August 4, 2022

Dear Member of the United States House of Representatives,

It has been the greatest honor of my professional life to spend the last four years at the helm of the IRS. I am struck each day by the commitment of dedicated IRS employees to helping American families. And our employees have done all that without the tools to do so effectively. For too long, the agency has not had the resources that it needs to ensure the tax laws are enforced fairly and that Americans receive the level and quality of service they deserve. We are the greatest country in the world, yet the agency that touches more Americans than any other continually struggles to receive sufficient resources to fulfill its important mission.

The resources in the reconciliation package will get us back to historical norms in areas of challenge for the agency - large corporate and global high-net-worth taxpayers - as well as new areas like pass-through entities and multinational taxpayers with international tax issues, where we need sophisticated, specialized teams in place that are able to unpack complex structures and identify noncompliance.

These resources are absolutely not about increasing audit scrutiny on small businesses or middle-income Americans. As we’ve been planning, our investment of these enforcement resources is designed around the Department of the Treasury’s directive that audit rates will not rise relative to recent years for households making under $400,000. Other resources will be invested in employees and IT systems that will allow us to better serve all taxpayers, including small businesses and middle-income taxpayers. Enhanced IT systems and taxpayer service will actually mean that honest taxpayers will be better able to comply with the tax laws, resulting in a lower likelihood of being audited and a reduced burden on them.

Large corporate and high-net-worth taxpayers often engage teams of sophisticated representatives who pursue unsettled or sometimes questionable interpretations of tax law. The integrity and fairness of our tax administrative system relies upon the ability of our agency to maintain a strong, visible, robust enforcement presence directed to these and other similarly situated taxpayers when they are noncompliant. These important efforts also support honest taxpayers who voluntarily comply with their filing and reporting requirements.

The IRS has fewer front-line, experienced examiners in the field than at any time since World War II, and fewer employees than at any time since the 1970s. Advances in technology have been helpful but have not kept pace with the ever-increasing
responsibilities and challenges facing the IRS. As a result, the IRS has for too long been unable to pursue meaningful, impactful examinations of large corporate and high-net-worth taxpayers to ensure they are paying their fair share. This creates a direct revenue loss from evaders and lessens the potential to deter others from pursuing a similar path of noncompliance. Every American should support a fair and impartial system of tax administration supported by an appropriately resourced tax administrator. In fact, the continued success of our country depends, in part, upon the success of the agency in appropriately, fairly and impartially enforcing the tax laws and in providing meaningful, impactful services to every American.

As an extremely proud American, I'm grateful for your support of the IRS and our dedicated employees. I cannot be forceful enough in emphasizing that these resources will be transformative for the agency and for American taxpayers. I am available to meet with you at your convenience to discuss the foregoing.

Thank you,

Charles P. Rettig