

Potential 'Audit Storm' Brewing for High Net-Worth Individuals, Says Business Evaluation Expert MPI

New White Paper Says New IRS Funding Expected to Increase Focus on Partnerships, Corporations, and High Net-Worth Earners

WASHINGTON, DISTRICT OF COLUMBIA, UNITED STATES, July 12, 2023 /EINPresswire.com/ -- Despite

recent debt ceiling negotiations, the Internal Revenue Services' anticipated Inflation Reduction Act Strategic Operating Plan (IRA Plan) is aimed squarely at increasing taxes on complex partnership structures, large corporations, and high net-worth individuals, according to a [new report](#) by national business valuation firm, MPI.

The report details how a potential "audit storm is brewing," a result of the IRS's increased funding for its IRA plans. Early estimates by the Congressional Budget Office showed the new enforcement efforts to increase tax revenues by \$180 billion.

Originally, the IRS was getting \$80 billion for tax enforcement and operations, but the recent debt ceiling deal hammered out with Congress and the White House means roughly \$29 billion could now be spent on additional enforcement and auditing over the next 10 years as opposed to the \$45 billion originally allocated for enforcement

Nevertheless, the [MPI report](#) notes, the IRA Plan states, "the IRS will increase enforcement activities to help ensure tax compliance of high-income and high-wealth individuals" as it has not had sufficient resources for enforcement in the past to ensure "they are paying the taxes they owe."

As a result, the MPI paper states "there is a likelihood of increased audits of gift, estate, and personal income tax returns due to the dramatic increase in resources."

The MPI report was written by Thomas Berg, Jr., Managing Director, MPI and San Francisco, and David M. Eckstein, Managing Director, MPI, Seattle.



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"The first wave of specialists hired and onboarded to increase compliance coverage rates for high-income and high-wealth individuals will occur this year," said Berg about the new IRS focus. According to the plan, he says, hiring will start with accountants, attorneys, and data scientists with the education and experience to pursue these tax filers.

"It's anticipated there will be a meaningful uptick in estate tax, gift tax, and charitable deduction income tax audits for high-income and high-net-worth individuals going forward," said Eckstein. "As a result, be at the ready to defend valuations at the examination or appellate level, or in Tax Court, if necessary," he added.

The white paper by MPI "provides a clear warning to family business owners trying to understand what these new IRS enforcement measures mean," said Pat Soldano, President of Family Enterprise USA and Policy and Taxation Group. "It's expected valuation issues historically targeted by the IRS, such as discounts for lack of marketability and control, tiered discounts, and tax-affecting pass-through entities, among other issues, will be ripe for audit by an expanded IRS," said Soldano about the report.

For a full review of the MPI white paper go to: familyenterpriseusa.com

About MPI

MPI (Management Planning Inc.), a national consulting firm founded in 1939, specializes in business valuation, forensic accounting, litigation support and corporate advisory work. MPI conducts every project as if it is going to face the highest level of scrutiny, and its senior professionals have extensive experience presenting and defending work product in front of financial statement auditors, management teams, corporate boards and fiduciaries, the IRS, other government agencies, and in various courts.

About Family Enterprise USA

Family Enterprise USA promotes generationally owned family business creation, growth, viability, and sustainability by advocating for family businesses and their lifetime of savings with Congress in Washington DC. FEUSA represents and celebrates all sizes, professions and industries of family-owned enterprises and multi-generational employers. It is a bi-partisan 501.c3 organization. www.familyenterpriseusa.com

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