September 6, 2019

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator Wyden:

I write in response to a question you raised in my April 10, 2019, hearing in front of the Senate Finance Committee. You asked about recipients of the Earned Income Tax Credit (EITC) and why they may be more likely to be audited than taxpayers accounted for in the overall audit coverage rate.

The enclosed report explains the two different kinds of audits that IRS employees conduct. It also provides information about EITC audits and audits of high-income and high-wealth taxpayers and includes short- and long-term steps that the IRS and Congress can take together to ensure that we have appropriately balanced audit coverage across all income levels.

I hope this information is helpful. Since this will be part of the official hearing record, I am also sending the report to Senators Bennet and Cortez Masto, who submitted Questions for the Record on this topic, as well as to Chairman Grassley. If you have any additional questions, please feel free to contact me, or a member of your staff may contact Leonard Oursler, Director, Legislative Affairs, at 202-317-6985.

Sincerely,

[Signature]

Charles P. Rettig

Enclosure