

Congress of the United States

U.S. House of Representatives

Committee on Small Business

2361 Rayburn House Office Building

Washington, DC 20515-6315

May 31, 2013

Mr. Daniel Werfel
Acting Commissioner
Internal Revenue Service
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Acting Commissioner Werfel:

The Committee on Small Business, which I chair, is required by the Rules of the House to study and investigate the problems of all types of small businesses. This oversight jurisdiction extends to matters concerning small businesses and taxes.

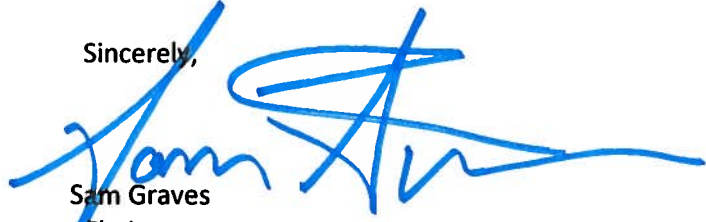
Recent Congressional investigations have raised questions about Internal Revenue Service (IRS) targeting the non-profit status requests of certain conservative organizations. These investigations have only raised more questions as to the extent these practices may have extended beyond conservative groups. In addition, in 2011, this Committee held a hearing on an executive order proposed by President Obama that would have mandated the disclosure of political donations by government contractors as a prerequisite to receiving a government contract.

To ensure that all taxpayers, including small businesses, are being treated fairly, the Committee would like to know the following information for the three most recent years:

1. Have the tax returns of small businesses been selected for closer review? How many were selected? What methods have been or are being employed to do so?
2. What criteria has been used to select small businesses for audits? Are the same criteria used today?
3. Of all IRS audits, what percentage were small businesses? How many total audits have been performed? What is the total number of small businesses that were audited?
4. What was the average duration of a small business audit? What was the average duration of all audits?
5. For the small business audited, what was the average amount recovered? What was the average cost of those audits?
6. What was the average amount recovered from all audits? What was the cost of all audits?

Please respond with the information requested by June 17, 2013. Should you have questions, please contact Jan Oliver with the Committee staff at 202.225.5821.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sam Graves", with a large, stylized flourish extending to the right.

Sam Graves
Chairman