



## GENERAL LEGAL ACTIVITIES Tax Division (TAX)

FY 2019 Budget Request At A Glance	
FY 2018 Continuing Resolution:	\$106.3 million (499 positions; 377 attorneys)
Current Services Adjustments:	-\$1.3 million
Program Changes:	+\$500,000
FY 2019 Budget Request:	\$105.4 million (485 positions; 368 attorneys)
Change From FY 2018 Continuing Resolution:	-\$818,000 (-0.8%) (-14 positions; -9 attorneys)

### Mission:

The mission of the Tax Division 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:

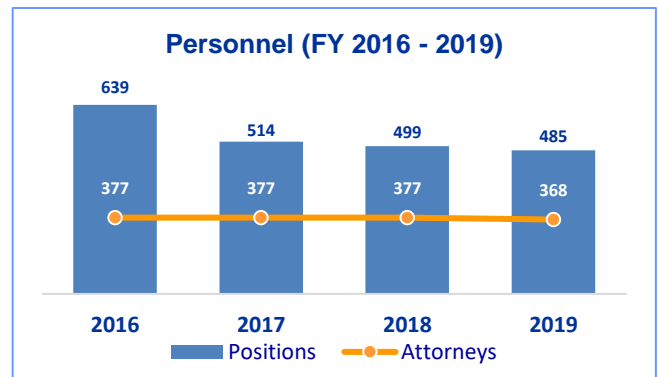
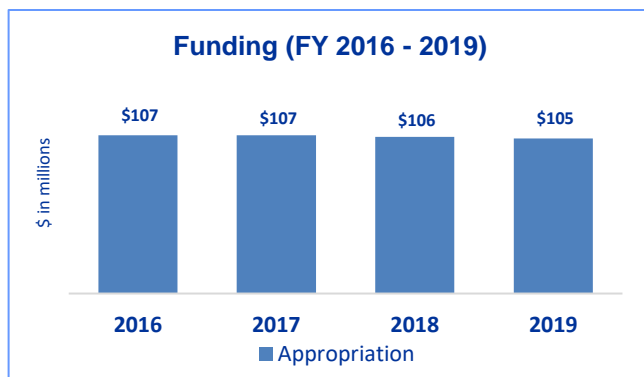
TAX is headed by an Assistant Attorney General, who is appointed by the President and confirmed by the Senate. Four Deputy Assistant Attorneys General help manage the Division. All of the Division's offices are located in Washington, D.C., except the Southwestern Civil Trial Section, which is located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

### Resources:

The FY 2019 budget request for TAX totals \$105.4 million, which is a 0.8% decrease from the FY 2018 Continuing Resolution.

### Personnel:

TAX's direct positions for FY 2019 total 485 positions. TAX's FY 2019 request includes a decrease of -14 positions from the FY 2018 Continuing Resolution of 499 direct positions.



\* FY 2018 annualized CR

## FY 2019 Strategy:

TAX will continue to play a significant role in the Government's efforts to enforce the tax laws fully and fairly, in both the civil and criminal arena, and 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 also represents a significant return on investment, as the sums collected and refunds saved by the Division consistently exceed its annual appropriation. In addition, 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.

The Division's criminal enforcement strategy is to ensure strong, consistent and uniform prosecution of the criminal tax laws to punish offenders, deter future violations, and reassure honest taxpayers that they will not bear an undue share of the federal tax burden. For FY 2019, the Division will continue its efforts in several high-priority criminal enforcement areas, including:

**Stolen Identity Refund Fraud:** Cases in which criminals file for tax refunds using stolen identities. This crime costs the Government billions of dollars and affects tens of thousands of citizens.

**Offshore Tax Evasion:** This remains one of TAX's top litigation priorities. Non-compliance with U.S. tax laws through the use of secret offshore bank accounts, technically sophisticated financial instruments, and use of the Internet to quickly transfer money around the world remains a major source of noncompliance.

**Tax Defiers:** 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. TAX uses its resources judiciously by targeting prominent tax defiers – ringleaders or influential followers – for civil enforcement and criminal prosecution.

**Financial Fraud:** Cases in which tax charges have long been used to prosecute complex fraud. Prosecution of mortgage fraud, securities fraud, and other financial fraud is often strengthened by the addition of tax charges.

TAX's primary civil strategy is to defend against federal tax cases filed by taxpayers and to file tax enforcement and collection cases in the federal courts. By targeting acute tax enforcement problems that threaten the nationwide administration of the tax system, the Division ensures that the tax laws are properly enforced. 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. TAX also brings suits to stop tax scam promoters and unscrupulous preparers, to collect unpaid taxes, and to allow the Internal Revenue Service to obtain information needed for tax enforcement.

## FY 2019 Program Changes:

**Transnational Crime and Tax Evasion:** \$500,000 and 6 positions (5 attorneys)

The Tax Division and the IRS have worked closely for several years to combat offshore tax evasion, an effort largely focused on Switzerland. IRS Criminal Investigations believes now is the time to expand such work to include countries in Asia, Latin America and elsewhere. IRS Criminal Investigations is in the process of shifting significant portions of its workforce to offshore tax evasion. The Tax Division requests additional resources to establish a new tax evasion unit that will work directly with the IRS on transnational crime and off-shore tax evasion. Experience has shown that close coordination between agents and prosecutors from the outset is critical to success.

**Tax Division**  
(Dollars in Thousands)

	Tax Division		
	Pos	FTE	Amount
<b>2017 Appropriation</b>	<b>514</b>	<b>504</b>	<b>106,979</b>
<b>2018 Continuing Resolution</b>	<b>499</b>	<b>499</b>	<b>106,253</b>
<b>2019 Request</b>	<b>485</b>	<b>482</b>	<b>105,435</b>
<b>Change 2019 from 2018 Continuing Resolution</b>	<b>-14</b>	<b>-17</b>	<b>-818</b>
<b>Technical Adjustments</b>			
CR Base Adjustment	0	0	605
<b>Total Technical Adjustments</b>	<b>0</b>	<b>0</b>	<b>605</b>
<b>Base Adjustments</b>			
Pay & Benefits	0	0	573
Domestic Rent & Facilities	0	0	1,080
Other Adjustments including Administrative Savings	-20	-20	-3,576
<b>Total Base Adjustments</b>	<b>-20</b>	<b>-20</b>	<b>-1,923</b>
<b>2019 Current Services</b>	<b>479</b>	<b>479</b>	<b>104,935</b>
<b>Program Changes</b>			
<b>Increases:</b>			
Transnational Crime and Tax Evasion	6	3	500
<b>Subtotal, Program Increases</b>	<b>6</b>	<b>3</b>	<b>500</b>
<b>Decreases:</b>			
<b>Subtotal, Program Decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Program Changes</b>	<b>6</b>	<b>3</b>	<b>500</b>
<b>2019 Request</b>	<b>485</b>	<b>482</b>	<b>105,435</b>

**Tax Division**  
(Dollars in Thousands)

Comparison by activity and program	2018 Continuing Resolution			2019 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
General Tax Matters	499	499	106,253	479	479	104,935
<b>Total</b>	499	499	106,253	479	479	104,935
<b>Grand Total</b>	499	499	106,253	479	479	104,935

Comparison by activity and program	2019 Total Program Changes			2019 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
General Tax Matters	6	3	500	485	482	105,435
<b>Total</b>	6	3	500	485	482	105,435
<b>Grand Total</b>	6	3	500	485	482	105,435