

AMERICAN  
COLLEGE OF  
TAX  
COUNSEL

March 29, 2011

The Honorable Richard J. Durbin  
Chairman  
United States Senate  
Appropriations Subcommittee on  
Financial Services and General Government  
309 Hart Senate Office Bldg.  
Washington, DC 20510

The Honorable Jo Ann Emerson  
Chairwoman  
United States House of Representatives  
Appropriations Subcommittee on  
Financial Services and General Government  
2230 Rayburn House Office Bldg.  
Washington, DC 20515

The Honorable Susan M. Collins  
Ranking Member  
United States Senate  
Appropriations Subcommittee on  
Financial Services and General Government  
413 Dirksen Senate Office Bldg.  
Washington, DC 20510

The Honorable José E. Serrano  
Ranking Member  
United States House of Representatives  
Appropriations Subcommittee on  
Financial Services and General Government  
2227 Rayburn House Office Bldg.  
Washington, DC 20515

Re: Funding for the Internal Revenue Service

Dear Chairman Durbin, Chairwoman Emerson, and Ranking Members Collins and Serrano:

On behalf of the American College of Tax Counsel ("ACTC"), I am writing to solicit your support for adequate funding of the Internal Revenue Service (the "IRS" or "Service") for the 2011 and 2012 fiscal years. ACTC is a nonprofit professional association of tax lawyers in private practice, in law school teaching positions and in government, who have been licensed for at least 15 years at the time of their admission and who are recognized for their excellence in tax practice and for their substantial contributions and commitment to the profession. This letter was prepared by the Board of Regents of the ACTC and does not necessarily reflect the views of all members of the ACTC, including those who are government employees. None of the members of the Board of Regents who participated in the drafting of this letter has been retained by clients to lobby regarding the Service's budget for 2011 and 2012.

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As you may be aware, the Obama Administration's 2011 and 2012 proposed Budgets requested increased funding for the Service. The House, however, recently voted to *decrease* funding for the Service for the remainder of the 2011 fiscal year.

ACTC believes a decline in funding for the Service would be a mistake. Consequently, we write to solicit your support, and the support of your respective Subcommittees, for adequate funding for the Service for the current and upcoming fiscal years. In support of this request, ACTC wishes to note that the Service has done an effective job of enforcing the tax laws, on the one hand, and supporting taxpayer education and outreach, on the other, while continuing to make the changes to its computer systems that will allow it to deliver world class service to taxpayers and better administer the tax laws.

In connection with tax administration, the Service has recently raised billions of dollars from taxpayers with unreported income from off-shore accounts. The Service has also instituted a comprehensive program of registering and certifying tax return preparers in order to increase the level of accuracy of professionally prepared tax returns. In connection with taxpayer support, the Service is continually designing education and outreach programs to help compliant taxpayers satisfy their filing obligations. Such initiatives require adequate and predictable funding.

It is important to recognize that the Service is the means by which the Government collects the funds required to operate. Funds allocated to the Service provide a handsome return on investment to taxpayers. The most recent statistics published in the 2010 Databook indicate that enforcement activities generated \$9 of return for each \$1 of expenditure. In addition, there is an increase in overall taxpayer compliance when the general public is aware that the IRS is auditing taxpayers and ensuring compliance with the tax laws. In an era of record deficits, it would be counter-productive to reduce the funding of the organization tasked with collecting the nation's tax revenues.

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In summary, we believe that adequate funding of the Service is essential, and we ask your Subcommittee's support for the increased budget requested by the Administration for the IRS.

If you have any questions or you would like to discuss this matter in more detail, please call me.

Very truly yours,



George C. Howell, III  
Chair  
American College of Tax Counsel

cc: The Honorable Daniel K. Inouye, Chairman, Senate Appropriations Committee  
The Honorable Thad Cochran, Ranking Member, Senate Appropriations Committee  
The Honorable Harold D. Rogers, Chair, House Appropriations Committee  
The Honorable Norman D. Dicks, Ranking Member, House Appropriations Committee  
The Honorable Timothy F. Geithner, Secretary, Department of the Treasury  
The Honorable Douglas H. Shulman, Commissioner, Internal Revenue Service  
The Honorable Michael F. Mundaca, Assistant Secretary (Tax Policy), Department of  
the Treasury  
The Honorable William J. Wilkins, Chief Counsel, Internal Revenue Service  
Ms. Nina E. Olson, National Taxpayer Advocate, Internal Revenue Service  
Mr. Paul Cherecwich, Jr., Chair, Internal Revenue Service Oversight Board  
Mr. Russell Sullivan, Majority Staff Director, Senate Finance Committee  
Mr. Christopher Campbell, Minority Staff Director, Senate Finance Committee  
Mr. Jon Traub, Majority Chief of Staff, House Ways and Means Committee  
Ms. Janice Mays, Minority Chief Counsel, House Ways and Means Committee  
Mr. Thomas A. Barthold, Chief of Staff, Joint Committee on Taxation