



Treasury Inspector General for Tax Administration Office of Audit

REVIEW OF THE OFFICE OF APPEALS COLLECTION DUE PROCESS PROGRAM

Issued on August 25, 2015

Highlights

Highlights of Report Number: 2015-10-068 to the Internal Revenue Service Chief of Appeals.

IMPACT ON TAXPAYERS

The Collection Due Process Program was designed to give taxpayers an opportunity for an independent review to ensure that the levy action that has been proposed or the lien that has been filed is warranted and appropriate. An effective process is necessary to ensure that statutory requirements are met and taxpayers' rights are protected.

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

This year's audit identified 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. In our two statistically valid samples, TIGTA identified nine taxpayer cases that were misclassified. This is a minor increase from the eight misclassified taxpayer cases that were identified in the prior year's review.

In addition, TIGTA continued to identify errors related to the determination of the Collection Statute Expiration Date on taxpayer accounts. From statistically valid samples, TIGTA identified taxpayer cases that had an incorrect Collection Statute Expiration Date. For the 19 taxpayer cases identified, the IRS incorrectly extended the time period in three of the taxpayer cases, allowing the IRS additional time it should not have had to collect the delinquent taxes. In the remaining 16 taxpayer cases, the IRS incorrectly decreased the time to collect the delinquent taxes.

TIGTA also found that Appeals personnel properly documented the impartiality statement in the Case Activity Records; however, they did not always document their impartiality statement in final hearing notification letters issued to taxpayers. TIGTA identified that in four of the 140 taxpayer cases reviewed, the IRS did not document an impartiality statement in the final notification letters sent to taxpayers.

WHAT TIGTA RECOMMENDED

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

The IRS agreed with the recommendation and plans to review and correct the accounts TIGTA identified.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201510068fr.pdf>.