

# Notices

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### ORGANIZATION AND FUNCTIONS

This material supersedes the statements on organization and functions published at 37 FR 20961-20990, 38 FR 23341 and 23342, and 38 FR 30011 and 30012.

Dated: March 25, 1974.

[SEAL] DONALD C. ALEXANDER,  
Commissioner of Internal Revenue.

#### 1100 ORGANIZATION AND STAFFING

#### 1110 ORGANIZATION AND FUNCTIONS OF THE INTERNAL REVENUE SERVICE

##### SEC. 1111 *Establishment of the Internal Revenue Service.*

###### SEC. 1111.1 *Mission.*

The mission of the Service is to encourage and achieve the highest possible degree of voluntary compliance with the tax laws and regulations and to maintain the highest degree of public confidence in the integrity and efficiency of the Service. This includes communicating the requirements of the law to the public, determining the extent of compliance and causes of non-compliance, and doing all things needful to a proper enforcement of the law.

###### SEC. 1111.2 *Organic Act.*

(1) The Office of the Commissioner of Internal Revenue was established by an act of Congress (12 Stat. 432) on July 1, 1862, and the first Commissioner of Internal Revenue took office on July 17, 1862.

(2) The act of July 1 provided:

" \* \* \* That, for the purpose of superintending the collection of internal duties, stamp duties, licenses, or taxes imposed by this Act, or which may be hereafter imposed, and of assessing the same, an office is hereby created in the Treasury Department to be called the Office of the Commissioner of the Internal Revenue; \* \* \* Commissioner of Internal Revenue, \* \* \* shall be charged, and hereby is charged, under the direction of the Secretary of the Treasury, with preparing all the instructions, regulations, directions, forms, blanks, stamps, and licenses, and distributing the same or any part thereof, and all other matters pertaining to the assessment and collection of the duties, stamp duties, licenses, and taxes, which may be necessary to carry this Act into effect, and with the general superintendence of his office, as aforesaid, and shall have authority, and hereby is authorized and required, to provide proper and sufficient stamps or dies for expressing and denoting the sev-

eral stamp duties, or the amount thereof in the case of percentage duties, imposed by this Act, and to alter and renew or replace such stamps from time to time, as occasion shall require; \* \* \*"

(3) By common parlance and understanding of the time, an office of the importance of the Office of Commissioner of Internal Revenue was a bureau. The Secretary of the Treasury in his report at the close of the calendar year 1862 stated that "The Bureau of Internal Revenue has been organized under the Act of the last session \* \* \*" Also it can be seen that Congress had intended to establish a Bureau of Internal Revenue, or thought they had, from the act of March 3, 1863, in which provision was made for the President to appoint with Senate confirmation a Deputy Commissioner of Internal Revenue "who shall be charged with such duties in the bureau of internal revenue as may be prescribed by the Secretary of the Treasury, or as may be required by law, and who shall act as Commissioner of internal revenue in the absence of that officer, and exercise the privilege of franking all letters and documents pertaining to the office of internal revenue." In other words, "the office of internal revenue" was "the bureau of internal revenue," and the act of July 1, 1862 is the organic act of today's Internal Revenue Service.

###### SEC. 1111.3 *History.*

###### SEC. 1111.31 *Internal taxation.*

Madison's Notes on the Constitutional Convention reveal clearly that the framers of the Constitution believed for some time that the principal, if not sole, support of the new Federal Government would be derived from customs duties and taxes connected with shipping and importations. Internal taxation would not be resorted to except infrequently, and for special reasons. The first resort to internal taxation, the enactment of internal revenue laws in 1791 and in the following 10 years, was occasioned by the exigencies of the public credit. These first laws were repealed in 1802. Internal revenue laws were reenacted for the period 1813-1817 when the effects of the war of 1812 caused Congress to resort to internal taxation. From 1818 to 1861, however, the United States had no internal revenue laws and the Federal Government was supported by the revenue from import duties and the proceeds from the sale of public lands. In 1862 Congress once more levied internal revenue taxes. This time the establishment of an internal revenue system, not exclusively dependent upon the supplies of foreign commerce, was permanent.

###### SEC. 1111.32 *Background and evolution of present organization.*

(1) Before the establishment of the Office of Commissioner of Internal Revenue, taxes were collected by "Supervisors" of collection districts who were appointed by the President, subject to Senate confirmation. These Supervisors worked under the direct control of the Treasury Department. The Revenue Act of 1813 provided, for the first time, for a "Collector" and a "Principal Assessor" for each collection district, and for deputy collectors and assistant assessors. Collectors and Assessors appear to be the original forerunners of the twentieth century Collectors of Internal Revenue and Internal Revenue Agents in Charge.

(2) Since 1862, the Internal Revenue Service has undergone a period of steady growth as the means for financing Government operations shifted from the levying of import duties to internal taxation. Its expansion received considerable impetus in 1913 with the ratification of the Sixteenth Amendment to the Constitution under which Congress received constitutional authority to levy taxes on the income of individuals and corporations. With the enactment of income tax laws the work of the Revenue Service began to take on a highly technical character.

(3) From the World War I period through 1951, the basic organizational structure of the Internal Revenue Service remained essentially unchanged even though there were marked increases in the number of taxpayers serviced, revenue receipts, employees and the overall workload. The Service was organized, in Washington and the field, on a program or "type-of-tax" basis, with jurisdictionally separate organizations, or "Units," charged with the administration of different types of taxes.

###### SEC. 1111.4 *Reorganization Plan No. 1 of 1952 and other changes.*

(1) On January 14, 1952, the President of the United States submitted to Congress Reorganization Plan No. 1 of 1952, calling for a comprehensive reorganization of the Internal Revenue Service. On March 13, 1952, the last motion to defeat the Plan was voted down in the Senate, and the Plan became effective on March 15, 1952.

(2) Reorganization Plan No. 1 of 1952 brought about four basic changes in the Internal Revenue Service:

(a) The organization of the Service along functional lines—i.e., operations, administration, technical, planning, and inspection;