



May 17, 2021

The Honorable John Cornyn
517 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cornyn:

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to thank you for introducing the Small Business Taxpayer Bill of Rights Act of 2021 and to offer NTU's strong endorsement of this legislation. Your bill would ensure that all taxpayers are better protected from overzealous or abusive practices at the Internal Revenue Service (IRS), with a particular eye towards small businesses that are often least able to defend themselves from IRS overreach. This legislation is a particularly important contribution to the Congressional debate over whether to significantly increase the IRS budget in service of closing the so-called "tax gap."

Among other important provisions in this bill, the Small Business Taxpayer Bill of Rights Act would:

- Increase penalties for unlawful acts committed by IRS officers that violate taxpayers' rights and privacy;
- Ban ex parte communications on any pending IRS matters between employees in the IRS Office of Appeals and any other IRS employee;
- Expand the use of alternative dispute resolution procedures for taxpayers appealing an IRS case, allowing these appeals to be conducted by an independent, neutral third party;
- Ask the Treasury Inspector General for Tax Administration (TIGIA) to review the criteria the IRS uses to select tax returns for audit, investigation, or further assessment; and
- Expand the ability of the IRS to release levies on small business owners experiencing financial hardship.

This legislation is full of best practice improvements to IRS enforcement that would better protect taxpayer rights and due process. Such an initiative is necessary, especially if lawmakers and the Biden administration succeed in significantly increasing the IRS budget this year in an attempt to close the tax gap. While it is important that lawmakers and the agency make an effort to narrow the tax gap, such an effort cannot come at the expense of critical and often underappreciated taxpayer rights.

We would also add that recent experience with the Office of Appeals and other parts of the collection due process system during the pandemic have urgently pointed to the need for more robust safeguards to uphold the spirit as well as the letter of the Taxpayer First Act and its predecessors. Thus, we hope that your legislation will serve as a foundation for even broader efforts to address longstanding tax administration problems, including taxpayer service, dispute resolution, IT modernization, and supporting a managerial culture that better reflects the well-balanced IRS mission statement developed some 20 years ago.

Thank you for introducing the Small Business Taxpayer Bill of Rights Act. We look forward to working with you to build support for this legislative effort and to ensure its passage into law.

Sincerely,

Pete Sepp
President

Andrew Lautz
Director of Federal Policy