



**Treasury
Inspector
General for
Tax
Administration**

Inspections and Evaluations

Highlights

Highlights of Report Number: 2016-IE-R004 to the Internal Revenue Service Chief Financial Officer.

WHY TIGTA DID THIS STUDY

TIGTA initiated this evaluation to determine whether the IRS ensures that non-executive employees accurately and timely report overnight long-term taxable travel.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Financial Officer should ensure that the Beckley Finance Center and the Financial Management Policy Office work together to complete quarterly compliance reviews.

In its response to the report, IRS management agreed with the recommendation and plans to modify and document its procedures for conducting periodic compliance reviews and will follow up on any nonresponses to ensure that they are addressed.

Issued on February 17, 2016

INTERNAL REVENUE SERVICE'S NON-EXECUTIVE LONG-TERM TAXABLE TRAVEL

WHAT TIGTA FOUND

The IRS has established adequate guidance defining when overnight travel is taxable and employees' and managers' responsibility to make that determination. Furthermore, the IRS has developed a compliance review process to identify potential unreported taxable travel. However, the compliance review process needs to be improved to ensure that the reviews are completed. TIGTA evaluated the results from the IRS quarterly compliance reviews for Fiscal Years 2013 and 2014 and found that the IRS did not always obtain additional information from the employee or manager with potential long-term taxable travel, which is required to determine whether the employee's travel should be taxable.

READ THE FULL REPORT

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

<http://www.treasury.gov/tigta/iereports/2016reports/2016IER004fr.pdf>