



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2009 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES

Issued on May 12, 2009

Highlights

Highlights of Report Number: 2009-30-070 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 requires the IRS to notify taxpayers at least 30 calendar days before initiating any levy action to give taxpayers an opportunity to formally appeal the proposed levy. TIGTA determined that the IRS has sufficient controls in place to ensure that taxpayers are advised of their right to a hearing at least 30 calendar days prior to levy action.

WHY TIGTA DID THE AUDIT

When taxpayers do not pay delinquent taxes, the IRS has the authority to work directly with financial institutions and other third parties to seize taxpayers' assets. This action is commonly referred to as a "levy." The IRS Collection function issues levies.

This audit was initiated because TIGTA is responsible annually for determining whether the IRS complied with the IRS Restructuring and Reform Act of 1998 requirement that the IRS notify taxpayers prior to issuing levies. This is the eleventh audit report on this subject area.

WHAT TIGTA FOUND

The IRS is protecting taxpayers' rights when issuing systemically generated and manually prepared levies. TIGTA reviewed 30 systemically generated levies identified through the Automated Collection System and Integrated Collection System and determined that systemic controls were effective to ensure the taxpayers were given notice of their appeal rights at least 30 calendar days prior to the issuance of the levies. In addition, TIGTA identified 60 manual levies issued by employees on those same systems and determined that all the taxpayers were given notice of their appeal rights at least 30 calendar days prior to issuance of the levies.

WHAT TIGTA RECOMMENDED

TIGTA did not have any recommendations for the IRS. However, key IRS management officials reviewed the report prior to issuance and agreed with the facts and conclusions presented.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2009reports/200930070fr.pdf>.