

## *Enforcement*

### COLLECTIONS, PENALTIES, AND CRIMINAL INVESTIGATION

**T**he mission of IRS's Collection function is to collect Federal taxes that are reported or assessed but not paid, and to secure tax returns that have not been filed. Table 16 provides information on these activities.

The failure to comply with Federal tax laws may result in civil penalties. Table 17 provides information on penalties assessed and abated during Fiscal Year 2006, by type of tax and type of penalty.

Individuals who deliberately fail to comply with Federal tax laws may also be subject to a criminal investigation, which could result in prosecution, fines, and imprisonment. Table 18 summarizes criminal investigation activity related to legal source tax crimes; illegal source financial crimes; and narcotics-related financial crimes. Legal source tax investigations involve activities, industries, and occupations that generate legitimate income. The Legal Source Tax Crimes Program also includes cases that may threaten the tax system, such as frivolous filers or nonfilers who challenge the legitimacy of the tax laws, unscrupulous tax return preparers, and fraudulent refund schemes. Illegal source financial crimes relate to proceeds derived from illegal sources other than narcotics and involve tax and tax-related violations as well as money laundering. In the Narcotics Program, the IRS investigates narcotics-related tax and money-laundering crimes. The IRS often cooperates with the Justice Department and other law enforcement agencies to accomplish its mission.