

April 2, 2025

Scott Bessent
Secretary
U.S. Department of Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear Secretary Bessent:

I write to ask that you address the conflicts of interest you face as Treasury Secretary given reports of your tax avoidance. During your Senate confirmation earlier this year, reports emerged that you had engaged in extraordinary—and potentially illegal—efforts to abuse loopholes and avoid paying millions of dollars in taxes.¹ Now, as head of the agency overseeing the Internal Revenue Service (IRS), you are responsible for implementing President Trump’s hiring freeze and layoffs at the IRS. These actions make it significantly harder for the IRS to audit and recover unpaid taxes from wealthy tax cheats.² Given your own history of skirting tax rules, I ask that you take steps to pay back the taxes that you owe to the American public and recuse yourself from any decisions regarding the hiring freeze and layoffs at the IRS.

In January, my colleagues and I sent a letter requesting that you take additional steps to address your reported use of tax avoidance techniques to assure the public that you are willing to follow the same tax laws as every other American.³ The letter was sent after a Senate Finance Committee staff review of your tax returns revealed that you used loopholes and write-offs—in direct conflict with both Treasury Department policy and U.S. Tax Court rulings—to avoid paying almost \$2 million in taxes.⁴ Your response to my letter, in which you stated that you have “faithfully endeavored” to follow the law, did not answer any of my questions about the allegations against you.⁵ Nor have you agreed to the simplest way to address these questions: amending your returns and paying back the full amount of taxes that you avoided paying with your questionable positions.

¹ Letter from Senator Elizabeth Warren to Treasury Secretary Nominee Scott Bessent, January 20, 2025, https://www.warren.senate.gov/imo/media/doc/warren_wyden_whitehouse_letter_to_bessent_on_questionable_tax_returns.pdf.

² Brookings Institution, “A hamstrung IRS is a gift to rich tax cheats and a headache for honest taxpayers,” Vanessa Williamson and Ellis Chen, March 6, 2025, <https://www.brookings.edu/articles/a-hamstrung-irs-is-a-gift-to-rich-tax-cheats-and-a-headache-for-honest-taxpayers/>.

³ Letter from Senator Elizabeth Warren to Treasury Secretary Nominee Scott Bessent, January 20, 2025, https://www.warren.senate.gov/imo/media/doc/warren_wyden_whitehouse_letter_to_bessent_on_questionable_tax_returns.pdf.

⁴ *Id.*

⁵ On File with the Office of Senator Elizabeth Warren.

President Trump and Congressional Republicans have conducted a series of attacks on the IRS in recent months. Immediately after President Trump took office, he signed an Executive Order imposing an indefinite hiring freeze at the IRS. This freeze, unlike at other federal agencies, will not automatically lift after 90 days and will instead remain in effect until the Secretary of the Treasury determines that “it is in the national interest to lift the freeze.”⁶ This IRS carve-out fits neatly with Republican-led efforts to hamstring the IRS and its enforcement mechanisms.⁷ Last month, Republicans successfully clawed back \$20 billion for the division of the IRS that goes after wealth tax cheats like yourself.⁸ Only days before, the Trump administration fired over 7,000 IRS employees in the middle of tax filing season and is reportedly planning to cut close to one-third of the IRS’s 100,000-person workforce, returning the agency to staffing levels not seen since at least before 1980.⁹

These efforts are an attempt to roll back the progress that the IRS has made in auditing wealthy tax cheats—facilitated mainly by President Biden’s \$80 billion investment in the IRS through the *Inflation Reduction Act*.¹⁰ This historic investment not only allowed the IRS to hire more staffers to ensure the wealthy begin to pay their fair share; it also improved and modernized taxpayer services for hardworking Americans, making it easier for them to file their taxes and receive refunds.¹¹ The \$80 billion investment alone was expected to increase revenue by approximately \$200 billion over the next ten years.¹² Slashing the agency in half would decimate collection efforts, including by emboldening tax evaders, the vast majority of which are ultra-wealthy individuals like yourself. The wealthiest five percent of Americans already evade an estimated \$591 billion in taxes annually.¹³ Cutting the IRS in half will lead to an additional \$2.4 trillion dollars in lost revenue over the next decade.¹⁴

⁶ The White House, “Hiring Freeze,” January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/hiring-freeze/>.

⁷ Washington Post, “Congress stripped IRS of another \$20 billion in government shutdown fight,” Jacob Bogage and Shannon Najmabadi, December 26, 2024, <https://www.washingtonpost.com/business/2024/12/26/irs-funding-cut-20-billion-shutdown/>.

⁸ PBS, “WATCH: Senate passes Republican funding bill hours before shutdown deadline,” Kevin Freking & Lisa Mascaro, March 14, 2025, <https://www.pbs.org/newshour/politics/watch-live-senate-to-vote-on-republican-funding-bill-as-shutdown-looms>.

⁹ Washington Post, “Internal White House document details layoff plans across U.S. agencies,” Emily Davies and Jeff Stein, March 27, 2025, <https://www.washingtonpost.com/politics/2025/03/27/federal-worker-layoffs-government-agencies/>; National Profile and Enforcement Trends Over Time, “Internal Revenue Service Staff,” <https://tracreports.org/tracirs/trends/v09/irsStaff.html>.

¹⁰ The Guardian, “How did Republican fearmongering about an IRS ‘shadow army’ go mainstream?,” Ruth Braunstein, September 8, 2022, <https://www.theguardian.com/commentisfree/2022/sep/08/republicans-irs-shadow-army-fearmongering/>.

¹¹ Internal Revenue Service, “Building on filing season 2023 success, IRS continues to improve service, pursue high-income individuals evading taxes, modernize technology,” press release, July 14, 2023, <https://www.irs.gov/newsroom/building-on-filing-season-2023-success-irs-continues-to-improve-service-pursue-high-income-individuals-evading-taxes-modernize-technology>.

¹² Congressional Budget Office, “The Effects of Increased Funding for the IRS,” Phill Swagel, September 2, 2021, <https://www.cbo.gov/publication/57444>.

¹³ Yale Budget Lab, “The Revenue and Distributional Effects of IRS Funding,” March 13, 2025, <https://budgetlab.yale.edu/research/revenue-and-distributional-effects-irs-funding>.

¹⁴ Congressional Budget Office, “The Effects of Increased Funding for the IRS,” Phill Swagel, September 2, 2021, <https://www.cbo.gov/publication/57444>.

I am concerned that your own history of using abusive and potentially illegal tax avoidance techniques may impact your ability to objectively determine whether to fire additional IRS employees and when to lift President Trump's hiring freeze. I therefore ask that you (1) recuse yourself from any further Treasury Department discussion(s) or decision(s) related to further IRS firings and the lifting of the hiring freeze and (2) end the questions about your own adherence to tax law by paying back to the IRS the full amount of taxes that the Senate Finance Committee staff found that you did not pay because of your questionable tax avoidance tactics.

I ask that you respond to this request no later than April 15, 2025.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elizabeth Warren", written in black ink. The signature is fluid and somewhat stylized, with a long horizontal flourish at the end.

Elizabeth Warren
United States Senator