



## Treasury Inspector General for Tax Administration Office of Audit

### LAW ENFORCEMENT ASSISTANCE PROGRAM REQUESTS ARE NOT ALWAYS PROCESSED TIMELY AND ACCURATELY

Issued on November 28, 2014

## Highlights

Highlights of Report Number: 2015-40-003 to the Internal Revenue Service Commissioner for the Wage and Investment Division and the Chief, Criminal Investigation.

### IMPACT ON TAXPAYERS

Federal law imposes restrictions on sharing taxpayer information, including information that can be shared with State and local law enforcement. The IRS Law Enforcement Assistance Program (LEAP) allows victims of identity theft to permit limited tax return information to be shared with State and local law enforcement. However, fulfilling invalid or incomplete requests for tax return information increases the risk of unauthorized disclosure.

### WHY TIGTA DID THE AUDIT

The LEAP was created to help law enforcement officers obtain tax return data vital to their efforts in investigating and prosecuting cases of identity theft. Law enforcement officers use Form 8821-A, *IRS Disclosure Authorization for Victims of Identity Theft*, to obtain consent from the identity theft victim to request tax return information from the IRS. This audit was initiated to determine whether requests for tax return data under the LEAP are processed timely, accurately, and securely.

### WHAT TIGTA FOUND

TIGTA reviewed a statistically valid sample of 194 of the 2,481 Forms 8821-A processed during the period January 3, 2013, through September 27, 2013. TIGTA found that \*\*\*1\*\*\* requests had been rejected and another \*\*\*1\*\*\* did not have the date that the information was mailed to the law enforcement officer. Of the remaining, \*\*\*1\*\*\* requests, 88 (\*\*\*1\*\*\* percent) requests were not processed within the required 10 business days.

In addition, the IRS did not always maintain documentation of tax return information provided to the law enforcement officers. Specifically, it did not maintain copies of the information provided to law enforcement officers for 111 (72 percent) of the 155 sampled requests.

TIGTA also found that requests for tax return information were not always accurately worked. For the 39 requests that the IRS rejected, eight (21 percent) should not have been rejected. In addition, 11 (7 percent) of the 155 requests for which the IRS provided the law enforcement officer with tax return information were invalid or incomplete and should not have been processed due to the risk of unauthorized disclosure.

Lastly, actions are needed to better promote awareness of the LEAP to State and local law enforcement. The IRS has not established an outreach strategy to increase awareness of the LEAP and the benefits the program provides to both the victims of identity theft and law enforcement.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS develop processes and procedures to ensure that requests are timely and accurately processed, including reviewing the LEAP database to ensure accurate and complete information, and ensure that prescreening procedures are effective in rejecting requests that have missing, incomplete, or altered information. In addition, Criminal Investigation should develop a LEAP outreach strategy that details specific actions to be taken to promote and expand participation in the program.

The IRS agreed with all six recommendations and plans to date-stamp Forms 8821-A upon receipt; increase the time frame for completing requests for tax return information to 60 days; ensure that research tools are fully used; prescreen requests for missing, incomplete, or altered information; and ensure that requests are complete before sending them to be processed. Finally, the IRS plans to develop an outreach action plan to help promote and expand the program.

### 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/201540003fr.pdf>.

### Redaction Legend:

1 = Tax Return/Return Information

E-mail Address: [TIGTACommunications@tigta.treas.gov](mailto:TIGTACommunications@tigta.treas.gov)

Phone Number: 202-622-6500

Website: <http://www.treasury.gov/tigta>