

United States Senate

WASHINGTON, DC 20510

May 28, 2025

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Bessent,

You recently claimed, contrary to the evidence, that fewer auditors at the IRS will not reduce revenue collection.¹ We write to ask whether Treasury has conducted any analyses on the effect cutting up to 40 percent of the IRS workforce² will have on revenue collection, customer service, modernization efforts, and the share of audits comprised of corporations and the wealthy compared with those making less than \$400,000.

When Republicans forced through IRS budget cuts between 2010 and 2021, the results were clear. As the IRS enforcement staff shrank by 30 percent,³ audit rates fell for millionaires by 77 percent⁴ and for large corporations by half.⁵ Freeloaders rejoiced. The IRS reported that between 2017 and 2021, over 125,000 high-income taxpayers with cumulative financial activity over \$100 billion did not even bother to file a tax return.⁶ Despite a bipartisan law passed in 2010 to help the IRS crack down on offshore tax cheats, TIGTA found eight years later that “the IRS has taken virtually no compliance actions to meaningfully enforce” it.⁷ Defunding the tax police as a favor to the wealthy unfortunately tracks with a persistent reduction in the share of

¹ Bernie Becker, “Bessent: More IRS auditors doesn't mean more revenue,” Politico, May 6, 2025, <https://subscriber.politicopro.com/article/2025/05/bessent-more-irs-auditors-doesnt-mean-more-revenue-00331037>.

² Jory Heckman, “IRS outlines plan to cut up to 40% of workforce, as tax filing season ends,” Federal News Network, April 15, 2025, <https://federalnewsnetwork.com/workforce/2025/04/irs-outlines-plan-to-cut-up-to-40-of-workforce-as-tax-filing-season-ends/>.

³ Internal Revenue Service, “Remarks by IRS Commissioner Danny Werfel on the release of the IRS Strategic Operating Plan,” April 6, 2023, <https://www.irs.gov/newsroom/remarks-by-irs-commissioner-danny-werfel-on-the-release-of-the-irs-strategic-operating-plan>.

⁴ US Department of the Treasury, “Treasury, IRS Release Plan to Deliver Improved Service for Americans, Reduce Deficit by Hundreds of Billions,” April 6, 2023, <https://home.treasury.gov/news/featured-stories/treasury-irs-release-plan-to-deliver-improved-service-for-americans-reduce-deficit-by-hundreds-of-billions>.

⁵ Natasha Sarin and Mark J. Mazur, “The Inflation Reduction Act’s Impact on Tax Compliance and Fiscal Sustainability,” SSRN, May 21, 2023, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4449161.

⁶ Internal Revenue Service, “IRS launches new effort aimed at high-income non-filers; 125,000 cases focused on high earners, including millionaires, who failed to file tax returns with financial activity topping \$100 billion,” February 29, 2024, <https://www.irs.gov/newsroom/irs-launches-new-effort-aimed-at-high-income-non-filers-125000-cases-focused-on-high-earners-including-millionaires-who-failed-to-file-tax-returns-with-financial-activity-topping-100-billion#:~:text=The%20new%20initiative%2C%20made%20possible,are%20engaged%20in%20tax%20evasion>.

⁷ Treasury Inspector General for Tax Administration, *Despite Spending Nearly \$380 Million, the Internal Revenue Service Is Still Not Prepared to Enforce Compliance with the Foreign Account Tax Compliance Act*, July 5, 2018, <https://www.tigta.gov/sites/default/files/reports/2022-02/201830040fr.pdf>.

America's revenue generated by corporate America – a collapse from a third in the 1950s to less than 10 percent today.⁸

Meanwhile, hardworking Americans began to account for a larger share of IRS audits. By the end of the first Trump Administration, low-income recipients of the Earned Income Tax Credit were audited at a higher rate than millionaires.⁹

The Inflation Reduction Act (IRA) provided nearly \$80 billion in mandatory funding to reverse this decline and build the 21st century IRS Americans deserve. These increased resources had already begun to allow the IRS to improve customer service, modernize old technology, and crack down on wealthy tax cheats. The telephone level of service reached 88 percent for the 2024 filing season, up from 15 percent before passage of the IRA.¹⁰ By mid-way through last year, the IRS had already collected over \$1 billion in past-due taxes from millionaires.¹¹

Besides being unfair to honest taxpayers, hobbling the IRS increases the deficit. According to the nonpartisan Congressional Budget Office (CBO), the more than \$40 billion rescission of IRS funding provided by the IRA will mean over \$100 billion less revenue collected, which on net will increase the deficit by over \$60 billion.¹² According to the Budget Lab, firing over 7,000 probationary employees will increase the deficit by an additional \$100 billion.¹³ On top of these cuts, the President's budget proposes a \$2.5 billion reduction in the IRS discretionary budget for next year.¹⁴

CBO has explained that the number of revenue agents is a key factor in estimating how much revenue is raised from increased enforcement funding.¹⁵ While it takes time to train new revenue agents, cutting inexperienced revenue agents now will mean fewer experienced agents in future years and therefore greater future revenue loss. Further, as the CBO noted last year, "The IRS

⁸Office of Management and Budget, Historic Tables, Table 1.4, <https://www.govinfo.gov/app/collection/budget/2025/BUDGET-2025-TAB>.

⁹ Internal Revenue Service, *Internal Revenue Service Data Book, 2022*, March 2023, <https://www.irs.gov/pub/irs-prior/p55b--2023.pdf>.

¹⁰U.S. Department of Treasury, "Filing season 2024 report card: IRS builds on 2023 progress, delivers world class customer service thanks to Inflation Reduction Act," April 15, 2024, <https://home.treasury.gov/news/press-releases/jy2250#:~:text=IRS%20Achieves%2088%25%20Level%20of,receiving%20Inflation%20Reduction%20Act%20resources>.

¹¹ Internal Revenue Service, "IRS tops \$1 billion in past-due taxes collected from millionaires; compliance efforts continue involving high-wealth groups, corporations, partnerships," July 11, 2024, <https://www.irs.gov/newsroom/irs-tops-1-billion-in-past-due-taxes-collected-from-millionaires-compliance-efforts-continue-involving-high-wealth-groups-corporations-partnerships>.

¹² Congressional Budget Office, *Further Consolidated Appropriations Act, 2024*, March 21, 2024, https://www.cbo.gov/system/files/2024-03/FCAA_2024-Divs_A-G.pdf; Congressional Budget Office, *CBO's Estimate of Discretionary Spending Under the Continuing Appropriations and Other Matters Act, 2025*, September 11, 2024, https://www.cbo.gov/system/files/2024-09/CBO%27s_CR.pdf.

¹³ The Budget Lab, "The Revenue and Distributional Effects of IRS Funding," March 13, 2025, <https://budgetlab.yale.edu/research/revenue-and-distributional-effects-irs-funding>.

¹⁴ Executive Office of the President, Office of Management and Budget, *Russell T. Vought to Susan Collins*, Washington, DC, May 2, 2025, <https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf>.

¹⁵ Congressional Budget Office, *How Changes in Funding for the IRS Affect Revenues*, February 2024, <https://www.cbo.gov/system/files/2024-02/59972-IRS-Rescissions.pdf>.

plans to use its mandatory funding to hire a significant number of revenue agents with private-sector experience in accounting and financial services.”

The increased funding provided by the IRA for enforcement against the wealthy promised to generate a significant bang for the taxpayer buck. The wealthy make up a disproportionate share of the \$700 billion tax gap: the top 1 percent accounts for an estimated 30 percent of unpaid taxes, compared to just 5.5 percent for the bottom 50 percent.¹⁶ Every dollar spent on enforcement against the wealthy generates an estimated \$12 in additional revenue.¹⁷

For wealthy and corporate tax cheats, an IRS starved of resources means a free pass. For the vast majority of hardworking Americans who pay what they owe on time and in full, it means not getting their calls answered and bearing a larger share of audits.

We respectfully request responses to the following questions by June 27, 2025:

1. According to the Treasury Inspector General for Tax Administration (TIGTA), the number of IRS revenue agents has shrunk by 31 percent from probationary employee terminations and resignations under the deferred resignation program.¹⁸ How many of these employees had private sector experience before coming to work at the agency?
2. Has Treasury or the IRS conducted an analysis of how the loss of revenue agents will impact revenue collection from individuals making over \$400,000? If so, please provide all relevant documentation.
3. According to TIGTA, the staff of the Large Business and International division – responsible for auditing large multinational corporations – has shrunk by 25 percent. Has Treasury or the IRS conducted an analysis of how this will impact revenue collection and the number of large corporations that will be audited? If so, please provide all relevant documentation.
4. Has Treasury or the IRS conducted an analysis of whether these cuts will increase the share of all audits comprised of by a) individuals earning less than \$400,000 in annual income and b) recipients of the Earned Income Tax Credit? If so, please provide all relevant documentation.
5. Has Treasury or the IRS conducted an analysis of how these cuts will impact customer service, including the 2026 filing season? If so, please provide relevant documentation.
6. Has Treasury or the IRS conducted an analysis of how these cuts will impact efforts to modernize outdated technology at the IRS?

Sincerely,

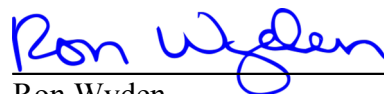
¹⁶ The Budget Lab, “The Revenue and Distributional Effects of IRS Funding.”

¹⁷William C. Boning et al., “A Welfare Analysis of Tax Audits across the Income Distribution,” NBER, June 2023, <https://www.nber.org/papers/w31376>.

¹⁸Treasury Inspector General for Tax Administration, *Snapshot Report: IRS Workforce Reductions as of March 2025*, May 2, 2025, <https://www.tigta.gov/sites/default/files/reports/2025-05/2025ier017fr.pdf>.



Sheldon Whitehouse
United States Senator



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance



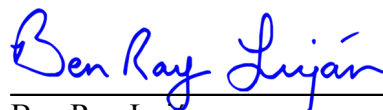
Elizabeth Warren
United States Senator



Chris Van Hollen
United States Senator



Bernard Sanders
United States Senator



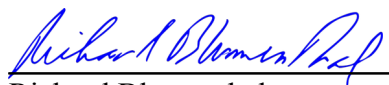
Ben Ray Lujan
United States Senator



Raphael Warnock
United States Senator



Jack Reed
United States Senator



Richard Blumenthal
United States Senator



Peter Welch
United States Senator

CC: Michael Faulkender, Deputy Secretary of the Treasury and Acting Commissioner of the IRS