

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Consistent Guidance Could Improve Delivery of Payments and Returns Intended for IRS Lockbox Sites

April 14, 2025

Report Number: 2025-IE-R015

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

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HIGHLIGHTS: Consistent Guidance Could Improve Delivery of Payments and Returns Intended for IRS Lockbox Sites

Final Evaluation Report issued on April 14, 2025

Report Number 2025-IE-R015

Why TIGTA Did This Evaluation

We initiated this evaluation after a special agent in TIGTA's Office of Investigations reported that taxpayer correspondence intended for an IRS Lockbox in Louisville, Kentucky, was misrouted to an IRS office in Louisville. When the special agent made the mailroom observations in March 2024, approximately 1,500 pieces of taxpayer correspondence, including checks and tax returns, had been accumulating since January 2024.

The IRS's primary purpose for using Lockbox sites is to collect and process paper remittances on a 24-hour deposit standard to accelerate funds being deposited into the U.S. Treasury, while maintaining the security and confidentiality of taxpayer information.

Impact on Tax Administration

Misrouted Lockbox mail delivered to mailrooms in local IRS offices delays processing and in some instances can pull IRS staff from their regular work assignments.

What TIGTA Found

The IRS Lockbox Program worked as intended in Calendar Year 2024. Most tax remittances and correspondence were properly routed to the IRS's Lockbox sites for processing. However, we found that in some instances, mail sent through private delivery services were being misrouted to local IRS offices resulting in processing delays. At times the volume of misrouted mail was so high, the local offices had to use courier services to transport the mail to the Lockbox site. We also found some IRS instructions for sending forms and remittances to Lockbox locations were inconsistent.

After we completed our evaluation, in March 2025, the executive order, *Modernizing Payments to and From America's Bank Account*, was issued proposing the elimination of the Department of the Treasury's lockbox services and mandating the transition to electronic payments for all Federal disbursements and receipts. The order allows for limited exceptions when electronic payments and collections are not feasible. The transition to electronic payments being sent to the federal government should be as soon as practicable. We believe that until all tax receipts are processed electronically, the IRS needs to ensure that the cautionary language regarding third-party carriers is consistent on its forms and publications to prevent processing delays of tax remittances and correspondence.

What TIGTA Recommended

We made seven recommendations. One recommendation noted that the Director, Submission Processing, should lead a review that requires the appropriate IRS functions to add cautionary language to specific forms and publications. The cautionary language should instruct taxpayers not to use a third-party carrier when paying a balance due and mailing payment to a Post Office Box address (Lockbox site). We also recommended adding the same cautionary language to the appropriate IRS.gov web pages.

In addition, we recommended that the Director, Submission Processing, coordinate with other IRS functions to improve guidance provided to mailroom staff; include a requirement in the *Annual Filing Season Readiness Plan* to inspect IRS mailrooms near Lockbox sites; and require that mailrooms report the volume of misrouted Lockbox mail received to the Lockbox Policy and Oversight Section on a weekly basis.

IRS management agreed with all of our recommendations and plans to take appropriate corrective actions.



TREASURY INSPECTOR GENERAL

for Tax Administration

DATE: April 14, 2025

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM:

Nancy LaManna

A handwritten signature in cursive script that reads "Nancy LaManna".

Deputy Inspector General for Inspections and Evaluations

SUBJECT:

Final Evaluation Report – Consistent Guidance Could Improve Delivery of Payments and Returns Intended for IRS Lockbox Sites
(Evaluation No: IE-24-049)

This report presents the results of our review to evaluate whether processes and procedures are adequate to ensure that individual and business tax payments misrouted to a local Internal Revenue Service (IRS) office, instead of an IRS Lockbox, are timely processed. This review is included in our Fiscal Year 2025 Annual Program Plan and addresses the major management and performance challenge of *Taxpayer Service*.

Management's complete response to the draft report is included as Appendix II. If you have any questions, please contact me.

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Background

Taxpayers that pay their taxes by check or money order, make the check payable to the U.S. Department of the Treasury (Treasury) and mail it to an address noted in the instructions. The address the payment is sent to is part of the Internal Revenue Service's (IRS) Lockbox Network.

The Lockbox Network collects and processes paper remittances on a 24-hour deposit standard to accelerate funds being deposited into the Treasury, while maintaining the security and confidentiality of taxpayer information. Through Treasury's Bureau of the Fiscal Service, the IRS works with financial institutions referred to as a Lockbox that deposit the taxpayer's payment and forward any tax forms or documentation to the IRS as quickly and efficiently as possible. In Calendar Year 2024, there were three Post Office Box (Lockbox) processing sites: Louisville, Kentucky; Charlotte, North Carolina; and Cincinnati, Ohio.

IRS Publication 3891, *Lockbox Addresses for 2024 Address Directory for Tax Practitioners and Taxpayers*, states that all individual and business returns with payments will be directed to a Lockbox site. The publication instructs taxpayers to send tax payments of various forms to P.O. Box addresses assigned to a Lockbox site. This guidance also states that private delivery services should not deliver returns to IRS offices other than those designated. Specifically, it notes that private delivery services should deliver returns, extensions, and payments to the street addresses listed for the IRS's Submission Processing Centers located in Kansas City, Missouri; Austin, Texas; or Ogden, Utah.

In March 2024, a special agent with the TIGTA Office of Investigations (OI) noted that taxpayer correspondence intended for the IRS's Louisville Lockbox was misrouted to a local IRS office in Louisville. The special agent found correspondence was not being processed on a regular basis and remained on a shelf in the mailroom of the local IRS office. The special agent estimated that approximately 1,500 pieces of taxpayer correspondence, including checks and tax returns, had been accumulating since January 2024.



Piles of misrouted taxpayer correspondence in the mailroom of a local IRS office in Louisville, Kentucky. TIGTA photo.

[REDACTED] Timely processing of tax payments and correspondence is important because delays could subject the taxpayer to interest and penalties for failing to timely file. In May 2024, the OI special agent notified TIGTA's Office of Inspections and Evaluations about a program weakness involving the processing of taxpayer correspondence at the local IRS office.

Results of Review

Most tax remittances and correspondence are properly routed to the IRS's Lockbox sites for processing. However, we found that in some instances, mail sent through private delivery services is being misrouted to local IRS offices. For instance, we found that while the IRS Lockbox Policy and Oversight (LPO) Section conducted a site visit in Louisville in April 2024, LPO employees had to transport mail to a nearby Lockbox site. In a second location (Charlotte, North Carolina) we found that the volume of misrouted mail was so high, the IRS had to use a courier service on three occasions to transport the mail (1,545 parcels in total) from the mailroom to the Lockbox site.

We found that inconsistent IRS guidance may contribute to misrouted taxpayer correspondence. We also found that IRS guidance does not clearly reflect that private delivery services will not deliver to the P.O. Box (Lockbox site). In addition, we found that when mail is misrouted to local IRS offices, local mailroom policies differ on how to process the mail.

After we completed our evaluation, in March 2025, the executive order, *Modernizing Payments to and From America's Bank Account*, was issued proposing the elimination of the Department of the Treasury's lockbox services and mandating the transition to electronic payments for all Federal disbursements and receipts. The order allows for limited exceptions when electronic payments and collections are not feasible. The transition to electronic payments being sent to the federal government should be as soon as practicable. We believe that until all tax receipts are processed electronically, the IRS needs to ensure that the cautionary language regarding third-party carriers is consistent on its forms and publications to prevent processing delays of tax remittances and correspondence.

Inconsistent IRS Guidance on How to Mail Tax Forms and Remittances to Lockbox Sites

We found inconsistent IRS guidance for individual and business taxpayers that use private delivery services to mail tax forms and remittances. Additionally, the guidance is different between tax forms. For instance, Form 1040, *U.S. Individual Income Tax Return*, instructions do not use the same cautionary language regarding private delivery services as Form 1040-ES, *Estimated Tax for Individuals*.

Mailing instructions for individual taxpayer forms could be more consistent

The Form 1040 does not contain mailing instructions for where or how to send a tax return and related payment. That information is contained in the instructions for Form 1040 or Form 1040-SR, *U.S. Income Tax Return for Seniors*, on page 9. The text describes the use of private delivery services to meet the "timely filing/paying" rule for tax returns and payments and lists specific firms and the delivery methods they offer that meet the filing and paying rule.

However, the instructions do not caution taxpayers about private delivery services not delivering to the P.O. Box address locations. Instead, readers are instructed to go to a specific IRS web page to find the street address to send their documents and payment to. In contrast, instructions for Form 1040-ES, *Estimated Tax for Individuals*, states that taxpayers cannot use private delivery services to deliver to Lockbox addresses (See Figure 1).

Consistent Guidance Could Improve Delivery of Payments and Returns Intended for IRS Lockbox Sites

Figure 1: Form 1040-ES Instructions, Page 5

Where To File Your Estimated Tax Payment Voucher if Paying by Check or Money Order

Mail your estimated tax payment voucher and check or money order to the address shown below for the place where you live. Do not mail your tax return to this address or send an estimated tax payment without a payment voucher. Also, do not mail your estimated tax payments to the address shown in the Form 1040 instructions. If you need more payment vouchers, you can make a copy of one of your unused vouchers.

Caution: For proper delivery of your estimated tax payment to a P.O. box, you must include the box number in the address. Also, note that only the U.S. Postal Service can deliver to P.O. boxes. Therefore, you cannot use a private delivery service to make estimated tax payments required to be sent to a P.O. box.

IF you live in . . .	THEN send it to . . .	IF you live in . . .	THEN send it to . . .
Alabama, Arizona, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, South Carolina, Tennessee, Texas	Internal Revenue Service P.O. Box 1300 Charlotte, NC 28201-1300	A foreign country, American Samoa, or Puerto Rico (or are excluding income under Internal Revenue Code 933), or use an APO or FPO address, or file Form 2555 or 2563, or are a dual-status alien or nonpermanent resident of Guam or the U.S. Virgin Islands	Internal Revenue Service P.O. Box 1300
Arkansas, Connecticut, Delaware, District of Columbia, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Minnesota, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Rhode Island, Vermont, Virginia, West Virginia, Wisconsin	Internal Revenue Service P.O. Box 931100 Louisville, KY 40293-1100	Guam: Bona fide residents*	P.O. Box 23607 GMF, GU 96921
Alaska, California, Colorado, Hawaii, Idaho, Kansas, Michigan, Montana, Nebraska, Nevada, Ohio, Oregon, North Dakota, Pennsylvania, South Dakota, Utah, Washington, Wyoming	Internal Revenue Service P.O. Box 802502 Cincinnati, OH 45280-2502	U.S. Virgin Islands: Bona fide residents*	Virgin Islands Bureau of Internal Revenue 6115 Estate Smith Bay Suite 225 St. Thomas, VI 00802

*Bona fide residents must prepare separate vouchers for estimated income tax and self-employment tax payments. Send the income tax vouchers to the address for bona fide residents and the self-employment tax vouchers to the address for non-bona fide residents.

"...you cannot use a private delivery service to make estimated tax payments required to be sent to a P.O. box."

The Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, instructions also contain similar information warning taxpayers that private delivery services and the "timely filing/paying" rule for tax returns and payments. Caution about using private delivery services differs from the caution in Form 1040-ES instructions. Form 4868 states: "Private delivery services can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address."



Mailing instructions for business taxpayer forms could be more consistent

Business tax forms, such as Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, and Form 941, *Employer's Quarterly Federal Tax Return*, as well as Form 1041-ES, *Estimated Income Tax for Estates and Trusts*, and Form 2290, *Heavy Highway Vehicle Use Tax Return*, each explain that private delivery services cannot deliver to P.O. boxes. However, the wording is inconsistent. The wording in Form 1041-ES is the most concise and direct of the tax forms (See Figure 2).

Consistent Guidance Could Improve Delivery of Payments and Returns Intended for IRS Lockbox Sites

Figure 2: Form 1041-ES Instructions, Page 3

Where To File
Mail the payment voucher to:
Internal Revenue Service
P.O. Box 932400
Louisville, KY 40293-2400

Do not send the payment voucher to the Internal Revenue Service Center where you file Form 1041.

Only the U.S. Postal Service can deliver to the above address.

Electronic Deposits
A financial institution that has been designated as an authorized federal tax depository, and acts as a fiduciary for at least 200 taxable trusts that are required to pay estimated tax, is required to deposit the estimated tax payments electronically using EFTPS.
A fiduciary that isn't required to make electronic deposits of estimated tax on behalf of a trust or an estate may voluntarily participate in EFTPS. To enroll in or get more information about EFTPS, go to the EFTPS website at www.EFTPS.gov or call 800-555-4477.
To contact EFTPS using Telecommunications Relay Services (TRS) for people who are deaf, hard of hearing, or have a speech disability, dial 711 and then provide the TRS assistant the 800-555-4477 number above or 800-733-4829. Also, see Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.
Depositing on time. For a deposit using EFTPS to be on time, the deposit must be submitted by 9 p.m. Eastern time the day before the due date of the deposit.

Where To File
Mail the payment voucher to:
Internal Revenue Service
P.O. Box 932400
Louisville, KY 40293-2400
Do not send the payment voucher to the Internal Revenue Service Center where you file Form 1041.
Only the U.S. Postal Service can deliver to the above address.

Amending Estimated Tax Payments
To change or amend the estate's or trust's estimated tax payments, refigure the total estimated tax payments due (line 16 of the 2024 Estimated Tax Worksheet). Then use Worksheet 2-7, Annualized Estimated Tax Worksheet, in Pub. 505 to figure the payment due for each remaining period. If an estimated tax payment for a previous period is less

than 1/4 of the amended estimated tax, the estate or trust may owe a penalty when its return is filed.

When a Penalty Is Applied
In some cases, the estate or trust may owe a penalty when it files its return. The penalty is imposed on each underpayment for the number of days it remains unpaid. A penalty may be applied if the estate or trust didn't pay enough estimated tax or it didn't make the payments on time or in the required amount. A penalty may apply even if the estate or trust has an overpayment on its tax return.
The penalty may be waived under certain conditions. See Pub. 505 for details.

Certain Payments of Estimated Tax Treated as Paid by Beneficiary
The fiduciary (or executor, for the final year of the estate) may elect to have any portion of its estimated tax payments treated as made by a beneficiary (and not as payments made by the estate or trust).
Such an amount is treated as a payment of the estimated tax made by the beneficiary on the January 15th following the end of the tax year.
Time for making election. The fiduciary must make the election on the 2024 Form 1041-T, Allocation of Estimated Tax Payments to Beneficiaries. The election must be filed on or before the 65th day after the close of the estate's or trust's tax year. For details, see section 643(g).

Paperwork Reduction Act Notice. We ask for the information on the payment vouchers to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.
The time needed to complete the worksheets and prepare and file the payment vouchers will vary depending on individual circumstances. The estimated average time is:
Recordkeeping 19 min.
Learning about the law or the form 15 min.
Preparing the form 1 hr., 43 min.
Copying, assembling, and sending the form to the IRS 1 hr.
If you have comments concerning the accuracy of these time estimates or suggestions for making this package simpler, we would be happy to hear from you. You can send us comments through www.irs.gov/FormComments. Or, you can write to:
Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224
Do not send the payment vouchers to this address. Instead, see **Where To File**, earlier.

Source: IRS Published Products Catalog.

Forms and filing information on IRS.gov could be more consistent

On the IRS.gov website, the forms and instructions page contains current and prior year tax forms, instructions, and publications. In some instances, the tax form may contain information about the form and where to send it. In other instances, a separate instruction booklet may provide that information.

Additionally, a search of IRS.gov for “private delivery service” can return as many as 73 responses. One page for taxpayers and tax professionals filing Form 1040 and Form 1040-SR directs those mailing a payment with Form 1040-V, *Payment Voucher for Individuals*, to use regular mail and that using private delivery services may delay payment processing. However, this web page does not inform readers that private delivery services cannot deliver to a P.O. Box address.

The IRS has various ways that it describes the use of private delivery services, as well as the cautions on the use of these services. These inconsistencies highlight the need for the IRS to develop clear instructions about when and how private delivery services can be used. This will help ensure that correspondence, tax returns, and payments from taxpayers and tax professionals are sent to the correct location to be processed.

The Director, Submission Processing, should lead a review that includes the Directors of Accounts Management, Field Assistance, Media and Publications, and Online Services to:

Recommendation 1: Add cautionary language to the appropriate forms and publications instructing taxpayers not to use a third-party carrier when paying a balance due that is addressed to a P.O. Box address (Lockbox).

Management's Response: IRS management agreed with our recommendation and will add cautionary language to the appropriate forms, instructions, and publications, instructing taxpayers not to use a third-party carrier when sending a remittance to a Post Office Box address.

Recommendation 2: Add cautionary language to the appropriate IRS.gov web pages instructing taxpayers not to use a third-party carrier when paying a balance due for third-party payer processor that is addressed to a P.O. Box address (Lockbox).

Management's Response: IRS management agreed with our recommendation and will add cautionary language to the appropriate IRS.gov web pages, instructing taxpayers not to use a third-party carrier when sending a remittance to a Post Office Box address.

Local IRS Mailrooms Have Different Ways of Handling Misrouted Mail Intended for a Lockbox

Mailroom operations in local IRS offices differ based on the location's primary purpose and the number of IRS staff in the building. For example:

- IRS employees staff the Submission Processing Center mailrooms.
- Field offices with 250 or more employees have mailrooms staffed with contract personnel monitored by the IRS's Facilities Management and Security Services (FMSS).
- Smaller IRS offices with 20 to 250 staff are designated as "shared mailrooms." Duties in shared mailrooms can be assigned to a specific set of IRS staff or shared between multiple IRS units in the building.

The Romano Mazzoli Federal Building in Louisville is close to the Lockbox site and its mailroom is unstaffed. The Administrative Officer responsible for IRS offices in Illinois and Kentucky worked with IRS staff to facilitate a solution to cover responsibilities for the Louisville mailroom. Six IRS business units created schedules for employees to cover the mailroom starting in April 2024. However, the instructions for employees processing mail in the Louisville office did not specify how quickly they should forward misrouted correspondence to the correct Submission Processing Center.

The Lockbox site in Cincinnati, Ohio, is close to IRS staff at the John Weld Peck Federal Building in Cincinnati; and the Lockbox site in Charlotte, North Carolina, is close to IRS staff at the David Taylor Road office in Charlotte. Contractors make up the mailroom staff in these two offices. Staff in these mailrooms process the mail daily during the workweek and are instructed to forward misrouted mail and remittances to the correct Submission Processing Center within 24 hours of receipt.

Recommendation 3: The Director, Submission Processing, should coordinate with FMSS to create a guide for shared mailrooms not staffed with full-time IRS personnel or contracted staff. The guide should clearly document the time within which taxpayers' checks and related documents must be routed to the appropriate Submission Processing Center.

Management's Response: IRS management agreed with our recommendation and will coordinate with FMSS to create a guide for shared mailrooms not staffed with full-time IRS personnel or contracted staff. The guide will document the time within which taxpayers' checks and related documents must be routed to the appropriate Submission Processing Center.

Staff in two mailrooms forwarded documents and remittances to the local Taxpayer Assistance Center

We requested copies of Form 3210, *Document Transmittal*, sent from the Cincinnati and Charlotte mailrooms and used to track and account for documents sent from one IRS staff member or function to another. Some of the forms showed the remittances as being checks or money orders. For both mailrooms, we found that remittances and documents were not being sent to a Submission Processing Center, per the statement of work that FMSS staff provided to us. The statement of work is the procedures manual contractors must follow.

Instead, contract staff were sending remittances and related documents to the local Taxpayer Assistance Centers (TAC). We determined that the Cincinnati mailroom did not include any information about documents that accompanied the remittance. In contrast, the Charlotte mailroom would list any associated document or only list the taxpayer's name and remittance amount. Including the associated document information can help determine the type and amount of misrouted mail that is being delivered to these contracted mailrooms.

If IRS executives responsible for the Lockbox Program and oversight of the IRS mailroom and TAC operations find value in having misrouted remittances sent to a local TAC, all involved functions should create an annual Memorandum of Understanding (MOU). The MOU would allow responsible executives to agree on appropriate staffing and clearly document roles and responsibilities among the functions.

The Director, Submission Processing, should:

Recommendation 4: Coordinate with other Taxpayer Service functions, such as Field Assistance, Accounts Management, and FMSS to include a requirement to identify on Form 3210 any forms received with misrouted remittances.

Management's Response: IRS management agreed with our recommendation and will deliver instructions to other Taxpayer Service Division business functions, such as Field Assistance and Accounts Management; and to FMSS to include a requirement to identify on Form 3210, *Document Transmittal*, any forms received with misrouted remittances.

Recommendation 5: Coordinate with Field Assistance, Accounts Management, and FMSS to create an annual MOU, agree on appropriate staffing, and clearly establish roles and responsibilities when 1) misrouted mail is received and 2) misrouted mail is to be sent to a local TAC for processing rather than a specific Submission Processing Center.

Management's Response: IRS management agreed with our recommendation and are engaging Field Assistance, Accounts Management and FMSS to develop procedures to address these issues. Additionally, to prevent misrouted mail from being delivered to incorrect IRS locations, they are contacting major private delivery services to establish a forwarding agreement by which parcels sent to the IRS using Lockbox Post Office Box addresses will be delivered to the appropriate Submission Processing Center, rather than to a nearby IRS location.

Local IRS Mailroom Operations Should Be Included in the Annual Lockbox Filing Season Readiness Review

The Internal Revenue Manual provides guidance and assigns responsibilities for the administration and oversight of the IRS Lockbox Program. Treasury's Bureau of the Fiscal Service, IRS Lockbox Branch, and the IRS LPO Section work closely together and share responsibility for program administration and oversight of the IRS Lockbox Program.

The manual includes a requirement for an *Annual Lockbox Filing Season Readiness Plan* and the activities to address the plan. Currently, the plan focuses on the readiness of the Lockbox sites. The plan does not include any readiness checks or inspections related to the IRS mailrooms closest to the Lockbox sites to ensure that these mailrooms are adequately staffed and have current instructions specific to processing misrouted Lockbox mail. The discovery of issues in the Louisville mailroom initiated this review.

Further, there are no policies or procedures that require mailroom staff, or persons assigned to work in non-staffed mailrooms, to report the volume of misrouted Lockbox mail received to the LPO Section. Requiring this data on a regular basis would notify the LPO Section of any significant increases in volumes of mail during any week of the processing season. This would also allow the LPO Section to take additional actions, if needed, to ensure that Lockbox mail is promptly processed.

The Director, Submission Processing, should:

Recommendation 6: Include instructions in the *Annual Lockbox Filing Season Readiness Plan* to conduct readiness checks or inspections of IRS mailrooms closest to the Lockbox sites. Ensure the sites are staffed and have current instructions specific to processing misrouted Lockbox mail.

Management's Response: IRS management agreed with our recommendation and during their regular program reviews, will perform on-site visits to confirm site staffing and verify the availability of current instructions related to the processing of misrouted Lockbox mail at the IRS mailrooms closest to the Lockbox site.

Recommendation 7: Implement policies or procedures requiring mailroom staff, or persons assigned to work in non-staffed mailrooms, report the volume of misrouted Lockbox mail received to the LPO Section on a weekly basis from the start of the calendar year to the Lockbox site's specific program completion date..

Management's Response: IRS management agreed with our recommendation and will implement the requisite changes to their data collection process to capture and report misrouted mail volumes from mailroom operations.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this evaluation was to determine whether processes and procedures are adequate to ensure that individual and business tax payments misrouted to a local IRS office, instead of an IRS Lockbox, are timely processed. To accomplish our objective, we:

- Evaluated IRS instructions and guidance sent to taxpayers and tax practitioners for mailing remittances, tax forms, and correspondence to Lockbox sites.
 - Reviewed guidance to ensure that tax forms and publications clearly notate Lockbox addresses, including delivery options, if private delivery services are used.
 - Reviewed the IRS.gov website to determine whether guidance clearly reflects delivery options for processing individual and business remittances.
- Evaluated IRS mailroom operations (*FMSS- Office of the Deputy Director Facilities Support/Logistics*) to determine the processes and procedures for handling remittances misrouted to an IRS office versus Lockbox locations.
 - Contacted local IRS offices near Louisville, Kentucky; Charlotte, North Carolina; Cincinnati, Ohio; and Lockboxes to determine whether mail intended for those Lockboxes is being misrouted through private delivery services to these local offices.
 - Obtained mailroom policies and procedures related to the processing of mail intended for the Lockbox sites and determined how this correspondence is supposed to be processed, including how and where it is sent for processing and any guidance regarding time frames for processing.
 - Interviewed IRS management to determine how IRS mailrooms are staffed, including whether IRS employees are in the office regularly to process any IRS correspondence received.

Performance of This Review

This review was performed at IRS office locations in Louisville, Kentucky; Cincinnati, Ohio; and at Lockbox sites in Louisville and Cincinnati. The team also obtained information from the IRS's offices of Taxpayer Services, FMSS, and the Senior Commissioners Representatives. We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation. Those standards require that the work adheres to professional standards of independence, professional care and quality assurance, and followed procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Appendix II

Management's Response to the Draft Report




CHIEF
TAXPAYER SERVICES

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

February 24, 2025

MEMORANDUM FOR NANCY LAMANNA
DEPUTY INSPECTOR GENERAL FOR INSPECTIONS AND
EVALUATIONS

FROM: Kenneth C. Corbin 
Chief, Taxpayer Services Division

SUBJECT: Draft Evaluation Report – Consistent Guidance Could Improve
Delivery of Payments and Returns Intended for IRS Lockbox
Sites (Evaluation No: IE-24-049)

Digitally signed by Kenneth C.
Corbin
Date: 2025.02.24 13:26:58 -05'00'

Thank you for the opportunity to review and provide comments on the subject draft report. As taxpayers are encouraged to take advantage of free and secure electronic payment options, the IRS continues to receive a substantial volume of paper check remittances. These payments are processed at our Submission Processing Centers (SPCs) and at contracted lockbox bank facilities that use Post Office Box mailing addresses. When taxpayers use a private delivery service (PDS) to deliver payments to the lockbox locations, the PDS is unable to deliver to the Post Office Box address. Consequently, the deliveries have been left at other IRS locations in the vicinities of the lockbox bank locations. This misdirection of the remittances causes processing delays in depositing the payments and posting the credits to taxpayer accounts.

We appreciate the findings of the Treasury Inspector General for Tax Administration, Office of Investigations being shared with us and having the opportunity to work with the audit team to reach feasible solutions to eliminate the occurrences of misdirected mail. We are taking a multi-pronged approach that includes:

- Continuing to promote electronic payment options.
- Updating information on IRS.gov and printed products with consistent messaging on the inability of PDSs to deliver to Post Office Box addresses, and providing the addresses of our SPC locations if taxpayers opt to use a PDS.
- Reinforcing procedures with mailroom staffs and non-SPC IRS locations on the correct processing and routing of misdirected mail.
- Working with PDSs to deliver incorrectly addressed mail to the appropriate SPC.

- Updating program procedures to evaluate the effectiveness of corrective actions and measure the continued volume of misdirected mail, with the goal of identifying and addressing all causes.

Our responses to your specific recommendations are attached. If you have any questions, please contact me, or a member of your staff may contact Joseph Dianto, Director, Customer Account Services, at 470-639-3504.

Attachment

**Consistent Guidance Could Improve Delivery of
Payments and Returns Intended for IRS Lockbox Sites**

Attachment

Recommendations

The Director, Submission Processing, should lead a review that includes the Directors of Accounts Management, Field Assistance, Media and Publications, and Online Services to:

RECOMMENDATION 1

Add cautionary language to the appropriate forms and publications instructing taxpayers not to use a third-party carrier when paying a balance due that is addressed to a P.O. Box address (Lockbox).

CORRECTIVE ACTION

We agree. We will add cautionary language to the appropriate forms, instructions, and publications instructing taxpayers not to use a third-party carrier when sending a remittance to a Post Office Box address.

IMPLEMENTATION DATE

February 15, 2026

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 2

Add cautionary language to the appropriate IRS.gov webpages instructing taxpayers not to use a third-party carrier when paying a balance due for third-party payer processor that is addressed to a P.O. Box address (Lockbox).

CORRECTIVE ACTION

We agree. We will add cautionary language to the appropriate IRS.gov sites, instructing taxpayers not to use a third-party carrier when sending a remittance to a Post Office Box address.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

Recommendation

RECOMMENDATION 3

The Director, Submission Processing, should coordinate with FMSS to create a guide for shared mailrooms not staffed with full-time IRS personnel or contracted staff. The guide should clearly document the time within which taxpayers' checks and related documents must be routed to the appropriate Submission Processing Center.

CORRECTIVE ACTION

We agree. We will coordinate with the Facilities Management and Security Services (FMSS) Division to create a guide for shared mailrooms not staffed with full-time IRS personnel or contracted staff. The guide will document the time within which taxpayers' checks and related documents must be routed to the appropriate Submission Processing Center (SPC).

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

Recommendations

The Director, Submission Processing, should:

RECOMMENDATION 4

Coordinate with other Taxpayer Service functions, such as Field Assistance, Accounts Management, and FMSS to include a requirement to identify on Form 3210 any forms received with misrouted remittances.

CORRECTIVE ACTION

We agree. We will deliver instructions to other Taxpayer Service Division business functions, such as Field Assistance and Accounts Management, and to the FMSS Division, to include a requirement to identify on Form 3210, *Document Transmittal*, any forms received with misrouted remittances.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services
Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 5

Coordinate with Field Assistance, Accounts Management, and FMSS to create an annual MOU, agree on appropriate staffing, and clearly establish roles and responsibilities when 1) misrouted mail is received and 2) is to be sent to a local TAC for processing rather than a specific Submission Processing Center.

CORRECTIVE ACTION

We agree with the recommendation. We are engaging Field Assistance, Accounts Management and FMSS to develop procedures to address these issues. Additionally, to prevent misrouted mail from being delivered to incorrect IRS locations, we are contacting major private delivery services to establish a forwarding agreement by which parcels sent to the IRS using lockbox Post Office Box addresses will be delivered to the appropriate SPC, rather than to a nearby IRS location.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services
Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 6

Include instructions in the Annual Lockbox Filing Season Readiness Plan to conduct readiness checks or inspections of IRS mailrooms closest to the Lockbox sites. Ensure the sites are staffed and have current instructions specific to processing misrouted Lockbox mail.

**Consistent Guidance Could Improve Delivery of
Payments and Returns Intended for IRS Lockbox Sites**

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CORRECTIVE ACTION

We agree. During our regular program reviews, we will perform on-site visits to confirm site staffing and verify the availability of current instructions related to the processing of misrouted lockbox mail at the IRS mailrooms closest to the lockbox site.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services
Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 7

Implement policies or procedures requiring mailroom staff, or persons assigned to work in non-staffed mailrooms, report the volume of misrouted Lockbox mail received to the LPO Section on a weekly basis from the start of the calendar year to the Lockbox site's specific program completion date.

CORRECTIVE ACTION

We agree with the recommendation and will implement the requisite changes to our data collection process to capture and report misrouted mail volumes from the mailroom operations.

IMPLEMENTATION DATE

June 15, 2025

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Taxpayer Services
Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

Appendix III

Abbreviations

FMSS	Facilities Management and Security Services
IRS	Internal Revenue Service
LPO	Lockbox Policy and Oversight Section
MOU	Memorandum of Understanding
OI	Office of Investigations
P.O. Box	Post Office Box
TAC	Taxpayer Assistance Center
TIGTA	Treasury Inspector General for Tax Administration
Treasury	U.S. Department of the Treasury



**To report fraud, waste, or abuse,
contact our hotline on the web at
<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.