



AMERICANS *for* TAX REFORM

May 30, 2025

Hon. Michael Faulkender
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Acting Commissioner Faulkender,

I write today on behalf of Americans for Tax Reform, a nonprofit 501(c)(4) taxpayer advocacy organization founded in 1985 at the request of President Ronald Reagan to support lower taxation, free markets and limited government. In support of these goals, ATR opposes IRS overreach and overregulation.

ATR is deeply concerned with the IRS's political weaponization, overreach and abuse of taxpayers stemming from the Biden administration's Revenue Ruling 2024-14 along with the new "Pass-Through Compliance Unit" of the Large Business and International (LB&I) division that began operating in the final month of the Biden administration.

Americans for Tax Reform urges you to withdraw Revenue Ruling 2024-14 and to dissolve this new Pass-Through Unit.

The Ruling invokes the economic substance doctrine, as defined in section 7701(o), against partnerships and other pass-through entities. This allows IRS agents to set aside the tax code and instead follow what the IRS perceives to be "the intent" of the tax code. This breaking from the written law greatly weakens taxpayer protections and means that legally compliant transactions will now be subject to tax enforcement rules, which the IRS can invent during the audit process. This places law-abiding businesses in the crosshairs of the IRS while creating great uncertainty with taxpayers and businesses who will have no means to properly assess the tax costs associated with their investment decisions.

In March, a coalition of conservative and free-market organization sent a [letter](#) to Treasury Secretary Bessent warning that the IRS aggressively asserting the ESD in such a way would create "the next crisis for taxpayer rights and government enforcement resources."

ATR strongly agrees with the warnings of Senators Blackburn, Barrasso, Daines and Lankford in their [letter](#) addressed to you earlier this month that "the creation of an enforcement unit specifically focused on pass-through entities raises legitimate concerns about whether the focus is on improving compliance or simply targeting specific business structures based on institutional prejudice."

Both the Revenue Ruling 2024-14 and the new Pass-Through Unit reflect the previous administration's policy of weaponizing the IRS to put the screws to Main Street businesses with ramped up audits to extract as much revenue as possible from the private sector.

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The Ruling and the Pass-Through Unit stand in direct contradiction to the Trump administration's policy of improving government efficiency and sweep out corruption within government agencies. So long as Revenue Ruling 2024-14 and the new Pass-Through Unit remain IRS policy, the efforts of the Trump administration to rein in the abusive practices of the Biden IRS will be undermined.

For these reasons, Americans for Tax Reform urges you to protect taxpayers by withdrawing Revenue Ruling 2024-14 and to dissolve the Pass-Through Unit.

Onward,

Grover Norquist
President, Americans for Tax Reform

Cc: Hon. Kevin Salinger, Deputy Assistant Secretary for Tax Policy, Department of the Treasury

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