



Treasury Inspector General for Tax Administration

FISCAL YEAR 2008 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES

Issued on April 15, 2008

Highlights

Highlights of Report Number: 2008-30-097 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 requires the IRS to notify taxpayers at least 30 calendar days before initiating any levy action to give taxpayers an opportunity to formally appeal the proposed levy. TIGTA determined that the IRS has sufficient controls in place to ensure that taxpayers are advised of their right to a hearing at least 30 calendar days prior to levy action.

WHY TIGTA DID THE AUDIT

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 IRS Collection function issues levies.

This audit was initiated because TIGTA is responsible annually for determining whether the IRS complied with the IRS Restructuring and Reform Act of 1998 requirement that the IRS notify taxpayers prior to issuing levies. This is the tenth audit report on this subject area.

WHAT TIGTA FOUND

The IRS is protecting taxpayers' rights when issuing manually prepared levies. TIGTA reviewed 30 Integrated Collection System manual levies issued by revenue officers and 30 Automated Collection System manual levies issued by customer service representatives and found that the IRS properly informed taxpayers of their appeal rights at least 30 calendar days prior to issuing the levies.

Additionally, TIGTA evaluated the effectiveness of program changes on the ACS for sending reminder notices to taxpayers when more than 180 calendar days passed since the date of the notification letter. TIGTA reviewed 30 manual levies issued more than 180 calendar days after the original notices of intent to levy had been sent and determined the IRS had sent

appropriate reminder letters if there had been no other contacts with taxpayers within 180 calendar days of the date of the notices.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report. However, key IRS management officials reviewed the report prior to issuance and agreed with the facts and conclusions presented.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2008reports/200830097fr.pdf>.

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