

The **UNITED STATES SENATE**
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**Wyden Statement at Finance Committee Hearing on 2021 Tax Filing Season and a 21st Century
IRS**
As Prepared for Delivery

This morning the Finance Committee is joined by IRS Commissioner Rettig for our annual hearing that typically marks the end of tax filing season. However, 2021 is no typical year. There's a lot for us to talk about, so I'll start with the tax gap, the difference between taxes owed and what's collected.

Even the most conservative estimates of the annual tax gap put it in the hundreds of billions of dollars a year. My view is, the annual tax gap is at least double the official estimate and growing.

The most recent official estimate pegs the tax gap at \$381 billion per year, but it looks all the way back to data from 2011 through 2013. That means these estimates are out of date as soon as they're released.

The fact is, our economy has changed and expanded. In 2011, one bitcoin couldn't buy you a ham sandwich. Today cryptocurrencies and other technologies create huge new opportunities for tax cheats to rip off the American people.

More and more wealth is building up in the hands of the fortunate few and big corporations. They've got the high-priced lawyers and accountants who specialize in concealing income with sketchy bookkeeping, money laundering and shell companies.

I'm coming off 10 town halls in Oregon. When I hold those meetings -- especially the ones during tax season -- lots of Oregon taxpayers tell me they have a gut feeling they're being cheated. They hear about the massive tax gap, and they're rightfully ticked off. Close even a portion of the tax gap, and you're better able to fund care for seniors at home, assistance to needy children, and affordable housing.

The IRS needs more resources to tackle this challenge, but it's only just beginning to recover from a decade of Republican budget cuts. Those cuts hobbled our ability to root out cheating by high flyers and their high-priced accountants. Criminal tax evasion cases have fallen nearly by half. The number of IRS tax enforcement staff -- the experts who know how to break down tax evasion cases -- has fallen by nearly a third.

Wealthy tax cheats have proven that with enough attack dog lawyering, they can litigate the IRS into submission and rip off working taxpayers for big money.

Meanwhile, the burden of tax audits shifted unfairly onto working people. That's because it's a lot cheaper and easier to hassle a working mom over a tax credit overpayment than it is to decipher the latest money laundering schemes.

Bottom line, it's time to throw out business as usual on this issue. Business as usual is a rainmaker for cheaters and criminals and unfair to everybody else. The IRS needs more highly-skilled investigators and better technology to keep up with these modern crooks. The Biden administration's new budget proposal calls for a 10 percent increase in IRS funding. That's a good start. I believe there's room for a more comprehensive strategy that'll lower the tax gap.

This committee will kick off a new policy today. On my watch, this annual filing season hearing will put a special focus on what the IRS has done over the previous year to catch the cheats and close the gap. There's a lot of catching up to do.

Wrapping up, we appreciate Commissioner Rettig and the staff at IRS for working long hours during this pandemic to get three rounds of relief payments to the American people. Millions and millions of hurting families got desperately needed relief payments, and our country got an economic boost. This committee also led the effort to make sure that Americans who got unemployment benefits didn't get a painful tax surprise this year.

Finally, we'll want to hear about getting the new Child Tax Credit payments up and running. It's a big job, and millions of families are counting on the IRS to get it done.

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