

CI REALIGNMENT

Frequently Asked Questions (FAQs)

1. What would the Cost be for the CI Realignment? No Cost

Funding allocated to CI from main IRS would be re-allocated from IRS to the new bureau in main Treasury. CI's move would mirror IRS Inspection Service's move, when they were renamed TIGTA and moved to main Treasury from IRS as part of the IRS Reform & Restructuring of 1998.

2. What is IRS position on the CI Realignment? IRS has come out against the concept of CI Realignment (via former Commissioner Koskinen). Other former IRS officials have also come out against the concept. They raise 2 issues: (1) Mission Drift (2) Tax Disclosure issues with CI being in main Treasury.

(1) Mission Drift: CI would sharply reduce criminal tax enforcement in favor of more appealing cases

Response: As a separate bureau within main Treasury, the new agency would be funded by a separate appropriation from Congress. Therefore, maintaining an appropriate focus on criminal tax enforcement can easily be addressed through allocating specific funding for criminal tax enforcement work. Currently CI is funded through the IRS "Enforcement" line item, which is 1 of 4 separately funded line items within the IRS appropriation (Taxpayer Service, Enforcement, Operations Support, Business Systems Modernization). Each line item is separately funded and contains language restricting the use of said funds to work within the specific line item. With that said, there is precedence pertaining to funding earmarked for CI to do specific investigative work. Currently \$60,257,000 of funding is allocated through the "Enforcement" line item for CI to do Interagency Crime and Drug Enforcement program work. Because of this language, TIGTA conducts annual audits to ensure CI is doing at least \$60,257,000 of Interagency Crime and Drug Enforcement program work each year. CI has never failed to meet this mark since this funding became part of the IRS "Enforcement" appropriation in 2005.¹

(2) Tax Disclosure: CI couldn't access tax information from outside IRS.

Response: Title 26 U.S Code Section 6103 restricts the use and access of tax information but does not limit it to IRS employees. The current verbiage in 6103 (h) (1) allows access to all Department of Treasury federal officers and employees for the purposes of tax administration. As evidence of this statute's interpretation, TIGTA maintains the same unfettered access in main Treasury as when they were named the IRS Inspection Service and housed in IRS. Around 1998, The IRS Inspection Service was renamed TIGTA and moved to main Treasury as part of the Reform and Restructuring Act of 1998 (RRA98). Their functions, jurisdiction and access to tax information remained the same, as will CI's, despite their location within the Department of Treasury.

3. Main Treasury... are they open to the realignment?

The concept of transferring CI into main Treasury has been discussed and supported by former high-level Treasury officials. Most recently, former Treasury Official Chip Poncy testified at the Senate Banking, Housing, and Urban Development Committee hearing on "Combating Money Laundering and Other Forms of Illicit Finance." He discusses realigning CI to main Treasury in both his written and oral testimony. At the end of the hearing, at approximately the 1 hour 45 minute mark, Mr. Poncy discusses his top three priorities for combatting money laundering and illicit finance. His third priority is focused on restructuring the U.S Treasury to add protected financial investigative expertise.

He states the following:

"Our best financial investigative expertise has always been at IRS and it has never been a popular agency for reasons that you probably understand better than I...does it need to stay that way? Are CPAs that also carry guns and badges...can they be more liberalized to work on sophisticated financial investigations, to support the Bureau, to support DHS, and others. They cannot do that without resources. They may never get there within IRS, but they can get there in Treasury. So there are ways to restructure and allow us to finance our best financial investigators to support our law enforcement agencies without the hang up of the IRS."

[Senate Banking hearing on Combating Money Laundering and Other Forms of Illicit Finance](#)

¹ <https://www.treasury.gov/tigta/auditreports/2019reports/201910020fr.pdf>