

Senate confirms Werfel as IRS commissioner

The Senate voted 54-42 on March 9 to confirm Daniel Werfel to serve as the next commissioner of the Internal Revenue Service.

The final vote tally includes 6 Republicans who joined 48 Democrats in supporting Werfel's confirmation. (The six Republicans were Finance Committee members Charles Grassley of Iowa, Bill Cassidy of Louisiana, Todd Young of Indiana, and Thom Tillis of North Carolina, along with nontaxwriters Susan Collins of Maine and Lisa Murkowski of Alaska.) One Democrat—Sen. Joe Manchin of West Virginia—broke ranks to vote “no.”

In a statement released after the vote, Senate Finance Committee Chairman Ron Wyden, D-Ore., commented that “[f]or Mr. Werfel to get bipartisan support to lead the IRS at a time when a lot of Republicans would happily mothball the entire agency is a testament to his fairness, his ability to work with both sides, and his undeniable qualification for this role.”

URL: <https://www.finance.senate.gov/chairmans-news/wyden-statement-on-werfel-confirmation->

Opposition reflected institutional—not personal—concerns

Based on comments made in over the last few weeks, the senators who opposed Werfel, whose five-year statutory term as commissioner runs through November 12, 2027, generally did so because of specific frustrations with the IRS and Treasury Department and not out of any misgivings over his qualifications. But those comments, particularly from Republicans, are indicative of the kind of scrutiny that Werfel and the IRS are likely to face going forward.

Inflation Reduction Act funding a sore point for Republicans: Werfel takes the top spot at the IRS as the agency begins the process of administering roughly \$80 billion in new mandatory funding allocated in the Inflation Reduction Act of 2022 (P.L. 117-169) to beef up its enforcement programs, modernize its information technology systems, and improve its customer service operations. Just how the IRS intends to spend those new funds has been a consistent source of concern for congressional Republicans, who voted in lockstep against the Inflation Reduction Act when it moved through Congress under budget reconciliation rules last year.

URL: <https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf>

At his confirmation hearing before the Senate Finance Committee last month, some Republican taxwriters warned that the cash infusion would lay the foundation for the agency's transformation into an auditing behemoth that will bear down more heavily on small businesses and low- and middle-income individuals. (For prior coverage, see *Tax News & Views*, Vol. 24, No. 6, Feb. 17, 2023.) Those apprehensions have only been exacerbated by the IRS's delay in producing and making public a plan that details how those new funds will be deployed. Treasury Secretary Janet Yellen last summer directed the IRS to deliver an implementation plan by February 17, but the agency missed that deadline and Treasury officials now say only that they expect to see the plan “in the coming weeks.” (For prior coverage, see *Tax News & Views*, Vol. 24, No. 7, Mar. 3, 2023.)

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230217_2.html

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230303_2.html

GOP taxwriters on the House Ways and Means Committee also have raised objections to the new IRS funding and its implementation and intend to make the issue a focus of their oversight efforts in the 118th Congress. (For prior coverage, see *Tax News & Views*, Vol. 24, No. 7, Mar. 3, 2023. Also see separate coverage in this issue on Yellen’s comments about the implementation plan during a hearing before the House Ways and Means Committee to discuss the administration’s budget proposals for fiscal year 2024.) The reservations among Republicans on the House taxwriting panel are shared by the wider Republican conference in the chamber. It’s worth noting that one of the first bills the new House Republican majority passed in early January would rescind the additional funding, although that measure is not expected to be considered in the Democratic-controlled Senate. (For prior coverage, see *Tax News & Views*, Vol. 24, No. 2, Jan. 13, 2023.)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230303_3.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230303_3.html)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230113_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230113_1.html)

Other IRS issues on GOP’s watchlist: Republicans on both sides of the Rotunda have cited a host of additional concerns about the agency, including its audit selection procedures, its efforts to monitor tax-exempt organizations, its ability to protect the security of taxpayer data, and its perceived weaknesses in preventing fraud and improper payments in certain current-law tax credit programs.

The House’s top taxwriter, Rep. Jason Smith, R-Mo., cautioned in a press release last month that, if confirmed, Werfel would “spend a substantial amount of time before the House Committee on Ways and Means answering questions about the agency’s actions and activities.”

[URL: https://waysandmeans.house.gov/smith-irs-chief-nominee-must-answer-to-taxpayers-about-bidens-middle-class-audits-agency-political-leaks-and-historic-tax-refund-backlog/](https://waysandmeans.house.gov/smith-irs-chief-nominee-must-answer-to-taxpayers-about-bidens-middle-class-audits-agency-political-leaks-and-historic-tax-refund-backlog/)

Manchin objects to EV regs: For his part, Democratic Sen. Joe Manchin, who announced his opposition to Werfel in a March 8 news release, cited his concerns with how the Treasury Department has implemented certain provisions in the Inflation Reduction Act. (Manchin has been particularly vocal in his criticism of Treasury regulations addressing the legislation’s credit for electric vehicles, arguing that the rules violate congressional intent.)

[URL: https://www.manchin.senate.gov/newsroom/press-releases/manchin-to-vote-against-daniel-werfel-for-irs-commissioner](https://www.manchin.senate.gov/newsroom/press-releases/manchin-to-vote-against-daniel-werfel-for-irs-commissioner)

Although he stated that Werfel “is supremely qualified to serve as the IRS commissioner,” Manchin explained that he would vote against confirmation because he has “zero faith [Werfel] will be given the autonomy to perform the job in accordance with the law. . . .”

Not his first federal rodeo

Werfel most recently was the global leader of Boston Consulting Group’s Public Sector practice but has more than 15 years of experience in the federal government, including stints as acting IRS commissioner and as controller of the White House Office of Management and Budget during the Obama administration.

He succeeds former Commissioner Charles Rettig, who stepped down after his statutory term expired last November. IRS Deputy Commissioner for Services and Enforcement Doug O’Donnell served as acting commissioner following Rettig’s departure.

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