



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2015 STATUTORY REVIEW OF RESTRICTIONS ON DIRECTLY CONTACTING TAXPAYERS

Issued on July 7, 2015

Highlights

Highlights of Report Number: 2015-30-061 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The direct contact provisions of Internal Revenue Code Section 7521 generally require IRS personnel to stop a taxpayer interview whenever a taxpayer requests consultation with a representative and prohibits IRS personnel from bypassing a qualified representative without supervisory approval. A taxpayer can file a civil suit seeking monetary damages against the IRS if an IRS employee intentionally disregards these provisions by denying the taxpayer the right to appropriate representation.

WHY TIGTA DID THE AUDIT

This audit was initiated because TIGTA is required to annually report on the IRS's compliance with the direct contact provisions of the Internal Revenue Code. The overall objective of this review was to determine whether the IRS complied with legal guidelines addressing the direct contact of taxpayers and their representatives as set forth in Internal Revenue Code Sections 7521(b)(2) and (c).

WHAT TIGTA FOUND

The IRS has a number of policies and procedures in place to help ensure that taxpayers are afforded the right to designate an authorized representative to act on their behalf in dealing with IRS personnel in a variety of tax matters. In addition, the IRS has a process to handle the review and disposition of taxpayer allegations of direct contact violations.

Each year, TIGTA focuses on one IRS office or function that interacts with taxpayers and their representatives on a routine basis. For this review, TIGTA analyzed how well the Small Business/Self-Employed Division's Field Collection function has ensured that its personnel are appropriately complying with the direct contact provisions of the Internal Revenue Code during interactions with taxpayers and/or their representatives.

TIGTA reviewed a statistically valid sample of case histories for 96 taxpayers from a population of 250,870 taxpayers who had collection activity documented by Field Collection employees on the Integrated Collection System during Fiscal Year 2014. In the 96 cases reviewed, TIGTA found that revenue officers followed the direct contact provisions of Internal Revenue Code Section 7521. In addition, revenue officers, in most cases, followed the *Fair Tax Collection Practices* of Internal Revenue Code Section 6304, which ensured that taxpayer rights were protected during collection interactions with the taxpayers and their authorized representatives.

However, in the IRS's database which tracks taxpayer and tax practitioner complaints, there were 29 allegations that IRS employees violated Internal Revenue Code Section 7521. In nine of these cases, the IRS took disciplinary action against those employees.

WHAT TIGTA RECOMMENDED

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

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201530061fr.pdf>