

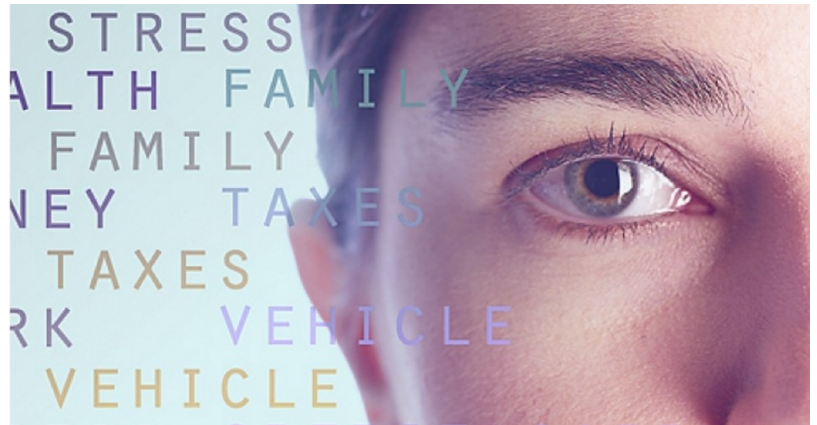


Written by [Michael Tennant](#) on January 16, 2015

IRS Threatens Service Cuts as First ObamaCare Tax Season Looms

Congress cut the Internal Revenue Service's (IRS) budget just in time for Americans to file their first tax returns of the ObamaCare era, and now the agency says it won't be able to help most taxpayers figure out how to comply with the massive healthcare law.

The IRS, never popular but even less so in light of its recent policy of indefinitely delaying approval of conservative organizations' tax-exemption applications and its upcoming enforcement of ObamaCare, saw its budget trimmed by three percent, to \$10.9 billion. That dropped the agency's budget to its lowest level since 2008 — or, if adjusted for inflation, since 1998.



Of course, as government agencies always do when faced with even the tiniest budget cuts, the IRS is threatening to reduce services taxpayers actually want. "IRS Commissioner John Koskinen says budget cuts are forcing the agency to reduce taxpayer services and other functions," reported the [Associated Press](#). In her [annual report to Congress](#), released Wednesday, National Taxpayer Advocate Nina Olson, another IRS official, warned that "in 2015, taxpayers are likely to receive the worst levels of service since ... 2001."

The agency is expecting about 100 million phone calls from taxpayers this year but "is unlikely to answer even 50 percent of" them, Olson stated. The lucky ones who do get through will have to wait an average of over 30 minutes. The IRS will answer only "basic" questions during tax-filing season and "will not answer any tax-law questions at all" thereafter. It will no longer help low-income taxpayers complete their returns. And taxpayers who file paper returns may have to wait longer for their refunds. (There is some good news among the bad: The agency also plans to reduce the number of audits and possibly shut down for two days later in the year, and it's expected to take in at least \$2 billion less as a result of having fewer enforcement agents.)

"Koskinen's advice to taxpayers with questions: Don't call the IRS unless you absolutely have to," wrote the AP.

Those were probably not the words many Americans, faced with filing their tax returns for the first time under ObamaCare, wanted to hear. Because of the law's individual mandate, all Americans must now vouch for the fact that they have government-approved health insurance. That's a relatively simple matter for those with employer-based coverage or Medicare or Medicaid. "Others who got insurance through state and federal marketplaces will have to file a new form, while people who received subsidies will have to provide more detailed information," explained the AP. "People who didn't have health insurance last year face fines unless they qualify for a waiver, which requires more paperwork."



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Those who got subsidies to pay for their insurance face still more red tape, particularly if their incomes did not match what was projected at the time they applied for the subsidies. Higher earnings could also force families to pay back part or all of their subsidies.

Taxpayers who get subsidies are supposed to notify the exchanges if something happens that is likely to affect their subsidies, preventing some nasty surprises come tax time, but not everyone did that this year.

“If somebody got married or divorced, had a baby, got a job, lost a job, anything that changes their income, those consumers needed to go back to the marketplace and update their information,” Kathy Pickering, executive director of the Tax Institute at H&R Block, told the AP. “Most people didn’t know to do that or didn’t think to do it.”

Still, is taking the IRS back to the (undoubtedly already excessive) level of funding it enjoyed just seven years ago really going to cripple the agency? Certainly there are more tax returns now than there were in 2008, but there are also fewer that have to be processed by hand. Over 90 percent of individual returns are now filed electronically, which should free up IRS employees to perform other functions such as answering the phones and helping taxpayers comply with ObamaCare. Call volumes, while still very high, have been [declining since 2010](#). And last year, according to the [Government Accountability Office](#), the IRS’ “processing of tax returns was timely, even though the filing season was delayed due to the 2013 government shutdown.”

In other words, the refusal by the IRS to assist taxpayers may be as much a political scare tactic — aimed in part at congressional Republicans who trimmed its funding in an effort to stymie ObamaCare enforcement — as a necessary response to budget cuts. But whether the measures are needed or not, taxpayers — as usual — will be the ones to suffer.



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