



U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS

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CONTACT Andrew DeSouza (202) 622-0470

TESTIMONY OF DOUGLAS H. SHULMAN BEFORE THE SENATE FINANCE COMMITTEE ON NOMINATION TO BECOME THE COMMISSIONER OF INTERNAL REVENUE

Washington, D.C.--Good morning, Mr. Chairman, Ranking Member Grassley and Members of the Committee.

My name is Douglas Shulman and I am currently the Vice Chairman of the Financial Industry Regulatory Authority. It is an honor to appear before the Committee today as you consider my nomination to become the Commissioner of Internal Revenue.

I appreciate your giving me the opportunity to make a brief opening statement before taking your questions. I would also like to take this opportunity to introduce my wife, Susan, and my two children, Benjamin and Eve.

Mr. Chairman, the importance of the Internal Revenue Service (IRS) cannot be overestimated. How the IRS approaches its work, and interacts with taxpayers, greatly affects both the functioning of the federal government, as well as Americans' overall view of their government.

The IRS touches every adult, every business and every non-profit organization in America. For many citizens, it is the only federal agency with which they will have contact in a given year.

Never has thoughtful leadership and direction at the IRS been more critical, as the federal government's responsibilities to its citizens have grown.

As you know, the IRS collects the vast majority of the revenue needed to fund our government and the services it provides, from protecting the environment to defending our homeland to improving educational opportunities and increasing access to health care services. It is an awesome responsibility to lead such an agency. And because I recognize the enormous challenge of the position, I have given a lot of thought as to how I would approach the job.

Since I've been nominated, many people have asked me if I would emphasize service or enforcement. But to be forced to choose between the two is a false choice. In order to execute its mission, the IRS must do both.

For taxpayers who pay their taxes willingly and on time, which is the great majority of Americans, there must be clear guidance, accessible education, and outstanding service. Our aim should be to make it as easy as possible for them to pay the correct amount of taxes in the most efficient and least burdensome manner possible. For taxpayers who intentionally evade paying their taxes, there must be rigorous enforcement programs. But whether serving taxpayers or enforcing the law, it is absolutely essential that American's believe the IRS is fair and that it respects the rights of all taxpayers.

Thanks to Commissioners Rossotti and Everson, there are important initiatives currently in place that if confirmed I would anticipate continuing. I would also bring a fresh set of eyes to the position, and ensure that the agency continues to evolve as circumstances change.

Any effort to improve services must include a commitment to IRS modernization. IRS employees must have timely access to taxpayer data so assistance is quick and accurate. This will require focusing on and investing in IRS processes, as well as the IRS's information technology systems. If confirmed as Commissioner, I would make this one of my top priorities.

The IRS must also continue its rigorous enforcement programs. It must deter those who may be inclined to evade their legal tax obligations and pursue those who engage in evasion. And as Members of this Committee already know, in recent years a number of significant steps have been taken to shut down tax shelters and other abusive transactions that were created for no other reason than to avoid taxation.

I also believe that it is essential for the IRS to work closely with the practitioner community, including lawyers, accountants, and tax preparers – a vital part of our nation's tax compliance system. The IRS must use all the tools at its disposal – dialogue, education, service and enforcement – to ensure that these important members of the tax community are partners in our efforts to see that all individuals and institutions meet their tax obligations.

Finally, if confirmed, I plan to focus on leadership and employee development during my tenure as Commissioner. I have been extremely impressed by the current leaders of the IRS and its dedicated and talented workforce. However, like other federal agencies, many experienced and knowledgeable IRS employees will be approaching retirement eligibility in the coming years. It is critical that the next Commissioner devotes significant attention to the recruitment, training and grooming of the next generation of IRS leaders.

Mr. Chairman, it is an honor to have been nominated by the President to be the next Commissioner of the IRS. I am under no illusion that, if confirmed, it will be a very demanding and difficult job.

As Commissioner, I would do everything in my power to ensure that the nations' tax laws are administered in a fair and efficient manner. Essential to my success would be a close partnership with Members of Congress on both sides of the aisle, and you have my commitment to work closely with this Committee.

Thank you and I would be happy to respond to your questions.