

## FY2024 LB&I Strategic Goals

### MEET OUR TAX ADMINISTRATION RESPONSIBILITIES EFFECTIVELY

- Efficiently and effectively implement new tax and service provisions of the Inflation Reduction Act, including support of the Strategic Operating Plan by:
  - Expanding tax certainty and issue resolution programs
  - Expanding enforcement for large corporations
  - Expanding enforcement for large partnerships
  - Expanding enforcement of high income and high wealth individuals
- Continue efforts to select the best work and optimally use our resources through a variety of means, including:
  - Enhancing our capabilities to receive and use data
  - Pursuing form improvements that deliver better data from taxpayers
  - Further refining our compliance programs to increase effectiveness and efficiency (ex. LCC, CAP, Campaigns)
  - Exploring the best options for case assignment (continued focus on pushing out the next best case, not driven by geography)
- Increase our work in the areas of large corporations, large pass-throughs, and high income/high wealth to reduce the tax gap and effect greater fairness across all taxpayer groups
- Enhance and expand pre-filing and tax certainty options for taxpayers
- Enhance and expand potential issue resolution options for taxpayers
- Further address key compliance issues/emerging issues
- Continue efforts to be a paperless/digital organization

### SUPPORT CURRENT AND FUTURE LB&I EMPLOYEES BY PURSUING SUSTAINABLE, CONSISTENT WORKPLACE IMPROVEMENTS THAT INCORPORATE THE FUTURE OF WORK

- Support a hiring and onboarding strategy to increase enforcement personnel to address high priority areas
- Create a modern workplace environment that supports employee flexibility while effectively meeting the needs of tax administration
- Build intentional, meaningful employee engagement opportunities
- Support employees through continued work and Servicewide collaboration on hiring, training and career and personal development
- Foster a transparent, diverse, and inclusive culture where employees are both comfortable raising issues and confident that those issues will be addressed

## Commissioners' Message for the FY24 Focus Guide

LB&I will be taking steps this fiscal year to ensure our division views compliance through a Servicewide lens that fully supports the **IRS Inflation Reduction Act Strategic Operating Plan** and the agency's transformation. We are making this shift along with the other business units under the Deputy Commissioner for Services & Enforcement to bring about compliance that is more holistic, smarter, broader, and stronger.

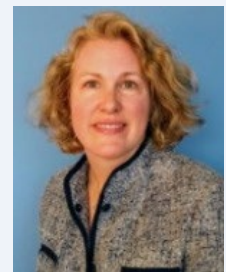
In fiscal year 2024, for the first time in the history of our current compliance structure, our work will be guided by a single compliance workplan created by a cross-business unit team representing all the compliance functions. The purpose of this enterprise compliance plan is to direct our combined resources – funding, people, technology – toward narrowing the tax gap and other agency priorities. Wherever you work, the work each of you do aligns with one or more parts of the compliance transformation and will play a part in addressing the projected underreporting gap of \$540 billion, underpayment gap of \$66 billion, or \$41 billion non-filing gap.<sup>1</sup>

The IRS will address underreporting through expanded examinations and other actions in the following taxpayer segments: large corporate, large partnership, high-income and high-wealth individuals, employment tax, exempt organizations, estate and gift tax, excise tax, and any other area where audit coverage has declined over the past decade. The IRS will work on emerging issues and schemes where taxpayers are falling victim to unscrupulous promoters and preparers before and after receiving a tax refund. The IRS will strengthen compliance around clean energy incentives, such as tax credits for alternative fuels, efficient home energy and clean motor vehicles. Collection and non-filer work are also integrated into this plan to address the portion of the tax gap fueled by underpayment and non-filing.

LB&I will adjust how we have historically existed alongside the other compliance business units to work toward shared goals



Holly O. Paz  
**LB&I Commissioner**



Jennifer Best  
**LB&I Deputy Commissioner**

<sup>1</sup>RAAS tax gap projections for tax years 2017-2019 as illustrated in Table 3. Tax Gap Estimates and Projections, **Publication 5364**.

of the agency. We want to unlock the potential for employees across the IRS to quickly move into critical areas that have been under resourced due to underfunding. The agency will seize opportunities for greater fluidity and knowledge sharing between agents and specialists as they strengthen compliance in the highest-potential areas of taxation and honor Secretary Yellen’s public pledge that new funding will not be used to increase audits for small businesses and households making less than \$400,000 annually, relative to historical levels. This change will also set the stage for the new Pass-Through Entities organization which will be stood up as a collaborative and innovative space where personnel throughout our compliance operations will work together to apply their pass-through expertise to increase coverage on a critical taxpayer population where it has been lacking for many years. We can more readily understand and address complex, nuanced tax law overlaps when we bring together employees with different areas of expertise.

The Strategic Operating Plan provides multiple Objectives to reach our common agency goals. The parts of the Strategic Operating Plan that directly relate to compliance are most applicable to the work we do in LB&I. Specifically, Objectives 4 and 5 will most affect the ways we all work and collaborate this year.

With Objective 4, the IRS will be relying on access to and analysis of high-quality data to improve the cases we select and make better use of your time whether you examine tax returns, collect delinquent taxes or support compliance work. A portion of our new funding will be used in FY24 to strengthen and update the systems you use to access taxpayer information and manage cases, as well as expanding our internal network to keep pace with growth across IRS, while continuing to enhance data security to keep pace with these changes. We are also developing leading edge methodologies for detecting non-compliance, particularly among more complex, high-risk taxpayers. This work will pay dividends in terms of maximizing the time of our enforcement personnel to focus on issues that

are most likely to be a productive use of time, which will help us to move the needle in terms of the tax gap.

With Objective 5, the IRS also has a group in place that is focused on transforming the workplace for existing and incoming employees. In FY24, we are working to improve the hiring process to help us increase our numbers more quickly to ease the workload of our current staff. Recently, IRS benefits were made better with the launch of the Student Loan Repayment Program, the Child Care Subsidy, and expanded Employee Referral Bonus Program. FY24 will see additional expansion of benefits programs. We are also focused on increasing opportunities to connect with one another in a hybrid environment, better equipping employees to do their jobs – through technology, training, and greater wellness, and training managers to create a welcoming work environment where you can feel more engaged and heard. Like the other parts of our strategic plan, the agency has set smart goals to ensure there is real progress in this area.

In FY24, we’ll further expand our recruiting efforts to bring quality internal and external new hires into LB&I. The Strategic Operating Plan provides a roadmap for the IRS to become an employer of choice across government and industry. Inflation Reduction Act Transformation Teams are working on initiatives to improve the way you work and your access to benefits – from onboarding through retirement. These improvements will benefit LB&I as we continue to grow and onboard a significant number of new employees.

As new employees continue to join our ranks, please welcome them to the LB&I team and assist them in acclimating to their new roles. Your new team members will benefit greatly from your technical expertise, and we can learn from their fresh perspectives and ideas as we challenge the status quo.

FY24 has the potential to be a momentous year, not just for LB&I, but for the IRS. We’re excited to be with you, here in LB&I, in this moment as we anticipate great things to come. We know that this growth will take teamwork – at all levels and across organizations – to fulfill our potential and achieve our FY24 goals. We are so very grateful for your support. Here’s to doing great things together in FY24!

With appreciation,  
Holly and Jennifer

## Our Staffing

Positions	October 2022	October 2023*
Leadership Team	584	682
Administrative Professionals	194	198
Revenue Agents	2,717	2,497
Tax Law Specialists	113	125
Economists	105	108
Engineering Program	149	202
Tax Examiners	136	143
Tax Compliance Officer	28	24
Other Program Staff	574	671
<b>Total</b>	<b>4,600</b>	<b>4,650</b>

\*Numbers are projected based on selections made with new hires due to come on board through end of FY23.

