



Treasury Inspector General for Tax Administration Office of Audit

NO FAIR TAX COLLECTION PRACTICES VIOLATIONS WERE CLOSED IN FISCAL YEAR 2011

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Highlights

Highlights of Report Number: 2012-10-044 to the Internal Revenue Service Chief Counsel and the Internal Revenue Service Human Capital Officer.

IMPACT ON TAXPAYERS

The abuse or harassment of taxpayers by IRS employees while attempting to collect taxes reflects poorly on the IRS and can have a negative impact on voluntary compliance. It can also result in civil damages against the Federal Government when Fair Tax Collection Practices (FTCP) are violated. During Fiscal Year 2011, there were no cases involving FTCP violations for which an IRS employee received administrative disciplinary action, and there were no taxpayers who received civil damages for an FTCP violation. As such, taxpayers have reasonable assurance that communications with the IRS in connection with the collection of unpaid Federal taxes generally did not violate the FTCP statute.

WHY TIGTA DID THE AUDIT

Section 1102(d)(1)(G) of the IRS Restructuring and Reform Act of 1998 requires TIGTA to include in one of its Semiannual Reports to Congress information regarding administrative or civil actions related to FTCP violations listed in 26 U.S.C. Section 6304. This audit was conducted as part of TIGTA's Fiscal Year 2012 Annual Audit Plan and addresses the major management challenge of Taxpayer Protection and Rights. The overall objective of this review was to obtain information on IRS administrative or civil actions resulting from FTCP violations by IRS employees.

WHAT TIGTA FOUND

The IRS did not close any cases in Fiscal Year 2011 that it classified as FTCP violations. In addition, there were no civil actions resulting in monetary awards for damages to taxpayers because of an FTCP violation. However, TIGTA identified one case that should have been coded and worked as a potential FTCP violation. TIGTA determined the case was not considered as a potential FTCP violation because guidance describing

FTCP violations did not adequately define the allegation in this case as a potential violation.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer: 1) clarify the descriptions and explanations of FTCP issue codes to ensure potential FTCP violations are coded and worked, and 2) reevaluate the miscoded case and determine whether there was a violation of any FTCP provision.

In response to the report, IRS management agreed with both recommendations. The IRS Human Capital Office issued new guidance expanding the definition for two of the seven FTCP issue codes and reevaluated the miscoded case to confirm there was no violation of any FTCP provision. However, IRS management stated they believe the case was coded properly. TIGTA continues to believe the case was miscoded because the taxpayer alleged the revenue officer's actions were punitive and caused financial harm. This allegation can be confirmed only by coding the case with an FTCP issue code and evaluating it using the FTCP criteria.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2012reports/201210044fr.pdf>.