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Yellen Sets Six-Month Timeline for IRS Plan to Target Tax Cheats

Treasury secretary asks IRS for details on how it will deploy an influx of \$80 billion in enforcement funding.

Aug. 18, 2022



Treasury Secretary Janet Yellen set a six-month timeframe for the Internal Revenue Service to compile a plan detailing how it will deploy an influx of \$80 billion in enforcement funding over the next decade.

“The work will require an all-hands-on-deck approach from the dedicated employees of the IRS,” Yellen wrote in a memo Wednesday to IRS Commissioner Charles Rettig, a day after President Joe Biden signed legislation including the new funding.

The strategic plan will provide a roadmap for what has been the largest dedicated funding stream provided to the IRS in decades. The details could also help insulate the agency from political criticism. Republicans, many whom opposed giving the IRS the extra money, have said it’s using the funding to hire an additional 87,000 auditors to target middle-class households.

In her memo, Yellen pointed to broader objectives, saying the plan “will require the agency to modernize,” by overhauling an information-technology system “that is decades out of date.” The agency will need to clear a backlog of tax returns and boost services for taxpayers, along with “training employees so they can identify the most complex evasion schemes by those at the top,” she said.

The Treasury chief also said the IRS needs to develop plans to replace 50,000 workers that are expected to retire in the next five years. That amounts to a significant chunk of the roughly 80,000 employees currently at the IRS.

Yellen said in the memo that none of the money will be used to increase enforcement activity tied to those earning less than \$400,000 annually, and instead will be focused on evasion by high-earners.

The next several months are likely to be a period of transition for the IRS. Rettig, who was nominated by former President Donald Trump, faces the expiration of his term in November, and the Biden administration has not yet announced a replacement. The commissioner post requires Senate confirmation, so it’s likely the agency will be led by an acting chief for at least a few months until a new commissioner can be approved.

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