



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2013 REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN CONDUCTING SEIZURES OF TAXPAYERS' PROPERTY

Issued on June 12, 2013

Highlights

Highlights of Report Number: 2013-30-061 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

Taking a taxpayer's property for unpaid tax is commonly referred to as a "seizure." To ensure that taxpayers' rights are protected in this process, the 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 certain statutory requirements. Noncompliance with these 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 738 seizures conducted from July 1, 2011, through June 30, 2012, 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. However, in 15 seizures, TIGTA identified 17 instances in which the IRS did not comply with a particular I.R.C. requirement.

Specifically, TIGTA found:

- The sale of the seized property was not properly advertised. (I.R.C. § 6335(b))
- 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))
- Proceeds resulting from the seizure of properties were not properly applied to the taxpayer's account

or seizure and sale expenses were not properly charged. (I.R.C. §§ 6341 and 6342(a))

- The balance-due letter sent to the taxpayer after sale proceeds were applied to the taxpayer's account did not show the correct remaining balance. (I.R.C. § 6340(c))

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/2013reports/201330061fr.pdf>.