

I'M NOT WITHHOLDING ON YOU: EMPLOYMENT TAX ENFORCEMENT REMAINS A PRIORITY

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Last week, I had the pleasure of attending the [New York University 10th Annual Tax Controversy Forum](#) and hearing Paul Mamo, Director of Collection in the Internal Revenue Service, speak on developments in employment tax enforcement.

Over the past few years, the IRS initiated an "[Early Interaction Initiative](#)" with respect to employment tax obligations. In the past two years, the IRS reached out to approximately 21,000 employer-taxpayers that were slightly behind in filing and/or paying employment taxes. The IRS saw a 12% increase in voluntary compliance from these 21,000 employers compared to the total population of delinquent employers. According to Mr. Mamo, the IRS concluded that a focus on taxpayer education and an effort to shift behavior will generate significant results.

Mr. Mamo mentioned an initiative between the IRS and the Bureau of Fiscal Services to develop a program for expanded early-intervention of delinquent employers. Because resources are currently needed to implement the recent tax reform and address other immediate issues, the IRS expects a delay in its development and rollout of this expanded program.

Civil and criminal employment tax enforcement continues to be a priority of the IRS and the Tax

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Division of Department of Justice. Last year, 30,680,601 employment tax returns were filed in the United States, an increase of 0.7% from the prior year. The IRS estimated that 0.2% of employment returns filed were selected for audit in 2017. It assessed \$6.9B in civil penalties related to employment taxes, but also abated \$5.4B in those civil penalties.

Criminal investigations and prosecutions relating to employment tax violations also continue to be a focus among the IRS Criminal Investigation and the Department of Justice.

The IRS is certainly developing education initiatives and behavior-shifting efforts with respect to employment tax filing, withholding and remission. This attention, however, does not reflect a softening stance toward employment tax violations. Employment tax enforcement remains a top priority and employers are well-served to attend to their employment tax obligations.

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