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Wyden Statement at Finance Committee Hearing with IRS Commissioner Rettig
As Prepared for Delivery

There are a few subjects I need to address today. First, oversight of the tax code. Last week the Chairman of the House Committee on Ways and Means exercised his authority under Section 6103 of the tax code to request six years of the president's tax returns. I support his request completely. Chairman Neal raised a key point about oversight of the tax system that explains why this step is necessary. The IRS has a policy of auditing the tax returns of sitting presidents and vice-presidents every year. It's not clear that system is effective. Congress has an obligation to look into whether it's functioning properly, and if necessary, craft legislative solutions.

Let's also clear up a misconception on this issue. This is not an obscure law that's sat around gathering cobwebs. Both committees that handle tax law -- Finance and Ways and Means -- use this authority regularly. The committee's majority side used it earlier this year to investigate certain tax-exempt hospitals. This committee also used it between 2013 and 2015 during an investigation into the treatment of tax-exempt organizations.

Because this type of request is so routine, the treasury secretary long ago delegated responsibility for complying with it to the IRS commissioner. IRS commissioners in turn have delegated it to agency employees. These requests do not cross the treasury secretary's desk.

Furthermore, Congress is closely familiar with reviewing the tax returns of presidents and vice-presidents. The JCT reviewed President Nixon's tax returns. Congress reviewed the tax returns of past vice-presidential nominees. This committee also reviews the tax returns of all nominees we process.

With respect to Chairman Neal's request, the law says the tax returns "shall" be provided. The law does not give anyone -- not the treasury secretary, not a White House official -- the power to interfere.

The administration has responded to Chairman Neal's request by launching a campaign of blatant political intimidation. I recall in the very recent past when the prospect of political interference in the IRS mattered to both sides of this committee.

So here's the bottom line. Chairman Neal's request is based on legal authority our two committees exercise regularly, and the process of obtaining and reviewing tax returns is routine. I believe this committee ought to make the same request for the president's tax returns. This committee must not punt on oversight and cede that role to the House.

Now to shift to another key tax policy issue. Americans who work for a living have long understood that the tax code is rigged to favor the most fortunate. It's now becoming painfully clear that tax enforcement is rigged in the same way.

According to newly released data, the audit rate of corporations and those at the top is in freefall. Audits of those with more than a million dollars in income -- cut in half over a decade. Audits of the largest corporations -- again, cut in half over a decade. A new report from ProPublica showed one clear example of how that came to pass. A decade ago there was an effort to bring together skilled investigators to crack down on tax cheating by the mega-wealthy. The mega-wealthy fought back with an army of lobbyists and lawyers. The effort to get the tax cheats to pay a fair share fizzled.

So the most fortunate are off the hook. What about people who work for a living? Another ProPublica report showed that Humphreys County, Mississippi, has a higher audit rate than any other county in America. It's not because it's packed to the county line with money launderers or shell corporations. It's because Humphreys County is poor, and most of them claim the Earned Income Tax Credit.

I take a backseat to nobody when it comes to working against improper payments or abuse. But how can the Congress stand by a tax enforcement system that punishes working people and gives the wealthy a green light to cheat?

If a working family makes a simple mistake on their taxes and gets hit with an audit, it can snowball into a major financial setback. If a Wall Streeter concludes they can get away with tax cheating, it's like they've discovered a gold mine.

One proposal that could help fix this unfairness is the bill Senator Cardin and I are introducing tomorrow to require minimum standards for paid tax preparers. The idea is, if working people are less likely to run into a crooked or incompetent tax preparer, they're less likely to face an audit. Passing our bill would be a good first step, but this issue is going to take a lot more work.

As I wrap up, I want to address an issue regarding how Americans file their taxes. I start with the propositions that filing should be simple, and taxpayers should not have to use a private company to file their taxes online. I support allowing Americans to file directly online with the IRS. I've also proposed bipartisan legislation to create an optional "simple return" system: your forms show up completed, and all you have to do is check the numbers. No more headaches from a complicated filing process.

During the debate on the tax administration bill, my staff pushed back on a longstanding policy that blocks the IRS from competing with private tax preparation companies. I'm going to continue fighting for a "simple return" system and the right to file directly with the IRS online. In the meantime, the final package limits the role of private debt collection on working Americans, and it permanently extends a highly-successful program that helps low-income taxpayers file their returns for free. Just this morning, I've also gotten confirmation from the IRS chief counsel that the IRS can terminate Free-File and design their own direct-file product with 12 months' notice. So colleagues, there's a lot to discuss this morning. I look forward to questions.

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