

New IRS Boss Promises More Audits This Year

After years of falling audit numbers, new IRS Commissioner Mark W. Everson says he will increase the number of taxpayer audits and put bite back into his agency's bark

By Jaime S. Buchwald, CPA

It's been less than one year into Internal Revenue Service Commissioner Mark W. Everson's five-year term, but during that time, he's refocused the IRS into an aggressive tax-collecting agency.

During his first few months at the helm, Everson went after the offshore trusts that had long drained the country of an estimated \$18 billion per year in tax revenue.

By hammering out agreements with credit-card companies, Everson was able to use cardholder records to identify those who stashed income in offshore banks and then bought goods and services stateside using credit cards linked to those accounts.

Not stopping there, Everson then offered amnesty to those collared tax cheats if they provided information about the companies that had

marketed and structured their offshore tax shelters. Those tips led to legal actions against Big Four accounting firms KPMG and Ernst & Young for their alleged roles in promoting illegal tax shelters.

Last month, Everson announced that his agency's aggressive tactics would continue. Only this time, Everson's IRS is going after everyday tax cheats — those who declare fake deductions or don't claim all of their income. For tax year 2003, Everson claims, individual IRS audits will be up substantially.

The IRS's latest operating budget fine-tunes the agency to ensure that more potential tax cheats will receive audits.

"This budget request confronts several areas of concern," Everson said in a statement. "It will help discourage cheating and non-compliance, particularly in areas involving corrosive activity by corporations and high-income individual taxpayers. The request will help ensure that attorneys, accountants and other tax practitioners adhere to professional standards and follow the law. It will help detect and deter domestic and offshore-based tax and financial criminal activity. And it will help discourage non-compliance within tax-exempt groups and misuse of

such entities by third parties for tax avoidance."

Congress and the Bush administration had been pushing the IRS to clamp down on tax cheats. Last year, Congress allocated \$2.2 billion to increase audits and investigations of America's wealthiest taxpayers, who account for billions of dollars in tax loss each year.

As the nation's budget deficit grows, every dollar not paid in taxes is a dollar the federal government cannot afford. It appears that Everson has heeded his call to duty.

During his previous offensive against offshore trusts, more than 1,200 tax cheats came forward. If the commissioner has similar results with taxpayer audits, thousands of Americans stand to receive an unpleasant visit from an IRS agent.

Aren't you worried about that knock on the door?

Jaime S. Buchwald, CPA is the founder of the Buchwald Tax Firm, P.A. The firm is dedicated to helping their clients end their various IRS Problems. Visit Buchwald Tax Firm's website at www.800buchwald.com to learn how they can help you, or call 1-800-BUCHWALD for a free initial consultation.