

THE TREASURY DEPARTMENT

*Treasury Inspector General for Tax Administration*  
**SEMIANNUAL REPORT TO CONGRESS**

APRIL 1, 2020 – SEPTEMBER 30, 2020



ALBERT GALLATIN  
SECRETARY OF THE TREASURY  
MINISTER OF FINANCE  
LEGATION AND NEGOTIATION  
FRANCOISVILLE FOR THE TREATY OF PEACE  
AND AMITY TO BRUNNEN AND TROBAC MOUNTAIN  
AND TROBAC  
SIGNATURE OF DEMOCRACY  
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# TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION (TIGTA)

## TIGTA's VISION

Maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration.

## TIGTA's MISSION

Provide quality professional audit, investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the Nation's tax system.

## TIGTA's CORE VALUES

***Integrity*** – Maintain the highest professional standards of integrity, personal responsibility, independence, objectivity, and operational excellence in pursuit of TIGTA's mission.

***Organizational Innovation*** – Model innovative practices in organizational structure, operational programs and processes, audit, investigative, and inspection and evaluation methodologies, and the application of advanced information technology.

***Communication*** – Achieve effective organizational approaches and solutions by encouraging open, honest, and respectful communication among TIGTA's executives, employees, offices, and functions, as well as between TIGTA and its external stakeholders.

***Value Employees*** – Respect the dignity, contributions, and work-life balance of our employees, and recognize diversity as fundamental to the strength of our organization.

***Commitment to Collaboration*** – Establish and maintain collaborative and professional relationships with other Government and non-Government stakeholders.



# Inspector General's Message to Congress

I am pleased to present this Semiannual Report to Congress, summarizing the accomplishments of the Treasury Inspector General for Tax Administration (TIGTA) during the period April 1, 2020 through September 30, 2020. Some of TIGTA's more notable achievements in the pursuit of its mission to provide oversight of the Internal Revenue Service (IRS) and protect the integrity of Federal tax administration are highlighted in the various audits, investigations, and inspections and evaluations summarized in this report.



During this reporting period, TIGTA's Office of Audit has completed 53 audits, and its Office of Investigations has completed 1,123 investigations. In addition, TIGTA's combined audit and investigative efforts have resulted in the recovery, protection, and identification of monetary benefits totaling more than \$15 billion.

The coronavirus pandemic is now one of the most critical challenges confronting the IRS and TIGTA. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. As the largest economic rescue package in U.S. history, the legislation was enacted to provide fast and direct economic assistance for American families and businesses affected by the novel coronavirus disease.

The IRS took unprecedented actions to deliver Economic Impact Payments (EIP), authorized under the CARES Act, to American households while at the same time taking steps to protect the health and safety of its employees. As of September 25, 2020, the IRS issued 165.7 million EIPs, totaling \$276.6 billion. In addition, the IRS announced the "People First Initiative" that temporarily adjusted or suspended key IRS compliance programs, as well as delayed the tax filing deadline in response to the pandemic.

TIGTA is reviewing the actions taken by the IRS to ensure that eligible taxpayers received the EIPs and to prevent improper payments. TIGTA is also assessing the impact of the pandemic on the IRS's ability to provide effective customer service, conduct examinations, and collect revenue. In addition, TIGTA is evaluating the IRS's efforts to protect its employees and its response to health and safety incidents that occurred during the pandemic.

TIGTA's Office of Investigations continues to work with the IRS to prevent and detect any scams, including those involving the theft of EIPs. Similarly, TIGTA continues to investigate and deter high-profile attacks against online IRS applications, as part of its responsibility for investigating and deterring tax-related cybercrime and disrupting cyber-based schemes by illicit actors who seek to steal personal identifiers to impersonate taxpayers and IRS employees.

Consistent with TIGTA's mission, we will continue to work closely with Congress, the Administration, the IRS, and all of our stakeholders on behalf of taxpayers to ensure that our Nation's system of tax administration is efficient, effective, and fair.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George". The signature is written in a cursive, flowing style.

J. Russell George  
Inspector General

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# TIGTA's Profile

The Treasury Inspector General for Tax Administration (TIGTA) provides audit, investigative, and inspection and evaluation services that promote economy, efficiency, and integrity in the administration of the Internal Revenue laws. TIGTA also provides independent oversight of matters of the Department of the Treasury (Treasury Department) involving activities of the Internal Revenue Service (IRS), the IRS Oversight Board, and the IRS Office of Chief Counsel. Although TIGTA is placed organizationally within the Treasury Department and reports to the Secretary of the Treasury and to Congress, it functions independently from all other offices and bureaus within the Treasury Department.

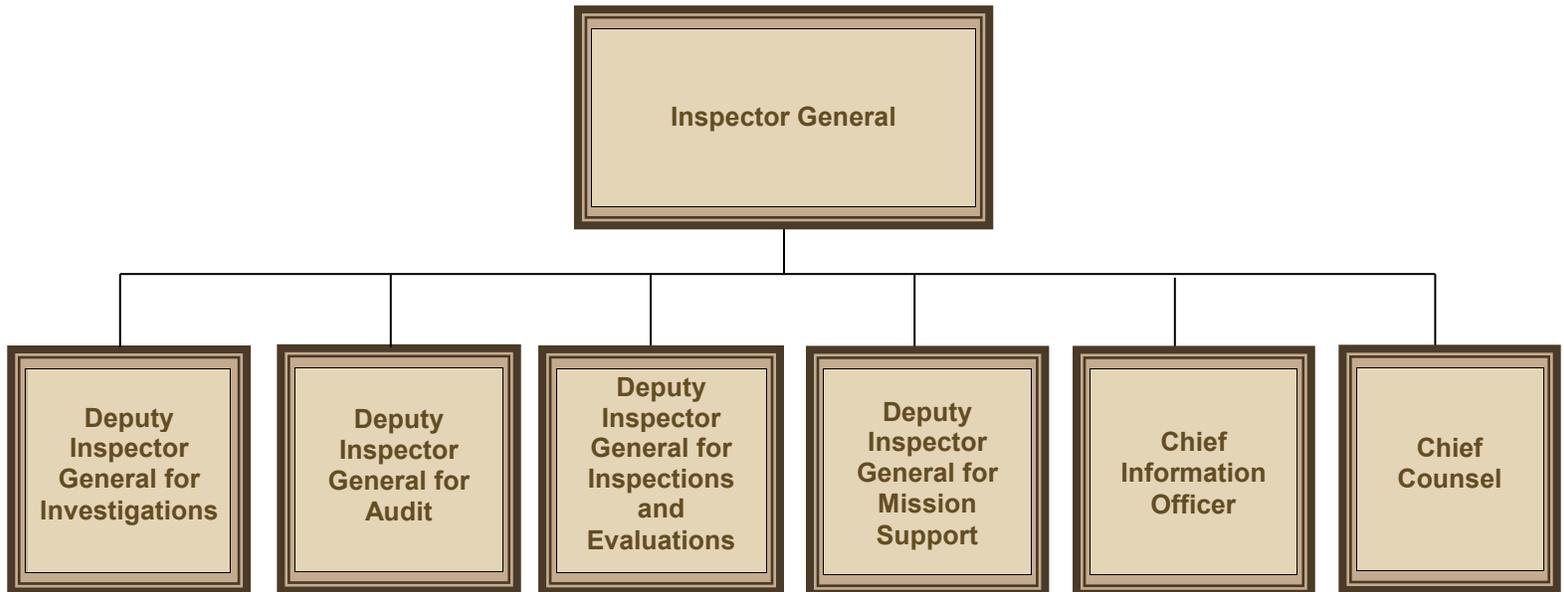
TIGTA oversees all aspects of activity related to the Federal tax system as administered by the IRS. TIGTA protects the public's confidence in the tax system by identifying and recommending strategies for addressing the IRS's management challenges and implementing the priorities of the Treasury Department.

TIGTA's organizational structure (see following page) is comprised of the Office of the Inspector General and six functional offices: the Office of Investigations; the Office of Audit; the Office of Inspections and Evaluations; the Office of Mission Support; the Office of Information Technology; and the Office of Chief Counsel.

## Statutory Mandate

- **Protect** against IRS employee improprieties and external attempts to corrupt or threaten IRS employees.
- **Provide** policy direction and conduct, supervise, and coordinate audits and investigations related to IRS programs and operations.
- **Review** existing and proposed legislation and regulations related to IRS programs and operations, and make recommendations concerning the impact of such legislation or regulations.
- **Promote** economy and efficiency in the administration of tax laws.
- **Prevent** and detect waste, fraud, and abuse in IRS programs and operations.
- **Inform** the Secretary of the Treasury and Congress of problems and deficiencies identified and of the progress made in resolving them.

# Organizational Structure



## Authorities

TIGTA has all of the authorities granted under the Inspector General Act of 1978, as amended (Inspector General Act).<sup>1</sup> In addition to the standard authorities granted to Inspectors General, TIGTA has access to tax information in the performance of its tax administration responsibilities. TIGTA also reports potential criminal violations directly to the Department of Justice (DOJ) when TIGTA deems that it is appropriate to do so. TIGTA and the Commissioner of Internal Revenue (Commissioner or IRS Commissioner) have established policies and procedures delineating responsibilities to investigate potential criminal offenses under the Internal Revenue laws. In addition, the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98)<sup>2</sup> amended the Inspector General Act to give TIGTA the statutory authority to carry firearms, execute search and arrest warrants, serve subpoenas and summonses, and make arrests as set forth in Internal Revenue Code (I.R.C.) Section (§) 7608(b)(2).

<sup>1</sup> 5 United States Code (U.S.C.) app. (2012 & Supp. IV 2017).

<sup>2</sup> Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C. (2012)).

# Promote the Economy, Efficiency, and Effectiveness of Tax Administration

TIGTA's Office of Audit strives to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

The IRS's implementation of audit recommendations results in:

- Cost savings;
- Increased or protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

Each year, TIGTA identifies and addresses the IRS's major management and performance challenges. The Office of Audit places audit emphasis on statutory coverage required by RRA 98 and other laws, as well as areas of concern to Congress, the Secretary of the Treasury, the IRS Commissioner, and other key stakeholders.

The following summaries highlight, by major management and performance challenges, significant audits completed during this six-month reporting period:

## **Security Over Taxpayer Data and Protection of IRS Resources**

### **Improvements Are Needed to Address Continued Deficiencies in Ensuring the Accuracy of the Centralized Authorization File**

Taxpayers can grant a power of attorney to individuals, *i.e.*, representatives, who are given the authority to represent a taxpayer before the IRS. These representatives can be an attorney, certified public accountant (CPA), or enrolled agent. I.R.C. § 6103(c)<sup>3</sup> also allows taxpayers to authorize a representative to access their returns and return information. Therefore, the IRS must implement controls to authenticate the validity of the authorization forms to ensure that the taxpayers signed the form. Without these controls, identity thieves could submit fraudulent authorization forms to steal the taxpayers' information.

This audit evaluated the IRS's controls to authenticate requests received from individuals seeking to represent taxpayers and access taxpayer information. The audit also evaluated IRS efforts to implement Provision 2302 of the Taxpayer First Act.<sup>4</sup> This provision requires the IRS to publish guidance to establish uniform standards for the

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<sup>3</sup> I.R.C. § 6103(c), Disclosure of returns and return information to designee of taxpayer.

<sup>4</sup> Pub. L. No. 116-025.

acceptance of taxpayers' electronic signatures, which are meant to validate taxpayer authorizations to disclose their information or grant a power of attorney to taxpayer representatives.

TIGTA found that the IRS has not made sufficient progress developing an online Third-Party Authorization Tool to verify and accept taxpayers' e-signatures on authorization forms. In addition, the IRS did not meet the Taxpayer First Act deadline of January 1, 2020, to publish guidance on standards for verifying taxpayers' e-signatures on Form 2848, *Power of Attorney and Declaration of Representative*, and Form 8821, *Tax Information Authorization*.

TIGTA's review of 20 authorizations that the IRS confirmed as fraudulent in Calendar Years (CY) 2018 and 2019 identified 11 authorizations, associated with 1,546 Taxpayer Identification Numbers (TIN), that were not added to the Dynamic Selection List<sup>5</sup> as required. This list includes TINs that are at risk of tax-related identity theft and should be monitored for use in the filing of tax returns submitted to the IRS.

TIGTA also reviewed Centralized Authorization File (CAF)<sup>6</sup> numbers assigned from February 7, 2019 through November 2, 2019, and identified that tax examiners continue to erroneously assign multiple CAF numbers to the same representative at the same address. Tax examiners assigned 290 CAF numbers to 188 representatives with the same name and address.

In addition, IRS processes did not identify and remove authorizations that belonged to representatives who were deceased, were incarcerated, or had their Preparer Tax Identification Number revoked by the IRS Return Preparer Office. Finally, tax examiners were not rejecting Forms 2848 received from representatives who did not provide the bar jurisdiction, license, or enrollment number for the professional credential reported. TIGTA estimated that 136,264 representatives may have reported a professional credential that they do not have.

TIGTA made 12 recommendations to the IRS, including to:

- Develop an alternate solution for verifying taxpayers' e-signatures on Forms 2848 and 8821;
- Add the 1,546 TINs to the Dynamic Selection List;
- Perform a one-time clean-up of the CAF to identify all representatives with multiple CAF numbers and remove CAF numbers that were erroneously assigned;
- Develop procedures to conduct initial and periodic suitability checks of representatives to determine if they are deceased or incarcerated; and

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<sup>5</sup> A list of TINs that the IRS determined are at risk of tax-related identity theft (*i.e.*, TINs from data breaches associated with fraudulent Centralized Authorization File authorizations).

<sup>6</sup> A computerized system of records which houses authorization information from both powers of attorney and tax information authorizations. It contains several types of records, among them taxpayers, representatives, tax forms, tax periods, and authorizations.

- Remove their authorizations in the CAF as appropriate and develop procedures for tax examiners to verify professional credentials claimed by representatives on Form 2848.

IRS management agreed with nine of the 12 recommendations. TIGTA remains concerned that, without an IRS process to verify a representative's claimed professional credential on Form 2848, the IRS will continue to miss a significant fraud indicator on the form.

**Reference No. 2020-40-067**

## Implementing Tax Law Changes

### **Interim Results of the 2020 Filing Season: Effect of COVID-19 Shutdown on Tax Processing and Customer Service Operations and Assessment of Efforts to Implement Legislative Provision**

The 2020 Filing Season was unlike any other because the IRS had to take unprecedented and drastic actions concerning Coronavirus Disease 2019 (COVID-19) to protect the health and safety of its employees and the taxpaying public. These actions included closing Taxpayer Assistance Centers, Tax Processing Centers, and offices nationwide. In addition, on March 20, 2020, the Treasury Department extended the Federal income tax filing due date from April 15, 2020 to July 15, 2020.

This audit was initiated to provide selected information related to the impact of COVID-19 on the 2020 Filing Season. The overall objective of this review was to evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2020 Filing Season. TIGTA plans to issue the final results of its analysis later in CY 2020.

Significant coordination and efforts were taken by the IRS to expedite its analysis and reprogramming of systems and to educate individuals on the EIP. The IRS began issuing EIPs on April 10, 2020, just 14 days after the passage of the CARES Act.<sup>7</sup> As a result of these efforts, the IRS had issued more than 157 million payments totaling more than \$264 billion as of May 21, 2020.

TIGTA found that the IRS correctly computed the payment amount for approximately 98 percent of the more than 157 million payments issued as of May 21, 2020; however, some payments were erroneous. The figure below shows the number and amount of payments issued to prisoners and deceased individuals as of this same period.

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<sup>7</sup> Pub. L. No. 116-136, 134 Stat. 281.

### Economic Impact Payments Issued to Prisoners and Deceased Individuals as of May 21, 2020

	Payments	Dollars
Prisoners	84,861	\$0.1 billion
Deceased	1,151,353	\$1.6 billion
<b>Total Payments Issued</b>	<b>1,236,214</b>	<b>\$1.7 billion</b>

*Source: TIGTA analysis of EIPs issued as of May 21, 2020.*

The IRS initiated an education campaign to promote the availability of advanced tax credits for employers. To enable employers to request an advance, the IRS developed Form 7200, *Advance Payment of Employer Credits Due to COVID-19*, and developed a process to enable employers to submit these requests via a dedicated E-fax line. As of May 30, 2020, the IRS had received 7,789 Forms 7200, and processed 2,410 Forms 7200, with refunds totaling more than \$50 million.

In response to the public health emergency, the IRS closed its four Tax Processing Centers. The majority of work at these Centers is performed onsite and is not conducive to telework. As of May 20, 2020, the IRS estimated that 10.4 million pieces of mail were received during the closure. As of the week ending May 23, 2020, the IRS estimated that 10 million paper individual tax returns and 6.6 million paper business tax returns needed to be processed. In addition to unopened mail, the IRS had more than 1.7 million tax returns in its Error Resolution inventory as of that same period. The IRS had 2.5 million cases in its Accounts Management function inventory as of March 14, 2020, and had nearly 1.6 million returns in its fraud program inventories as of the week ending May 23, 2020.

When the IRS closed its offices nationwide, it ceased operations on its toll-free telephone lines and closed its Taxpayer Assistance Centers. As of May 20, 2020, 48 of the 105 toll-free lines remained closed, and all of the Taxpayer Assistance Centers remained closed as well. In addition, 10,792 (98 percent) of the 11,014 Volunteer Income Tax Assistance/Tax Counseling for the Elderly partner sites remained closed as of May 24, 2020.

This report was prepared to provide interim information only. Therefore, no recommendations were made in this report.

**Reference No. 2020-46-041**

## Addressing Emerging Threats to Tax Administration

### Taxpayer First Act: Implementation of Identity Theft Victim Assistance Provisions

Identity theft refund fraud adversely affects the ability of innocent taxpayers to file their tax returns and timely receive their tax refunds, often imposing significant financial and emotional hardship. Similarly, employment identity theft can affect a taxpayer's account if

it results in the IRS assessing additional tax to the innocent taxpayer, *i.e.*, the IRS could assess taxes to the innocent taxpayer if the IRS does not identify the theft. Furthermore, the taxpayer may incur problems with his or her Social Security Administration benefits if the income discrepancies are not resolved.

On July 1, 2019, the President signed the Taxpayer First Act, which aims to broadly redesign the IRS, expand and strengthen taxpayer rights, and enhance its cybersecurity. This Act includes four sections that require the IRS to increase protections and further assist identity theft victims. In addition, TIGTA has issued 13 reports since March 2010 with recommendations for the IRS to improve assistance to victims of identity theft. The overall objective of this review was to assess the IRS's efforts to assist victims of identity theft and implement the victim assistance provisions in the Taxpayer First Act.

The IRS has established a single point of contact to assist identity theft victims and resolve their cases efficiently. The IRS is also taking actions to address other requirements in the Taxpayer First Act. For example, the IRS is developing information about the actions it takes to resolve stolen identity refund fraud cases for public distribution. In addition, the IRS's notifications to victims provide useful instructions about the actions they can take to reduce the burden of identity theft. However, TIGTA identified other areas that need improvement to better assist victims of identity theft and address the requirements in the Taxpayer First Act.

TIGTA found that taxpayers eligible to obtain an Identity Protection Personal Identification Number (IP PIN) may not be aware of their eligibility due to a lack of IRS advertising for its IP PIN Opt-In Program. In Processing Year (PY) 2019, only 25,130 individuals in the 10 eligible locations obtained an IP PIN, compared to more than 48.5 million tax returns received from these locations.

Further, Employment-Related Identity Theft notices were not issued to the parents or legal guardians of 133,864 dependents that the IRS identified as employment identity theft victims in PY 2019. In addition, systemic programming errors resulted in some accounts not being updated with the employment identity theft marker, which prevented the IRS from issuing the notice to 60,872 victims that the IRS had identified.

Finally, the IRS's policy to notify repeat victims of employment identity theft every three years may result in many victims not being notified that identity thieves continued to use the victims' TINs nearly every year for employment. The 75,451 victims that the IRS first notified in PY 2017 were not sent a subsequent notice despite identity thieves using the victims' TINs again to gain employment in PYs 2018, 2019, or both years.

TIGTA made nine recommendations to the IRS, including to:

- Develop a communication strategy to educate taxpayers about the availability of the IP PIN;
- Develop a process to identify and notify parents and legal guardians in cases in which an identity thief uses their dependent's TIN for employment;

- Correct programming errors to ensure that the Employment-Related Identity Theft notice is issued to all identified victims; and
- Issue the notice to victims of employment identity theft every year that they are identified as a victim.

IRS management agreed with six of the recommendations and disagreed with the other three. The IRS's decision to not notify the parents or legal guardians of dependents who are victims of identity theft is not in accordance with the Taxpayer First Act requirement to expand taxpayer rights and better assist victims.

**Reference No. 2020-45-070**

## Supporting an Enhanced Taxpayer Experience

### Existing Controls Did Not Prevent Unauthorized Disclosures and Case Documentation Issues in Appeals Trust Fund Recovery Penalty Cases

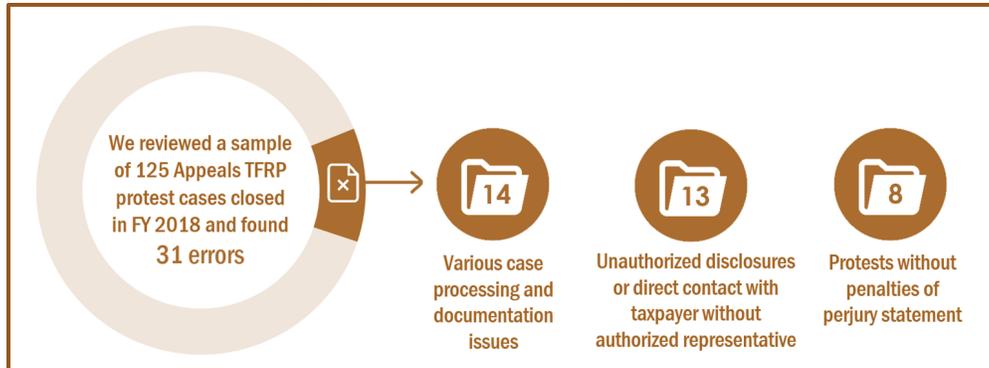
The IRS may assess a Trust Fund Recovery Penalty (TFRP) against an individual, *e.g.*, an officer or shareholder, when a corporation fails to pay withheld income and employment taxes. If a taxpayer disagrees with the proposed or assessed TFRP, he or she may file a protest that is referred to the Independent Office of Appeals (Appeals).

Appeals is an independent function within the IRS whose mission is to resolve disputes on a fair and impartial basis without litigation. Appeals has the authority to make the final determination on whether a taxpayer is liable (or partially liable) for a TFRP. In Fiscal Year (FY) 2018, Appeals closed 1,511 protested TFRP cases. This audit determined whether Appeals TFRP cases were processed according to IRS criteria and whether Appeals decisions on cases were adequately documented.

Appeals generally complied with IRS criteria when processing TFRP protests in FY 2018. However, Appeals personnel did not follow IRS criteria for 31 of 125 FY 2018 TFRP protests TIGTA sampled. Specifically, TIGTA identified cases in which Appeals contacted a representative that did not have the authority to act on behalf of the taxpayer or in which Appeals inappropriately contacted a taxpayer instead of his or her power of attorney. In addition, Appeals worked protests that were not signed under penalties of perjury as required.

TIGTA also observed other case processing and documentation issues. For example, some cases did not contain the necessary information to support the final decisions made by Appeals. Further, once TFRP cases were closed, the data were not always accurately recorded in the Appeals Centralized Database System.

## Appeals Case File Processing Errors



Source: TIGTA review of a statistical sample of Appeals TFRP cases closed in FY2018 (Note: Four cases had errors in multiple categories).

To improve the processing of TFRP cases, TIGTA made five recommendations to the IRS, including:

- Reporting potential unauthorized disclosures of tax return information;
- Documenting power of attorney information in case files; and
- Reemphasizing guidance (including the need to input accurate information on the Appeals Centralized Database System).

IRS management agreed with all of the recommendations.

**Reference No. 2020-10-042**

## Modernizing IRS Operations

### Legacy Systems Management Needs Improvement

This audit assessed the IRS's efforts to identify and replace its legacy systems. Legacy systems<sup>8</sup> are critical for many organizations because they support key mission functionalities. However, they can also carry significant risks, including increased cybersecurity threats and maintenance costs. In FY 2019, the IRS spent over \$2.86 billion to operate its current information technology infrastructure, nearly \$2.04 billion (71 percent) of which was on operations and maintenance. If current trends continue, spending is expected to increase to over \$3 billion annually by FY 2026.

The IRS reported that the cost of operating these systems is overtaking other important components of effective tax administration and limiting the capacity to deliver quality service to taxpayers. Modernization is necessary to curtail these rising costs.

<sup>8</sup> The Treasury Department defines a legacy system as, "...an information system that may be based on outdated technologies but is critical to day-to-day operations. A legacy system, in the context of computing, refers to outdated computer systems, programming languages, or application software that are used instead of more modern alternatives. A legacy system may be problematic, due to compatibility issues, obsolescence, or the lack of support. What is key is that a legacy system has been identified as strategic, but in need of replacement."

The IRS has not developed specific or long-term plans to address updating, replacing, or retiring most of its legacy systems. Through various initiatives, the IRS identified 45 systems for modernization or candidates for modernization and 34 systems for retirement.

While various business units and functions have differing definitions of a legacy system, the IRS does not have an enterprise-wide definition or a complete and accurate inventory of legacy systems. By applying the Information Technology (IT) organization's definition of a legacy system<sup>9</sup> to the As-Built Architecture (ABA) as of April 29, 2020, TIGTA determined that 288 (43 percent) of the 669 systems in the IRS's production environment had missing information that prevented TIGTA from determining whether the systems should have been considered legacy. Of the remaining 381 systems, TIGTA determined that 231 systems were legacy and 150 were not legacy. When comparing TIGTA's list to the IRS's lists of legacy systems, TIGTA identified 46 systems as legacy that the IRS had not, and one system that the IRS incorrectly identified as legacy. Further analysis determined that an additional 49 systems will become legacy within the next 10 calendar years.

Furthermore, the IRS generally does not capture operations and maintenance costs at the system or subsystem levels, only at the investment level. As a result, the IRS does not have sufficient and detailed cost data that can be used in its decision-making processes to prioritize its legacy system modernization efforts.

TIGTA recommended that the IRS:

- Establish, implement, and uniformly apply an IRS enterprise-wide definition of a legacy system;
- Implement *Portfolio Rationalization*<sup>10</sup> or a similar program IRS enterprise-wide to identify, prioritize, and execute the updating, replacing, or retiring of current and future legacy systems;
- Ensure that all systems are included in the ABA with complete and accurate information;
- Implement a policy requiring system owners to provide and periodically update system information to the ABA; and
- Capture operations and maintenance costs for the current information technology infrastructure at the subsystem level.

The IRS agreed with three of the recommendations. It partially agreed with two of the recommendations, including the implementation of the *Portfolio Rationalization* or similar strategy to include IT organization-managed and business-managed systems for an

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<sup>9</sup> In addition to the Treasury Department definition of a legacy system, the IRS IT organization clarified and further defined a legacy system to include application age equal to or older than 25 years, programming languages that are considered obsolete, e.g., Assembler Language Code and Common Business and Oriented Language, and systems meeting other factors such as a lack of vendor support, training, or resources.

<sup>10</sup> Dated March 17, 2020; a program to reduce the system footprint through iterative activities to retire, reduce, reuse, or replace system code. It provides support for the evaluation and reporting of IT organization initiatives, including keeping the infrastructure current and reducing legacy applications.

enterprise-wide strategic approach and the continuation of tracking operations and maintenance costs at the project/program level.

**Reference No. 2020-20-044**

## Improving Tax Reporting and Payment Compliance

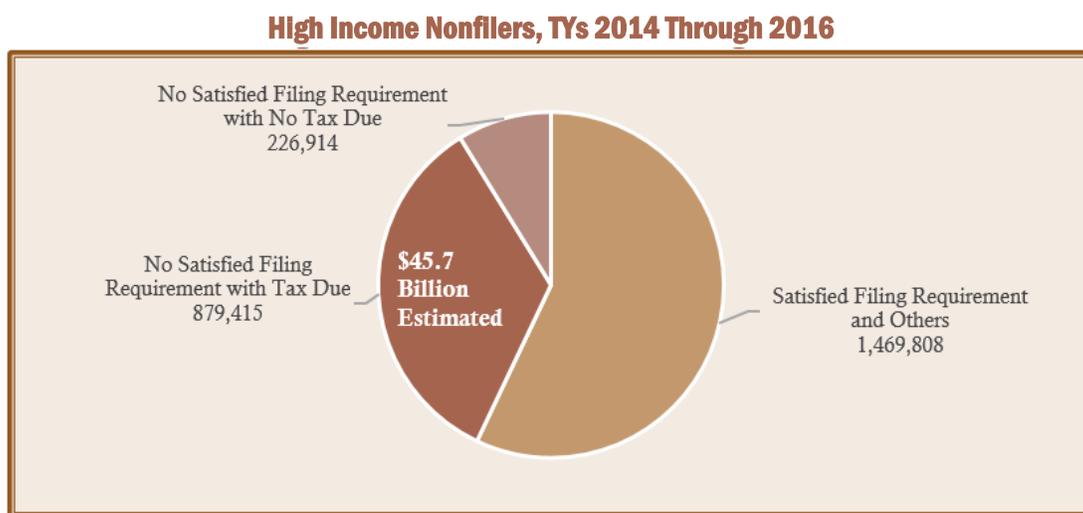
### High-Income Nonfilers Owing Billions of Dollars Are Not Being Worked by the Internal Revenue Service

The gross Tax Gap is the estimated difference between the amount of tax that taxpayers should pay and the amount paid voluntarily and on time. The average annual gross Tax Gap was estimated to be \$441 billion for Tax Years (TY) 2011 through 2013, and approximately \$39 billion (9 percent) was due to nonfilers (taxpayers who do not timely file a required tax return and timely pay the tax due for such delinquent returns).

According to the IRS, high-income nonfilers, although fewer in number, contribute to the majority of the nonfiler Tax Gap. In past audits, TIGTA has identified serious lapses with the IRS's nonfiler strategy. This audit determined whether the IRS is effectively addressing high-income nonfilers and if the new nonfiler strategy and related plans sufficiently include this segment of nonfilers.

TIGTA found that although the IRS is still in the process of conducting testing, the new nonfiler strategy appears to approach nonfiling in a more strategic manner. However, the strategy has not yet been implemented, and TIGTA identified that the new nonfiler program is spread across multiple functions with no one area being primarily responsible for oversight. In addition, more needs to be done to address high-income nonfilers.

The figure below summarizes the total number of high-income nonfilers identified during TIGTA's analysis.



*Source: TIGTA analysis of Individual Master File Case Creation Nonfiler Identification Process nonfiler data from the IRS's Compliance Data Warehouse and other tax account information obtained from the Individual Master File as of the end of December 2018.*

Of the 879,415 high-income nonfilers, TIGTA identified that:

- The IRS did not work 369,180 high-income nonfilers, with estimated tax due of \$20.8 billion. Of the 369,180 high-income nonfilers, 326,579 were not placed in inventory to be selected for work and 42,601 were closed out of the inventory without ever being worked. In addition, the remaining 510,235 high-income nonfilers, totaling estimated tax due of \$24.9 billion, were sitting in one of the Collection function's inventory streams and would likely not be pursued as resources decline.
- The IRS removed high-income nonfiler cases from inventory, resulting in 37,217 cases totaling \$3.2 billion in estimated tax dollars that would not likely be worked by the IRS.

In addition, due to the policy on working single tax year cases without regard to how many returns have not been filed by a taxpayer, the IRS is missing out on opportunities to bring repeat high-income nonfilers back into compliance. TIGTA identified the top 100 high-income nonfilers for TYs 2014 through 2016 that the IRS did not address or resolve, who had estimated tax due totaling \$9.9 billion.

TIGTA recommended that the IRS:

- Designate a senior management official with appropriate resources and specific nonfiler duties to address nonfiling;
- Consider a reallocation of resources to ensure that most, if not all, high-income nonfilers are subject to enforcement action;
- Prioritize nonfilers so that the Individual Master File Case Creation Nonfiler Identification Process is not paused in the future;
- Analyze the population of TY 2014 through 2016 high-income nonfilers and issue notices to those high-income nonfilers identified during this review as never being placed into Taxpayer Delinquency Investigation inventory or closed out of the inventory without being worked;
- Reconsider working multiple tax year cases for all high-income nonfilers;
- Implement controls that will assist to identify and prioritize high-income nonfilers who are repeat offenders; and
- Implement controls to ensure that high-income nonfilers are not shelved.

The IRS agreed with two of the recommendations and partially agreed with four of the recommendations. It disagreed with placing the nonfiler program under its own management structure.

**Reference No. 2020-30-015**

## Continued Efforts Are Needed to Address Billions of Dollars in Reporting and Payment Discrepancies Relating to Tax Withheld From Foreign Persons

In most cases, foreign persons<sup>11</sup> are subject to U.S. tax of 30 percent<sup>12</sup> on their U.S. source income. This tax owed is generally withheld by a withholding agent.<sup>13</sup>

Withholding agents are required to file Forms 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, to report income and withholding for each foreign person and annually file a Form 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*, to report the cumulative amount of all taxes withheld. This audit determined whether the IRS has adequate controls in place to ensure that the amounts reported as withheld on Forms 1042-S are reported on Forms 1042.

In response to TIGTA's prior recommendations,<sup>14</sup> the IRS has implemented processes to improve its identification of reporting discrepancies for Federal tax withheld on U.S. source income paid to foreign individuals. However, these processes did not identify some withholding tax discrepancies. TIGTA identified that IRS processes did not identify 1,919 withholding agents with reporting discrepancies totaling \$182.7 million. The IRS's filter criteria compares incomplete or inconsistent data listed on Forms 1042-S to Forms 1042. In addition, TIGTA identified 366 withholding agents that claimed \$506 million more in credits for tax withheld than was reported on Forms 1042-S.

Also in response to TIGTA's prior report, the IRS developed a systemic process to identify withholding agents that are not filing required Forms 1042-S. For example, the IRS's filter identified 1,569 withholding agents that had not filed a Form 1042-S. TIGTA also identified 7,910 Forms 1040NR, *U.S. Nonresident Alien Income Tax Return*, which claimed withholding credits that were not supported by a Form 1042-S. These returns were not selected for IRS verification because the claim amounts were under the IRS's return selection threshold. The IRS cannot systemically verify these claims because withholding agents are not required to provide a payee TIN for all Forms 1042-S.

TIGTA made 12 recommendations, including that the IRS modify its filter criteria to ensure that all withholding agents that do not file Form 1042 are identified, and modify procedures to ensure that the withholding credit claimed on Form 1042 matches the withholding reported on Forms 1042-S.

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<sup>11</sup> A foreign individual is any person that is not a U.S. person, including a nonresident alien, a foreign corporation, a foreign partnership, a foreign trust, or a foreign estate.

<sup>12</sup> A reduced rate, including exemption, may apply when there is a tax treaty between the U.S. and the country of residence for the foreign individual.

<sup>13</sup> A withholding agent is any U.S. or foreign entity (individual, corporation, partnership, etc.) that takes receipt of, has control or custody of, or disposes of or makes a payment of any income to a foreign individual that is subject to withholding. Withholding agents are personally liable for any required tax that is withheld and are legally responsible for proper withholding and reporting.

<sup>14</sup> TIGTA, Ref. No. 2013-40-130, *A Process Has Not Been Established to Ensure That Billions of Dollars in Taxes Withheld From Foreign Persons Are Remitted* (Sept. 2013).

IRS management agreed with five of the recommendations, but disagreed with seven of the recommendations. For example, the IRS did not agree to review the Forms 1042 and 1042-S that TIGTA identified with potential reporting discrepancies, to modify *Campaign 817* filter criteria to ensure that information used is consistent, or to modify Error Resolution function procedures.

**Reference No. 2020-40-021**

## **The Internal Revenue Service Can Improve Taxpayer Compliance for Virtual Currency Transactions**

The sale or exchange of virtual currencies, the use of virtual currencies to pay for goods or services, and holding virtual currencies as an investment generally have tax consequences that could result in tax liability. Taxpayers who do not properly report the income tax consequences of virtual currency transactions may be liable for tax, penalties, and interest. In addition to taxpayers' virtual currency transactions, the IRS reviews virtual currency exchanges, which engage in the business of exchanging virtual currency for fiat currency<sup>15</sup> or other virtual currency. While exchanges are in a position to provide important information for use by the IRS in tax administration, information reporting on virtual currency transactions from the exchanges is lacking.

This audit was initiated because the use of virtual currency as a payment method continues to grow in popularity and is emerging as an alternative asset to U.S. or other fiat currencies. This audit focused on virtual currency exchanges because they play an important role in the transferability and stability of virtual currency by facilitating the buying and selling of virtual currencies for customers. The objective was to evaluate the IRS's efforts to ensure the accurate reporting of virtual currency transactions as required under U.S.C. Titles 26 (I.R.C.) and 31 (Money and Finance).

TIGTA found that it is difficult for the IRS to identify taxpayers with virtual currency transactions because of the lack of third-party information reporting that specifically identifies virtual currency transactions. As of October 2018, both the Large Business and International and the Small Business/Self-Employed (SB/SE) Divisions' Examination functions had started a small number of examinations of taxpayers based on potential virtual currency issues, and the SB/SE Division's Examination function had few known open examinations of virtual currency exchanges.

TIGTA reviewed the examination case files for seven judgmentally sampled virtual currency exchange examinations closed by Bank Secrecy Act (BSA) Program examiners and found that some exchanges exhibited business characteristics that may have qualified them as Third-Party Settlement Organizations (TPSO) under I.R.C. § 6050W. This would require the filing of Form 1099-K, *Payment Card and Third Party Network Transactions*, for customers with more than 200 transactions in a year that total in excess of \$20,000. However, some of the exchanges that appeared to be TPSOs issued Forms 1099-K for TYs 2015 to 2018.

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<sup>15</sup> Fiat currency is the name for what is traditionally recognized as currency. Fiat currency is the coin and paper money of a country and designated as its legal tender.

Although BSA Program examiners generally pursue Title 31 issues, they are encouraged to make referrals to the BSA Examination Case Selection for Title 26 income tax examinations if they identify issues that indicate noncompliance. However, Title 31 examiners did not generally identify income tax issues and refer examinations to Title 26 examination groups. None of the examinations in TIGTA's review had potential Title 26 issues referred.

TIGTA recommended that the IRS:

- Continue efforts to close the virtual currency information gap by issuing guidance clarifying the proper information reporting associated with virtual currency transactions; and
- Develop a process to use and monitor Title 31 virtual currency information in Title 26 examination workload.

IRS management agreed with both of the recommendations.

**Reference No. 2020-30-066**

## Impact of Global Economies

### Withholding Compliance Efforts for Partnerships With Foreign Partners Can Be Improved

According to I.R.C. § 1446, partnerships are required to withhold taxes on “effectively connected taxable income” (ECTI) that is allocable to their foreign partners. The withholding serves as an incentive for foreign partners to file the appropriate U.S. tax return, *i.e.*, Form 1040NR, or Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, to report income from the partnership. For TY 2016, the Project 1446 database<sup>16</sup> showed that partnerships reported \$12.6 billion in the ECTI allocable to their foreign partners. This audit determined the effectiveness of the IRS's efforts to ensure withholding compliance of partnerships with foreign partners.

Although a review of a sample of 137 partnership filings found that partnerships remitted the reported I.R.C. § 1446 tax, TIGTA identified barriers for the IRS to use Form 8804, *Annual Return for Partnership Withholding Tax (Section 1446)*, and Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, data to ensure compliance of partnerships and foreign partners subject to the provisions of I.R.C. § 1446. TIGTA also identified significant errors in the Project 1446 database, which limited the IRS's ability to verify withholding credits and identify potential nonfilers accurately.

For TY 2016, there were 17,734 partnerships that filed Forms 8804 that had related Forms 8805 reporting nearly \$3.7 billion in withholding credits. Of these, 2,445 Forms 8804 had discrepancies concerning the withholding amounts reported on their

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<sup>16</sup> The International Web Application is maintained on an Enterprise Tier II SUN system. It is not a Master File program, but Form 8805 data are uploaded to the Information Returns Master File monthly.

related Forms 8805. The figure below provides the instances in which Form 8804 data did not reconcile with Form 8805 data.

**Withholding Reported on Form 8804 Versus  
Withholding Tax Credited on Form 8805**

Type of Variance	Number of Forms 8804	Withholding Reported on Form 8804	Reported Withholding Tax Credits on Form 8805	Variance
<b>Forms 8804 Withholding Less Than Forms 8805 Credits</b>	1,338	\$462,707,708	\$893,478,072	(\$430,770,364)
<b>Forms 8804 Withholding Greater Than Forms 8805 Credits</b>	1,107	\$572,102,619	\$444,252,008	\$127,850,611
<b>Net of Total Variances</b>	2,445	\$1,034,810,327	\$1,337,730,080	(\$302,919,753)

Source: TIGTA’s analysis of the Project 1446 database and the Master File.

In addition, 5,077 foreign partners did not file their income tax returns reporting their share of the ECTI. As a result, these foreign partners would potentially owe \$184 million in additional tax.

Further, Form 8805 data were erroneously uploaded multiple times on the Master File, overstating the income and withholding amounts. Although the IRS identified and fixed this issue in October 2018, the overstated records still remain.

TIGTA recommended that the IRS:

- Strengthen controls to ensure correspondence with partnerships when there are no Forms 8805 attached to Form 8804 reporting ECTI and withholding amounts;
- Establish procedures for tax examiners to prevent duplicate or multiple Forms 8805 filed by partnerships from being entered into the Project 1446 database; and
- Establish procedures using Form 8805 data to identify underreporting and potential nonfilers.

IRS management agreed with all the recommendations.

**Reference No. 2020-30-026**

## Achieving Operational Efficiencies

### Sensitive Tax Records Could Not Always Be Located or Timely Provided

The Federal Government’s interest is harmed when the IRS is unable to produce the documents needed to support the IRS’s position as part of an examination, appeal, tax court case, etc. Furthermore, taxpayers’ privacy and financial data are put at risk if

records, of which the IRS should have custody, cannot be located. In addition, inaccessible case files can cause taxpayer burden and hinder oversight.

This audit was initiated because both TIGTA and the Government Accountability Office have previously issued reports highlighting control weaknesses in the IRS's ability to locate, retrieve, and control tax records. This audit's objective was to determine if the IRS has an effective process for timely locating certain paper files.

While taxpayers continue to file a large number of paper tax returns voluntarily, the IRS has difficulty locating and timely retrieving some paper tax records. According to the IRS, in TY 2019, taxpayers filed 17.5 million paper tax returns. In addition to tax returns filed on paper, most IRS forms cannot be filed electronically, which results in the IRS processing, storing, and maintaining millions of additional paper records. As a result, the IRS invests significant resources into moving and storing paper tax records.

Based on a statistical sample of examinations and associated tax returns, TIGTA found that the IRS could not locate 12 (6 percent) of 185 examination case files and five (3 percent) of 185 individual tax returns. An additional 43 (23 percent) of 185 examination case files and 19 (10 percent) of 185 individual tax returns were located but were not provided timely. Based on the sample, TIGTA estimated that almost 7,000 examination case files and tax returns may not be able to be located. In addition, if requested, TIGTA estimated that more than 25,000 examination case files and tax returns may not be able to be provided timely. TIGTA determined that there were multiple reasons that paper tax records could not be located or timely provided, including that the IRS does not have a centralized system to track paper tax records nor does it have a quality review process to ensure that requested tax records are sent to the correct address.

It is critical that the IRS has systems and processes to control, locate, and retrieve tax records because each of the IRS's operating divisions has an ongoing need to obtain tax returns and related information. As a result, TIGTA made four recommendations, including that the IRS create a centralized system to track sensitive paper tax records, and develop a quality review process to provide reasonable assurance that the correct tax records are being sent to the correct address.

IRS management agreed with the recommendations.

**Reference No. 2020-10-050**

### **Process Automation Benefits Are Not Being Maximized, and Development Processes Need Improvement**

Robotic Process Automation is the implementation of automation software to perform high-volume, labor-intensive, repeatable tasks. Intelligent Automation imitates human learning actions to perform automated tasks used in chatbots<sup>17</sup> and natural language processing. This audit assessed the effectiveness and efficiencies achieved through the

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<sup>17</sup> Chatbots are computer programs, known as virtual assistants, which simulate conversations with human users over the Internet. The end user makes a statement or asks a question, which is interpreted or recognized for its intent, and then the intent is mapped to a specific task.

IRS's implementation of Robotic Process Automation and Intelligent Automation technologies.

The IRS created the Contractor Responsibility Determination Robot to collect data from a variety of external websites to determine if a vendor has the financial resources and capabilities to perform the proposed work and is eligible to receive an award under applicable acquisition laws and regulations. In its first year of deployment, the IRS used the Contractor Responsibility Determination Robot to complete contractor determinations on some of the 2,774 new IRS-administered contracts. If the Contractor Responsibility Determination Robot is used, the IRS estimated that it will save \$300 per contract determination. Automating manual processes will ensure that the IRS more efficiently and effectively spends taxpayer funds.

TIGTA found that the IRS has not maximized Contracting Officer and Contract Specialist use of the Contractor Responsibility Determination Robot. For the first year of its deployment, TIGTA estimated that the Contractor Responsibility Determination Robot saved the IRS 2,740 hours totaling approximately \$328,800 in processing 1,096 contracts. However, the number of hours actually saved was considerably less than the number of hours that should have been saved. If the IRS had maximized the Contractor Responsibility Determination Robot's use on the 1,618 contracts for which manual contractor responsibility determinations were potentially made during the first year of its deployment, TIGTA estimated that an additional \$485,400 in unnecessary costs would have been avoided.

In addition, while the IRS allocated direct costs incurred for the Contractor Responsibility Determination Robot contract, the Robotic Process Automation Program generally did not fully allocate direct or indirect costs to specific automation projects. The allocation of these costs is critical to baseline Federal investments and determine the total costs and return on investment for each automation project.

Lastly, the Robotic Process Automation Program did not establish an effective governance structure nor a suitable development methodology for automation projects. However, the IRS did outline its plans for improving automation project deliverables. According to the IRS, its ongoing automation projects are in the process of using these deliverables and are updating them based on learning and feedback. Finalizing a well-defined automation project development methodology should help to ensure that: business requirements are captured, privacy and security requirements are addressed, designs fully satisfy business requirements, solutions are properly tested and deployed in a controlled manner, and operations are closely monitored.

TIGTA recommended that the IRS:

- Maximize the timely use of the Contractor Responsibility Determination Robot;
- Ensure that direct and indirect costs are allocated to each Robotic Process Automation and Intelligent Automation project;
- Finalize an automation program governance structure; and

- Finalize a development methodology suitable for automation projects.

The IRS agreed with all of the recommendations.

**Reference No. 2020-20-060**

# Protect the Integrity of Tax Administration

**T**IGTA is statutorily mandated to protect the integrity of Federal tax administration. TIGTA accomplishes this mission through the investigative work conducted by the Office of Investigations (OI). Through its investigative programs, OI protects the integrity of the IRS and its ability to collect revenue owed to the Federal Government by investigating violations of criminal and civil law that adversely impact Federal tax administration, as well as administrative misconduct by IRS employees, both of which undermine the integrity of the Nation's voluntary tax system.

## **The Performance Model**

The Office of Investigations accomplishes its mission through the hard work of its employees, whose efforts are guided by a performance model that focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

These performance measures align OI's investigative activities with the strategic goals of the organization and protect the integrity of Federal tax administration.

IRS employee misconduct undermines the IRS's ability to deliver taxpayer services, to enforce tax laws effectively, and to ensure fairness in tax collection. External threats against the IRS impede its ability to fairly, efficiently, and safely carry out its role as the Nation's revenue collector. Individuals who attempt to corrupt or otherwise interfere with the IRS through various schemes and frauds adversely impact the IRS's ability to collect revenue.

TIGTA investigates these serious offenses and refers them to IRS management when they involve IRS employee misconduct. When appropriate, TIGTA also refers its investigations to the DOJ or to State authorities for prosecution.

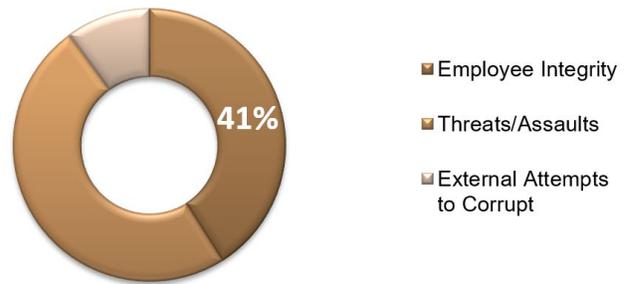
## **Performance Area: Employee Integrity**

In order for the country's tax system to operate successfully, taxpayers must have confidence in the fair and impartial administration of Federal tax laws and regulations. IRS employee misconduct can erode the public's trust and impede the IRS's ability to effectively enforce tax laws.

Employee misconduct can take many forms, such as: the misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuse; unauthorized access to, and disclosure of, tax returns and return information; and identity theft.

During this reporting period, employee integrity investigations accounted for 41 percent of OI's work. OI conducted 416 employee misconduct investigations that were referred to the IRS for action. The IRS took action on 383 and closed 33 investigations without action.<sup>18</sup>

## Employee Integrity



### Employee Integrity

The following cases represent OI's efforts to address employee integrity during this six-month reporting period:<sup>19</sup>

#### IRS Employee Sentenced for Wire Fraud and Theft of Public Money

On March 20, 2020, in the Middle District of Tennessee, IRS employee Tracey Allison was sentenced for wire fraud and theft of Government property, in connection with a scheme to fraudulently obtain paid military leave and other benefits from the IRS. Allison was indicted for these and other offenses on March 6, 2019.

According to the indictment, Allison has been employed with the IRS in Franklin, Tennessee since October 2007. From about November 2013 through about October 2018, Allison knowingly devised a scheme to defraud and to obtain money by means of false pretenses, willingly stole property belonging to the U.S., and unlawfully used one or more means of identification of another without authority.

Specifically, between 2013 and 2018, Allison regularly submitted fraudulent and forged Department of the Army Forms 1380 (DA 1380) to the IRS payroll unit seeking payment for military duties. Allison, however, was discharged from the U.S. Army Reserve in August 2012, and did not enlist in the Tennessee National Guard until July 2018.

Consequently, she had no military duties for the dates listed on the forms. In furtherance of Allison's scheme, she forged the name, title, and Department of Defense identification number of her former station commander on the Forms DA 1380. Yet, her former station commander was a military retiree who ceased supervising Allison around July 2013. Allison was not authorized to use his or her personal identifiers.

Allison submitted approximately 70 false, fraudulent, and forged Forms DA 1380 to the IRS. As a result of the false submissions, Allison collected payments and benefits totaling approximately \$22,846.24.

<sup>18</sup> These data may pertain to investigations referred administratively in prior reporting periods and do not necessarily relate to the total number of misconduct investigations that were referred to the IRS for action during this reporting period.

<sup>19</sup> The facts in the summarized case narratives come from court documents of the respective jurisdictions named.

Allison was sentenced to a one-day incarceration, followed by eight months home confinement, two years' supervised release, ordered to pay restitution in the amount of \$22,846.24, and a special assessment fee of \$200.

## **IRS Employee Pleads Guilty to Filing False Tax Returns**

On June 30, 2020, in the District of Massachusetts, IRS Lead Contact Representative Jennifer True pled guilty to multiple counts of aiding and assisting in the filing of a false tax return and filing of a fraudulent tax return by an employee of the United States. True was initially charged with wire fraud and aggravated identity theft on January 13, 2020.

According to the court documents, from approximately February 2012 through April 2017, True electronically filed more than 590 Federal tax returns, most of which she prepared for other individuals, often in exchange for money. She charged between \$40 and \$100 for preparing tax returns, knowing that she was in violation of rules prohibiting such activity by IRS employees. In addition, True prepared at least 70 IRS Forms 1040, *U.S. Individual Income Tax Return*, that included materially false items, such as false Individual Retirement Account deductions, false itemized deductions, and false dependent and childcare expenses, that allowed True and others to receive refunds to which they were not entitled. Witnesses interviewed during the course of the investigation advised that they had not provided True with the false information on their returns and that they did not know that True was including such false information on the returns she prepared for them.

At sentencing, True faces up to three years' imprisonment for each count of aiding and assisting in the filing of false tax returns and up to five years' imprisonment for each count of filing a fraudulent tax return as an employee of the United States. True also faces supervised release of up to three years; a fine of \$250,000, or twice the gross gain or loss, whichever is greater; a mandatory special assessment; discharge from employment; and payment of restitution to the IRS of at least \$640,918.98.

## **Employee Integrity Projects**

As part of its employee integrity focus, TIGTA also conducts proactive investigative initiatives to detect misconduct in the administration of IRS programs. During this reporting period, TIGTA initiated 34 proactive projects to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA's most successful integrity project involves the detection of IRS employees who abuse their access to taxpayer information to commit identity theft and other crimes.

## **Performance Area: Employee and Infrastructure Security**

Collecting taxes is a critical function of the Federal Government. Threats and assaults directed at IRS employees, facilities, and infrastructure impede the effective and safe administration of the Federal tax system and the IRS's ability to collect tax revenue. In addition to traditional direct threat vectors, TIGTA also actively pursues, investigates, and mitigates emerging threats to the IRS's ability to conduct Federal tax administration in

cyberspace. All reports of threats, assaults, and forcible interference against IRS employees in the course of performing their official duties are referred to OI.

Contact with the IRS can be stressful and emotional for taxpayers. While the majority of taxpayer contacts are routine, some may become confrontational and even violent. TIGTA’s special agents are statutorily mandated to provide physical security, known as “armed escorts,” to IRS employees who have face-to-face contact with taxpayers who may pose a danger to the employee, and to ensure that IRS employees have a secure environment in which to perform their critical functions of tax administration. During this six-month reporting period, OI provided two armed escorts for IRS employees.

The Office of Investigations undertakes investigative initiatives to identify individuals who could commit violence against, or otherwise pose a threat to, IRS employees, facilities, or infrastructure. It also provides intelligence to IRS officials to assist them in making proactive operational decisions about potential violence or other activities that could pose a threat to IRS systems, operations, and employees.

The investigative information sharing between OI and the IRS’s Office of Employee Protection (OEP) to identify “potentially dangerous” taxpayers is one example of TIGTA’s commitment to protecting IRS employees. Taxpayers who meet OEP criteria are designated as potentially dangerous. Five years after this designation has been made, TIGTA conducts a follow-up assessment of the taxpayer so that the OEP can determine if the taxpayer still poses a potential danger to IRS employees.

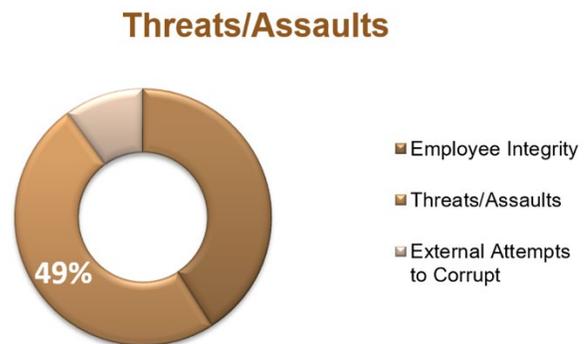
During this six-month reporting period, employee and infrastructure security investigations accounted for 49 percent of OI’s work.

The following case represents OI’s efforts to ensure the safety of IRS employees during the reporting period:<sup>20</sup>

### **Georgia Man Indicted for Bomb Threat Against IRS Office in New York**

On August 5, 2020, in the Southern District of Georgia, Benjamin Stasko was indicted for making a willful threat to kill using an explosive and the interstate transmission of a threat to injure. These charges stemmed from a July 2020 threat Stasko made to bomb an IRS office located in New York, New York.

According to the court documents, on July 6, 2020, Stasko posted a bomb threat on a public website. The post claimed that a “highly explosive pipe bomb,” intended for the IRS, had been placed inside the Federal building located at 290 Broadway, New York, New York. Law enforcement officers and bomb-sniffing canines responded to the Federal



<sup>20</sup> The facts in the summarized case narrative come from court documents of the jurisdiction named.

building, but did not locate an explosive device. Subsequent investigative efforts by TIGTA special agents identified Stasko as the person responsible for posting the threat. These efforts also revealed that Stasko had items at his residence believed to be the beginnings of a pipe bomb, along with notes explaining how he would blow up the IRS building.

If convicted of the indicted offenses, Stasko faces fines for each offense and up to 10 years' imprisonment.

## **Performance Area: External Attempts to Corrupt Tax Administration**

TIGTA also investigates external attempts to corrupt or impede tax administration. Individuals may interfere with the IRS's ability to collect revenue for the U.S. in many ways. For instance, they may impersonate IRS employees or misuse IRS seals and symbols; file false or frivolous documents against IRS employees; use fraudulent IRS documentation to perpetrate criminal activity; offer bribes to IRS employees to influence their tax cases; commit fraud in contracts awarded by the IRS to contractors; or commit cybercrimes.

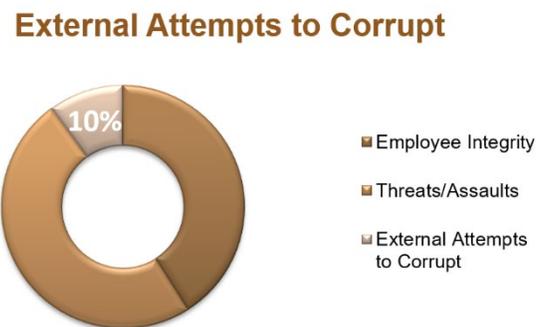
### **Cybercrime**

Attacks against online IRS applications can cause wide-ranging negative implications. This was demonstrated through purposeful misuses of IRS online applications in an effort to obtain loan benefits associated with the CARES Act. These attempts to corrupt or otherwise interfere with tax administration not only inhibit the IRS's ability to collect revenue, but also undermine the public's confidence in fair and effective tax administration.

During this reporting period, investigations into attempts to corrupt or impede tax administration accounted for 10 percent of OI's work.

### **Corrupt Interference**

The following cases represent OI's efforts to address and deter external attempts to corrupt tax administration during this six-month period:<sup>21</sup>



### **Software Engineer Charged With \$1.5 Million Coronavirus Relief Loan Scheme**

On May 22, 2020, in the Western District of Washington, Baoke Zhang was arrested and charged with wire fraud and bank fraud in connection with the CARES Act. According to the court documents, Zhang submitted three different loan applications to two different

<sup>21</sup> The facts in the summarized case narratives come from court documents of the respective jurisdictions named.

lenders, seeking more than \$1.5 million under the Paycheck Protection Program. This Program was authorized under the CARES Act to provide forgivable loans to small businesses for job retention and certain other expenses. Zhang submitted the loan applications, which included multiple false documents and statements, in the names of fictitious entities. In order to accomplish the fraud, Zhang obtained Employer Identification Numbers (EIN) from the IRS in April 2020 to document two fictitious entities. He then submitted fraudulent CARES Act-related loan applications in the names of these entities.

The loan applications contained statements that the entities had been assigned EINs years prior to the actual assignment dates for the EINs and included altered copies of IRS notices reflecting these earlier assignment dates. The applications also included falsified IRS documentation purporting to show employee and payroll amounts.

If convicted, Zhang could face a fine up to \$1 million and/or up to 30 years' imprisonment.

### **Man Arrested for Theft of U.S. Mail Containing Economic Impact Payments**

On April 29, 2020, in the Eastern District of New York, Feng Chen was charged with theft of mail, including multiple EIPs from the Treasury Department, otherwise known as "stimulus payments." The arrest was announced by the U.S. Attorney for the Eastern District of New York, TIGTA, the U.S. Postal Inspection Service, and the New York Police Department (NYPD).

According to the court documents, on April 28, 2020, NYPD police officers observed a man, later identified as Chen, looking inside a medical collection bin at a closed medical office, and then walking to a nearby residential building and examining mail left at the door. Chen continued to walk to another residential building, carrying what appeared to be mail. He discarded the mail he was holding when he saw the police officers. When questioned, Chen made contradictory statements and was discovered to have an outstanding arrest warrant for a criminal case involving identity theft. While conducting a search of Chen incident to arrest, the officers recovered U.S. Treasury checks totaling more than \$12,000, credit cards, and opened envelopes and letters bearing the names of various individuals and addresses.

If convicted, Chen faces a maximum of five years' imprisonment.

“The Coronavirus Aid, Relief, and Economic Security Act authorizes payments to taxpayers to offset the economic impact of the coronavirus,” said J. Russell George, the Treasury Inspector General for Tax Administration. “Previous government assistance efforts have been used by crooks and scammers who see this as an opportunity to defraud taxpayers in every way possible.”

*J. Russell George  
Treasury Inspector General  
for Tax Administration  
April 7, 2020*

## **Man Indicted for Retaliating Against IRS Employee by Filing False Lien**

On May 12, 2020, in the Southern District of West Virginia, Jeffrey M. Reed was indicted for filing a false lien and encumbrance against the real and personal property of an IRS revenue officer due to the performance of official duties by the IRS revenue officer.

According to the court documents, an IRS revenue officer was assigned to collect a tax liability owed to the IRS in excess of \$279,000. During the course of the collection activities, the IRS revenue officer sought to garnish Reed’s wages to satisfy a portion of his tax liability. Reed’s employment ended and his former employer mailed a check to the IRS for \$598.22, which represented the wage garnishment against him. In May 2015, in Mercer County, West Virginia, Reed filed a false lien against the IRS revenue officer’s real and personal property, for more than \$4.9 million, due to the IRS revenue officer performing their official duties, which was collecting Reed’s outstanding tax liability.

If convicted, Reed faces a fine and/or up to 10 years’ imprisonment.

## **Impersonation Scams and Schemes**

Individuals may corrupt tax administration by impersonating IRS employees in an effort to obtain Personally Identifiable Information (PII) from unsuspecting taxpayers or to steal their money. Such impersonators may claim to be IRS employees on the telephone or may misuse IRS logos, seals, or symbols to create official-looking letters and e-mails. They often tell their victims that they owe money to the IRS and must pay through a preloaded debit card, wire transfer, or gift card from Apple iTunes®, Walmart®, or Target®. Sometimes they trick taxpayers into providing their PII, which the impersonator then uses to commit identity theft.

TIGTA aggressively investigates these criminal activities to ensure that taxpayers maintain confidence in the integrity of Federal tax administration.

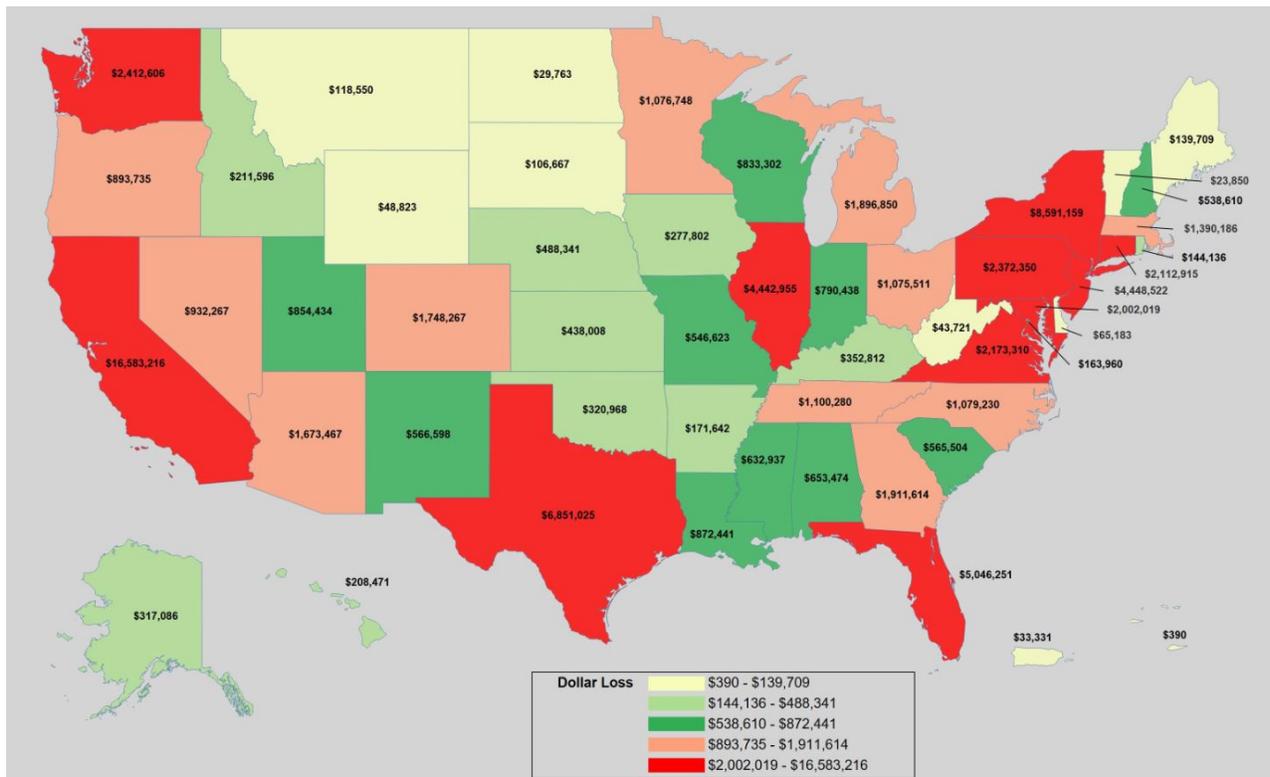
For more than 10 years, the IRS has compiled an annual list of commonly encountered scams, called the “Dirty Dozen” list of tax scams. Many of these scams peak during the

filing season, as people prepare their returns or utilize the services of paid preparers. The IRS telephone impersonation scam is, once again, included in that list.

Between October 2013 and September 2020, TIGTA logged more than 2.5 million contacts from taxpayers who reported that they had received telephone calls from individuals who claimed to be IRS employees. The impersonators told the victims that they owed additional tax and that if they did not immediately pay, they would be arrested or face other adverse consequences. As of September 30, 2020, 16,062 victims have reported to TIGTA that they had lost more than \$82 million, collectively, to the scam’s perpetrators.

Because of their complexity, scams such as these are not typically resolved quickly. This wide-ranging scam has claimed victims in every State. The top five States by number of victims who have suffered financial losses are California, New York, Texas, Florida, and New Jersey.

### Financial Losses by State



Source: TIGTA’s Office of Investigations

In addition to its investigative efforts, TIGTA has taken numerous other steps to proactively combat the IRS impersonation scam and protect taxpayers from being victimized. Specifically, OI created a three-pronged “Advise and Disrupt” strategy. The first part of this strategy involves analyzing the telephone numbers reported to TIGTA. If a number is confirmed to be part of the scam, OI identifies the telephone carrier and requests that the carrier deactivate the number.

The second part of the strategy is to post scam-related telephone numbers on the Internet, which allows potential victims to determine if the call they receive is a part of the scam. The final part of the strategy is to deploy a TIGTA auto-dialer to call the impersonators with a pre-recorded message ordering them to cease and desist their criminal activity, a procedure which also occupies the impersonators' time and telephone lines.

Since the IRS scam's inception, 213 individuals have been charged in Federal court for their role, 31 of which were charged during this reporting period. Ninety-seven of those individuals have been sentenced and collectively received a total of more than 402 years' imprisonment. This effort has resulted in more than 791 impersonation scam-related investigations and court-ordered financial restitutions of more than \$152,694,806.

The following cases are representative of OI's efforts to investigate IRS impersonation scams during this six-month reporting period:<sup>22</sup>

### **Nevada Woman Pleads Guilty for Role in India-Based IRS Impersonation Scam**

On July 21, 2020, in the District of Nevada, Ladda Boonlert pled guilty to conspiracy to commit wire fraud and aggravated identity theft for her role in a scheme involving the impersonation of IRS employees. Boonlert was initially charged in a 22-count indictment filed on December 10, 2019.

According to the court documents, from January 2015 through September 2017, Boonlert conspired with individuals located in India and the U.S. to obtain money from victims under false or fraudulent pretenses. The scheme involved coconspirators, primarily in India, pretending to be IRS employees. The coconspirators falsely told the victims they owed outstanding taxes and threatened victims with arrest if they did not make immediate payments. Because of the scheme, over 2,700 victims made more than \$2.4 million in payments to the coconspirators.

Boonlert acted as a runner for the scheme, picking up victims' payments from MoneyGram®, Target™, and other businesses, knowing that these proceeds were the product of a fraudulent scheme. She admitted to being a leader in the conspiracy. She recruited at least 10 additional runners and directed others to recruit more.

Boonlert faces up to 20 years' imprisonment for the wire fraud conspiracy and a mandatory minimum sentence of two years' imprisonment, which must run consecutive to any other sentence of imprisonment, for the aggravated identity theft offense. In addition, she faces a maximum fine of \$250,000, or twice the gross gain or gross loss, whichever is greatest; a period of supervised release of up to three years following imprisonment; special assessment fees of \$200; and payment of \$2,455,547.06 in restitution to the victims. Sentencing in this matter is scheduled for October 27, 2020.

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<sup>22</sup> The facts in the summarized case narratives come from court documents of the respective jurisdictions named.

## **New York Freelance Information Broker Pleads Guilty for Impersonating Taxpayers to Illegally Obtain Federal Tax Information From the IRS**

On June 29, 2020, in the Northern District of New York, Stephen Mockler pled guilty to wire fraud, conspiracy to commit wire fraud, aggravated identity theft, and misuse of Social Security Numbers (SSN), in connection with a for-profit scheme he devised to illegally obtain confidential tax information from the IRS.

According to the court documents, from approximately August 2017 through January 2018, Mockler worked as a freelance information broker from his residences in New York. In this capacity, private investigative agencies paid Mockler to obtain confidential Federal tax information, including Federal EINs and wage histories.

As part of the scheme, Mockler called the IRS more than 1,500 times, impersonating various taxpayers using PII provided to him by the private investigative firms and fraudulently causing the IRS to release confidential Federal tax information to him. Mockler then provided the fraudulently obtained confidential Federal tax information to the private investigative agencies, who passed it on to their clients.

When Mockler engaged in the foregoing activities, he knew that the taxpayers whose SSNs and other PII he used had not authorized the release of their confidential Federal tax information (or the confidential Federal tax information of their businesses) to him. Mockler also knew that the taxpayers did not authorize him to impersonate them or to use their SSNs.

Mockler faces a maximum fine of \$250,000 per count. In addition, he faces a maximum of 20 years' imprisonment, per count, for his wire fraud and related offenses; a mandatory minimum sentence of two years' imprisonment, per count, for his aggravated identity theft offenses; and a maximum of five years' imprisonment, per count, for his misuse of SSN offenses. Mockler may also be required to serve a period of supervised release of up to three years following imprisonment.

## **Oregon Woman Charged With Bank Fraud While Awaiting Trial for Impersonating an IRS Employee, Among Other Offenses**

On May 21, 2020, in the District of Oregon, Anndrea Jacobs, while awaiting trial for other Federal offenses, was charged with bank fraud related to checks Jacobs stole while she was employed at a dental practice in Hood River, Oregon. In September 2018, Jacobs was indicted for numerous Federal offenses, including the impersonation of an IRS employee.

According to the court documents, Jacobs was involved in a scheme to defraud a former employer by embezzling approximately \$1 million between January 2011 and December 2015. In order to conceal her embezzlement activity, Jacobs created false entries in the business books and records that overstated the business's expenses and estimated tax payments. Then Jacobs convinced her former employer to grant her limited power of attorney to handle the employer's collection action with the IRS. Jacobs changed her employer's contact information with the IRS to her own and diverted all IRS

correspondence and communications to herself. Jacobs then created a fictitious identity as an IRS Taxpayer Advocate, established a telephone number and a voicemail account for the fictitious identity, provided her employer with a fictitious IRS tax case number, and purported to assist her employer with IRS tax collection issues while impersonating an IRS employee.

While on pre-trial release for the aforementioned offenses, from approximately August 2019 through October 2019, Jacobs stole checks from the dental practice in Hood River, Oregon valued at more than \$22,000.

Jacobs faces more than 30 years' imprisonment if convicted of all offenses.

### **Man Sentenced for His Role in Treasury Check Thefts**

On January 17, 2020, in the Southern District of New York, Lenin Guzman-Hidalgo was sentenced for his role in the theft of U.S. Treasury checks. Guzman-Hidalgo was initially indicted in June 2018.

According to the indictment, from about May 2012 to September 2017, Guzman-Hidalgo and his coconspirators knowingly and willfully conspired to steal Government funds, namely from the IRS, and converted them for their own use. The defendants wrongfully obtained U.S. Treasury checks in the names of victims and sold, deposited, or cashed the checks without the victims' authorization.

Also according to the indictment, Guzman-Hidalgo and the other defendants, knowingly used and aided and abetted in the use of names, signatures, addresses, dates of birth, SSNs, and driver's license numbers of other individuals, without lawful authority, in connection with the offenses. The defendants cashed and deposited stolen checks into bank accounts that were often opened using stolen identities.

Guzman-Hidalgo was sentenced to 22 months' imprisonment followed by three years of supervised release. He was ordered to pay restitution in the amount of \$935,943.03 and a special assessment fee of \$100.

### **Tax Preparer Outreach**

In addition to promoting employee integrity, TIGTA is committed to tax preparers' education on integrity. Tax preparers play an important role to ensure the integrity of tax administration because of their frequent contact with the IRS and their influence on tax compliance or noncompliance. Tax preparers can either assist in the enforcement of tax administration to ensure that taxpayers comply with Internal Revenue laws, or they can impede it.

During this reporting period, TIGTA special agents provided one integrity presentation to tax preparers. The presentation detailed TIGTA's role in protecting the integrity of Federal tax administration; the differences between the respective jurisdictions of

TIGTA and the IRS; how to identify various forms of preparer misconduct; and common IRS impersonation scams.

The following case represents OI's efforts to protect tax administration from unscrupulous tax preparers during this six-month reporting period:<sup>23</sup>

### **Former CPA Sentenced for Making A False Statement to the IRS**

On July 8, 2020, in the Western District of Kentucky, Pamela Keyes was sentenced for making a false statement to the IRS. Keyes pled guilty to the offense in December 2019.

According to the court documents, from approximately October 16, 2014 through June 25, 2015, Keyes made representations to the IRS that she was a CPA when she knew that she was not. She made these statements while employed at an accounting firm in the Louisville, Kentucky area. Her actions resulted in monetary ramifications for her clients, some of whom obtained civil judgments against Keyes.

Keyes was sentenced to five years' probation, ordered to pay \$97,696.91 in restitution, and ordered to pay a \$100 special assessment fee.

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<sup>23</sup> The facts in the summarized case narrative come from court documents of the jurisdiction named.

# Advance Oversight of America's Tax System

**T**IGTA's Office of Inspections and Evaluations (I&E) identifies opportunities for improvement in IRS and TIGTA programs by performing inspections and evaluations that report timely, useful, and reliable information to decision makers and stakeholders.

This function has two primary product lines: inspections and evaluations.

Inspections are intended to:

- Provide factual and analytical information;
- Monitor compliance;
- Measure performance;
- Assess the effectiveness and efficiency of programs and operations;
- Share best practices; and
- Inquire into allegations of waste, fraud, abuse, and mismanagement.

Evaluations are intended to:

- Provide in-depth reviews of specific management issues, policies, or programs;
- Address Governmentwide or multi-agency issues; and
- Develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

The following report highlights some of I&E's most significant activities during this six-month reporting period:

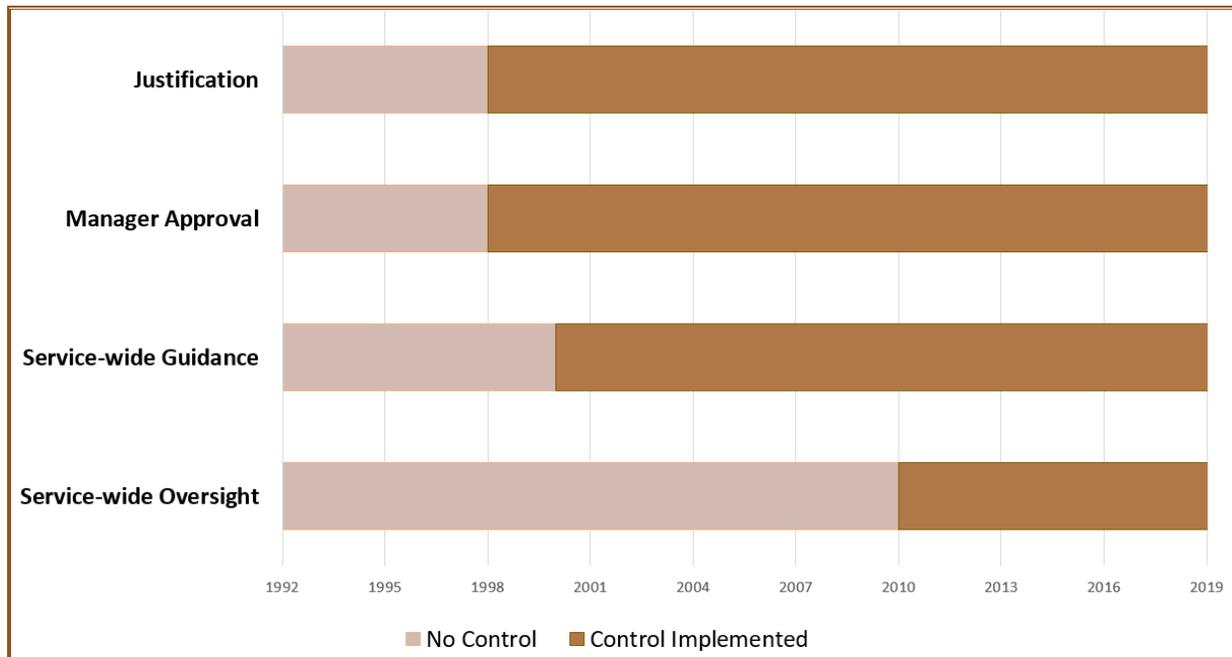
## **Controls Over the Pseudonym Program Need Improvements**

A pseudonym is a fictitious name that IRS employees can use to interact with taxpayers. In 1992, the IRS authorized pseudonym use to help protect employees who felt they might be harassed, threatened, or assaulted in the performance of their duties. RRA 98 required employees to justify the need for a pseudonym and obtain management approval. Enactment of RRA 98 addressed Congress' concerns that IRS employees could use pseudonyms to avoid accountability for their actions while protecting an employee's right to use a pseudonym.

As of December 2018, the IRS reported that 729 employees had registered pseudonyms. TIGTA determined whether the IRS has established policies and procedures to manage its pseudonym program effectively.

The IRS has taken steps to gradually enhance oversight and control during the pseudonym program’s 27-year history. Steps taken include requirements for employee justification and management approval, and Service-wide guidance and centralized program oversight.

### Period Without and With Control Activities



Source: Interviews with IRS Office of Privacy, Government Liaison and Disclosure employees, and reviews of Internal Revenue Manuals.

However, delays in implementing controls over the pseudonym program, and failure to update historical records, significantly contributed to the current inaccurate and incomplete records. For example, upon request, the IRS could not readily provide adequate documentation to support the justification for issuing pseudonyms to 51 percent of the 129 employees included in I&E’s statistical sample. Additionally, the IRS could not readily provide documentation to support that a manager approved the use of a pseudonym for 43 percent of the employees included in the statistical sample.

TIGTA also found that the record of active pseudonym holders included incorrect legal names, incorrect standard employee identifiers, and employees who were not actually using a pseudonym at all. Additionally, TIGTA identified three other employees with unregistered pseudonyms.

TIGTA’s review of IRS disciplinary records and TIGTA investigative files did not identify incidents where IRS employees misused their pseudonym. However, inaccurate and incomplete records and the lack of supporting documentation increase the risk that the IRS may not be able to timely verify the identity of employees using pseudonyms.

TIGTA made six recommendations, including that the IRS:

- Perform an inventory to develop a complete and accurate list of active pseudonyms;
- Ensure that pseudonyms obtained after the implementation of RRA 98 are supported by adequate justification and management approval; and
- Develop processes to maintain a complete and fully supported list of pseudonyms, including a standardized form for new pseudonym requests.

IRS management agreed with four of the six recommendations. The IRS did not agree to determining when all active pseudonym holders obtained their pseudonyms and ensuring that all active pseudonyms requested after July 22, 1998, are supported by appropriate justification and management.

Notwithstanding the IRS's disagreement with certain recommendations, TIGTA believes that the recommended actions would improve compliance with RRA 98 requirements and the detection of misuse.

**Reference No. 2020-IE-R004**

# Audit Statistical Reports

## Reports With Questioned Costs

TIGTA issued no audit reports with questioned costs during this semiannual reporting period. The phrase “questioned costs” means costs that are questioned because of:

- An alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds;
- A finding, at the time of the audit, that such cost is not supported by adequate documentation (an unsupported cost); or
- A finding that expenditure of funds for the intended purpose is unnecessary or unreasonable.

The phrase “disallowed cost” means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.

## Reports With Recommendations That Funds Be Put to Better Use

TIGTA issued three audit reports during this semiannual reporting period with a recommendation that funds be put to better use.<sup>24</sup> The phrase “recommendation that funds be put to better use” means funds could be used more efficiently if management took actions to implement and complete the recommendation, including:

- Reductions in outlays;
- Deobligations of funds from programs or operations;
- Costs not incurred by implementing recommended improvements related to operations;
- Avoidance of unnecessary expenditures noted in pre-award reviews of contract agreements;
- Prevention of erroneous payment of refundable credits, e.g., Earned Income Tax Credit; or
- Any other savings that are specifically identified.

The phrase “management decision” means the evaluation by management of the findings and recommendations included in an audit report, and the issuance of a final decision concerning its response to such findings and recommendations, including actions deemed necessary.

<b>Reports With Recommendations That Funds Be Put to Better Use</b>		
<b>Report Category</b>	<b>Number</b>	<b>Amount (in thousands)</b>
1. Reports with no management decision at the beginning of the reporting period	0	\$0
2. Reports issued during the reporting period	3	\$7,237
<b>3. Subtotals (Item 1 plus Item 2)</b>	<b>3</b>	<b>\$7,237</b>
4. Reports for which a management decision was made during the reporting period		
a. Value of recommendations to which management agreed		
i. Based on proposed management action	3	\$7,237
ii. Based on proposed legislative action	0	\$0
b. Value of recommendations to which management did not agree	0	\$0
<b>5. Reports with no management decision at the end of the reporting period (Item 3 minus Item 4)</b>	<b>0</b>	<b>\$0</b>
6. Reports with no management decision within six months of issuance	0	\$0

<sup>24</sup> See Appendix II for identification of audit reports involved.

## Reports With Additional Quantifiable Impact on Tax Administration

In addition to questioned costs and funds put to better use, the Office of Audit has identified measures that demonstrate the value of audit recommendations to tax administration and business operations. These issues are of interest to executives at the IRS and the Treasury Department, Members of Congress, and the taxpaying public, and are expressed in quantifiable terms to provide further insight into the value and potential impact of the Office of Audit's products and services. Including this information also promotes adherence to the intent and spirit of the Government Performance and Results Act.

Definitions of these additional measures are:

**Increased Revenue:** Assessment or collection of additional taxes.

**Revenue Protection:** Ensuring the accuracy of the total tax, penalties, and interest paid to the Federal Government.

**Reduction of Burden on Taxpayers:** Decreases by individuals or businesses in the need for, frequency of, or time spent on communication, record keeping, preparation, or costs to comply with tax laws, regulations, and IRS policies and procedures.

**Taxpayer Rights and Entitlements at Risk:** The protection of due process rights granted to taxpayers by law, regulation, or IRS policies and procedures. These rights most commonly arise when filing tax returns, paying delinquent taxes, and examining the accuracy of tax liabilities. The acceptance of claims for and issuance of refunds (entitlements) are also included in this category, such as when taxpayers legitimately assert that they overpaid their taxes.

**Taxpayer Privacy and Security:** Protection of taxpayer financial and account information (privacy). Processes and programs that provide protection of tax administration, account information, and organizational assets (security).

**Inefficient Use of Resources:** Value of efficiencies gained from recommendations to reduce cost while maintaining or improving the effectiveness of specific programs; resources saved would be available for other IRS programs. Also, the value of internal control weaknesses that resulted in an unrecoverable expenditure of funds with no tangible or useful benefit in return.

**Reliability of Management Information:** Ensuring the accuracy, validity, relevance, and integrity of data, including the sources of data and the applications and processing thereof, used by the organization to plan, monitor, and report on its financial and operational activities. This measure will often be expressed as an absolute value, *i.e.*, without regard to whether a number is positive or negative, of overstatements or understatements of amounts recorded on the organization's documents or systems.

**Protection of Resources:** Safeguarding human and capital assets, used by or in the custody of the organization, from accidental or malicious injury, theft, destruction, loss, misuse, overpayment, or degradation.

The number of taxpayer accounts and dollar values shown in the following chart were derived from analyses of historical data and are thus considered potential barometers of the impact of audit recommendations. Actual results will vary depending on the timing and extent of management’s implementation of the corresponding corrective actions and the number of accounts or subsequent business activities affected as of the dates of implementation. Also, a report may have issues that affect more than one outcome measure category.

<b>Reports With Additional Quantifiable Impact on Tax Administration</b>			
<b>Outcome Measure Category</b>	<b>Number of Reports<sup>25</sup></b>	<b>Number of Taxpayer Accounts</b>	<b>Dollar Value (in thousands)</b>
Increased Revenue	8	377,902	\$14,095,635
Revenue Protection	5	5,077	\$901,543
Reduction of Burden on Taxpayers	1	1,588	\$0
Taxpayer Rights and Entitlements at Risk	8	290,064	\$638
Taxpayer Privacy and Security	1	43,818	\$0
Inefficient Use of Resources	1	0	\$22,724
Reliability of Management Information	2	29,834	\$723,330
Protection of Resources	0	0	\$0

<sup>25</sup> See Appendix II for identification of audit reports involved.

Management did not agree with the outcome measures in the following reports:

- Increased Revenue: Reference Numbers 2020-10-018; 2020-40-029; 2020-30-015; 2020-43-028; 2020-30-027; 2020-40-052; and 2020-30-071
- Revenue Protection: Reference Numbers 2020-30-026; 2020-40-021; and 2020-10-069;
- Taxpayer Rights and Entitlements: Reference Numbers 2020-40-029; 2020-43-028; 2020-10-038; and 2020-30-058;
- Inefficient Use of Resources: Reference Number 2020-30-031; and
- Reliability of Information: Reference Number 2020-30-055.

The following reports contained quantifiable impacts other than the number of taxpayer accounts and dollar value:

- Increased Revenue: Reference Number 2020-40-052;
- Revenue Protection: Reference Numbers 2020-10-069 and 2020-40-064;
- Taxpayer Burden: Reference Numbers 2020-30-053 and 2020-40-064;
- Taxpayer Rights and Entitlements: Reference Numbers 2020-10-038; 2020-30-053; 2020-30-065; and 2020-30-058;
- Taxpayer Privacy and Security: Reference Numbers 2020-20-033; 2020-10-042; 2020-10-050; 2020-40-064; and 2020-20-063; and
- Reliability of Information: Reference Numbers 2020-20-022; 2020-30-026; 2020-40-021; 2020-10-039; 2020-20-033; 2020-20-044; 2020-40-067; 2020-30-053; 2020-30-055; 2020-10-069; 2020-40-064; 2020-20-063; 2020-30-071; and 2020-20-045.

# Investigations Statistical Reports<sup>26</sup>

<b>Significant Investigative Achievements</b> (April 1, 2020 – September 30, 2020)	
<b>Complaints/Allegations Received by TIGTA</b>	
Complaints Against IRS Employees	1,246
Complaints Against Non-Employees	2,007
<b>Total Complaints/Allegations</b>	<b>3,253</b>
<b>Status of Complaints/Allegations Received by TIGTA</b>	
Investigations Initiated	715
In Process Within TIGTA <sup>27</sup>	312
Referred to IRS for Action	258
Referred to IRS for Information Only	831
Referred to a Non-IRS Entity <sup>28</sup>	0
Closed With No Referral	390
Closed Associated With Prior Investigation	592
Closed With All Actions Completed	155
<b>Total Complaints</b>	<b>3,253</b>
<b>Investigations Opened and Closed</b>	
Total Investigations Opened	1,297
Total Investigations Closed	1,123
<b>Financial Accomplishments (in dollars)</b>	
Embezzlement/Theft Funds Recovered	\$141,802
Contract Fraud and Overpayments Recovered	\$5,336
Court-Ordered Fines, Penalties, and Restitution	\$6,360,678
Out-of-Court Settlements	0
Potentially Compromised by Bribery	\$931,863
Tax Liability of Taxpayers Who Threaten and/or Assault IRS Employees	\$9,358,466
IRS Assets and Resources Protected Against Malicious Loss	\$180,000
<b>Total Financial Accomplishments</b>	<b>\$16,978,145</b>

<sup>26</sup> Includes the reporting requirements under the Inspector General Empowerment Act of 2016 (IGEA), Pub. L. No. 114-317, 130 Stat. 1595.

<sup>27</sup> Complaints for which final determination had not been made at the end of the reporting period.

<sup>28</sup> A non-IRS entity includes other law enforcement entities or Federal agencies.

<b>Status of Closed Criminal Investigations</b>			
<b>Criminal Referral</b>	<b>Employee</b>	<b>Non-Employee</b>	<b>Total</b>
Referred – Accepted for Prosecution	3	97	<b>100</b>
Referred – Declined for Prosecution	105	187	<b>292</b>
Referred – Pending Prosecutorial Decision	7	61	<b>68</b>
<b>Total Criminal Referrals<sup>29</sup></b>	<b>115</b>	<b>345</b>	<b>460</b>
<b>No Referral</b>	<b>222</b>	<b>433</b>	<b>655</b>
<b>Criminal Dispositions<sup>30</sup></b>			
<b>Criminal Disposition</b>	<b>Employee</b>	<b>Non-Employee</b>	<b>Total</b>
Guilty	1	31	<b>32</b>
Nolo Contendere (no contest)	0	0	<b>0</b>
Pretrial Diversion	0	0	<b>0</b>
Deferred Prosecution <sup>31</sup>	0	1	<b>1</b>
Not Guilty	0	0	<b>0</b>
Dismissed	1	1	<b>2</b>
<b>Total Criminal Dispositions</b>	<b>2</b>	<b>33</b>	<b>35</b>
<b>Administrative Dispositions on Closed Investigations<sup>32</sup></b>			
<b>Administrative Disposition</b>	<b>Total</b>		
Removed/Terminated	12		
Suspended/Reduction in Grade	36		
Resigned/Retired/Separated Prior to Adjudication	59		
Oral or Written Reprimand/Admonishment	96		
Clearance Letter/Closed, No Action Taken	57		
Alternative Discipline/Letter With Cautionary Statement/Other	221		
Non-Employee Actions <sup>33</sup>	720		
<b>Total Administrative Dispositions</b>	<b>1,201</b>		

<sup>29</sup> Criminal referrals include both Federal and State dispositions.

<sup>30</sup> Final criminal dispositions during the reporting period. These data may pertain to investigations referred criminally in prior reporting periods and do not necessarily relate to the investigations referred criminally in the previous Status of Closed Criminal Investigations table.

<sup>31</sup> Generally, in a deferred prosecution, the defendant accepts responsibility for his or her actions and complies with certain conditions imposed by the court. Upon the defendant's completion of the conditions, the court dismisses the case. If the defendant fails to fully comply, the court reinstates prosecution of the charge.

<sup>32</sup> Final administrative dispositions during the reporting period. These data may pertain to investigations referred administratively in prior reporting periods and do not necessarily relate to the investigations closed in the Investigations Opened and Closed table.

<sup>33</sup> Administrative actions taken by the IRS against non-IRS employees, e.g., contractors.

## Summary of Investigative Reports and Criminal Referrals

<b>Criminal Referral Breakdown</b> (April 1, 2020 – September 30, 2020)	
<b>Number of Investigative Reports Issued</b>	<b>460</b>
Referred to the DOJ for Criminal Prosecution	385
Referred to State/Local Prosecuting Authorities	7
<b>Number of Indictments and Criminal Informations</b>	<b>67</b>
Indictments	55
Criminal Informations	2

The above statistical table was generated as a result of a query of TIGTA OI's case tracking system, Criminal Results Management System.

### Interference

During the reporting period, there were no attempts by the IRS to interfere with the independence of TIGTA. Additionally, the IRS did not resist, object to oversight activities, or significantly delay access to information.

### Instances of Whistleblower Retaliation

During the reporting period, there were no investigations regarding whistleblower retaliation.

### Closed<sup>34</sup> Investigations Involving IRS Senior Government Employees<sup>35</sup>

<b>Detailed Description of the Facts and Circumstances of the Investigation:</b>	<b>Disposition:</b>	<b>Criminal Status:</b>	<b>Date Referred:</b>	<b>If Declined, Date of Declination:</b>
A senior Government employee was alleged to have asked a subordinate employee to transfer money to a foreign country on their behalf.	Resigned in lieu of termination/Disciplinary Action	N/A	N/A	N/A
A senior Government employee was alleged to have recorded IRS employees and contractors without their consent.	Other	N/A	N/A	N/A
A senior Government employee was alleged to have engaged in inappropriate behavior with other employees.	Admonished/Reprimanded	N/A	N/A	N/A
A senior Government employee was reported to have not made reimbursement for unemployment compensation.	Admonished/Reprimanded	N/A	N/A	N/A

<sup>34</sup> When TIGTA refers an IRS employee investigation to the IRS, the investigation remains open until all actions are completed, including any penalty imposed upon the employee by the IRS. TIGTA closes an employee investigation after receiving notice from the IRS of the administrative action taken in response to that investigation.

<sup>35</sup> For this report, a "senior Government employee" refers to an officer or employee in the Executive branch who occupies a position classified at or above GS-15 of the General Schedule. 5 U.S.C. app § 5(f)(7).

<b>Detailed Description of the Facts and Circumstances of the Investigation:</b>	<b>Disposition:</b>	<b>Criminal Status:</b>	<b>Date Referred:</b>	<b>If Declined, Date of Declination:</b>
A senior Government employee was alleged to have made a false statement regarding a subordinate employee.	Clearance Letter	N/A	N/A	N/A
A senior Government employee was alleged to have influenced the procurement process and disclosed protected information.	Clearance Letter	N/A	N/A	N/A
A senior Government employee was alleged to have incorrectly decreased a performance evaluation.	Clearance Letter	N/A	N/A	N/A
A senior Government employee was reported to have sent e-mails containing PII to an external e-mail account.	Admonished/Reprimanded	N/A	N/A	N/A
A senior Government employee was alleged to have represented a subordinate employee in a real estate transaction and received a commission.	Other	N/A	N/A	N/A
A senior Government employee was alleged to have created a hostile work environment.	Oral/Written Counseling	N/A	N/A	N/A

# Inspections and Evaluations Statistical Reports

## Evaluation Reports With Significant Unimplemented Corrective Actions

The Inspector General Act, as amended, requires identification of significant recommendations described in previous semiannual reports for which corrective actions have not been completed. The following list is based on information from the Treasury Department's Joint Audit Management Enterprise System (JAMES).

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2019-IE-R002	November 2018	01/15/21  01/15/21	<p><b>ALTHOUGH VIRTUAL FACE-TO-FACE SERVICE SHOWS PROMISE, FEW TAXPAYERS USE IT</b></p> <p>F-1, R-1: Develop and document a vision and specific goals for Virtual Service Delivery program, and develop performance measures to monitor and evaluate the performance of the individual programs.</p> <p>F-2, R-2: Conduct public awareness activities to increase taxpayers' knowledge of the Virtual Service Delivery program.</p>
2020-IE-R003	February 2020	01/15/21	<p><b>THE IRS HAS EFFECTIVELY EXPANDED OPTIONS FOR TAXPAYERS TO PAY WITH CASH, BUT PARTICIPATION REMAINS LOW</b></p> <p>F-1, R-1: Consider working with external partners to add retailers in States without a participating location to increase the availability of the payment option.</p>

# Appendix I

## Statistical Reports – Other

### Reports With Significant Unimplemented Corrective Actions

The Inspector General Act, as amended, requires the identification of any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations described in previous semiannual reports for which corrective actions have not been completed. The following list is based on information obtained from the Treasury Department’s JAMES.<sup>36,37</sup>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2007-10-068	May 2007	12/15/20	<b>INEFFICIENCIES IN PROCESSING OPERATIONS ASSISTANCE REQUESTS CAUSED TAXPAYERS UNNECESSARY DELAYS</b>  F-3, R-1: Revise Form 12412, <i>Operations Assistance Request</i> , to allow requests to be closed as completed or as misrouted only if they had been sent to the wrong Operations liaison.
2008-20-176	September 2008	09/30/21	<b>THE OFFICE OF RESEARCH, ANALYSIS, AND STATISTICS NEEDS TO ADDRESS COMPUTER SECURITY WEAKNESSES</b>  F-1, R-5: Ensure that audit and accountability controls are sufficient by requiring audit logs to be maintained a minimum of six years and to be periodically reviewed by the security officer.
2011-20-111	September 2011	11/15/21	<b>CONTINUED CENTRALIZATION OF THE WINDOWS ENVIRONMENT WOULD IMPROVE ADMINISTRATION AND SECURITY EFFICIENCIES</b>  F-2, R-2: Ensure that scanning tools, such as the <i>Business DNA</i> software, are utilized to locate unauthorized servers, workstations, and domains on the IRS network, and adequate procedures are developed and implemented to ensure that they are removed.
2012-20-112	September 2012	11/15/21	<b>AN ENTERPRISE APPROACH IS NEEDED TO ADDRESS THE SECURITY RISK OF UNPATCHED COMPUTERS</b>  F-1, R-1: Ensure that the IRS completes the deployment of an automated asset discovery tool (or tools if needed) and builds an accurate and complete inventory of information technology assets (including hardware and software) that reside on the IRS network.

<sup>36</sup> This summary data does not include recommendations that are specifically prohibited from disclosure by any provision of law, such as 26 U.S.C. § 6103, protecting tax returns and return information, or that are specifically required by Executive Order to be protected from disclosure in the interest of national defense or national security or in the conduct of foreign affairs. One of these recommendations had a potential increased revenue of \$1.5 billion.

<sup>37</sup> The Office of Audit has previously designated two reports with unimplemented recommendations as “Sensitive But Unclassified (SBU).” These SBU reports include subject matter that might create a risk of circumvention of the law if publicly released. There are no potential cost savings associated with any unimplemented recommendations from these reports.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2012-20-122	September 2012	04/15/21	<b>CUSTOMER ACCOUNT DATA ENGINE 2: SYSTEM REQUIREMENTS AND TESTING PROCESSES NEED IMPROVEMENTS</b>  F-3, R-2: Ensure all database issues identified are resolved or an action plan is developed with specific corrective actions and time periods.
2014-40-084	September 2014	12/15/20	<b>A SERVICE-WIDE STRATEGY IS NEEDED TO INCREASE BUSINESS TAX RETURN ELECTRONIC FILING</b>  F-2, R-1: Develop a less burdensome electronic signature process for businesses e-filing employment tax returns using the Modernized e-File system.
2014-23-072	September 2014	04/15/21	<b>AFFORDABLE CARE ACT: IMPROVEMENTS ARE NEEDED TO STRENGTHEN SECURITY AND TESTING CONTROLS FOR THE AFFORDABLE CARE ACT INFORMATION RETURNS PROJECT</b>  F-1, R-1: Ensure that processes and procedures are developed to provide direction on how to review and mitigate weaknesses.
2016-40-028	March 2016	On Hold <sup>38</sup>  On Hold  03/15/23	<b>REVISING TAX DEBT IDENTIFICATION PROGRAMMING AND CORRECTING PROCEDURAL ERRORS COULD IMPROVE THE TAX REFUND OFFSET PROGRAM</b>  F-1, R-1: Revise identification processes to include sole proprietor information from Form SS-4, <i>Application for Employer Identification Number</i> , to identify individual tax refunds to offset to business tax debt. F-2, R-4: Revise computer programming to ensure that credit elects are offset to any associated tax debt on the Non-Master File. F-3, R-1: Revise computer programming to use the Limited Liability Company indicator on the business tax account to ensure that individual tax refunds are not offset to the associated Limited Liability Company's business tax debt.
2017-30-010	October 2016	10/15/20	<b>EMPLOYEES SOMETIMES DID NOT ADHERE TO E-MAIL POLICIES WHICH INCREASED THE RISK OF IMPROPER DISCLOSURE OF TAXPAYER INFORMATION</b>  F-3, R-1: Update the Enterprise Electronic Fax system to allow encrypted messages to be sent to the system server.
2017-40-037	May 2017	On Hold  On Hold	<b>IMPROVEMENTS ARE NEEDED TO ENSURE THAT TAX ACCOUNTS ON THE AUTOMATED NON-MASTER FILE ARE ACCURATELY PROCESSED</b>  F-1, R-1: Correct Automated Non-Master File programming to compute and assess the Failure to File penalty on Form 1040NR, <i>U.S. Nonresident Alien Income Tax Return</i> , accounts in which the TIN is an EIN. F-1, R-2: Correct Automated Non-Master File programming to use the correct date when computing the Failure to File penalty. In addition, programming should be corrected to ensure that the proper penalty rate is used to compute the penalty amount. <b>Potential Increased Revenue: \$354,153</b>
2017-20-024	June 2017	07/15/22	<b>INFORMATION TECHNOLOGY: IMPROVEMENTS ARE NEEDED IN ENTERPRISE-WIDE DISASTER RECOVERY PLANNING AND TESTING</b>  F-2, R-1: Reach consensus regarding the maximum tolerable downtime or recovery time objective for each mission essential function.

<sup>38</sup> Except for one report, recommendations designated as "On Hold" were agreed to by the IRS, but action was deferred pending the availability of funds. The recommendation for report 2017-40-085 was agreed to by the IRS, but was placed on "On Hold" because the IRS is awaiting input from another agency.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2017-40-038	July 2017	On Hold	<b>CASE SELECTION PROCESSES RESULT IN BILLIONS OF DOLLARS IN POTENTIAL EMPLOYER UNDERREPORTED TAX NOT BEING ADDRESSED</b>  F-3, R-1: Establish a systemic process to match data fields to perfect unpostable Forms W-3, <i>Transmittal of Wage and Tax Statements</i> .
2017-30-048	August 2017	On Hold	<b>ADDITIONAL CONTROLS ARE NEEDED TO HELP ENSURE THAT NONRESIDENT ALIEN INDIVIDUAL PROPERTY OWNERS COMPLY WITH TAX LAWS</b>  F-1, R-1: Request that a revision be made to Form 1040NR to enable nonresident aliens to make an election under I.R.C. § 871(d) and revise processing procedures to ensure that the IRS records the election.
2017-40-085	September 2017	On Hold	<b>FURTHER ACTIONS ARE NEEDED TO REDUCE THE RISK OF EMPLOYMENT TAX FRAUD TO BUSINESSES THAT USE THE SERVICES OF PROFESSIONAL EMPLOYER ORGANIZATIONS</b>  F-3, R-1: Establish processes and procedures to reduce unnecessary resources expended notifying employers of an address change when programming incorrectly identifies an address change resulting from minor formatting revisions.
2017-20-062	September 2017	09/15/21	<b>THE INTERNAL REVENUE SERVICE IS NOT IN COMPLIANCE WITH FEDERAL REQUIREMENTS FOR SOFTWARE ASSET MANAGEMENT</b>  F-1, R-1: Establish executive governance for Software Asset Management within the IRS which acts as a centralized group to ensure that effective and knowledgeable decisions are being made timely by authorized personnel.
2018-40-010	January 2018	On Hold On Hold 12/15/20 12/15/20	<b>PROCESSES NEED TO BE IMPROVED TO IDENTIFY INCOMPLETE AND FRAUDULENT APPLICATIONS FOR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS</b>  F-3, R-1: Modify the Real-Time System consistency and validity checks to identify all duplicate uses of supporting documents. F-3, R-2: Ensure that programming changes are made to require mandatory review when the Real-Time System alerts tax examiners that an applicant is using duplicate supporting documents as has previously been used to obtain an Individual Taxpayer Identification Number (ITIN). F-3, R-5: Review the 10,924 ITINs that TIGTA identified that were issued to individuals who used duplicate supporting documents to determine the validity of the ITINs and take the actions necessary to revoke those ITINs that are determined to be invalid. F-4, R-1: Review the 8,110 ITINs identified with a revoked status in the Real-Time System but still valid on the Individual Master File and take necessary action to change the ITINs to invalid.
2018-40-013	February 2018	On Hold On Hold On Hold	<b>ACTIONS ARE NEEDED TO REDUCE THE RISK OF FRAUDULENT USE OF EMPLOYER IDENTIFICATION NUMBERS AND TO IMPROVE THE EFFECTIVENESS OF THE APPLICATION PROCESS</b>  F-2, R-1: Correct programming to reject EIN applications when an EIN has previously been assigned to the same sole proprietor and to reject applications when IRS data indicate that the sole proprietor is deceased. F-3, R-1: Perform an assessment to determine how an additional SSN field could be added to the Business Master File so that both the decedent SSN and a responsible party TIN can be captured for estates and trusts. F-3, R-5: Develop programming to reject estate applications if the decedent TIN is not that of a deceased individual.
2018-40-031	April 2018	On Hold	<b>PROACTIVE PROCESSES TO IDENTIFY AND MITIGATE POTENTIAL MISUSE OF ELECTRONIC PAYMENT SYSTEMS ARE NEEDED</b>  F-1, R-1: Ensure that expanded authentication requirements are implemented without further delays to reduce the risk of misuse of the system.

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2018-20-029	May 2018	10/15/21	<b>SECURITY OVER HIGH VALUE ASSETS SHOULD BE STRENGTHENED</b>  F-1, R-1: Implement the Office of Management and Budget Cybersecurity Strategy and Implementation Plan actions to identify and document current system hardware components for all IRS High Value Assets.
2018-20-034	June 2018	On Hold	<b>ACTIVE DIRECTORY OVERSIGHT NEEDS IMPROVEMENT AND CRIMINAL INVESTIGATION COMPUTER ROOMS LACK MINIMUM SECURITY CONTROLS</b>  F-2, R-1: Complete a cost analysis to: 1) determine the efficacy of relocating Criminal Investigation (CI) assets in each of the field offices to existing IRS computer rooms versus upgrading the CI computer rooms to ensure that assets are protected in accordance with Federal and Internal Revenue Manual (IRM) security requirements and 2) implement the most cost effective solution.
2018-30-042	July 2018	10/15/20  10/15/21	<b>THE INTERNAL REVENUE SERVICE LACKS A COORDINATED STRATEGY TO ADDRESS UNREGULATED RETURN PREPARER MISCONDUCT</b>  F-1, R-1: Develop a preparer misconduct strategy that encourages programs with the authority to address preparer misconduct to coordinate with one another to establish program goals and track progress towards those goals. F-1, R-2: Establish goals that support the Service-wide Return Preparer Strategy being developed by the Deputy Commissioner for Services and Enforcement and monitor progress towards those goals.
2018-40-062	August 2018	12/15/20	<b>IMPROVED PROCEDURES ARE NEEDED TO PREVENT THE FRAUDULENT USE OF THIRD-PARTY AUTHORIZATION FORMS TO OBTAIN TAXPAYER INFORMATION</b>  F-4, R-2: Correspond with representatives and designees assigned multiple Centralized Authorization File (CAF) numbers to inform them that they are permitted to have one CAF number per location. The correspondence should request a response from each representative and designee specifying the CAF number that the IRS should retain. Excess numbers should then be removed from the CAF.
2018-20-063	September 2018	11/15/20  11/15/20  11/15/20	<b>IMPROVED CONTROLS ARE NEEDED TO ENSURE THAT CORRECTIVE ACTIONS FOR REPORTED INFORMATION TECHNOLOGY WEAKNESSES ARE DOCUMENTED AND FULLY IMPLEMENTED PRIOR TO CLOSURE</b>  F-1, R-1: Ensure that complete descriptions of the specific actions taken to close proposed corrective actions are documented in Form 13872, <i>Planned Corrective Action Status Update</i> . F-1, R-2: Ensure that sufficient supporting documentation is uploaded to the JAMES to support proposed corrective action closure. F-1, R-3: Ensure that the IRM and instructions for Form 13872 are updated so that both the manager responsible for implementing the proposed corrective action and the executive responsible for the proposed corrective action are required to approve Form 13872 supporting the proposed corrective action's closure.
2018-20-066	September 2018	11/15/20  11/15/20	<b>CONTROLS CONTINUE TO NEED IMPROVEMENT TO ENSURE THAT ALL PLANNED CORRECTIVE ACTIONS FOR SECURITY WEAKNESSES ARE FULLY IMPLEMENTED AND SUPPORTED</b>  F-1, R-3: Update the IRM to broaden the Audit Coordination and Outreach, Assessment and Reporting offices auditing to include reviewing management's corrective actions to ensure that the proposed corrective actions are fully and appropriately implemented. F-2, R-3: Update the retention period in the IRM for maintaining documentation with the JAMES Audit Coordinators to align with the Treasury Department's retention period for maintaining supporting documentation in the JAMES.

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2018-30-072	September 2018	On Hold	<b>IMPROVEMENTS ARE NEEDED IN THE WITHHOLDING COMPLIANCE PROGRAM</b>  F-3, R-2: Analyze the current selection criteria used by the Withholding Compliance System to determine if the taxpayers identified for systemic lock-in letter issuance are the best use of limited resources. This would include potentially identifying taxpayers with multiple years of underwithholding and the percentage of inventory that includes nonfilers.
2019-10-002	October 2018	10/15/20	<b>TAXPAYERS GENERALLY COMPLY WITH ANNUAL CONTRIBUTION LIMITS FOR 401(K) PLANS; HOWEVER, ADDITIONAL EFFORTS COULD FURTHER IMPROVE COMPLIANCE</b>  F-1, R-2: Take actions to bring taxpayers who contribute more than the annual limit to multiple 401(k) plans into compliance with the law. <b>Potential Increased Revenue: \$203,627,585</b>
2019-10-009	October 2018	12/15/20  12/15/20	<b>THE TAXPAYER ADVOCATE SERVICE CENTRALIZED CASE INTAKE PROGRAM NEEDS IMPROVEMENT TO PROVIDE BETTER CUSTOMER SERVICE</b>  F-1, R-4: Update IRM 13.3 and provide up-to-date guidance to Wage and Investment Division contact representatives who staff the National Taxpayer Advocate toll-free line pertaining to current procedures for the Centralized Case Intake program. F-1, R-6: Develop and measure progress toward specific and quantifiable program goals for the Centralized Case Intake program that measure benefits to taxpayers, the Taxpayer Advocate Service, and the IRS, such as increased customer satisfaction, reduced direct case time or other measures of program impact.
2019-40-014	December 2018	11/15/20	<b>PROCESSES ARE NEEDED TO IDENTIFY SMALL BUSINESSES ERRONEOUSLY CLAIMING THE RESEARCH TAX CREDIT PAYROLL TAX OFFSET</b>  F-1, R-1: Review the 81 businesses that TIGTA identified that did not meet the eligibility requirements for claiming the Research Credit and recover any erroneously claimed Research Credits.
2019-40-026	March 2019	10/15/20  10/15/20	<b>MILLIONS OF DOLLARS IN POTENTIALLY ERRONEOUS EXCESS SOCIAL SECURITY TAX CREDIT CLAIMS ARE NOT ADDRESSED</b>  F-3, R-1: Establish a process to send and measure the success associated with soft notices that alert individuals to potential errors on their tax return related to Excess Social Security Tax Credit claims. <b>Potential Increased Revenue: \$28,327,843</b> F-3, R-2: Evaluate current resources expended on the issuance of soft notices to ensure that notices are sent to those taxpayers with the highest tax assessment potential to maximize the use of limited resources.
2019-20-017	April 2019	02/15/23	<b>ELECTRONIC AUTHENTICATION SECURITY CONTROLS HAVE IMPROVED, BUT CONTINUED PROGRESS IS NEEDED TO ENSURE THE PROTECTION OF PUBLIC-FACING APPLICATIONS</b>  F-1, R-1: Ensure that public-facing legacy applications are complying with National Institute of Standards and Technology Special Publication 800-63-3 and that an implementation plan includes specific timelines for accomplishing full compliance of legacy applications.
2019-34-033	May 2019	On Hold	<b>IMPLEMENTATION OF THE TAX CUTS AND JOBS ACT DEEMED REPATRIATION TAX PRESENTED SIGNIFICANT CHALLENGES</b>  F-2, R-1: Take steps to ensure that Section 965 payments are recorded with the correct designated payment code.

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2019-20-031	June 2019	10/15/20 10/15/20 10/15/20	<b>SOFTWARE VERSION CONTROL MANAGEMENT NEEDS IMPROVEMENT</b> F-1, R-3: Create and execute a plan to periodically monitor and compare software running on the enterprise against the Enterprise Architecture Enterprise Standards Profile Product Catalog for accuracy. F-1, R-4: Remove unauthorized software or update the Enterprise Standards Profile Product Catalog to reflect the correct information, if warranted. F-1, R-5: Document and approve risk acceptance to continue using older versions of software, i.e., sunset, archived/retired.
2019-40-042	July 2019	10/15/20 On Hold 10/15/20 On Hold	<b>ACTIONS HAVE NOT BEEN TAKEN TO IMPROVE AMENDED TAX RETURN REVIEW PROCEDURES TO REDUCE ERRONEOUS AND FRAUDULENT REFUNDS</b> F-1, R-2: Implement adequate processes and procedures to identify and correct employee errors to reduce erroneous refunds issued. F-1, R-3: Complete a business case and request funding for expansion of e-filing to amended returns in the 2020 Filing Season in an effort to reduce unnecessary processing costs and erroneous refunds resulting from amended returns. <b>Potential Funds Put to Better Use: \$79,413,315</b> F-2, R-1: Update tax examiner and Customer Service Representative review guidelines to incorporate additional verification steps to be taken similar to those systemically performed when verifying a refundable claim on an original tax return. F-3, R-3: Establish processes to evaluate amended tax returns.
2019-40-044	August 2019	10/15/21 12/15/21	<b>BILLIONS OF DOLLARS OF POTENTIALLY ERRONEOUS CARRYFORWARD CLAIMS ARE STILL NOT BEING ADDRESSED</b> F-1, R-1: Ensure that criteria is added to the Research Credit selection risk tool to identify high-risk carryforward Research Credit discrepancy claims on returns selected for examination and determine if the carryforward claims taken by the taxpayers are accurate. F-1, R-2: Identify and examine returns with discrepancies of General Business Credit carryforward claims.
2019-30-047	August 2019	12/15/20	<b>CRIMINAL INVESTIGATION SHOULD INCREASE ITS ROLE IN ENFORCEMENT EFFORTS AGAINST IDENTITY THEFT</b> F-1, R-1: Develop a process for transferring taxpayer-initiated cases to the Scheme Tracking and Referral System for scheme development and CI consideration.
2019-40-048	August 2019	On Hold On Hold	<b>ADDITIONAL ACTIONS ARE NEEDED TO REDUCE ALIMONY REPORTING DISCREPANCIES ON INCOME TAX RETURNS</b> F-2, R-1: Include the validation of the alimony recipient TIN as part of the IRS's tax return processing systemic TIN validation process. F-2, R-2: Modify Error Resolution System programming to send both e-filed and paper tax returns that contain an invalid recipient TIN to the Error Resolution function for review and correspondence with the taxpayer.
2019-20-049	August 2019	06/15/21 10/15/21	<b>THE FIRST PHASE OF THE DATA LOSS PREVENTION SOLUTION IS WORKING AS INTENDED, BUT THE REMAINING PHASES CONTINUE TO EXPERIENCE DELAYS</b> F-1, R-1: Deploy the Data-at-Rest and Data-in-Use components of the Data Loss Prevention solution. F-1, R-2: Ensure that project documents are prepared and maintained as required for effective project management, which should help ensure the successful delivery of the final two components of the Data Loss Prevention solution.

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2019-20-046	September 2019	10/15/21 10/15/21 11/15/20	<b>THE BRING YOUR OWN DEVICE PROGRAM'S SECURITY CONTROLS NEED IMPROVEMENT</b>  F-3, R-1: Ensure the retention of Bring Your Own Device (BYOD) program application audit logs for the appropriate period and periodic review of the application audit logs by an independent source. F-4, R-1: Update BYOD program procedures and guidelines to include: 1) providing malware prevention training to users; 2) updating the documentation for device operating system and technical baseline configurations; 3) maintaining and reviewing application audit logs, specifically time frames for each; 4) clarifying the Computer Security Incident Response Center reporting procedures for a lost or stolen device; 5) informing the BYOD program when a device is lost or stolen so that the application data are remotely wiped; and 6) tracking the manual and systemic application data wipes by the BYOD program on a periodic basis. F-5, R-1: Ensure that BYOD program participants complete the security risk awareness training annually and that the authorizing official certifies employee training compliance.
2019-20-055	September 2019	02/15/21 04/15/21	<b>CONTROLS SHOULD BE STRENGTHENED TO ENSURE TIMELY RESOLUTION OF INFORMATION TECHNOLOGY INCIDENT TICKETS</b>  F-1, R-1: Update incident management performance goals and renegotiate specific levels of service to better reflect current resource allocations. F-2, R-1: Update incident management performance metrics to better align with overall program objectives and expanded use in daily operations.
2019-30-059	September 2019	10/15/20	<b>FISCAL YEAR 2019 STATUTORY REVIEW OF DISCLOSURE OF COLLECTION ACTIVITIES ON JOINT RETURNS</b>  F-1, R-2: Require I.R.C. §§ 6103 (e)(7) and (e)(8) training for all employees with taxpayer contact regarding balance due or collection issues to remind them of the requirements to disclose tax return and collection activity on jointly filed returns when requested from individuals who are no longer married or no longer reside in the same household.
2019-20-061	September 2019	11/15/20 11/15/20	<b>FIREWALL ADMINISTRATION NEEDS IMPROVEMENT</b>  F-1, R-1: Conduct annual reviews of all firewall rulesets in accordance with agency policies and procedures. F-1, R-2: Assign expiration dates not to exceed 365 days to firewall policies.
2019-20-062	September 2019	07/15/21 11/15/20 11/15/20	<b>SOME COMPONENTS OF THE PRIVACY PROGRAM ARE EFFECTIVE; HOWEVER, IMPROVEMENTS ARE NEEDED</b>  F-2, R-1: Implement a fully integrated information security continuous monitoring process that includes privacy risks. F-4, R-2: Update and maintain Privacy Impact Assessment Management System (PIAMS) training courses to capture PIAMS enhancements. F-4, R-3: Make completion of PIAMS training courses mandatory for preparers of rejected Privacy and Civil Liberties Impact Assessments.

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2019-30-069	September 2019	11/15/20 11/15/20 11/15/20 11/15/20	<p><b>BILLIONS OF DOLLARS OF NONFILER EMPLOYMENT TAXES WENT UNASSESSED IN THE AUTOMATED 6020(b) PROGRAM DUE PRIMARILY TO RESOURCE LIMITATIONS</b></p> <p>F-1, R-1: Consider allocating additional resources to the Automated 6020(b) (A6020(b)) program, beginning with the five Full-Time Equivalents planned for in FY 2020, in conjunction with the SB/SE Division's Nonfiler Strategic Plan and in consultation with the Nonfiler Executive Steering Committee.</p> <p>F-2, R-1: Consider revising the A6020(b) systemic case selection criteria to remove the upper dollar threshold limit, revise the case assignment routing order, and update the prioritization to focus on the highest dollar cases. <b>Potential Increased Revenue: \$16,704,598,855</b></p> <p>F-2, R-2: Consider revising the A6020(b) manual case selection criteria to remove the upper dollar threshold limit.</p> <p>F-2, R-3: Consider transferring the highest dollar standalone Taxpayer Delinquent Investigation inventory from the Automated Collection System, the Collection queue, and Field Collection to be worked by the planned five Full-Time Equivalents in the A6020(b) program and continue to transfer higher dollar standalone Taxpayer Delinquent Investigation inventory manually to the A6020(b) program until the systemic criteria are revised.</p>
2019-30-070	September 2019	09/15/21 01/15/21 03/15/21	<p><b>FISCAL YEAR 2019 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES</b></p> <p>F-1, R-2: Ensure that corrective programming is implemented so that Collection Due Process (CDP) notices are issued for Federal contractor levies that are fully paid after the levy issuance.</p> <p>F-2, R-1: Determine the cause and take the appropriate corrective action(s) to ensure that the Automated Collection System does not issue levies on taxpayers without a CDP notice.</p> <p>F-3, R-1: Ensure that corrective programming changes are implemented to effectively prevent employees from incorrectly identifying disqualified employment tax levies.</p>
2019-40-071	September 2019	10/15/21 02/15/21 04/15/21	<p><b>STRENGTHENED VALIDATION CONTROLS ARE NEEDED TO PROTECT AGAINST UNAUTHORIZED FILING AND INPUT OF FRAUDULENT INFORMATION RETURNS</b></p> <p>F-1, R-1: Ensure that the required Digital Identity Risk Assessment is completed for the Filing Information Returns Electronically system and an implementation plan for identity proofing the system's users is developed.</p> <p>F-2, R-2: Evaluate potential business rules and filters that could be implemented to identify questionable information return submissions.</p> <p>F-2, R-3: Develop processes to ensure that entities confirmed as suspicious, and that received the account lock, are not allowed access to the Filing Information Returns Electronically system and to prevent paper returns from posting to the Information Returns Master File.</p>
2019-30-072	September 2019	11/15/20 02/15/21	<p><b>MILLIONS OF DOLLARS IN POTENTIALLY ERRONEOUS QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE CREDITS CONTINUE TO BE CLAIMED USING INELIGIBLE VEHICLES</b></p> <p>F-1, R-1: Use Vehicle Identification Numbers (VIN) provided by taxpayers on their tax returns and readily available third-party VIN information to identify taxpayers who are claiming the credit for nonqualifying vehicles, using the same VIN to obtain the credit more than once, using invalid VINs, and using VINs associated to previously leased vehicles.</p> <p>F-1, R-2: Develop a compliance program to address the taxpayers who appear to have erroneously received the Plug-In Credit by using a VIN associated to a nonqualifying vehicle, using the same VIN more than once, using an invalid VIN, using VINs associated with previously leased vehicles, or claiming a credit above allowable thresholds (including the 68 taxpayers that TIGTA identified). <b>Potential Increased Revenue: \$82,761,403</b></p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2019-40-074	September 2019	On Hold  On Hold	<b>ADDITIONAL ACTIONS ARE NEEDED TO FURTHER REDUCE UNDELIVERABLE MAIL</b>  F-1, R-1: Develop Service-wide processes and procedures to ensure that all operating divisions suppress the issuance of nonstatutory notices to taxpayers that have an undelivered mail indicator on their account; suppress the issuance of correspondence when a taxpayer's address of record is an IRS campus; and research and update taxpayer addresses for which the U.S. Postal Service returns undeliverable mail with a yellow label that provides a more current address. F-2, R-1: Install and use hygiene software to perfect taxpayer addresses on the ITIN Real-Time System.
2019-30-076	September 2019	10/15/20  10/15/20	<b>FISCAL YEAR 2019 STATUTORY REVIEW OF RESTRICTIONS ON DIRECTLY CONTACTING TAXPAYERS</b>  F-1, R-2: Reemphasize the importance of examiners following established guidelines and procedures on taxpayer representation rights, including enclosure of Publication 1, <i>Your Rights as a Taxpayer</i> , in correspondence and discussing rights during the initial taxpayer interview process. F-2, R-2: Update guidance to employees that clarifies the applicability of I.R.C. §§ 7521(b)(2) and (c) and develop training materials, specific to their casework, to emphasize the importance of protecting taxpayers' rights to representation and to designate to whom group managers should report cases with potential violations.
2019-30-078	September 2019	11/15/20 11/15/21 11/15/20 11/15/20 On Hold On Hold	<b>THE USE OF SCHEDULE K-1 DATA TO ADDRESS TAXPAYER NONCOMPLIANCE CAN BE IMPROVED</b>  F-1, R-1: Conduct periodic outreach to encourage submission of reliable Schedule K-1 data to the IRS. F-1, R-3: Establish a process to use more e-filed Schedule K-1 data for noncompliance identification and determine the feasibility of transcribing more data from paper Schedule K-1. F-2, R-2: Update flow-through form instructions to explain how a flow-through entity should address reporting a deceased recipient and the steps a flow-through entity could take to ensure that accurate recipient information is entered on Schedules K-1 when ownership changes from a deceased recipient. F-3, R-1: Conduct periodic outreach to reinforce how Schedule K-1 amounts should be reported on tax returns to prevent underreporter discrepancies. F-3, R-3: Ensure that the computer problem that caused amended Schedules K-1 not to be marked as amended on the Information Returns Master File has been corrected. F-3, R-4: Establish a process to record Schedules K-1 as amended when submitted with an amended flow-through return regardless of whether the Schedule K-1 itself is marked as amended.
2019-10-080	September 2019	09/15/21  09/15/21	<b>PROCESSES DO NOT ADEQUATELY REDUCE THE RISK THAT OUTSIDE EMPLOYMENT ACTIVITIES WILL CONFLICT WITH EMPLOYEES' OFFICIAL DUTIES</b>  F-2, R-3: Revise internal outside employment guidelines to require employees to resubmit their outside employment requests at least annually and modify the Outside Employment System to allow for the systemic closure of all requests for which a renewal was not timely received. F-2, R-4: Create a plan for housing the Outside Employment System or create a new database to ensure that outside employment requests are tracked after the Totally Automated Personnel System is shut down.
2019-10-081	September 2019	01/15/21	<b>PROCESSES AND PROCEDURES FOR REHIRING EMPLOYEES WITH PRIOR CONDUCT OR PERFORMANCE ISSUES WERE IMPLEMENTED BUT NOT ALWAYS FOLLOWED</b>  F-1, R-1: Update the IRM to require Employment Talent and Security staff to review all Automated Labor and Employer Relations Tracking System issues in the hiring tool, not just those within the past six years.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-10-003	November 2019	10/15/20	<p><b>FISCAL YEAR 2019 DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT REPORTING COMPLIANCE</b></p> <p><u>F-1, R-1:</u> Establish procedures to guide the performance of the planned quality assurance reviews, such as how frequently the reviews will be performed and how the sample size will be determined, and initiate the reviews.</p>
2020-40-004	November 2019	11/15/20 11/15/20 12/15/20 11/15/20 12/15/20 12/15/20 12/15/20	<p><b>ACTIONS ARE NEEDED TO IMPROVE THE SAFEGUARDING OF TAXPAYER INFORMATION AT VOLUNTEER PROGRAM SITES</b></p> <p><u>F-1, R-1:</u> Issue guidance to Volunteer Program partners requiring the development of an information security plan for each of their sites.</p> <p><u>F-2, R-1:</u> Require site coordinators to use the security feature included in the tax preparation software to restrict volunteers' access to prepared returns.</p> <p><u>F-2, R-2:</u> Develop processes and procedures to confirm site coordinators are aware of security requirements and hold discussions with volunteers at the sites to review these security requirements.</p> <p><u>F-2, R-3:</u> Ensure that site reviews include an assessment of compliance with security controls outlined in Publication 4299, <i>Privacy, Confidentiality, and Civil Rights – A Public Trust</i>.</p> <p><u>F-3, R-1:</u> Update procedures for partners to validate volunteers' identity using only Government-issued identification prior to participating in the Volunteer Program.</p> <p><u>F-3, R-3:</u> Develop procedures to evaluate security incidents at Volunteer Program sites to identify affected taxpayers whose information is at risk and forward their TINs to the Return Integrity and Compliance Services function for evaluation and potential inclusion on the Dynamic Selection List.</p> <p><u>F-3, R-4:</u> Emphasize to all volunteer sites and partners their responsibilities in Publication 4299 to evaluate and report to the IRS all partner-owned and IRS-loaned lost or stolen computers.</p>
2020-40-005	November 2019	09/15/21 On Hold	<p><b>IMPROVEMENTS ARE NEEDED TO ENSURE THAT CONSISTENT SUITABILITY CHECKS ARE PERFORMED FOR PARTICIPATION IN INTERNAL REVENUE SERVICE PROGRAMS</b></p> <p><u>F-4, R-1:</u> Work with the Federal Bureau of Investigations to identify additional individuals who submitted fingerprint cards subsequent to September 13, 2016, that match the fingerprints of another individual.</p> <p><u>F-4, R-2:</u> Develop processes and procedures to ensure that continuous criminal background checks are conducted on all program participants as part of the Federal Bureau of Investigations Records of Arrests and Prosecutions Back Program.</p>
2020-10-001	January 2020	03/15/21 04/15/21 03/15/21 03/15/21	<p><b>MANY ORGANIZATIONS ARE NOT NOTIFYING THE INTERNAL REVENUE SERVICE OF THEIR INTENT TO OPERATE UNDER INTERNAL REVENUE CODE SECTION 501 (c)(4) AS REQUIRED BY LAW</b></p> <p><u>F-1, R-2:</u> Use internal sources of information, e.g., applications for tax-exempt status filed after July 8, 2016, to assist with detecting I.R.C. § 501(c)(4) organizations that have not filed Forms 8976, <i>Notice of Intent to Operate Under Section 501(c)(4)</i>, and update the Exempt Organization function's Determinations Unit procedures to include verifying that I.R.C. § 501(c)(4) organizations have met their Form 8976 notification requirement when processing applications for tax exempt status.</p> <p><u>F-1, R-4:</u> Revise the Computer Paragraph 120 Notice to include information about the Form 8976 notification requirement and the Form 1024-A, <i>Application for Recognition of Exemption Under § 501(c)(4) of the I.R.C.</i></p> <p><u>F-1, R-6:</u> Update the Exempt Organization function's examination procedures to include ensuring that I.R.C. § 501(c)(4) organizations have met their Form 8976 notification requirement and assessing penalties against responsible officials when appropriate.</p> <p><u>F-3, R-1:</u> Update procedures to ensure that Exempt Organization's Determinations Unit tax examiners do not include conflicting information in notices when the filer is informed about why a Form 8976 was rejected, e.g., develop additional standard paragraphs that would eliminate possible confusion.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-44-007	January 2020	On Hold  On Hold  On Hold	<p><b>RESULTS OF THE 2019 FILING SEASON</b></p> <p><u>F-2, R-2</u>: Implement programming to compute the correct allowable increase in the standard deduction for tax returns for which a taxpayer does not have an entry for the spouse but checks one or more of the checkboxes that indicate that the spouse was age 65 or older and/or was blind.</p> <p><u>F-2, R-3</u>: Correct programming to no longer reject tax returns with a blank or zero amount on the Other Adjustments Statement.</p> <p><u>F-2, R-4</u>: Implement programming to reject tax returns with claims for the Child Tax Credit and/or Additional Child Tax Credit (ACTC) when the child claimed has an Adoption Taxpayer Identification Number or ITIN. In addition, ensure that programming is corrected to reject tax returns with claims for the ACTC that exceed the statutory limit of \$1,400 per child.</p> <p><u>F-2, R-11</u>: Create a business rule to reject tax returns when a casualty and theft loss deduction is included on Schedule A, <i>Itemized Deductions</i>, and Form 4684, <i>Casualties and Thefts</i>, does not include the required Federal Emergency Management Agency disaster declaration number.</p>
2020-20-006	February 2020	10/15/20  12/15/21  12/15/20  12/15/20  12/15/20	<p><b>ACTIVE DIRECTORY OVERSIGHT NEEDS IMPROVEMENT</b></p> <p><u>F-1, R-2</u>: Physically separate the submission processing equipment from the Integrated Submission and Remittance Processing (ISRP) domain controllers and enforce access standards for critical areas.</p> <p><u>F-1, R-3</u>: Prioritize all computer rooms housing ISRP domain controllers for access control upgrades to ensure that these rooms are compliant with Federal multifactor authentication requirements.</p> <p><u>F-2, R-5</u>: Review all business role accounts in the ISRP Active Directory forests and ensure that they are in compliance with IRM policy regarding account disabling, quarantining, and removal.</p> <p><u>F-2, R-6</u>: Ensure that business role account passwords are appropriately configured to expire and require that Personal Identity Verification cards be used in accordance with policy.</p> <p><u>F-2, R-7</u>: Ensure that service account passwords are appropriately configured to expire.</p>
2020-40-008	February 2020	04/15/21  On Hold  10/15/20  On Hold  04/15/21	<p><b>AUTHORITIES PROVIDED BY THE INTERNAL REVENUE CODE ARE NOT EFFECTIVELY USED TO ADDRESS ERRONEOUS REFUNDABLE CREDIT AND WITHHOLDING CREDIT CLAIMS</b></p> <p><u>F-1, R-1</u>: Assess the erroneous refund penalty for reduced or disallowed withholding and refundable credit claims on all claims for which the IRS determines the claim is excessive and does not have a reasonable basis, and the taxpayer is not subject to the penalties under I.R.C. §§ 6662, 6662A, and 6663. <b>Potential Increased Revenue: \$534,674,880</b></p> <p><u>F-2, R-2</u>: Develop processes and procedures to manually set a recertification indicator on tax accounts associated with refundable credit claims that were disallowed through the Automated Questionable Credit (AQC) program until a systemic process is implemented.</p> <p><u>F-2, R-3</u>: Add recertification indicators to the tax accounts of the 6,259 cases that TIGTA identified with a refundable credit claim disallowed through the AQC program. <b>Potential Funds Put to Better Use: \$371,958,300</b></p> <p><u>F-2, R-4</u>: Ensure that a systemic process is implemented to set the recertification indicator on taxpayers' accounts when refundable credit claims are disallowed as part of the IRS's AQC program.</p> <p><u>F-3, R-1</u>: Update the systemic process to include applying the two-year ban for disallowed ACTC and American Opportunity Tax Credit claims.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-40-009	February 2020	10/15/21 10/15/20 02/15/21 10/15/20 10/15/20 12/15/20	<p><b>COMPLEXITY AND INSUFFICIENT OVERSIGHT OF THE FREE FILE PROGRAM RESULT IN LOW TAXPAYER PARTICIPATION</b></p> <p><u>F-1, R-2:</u> Require Free File Inc. (FFI) members to fully disclose all criteria on the IRS.gov Free File web page that taxpayers must meet to e-file their Federal tax return for free.</p> <p><u>F-2, R-1:</u> Take immediate action to address the IRS Advisory Council's recommendations to: 1) establish goals and performance metrics for the Free File Program, 2) develop standards for frequently logging on to members' Free File websites as taxpayers and preparing returns that meet the members' Free File criteria, and 3) test members' websites to simulate returning Free File taxpayers to determine if the websites direct taxpayers to the Free File web page.</p> <p><u>F-2, R-3:</u> Update the Adherence Testing Review Guide to include the specific tests to be performed to assess FFI member compliance with Memorandum of Understanding requirements.</p> <p><u>F-3, R-1:</u> Clearly inform taxpayers of their rights and protections in the Free File Program.</p> <p><u>F-3, R-2:</u> Develop a process for taxpayers to provide feedback or concerns on their experience using Free File and inform taxpayers of this process by providing information on both the IRS's Free File web page and FFI members' Free File web pages.</p> <p><u>F-3, R-3:</u> Work with FFI members to develop procedures to conduct customer satisfaction surveys.</p>
2020-20-010	March 2020	03/15/21 08/15/21 08/15/21 08/15/21	<p><b>THE ENTERPRISE CLOUD PROGRAM DEVELOPED A STRATEGY, BUT WORK REMAINS TO ACHIEVE CLOUD-BASED MODERNIZATION GOALS</b></p> <p><u>F-1, R-1:</u> Ensure that the December 2017 IRS Enterprise-wide cloud strategy is updated periodically to reflect current Federal and Treasury Department guidance and requirements.</p> <p><u>F-1, R-2:</u> Ensure that all workstreams needed for implementing the Enterprise-wide cloud strategy are developed.</p> <p><u>F-2, R-2:</u> Develop Enterprise-wide policies and procedures that specifically address cloud requirements that must be considered and met prior to deciding to procure cloud services.</p> <p><u>F-2, R-3:</u> Ensure IRS adherence to the Federal Information Technology Acquisition Reform Act legislation and Cloud First policy by requiring all new information technology projects be evaluated by the Enterprise Cloud Program for cloud service consideration and approval.</p>
2020-20-012	March 2020	02/15/22 10/15/20	<p><b>WHILE PROGRESS IS BEING MADE ON DIGITAL IDENTITY REQUIREMENTS, COMPLETION DATES TO ACHIEVE COMPLIANCE WITH IDENTITY PROOFING STANDARDS HAVE NOT BEEN ESTABLISHED</b></p> <p><u>F-2, R-1:</u> Ensure that the Identity and Access Management Design and Innovation Branch performs the planned tests; completes a go/no-go evaluation of the Secure Access Digital Identity (SADI) platform based on the results from the tests; determines and incorporates the additional needs for the initial release of the SADI platform; and develops and implements the plan to successfully migrate all of the online applications from the current system of processes to the SADI platform, as expeditiously as is possible.</p> <p><u>F-2, R-2:</u> Coordinate with the Treasury Department on legislative proposals or policy changes needed to obtain additional assistance from States, Territories, and Federal agencies that issue identifications in identity proofing users of the IRS's public-facing applications that require the Identity Assurance Level 2.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-40-014	March 2020	10/15/20 10/15/20 10/15/20 On Hold 10/15/20 10/15/20 10/15/20 10/15/20 10/15/20	<p><b>MILLIONS OF DOLLARS IN DISCREPANCIES IN TAX WITHHOLDING REQUIRED BY THE FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ARE NOT BEING IDENTIFIED OR ADDRESSED</b></p> <p><u>F-1, R-1</u>: Initiate actions to address the accuracy of existing data in the Foreign Investment in Real Property Tax Act (FIRPTA) database.</p> <p><u>F-1, R-3</u>: Ensure that tax examiners are aware of the procedures to properly allocate FIRPTA withholding among multiple sellers when the buyer does not correctly submit a Form 8288-A, <i>Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests</i>, for each seller.</p> <p><u>F-1, R-4</u>: Review the 2,988 buyers that TIGTA identified with a discrepancy between the withholding reported on Form 8288, <i>U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests</i>, and the withholding reported on the associated Form 8288-A and correct the withholding recorded in the FIRPTA database or the buyer's tax account as appropriate.</p> <p><u>F-2, R-1</u>: Implement processes and procedures to ensure that tax examiners accurately determine and assess the proper amount of FIRPTA withholding tax a buyer should report and pay when the application for the Withholding Certificate attached to the Form 8288 was not filed on or before the date of transfer of the property.</p> <p><u>F-2, R-2</u>: Ensure that tax examiners are aware of the processes and procedures to determine and assess the proper amount of FIRPTA withholding tax a buyer should report and pay when the buyer reports reduced withholding and no Withholding Certificate is attached to the Form 8288.</p> <p><u>F-2, R-3</u>: Implement processes and procedures to ensure that tax examiners accurately determine and assess the proper amount of FIRPTA withholding tax a buyer should report and pay when an approved Withholding Certificate is attached to the Form 8288.</p> <p><u>F-2, R-4</u>: Ensure that the correct amount of FIRPTA withholding tax is assessed for the buyers that filed the 2,268 Forms 8288 that TIGTA identified for which the Withholding Certificate was not submitted timely and the 916 Forms 8288 that TIGTA identified for which the assessed withholding is not supported by an approved Withholding Certificate.</p> <p><u>F-3, R-1</u>: Review the 1,835 taxpayers that TIGTA identified that potentially received erroneous FIRPTA withholding credits and take the appropriate steps to recover credits paid in error.</p> <p><u>F-3, R-2</u>: Ensure that tax examiners document the steps taken to verify the claim in the Credit Verification section of the FIRPTA database as required.</p>
2020-10-016	March 2020	11/15/20 11/15/20 11/15/20 07/15/21 11/15/20	<p><b>BOND PROMOTER MISCONDUCT PROCEDURES SHOULD BE IMPROVED</b></p> <p><u>F-1, R-1</u>: Update guidance to require examiners to document their consideration of whether promoter penalties are warranted, or not, in every examination and in the same file location. Provide examiners training on guidance updates.</p> <p><u>F-1, R-2</u>: Ensure that quality reviewers determine whether examiners consider promoter penalties and provide corrective actions when appropriate.</p> <p><u>F-1, R-3</u>: Develop a comprehensive training program for Tax Exempt Bonds office examiners that: 1) prepares examiners to consider whether promoter penalties are warranted or not; 2) prepares examiners to accurately document their consideration of promoter penalties and all other required case actions in every tax-advantaged bond examination; 3) trains examiners to develop promoter penalty referrals for the Lead Development Center; 4) trains examiners to properly complete and document their workpapers; 5) uses Tax Exempt Quality Measurement System reports to evaluate the training program and make changes as necessary and offers periodic refresher courses as needed; and 6) tracks and documents attendance and subject matter.</p> <p><u>F-2, R-1</u>: Develop a data-driven method to track and quantify specific noncompliance issues, <i>i.e.</i>, the promoter penalty, that are otherwise embedded in generic reference numbers, and update related guidance and train employees as needed.</p> <p><u>F-2, R-2</u>: Improve identification of Tax Exempt Bonds office examination inventory by considering the merits of cases pursued by the Securities and Exchange Commission or reported by media outlets.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-30-017	March 2020	04/15/21  01/15/21  10/15/21  01/15/21	<p><b>THE GROWTH OF THE MARIJUANA INDUSTRY WARRANTS INCREASED TAX COMPLIANCE EFFORTS AND ADDITIONAL GUIDANCE</b></p> <p><u>F-1, R-1</u>: Develop a comprehensive compliance approach, <i>i.e.</i>, national Compliance Initiative Project, for this industry and leverage State marijuana business lists to identify noncompliant taxpayers. <b>Potential Increased Revenue: \$242,574,875</b></p> <p><u>F-2, R-1</u>: Develop guidance specific to the marijuana industry, such as Frequently Asked Questions, and document and publicize it on the IRS.gov website to improve awareness of the tax filing requirements for taxpayers in this industry, such as the application of I.R.C. § 280E.</p> <p><u>F-3, R-1</u>: Leverage publically available State tax information and expand use of Fed/State agreements to identify nonfilers and unreported income in the marijuana industry. <b>Potential Increased Revenue: \$19,345,235</b></p> <p><u>F-4, R-1</u>: Increase educational outreach towards unbanked taxpayers making cash deposits regarding the unbanked relief policies available.</p>
2020-40-019	March 2020	10/15/20	<p><b>A STRATEGY IS NEEDED TO ADDRESS HIRING SHORTAGES AS EFFORTS CONTINUE TO CLOSE TAX PROCESSING CENTERS</b></p> <p><u>F-1, R-1</u>: Develop a long-term recruitment strategy in an effort to ensure that the end-state Tax Processing Centers are sufficiently staffed. This strategy should also include contingency plans to address hiring shortages.</p>
2020-40-020	March 2020	10/15/20	<p><b>ACTIONS CAN BE TAKEN TO PROACTIVELY REDUCE UNPOSTABLE TRANSACTIONS</b></p> <p><u>F-1, R-1</u>: Establish procedures in the Post-Processing Section to track and monitor instances of large volumes of repeated unpostable transactions created by IRS functional areas and to coordinate with the functions to proactively reduce the volume of cases. <b>Potential Funds Put to Better Use: \$91,900</b></p>

## Other Statistical Reports

<b>The Inspector General Empowerment Act of 2016 requires Inspectors General to address the following issues for the Offices of Audit and Inspections and Evaluations:<sup>39</sup></b>	
<b>Issue</b>	<b>Result for TIGTA</b>
<p><b>Interference/Access to Information</b> Report any attempt to interfere with the independence of TIGTA, including: budget constraints designed to limit the capabilities of TIGTA; and incidents of resistance or objection to oversight activities of TIGTA.</p> <p>Report restricted or significantly delayed access to information, including the justification of the establishment for such action.</p>	<p>As of September 30, 2020, there were no attempts to interfere with the independence of TIGTA or any instances of restricted or significantly delayed access to information.</p>
<p><b>Disputed Recommendations</b> Provide information on significant management decisions in response to recommendations with which the Inspector General disagrees.</p>	<p>As of September 30, 2020, there were no instances in which significant recommendations were disputed.</p>
<p><b>Revised Management Decisions</b> Provide a description and explanation of the reasons for any significant revised management decisions made during the reporting period.</p>	<p>As of September 30, 2020, there were no significant revised management decisions.</p>
<p><b>Reports Issued in the Prior Reporting Period With No Management Response</b> Provide a summary of each report issued before the beginning of the current reporting period for which no management response was received within 60 days of the report issuance date.</p>	<p>As of September 30, 2020, there were no prior reports for which management's response was not received within 60 days of issuance.</p>
<p><b>Disclosure</b> Provide detailed descriptions of the circumstances of each inspection, evaluation, and audit that was closed by the agency and was not disclosed to the public.</p>	<p>As of September 30, 2020, there were no reports that had been closed and were not disclosed to the public.</p>
<p><b>Review of Legislation and Regulations</b> Review existing and proposed legislation and regulations, and make recommendations concerning the impact of such legislation or regulations.</p>	<p>TIGTA's Office of Chief Counsel reviewed 176 proposed regulations and legislative requests during this reporting period.</p>

<sup>39</sup> Results listed are for this reporting period only.

## Appendix II

### Audit Products

#### April 1, 2020 – September 30, 2020

Audit Products		
Reference Number	Report Title	Outcome Measure(s)
<b>April 2020</b>		
2020-45-024	Interim Results of the 2020 Filing Season	
2020-40-025	Improper Payment Reporting Has Improved; However, There Have Been No Significant Reductions to the Billions of Dollars of Improper Payments	Revenue Protection: \$10,959,434
<b>May 2020</b>		
2020-10-030	Undercover Travel Expenses Were Generally Supported; However, Controls Could Be Improved	
2020-10-018	Additional Actions Could Improve Compliance With Early Retirement Distribution Tax Requirements	Increased Revenue: \$51,258,891 impacting 7,222 taxpayer accounts
2020-40-029	Improvements Are Needed to Ensure That Members of the Military Receive Tax Benefits to Which They Are Entitled	Funds Put to Better Use: \$67,122; Increased Revenue: \$2,544,634 impacting 358 taxpayer accounts; Taxpayer Rights and Entitlements: \$638,451 impacting 7,927 taxpayer accounts
2020-30-015	High-Income Nonfilers Owing Billions of Dollars Are Not Being Worked by the Internal Revenue Service	Increased Revenue: \$9,314,072,425 impacting 369,180 taxpayer accounts
<b>June 2020</b>		
2020-20-022	Some Corrective Actions to Address Reported Information Technology Weaknesses Were Not Fully and Effectively Implemented and Documented	Reliability of Information: Nine Planned Corrective Actions and three Knowledge Incident Service Asset Management tickets
2020-30-023	Large Dollar Refunds Are Not Always Examined and Sent to the Joint Committee on Taxation	
2020-43-028	Improvements Are Needed to Ensure That Employer Shared Responsibility Payments Are Properly Assessed	Increased Revenue: \$4,473,185,221; Taxpayer Rights and Entitlements: 90 taxpayer accounts impacted
2020-30-027	Tax Return Preparers With Delinquent Tax Returns, Tax Liabilities, and Preparer Penalties Should Be More Effectively Prioritized	Increased Revenue: \$45,643,862

2020-30-026	Withholding Compliance Efforts for Partnerships With Foreign Partners Can Be Improved	Revenue Protection: \$184,114,263 impacting 5,077 taxpayer accounts; Reliability of Information: \$723,330,324 impacting 29,483 taxpayer accounts and 1,183 Forms 8804
2020-40-021	Continued Efforts Are Needed to Address Billions of Dollars in Reporting and Payment Discrepancies Relating to Tax Withheld From Foreign Persons	Revenue Protection: \$704,909,928; Reliability of Information: 62,065 Forms 1042-S and 23,373 Amended Forms 10-42-S
2020-30-031	The Large Case Examination Selection Method Consistently Results in High No-Change Rates	Inefficient Use of Resources: \$22,723,590
2020-10-032	Performance Measures Are Needed to Evaluate the Results of Direct Pay Bond Processing Changes	
2020-10-034	Access to Facilities and Sensitive Taxpayer Information Was Not Always Revoked for Separated Employees	
2020-46-041	Interim Results of the 2020 Filing Season: Effect of COVID-19 Shutdown on Tax Processing and Customer Service Operations and Assessment of Efforts to Implement Legislative Provisions	
<b>July 2020</b>		
2020-10-038	Fiscal Year 2020 Mandatory Review of Compliance With the Freedom of Information Act	Taxpayer Rights and Entitlements: 369 Freedom of Information Act (FOIA) requests
2020-10-035	Tax Compliance Checks for Federal Employment Suitability Have Improved, but There Are Still Some Inconsistencies	
2020-10-039	The Annual Inventory Certification Process for Non-Information Technology Assets Needs Improvement	Reliability of Information: \$4,293,287, 66 non-information technology assets, and 26 information technology assets
2020-40-040	Constantly Evolving Refund Fraud Patterns Require Continued Refinement and Development of Detection Initiatives	
2020-10-049	Review of the Internal Revenue Service's Purchase Card Violations Report	
2020-20-033	Most Internal Revenue Service Applications Do Not Have Sufficient Audit Trails to Detect Unauthorized Access to Sensitive Information	Reliability of Information: 28 IRS applications; Taxpayer Privacy and Security: 31 IRS applications
<b>August 2020</b>		
2020-30-047	Fiscal Year 2020 Statutory Audit of Compliance With Notifying Taxpayers of Their Rights When Requested to Extend the Assessment Statute	
2020-20-036	Strategies and Protocols to Authenticate Network User Identities Are Effective; However, More Action Is Needed to Verify the Identity of Devices	

2020-10-042	Existing Controls Did Not Prevent Unauthorized Disclosures and Case Documentation Issues in Appeals Trust Fund Recovery Penalty Cases	Reliability of Information: 351 taxpayer accounts impacted; Taxpayer Privacy and Security <sup>40</sup>
2020-30-048	Fiscal Year 2020 Statutory Review of Disclosure of Collection Activities on Joint Returns	
2020-30-046	Fiscal Year 2020 Statutory Review of Restrictions on Directly Contacting Taxpayers	
2020-20-044	Legacy Systems Management Needs Improvement	Reliability of Information: 383 computer systems impacted
2020-20-043	Substantial Progress Has Been Made in Implementing the Insider Threat Capability, but Improvements Are Needed	
2020-10-054	Review of the Independent Office of Appeals Collection Due Process Program	Increased Revenue: 1,142 taxpayer accounts impacted; Taxpayer Rights and Entitlements: 3,760 taxpayer accounts impacted
2020-10-051	Controls Over the Management and Security of Official Passports Need Improvement	
2020-10-050	Sensitive Tax Records Could Not Always Be Located or Timely Provided	Taxpayer Privacy and Security: 6,992 examination files impacted
<b>September 2020</b>		
2020-40-067	Improvements Are Needed to Address Continued Deficiencies in Ensuring the Accuracy of the Centralized Authorization File	Taxpayer Privacy and Security: 43,818 taxpayer accounts impacted; Reliability of Information: 136,264 representatives with unconfirmed credentials
2020-30-053	Fiscal Year 2020 Statutory Review of Potential Fair Tax Collection Practices Violations	Reliability of Information: 67 cases impacted; Taxpayer Rights and Entitlements: 51 cases impacted; Taxpayer Burden: six cases impacted
2020-30-055	The Accuracy of Currency Transaction Report Data in IRS Systems Should Be Improved to Enhance Its Usefulness for Compliance Purposes	Reliability of Information: 25,243,479 Currency Transaction Report records impacted
2020-30-057	Fiscal Year 2020 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations	
2020-30-065	Fiscal Year 2020 Statutory Review of Compliance With Legal Guidelines When Issuing Levies	Taxpayer Rights and Entitlements: 351 taxpayer accounts impacted <sup>41</sup>

<sup>40</sup> Taxpayer information is redacted because TIGTA has determined that it is tax return information related to taxpayer privacy.

<sup>41</sup> Taxpayer information is redacted because TIGTA has determined that it is tax return information related to taxpayer privacy.

2020-10-069	Controls Over Offset Bypass Refunds Processed by the Taxpayer Advocate Service Should Be Improved to Reduce the Risk of Abuse and Allow for More Consistent Treatment of Taxpayers	Revenue Protection: \$288,890 impacting 22 Offset Bypass Refunds; Reliability of Information: 138 Offset Bypass Refunds impacted
2020-30-058	Fiscal Year 2020 Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property	Taxpayer Rights and Entitlements: 30 taxpayer accounts impacted <sup>42</sup>
2020-45-070	Taxpayer First Act: Implementation of Identity Theft Victim Assistance Provisions	Taxpayer Rights and Entitlements: 275,245 taxpayer accounts impacted
2020-20-062	The Individual Tax Processing Engine Project Is Making Progress	
2020-30-059	Fiscal Year 2020 Statutory Audit of Compliance With Legal Guidelines Restricting the Use of Records of Tax Enforcement Results	
2020-30-068	Fiscal Year 2020 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Due Process Procedures	
2020-40-064	Processes Do Not Ensure That Individual Taxpayer Identification Numbers Are Issued Only to Qualifying Individuals With a Tax Administration Need	Funds Put to Better Use: \$4,743,068; Revenue Protection: \$1,270,662 and 509 ITIN impacted; Reliability of Information: 3,554 ITINs and 683,839 ITIN applications impacted; Taxpayer Privacy and Security: 3,344 ITIN application support documents impacted; Taxpayer Burden: 7,003 ITINs impacted; Taxpayer Rights and Entitlements: 371 taxpayer accounts impacted
2020-20-063	Improvements Are Needed to Ensure That Wireless Networks Are Secure	Reliability of Information: 205 wireless access points impacted; Taxpayer Privacy and Security: 24 IRS multifunction printers impacted
2020-20-061	The Enterprise Case Management Solution Deployment Is Delayed, and Additional Actions Are Needed to Develop a Decommissioning Strategy	
2020-30-066	The Internal Revenue Service Can Improve Taxpayer Compliance for Virtual Currency Transactions	
2020-20-060	Process Automation Benefits Are Not Being Maximized, and Development Processes Need Improvement	Funds Put to Better Use: \$2,427,000
2020-20-073	Fiscal Year 2020 Evaluation of the Internal Revenue Service's Cybersecurity Program Against the Federal Information Security Modernization Act	

<sup>42</sup> Taxpayer information is redacted because TIGTA has determined that it is tax return information related to taxpayer privacy.

2020-30-056	Individual Returns With Large Business Losses and No Income Pose Significant Compliance Risk	
2020-30-071	More Enforcement and a Centralized Compliance Effort Are Required for Expatriation Provisions	Increased Revenue: \$24,177,008; Reliability of Information: 16,798 expatriates information impacted
2020-20-045	Mainframe Computing Environment Security Needs Improvement	Reliability of Information: 52 logical partitions impacted <sup>43</sup>
2020-40-052	Processes Do Not Ensure That Taxpayers Filing an Incorrect Form 1120 Series Tax Return Are Appropriately ***** <sup>44</sup>	Increased Revenue: \$184,753,344 impacting 48,044 Forms 1120-S, <i>U.S. Income Tax Return for an S Corporation</i> , and 6,897 Forms 1120, <i>U.S. Corporation Income Tax Return</i> ; Taxpayer Burden: 1,588 taxpayer accounts impacted; Taxpayer Rights and Entitlements: 2,290 taxpayers impacted

<sup>43</sup> Information is redacted because TIGTA has determined that it is law enforcement information.

<sup>44</sup> Information is redacted because TIGTA has determined that it is law enforcement information.

# Appendix III

## TIGTA's Statutory Reporting Requirements

The following table reflects the FY 2020 statutory reviews.

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<b>Enforcement Statistics</b>  I.R.C. § 7803(d)(1)(A)	Requires TIGTA to evaluate the IRS's compliance with restrictions under RRA 98 § 1204 on the use of enforcement statistics to evaluate IRS employees.	<b>Ref. No. 2020-30-059; Sept. 2020</b> From a sample, TIGTA identified instances of noncompliance with each of the following subsections of RRA 98: one instance of § 1204(a) noncompliance in which one IRS manager self-certified, as part of the IRS's internal control process, the use of a record of tax enforcement results (ROTTER) during one employee's workload review; 86 instances of § 1204(b) in which IRS managers failed to either maintain the retention standard documentation or ensure that it was appropriately signed and dated; and one instance of § 1204(c) in which one manager did not properly certify in writing to the IRS Commissioner whether ROTERS and/or production quotas or goals were used in a prohibited manner.
<b>Restrictions on Directly Contacting Taxpayers</b>  I.R.C. § 7803(d)(1)(A)(ii)	Requires TIGTA to evaluate the IRS's compliance with restrictions under I.R.C. § 7521 on directly contacting taxpayers who have indicated they prefer their representatives be contacted.	<b>Ref. No. 2020-30-046; Aug. 2020</b> TIGTA selected a statistically valid sample of case histories to review in the Field Collection function for 96 taxpayers who had collection actions documented on the Integrated Collection System between July 1, 2018 and June 30, 2019. TIGTA found three instances in which revenue officers contacted taxpayers directly, even though there was an authorized representative on file. The contacts appeared to have violated I.R.C. § 6304, which could indicate that the rights granted under I.R.C. § 7521 were also not protected. For six of the 96 cases, Field Collection function employees disclosed taxpayer information to individuals not authorized to receive that information.
<b>Filing of a Notice of Lien</b>  I.R.C. § 7803(d)(1)(A)(iii)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6320(a) upon the filing of a notice of lien.	<b>Ref. No. 2020-30-068; Sept. 2020</b> Tests of a statistically valid sample of 116 Notice of Federal Tax Liens (NFTL) determined that the IRS timely and correctly mailed the NFTL and appeal rights notices to the taxpayers' last known address. However, tests of a judgmental sample of 120 undelivered lien notices identified five cases for which the address on the original lien notice and the address on the IRS computer system did not agree.
<b>Extensions of the Statute of Limitations for Assessment of Tax</b>  I.R.C. § 7803(d)(1)(C) I.R.C. § 6501(c)(4)(B)	Requires TIGTA to include information regarding extensions of the statute of limitations for assessment of tax under I.R.C. § 6501 and the provision of notice to taxpayers regarding the right to refuse or limit the extension of particular issues or a particular period of time.	<b>Ref. No. 2020-30-047; Aug. 2020</b> TIGTA's review of a statistical sample of 34 closed taxpayer audit files with assessment statute extensions found that the IRS was compliant with I.R.C. § 6501(c)(4)(B). However, eight of the taxpayer audit files lacked documentation to support that employees followed the IRS's internal procedures for further explaining the taxpayers' rights to the taxpayers.

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<p><b>Levies</b></p> <p>I.R.C. § 7803(d)(1)(A)(iv)</p>	<p>Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6330 regarding levies.</p>	<p><b>Ref. No. 2020-30-065; Sept. 2020</b></p> <p>TIGTA reviewed the levies issued to taxpayers by the different functions within the IRS Collection organization during the period October 1, 2018 through September 30, 2019. TIGTA's review of Automated Collection System levies showed that taxpayers' rights were not always protected for both systemic and paper levies. The review of levies issued by revenue officers in Field Collection showed that taxpayers' rights were not always protected for both systemically and manually issued levies.</p>
<p><b>Collection Due Process</b></p> <p>I.R.C. §§ 7803(d)(1)(A)(iii) and (iv)</p>	<p>Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6320 and 6330 regarding taxpayers' rights to appeal lien or levy actions.</p>	<p><b>Ref. No. 2020-10-054; Aug. 2020</b></p> <p>Appeals properly informed taxpayers that CDP and Equivalent Hearings were conducted by an impartial hearing officer with no prior involvement with the tax or tax periods covered by the hearing. However, TIGTA identified some hearing processing errors that were similar to errors identified in prior reports. Specifically, Appeals misclassified CDP or Equivalent Hearing cases, the Collection function did not timely forward misdirected Equivalent Hearing cases to the correct location, and taxpayer accounts had Collection Statute Expiration Date errors due to incorrectly input suspension start and stop dates.</p>
<p><b>Seizures</b></p> <p>I.R.C. § 7803(d)(1)(A)(iv)</p>	<p>Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6330 through 6344 when conducting seizures.</p>	<p><b>Ref. No. 2020-30-058; Sept. 2020</b></p> <p>TIGTA reviewed 205 (60 percent) of the 342 seizures the IRS conducted from July 1, 2018 through June 30, 2019. TIGTA identified instances in which the IRS did not comply with a particular I.R.C. section or internal procedure and identified IRS procedures that were problematic and resulted in potentially unfair outcomes.</p>
<p><b>Taxpayer Designations – Illegal Tax Protester Designation and Similar Designations</b></p> <p>I.R.C. § 7803(d)(1)(A)(v)</p>	<p>An evaluation of the IRS's compliance with restrictions under RRA 98 § 3707 on designation of taxpayers.</p>	<p><b>Ref. No. 2020-30-057; Sept. 2020</b></p> <p>TIGTA's review showed that the IRS did not reintroduce past Illegal Tax Protester codes or similar designations on taxpayer accounts during FY 2019. However, TIGTA's review of 2 million records from cases closed during FY 2019 in the Correspondence Examination Automation Support system identified 18 instances of the use of Illegal Tax Protester or similar designations on 13 taxpayers' accounts. Additionally, in reviewing the narrative data entered for approximately 1.8 million records in the Accounts Management Services system with cases closed in FY 2019, TIGTA found seven instances in which five taxpayers were referred to as Illegal Tax Protester or similar designations.</p>

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<p><b>Disclosure of Collection Activity With Respect to Joint Returns</b></p> <p>I.R.C. § 7803(d)(1)(B) (TIGTA requirement) I.R.C. § 6103(e)(8) (IRS requirement)</p>	<p>Requires TIGTA to review and certify whether the IRS is complying with I.R.C. § 6103(e)(8), which requires the IRS to disclose information to an individual filing a joint return on collection activity involving the other individual filing the return.</p>	<p><b>Ref. No. 2020-30-048; Aug. 2020</b> TIGTA's review of computer system history files and employee interviews showed that employees were not always aware of the disclosure requirements for joint filer taxpayer contacts.</p>
<p><b>Taxpayer Complaints</b></p> <p>I.R.C. § 7803(d)(2)(A)</p>	<p>Requires TIGTA to include in each <i>Semiannual Report to Congress</i> the number of taxpayer complaints received and the number of employee misconduct and taxpayer abuse allegations received by the IRS or TIGTA from taxpayers, IRS employees, and other sources.</p>	<p>Statistical results on the number of taxpayer complaints received are shown on page 46.</p>
<p><b>Administrative or Civil Actions With Respect to the Tax Collection Practices Act of 1996</b></p> <p>I.R.C. § 7803(d)(1)(G) I.R.C. § 6304 RRA 98 § 3466</p>	<p>Requires TIGTA to include information regarding any administrative or civil actions with respect to violation of the fair debt collection provision of I.R.C. § 6304, including a summary of such actions and any resulting judgments or awards granted.</p>	<p><b>Ref. No. 2020-30-053; Sept. 2020</b> TIGTA identified three potential Fair Tax Collection Practices (FTCP) violations closed in FY 2019 that resulted in administrative actions for IRS collection employees. Separate from the review of IRS FTCP violations, TIGTA identified 51 potential Fair Debt Collection Practices Act violations and six potential FTCP violations by private collection agency employees.</p>
<p><b>Denials of Requests for Information</b></p> <p>I.R.C. § 7803(d)(1)(F) I.R.C. § 7803(d)(3)(A)</p>	<p>Requires TIGTA to include information regarding improper denial of requests for information from the IRS, based on a statistically valid sample of the total number of determinations made by the IRS to deny written requests to disclose information to taxpayers on the basis of I.R.C. § 6103 or 5 U.S.C. § 552(b)(7).</p>	<p><b>Ref. No. 2020-10-038; July 2020</b> TIGTA reviewed a statistical sample of 87 of the 2,101 FY 2019 FOIA requests for which the IRS denied the requested information either partially or fully based on exemption (b)(7) or replied that no responsive records were available. TIGTA also reviewed all 43 FY 2019 I.R.C. § 6103(c) and (e) requests documented in the Automated FOIA system for which the IRS withheld information from the requestor. While TIGTA determined that information was properly withheld in most cases, the Disclosure Office did not follow FOIA requirements when redacting information in 15 cases.</p>
<p><b>Adequacy and Security of the Technology of the IRS</b></p> <p>I.R.C. § 7803(d)(1)(D)</p>	<p>Requires TIGTA to evaluate the IRS's adequacy and security of its technology.</p>	<p><b>Security Reviews:</b>  <b>Ref. No. 2020-40-004; Nov. 2019</b>  <b>Ref. No. 2020-20-006; Feb. 2020</b>  <b>Ref. No. 2020-20-013; Mar. 2020</b>  <b>Ref. No. 2020-20-012; Mar. 2020</b>  <b>Ref. No. 2020-20-033; July 2020</b>  <b>Ref. No. 2020-20-036; Aug. 2020</b>  <b>Ref. No. 2020-20-043; Aug. 2020</b>  <b>Ref. No. 2020-20-063; Sept. 2020</b>  <b>Ref. No. 2020-20-045; Sept. 2020</b>  <b>Ref. No. 2020-20-073; Sept. 2020</b></p> <p><b>Information Technology Reviews:</b>  <b>Ref. No. 2020-20-010; Mar. 2020</b>  <b>Ref. No. 2020-20-022; June 2020</b>  <b>Ref. No. 2020-10-039; July 2020</b>  <b>Ref. No. 2020-20-044; Aug. 2020</b>  <b>Ref. No. 2020-40-067; Sept. 2020</b>  <b>Ref. No. 2020-30-055; Sept. 2020</b>  <b>Ref. No. 2020-20-062; Sept. 2020</b>  <b>Ref. No. 2020-20-061; Sept. 2020</b>  <b>Ref. No. 2020-20-060; Sept. 2020</b></p>

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<p><b>Government Charge Card Abuse Prevention Act of 2012</b></p> <p>Pub. L. No. 112-194 (October 2012)</p>	<p>Requires TIGTA to report on the IRS progress in implementing purchase and travel card audit recommendations.</p>	<p><b>Ref. No. 2020-10-011; Jan. 2020</b> TIGTA's review of the IRS's purchase card program found that controls are generally effective, and the number of purchase card violations identified by the IRS Credit Card Services Branch were minimal and generally for nominal amounts.</p> <p><b>Ref. No. 2020-10-049; July 2020</b> TIGTA's review of the IRS's purchase card program found that controls are generally effective, and the number of purchase card violations identified by the IRS Credit Card Services Branch were minimal and generally for nominal amounts.</p>
<p><b>Improper Payments Elimination and Recovery Act of 2010</b></p> <p>31 U.S.C. § 3321</p>	<p>Requires TIGTA to assess the IRS's compliance with improper payment requirements.</p>	<p><b>Ref. No. 2020-40-025; Apr. 2020</b> For FY 2019, in response to TIGTA recommendations, the IRS correctly rated the ACTC and the American Opportunity Tax Credit as also being susceptible to significant improper payments similar to the Earned Income Tax Credit. However, the IRS still did not include the Net Premium Tax Credit improper payment rate and amount in the Agency Financial Report.</p>
<p><b>Digital Accountability and Transparency Act of 2014 (DATA Act)</b></p> <p>Pub. L. No. 113-101, 128 Stat. 1124 (2014)</p>	<p>Requires TIGTA to assess the completeness, timeliness, quality, and accuracy of data that the IRS submits to comply with the DATA Act.</p>	<p><b>Ref. No. 2020-10-003; Nov. 2019</b> The IRS submitted its FY 2019 first quarter spending data by March 2019, as required, for publication on <a href="http://USAspending.gov">USAspending.gov</a>. Based on a standardized methodology used across Offices of Inspectors General, the IRS received the highest of three possible ratings for overall data quality. However, TIGTA determined that the quality of the spending data, specifically the award (procurement) attribute data, continues to need improvement.</p>
<p><b>Protecting Americans From Tax Hikes Act of 2015</b></p> <p>Pub. L. No. 114-113, 129 Stat. 2242 (2015).</p>	<p>Requires TIGTA to conduct an audit of the issuance of ITINs.</p>	<p><b>Ref. No. 2020-40-064; Sept. 2020</b> While the IRS has made some improvements since TIGTA's last review, there are indications that there is a reduced emphasis on identifying questionable ITIN applications, which is similar to the problem that TIGTA reported in July 2012. The IRS does not ensure that the Secondary Review Team has sufficient time to complete its review to identify potentially fraudulent ITIN applications before ITINs are issued. The IRS also has not implemented processes to revoke or deactivate ITINs associated with applications that the Secondary Review Team identifies as having potentially fraudulent supporting documents. Finally, the IRS continues to allow Certifying Acceptance Agents (CAA) to authenticate the identity and foreign status of ITIN applications despite its own compliance reviews of the CAAs that identify significant noncompliance with program requirements.</p>

## Appendix IV

### Section 1203 Standards

In general, the IRS Commissioner shall terminate any IRS employee if there is a final administrative or judicial determination that, in the performance of official duties, such employee committed any misconduct violations outlined below. Such termination shall be a removal for cause on charges of misconduct.

Misconduct violations include:

- Willfully failing to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets;
- Providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;
- Violating, with respect to a taxpayer, taxpayer representative, or other employee of the IRS, any right under the U.S. Constitution, or any civil right established under Title VI or VII of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; Age Discrimination in Employment Act of 1967; Age Discrimination Act of 1975; Section 501 or 504 of the Rehabilitation Act of 1973; or Title I of the Americans With Disabilities Act of 1990;
- Falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;
- Committing assault or battery on a taxpayer, taxpayer representative, or another IRS employee, but only if there is a criminal conviction or a final judgment by a court in a civil case with respect to the assault or battery;
- Violating the I.R.C., the Treasury Department regulations, or policies of the IRS (including the IRM) for the purpose of retaliating against or harassing a taxpayer, taxpayer representative, or other employee of the IRS;
- Willfully misusing provisions of I.R.C. § 6103 for the purpose of concealing information from a congressional inquiry;
- Willfully failing to file any return of tax required under the I.R.C. on or before the date prescribed therefore (including any extensions), unless such failure is due to reasonable cause and not to willful neglect;
- Willfully understating Federal tax liability, unless such understatement is due to reasonable cause and not to willful neglect; and
- Threatening to audit a taxpayer for the purpose of extracting personal gain or benefit.

The IRS Commissioner may mitigate the penalty of removal for the misconduct violations outlined above. The exercise of this authority shall be at the sole discretion of the Commissioner and may not be delegated to any other officer. The Commissioner, in his or her sole discretion, may establish a procedure that will be used to decide whether an individual should be referred to the Commissioner for determination. Any mitigation determination by the Commissioner in these matters may not be appealed in any administrative or judicial proceeding.

## Appendix V

### **Inspector General Peer Review Activity April 1, 2020 – September 30, 2020**

This appendix implements Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>45</sup>

#### **Peer Reviews Conducted of TIGTA by Another Office of Inspector General**

During the reporting period, there were no reviews conducted of TIGTA.

#### **Outstanding Recommendations From Peer Reviews of TIGTA**

There are no outstanding recommendations from peer reviews of TIGTA.

#### **Peer Reviews Conducted by TIGTA<sup>46</sup>**

During the reporting period, there were no reviews conducted by TIGTA.

#### **Outstanding Recommendations From Peer Reviews Conducted by TIGTA**

There are no outstanding recommendations from peer reviews conducted by TIGTA.

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<sup>45</sup> Pub.L. 111-203, 124 Stat. 1376 (2010) (codified at 5 U.S.C. app § 5(a)(14)-(16)).

<sup>46</sup> TIGTA's I&E collaborated with the DOJ Office of Inspector General (OIG) on a peer review of the Small Business Administration OIG. A final report was issued by the DOJ OIG September 16, 2020.

# Appendix VI

## Data Tables Provided by the Internal Revenue Service

The memorandum copied below is the IRS's transmittal to TIGTA. The tables that follow the memorandum contain information that the IRS provided to TIGTA and consist of IRS employee misconduct reports from the IRS Automated Labor and Employee Relations Tracking System (ALERTS) for the period April 1, 2020 through September 30, 2020. Also, data concerning substantiated RRA 98 § 1203 allegations for the same period are included. IRS management conducted inquiries into the cases reflected in these tables.

### Internal Revenue Service Memorandum



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

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If you have any questions, please contact Kimberly Berling, Associate Director, LR/ER Field Operations at (513) 975-6092.

Attachments (3)

cc: Charles P. Rettig, Commissioner of Internal Revenue  
Sunita Lough, Deputy Commissioner Services and Enforcement  
Jeffrey Tribiano, Deputy Commissioner Operations Support  
Terry Lemons, Chief, Communications & Liaison  
Mark Kaizen, Associate Chief Counsel (GLS)  
Robin D. Bailey, Jr., IRS Human Capital Officer

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

FROM: Julia Caldwell | Julia W. Caldwell Digitally signed by Julia W. Caldwell  
DN: cn=Julia W. Caldwell, o=IRS  
Director, Labor/Employee Relations and Negotiations

SUBJECT: Input for the Treasury Inspector General for Tax Administration (TIGTA) Semiannual Report to Congress

In response to your memorandum dated September 1, 2020, I am providing the following information to meet your reporting requirements as defined in 26 U.S.C. section 7803(d)(1)(E) and 26 U.S.C. section 7803(d)(2)(A)(i) for April 1, 2020, through September 30, 2020.

- Report of Employee Misconduct by Disposition Groups
- Report of Employee Misconduct – National Summary
- Summary of Substantiated Section 1203 Inquiries Recorded in Automated Labor and Employee Relations Tracking System (ALERTS)

The attached tables contain information about:

- Alleged misconduct reported to IRS managers
- Disposition of the allegations resolved during the period
- Status of the inventory as of September 30, 2020

The tables contain information about alleged misconduct that both TIGTA and IRS management investigated. The IRS received these allegations from taxpayers, IRS employees, and other sources, and recorded them in ALERTS.

The Summary of Substantiated Section 1203 Allegations contains information on the disposition of substantiated Section 1203 allegations. During this period, IRS managers substantiated 358 Section 1203 allegations and removed 37 employees as a result, nine (9) employees retired or resigned before a final administrative action by management. In six (6) of the removals, IRS management considered information in a TIGTA investigation. The Commissioner mitigated proposed removals in 28 cases. The remaining 264 substantiated allegations are still in the adjudication process.

**The Following Tables Are Provided by the IRS**

# Report of Employee Misconduct by Disposition Groups

Period Covering April 1, 2020 – September 30, 2020

Disposition	TIGTA Report of Investigation	Administrative Case	Employee Tax Compliance Case	Employee Character Investigation	Totals
REMOVAL (PROBATION PERIOD COMPLETE)	9	39	20	-	68
REMOVAL AT OPM DIRECTION	-	-	-	5	5
PROBATION/SEPARATION	1	110	-	4	115
SEPARATION OF TEMPORARY EMPLOYEE	-	14	0	-	15
RESIGNATION, RETIREMENT, ETC. (REASON NOTED ON SF50)	5	11	10	3	29
RESIGNATION, RETIREMENT, ETC. (REASON NOT NOTED ON SF50)	10	50	25	2	87
SUSPENSION, 14 DAYS OR LESS	36	68	87	-	191
SUSPENSION, MORE THAN 14 DAYS	8	16	14	-	38
INDEFINITE SUSPENSION	-	2	-	-	2
REPRIMAND	34	78	70	9	191
ADMONISHMENT	19	108	90	7	224
WRITTEN COUNSELING	42	171	69	25	307
ORAL COUNSELING	-	16	4	-	20
AD: IN LIEU OF REPRIMAND	1	7	3	-	11
AD: IN LIEU OF SUSPENSION	3	7	10	1	21
CLEARANCE LETTER	36	71	7	-	114
CLOSED WITHOUT ACTION CAUTIONARY LETTER	80	182	61	182	505
CLOSED WITHOUT ACTION LETTER	27	83	14	33	157
TERMINATION FOR ABANDONMENT OF POSITION	-	30	-	-	30
CASE SUSPENDED PENDING EMPLOYEE RETURN TO DUTY	-	-	-	-	
PROSECUTION PENDING FOR TIGTA'S ROI	-	-	-	-	
CLOSED - SUPPLEMENTAL REQUESTED	1	-	-	-	1
FORWARDED TO TIGTA	-	2	-	-	2
<b>TOTAL</b>	<b>312</b>	<b>1065</b>	<b>484</b>	<b>271</b>	<b>2133</b>

Source: ALERTS

Note: Columns containing numbers of two or less and protected by I.R.C. § 6103 are annotated with a zero and are not reflected in the column and row totals.

Extract Date: October 1, 2020

# Report of Employee Misconduct National Summary

Period Covering April 1, 2020 – September 30, 2020

Inventory Case Type	Open Inventory	Conduct Cases Received	Cases Closed			Ending Inventory
			Conduct Issues	Cases Merged with Other Cases	Non-Conduct Issues	
ADMINISTRATIVE CASE	784	1155	1329	45	50	515
EMPLOYEE CHARACTER INVESTIGATION	157	305	295	12	-	155
EMPLOYEE TAX COMPLIANCE CASE	1052	524	534	41	-	1001
TIGTA REPORT OF INVESTIGATION	542	328	369	4	-	497
<b>Total</b>	<b>2535</b>	<b>2312</b>	<b>2527</b>	<b>102</b>	<b>50</b>	<b>2168</b>

Source: ALERTS

**Administrative Case – Any matter involving an employee in which management conducted an inquiry into alleged misconduct.**

**Employee Character Investigation – Any matter involving a New Background Investigation Case investigation into an employee’s background that is referred to management for appropriate action.**

**Employee Tax Compliance Case – Any conduct matter that is identified by the Employee Tax Compliance program which becomes a matter of official interest.**

**TIGTA Investigation – Any matter involving an employee in which TIGTA conducted an investigation into alleged misconduct and referred a Report of Investigation to the IRS for appropriate action.**

Extract Date: October 1, 2020

# Summary of Substantiated I.R.C. Section 1203 Inquiries Recorded in ALERTS

**Period Covering April 1, 2020 – September 30, 2020**

§ 1203 Violation	Removals	Resigned/ Retired	Probation Separation	Removed On Other Grounds	Penalty Mitigated	In Personnel Process	Total
1203(b)(10): THREAT OF AUDIT/PERSONAL	-	-	-	-	-	1	1
1203(b)(2): FALSE STATEMENT UNDER OATH	-	-	-	-	-	2	2
1203(b)(4): CONCEALED WORK ERROR	-	-	-	-	-	1	1
1203(b)(6): IRC/IRM/REG VIOLATION- RETALIATION	-	-	-	-	-	1	1
1203(b)(8): WILLFUL UNTIMELY RETURN	12	4	-	0	13	147	178
1203(b)(9): WILLFUL UNDERSTATED TAX	19	5	-	4	15	132	175
<b>Total</b>	<b>31</b>	<b>9</b>	<b>-</b>	<b>4</b>	<b>28</b>	<b>284</b>	<b>358</b>

**Source: ALERTS**

**Note: Columns containing numbers of two or less and protected by I.R.C. § 6103 are annotated with a zero and are not reflected in the column and row totals.**

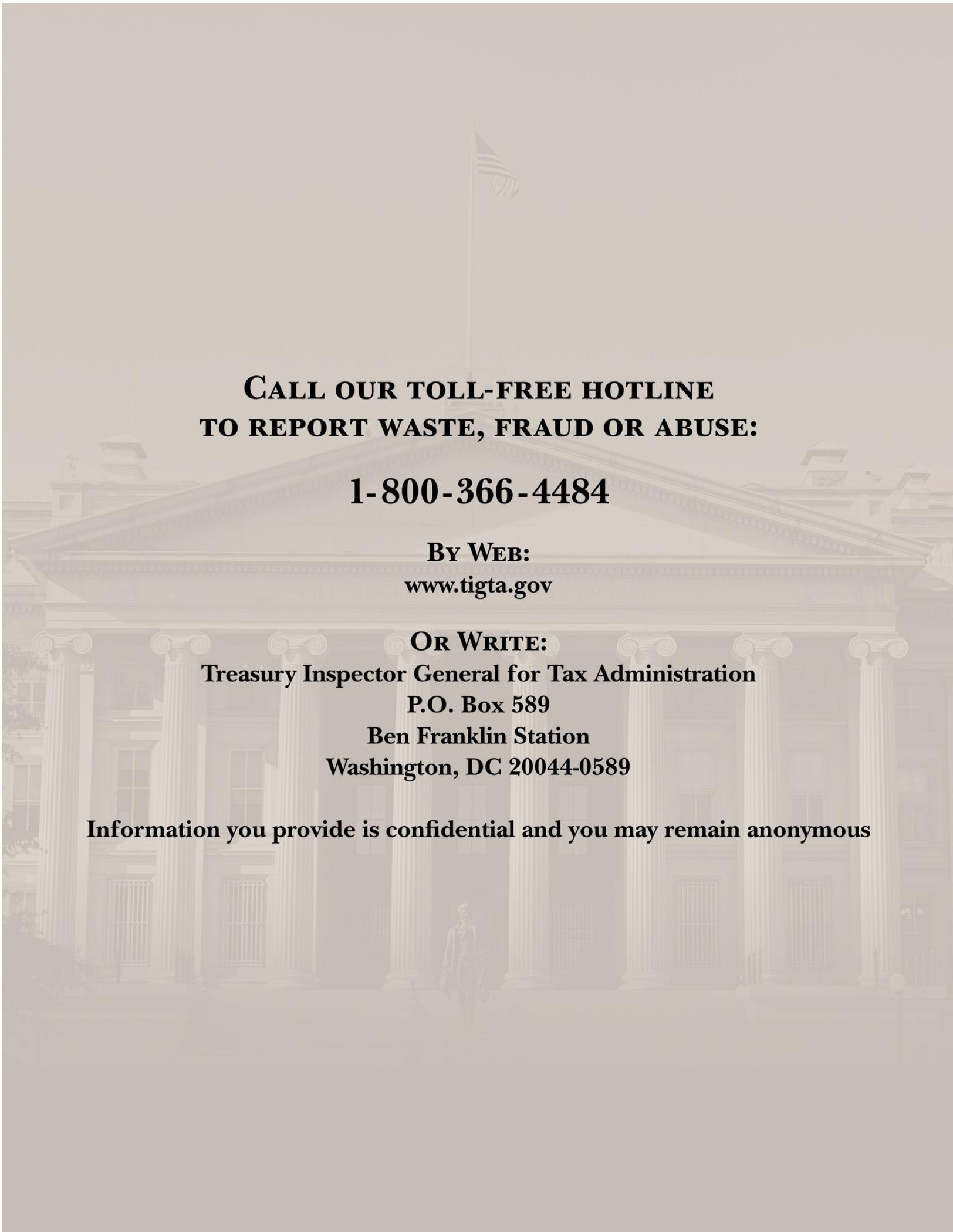
**The cases reported as Removals and Penalty Mitigated do not reflect the results of any third-party appeal.**

**Extract Date: October 1, 2020**

## Glossary of Acronyms

<b>ABA</b>	<b>As-Built Architecture</b>
<b>ACTC</b>	<b>Additional Child Tax Credit</b>
<b>ALERTS</b>	<b>Automated Labor and Employee Relations Tracking System</b>
<b>AQC</b>	<b>Automated Questionable Credit</b>
<b>BSA</b>	<b>Bank Secrecy Act</b>
<b>BYOD</b>	<b>Bring Your Own Device</b>
<b>CAA</b>	<b>Certifying Acceptance Agent</b>
<b>CAF</b>	<b>Centralized Authorization File</b>
<b>CARES Act</b>	<b>Coronavirus Aid, Relief, and Economic Security Act</b>
<b>CDP</b>	<b>Collection Due Process</b>
<b>CI</b>	<b>Criminal Investigation</b>
<b>COVID 19</b>	<b>Coronavirus Disease 2019</b>
<b>CPA</b>	<b>Certified Public Accountant</b>
<b>CY</b>	<b>Calendar Year</b>
<b>DATA Act</b>	<b>Digital Accountability and Transparency Act of 2014</b>
<b>DOJ</b>	<b>Department of Justice</b>
<b>ECTI</b>	<b>Effectively Connected Taxable Income</b>
<b>EIN</b>	<b>Employer Identification Number</b>
<b>EIP</b>	<b>Economic Impact Payments</b>
<b>FFI</b>	<b>Free File Incorporated</b>
<b>FIRPTA</b>	<b>Foreign Investment in Real Property Tax Act</b>
<b>FOIA</b>	<b>Freedom of Information Act</b>
<b>FTCP</b>	<b>Fair Tax Collection Practices</b>
<b>FY</b>	<b>Fiscal Year</b>
<b>I&amp;E</b>	<b>Office of Inspections and Evaluations</b>
<b>IGEA</b>	<b>Inspector General Empowerment Act</b>

<b>IP PIN</b>	<b>Identity Protection Personal Identification Number</b>
<b>I.R.C.</b>	<b>Internal Revenue Code</b>
<b>IRM</b>	<b>Internal Revenue Manual</b>
<b>IRS</b>	<b>Internal Revenue Service</b>
<b>ISRP</b>	<b>Integrated Submission and Remittance Processing</b>
<b>IT</b>	<b>Information Technology</b>
<b>ITIN</b>	<b>Individual Taxpayer Identification Number</b>
<b>JAMES</b>	<b>Joint Audit Management Enterprise System</b>
<b>NFTL</b>	<b>Notice of Federal Tax Lien</b>
<b>NYPD</b>	<b>New York Police Department</b>
<b>OEP</b>	<b>Office of Employee Protection</b>
<b>OI</b>	<b>Office of Investigations</b>
<b>OIG</b>	<b>Office of Inspector General</b>
<b>PIAMS</b>	<b>Privacy Impact Assessment Management System</b>
<b>PII</b>	<b>Personally Identifiable Information</b>
<b>PY</b>	<b>Processing Year</b>
<b>ROTER</b>	<b>Record of Tax Enforcement Results</b>
<b>RRA 98</b>	<b>Internal Revenue Service Restructuring and Reform Act of 1998</b>
<b>SADI</b>	<b>Secure Access Digital Identity</b>
<b>SB/SE</b>	<b>Small Business/Self-Employed</b>
<b>SBU</b>	<b>Sensitive But Unclassified</b>
<b>SSN</b>	<b>Social Security Number</b>
<b>TFRP</b>	<b>Trust Fund Recovery Penalty</b>
<b>TIGTA</b>	<b>Treasury Inspector General for Tax Administration</b>
<b>TIN</b>	<b>Taxpayer Identification Number</b>
<b>TPSO</b>	<b>Third-Party Settlement Organization</b>
<b>TY</b>	<b>Tax Year</b>
<b>U.S.C.</b>	<b>United States Code</b>
<b>VIN</b>	<b>Vehicle Identification Number</b>



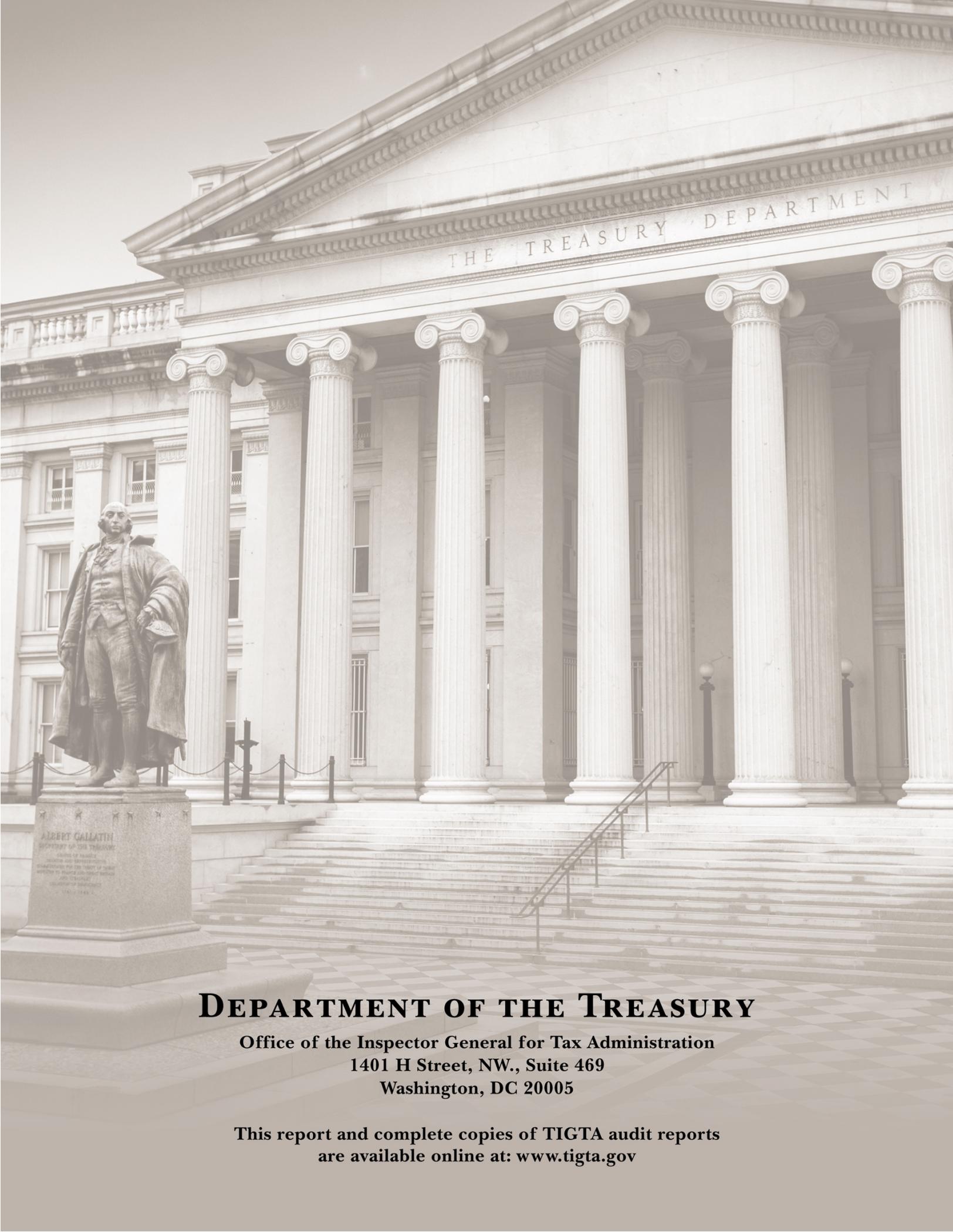
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THE TREASURY DEPARTMENT

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