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August 8, 2012

Douglas H. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Shulman:

I am writing to you regarding the Treasury Inspector General for Tax Administration's (TIGTA) report entitled, "Substantial Changes Are Needed to the Individual Taxpayer Identification Number Program to Detect Fraudulent Applications."

The indefensible and scandalous findings of this report should rightly outrage the American taxpayer. Moreover, this report follows others that make clear the IRS's longstanding failure to fully ensure the integrity of the Individual Taxpayer Identification Number (ITIN) program. As you may well know, on March 10, 2004, the GAO issued a report entitled, "Individual Taxpayer Identification Numbers Can Be Improperly Obtained and Used." On March 31, 2009, TIGTA issued a report entitled, "Actions Are Needed to Ensure Proper Use of Individual Taxpayer Identification Numbers and to Verify or Limit Refundable Credit Claims."

In this new report, TIGTA makes the following critically damning findings:

- "Management has created an environment which discourages employees from detecting fraudulent applications"; and
- "Management has eliminated processes used to identify questionable Individual Taxpayer Identification Number application patterns and schemes."

According to TIGTA, IRS workers basically put their jobs on the line if they tried to do the right thing by preventing tax fraud. This is simply outrageous.

The bottom-line is that as TIGTA states in its report, "the amount of Federal funds individuals have access to once they have an ITIN assigned is substantial." For example TIGTA notes that for Processing Year 2011, ITIN filers sought \$4.2 billion from the Additional Child Tax Credit (more commonly known as the refundable child tax credit).

As you may know, I have been leading the effort to combat fraud associated with the refundable child tax credit by requiring tax filers to provide their Social Security numbers. A version of my bill (H.R. 1956) to require Social Security numbers was included in a budget savings bill (H.R. 5652) passed by the House on May 10, 2012. This particular version would save the American taxpayer \$7.6 billion. This effort is in response to the March 31, 2009 TIGTA report and the July 7, 2011 TIGTA report entitled, "Individuals Who Are Not Authorized to Work in the United States Were Paid \$4.2 billion in Refundable Credits."

The findings of the TIGTA report leave me with the conclusion that through its actions the IRS, in effect, is a willing accomplice to tax fraud. As TIGTA states in its report, "the assignment of an ITIN based on questionable documentation enables individuals to then use this ITIN to file tax returns to commit tax refund fraud." Instead of ensuring the complete integrity of the ITIN program -- in other words doing all it can to prevent tax fraud -- IRS management has purposely undermined the integrity of the program. Failure to ensure the integrity of the ITIN program is inexcusable.

The American taxpayer is right to ask how they can trust the IRS to safeguard their tax dollars. Unfortunately this report clearly shows it can't. Adding insult to injury, this report comes at a time when the IRS is on a tax agent hiring spree as it seeks to enforce the Obamacare mandate tax against hardworking, taxpaying Americans.

In light of the report's findings, I ask that you and any other IRS officials who had direct oversight, knowledge or involvement with the ITIN program resign immediately in order to help restore the American taxpayer's trust in the IRS.

I do not take this lightly, but as you may well be aware, earlier this year, the GSA Administrator resigned due to a \$823,000 training conference courtesy of the American taxpayer. In the IRS's case, we are talking about billions of taxpayer dollars.

The appalling management of the ITIN program is a clear example of failed leadership and the buck must stop with you. It is time for new leadership.

On behalf of the American taxpayer I sincerely hope you do the right and honorable thing in resigning.

Sincerely,



SAM JOHNSON
Member of Congress