

Robert Kovacev Comments on IRS's Strategic Operating Plan in Reuters

"Former IRS Commissioner, Practitioners Weigh In On Strategic Operating Plan"

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Robert Kovacev commented on the recently released Internal Revenue Service (IRS) Strategic Operating Plan, which details the agency's plans for the 10-year, \$80 billion appropriation included in the Inflation Reduction Act (IRA). The IRS has indicated that they plan to further invest in data analytics and artificial intelligence to cut down long audit times, but Kovacev cautions that the agency should be wary of the "Black Box Effect" and ensure that revenue agents are always able to check a computer's work. "The question is: What degree of human intervention is going to be involved?" Kovacev said, adding that machines do not "have to explain" themselves. "You don't know how it came up with the list of people it's telling you to go audit." Kovacev noted that this type of centralization is the "driving theme" of the Strategic Operating Plan. "What you're going to see is increased control from Washington," he said, referring to how revenue agents go about making decisions and how to conduct, for instance, document requests. Transfer pricing and research credit audits have already become more centralized in this way, "but this will accelerate the trend."