

**Doug Shulman Statement for House Oversight and Reform Committee**  
**May 20, 2013**

My name is Doug Shulman. Thank you for the opportunity to appear before the Committee on Oversight and Government Reform to discuss the findings of the May 14, 2013 report by the Treasury Inspector General for Tax Administration entitled “Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review.”

I was Commissioner of the Internal Revenue Service from March 2008 until November 2012, and during that time the agency was called upon to tackle a number of challenges. The agency played a key role in stimulus and recovery efforts during the economic downturn, aggressively addressed offshore tax evasion and completed a major modernization of its core technology database. The agency also continued to deliver on its core mission of collecting the revenue to fund the government. The IRS is a major operation with more than 90,000 employees who work on issues ranging from processing individual tax returns, to building complex technology, to ensuring compliance with businesses, to educating the public about tax law changes, to administering a very complex set of rules governing tax exempt organizations.

I have read the recent Treasury Inspector General for Tax Administration’s report entitled: “Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review.” I was dismayed and saddened to read the Inspector General’s conclusions that actions had been taken creating the appearance that the Service was not acting as it should have – that is, as a non-political, non-partisan agency. Utilizing a list with keywords to select applications for review based upon the organizations’ names or policy positions is, in my view, inappropriate and damaging.

The IRS serves a critical function for our nation: It collects the taxes necessary to run the government. Because of this important responsibility, the IRS must administer—and be perceived to administer—our tax laws fairly and impartially. Given the challenges that the agency faces, it does its job in an admirable way the great majority of the time—and that the men and women of the IRS are hard working, honest public servants. While the Inspector General’s report did not indicate that there was any political motivation involved, the actions outlined in the report have justifiably led to questions about the fairness of the approach taken here. The effect has been bad for the agency and bad for the American taxpayer.

I am happy to answer any questions the Committee may have.