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Bonus Season at the IRS

Even suspensions for misconduct don't prevent agency employees from receiving rewards.

By James Freeman
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"More than 2,800 Internal Revenue Service employees who recently had been disciplined received performance bonuses totaling more than \$2.8 million between Oct. 1, 2010 and Dec. 31, 2012," reports the Journal.

No, the group that targeted conservatives didn't receive bonuses after the scandal broke last year. But the IRS sets a pretty low bar for employees to receive awards. About two-thirds of the agency's 98,000 workers received bonuses for fiscal 2012.

As for those who broke IRS rules and still got paid, [the Journal reports](#): "The misconduct ranged from failure to pay taxes to misuse of government travel cards, violation of official-conduct standards and fraud, according to the report by the Treasury Inspector General for Tax Administration. The discipline included written reprimands, suspensions and even removal. The oversight agency said some of the conduct issues might have occurred after an employee earned a bonus."

The internal auditor's report notes with wry understatement that "providing awards to employees with conduct issues, especially the failure to pay taxes owed to the federal government, appears to be in conflict with the IRS's charge of ensuring the integrity of the system of tax administration."

Adds the Journal: "The report identified nearly 1,200 employees with tax issues or official-conduct violations during the period who received a total of \$1.1 million in monetary bonuses, and about 11,000 hours of time off. One employee who was suspended for 10 days in September 2011 received a \$1,300 performance award in August 2012, the report said."

Speaking of violations, Chris Edwards of the Cato Institute reminds us [in a recent post](#) that even IRS employees who follow all the agency's rules can end up violating taxpayers' basic liberties. Mr. Edwards writes: "For non-criminal tax cases — the vast majority of cases — the tax code reverses the age-old common law principle that the burden of proof rests with the accuser. Except in some narrow circumstances, the IRS does not have to prove the correctness of its determinations. When the IRS makes erroneous assessments — as it often does — citizens carry the burden to prove that they are wrong."

And there's this: "Despite Sixth and Seventh Amendment guarantees of trial by jury, the federal tax system sidesteps such protections. To contest an IRS tax calculation prior to assessment, one must file a petition in the U.S. Tax Court. But since this is an administrative court, not an Article III court, no jury trial is required. To obtain a jury trial and related rights for civil tax cases, one must file suit in a U.S. District Court. But before that can happen, the alleged tax, penalties, and interest must be paid in full."

And Mr. Edwards also notes: "In most situations, the Fourth Amendment guarantees that, before the government can search private property and seize records, it must demonstrate to a court that there is probable cause to believe that lawless conduct exists. However, the IRS's summons authority under tax code section 7602 allows it to obtain records of every description from any person without showing probable cause and without a court order."

Many taxpayers may be left wondering why *any* IRS employees receive bonuses.