

**Criminal  
Investigation  
Mission**



*Criminal Investigation serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes in a manner that fosters confidence in the tax system and compliance with the law.*



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**CRIMINAL  
INVESTIGATION**

**Legal Source  
Tax Crimes**

***Program Strategy***

Internal Revenue

## PROGRAM RESPONSIBILITIES

- General Tax Fraud
- Foreign & Domestic Trusts
- Return Preparer Fraud
- Questionable Refunds
- Frivolous Filer/Non-Filer
- Employment Tax Fraud
- Excise Tax Fraud
- Bankruptcy Fraud

### *Focus on Tax*

Tax cases involving legally earned income are and continue to be a priority for IRS Criminal Investigation, followed by money laundering and illegal source income cases.

### *Legal Source Tax Crimes Strategy*

The Legal Source Tax Crime Strategy will enable IRS-CI to identify, develop and investigate Legal Source tax cases that will support the Internal Revenue Service's overall compliance goals and will promote fairness and equity in our tax system.

This Strategy addresses tax investigations involving taxpayers in legal occupations and legal industries, where only tax or tax-related violations are investigated by IRS-CI. Legal Source Tax Crimes also includes those cases that threaten the tax system, such as

questionable refund schemes, return preparer cases, excise tax cases, employment tax case, and frivolous filers/non-filers who challenge the legality of the filing requirement.

IRS-CI's investigations, whether tax, money laundering, or narcotics-related, all have a positive effect on tax compliance. However, tax investigations involving legal industries, and more specifically legally earned income, have a significant impact on the broadest range of taxpayers by promoting confidence that our tax laws are administered fairly. IRS-CI is therefore committed to devoting significant resources to support this critical program strategy.

## AREAS OF EMPHASIS

To develop and select Legal Source investigations that support the overall IRS compliance strategy, Criminal Investigation will continue to focus on emerging areas of tax fraud and the development of national priorities. IRS-CI will also coordinate with the Service's civil components to identify specific areas of non-compliance. Within the Legal Source Tax Crimes Strategy, the following areas have been designated as national priority areas and receive priority consideration by the 35 IRS-CI field offices across the country:

### *Foreign & Domestic Trusts Program*

This priority involves fraudulent foreign and domestic trust schemes that are promoted as a means to "protect assets", to evade the payment of income taxes, or to utilize fraudulent trusts as a primary means to evade tax. The promoters of these schemes target professionals, such as physicians and dentists, small business owners, and high-end wage earners. To combat these schemes, IRS-CI's enforcement strategy is to focus primarily on promoters and on clients who have used the promotion to willfully evade tax. Further, fraudulent trust issues are addressed through a national strategy that includes Criminal Investigation, civil compliance operating units, IRS Chief Counsel's Office, and the Department of Justice. As part of this strategy, emphasis is placed on multi-function coordination, the identification of fraudulent offshore promotions, and the use of civil and criminal enforcement actions.

### *Return Preparer Fraud Program*

This priority was established to promote compliance by identifying, investigating, and assisting in the prosecution of abusive return preparers. The program was developed to enhance compliance in the return preparer community by engaging in civil and criminal enforcement actions against unscrupulous or incompetent return preparers. IRS-CI's Office of Refund Crimes and the Fraud Detection Centers located within each of the ten IRS Service Centers are using numerous techniques to identify preparers engaged in fraudulent activity.

### *Questionable Refund Program*

This priority is a multifunctional program designed to identify fraudulent returns, stop the payment of fraudulent refunds and to refer identified fraudulent refund schemes to the IRS-CI field offices. Both business and individual tax returns are reviewed under this program.

### *Non-Filer Program*

One of the basic tenets of our tax system is the belief that all citizens must comply with the requirements to file returns and pay taxes. Taxpayers who willfully fail to file income tax returns pose a serious threat to tax administration and voluntary compliance. The non-filer population has been increasing throughout the decade. To address this concern, IRS has implemented a cross-functional National Non-Filer Strategy. The overall goal of this strategy is to bring taxpayers back into compliance. IRS-CI's role in this program is the enforcement of the tax laws for individuals who are not responsive to outreach efforts. IRS-CI has devoted resources to identify these individuals, and in the most flagrant cases, criminal prosecution has been and will continue to be recommended. Criminal Investigation will be developing and investigating high impact investigations of non-filers in various occupations and industries, as well as those non-filers who file non-processable returns or employ frivolous arguments which the courts have repeatedly rejected.