



General Legal Activities Tax Division (TAX)

FY 2010 Budget Request At A Glance

| | |
|-------------------------------|-------------------------------------------------------|
| FY 2009 Enacted: | \$101 million (621 positions; 369 attorneys) |
| Current Services Adjustments: | +\$1.9 million (2% above FY 2009 Enacted) |
| Program Changes: | +\$2.9 million |
| FY 2010 Budget Request: | \$105.9 million (639 positions; 382 attorneys) |
| Change from FY 2009 Enacted: | +\$4.8 million (+4.8%) (+18 positions; +13 attorneys) |

Mission:

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

Resources:

The budget request for FY 2010 totals \$105.9 million, which is a 4.8 percent increase from the FY 2009 enacted level.

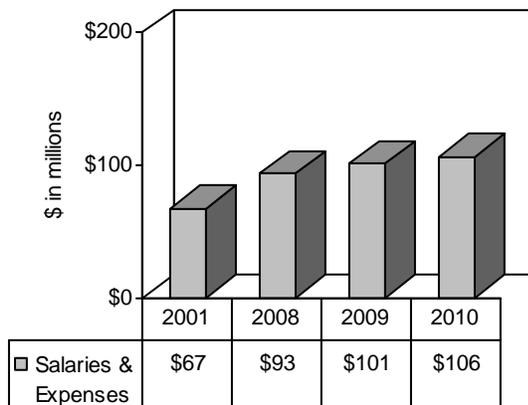
Organization:

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. Attorneys travel domestically and internationally for litigation activities.

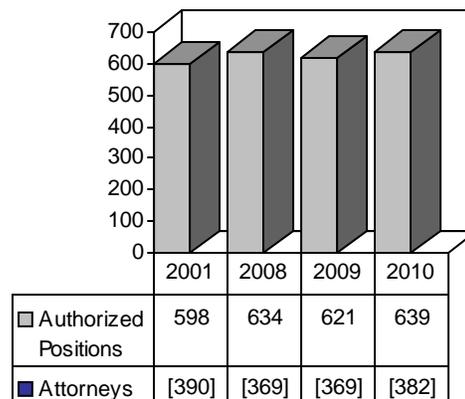
Personnel:

TAX's authorized positions for FY 2010 total 639 positions, of which 382 are attorneys. The FY 2010 budget request includes an increase of 18 positions (13 attorneys), over the FY 2009 level of 621 direct authorized positions.

Funding (FY 2001 - 2010)



Personnel (FY 2001 - 2010)



* Includes reimbursable attorneys

FY 2010 Strategy:

TAX will concentrate on curtailing the activity of promoters, enabler, tax defiers, and tax professionals who help others avoid taxes illegally. The Division’s long-standing coordinated approach to tax enforcement is a particularly effective component to the administration’s goal to reduce the tax gap. As a natural consequence of the Division’s efforts, there is a significant monetary effect on the Treasury, an effect that substantially exceeds the dollars appropriated to the Division to perform its work.

In 2010, TAX intends to play a critical role in investigating and prosecuting tax defiers. Tax defiers, like other tax fraudsters, fail to report and pay the taxes they owe. A distinguishing feature of tax defiers is their attempt at bringing fraudulent claims, filing frivolous returns, and engaging in bogus schemes. Their conduct harms the United States by improperly reducing tax revenues, unnecessarily consuming administrative and judicial resources, falsely encouraging others to emulate their unlawful behavior, and undermining public confidence in the fairness of the tax system.

Tax defier cases are extremely resource intensive. TAX attorneys spent over 62,000 hours on tax defier cases in FY 2008; an increase of 26% over FY 2007. The level of attorney hours expended on tax-defier cases is expected to continue. The Division’s new criminal tax defier cases mushroomed from 73 cases in FY 2007 to 131 cases in FY 2008.

TAX uses its resources judiciously by targeting prominent tax defiers. Criminal prosecutors in the Division and in the United States Attorneys Offices have obtained guilty verdicts or guilty pleas in more than 200 tax defier cases, including high-profile tax injunctions.

FY 2010 Program Changes:

Operation National Tax Defier: 18 positions (13 attorneys) and \$2.9 million to implement this initiative, which will investigate, and where appropriate, prosecute those who take action to defy the tax laws. To carry out the goals of Operation National Tax Defier, the Division needs a cadre of experienced litigators who are familiar with tax-defier schemes. By strengthening and expanding coordination among TAX, the Internal Revenue Service, and the U.S. Attorneys offices, Operation National Tax Defier will ensure that both criminal and civil enforcement tools against tax defiers are fully considered and are effectively employed. The requested program increase will establish a baseline for this initiative.

Financial Snapshot 2008

| | |
|---------------------------------------|------|
| Clean Opinion on Financial Statements | Yes |
| Timely Financial Reporting | Yes |
| Material Weaknesses | None |

GENERAL LEGAL ACTIVITIES
TAX DIVISION

(Dollars in Thousands)

| | SALARIES & EXPENSES | | |
|--------------------------------------|--------------------------------|------------|-----------------|
| | Pos. | FTE | Amount |
| 2008 Enacted | 634 | 573 | \$92,781 |
| 2009 Enacted | 621 | 573 | 101,016 |
| 2010 Request | 639 | 582 | 105,877 |
| Change 2010 from 2009 Enacted | 18 | 9 | 4,861 |
| Adjustments to Base | | | |
| Increases: | | | |
| Pay and Benefits | 0 | 0 | 1,690 |
| Domestic Rent and Facilities | 0 | 0 | 235 |
| Other Adjustments | 0 | 0 | 27 |
| Total Adjustments to Base | 0 | 0 | 1,952 |
| 2010 Current Services | 621 | 573 | 102,968 |
| Program Changes | | | |
| Increases: | | | |
| Operation National Tax Defier | 18 | 9 | 2,909 |
| Total Program Changes | 18 | 9 | 2,909 |
| 2010 Request | 639 | 582 | 105,877 |
| Change 2010 from 2009 Enacted | 18 | 9 | 4,861 |

**GENERAL LEGAL ACTIVITIES
TAX DIVISION
SALARIES AND EXPENSES
(Dollars in thousands)**

| Comparison by activity and program | 2009 Enacted | | | 2010 Current Services | | |
|------------------------------------|--------------|--------------|----------------|-----------------------|------------|------------------|
| | Perm Pos. | FTE | Amount | Perm Pos. | FTE | Amount |
| 1. General Tax Matters | 621 | 573 | \$101,016 | 621 | 573 | \$102,968 |
| Total | 621 | 573 | 101,016 | 621 | 573 | 102,968 |
| Reimbursable FTE | 0 | 5 | 0 | 0 | 5 | 0 |
| Grand Total | 621 | \$578 | 101,016 | 621 | 578 | \$102,968 |

| Comparison by activity and program | Total Program Changes | | | 2010 Request | | |
|------------------------------------|-----------------------|----------|----------------|--------------|------------|------------------|
| | Perm Pos. | FTE | Amount | Perm Pos. | FTE | Amount |
| 1. General Tax Matters | 18 | 9 | \$2,909 | 639 | 582 | \$105,877 |
| Total | 18 | 9 | 2,909 | 639 | 582 | 105,877 |
| Reimbursable FTE | 0 | 0 | 0 | 0 | 5 | 0 |
| Grand Total | 18 | 9 | \$2,909 | 639 | 587 | \$105,877 |