



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2013 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES

Issued on August 20, 2013

Highlights

Highlights of Report Number: 2013-30-092 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

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."

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. Taxpayers' rights are potentially violated if they are not notified within the 30-day period and a levy is issued.

WHY TIGTA DID THE AUDIT

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 to notify taxpayers prior to issuing levies. This is the fifteenth audit report on this subject area. The overall objective of this review was to determine whether the IRS has complied with 26 United States Code Section 6330, Notice and Opportunity for Hearing Before Levy.

WHAT TIGTA FOUND

The IRS is protecting most taxpayers' rights when issuing systemically generated and manually prepared levies. TIGTA reviewed 15 systemically generated and 30 manual levies identified through the Automated Collection System and determined that controls were effective to ensure that taxpayers were given notice of their appeal rights at least 30 calendar days prior to the issuance of the levies.

In addition, TIGTA reviewed 27 systemically generated and 18 manual levies identified through the Integrated Collection System and determined that taxpayers were given notice of their appeal rights at least 30 calendar days prior to issuance of the levies. However, three systemic levies had additional tax assessments in which

a new notice of intent to levy was not sent prior to issuing the levies, as required.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS determine the feasibility of updating the systemic Integrated Collection System programming to prevent levies from being issued on modules in which a new notice of intent to levy has not been sent after there has been an additional assessment.

IRS officials agreed with the recommendation. The IRS plans to continue to implement a change to the Integrated Collection System programming for systemic levies to prevent levy issuance on modules where an additional assessment had been made and a new Notice of Intent to Levy/Notice of a Right to a Hearing has not been sent to the taxpayer.

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/201330092fr.pdf>