 Remarks by Secretary of the Treasury Janet L. Yellen at the Swearing-In Ceremony for IRS Commissioner Danny Werfel

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As Prepared for Delivery

Thank you all very much for having me at the IRS today. I’m thrilled to be here with you to swear in our new Commissioner of the IRS: Danny Werfel. I’d also like to acknowledge all of the former Commissioners here.

As everyone in this room knows, Danny will lead the IRS through an important transition. For decades, the IRS had suffered from chronic underinvestment. But last summer, the President secured funding in the Inflation Reduction Act that will transform the IRS into a modern, 21st century agency.

I know that this is a transformation that all of you – the employees of the IRS – have long been waiting for.

But this is no small task. Realizing the promise of this investment requires concerted leadership and a strong team. Before I speak about Danny himself, let me outline the two major priorities that he will be focused on: dramatically improving taxpayer service and ensuring that large corporations and the wealthy pay the taxes they owe.

Let me begin with our effort to provide world-class service to American taxpayers. For years, severe underfunding of the IRS meant that it could not deliver the type of service that taxpayers needed. IRS employees will be the first to tell you that too many calls went unanswered and too many taxpayers went without support. The IRS remained a primarily paper-based agency – one where employees still opened, and in certain cases, transcribed paper returns digit-by-digit.

I come to you today with good news. Thanks to the dedication of IRS employees, we’ve made significant strides in the short eight months since the passage of the Inflation Reduction Act. To start, the IRS has hired 5,000 new customer service staff and improved automated phone and chat features. Taxpayers can now receive refunds directly into their bank account for items like the 1040X amended returns. They can fill out certain forms online rather than on paper. And they can respond to numerous notices on IRS.gov rather than through the mail. The agency is now consistently achieving a level of service with live assistance between 80 and 90 percent. That’s a dramatic
improvement compared to around 15 percent during the previous filing season. And as of January,
the IRS had worked through more inventory in the previous 12 months than during any one-year
period in history.

Of course, we still have more work to do. We must invest in technology that unlocks increased
productivity for IRS employees, improves automated services for taxpayers, and digitizes many
processes that for too long have been handled on paper. Importantly, these technological
improvements will not just speed up processes. They will help taxpayers identify and avoid errors
before they file their returns.

We also need to meet taxpayers where they are. That is why we have taken steps to reopen and fully
staff Taxpayer Assistance Centers across the country. These centers offer free tax help – to address
complex tax questions and support those who face language barriers. We also need to make sure
that small businesses and individuals can access the tax credits and incentives that they are eligible
for. Our investments in the IRS will result in more streamlined and accurate delivery of these credits
and incentives to Americans across the country.

Our second priority is to ensure fair enforcement of our tax laws. Absent our new investment in the
IRS, the tax gap – the gap between taxes owed and those actually paid – was estimated at around $7
trillion over the next decade. Much of this was because the IRS lacked the resources to effectively
audit wealthy taxpayers and complex businesses. The top 1 percent of Americans account for a
disproportionate share of unpaid taxes.

Our investments – combined with stable discretionary funding – will change that.

The IRS will invest in data and analytics to help the agency audit large corporations, high earners,
and complex partnerships that have not paid their full bill. The technology will be complemented by
hiring more top talent – including accountants and attorneys. These additional resources will help
us peel back complex corporate structures and large taxpaying entities – and make sure that they
pay what they owe. As I’ve said before, I have directed that that these resources will not be used to
increase the audit rate for small businesses and households making under $400,000 a year, relative
to historical levels.

Just as importantly, we are committed to helping taxpayers get it right. Through our enhanced
service, we are answering questions in a timely fashion and expanding our support and outreach to
underserved communities. We expect that this initiative will help reduce enforcement actions on
honest taxpayers. In all, we expect that these investments in fair enforcement will reduce our
deficits by hundreds of billions of dollars over the next decade.
We will outline all of these priorities in greater detail later this week – with the release of the Strategic Operating Plan.

Delivering on this transformation requires concerted, dedicated leadership. We have that leader in Danny Werfel.

Danny has the deep management experience required to lead significant organizational transformation. For decades, he has served as a leader across the private and public sectors – including in both Democratic and Republican Administrations. His service at OMB, DOJ, the private sector – and his previous tour of duty at the IRS – have more than prepared him for this job.

Importantly, Danny has a deep commitment to fairness and good government. Danny, I hope that the honor and pride you feel today reminds you of how you felt when you joined the government as a policy analyst a quarter-century ago.

Importantly, I know that Danny will not be alone in this mission. I have heard countless stories of IRS employees going above and beyond – particularly over the last three years. You’ve worked nights and weekends. You’ve helped deliver critical economic relief to Americans during a once-in-a-century pandemic – all amid severe resource constraints. I know that Danny will lead the IRS with the same dedication to the mission that you all share.

Congratulations, Danny. I look forward to working together with you and your team at this critical juncture for the IRS. And now, Danny – I’d like to invite you and your family to join me for the oath of office.

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