

**Testimony of Daniel Werfel**  
**Nominee to be the Commissioner of Internal Revenue**  
**Nomination Hearing before the Senate Finance Committee**  
**February 15, 2023**

Chairman Wyden, Ranking Member Crapo, and Members of the Committee, I am honored and humbled to come before you today as President Biden's nominee for Commissioner of the Internal Revenue Service (IRS).

I want to thank Senator Carper for his generous introduction, and I want to express my gratitude to the Committee for considering my nomination. I also want to thank President Biden and his Administration for placing their confidence in me.

I am grateful to have my family with me this morning, supporting me today as they have through every step of my life; my wife, Beth; my two children, Sean and Molly; and my parents, Fred and Barbara.

From a young age, I saw the honor in serving others. I saw that honor in my grandfather, a World War II veteran and postal worker; and my mother, a social worker who helped place people with disabilities into gainful employment. I see that honor in my amazing wife, who has spent more than 25 years working as a psychologist in the public school system.

Their examples inspired me to pursue a career in public service. I felt a great sense of pride when I showed up at the Office of Management and Budget (OMB) for my first day of work as a GS-9 in the late 1990s. And even more pride 13 years later when I last sat in a Senate confirmation hearing as the nominee to be OMB Controller. While at OMB, I served under nine different Directors of both political parties. This experience reinforced the importance of having a "true north" for how to best serve the American people.

At OMB, I learned that the essential foundation of government is public trust. Public trust requires transparency, collaboration with oversight entities such as Congress, adherence to the rule of law, and responsible stewardship of taxpayer dollars. Public trust also requires that the government carry out its mission fairly and equitably.

In 2013, with these lessons now a part of my professional DNA, I was selected to serve as Acting Commissioner of the IRS. I witnessed how dedicated and talented IRS civil servants are in fulfilling the critical mission of administering the nation's tax system. Since leaving the IRS, I watched from afar how these employees navigated the challenges of historical underfunding and understaffing while providing economic lifelines to hundreds of millions of families and small businesses during the COVID-19 pandemic. Their "true north" is their deep belief that the American people need an IRS that provides all taxpayers with world class customer service and implements the tax code in a way that is just, fair, equitable, and protects the U.S. government's resources.

I share in this belief. As an IRS alum, but more importantly as a taxpayer, I have been concerned about gaps in capacity that have impeded the IRS's ability to meet its critical mission. The result

is that hardworking, honest taxpayers who need assistance in meeting their tax obligations are not getting the service they need. The IRS has also been ill-equipped to unpack complex and intricate returns of high income taxpayers and large corporations and thus has been unable to close the gap between what these taxpayers owe versus what they pay. Following the passage of the Inflation Reduction Act, Americans rightfully expect a more modern and high performing IRS.

Last year, Secretary Yellen issued a directive that the IRS will not increase audit rates, relative to historic levels, for small businesses and households making under \$400,000, which I am committed to meeting. Therefore, if I am fortunate enough to be confirmed, the audit and compliance priorities will be focused on enhancing IRS capabilities to ensure America's highest earners comply with applicable tax laws. Also front and center will be efforts to modernize and dramatically improve taxpayer service and ensure that individuals and businesses eligible for tax benefits receive them. Meeting these priorities will require both significant technology upgrades and additional human resource capacity in areas such as customer service and expertise in complex tax matters. It will also require close attention to other elements of successful tax administration, including data security, reducing paperwork burdens, and impartiality and fairness in all matters. If confirmed, I will lead these efforts in close collaboration with this Committee and will be unyielding in following my true north to increase public trust.

While unheralded, effective implementation of our tax system is necessary to fund critical government services. For eight months in 2013, I had the privilege to walk into the IRS and draw inspiration from the workforce and the solemn duty of this mission. As I reflect on the public service legacy of my family, I think about the example I will set for my children by re-dedicating myself to a career in public service. To be given this opportunity again would be the greatest honor of my life.

Thank you for considering my nomination. I look forward to answering your questions.