



Treasury Inspector General for Tax Administration Office of Audit

TAX EXAMINERS DO NOT HAVE THE TOOLS OR EXPERTISE TO AUTHENTICATE DOCUMENTS CERTIFIED BY A FOREIGN ISSUING AGENCY

Issued on May 29, 2015

Highlights

Highlights of Reference Number: 2015-40-038 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

An Individual Taxpayer Identification Number (ITIN) is issued to individuals who are required to have a Taxpayer Identification Number for tax purposes but do not have and are not eligible to obtain a Social Security Number. ITINs are issued regardless of an individual's immigration status, as both resident and nonresident aliens may have a U.S. filing or reporting requirement under the Internal Revenue Code. In Calendar Year 2014, the IRS issued 638,000 ITINs.

WHY TIGTA DID THE AUDIT

This audit was initiated because TIGTA received an IRS employee complaint referred from a member of Congress alleging that the IRS's ITIN application processes and procedures do not ensure that documents certified by a foreign issuing agency are authentic.

WHAT TIGTA FOUND

Our review substantiated the employee's complaint. The IRS does not have effective processes or procedures to ensure the authenticity of copies of documents certified by foreign issuing agencies. Tax examiners responsible for reviewing these documents do not have the tools nor the expertise needed to authenticate copies certified by foreign issuing agencies.

Apart from not having the most important tool to verify these documents, the processes and procedures the IRS has developed do not provide reasonable assurance that ITINs are not being issued based on false documentation.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Commissioner, Wage and Investment Division, provide tax examiners with reference materials that can be used to verify the

authenticity of copies of documents certified by a foreign issuing agency. In addition, the Commissioner, Wage and Investment Division, should develop detailed procedures and deliver adequate training on verifying the authenticity of copies of documents certified by a foreign issuing agency.

The IRS agreed with our recommendations. The IRS will continue its discussions with the Department of State as it evaluates policy and procedures pertaining to the receipt and acceptance of certified copies of foreign-issued identification documents. The IRS also clarified instructions for verifying certified copies of documents and plans to use its ongoing communication and dialogue processes to reinforce proper procedures.

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/201540038fr.pdf>.