



Treasury Inspector General for Tax Administration Office of Audit

THE TAXPAYER ADVOCATE SERVICE CAN IMPROVE THE PROCESSING OF SYSTEMIC BURDEN CASES

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Highlights

Highlights of Report Number: 2014-10-033 to the Internal Revenue Service National Taxpayer Advocate.

IMPACT ON TAXPAYERS

Congress established the office of the National Taxpayer Advocate to assist taxpayers who experience difficulties resolving their tax problems with the IRS or receiving timely and appropriate responses to their inquiries. Many of these taxpayer issues fall under the category of systemic burden which involves instances in which an IRS process, system, or procedure has not operated as intended. It is important that the Taxpayer Advocate Service (TAS) effectively and efficiently assists taxpayers with systemic burden cases to ensure that taxpayers are not further harmed by problems with IRS processes.

WHY TIGTA DID THE AUDIT

This audit was initiated because TAS responses to systemic burden cases affect more than 85,000 taxpayers each year. TIGTA's overall objective was to determine whether the TAS has an effective system to process taxpayer requests for relief due to systemic burden.

WHAT TIGTA FOUND

The TAS properly exercised its authorities when taking account-related actions to assist taxpayers. For example, TAS personnel can input a change of address to a taxpayer account, but the TAS does not have the authority to accept or deny requests for penalty abatements.

However, TIGTA's review of the TAS's handling of a statistical sample of cases found several areas where taxpayer service could be improved. Specifically, TIGTA identified in more than half the cases TAS personnel bypassed taxpayers' authorized representatives, made unauthorized disclosures to third parties or made numerous processing errors.

To help keep its workload manageable, the TAS has policies in place as to which types of cases it will accept and which it will refer to other IRS functions. However,

the TAS often accepted cases that its policies noted should have been referred to other IRS functions. Accepting these cases increases the TAS's workload; nonetheless, it is within the TAS's discretion.

TIGTA identified unreliable data that was captured on the Taxpayer Advocate Management Information System, which could affect management decisions. In the 100 cases TIGTA statistically sampled, more than half had incorrect criteria, primary core issues, and/or relief codes.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the National Taxpayer Advocate reissue guidance to TAS personnel explaining the requirement to contact only authorized representatives; review the three potential unauthorized disclosures of tax return information; provide training regarding their systemic burden case acceptance criteria; and reinforce the importance of ensuring that all actions taken on cases are correct and accurate.

In its response, the TAS agreed with seven of the eight recommendations and plans to take corrective actions. For the disagreed recommendation, TIGTA continues to believe that the TAS would benefit from tracking cases that were accepted using TAS's discretion.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2014reports/201410033fr.pdf>.