

# The US government is giving the IRS an extra \$80 billion in funding under the newly passed Inflation Reduction Act. Where's that extra money going to come from?

Alexander Marino JD, LLM (US Tax)  
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On August 16, 2022, US President Joe Biden signed into law the sweeping \$750 billion **Inflation Reduction Act**. The legislation focuses on tax, health care, and the climate. The Inflation Reduction Act seemingly spells bad news for US expats around the world as it includes **\$80 billion** in extra funding for the IRS (that is "BILLION", with a "B").

This translates into:

- The hiring of 87,000 new IRS employees, including auditors, and
- a whopping \$45.6 billion – **more than HALF** the earmarked amount – geared towards "enforcement."

But wait, how is \$80 billion more for the IRS going to help reduce inflation? This is the Inflation **Reduction Act**, right? Great question. Let me know if you know the answer because after reading the bill, I don't see it.

Let's consider the numbers for a moment. \$80 billion is more than **six times** the [current annual IRS budget of \\$12.6 billion](#). It's nearly **nine times** the annual FBI budget of \$9.75 billion, and almost **60 times** the budget of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

[Overall, with the 87,000 new agents, the IRS will become larger in numbers than](#) the Pentagon, State Department, FBI, and Border Patrol **COMBINED**. Many are arguing the US could certainly use 87,000 more teachers, nurses, mental health care workers, veterans care workers, or border agents – who are stretched thin right now at the southern border – before IRS agents. But let's remember that those much-needed hires wouldn't result in the return on investment that 87,000 IRS agents will. [And they get to carry more guns.](#)

This move allows the IRS to go into what the Wall Street Journal calls "[beast mode.](#)" They will be focused on bill enforcement and collection like never before, and someone is going to have to foot the bill for this extravagant spending. So, who do you think the IRS will target with future audits to help recoup the costs? You and the other 9+ million US citizens living abroad?

Why US expats? Those prying eyes of the IRS have more power overseas than ever before. Through FACTA (the Foreign Account Tax Compliance Act), the IRS has mountains of financial records of US citizens living abroad. Now, with more funding for enforcement and an expanded workforce, many believe the IRS will use the data available to them and expand expat enforcement to record numbers.

Still think the US government won't find you living quietly outside the US? One may want to rethink that position after the Inflation Reduction Act.

**Stronger tax enforcement measures and more audits are almost certainly coming. Now may be the time to consider renouncing your US citizenship to make it all stop.** We understand this is an important decision for you and your family. The implications should be carefully discussed before any decision is made. Our firm fully understands the importance of renouncing our client's US citizenship properly.

The key word in that phrase is "properly." If US citizenship or green card is not terminated correctly, one can be subject to tens of thousands of dollars in failure-to-file penalties, as well as an exit tax and covered expatriate status. The US has many pitfalls and landmines (exit tax, inheritance tax, disbarment from the US for life, loss of benefits, etc.) that one must successfully navigate. Our firm can work with you and make sure that these pitfalls are avoided.

Our team of US lawyers represents between 600 and 900 US citizens and green card holders who decide to renounce their US status correctly every year on six continents – more than any other firm in the world. We've helped thousands of US expats and green card holders successfully terminate their citizenship status – but, again, it MUST be done the right way.

If you or a family member is a US citizen or green card holder considering renunciation, we invite you to visit our dedicated webpage for more information. This page contains links to register for our upcoming renunciation webinars. You can find one tailored to your geographic location in our events listings.

These webinars thoroughly review everything you need to know about the US citizenship renunciation process, and available options should you decide to take the next steps.

[Click here to view our upcoming Renunciation Webinars and register](#)

If you would like to get the process started on addressing your US issues immediately (with legal fees in mind), please schedule a one-hour call or video conference consultation with me by:

- Signing up on our [virtual calendar](#) or
- Contacting Jeanine Wilk at [jwilk@moodystax.com](mailto:jwilk@moodystax.com) or 403-693-5124