



Treasury Inspector General for Tax Administration Office of Audit

THE INTERNATIONAL CAMPUS COMPLIANCE UNIT IS IMPROVING INDIVIDUAL TAX COMPLIANCE

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Highlights

Highlights of Report Number: 2013-30-113 to the Internal Revenue Service Commissioner for the Large Business and International Division.

IMPACT ON TAXPAYERS

As globalization grows, so do concerns about the International Tax Gap—that is, taxes owed but not collected on time from a U.S. person or foreign person whose cross-border transactions are subject to U.S. taxation. To address these concerns, the IRS developed a strategic plan to increase its international efforts, including the creation of the International Campus Compliance Unit (CCU) to enhance its efforts to expand audit coverage of tax returns with international aspects and to increase compliance among international individual taxpayers.

WHY TIGTA DID THE AUDIT

Before creating the CCU, the IRS did not have resources dedicated to specifically address the needs of the international individual taxpayer. The overall objective of this review was to determine whether the benefits envisioned by establishing the CCU to improve international individual tax compliance are being achieved.

WHAT TIGTA FOUND

The IRS successfully planned the CCU and followed general Government guidelines and steps for implementing a new business process during the planning. The IRS is still developing inventory selection criteria for the CCU. However, for Fiscal Years 2011 through 2013 (through March 13, 2013), the CCU conducted almost 18,000 audits and assessed approximately \$36 million. Further, the no-change rate decreased from Fiscal Year 2012 to Fiscal Year 2013, while agreed assessments increased.

Despite its accomplishments, the CCU does not have specific performance measures for its operations. The current performance measures incorporate all tax examiner groups in the Individual International Compliance Program. However, tax examiner groups outside of the CCU work different issues and cases.

Ideally, an agency should develop and implement measures for all its major processes to track costs, quality, and timeliness.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS enhance the performance measures for the CCU to more specifically reflect the work performed by CCU examiners.

The IRS agreed with this recommendation and plans to evaluate the current performance measures and CCU inventory results to determine how to enhance the performance measures that are specific to work performed by CCU examiners. The IRS plans to use these performance measures to establish effective performance goals and measure the CCU's success in achieving them.

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/201330113fr.pdf>