



Economic
Security
Project

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Proposed \$21.4 Billion in Cuts to IRS Funding Hamstrings the Agency From Cracking Down on Tax Cheats

Washington, D.C – Over the weekend, federal officials in Washington announced an agreement in principle for extending the nation's debt ceiling limit, which includes a potential clawback of \$21.4 billion in Internal Revenue Service (IRS) funding allocated through the Inflation Reduction Act. In response to this news, Groundwork Action and Economic Security Project issued the following statement:

"After years of chronic underfunding, the Inflation Reduction Act allocated critical funding to empower the IRS to reduce phone wait times by 85% by answering [2 million more calls](#) this year, study the feasibility of building a free and direct tax filing system, and begin hiring staff to crack down on wealthy tax cheats. Therefore, it's unconscionable that Congress is now considering a deal that would [rescind up to \\$21.4 billion](#) over two years – including funding for enforcement, agency modernization and development of a direct file program – from the \$80 billion expansion to fund the emerging debt-limit deal. Make no mistake, reducing funding for the IRS will only increase America's national debt over the long term by allowing wealthy tax cheats to continue avoiding paying their fair share. The overwhelming majority of voters – [75 percent](#) – say they would be less likely to support a politician who made it easier for wealthy tax cheats to abuse the system, and [76 percent](#) express enthusiasm for the IRS to develop a free direct file system. Rather than carrying water for wealthy tax cheats and the for-profit tax prep industry, our leaders must meet voters where they are and ensure that the agency has the funding it needs to meet its obligations to taxpayers over the long term."