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## **IRS Role Expands with Health Care Law**

Nina Olsen, the IRS National Taxpayer Advocate (NTA), in a report says that President Obama's new health care legislation pushes the IRS into a benefits administrator role, a role the agency is not equipped to handle. This effectively gives the IRS two roles – collecting taxes and administering benefits. As such Olsen advocates a revision of the IRS Charter “to explicitly acknowledge the agency’s dual role as part tax collector and part benefits administrator,” according to her report. In Olsen’s opinion, the new legislation would place even greater burden on struggling businesses in the US.

The health care law that the government has initiated involves giving tax incentives to employers who provide health insurance coverage for their employees. This is especially aimed at encouraging more small firms to offer some form of insurance coverage. Obviously, the task of monitoring and enforcing this benefit falls on the IRS. The tax incentives offered by the IRS is quite significant and it ranges from 25 to 35% of premiums paid by employers for tax years 2010 through 2013. And it gets even better in 2014 when the credit will go up to 50% and can be used for two consecutive years after that.

However, not all concur with the conclusions of the NTA report. Dan Pilla, head of taxhelponline.com and a taxpayer’s rights advocate says that the IRS has been functioning as a benefits administrator for years now. This is due to the Earned Income Tax Credit, which he likened to the ‘quintessential welfare program’. On the other hand, Pilla predicts that the introduction of the health care law will not only increase administrative expenses (which is only natural), but will also cause a spike in fraud cases in the Earned Income Tax Credit, a problem which is already rife in the program.

Another interested party, the Hudson Institute in Washington D.C. believes that it is President Obama’s intention to increase the number of government employees especially in the IRS and other government agencies, hence the proposal for the health care legislation. Its director of employment policy studies, Diana Furchtgott-Roth, believes that the government will have to grow in order to administer the benefits like the health care law and Earned Income Tax Credit.

After all is said and done, it appears almost everyone is resigned to the fact that the IRS is no longer merely a tax collecting agency but also an enforcer of social policy.