



Treasury Inspector General for Tax Administration Office of Audit

THE OFFICE OF APPEALS CONTINUES TO EXPERIENCE DIFFICULTIES IN THE HANDLING OF COLLECTION DUE PROCESS CASES

Issued on September 17, 2013

Highlights

Highlights of Report Number: 2013-10-103 to the
Internal Revenue Service Chief of Appeals.

IMPACT ON TAXPAYERS

The Collection Due Process Program was designed to allow taxpayers a process for exercising their right to appeal when the IRS files a lien or a Notice of Intent to Levy against them. Additional improvements are needed to ensure that statutory requirements are met. Misclassified hearing requests, inaccurate collection action suspensions, and inconsistent documentation of impartiality may result in taxpayers not receiving their full rights during an Appeals hearing.

WHY TIGTA DID THE AUDIT

This audit was initiated because TIGTA is statutorily required to determine whether the IRS complied with the provisions of 26 United States Code Sections 6320(b) and (c) and 6330(b) and (c) when taxpayers exercised their rights to appeal the filing of a Notice of Federal Tax Lien or the issuance of a Notice of Intent to Levy.

WHAT TIGTA FOUND

In this year's audit, TIGTA continued to identify the same deficiencies in the IRS's processing of Collection Due Process cases as previously reported. Specifically, the Office of Appeals did not always classify taxpayer requests properly and, as a result, some taxpayers received the wrong type of hearing; errors continued relating to the determination of the Collection Statute Expiration Date on taxpayer accounts; and Appeals personnel did not always document their impartiality statement in hearing notification letters issued to taxpayers.

TIGTA also identified delays in the initial processing of requests for hearings prior to receipt by Office of Appeals personnel. Some taxpayer requests for a hearing took over 90 days to reach Office of Appeals personnel from the Compliance function, which could have affected the taxpayer's due process rights.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief, Appeals, correct the taxpayer accounts that were identified with Collection Statute Expiration Date errors.

In their response, IRS management agreed with our recommendation and stated that all errors on the taxpayers' accounts have been corrected.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2013reports/201310103fr.pdf>.