

**WRITTEN TESTIMONY OF
DANIEL WERFEL
COMMISSIONER
INTERNAL REVENUE SERVICE
BEFORE THE
HOUSE OVERSIGHT AND ACCOUNTABILITY COMMITTEE
SUBCOMMITTEES ON
GOVERNMENT OPERATIONS AND THE FEDERAL WORKFORCE AND
HEALTH CARE AND FINANCIAL SERVICES
ON IRS OPERATIONS
OCTOBER 24, 2023**

INTRODUCTION

Chairman Sessions and Chairwoman McClain, Ranking Members Mfume and Porter, and Members of the Subcommittees, thank you for the opportunity to discuss IRS operations and our ongoing efforts to transform and modernize the agency.

I am honored to serve as the 50th IRS Commissioner and have the chance to lead a group of extremely dedicated and talented public servants at a pivotal moment in IRS history. My first six months as Commissioner have reinforced my belief in the importance of the IRS to the nation, as I have witnessed the ongoing efforts of our workforce to fulfill the critical mission of administering the nation's tax system. This includes administering this year's tax filing season, which went smoothly in terms of processing tax returns, the operation of our information technology systems and improvements in taxpayer service.

I continue to believe I have a unique opportunity coming into the agency to bring a fresh perspective on our operations, examining them to determine where improvements can be made and what processes and controls need to be strengthened to better fulfill our mission. Ensuring a high-performing IRS is critical for our nation, as the agency collects more than \$4 trillion in revenues each year, generating about 96 percent of the funding that supports the federal government's operations – everything from roads and other infrastructure to education and the nation's military.

The funding provided by Congress in the Inflation Reduction Act of 2022 (IRA) has already allowed us to make improvements in many areas, including our levels of service on the phones and in person during the 2023 filing season. In tandem with the IRS's annual discretionary budget, this critical, sustained multi-year funding will allow the agency to transform its operations— through improved taxpayer service, smarter enforcement, upgraded technology and better data security.

The IRS is using the funding provided by the IRA in three key areas to help taxpayers and the nation:

1. Ensure taxpayers can easily reach the IRS – whether in person, on the phone or on the web – and get help navigating complex tax laws and accessing the credits they deserve;
2. Using updated technologies, identify wealthy taxpayers – including individuals, large corporations and complex partnerships – who are shielding income to evade their tax responsibility and collect from them what is owed; and
3. Address the growing risk of tax scams and schemes by protecting honest taxpayers from them and rooting out the nefarious actors that perpetrate them.

Achieving this ambitious agenda will require that we rebuild areas in the IRS that have suffered from more than a decade of underfunding that preceded the IRA. A critical change involves providing our IRS workforce with the right tools – including training, technology and smarter processes – so we are ready now and, in the future, to support taxpayers and the nation through expert customer service, updated technologies, and fair enforcement of our tax laws.

As we continue implementing the IRA, we welcome constructive feedback from Congress, our other oversight bodies, and the public. I respect the important oversight role of this Committee and others, and the IRS will remain accountable to Congress for the investments we make using the IRA funding. Accountability is essential for the IRS to maintain public trust.

We must be transparent about our work, be responsible stewards of the taxpayer dollars we receive and collaborate with Congress and other oversight entities. A good example of how we are striving for better transparency is the Strategic Operating Plan we issued in April. This plan lays out our objectives, initiatives and milestones for transformation of the agency, and will be described in more detail later in this testimony. In all of our efforts, our ultimate goals are to provide all taxpayers with world-class customer service and implement the tax code in a way that safeguards the rights of taxpayers and promotes tax fairness.

UPDATE ON THE 2023 FILING SEASON

I am pleased to report the 2023 tax filing season went well. Through September 15, the IRS received more than 152.8 million individual federal tax returns and issued more than 101 million refunds totaling more than \$296 billion.

During the 2023 filing season, following the infusion of IRA funding, the IRS was able to provide taxpayers with a substantially better experience than they had seen for many years. Notably, we answered more calls from taxpayers seeking our help than in 2022, provided more in-person assistance at our Taxpayer

Assistance Centers (TACs) around the country, and offered more online services for taxpayers who prefer using this service channel.

Examples of the improvements seen in 2023 include:

- **Phone service.** We hired more than 5,000 additional customer service representatives (CSR) for our toll-free lines. That hiring allowed us to achieve a level of service (LOS) on our main taxpayer help line averaging 75 percent so far this calendar year, a significant increase from approximately 14 percent for the same period last year. Our CSRs have answered more than 15 million calls so far in 2023, which is 6.5 million more calls than the previous year. These steps are important, but we know we still have more work to do in this area.
- **In-person assistance.** We have hired more than 700 new employees for our Taxpayer Assistance Centers (TACs), with more to come. We have helped more than 1.6 million people at TACs this year – an 18 percent increase over 2022. We reopened 46 of these walk-in locations since we received IRA funding last year and also opened four new locations. Additionally, again this year we conducted special Saturday openings of certain TACs in dozens of locations across the country to assist taxpayers. We also held a special series of Community Assistance Visits in several states, to give taxpayers who live in areas not close to a TAC the opportunity to meet with IRS assistors in person.
- **Electronically filed forms.** We launched an online portal, the Information Returns Intake System (IRIS) for businesses to electronically file 1099-series forms, saving time and effort for both businesses that issue these forms and the taxpayers that receive them. Though available to businesses of all sizes, IRIS is especially helpful to small businesses that currently submit their 1099 forms on paper.
- **Easier response to IRS notices.** We gave taxpayers the option to respond to a range of IRS notices by uploading documents electronically using our Document Upload Tool. At the current stage of this ongoing effort, we estimate this tool can help serve more than 500,000 taxpayers each year who respond to these notices, which include military personnel serving in combat areas and recipients of important tax credits such as the Earned Income Tax Credit (EITC). More updates on this tool are planned in the near future.
- **Faster refunds on amended returns.** This past filing season, for the first time, individuals who electronically filed Form 1040-X to amend their tax returns could choose direct deposit for their refund – which can save weeks over delivery of a paper refund check. This option helps a significant segment of taxpayers, as 3 million amended returns are filed each year.

IRA STRATEGIC OPERATING PLAN

The IRA legislation provides the IRS with a unique opportunity to transform our agency and the taxpayer experience over the next decade. To ensure we are on the right path in implementing the IRA, we issued our Strategic Operating Plan in April. This plan provides a long-term vision for how we will use these historic investments to better serve taxpayers. This robust plan provides the roadmap for the IRS to enhance the taxpayer experience, improve fairness in tax administration by reducing the tax gap, and strengthen our operations to be more efficient.

By implementing the plan, the IRS will provide the American public with the customer experience they deserve, modernize outdated technology and tools for taxpayers, and deliver more effective enforcement of tax laws so that high-income taxpayers, large corporations, and complex partnerships pay the taxes they legally owe. This plan, which IRS and Treasury staff started working on in advance of my confirmation as IRS Commissioner, lays out a solid foundation for transforming the IRS. This vision is achievable with the long-term IRA funding and assuming the IRS receives sufficient discretionary funding each year through the annual appropriations process.

Taken as a whole, the plan provides a vision for the future of the IRS as an organization that will deliver:

- A world-class customer service operation where taxpayers can engage with the IRS in a fully digital manner if they choose, where the IRS builds and then refreshes and updates helpful tools, based on taxpayer feedback, for taxpayers to navigate the complexity of our tax laws, and where we maintain our customer service workforce at the right size and with the right resources and training to always be ready to meet the taxpayer demand for assistance.
- New capacities, including specialized skills, to unpack the complex filings of high-income taxpayers, large corporations and complex partnerships so Americans have confidence that all taxpayers, regardless of means, are doing their part to meet their responsibilities under our tax laws.
- Modern technology that further strengthens taxpayers' confidence that their confidential data is secure and that we are prepared and able to more rapidly meet new requirements or responsibilities as they emerge in the future.

The plan is organized around five objectives:

- Dramatically improve services to help taxpayers meet their obligations and receive the tax incentives for which they are eligible.
- Quickly resolve taxpayer issues when they arise.
- Focus expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the tax gap.

- Deliver cutting-edge technology, data, and analytics to operate more effectively.
- Attract, retain, and empower a highly skilled, diverse workforce and develop a culture that is better equipped to deliver results for taxpayers.

TRANSFORMING THE TAXPAYER EXPERIENCE

The IRS that emerges as a result of our Strategic Operating Plan will deliver an improved taxpayer experience that mirrors what best-in-class public and private organizations now provide. Among the improvements, taxpayers and tax professionals will have the ability to interact with the IRS in the way they prefer, whether online, over the phone or in person. This approach will also help the IRS reach more underserved communities, providing assistance to taxpayers in the ways that they want and deserve.

Continued Progress on Transformation

Work is already underway on many improvements we expect to make over the next several years. At the top of our list is to greatly expand scanning of paper returns to create a “digital IRS.” Along those lines, we recently announced the Paperless Processing Initiative. Our goal under this initiative is for the IRS to achieve paperless processing by the 2025 filing season, which means digitalizing all returns filed on paper, as soon as the IRS receives them.

Achieving this milestone will enable digital processing of up to 76 million paper documents each year. So far this year, we have scanned more than 1 million. These products include Forms 940, 941, and 1040s. A digital IRS, rather than a paper IRS, is exactly what was intended when Congress provided new funds under the IRA. The Paperless Processing Initiative shows that we are taking the steps to make good on that promise.

Another area where we continue to make progress involves using technology to help taxpayers get answers to their questions quickly and easily. For example, we recently announced the availability of expanded chatbot technology to help people get answers to basic questions they may have when they receive notices about possibly underreporting their taxes. Rollout of this chatbot builds on prior IRS successes using the technology to help improve taxpayer service. Since January 2022, IRS voice and chatbots, both in English and Spanish, have helped more than 13 million taxpayers avoid wait times by resolving their tax issues.

Additional service improvements that taxpayers and tax professionals can expect, both in the short term and the long term, include the following:

- We are working to expand in-person help and fully staff all Taxpayer Assistance Centers nationwide by next year.

- Within the first five years of our plan, taxpayers will be able to securely file documents and respond to notices online and securely access and download their data and account history.
- We will expand Online Accounts, so taxpayers and tax professionals will have a clearer view of their tax information and easier ways to address issues with their tax return. For example, people will be able to respond to IRS issues instantly by electronic means. That way, they can avoid weeks of mailings and paper processing. For many, sending letters and documents to the IRS in the mail could be a thing of the past.
- For the first time, the IRS will help taxpayers identify potential mistakes before filing, so they can quickly fix errors that could delay their refunds, and more easily claim credits and deductions they may be eligible for.
- We also will be updating transcripts, notices and forms to be more user-friendly and available in more languages based on taxpayers' needs.
- The IRS will update taxpayer status tracking tools to provide real-time updates on taxpayer refund and return processing, audits and other service interactions in the next five years.

Updating Operations: Revenue Officer Visits

Transforming the IRS involves taking a fresh look across our operations at how we can better serve taxpayers and the nation. An example of this approach is our announcement in July that we ended unannounced visits by IRS Revenue Officers to taxpayer homes and businesses. This change will end taxpayer confusion about unannounced visits and greatly improve safety overall for everyone involved – the taxpayers as well as our hard-working IRS Revenue Officers.

Making this change is a common-sense step. Ending unannounced visits is good for everyone – the taxpayers and the IRS employees. The only losers in this decision are the scam artists posing as the IRS who threaten hard-working taxpayers. From now on, taxpayers whose cases are assigned to a Revenue Officer will be able to schedule face-to-face meetings at a set place and time. They will have the necessary information and documents in hand to reach resolution of their cases more quickly. This change reflects the spirit of the work underway at the IRS in our transformation efforts. This reflects the ongoing evolution of our work when we have proper, long-term funding.

Implementing a Direct File Pilot

As part of the effort to deliver significantly improved taxpayer services, the IRS has been exploring the feasibility of providing taxpayers with a free direct e-file option, commonly referred to as Direct File.

Earlier this year, the IRS released a report describing what our research into this option found. The report shows that a majority of taxpayers are interested in

using an IRS-provided tool to prepare and file their taxes. It also shows the IRS is technically capable of delivering Direct File, but that doing so would require additional resources and add complexity to IRS operations.

As directed by the Treasury, the IRS will conduct a limited-scope Direct File pilot in the 2024 filing season. The pilot will help us further assess customer support, technology needs, and the ability to overcome the potential operational challenges identified in the report.

Under any scenario, I want to emphasize a foundational component that will not change during my term as IRS Commissioner: Taxpayers will always have choices for how they file their taxes. They can file using tax software, a trusted tax professional, Free File, or free tax preparation services like Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), or they can file a paper return. Taxpayers should use the filing option that works best for them, for their personal financial situation.

IMPROVING TAX COMPLIANCE TO ENSURE FAIRNESS

Along with improving the taxpayer experience, another component of our Strategic Operating Plan involves enhancing enforcement to ensure fairness in tax administration and address the tax gap. We are making broad efforts to overhaul compliance activities in a manner that robustly advances our commitment to fair, equitable and effective tax administration.

In conducting these enforcement activities, we are committed to following the Treasury Department's directive not to increase audit rates relative to historical levels for small businesses and households earning \$400,000 per year or less.

Focus on High-Dollar, Complex Areas

The IRS's compliance efforts under the Strategic Operating Plan are focusing on complex issues and high-dollar noncompliance. Over the past several years, our ability to enforce the tax laws against non-compliant taxpayers with complex returns – including large corporations, complex partnerships and high-wealth individuals – has been hampered by a lack of resources. We have been unable to audit a reasonable percentage of these groups, and we are often limited in the issues reviewed among those we do audit. Many of these taxpayers can afford to spend large amounts of money to drag out proceedings unnecessarily or bury the government in paper, leaving us unable to assure a reasonable degree of compliance with the laws passed by Congress.

To be clear, we have years of work ahead of us where we will be 100% focused on building capacity in our area of emphasis. During this time, the audit rate for average, hard-working taxpayers will not be increasing, and these rates are at historical lows. People who get W-2 forms or receive most of their income from

Social Security or have a small business should not be worrying about some new wave of IRS audits.

Funding provided under the IRA is allowing us to hire and train specialists across a wide range of areas needed to assist with the audits of the complex issues we will be focusing on. Along those lines, in September we announced the opening of more than 3,700 positions nationwide to help with enforcement work focusing on complex partnerships and large corporations. The hiring will be for higher-graded revenue agents, which are specialized technical positions that generally focus on audits.

In discussing our hiring plans, it is important to point out that, despite suggestions to the contrary, the vast majority of our employees – more than 97 percent – do not carry weapons, and this will be true of new hires as well. Only a very small number of IRS employees carry firearms as part of their job. All of these employees are in our Criminal Investigation Division, and they carry firearms to assist with their law-enforcement work, which includes stopping drug cartels, human trafficking and financial crimes, including those crimes perpetrated by groups supporting terrorists.

Using improved data and analytics, we will enhance detection of noncompliance and increase enforcement activities for such high-risk and novel emerging issues as digital assets, listed transactions, and certain international tax issues. All of this work will be done with an eye toward fairness and always respecting taxpayer rights. Although focusing on these types of complex issues will be resource intensive, achieving our goals will result not only in a fairer tax system, but also in benefits for taxpayers and the nation, because detecting and stopping noncompliance in these areas would result in significant additional revenues and reduce the deficit.

I'm pleased to report we're already making progress in our compliance work in these complex, high-dollar areas. We have been taking swift and aggressive action to ensure that the wealthiest individuals who evade taxes are forced to play by the same rules as everyone else.

For example, in just the last few months, we closed about 175 delinquent tax cases involving millionaires, generating \$38 million in recoveries. As part of these efforts, our Criminal Investigation team closed a lengthy list of cases where wealthy taxpayers were sentenced for tax evasion, money laundering and filing false tax returns. This list of successes is just the start. We will continue to go after delinquent millionaires as we ramp up enforcement capabilities using IRA funding.

New Compliance Initiative

To ensure continued progress, we recently announced a major expansion of our compliance work in these high-dollar, complex areas. Following a top-to-bottom review of enforcement and in line with our Strategic Operating Plan, we began a sweeping effort to overhaul compliance efforts to improve tax administration.

For example, we are intensifying collection activities that focus on high-income taxpayers with more than \$250,000 in recognized tax debt. This effort builds off the earlier successes mentioned above, and it involves contacting about 1,600 taxpayers in this category that owe hundreds of millions of dollars in taxes. In addition, IRS staff are closely examining potential noncompliance among large, complex partnerships, including 75 of the largest partnerships in the United States identified as higher risk for tax noncompliance with the help of new Artificial Intelligence tools, as well as hundreds of partnerships with over \$10 million in assets and balance sheet discrepancies.

We are also planning stepped-up activities to address noncompliance among large corporations. These changes, which leverage the IRA's investment in modernized technology, expanded data science, and right sizing of our workforce, will significantly improve the IRS's ability to address the tax gap.

In addition, we recently announced plans to establish a special work unit to focus on large or complex pass-through entities. The new work unit will be housed in our Large Business and International division, and it will leverage IRA funding to address efforts by certain large partnerships to use pass-throughs to intentionally shield income to avoid paying the taxes they owe.

Strategy on Refundable Credits

As the next step in our efforts to improve fairness in tax administration, we are also realigning resources internally to accelerate progress in relation to our strategic priorities. In FY 2024, we will substantially reduce the number of correspondence audits focused specifically on certain refundable credits, including the EITC, American Opportunity Tax Credit, Health Insurance Premium Tax Credit, and Additional Child Tax Credit.

This shift in our approach is important. Over-reliance on audits to resolve basic errors can lead to fewer taxpayers receiving credits and deductions for which they are eligible and thus decrease accuracy in tax administration, whereas focusing on helping taxpayers submit accurate filings upfront will increase payment accuracy while reducing administrative burdens for the IRS and the tax filer. This strategy will allow us to repurpose resources to focus on other work that better aligns with the IRS' strategic priorities and further our core objectives of equitable and efficient tax administration. In advance of the next filing season,

I commit to updating you on our plans to redeploy our freed-up compliance resources to focus on other pressing priorities.

In all of our compliance work, our goal is to increase our efforts on those posing the greatest risk to our nation's tax system, whether that is the wealthy looking to dodge paying their fair share or promoters aggressively peddling abusive schemes. I want people to know that the transformed IRS is on the side of hard-working, honest taxpayers. We are working to make improvements that are critical for the future of the nation's tax system.

PROTECTING TAXPAYERS, THE IRS AND THE TAX SYSTEM

Enhancing Data Security

The IRS works continuously to preserve taxpayer privacy and protect our computer systems from cybersecurity incidents through a combination of preventative and detective controls. In the case of a breach, the IRS has plans in place to effectively and efficiently respond and recover. Since I became Commissioner, I have seen teams across the IRS make amazing progress to improve our security posture, and we will continue to do more to ensure that taxpayers and our own systems are protected.

Our approach to data protection has multiple lines of defense:

- The Cyber Threat Fusion Center provides proactive prevention, detection, and response to threat actors targeting IRS information technology assets.
- The Online Fraud Detection and Prevention office detects, mitigates, and protects the IRS and taxpayers by reducing fraud and critical data loss.
- Counter Insider Threat Operations works to deter, detect, and mitigate insider threats while protecting the privacy, civil rights, and civil liberties of IRS employees.
- Privacy Compliance conducts assessments to identify and remove threats to taxpayer information in our systems and processes.
- Mandatory training and related resources are deployed Service-wide to promote privacy and data protection awareness throughout the IRS.

Identity Theft and Refund Fraud

A critical component of our data security efforts involves protecting taxpayer data from the crime of tax-related identity theft. We have continued to make advances in this area over the last several years, benefiting taxpayers and the tax system.

In fact, earlier this year the Treasury Inspector General for Tax Administration (TIGTA) noted the progress the IRS is making. In a report released on May 10, TIGTA stated the IRS "continues to increase the number of fraudulent tax returns detected and stopped from entering the tax processing system," which prevents

the issuance of fraudulent refunds associated with those returns. Contributing to this progress has been an increase in the number of filters the IRS uses to identify potential identity theft tax returns. The IRS used 236 filters this past filing season, compared with 168 filters during the 2022 filing season, according to TIGTA.

The IRS's efforts in this area have been helped by the Security Summit, a partnership created in 2015 that includes the IRS, the states and the private sector. Seven years into this partnership, Summit partners continue working together to find new ways to safeguard taxpayers and tax professionals.

Collaboration has been the key. Summit partners have been working together in a number of areas:

- Doing in-depth analysis of data elements on tax returns, which helps detect those that are fraudulent.
- Reaching out to financial institutions, which have worked with us to stop fraudulent refunds from being paid out to identity thieves.
- Collaborating to thwart emerging identity theft schemes and other threats to the tax system. This sweeping effort – which ranges from sharing information among Summit partners to public education efforts against identity theft scams – has made us better able to protect taxpayer data.

An important aspect of these efforts has been the work of the Information Sharing and Analysis Center (ISAC), formed by Security Summit partners in 2017. During FY 2023, the ISAC continued facilitating information sharing and analytics necessary to detect, prevent, and deter activities related to stolen identity refund fraud.

A critical component of our ongoing efforts against identity theft has been communicating with the public to warn them about new identity theft scams when they arise. We continue to see scammers come at people in many different ways – through phone calls, email phishing and text messages. There has been no let up, and the Security Summit partners continue joint efforts to raise awareness about these schemes to taxpayers and tax professionals across the country.

Employee Retention Credit

The IRS is continuing its efforts to protect hard-working people and small businesses from scammers and fraudsters who try to use the tax system for their schemes. Our work includes not only pursuing these bad actors but also warning consumers about emerging scams and schemes. These efforts are a critical component to ensuring successful administration of the nation's tax system. The IRS will not tolerate unscrupulous actors scamming honest taxpayers, and the funding provided under the IRA will help us in this important task.

The IRS is facing a major challenge related to scams involving the Employee Retention Credit (ERC). The ERC is a legitimate credit that has provided a financial lifeline to millions of businesses and exempt organizations. However, promoters are aggressively misleading people and businesses that are not eligible into claiming these credits when they shouldn't. We continue to see a barrage of broadcast advertising, direct mail solicitations and online promotions involving the ERC. Businesses need to be careful, because promoters are wildly exaggerating and even misrepresenting who can qualify for this credit.

The IRS is being flooded with so many claims for the ERC that we have had to devote extra staff to processing them. And we are worried that many of these claims are not being filed by businesses that qualify. But we understand the importance of the ERC, and we appreciate the patience of businesses and tax professionals as we continue our effort to protect against fraud. In fact, we recently turned our attention to intensifying our compliance work in this area.

To combat this problem, we have taken a number of actions:

- First, we announced a moratorium through the end of the year on processing new ERC claims. With a stricter compliance review in place during this period, existing ERC claims will go from a standard processing goal of 90 days to 180 days, which will ensure that legitimate claims are paid, but those that are suspected to be fraudulent receive additional scrutiny.
- Second, we have a new withdrawal option for businesses with a pending ERC claim. They have a chance to withdraw their claim if they are concerned it may not be legitimate – in other words, if they were pushed into applying due to false claims by a promoter.
- Third, we are developing a special disclosure initiative that will allow voluntary repayments by businesses that received an improper ERC payment. We will have more details later in the fall on this initiative.

The IRS is very serious about tracking down unscrupulous promoters. We have specially trained auditors examining ERC claims that pose the greatest risk. Also, our Criminal Investigation Division is working to identify fraud and those who promote fraudulent claims. We're increasing these audit and investigative activities, against both the promoters as well as the businesses filing dubious claims.

We are also continuing to warn the public about these scams. We are renewing consumer warnings against aggressive marketing, and continuing to urge business owners to consult with a trusted tax professional before making a claim for the ERC.

LOOKING AHEAD TO THE 2024 TAX FILING SEASON

Planning is already underway for the 2024 tax filing season. When one filing season ends, our dedicated workforce is already well into preparations for the

next in terms of identifying and planning for needed hiring, and for updates to forms and instructions, processing and programming. As part of our preparations, we have been alerting taxpayers and tax professionals to important changes that will affect returns filed in 2024, including the change described below.

Elective Payments for Clean Energy Credits

The IRA allows tax-exempt and governmental entities (as well as other entities) to receive elective payments for 12 clean energy tax credits. The law also allows businesses to transfer all or a portion of 11 clean energy credits to a third party in exchange for tax-free funds.

Organizations that believe they qualify to claim elective payments or to transfer credits should not wait until tax time in 2024 to take action. The IRS is requiring eligible taxpayers to complete an electronic pre-filing registration process in advance. This process will help prevent fraud and ensure that those who are eligible can benefit from the clean energy tax credits available under the law.

Treasury and the IRS have proposed guidance to provide clarity on these two new mechanisms for obtaining the energy credits, and we will carefully consider public feedback before finalizing these rules. This proposed guidance explains who would be eligible to participate, and what the process and timeline are for claiming and receiving elective payments or transferring credits. To help organizations understand this guidance, we have also developed FAQs and fact sheets, which can be found on IRS.gov. We will release additional information about the electronic pre-filing registration process when it launches later this year, and will carefully consider public feedback before issuing final rules.

CONCLUSION

Chairman Sessions and Chairwoman McClain, Ranking Members Mfume and Porter, and members of the Subcommittees, thank you again for the opportunity to update you on the filing season and IRS operations. The 2023 filing season was a strong one for the IRS, and the future holds great promise for the agency and the taxpayers we serve. As Commissioner, I am committed to leading the IRS's transformation efforts in close collaboration with your Subcommittees, and I look forward to working with you to achieve a more modern and high-performing IRS, which will better serve taxpayers and our nation.