



**Treasury
Inspector
General for
Tax
Administration**

Inspections and Evaluations

Highlights

Highlights of Report Number: 2012-IE-R006 to the Internal Revenue Service's Commissioner for Large Business and International Division.

WHY TIGTA DID THIS STUDY

This project was initiated to ensure that the Internal Revenue Service's (IRS) interaction with treaty partners through the international Exchange of Information (EOI) Program is conducted with the consistent application of relevant policies and procedures. The EOI Program is an important tool for effective tax administration in the global environment. International agreements, such as tax treaties and Tax Information Exchange Agreements, are administered to avoid double taxation and to enforce the tax laws.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Assistant Deputy Commissioner, International, evaluate whether or not the Internal Revenue Manual provisions beneficially contribute to the effective administration of the Program by requiring that all requests to foreign tax authorities be approved by second-level management and that EOI Program offices provide 60-day status reports to the IRS field offices that have submitted a request for information from a foreign tax authority. TIGTA further recommended that the IRS revise the Internal Revenue Manual and any other local procedural guidance as necessary to be consistent with that evaluation, and establish effective managerial oversight procedures to ensure compliance with those regulations.

In their response to the report, IRS officials stated that they agreed with our recommendations. The IRS has evaluated the value of requiring second-level managerial approval for EOI requests to foreign tax authorities and will revise relevant

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INSPECTION OF THE EXCHANGE OF INFORMATION PROGRAM AT THE PLANTATION, FLORIDA, OFFICE

regulatory guidance to allow for approval by front-line managers. Additionally, the IRS has determined that the requirement will remain for EOI Program offices to provide 60-day status reports to the IRS field offices and will ensure compliance through operational reviews and training workshops.

WHAT TIGTA FOUND

TIGTA found that the EOI Program, Plantation, Florida, office is largely operating in compliance with applicable Internal Revenue Manual requirements. The inspection covered all 190 cases in the Plantation office EOI Program inventory that were closed from April 1, 2011, through March 31, 2012. Each case file was reviewed for documentation to verify that as many as 15 specific controls detailed in the Internal Revenue Manual were appropriately followed.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/iereports/2012reports/2012ier006fr.pdf>