



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2015 REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN CONDUCTING SEIZURES OF TAXPAYERS' PROPERTY

Issued on June 10, 2015

Highlights

Highlights of Report Number: 2015-30-048 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

Taking a taxpayer's property for unpaid tax is commonly referred to as a seizure. To ensure that taxpayers' rights are protected, the IRS Restructuring and Reform Act of 1998 amended the seizure provisions in Internal Revenue Code (I.R.C.) Sections (§§) 6330 through 6344. These provisions govern many aspects of the seizure process, from notification of the taxpayer through sale or redemption of the property.

WHY TIGTA DID THE AUDIT

TIGTA is required under I.R.C. § 7803(d)(1)(A)(iv) to annually evaluate the IRS's compliance with the legal seizure provisions to ensure that taxpayers' rights were not violated while seizures were being conducted. The overall objective of this review was to determine whether seizures conducted by the IRS complied with legal provisions set forth in I.R.C. §§ 6330 through 6344 and with the IRS's own internal procedures.

WHAT TIGTA FOUND

TIGTA reviewed a random sample of 50 of the 425 seizures conducted from July 1, 2013, through June 30, 2014, to determine whether the IRS complied with legal and internal guidelines when conducting each seizure.

TIGTA identified 28 instances in which the IRS did not comply with a particular requirement in the I.R.C., the IRS Restructuring and Reform Act of 1998, or the Internal Revenue Manual. For example, the sale of seized property was not always properly advertised, and the amount of the liability for which seizures were made was not always correct on the notice of seizure provided to the taxpayers.

WHAT TIGTA RECOMMENDED

Management took corrective actions for some of the

issues identified after they were brought to their attention. However, TIGTA recommended that the Director, Collection, Small Business/Self-Employed Division: 1) revise Internal Revenue Manual guidelines regarding advertising for the sale of seized property and 2) ensure that any revisions to the fair market values affecting minimum bids made during the seizure sale process include the revenue officer's group manager's documented concurrence in the Integrated Collection System history.

In their response to the report, IRS officials agreed with the recommendations and stated that they plan to: 1) revise the guidelines for advertising the sale of seized property and 2) issue a memorandum to remind employees of the requirements to be followed when revising fair market values affecting minimum bids.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201530048fr.pdf>.