



## GENERAL LEGAL ACTIVITIES Tax Division (TAX)

| FY 2015 Budget Request At A Glance |  |
|------------------------------------|--|
| FY 2014 Enacted:                   | \$104.5 million (639 positions; 377 attorneys) |
| Current Services Adjustments:      | +\$5.1 million                                 |
| Program Changes:                   | -\$353,000                                     |
| FY 2015 Budget Request:            | \$109.2 million (639 positions; 377 attorneys) |
| Change From FY 2014 Enacted:       | +\$4.7 million (+4.5%)                         |

**Mission:**

The Tax Division's mission is to enforce the nation's tax laws fully, fairly, and consistently, through both criminal and civil litigation, in order 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 law.

**Organization:**

The Tax Division is headed by an Assistant Attorney General (AAG), who is appointed by the President and confirmed by the Senate. Four Deputy Assistant Attorneys General (DAAG) 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. Attorneys travel domestically and internationally for litigation activities.

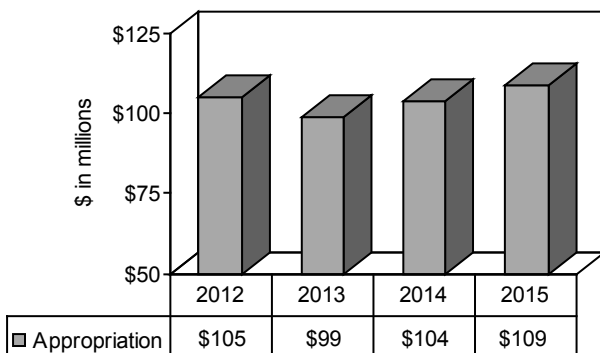
**Resources:**

The FY 2015 budget request for TAX totals \$109.2 million, which is a 4.5% increase over the FY 2014 Enacted.

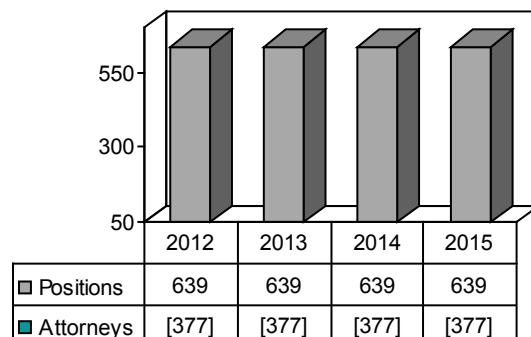
**Personnel:**

The TAX's direct positions for FY 2015 total 639 positions and is the same as FY 2014 Enacted. However, between January 2011 and December 2013, the number of TAX's onboard staff declined by 108 (44 attorneys).

**Funding (FY 2012 - 2015)**



**Personnel (FY 2012 - 2015)**



## FY 2015 Strategy:

The Tax Division 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. The Division's litigation furthers the Administration's goal of reducing the Tax Gap, and also represents a significant return on investment, as the sums collected and refunds saved by the Division consistently exceed its annual appropriation. Taking into account the tax dollars collected and the tax refunds not paid as a result of litigation, the Division has returned \$14 for each dollar invested. In addition, the Division'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 2015, the Tax Division will continue its efforts in several high-priority criminal enforcement areas, including:

- **Stolen Identity Refund Fraud (SIRF)**, 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**, which remains one of the Tax Division'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**, who simply refuse to pay taxes. Tax Defiers often are linked to groups that espouse violent actions against the Government and some of its citizens.
- **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.

The Tax Division'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 the particularly acute tax enforcement problems that threaten the nationwide administration of the tax system, the Division ensures that the tax laws are properly enforced. The Tax Division 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. The Division also 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.

## FY 2015 Program Changes:

**Program Offset - Miscellaneous Program and Administrative Reductions:** -\$353,000 and 0 positions  
Reductions to existing operations and services necessary to pay for increases in existing costs, including pay raises, FERS contributions, and GSA rent, among others. Program and administrative reductions to be identified once funds are appropriated.

**Tax Division**  
(Dollars in Thousands)

|  | Tax Division |            |                |
|--|--------------|------------|----------------|
|  | Pos          | Est. FTE   | Amount         |
| <b>2013 Appropriation</b>  | <b>639</b>   | <b>496</b> | <b>106,276</b> |
| 2013 Rescissions (1.877 % & 0.2%)                                    | 0            | 0          | -2,203         |
| 2013 Sequester Cut   | 0            | 0          | -5,239         |
| <b>2013 Enacted with Rescissions and Sequester</b>                   | <b>639</b>   | <b>496</b> | <b>98,834</b>  |
| <b>2014 Enacted</b>  | <b>639</b>   | <b>534</b> | <b>104,470</b> |
| <b>2015 Request</b>  | <b>639</b>   | <b>534</b> | <b>109,171</b> |
| <b>Change 2015 from 2014 Enacted</b>                                 | <b>0</b>     | <b>0</b>   | <b>4,701</b>   |
| <b>Technical Adjustments</b>   |              |            |                |
| <b>Total Technical Adjustments</b>                                   | <b>0</b>     | <b>0</b>   | <b>0</b>       |
| <b>Base Adjustments</b>  |              |            |                |
| Pay & Benefits   | 0            | 0          | 1,695          |
| Domestic Rent & Facilities   | 0            | 0          | 3,359          |
| <b>Total Base Adjustments</b>  | <b>0</b>     | <b>0</b>   | <b>5,054</b>   |
| <b>2015 Current Services</b>   | <b>639</b>   | <b>534</b> | <b>109,524</b> |
| <b>Program Changes</b>   |              |            |                |
| <b>Increases:</b>  |              |            |                |
| <b>Subtotal, Program Increases</b>                                   | <b>0</b>     | <b>0</b>   | <b>0</b>       |
| <b>Decreases:</b>  |              |            |                |
| Program Offset - Miscellaneous Program and Administrative Reductions | 0            | 0          | -353           |
| <b>Subtotal, Program Decreases</b>                                   | <b>0</b>     | <b>0</b>   | <b>-353</b>    |
| <b>Total Program Changes</b>   | <b>0</b>     | <b>0</b>   | <b>-353</b>    |
| <b>2015 Request</b>  | <b>639</b>   | <b>534</b> | <b>109,171</b> |

**Tax Division**  
(Dollars in Thousands)

| Comparison by activity and program | 2014 Enacted |          |         | 2015 Current Services |          |         |
|------------------------------------|--------------|----------|---------|-----------------------|----------|---------|
|                                    | Perm Pos.    | Est. FTE | Amount  | Perm Pos.             | Est. FTE | Amount  |
| General Tax Matters                | 639          | 534      | 104,470 | 639                   | 534      | 109,524 |
| <b>Total</b>                       | 639          | 534      | 104,470 | 639                   | 534      | 109,524 |
| Reimbursable FTE                   | 0            | 0        | 0       | 0                     | 0        | 0       |
| <b>Grand Total</b>                 | 639          | 534      | 104,470 | 639                   | 534      | 109,524 |

| Comparison by activity and program | 2015 Total Program Changes |          |        | 2015 Request |          |         |
|------------------------------------|----------------------------|----------|--------|--------------|----------|---------|
|                                    | Perm Pos.                  | Est. FTE | Amount | Perm Pos.    | Est. FTE | Amount  |
| General Tax Matters                | 0                          | 0        | -353   | 639          | 534      | 109,171 |
| <b>Total</b>                       | 0                          | 0        | -353   | 639          | 534      | 109,171 |
| Reimbursable FTE                   | 0                          | 0        | 0      | 0            | 0        | 0       |
| <b>Grand Total</b>                 | 0                          | 0        | -353   | 639          | 534      | 109,171 |