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Koskinen John A

From: Lemons Terry L
Sent: Tuesday, March 31, 2015 8:07 PM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T; Rillotta Joseph A; Wilkins William J; Brandt Thomas A; Pryde Joan A; Allen Sarah
Subject: Re: Press Club Coverage

Not going to keep bombarding folks with email this evening, but passing along links to two more Press Club articles, both from The Hill. Played very straight; very nice pieces.

IRS chief to GOP: You can't abolish us | TheHill

<http://thehill.com/policy/finance/237510-irs-chief-to-gop-you-cant-get-rid-of-us>

IRS chief: Budget cuts hurting recruitment | TheHill

<http://thehill.com/policy/finance/237545-irs-chief-budget-cuts-hurting-recruitment>

From: Lemons Terry L
Sent: Tuesday, March 31, 2015 05:59 PM
To: Koskinen John A; Dalrymple John M; Burns Stuart; Philcox Crystal; Ho Elaine P; Eldridge Michelle L; Oursler Leonard T; Rillotta Joseph A (Joseph.A.Rillotta@IRSCOUNSEL.TREAS.GOV) <Joseph.A.Rillotta@IRSCOUNSEL.TREAS.GOV>; Wilkins William J (William.J.Wilkins@irscounsel.treas.gov) <William.J.Wilkins@irscounsel.treas.gov>; Brandt Thomas A
Subject: Press Club Coverage

Current round up of stories. Early coverage pretty straight; reporters taking several different directions in later versions following the Q+A session (EO, Cruz, personal email, etc.) Stories below from AP, Bloomberg (two), Politico, Washington Times and Wall St. Journal blog.

IRS chief: Processing backlog of tax-exempt groups is gone
Tuesday, March 31, 2015
By: Associated Press

WASHINGTON — The IRS has eliminated a huge processing backlog of groups seeking tax-exempt status, the agency's chief said Tuesday. Tea party organizations' claims that they were singled out for tough treatment when they applied for that designation were at the heart of a 2013 controversy over the agency.

In remarks prepared for delivery at the National Press Club, IRS Commissioner John Koskinen said there once was a backlog exceeding 60,000 applications for tax-exempt status. He said that because of new, faster processes including a shorter application form, "The result is that our inventory of applications is now current."

A conservative legal center leading a federal lawsuit against the IRS challenged that, saying one group it represents is still awaiting an IRS ruling after five years.

"The IRS commissioner continues to mislead the public regarding this unlawful targeting scheme," said Jay Sekulow, chief counsel of the American Center for Law and Justice.

The IRS came under fire in 2013 when one of its officials publicly apologized for inappropriately targeting conservative groups seeking tax-exempt status. By law, groups seeking that designation cannot engage in politics as their primary activity, and the IRS is the agency that decides whether applicants meet that requirement.

Several top IRS officials left the agency in reaction to the controversy that erupted. Congressional investigations are continuing but they have not linked the IRS' handling of the groups' applications to the White House.

The agency has also encountered criticism over questionable spending on lavish conferences for its employees and videos it produced, including one that parodied the TV show "Star Trek." Koskinen, who became commissioner in December 2013, said he has curbed such expenditures, with conference spending down 80 percent since 2010.

He said the IRS has stopped paying performance bonuses to agency employees who owe delinquent taxes. A Treasury Department report last year said the agency paid bonuses to 1,100 workers who owed back taxes.

Koskinen said that because of budget cuts, his agency is about to lose many of its most experienced workers and executives. He said that over half its 87,000 workers are over age 50, with more than 25 percent of employees eligible to retire next year, with those percentages even higher for managers.

The agency's workforce is down 30,000 workers since 1992, he said.###

IRS Chief Says Tax Agency's High-Profile Mistakes Are Behind It

Mar 31, 2015 1:07 PM EDT

Richard Rubin

(Bloomberg) -- The IRS has fixed its errors, such as improper extra scrutiny of Tea Party groups, and they won't happen again, the tax agency's commissioner said Tuesday.

"The changes are so significant throughout the agency that you could hang a sign on our headquarters saying 'Under New Management,'" Internal Revenue Service Commissioner John Koskinen said in prepared remarks for a speech at the National Press Club in Washington.

The IRS has imposed limits to prevent problems such as overspending on conferences and videos, and inappropriate scrutiny of politically oriented nonprofit groups, he said.

"While these problems are important, and deserved our attention and the remedies we have applied, they are from a prior era," he said, according to the prepared text. "We have addressed them so they will not happen again. That really does make it a new day at the IRS. It's not the IRS of 2010, 2011 or even 2012."

To bolster his point, Koskinen said that 46 percent of the agency's executives -- including two-thirds of the senior leadership team -- have left since October 2011. While the IRS is a large agency and will always have some problems, the key is to find and address them quickly, he said.

Congress has been investigating the IRS and restricting its budget since May 2013, when the agency revealed that it had given extra scrutiny to the applications of Tea Party groups seeking tax-exempt status. Other issues -- including lavish conferences, an embarrassing Star Trek-themed video and bonuses paid to tax-delinquent employees -- emerged after that.

Bigger Workload

Koskinen, 75, became commissioner in December 2013. He is trying to persuade Congress to increase the agency's budget after a 3 percent cut this year. At the same time the agency's workload has expanded, partly because of its responsibility to implement parts of Obamacare.

With the budget cuts, the commissioner has warned of declining service to taxpayers and said the government won't be able to collect as much money through tax enforcement.

"Further cuts, with the increasing responsibilities we face, threaten to destroy the ability of the IRS to discharge its fundamental responsibilities," he said.

Republican lawmakers have told Koskinen that he won't get what he's requesting. They say they haven't seen the kind of cultural shift at the IRS that Koskinen has claimed credit for.

Republican Representative Peter Roskam of Illinois told reporters earlier this month that institutions like the IRS don't change without outside pressure.

"We're going to try to influence this for the good," said Roskam, chairman of a House oversight subcommittee. "Where we are on the diagnostic? How loud is the clap meter right now? Pretty quiet, I'd say. I think we've got a long way to go in terms of confidence-building."

IRS Chief Chides Ted Cruz's 'Abolish the IRS' Mantra
Mar 31, 2015 3:17 PM EDT
by Richard Rubin
Bloomberg

"Abolish the IRS" is a staple of Ted Cruz's stump speech.

IRS Commissioner John Koskinen, who runs the 87,000 employee tax agency, had a candid response to that sentiment Tuesday.

"Politics are politics," he said after a speech at the National Press Club in Washington. "It is interesting to me. When you say you're going to abolish the IRS and everybody will fill out a small card, somebody has to collect the money."

Even if Congress chucked the tangle of credits and deductions in the U.S. tax code, there would still be a need to make sure people don't underreport their income.

Don't get Koskinen wrong. He's all for tax simplification. But abolishing the IRS? Not so much.

He did offer the Cruz crowd an olive branch with a side of snark.

"You could call them something other than the IRS if that made you feel better," he said.

That may not be what Cruz has in mind, however. During his speech at Liberty University announcing his entry into the presidential race, Cruz said he envisioned something more substantial than a simple name change.

"Instead of a tax code that crushes innovation, that imposes burdens on families struggling to make ends meet, imagine a simple flat tax that lets every American fill out his or her taxes on a post card. Imagine abolishing the IRS," Cruz said. ###

IRS chief: Ted Cruz tax plan not viable

By Hillary Flynn

Politico

3/31/15 4:18 PM EDT

IRS Commissioner John Koskinen poked holes in Republican presidential candidate Ted Cruz's plan to abolish the IRS and create a simple flat tax so taxpayers could file their taxes on a postcard. Koskinen pointed out that even if taxpayers were to file their taxes on "a small card," someone would have to collect the money and make sure the numbers filled out are actually correct.

Story Continued Below

"You can call [tax collectors] something else than the IRS if that makes you feel better, but basically someone has to follow through on all of that," Koskinen told reporters today after a speech at the National Press Club.

There is also the question about what to do with all the tax credits now administered by the IRS, like the Earned Income Tax Credit, Child Tax Credit, education tax credits and others.

"If you want to have everybody do [tax filing] with just a postcard, then you have to decide you want to get rid of all those," Koskinen said. "I have to say, it's not my policy choice."

Koskinen was appointed by President Barack Obama to turn around the IRS after it took a black eye for giving extra scrutiny to conservative tea party groups seeking tax-exempt status.###

IRS ignoring 60 percent of taxpayers' calls as deadline looms

The Washington Times

By Stephen Dinan

Tuesday, March 31, 2015

IRS Commissioner John Koskinen said Tuesday that service at his agency has gotten so bad that they are ignoring more than 60 percent of taxpayers' phone calls during this tax season.

Speaking at the National Press Club, Mr. Koskinen pleaded with more money, saying a budget boost would help them staff their overwhelmed customer service lines. He also said it would help reverse staffing cuts in their compliance division, where he said the government will lose \$2 billion this year in money it would otherwise have been able to collect if it had better staffing.

Congress has cut or held the agency's funding static for several years now, with lawmakers deeming the agency recalcitrant in solving problems, and unrepentant for having targeted tea party groups for intrusive scrutiny.###

IRS Keeping Close Eye on Email Security, Chief Says

Wall St. Journal.com

By John McKinnon

The Internal Revenue Service commissioner emailed a document home early on in his tenure, and within a couple of days got "a visitor from IT security," he said at a press luncheon on Tuesday.

The document was testimony that he was still editing, Commissioner John Koskinen said. The agency – which has strict rules against using personal computer systems for business purposes – quickly installed an official computer in his home for such tasks.

Mr. Koskinen "certainly never discussed IRS business" over his personal account, he added at a National Press Club luncheon. "We're keeping a close watch" on the agency's 87,000 employees, he added.

The issue is getting attention lately because of questions about former Secretary of State Hillary Clinton's use of a personal email account.

It has surfaced at the IRS previously as well. In April of 2014, the House Ways and Means Committee referred several matters to the Justice Department for investigation, including an allegation that now-retired IRS executive Lois Lerner used her personal email to conduct official business. That risked exposing confidential taxpayer information, committee Republicans said. The Justice Department hasn't taken any public action on the referrals concerning Ms. Lerner, who has been a central focus of congressional investigations into alleged IRS targeting of conservative groups.

Mr. Koskinen is a turnaround specialist with extensive management experience in both government and the private sector. He took over the IRS in late 2013.

In his remarks on Tuesday, Mr. Koskinen warned that recent congressional budget cuts "threaten to destroy the ability of the IRS to discharge its fundamental responsibilities." IRS funding for fiscal year 2015 is about \$10.9 billion, down about \$1.2 billion since 2010, the IRS says. The IRS has taken on major new responsibilities with the implementation of President Barack Obama's health-care overhaul and other new legislation, and faces a major new workload from stolen-identity refund fraud and related schemes. The IRS also wants to move faster on efforts to set up online taxpayer accounts.

Despite the budget concerns, Mr. Koskinen said the current tax-filing season is going "swimmingly," contradicting critics – mostly on the right – who say that President Obama's health-care overhaul is causing widespread headaches and confusion for taxpayers.

A Ways and Means aide said Tuesday that "the millions of Americans being forced to repay subsidies or seeing their tax refund disappear because of Obamacare may have a different perspective" than Mr. Koskinen.

Ways and Means Chairman Paul Ryan last week criticized the ongoing process of delivering health-care subsidies through the tax system. "It's ugly, and it's just not the way to do health care," Mr. Ryan said.

Mr. Koskinen said the IRS worked hard over the last couple of years to ensure that tax software providers set up their systems correctly. "We still get calls, but there's no gaps that we've found" in software, he said. "It's gone smoothly and everyone seems comfortable" in preparing returns.

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