

Tax Professionals Observe Impact of IRS Layoffs

by Lauren Loricchio

IRS instructor John Kelshaw had just returned from Seattle, where he was teaching newly hired IRS employees, when he found out that they had all been fired.

The new hires were among the nearly 7,000 probationary employees at the IRS who were fired as part of Trump administration efforts to reduce the federal workforce. The National Treasury Employees Union also estimates that between 4,000 and 5,000 IRS employees took the Office of Personnel Management's offer to resign and receive full pay and benefits through September 30.

The loss of employees at the IRS is becoming noticeable, with tax professionals observing fewer employees available to collect taxes and complete audits. Meanwhile, the IRS is planning for future reductions in force in response to directives from the Trump administration.

Kelshaw, who worked as a revenue agent during his career at the IRS, was rehired last year as a reemployed annuitant to teach new hires as the agency added staff with its funding from the Inflation Reduction Act.

"Now I'm an instructor with nobody to teach," Kelshaw said. "A lot of good people got fired for no valid reason. That's the sad part."

Collections and Audits

Alyssa Maloof Whatley of the Law Offices of Alyssa Maloof Whatley LLC is among the tax professionals who are concerned about what they're seeing at the IRS.

Maloof Whatley said she's had recent cases with self-employed taxpayers who hadn't filed tax returns in years and the revenue officer working the cases is no longer employed by the agency.

Maloof Whatley also recounted two cases with a revenue officer in Atlanta who eventually stopped responding.

After calling a manager at that office, Maloof Whatley learned that the revenue officer was a probationary employee and was fired. "She was great to work with, and she was doing a good job," Maloof Whatley said.

Caleb Smith of the University of Minnesota Law School's Federal Tax Clinic said a client there had a revenue officer who was a probationary employee assigned to their case.

Smith said one of his students responded to a letter from the revenue officer in January asking to discuss the case further, but didn't hear back. When they went to an appointment scheduled with the revenue officer on March 10, they were told that the officer was laid off.

"We had a two-hour meeting with a manager who's now taken on a bunch of extra cases. Who knows what their plate looks like?" Smith said. "That is a direct example of this change and how it is affecting people."

Rebecca Sheppard of Frost Law said an audit manager at the IRS recently called her firm to say an auditor had been fired. This came after they had already been through a fourth information document request with the auditor, she added.

Sheppard said that in another case handled by her firm, an attorney "had a pretty big Appeals conference scheduled" and the Appeals officer didn't show up.

"A couple days later, the manager called and said, 'It's going to get rescheduled and reassigned to a new officer,'" Sheppard said.

'A Major Logjam'

Kelshaw, who is a national vice president for the National Treasury Employees Union, said he thinks the layoffs are "going to cause a major logjam."

The loss of employees will hurt the agency and taxpayers, with fewer people doing audits, answering phones, and dealing with collection issues, Kelshaw said.

"Things are going to be delayed again like they were before. And these people who are under audit now or have collection issues now, those cases are going to have to be assigned to people who already have a full caseload," Kelshaw said.

"The agency isn't going to be able to complete its mission for a long time now because it generally takes several years to become a really good revenue agent," Kelshaw said.

Sheppard said she is expecting compliance to decrease if the IRS workforce is dramatically cut.

“The taxpayers benefit from a system where everyone is held accountable and having a tax system where individuals and businesses are kept in check,” Sheppard said.

Maloof Whatley said, “What everyday taxpayers don’t realize is that there’s automation in place to do exams and enforcement of collections on lower-middle-class taxpayers.”

It’s the taxpayers who aren’t subject to automated enforcement that can circumvent the tax system, according to Maloof Whatley, who predicted that that outcome will worsen the tax gap.

“It’s just going to allow people that have been skirting the system to get away with more, because when people aren’t watching them, people will not file and people will not pay,” Maloof Whatley said. “As a tax lawyer, I obviously represent a lot of those people, but I think it’s unfair to the rest of the taxpayers that do . . . file and pay.” ■

Reach out to Lauren Loricchio with tips at lauren.loricchio@taxanalysts.org or via encrypted message on Signal at [TaxNotesLauren.33](https://t.me/TaxNotesLauren.33).

Ousted IRS Human Capital Officer Pushed Back on Firings, DOGE

by Benjamin Valdez

Former IRS Chief Human Capital Officer Traci DiMartini said she was placed on leave for resisting the firing of thousands of probationary workers and for delays in onboarding staffers from the Department of Government Efficiency (DOGE).

In an affidavit filed March 7 in the U.S. District Court for the District of Maryland, DiMartini said she had several concerns when the Office of Personnel Management (OPM) and Treasury instructed her to begin terminating thousands of probationary employees “based on performance,” including whether the directive was legal.

“In all my decades of human resource management for the federal government, I had never before received a directive such as this one,” DiMartini said in the statement, explaining that the termination of probationary employees is typically handled by employees’ managers and is done because of poor performance or conduct.

DiMartini’s statement was filed as part of a motion in *Maryland v. Department of Agriculture*, a suit brought by 19 states and the District of Columbia alleging that the Trump administration violated reduction-in-force protocols during the probationary employee firings.

DiMartini said that her office narrowed down a list of 17,000 probationary employees to about 6,700 after carving out staff in taxpayer services, the Taxpayer Advocate Service, and IT departments who are essential for the filing season.

Treasury and the IRS didn’t conduct any performance reviews ahead of the terminations, according to DiMartini, who was placed on administrative leave pending termination March 3 by acting IRS Commissioner Melanie Krause.

In the statement, DiMartini also cited her interactions with DOGE staffers as a reason for being placed on leave.

DiMartini said that DOGE employee Gavin Klinger ordered her to issue an IRS identity verification card and IT equipment to Treasury appointee Sam Corcos “immediately,” but that she took longer than asked in part because the