

**DESCRIPTION OF H.R. 4890, A BILL TO IMPOSE A BAN ON
PAYMENT OF BONUSES TO EMPLOYEES OF THE INTERNAL
REVENUE SERVICE UNTIL THE SECRETARY OF THE
TREASURY DEVELOPS AND IMPLEMENTS A
COMPREHENSIVE CUSTOMER SERVICE STRATEGY**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on April 13, 2016

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



April 12, 2016
JCX-23-16

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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 4890, a bill to impose a ban on payment of bonuses to employees of the Internal Revenue Service until the Secretary of the Treasury develops and implements a comprehensive customer service strategy. This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 4890, A Bill to Impose a Ban on Payment of Bonuses to Employees of the Internal Revenue Service until the Secretary of the Treasury Develops and Implements a Comprehensive Customer Service Strategy* (JCX-23-16), April 12, 2016. This document can also be found on the Joint Committee on Taxation website at www.jct.gov.

**A. Ban on Payment of Bonuses to Employees of the Internal Revenue Service
Until the Secretary of the Treasury Develops and Implements
a Comprehensive Customer Service Strategy**

Present Law

The Code² provides that the Commissioner of the Internal Revenue Service (“the Commissioner”) has such duties and powers as prescribed by the Secretary. Unless otherwise specified by the Secretary, such duties and powers include the power to administer, manage, conduct, direct, and supervise the execution and application of the internal revenue laws or related statutes. In executing these duties, the Commissioner depends upon strategic plans that prioritize goals and manage its resources. In the current strategic plan, the delivery of high quality and timely service to reduce taxpayer burden and encourage compliance is identified as Goal I.³

The Commissioner is also authorized to employ such persons as the Commissioner deems proper for the administration and enforcement of the internal revenue laws and is required to issue all necessary directions, instructions, orders, and rules applicable to such persons,⁴ including determination and designation of posts of duty. Compensation to employees of the Internal Revenue Service is generally paid in accordance with the rules governing Federal employment generally.⁵

Explanation of Provision

The provision bars payment of any bonus, award or other similar cash payment to any employee of the Internal Revenue Service until the Secretary or his delegate develops a comprehensive strategy for customer service and submits such plan to Congress. The plan must determine appropriate levels of telephone and correspondence service, based on best practices of businesses and customer expectations. In addition, the provision requires that all services be assessed to determine those which may be provided by offering self-service operations to taxpayers. The plan must include proposals for long-term improvements over the next ten fiscal years, with appropriate short-term and mid-term goals.

The ban on employee bonuses remains in effect until a plan is developed, is reviewed and approved by the Treasury Inspector General for Tax Administration, and submitted to Congress. Until such plan for a comprehensive strategy for customer service has been submitted to

² Sec. 7803(a).

³ See *Internal Revenue Service Strategic Plan FY2014 – 2017*, Publication 3744 (Rev. 6-2014), available at <https://www.irs.gov/pub/irs-pdf/p3744.pdf>.

⁴ Sec. 7804.

⁵ Part III of Title 5 of the United States Code prescribes rules for Federal employment, including employment, retention, and management and employee issues.

Congress and fully implemented, the Secretary or his delegate is required to submit semiannual reports on the status of efforts to develop and implement such a plan.

No additional funds are authorized to be appropriated or otherwise made available for development and implementation of the plan.

Effective Date

The proposal is effective on the date of enactment.

B. Estimated Revenue Effect of the Proposal

The proposal is estimated to have no effect on Federal fiscal year budget receipts for the period 2016-2026. The extent to which the proposal may increase or decrease Federal outlays for the same period 2016-2026 has not been estimated. In accordance with section 402 of the Budget Act, the Congressional Budget Office has jurisdiction to estimate the effect on direct or discretionary spending.