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## **IRS Ramps Up Enforcement Efforts; Focuses on Foreign-Owned and ‘Mega’ Corporations**

Following their recent announcement regarding new partnership and global high wealth enforcement initiatives,<sup>1</sup> the Internal Revenue Service (IRS) on Oct. 20 **announced another enforcement initiative focusing on foreign corporations and the largest corporate taxpayers.** Last week, IRS Commissioner Danny Werfel announced the IRS would be sending out approximately 150 compliance alerts to U.S. subsidiaries of foreign corporations. Commissioner Werfel noted the alerts are intended “to remind them of their U.S. tax obligations and to incentivize taxpayer self-correction.” It appears that much of the emphasis will be on transfer pricing issues and the correct reporting of related party transactions. In addition, in 2024, the IRS will initiate audits of 60 major corporations, with an average of \$24 billion in assets and approximately \$526 million of annual taxable income. The corporations were selected using artificial intelligence and analytics, another IRS priority.

This focus on “mega corporations” is not new. Historically, the IRS has had a program in place to routinely examine the largest segment of corporate America. The program has gone through several iterations and naming conventions over the years, most recently known as the Coordinated Industry Case (CIC) program. CIC taxpayers generally were audited annually. CIC was officially dismantled in 2019, with the announcement of the Large Corporate Compliance (LCC) program. LCC changed the model for

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<sup>1</sup> See *GT Alert*, Sept. 22, 2023.

examining large corporations, and many former CIC taxpayers were no longer selected for audit. With the Commissioner's recent announcement, the IRS may be revisiting that decision.

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