMUNICATION UNDERWRITERS INC
11995-20	TEXADO LTD
3426-19	TEXADO LTD
9244-18	TEXADO LTD
7734-20	TEXAS CITY VENTURE LTD
17765-19	THE HARBINDER S BRAR IV AKA BRAR
14695-17	THE HARBINDER S BRAR FLP I
12022-18	THE HARBINDER S BRAR FLP I A.K.A.
17763-19	THE HARBINDER S BRAR FLP II
14700-17	THE HARBINDER S BRAR FLP III
17766-19	THE HARBINDER S BRAR FLP III
12027-18	THE HARBINDER S BRAR FLP III A.K.A.
14688-17	THE HARBINDER S BRAR FLP IV
17767-19	THE HARBINDER S BRAR FLP V
14678-17	THE HARBINDER S BRAR FLP VII
12023-18	THE HARBINDER S BRAR FLP VII A.K.A.
17784-19	THE HARBINDER S BRAR FLP VIII KSB
14703-17	THE HARBINDER S BRAR FLPVI
17790-19	THE HARBINGER S BRAR FLP VII
11204-17	The Pappas Family Trust, Sherri McGuffey TTE
28525-21	THE PEOPLESERIES OF FORTRESS INSLLC
2783-23	THE SIEGFRIED GROUP LLC
17496-17	THOMPSON LAWSON III & SYLVIA
22449-16	THOMPSON LAWSON III & SYLVIA
2258-18	THOMPSON LAWSON III & SYLVIA
6331-20	THOMPSON LAWSON III&SYLVIA
13821-19	THOMPSON TODD P & KEVIN R
12861-22	TICORAS CHRIST J & HEATHER D
26341-22	TIFFANY, MICHAEL E. & C.M. DELORD
28527-21	TIMBERLINE FISHERIES CORP
21554-22	TJB INSURANCE COMPANY INC
11430-20	TKS INVESTMENTS LLC
11572-21	TMAK Insurance
25496-22	TMAK Insurance
138-23	TONOYAN, ANNA
23788-17L	Tonya Binig v. Commissioner
4292-19	TOOMA TOM S & MARTA KALBERMATTER

20789-22	TOP 1 PERCENT COACHING LLC
4619-23	TOWNSQUARE TITLE OF WYOMING LLC
1183-22	TRANSTEC GLOBAL CORPORATION
434-23	TRANSTEC GLOBAL CORPORATION
15760-18	TRENK ABIGAIL S
15759-18	TRENK ALVIN
5027-23	TRINITY TITLE OF TEXAS LLC
11933-20	TRUETT ARTIS P & ALLISON H
19822-16	TRUETT ARTIS P & ALLISON H
20157-19	TRUETT ARTIS P & ALLISON H
23876-22	TSM Trust
4290-19	TST HOLDINGS LLC THOMAS S TOOMA
22669-16	TTT Series of Fortress Insurance LLC
17560-17	TTT Series of Fortress Insurance LLC
19903-16	TTT Trading LP, Tonya Binig TMP
19741-17	TTT Trading LP, Tonya Binig TMP
27008-16	TUCSON ENT ASSOCIATES PC
5673-18	TUCSON ENT ASSOCIATES PC
9213-17	TUCSON ENT ASSOCIATES PC
13885-20	TULIP GARDEN INDEMNITY PROTECTED
6292-18	TYLER NEUROSURGICAL ASSOCIATES PA
17041-19	U S SCREEN CORPARATION
5641-19	U. S SCREEN CORPORATION
4620-23	UNIFIED TITLE CO OF N COLORADO LLC
4326-23	UNIFIED TITLE COMPANY LLC
6210-22	US SCREEN CORPORATION
6760-18	US SCREEN CORPORATION
244-16	VARON JACOBO & HAYA
24338-22	VASILOUDES KRITOS
24337-22	VASILOUDES PANAYIOTIS & HELEN
24339-22	VASILOUDES SOPHIA
24340-22	VASILOUDES THEODOROS
24341-22	VASILOUDES VASILIS
10603-22	VEKSLER ALEKSANDR & MARINA
11811-20	VEKSLER ALEKSANDR & MARINA AYZENZON
4429-19	VEKSLER ALEKSANDR & MARINA AYZENZON
14894-20	VERGHESE INDEMNITY INC
7301-19	VERTEX INSURANCE COMPANY INC
8693-18	VERTEX INSURANCE COMPNAY INC
17077-18	WADA ALBERT T & CHRISTINE
17339-19	WADA ALBERT T & CHRISTINE
20944-19	WADA FAMILY LLC
20486-17	WADLEY ROBERT D & IRENE P
25115-16	WADLEY ROBERT D & IRENE P
16843-19	WAGNER MARK D & JENNIFER A
23891-21	WAGNER MARK D & JENNIFER A
24531-22	WAGNER MARK D & JENNIFER A

16830-19	WAGNER RICK A & ANGELA D
23894-21	WAGNER RICK A & ANGELA D
24532-22	WAGNER RICK A & ANGELA D
14762-22	WALKER CHARLES T & DONNA T
24973-22	WANN KEVIN L & NICKI L
24657-18	WARREN MARK L & NORMA K REIN
14339-22	WATLEY ANDY M & SHEILA N
16025-18	WATLEY ANDY M & SHEILA N
21416-18	WATLEY ANDY M & SHEILA N
28740-21	WATLEY ANDY M & SHEILA N
14342-22	WATLEY ENTERPRISES INC
15216-20	WATLEY ENTERPRISES INC
16180-18	WATLEY ENTERPRISES INC
21415-18	WATLEY ENTERPRISES INC
12223-21	WATSON FAMILY INSURANCE CO LTD
30613-21	WATSON FAMILY INSURANCE COMPANY LLC
17350-21	WATSON INSURANCE COMPANY LTD
30612-21	WATSON INSURANCE COMPANY LTD
12220-21	WATSON MICHAEL J & TRACEY L
30615-21	WATSON MICHAEL J & TRACEY L
24438-22	WEINBERGER AARON & BARI Z
22619-22	WEST LIBERTY INSURANCE COMPANY
24408-16	WESTERN AMERICAN SPECIALTIES INC
4327-23	WESTERN TITLE COMPANY LLC
31954-21	WESTOVER INVESTMENTS INC
35399-21	WESTOVER INVESTMENTS INC
8804-22	WESTOVER INVESTMENTS INC
2414-23	WHEATLEY PROPERTIES LLC
14345-22	WICKESSER III DONALD R & MAUREEN E
11804-22	WILBUR RICHARD G
21751-16	WILL MICHAEL J & DEBRA H
9609-16	WILL MICHAEL J & DEBRA H
23764-17	WILLIAMS GARY & KRISTA
15429-18	WILLIAMS GROUP HOLDINGS LLC
6820-19	WILLIAMS GROUP HOLDINGS LTD
23765-17	WILLIAMS JEB D & DESTINEE R
17607-22	WILLIAMS JEFFERY M & MARTHA R
15638-18	WILLIS DANIEL J & AMY M
26008-22	WILSON DAVID W & HOLLY F
13309-20	WILSON JOSHUA P
26594-22	WOLASKY, JERRY & SUSAN
14163-18	WORMAN JAMES
21161-18	WORMAN JAMES
14793-22	WORRALL MARC & SUE J
25277-22	WU SHIRLEY
9174-16	XR LLC, Ari Suss TMP
9162-17	XR LLC, The Ari H. Suss Revocable Trust, Ari H. Suss Trustee

22857-17	XR LLC, The Ari H. Suss Revocable Trust, Ari H. Suss Trustee
13088-17	YECHEZKELL EYAL & YIFAT
23896-16	YECHEZKELL EYAL & YIFAT
14790-21	YSASAGA JASON E & STELLA D
15620-18	YSASAGA JASON E & STELLA D
24344-17	ZAITSEV ALEXANDER & ALLA
15375-22	ZELTZER ZACHARY & LAUREN
5912-23	ZENITH ASSURANCE LLC
9053-19	ZINK JAMES H & KARIN M
21099-18	ZISKA JOHN C& DOREEN O
15380-22	ZMZ GLOBAL INC

Refund Suits in District Court

Docket Number	Case Name
No. 9:21-CV-82056 (S.D. Fla.)	CELIA CLARK
No. 2:21-CV-0331-SPC-NPM (M.D. Fla.)	CJA & ASSOCIATES, INC.
No. 2:21-CV-0330-JES-NRM (M.D. Fla.)	RAYMOND ANKNER
No. 2:21-CV-0334-JLB-NPM (M.D. Fla.)	RMC CONSULTANTS, LTD.
No. 2:21-CV-00333-JLB-MRM (M.D. Fla.)	RMC PROPERTY & CASUALTY, LTD.

Appendix B

The total number of section 831(b) related cases that have been brought before the U.S. Tax Court

Docket Number	Case Name
25368-22	ABSOLUTE ASSURANCE COMPANY INC
12913-20	Absolute Paramount Insurance
25070-22	ADAM AMERICA CONDOS LLC
24700-18	ADS INDEMNITY INC
20562-19	ADS INDEMNITY INC
13804-20	ADS INDEMNITY INC
5915-21	ADVANCED MANAGEMENT SOLUTIONS, LLC
12090-18	AERO INSURANCE GROUP INC
1341-21	AERO INSURANCE GROUP INC
23964-17	AERO INSURANCE GROUP INC
27686-16	AERO INSURANCE GROUP INC
6610-19	AERO INSURANCE GROUP INC
12088-21	AERO INVESTMENT GROUP INC
22143-22	AERO INVESTMENT GROUP INC
12274-22	AHMED WASEEF & ROSALIA
24409-16	AIRBORNE SERIES OF FORTRESS/
5032-23	ALINK INSURANCE SERVICES LLC
23191-16	ALKADRI AMJAD & SAHAR TAHRANI
3367-23	ALLEN BRUCE & JULIE
3369-23	ALLEN BRUCE & JULIE
3370-23	ALLEN BRUCE & JULIE
5304-18	ALVA D ONEILL DYNASTY ESBT
5305-18	ALVA D ONEILL DYNASTY ESBT, JOHN T/
21085-18	ALVA D O'NEILL DYNASTY ESBY
5303-18	ALVA D ONEILL DYNASTY SIMPLE TRUST
21088-18	ALVA D O'NEILL DYNASTY SIMPLE TRUST
21087-18	ALVA D O'NEILL DYNASTY TRUST
5306-18	ALVA D ONEILL-TRUST/
11946-20	AMAYA INSURANCE COMPANY INC
23054-22	AMAYA INSURANCE COMPANY INC
31517-21	AMAYA INSURANCE COMPANY INC
3446-21	American Bread
30022-21	American Bread
294-23	AMICALOLA INSURANCE GROUP INC
1565-23	ANCIRA ENTERPRISES INC & SUBS
24217-22	ANDERSON HEART INS CO INC
21528-18	ANDERSON JOHN & SHIRLEY
13017-20	ANDERSON JOHN J & SHIRLEY
29138-21	ANDERSON JOHN JOSEPH & SHIRLEY

19926-17	ANTIQUITY SERIES OF FORTRESS LLC
21091-16	ANTIQUITY SERIES OF FORTRESS/
2635-19	ARAGON ANTONIO V & KATHLEEN
15619-18	ARAGON ANTONIO V &KATHLEEN CLARK II
17241-21	ARAGON ANTONIO V II &KATHLEEN CLARK
24736-33	ARNOLD COHEN
19935-22	ASHFORD GYPSUM SERVICES INC
26342-22	ASHTON, JOHN & Kimberly
10612-16	ASPENMARK ROOFING SOLUTIONS LLC
25265-17	ASPENMARK ROOFING SOLUTIONS LLC
9241-17	ASPENMARK ROOFING SOLUTIONS LLC
15403-22	B & D INSURANCE COMPANY INC
21752-16	B&A SERIES OF FORTRESS INS LLC
13543-16	B&D Insurance Co.
1803-16	B&D Insurance Co.
14398-22	BAILEY JAMES E & LENA D
17419-18	BAKER ALLISON A
17418-18	BAKER JEFFREY A & HALEY J
17206-19	BALLEW CHRIS
21197-18	BAMBOO INSURANCE COMPANY INC
19467-19	BARAKHSHAN KAVEH R & JESSIE
22142-22	BARGE CHARLES A
12089-21	BARGE CHARLES ALAN
12092-18	BARGE CHARLES ALAN
1348-21	BARGE CHARLES ALAN
23965-17	BARGE CHARLES ALAN
27685-16	BARGE CHARLES ALAN
6611-19	BARGE CHARLES ALAN
11783-22	BARRETT THOMAS J & KERRI A
9065-19	BARTO CRAIG C
27569-15	BARTO CRAIG C & GISELE M
4391-19	BARTO JERREL C
27570-15	BARTO JERREL C & JANICE D
24411-16	Bates, Matthew & Mary
12908-18	BATLINER LINDA
11048-19	BATLINER LINDA M
16016-16	Bauscher Randy & Mary Bauscher
25527-22	Bayou City Holdings, Inc.
27233-15	BAYSHORE INSURANCE COMPANY INC
19308-19	BDL INSURANCE COMPANY INC
23962-17	BDL INSURANCE COMPANY INC
24931-18	BDL INSURANCE COMPANY INC
8336-20	BEAR ARBOR BURLINGTON LLC
1651-20	BEDFORD WEST LIMITED

24537-22	BELL EDWARD F & PAMELA J
13666-19	BELMONT INSURANCE COMPANY INC
15705-17	BELMONT INSURANCE COMPANY INC
6791-19	BELMONT INSURANCE COMPANY INC
26763-22	BENBOW BRYCE & TANYA
26111-22	BENTZ MARK AND SHARI
26110-22	BENTZ SUZANNE
23699-22	BERRY RICHARD A & JANET A
10623-16	BETUEL JONATHAN R
2038-17	BETUEL JONATHAN R
19821-16	BEVELED EDGE INSURANCE COMPANY INC
25420-22	BIERMAN ANTHONY J & CHERIE C
25426-22	BIERMAN JAMES M
25429-22	BIERMAN JOSEPH P & JANA S
23184-16	BLEZA MAXIMO V & SANDRA
8914-21	BNJ LEASING INC
19894-16	BOEHLE JAMES O & DEBORAH L
16822-22	BOULDER INSURANCE COMPANY, INC
15093-18	BOWSER HAROLD R & DEBRA L JR
25431-16	BOWSER HAROLD R JR & DEBRA L
22360-17	BOWSER HAROLD R JR & DEBRA L
19528-19	BOWSER HAROLD R JR & DEBRA L
13258-20	BOYDS EQUIPMENT CO INC
4681-19	BOYDS EQUIPMENT CO INC
7686-22	BOYD'S EQUIPMENT CO., INC
24812-22	BRADLEY COHEN
10168-18	BRANCH VERNON R & GRETA
13758-22	BRAR HARBINDER S & BARBARA P
18325-17	BRAR HARBINDER S & BARBARA P
19657-18	BRAR HARBINDER S & BARBARA P
21908-19	BRAR HARBINDER S & BARBARA P
12187-20	BRAR HARBINDER S. & BARBARA P.
12091-18	BRIDGEWORKS INSURANCE GROUP INC
1346-21	BRIDGEWORKS INSURANCE GROUP INC
23966-17	BRIDGEWORKS INSURANCE GROUP INC
6608-19	BRIDGEWORKS INSURANCE GROUP INC
12090-21	BRIDGEWORKS INVESTMENT GROUP INC
22141-22	BRIDGEWORKS INVESTMENT GROUP INC
20138-22	BROADWAY DAVID R & HOLLY A
6935-19	BROCK G MATTHEW & NICOLE M
12460-22	BROWN II EDWIN & MAUREEN BROWN
21548-22	BUCKLEY TIMOTHY P & JENNIFER J
25010-22	BULLER ELIZABETH
25011-22	BULLER MARK & SARAH BEATTY

21727-19	BUNNELL JUSTIN M & SARAH E PELTZIE
22317-22	Burlingame Insurance Company, Inc.
14348-22	BURNS JAY O & LORI L
24546-21	Burris Byron & Lori
24396-21	Burris Cypress Lake Ranch LLC
24689-21	BURRIS QUINT T & LISA C
24208-21	Burris Walter & Demaray
26560-22	BURT KELLY D & LAURIE J
8390-19	BUSA ANTHONY J & REBECCA S
8407-19	BUSA ROME P JR & MARGARET F
11043-19	BUSH JEFFREY L & DIANE L
12903-18	BUSH JEFFREY L & DIANE L
10251-20	CADWELL CARLTON & LYNDA
19281-18	CADWELL CARLTON & LYNDA
19533-19	CADWELL CARLTON & LYNDA
25667-16	CADWELL CARLTON & LYNDA
7753-21	CADWELL CARLTON & LYNDA C
22855-17	CADWELL CARLTON & LYNDA CADWELL
22853-17	CADWELL ERIC & BRIANNA L
10252-20	CADWELL JOHN & PRISCILLA
19282-18	CADWELL JOHN & PRISCILLA
25668-16	CADWELL JOHN & PRISCILLA
7760-21	CADWELL JOHN & PRISCILLA C
19534-19	CADWELL JOHN& PRISCILLA
22854-17	CALDWELL JOHN & PRISCILLA
11280-20	CANCIENNE CHRISTIAN M & KIRSCH
11281-20	CANCIENNE CHRISTIAN M & MYRA FABRE
15068-18	CANDLAND ARTHUR D & MICHELLE M
25000-22	CAPITOL RISK MANAGEMENT GROUP INC
12016-20	CARDENAS JOSEPH A R & MACHELLE I
23628-22	CARLSON DANE & TATIANA
193-23	CARLTON MATTHEW W & ELLEN N
12000-20	CARSON JOHN & LANETTE C
10258-20	CARSON JOHN B & LANETTE
13158-20	CARSON JOHN B & LANETTE CARSON
11931-20	CAVALLO NERO INSURANCE INC
19824-16	CAVALLO NERO INSURANCE INC
20159-19	CAVALLO NERO INSURANCE INC
13251-20	CC CLARK INC & SUBSIDIARIES
14357-22	CC CLARK INC & SUBSIDIARIES
11369-16	CD LISTENING BAR INC
3429-19	CD LISTENING BAR INC
10703-19	CFM INSURANCE INC
6793-19	CH AG LLC

15707-17	CHAMBERLAIN CONSULTING GROUP LP
8050-19	CHAMBERLAIN CONSULTING GROUP LP
5239-20	CHAMBERS THOMAS M MATHESON CHAMBER
11434-18	CHARARA MARINA
24591-18	CHARARA MARINA
16938-19	CHARIKER MARK & JULIA
14769-22	CHARLES L DIETZEK DO PC
17201-19	CHASE JEFFREY D & LISA R
1248-23	CHIAWANA ORCHARDS LLC
15131-19	CHRISTOU REGAS S
15310-18	CIRCLE D FARMS PARTNERSHIP
6118-19	CIRCLE D FARMS PARTNERSHIP
612-19	CLARK CAROL K
3171-20	CLARK CAROL K
23838-22	CLARK DISTRIBUTING COMP IN & SUB
17169-19	CLEAR SKY INSURANCE COMPANY INC
5916-18	CNE INSURANCE MANAGEMENT INC FKA CN
22760-22	COHEN ALISON M
22758-22	COHEN LOUIS A & DEBORAH S
22759-22	COHEN MARC A & JAMIE M
22318-22	COLONIAL INCORPORATED CELL INC
4621-23	COLORADO ESCROW & TITLE
19484-19	COLWELL JEFFERY T & LINDA R ALFERY
22639-22	CONNOLLY JAMES L & JESSICA
625-23	CONNOLLY JAMES L & JESSICA
1458-20	CORSON CHRISTOPHER M
21846-19	CORSON CHRISTOPHER M
12459-22	COUSINS ANDREW P & AMY L
13621-19	CRACKER LAKE ASSURANCE INC
22942-18	CRACKER LAKE ASSURANCE INC
25193-16	CRAVENS ROBERT B & KARRIE A
5672-18	CRAVENS ROBERT B & KARRIE A
9211-17	CRAVENS ROBERT B & KARRIE A
14341-22	CREATION INSURANCE COMPANY INC
11935-20	CROWE MICHAEL J
19823-16	CROWE MICHAEL J & JULIE W
20158-19	CROWE MICHAEL J & JULIE W
11934-20	CROWE MICHAEL J & JULIE WERNER
9259-16	CUMMING FAMILY TRUST D
20292-22	CZERWINSKI FRANK & KAREN C
13956-20	DAISY GARDEN INDEMNITY PROT CELL
21467-18	DAITCH JONATHAN S & BARBARA S R
22907-17	DAITCH JONATHAN S & BARBARA S R
25199-16	DAITCH JONATHAN S & BARBARA S R

17178-19	DALLAGO RAY & MARK P BUTZKO
14438-20	DANIEL SAJI T & LISA M
26434-22	DANSVILLE INDEMNITY COMPANY INC
26371-22	DAVB INSURANCE COMPANY INC
23839-22	David A. Barish and Linda S. Jayaram
14013-21	DAVIS HENRY A
4468-19	DAVIS ZACHARY S & WHITNEY N
6299-20	DAVIS ZACHARY S & WHITNEY N
7692-22	DAVIS ZACHARY S & WHITNEY N
12147-21	Dayka & Hackett LLC
11561-21	Dayka Ag Management
24701-18	DDPA INSURANCE INC
20568-19	DDPA INSURANCE INC
13605-20	DDPA INSURANCE INC
25194-16	DEAN ROBERT L & KAY C
5671-18	DEAN ROBERT L & KAY C
9210-17	DEAN ROBERT L & KAY C
697-20	DEHGHANMANESH ADRIAN
9397-18	DEHGHANMANESH ADRIAN M
12495-22	DEL DON III LEROY & DEBRA DEL DON
779-23	DEL MAR TRADING LLC & CNAM
25856-22	DERMSEA INSURANCE INC
6288-18	DETWILER PAUL & A OLSSON AKA
6289-18	DETWILER PAUL & ALEKSANDRA O
33325-21	DEVAK RISK MANAGEMENT, INC
15377-22	DIALECTIC DISTRIBUTION LLC
24449-22	Distribution Casualty Corp
3834-22	DJAVAHERI JONATHAN
18886-18	DODSON DOUGLAS & REBECCA
3657-22	DODSON DOUGLAS & REBECCA
12836-20	DODSON DOUGLAS & REBECCA D
13912-20	DOMINGUEZ FELIPE E & BERLIZA
5302-18	DOREEN ANN ZISKA FAMILY IRREV TRUST
21097-18	DOREEN ANN ZISKA FAMILY IRRVO TRUST
5301-18	DOREEN ANN ZISKA FAMILY IRRVOCABLE/
21100-18	DOREEN ANN ZISKA FAMILY IRVOC TRUST
15067-18	DOSS CHERYL L
11038-19	EDEN ROCK INSURANCE COMPANY
12722-18	EDEN ROCK INSURANCE COMPANY
2924-20	EDGE FRED C
9137-17	EDWARDS 2 BAR FAMILY LTD PARTNERSHP
7373-16	EDWARDS 2 FAMILY LTD PARTNERSHIP
11897-15	EDWARDS PAUL T & MARY L
25438-16	EDWARDS PAUL T & MARY L

9261-16	EDWARDS PAUL T & MARY L
15543-16	EMPIRE AVIATION LLC
11879-18	EMPIRE AVIATION LLC STEVEN L TRENK
4325-23	EMPIRE TITLE OF COLORADO SPRINGS
5023-23	EMPIRE WEST TITLE AGENCY LLC
10681-20	ENVISION SERIES OF FORTRESS/
15422-18	ERIE FIONTAR INSURANCE INC
10494-18	EST OF JAMES PAHL, ETC &
13749-20	Estate of John Liebes
13927-20	Estate of Sally Kirshner
14070-20	Estate of Sally Kirshner
4329-23	ET HOLDINGS LIMITED PARTNERSHIP
5033-23	ET INVESTMENTS LLC
5035-23	ET INVESTMENTS LLC
24410-16	Evans, Albert & Josette
24407-16	Evans, Albert J & Kim
21474-22	EVERGREEN INCORPORATED CELL INC
7768-19	Evolution Insurance Company
4187-22	Evolution Insurance Company
21476-22	Evolution Insurance Company
9798-17	FIFTH TASTE SERIES OF FORRESS/
23990-16	FISHER JARED & JENNIFER
8878-17	FISHER JARED & JENNIFER
26467-17	FISHER JARED & JENNIFER FISHER
32865-21	FISHER SHELLEY
17594-22	FITZSIMMONS ROBERT & MICHELE F
9858-17	FLEISCHMAN ADAM D & SHANNA B
23188-16	FORDE JAMES & DIANE
12027-16	FORDE JAMES & ESTATE OF DIANE
1549-23	FORTIS CAPTIVE INSURANCE CO INC
3342-22	FORTIS CAPTIVE INSURANCE CO INC
26007-22	FRANCIS JAY H & CHRISTINE A
12842-20	FREEH ERIC
15523-18	FREEH ERIC
28528-21	FREEH ERIC
26878-16	FREIBERT DAVID L
26877-16	FREIBERT DONALD P & BARBARA B
24595-18	FRENKEL POLINA
12151-21	Fresh Pac LLC
12153-21	Fresh Pac LLC
12074-21	Fresh Select LLC
25390-22	FROEHLICH BRIAN J & CHRISTINE L
15240-20	GABERT BEAU & LYNSEY
4685-19	GABERT BEAU & LYNSEY

7690-22	GABERT BEAU & LYNSEY
4448-19	GABERT GORDON & JULIE
7688-22	GABERT GORDON JR & JULIE
12846-20	GABERT JR GORDON & JULIE G
22641-22	GALLANT INCORPORATED CELL INC
626-23	GALLANT INCORPORATED CELL INC
15214-20	GARDEN INDEMNITY INC
139-23	GASPARYAN,DAVIT & ANNA TONOYAN
10091-22	GATTIS THOMAS L & LORI
11199-18	GATTIS THOMAS L & LORI
1460-20	GATTIS THOMAS L & LORI
4475-19	GATTIS THOMAS L & LORI
8319-19	GAWORECKI WALTER III
6753-23	GDA CONSULTING GROUP LLC
21512-16	GELSTON JONATHAN D & JENNIFER B
16015-16	Gem State Series of Fortress Insurance
13091-20	GENE C VALDEZ DECD, MICHELLE VALDEZ
24174-22	GENTRY JAMES B & MARILYN J
14884-22	GIFFORD CHADWIC R
17331-18	GLEIXNER BARRETT & K HARRINGTON JR
12233-18	GLEIXNER BARRETT JR & HARRINGTON
14012-21	GO RISK MANAGEMENT INC
22640-22	GOLDENWEST INSURANCE COMPANY INC
2413-23	GOLDENWHEAT PROPERTIES LLC
11823-17	GOLDFARB DAVID & LEONA
14445-16	GOLDFARB DAVID & LEONA
17382-18	GOLDFARB DAVID & LEONA
5151-18	GOLDFARB DAVID & LEONA
11824-17	GOLDFARB WARREN & JEANETTE
14444-16	GOLDFARB WARREN & JEANETTE
17381-18	GOLDFARB WARREN & JEANETTE
5150-18	GOLDFARB WARREN & JEANETTE
18488-19	GOLI VIJAY B & SONJA
24999-22	GORDON PAUL V & ROSA PHILP
6290-18	GRAHM THOMAS & M DE LA GARZA
14001-16	GRAVBROT MARK V & ROBIN J
22273-17	GRAVBROT MARK V & ROBIN J
18489-19	GRIGORIEV VICTOR E
194-23	GROOVER JAMES M JR & DEBORAH L
24175-22	GRT INSURANCE COMPANY INC
14395-17	GST EXEMPT STURM FAMILY TRUST
14442-16	GST EXEMPT STURM FAMILY TRUST
5678-18	GST EXEMPT STURM FAMILY TRUST
14394-17	GST NON-EXEMPT STURM FAMILY TRUST

14441-16	GST NON-EXEMPT STURM FAMILY TRUST
5677-18	GST NON-EXEMPT STURM FAMILY TRUST
24215-21	GUARRACINO ANDREW R
24263-21	GUARRACINO FAMILY 2011 GST TE TRUST
24235-21	GUARRACINO JOHN A & LINDSEY M
24251-21	GUARRACINO MATTHEW P & AGELIKI
23921-21	GUARRACINO PAUL A & VIRGINIA SILVER
22643-22	GUILLOT JASON M & BETTY
629-23	GUILLOT JASON M & BETTY
20439-22	GUPTA AKSHAY KUMAR & NEETU TALREJA
12665-20	GUSTAFSON RYAN & SHANNON
6101-19	GUSTAFSON RYAN & SHANNON
11577-21	Hackett Ag Management
7634-19	HAHN J KEVIN & PATRICIA E
20528-16	HAKIM GILBERT & ELHAM
26895-16	HAKIM GILBERT & ELHAM
26144-17	HAKIM GILBERT & ELHAM
22204-18	HAKIM GILBERT & ELHAM
13752-20	HAKIM GILBERT & ELHAM
20533-16	HAKIM JEAN & IRENE
26143-17	HAKIM JEAN & IRENE
22203-18	HAKIM JEAN & IRENE
13750-20	HAKIM JEAN & IRENE
21477-22	HALL JAMES L & WANDA
24598-22	HANLON JOHN J & CATHY L
12038-18	HARBINDER S BRAR FLI IV
17776-19	HARBINDER S BRAR FLP I THE
12024-18	HARBINDER S BRAR FLP II NKA BOSH*
14800-17	HARBINDER S BRAR FLP II THE
12040-18	HARBINDER S BRAR FLP V THE
14812-17	HARBINDER S BRAR FLP V THE
12039-18	HARBINDER S BRAR FLP VI
17806-19	HARBINDER S BRAR FLP VI
11930-18	HARBINDER S BRAR FLP VIII NKA KSB
14664-17	HARBINDER S BRAR FLP VIII THE
14347-22	HARMON JAY M & CYNTHIA D
5031-23	HAWKINSON JARED L & HEATHER
9082-19	HAWTHORNE VALLEY INSURANCE CO
16108-16	Haynes Thomas & Susan Haynes
13899-20	HEATHER GARDEN INDEMNITY PROTECTED/
26058-22	HENDI ALI & AZADEH
14759-22	HERRING JAMES H JR & MELINDA
195-23	HIERS TIMOTHY P & KRYSTAL P
23348-22	HIGHLAND ASSURANCE COMPANY INC

15404-22	HILL III GILES A & NATALIE J
1804-16	Hill, Giles and Natalie
13566-16	Hill, Giles and Natalie
25393-22	HILLTOP INSURANCE COMPANY INC
10577-19	HINNER RICK A & KATHLEEN M
10578-19	HINNER ROGER E & REBECCA ANN
19977-16	Hinner, Rick & Kathleen
15417-18	Hinner, Rick & Kathleen
19934-16	Hinner, Roger and Rebecca
11821-17	Hinner, Roger and Rebecca
15418-18	Hinner, Roger and Rebecca
17177-19	HOOVER STEVEN C & SANDRA L MEDLIN
5026-23	HOVE DAVID S & HEIDI H
21911-19	HOYES CORNELIA-AKA JOYCE CORNELIA I
23007-18	HUGHES FAITH E
12805-19	HUGHES FAITH E
13848-19	HUND PAUL W II & CATHERINE C
1436-23	HUNT ADVANTAGE GROUP LLC
4021-22	HUNT ASSURANCE GROUP, INC
8789-19	HUNT JAMES T & JULIA M
8842-19	HUNT JULIA M
23181-16	HUTH JEFFREY & NANCY
2723-23	ILN TECHNOLOGIES INC
24447-22	Import Casualty Corp
12497-22	INCLINE INSURANCE COMPANY INC
11646-19	INDUSTRIAL FURNACE COMPANY INC
2763-19	INTEGRATED CONSTRUCTION LLC
140-23	INTERLAKEN INSURANCE COMPANY INC
14007-20	IRIS GARDEN INDEMNITY PROTECTED
12493-22	IV FARMING INSURANCE COMPANY INC
11041-19	JACKSON ANTHONY L & CHERYL A
12901-18	JACKSON ANTHONY L & CHERYL A
11049-16	JACKSON KEVIN G & BARBARA A
11907-15	JACKSON KEVIN G & BARBARA A
25437-16	JACKSON KEVIN G & BARBARA A
23846-22	Jacquelyn L. Barish
12509-22	JADHAV JALANDAR Y & KUNJLATA J
13637-19	JAGANNATH S & JAYA VENKATARAMAN
2370-19	JAMES BRYSON SHEPHERD TRUST
14775-22	JAMISON JAMES J
24164-22	JAVELIN INSURANCE COMPANY INC
6796-23	JAVELIN INSURANCE COMPANY INC
11993-20	JBS 2 BREE TRUST
11996-20	JBS 2 MICHAEL TRUST

23522-16	JCH INSURANCE COMPANY INC
3611-17	JCH INSURANCE COMPANY INC
26060-22	JENKINS ARTHUR REX & SUNNI P
20796-22	JENKINS DAVID G
21442-18	JENSEN SCOTT & AMY
20428-22	JESAJ INSURANCE COMPANY INC
25197-16	JMPD SERIES OF FORT INSURANCE LLC
22729-17	JMPD SERIES OF FORTRESS INSUR LLC
24165-22	JOEL SPORN & ALISON ROBIN INGBER SP
6797-23	JOEL SPORN & ALISON ROBIN INGBER SP
5312-18	JOHN ONEIIL DYNASTY TRUST
21091-18	JOHN O'NEILL DYNASTY ESBT TRUST
21092-18	JOHN O'NEILL DYNASTY ESBT TRUST
5313-18	JOHN ONEILL DYNASTY ESBT/
5314-18	JOHN ONEILL DYNASTY ESBT/
5311-18	JOHN ONEILL DYNASTY SIMPLE TRUST/
21089-18	JOHN O'NEILL DYNASTY TRUST
21090-18	JOHN O'NEILL DYNASTY TRUST
21095-18	JOHN T O'NEILL FAMILY IRREVOC TRUST
5307-18	JOHN T ONEILL FAMILY IRREVOCABLE/
5308-18	JOHN T ONEILL FAMILY IRREVOCABLE/
5309-18	JOHN T ONEILL FAMILY IRREVOCABLE/
5310-18	JOHN T ONEILL FAMILY IRREVOCABLE/
21096-18	JOHN T O'NEILL FAMILY IRRVO TRUST
21094-18	JOHN T O'NEILL FAMILY IRRVOC TRUST
21093-18	JOHN T O'NEILL IRREVOC TRUST
31164-15	JOHNSON DAVID A
33688-21	JOHNSON DAVID A
9439-18	JOHNSON DAVID A
17778-19	JOHNSON ROGER D & DEBRA
17165-19	JONES GENIE R
13089-20	JONES KEVIN E & MARY C
23847-22	Joseph B. Weisman
22385-22	Joseph D. Putnam & Juli A. Putnam
5920-18	JSM INVESTMENT MANAGEMENT INC
22785-22	JTCS CORPORATION INC
33331-21	JTCS CORPORATION, INC
4644-18	Juba Insurance Company
18198-18	Juba Insurance Company
7379-19	Juba Insurance Company
13249-20	Juba Insurance Company
36959-21	JUBA INSURANCE COMPANY
18199-18	Juba, John
7381-19	Juba, John

13247-20	Juba, John
4643-18	Juba, John
20617-22	JULIANO JAMES & LORRAINE
286-21	KADAU CURTIS K & LORI A
1560-23	Kang, Kevin & Kristin
26042-22	KAPLAN HOWARD JAY & JANET M SHIMER
23989-16	KATHEIN ITAI & LITAL
13087-17	KATHEIN LITAL & ITAI
4465-19	KAUFMAN RANDALL J & CAROL J
793-20	KAUFMAN RANDALL J & CAROL J
11185-18	KAUFMAN RANDALL J & CAROL J K
12461-22	KAUFMANN ERIK L & JENNIFER M
15066-18	KEATING TERENCE J & JANET D
14191-22	KEMPER INSURANCE COMPANY INC
23848-22	Kenneth C. Collins & Michelle G. Weis
20429-22	KEYSTONE ASSURANCE COMPANY INC
15706-17	KFM FINANCIAL & INS SERVICES INC
13665-19	KFM FINANCIAL & INSURANCE SERVICES
6790-19	KFM FINANCIAL & INSURANCE SVCS INC
16825-22	KHAN MUKARRAM A & ZAIBA M
25713-22	KINETIC INCORPORATED CELL INC
17001-18	KING THOMAS N & LAURA J
23154-17	KING THOMAS N & LAURA J
24254-16	KING THOMAS N & LAURA J
25118-18	KING THOMAS N & LAURA J
10448-17	KINGS RIVER COMMODOTIES LLC
20373-22	KNETSCHE ROBERT P & LISA T
13152-17	KNETSCHE ROBERT P & LISA TURNER
16423-19	KNETSCHE ROBERT P & LISA TURNER
5561-18	KNETSCHE ROBERT P & LISA TURNER
3452-19	KNETSCHE ROBERT P&LISA TURNER
330-19	KNUDSEN ROBERT & SHARON - ESTATE
18290-18	KNUDSEN SHARON ESTATE OF -DECEASED
12078-21	Kool Kountry LLC
13540-22	KOTOK MICHAEL & JOANNE
25489-22	KOURY MICHAEL E & TRINI T
7735-20	KPRC LLC SMMFLP LP
19233-22	KRAUSE DALE M
20876-22	KUHN CHARLES S & STACY E
10980-16	KUPERSMITH LUKE D & SOPHIE N
26469-17	KUPERSMITH LUKE D & SOPHIE N
8876-17	KUPERSMITH LUKE D & SOPHIE N
21912-19	LAAKSO TODD C
21913-19	LAAKSO TODD C & SHERI L

15729-22	LANGEVELD ANTOINETTE
15728-22	LANGEVELD BERNARDUS & JILL
15727-22	LANGEVELD PETER & SOPHIE
15726-22	LANGEVELD THEODORUS
14076-16	Langstein Mitch & Paula Langstein
12155-17	Langstein Mitch & Paula Langstein
5891-18	Langstein Mitch & Paula Langstein
9998-19	Langstein Mitch & Paula Langstein
10134-20	Langstein Mitch & Paula Langstein
10260-21	Langstein Mitch & Paula Langstein
11717-22	Langstein Mitch & Paula Langstein
7768-21	LAPICOLA FAMILY IRREVOCABLE TRUST
11998-20	LAPICOLA FAMILY IRREVOCABLE TRUST 2
19226-16	LAPICOLA JOHN J & SHIRLEY T
9181-17	LAPICOLA JOHN J & SHIRLEY T
14450-19	LAS VEGAS UROLOGY LLP
23430-18	LAS VEGAS UROLOGY LLP
15363-22	LATOUR FRANK W & EVERITA O
6293-18	LEDLIE JON T & ANDREA M
23186-16	LEE SANGYOUNG & ESTHER H LEE
21768-22	LEE YOUNG-JIK
25712-22	LEGACY INCORPORATED CELL INC
4618-23	LEGACY TITLE GROUP LLC
23849-22	Leon J. Barish & Terry McGinty
22328-22	LEONHARDT RONALD J JR
23148-22	LEVIN PAUL & EMMANUELLE
25854-22	LEVY ELLE & MIRIAM
17924-22	LEWIS KAUFMAN REID STUKEY GATTS & /
13826-19	LEWIS MARTIN & TRINA
24373-18	LEWIS MARTIN & TRINA
3765-21	LEWIS MARTIN & TRINA
8819-22	LEWIS MARTIN & TRINA
9428-19	Leyton, Corey & Leslie
9304-19	Leyton, Corriane
9307-19	Leyton, Travis
10085-20	LHEUREUX SUSAN
10086-20	LHEUREUX VERLYN
20146-14	L'HEUREUX VERLYN & SUSAN DECD
20618-22	LICATA STEPHEN & AMY
3102-20	LIFELINK INSURANCE COMPANY INC
11637-19	LILL JAMES M III
11645-19	LILL JASON K
12015-19	LILL KENNETH J & COURTNEY
11486-19	LILL KENNETH J JR

11644-19	LILL WILLIAM T & MEREDITH L JR
13966-20	LILY GARDEN INDEMNITY PROTECTED CEL
1881-23	LINDSETH EDWARD A & DIANNA T
19379-19	LIPMAN ROBERT B
25038-18	LIPMAN ROBERT B
3101-20	LIU PAULINE W
3103-20	LIU STEPHEN K
15081-19	LLOYD JR PAUL & SHANNON ANDREINI
22381-18	LLOYD PAUL & SHANNON ANDREINI JR
24219-22	LOMBOY CARL T & BONNIE S
21029-16	Longhorn Series of Fortress Insurance
22074-17	Longhorn Series of Fortress Insurance
2767-19	LOSBY MARK S & SARAH K
4091-18	LOSBY MARK S & SARAH K
23875-22	LSJ Trust
12511-22	LUTER MICHAEL D & JUDY S
23005-18	LYNCH TIMOTHY M & ROBERTA B
15524-19	LYNCH TIMOTHY M & ROBERTA B
3857-20	LYNCH TIMOTHY M & ROBERTA B
21619-16	Machine Series of Fortress Insurance
22383-17	Machine Series of Fortress Insurance
24594-18	MACKIE ROLAND L & MARIANNE T
12091-21	MADLOCK MICHAEL W & DONNA L
1344-21	MADLOCK MICHAEL W & DONNA L
22140-22	MADLOCK MICHAEL W & DONNA L
23967-17	MADLOCK MICHAEL W & DONNA L
6609-19	MADLOCK MICHAEL W & DONNA L
15209-20	MALABAR INSURANCE COMPANY
15092-18	MALONEY CHRIS & SUSAN
22845-17	MALONEY CHRIS & SUSAN
25191-16	MALONEY CHRIS & SUSAN
27232-15	MARINE INSURANCE CO INC
25099-22	Martin & Anne Putnam
5909-23	MARTINEZ CARLOS O
7292-18	MASTNY CHAD J
26044-22	MATTHEW T MATTHEW & DEBORAH F
24681-18	MATTHEWS PHILIP M & KAREN E
3173-20	MATTHEWS PHILIP M & KAREN E
22293-17	MAVERICK SERIES OF FORTRESS
19185-18	MAVERICK SERIES OF FORTRESS
19536-19	MAVERICK SERIES OF FORTRESS
13155-20	MAVERICK SERIES OF FORTRESS
25670-16	MAVERICK SERIES OF FORTRESS/
17205-19	MAXSON ROBERT C & SHERRY A

33947-21	MAY CHRISTOPHER & SUSAN
23873-22	MB JLB Trust
23878-22	MB LJB Trust
23874-22	MB-DAB Trust
21198-18	MCBEATH JOHN III
15679-18	MCCOLLUM MICHAEL SCOTT
21162-18	MCCOLLUM MICHAEL SCOTT
13620-19	MCCORMACK MATTHEW C & TIFFANY
22941-18	MCCORMACK MATTHEW C & TIFFANY
25461-16	McGuire Desmond & Cory Lynne Brame
22725-17	McGuire Desmond & Cory Lynne Brame
11882-18	McGuire Desmond & Cory Lynne Brame
15581-18	McGuire Desmond & Cory Lynne Brame
5689-23	MCGUIRE DESMOND E & CORY BRAME
9074-19	MCGUIRE MICHAEL & TRACEY
24218-22	MCLAURIN BRENT T & SONYA R
3836-22	MEDFORD JOSH
26433-22	MEHLENBACHER LAWRENCE & ELIZABETH
25430-22	MERCURY INSURANCE COMPANY INC
14439-16	Meschkat Bodo & Deborah Meschkat
22384-17	Meschkat Bodo & Deborah Meschkat
3373-23	MEYER ROBERT S
3374-23	MEYER ROBERT S
3365-23	MEYER WALTER G
3366-23	MEYER WALTER G
26974-22	MICHELLE COHEN
20160-19	MICRO CAP KY INSURANCE COMP INC
11932-20	MICRO CAP KY INSURANCE COMPANY INC
19825-16	MICRO CAP KY INSURANCE COMPANY INC
7798-20	MILLS ELIZABETH J
7740-20	MILLS ENTERPRISES -PRAIRIE LLC
7737-20	MILLS HOTEL KENOSHA LLC
7689-20	MILLS HOTEL WYOMING LLC
7814-20	MILLS KATHLEEN F
7801-20	MILLS MARTHA L
7799-20	MILLS STEPHEN C
7841-20	MILLS STEPHEN R
23182-16	MISHRA VIVEK & SONALI SHUKLA
12078-19	MMS INSURANCE LLC - SERIES B
2674-20	MMS INSURANCE LLC - SERIES B
17126-21	MMS INSURANCE LLC SERES A
2549-20	MMS INSURANCE LLC -SERIES A
17008-19	MMS INSURANCE LLC- SERIES A
12509-21	MMS INSURANCE LLC SERIES B

22516-18	MMS INSURANCE LLC-SERIES A
22303-18	MMS INSURANCE LLC-SERIES B
26589-22	MOBLEY JASON A
13820-20	Morton Kirshner
13888-20	Morton Kirshner
16169-18	MOUSHEGHIAN JOHN R & DANIELLE C
18882-18	MOUSHEGHIAN JOHN R & DANIELLE C
10682-20	MOYER ALLEN D
24406-16	MRAA Series of Fortress
8838-19	MYERS BEAU R & CHRISTIN F
5024-23	MYERS PHILLIP T & JAMIE L SOMMERS
17520-18	MYERS RICHARD III & INGELEIN S
22848-17	MYERS RICHARD III & INGELEIN S
24255-16	MYERS RICHARD III & INGELEIN S
8823-19	MYERS RICHARD III & INGELEIN S
8788-19	MYERS WALLIN H & LESLIE S
2210-20	NASIEK DARIUSZ J & SARA
12178-17	NASTANSKI FRANK C
12179-17	NASTANSKI FRANK C
2373-23	NASTANSKI FRANK C & JENNIFER L
5729-18	NASTANSKI FRANK C & JENNIFER L
6898-19	NASTANSKI FRANK C & JENNIFER L
4291-19	NATUVU SERIES OF FORTRESS/
13828-19	NELLIGAN RUSSELL & JULIE
11994-20	NEW MILLENNIUM CONCEPTS LTD
3427-19	NEW MILLENNIUM CONCEPTS LTD
9243-18	NEW MILLENNIUM CONCEPTS LTD
295-23	NIALL INSURANCE GROUP INC
21562-22	NOBLE INSURANCE COMPANY INC
24311-22	North Harbor Insurance Company, Inc.
11368-20	NORTHTOWN AUTOMOTIVE COMPANIES INC
12181-17	Northwoods Insurance
15415-18	Northwoods Insurance
10579-19	NORTHWOODS INSURANCE CO LTD
19904-16	NORTHWOODS INSURANCE COMPANY LTD
23835-22	NSI SERVICES INC
23509-22	NUGENT ASSURANCE INC
23695-22	NUGENT KENNETH S
12296-22	NZR MANAGEMENT INSURANCE CO, LLC
20024-22	O'Brien Sheilah
16937-19	O'DANIEL THOMAS G & KELLY M
21749-16	Offroad Series of Fortress Insurance
10904-17	Offroad Series of Fortress Insurance
23180-16	OLTHOFF TIMOTHY D & BRENDA L

20797-22	ON POINT CAPTIVE INSURANCE CORP INC
21086-18	ONEILL ALVA D ESBT FBO
21098-18	ONEILL JOHN T & DEBORAH
5315-18	ONEILL JOHN T & DEBORAH F
7152-22	OPTIMA INSURANCE COMPANY, INC
15309-15	OROPEZA JESUS R
11871-18	OROPEZA JESUS R & FABIOLA ANAYA
22352-17	OROPEZA JESUS R & FABIOLA ANAYA
25462-16	OROPEZA JESUS R & FABIOLA ANAYA
9623-16	OROPEZA JESUS R & FABIOLA ANAYA
22755-22	ORTEGA THOMAS A & STACIA A
12911-20	ORTNER STEVEN A & COURTNEY M
11047-16	OSMAN KHIDIR & SIIDIGA ELMOSTAFA
11898-15	OSMAN KHIDIR & SIIDIGA ELMOSTAFA
25466-16	OSMAN KHIDIR & SIIDIGA ELMOSTAFA
23630-22	OVERTURF JAMES & JACQUELYN C
15819-21	PAG INSURANCE COMPANY INC
23763-17	PAGE MILTON E & MARY S
8154-19	PAHL FRIEDA J-DECD & GREGORY L
10453-18	PAHL GREG & JULIE A
6141-19	PAHL GREG & JULIE A
8103-19	PAHL JAMES M - ESTATE
10345-18	PAHL JEFF J & TANA
13926-19	PAHL JEFF J & TANA
6128-19	PAHL JEFF J & TANA
23837-22	PALISADE SURETY INC
8391-19	PALLADIUM INSURANCE CO
26888-16	Pappas Robert S & Buffi R Pappas
11205-17	Pappas Robert S & Buffi R Pappas
27825-15	PARAGON OIL COMPANY - LTD PTNRSHIP
21822-19	PARKER FORREST W
21837-19	PARKER FORREST W
16170-18	PARKER JAMES R
21158-18	PARKER JAMES R & CHELSIE
14764-22	PARKS BILLY S & ELIZABETH W
25195-16	PARRY DAVID A & HILARY P
5670-18	PARRY DAVID A & HILARY P
9212-17	PARRY DAVID A & HILARY P
23192-16	PATEL DIVYESH G & SHILPA M
23055-22	PATEL JITESH V & SHITAL S
31518-21	PATEL JITESH V & SHITAL S
5924-21	PATEL JITESH V & SHITAL S
26130-22	PATEL RAVISHANKER & JAYASREE P
11352-18	PATEL SUNIL S & LAURIE M MCANALLY-

25268-18	PATEL SUNIL S &LAURIE MCANLLY-PATEL
5293-19	PECK JOHN W II & LEIGH
5028-23	PEDERSEN JEREMIAH T & LESLEY ANNE
4466-19	PELHAM JR JERRY & HAMMONDS STACIE
214-23	PEREZ JAIRO M
8360-21	PERLOW DAVID & JOAN
22448-16	PERLOW DAVID & JOAN
2256-18	PERLOW DAVID & JOAN
6298-20	PERLOW DAVID & JOAN
17497-17	PERLOW DAVID & JOAN P
2257-18	PERLOW INSURANCE CO II INC
6330-20	PERLOW INSURANCE CO II INC
17495-17	PERLOW INSURANCE COMPANY II
22447-16	PERLOW INSURANCE COMPANY II INC
8368-21	PERLOW INSURANCE COMPANY II, INC
23885-22	PETERS LUKE S & MARIELLA L
21027-16	Pipeline Series of Fortress Insurance
22075-17	Pipeline Series of Fortress Insurance
22402-22	Plastic Services and Products LLC
22403-22	Polymer Compounding LLC
10704-19	PRESTA ROBERTINO & ANTONELLA
22229-22	PRIMUS INSURANCE COMPANY INC
16469-18	PRYOR BARRY E - ESTATE
16470-18	PRYOR PACKERS INC
11413-20	PUNJAB INVESTMENTS LLC
13006-20	PURE MEDICAL DEVELOPMENT INC
28530-21	PURE MEDICAL DEVELOPMENT INC
13603-20	Purus Indemnity
12910-20	PURUS INDEMNITY GROUP INC
12156-17	Puttus Series of Fortress Insurance
5890-18	Puttus Series of Fortress Insurance
9997-19	Puttus Series of Fortress Insurance
10133-20	Puttus Series of Fortress Insurance
10262-21	Puttus Series of Fortress Insurance
7717-17	Rachis Casualty Corp.
14563-17	RADFORD PHILLIP
23223-16	RADIOLOGIC ASSOCIATES OF NW IND P.C
10576-19	RAJEK GARY A & KAREN L
19965-16	Rajek, Gary & Karen
15416-18	Rajek, Gary & Karen
10905-17	Ramelot Scott & Hannah Ramelot
12026-16	Ramelot Steven T
10906-17	Ramelot Steven T and Michelle Ramelot
24166-22	RANDY SPORN

6798-23	RANDY SPORN
19440-19	RATLIFF JOHN R
26129-22	RAVIJAYA INSURANCE COMPANY LLC
15238-17	REBEL OIL COMPANY INC&SUBSIDIARIES
11880-18	REBEL OIL COMPANY INC&SUBSIDIARIES
1350-23	REDBARN PET PRODUCTS LLC
25100-22	Redwood City Insurance
22405-22	Reese Real Estate and Investment Co.
11184-18	REID THAD K & AMY M
4469-19	REID THAD K & AMY M
692-20	REID THAD K & AMY M
6291-18	RENFRO MARK B
15056-18	RHEE HENRY C & GRACE JUNGIMKI
15516-16	RHEE HENRY C & GRACE JUNGIMKI
16385-19	RHEE HENRY C & GRACE JUNGIMKI
3722-17	RHEE HENRY C & GRACE JUNGIMKI
33328-21	RHEUDE GARY & CATHLEEN A
23768-22	Richard N. and Jill P. Reese
22404-22	Richard N. Reese Family LLC
26587-22	RICKERT SCOTT & LISA R
22752-22	RIESTER INSURANCE INC
22753-22	RIESTER TIMOTHY W & MIRJA
9167-22	RIGGIO CONSTRUCTION INC
9164-22	RIGGIO ROBERT
18605-22	RIVEROS RAUL E
16870-16	RIVERVIEW HEALTH INSTITUTE LLC
5358-17	RIVERVIEW HEALTH INSTITUTE LLC
5765-18	RIVERVIEW HEALTH INSTITUTE LLC
6767-19	RIVERVIEW HEALTH INSTITUTE LLC
6768-19	RIVERVIEW HEALTH INSTITUTE LLC
11360-20	RMS INSURANCE COMPANY INC
12116-17	ROBERTS HENRY L & LINDA C
15047-18	ROBERTS HENRY L & LINDA C
21750-16	ROBERTS HENRY L & LINDA C
17773-19	ROCK BOTTOM II INC FKA ROCK BOTTOM
27828-15	ROSARIO SIGNAL LLC
13918-20	ROSE GARDEN INDEMNITY PROTECTED
3823-19	ROYALTY MANAGEMENT INSURANCE/
22320-22	RUDOLPH RAYMOND & LAUREN P
15362-22	RUSHMORE INSURANCE CO INC
4907-19	RUSSELL WILLIAM B & ALICE L
3586-20	RUSSELL WILLIAM B & ALICE L
25431-22	RUTHERFORD INSURANCE COMPANY INC
622-23	S R FREEMAN INC

17606-22	SAC INSURANCE INC
13747-20	Sackler, Allen
21748-16	SACKS DAVID B & RENEE M
22308-17	SACKS DAVID B & RENEE M
20440-22	SAFEGUARD INCORPORATED CELL INC
25278-22	SAGE INSURANCE COMPANY INC
20438-18	SAIEDY SAMER
14192-22	SANBORN ROGER W & MICHELLE M
27081-22	SANDRA COHEN
11866-20	SAREYA STEVE & LORRIE
11020-20	SAREYKA ARMIN & LORETTA
18624-21	SAREYKA ARMIN & LORETTA
7761-21	SAREYKA ARMIN G & LORETTA A
11865-20	SAREYKA KYLE & TRACY
18628-21	SAREYKA KYLE & TRACY
7763-21	SAREYKA KYLE & TRACY
18629-21	SAREYKA STEVE & LORRIE
7765-21	SAREYKA STEVEN C & LORRIE A
11880-19	Scaia James & Mary Ann
4188-22	Scaia James & Mary Ann
25672-16	SCALINI FERNANDO
22295-17	SCALINI FERNANDO
21965-19	SCALINI FERNANDO
13153-20	SCALINI FERNANDO
31590-21	SCALINI FERNANDO
25718-22	SCALINI FERNANDO
13154-20	SCALINI JAVIER
31591-21	SCALINI JAVIER
25720-22	SCALINI JAVIER
25671-16	SCALINI JAVIER M
22294-17	SCALINI JAVIER M
21966-19	SCALINI JAVIER M
19183-18	Scalini, Fernando
19184-18	Scalini, Javier
16285-22	SCC HOLDING COMPANY OF PINELLAS INC
14350-22	SCHLEICH KURT & WANDA L
11046-19	SCHNELLER GEORGE F & RENEE L
12906-18	SCHNELLER GEORGE F & RENEE L
11040-19	SCHNELLER JAMES L & TANA S
12900-18	SCHNELLER JAMES L & TANA S
11044-19	SCHNELLER JEFFREY A & MICHELLE M
12904-18	SCHNELLER JEFFREY A & MICHELLE M
11039-19	SCHNELLER JEROME P
12899-18	SCHNELLER JEROME P

11047-19	SCHNELLER JOHN R & JULIE A
11050-19	SCHNELLER JOSEPH P & MARILYN S
12907-18	SCHNELLER JULIE A & JOHN R SR
11049-19	SCHNELLER KAREN L
11045-19	SCHNELLER MARY KAY
12905-18	SCHNELLER MARY KAY
33334-21	SCHULTZ CHRISTOPHER
14346-22	SCHUSTER DANIEL G & JEAN K
25714-22	SCIARETTA DONALD & DEBRA L
25715-22	SCIARETTA STEPHEN & SARAH TOEPFER
12463-22	SCIORTINO DAVID R & THERESA M
25369-22	SCODELLER PETER D & TERESA L
14765-22	SEDITA MARY ANN
3838-22	SERIES 3 OF OXFORD INSUR CO NC LLC
3835-22	SERIES 4 OF OXFORD INSUR CO NC LLC
26294-22	SERIES BV OF OXFORD INSURANCE LLC
26295-22	SERIES BW OF OXFORD INSURANCE LLC
14897-20	SERIES DC OF OXFORD INSURANCE CO
23404-22	SERIES DD OF OXFORD INS CO LLC
26296-22	SERIES FF OF OXFORD INSURANCE LLC
23407-22	SERIES FZ OXFORD INS CO LLC
14898-20	SERIES GT OF OXFORD INSURANCE CO
14987-20	SERIES IC OF OXFORD INSURANCE INC
15015-20	SERIES IK OF OXFORD INURANCE CO LLC
14754-22	SERIES JL OXFORD INS COMPANY LLC
15017-20	SERIES JN OF OXFORD INSURANCE CO
23409-22	SERIES KP OF OXFORD INS CO LLC
22387-22	SERIES KR OF OXFORD INSURANCE CO LL
18986-22	SERIES OF OXFORD INSURANCE CO LLC
20615-22	SERIES PROTECTED CELL 108
22028-22	SERIES PROTECTED CELL 20-CS
23411-22	SERIES PROTECTED CELL 2-CS
25324-22	SERIES PROTECTED CELL 40 OF
25571-22	SERIES PROTECTED CELL 56-CS
14768-22	SERIES V OF OXFORD INS COMPANY LLC
24783-22	SETH COHEN
15180-20	SHEMIA JEFFREY AND AGNES
4421-19	SHEPERD JOHN B & ANDREA
9242-18	SHEPHERD JAMES B TRUST
8065-15	SHEPHERD JAMES BRYSON - TRUST
26293-22	SHIELDS KEVIN A & EILEEN S
8331-19	SHIELDS RYAN P
12258-18	SHKAROVSKY IGOR & INNA
17332-18	SHKAROVSKY IGOR & INNA

10626-16	SHOHADAI PAYAM
2037-17	SHOHADAI PAYAM
17187-19	SHOR RICHARD J & THEODOSIA E
11566-21	Sierra Agribusiness Insurance
25495-22	Sierra Agribusiness Insurance
27827-15	SIGNAL COMPANY - LTD PARTNERSHIP
27826-15	SIGNAL HILL WEST - LTD PARTNERSHIP
31593-21	SKYLAB SERIES INC
25669-16	SKYLAB SERIES OF FORTRESS/
22292-17	SKYLAB SERIES OF FORTRESS/
19186-18	SKYLAB SERIES OF FORTRESS/
19535-19	SKYLAB SERIES OF FORTRESS/
13152-20	SKYLAB SERIES OF FORTRESS/
380-20	SLONE DONNIE E JR & RHONDA M
11414-20	SOBOSI INVESTMENTS LLC
11265-19	SOUTHWEST EMERGENCY PHYSICIANS PLLC
13157-20	SOUTHWEST EMERGENCY PHYSICIANS PLLC
4523-21	SOUTHWEST EMERGENCY PHYSICIANS PLLC
8795-16	SOUTHWEST EMERGENCY PHYSICIANS PLLC
9161-17	SOUTHWEST EMERGENCY PHYSICIANS PLLC
20140-22	SOUTHWEST RETINA SPECIALIST LLP
428-19	SOUTHWEST RETINA SPECIALIST LLP
15697-18	SOUTHWEST RETINA SPECIALISTS LLP
2847-21	SOUTHWEST RETINA SPECIALISTS LLP
13005-20	SPENCER LOREN K & CLAIRE L
18989-22	SPORT CLIPS INC & SUBSIDIARIES
25095-22	ST LANDRY INDEMNITY INC
22406-22	Standard Insurances Company
22407-22	Standard Logistic Services LLC
22408-22	Standard Plumbing Supply Company Inc.
5029-23	STENNES TODD A & ANN MARIE
24567-22	Stephen & Debbie Bryant
22221-22	STERLACCI MICHAEL T & HEIDI L
24312-22	Steven Urvan
11042-19	STEVENS JEFFREY L & SUSAN E
12902-18	STEVENS JEFFREY L & SUSAN E
24566-22	Stratford Indemnity
12458-22	STRICKLAND WILLIAM J & OKEMAH
13225-18	STROOT ERIC H & KRISTI L
11198-18	STUKEY KENNETH L & LEA
4473-19	STUKEY KENNETH L & LEA A
943-20	STUKEY KENNETH L & LEA A
14396-17	STURM ELLEN
14443-16	STURM ELLEN

5676-18	STURM ELLEN
14675-17	STURM KENNETH & MICHELLE
8877-17	SUFRLINE SERIES OF FORTRESS INSUR /
23406-22	SULLO JOSEPH A & GIOVANNA
24941-22	SUMMERS INSURANCE COMPANY
26006-22	SUN DEVIL INSURANCE COMPANY INC
13574-20	SUNCOAST PATHOLOGY ASSOCIATES INC
26468-17	SURFLINE SERIES OF FORTRESS
10982-16	SURFLINE SERIES OF FORTRESS INS LLC
6769-18	SUTHERLAND MARK L & SUSAN
25265-18	SWARUP JITENDRA & ARUNA
13705-16	SWIFT BERNARD T JR & KATHY L
5354-18	SWIFT BERNARD T JR & KATHY L
26559-22	TALON SURETY COMPANY INC
13968-20	TANSY GARDEN INDEMNITY PROTECTED
10156-20	TDS RENTALS & LEASING LLC
19231-16	TDS RENTALS & LEASING LLC
3454-19	TDS RENTALS & LEASING LLC
5919-18	TDS RENTALS & LEASING LLC
9184-17	TDS RENTALS & LEASING LLC
11366-20	TDS TESTING & START UP SERVICES LLC
19230-16	TDS TESTING & START UP SERVICES LLC
3453-19	TDS TESTING & START UP SERVICES LLC
9183-17	TDS TESTING & START UP SERVICES LLC
5917-18	TDS TESTING& STARTUP SERVICES LLC
6751-23	TECH DIAGNOSTIC MGMT & OPERATION
6752-23	TECH DIAGNOSTIC MGMT & OPERATIONS
19229-16	TECHNICAL DIAGNOSTIC MANAGEMENT & /
5918-18	TECHNICAL DIAGNOSTIC MANAGEMENT&
9182-17	TECHNICAL DIAGNOSTIC MANAGMENT & /
9168-22	TELECOMMUNICATION UNDERWRITERS INC
11995-20	TEXADO LTD
3426-19	TEXADO LTD
9244-18	TEXADO LTD
7734-20	TEXAS CITY VENTURE LTD
17765-19	THE HARBINDER S BRAR IV AKA BRAR
14695-17	THE HARBINDER S BRAR FLP I
12022-18	THE HARBINDER S BRAR FLP I A.K.A.
17763-19	THE HARBINDER S BRAR FLP II
14700-17	THE HARBINDER S BRAR FLP III
17766-19	THE HARBINDER S BRAR FLP III
12027-18	THE HARBINDER S BRAR FLP III A.K.A.
14688-17	THE HARBINDER S BRAR FLP IV
17767-19	THE HARBINDER S BRAR FLP V

14678-17	THE HARBINDER S BRAR FLP VII
12023-18	THE HARBINDER S BRAR FLP VII A.K.A.
17784-19	THE HARBINDER S BRAR FLP VIII KSB
14703-17	THE HARBINDER S BRAR FLPVI
17790-19	THE HARBINGER S BRAR FLP VII
11204-17	The Pappas Family Trust, Sherri McGuffey TTE
28525-21	THE PEOPLESERIES OF FORTRESS INSLLC
2783-23	THE SIEGFRIED GROUP LLC
17496-17	THOMPSON LAWSON III & SYLVIA
22449-16	THOMPSON LAWSON III & SYLVIA
2258-18	THOMPSON LAWSON III & SYLVIA
6331-20	THOMPSON LAWSON III&SYLVIA
13821-19	THOMPSON TODD P & KEVIN R
12861-22	TICORAS CHRIST J & HEATHER D
26341-22	TIFFANY, MICHAEL E. & C.M. DELORD
28527-21	TIMBERLINE FISHERIES CORP
21554-22	TJB INSURANCE COMPANY INC
11430-20	TKS INVESTMENTS LLC
11572-21	TMAK Insurance
25496-22	TMAK Insurance
138-23	TONOYAN, ANNA
23788-17L	Tonya Binig v. Commissioner
4292-19	TOOMA TOM S & MARTA KALBERMATTER
20789-22	TOP 1 PERCENT COACHING LLC
4619-23	TOWNSQUARE TITLE OF WYOMING LLC
1183-22	TRANSTEC GLOBAL CORPORATION
434-23	TRANSTEC GLOBAL CORPORATION
15760-18	TRENK ABIGAIL S
15759-18	TRENK ALVIN
5027-23	TRINITY TITLE OF TEXAS LLC
11933-20	TRUETT ARTIS P & ALLISON H
19822-16	TRUETT ARTIS P & ALLISON H
20157-19	TRUETT ARTIS P & ALLISON H
23876-22	TSM Trust
4290-19	TST HOLDINGS LLC THOMAS S TOOMA
22669-16	TTT Series of Fortress Insurance LLC
17560-17	TTT Series of Fortress Insurance LLC
19903-16	TTT Trading LP, Tonya Binig TMP
19741-17	TTT Trading LP, Tonya Binig TMP
27008-16	TUCSON ENT ASSOCIATES PC
5673-18	TUCSON ENT ASSOCIATES PC
9213-17	TUCSON ENT ASSOCIATES PC
13885-20	TULIP GARDEN INDEMNITY PROTECTED
6292-18	TYLER NEUROSURGICAL ASSOCIATES PA

17041-19	U S SCREEN CORPARATION
5641-19	U. S SCREEN CORPORATION
4620-23	UNIFIED TITLE CO OF N COLORADO LLC
4326-23	UNIFIED TITLE COMPANY LLC
6210-22	US SCREEN CORPORATION
6760-18	US SCREEN CORPORATION
244-16	VARON JACOBO & HAYA
24338-22	VASILOUDES KRITOS
24337-22	VASILOUDES PANAYIOTIS & HELEN
24339-22	VASILOUDES SOPHIA
24340-22	VASILOUDES THEODOROS
24341-22	VASILOUDES VASILIS
10603-22	VEKSLER ALEKSANDR & MARINA
11811-20	VEKSLER ALEKSANDR & MARINA AYZENZON
4429-19	VEKSLER ALEKSANDR & MARINA AYZENZON
14894-20	VERGHESE INDEMNITY INC
7301-19	VERTEX INSURANCE COMPANY INC
8693-18	VERTEX INSURANCE COMPNAY INC
17077-18	WADA ALBERT T & CHRISTINE
17339-19	WADA ALBERT T & CHRISTINE
20944-19	WADA FAMILY LLC
20486-17	WADLEY ROBERT D & IRENE P
25115-16	WADLEY ROBERT D & IRENE P
16843-19	WAGNER MARK D & JENNIFER A
23891-21	WAGNER MARK D & JENNIFER A
24531-22	WAGNER MARK D & JENNIFER A
16830-19	WAGNER RICK A & ANGELA D
23894-21	WAGNER RICK A & ANGELA D
24532-22	WAGNER RICK A & ANGELA D
14762-22	WALKER CHARLES T & DONNA T
24973-22	WANN KEVIN L & NICKI L
24657-18	WARREN MARK L & NORMA K REIN
14339-22	WATLEY ANDY M & SHEILA N
16025-18	WATLEY ANDY M & SHEILA N
21416-18	WATLEY ANDY M & SHEILA N
28740-21	WATLEY ANDY M & SHEILA N
14342-22	WATLEY ENTERPRISES INC
15216-20	WATLEY ENTERPRISES INC
16180-18	WATLEY ENTERPRISES INC
21415-18	WATLEY ENTERPRISES INC
12223-21	WATSON FAMILY INSURANCE CO LTD
30613-21	WATSON FAMILY INSURANCE COMPANY LLC
17350-21	WATSON INSURANCE COMPANY LTD
30612-21	WATSON INSURANCE COMPANY LTD

12220-21	WATSON MICHAEL J & TRACEY L
30615-21	WATSON MICHAEL J & TRACEY L
24438-22	WEINBERGER AARON & BARI Z
22619-22	WEST LIBERTY INSURANCE COMPANY
24408-16	WESTERN AMERICAN SPECIALTIES INC
4327-23	WESTERN TITLE COMPANY LLC
31954-21	WESTOVER INVESTMENTS INC
35399-21	WESTOVER INVESTMENTS INC
8804-22	WESTOVER INVESTMENTS INC
2414-23	WHEATLEY PROPERTIES LLC
14345-22	WICKESSER III DONALD R & MAUREEN E
11804-22	WILBUR RICHARD G
21751-16	WILL MICHAEL J & DEBRA H
9609-16	WILL MICHAEL J & DEBRA H
23764-17	WILLIAMS GARY & KRISTA
15429-18	WILLIAMS GROUP HOLDINGS LLC
6820-19	WILLIAMS GROUP HOLDINGS LTD
23765-17	WILLIAMS JEB D & DESTINEE R
17607-22	WILLIAMS JEFFERY M & MARTHA R
15638-18	WILLIS DANIEL J & AMY M
26008-22	WILSON DAVID W & HOLLY F
13309-20	WILSON JOSHUA P
26594-22	WOLASKY, JERRY & SUSAN
14163-18	WORMAN JAMES
21161-18	WORMAN JAMES
14793-22	WORRALL MARC & SUE J
25277-22	WU SHIRLEY
9174-16	XR LLC, Ari Suss TMP
9162-17	XR LLC, The Ari H. Suss Revocable Trust, Ari H. Suss Trustee
22857-17	XR LLC, The Ari H. Suss Revocable Trust, Ari H. Suss Trustee
13088-17	YECHEZKELL EYAL & YIFAT
23896-16	YECHEZKELL EYAL & YIFAT
14790-21	YSASAGA JASON E & STELLA D
15620-18	YSASAGA JASON E & STELLA D
24344-17	ZAITSEV ALEXANDER & ALLA
15375-22	ZELTZER ZACHARY & LAUREN
5912-23	ZENITH ASSURANCE LLC
9053-19	ZINK JAMES H & KARIN M
21099-18	ZISKA JOHN C& DOREEN O
15380-22	ZMZ GLOBAL INC
11734-17	GILLET MICHAEL R & ROSEMARY
12173-17	EVERGREEN SERIES OF FORTRESS/
13914-17	3RD GENERATION INC DBA CALIFORINA
13915-17	LEYTON CORIANNE

13918-17	LEYTON COREY & LESLIE A
13920-17	LEYTON TRAVIS
14320-17	WORMER GEOFFREY G & LISA M
14321-17	COCHRAN JEFFREY L & STEFANIE S
14322-17	SEAMAN THOMAS M & CHRISTINA
14323-17	REYNOLDS SCOTT A & CORINNE
14324-17	KENCHEL KURT T & ANN M
14325-17	SIDWELL JEFFREY P & KATHERINE
14389-17	RANE MICHAEL K
14545-16	RESERVE MECHANICAL CORP & SUBS
14661-16	SECURITY DS CORP
15057-18	EVERGREEN SERIES OF INSURANCE LLC
15178-16	ROVNER MIKE L & JANET L MITCHELL
15204-16	KINGDOM INSURANCE INC
15678-16	LEE ALFRED G & PEGGY P
15679-16	LEE W DAVID & KAY R
16914-15	NGUYEN HUNG VAN & HONG ANH THI VU
16927-15	NGUYEN BAO & ELIZABETH THI CAO
16931-15	NGUYEN VU VAN
16973-15	NGUYEN GARY D & TU CAM TRAN
16977-15	TRAN DUOC T & HONG NGUYEN
16980-15	VU VINH X & THAO T NGUYEN
18490-16	KAMDAR DINESH & MADHAVI SHAH
18999-16	LICHTIE RICK
19000-16	ALEXAS SERIES OF FORTRESS INS LLC
19006-16	ROBINSON B & AS VAN ALSTYNE
19007-16	MILLER ROBERT C
20315-15	AMSELECT INSURANCE CO INC
20407-14	GS MANUFACTURING INC
2071-17	PALMETTO INSURANCE CO INC
2140-15	SYZYGY INSURANCE CO INC
2141-15	JACOB JOHN W & MELINDA L
2142-15	VANLENTEN MICHAEL & ELIZABETH JACOB
2143-15	JACOB VINCENT J & MARJORIE B
21629-18	COCHRAN JEFFREY L & STEFAJIE S
21630-18	REYNOLDS SCOTT A & CORINNE M
21631-18	SEAMAN THOMAS M & CHRISTINA
21632-18	WORMER GEOFFREY G & LISA M
21633-18	SIDWELL JEFFREY P & KATHERINE A
21634-18	KENCHEL KURT T & ANN M
21725-10	DARCO EQUIPMENT, INC FKA DARCO INS
21726-10	DIELCO CRANE SERVICE INC
21727-10	DAVCO EQUIPMENT FKA DAVCO INS CO I
2182-15	JACOB ROBERT E & MARY ANN

22246-15	DARCO EQUIPMENT INC
22247-15	DAVCO EQUIPMENT INC
22248-15	DIELCO CRANE SERVICE INC
23185-17	JACOB VINCENT J & MARJORIE B
23186-17	VANLENTEN MICHAEL & ELIZABETH JACOB
23187-17	JACOB JOHN W & MELINDA L
23188-17	SYZYGY INSURANCE CO INC
23189-17	JACOB ROBERT E & MARY ANN
23205-16	TRUCK INDEMNITY INC
23206-16	ZMYSLO INDEMNITY INC
23213-17	CONE JOSEPH R & DONITA R
23214-17	CLARENCE BAXTER INS CO INC
23215-17	CONE GRAIG R
23216-17	CONE MARK R - DECD & GRAIG
23217-16	INSURANCEPRO INC
23217-17	CONE BRODY A
23218-17	CONE SYDNEY M
23299-17	GREEN HORIZON INSURANCE CO INC
23300-17	POLIVKA ANDREW B & RUTH I
23443-15	CRI CONSTRUCTION LLC
23444-15	WIDDOWS MATTHEW D & COLLEEN E
24220-18	YEAROUT KEVIN K & CHERYL L
24369-16	DOVER GERRON & KIMBERLY
24370-16	PEARCE KRISTINE
24372-16	BOND WAYNE K & BRANDI D
24396-16	CAMBO PHILIP & KATHLEEN
24397-16	DOVER GEORGE M & SUSAN M
24398-16	PEARCE CODY J
24410-18	YEAROUT BRYAN K & JULIE A
24441-16	STUM RYAN R & LENA W
24445-17	CAMBO PHILIP & KATHLEEN
24446-17	LAMOTTE TIMOTHY & DINA
24449-16	LAMOTTE TIMOTHY & DINA
24450-16	DESERT MESA INSURANCE COMPANY INC
24484-17	LEYTON CHILDREN 2012 TRUST FBO/
24485-17	LEYTON CHILDREN 2012 TRUST FBO/
24595-16	LEE JEFF T & MELISSA
25039-14	GRUNFELD PHILLIP
25040-14	BEATY DEBBIE L
25041-14	WASIELEWSKI MICHELLE & TODD
25090-14	GRUNFELD ALEXANDER A & JESSICA A
25091-14	GRUNFELD ARON & RACHEL A
25108-16	LEROY FRANKS INSURANCE COMPANY INC
25164-16	IRM SERIES OF FORTRESS INSUR LLC

25713-17	YEAROUT MECHANICAL INC
27220-16	AYYAD ABDELRAHMAN & SARA
27272-14	ALTA HOLDINGS LLC
27275-14	PACIFIC CREST FINANCIAL INC
27786-16	MARYLEBONE PROPERTY&CASUALTY/
28728-14	HOWE SUSAN G & BERT L-ESTATE - DECD
31981-15	MOLNAR BRUCE J & DENISE A
384-17	GOLESTANI FRED F & ANNE E
7552-17	TREADWELL CORP FKA TREADWELL
7553-17	PERFORMANCE CORP FKA PERFORMANCE
7554-17	COLUMBIA CORP FKA COLUMBIA CASUALTY
8873-17	RESTORATION CASUALTY CORP
9918-16	FAIRWAY NSURANCE COMPANY INC
2140-17	A&J CAPTIVE INSURANCE COMPANY INC
21325-18	ALEXANDWR INSURANCE COMPANY
23477-16	AMERICAN ANESTHESIOLOGY ASSN INC
24733-16	AMIN CHIRAG N
18107-16	ANDERSON LAWRENCE & SVETISLAVA
9268-16	AWAR MAHER M & HALA R
13494-16	AX CIC TRUST
12381-16	BDL INSURANCE COMPANY INC
14293-12	BELL SCOTT J & MARY KAYE
25345-13	BRIAN WAVE COMMUNICATIONS INC
27037-16	CALIFORNIAS ADVANCED INSTITUE/
10731-16	CHEELEY CHRISTOPHER L & LEEANN
26782-16	CHEELEY CHRISTOPHER L & LEEANN
19227-16	CNE INSURANCE COMPANY LTD
3726-17	CNE INSURANCE COMPANY LTD
6937-19	CNE INSURANCE MANAGEMENT INC FKA CN
25138-13	COHEN PAUL
27682-16	COPELAND KEITH
24097-16	DAB INSURANCE COMPANY INC
26424-17	DAS SUGATA & SUJATA GUHAROY
14815-18	DEJONG KATHRYN
6430-17	DEJONG KATHRYN
1524-12	DOUBLE CROWN INSURANCE LTD
8363-18	DREWSKI CAPITAL HOLDINGS INSURANCE
19825-17	DREWSKI CAPITAL HOLDINGS INSURANCE/
2864-19	DYESS BRENT A & STEPHANIE
12791-18	DYESS BRENT A & STEPHANIE P
21451-17	DYESS BRENT A & STEPHANIE P
24660-16	DYESS BRENT A & STEPHANIE P
13559-16	DYESS MARVIN R & SHARON R
2862-19	DYESS MARVIN R & SHARON R

4483-18	DYESS MARVIN R & SHARON R
7630-17	DYESS MARVIN R & SHARON R
20480-17	ELCHAHAL ALEC N & MARLO
22589-16	EMPIRICAL SERIES OF FORTRESS
22217-17	EMPIRICAL SERIES OF FORTRESS INSUR/
24225-18	ENOCHS PAUL E & JEAN M
2897-15	EQUANIMITY INSURANCE COMPANY LTD
18274-13	FEEDBACK INSURANCE CO LTD
19279-18	FLEET SERIES OF FORTRESS INSUR LLC
14295-12	FOSTER DANA R & LISA B
12810-18	FOWLER ROBIN J
24866-16	FRANCIS RICHARD R & JUANITTA J
20583-16	FRANK RYAN P & KATHERINE S
12758-17	GELBARD SCOTT F & SHANNON L
25456-17	GRUSZKA PAUL J & DOLORES C
609-18	HAHN J KEVIN & PAMELA E GINN
10675-18	HATCH ALAN & DAWN
9945-18	HUNZEKER TODD V & KIM
25347-13	INTELLA II INCORPORATED
479-20	IRAD MEDICAL IMAGING PC
3456-17	ISS SERIES OF FORTRESS INSURANCE
19143-17	JCL INSURANCE COMPANY INC
22715-16	JCL INSURANCE COMPANY INC
31926-15	JCL INSURANCE COMPANY INC
7988-17	JENNINGS JR JOHN L & ESTELLE R
20263-18	JONES KEVIN E & MARY C
23418-17	JONES KEVIN E AND MARY C
19232-16	JSM INSURANCE COMPANY LTD
3725-17	JSM INSURANCE COMPANY LTD
6936-19	JSM INVESTMENT INC
10189-13	KORNDOERFER CARL W & JEANNE M
10187-13	KORNDOERFER INSURANCE CO LTD
10190-13	KORNDOERFER JOHN R & ROBIN L
13813-14	KORNDOERFER JOHN R & ROBIN L
10188-13	KORNDOERFER WOLFGANG E & KAREN K
10761-18	LELAND MICHAEL C & CINDY L
18490-17	LEVENDA ANTHONY & DINA
12382-16	LIPMAN ROBERT B
22220-22	LOTUS INSURANCE COMPANY INC
21097-16	LTL SERIES OF FORTRESS INSURANCE CO
6986-17	LTL SERIES OF FORTRESS INSURANCE CO
12454-18	MALICK LISA BARBARA
608-18	MATTHEWS PHILLIP M & KAREN E
5765-19	MOAYED ALIT & FARZANEH TABRIZI

2303-18	NENADOVICH NIKOLA & TATJANA
23923-17	NENADOVICH NIKOLA & TATJANA
1498-17	NEVADA LEGAL NEWS INVESTMENTS LLC
2517-17	NEWHARD RANDY K & DEBRA J - ESTATE
14681-18	NEWHARD RANDY K & DEBRA YJ - ESTATE
20472-17	NORTH STAR NATIONAL INSURANCE COMP
13560-16	NUZUM JOHN R & BRENDA J
2861-19	NUZUM JOHN R & BRENDA J
4470-18	NUZUM JOHN R & BRENDA J
7629-17	NUZUM JOHN R & BRENDA J
24098-16	OSTAD ARIEL & ALALEH K
25855-14	OSTAD ARIEL & ALALEH K
20168-18	OUTLIERS INSURANCE COMPANY INC
25140-13	P&J INSURANCE COMPANY LTD
22123-18	PARRY DAVID A & HILARY P
910-16	PATEL ALPESH D & AMISHA A
6964-19	PATTILLO CHASE P & SHAYLA M
1495-19	PIZZA HUT OF LEVELLAND INC
2257-19	PIZZA HUT OF LEVELLAND INC
19800-18	PRL CO INC
18655-18	PROSHIELD INSUR GP LLC SERIES 07
19007-18	PROSHIELD INSURANCE GROUP/
25475-16	PROTECTED CELL
11609-17	PROTECTED CELL A
4826-20	PUGLISI JOHN & RUTH
13487-20	PUGLISI JOHN & RUTH N
13488-20	PUGLISI MICHAEL & KAREN
4799-20	PUGLISI MICHAEL & KAREN
13489-20	PUGLISI PAUL & ANN MARIE
4796-20	PUGLISI PAUL & ANN MARIE
1791-18	PUTNAM DAVID & NANCIE PATRICIA
20913-17	RANELLE BRIAN D & BARBARA L
6284-18	RANELLE BRIAN D & BARBARA L
12759-17	REGENT SERIES OF FORTRESS INSURANCE
10437-19	RICH C M & J A CONNORS-RICH
528-18	RUSSELL WILLIAM B & ALICE L
18284-16	SCIENCE INSURANCE INC
29779-15	SCIENCE INSURANCE INC
22823-17	SCISM MICHAEL D & MARGARET W
19234-22	SERIES AA OF OXFORD INSURANCE CO LL
19235-22	SERIES CP OF OXFORD INSURANCE CO LL
17582-22	SERIES EO OF OXFORD INSURANCE
20427-22	SERIES FL OF OXFORD INSURANCE /
20423-22	SERIES FM OF OXFORD INSURANCE CO LL

20426-22	SERIES FN OF OXFORD INSUR COMP &LLC
18609-22	SERIES FX OF OXFORD INSURANCE CO LL
20788-22	SERIES GB OF OXFORD INSURANCE CO LL
22326-22	SERIES GX OF OXFORD INSURANCE CO LL
14852-22	SERIES H OF INSURANCE CO LLC
22657-22	SERIES HC OF OXFORD INS CO LLC
23632-22	SERIES HY OF OXFORD INS CO LLC
2209-20	SERIES IB OXFORD INSURANCE CO PC
23633-22	SERIES IL OF OXFORD INSURANCE CO LC
22327-22	SERIES JI OF OXFORD INSURANCE CO LL
22030-22	SERIES KB OF OXFORD INSURANCE CO
22031-22	SERIES KC OF OXFORD INS CO
13486-20	SERIES KF OF OXFORD INS CO LLC
4798-20	SERIES KF OF OXFORD INSUR CO LLC
20532-22	SERIES PROTECTED CELL 101-A SERIES/
20533-22	SERIES PROTECTED CELL 102
14790-22	SERIES PROTECTED CELL 109 OXFORD
24436-22	SERIES PROTECTED CELL 118 A SER/
18982-22	SERIES PROTECTED CELL 142 A SERIES
22026-22	SERIES PROTECTED CELL 159-CS
23541-22	SERIES PROTECTED CELL 18
20135-22	SERIES PROTECTED CELL 188 A SERIES
23883-22	SERIES PROTECTED CELL 209
20534-22	SERIES PROTECTED CELL 234
20536-22	SERIES PROTECTED CELL 235
15384-22	SERIES PROTECTED CELL 76 A SERIES
24336-22	SERIES PROTECTED CELL 9-SERIES /
22852-22	SERIES W OXFORD INSURANCE CO LLC
9820-17	SIBLEY SCOTT A & STEPHANIE L
27205-16	SIMS GARY R & TABITHA D
19740-17	SMITH SERIES OF FORTRESS INSURANCE
11877-18	SMITH SERIES OF FORTRESS/
1523-12	STONEHENGE REINSURANCE LTD
10317-19	SURGICAL SPECIALIST RISK MANAGEMENT
20016-17	THOMA BRUCE J & PAULA N
20370-17	THOMPKINS ANTON A & JOY A
9912-16	TIPTON BENJIMAN G & SHERRY B
14294-12	TOLAN JOHN J JR & BECKY J
16169-12	TREHERN W EDWARD & JANET R
25110-16	TRYTTEN STEVEN E - A PROFESSIONAL/
10650-18	VALDEZ GENE C
23419-17	VALDEZ GENE C
14953-18	VENTEL SERIES OF FORTRESS INS LLC
15573-16	VENTEL SERIES OF FORTRESS INSURANCE

16313-19	VENTEL SERIES OF FORTRESS/
18208-16	W R PORTER INSURANCE COMPANY INC
8111-19	WAGNER RICK A & ANGELA D
1519-12	WALSKI DAVID - TRANSFEREE
1521-12	WALSKI DAVID - TRANSFEREE
1518-12	WALSKI ROBERTA - TRANSFEREE
1520-12	WALSKI ROBERTA - TRANSFEREE
21186-17	WATREN EUGENE
3454-17	5T CAPITAL HOLDINGS LLC
7968-16	ADVANCED SURGICAL CONCEPTS LLC
9684-17	ADVANCED SURGICAL CONCEPTS LLC
18105-17	AMBUS TERRY MD PC
22794-16	AMBUS TERRY MD PC
23207-17	AMERICAN ANESTHESIOLOGY/
16918-17	ANDERSON AARON G & RBECCA B
20972-17	ANDERSON PETER G & SUSAN AG
19820-17	ANDERSON PETER MD MEDICAL CORP
23525-16	ANGLIN JOHN M & BARBARA
17594-13	AVRAHAMI BENYAMIN & ORNA
15897-15	AVRAHAMI BENYAMIN & ORNA AVRAHAMI
16792-16	AVRAHAMI BENYAMIN & ORNA AVRAHAMI
25464-16	AWAR MAHER M & HALA R
29078-14	AX PETER L & BEVERLY B
11611-17	AZG LIMITED PARTNERSHIP
11668-20	BAKER CHAD & KATRINA
11667-20	BAKER FREDERICK P & BETH C
11666-20	BAKER WADE & NANCY
14132-18	BALABAN RONALD B & CHRISTINA C
4518-19	BALABAN RONALD B & CHRISTINA C
11348-14	BANTAM LLC
14592-18	BARNETT ROSS
22559-17	BARR ENGERGY LLC
4548-18	BARTZ HOWARD J JR
17921-14	BAVISPE LIMITED PARTNERSHIP
22780-17	BAYATI SEMIRA
21455-18	BAYATI SEMIRA & PETER DECARLO
4472-17	BEVERLY HILLS REG SURGERY CTR LP
5645-18	BEVERLY HILLS REGIONAL SURG CTR LP
25346-13	BLACK & WHITE COMMUNICATIONS INC
8453-14	BLACK & WHITE COMMUNICATIONS INC
13004-20	BLANKENSHIP GREG & TWYLA
579-19	BLANKENSHIP GREG & TWYLA
18020-18	BLUTH L LOTHAIRE & CONNIE W
11294-16	BOOMERANG WB LLC

24465-14	BOORSTEIN JEFFREY & CHRIS KRARAS
8454-14	BRAIN WAVE COMMUNICATIONS INC
25708-18	BRELSFORD WILLIAM G & MARGARET J
5015-17	BRELSFORD WILLIAM G & MARGARET J
3440-17	BULLARD BRADLEY S & CATHLEEN M
14954-18	BUMGARNER CHRISTOPHER J & KERREY D
21991-19	BUNNELL JUSTIN M & SARAH E PELTZIE
18489-16	BUTLER KEITH C & REBECCA M
24476-17	BUTLER KEITH C & REBECCA M
10981-16	CAMERON JIM K & JANET E
29949-15	CAMERON JIM K & JANET E
13007-20	CAPROCK PIZZA INC
1492-19	CAPROCK PIZZA INC
25302-18	CARDENAS JOSEPH A R & MACHELLE I
24608-14	CARDENAS JOSEPH A R & MACHELLE J
17204-13	CAYLOR LAND & DEVELOPMENT INC
23931-13	CAYLOR ROBERT C & CLARA E
19238-13	CAYLOR ROBERT C II & MARGO D
8362-18	CHRISTIAN JOHN R & REEGIS M
27387-16	CLARK CAROL K
8445-14	COHEN PAUL
22014-19	COPYRIGHT & TRADEMARK INSURANCE COR
21971-19	CORSON CHRISTOPHER M
14354-17	CRISWELL DENNY A & JUYEON
17267-19	CRISWELL DENNY A & JUYEON N
17205-13	DATA WAVE MANAGEMENT INC
24462-14	DECATUR RADIOLOGY PHYSICIANS SC
9289-19	DEJONG KATHRYN
24468-14	DEOL BALJIT S & JASKIRAN K
24467-14	DODENHOFF ROBERT & KIMBERLY
7058-21	DUCOIN DOROTHY & DAVID D
11822-17	ESTATE OF MICHAEL S SMITH DEC DEBOR
11878-18	ESTATE OF MICHAEL SMITH & DEBORAH K
22243-18	EXUM BRUCE W JR & MICHELLE
19489-18	EXUM LINDA & BRUCE SR
13956-17	FARRELL MARK D & KATHLEEN B
27214-16	FELDMAN JERRY & RONA
23523-16	FLEWELLING MARK T & LAURA
13624-20	FOUR CORNERS HEALTH CARE CORP
24343-17	FOWLER ROBIN J
18025-16	FOX DONALD C & MELINDA J
8696-17	FOX DONALD C & MELINDA J
24447-17	FRANK RYAN P & KATHERINE S
21468-18	FREY MICHAEL & ELOISE E

23595-17	FREY MICHAEL & ELOISE E
25198-16	FREY MICHAEL & ELOISE E
23810-18	FROST TIMOTHY W
15011-14	FUTURE FORMULATIONS LLC
9163-17	GARUDA RAO K & RADHA R
13558-16	GERMAIN MICHAEL J & ELIZABETH A
24185-18	GLAROS GREGORY E
15732-18	GLAUSER WILLIAM ORTHODONTICS LLC
28013-14	GOEL SANJIV
18243-16	GRABSKI WILLIAM J&MARTHA MCCOLLOUGH
18109-16	GRAHAM BRADLEY S & KENDRA D
15676-16	GREENBAUM DAVID & SHEILA A
15677-16	GREENBAUM MICHAEL H & ANNE
21022-16	H & S HAND SECOND FAMILY LIMITED/
917-17	HAHN J KEVIN & PAMELA E GINN
12460-17	HARRIS GARY E & MARIANNA D
4198-16	HARRIS GARY E & MARIANNA D
12456-17	HARRIS JAMES G
4199-16	HARRIS JAMES G
18207-16	HARRIS JAMES T & ROBIN J
12459-17	HARRIS MARY MARGARET
4197-16	HARRIS MARY MARGARET
21201-17	HART JOHN T & NANCY L
21895-16	HART JOHN T & NANCY L
17955-16	HATCH ALAN & DAWN
8752-17	HATCH ALAN & DAWN
8838-17	HATCH RYAN C & BILLIE
18108-16	HOLMAN JASON G & JENNIFER D
13955-17	HUBBELL PETER G & JACOLYNN G
5017-17	HUGHES FAITH E
24254-18	HUND PAUL W III & CATHERINE C
25455-17	HUND PAUL W III & CATHERINE C
26247-16	HUND PAUL W III & CATHERINE C
4112-18	HUTTER KEVIN
17223-13	IBOR CORPORATION
26548-13	ICA HEALTH LLC
2788-19	IMPERIAL CRANE SERVICES INC
1790-16	INGERMAN ALEKSANDR & SANDRA R WEITZ
2929-17	JENNINGS JOHN L JR & ESTELLE R
3868-18	JENNINGS JOHN L JR & ESTELLE R
10338-18	JONES KEVIN E & MARY C
11674-20	JWCF LP
20337-17	KAY THOMAS H & TAMARA L
13814-14	KORNDOERFER CARL W & JEANNE M

13815-14	KORNDOERFER WOLFGANG E & KAREN K
20075-16	KUHLMAN RICK A & AMANDA D
17919-14	LA PLAYA CALIENTE LLC
4473-17	LAS VEGAS REGIONAL SUR CENTER LP
4474-17	LAS VEGAS REGIONAL SUR CENTER LP
5643-18	LAS VEGAS REGIONAL SURG CTR LP
11312-18	LEVINE JASON & LISA LANE
17905-16	LINDER JOHN & NINA
24423-17	LINDER JOHN & NINA
23963-17	LIPMAN ROBERT B
4995-17	LYNCH TIMOTHY M & ROBERTA B
22244-18	LYONS MICHAEL E & CHERYL A
9628-16	MAKSIMOVIC PARTNERSHIP LTD
7706-17	MANAGEMENT CONSULTING INC
11323-16	MANAGEMENT CONSULTING INCORPORATED
14356-17	MANDEVILLE ROBERT S & EST OF
15423-18	MANDEVILLE ROBERT S & ESTATE OF JAN
9407-20	MANSFIELD ANNE E
14133-18	MARCARI DONALD W & MICHELE A
4505-19	MARCARI DONALD W & MICHELE A
2191-20	MATTHEWS MARVIN & LISA
6969-19	MATTHEWS MARVIN & LISA
928-17	MATTHEWS PHILIP M & KAREN E
17922-14	MAYFAIR CREST LIMITED PARTNERSHIP
11311-18	MCCAFFERTY SEAN J & JENNY P AKA
23903-17	MCCAFFERTY SEAN J & JENNYANN P
25192-16	MCCAFFERTY SEAN J & JENNYANN P
6829-20	MCGUIRE DANIEL
18500-16	MCHALE PAUL M & CYNTHIA M
24426-17	MCHALE PAUL M & CYNTHIA M
4539-18	ME GROUP LLC
4540-18	ME GROUP LLC BENJAMIN L DIXON TAX M
22856-17	MICHALSKI JOHN & SUSAN
15815-16	MOJSTRANA LTD
24888-17	MORRIS JAMES
24463-14	MUSCATO MARK
24464-14	MUSCATO MARK & JAMIE
17519-17	MUSGRAVE DAVID G & MEGAN L
11608-17	NEVADA LEGAL NEWS LLC
25474-16	NEVADA LEGAL NEWS LLC
24737-17	NEWBURN TRACI
5774-17	NEWHARD RANDY K & DEBRA J - ESTATE
494-20	NW ARTHRON PC
4471-17	OC MULTISPECIALTY SURG CENTER LP

5644-18	OC MULTISPECIALTY SURG CTR
27504-16	OQUINN DAVID B & ALANNAH S
9272-17	ORTHOPAEDIC SPECIALTY INST MED /
13945-16	OVERLAND LAND & CATTLE CO LLC
24342-17	PACKER POINTE LLC
27784-16	PACKER POINTE LLC
3438-16	PACKER POINTE LLC THE ANDERSON /
21987-19	PARKER FORREST W
20083-16	PENDLETON SCOTT & MONA L
18106-17	PENDLETON SCOTT E & MONA L
12674-20	PERCY JAMES & JULIE
17338-19	PERCY JAMES C & JULIE
20722-16	PEREIRA KEITH E & KIMBERLY BLASER
24460-17	PEREIRA KEITH E & KIMBERLY BLASER
13601-19	PERLOW DAVID & JOAN
3601-16	PETER ANDERSON MD MEDICAL CORP
4996-17	PETER ANDERSON MD MEDICAL CORP
22148-16	PILOT SERIES OF FORTRESS INS LLC
9627-16	PILOT SERIES OF FORTRESS INSUR LLC
29948-15	PILOT SERIES OF FORTRESS INSURANCE/
13008-20	PIZZA HUT OF LEVELLAND LLC
20015-17	PLANK RYAN J & MELANIE R
10401-16	POOLE JEFFREY S & KINDRAD M
4133-17	POOLE JEFFREY S & KINDRAD M
18250-16	PRL CO INC
4281-18	PROCACCINI MICHAEL F & JAQUELINE
11610-17	PROTECTED CELL A2
20943-17	RAKHIT ASHIS K & JAYATI
23524-16	RASMUSSEN RICHARD G & PAMELA A
15031-17	REFRIGERATION DESIGN TECH INC
2863-19	REFRIGERATION DESIGN TECH INC
19040-18	REFRIGERATION DESIGN TECHNOLOGIES,
21449-17	REFRIGERATION DESIGN/
2373-15	REGAN JOHN J
14929-19	RICE JORDAN
14784-19	RICE LANDON
14066-19	RICE STEVEN L & CINTHIA
2297-17	RIGGS ALLEN
23922-13	ROBERT C CAYLOR II EXEMPT TRUST
23921-13	ROBERT CAYLOR CONSTRUCTION COMPANY
920-17	RUSSELL WILLIAM B & ALICE L
14131-18	RUSSOTTO DAVID S & LAURIE
9067-19	RUSSOTTO DAVID S & LAURIE
16466-18	SCHUBERT PAUL E & SHERRY T

24341-17	SCHUBERT PAUL E & SHERRY T
26245-16	SCHUBERT PAUL E & SHERRY T
8799-19	SCHUBERT SHERRY T
29553-15	SCISM MICHAEL D & MARGARET W
21914-19	SIEVEKING NICHOLAS E & ELIZABETH W
5599-19	SILICON VALLEY INVESTMENTS LP
5632-19	SILICON VALLEY PROPERTIES LP
19088-17	SIMMS DAVID O JR
27502-16	SIMMS JOHN L II & KATHRYN L
1308-19	SLONE DONNIE E JR & RHONDA M
916-17	SLONE DONNIE E JR & RHONDA M
10437-16	SPECTRA SERVICES INC
14134-18	SPENCER DAVID W & DEBORAH S
4450-19	SPENCER DAVID W & DEBORAH S
16500-18	SPIVEY CHARLES M & TONYA L
25464-17	SPIVEY CHARLES M & TONYA L
27337-16	SPIVEY CHARLES M & TONYA L
28396-15	SPIVEY CHARLES M & TONYA L
26425-17	SUGATA DAS MD PC
5085-17	TEXAS EYE & LASER CENTER
6656-17	TEXAS EYE & LASER CENTER PA FKA BRI
19823-18	THOMAS JEFFREY C
22587-16	THOMAS JEFFREY C
25487-17	THOMPSON TODD P & KEVIN R
26246-16	THOMPSON TODD P & KEVIN R
20718-16	TIFFANY BRIAN R
24448-17	TIFFANY BRIAN R
9913-16	TIPTON BUILDERS INC
22699-19	TOBEROFF MARC & DAHLIA
4762-19	TOBEROFF MARC & DAHLIA
18925-13	TODD SPENCER MD MEDICAL GROUP INC
8342-18	TOP 1 PERCENT COACHING LLC
9971-19	TUBB DAVID & SUSAN P
24258-18	TUBB G DAVID & SUSAN P
20264-18	VALDEZ GENE C
20970-18	VERBUKH ISAAC
1319-19	VISK MARK D & KRISTIN L
20875-16	VISK MARK D & KRISTIN L
9685-17	VISK MARK D & KRISTIN L
17920-14	VISTOSO LLC
8105-19	WAGNER MARK D & JENNIFER A
1522-12	WALSKI DAIVD & ROBERTA
3441-17	WALTERS RODNEY
23297-17	WARREN MARK L & NORMA K REIN

20099-16	WARREN MARKL & NORMA K. REIN WARREN
12222-21	WATSON INSURANCE COMPANY LTD
14431-18	WELLING BLAKEG & STEPHANIE
4470-17	WESTSIDE MULITSPECIALTY SURG CTR LP
24466-14	WIARDA HOWARD E & ANN B
20627-16	WILKE ERIC K & JULIE T
24459-17	WILKE ERICK K & JULIE T
12237-16	WILLIAMS HENRY & KATHLEEN
26547-13	WILSON JAMES L & VIVIEN
17989-16	WORKMAN JOEL K & HEATHER A
29660-15	WORKMAN JOEL K & HEATHER A
5642-18	W-SIDE MULTISPECIALTY SURG CTR LP
4244-18	YASSEER MOUNZER J & TARA L FRIX
11906-15	YOUNG HEARTS OF YUMA INC
25465-16	YOUNG HEARTS OF YUMA INC
9260-16	YOUNG HEARTS OF YUMA INC
15571-16	BUMGARNER CHRISTOPHER J & KERREY
16314-19	BUMGARNER CHRISTOPHER J & KERREY D
14425-18	DYWAN J MICHAEL
5249-19	DYWAN J MICHAEL
12002-20	ELLIOTT JOHN P & JENNIFER S
28951-14	ELLIOTT JOHN P & JENNIFER S
5600-19	LOS GATOS MEDICAL CENTER INC
21092-16	ROGERS JAMES E & JOSEPHINE M
6873-17	ROGERS JAMES E & JOSEPHINE M
7669-14	VALDMAN SLAVICK & JENNIFER
21899-19	FINGER SIMON & REBECCA
16759-14	MIND MINE LLC
7670-14	VALDMAN SLAVICK & JENNIFER
20969-18	VERBUKH ISAAC
6938-19	DEROSA ANGELA M
7044-19	RETAINED MANAGERS LLC
14208-18	RETAINED RISK MANAGERS LLC

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

COMMISSIONER

November 28, 2022

The Honorable Gregory F. Murphy
U.S. House of Representatives
Washington, DC 20515

Dear Representative Murphy:

I am responding to your letter about the Work Opportunity Tax Credit (WOTC). You expressed concern that the IRS has not issued guidance requiring employers to gather a prospective employee's qualifications before making a hiring decision, in order to be eligible for the credit. You indicated that a lack of guidance could lead to misuse of the WOTC.

The IRS shares your objectives of protecting the integrity of the WOTC and properly administering and enforcing its provisions.

Since you wrote, we issued guidance to the public on September 19, 2022, specifically setting forth this requirement, as described below. We also state this requirement in instructions to employers completing a required claim form and in guidance to our employees who administer the WOTC.

On September 19, 2022, the IRS issued a news release[1] and updated the information page[2] on the WOTC on IRS.gov to emphasize the requirement that employers must pre-screen job applicants before making a job offer. This updated page highlights pre-screening as an essential component of the WOTC. It reminds employers how to complete Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, to comply with the pre-screening requirement. The page specifically notes the applicant must provide information to the employer about being a targeted group member on or before the date the employer offers the applicant the job.

---

[1] https://www.irs.gov/newsroom/irs-updates-information-on-tax-credit-helping-businesses-to-hire-certain-categories-of-workers

[2] Work Opportunity Tax Credit | Internal Revenue Service (irs.gov)

The Instructions to Form 8850 direct employers to obtain information about WOTC eligibility from job applicants on or before they make a job offer. Instructions also state both the job applicant and employer must sign Form 8850 and attest the application provided the information on or before the day the job offer is made.[3]

The Internal Revenue Manual (IRM) provides guidance to IRS personnel in administering and enforcing the Internal Revenue Code (Code). Section 51(d)(13)(A)(ii)(I) of the Code requires employers to pre-screen job applicants before an offer of employment. Section 21.7.4.4.8.3.2(4) of the IRM provides that, on or before the day the employer makes a job offer, a job applicant must provide information to the employer about whether the job applicant may be a member of a targeted group for purposes of the WOTC and the employer must complete Form 8850.[4]

I hope this information is helpful. If you have questions, please contact me, or a member of your staff may contact Amy Klonsky, Chief, National Congressional Affairs Branch, at 202-317-6985.

Sincerely,

Douglas W. Odonnell
Digitally signed by Douglas W. Odonnell
Date: 2022.11.28 17:34:47 -05'00'

Douglas W. O'Donnell
Acting Commissioner

---

[3] Instructions to Form 8850 are available at the following URL: https://www.irs.gov/forms-pubs/about-form-8850.

[4] IRM 21.7.4 is available at the following URL: 21.7.4 Income Taxes/Information Returns | Internal Revenue Service (irs.gov)

PUBLIC SUBMISSIONS FOR THE RECORD

Comments for the Record for the
U.S. House of Representatives
Committee on Ways and Means
Hearing on Accountability and Transparency at the
Internal Revenue Service with IRS Commissioner Werfel
Thursday, April 27, 2023 at 1:00 PM

Michael Bindner
Center for Fiscal Equity

Chairman Smith and Ranking Member Neal, thank you for the opportunity to address this issue.

It is a tradition to hold a hearing about this time of year concerning the IRS filing season. Perhaps this would be better done after most refund checks have been mailed and the number of taxpayers filing after an extension is known - including their income class.

On the IRS budget, as I mentioned last year, support contractors could be more widely used for customer and information technology services. This would identify the balance of spending to justify the budget request for FY 2024.

Additional analytical resources are required for tax reform initiatives such as Fair Tax initiative and exploration of options due to expiration of the Trump/Ryan/Brady tax cuts.

The repeal of Roe v. Wade makes returning to the Pandemic era child tax credit essential. Increased funding is included in the President's Budget.

As we have said before, to end the "stink of welfare" that Senator Manchin so objects to, CTC payments should be included with wages for all employees - not just those with three or more children. They should also be distributed through other federal and state assistance programs - some of which can be reduced to do so.

For middle income taxpayers whose increased credits are less than their annual tax obligation, a simple change in withholding tables is adequate. Procedures are already in place to deliver refundable credits to larger families. For the coming year, they merely need to be expanded to all families with children.

Employers can work with their bankers to increase funds for payroll throughout the year while requiring less money for their quarterly tax payments (or estimated taxes) to the IRS. The main issue is working out those situations where employers owe less than they pay out. This is especially true for labor intensive industries and even more so for low wage employers.

A higher minimum wage would make negative quarterly tax bills less likely. Indeed, no one should have to subsist mainly on their child tax payments.

Please ask, either orally or in written form, how such a CTC proposal might work and how it would make things easier for taxpayers whose returns would be simpler - with fewer having to file at all.

As usual, we have attached the latest version of our tax reform plan, with a separate attachment on how implementation of this plan would affect IRS manpower. The answer is that the change would be drastic. It would also allow the Committee to focus more on how social welfare is being delivered in general, as well as eliminating current roadblocks to promptly filing for Social Security Disability Income.

Thank you, again, for the opportunity to add our comments to the debate. Please contact us if we can be of any assistance or contribute direct testimony.

Attachment - Tax Reform, Center for Fiscal Equity, March 24, 2023

Synergy: The President's Budget for 2024 proposes a 25% minimum tax on high incomes. Because most high income households make their money on capital gains, rather than salaries, an asset value added tax replacing capital gains taxes (both long and short term) would be set to that rate. The top rate for a subtraction VAT surtax on high incomes (wages, dividends and interest paid) would be set to 25%, as would the top rate for income surtaxes paid by very high income earners. Surtaxes collected by businesses would begin for any individual payee receiving $75,000 from any source at a 6.25% rate and top out at 25% at all such income over $375,000. At $450,000, individuals would pay an additional 6.25% on the next $75,000 with brackets increasing until a top rate of 25% on income over $750,000. This structure assures that no one games the system by changing how income is earned to lower their tax burden.

Individual payroll taxes. A floor of $20,000 would be instituted for paying these taxes, with a ceiling of $75,000. This lower ceiling reduces the amount of benefits received in retirement for higher income individuals. The logic of the $20,000 floor reflects full time work at a $10 per hour minimum wage offered by the Republican caucus in response to proposals for a $15 wage. The majority needs to take the deal. Doing so in relation to a floor on contributions makes adopting the minimum wage germane in the Senate for purposes of Reconciliation. The rate would be set at 6.25%.

Employer payroll taxes. Unless taxes are diverted to a personal retirement account holding voting and preferred stock in the employer, the employer levy would be replaced by a goods and receipts tax of 6.25%. Every worker who meets a minimum hour threshold would be credited for having paid into the system, regardless of wage level. All employees would be credited on an equal dollar basis, rather than as a match to their individual payroll tax. The tax rate would be adjusted to assure adequacy of benefits for all program beneficiaries.

High income Surtaxes. As above, taxes would be collected on all individual income taxes from salaries, income and dividends, which exclude business taxes filed separately, starting at $400,00 per year. This tax will fund net interest on the debt (which will no longer be rolled over into new borrowing), redemption of the Social Security Trust Fund, strategic, sea and non-continental U.S. military deployments, veterans' health benefits as the result of battlefield injuries, including mental health and addiction and eventual debt reduction.

Asset Value-Added Tax (A-VAT). A replacement for capital gains taxes and the estate tax. It will apply to asset sales, exercised options, inherited and gifted assets and the profits from short sales. Tax payments for option exercises, IPOs, inherited, gifted and donated assets will be marked to market, with prior tax payments for that asset eliminated so that the seller gets no benefit from them. In this perspective, it is the owner's increase in value that is taxed. As with any sale of liquid or real assets, sales to a qualified broad-based Employee Stock Ownership Plan will be tax free. These taxes will fund the same spending items as high income and subtraction VAT surtaxes. There will be no requirement to hold assets for a year to use this rate. This also implies that this tax will be levied on all eligible transactions.

The 3.8% ACA-SM tax will be repealed as a separate tax, with health care funding coming through a subtraction value added tax levied on all employment and other gross profit. The 25% rate is meant to be a permanent compromise, as above. Any changes to this rate would be used to adjust subtraction VAT surtax and high income surtax rates accordingly. This rate would be negotiated on a world-wide basis to prevent venue seeking for stock trading.

Subtraction Value-Added Tax (S-VAT). Corporate income taxes and collection of business and farm income taxes will be replaced by this tax, which is an employer paid Net Business Receipts Tax. S-VAT is a vehicle for tax benefits, including

- Health insurance or direct care, including veterans' health care for non-battlefield injuries and long term care.
- Employer paid educational costs in lieu of taxes are provided as either employee-directed contributions to the public or private unionized school of their choice or direct tuition payments for employee children or for workers (including ESL and remedial skills). Wages will be paid to students to meet opportunity costs.
- Most importantly, a refundable child tax credit at median income levels (with inflation adjustments) distributed with pay.

Subsistence level benefits force the poor into servile labor. Wages and benefits must be high enough to provide justice and human dignity. This allows the ending of state administered subsidy programs and discourages abortions, and as such enactment must be scored as a must pass in voting rankings by pro-life organizations (and feminist organizations as well). To assure child subsidies are distributed, S-VAT will not be border adjustable.

As above, S-VAT surtaxes are collected on all income distributed over $75,000, with a beginning rate of 6.25%. replace income tax levies collected on the first surtaxes in the same range. Some will use corporations to avoid these taxes, but that corporation would then pay all invoice and subtraction VAT payments (which would distribute tax benefits). Distributions from such corporations will be considered salary, not dividends.

Invoice Value-Added Tax (I-VAT) Border adjustable taxes will appear on purchase invoices. The rate varies according to what is being financed. If Medicare for All does not contain offsets for employers who fund their own medical personnel or for personal retirement accounts, both of which would otherwise be funded by an S-VAT, then they would be funded by the I-VAT to take advantage of border adjustability.

I-VAT forces everyone, from the working poor to the beneficiaries of inherited wealth, to pay taxes and share in the cost of government. As part of enactment, gross wages will be reduced to take into account the shift to S-VAT and I-VAT, however net income will be increased by the same percentage as the I-VAT. Inherited assets will be taxed under A-VAT when sold. Any inherited cash, or funds borrowed against the value of shares, will face the I-VAT when sold or the A-VAT if invested.

I-VAT will fund domestic discretionary spending, equal dollar employer OASI contributions, and non-nuclear, non-deployed military spending, possibly on a regional basis. Regional I-VAT would both require a constitutional amendment to change the requirement that all excises be national and to discourage unnecessary spending, especially when allocated for electoral reasons rather than program needs. The latter could also be funded by the asset VAT (decreasing the rate by from 19.25% to 13%).

Carbon Added Tax (C-AT). A Carbon tax with receipt visibility, which allows comparison shopping based on carbon content, even if it means a more expensive item with lower carbon is purchased. C-AT would also replace fuel taxes. It will fund transportation costs, including mass transit, and research into alternative fuels. This tax would not be border adjustable unless it is in other nations, however in this case the imposition of this tax at the border will be noted, with the U.S. tax applied to the overseas base.

Attachment - Tax Administration, Treasury Budget, February 12, 2020

Shifting to a single system for all business taxation, particularly enacting invoice value added taxes to collect revenue and employer-based subtraction value added taxes to distribute benefits to workers will end the need for filing for most, if not all, households. Any remaining high salary surtax would be free of any deductions and credits and could as easily be collected by enacting higher tiers to a subtraction VAT.

Subtraction VAT collection will closely duplicate the collection of payroll and income taxes – as well as employment taxes – but without households having to file an annual reconciliation except to verify the number of dependents receiving benefits.

Tax reform will simplify tax administration on all levels. Firms will submit electronic receipts for I-VAT and Carbon Added Tax (C-AT) credit, leaving a compliance trail. S-VAT payments to providers, wages and child credits to verify that what is paid and what is claimed match and that children are not double credited from separate employers.

A-VAT transactions are recorded by brokers, employers for option exercise and closing agents for real property. With ADP, reporting burdens are equal to those in any VAT system for I-VAT and A-VAT and current payroll and income tax reporting by employers.

Employees with children will annually verify information provided by employers and IRS, responding by a postcard if reports do not match, triggering collection actions. The cliché will thus be made real.

High salary employees who use corporations to reduce salary surtax and pay I-VAT & S-VAT for personal staff. Distributions from such corporations to owners are considered salary, not dividends.

Transaction based A-VAT payments end the complexity and tax avoidance experienced with income tax collection. Tax units with income under $84,000 or only one employer need not file high salary surtax returns. Separate gift and inheritance tax returns will no longer be required.

State governments will collect federal and state I-VAT, C-AT, S-VAT payments, audit collection systems, real property A-VAT and conduct enforcement actions. IRS collects individual payroll and salary surtax payments, performs electronic data matching and receive payments and ADP data from states. SEC collects A-VAT receipts.

I-VAT gives all citizens the responsibility to fund the government. C-AT invoices encourage lower carbon consumption, mass transit, research and infrastructure development. A-VAT taxation will slow market volatility and encourage employee ownership, while preserving family businesses and farms. Very little IRS Administration will be required once reform is fully implemented. All IRS employees could fit in a bathtub with room for Grover Norquist.

Contact Sheet

Michael Bindner
Center for Fiscal Equity
14448 Parkvale Road, Suite 6
Rockville, MD 20853
240-810-9268
fiscalequitycenter@yahoo.com

Committee on Ways and Means
Hearing on Accountability and Transparency at the Internal Revenue Service with IRS Commissioner Werfel
Thursday, April 27, 2023 at 1:00 PM

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears:

This testimony is not submitted on behalf of any client, person or organization other than the Center itself, which is so far unfunded by any donations.