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APRIL 28, 2015

How to drown the IRS in a bathtub

 April 26, 2015 by [stevenyoder](#)  [Leave a Comment](#)



IRS_building_on_constitution_avenue_in_DC Courtesy
Wikimedia Common

Every year, April 15 offers a stage on which to parade the failings of the federal government. The IRS presents the most obvious target, and this year was no different. “So many people feel like they are fighting against a machine that doesn’t care...” House Republican Mark Meadows [said](#) in opening a committee hearing about the agency two weeks ago.

But invited expert Nina Olson told the assembled members that IRS budget cuts have brought the U.S. tax collection system to the brink of collapse. She’s the National Taxpayer Advocate, a position

[created](#) by Congress in 1979 to assess how well the agency works. If she’s right and

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Paul Tudor Jones II: Why we need to rethink capitalism

taxpayers in large numbers lose confidence in the system, our current debt problems could seem trivial compared to what's coming.

Like the warm-up act for the main event, tax policy is an old stand-by for ginning up the base in a Republican primary campaign. "The IRS is too big, too powerful, and we absolutely should scrap the code," Republican presidential candidate Rand Paul told reporters in a question-and-answer session in February. Most tax policy experts agree with that last part—the tax laws Congress has created over the years have become so cumbersome that they're essentially a full-employment plan for tax accountants and tax preparation software manufacturers.

But is the IRS itself really too big and powerful? Majorities in Congress seem to think so. They've sliced off part of the agency's budget five years in a row—it's down about 17 percent since 2010. The agency has lost more than 12,000 full-time employees in the last five years, mostly auditors and related staff, and several thousand more auditors will be cut this year. Funds to train staff have been cut by 83 percent since 2010.

That's all happening at a time when a rising population and new rules have dumped ever more work on tax collectors. The IRS is processing 11 percent more individual returns, 18 percent more business returns, and 70 percent more phone calls than a decade ago. Handling each return takes longer every year because of the increasing tax code complexity—Congress has made nearly 5000 changes to the code since 2001, an average of more than one a day.

That IRS service to taxpayers is in a death spiral should come as no surprise. Its call center representatives answered only 38 percent of taxpayer calls from January 1 to April 13. Callers waited on hold an average of 23 minutes and much longer in peak periods, according to Olson.

Seven million callers couldn't get through at all because the IRS disconnected them from the automated answering system—those are known as "courtesy disconnects" in

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Commentary: For Hunger Games – Mockingjay, teens are doing the marketing

December 4, 2014

By Joan Oleck – The Hunger Games:

Mockingjay—Part 1

is, for its teen fan base, a powerful lesson in marketing manipulation. For anyone not living in a cave, this third film in the series of four is based on the über-successful book series by Suzanne Collins and weaves a compelling tale of teen survival in [...]



which the system drops callers when it calculates that it the available staff can't handle the volume.

Even when a caller does get through, the questions that staff can answer are only the most basic, Olson says. And after April 16, the agency answers no tax-law questions at all—that means the 15 million taxpayers who file later in the year get no help.

All of those numbers are significant departures from the past. In 2004, for example, fully 87 percent of callers actually reached a person, and hold times averaged only 2.5 minutes.

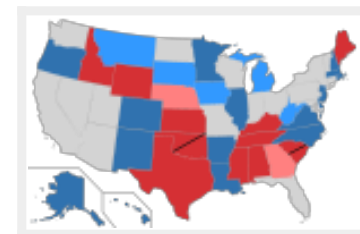
“This year, taxpayers are receiving the worst levels of taxpayer service since at least 2001, when the IRS implemented its current performance measures. In fact, the levels of service are the lowest I have witnessed in my 40 years of working in the field of taxation,” Olson told the committee.

The agency's performance decline increasingly looks like a textbook case of what GOP operative Grover Norquist [says](#) is his goal: reduce government to a size at which “I can drag it into the bathroom and drown it in the bathtub.” The subtext there is that when cuts hurt agency performance, taxpayers lose faith in government, which strengthens the arguments of small-government types like him.

But Norquist and other conservatives also say they care about deficits, and that's the area in which IRS cuts are doing the most damage. The agency has 10,000 fewer auditors today than in 2010, and individual and business audit levels are the lowest in a decade, according to the [Center on Budget and Policy Priorities](#). This year, the IRS will conduct 46,000 fewer audits than last year.

That might be good news to those who plan to not pay what they owe, but it's disaster for the national debt—each additional \$1 spent on IRS enforcement yields \$6 or more in additional revenue from collecting taxes owed under current law, according to the Treasury Department and the CBPP. Slashing the IRS is something like a

Commentary: The 2014 US Midterms – The democratic election that wasn't



November 11, 2014

Commentary: The 2014 US Midterms – The democratic election that wasn't American democracy is predicated on two critical pillars. The selection of political representatives by the majority via the ballot box, and the availability of timely and accurate information that is vital for voters in their assessment of candidates and policies consistent with their self-interest. [...]

Commentary: International community must address Myanmar's mistreatment of Rohingya minority at East Asian summit



October 31, 2014

As Myanmar, a country with an incipient democracy and alarming human rights record, prepares to host

business cutting its accounts receivable staff to save money—doing so eats into incoming funds.

A 2012 IRS report, the latest available, found that people and businesses underpaid their taxes by 17 percent in tax year 2006. Those underpayments cost the Treasury \$450 billion that year. By comparison, the politically bold [Simpson-Bowles plan](#) for deficit reduction, which was never acted on, would have saved only about \$250 billion a year. (And the 2006 number likely has expanded considerably since then as the tax system has only gotten more complicated.)

But in March when IRS commissioner John Koskinen asked the House Appropriations Committee for an [18-percent hike](#) in the agency’s budget this year to make up for the cuts, GOP members dismissed him, [calling](#) the request “massive” and “astronomical.” Inconveniently, Olson, whose testimony House Republicans sought out to document how badly the agency is performing, made clear where she comes down: “I do not see any substitute for sufficient personnel if the IRS is to provide high-quality taxpayer service,” she told the committee that invited her two weeks ago.

Could the U.S. follow the path of Greece, where widespread lack of tax compliance has helped fuel the country’s debt spiral? “The combined impact of lower enforcement and lower taxpayer services isn’t just whether we’ll collect more or less,” Koskinen told the House in March. “At some point, we’re going to put at risk the entire compliance system, and that’s not an on-off switch. Once people get the idea that the system isn’t working very well and they can take their chances, you can’t turn that around overnight.”

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**Commentary:
Bandwagon
outrage over
Brunei’s strict
Islamic
criminal
code all
but gone**



October 18, 2014

When Brunei became the first Southeast Asian country to nationally adopt a strict Islamic penal code known as Sharia earlier this year, the world was outraged. News and social media told us so in such headlines as “Brunei adopts sharia law amid international outcry” and “Ellen DeGeneres backs boycott of Brunei-owned hotels over ‘stone the [...]

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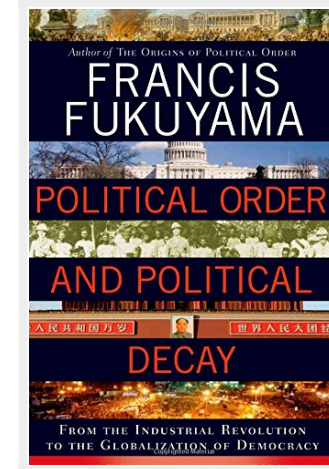
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TERMS OF SERVICE Effective August 11, 2014

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