

35 Organizations Urge Biden Administration to Simplify Tax Filing to Help Taxpaying Families

February 17, 2022

Dear President Biden, Vice President Harris, Secretary Yellen, and Commissioner Rettig:

As groups dedicated to social, racial, gender, worker, and economic justice, we are writing to urge you to use your existing statutory authority to implement reforms that would improve customer service and simplify the process by which Americans file their tax returns.

As you know, the Internal Revenue Service's (IRS) budget has been reduced by about 20% (in real dollars) since 2010, and staff is down by almost a quarter over that same period.¹ The combined effect has been to permit too many wealthy people to evade or aggressively avoid paying the taxes they owe while making it increasingly difficult for millions of ordinary taxpayers to reach the IRS when they need help filing their taxes.^{2,3} As a result, the current system disadvantages low-income individuals—disproportionately Black and Brown households and other households of color—who lack the resources to navigate unnecessarily complicated systems or spend weeks trying to get a resolution to their questions.⁴ We can and must better equip the IRS to reduce the estimated annual \$600 billion tax gap in unpaid taxes, disproportionately owed by the wealthy,⁵ by bolstering enforcement while also funding top-notch customer service to facilitate the process of paying taxes.

That is why our organizations advocate increasing IRS's annual appropriations and providing the \$80 billion in additional funding in the House-passed Build Back Better Act that would enable the IRS to modernize its IT systems, enhance customer service, and strengthen tax enforcement with an emphasis on high-income taxpayers and large corporations.

But while we push for increased funding through Congress, **we urge you to take steps now to implement simple, commonsense reforms that would immediately improve taxpayers' experiences interacting with the IRS.** As taxpayers are warned to brace for significant delays this tax filing season, there is no excuse for failing to use your existing authority until Congress acts.⁶ These steps would also lay the groundwork for a state-of-the-art process that allows ordinary taxpayers to easily file and fully pay their federal taxes in the future without having to spend money on paid preparers or software.

First, using the powers granted to the IRS by a Republican Congress in the Internal Revenue Service Restructuring and Reform Act of 1998, the IRS can and should immediately implement the same return-free filing option already enjoyed by taxpayers in other countries. It is indefensible that ordinary American taxpayers spend an average of 11 hours doing their taxes and often pay \$200 or more for paid filing services⁷ when the government already has the data needed for most taxpayers with simple returns.

Providing taxpayers with preliminary tax returns pre-populated with wage and other data already collected by the IRS through information reporting would not only reduce the burden on families who are struggling to make ends meet, it would reduce the errors and other problems that collectively add to the IRS's backlog and to the demand for live customer support. What better way to easily fix minor problems before they become major problems than providing ordinary taxpayers with their own data and doing the math for them?

Second, the IRS should terminate the confusing and poorly implemented corporate Free File partnerships. This effort has been plagued with problems from the start and subject to sabotage from corporate partners that sought to divert taxpayers to their paid alternatives.⁸ A publicly run free filing system should be a cornerstone of the effort to modernize the IRS's antiquated technology.

We recognize that Treasury and the IRS have gone to extraordinary lengths to meet new challenges during the COVID-19 pandemic, including implementing systems to dispense Economic Impact Payments and monthly Child Tax Credit payments and implementing non-filer portals for COVID relief. We also commend the Biden Administration for recent efforts such as creating ChildTaxCredit.gov and better publicizing free tax filing partnerships and tools. It is with these achievements and your commitment to the public in mind that we urge you to act boldly under your existing authority to help American taxpayers while eliminating unnecessary burdens on the IRS's resources.

Sincerely,

Americans for Tax Fairness
Center for American Progress
Public Citizen
American-Arab Anti-Discrimination Committee (ADC)
American Federation of Government Employees
Americans for Democratic Action (ADA)
Americans for Financial Reform
Blue Future
Campaign for America's Future
Chicago Political Economy Group
Church WORLD SERVICE
Coalition on Human Needs
Consumer Action
Economic Policy Institute
Economic Security Project Action
Faith in Public Life
Friends Committee on National Legislation
ICNA Council for Social Justice
Institute on Taxation and Economic Policy

Jobs With Justice
Missionary Oblates of Mary Immaculate -US Province
National Advocacy Center of the Sisters of the Good Shepherd
National Consumer Law Center (on behalf of its low income clients)
Network Lobby for Catholic Social Justice
Our Revolution
Oxfam America
Public Good Law Center
Responsible Wealth
RESULTS
Revolving Door Project
RootsAction.org
Take on Wall Street
Transparency Task Force
Unitarian Universalists for Social Justice
United for a Fair Economy

¹ Chuck Marr, Samantha Jacoby, et. al., CENTER ON BUDGET AND POLICY PRIORITIES, *Congress Needs to Take Two Steps to Fund the IRS for the Short and Long Term* (Feb. 1, 2022) <https://www.cbpp.org/research/federal-tax/congress-needs-to-take-two-steps-to-fund-the-irs-for-the-short-and-long-term>.

² Russ Buettner, Susanne Craig and Mike McIntire, *Long-concealed Records Show Trump's Chronic Losses and Years of Tax Avoidance*, NEW YORK TIMES (Sept. 27, 2020) <https://www.nytimes.com/interactive/2020/09/27/us/donald-trump-taxes.html>; Clare Duffy, *Software CEO Robert Brockman charged in \$2 billion tax evasion case*, CNN (Oct. 17, 2020) <https://www.cnn.com/2020/10/17/business/robert-brockman-tax-evasion-charges/index.html>; Sharon LaFraniere, *Paul Manafort, Trump's Former Campaign Chairman, Guilty of 8 Counts*, NEW YORK TIMES (Aug. 21 2018) <https://www.nytimes.com/2018/08/21/us/politics/paul-manafort-trial-verdict.html>.

³ *Backlog and severe understaffing at IRS portends delays this tax season: "It's a huge headache"*, CBS News (Jan. 31, 2022) <https://www.cbsnews.com/news/tax-season-irs-backlog-understaffing-delays-refunds/>.

⁴ Kori Hale, *Why Taxes Continue to be a Sunken Place for African Americans*, FORBES (July 15, 2020) <https://www.forbes.com/sites/korihale/2020/07/15/why-taxes-continue-to-be-a-sunken-place-for-african-americans/?sh=6eb21efd3752>.

⁵ The IRS's most recent estimate of the "tax gap" is \$381 billion annually over 2011-2013, which extrapolates to \$574 billion in 2019 assuming the same compliance rate. See Charles O. Rossotti and Fred L. Forman, *Recover \$1.6 Trillion, Modernize Tax Compliance and Assistance: The How-To*, TAX NOTES (Sept. 29, 2020).

⁶ *It's Likely to be a Frustrating Tax Season, Deputy Treasury Secretary Says*, NPR (Jan. 26, 2022) <https://www.npr.org/transcripts/1075717058>.

⁷ Press Release, Sen. Warren Leads Colleagues in Reintroducing Legislation to Simplify and Decrease the Costs of Tax Preparation and Filing (April 12, 2019) <https://www.warren.senate.gov/newsroom/press-releases/senator-warren-leads-colleagues-in-reintroducing-legislation-to-simplify-and-decrease-the-costs-of-tax-preparation-and-filing>.

⁸ See, e.g., Rachel Sandler, *FTC Probes Intuit Over Suspicions It Diverted TurboTax Users From Free Filing*, FORBES (Sept. 8, 2020) <https://bit.ly/3eyT1Kd>.