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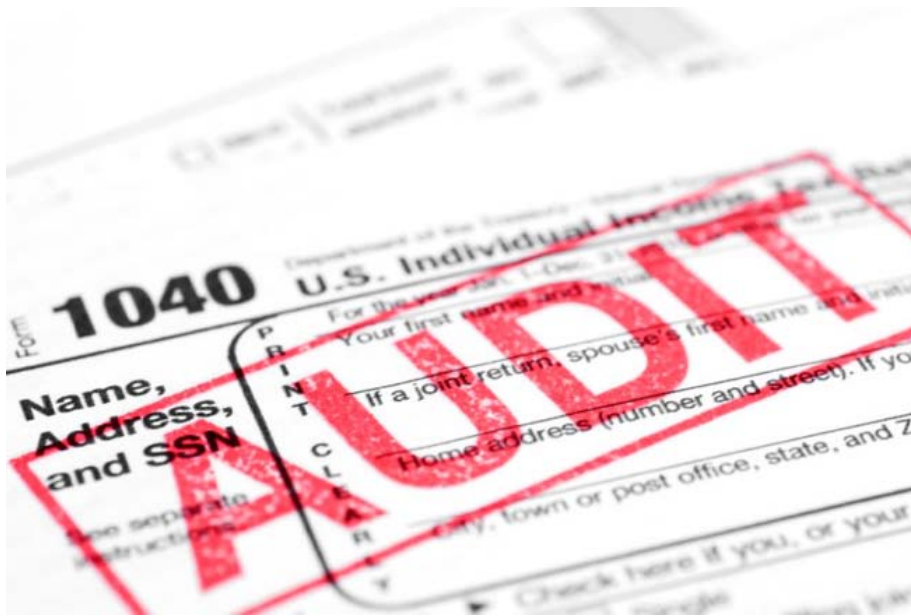
TAXES 5/11/2016

IRS Adds 700 Ways To Audit, So Don't Delete Emails Or Wipe Hard Drives

IRS is adding 700 audit and enforcement personnel to increase your chances of a tax audit. Some Republicans say this hiring news means the endless budget requests from IRS Commissioner Koskinen may have been overblown. Maybe IRS budget shortfalls were overstated, or some of those emails were lost? The Chairman of the House Oversight and Government Reform Committee, Rep. Jason Chaffetz (R-Utah), has come right out and asked where the IRS found the money for those new hires.

Not long ago, IRS Commissioner Koskinen [complained](#) that the IRS “will not be able to replace” as many as 1,800 enforcement officials due to budget cuts. A short time later, the Commissioner [reported](#) on the hires and the ramp up in enforcement. Rep. Chaffetz wrote that it sounded fishy:

6 Now, less than three months later, without that increase, you have announced plans to increase enforcement activities. The inescapable conclusion is that your testimony to Congress was inaccurate, reflecting either an attempt to exaggerate IRS's budget needs or a management failure in understanding the needs of your organization.”



Make no mistake, [the Chaffetz letter to the IRS Commissioner](#) is firm. There was also the IRS Commissioner's [speech](#) to the National Press Club March 24, 2016, which included stark budget numbers:

- 6 Our budget for this fiscal year is about \$900 million below 2010. Since 70 percent of our budget is personnel, we have absorbed these cuts mostly by not replacing employees who leave for other jobs, or who retire, like Angelo or Bill. If it's a critical position, we may shift another employee into that slot. But it's still a net drop in the size of our workforce. As a result, we expect the IRS workforce to shrink by another 2,000 to 3,000 full-time employees this year. That will add up to about 17,000 full-time employees lost through attrition since 2010."

Whatever happened with the IRS budget, IRS enforcement may go up. No one wants to be audited, but the truth is that the tax system probably needs more audits. Not long ago, [IRS audits of individuals dropped to an 11-year low](#). That made many taxpayers happy who, understandably, do not want to be audited. Even if you think you've reported everything and done it properly, providing receipts is maddening, and often seems dangerous. Taxes are complex, and gray areas abound.

The IRS is auditing only 0.84% of individual taxpayers, less than 1 in 100. Positive feelings for the IRS may be at a low point. Even so, most

Americans recognize that we have to have taxes, and that someone must collect them. But that is probably where sympathy or understanding for the IRS's role ends. A raft of scandals involving the IRS, poor and even evasive responses to Congress, bungled approaches to security, and a seeming diffidence to the public and concerned legislators have not won the IRS any friends.

For Republicans, the IRS Commissioner has been a lightning rod. They still grumble about impeaching him. To add insult to injury, the [IRS admitted that it encouraged illegals to steal Social Security Numbers](#). Republicans haven't forgotten, and they have been moving—not exactly quietly—to hit the IRS where it hurts. Several anti-IRS bills have passed the full House, which come on the heels of the House Committee on Ways and Means [voting to pass four pieces of legislation](#) to make the IRS more accountable.

President Obama has said he will veto them. But in the meantime, don't emulate Lois Lerner with your emails. Keep good records, and keep them safe.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This article is not legal advice.