



COMMISSIONER
SMALL BUSINESS/Self-EMPLOYED DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

MAR 05 2018

Ms. Anita Blair
Deputy Assistant Secretary of Defense
for Civilian Personnel Policy
U.S. Department of Defense, Room 5D636
1500 Defense Pentagon
Washington, D.C. 20301-1500

Dear Ms. Blair:

I am soliciting your assistance in promoting tax compliance among federal employees, which remains an issue of considerable public importance.

Office of Government Ethics regulation 5 CFR § 2635.809 outlines the responsibility of federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state, or local taxes that are imposed by law." In 1993, the IRS created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax delinquency among federal employees to monitor their compliance with government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments. Delinquency includes both unfiled tax returns and/or unresolved tax liabilities.

The purpose of this letter is to inform you that the most recent annual report has been finalized. On September 30, 2017, 5,047 employees, or 3.63 percent of the Department of Defense personnel, had some type of federal income tax delinquency, down from 4.06 percent in September 2016. I have enclosed copies of separate letters to the Departments of the Army, Navy, and Air Force that reflect tax delinquency rates of 3.66, 3.22, and 3.21 percent in their respective civilian workforces. Overall, the average delinquency rate for civilian employees of federal agencies and departments was 3.7 percent.

I encourage you to visit IRS.gov and enter *Educating Your Employees About Tax Compliance* in the search box. There you will find information to share with your employees to assist them in meeting their tax obligations. You will also find useful information to include in pre-retirement courses. The IRS also offers several online tools, accessible from the IRS.gov home page, to assist your employees in filing and

paying their taxes. By clicking "Pay" from the main menu on IRS.gov, taxpayers can make payments using credit and debit cards or through electronic funds transfers from their bank account.

The Online Payment Agreement Application is also available, which allows most qualified taxpayers to establish an agreement to pay their tax liability in monthly installment payments. Your employees may also request an installment agreement through payroll deduction by calling the IRS toll-free at (800) 829-1040. If employees are unable to obtain the help they need online at IRS.gov, they are encouraged to call the toll-free number for assistance with resolving any balance owed.

I encourage you to share the resources listed in this letter with your workforce, especially during tax season. Together, we can improve tax compliance and help foster public confidence in government.

If you have any questions regarding the information provided, please contact me, or a member of your staff may contact Emilie Frazier, Senior Tax Analyst, at (240) 613-5197.

Sincerely,


Mary Beth Murphy
Commissioner SB/SE

Enclosures (3)

cc: James N. Mattis, Secretary of Defense
David J. Kautter, Acting Commissioner of Internal Revenue

Internal Revenue Service
1111 Constitution Avenue NW
Washington DC 20224-0002

Rm 3406

Official Business
Penalty for Private Use, \$300

Hasler
03/06/2018
US POSTAGE
FIRST CLASS MAIL
\$00.47
US OFFICIAL MAIL
5.500 Permitted
For Private Use
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