



## Treasury Inspector General for Tax Administration Office of Audit

### FISCAL YEAR 2011 REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN CONDUCTING SEIZURES OF TAXPAYERS' PROPERTY

Issued on May 6, 2011

## Highlights

Highlights of Report Number: 2011-30-049 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

### IMPACT ON TAXPAYERS

To ensure taxpayers' rights are protected, the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 amended the seizure provisions in Internal Revenue Code (I.R.C.) Sections (§§) 6330 through 6344. The IRS did not always comply with these statutory requirements. Although TIGTA did not identify instances in which taxpayers were adversely affected, noncompliance with I.R.C. requirements could result in abuses of taxpayers' rights.

### WHY TIGTA DID THE AUDIT

TIGTA is required under I.R.C. § 7803(d)(1)(A)(iv) to annually evaluate the IRS's compliance with the legal seizure provisions to ensure that taxpayers' rights were not violated while seizures were being conducted.

### WHAT TIGTA FOUND

TIGTA reviewed a random sample of 50 of the 578 seizures conducted from July 1, 2009, through June 30, 2010, to determine whether the IRS is complying with legal and internal guidelines when conducting each seizure.

In the majority of seizures, the IRS followed all guidelines, and TIGTA did not identify any instances in which the taxpayers were adversely affected. However, TIGTA found instances in which:

- The amount of the liability for which the seizure was made was not correct on the notice of seizure provided to the taxpayer. (I.R.C. § 6335(a))
- The sale of the seized property was not advertised as required. (I.R.C. § 6335(b))

When legal and internal guidelines are not followed, it could result in the abuse of taxpayers' rights.

Over the past several years, the IRS has implemented procedures and controls significantly improving compliance with legal and internal guidelines. For example, in the Fiscal Year 2008 review, TIGTA identified 25 instances in which the IRS did not comply with a particular I.R.C. requirement, involving 19 of the 50 seizures reviewed. This year, TIGTA identified nine instances in which the IRS did not comply.

### WHAT TIGTA RECOMMENDED

TIGTA did not make any recommendations in this report. IRS management took appropriate action after TIGTA presented its findings.

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/2011reports/201130049fr.pdf>