

## IRS Commissioner Charles Rettig

- You should expect this commissioner to encourage people in the Internal Revenue Service to look with a skeptical look at the people who actually think the tax return is in some nature an offer to negotiate. A tax return is not an offer to negotiate. A tax return is signed under penalty of perjury. Often it's prepared by a preparer who has extensive experience. I understand you rely on the information the taxpayer provides, but you have to have some reasonable basis to rely on that information."
- "Don't read and think the IRS is resource challenged and therefore they're not going to get to me. When we get to you, we've got you, the taxpayer. That's how I was brought up as a tax lawyer, and I think that's how everybody should actually focus in terms of going forward. When the IRS gets there, they're going to get there."

# **IRS** Personnel

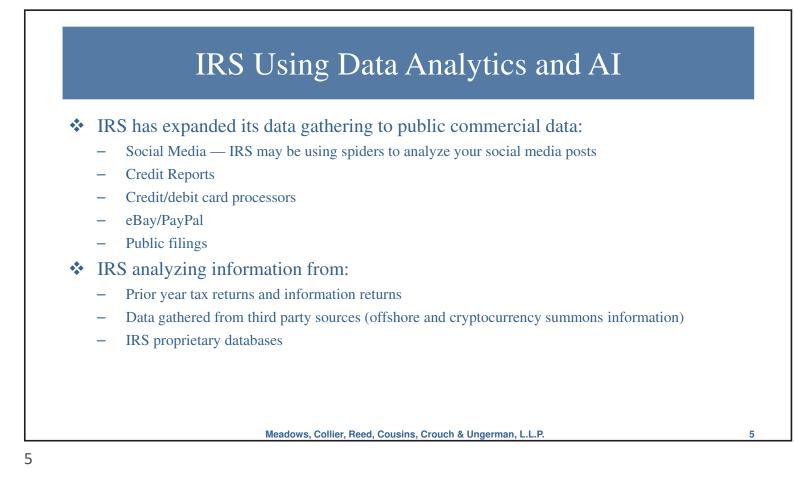
- IRS Commissioner Charles Rettig
- Damon Rowe, Esq., Executive Director, Fraud Enforcement Office, Small Business and Self-Employed Division, Internal Revenue Service
- Carolyn Schenck, National Fraud Counsel
- Brendan O'Dell, Esq., Promoter Investigations Coordinator, Office of the Deputy Commissioner, Services and Enforcement, Internal Revenue Service
- Eric Hylton, Commissioner, Small Business/Self-Employed Division, Internal Revenue Service
- Jim Lee, Chief of IRS Criminal Investigations

Meadows, Collier, Reed, Cousins, Crouch & Ungerman, L.L.P.

# IRS Using Data Analytics and AI

- In 2011, the IRS created the Office of Compliance Analytics
  - I.R.M. 1.1.1.4(5): "Office of Compliance Analytics (OCA) partners throughout the IRS and beyond to both develop and accelerate strategic data-driven compliance initiatives as well as strengthen the Services' analytic problem-solving capability."
- IRS is upping its data analytics and artificial intelligence game
  - Data mining to analyze large data sets ("big data")
- IRS hopes to use big data mining and complex models to predict behaviors
  - Utilizing same types of sophisticated models that track and combat credit card fraud
- IRS is using data analysis and the "robo-auditor" to further investigative leads and efforts given the reduced human staff

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## Common Badges of Fraud

- Understating income
- Maintaining inadequate records
- Giving implausible or inconsistent explanations of behavior
- Concealing income or assets
- Failing to cooperate with tax authorities
- Engaging in illegal activities
- Providing incomplete or misleading information to one's tax preparer
- Giving testimony that lacks credibility
- Filing false documents, including filing false income tax returns
- Failing to file tax returns
- Dealing in cash

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#### Title search: IRS Emphasis on Tax Fraud Enforcement

Also available as part of the eCourse IRS Emphasis on Tax Fraud Enforcement

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