



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2014 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES

Highlights

Final Report issued on September 22, 2014

Highlights of Reference Number: 2014-30-078 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 law requires the IRS to notify taxpayers at least 30 calendar days prior to the issuance of a levy.

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. The overall objective of this review was to determine whether the IRS has complied with the legal requirement to timely notify taxpayers prior to issuing levies per Internal Revenue Code Section 6330, *Notice and Opportunity for Hearing Before Levy*.

WHAT TIGTA FOUND

The IRS is protecting taxpayers' rights when issuing systemic and manual levies in cases for which additional assessments were not included in the levy. TIGTA reviewed statistical samples of systemic and manual levies issued by the Automated Collection System and the Integrated Collection System and determined that controls ensured that taxpayers were given notice of their appeal rights at least 30 calendar days prior to the issuance of the levies.

However, a review of a statistical sample of 30 Automated Collection System taxpayers with additional assessments included in the systemic and manual levies determined that there were 27 (90 percent) taxpayers who did not receive a new notice of intent to levy after an additional assessment was made on a tax period listed on the levy. IRS management stated that they have since made computer programming changes to correct this problem.

In addition, a review of a statistical sample of 30 Integrated Collection System taxpayers with additional assessments included in the systemic levies determined that there were 18 (60 percent) taxpayers who did not receive a new notice of intent to levy after an additional assessment was made on a tax period listed on the levy.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS issue interim guidance and retrain revenue officers to exclude from levies additional assessments for which taxpayers have not been given 30 calendar days' notice.

In response to the report, IRS management agreed with the recommendation. IRS management will issue guidance to the Field Collection group managers and update Fiscal Year 2015 continuing professional education for revenue officers to emphasize the requirement that levies not include periods for which an additional assessment was made but a new Letter 1058, *Final Notice of Intent to Levy and Notice of Your 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/2014reports/201430078fr.pdf>.