



## United Brotherhood of Carpenters and Joiners of America (UBC)

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### **The United Brotherhood of Carpenters Supports Restoring Funding to the IRS to Fight Tax Fraud**

Washington, D.C. – The United Brotherhood of Carpenters and Joiners of America (UBC) supports efforts in Congress and President Biden’s proposal to restore funding to the Internal Revenue Service (IRS) to fight rampant tax fraud. The funding can be helpful in curbing massive tax fraud in the construction industry.

Yesterday, IRS Commissioner Chuck Rettig testified before the Senate Finance Committee that the nation’s tax gap is expected to reach a staggering \$7.5 trillion over the next ten years. The tax gap is the difference between federal taxes actually paid and what should be paid.

But the IRS’s new \$7.5 trillion tax gap number may be a low estimate. Commissioner Rettig said, “It would not be outlandish to believe that the actual tax gap could approach and possibly exceed, \$1 trillion per year.” In comparison, the yearly tax gap from 2011 to 2013 was \$441 billion.

“Growing tax fraud is not a surprise to us,” said Douglas J. McCarron, General President of the UBC. “Funding for IRS enforcement has been gutted over the years while criminal tax fraud has grown dramatically in the construction industry. We’re seeing more contractors using labor brokers who routinely violate basic employment and tax laws. Workers, honest employers and taxpayers are being betrayed.”

In 2020 an [authoritative study](#) found that as many as 2.41 million construction workers, over 20 percent of the construction workforce, are illegally paid off the books or misclassified as independent contractors. Using mid-range estimates, the federal and state tax losses are \$8.4 billion a year. Additionally, employers illegally foist \$3.5 billion of their employment tax obligations onto the backs of construction workers’ families.

The UBC supports the 10.4 percent in increased funding that has been proposed by President Biden. But it cannot be focused only on virtual currency and offshore tax havens. There needs to be a focus on enforcing tax laws in the construction industry. If not, lawlessness will continue to grow, and more markets will be dominated by cheating contractors.

“Law-abiding employers shouldn’t have to risk losing their businesses just because they can’t compete against the crooks,” said McCarron.

In response to tax fraud and worker exploitation in the construction industry, UBC affiliates are holding over 80 protest events in the U.S. and Canada this week. For more information visit [StopTaxFraud.net/StandUp](http://StopTaxFraud.net/StandUp).

*The United Brotherhood of Carpenters represents over 500,000 members and strives to build a strong construction industry with contractors across the United States and Canada.*

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