

March 5, 2020

Hon. Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

Secretary Mnuchin:

Thank you for committing to the Ways and Means Committee on March 3 to increase the audit rate of high-income taxpayers. The people of Maine and of the Nation deserve a federal tax enforcement system that collects revenue efficiently and that ensures that all taxpayers contribute their fair share.

I have long supported increased Internal Revenue Service (“IRS”) enforcement funding because the IRS requires additional investment to audit the wealthiest among us. Most recently, I wrote to Acting Office of Management and Budget Director Russell Vought on December 19, and asked him to include a \$425 million increase request for IRS Enforcement in the President’s Fiscal Year (“FY”) 2021 Budget. I was pleased to note the President’s request for just over \$341 million in additional funding for IRS Enforcement in FY2021, and think that even greater resources are necessary for the Service to conduct adequate enforcement activities.

A substantial increase in smart tax enforcement is necessary because our Nation’s highest-earning taxpayers are responsible for tax avoidance on a tremendous scale. The wealthy simply are not paying all of the taxes that they owe. As I wrote to Acting Director Vought, Treasury Inspector General for Tax Administration J. Russell George has stated that an extra hour spent auditing someone who earns \$5 million or more per year generates about \$4,900 in additional revenue.

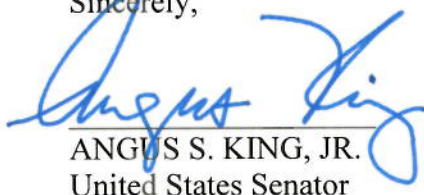
Yet, due to a lack of resources, the IRS has focused on auditing recipients of the anti-poverty Earned Income Tax Credit (“EITC”), who are responsible for just six percent of the Nation’s tax gap. In April 2019, I wrote to Commissioner Rettig and urged him to cease the IRS’s disproportionate audits of EITC claimants immediately. Instead, the Service should focus its enforcement efforts squarely on those most likely to deprive the Treasury of revenue.

You stated to the Ways and Means Committee that “I have specifically directed the IRS Commissioner to come up with a plan to increase the amount of funding so that we can audit more high-income earners.” I commend you for taking this action, and ask that by April 5 you answer the following questions about your plan to audit more of our Nation’s wealthiest citizens:

1. How many dollars of additional revenue does the Department project it will collect during FY2021 through its increased audits of high-income taxpayers?
2. Does the IRS plan to raise its audit rate of people earning more than \$1 million per year from last year's rate of just 3.2 percent to (or above) the 2011 audit rate of 12.5 percent?
3. How many new audit staff does the Department plan to hire should it receive the additional \$341 million in Enforcement funding that the President requested?

I look forward to your response. It is imperative that together, we ensure that the IRS conduct tax enforcement that is effective and is fair to all taxpayers.

Sincerely,



ANGUS S. KING, JR.  
United States Senator