



## Treasury Inspector General for Tax Administration Office of Audit

### FISCAL YEAR 2011 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES

Issued on March 30, 2011

## Highlights

Highlights of Report Number: 2011-30-036 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 of the intent to levy 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 for annually 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 thirteenth audit report on this subject area. The overall objective of this review was to determine whether the IRS has complied with 26 United States Code Section 6330, Notice and Opportunity for Hearing Before Levy.

### WHAT TIGTA FOUND

The IRS is protecting taxpayers' rights when issuing systemically generated and manually prepared levies. TIGTA reviewed 30 systemically generated levies identified through the Automated Collection System and the Integrated Collection System and determined that systemic controls were effective to ensure the taxpayers were given notice of their appeal rights at least 30 calendar days prior to the issuance of the levies. In addition, TIGTA identified

60 manual levies issued by employees on those same systems and determined that all the taxpayers were given notice of their appeal rights at least 30 calendar days prior to issuance of the levies.

### WHAT TIGTA RECOMMENDED

TIGTA did not make any recommendations in this report. However, a draft of the report was provided to the IRS for review and comment. The IRS had no comments on the report.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2011reports/201130036fr.pdf>.