



IRS Slated for \$40B Tax Boost Through Decade. Extra \$500B in Taxes Sought Through Enforcement

Buried deep inside the trillion-dollar, bipartisan “[infrastructure bill](#),” the appropriated money from which is supposed to repair bridges, highways, and fund other public works, is a little gift for the federal government itself.

The Internal Revenue Service will receive a \$40 billion boost in its annual \$11.8 billion budget for the next decade, or \$4 billion annually. The reason: to close the so-called tax gap and vacuum another half-trillion dollars out of the economy; i.e., shake down the taxpayers for even more of their hard-earned income.



The target, we are told, will be the “rich” and “super-rich,” along with “corporations,” who hired lawyers and tax accountants to take advantage of the tax code. Some of them, apparently, don’t pay what leftists think they should.

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The deal would provide \$40 billion in new funding for the IRS, which has seen its budget shrink by one-fifth between 2010 and 2018. <https://t.co/ZsbRhQW2Uz>

— Yahoo News (@YahooNews) [June 27, 2021](#)

Tax Gap

The all-powerful tax collector needs the 34-percent annual boost, the [Washington Post reported](#), because its budget has dropped precipitously during the past few years, which makes it much harder to code and trace and financial activities of Americans:

IRS funding from Congress fell 20 percent in inflation-adjusted dollars between 2010 and 2018, according to a report last year by the Congressional Budget Office. The cuts resulted in a 22 percent decline in the number of IRS staff.

The number of employees in the enforcement division — the part of the IRS that goes after unpaid taxes — declined by 30 percent, with even steeper drops among the highly specialized workers who handle the most complex cases.

But what’s good for Americans — keeping more of their hard-earned income — isn’t good for the government. The result from this decline is the “tax gap” — tax revenues the government should have collected but didn’t.



Written by [R. Cort Kirkwood](#) on June 29, 2021

The most recent estimate of that figure for 2011-2013 is \$441 billion, [IRS data show](#), while the Treasury Department put the 2019 tax gap at a whopping \$584 billion, the [Post reported](#).

Not that the extra funding will appreciably close that gap: \$20 billion in extra funding through the decade would bring in \$61 billion, while the whole \$40 billion would add \$103 billion to the government's bottomless coffers.

"Both of those are a tiny fraction of the estimated annual tax gap," the *Post* continued:

A May report released by the Treasury Department concluded that \$80 billion in new resources over a decade to fund new technology and to hire and train new agents, if paired with new reporting requirements for banks and other measures, would bring in \$700 billion in new revenue. The Penn Wharton Budget Model, an economic research initiative, had a more modest outlook, projecting \$480 billion in new revenue over a decade from the proposed tax enforcement measures.

Frighteningly, President Biden wanted to increase IRS funding by \$80 billion.

More Money for Tax Collectors

A *Wall Street Journal* editorial explained the problem with the budget boost. "The case for this revenue miracle comes from economist Lawrence Summers and two co-authors in a 2019 study," the [newspaper explained](#):

Among other things, the study argues that "an extra hour spent auditing someone who makes \$5 million or more a year generates nearly \$4,500" in revenue. We're supposed to believe that if the IRS could audit every taxpayer who reports income of \$5 million or more a year, the government would see a revenue gusher.

The editorial explained that Americans aren't likely purposely evading taxes because "the costs are too high if they're caught. People who make \$5 million a year hire lawyers and accountants to exploit legal means in the IRS code to minimize their tax liability."

Beyond that, a report from ProPublica, [which published](#) illegally leaked or stolen tax data from wealthy Americans, "turned up no illegal tax evasion." The report documented legal efforts to lower taxes, not tax evasion.

That isn't to say the wealthy Americans included in the report, including Warren Buffett, Jeff Bezos, Michael Bloomberg, and Elon Musk, have never evaded taxes. It is to say that nothing is wrong with hiring lawyers and accountants to exploit codicils in the tax code to lower one's tax burden.

Anyway, the [Journal continued](#):

Audits of the rich have fallen in recent years, and more audits are bound to yield some additional revenue. Forty billion dollars will hire a lot more agents. But to get anywhere close to the \$100 billion in the bipartisan spending deal, the IRS will have to audit nearly every high-income taxpayer in the country. And that means harassing tens of millions of taxpayers over every deduction they've taken. Some taxpayers will fight, but many will be advised that the legal costs of fighting aren't worth it. Write the check so the auditors go away.



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Is this really what Republicans want their fingerprints on: Hugely expanding the size of the IRS so it can harass entrepreneurs and pass-through business owners who provide millions of jobs? This is the same agency that demonstrated its bias against conservative nonprofits during the Obama years [under Lois Lerner](#). And the same IRS that has failed to secure the private tax information of thousands of Americans that is now being exploited for partisan purposes by ProPublica.

[The New American covered](#) those scandals [in depth](#).



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