



Americans' Chances of Audit More than Doubles as Newly Supercharged IRS Targets Lower- & Middle-Income Earners

Topline Message: Democrats' tax and spending spree will more than double Americans' chances of being audited as it targets lower and middle-income earners. The proposal will lead to an additional 1.2 million IRS audits each year, nearly half of which will hit middle class families making less than \$75,000. All this so Democrats can wring an extra \$200 billion out of the American people, particularly from middle-class families and small businesses.

- Biden's plan to supercharge the IRS with \$80 billion in mandatory funding and 87,000 new IRS agents will lead to drastically higher audit rates for **all Americans at every income level according to the Congressional Budget Office.**¹
- What does that mean for Americans? More than double the chance of being audited. And not just for the rich.
 - There would be more than **1.2 million more individual audits** per year.²
 - Nearly half of these audits—over 583,000—**would be on Americans making up to \$75,000 a year.**³
 - Even the lowest income Americans would see more audits with a quarter of these audits—over 313,000—**hitting Americans making up to \$25,000 per year.**⁴
- This also will mean more than **800,000 more federal tax liens** on taxpayer property such as homes and vehicles.⁵
- The best available information/data shows that the majority of underreported individual and small business income is from those making between \$0 and \$200,000.⁶

Bottom Line: The Biden plan will mean more audits of the middle class and lower-income Americans, 800,000 more federal tax liens per year, and more IRS shake downs of American families and small business.

¹ The Effects of Increased Funding for the IRS, Congressional Budget Office (Sept. 2, 2021) ("The proposal, by contrast, would return audit rates to the levels of about 10 years ago; the rate would rise for all taxpayers. . . .").

² 2020 IRS Data Book Table 17a Years 2010 – 2018 (comparing audit rates from 2010 to 2018).

³ *Id.*

⁴ *Id.*

⁵ In FY 2010, nearly 1.1 million federal tax lien requests were entered into the IRS Automated Lien System. 2020 IRS Data Book Table 25. In FY 2020, approximately 291,000 federal tax lien notices were entered into the IRS Automated Lien System. 2010 IRS Data Book Table 16.

⁶ Joint Committee on Taxation, *Distributional Analysis*, August 17, 2021.