

Crapo Statement at Hearing on IRS Customer Service Challenges
February 17, 2022

Washington, D.C.--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, "Spotlighting IRS Customer Service Challenges."

The text of Ranking Member Crapo's remarks is below.

"Thank you Mr. Chairman, and I thank all of our witnesses for joining us today.

"For Ms. Collins, this represents her first official appearance before the Finance Committee in her role as the National Taxpayer Advocate.

"Let me divert from my prepared remarks for just a moment to respond to some of the comments of the Chairman about the responsibility for this crisis we are seeing in the IRS right now. The entire attack from some on the other side of the aisle, saying that the cause of our crisis right now is the failure of Republicans to adequately fund the IRS over the years, is, in my opinion, an attempt to justify why we see the crisis, and to try to justify their desire, which was built into the Build Back Better Act: an \$80 billion influx of revenue to the IRS. This would have virtually doubled the budget of the IRS over a period of time, and would have been focused almost entirely funding an army of new auditors to go after the so-called 'tax gap,' claiming that the tax gap was among very, very wealthy individuals who were tax cheats.

"When you look at the so-called tax gap--and there is a tax gap--that tax gap comes largely from the lower- and middle-income categories from people who are having difficulty figuring out how to deal with the complex IRS code. That is not the entirety of it, but that is where the focus really is, and that is why we were fighting so hard not to have such a heavy-handed response to help those in our society who are having difficulty dealing with the IRS; to just face basically an increased enforcement pressure.

"What we need is assistance from the IRS, and I think we can find some common ground there if we can work in that context. I should also note, just for a couple data points, you can make data look like you want to as you pick your starting points and ending points for analysis, but over the years I think that the IRS budget has pretty much kept up with inflation.

"In the last four or five years, the IRS budget has been appropriated at 100 percent of their budget request. This was not a problem that came about because Congress was refusing to give the IRS its requested budget--it is a problem which the IRS leadership has told us, as recently as a day ago or so, came about because of the pandemic, which shut down the IRS, just like it shut down much more of the economy. The ensuing problems have come because of that, and because of the inability of the IRS to adequately update its IT and actually be able to communicate with taxpayers, which is what I hope we will be able to discuss significantly today.

“This Committee relies on the Taxpayer Advocate Service for analysis, guidance and vital assistance for our constituents, and for taxpayers across the country. That assistance is especially useful in the current environment.

“By any measure, the 2022 tax filing season is shaping up to be the most challenging and frustrating in decades, on the heels of challenging 2020 and 2021 filing seasons. In 2021, just over one in ten Americans was ever able to reach the IRS by telephone. More than 250 million calls to the IRS went unanswered in 2021. Those who did manage to get through spent more than 23 minutes on hold, to say nothing of the lengthy waits spent by those who could not get through at all.

“Also in 2021, the IRS began the tax filing season with a backlog of more than 13 million unprocessed tax returns from the prior season, and it began this year’s tax filing season with an even greater backlog of at least 18 million unprocessed tax returns and correspondence. This backlog has grown to over 23 million items today.

“Currently, millions of Americans need to file their tax returns, despite not having their last year’s tax returns even processed. These are by no means the only areas of deep concern.

“Many Americans await last year’s tax refunds. Many Americans await any response to correspondence they sent the IRS, in many instances many months ago. Many Americans have received incorrect or outdated information from the IRS, or have been subject to improper collections or other adverse actions simply because the IRS does not know they have filed a return or responded to a notice. Many Americans cannot receive accurate answers to basic questions, like how long it will take to receive their tax refund or an answer to their correspondence.

“These problems show no sign of abating, and appear to be magnifying. Even at this very early stage of the season, significant filing delays already abound--and new problems are arising.

“For example, many taxpayers are struggling to reconcile the stimulus and advance child tax credit (CTC) payments they received in 2021 with the applicable tax credits they are allowed, and countless others do not even realize they are required to do this. Official communications meant to assist taxpayers with these tasks have in many instances only added to the confusion or were simply inaccurate.

“I appreciate the willingness of the IRS to be open to providing relief to taxpayers affected by the straining circumstances of this filing season. But the IRS has the ability to do more, and taxpayers deserve more.

“This is the third consecutive filing season impacted by COVID, and it is time for the IRS to demonstrate it has learned--and grown--from the prior two.

“Despite the many issues plaguing the IRS, I do support the agency’s efforts to further its essential mission, and salute the sacrifices its employees are currently making to ‘do more.’

“I look forward to hearing the perspectives of our witnesses in today’s hearing.”