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## **Wyden Statement at Finance Committee Hearing on IRS Direct File and Continued Improvements to Customer Service**

*As Prepared for Delivery*

The Committee meets this morning to discuss the IRS budget and tax filing season, which closed just yesterday. I want to thank Commissioner Werfel for being here at a very busy time for everybody at the IRS. There are a lot of issues to discuss, and I'll begin with Direct File.

Anybody who denies that the Direct File pilot was a huge success must be living in another universe. It was open to a fairly small percentage of taxpayers, but the reviews it got from its initial users were overwhelmingly positive.

Frankly, it seems like a whole lot of people were pleasantly stunned that a federal agency -- particularly one as frequently vilified as the IRS -- was able to build a helpful website that works.

The tens of thousands of taxpayers who used Direct File this year collectively saved millions on fees they would have paid to one of the tax software giants. The website was user-friendly. It was quick and easy to use. It didn't hassle users with upcharges for add-on services they didn't need.

In short, with Direct File, the IRS built a good tool that people like because it saves Americans time and money. No surprise then that the people who oppose it are absolutely furious and doing everything they can to stop it from expanding.

The detractors said it didn't attract enough users, but tens of thousands of new users came in over the last week, and the IRS hit its goal of 100,000 taxpayers using the system. There's no doubt this will become more popular every year.

Others have said the cost estimates were too vague. But the fact is, there's always some uncertainty with pilot programs. Now that the IRS has tested the system and set a baseline, the costs will be a lot clearer going forward.

And finally, some say this whole project was unnecessary because taxpayers have the option of using "free file" systems through the big tax prep companies. That might have been a valid argument years ago, before the tax prep giants got caught hiding free file options from eligible taxpayers and conning people into forking over hundreds of dollars they didn't need to spend. Congress simply cannot trust the big tax prep companies to do the right thing. For some, their version of free file is the freedom for Americans to pay them even more.

Bottom line, Direct File is long overdue, and it's the kind of public service the federal government ought to be providing to Americans wherever it can. I understand the IRS and Treasury Department are now evaluating how the pilot program went over the last few months.

I want to see this program expand. I'm looking forward to the day when Oregonians come up to me in our 51 Fred Meyer grocery stores -- I've been to every last one -- to tell me how thrilled they were to save time and money with Direct File.

On the topic of vastly improved federal programs, I'll turn now to the IRS's continued success at improving customer service during this filing season. The IRS answered a million more calls with live assistance than it did during last year's filing season. It got call waiting times down to 3 minutes. It saved taxpayers 1.4 million hours of time that in previous years they would have spent sitting on hold. It smashed its goals for in-person service.

Despite this success, Republicans are complaining that the administration is asking for money to sustain all this progress. They seem to want to go back to the 'bad old days' when taxpayers sat on hold for hours and could not get timely refunds. It makes no sense

For the second filing season in a row, the IRS is proving that it can provide a top-notch level of taxpayer service when Congress gives it the resources.

I'll close with a few words on enforcement. The IRS has announced some big enforcement efforts in the last few months. That includes cracking down on 125,000 cases where wealthy individuals -- many of them people who bring in more than \$1 million per year -- never even filed a tax return.

There's also a new effort to root out the abuse of tax breaks for corporate jets -- high-flying executives who take tax write-offs for personal travel. And in my view, the IRS ought to look at similar abuses with corporate-owned yachts. When it comes to yachts, the abuses are even more blatant. Yachts produce big write-offs, but I find it hard to believe that anybody is yachting to a board meeting.

If Congress continues to cut the IRS's funding -- or if the Inflation Reduction Act funding expires and Congress doesn't add more -- we know what is going to happen.

Wealthy tax cheats will have an easier time getting away with breaking the law. And it'll be misery and higher costs for typical American taxpayers who are just trying to do their civic duty when tax filing season comes around every spring. That's an outcome that the vast majority of the American people oppose.

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