



Treasury Inspector General for Tax Administration

FISCAL YEAR 2008 STATUTORY REVIEW OF RESTRICTIONS ON DIRECTLY CONTACTING TAXPAYERS

Issued on March 27, 2008

Highlights

Highlights of Report Number: 2008-40-090 to the Internal Revenue Service Commissioner for Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Omnibus Taxpayer Bill of Rights created a number of safeguards to protect taxpayers being interviewed by an Internal Revenue Service (IRS) employee as part of an examination or investigation. IRS employees are required by Internal Revenue Code Sections 7521(b)(2) and (c) to:

- Stop an interview if the taxpayer requests to consult with a representative.
- Obtain their immediate supervisor's approval to contact the taxpayer instead of the representative if the representative is responsible for unreasonably delaying the completion of an examination or collection action.

A taxpayer can file a civil suit against the IRS if an IRS employee intentionally disregards these provisions by denying a taxpayer the right to appropriate representation.

WHY TIGTA DID THE AUDIT

This audit was initiated because TIGTA is required to annually report on the IRS' compliance with Internal Revenue Code Sections 7521(b)(2) and (c).

The IRS Restructuring and Reform Act of 1998 required the IRS to revise *Your Rights as a Taxpayer* (Publication 1) to inform taxpayers of their rights (1) to be represented at interviews and (2) to suspend an interview pursuant to Internal Revenue Code Section 7521(b)(2). *Senate Committee on Finance Report 105-174* (dated April 22, 1998) stated that Congress believes taxpayers should be more fully informed of their rights to representation in dealing with the IRS and those rights should be respected.

WHAT TIGTA FOUND

The IRS Internal Revenue Manual provides employees with guidance to help ensure compliance with the direct contact provisions. In addition, the IRS has informed taxpayers of these rights through the issuance of various publications. TIGTA could not determine whether employees followed proper procedures to stop an interview if the taxpayer requested to consult with a representative. Neither the IRS nor TIGTA could readily identify cases in which the taxpayer requested a representative, or the IRS contacted the taxpayer directly and bypassed the representative. IRS management information systems do not separately record or monitor direct contact requirements, and there is no legal requirement for the IRS to do so. Further, TIGTA does not recommend the creation of a separate tracking system.

The TIGTA Office of Investigations tracks taxpayer complaints that allege IRS employees bypassed their representatives and contacted them directly. The Office of Investigations did not find any violations of the law in the four complaint cases closed between October 2006 and September 2007.

WHAT TIGTA RECOMMENDED

TIGTA did not make any recommendations in this report.

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/200840090fr.pdf>.

Email Address: inquiries@tigta.treas.gov
Web Site: <http://www.tigta.gov>

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