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June 1, 2020

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Mnuchin,

I write today to reiterate my concern about the failure of the Internal Revenue Service (IRS) to audit high-income taxpayers, which was the subject of a report publicly released by the Treasury Inspector General for Tax Administration (TIGTA) today.¹ TIGTA's findings raise serious concerns with respect to the fairness of tax administration for all Americans.

Last year, during your testimony before the Committee on Ways and Means (Committee) on the Administration's FY 2019 budget proposals, I stated that we need to provide the IRS with the resources necessary to ensure that it executes its work fairly and responsibly. As the IRS has admitted, it is more difficult and costly to examine the complex returns of a high-income taxpayer than a simple Form 1040 of a low-income taxpayer. As a result, low-income taxpayers are audited at a disproportionately higher rate. This is unfair.

Earlier today, TIGTA reported that nearly 880,000 high-income taxpayers had not complied with their tax filing requirements. These nonfilers account for 34% of high-income taxpayers, and their tax due with respect to this noncompliance is over \$45 billion. Most of these high-income nonfilers were never selected for examination or remain in the collection inventory unlikely to be pursued.

¹ 2020-30-015, "High-Income Nonfilers Owing Billions of Dollars Are Not Being Worked by the Internal Revenue Service," (May 29, 2020) <https://www.treasury.gov/tigta/auditreports/2020reports/202030015fr.pdf>.

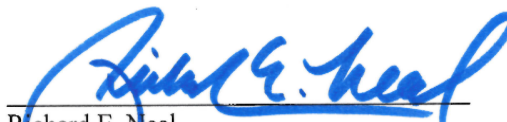
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The IRS must pursue noncompliance fairly across every income level. I respectfully request that you provide the Committee with your program and resource plans to address the high-income nonfiler issue identified by TIGTA. Please provide these materials by no later than June 15, 2020.

Sincerely,



Richard E. Neal

Chairman

Committee on Ways & Means

United States House of Representatives