

November 2015



John Koskinen

Commissioner, Internal Revenue Service

John Koskinen is the 48th IRS Commissioner. As Commissioner, he presides over the nation's tax system, which collects approximately \$3.1 trillion in tax revenue each year and employs around 90,000 civil servants.

Prior to his appointment, Mr. Koskinen served as the non-executive chairman of Freddie Mac from 2008 to 2012 and its acting chief executive officer in 2009.

Previously, Mr. Koskinen served as President of the U.S. Soccer Foundation, Deputy Mayor and City Administrator of Washington D.C., Assistant to the President and Chair of the President's Council on the Year 2000 Conversion and Deputy Director for Management at the Office of Management and Budget.

Mr. Koskinen also spent 21 years in the private sector in various leadership positions.

Subject Area/Topic: IRS CHALLENGES

Highlights: Appearing remarkably relaxed for someone under threat of impeachment, Commissioner Koskinen began by referring to "thirty fun-filled hearings" before Congressional committees. He noted that "The IRS has been in the bull's-eye" since the passage of the Affordable Care Act" (ACA).

As a result of staff shortages, last year 40% of taxpayers seeking advice were disconnected before they could talk to an advisor. In addition, billions are being lost because of an enforcement staff shortage. A related problem is that voluntary compliance (the key to our very efficient tax collection system) is premised on the belief that effective enforcement exists. If that belief disappears, collections will fall.

Nevertheless, the IRS continues to be a highly efficient organization. In 2014 it collected \$3.1 trillion. As reported by the "Organization for Economic Co-operation and Development" (OECD), it spends less than half the amount to collect a dollar of revenue than Germany, France, England, Canada, and Australia.

Noting that six billion hours a year are devoted to taxes, the Commissioner believes that "tax simplification is essential [and that we] ...have to simplify everything at once. Then all the lobbyists can't get through the door." He also believes that "tax reform will only work if you have Presidential leadership to get it done.