

**WRITTEN TESTIMONY OF
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BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
ON IRS OPERATIONS AND COVID-19 RECOVERY
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INTRODUCTION

Chairman Quigley, Ranking Member Womack and Members of the Subcommittee, thank you for the opportunity to discuss IRS operations, especially the work we have been doing to help taxpayers during the COVID-19 pandemic and to prepare for the current tax filing season, which began earlier this month.

Now in my third year as Commissioner, I remain extremely proud to be working for the IRS and excited about the future of our agency. My experiences as Commissioner have strengthened my belief that a fully functioning IRS is critical to the success of our nation. In Fiscal Year (FY) 2019, the IRS collected \$3.56 trillion in taxes and generated almost 96 percent of the funding that supports the Federal Government's operations. We serve and interact with more Americans than nearly any other public or private organization.

This unprecedented pandemic illustrates the significant role that the IRS plays in the overall health of our country. We have been called to provide economic relief during this national crisis while also fulfilling our routine responsibilities of tax administration. And, if given the necessary resources, the IRS stands ready to implement any additional relief legislation Congress may enact to help Americans through this challenging time.

I am proud that IRS employees have responded admirably to the COVID-19 situation by quickly facilitating financial assistance to hundreds of millions of deserving and needy Americans. People at the IRS continually demonstrate just how much they care, and how important the agency is to our country, by their heroic response to events this year. At the same time, the IRS remains focused on its core mission, striving to serve taxpayers in a manner that facilitates voluntary compliance by providing meaningful guidance and proper levels of staffing and support at points of significant taxpayer interaction.

Given the events of the past year, we appreciate the additional funding we received from Congress for Fiscal Year (FY) 2021. Our FY 2021 funding level represents a 3.6 percent increase over FY 2020, following many years of stagnant funding for the agency. In addition, the IRS received \$1.2 billion in funding to respond to the COVID-19 pandemic and implement the Economic Impact Payments and other tax

changes. We use our funding to provide quality services to taxpayers, protect the safety and health of our employees, conduct meaningful enforcement initiatives to preserve a fair and equitable tax system, and support our long-term information technology modernization efforts.

In the year ahead, the IRS has many important changes on the horizon. We are continuing our journey about how best to provide services and organize the agency as we work toward implementation of the Taxpayer First Act (TFA). We will also continue implementation of the IRS Integrated Business Modernization plan that was released in 2019. Implementation of the TFA and the Integrated Business Modernization plan will help us earn the trust and respect of every American and improve our working relationships with taxpayers and others in the tax community.

We respect and proudly serve all taxpayers, none more or less so than any other. We must operate from their perspective, through their eyes, enhancing their experiences while striving to provide clear, meaningful guidance and services, in the language of their choice, wherever possible. In support of compliant taxpayers, we must aggressively pursue non-compliant taxpayers by maintaining robust, visible civil and criminal enforcement efforts. We are making a difference, and we will not stop in the successful pursuit of our mission on behalf of our great country.

PROVIDING RELIEF TO TAXPAYERS DURING THE COVID-19 PANDEMIC

Delivering Economic Impact Payments

IRS employees worked many long hours last year to implement major provisions of the Coronavirus Aid, Relief and Economic Security (CARES) Act, including developing new tools and meaningful guidance to simultaneously deliver the first round of Economic Impact Payments (EIP) in record time while still keeping the annual filing season on track. In fact, millions of Americans started seeing EIPs show up in their banking accounts within 14 days after the CARES Act was enacted on March 27, 2020. IRS employees successfully delivered more than 160 million payments of nearly \$275 billion in this first round of EIPs, while at the same time managing an extended filing season.

The IRS again delivered for the nation on the second round of EIPs included in the COVID-related Tax Relief Act enacted in December, quickly providing approximately 147 million payments totaling about \$142 billion. IRS employees worked nonstop through the holidays to get these payments out quickly, all the while remaining hard at work preparing for the 2021 tax filing season. In fact, these payments started posting to bank accounts just two days after the relief legislation was signed into law on December 27th. I want to emphasize the amount of advance preparation our employees did, once it started to become apparent that a second round of payments would be enacted, in order for us to achieve such a quick turnaround. Also helping us speed this effort was our ability to build off and use the data we had accumulated in delivering the first round of EIPs.

The vast majority of people did not need to take any action to receive an EIP, either in the first or second round. The IRS calculated and automatically sent the payments to those eligible, including many people who may not normally need to file returns, such as senior citizens with modest incomes and others receiving Social Security retirement, survivors or disability insurance benefits and railroad retirees. The IRS also issued EIPs to those whose only income is from Supplemental Security Income (SSI) benefits and people receiving disability compensation, pension or survivor benefits from the Department of Veterans Affairs (VA).

In addition, the IRS provided two new online tools to help quickly deliver the EIPs:

- The **Non-Filers** tool, which was launched on IRS.gov on April 10, 2020 and was available through November 21, 2020 in both English and Spanish, allowed people who normally don't have a filing obligation to enter basic information so that they could receive their payment.
- The **Get My Payment** tool, which launched on IRS.gov on April 15, 2020 and is available in English and Spanish, allows many taxpayers to check the status of their payment or enter their bank account information to receive their payment electronically, if it was not already provided on a 2019 or 2018 tax return or through the Non-Filers tool.

Since the launch of Get My Payment, nearly 350 million successful status checks have been made using this tool. And nearly 15 million people have successfully provided their banking information, meaning they received their payments much more quickly via direct deposit.

The IRS worked cooperatively with the Social Security Administration, the VA, and other government agencies to pull more information into our systems to ensure that we could send payments to these groups of people without requiring them to file a return or take any other action. These agencies provided critical help that allowed the IRS to reduce the burden for these individuals, including reducing the need for them to seek in-person tax return preparation to file a return. This effort is a significant step beyond anything the IRS was able to do during previous stimulus efforts to help taxpayers.

Although the IRS has finished issuing these EIPs according to the deadlines included in the legislation, we continue our extensive outreach efforts into the historically underserved communities of our nation to make sure they know they can still claim the payments as a Recovery Rebate Credit (RRC) on a 2020 tax return – even if they are not required to file a tax return. Throughout 2020, we remained especially focused on getting EIPs to people who are homeless or who don't normally have a return filing obligation.

The IRS has taken every possible step to reach potential EIP recipients. We extended our reach far beyond our normal contacts to many lower-income, military,

veterans, retired, older, limited English proficient, and homeless communities around the country. In fact, we worked with our partners to distribute EIP outreach materials in 35 languages within these communities.

We asked for assistance from hundreds of local community groups and religious organizations, as well as the national associations to which they belong, and numerous others to reach into their respective communities. We worked with thousands of homeless organizations, including more than 200 organizations that became “Trusted Partners” where an unsheltered homeless individual could designate to receive their payment. We also expanded the authority of Low-Income Taxpayer Clinics (LITCs) to provide return preparation assistance for individuals seeking their EIPs. To support these ongoing efforts, we developed a special online toolkit containing helpful information for groups to use in identifying and getting the word out to people who qualify for EIPs. The toolkit, IRS Publication 5420, can be found on IRS.gov. We also provided information regarding a similar online toolkit to every member of Congress.

Also as part of this effort, we mailed a letter in September to roughly nine million Americans who might be eligible, but hadn't received an EIP and didn't file a return for either 2018 or 2019. We performed an extensive internal analysis and found these are people who don't typically have a tax return filing requirement but had received Forms W-2, 1099s and other third-party statements. We sent letters to these individuals to notify them of potential eligibility as we lacked information on whether they would qualify. For example, in regard to non-filers, additional information is required to determine whether an individual has eligible dependents or if an individual may be ineligible due to being claimed as a dependent by someone else.

To help these groups, we extended the registration period for EIPs through November 21, 2020. This new deadline provided five extra weeks of time to register; any further extension beyond this date would have adversely affected our work on the 2021 filing season. On November 10 we held National EIP Registration Day (and supported other similar events throughout), as a part of a concerted push to further encourage people who had not received a payment to register using the Non-Filers tool before the November 21 deadline.

The IRS has also been providing support to members of Congress who have been receiving inquiries from constituents about the payments. To help provide these answers, the IRS set up a special online “EIP Mailbox” last May to which congressional staffs could send inquiries.

The EIP Mailbox proved even more popular than anticipated, with the number of emails received averaging 700 a day at first and reaching 1,000 a day by the summer. To make sure we helped as many people as possible, we modified our processes and temporarily reassigned IRS employees from other areas to respond to these inquiries. By the time we closed the mailbox in December, we had

received a total of more than 130,000 inquiries and resolved an estimated 90 percent of the questions. With the second round of EIPs, we reopened the EIP Mailbox on January 11, and since then have been receiving approximately 100 emails a day.

With delivery of both rounds of EIPs complete, the IRS is reminding people who didn't initially qualify for a payment – or didn't receive the full amount – to determine if they are instead eligible for the RRC, based on their 2020 circumstances. The EIPs represented advance payments of the RRC, and this credit can be claimed on the 2020 tax return, by taxpayers and by individuals who don't normally file. The 2020 Instructions for Forms 1040 and 1040-SR include a worksheet that can be used to figure the amount of any RRC for which a taxpayer is eligible. Individuals are encouraged to file electronically to claim this credit, and most can do so at no cost with IRS Free File, including those who do not have a filing requirement.

Implementing Business Tax Relief

Along with EIPs for individuals, the IRS has also been working to make sure businesses know about important tax relief available to them, and we continue to provide guidance about business tax relief. The measures, contained in the relief legislation passed last spring, include:

- *Credit for Sick and Family Leave.* Eligible employers are entitled to receive a refundable tax credit for the required sick leave and family leave that the law provides to employees dealing with health and family issues related to the coronavirus between April 1 and December 31, 2020. The amount of this credit claimed on returns processed thus far is more than \$296 million.
- *Employee Retention Credit.* This refundable credit is designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50 percent of up to \$10,000 in qualified wages paid by employers financially affected by COVID-19. Qualifying wages – including health plan expenses – are those paid after March 12, 2020 and before January 1, 2021. The amount of this credit claimed on returns processed thus far is more than \$2.8 billion.
- *Carryback for Net Operating Losses.* The CARES Act includes a provision allowing businesses to carry back net operating losses over five years and obtain tax refunds for those years. The IRS has issued Revenue Procedures 2020-23 and 2020-24 and Notice 2020-26 to clarify this provision and help businesses and partnerships take advantage of the relief it provides.

It is important to note that, in regard to both the Credit for Sick and Family Leave and the Employee Retention Credit, the IRS set up a system that allowed businesses to claim these refundable credits during 2020 in order to meet payroll without having to wait to claim them on returns filed in 2021.

Providing Administrative Relief and Protecting Taxpayers

Along with implementing the CARES Act, the IRS provided significant administrative relief to ease the burden on people facing tax issues:

- A postponement of the deadline for individuals to file federal returns and pay federal income tax from April 15, 2020, to July 15, 2020. This relief covered all taxpayers with a tax return filing deadline or payment due date between April 1, 2020, and July 15, 2020.
- The IRS People First Initiative, under which we temporarily adjusted our processes to help people and businesses during these uncertain times. This included limiting certain collection and examination activities.

While it has been important to the tax system, and the nation, for the IRS to resume its critical tax compliance responsibilities, we continue to assess the wide-ranging impacts of COVID-19 and other difficulties people are experiencing.

To that end, the IRS is offering a wide range of taxpayer relief options. Our three main goals to help taxpayers are:

- Doing everything we can under existing rules for immediate, broad-based relief from unpaid liabilities resulting from COVID-19 issues, including those affected by IRS mail processing and correspondence delays;
- Removing bureaucratic barriers and expanding flexibilities to all taxpayers whose financial condition has been affected by COVID-19; and
- Balancing the relief provided against the need to serve all taxpayers and uphold the nation's tax laws.

When appropriate, the IRS wants to help taxpayers with such steps as abating penalties, extending payment plans, expanding access to installment agreements, and providing relief for taxpayers having difficulty meeting the terms of previously accepted offers to settle tax debts.

Our new initiatives offer help in a variety of ways. Taxpayers without income or the ability to pay can request a temporary suspension of collection activity through the Currently-Not-Collectible program. Taxpayers with balance due amounts may qualify for installment agreement options with generous terms and timeframes, and taxpayers with existing Online Payment Agreements, or Direct Debit Installment Agreements can propose lower monthly payment amounts and update their payment due dates. Other penalty relief options include first-time abatement for reasonable cause.

It is also important to note that the IRS has been diligently working to alert taxpayers and tax professionals to scams related to COVID-19, especially calls and email phishing attempts tied to the EIPs. The IRS and its partners throughout the country have been making every effort to get the word out about these contacts, which can lead to tax-related fraud and identity theft.

MAINTAINING IRS OPERATIONS DURING COVID-19

The IRS's efforts to provide relief to taxpayers came during Filing Season 2020 and at a time when the agency had to temporarily scale back operations to protect the health and safety of both IRS employees and taxpayers. Even with our reduced operations, the IRS continued to successfully deliver the 2020 filing season, by processing electronic tax returns, issuing direct deposit tax refunds, and accepting electronic payments.

During COVID-19, the IRS has been using innovative approaches to make sure our employees can deliver on the agency's mission:

- We have set records for the number of IRS employees teleworking, thanks to the continued support of our Information Technology (IT) division;
- Our IT systems continue to perform at a high level. Our internal networks are supporting nearly 61,000 employees online at the same time, all in a secure environment;
- IT provided the equipment necessary to allow thousands of our customer service representatives (CSRs) to telework, which gave critical help to the IRS in its efforts to resume phone assistance to taxpayers while maintaining the safety of employees during the COVID pandemic;
- Our external-facing IT systems also continue to work extremely well, including filing season systems as well as IRS.gov tools; and
- We have been able to continue bringing on new employees through the use of a virtual onboarding process that is proving to be very successful.

As part of these efforts, the IRS continues to find ways to provide virtual services and online tools for practitioners wherever possible to ensure the critical work of the agency continues.

Last summer, for example, we moved quickly to shift our Nationwide Tax Forums for tax professionals into an all-virtual set-up rather than handling these in person at locations across the country. And in our 30th year of offering the forums, I'm proud to report our virtual version last year still attracted more than 10,000 practitioners from across the country.

Another great example is our recent announcement that we are giving tax professionals a new online option to obtain signatures from individual and business clients and submit authorization forms electronically. This applies to Form 2848, *Power of Attorney and Declaration of Representative*, and Form 8821, *Tax Information Authorization*. This is an important first step in our ongoing efforts to expand digital options for tax professionals using electronic signatures and online uploads.

New options for taxpayers include the launch last year of an electronic filing option for those who need to amend their income tax returns. Providing an online filing

option for the amended individual income tax return – also known as Form 1040-X – has been an IRS goal for many years and is a major milestone for us. Electronically accepting Form 1040-X posed a number of unique challenges, but we succeeded thanks to a great deal of hard work by employees across the agency.

Resuming Operations and Answering Taxpayer Needs

Last summer, the IRS began resuming operations for non-portable services, as more states and local areas also began reopening. As we have continued our work during this unusual period, we have been aware of the continuing taxpayer needs and the backlog of work at our campus and office locations.

One area we have worked hard to improve upon is opening the mail. Because we had to scale back mail-processing functions last spring due to the pandemic, we developed a backlog of unprocessed paper returns and other mail. At one point, the backlog reached more than 20 million pieces. But since last summer, we have been working through this backlog, and we are now current.

While working to reduce the paper backlog, we also have been providing relief for taxpayers who sent us mail that was unopened for a period of time. For example:

- For people who had tax refunds affected by our closure, the IRS has paid interest on refunds. These payments, which can sometimes show up as a second deposit, averaged \$18 for nearly 14 million taxpayers.
- We also credited people in instances where there was unopened mail and they were making a payment. We credited people on the date the mail was received, not the day we processed the payment.

As difficult as these last months have been, we have seen many examples of how this crisis has brought out the best in people, including the IRS workforce. I am proud of what our employees have accomplished during the pandemic. Our employees shared the same health and safety concerns for themselves and their families as every other American. However, they not only went the extra mile in doing their jobs; they also made a difference in their communities.

For example, we saw IRS employees across the country doing some amazing things: getting out their sewing machines and creating homemade face masks for family members and friends; donating essentials to protect first responders on the front lines in their communities; and delivering “care packages” to seniors in nursing homes. During last summer’s Feds Feed Families Campaign, employees at our Memphis Campus donated a record-breaking 51,800 pounds of food to the Mid-South Food Bank!

Another good example of providing help during the pandemic involved our Criminal Investigation division. A group of 12 special agents deployed to Travis Air Force Base in Fairfield, California, in March 2020. They helped provide security and

quarantine enforcement at hospitals and other locations, such as COVID-19 quarantine sites operated by the Department of Health and Human Services (the Assistant Secretary for Preparedness and Response and the Centers for Disease Control and Prevention).

It is important to note that, in addition to their efforts during the pandemic, IRS employees routinely deliver in times of need for the nation when disasters strike. Since 2012, more than 10,000 IRS phone assistants have stepped up to help take the burden off the Federal Emergency Management Agency's call centers in the aftermath of hurricanes and other natural disasters, answering an estimated 1.6 million calls from storm survivors seeking help. We have also had many agents from our Criminal Investigation division provide their help and expertise during disasters. For example, in September 2020, a team of about two dozen special agents deployed to Oregon in support of those fighting wildfires in that state.

LAUNCHING THE 2021 FILING SEASON

The 2021 filing season began on February 12, slightly later than in previous years. The delayed start gave the IRS time to do additional programming and testing of our systems following the December 27 tax law changes that provided the second round of EIPs and other benefits. The additional programming and testing ensured that people would receive their needed tax refunds quickly, and also receive any remaining stimulus tax credits they might be eligible for as quickly as possible.

The delay in the start of the filing season will not add any additional delays to refunds on returns claiming the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC). By law the IRS cannot issue these refunds before February 15. As in years past, those who filed an EITC or ACTC return prior to February 15 can expect their refunds to be available in their bank accounts or on debit cards by the first week of March, if they choose direct deposit and there are no other issues with their tax return.

During this filing season, the IRS will continue to emphasize the safety and health of taxpayers and our employees. For that reason, our face-to-face operations will continue to be limited. We believe that this year, it will be more critical than ever for taxpayers and tax professionals to take advantage of e-filing and online and virtual services to help them with their taxes. We will continue to encourage taxpayers to use electronic tools to the extent possible, including IRS.gov, where they will find a wealth of helpful information.

For taxpayers who need help preparing and filing their returns, I'm happy to report that the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs supported by the IRS will again be providing free assistance to eligible individuals. I'm very proud of the work our VITA and TCE partners do during the filing season to help taxpayers at approximately 11,000 sites around the country, including military bases. This year, to ensure the health and

safety of taxpayers and volunteers, many VITA and TCE sites will offer virtual help to taxpayers, either over the phone or online. Some sites will still offer in-person tax help, but safety and social distancing will be emphasized.

Understanding the need to plan for the future and the desire to maintain a safe operating environment, the IRS will continue operating under its current posture until further notice, and we will continue to follow – and where possible, exceed – applicable safety guidelines and measures. We will continue to balance responding to urgent tax administration needs with doing everything possible to protect taxpayers and our employees.

We appreciate the patience and understanding of taxpayers and tax professionals as we work to deliver the filing season during this challenging time. I am confident the IRS will deliver for the nation, just as it has during other times of national urgency.

Improving Service to Diverse Communities

We view our efforts through the eyes and experience of those we proudly serve. An important way the IRS serves taxpayers during the filing season and throughout the year is by communicating with them in their most comfortable language. The IRS has had a long history of providing major communications products in Spanish. We also have for some time been working to provide tax information in additional languages. For example, many pages of IRS.gov are now available in Spanish, Vietnamese, Russian, Korean, Haitian Creole and Chinese (Simplified and Traditional), and basic tax information is now available on the website in 20 languages. And the IRS is expanding its efforts to post and link to information available in multiple languages on social media platforms, including Twitter and Instagram.

We have been taking a number of aggressive steps to expand information and assistance available to taxpayers in additional languages, including providing the Form 1040 in Spanish for the first time this filing season. In addition to being available in English and Spanish, the 2020 Form 1040 will also give taxpayers the opportunity to indicate whether they wish to be contacted in a language other than English. This is a new feature available for the first time this filing season.

Other changes include making Publication 1, *Your Rights as a Taxpayer*, available in 20 languages. Also, we have issued a new, streamlined version of Publication 17, *Your Federal Income Tax*, that is easier to navigate and faster to download than previous versions, and is now accessible on most personal electronic devices. The new Publication 17 is available in English and Spanish, and later this year it will also be available in Vietnamese, Russian, Korean and Chinese (Simplified and Traditional).

Additionally, taxpayers who interact with an IRS representative now have access to over-the-phone interpreter services in more than 350 languages. The IRS has also recently begun inserting information about translation services and other multilingual options into the high-volume notices we send out to taxpayers. Our diverse workforce is proud to be reflective of the diverse communities we serve.

ENSURING TAX COMPLIANCE

The IRS is committed to having a strong, visible, robust tax enforcement presence to appropriately support taxpayers who comply voluntarily. When taxpayers file their returns, they should feel confident others are doing the right thing too. Enforcement of the tax laws is critical to ensuring fairness in our tax system. IRS employees who collect taxes, audit returns and investigate fraud as well as tax-related identity theft work hard throughout the year to enforce the tax laws while treating taxpayers fairly and respecting their rights.

The IRS remains extremely active in the enforcement area. This is true across our agency – our divisions that deal with individuals, large businesses, small businesses and exempt organizations are highly coordinated. In fact, the IRS' new Office of Fraud Enforcement, which was created in March 2020, is and has been actively working to encourage and ensure this coordination by keeping each operating division on the same page and fulfilling its mission to promote compliance through strengthening the IRS' response to fraud and mitigating emerging threats.

These efforts and this coordination are being further bolstered with a renewed emphasis on the IRS' partnership with the IRS Office of Chief Counsel and through the appointment of a National Fraud Counsel. The IRS Office of Chief Counsel is working closely with IRS compliance officers to properly and fully develop cases with indicators of fraud across all operating divisions, in pursuit of a civil fraud penalty where appropriate or for the most egregious violations, a criminal fraud referral.

Additionally, in all our enforcement efforts, the IRS must use technology to develop new enforcement tools. Our advanced data and analytic strategies allow us to catch instances of tax evasion that would not have been possible just a few years ago.

We realize when the public thinks of compliance, they think of audits, but there is so much more to our work to ensure compliance with the tax law and serve the nation. This endeavor includes the important work of our Criminal Investigation division to uncover tax fraud, and the millions of notices the IRS sends each year to taxpayers when issues are discovered on their returns.

To help increase tax compliance, the IRS has been focusing on a number of special areas in our enforcement activities. For example, high-income/high-wealth

taxpayers, including high-income non-filers, are a high priority. Further, the IRS will continue to pursue offshore tax noncompliance by all available methods. We are also committed to pursuing those who promote and make use of abusive tax shelters, and are especially concerned about certain variations, including abusive syndicated conservation easements and micro-captive insurance shelters. And we continue to be very active in emerging areas such as virtual currency. The IRS has been working to ensure taxpayers with virtual currency transactions understand the tax laws governing virtual currency and meet their tax obligations.

Additionally, the IRS – in particular, the Office of Fraud Enforcement and National Fraud Counsel – has been focused on preventing COVID-19-related fraud and scams, working closely with the Small Business Administration, the Bureau of Fiscal Service and the Department of Justice to prevent and stop improper claims for tax credits and see that the unscrupulous individuals face appropriate civil and criminal sanctions.

Taxpayers should remember the IRS is committed to pursuing those who would intentionally evade their tax obligations. This year, in addition to creating the Office of Fraud Enforcement, we also created the Office of Promoter Investigations to coordinate efforts regarding promoters of potentially abusive transactions.

We continue working toward the goal of having a presence in every neighborhood, on each type of tax issue and at every level of income, to ensure fairness for all taxpayers. For example, a coordinated IRS initiative announced in February of this year involves improving tax compliance among high-income taxpayers by increasing visits to those generally with incomes above \$100,000 who failed to file tax returns in 2018 or previous years. Similar initiatives include a significant shift in examination resources and technology focused on high-income/high-wealth taxpayers as well as certain types of questionable transactions typically engaged in by such taxpayers.

Our Criminal Investigation Cyber Crimes Unit has had considerable recent success ranging from the take down of the largest child exploitation site operating in the Dark Net utilizing virtual currencies, to international money laundering operations involving the theft of virtual currencies, to the seizure of terrorism financing sites maintained on behalf of al Qaeda, Hamas, and ISIS. Criminal Investigation has been similarly successful with regard to investigations of individuals who are intentionally evading their tax responsibilities.

TAXPAYER FIRST ACT: UPDATE ON IMPLEMENTATION

Even during this challenging period, the IRS is working not just to meet the immediate needs of taxpayers, but also to deliver an innovative approach to the future of tax administration that will better serve everyone, including those in underserved communities.

A critical piece of this involves the work the IRS is doing to implement the Taxpayer First Act (TFA), which gives the IRS an incredible opportunity to make significant improvements in the way we serve taxpayers, continue to enforce the tax laws in a fair and impartial manner, collaborate across the agency and train IRS employees.

The IRS launched its Taxpayer First Act Office (TFAO) in the fall of 2019, and since then, the office worked to collect and analyze thousands of pieces of feedback, largely centering around six major themes, which helped us shape the foundational components of a holistic taxpayer experience:

- **Expanded Digital Services:** Work to ensure an improved experience through self-service digital channels by building upon existing online accounts and introducing online accounts for tax professionals and business taxpayers. However, the IRS will not ignore traditional channels of communications.
- **Seamless Experience:** Taxpayers should be guided to the resources and communication channels that will resolve their issues most effectively and efficiently.
- **Proactive Outreach and Education:** Educate the taxpayer community by proactively providing information in the language, timing, and method taxpayers need or prefer.
- **Focused Strategies for Reaching Underserved Communities:** Establish a consolidated program to engage with historically underserved communities to address issues of communication, education, transparency and trust, as well as access to quality products and services.
- **Community of Partnerships:** Establish and facilitate a collaborative and interactive network of partnerships across the entire tax ecosystem and bring together existing efforts.
- **Enterprise Data Management and Advanced Analytics:** Create an Enterprise Data Management strategy that includes a cross-enterprise understanding of the customer experience, emerging needs and expectations, and operational data. The strategy should rely on a central repository of data from IRS systems that can be used to create reports to enable more-informed decisions.

Pursuant to the statutory requirement, we recently submitted our TFA Report to Congress. This report includes strategic recommendations to improve the taxpayer experience, employee training, and the current agency organizational structure. The report is the culmination of input and feedback from our employees as well as our partners in the tax community along with other stakeholders.

I'm pleased to report that we will have strong, experienced leaders guiding us in our efforts to improve the taxpayer experience:

- We recently announced that Heather Maloy, a former IRS executive, is returning to the agency to be the new director of the Taxpayer First Act

Office. Heather held many prominent positions while at the IRS, including Commissioner of our Large Business and International Division.

- Just two weeks after issuing the Report to Congress, we announced the creation of the Chief Taxpayer Experience Officer position to help unify and expand efforts across the agency to serve taxpayers. To fill this critical role, we selected Ken Corbin, the commissioner of our Wage and Investment Division. With more than three decades at the IRS, Ken Corbin is ideally suited to set the strategic direction for improving the taxpayer experience and identifying opportunities to make continuous improvements in real time for taxpayers and the tax professional community.

We are committed to serving the nation. With our TFA Report guiding us, and with ongoing support and feedback from our employees and partners in the tax community, we will continue to make improvements to ensure the IRS can serve the needs of the nation's taxpayers well into the future.

CONCLUSION

Chairman Quigley, Ranking Member Womack and Members of the Subcommittee, thank you again for the opportunity to update you on IRS operations, especially our responses to the COVID-19 situation. The IRS is dedicated to improving service to taxpayers, modernizing its systems and maintaining the integrity of the tax system, while also protecting the health of its workers and American taxpayers.

We believe we have made great strides over the past year, but we want to do more. The entire IRS workforce wants to do more in every area. With the help of Congress, we will continue improving, as we move the agency into the future. This concludes my statement, and I would be happy to take your questions.