



## GENERAL LEGAL ACTIVITIES Tax Division (TAX)

FY 2023 Budget Request At A Glance	
FY 2022 President's Budget:	\$116.2 million (499 positions; 377 attorneys)
Current Services Adjustments:	+\$845,000
Program Changes:	+\$4.3 million
FY 2023 Budget Request:	\$121.3 million (519 positions; 391 attorneys)
Change From FY 2022 President's Budget:	+\$5.1 million (+4.4%) (+20 positions; +14 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:**

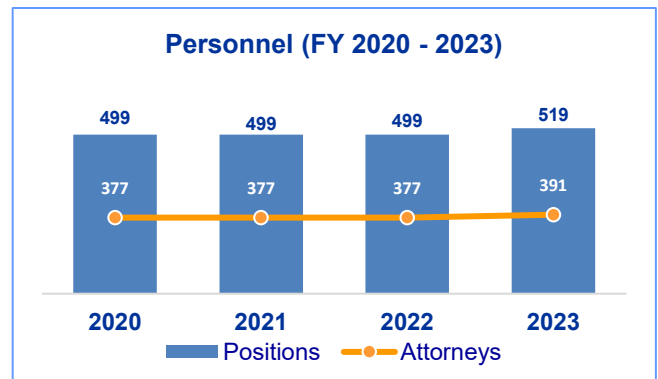
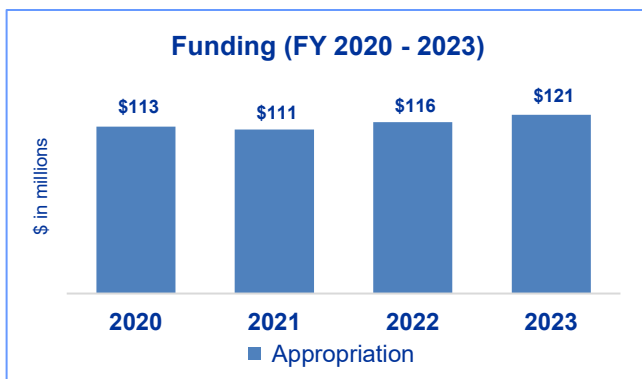
TAX is headed by an Assistant Attorney General, who is appointed by the President and confirmed by the Senate. Four Deputy Assistant Attorneys General help manage the Division. The Division's offices are located in Washington, DC, except the Southwestern Civil Trial Section, which is located in Dallas,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

**Resources:**

The FY 2023 budget request for TAX totals \$121.3 million, which is a 4.4 percent increase over the FY 2022 President's Budget, and a 4.4 percent increase over the FY 2022 Enacted.

**Personnel:**

TAX's requested direct authorized positions for FY 2023 total 519 positions, including an increase of 20 positions over the FY 2022 President's Budget of 499 direct authorized positions.



## **FY 2023 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 bipartisan 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 2023 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 2023 Program Changes:**

**Increased Enforcement:** \$4.3 million and 20 positions (14 attorneys)

This request will allow TAX to keep pace with the anticipated increases in workload. As the IRS ramps up efforts to combat sophisticated tax evasion, TAX expects a proportional increase in work referred to the Division by the IRS. TAX is a significant part of both civil and criminal tax administration in this country. This increase is necessary to address the additional cases and complexity of issues that TAX anticipates in FY 2023. As the tax gap is combated through a comprehensive approach across the Federal government in tax enforcement, TAX's budget must keep pace with that workload to enforce the nation's tax laws fully, fairly, and uniformly. The current services for this initiative are \$117.0 million and 499 positions (377 attorneys).

**Tax Division**  
(Dollars in Thousands)

	Tax Division		
	Pos	FTE	Amount
<b>2021 Appropriation</b>	499	451	111,002
<b>2022 Continuing Resolution</b>	499	451	111,002
Expected Change from FY 2022 CR	0	0	5,167
<b>2022 President's Budget</b>	499	451	116,169
<b>2023 Request</b>	519	461	121,306
<b>Change 2023 from 2022 President's Budget</b>	20	10	5,137
<b>Technical Adjustments</b>			
<b>Total Technical Adjustments</b>	0	0	0
<b>Base Adjustments</b>			
Pay & Benefits	0	0	3,024
Domestic Rent & Facilities	0	0	-2,183
Other Adjustments	0	0	4
<b>Total Base Adjustments</b>	0	0	845
<b>2023 Current Services</b>	499	451	117,014
<b>Program Changes</b>			
<b>Increases:</b>			
Increased Enforcement	20	10	4,292
<b>Subtotal, Program Increases</b>	20	10	4,292
<b>Decreases:</b>			
<b>Subtotal, Program Decreases</b>	0	0	0
<b>Total Program Changes</b>	20	10	4,292
<b>2023 Request</b>	519	461	121,306

**Tax Division**  
(Dollars in Thousands)

Comparison by activity and program	2022 President's Budget			2023 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
General Tax Matters	499	451	116,169	499	451	117,014
<b>Total</b>	<b>499</b>	<b>451</b>	<b>116,169</b>	<b>499</b>	<b>451</b>	<b>117,014</b>
<i>Sub-Allotments and Direct Collections (FYI)</i>		31			31	
<b>FTE Grand Total</b>		<b>482</b>			<b>482</b>	

Comparison by activity and program	2023 Total Program Changes			2023 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
General Tax Matters	20	10	4,292	519	461	121,306
<b>Total</b>	<b>20</b>	<b>10</b>	<b>4,292</b>	<b>519</b>	<b>461</b>	<b>121,306</b>
<i>Sub-Allotments and Direct Collections (FYI)</i>		0			31	
<b>FTE Grand Total</b>		<b>10</b>			<b>492</b>	