IRS Civil Enforcement: Field Collection Priorities in 2019

May 2019

A presentation for the American Bar Association
Today we’ll discuss:

- Field Collection Resources
- Leadership areas of focus
  - Field presence and financial interviews
  - Re-growing expertise and pairing
  - Priority on Complex issue development
    - Employment Taxes
    - Potential Fraud
    - Suits, Successors, and Seizures
    - Marijuana industry cases
    - Virtual Currency
    - FATCA Information
    - Passports
Field Collection Resources

Field Collection Revenue Officers

47% Decline
Leadership Areas of Focus

- Field Presence
- RO SME Culture
- Manager as COACH
- Embrace Complex Work
Field Presence/Financial Interviews

**Cumulative Field Time %**
**(Fiscal Year)**

- FY 2009: 16.6%
- FY 2010: 17.3%
- FY 2011: 16.2%
- FY 2012: 15.6%
- FY 2013: 14.9%
- FY 2014: 14.2%
- FY 2015: 14.1%
- FY 2016: 15.6%
- FY 2017: 19.1%
- FY 2018: 19.5%

38% Increase 2015 - 2018
Re-Grow Expertise/Pairing ROs

- Hiring 600
- Writing Skills Assessment for new hires
- Focus on complex work, early
- Pairing ROs in Field
  - Unique or novel issues
  - Forms 4180 Interviews
  - Marijuana Industry cases
  - Potential safety concern
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Why so much focus on Employment Taxes?

US REVENUE COLLECTION 2017

- 72% From Withholding
- 39.00%
- 32.90%
- 15.60%
- 9.90%
- 0.70%
- Business Income Taxes
- Individual Income Tax Withheld By Employer
- Income Taxes Paid (Individual, Estates, and Trusts)
- Payroll Taxes Withheld By Employer
- Estate and Gift Taxes
Employment Taxes

- Education/Pro-active Compliance Efforts
- Appropriate enforcement
- Levy, DETL, Successors, Seizures
- Collaborative Initiatives with DOJ and IRS CI
- Suits for Injunctive Relief
- Criminal Referrals
- Potential Pyramiders (Reduce Recidivism)
- Increasing percentage of RO assignments
Employment Taxes

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Marijuana Industry Cases

- 31 States legalized for medical
- 9 States legalized for recreational
- Illegal industry under federal law
- Ogden/Cole memos revoked
  - Impact to be determined
- Cash intensive business
- IRC Sec. 280E and Collection
  - Applied to OIC
  - Not IA
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Virtual Currency

• IRS treats as personal property, an asset
• Important to report during financial interview
• Enforcement concerns – Seizure and Levy
• Collection Virtual Currency Team
  — Cross-functional team formed to determine legal/policy guidance, publication/form revisions and training needs
• Subject matter experts
• Training for Revenue Officers
Virtual Currency

• John Doe summons issued to Coinbase
  — Resulted in information on approximately 13,000 clients
  — Matched against current Field Collection cases and incorporated into open investigations
• Levies of exchanges in possession
• Seizure of hardware wallet
  — Access to the virtual currency will be auctioned off in the future
FATCA

- Foreign Account Tax Compliance Act reports
- Revenue Officers have access/review
- Use in civil investigation/financial analysis
Passports and Collection’s Role

- IRS “certifies” seriously delinquent debts
- State Department uses information
  - Requires denial of new or renewal
  - Authorized to revoke or limit existing
- Certain accounts not certified
- Accounts decertified by IRS when appropriate
- Current statistics
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Questions?

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