



## Treasury Inspector General for Tax Administration Office of Audit

### POTENTIAL FAIR TAX COLLECTION PRACTICES VIOLATIONS WERE INACCURATELY CODED

Issued on July 3, 2013

## Highlights

Highlights of Report Number: 2013-10-074 to the Internal Revenue Service Chief Counsel and Internal Revenue Service Human Capital Officer.

### IMPACT ON TAXPAYERS

TIGTA is required to report information to Congress regarding administrative or civil actions related to Fair Tax Collection Practices (FTCP) violations reported by the IRS. For Fiscal Year 2012, the IRS system used to track employee actions that could result in administrative action was incorrectly coding potential FTCP violations as other types of violations. It is important that taxpayers receive fair and balanced treatment from IRS employees when attempting to collect taxes.

### WHY TIGTA DID THE AUDIT

Our overall objective was to obtain information on any reported IRS administrative or civil actions resulting from FTCP violations (Internal Revenue Code Section 6304) for cases opened after July 22, 1998, and closed during Fiscal Year 2012. This information will be used to comply with the IRS Restructuring and Reform Act of 1998 requirement that TIGTA include in one of its Semiannual Reports to Congress information regarding administrative or civil actions related to FTCP violations.

### WHAT TIGTA FOUND

Although the IRS did not close any cases it classified as FTCP violations in Fiscal Year 2012, TIGTA determined that 13 cases closed during Fiscal Year 2012 that were coded as "unprofessional conduct" cases should have been coded and worked as potential FTCP violations. In addition, TIGTA identified eight open cases (as of September 30, 2012) that should also have been classified as FTCP violations but were not.

This occurred because the IRS's system for tracking employee investigations incorrectly coded cases received electronically from TIGTA's Office of Investigations as unprofessional conduct cases instead of potential FTCP cases.

In addition, there were no civil actions resulting in monetary awards for damages to taxpayers because of an FTCP violation.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer correct the miscoded cases as well as system issues that were causing potential FTCP cases to be miscoded. The IRS completed corrective actions during TIGTA's review.

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 and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2013reports/201310074fr.pdf>.