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Proposed Cuts to IRS Funding Will Undermine Efforts to Crack Down on Wealthy Tax Cheats and Prevent Improved and Simplified Tax Filing

Republicans' proposed \$11.4 billion in cuts to Inflation Reduction Act funding would limit efforts to modernize the agency and make it harder for Americans to file their taxes

Washington, D.C. – Today, Republicans on the House Appropriations Committee released the draft funding [bill](#) for Financial Services and General Government (FSGG) Subcommittee for fiscal year 2024 and the proposal slashes funding for the IRS. The legislation, which [will be considered](#) in the FSGG subcommittee tomorrow, proposes \$11.4 billion in cuts to IRS funding, [costing the country billions more in the long run](#) and breaking the debt ceiling deal to which Republicans agreed a few weeks ago. This funding, which was approved through the Inflation Reduction Act, is essential to modernize the agency's operations, [improve agency's responsiveness, reduce the backlog of tax returns by 80%](#), and crack down on regulating wealthy tax cheats who have long gamed the system and benefitted from skipping out on taxes. In response to the proposed budget, **Adam Ruben, Director of Economic Security Project Action** issued the following statement:

“Republicans want to slash IRS funding and let wealthy tax cheats avoid paying their fair share. That costs the country billions of dollars – while also blocking the free and simplified tax filing that everyday taxpayers want. The perpetuation of a complicated tax code combined with an underfunded IRS is not by accident: this was designed in response to a heavy lobby effort by profit-hungry tax preparation companies and wealthy tax cheats who seek to keep more money in their pockets at the expense of everyday taxpayers. Year after year, Republicans have cut back on funding for the IRS, intentionally crippling the agency, so that their wealthy friends and corporations can use loopholes in the tax code to their advantage and not have to worry about the IRS going after them. In 2019 alone, the top 1% of taxpayers skipped out on paying \$163 billion in taxes. It's time for congressional leadership to step up to block efforts to cut IRS funding so that the IRS can crack down on tax fraud.

“Despite the importance of this investment, Republicans have already used the debt ceiling to cut out \$21.4 billion in funding for the IRS, using the guise of ‘reducing the deficit’ as an excuse, and this proposal would gut the agency further. We know their deficit reduction claims are simply not true: every \$1 invested in IRS funding yields \$5 to \$9 in return on investment, meaning cuts to the IRS will increase the future deficit.

“On top of the cuts in funding, the proposed budget cuts also forbid the development of an IRS-run direct file system – even though the IRS has already built a pilot for next year – which could save individual taxpayers over \$100 every year by providing a platform for taxpayers to file their taxes for free. This proposed ban on the development of a direct file system is a clear attempt to force low-income taxpayers to pad the profits of paid tax preparation monopolies. We appreciate how congressional champions are stepping up to call out the

proposed funding cuts and we call on other congressional leaders to reject any more cuts to IRS funding and defend the IRS's right to develop a direct file option."

The cuts to IRS funding are being proposed at a time when the majority of Americans believe that corporations and [wealthy should pay their fair share](#) and they want [taxpayers to have the option to file their taxes easily and for free](#), both of which could be curtailed if the funding cuts go forward. This is also happening when the overwhelming majority of voters – [75 percent](#) – say they would be less likely to support a politician who made it easier for wealthy tax cheats to abuse the system. Leaders should meet Americans where they are by ensuring that the agency has the funding it needs to meet its obligations to taxpayers over the long term.

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[Economic Security Project Action](#) mobilizes resources and people behind ideas that build economic power for all Americans. As an ideas advocacy organization, we legitimize our issues by supporting cutting edge research and elevating champions, win concrete policy victories for the communities that need to see change now, and provoke the conventional wisdom to shift what's considered possible. Our team of academics, organizers, practitioners and culture makers disburse grants, run issue campaigns, develop creative interventions and research products to support the field, and coordinate events to encourage investment and action from others.