

United States Senate

WASHINGTON, DC 20510

January 28, 2026

The Honorable Scott Bessent
Treasury Secretary and Acting IRS Commissioner
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Guy Ficco
Chief
Internal Revenue Service Criminal Investigation
1111 Constitution Avenue NW, Room 2501
Washington, DC 20224

Dear Secretary Bessent and Mr. Ficco:

The Internal Revenue Service Criminal Investigation (IRS-CI) 2025 Annual Report found that investigations into abusive tax schemes plummeted 63 percent last year¹ to a level roughly 40 percent below every other year in the past decade.² As one former head of the shuttered Justice Department Tax Division put it, "There is usual ebb and flow, but you can't ignore this number."³ We write to ask how staffing cuts and other factors contributed to this decline, what impact it will have on revenues and deterring tax cheats, and how the IRS will adequately enforce the law in the face of substantial staffing and budget cuts.

Tax enforcement cuts didn't happen by accident. IRS enforcement funding and staffing have been systematically slashed. The 2022 Inflation Reduction Act (IRA) provided nearly \$80 billion in mandatory funding to reverse over a decade of cuts and build a 21st century IRS. These resources had already begun to allow the agency to modernize technology, improve taxpayer service, and fairly enforce our nation's tax laws.⁴ Unfortunately, nearly \$42 billion in clawbacks demanded by Republicans have started to reverse this progress.⁵ The recently unveiled Labor, Health and Human Services, Education, and Related Agencies funding bill would rescind an additional \$11.7 billion in operations support.⁶ Meanwhile, the recently announced Financial

¹ Internal Revenue Service, "IRS-CI Annual Report 2025," December 12, 2025, Publication 3583, 16, <https://www.irs.gov/pub/irs-pdf/p3583.pdf>

² Bloomberg Tax, "Criminal Tax Scheme Probes Plummet as Trump IRS Priorities Shift," Erin Schilling, December 17, 2025, <https://news.bloombergtax.com/daily-tax-report/criminal-tax-scheme-probes-plummet-as-trump-irs-priorities-shift>

³ Id.

⁴ Congressional Research Service, "The Distribution of IRS Enforcement Activity Funded by the Inflation Reduction Act of 2022," September 6, 2022, Brendan McDermott, https://www.congress.gov/crs_external_products/IN/PDF/IN12001/IN12001.2.pdf

⁵ Treasury Inspector General for Tax Administration, "Snapshot: The IRS's Inflation Reduction Act Spending Through March 31, 2025," August 1, 2025, 2, <https://www.tigta.gov/sites/default/files/reports/2025-08/2025ier026fr.pdf>

Services and General Government funding bill would cut total IRS discretionary funding by more than 9 percent and enforcement funding, including IRS-CI, by 8 percent.⁷

Beyond starving the agency of capital, the Trump Administration has led a concerted effort to decimate the IRS workforce and purge the specialized expertise necessary for complex investigations. Through a combination of hiring freezes, the termination of probationary employees, and the 'Deferred Resignation Program,' the impact has been immediate and devastating. Between January and May 2025, the IRS workforce shrank by 25 percent,⁸ and IRS-CI lost roughly 10 percent of its staff.⁹ More specifically, the IRS-CI special agent workforce has been slashed by over 20 percent since 2010.¹⁰ While there was over a 10 percent increase in IRS-CI special agent staffing from 2022¹¹ to 2024,¹² fueled by IRA funding, that boost will soon be more than erased. And IRS-CI has acknowledged it expects to lose another 20 percent of special agents in the next two years due to retirements.¹³

Moreover, the Administration has pulled IRS-CI special agents away from tax enforcement to work on immigration efforts and crime task forces.¹⁴ As a result, in 2025, tax cases made up about 63 percent of IRS-CI's work, down from at least 70 percent in prior years.¹⁵

The result is a crippled tax enforcement capacity at exactly the wrong time. Aggressive tax avoidance and abusive schemes are getting more sophisticated. When the IRS can't pursue these cases, honest taxpayers pay the price. As former IRS-CI Chief Victor Song explained, abusive tax shelter cases "are difficult cases but are the bread and butter of what CI does...I don't know if it's as much a priority anymore."¹⁶

⁶ U.S. Senate Committee on Appropriations, "Consolidated Appropriations Act, 2026," January 20, 2026, 358, https://www.appropriations.senate.gov/imo/media/doc/fy26_def_lhhs_homeland_and_thud_bill.pdf

⁷ U.S. Senate Committee on Appropriations, "Explanatory Notes for Financial Services and General Government Appropriations Bill, January 11, 2026, 93, https://www.appropriations.senate.gov/imo/media/doc/fy26_fsgg_jes.pdf

⁸ Treasury Inspector General for Tax Administration, "Major Management Challenges Facing the IRS in Fiscal Year 2026," October 15, 2025, 2, [https://www.tigta.gov/sites/default/files/reports/2025-10/FY%202026%20MMC%20\(Final\).pdf](https://www.tigta.gov/sites/default/files/reports/2025-10/FY%202026%20MMC%20(Final).pdf)

⁹ National Taxpayer Advocate Service, "Fiscal Year 2026 Objectives Report to Congress," June 25, 2025, Publication 4054, 19, https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2025/06/JRC26_FullReport.pdf

¹⁰ Internal Revenue Service, "Internal Revenue Service Data Book, 2010," March 14, 2011, 67, <https://www.irs.gov/pub/irs-soi/10databk.pdf>; Internal Revenue Service, "IRS-CI Annual Report 2025," December 12, 2025, Publication 3583, 3, <https://www.irs.gov/pub/irs-pdf/p3583.pdf>

¹¹ Internal Revenue Service, "IRS-CI Annual Report 2022," November 3, 2022, 4, <https://www.irs.gov/pub/irs-prior/p3583--2022.pdf>

¹² Internal Revenue Service, "IRS-CI Annual Report 2025," December 12, 2025, Publication 3583, 3, <https://www.irs.gov/pub/irs-pdf/p3583.pdf>

¹³ Bloomberg Tax, "IRS Criminal Division Preps for Retirement Wave With More Hiring," Erin Schilling, August 26, 2025, <https://news.bloombergtax.com/daily-tax-report/irs-criminal-division-preps-for-retirement-wave-with-more-hiring>

¹⁴ AP News, "How the IRS' crime-fighting force took on immigration and other issues in 2025," Fatima Hussein, December 11, 2025, <https://apnews.com/article/irs-tax-immigration-criminal-investigations-2f0ab7111f121bbcb7d653528a954017>

¹⁵ Bloomberg Tax, "Criminal Tax Scheme Probes Plummet as Trump IRS Priorities Shift," Erin Schilling, December 17, 2025, <https://news.bloombergtax.com/daily-tax-report/criminal-tax-scheme-probes-plummet-as-trump-irs-priorities-shift>

¹⁶ Id.

IRS-CI has a proven track record of taking down major schemes, such as:

- An unreported income scheme involving \$2 billion in undeclared earnings by the late billionaire Robert Brockman, recovering \$750 million in unpaid taxes and penalties;¹⁷
- An offshore banking scheme where Credit Suisse played a role in concealing \$4 billion in undeclared offshore accounts belonging to wealthy tax cheats, recovering \$511 million for American taxpayers;¹⁸ and
- An abusive trust scheme using sham trusts and foundations to conceal \$60 million in income, costing the federal government \$17 million.¹⁹

These cases illustrate what's at stake. Abusive tax schemes involve highly complex arrangements—offshore accounts, trust structures, fraudulent deductions, and deceptive refund claims.²⁰ These are labor-intensive cases that often require multiple special agents and Justice Department lawyers.²¹ The return on investment for IRS CI is substantial: for every dollar spent, the division directly brings in \$16, before even accounting for dollars saved through deterrence.²² The Department of Justice's termination of its Tax Division further weakens centralized expertise in prosecuting complex tax crimes, making IRS-CI's investigative role even more critical and the decline in investigations even more alarming.²³

Tax shelter promoters are watching. As one former Justice Department Tax Division leader warned, "Tax shelter schemes are a pretty lucrative business. If I'm a promoter, I'm watching press releases, reading the report, listening to try to hear the footsteps of enforcement coming up behind me."²⁴ When those footsteps grow quieter, cheaters grow bolder.

We respectfully request responses to the following questions by February 27, 2026:

¹⁷ The Wall Street Journal, "Billionaire's Heirs to Pay \$750 Million in Biggest-Ever U.S. Tax-Fraud Case," Miriam Gottfried and Mark Maremont, December 23, 2025, <https://www.wsj.com/us-news/law/billionaires-heirs-to-pay-750-million-in-biggest-ever-u-s-tax-fraud-case-d17b6f84>

¹⁸ Internal Revenue Service, "Credit Suisse Services AG admits to conspiring with U.S. taxpayers to hide assets and income in offshore accounts and admits that Credit Suisse breached its prior plea agreement," May 6, 2025, <https://www.irs.gov/compliance/criminal-investigation/credit-suisse-services-ag-admits-to-conspiring-with-us-taxpayers-to-hide-assets-and-income-in-offshore-accounts-and-admits-that-credit-suisse-breached-its-prior-plea-agreement>

¹⁹ Internal Revenue Service, "Arizona tax preparer pleads guilty to filing false tax returns as part of a nationwide abusive trust tax shelter scheme," May 20, 2024, <https://www.irs.gov/compliance/criminal-investigation/arizona-tax-preparer-pleads-guilty-to-filing-false-tax-returns-as-part-of-a-nationwide-abusive-trust-tax-shelter-scheme>

²⁰ NYC Criminal Attorneys, "What is a Fraudulent Tax Shelter," December 14, 2025, <https://www.nyccriminalattorneys.com/what-is-fraudulent-tax-shelter/>

²¹ Bloomberg Tax, "Criminal Tax Scheme Probes Plummet as Trump IRS Priorities Shift," Erin Schilling, December 17, 2025, <https://news.bloombergtax.com/daily-tax-report/criminal-tax-scheme-probes-plummet-as-trump-irs-priorities-shift>

²² Internal Revenue Service, "IRS spotlights Criminal Investigation law enforcement," March 2022, <https://www.irs.gov/newsroom/irs-spotlights-criminal-investigation-law-enforcement>

²³ Bloomberg Tax, "What's Next After Justice Department Dissolved Its Tax Division," Erin Schilling, December 1, 2025, <https://news.bloombergtax.com/daily-tax-report/whats-next-after-justice-department-dissolved-its-tax-division>

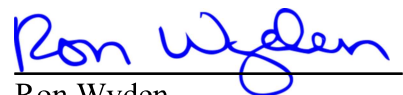
²⁴ Bloomberg Tax, "Criminal Tax Scheme Probes Plummet as Trump IRS Priorities Shift," Erin Schilling, December 17, 2025, <https://news.bloombergtax.com/daily-tax-report/criminal-tax-scheme-probes-plummet-as-trump-irs-priorities-shift>

1. What caused the drop from 92 investigations in FY2024 to 34 in FY2025? Explain any changes in enforcement priorities, resource allocations, staffing decisions, or policy guidance that contributed to this decline.
2. How many IRS-CI personnel whose duties include investigating abusive tax schemes have left the agency or were reassigned in 2025? Please break this down by voluntary separations, layoffs, attrition, and reassignments. Of those, how many were agents or professional staff with substantial experience in abusive tax scheme investigations?
3. Provide overall IRS-CI staffing levels assigned to abusive tax scheme investigations for FY2023, FY2024, and FY2025, along with projected levels for FY2026.
4. Have IRS-CI leaders issued guidance or internal communications in 2025 that reallocated investigative resources away from abusive tax schemes toward other areas? If so, please provide any relevant documentation.
5. How many IRS-CI special agents have been detailed to immigration efforts, crime task forces, or other non-tax enforcement activities? How long are these details expected to last, and how has this affected the agency's ability to initiate abusive tax scheme investigations?
6. Has IRS-CI conducted or reviewed any analyses of the impact of budget and staffing reductions on the agency's capacity to pursue complex abusive tax schemes? If so, provide all findings and supporting documentation.
7. What steps, if any, has IRS-CI taken to mitigate the effects of staff reductions? This includes recruiting, training, technological tools, or other measures. Given that IRS-CI expects to lose up to 20 percent of special agents to retirements in the next two years, what is the agency's plan to maintain investigative capacity?
8. Has the IRS evaluated the potential deterrent and revenue impacts of the decline in initiated abusive tax scheme investigations? If so, provide all relevant assessments, reports, and analyses.
9. How does IRS-CI plan to ensure that its investigative capacity keeps pace with the need to detect and pursue abusive tax schemes—particularly in light of the Justice Department Tax Division reorganization, ongoing special agent retirements, and the diversion of resources to other administration priorities?
10. Provide copies of all communications between IRS-CI, DOJ, Treasury, or other oversight entities regarding the decline in abusive tax scheme investigations and any plans to address it.

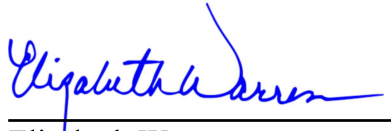
Sincerely,



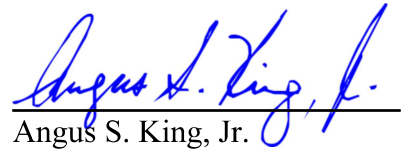
Sheldon Whitehouse
United States Senator



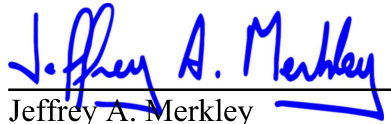
Ron Wyden
United States Senator
Ranking Member, Committee
on Finance



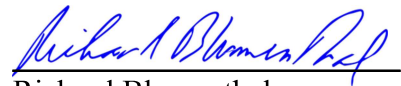
Elizabeth Warren
United States Senator



Angus S. King, Jr.
United States Senator



Jeffrey A. Merkley
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Richard Blumenthal
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Bernard Sanders
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