



Treasury Inspector General for Tax Administration Office of Audit

THE OFFICE OF DISCLOSURE CONTINUES TO IMPROVE UPON ITS RESPONSES TO TAXPAYERS' REQUESTS UNDER THE FREEDOM OF INFORMATION ACT

Issued on September 4, 2009

Highlights

Highlights of Report Number: 2009-30-115 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) must ensure that the provisions of the Freedom of Information Act (FOIA), the Privacy Act, and Internal Revenue Code Section 6103 are followed, particularly because errors can violate taxpayer rights and result in improper disclosures of tax information. The IRS has made significant improvement over the past 10 years in the timeliness of responses to FOIA and Privacy Act requests; however, in 1.3 percent of FOIA and Privacy Act requests TIGTA reviewed, the IRS improperly withheld information from taxpayers. When projected to the population, our sample results indicate that 57 taxpayers may have been denied information under the FOIA and/or Privacy Act in Fiscal Year 2008. This is a potential violation of taxpayer rights because tax account information was available and was not provided to taxpayers.

WHY TIGTA DID THE AUDIT

TIGTA is required to conduct periodic audits to determine if the IRS properly denied taxpayers' written requests for tax account information. TIGTA is also required to include the results in one of our Semiannual Reports to Congress. This is our tenth review of denials of FOIA, Privacy Act of 1974, and Internal Revenue Code Section 6103 requests.

The overall objective of this review was to determine whether the IRS improperly withheld information requested by taxpayers in writing, based on the FOIA exemption (b)(3), in conjunction with Internal Revenue Code Section 6103, and/or FOIA exemption (b)(7) or by replying that responsive records were not available.

WHAT TIGTA FOUND

The IRS continued to improve the accuracy and completeness of its responses to requests for information covered by the FOIA. While improvement

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was noted, management needs to ensure that disclosure personnel continue to follow required procedures on all requests. In 1.3 percent (1 of 80 cases) of the FOIA/Privacy Act cases TIGTA reviewed, information was improperly withheld from the requestors. The error occurred mainly because of inadequate research or simple oversight by Disclosure office personnel. The IRS adhered to legal requirements under Internal Revenue Code Section 6103 in the sample of 77 cases TIGTA reviewed.

Since Fiscal Year 2000, the IRS has made significant improvement in responding timely to FOIA and Privacy Act requests. For example, responses to only 1 (1.3 percent) of the 80 cases in our sample were untimely. In our audits over the previous 9 years, the percentages of untimely responses ranged from 1.2 percent to 43.5 percent. The increase in responsiveness may, in part, be due to the continued decrease in the numbers of FOIA and Privacy Act cases received during Fiscal Year 2008 compared to Fiscal Year 2007 and the prior years this review has been conducted.

WHAT TIGTA RECOMMENDED

Although TIGTA made no recommendations in this report, IRS officials were provided an opportunity to review the draft report. IRS management did not provide any report comments.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2009reports/200930115fr.pdf>.

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