

# Tax Pros, Congress, Clash Over IRS Reform Priorities

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By William Hoffman

Congressional proposals for reforming the IRS run the gamut from technological improvements to increased oversight, though tax practitioners worry none appear to involve more funding.

Tax professionals are anxiously watching Congress for clues on how lawmakers intend to reform tax administration to better implement the [Tax Cuts and Jobs Act](#). House Ways and Means Committee member Peter J. Roskam, R-Ill., said the Oversight Subcommittee is considering a “whole package” of IRS reforms. Some of the ideas floated at a January 30 subcommittee [hearing](#) include modernizing IRS technology and implementing new protections against stolen identity refund fraud. One committee member, Jason Smith, R-Mo., called for the tax agency to be “ripped out by its roots.”

Roskam, who chairs the Ways and Means Tax Policy Subcommittee, noted that he proposed “changes in the civil asset forfeiture laws” to limit the IRS’s ability to move forward in structuring cases.

The Trump administration is pushing an \$11.1 billion IRS budget for fiscal 2019, along with \$362 million for enforcement and operations support, and an 11 percent reduction in taxpayers service employees. This doesn’t sit well with everyone on Capitol Hill; Ways and Means member Kenny Marchant, R-Texas, said, “It is not clear to me whether we do or do not” have the same IRS budgeting priorities as the White House.

“We’ve got a new [IRS] commissioner, appointed by our president” said Marchant. “So I think there’s going have to be some sit downs [with the IRS], where we say, ‘How fast can we push you on this?’ and back and forth. We have a new relationship, so it will probably be more of a, ‘how can we get this done?’”

## Something’s Got to Give

Whatever “this” Marchant was talking about, tax professionals told Tax Analysts it will almost certainly require more money for the tax agency.

“My first, top ask is to get the [IRS] budget back to where it should be,” said Jeffrey Schneider, an enrolled agent and member of the Internal Revenue Service Advisory Council.

Timur Taluy, CEO of FileYourTaxes.com, agreed, saying that “the lack of IRS funding has crippled the agency.”

Jennifer MacMillan, who chaired the advisory council in 2016, noted that “customer service seems to be the thing that gets hurt the most when the agency is not fully funded.”

All of the tax professionals interviewed for this story agreed that the agency's current budget is not sufficient.

Schneider said IRS taxpayer service has gotten so bad, he's found himself instructing the agency's undertrained phone assistors on tax subjects. The phone assistors "are hard workers; they mean well," Schneider said. "But they're hog-tied because they don't have the money to do the job."

Congress gave the IRS a \$290 million supplemental appropriation in fiscal 2016 for taxpayer service, fighting identity theft, and improving cybersecurity. Phone service answer rates that had dipped to 38 percent in 2015 [rose](#) to 82.1 percent by the middle of the 2017 filing season, tax professionals noted.

Taluy said the IRS has shown that it "can deliver tax administration, and taxpayer service" when it receives appropriate funding, Taluy said. "When they do get funding, you see real results; that saves the government money."

But Schneider said many congressional representatives have reacted disdainfully to suggestions that the IRS get more money. He recalled a National Association of Enrolled Agents lobbying day in Washington within the last couple of years where one congressman scoffed, "We're not going to give [the IRS] any more power, and budget is power."

MacMillan said Congress needs to send a clear message that the IRS should prioritize taxpayer service over everything else.

"We need people on the phones," MacMillan said. "If that means less collection and enforcement activity, so be it," she said. "If staffing for customer service is so hard to be able to afford, then staffing for something else has got to give."

*David van den Berg contributed to this article.*