



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

May 31, 2011

The Honorable John Thune
United States Senate
Washington, DC 20510

Dear Senator Thune:

Thank you for your letter of May 18, 2011 regarding the tax treatment of contributions to organizations governed by Section 501(c)(4) of the Internal Revenue Code.

Your letter raises the general question regarding whether IRS enforcement policy as it pertains to 501(c)(4) organizations is influenced by political considerations. As head of the agency, I can assure you that the answer is an emphatic "no." This agency is apolitical and non-partisan. That is a core value of the agency, and one which I take very seriously.

The recent publicity on this issue resulted from a single matter where an IRS employee followed up on an internal referral by sending letters to five taxpayers. This activity was conducted as part of ongoing work that focuses broadly on gift tax non-compliance and is not part of any broader effort to look at donations to 501(c)(4) organizations.

As the head of the agency, and the only political appointee at the IRS in the direct management chain of the personnel who initiated the aforementioned actions, I can assure you that there was no involvement by any political appointee, inside or outside the agency, in the initiation of these letters. I can further assure you that I have had no conversations with anyone outside of the IRS regarding any enforcement strategy for this category of cases.

The IRS has the task of administering a set of laws that often touch on sensitive issues, including the political process. I am committed to ensuring that we do so in a fair, non-partisan manner.

Finally, I have asked the appropriate IRS officials to contact the Committee staff to address any open questions.

Sincerely,

Douglas H. Shulman