

IRS Oversight Board

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For immediate release
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IRS OVERSIGHT BOARD LOOKS BACK ON IRS PROGRESS IN 2005; LOOKS FORWARD TO ONGOING EFFORTS TO STRENGTHEN AGENCY

(Washington, DC) At its November 29-30th meeting, the IRS Oversight Board discussed the IRS' FY2005 end-of-year assessment and its FY06 budget. The Oversight Board continues to work with the IRS in developing a strategic human capital plan, and reviewed leadership succession planning at the agency. It also received briefings on the status of the National Research Program and settlement programs.

The Oversight Board was pleased at the IRS performance in FY2005. IRS Oversight Board Chairman Raymond Wagner, Jr. said, "Since its inception, the Oversight Board has called for balance between service and enforcement, and is gratified that the IRS has made good progress in the past several years in both areas. However, now is not the time for the IRS to rest on its laurels. There is still a \$311 billion gap between the amount of tax dollars owed and what's being paid. Reducing the tax gap requires a continued effort to help boost compliance through both efficient service and effective enforcement."

In addition, the Board discussed the IRS' FY2006 budget, which was approved by Congress at the level the President requested. However, the appropriations act contains several restrictions on how the IRS must spend the amount it has received, such as specifying the amount spent on enforcement, and limiting the IRS' ability to reduce taxpayer services. The Board acknowledges that this will represent a challenge to the IRS, which must continue to strengthen its enforcement activities and cover pay raises and inflation costs out of the \$10.7 billion appropriated. The Board anticipates working with both the IRS and the Treasury Inspector General for Tax Administration as both agencies are required to submit reports to Congress on taxpayer service issues.

Ongoing Efforts to Develop a Strategic Human Capital Plan

At its meeting, the Board discussed the IRS' five-year Human Capital Strategic Plan, currently under development. The Board called for such a plan in its previous annual reports, noting that while the IRS possesses a talented and dedicated workforce, it must operate strategically in selecting, training, and providing skills and tools needed to meet the demands of tax administration in the 21st Century.

The Board emphasized that the IRS needs to establish strategic, measurable human capital goals that show where the IRS is making progress in helping IRS personnel build skills, develop career paths, and contribute to our tax administration system long into the future.

The Board also reviewed the IRS' efforts to identify and cultivate future IRS leaders. The Board discussed the IRS' findings following a comprehensive executive assessment presented by an independent accounting and consulting firm.

Research Continues on Tax Gap

The Board received a briefing on the status of tax gap estimation and future studies by the National Research Program. While the IRS released its preliminary findings on its comprehensive tax gap study earlier this year, work continues on understanding non-compliance, particularly on underreporting income and failing to file returns. The IRS plans to begin a new study next year to focus on S corporations, which account for 59 percent of all corporate returns filed in 2002.

Overview on IRS Settlement Programs

The Board was also briefed on the IRS' settlement programs, aimed at deterring those who have participated in illegal tax shelters. The Board noted the IRS' outstanding success and strongly supports efforts to identify and pursue those who have promoted or participated in abusive tax shelters.

Board Unveils New Redesigned Web Site

The Oversight Board has redesigned its web site to make it easier to find Board reports, releases and other information. The site is located at www.irsoversightboard.treas.gov.

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