

# \$1 Billion in Past-Due Taxes Collected from Millionaires

## Cross References

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As part of continuing compliance efforts under the Inflation Reduction Act, the Internal Revenue Service recently announced the agency has surpassed the \$1 billion mark in collections from high-wealth taxpayers with past-due taxes.

As part of larger efforts taking place, the IRS has stepped up activity specifically on 1,600 individuals whose incomes were more than \$1 million per year and who each owed the IRS more than \$250,000 in recognized tax debt. Since last fall, this IRS compliance effort has generated more than \$1 billion in collections from this group, with work continuing in this area.

“With this collection activity, the IRS passed an important milestone in our effort to improve compliance and ensure fairness in the tax system,” said IRS Commissioner Danny Werfel. “Our increased work in this area means these past-due tax bills from high-end taxpayers are no longer being left on the table, like they were too often in the past.”

“Years of funding declines meant the IRS couldn’t get to money that we knew was owed, but we simply didn’t have the resources or staffing to collect,” Werfel added. “Funding from the Inflation Reduction Act is reversing a decade-long decline in our compliance work, including increasing our compliance work involving the wealthiest individuals and groups with tax issues. The collection results achieved in less than a year reveal the magnitude of what can be achieved over the long run as our Inflation Reduction enforcement continues to ramp up in the months ahead.”

Werfel noted that Inflation Reduction Act (IRA) resources continue to help in a variety of areas. In addition to improving taxpayer service during the successful 2024 filing season, the IRS has focused IRA resources on expanded enforcement work to pursue complex partnerships, large corporations and high-income, high-wealth individuals who do not pay overdue tax bills.

“We continue working to add staff and technology to ensure that the taxpayers with the highest income, including partnerships, large corporations and millionaires and billionaires, pay what is legally owed under federal law,” Werfel said. “At the same time, we are focused on improving our taxpayer service for hard-working taxpayers. The additional resources the IRS received under the Inflation Reduction Act are making a difference, both for taxpayers who play by the rules and those who don’t.”

Prior to the Inflation Reduction Act, more than a decade of budget cuts prevented the IRS from keeping pace with the increasingly complicated maneuvers that the wealthiest taxpayers use to hide their income and evade paying their share. The IRS is continuing to take action to close this gap.

The IRS announcement involves a segment of high-income individual taxpayer cases. Last fall, the IRS ramped up efforts to pursue high-income, high-wealth individuals who failed to pay a tax bill. These high-end collection cases are concentrated among taxpayers with more than \$1 million in income and more than \$250,000 in recognized tax debt.

Out of a total of 1,600 of these cases, the IRS has assigned 1,500 to revenue officers, with over \$1 billion collected so far. The \$1 billion collected through spring represents payments from over 1,200 individuals, with the IRS anticipating the figure to grow in the months ahead.

**IRS continues work on high-wealth non-filers, complex partnerships, large corporations.** The IRS has a variety of other efforts underway to improve tax compliance in overlooked areas where the agency did not have adequate resources prior to Inflation Reduction Act funding.

Earlier this year, the IRS announced a new effort focused on high-income taxpayers who have failed to file federal income tax returns in more than 125,000 instances since 2017. Non-filers receive IRS compliance letters alerting them that the IRS is aware of their missing return and encouraging them to file or contact the IRS. The new initiative involves more than 25,000 people with more than \$1 million in income, and over 100,000 people with incomes between \$400,000 and \$1 million between tax years 2017 and 2021.

These are all cases where the IRS has received third party information—such as through Forms W-2 and 1099s—indicating these people received income in these ranges but failed to file a tax return. Without adequate resources, the IRS non-filer program has only run sporadically since 2016 due to severe budget and staff limitations that didn't allow these cases to be worked. With new Inflation Reduction Act funding available, the IRS now has the capacity to do this core tax administration work.

The IRS anticipates having more details related to this non-filer initiative later this year.

Other elements of the agency's renewed compliance focus include:

- **Abusive use of partnerships.** Last month, the IRS announced a new series of steps to combat abusive partnership transactions that allow wealthy taxpayers to avoid paying what they owe.
- **Activities involving large corporations and partnerships.** These efforts include opening examinations of 76 of the largest partnerships in the U.S., representing a cross section of industries including hedge funds, real estate investment partnerships, publicly traded partnerships, large law firms and other industries. Other activities include expanding the large corporate compliance (LCC) program.
- **Aircraft use.** In February, the IRS announced plans to begin dozens of audits involving personal use of business aircraft. The audits will focus on aircraft usage by large corporations, large partnerships and high-income taxpayers. The IRS will examine whether the use of jets is being properly allocated between business and personal use.