

IRS Oversight Board

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IRS Oversight Board Calls for More Information Technology Funding in IRS FY2010 Budget

(Washington, DC) The IRS Oversight Board today released a special report to Congress providing the Board's rationale for recommending a \$12.489 billion FY2010 budget for the IRS, a \$363 million increase over the President's request.

The *FY2010 IRS Budget Recommendation Special Report* follows up on the Board's written statements last month on the IRS budget to both the House and Senate Appropriations Financial Services Subcommittees. The Board's budget recommendations are aimed at addressing two weaknesses in the U.S. tax administration system: the annual net tax gap and the IRS' archaic information systems.

"While the Oversight Board's and the Administration's budgets agree in many ways, the Board believes that key additional investments are needed sooner—not later—to strengthen our tax administration system," the Board states in its report.

The largest difference between the Board and Administration's budget recommendations is in the accounts for Business Systems Modernization (BSM) and the IRS' Operations Support. The Board recommends that \$400 million be appropriated for the BSM program so that the pace of progress is increased, allowing the IRS to achieve key milestones in FY2011, such as the deployment of a daily processing of taxpayer accounts and the completion of a centralized relational database of taxpayer records. This amount compares to the President's request of \$253.7 million for BSM. Although the Board is pleased with the IRS' focus on completing the BSM program, it is concerned that under the President's budget request, it will take longer to provide taxpayers with more secure, modern, information technology to support the tax administration system.

The Board also recommends a total of \$292 million in infrastructure initiatives, compared to the \$108 million requested by the President's IRS budget. The Board recommends an additional \$164 million in technology initiatives and a \$20 million initiative related to workforce development. "IRS laptops, software, the telecommunications systems, and the buildings themselves are aging and must be updated and maintained. In addition, the IRS must protect its hardware and data infrastructure from threat, whether it comes from bad weather or cyber-attack," the Board says in its report.

For taxpayer service, the Board calls for a \$31.6 million increase over the President's request. "The need for taxpayer service is especially acute during periods of economic hardship... In addition, taxpayers need additional help to understand new tax provisions and programs designed to help them during difficult times," the report states.

The Board supports the Administration's \$5.5 billion increase in enforcement, particularly in its approach to deal more effectively with increasing international tax activities of individual and business taxpayers.

The IRS Oversight Board FY2010 IRS Budget Recommendation Special Report can be found at: www.treas.gov/irsob/board-reports.shtml. Written statements before the House and Senate Financial Services Appropriations Subcommittees are available at www.treas.gov/irsob/board-testimony.shtml.
