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**Wyden Statement on Finance Committee Hearing to Examine IRS Budget with Commissioner John Koskinen**  
*As Prepared for Delivery*

Thank you, Chairman Hatch, for scheduling this hearing. And thank you, Commissioner Koskinen, for joining the Finance Committee this afternoon during a very busy time of year for the IRS.

With tax season underway and President Obama's final budget proposal at hand, there are a few specific issues relating to the IRS that I'd like to focus on today.

First is the biggest ongoing challenge for the IRS: providing the best possible service to taxpayers, even though the IRS has limited resources. The good news is, the Congress recently made a badly-needed investment in I.D. protection, telephone service, and cybersecurity for 2016. But you can bet that the fraudsters and organized criminals who made headlines preying on taxpayers last year are still at it.

In my view, budget cuts that hobble our ability to fight back against these schemes are tantamount to kickbacks to the criminals. So the down payment from Congress will help protect taxpayers and improve services. But there's a lot more to be done – particularly with respect to upgrading I.T.

It's important to understand how enormous a challenge I.T. is for the IRS. First of all, processing the universe of taxpayer data that comes in is a year-round job. There's no opportune time for the IRS to go dark and install a new batch of servers and software. And second, some of the systems in use date back to the Kennedy-era. Decades of modified technology and programming code have built up like layers in an onion. When Congress updates a complicated policy like the Alternative Minimum tax, the IRS has to dig through all those layers to adjust the system and correct everybody's tax bill.

For these reasons and more, upgrading I.T. at the IRS is extraordinarily demanding and time-consuming. It can't be done when a tight budget means you have one hand tied behind your back.

The next issue I want to discuss today, Mr. Koskinen, has to do with corporate taxes going unpaid. The most recent estimates put the overall tax gap at \$385 billion per year. When it comes to individuals skipping out on their taxes, the IRS has done a good job of sharing information Congress can use to crack down on shady avoidance strategies and cheaters. But when it comes to the corporate tax gap – which adds up to \$67 billion per year – it's my view that the IRS has dropped the ball.

I sent a letter last week asking how the IRS studies the corporate tax gap and what it knows. My staff and I got a limited response yesterday that I see as an initial step, and I expect a lot more.

This is a matter of more than two-thirds of a trillion dollars in taxes going unpaid over the course of a decade. In my view, that's a figure you have to weigh against the big economic challenges this country faces and the rounds of belt-tightening federal budgets have recently gone through.

More than five million Americans today live in deep poverty. Assistance for the hungry has been cut. Far too many veterans are on waitlists for health care. Wildfire prevention is neglected while fires in Oregon and across the West get bigger and hotter. Again and again, lawmakers propose painful cuts to health care programs that are vital to seniors and families of limited means.

The bottom line is that it's long past time for Congress to attack the corporate tax gap. And that will require a lot more information than the IRS is currently providing about how companies are dodging their responsibilities.

I hope to get your commitment today, Commissioner Koskinen, to work with us in the days and months ahead on this important issue.

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