



Outrage

## Budget Cuts Affect IRS Collection Levels

### Agency leaves \$385 billion uncollected

by Michelle Diamant, [AARP Bulletin](#), March 6, 2012

As Congress wrestles with the federal budget deficit, lawmakers may be too focused on cutting spending to see an income opportunity. Cuts to the [Internal Revenue Service](#) budget are leaving the agency struggling to spot fraud, assist taxpayers and boost collections, according to Nina E. Olson, the national taxpayer advocate. As a result, the IRS may be leaving billions of dollars on the table annually.

**See also:** [Get IRS tax tips.](#)

IRS data show that individuals and companies underpaid their taxes by a whopping \$385 billion in 2006 alone, the most recent year for which statistics are available. "The IRS is effectively the Accounts Receivable Department of the federal government," wrote Olson in her annual report to Congress. "If the federal government were a private company, its management would fund the Accounts Receivable Department at a level that it believed would maximize the company's bottom line."

Frequent changes to the tax code as well as more fraud and identity theft cases are among the factors contributing to a growing IRS workload, even as the agency's budget declines, according to the report. Olson indicated that strains on the IRS also mean taxpayer rights are often compromised when reviews of [tax returns](#) occur because no single employee is responsible for overseeing a particular case.

IRS officials acknowledge the problem. "[Budget cuts](#) can lead to noticeable degradation of IRS efforts involving both taxpayer service and tax enforcement and can have a lasting impact on the nation's voluntary tax compliance," the agency said in a statement.

**You may also like:** [How about some adult supervision.](#)

#### Related

- [Election issues survey.](#) **Read**
- [Got your voter photo ID?](#) **Read**
- [How about some adult supervision with our government?](#) **Read**
- [Join AARP today –](#)  
Receive access to exclusive information, benefits and discounts.