

Chapter 228 and 261 – Internal Revenue Service Manhattan and New Jersey 2023 - 003

Below are some interesting articles that have been published on various websites. We thought these selected articles might interest our fellow IRS managers.

We would love to hear from everyone not only what you would like included within the FMA Newsletter but also what type of social gatherings you would like the FMA to entertain or host whether it be a sports game, luncheon, dinner, special event, select speakers/guests, etc. Please forward this newsletter to the GMs within your POD if you can – thanks your FMA Team.

IRS hiring 3,700 enforcement agents ‘doable,’ if it learns from past recruiting challenges

Jory Heckman
Federal News Network
September 18, 2023 6:15 pm

The IRS is staffing up its enforcement operations to ensure wealthy individuals and large corporations pay the taxes they owe the federal government.

The IRS announced last Friday it plans to fast-track the hiring of more than 3,700 internal revenue agents across the country. Agents focus on complicated tax compliance issues, and are trained to audit large corporations and complex partnerships.

IRS Commissioner Danny Werfel said in a statement that the agency’s newest hires will help reverse a decade-long decline in audits for the wealthy and large corporations.

“This is another important step for the IRS as we work to transform the agency and make improvements,” Werfel said.

The agency said the job is a mid-career position that pays about \$125,000 a year. Total compensation – when factoring federal employee benefits like child care, paid parental leave and student loan repayment – is closer to \$175,000.

IRS Human Capital Officer Traci DiMartini said in a statement that the agency “provides a competitive financial package for people with expertise in this high-demand area.

The announcement marks the IRS’s second major hiring initiative under the Inflation Reduction Act. The agency through the legislation has roughly \$60 billion to rebuild its workforce and modernize its legacy IT over the next decade.

The IRS answered many more calls and taxpayer questions during this year’s filing season, after it focused on hiring more customer service employees. The agency expects a similar hiring wave across its enforcement division will give it the capacity to go after wealthy tax cheats and large corporations paying less than what they owe.

Doreen Greenwald, national president of the National Treasury Employees Union, told reporters Monday that the IRS is setting realistic hiring targets, but said the agency will need to step up its training of new hires.

“I think it’s a doable goal by the IRS. That said, it’s going to rely on people who have a background in auditing and accounting,” Greenwald said. “Even if you have private sector experience in auditing or being a CPA and preparing returns, it’s very different work, when you come to work for the IRS, as to how you audit. So, the challenge of making sure you’re training people in that environment, especially with complex tax returns, that is a long process, and training is usually a team effort.”

A recent report from the Treasury Inspector General for Tax Administration shows the IRS struggled to meet its enforcement hiring goals earlier this year – even with more resources under the Inflation Reduction Act.

The IRS planned to hire 3,833 revenue agents in fiscal 2023, but by the end of March, it only hired 34.

Those hires were split between its large business and international division and its small business and self-employed operations.

TIGTA also found the IRS lost significantly more revenue agents than they hired in the first half of FY 2023.

The IRS is using its direct hire authority, granted by the Office of Personnel Management, to bring on new enforcement personnel more quickly.

Greenwald said that direct hire authority allows the IRS to cut the lengthy federal hiring process roughly in half — from about six months to 90 days.

“If another agency can speed up their onboarding faster than the IRS, they go to that agency,” she said.

However, a faster hiring process doesn’t mean candidates will clear all the hurdles to receive a job offer from the IRS.

The agency is also seeing a high rate of attrition among candidates who don’t clear a background investigation. The IRS, as part of that investigation, goes through a candidate’s tax returns to make sure they are caught up on their tax liabilities.

“The IRS, more than other agencies, has a lot of criteria that must be met, because it maintains a high integrity of its workforce,” Greenwald said about the background investigations. “It’s a long process, and I will tell you the private sector often is able to hire much faster, because they don’t have the processes that the federal government does.”

The IRS told TIGTA that the average investigation of high-wealth individuals takes two years to complete and often requires the IRS to commit substantial resources. Agency officials said high-income taxpayers often keep their wealth in “opaque sources,” including offshore bank accounts and complex business structures.

“For example, a new hire may have significant corporate experience from working in a private company tax department but have very limited individual tax experience,” TIGTA wrote.

Greenwald said many new IRS hires take between two and five years on the job to feel fully confident.

“It’s not something that you’re trained in a week and you can hit the floor running. It takes a long time to build a successful IRS employee, where they’re confident in the work that they’re doing. It’s complex in nature, so all of that adds to complexities in hiring and retaining employees,” she said.

The IRS is also working with OPM to take a closer look at exit interview data to boost retention and better understand why its employees leave the agency midway through their careers.

“Our main thing is making sure the hiring is done well, they have a good experience when they onboard, that they’re supported with training, that they have a manager in place that will assist them in their first year,” Greenwald said.

“Not having enough staff has been pushing people to have to do more with less earlier in their career than they should be asked to do. That causes people to leave,” Greenwald said.

“We want them on as career people, not just coming in for a brief time. We hope that they see there’s a career for them at the IRS going forward.”

The TIGTA report recommended the IRS offer more comprehensive training to revenue agents assigned to audit high-income earners. The report found that newly hired agents who didn't go through an initial round of specialized training in 2020 were limited to watching videos of the previously held training and doing self-study.

Deputy IRS Commissioner Douglas O'Donnell told TIGTA that "effective employee training is fundamental to the agency's ability to fairly enforce tax laws."

"Our goal is not to provide a standard training program to all employees but rather to tailor each employee's professional development program to both their existing knowledge, skills and professional experience as well as the specific work they will perform," O'Donnell wrote. "The full scope and detail of these initiatives are still being developed as part of the implementation process and the impact of these implementation activities will take time to fully realize."

Best Dates to Retire 2024

Looking forward to moving on next year?

September 21, 2023
By Tammy Flanagan
Gov Executive

If you're planning to retire next year, it's not too early to start thinking about the best date to move on to optimize your retirement benefit and payout for unused annual leave. Let's look at why some dates are better than others.

Under the Civil Service Retirement System, CSRS Offset and the Federal Employees Retirement System, annuities commence the first day of the month after you separate from service and meet age and service requirements. So, you really can't go wrong with the last day of the month.

The end of each month is seldom at the end of the week, or the end of a leave period for that matter, but regardless of which day of the week the last day of the month falls on, you will get credit for each day through close of business of the day you make your retirement effective (even if it's a holiday).

Voluntary retirement annuities start the first day of the month after an employee separate from service and meets the age and service requirements. But the annuities of CSRS and CSRS Offset employees who stay in their jobs for three days or fewer in the month they retire start on the day after separation or the day after pay ceases. If the first and second day of the month are weekend days or other days that would not result in a salary payment, then retiring on the third day of the month will reduce the employee's retirement benefit by 3/30 of the first payment, while only increasing the last paycheck by one day of salary payment. In this case, it might be more advantageous to retire on the last day of the month, rather than the third day of the following month.

If the third day of the month falls on a Wednesday, Thursday or Friday, this can be a great day for CSRS or CSRS Offset employees to retire. If Friday is also the end of a two-week leave period, it's even better.

The best dates calendar also shows the year's leave periods. Under both CSRS and FERS, completing 80 hours (or your scheduled tour of duty) of work by the end of a two-week leave period will allow you to be paid your full salary for your final two weeks at work and earn your final accrual for annual and sick leave.

Retiring before completing your work for your final leave period will result in no leave accrual. Leave is not prorated if you work fewer than the number of hours in your tour of duty. May 31, June 29 and Nov. 30 are dates at or near the end of the month in 2024 which are also the end of a two-week leave period.

Tuesday, Dec. 31, 2024 would be a good date for FERS employees to retire if they are trying to maximize their lump sum annual leave payment. They would have 25 accruals for 2024 plus carryover hours from 2023. If they waited until Jan. 11, 2025, they would earn an additional leave accrual plus eight more days of salary. But they'd forfeit their January retirement benefit.

AI is part of a 'new era' at IRS, commissioner says

By Natalie Alms
Government Executive
September 12, 2023

The IRS is using artificial intelligence to identify complicated tax evasion schemes and focus its enforcement efforts for large partnerships, as part of a new compliance push announced Friday.

“The IRS is deploying new resources towards cutting-edge technology to improve our visibility on how the wealthy have gotten more creative on where they shield their income and focusing our staff attention on the areas of greatest abuse,” IRS Commissioner Danny Werfel told reporters on Thursday, dubbing it a “new era” for the IRS, “where we’re investing in tools like artificial intelligence.”

The IRS is expanding its Large Partnership Compliance program, launched in 2021, to cover more of such partnerships, including hedge funds, real estate investment partnerships, large law firms and other industries.

The agency is also using AI to focus its compliance work, with plans to audit 75 large partnerships — each with assets over \$10 billion on average — that were selected with the help of an AI tool in what Werfel called a “groundbreaking collaboration among experts in data science and tax enforcement.”

“These new tools are helping us see patterns and trends that we could not see before,” he said. “As a result, we have higher confidence on where to look and find where large partnerships are shielding income... In other words, who are the large partnerships that are shielding income, and where will we find it?”

The model uses risk indicators for noncompliance “based on accounting rules, tax law and a machine learning algorithm,” according to a July Government Accountability Office [report](#). It classifies returns in terms of how likely they are to be noncompliant.

That same GAO report said that both the current statistical model used to target IRS enforcement efforts and this new model have “design weaknesses” — particularly the sample used for training and a “lack of plans to incorporate feedback” — that “limit the IRS’s ability to leverage these technologies to objectively identify the most high-risk returns and improve audit selection over time.”

Overall, the audit rate for large partnerships has gone down since 2007, and, on average, over 80% of IRS large partnership audits from 2010 to 2018 didn’t result in changes to the return, GAO found.

The tax agency also announced that it will focus on 1,600 millionaires with over \$250,000 in tax debt in an expansion of previous work and that it’s putting around 500 large partnerships on notice to address “balance sheet discrepancies” that are a “leading indicator of balances due that have not yet been paid,” said Werfel.

“It’s been far too easy for tax evaders to cut corners,” said Werfel. “The IRS has simply not had enough resources or staffing to address partnerships.”

The Inflation Reduction Act put nearly \$80 billion towards the tax agency last year, but the debt ceiling agreement struck earlier this year between the White House and lawmakers rescinds \$1.38 billion of the agency’s Inflation Reduction Act funding and repurposes another \$20 billion of the funding over fiscal years 2024 and 2025.

Targeting enforcement efforts for the nation’s wealthiest is one of several ongoing uses of AI in the tax agency, Werfel told reporters, pointing to technology for IRS phone lines to automate answers to common questions without callers talking to IRS representatives on the other end of the line.

Chalk Talk.

I (Mark Butera) fulfilled my plan when I retired on December 31, 2022. After working for Internal Revenue Service for 36 years, I boarded a cruise ship for a 92-day adventure. My wife Wendy and I sailed from San Diego, CA to Yokohama, Japan. We spent five days in Tokyo and returned to our ship with friends and sailed around Japan. After that we spent 10 more days in Tokyo in two different areas. We then boarded another ship and sailed from Tokyo to Seattle, WA by way of Alaska. The trip was fascinating. You can't beat shipboard life but the time spent in Japan was amazing. It is a beautiful country and the people we ran into were very friendly and helpful. We would both like to go back to Japan in the future. In the meantime, we have a few shorter trips planned and our next big adventure (65 days) is Europe in Winter 2024 with a Christmas Market River Cruise.



As we start up the FMA newsletter, we're looking for content. There will be a section for "Good News Stories" wanted for our new section called **Chalk Talk**. This section will contain articles that "YOU" the members submit to Mark Butera at Marknj6241@comcast.net. These articles could be about graduations, weddings, birth announcements, recognitions, barbecues, etc. For our retired members, you may wish to submit an article on the fun things you're doing now that you have plenty of free time. Please remember to include pictures that you want to share with your fellow managers.

If you have any questions, comments or need more information about the benefits or application process, please contact the following chapters:

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