



## What Can We Expect from the IRS Criminal Investigation—the CI Annual Report for 2025

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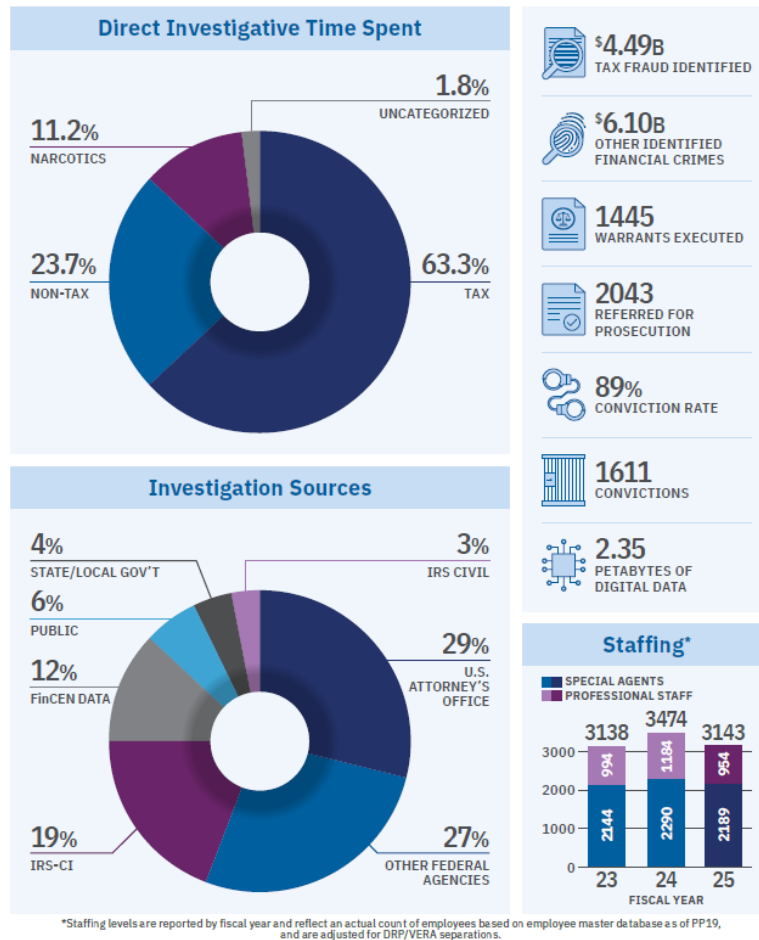
The [IRS Criminal Investigation's FY 2025 Annual Report](#) was just issued and it tells practitioners where CI spent time, what CI measured, and where CI believes it produced results. Unfortunately, it does not tell us where CI is going –but it does give us some clues and reflects a vibrant CI with significant accomplishments for 2025. (IRS-CI Annual Report 2025, pp. 2–4).

### One Page Explains the Year

If you read only one page, read the “2025 Snapshot.” CI reports that it identified \$4.49 billion in tax fraud and \$6.10 billion tied to other financial crimes, executed 1,445 warrants, referred 2,043 cases for prosecution, obtained 1,611 convictions, and reported an 89% conviction rate. It also reports that it handled 2.35 petabytes of digital data (one petabyte is equal to 1 million gigabytes or 1,000 terabytes). (IRS-CI Annual Report 2025, p. 3).

The loss of employees throughout the IRS, did not spare IRS CI. The loss of about 100 special agents and even more than double that number in support staff compared to 2024 still means that the numbers are still above 2023 level. Moreover, the reassignment or detail of administration priorities has not overly hurt the gains achieved by CI.

## 2025 Snapshot



IRS-CI Annual Report 2025, p. 3.

### Two Details to Give Special Attention

Two details on that page deserve special attention because they shape how cases enter the pipeline and how they mature. First, CI's "Investigation Sources" chart shows that a large share of work originates outside IRS-CI: 29% from U.S. Attorney's Offices, 27% from other federal agencies, and 12% from FinCEN data, with only 19% attributed to IRS-CI itself (and smaller percentages from the public, state and local agencies, and 3% from IRS civil functions). (IRS-CI Annual Report 2025, p. 3.) The shift from the prior year, 2024, is marginal, where 26% from U.S. Attorney's Offices, 27% from other federal agencies, and 13% from FinCEN data, with 20% attributed to IRS-CI itself (and smaller percentages from the public, state and local agencies, and 4% from IRS civil functions). See IRS Criminal Investigation's FY 2024 Annual Report, p. 10.



The 3% number represents a significant drop from prior years where the civil functions accounted for 7% in 2021 and the years before. Even that number was deemed too low by prior IRS Commissioners and the drop to 3% is noteworthy and will likely not change given the reduction in civil compliance resources.

Second, the “Direct Investigative Time Spent” chart shows the portfolio is not purely tax: 63.3% tax, 23.7% non-tax, 11.2% narcotics, and 1.8% uncategorized. (IRS-CI Annual Report 2025, p. 3). Here, the shift is palpable. In 2024, 69.2% was purely tax, 17.6% was non-tax, 11.6% was narcotics, and 1.6% uncategorized.

### **Where the Work Is Going**

CI frames its FY 2025 results in terms of growth and operational tempo. It reports that the dollar amount of tax fraud identified in FY 2025 was “more than double” that in FY 2024, that warrants executed increased 25%, and that prosecutions recommended increased by nearly 14%. (IRS-CI Annual Report 2025, p. 4). In numbers, in FY 2025, \$4.49b in tax fraud was identified, compared to \$2.21b in FY 2024. Almost 250 more cases were referred for prosecution than in 2024 (2,043 cases in 2025 compared to 1,794 in 2024), and more warrants were executed (1,445 to 1,154). CI is telling the public that it is moving cases faster and measuring itself by output.

The only numbers that went down are the conviction rate, from 90% in 2024 to 89% in 2025, and the dollar amount in other financial crime (\$7.03b in 2025 to \$6.1b in 2025). Arguably, this decrease is not significant, and IRS CI continues to boast one of the highest conviction rates in federal law enforcement.

The report also highlights money laundering as a measurable factor in CI’s activity and results, showing 1,153 investigations initiated, 2,313 seizures, and 994 forfeitures in that category. (IRS-CI Annual Report 2025, p. 5). In parallel, CI reports non-tax crimes total of 1,412 investigations initiated, 1,209 prosecution recommendations, and 1,024 defendants sentenced. (IRS-CI Annual Report 2025, p. 5). For practitioners, that is the point: many matters that begin as “not a tax case” will still end up in the hands of IRS CI, causing financial records subpoenas, parallel proceedings, and restitution computations that can dwarf the client’s civil exposure.

### **A Baseline Set of Metrics for Advisors**

The appendix provides a comparable set of three-year trend numbers that practitioners can use to calibrate what is “routine” versus what is expanding. CI reports total investigations initiated of 2,792 (FY 2025), 2,667 (FY 2024), and 2,676 (FY 2023), with prosecution recommendations of 2,043, 1,794, and 1,838, respectively. Defendants sentenced were

1,613, 1,582, and 1,479, and the incarceration rate was 76% in FY 2025 and FY 2024 (79% in FY 2023). (IRS-CI Annual Report 2025, p. 16).

For those who want a quick reference, the following table captures the “top line”:

FY Combined Results				Abusive Tax Schemes			
	2025	2024	2023		2025	2024	2023
Investigations Initiated	2792	2667	2676	Investigations Initiated	34	92	103
Prosecution Recommendations	2043	1794	1838	Prosecution Recommendations	17	55	36
Informations/Indictments	1726	1669	1676	Informations/Indictments	18	37	40
Sentenced	1613	1582	1479	Sentenced	30	36	26
Incarceration Rate	76%	76%	79%	Incarceration Rate	77%	83%	77%
Average Months to Serve	49	44	48	Average Months to Serve	24	47	36

(IRS-CI Annual Report 2025, p. 16.)

### What to Watch in Tax Matters

CI’s “Tax Crimes” section underscores that traditional tax categories remain active, but they increasingly sit beside data-heavy, institution-facing investigations. CI reports 1,380 tax crime investigations initiated (of 2,792 total investigations), 834 prosecution recommendations (of 2,043 total investigations), and 589 defendants sentenced (of 1,613 total). (IRS-CI Annual Report 2025, p. 7). The takeaway here is that the tax crime investigations are not down from 2024. In 2024, CI reported 1,373 tax crime investigations initiated, 674 prosecutions recommended, and 615 defendants sentenced. See IRS-CI Annual Report 2024, p. 11.

The 2025 appendix offers a small window into the types of tax crime investigations. Several program areas remain consistently material in volume: Bank Secrecy Act investigations initiated at 541 (FY 2025), employment tax at 205, non-filer at 245, and abusive return preparer at 206. (IRS-CI Annual Report 2025, pp. 16–19). However, the numbers for Abusive Tax Shelters dropped significantly (from 92 initiated investigations in 2024 and 103 in 2023, to 34 in 2025; from 55 recommended prosecutions in 2024 to 17 in 2025). (IRS-CI Annual Report 2025, pp. 16–19).

For CPAs and tax counsel, the practical lesson is not that any single category dominates. It is that CI keeps several ongoing enforcement programs running at once. The day-to-day exposure is therefore less about novel theories and more about ordinary failures that

become provable through ordinary records: payroll and withholding gaps, non-filer patterns, refund claims tied to fabricated substantiation, and return preparer conduct that scales the misconduct across dozens or hundreds of taxpayers.

### **Fraud on Government Programs Remains a Priority**

CI reports that it identified over \$10.6 billion in financial fraud during FY 2025, and it continues to place significant emphasis on pandemic-era and relief-program fraud. (IRS-CI Annual Report 2025, p. 7). The report also provides a specific statistic on the Employee Retention Credit enforcement posture: CI states it has 588 investigations related to potentially fraudulent ERCs totaling more than \$5.6 billion, and that, to date, it has filed 108 federal charges. (IRS-CI Annual Report 2025, p. 7).

This is a compliance and counseling issue as much as a criminal issue. The relevant question in many ERC-adjacent matters is not simply whether a client received money, but whether the file shows disciplined gatekeeping at the time of the claim: contemporaneous eligibility analysis, defensible wage computations, and a clean story on who initiated the claim and why. The report's numbers indicate CI is still investing in the back end of the pandemic programs, even as the broader policy environment shifts. (IRS-CI Annual Report 2025, p. 7).

### **Cyber and Digital Assets: Capability, Not Hype**

CI states that it continues to prioritize cybercrime investigations and emphasizes its use of internet and network tracing capabilities. (IRS-CI Annual Report 2025, p. 6). The “Cybercrimes” banner metrics show 54 cybercrime convictions, an average sentence of 63 months, and \$149 million in assets seized. (IRS-CI Annual Report 2025, p. 9). Whatever one thinks of the rhetoric around cyber, those numbers describe real sentencing exposure and real asset restraint.

The FY 2024 report places substantial weight on cyber-enabled financial crime and large-scale crypto and AML matters. IRS-CI reports, for example, that in FY 2024 show 68 cybercrime convictions, an average sentence of 61 months, and over \$925 million in assets seized. (IRS-CI Annual Report 2024, pp. 12–13).

Digital assets are still on the mind of investigators. In 2024, IRS CI had the *Binance* case as front and center; FY 2025 reports 54 convictions in cyber-related investigations with an average sentence of 63 months, and it spotlights darknet and mixer-related prosecutions (including Bitcoin Fog and the Bitfinex hack laundering case) as emblematic of the agency's cyber priorities. (IRS-CI Annual Report 2025, p. 5).

The FY 2025 report continues that posture but frames it in a broader “national threat” and institutional-compliance context. It describes expanded federal partnerships through newly

established Homeland Security Task Forces (IRS-CI Annual Report 2025, pp. 4–5), and it highlights a major bank-based money-laundering matter involving TD Bank, including allegations of over \$670 million moved through networks and a resolution requiring forfeiture of over \$452 million and a \$1.4 billion criminal fine. (IRS-CI Annual Report 2025, p. 9).

From a defense perspective, the operational takeaway is that “digital complexity” is no longer a dependable friction point. CI is reporting petabyte-scale data handling, and its case selection suggests that financial records, messaging, and blockchain-adjacent traces are being pulled together with conventional methods: warrants, seizures, forfeiture, and coordinated prosecution. (IRS-CI Annual Report 2025, pp. 3, 8–13).

### **Asset Forfeiture and Sentencing Risk**

Tax practitioners sometimes underweight asset forfeiture because the tax code, which only in rare situations permits the Government to pursue asset forfeiture, is usually CI’s focus. CI’s report makes forfeiture a front-page consequence, not an afterthought. In its “Asset Forfeitures” banner, CI reports \$816 million in seizures (value at the time of seizure), \$508 million in forfeitures, and \$99 million in asset recovery. (IRS-CI Annual Report 2025, p. 11). These figures are best read as a reminder that exposure is not always limited to tax, penalties, and interest. In many CI matters, the client’s liquidity and operating capacity can be impacted early, before the case’s final civil posture is even knowable. (IRS-CI Annual Report 2025, p. 11).

### **Voluntary Disclosure Program: A Coming Revision Cycle**

At the ABA Tax Controversy Conference in Las Vegas on December 12, 2025, IRS-CI Chief Guy Ficco announced that the IRS is revising the Voluntary Disclosure Program and expects to publish proposed revisions for a 90-day public comment period in early 2026, with the stated aim of making outcomes more consistent and predictable across cases while moving taxpayers into compliance and bringing revenue into the Treasury on a timely basis. (Guy Ficco, ABA Tax Controversy Conference in Las Vegas, Dec. 12, 2025). A welcome announcement to many civil and criminal tax professionals.

### **Conclusion for Tax Advisors and Clients**

The IRS-CI Annual Report 2025 describes an enforcement environment that is broad, coordinated, and increasingly comfortable operating in non-tax and digital fact patterns, while still running the traditional tax programs at scale. (IRS-CI Annual Report 2025, pp. 3–7, 16–19). If 2025 is any indication, we should see a continued focus on these areas—perhaps with some more emphasis on areas reflecting this Administration’s priorities. Areas ripe for “taking a turn for the worse” to consider are relief-program claims without substantiation,



payroll and withholding breakdowns, BSA-adjacent conduct, other claims defrauding the Government and any fact pattern where proceeds, concealment, or third-party facilitators are present. (IRS-CI Annual Report 2025, pp. 5–7, 16–19).

Given the upheaval the IRS has been experiencing this past year, the IRS-CI Annual Report 2025 is a positive look at a critical component of policing the tax gap. It would do the civil enforcement components well to issue a similar annual report. While it is hard to predict what will happen in the future, what seems clear is that, as Mark Twain may have put it, “reports of the death of CI and the IRS are greatly exaggerated.”

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