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IRS Shrinks, Tax Audits Decrease

Tax audits of individual filers fell by half from 2010 to 2018, according to analysis by the Transactional Records Access Clearinghouse at Syracuse University. Audits of the largest companies decreased at a similar rate over the same period — 96 percent of companies with more than \$20 billion in assets were audited in 2010, while 48 percent of these companies were audited in 2018.

Decreased funding, employment hamper IRS

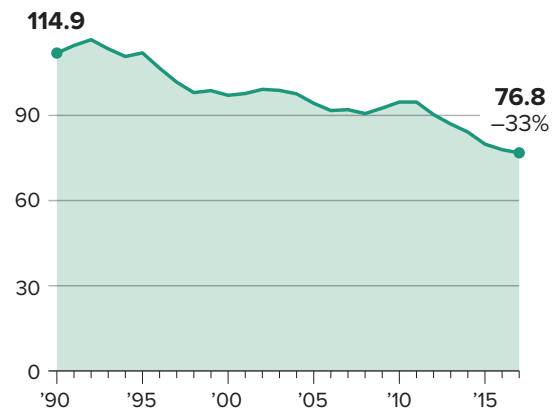
TRAC attributes the decline in audits — and in related revenue — to decreased IRS funding and staffing, coupled with the strain of implementing the new tax law passed in December 2017, H.R. 1 (115).

“Without adequate resources to meet its tax administration and enforcement needs, IRS’s efforts to meet these new demands only exacerbated existing problems,” the report’s authors wrote.

Employment at the IRS has fallen since the early 1990s. TRAC found the number of revenue agents fell 35 percent from 2010 to 2018. The number of tax examiners decreased 17 percent, and the number of criminal investigators dropped 27 percent, over the same period.

Average number of employees

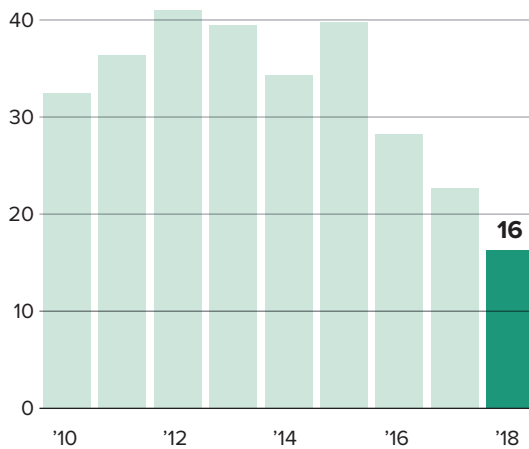
THOUSANDS OF FULL TIME WORKERS



Audits of individuals with more than \$1 million in income

Audits of millionaires collected \$1.9 billion in unreported taxes in 2010, down from \$5.1 billion in 2010.

THOUSANDS OF FILERS

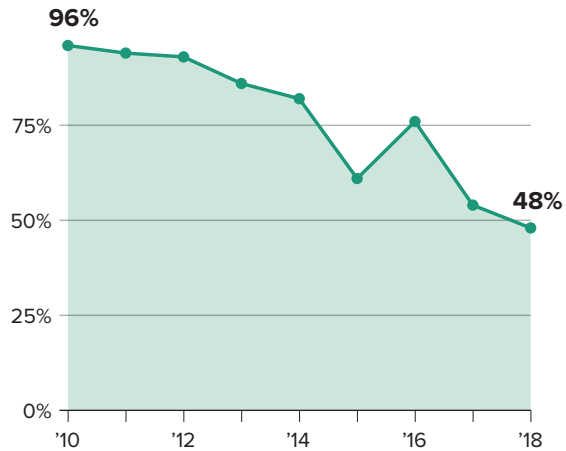


Source: TRAC, IRS

Audits of companies with more than \$20 billion in assets

From 2010 to 2018, collections from audits of companies with \$250 million or more in assets fell from \$23.7 billion to \$12.5 billion.

PERCENTAGE OF ALL SUCH COMPANIES



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