



## Treasury Inspector General for Tax Administration Office of Audit

### FISCAL YEAR 2012 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES

Issued on August 17, 2012

## Highlights

Highlights of Report Number: 2012-30-095 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

### IMPACT ON TAXPAYERS

The IRS Restructuring and Reform Act of 1998 requires the IRS to notify taxpayers of the intent to levy 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."

This audit was initiated because TIGTA is responsible for annually 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 fourteenth audit report on this subject area. The overall objective of this review was to determine whether the IRS has complied with Internal Revenue Code Section 6330, Notice and Opportunity for Hearing Before Levy.

### 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 the Integrated Collection System and determined that systemic controls were effective to ensure taxpayers were given notice of their appeal rights at least 30 calendar days prior to the issuance of the levies. In addition, TIGTA identified and reviewed 59 manual levies issued by IRS employees on those same systems and determined that all taxpayers were given notice of their appeal rights at least 30 calendar days prior to issuance of the levies.

### WHAT TIGTA RECOMMENDED

Although TIGTA made no recommendations in this report, IRS officials were provided with an opportunity to review the draft report. IRS management did not provide any report comments.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2012reports/201230095fr.pdf>.