



January 3, 2023

NTU urges all Representatives to vote “YES” on the Family and Small Business Taxpayer Protection Act. NTU believes the \$80 billion sent to the Internal Revenue Service (IRS) under the Inflation Reduction Act was too much funding for a beleaguered agency delivered too fast, and the law’s authors erred in prioritizing massive enforcement funding over urgent taxpayer services and modernization needs. NTU also believes that the IRS must address fundamental agency flaws and better serve taxpayers going forward, and the Family and Small Business Taxpayer Protection Act acknowledges these needs by retaining additional funding for Taxpayer Services and Business Systems Modernization at the IRS. NTU looks forward to working with Members of both parties to steer IRS funding toward better service and 21st-century technology updates, and to reform agency practices and procedures that are serving neither taxpayers nor agency employees well.

NTU warned lawmakers for months that the IRS was not prepared for the \$80 billion influx in funding provided by the Inflation Reduction Act (IRA). Intended more to hit a revenue score than anything else, it is unsurprising but disappointing that this provision of the IRA gave little to no structural guidance on how the agency should use their new funds. The IRA also failed to contain necessary IRS reforms and taxpayer rights enhancements that have accompanied other landmark IRS reform bills. The Family and Small Business Taxpayer Protection Act may not represent the exact approach NTU would take to the IRA’s appropriations to the IRS, but represents a step in the right direction by rescinding misguided appropriations to enforcement and operations support accounts (we believe much of the latter would serve the agency’s enhanced Enforcement operations).

Despite our significant concerns with the IRA’s excessive enforcement funding, NTU has long acknowledged that the IRS requires additional resources to better serve taxpayers and update outdated systems and procedures. The Family and Small Business Taxpayer Protection Act points to a bipartisan consensus for these needs by retaining \$8 billion in IRA funding for taxpayer services and for business systems modernization. This sum could help the IRS to manage and implement longstanding plans in these areas, while more thoughtful compliance initiatives can be developed. Indeed, robust customer service and business systems represent the bedrock of compliance. NTU is committed to working with Members of both parties to enact bipartisan IRS reform legislation in the 118th Congress, and to conduct effective oversight of the agency’s use of existing regular appropriations and IRA appropriations. We hope to see a variety of proposals from both sides of the aisle in this regard.

Roll call votes on the Family and Small Business Taxpayer Protection Act will be significantly weighted in NTU’s annual Rating of Congress and a “YES” vote will be considered the pro-taxpayer position.

If you have any questions, please contact NTU Director of Federal Policy Andrew Lantz at alantz@ntu.org.
