

April 23, 2021

The Honorable Richard Neal, Chairman  
Ways and Means Committee  
United States House of Representatives  
1102 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Neal,

On behalf of the over 11,000 members of the Massachusetts Society of Certified Public Accountants (MSCPA), I'd like to thank you for your leadership and the important work you do each day for your constituents and the people of Massachusetts. In addition, thank you for your continued efforts to provide adequate funding for a modernized and more efficient Internal Revenue Service (IRS) and to position the agency for success in an increasingly more technological and remote world. In light of recent reports about potential legislation to create a form-free filing system, we write to express our concern over new IRS programs that do not involve substantial new revenues to support modernization.

As you know, the IRS introduced its *Integrated Modernization Business Plan* in 2019 with plans to modernize the IT systems to deliver quality service to taxpayers while keeping taxpayer data safe. As we have advocated for before, we believe that as part of this plan, the IRS should consolidate the existing tax practitioner services into a dedicated practitioner services division, which will minimize the duplication of services and holistically benefit all tax preparers, including those working within the Volunteer Income Tax Assistance (VITA) programs.

A recent report from the U.S. Government Accountability Office (GAO) found that 23% of 2020 business tax returns were filed on paper instead of using e-file. This, among the uncontrollable impacts of the COVID-19 pandemic, the closure of IRS offices around the country for the health and safety of IRS personnel, and the inability to process returns in a remote work environment, led to a significant backlog of unprocessed 2019 tax returns; a matter that is still being addressed even as we are in the throes of an extended 2021 tax season.

In addition to processing millions of tax payments, tax returns and tax refunds, IRS personnel were called upon to issue three rounds of direct payments to certain taxpayers and continuously issue timely tax-related guidance for numerous federal financial assistance programs created to ensure the vitality of the American economy and mitigate the financial ruin for businesses and taxpayers across the country.

According to the GAO report, the IRS budget declined by almost \$3 billion, or 20.4%, from Fiscal Year 2010 to Fiscal Year 2019, which has resulted in a reduction of over 22,000 agency employees. With a diminished workforce coupled with a growing workload of varying responsibilities to and demands of taxpayers, the IRS is unable to adequately enforce tax law, increase and ensure tax compliance and collect revenue from what is owed by the taxpayers.

At a recent congressional hearing, Commissioner Rettig testified that the actual tax gap could likely exceed \$1 trillion annually, which is double the \$441 billion estimate for the 2011-2013 tax years. The Commissioner further stated that with the right resources and funding, the agency could properly train personnel and work to begin to close the tax gap.

We are hopeful that Congress recognizes the potential of the IRS and the valuable return on investment in funding the agency at appropriate levels. We urge you to continue to work with your colleagues to ensure the IRS is provided sufficient funding to modernize its capabilities and capacity to carry out the necessary and critical work of collecting tax revenue and closing the tax gap before adding new programs that will divert resources and human capital away from the core mission of the agency. Now is the time to position the IRS for success in the future.

Please do not hesitate to contact me or my staff if we can be of any assistance to you.

Sincerely,

A handwritten signature in cursive script that reads "Amy A. Pitter". The signature is written in black ink and is positioned above the typed name.

Amy Pitter  
President & CEO