



GENERAL LEGAL ACTIVITIES Tax Division

| FY 2024 Budget Request At A Glance | |
|------------------------------------|---|
| FY 2023 Enacted: | \$122.1 million (523 positions; 395 attorneys) |
| Current Services Adjustments: | +\$6.9 million |
| Program Changes: | +\$1.3 million |
| FY 2024 Budget Request: | \$130.3 million (533 positions; 405 attorneys) |
| Change From FY 2023 Enacted: | +\$8.2 million (+6.7%) (+10 positions; +10 attorneys) |

Mission:

The mission of the Tax Division (TAX) is to enforce the nation's tax laws fully, fairly, and consistently, through both criminal and civil litigation, to promote voluntary compliance with the tax laws, maintain public confidence in the integrity of the tax system, and promote the sound development of the tax laws.

Organization:

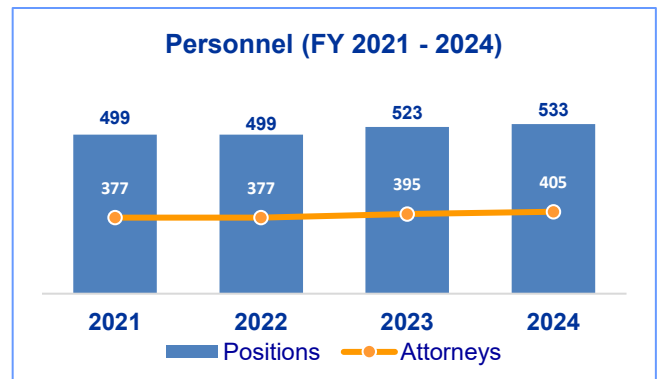
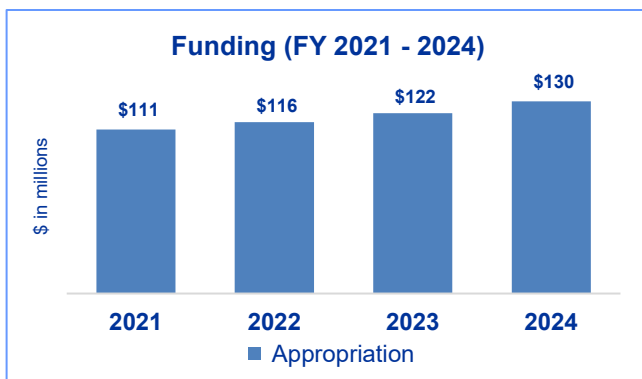
TAX is headed by an Assistant Attorney General, who is appointed by the President and confirmed by the Senate. Four Deputy Assistant Attorneys General help manage the Division. The Division's offices are located in Washington, DC, except the Southwestern Civil Trial Section, which is located in Dallas, Texas.

Resources:

The FY 2024 budget request for TAX totals \$130.3 million, which is a 6.7 percent increase over the FY 2023 Enacted.

Personnel:

The TAX's direct authorized positions for FY 2024 total 533 positions, including an increase of 10 positions over the FY 2023 Enacted of 523 direct authorized positions.



FY 2024 Strategy:

TAX will continue to play the leading role in the Federal Government's efforts to enforce tax laws fully and fairly in both civil and criminal matters to combat abuse of the Nation's internal revenue laws. TAX's litigation furthers the longstanding bi-partisan goal of reducing the tax gap. TAX provides a significant return on investment, as the sums collected, and refunds saved by the Division consistently exceed its annual appropriation. TAX's strategy of publicizing its litigation accomplishments has a deterrent effect on would-be tax offenders, while also strengthening the Nation's voluntary compliance system by assuring law-abiding taxpayers that those who attempt to shirk their lawful responsibilities will be held accountable.

TAX's approach is to punish or penalize offenders, deter future violations, and reassure honest taxpayers that they will not bear an undue share of the Federal tax burden. Syndicated conservation easements, for example, are used by some promoters as fraudulent tax shelters to claim billions of dollars in improper tax benefits. TAX is using a variety of methods to defeat syndicated conservation easements. TAX commenced criminal investigations that have resulted in two tax professionals pleading guilty to promoting a syndicated conservation easement tax scheme involving more than \$1.2 billion in fraudulent charitable deductions. At the same time, TAX has successfully litigated civil cases to gather records for the Internal Revenue Service's (IRS) ongoing examinations, to establish that claimed deductions were not proper, and to enjoin promoters from continuing to claim hundreds of millions of dollars in improper tax benefits.

TAX's criminal enforcement strategy for FY 2024 will continue to focus efforts on several high-priority criminal enforcement areas, including: employers who fail to collect or pay the employment taxes they owe; non-compliance with U.S. tax laws through the use of secret offshore bank accounts, sophisticated financial instruments, and cryptocurrencies; those who reject the legal foundation of the tax system (despite decades of legal precedent upholding the system's constitutional and statutory validity) and who take specific and concrete action to violate the law; and cases in which tax charges have long been used to prosecute complex fraud such as mortgage fraud, securities fraud, and other financial frauds that are strengthened by the addition of tax charges.

TAX's primary civil strategy is to file tax enforcement and collection cases in the Federal courts and defend suits claiming tax refunds. By targeting acute tax enforcement problems that threaten the nationwide administration of the tax system, TAX ensures that tax laws are properly enforced. TAX brings suits to stop tax scam promoters and unscrupulous preparers, to collect unpaid taxes, and to allow the IRS to obtain information needed for tax enforcement. TAX also defends the Federal Treasury against tax refund claims arising from complex and abusive corporate and individual tax shelters that are estimated to cost the Treasury billions of dollars annually.

FY 2024 Program Changes:

Increased Tax Enforcement: \$1.3 million and 10 positions (10 attorneys)

As the IRS ramps up efforts to combat sophisticated tax evasion, TAX expects a proportional increase in work referred to it by the IRS. The IRS's Commissioner Rettig recently noted that expanded IRS enforcement efforts will "focus on high net-worth individuals, large pass throughs, corporate compliance, employment tax field examinations and non-filers with virtual currency, among others." Additional funding will allow TAX to continue to focus its efforts in these areas. Another area of focus involves unscrupulous tax preparers who prey on vulnerable taxpayers and those who do not speak English. The IRS's investments on these areas will only succeed if TAX has sufficient resources to litigate when these matters reach Federal district court. Current services are \$129.0 million and 523 positions (405 attorneys).

Tax Division
(Dollars in Thousands)

| | Tax Division | | |
|---|--------------|------------|----------------|
| | Pos | FTE | Amount |
| 2022 Appropriation | 499 | 432 | 116,169 |
| Supplemental - Ukraine Response - FY 2022 | 0 | 0 | 655 |
| 2022 Enacted with Supplemental | 499 | 432 | 116,824 |
| 2023 Enacted | 523 | 465 | 122,148 |
| 2024 Request | 533 | 480 | 130,332 |
| Change 2024 from 2023 Enacted | 10 | 15 | 8,184 |
| Technical Adjustments | | | |
| Total Technical Adjustments | 0 | 0 | 0 |
| Base Adjustments | | | |
| Pay & Benefits | 0 | 10 | 6,869 |
| Other Adjustments | 0 | 0 | 12 |
| Total Base Adjustments | 0 | 10 | 6,881 |
| 2024 Current Services | 523 | 475 | 129,029 |
| Program Changes | | | |
| Increases: | | | |
| Increased Tax Enforcement | 10 | 5 | 1,303 |
| Subtotal, Program Increases | 10 | 5 | 1,303 |
| Decreases: | | | |
| Subtotal, Program Decreases | 0 | 0 | 0 |
| Total Program Changes | 10 | 5 | 1,303 |
| 2024 Request | 533 | 480 | 130,332 |

Tax Division
(Dollars in Thousands)

| Comparison by activity and program | 2023 Enacted | | | 2024 Current Services | | |
|--|--------------|------------|----------------|-----------------------|------------|----------------|
| | Pos. | FTE | Amount | Pos. | FTE | Amount |
| General Tax Matters | 523 | 465 | 122,148 | 523 | 475 | 129,029 |
| Total | 523 | 465 | 122,148 | 523 | 475 | 129,029 |
| <i>Sub-Allotments and Direct Collections (FYI)</i> | | 24 | | | 24 | |
| FTE Grand Total | | 489 | | | 499 | |

| Comparison by activity and program | 2024 Total Program Changes | | | 2024 Request | | |
|--|----------------------------|----------|--------------|--------------|------------|----------------|
| | Pos. | FTE | Amount | Pos. | FTE | Amount |
| General Tax Matters | 10 | 5 | 1,303 | 533 | 480 | 130,332 |
| Total | 10 | 5 | 1,303 | 533 | 480 | 130,332 |
| <i>Sub-Allotments and Direct Collections (FYI)</i> | | 0 | | | 24 | |
| FTE Grand Total | | 5 | | | 504 | |