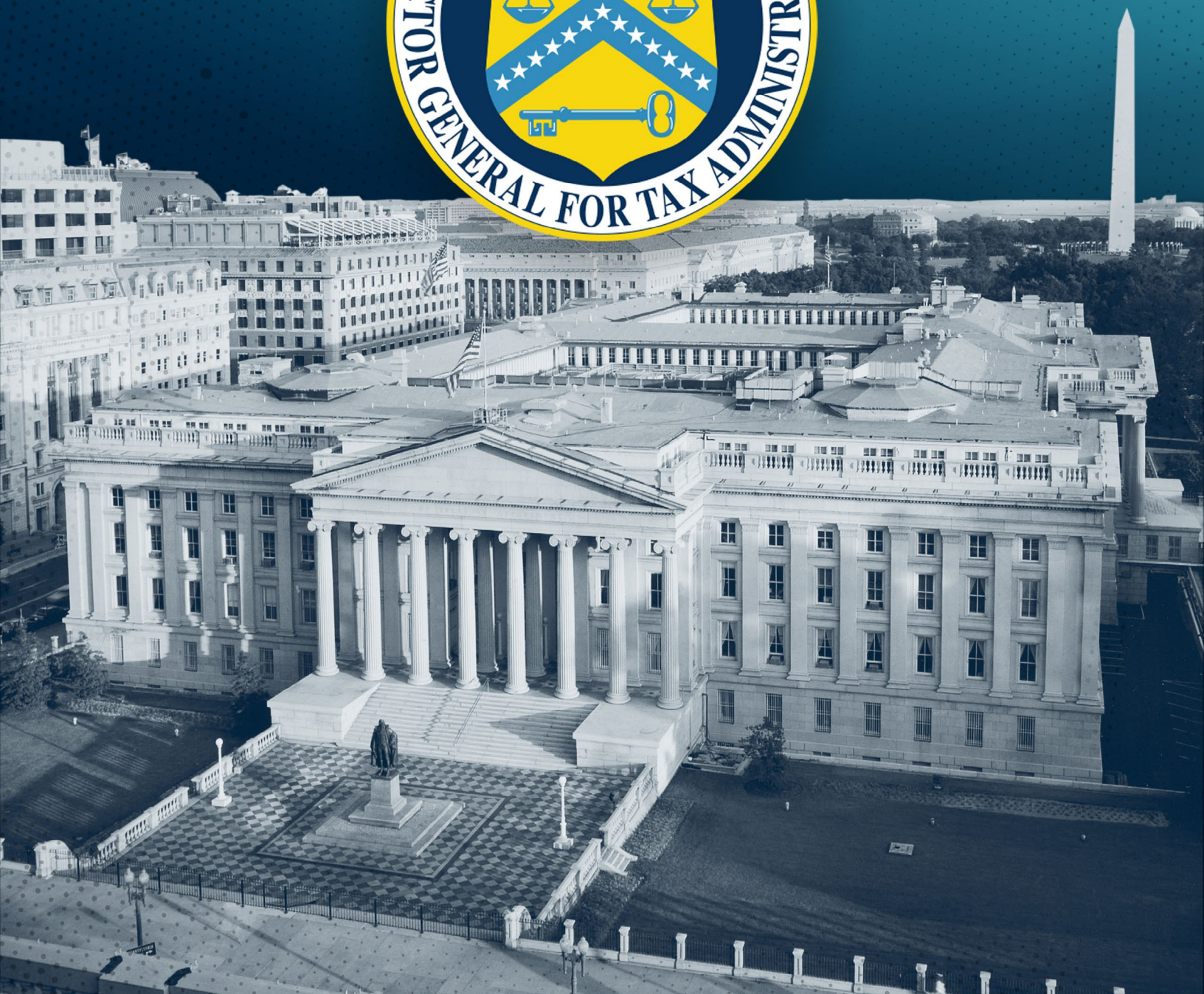


TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

# Semiannual Report to Congress

October 1, 2024 - March 31, 2025





## TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

### 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.

### 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.

### CORE VALUES

**Integrity**—Maintain the highest professional standards of integrity, personal responsibility, independence, objectivity, and operational excellence in pursuit of the Treasury Inspector General for Tax Administration's (TIGTA) 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.



# Message from the Acting Inspector General to Congress



I am pleased to submit the TIGTA Semiannual Report to Congress, which summarizes accomplishments between October 1, 2024, and March 31, 2025. In addition to our regular Internal Revenue Service (IRS) oversight, we also continued monitoring and reporting on the IRS's use of supplemental Inflation Reduction Act of 2022 (IRA) funding to assist the IRS and inform Congress and other interested parties.<sup>1</sup>

The IRA provided the IRS with supplemental funding to enhance customer service and improve the administration of our nation's tax system. With the increased funding, the IRS hired additional employees to improve its response to taxpayer telephone inquiries and increase staffing at Taxpayer Assistance Centers (TACs).

TIGTA issued 10 reports related to IRA oversight during the reporting period. For example, we examined the quality of customer service provided to taxpayers on the IRS's telephone lines and at its TACs. Another IRA related report assessed the expanded digital delivery of taxpayer notices.

In total during this reporting period, our Office of Audit issued 15 reports; the Office of Inspections and Evaluations issued 13 reports; and our Office of Investigations completed 718 investigations. TIGTA's combined audit, inspections, evaluations and investigative efforts resulted in the recovery, protection, and identification of monetary benefits totaling \$887 million.

Additional highlights from our Office of Audit include reporting on the IRS's oversight of its Low-Income Taxpayer Clinics and Private Collection Agencies (PCAs). The IRS contracts with PCAs to collect taxes on cases involving inactive tax receivables. We found PCA assistors generally adhered to guidelines and provided quality service to taxpayers. We also reported that the tax offset program allowed erroneous refunds to taxpayers.

Our Office of Inspections and Evaluations provides focused and expedited oversight to assess emerging issues impacting tax administration and IRS operations. During the reporting period, we evaluated the IRS's increasing use of artificial intelligence (AI). Based on a fraud scheme, we also identified a need for the IRS to change computer programming that could help reduce erroneous refunds.

Our Office of Investigations protects the integrity of federal tax administration. Our special agents also detect and prevent fraud and other misconduct within IRS programs. For example, our

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<sup>1</sup> Pub. L. No. 117-169, 136 Stat. 1818.



**15**

Audit Reports



**13**

Inspections and  
Evaluations



**718**

Investigations



**\$887  
Million**

in Monetary Benefits

investigative work resulted in an individual being sentenced to 41 months imprisonment and ordered to pay \$1.8 million in restitution for his role in unlawfully diverting Employee Retention Tax Credits.

The Office of Investigations also continued efforts to educate taxpayers on how to protect themselves from falling victim to IRS-related scams. We alerted the public to a new scheme involving Economic Impact Payments and reminded them how to recognize signs of IRS impersonation.

Moving forward, we will continue providing oversight of the IRS and working with the Administration, Congress, and other stakeholders in detecting fraud, waste, and abuse in our nation's tax system.

Sincerely,

Heather M. Hill  
Acting Inspector General

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# Overview of TIGTA

TIGTA provides audit, investigative, and inspection and evaluation services that promote economy, efficiency, and integrity in the administration of the Internal Revenue laws. TIGTA provides independent oversight of the 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 seven functional offices: the Office of Audit; the Office of Inspections and Evaluations; the Office of Investigations; the Office of Mission Support; the Office of Information Technology; the Office of Chief Counsel; and the Office of Data Analytics.

## Statutory Mandate



**Investigate** IRS employee misconduct and external attempts to corrupt or threaten IRS employees.



**Conduct**, supervise, and coordinate audits and investigations related to IRS programs and operations.



**Review** and make recommendations on existing and proposed legislation and regulations related to IRS programs and operations.



**Promote** economy and efficiency in the administration of tax laws.

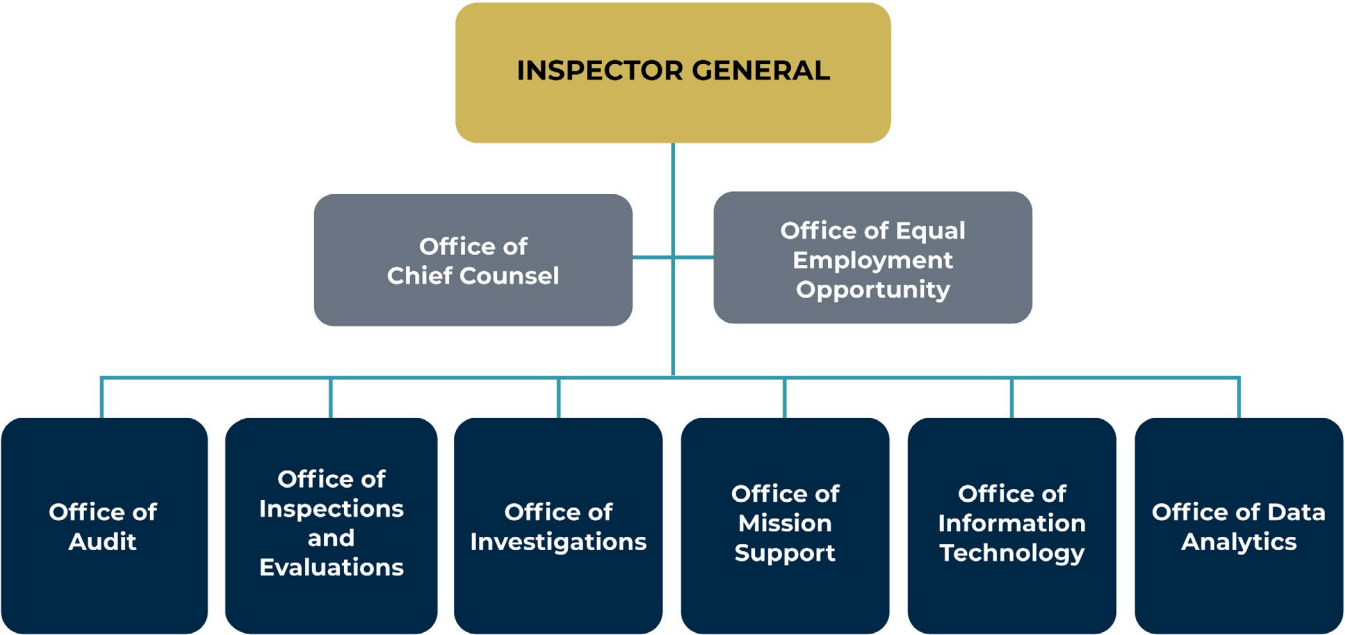


**Prevent and detect** waste, fraud, and abuse in IRS programs and operations.



**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 authorities granted under the Inspector General Act of 1978 (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 when we deem appropriate.

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 IRS Restructuring and Reform Act of 1998 (RRA 98) 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.<sup>2</sup>

<sup>1</sup> 5 United States Code (U.S.C.) § 401-424.

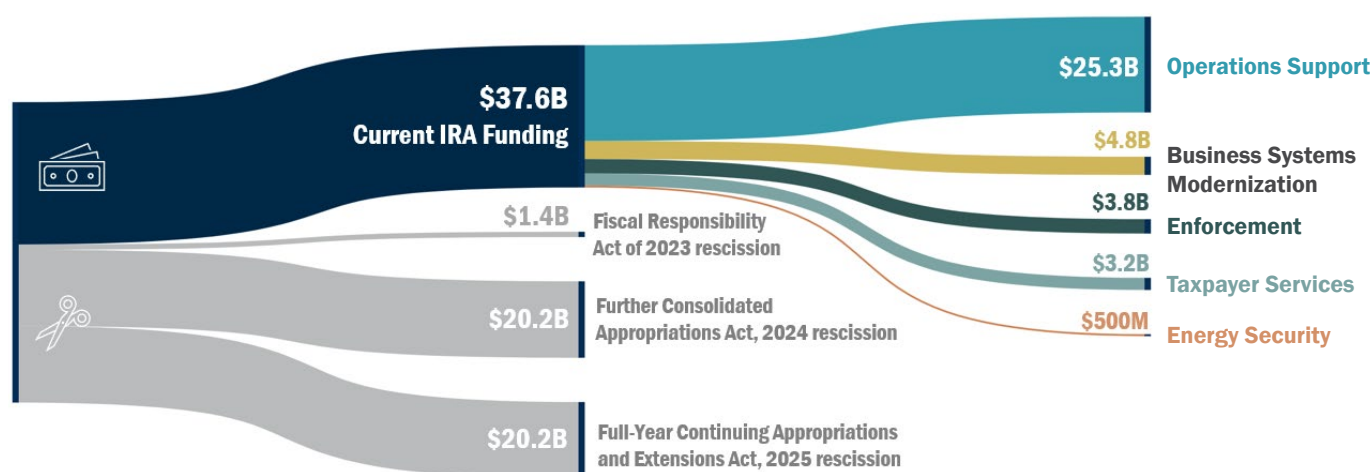
<sup>2</sup> Internal Revenue Code (I.R.C.) Section § 7608(b)(2). Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2, 5, 16, 19, 22, 23, 26, 31, 38, and 49 U.S.C.).

# IRA Oversight Activities

Through the IRA, the IRS received approximately \$80 billion in supplemental funding to improve the administration of our nation's tax system and services to taxpayers. However, as of March 2025, Congress had reduced the IRS's IRA funding to \$37.6 billion.

The IRA provided the IRS with funding to transform all aspects of its operations. For Fiscal Year (FY) 2025, we identified "Managing IRA Transformation Efforts" as one of the top management challenges facing the IRS. The following are highlights from our IRA-related reviews this reporting period. We provide ongoing, bi-annual, and cumulative reporting on the IRS's use of IRA funding to implement its Strategic Operating Plan (SOP). Visit [TIGTA.gov](https://www.tigta.gov) for additional information on our IRA oversight activities.

Figure 1: IRA Funding Through March 2025



Source: IRA, Pub. L. No. 117-169, 136 Stat. 1818. The Fiscal Responsibility Act of 2023 (Pub. L. No. 118-5, 137 Stat. 10) rescinded \$1.4 billion; the Further Consolidated Appropriations Act, 2024 (Pub. L. No. 118-47, 138 Stat. 460) rescinded \$20.2 billion; and the Full-Year Continuing Appropriations and Extensions Act, 2025 (Pub. L. No. 119-4, 139 Stat. 9) rescinded another \$20.2 billion. Each of these rescissions reduced the amount of enforcement funding.



# Limited Testing Showed Taxpayers May Not Receive the Service They Expect When Calling the IRS Toll-Free Telephone Lines

(2025-IE-R007)

Similar to the 2023 Filing Season, former Treasury Secretary Janet Yellen set expectations for the IRS to provide an average level of service of 85 percent, reduce the average caller wait time to 5 minutes or less, and provide nearly all callers with the ability to take advantage of a callback option in Filing Season 2024. We previously reported that improvements were needed to ensure that taxpayers receive quality service when obtaining assistance through IRS telephone lines.<sup>3</sup>

For the 2024 Filing Season, the IRS reported an average level of service of 87.6 percent and an average wait time of 3.4 minutes, both of which met the former Secretary’s expectations. However, we identified telephone lines with the same issues we previously identified.

We tested 103 IRS telephone lines, making a total of 412 test calls from February 2024 to April 2024. We found that corrective actions had not been taken or were not effective for two of the recommendations from our previous report. While IRS records indicated all IRS telephone lines would hear tax scam and identity theft information while on hold, TIGTA observed that some telephone lines still did not have the required tax scam information. In response to another recommendation, to hear recorded messages in Spanish on all customer service lines, the IRS requested an extension to implement this recommendation. Figure 2 summarizes the issues identified when our evaluators called the 103 telephone lines.

Figure 2: Issues Identified When Calling IRS Telephone Lines



Source: TIGTA evaluator experience when calling 103 IRS telephone lines.

Further, we noted that disconnected calls (instances where the IRS terminates a call before talking to a taxpayer) continue to be a problem.

We made five recommendations, and the IRS agreed to all of them. We recommended that the IRS ensure that all telephone lines provide information regarding identity theft and tax scams and provide a Spanish language option. Additionally, the IRS should conduct an analysis of the disconnects and provide more context regarding the customer callback feature in public communications.

3 TIGTA, Report No. 2024-IE-R001, [Actions Are Needed to Improve the Quality of Customer Service in Telephone Operations](#) (November 2023).

## Improvements Are Needed to Ensure That Taxpayers Are Receiving a Quality Experience When Visiting a Taxpayer Assistance Center

(2025-IE-R010)

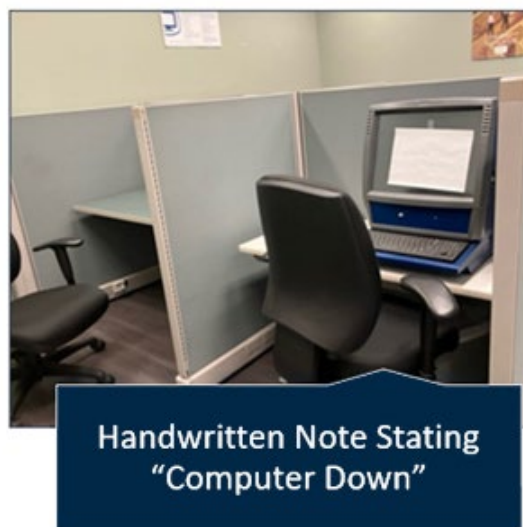
In April 2023, the IRS issued a SOP that detailed the agency's plans to transform tax administration using IRA funds. One of the plan's objectives is to improve the availability and accessibility of customer service, with a goal of taxpayers being able to receive on-demand customer service or schedule service ahead of time.

In July 2023, we issued a report with the results of our evaluation of the TACs during the 2023 Filing Season.<sup>4</sup> We noted that taxpayers seeking face-to-face assistance may experience difficulty obtaining contact information about TACs, e.g., office addresses, hours of operation, and services provided.

In our 2024 evaluation, we conducted unannounced site visits to 85 TACs at the start of the 2024 Filing Season. Our site visits identified unclear hours of operation, security guards impeding taxpayers' ability to speak with IRS employees, and inconsistencies with types of assistance being provided.

We also found that TAC telephone lines provided only basic information regarding TAC addresses. Further, 40 (42 percent) of 95 facilitated self-assistance kiosks were not operable, and some had not been working for over a year. These kiosks enable taxpayers to self-serve by offering access to IRS e-services, such as filing tax returns, making non-cash payments, and obtaining transcripts or access to forms and publications.

We made eight recommendations, and the IRS agreed with all of them.



Source: Photos taken by TIGTA evaluators during TAC visits. Images reflect IRS facilitated self-service kiosks at TACs.

4 TIGTA, Report No. 2023-IE-R006, [Actions Are Needed to Address Inaccurate, Incomplete, and Inconsistent Taxpayer Assistance Center Information Provided to Taxpayers](#) (July 2023).

## IRA: Progress is Being Made to Improve Content of and Expand Digital Delivery and Response Options for Taxpayer Notices

(2025-408-010)

In early 2024, the IRS prioritized making individual notices available via online accounts. As of October 2024, the IRS made 234 notices available via online accounts and expected to add 20 notices by the end of December 2024, exceeding its original 90-notice goal.

In addition, the IRS redesigned 141 notices, or 71 percent, of its 200-notice goal as of October 2024 and expected to have 231 notices redesigned by December 2024. Our review of 25 redesigned notices determined that they generally were shorter, easier to read, and, when relevant, included Quick-Response codes.

The IRS also expanded the Document Upload Tool in September 2023 to enable taxpayers to respond to all eligible notices online. As of early October 2024, the IRS received more than 237,000 responses to notices through this tool.

Additionally, the IRS is redesigning notices in English and in Spanish, if a Spanish version of the notice exists.

Finally, the IRS is continuing to take steps to protect taxpayers' data by using barcodes to identify taxpayers. As of May 2024, IRS management stated that Social Security Numbers (SSN) have been removed or masked,

where necessary, on all individual notices and barcodes applied in their place when applicable. The IRS planned to deploy similar protections for Employer Identification Numbers for most business notices in January 2025.

We did not make any recommendations in this report.

## Contract Performance Oversight and Compliance With Expenditure Restrictions Need Improvement

(2025-208-008)

The IRA designated \$4.8 billion for business systems modernization (BSM). We selected a sample of IRS legacy systems and requested that the IRS provide the associated contracts so we could track the IRS's IRA BSM spending. The IRS was unable to locate the contracts.

In addition, financial controls over IRA BSM spending are ineffective. We analyzed contract line-item spending in IRA BSM information technology contracts and determined that the IRS inappropriately spent \$4.6 million of IRA BSM funding to operate and maintain 3 legacy systems. Based on these results, we estimated that the IRS inappropriately spent approximately \$21 million of IRA BSM funding to operate and maintain 14 legacy systems.

We made six recommendations in this report, and the IRS agreed with all of them.

Figure 3: Money Appropriated for BSM Inappropriately Spent

**\$4.8B**

Designated for **business systems modernization**



An estimated

**\$21M**

Inappropriately spent on **14 legacy systems**

## The Unanticipated Large Number of Taxpayers Created Safety and Security Challenges at Some Taxpayer Assistance Center Saturday Help Events

(2025-IE-R013)

TACs provide face-to-face assistance to taxpayers. Most TACs are open Monday through Friday and operate by appointment only with exceptions for walk-in visitors based on availability. However, in 2024, the IRS offered taxpayers face-to-face service without an appointment at select TACs for one Saturday a month (in February, March, April, and May).

We made 33 unannounced visits to TACs hosting Saturday events. We found that while the IRS took steps to prepare for these events, unanticipated demand created long wait times for taxpayers. Demand was partly driven by a lack of appointments during the week and in-person identity verification requirements. This was the result of the IRS's response to tax schemes circulating through social media promising large refunds, where the IRS sent notifications to taxpayers requiring them to visit a TAC site for an in-person identity verification. Taxpayers had the option to verify their identity during normal business hours. However, our testing found that many locations were almost booked to the maximum 60 days for appointments. Thus, taxpayers may have relied upon Saturday Help events to get quicker service. For example, at the TAC in Atlanta, Georgia, taxpayers formed a line nearly half a mile long outside the building, with some having been there since 4 a.m.

At some TACs, taxpayers and IRS employees faced increased safety and security risks when the crowd became unruly. For example, the IRS closed the TAC early in Houston, Texas, after a fight occurred. After we alerted the IRS of our safety concerns, they increased security in other locations.

The IRS also canceled 14 Saturday help events. Most of these events were canceled due to lack of staffing and sometimes with short notice. For example, the IRS canceled the event in York, Pennsylvania, with eight days' notice because it did not have enough staff volunteers to work weekend hours.



Source: Photos taken by TIGTA evaluators. Images show a line of taxpayers outside the Peachtree Summit Federal Building in Atlanta, Georgia, on April 13, 2024, Taxpayer Experience Day.



We made five recommendations, and the IRS agreed with all of them. We recommended that the IRS ensure that all telephone lines provide information regarding identity theft and tax scams and provide a Spanish language option. Additionally, the IRS should conduct an analysis of the disconnects and provide more context regarding the customer callback feature in public communications.

## **Inflation Reduction Act: Assessment of the IRS's 2024 Annual Update to Its Strategic Operating Plan**

**(2025-IE-R011)**

In April 2023, the IRS issued an SOP that identified opportunities to transform the taxpayer experience using IRA funding. To implement the SOP, the IRS established the Transformation and Strategy Office (TSO). In May 2024, the IRS issued an update to the SOP, which refined its transformation vision and provided priorities based on objectives established in the original SOP.

We found that the IRS changed the focus of its transformation efforts from those in the original SOP. Additionally, the IRS developed an implementation roadmap, which expanded and refined the outcomes and results for Calendar Years 2023 through 2026.

While the TSO retains responsibility for oversight and establishing the IRS's strategic direction, the responsibility for executing the transformation projects and delivering the roadmap shifted from the TSO to the IRS operating divisions.<sup>5</sup> With the new structure, transformation leads within the TSO are working with operating divisions to ensure progress. The new governance structure includes portfolio reviews led by the TSO, five steering committees led by each of the IRS's operating divisions, and an advisory committee led by the IRS Commissioner.

We found that the roadmap and governance structure continue to provide a framework for how the IRS plans to transform tax administration.

We made no recommendations in this report.

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<sup>5</sup> The IRS announced it was standing down the TSO on March 28 2025.

# 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. We provide recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. Our comprehensive and independent performance 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 from Congress, the Secretary of the Treasury, the IRS Commissioner, and other interested parties.

The following summaries highlight significant audits completed during this 6-month reporting period.

## Fiscal Year 2025 Biannual Independent Assessment of Private Collection Agency Performance (2025-300-004)

TIGTA reviewed the IRS's oversight of private debt collection companies, which are contracted to collect taxes on cases involving inactive tax receivables. Our review of a random sample of telephone call recordings from all three PCAs found that assistors generally adhered to guidelines and provided quality service to taxpayers achieving an overall accuracy rate of 97.8 percent compliance. The IRS also conducted operational reviews of the PCAs and made numerous recommendations, nearly all of which were implemented timely.

The IRS mandates background checks for all PCA employees working on taxpayer accounts. Before their background checks are completed, the IRS can grant interim access to Personally Identifiable Information such as taxpayer's names and SSNs provided PCA employees pass prescreening checks. Our review found that some PCA employees may have retained access to sensitive information after security concerns were identified in their background investigation. In addition, our review found some instances where PCAs potentially violated the Fair Debt Collection Practices Act<sup>6</sup> for disclosing tax debt information to unauthorized third parties.

We made five recommendations, all of which the IRS agreed with.

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6 15 U.S.C. §§ 1601 note, 1692-1692p.

## The IRS Lacks Authority to Independently Verify that Low Income Taxpayer Clinic Grant Recipients are Meeting Eligibility Requirements

(2025-100-005)

The IRS's National Taxpayer Advocate (NTA) provides grants to non-profit organizations to operate Low Income Taxpayer Clinics (LITC), to help impoverished taxpayers with tax issues. TIGTA's review found several concerns with the effectiveness of the NTA's oversight of the LITC grant program, which is handled through its LITC Program Office. Specifically, the Program Office is limited in its oversight and validation of LITC-provided information due to Department of the Treasury regulations. Therefore, NTA program managers cannot independently verify that at least 90 percent of the taxpayers represented by the LITCs meet the poverty level restrictions. We also found that the Program Office lacks the ability to independently validate information provided by LITC clinics in their applications for funding.

We made three recommendations, to which the IRS agreed.

## The Tax Offset Program Continues to Allow Millions of Dollars to be Erroneously Refunded to Taxpayers

(2025-400-002)

The I.R.C. allows, and IRS procedures require, a taxpayer's overpayment to be offset to any outstanding federal tax debt, nontax child support, or nontax federal agency obligations (e.g., federal student loans, state income tax obligations, or Unemployment Compensation debts) prior to issuing a refund or crediting a future tax period<sup>7</sup>.

TIGTA found 4,519 individual and business tax accounts with overpayments totaling \$78.6 million for which overpayments were not applied to outstanding tax debt due to procedural and computer programming errors. We also identified 11,206 individual taxpayers who were issued more than \$9.1 million in refunds since Calendar Year 2017 that should have been offset to outstanding sole proprietorship tax debt.

Our review identified 169 individual taxpayers and 53 business taxpayers that were issued more than \$8.4 million in refunds since Calendar Year 2017, that should have been applied to an associated outstanding tax liability on the Automated Non-Master File. According to the IRS, overpayments were not applied to outstanding tax debt due to IRS employees manually issuing the refund causing the offset program to be bypassed. We also identified more than \$357.9 million in outstanding Non-Master File tax debt that was not protected from erroneous refunding. Finally, taxpayers were not notified of erroneous offsets to outstanding Limited Liability Company tax debt.

We made 11 recommendations, and the IRS agreed with all of them.

<sup>7</sup> I.R.C. §§ 6402(a), (c), (d), (e), and (f).



## Assessment of Tax Refund-Related Products

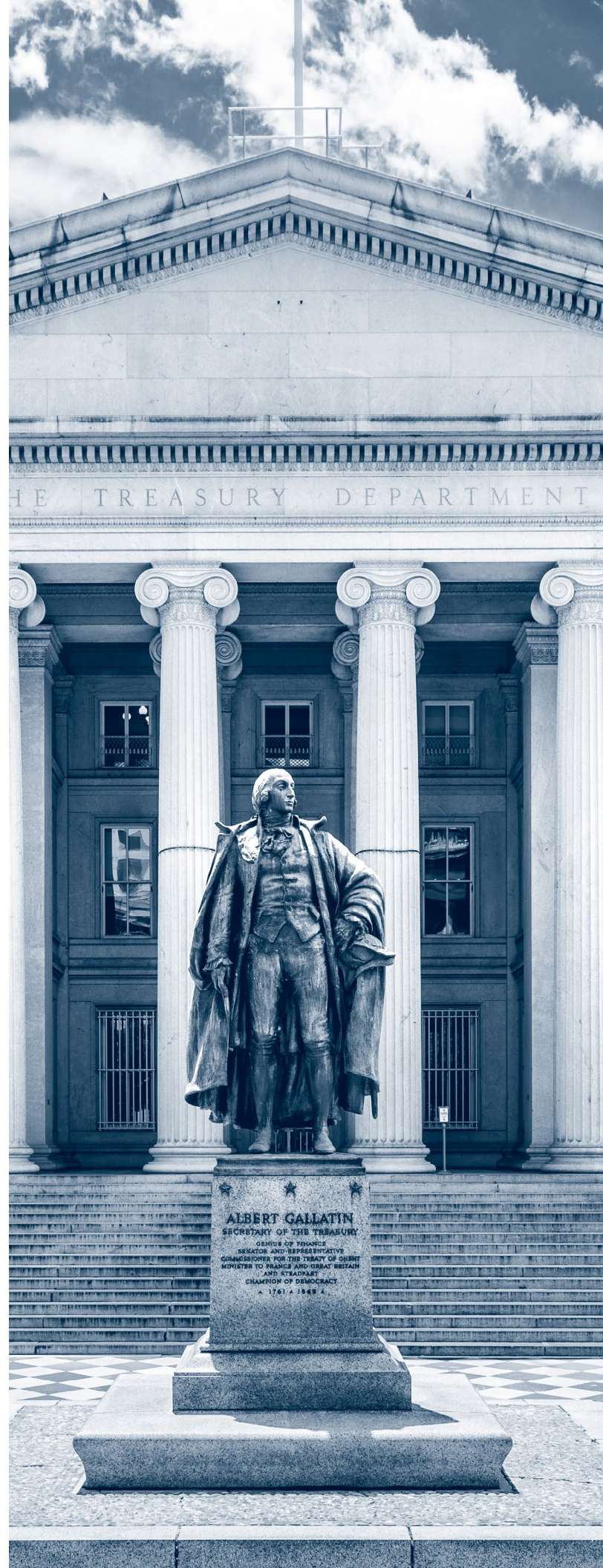
(2025-4S0-003)

At the request of the Senate Appropriations Committee, we assessed refund anticipation checks (RACs) and refund anticipation loans (RALs). These are financial products available to taxpayers expecting refunds. We also assessed the public-facing disclosures of the fees for these products.

Nearly 22 million of the 138 million (16 percent) e-filed Tax Year 2023 returns used a RAC or RAL. 96 percent of these returns used a RAC. According to our estimate, these taxpayers paid over \$842 million in fees. However, the cost of RALs is unknown because the IRS does not capture the portion of the taxpayer's refund that is subject to the loan and the associated terms.

We found 7 tax return preparer companies accounted for 77 percent of the total refund products used for Tax Year 2023. We reviewed the websites of the top seven providers of refund products to review their fee disclosures and found that while these providers are largely compliant with applicable guidance, not all information was clearly available to consumers.

Although the IRS offers suggested practices to providers through some of its publications, it does not provide oversight of tax refund-related products. Therefore, we recommended that the IRS consider updating its website to educate taxpayers about the fees and potential costs of using refund products.





# Assess Emerging Issues Impacting America's Tax System

TIGTA's Office of Inspections and Evaluations provides focused and expedited oversight to quickly assess emerging issues impacting tax administration and IRS operations.

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 government-wide or multi-agency issues; and
- Develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

The following summaries highlight significant evaluations completed during this six-month reporting period.

## Actions Were Not Taken to Timely Strengthen Practitioner Priority Service Telephone Line Authentication Controls

**(2025-IE-R001)**

The IRS has a Cybersecurity Fraud and Analytics (CFAM) group dedicated to detecting and preventing identity theft and other tax-related frauds. In May 2023, the CFAM group referred an impersonation scheme to TIGTA's Office of Investigations and IRS Criminal Investigation. The scheme involved individuals calling the IRS's Practitioner Priority Service (PPS) telephone line to commit fraud. The PPS is a dedicated telephone line for preparers to obtain tax assistance for their clients. In August 2023, TIGTA Investigations confirmed the scheme and issued a security alert to IRS's Director, Cybersecurity Operations.

Despite this alert, the IRS's actions were ineffective at stopping the fraud scheme. IRS officials reported that from August 2023 through April 2024, fraudsters were able to file 4,828 tax returns and claim nearly \$462 million in refunds. While the IRS was able to detect and stop most of these returns, the IRS did not stop 574 returns totaling more than \$47 million.

The IRS was slow to stop the PPS fraud despite other IRS offices identifying this fraud as far back as August 2021. As a result, the IRS did not put an adequate authentication control in place to combat identity theft and protect

taxpayers' personal information involving the PPS line until April 2024.

We made four recommendations, and the IRS agreed with three of the four and partially agreed with one recommendation.

## Improved Secure Document Safeguarding and Destruction Procedures Are Needed

**(2025-IE-R005)**

The IRS receives and creates a significant number of sensitive documents and is responsible for protecting these documents from receipt to disposal. We found that improved IRS management oversight is needed to ensure that sensitive documents are properly safeguarded prior to destruction and that they are destroyed in a secure manner.

We also found that the IRS has not established or communicated to personnel at its various facilities the standard operating procedures for sensitive document destruction to ensure uniformity and consistency. IRS officials also did not know what specific sensitive document destruction procedures were used at 110 of its facilities.

In addition, the IRS did not maintain secure bins as required for sensitive documents waiting to be destroyed. For example, the IRS used open containers and bins with disposal slots that have been altered or were in poor condition, allowing access to discarded sensitive documents. Further, the IRS no longer performs on-site inspections at facilities where sensitive documents are brought for destruction to ensure proper disposal.

We made 12 recommendations, the IRS agreed with 7 and agreed in principle with 5 recommendations.

## Governance Efforts Should Be Accelerated To Ensure the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence

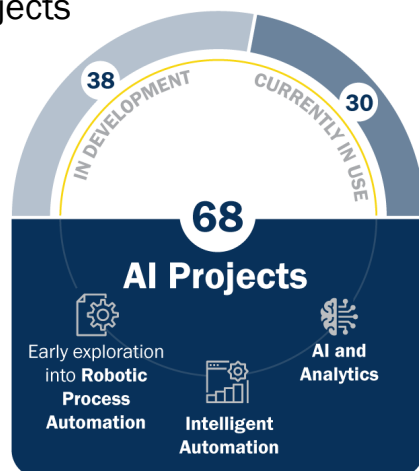
**(2025-IE-R003)**

The use of AI has the potential to improve everyday operations of the IRS, as well as create operational efficiencies and more effective ways to deliver tax administration. However, the IRS must be diligent in its use of AI to ensure that taxpayer rights are adequately protected.



Source: Photos taken by TIGTA evaluators during TIGTA's visit to an IRS facility in Andover, Massachusetts. The photos show examples of sensitive documents combined with regular trash.

Figure 4: IRS AI Projects  
Currently in Use or  
Development



#### AI Projects Focusing on:

- Improving customer service;
- Enforcement; and
- Operations.



High volume, labor-intensive repeatable tasks.



Imitates human learning actions to perform automated tasks used in chatbots and natural language processing.



Used to help identify suspicious patterns of activities for use in identifying large partnerships for audit.

Our evaluation found that the IRS has been leveraging AI-related technology for several years. As of February 2024, the IRS reported 68 projects that use AI. Figure 4 shows projects in use and in development. The projects focus on improving customer service, enforcement, and operations.

In addition, we found that the IRS needs to accelerate the implementation of governance and oversight structures to ensure accountability and the responsible use of AI in the programs and processes the agency develops. The IRS has taken the initiative to stand up a new organization to govern its AI projects and designated its Chief Data and Analytics Officer as the official responsible for monitoring and overseeing AI at the IRS.

Although the IRS had a process to track and report its inventory of AI projects as required, we found that the reporting was inconsistent due to evolving guidance and efforts to interpret such guidance. As such, we could not independently verify the IRS's reported AI project inventory during our evaluation.

We made two recommendations, and the IRS agreed with both.

### A Computer Programming Change Is Needed to Delay the Erroneous Issuance of Refunds Based on Dishonored Checks (2025-IE-R008)

From January 2023 through March 2024, the IRS processed over 1.5 million dishonored (or bounced) checks submitted as subsequent payments (e.g., payments received after a return is filed) totaling nearly \$4.7 billion.

The IRS does not have a computer program that sufficiently delays refund issuance to allow it to receive dishonored check information from financial institutions. Therefore, the IRS is at risk of generating millions of dollars in erroneous refunds.

We identified 7,765 individual taxpayers who may have received approximately \$43.7 million in erroneous refunds based on dishonored checks that posted to their tax accounts from January 2023 through March 2024.

We recommended the IRS ensure a computer programming change is completed to delay these types of refunds for two cycles to provide the IRS time to receive dishonored check information from financial institutions. The IRS agreed with this recommendation.

# Protect the Integrity of Tax Administration

TIGTA is statutorily mandated to protect the integrity of federal tax administration. We accomplish this mission through the investigative work conducted by the Office of Investigations. Through its investigative programs, we protect 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.

## The Performance Model

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



### Employee integrity

### Employee and infrastructure security

### External attempts to corrupt tax administration

IRS employee misconduct undermines the IRS's ability to deliver taxpayer services, to enforce tax laws effectively, and to collect taxes owed to the federal government. External threats against the IRS impede its ability to carry out its role as the nation's revenue collector fairly, efficiently, and safely. 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 allegations of violations in these areas and refers the findings to the U.S. Department of Justice or to state authorities for prosecution. We also refer allegations of violations involving IRS employee misconduct to IRS management.

In each of the following performance areas, we highlight case examples from the current reporting period.<sup>8</sup> For additional details about the highlighted cases, visit the [TIGTA Investigative Activities](#) web page.

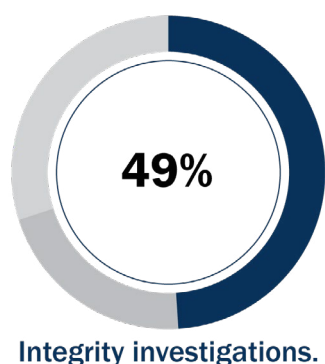
<sup>8</sup> Facts in the summarized case narratives come from court documents of the jurisdictions named.



## Performance Area: Addressing Employee Misconduct

For our 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 49 percent of our work. We conducted 463 employee misconduct investigations that were referred to the IRS for action. The IRS took action, up to and including termination, on 421 investigations and closed 42 without action.



As part of our employee integrity focus, we also conduct proactive investigative initiatives to detect misconduct in the administration of IRS programs. During this reporting period, we initiated six projects to detect systemic weaknesses or potential IRS program vulnerabilities. Our most successful integrity

project detects IRS employees who abuse their access to taxpayer information.

The following cases represent our efforts to address employee misconduct during this 6-month reporting period.

### IRS Employee Pled Guilty to Misrepresentations to IRS

In November 2024, IRS employee Tremayne Matthews pled guilty to a scheme to conceal material facts in an effort to cover-up his lack of suitability for federal employment, repeatedly submitting documents containing false information to the IRS and other federal agencies.

Matthews submitted more than 200 applications for employment with the U.S. government containing false and fraudulent statements and representations. Instead of listing accurate information, Matthews copied and pasted the work history section from a resume belonging to a former co-worker.

On the basis of these material misrepresentations in his resume, the IRS hired Matthews as an audiovisual production specialist, earning a salary of \$112,930.

The Food and Drug Administration (FDA) had issued a proposed removal and Matthews had resigned in lieu of being terminated. Matthews subsequently was hired by the IRS using the same fabricated resume he had used to apply to the FDA. The IRS requested the Office of Personnel Management (OPM) investigate to determine Matthews's suitability for employment with the IRS. In Matthews's response to OPM he provided forged affidavits and emails.

## IRS Employee Pled Guilty for His Role in Defrauding the Department of Veterans Affairs Out of \$130,428

In February 2025, Rafael Castro waived indictment and pled guilty to an information charging him with wire fraud. The plea was part of a package disposition along with a guilty plea from his co-defendant.

Castro applied to receive benefits from a Department of Veterans Affairs-administered care giver program in February 2016. This program was created to give support to caregivers who assist injured veterans. Castro claimed he needed daily assistance with dressing and undressing himself, personal hygiene, and grooming. As a result of Castro's statements, he was awarded assistance that paid the primary caregiver (Castro's spouse) an amount equivalent to 40 hours per week for a full-time home health aide. During periodic assessments Castro falsely made or endorsed at least six statements between September 2018 and April 2023, indicating he was unemployed.

However, Castro worked full time starting July 2015, including as an IRS contract specialist from June 2023 to April 2024. From June to December 2023 Castro worked 80 hours every 2 weeks. Almost every Tuesday Castro worked at the IRS San Marcos office. From December 2023 to January 2024, Castro drove to the IRS San Marcos office, walked from his parking spot to the building, and walked around the IRS building without any assistance. Based on Castro's scheme, the VA deposited monthly payments in his spouse's bank account totaling \$130,428 in caregiver benefits.

## IRS Employee Indicted for Her Role in CARES Act Fraud

In December 2024, Mykeisha Smith was indicted on one count of wire fraud related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Smith worked at the IRS, most recently as a tax examining technician. As an IRS employee, Smith was generally prohibited from receiving compensation for the preparation of taxes.

Smith prepared tax returns for compensation using the business name, "Smith Tax Empire." She held herself out as an individual who could prepare Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP) loan applications for other individuals for pay and charged success fees of between \$1,500 and \$4,000 per loan or EIDL advance. She would promote the EIDL and PPP loan programs to individuals regardless of whether the individuals actually owned a small business. Smith prepared and filed EIDL and PPP loan applications on behalf of other individuals, which were false and fraudulent. Additionally, Smith encouraged her tax clients to allow her to apply for EIDL and PPP loans for them and would over-inflate the total amount of gross income and revenues claimed in the loan applications. Smith applied for at least 25 PPP loans and 60 EIDLs on behalf of herself and other individuals seeking over \$1.7 million.

## Performance Area: Employee and Infrastructure Security

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.

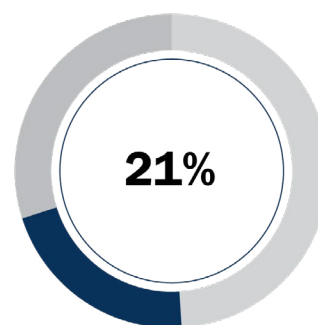
TIGTA receives referrals of all reports of threats, assaults, and forcible interference against IRS employees while performing their official duties. We also pursue, investigate, and mitigate emerging threats to the IRS's ability to conduct federal tax administration in cyberspace.

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 tax administration functions. During this 6-month reporting period, we provided 14 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. We also provide 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.

Investigative information sharing between TIGTA Investigations and the IRS's Office of Employee Protection to identify "potentially dangerous" taxpayers is one example of our commitment to protecting IRS employees. Taxpayers who meet certain IRS criteria receive a designation as potentially dangerous. Five years after this designation has been made, we conduct a follow-up assessment of the taxpayer so that the IRS can determine if the taxpayer still presents a potential danger to IRS employees.

During this reporting period, employee and infrastructure security investigations accounted for 21 percent of our work.



**Threat/assault investigations.**

The following case represents TIGTA's efforts to ensure the safety of IRS employees during this 6-month reporting period.

## Man Sentenced to 21 Months in Prison for Threatening to Kill an Internal Revenue Service Employee

In October 2024, Jamel Jackson was sentenced to 21 months imprisonment and 3 years of supervised release after he pled guilty to threat to assault and murder a U.S. official.

Jackson entered an IRS TAC and an IRS employee was assigned to assist Jackson with a tax issue. The IRS employee requested Jackson produce certain documents for verification and informed him that he was not permitted to use his cellphone. Jackson then slammed his backpack on the IRS employee's desk and shouted, "I will snap your neck! I kill people! I'm on trial for killing people!" Jackson stood up, grabbed the divider that separated Jackson from the IRS employee, and began violently shaking it. Jackson threatened that he would move the glass and come over the desk for the IRS employee. A security officer escorted Jackson out of the building.

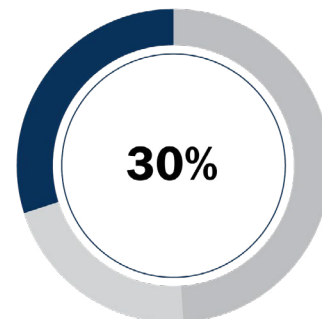
Jackson returned to the TAC for a scheduled appointment. When Jackson learned that a stimulus check intended for him had been sent to the wrong address, he stated, "I'm gonna get back in prison mode." After the IRS employee informed Jackson that it could take six weeks before he received a stimulus check at his correct address, Jackson shouted, "I will literally do life in jail for my money! Do you understand that?" and "In six weeks...when I come back, I'm trying to find out where is my money. After that, I'm coming off my hip! You understand?!"

## Performance Area: External Attempts to Corrupt Tax Administration

We investigate external attempts to corrupt or impede tax administration. Individuals may attempt to corrupt or impede tax administration in many ways. They may impersonate IRS employees or misuse IRS seals and symbols; use fraudulent IRS documentation to perpetrate criminal activity; offer bribes to IRS employees to influence their tax cases; commit fraud in contracts the IRS awards to contractors; or commit cybercrimes through the misuse of IRS portals.

In addition, we investigate corruption and criminal activity involving the theft of U.S. Treasury checks, which can include Social Security benefits, pandemic stimulus checks, and tax refunds.

During this reporting period, investigations into attempts to corrupt or impede tax administration accounted for 30 percent of our work.



**Attempts to corrupt or impede tax administration.**

The following cases represent the efforts to address external attempts to corrupt or impede tax administration during this 6-month reporting period.



## Michigan Man Sentenced in Employee Retention Tax Credit Scheme

In November 2024, Michael Currie was sentenced to 41 months imprisonment, 3 years of supervised release, and ordered to pay \$1,811,471 in restitution, jointly and severally, after pleading guilty to conspiracy to commit mail & wire fraud for his role in unlawfully diverting Employee Retention Tax Credit (ERC) funds.

The CARES Act provided for, in part, the ERC that was designed to encourage eligible employers to keep employees on their payroll, despite experiencing an economic hardship related to COVID-19.

According to the court documents, beginning as early as September 2021, and continuing to at least December 2021, Currie unlawfully diverted ERC U.S. Treasury Checks from the United States Mail that had been disbursed to legitimate businesses by the IRS. Currie then recruited others to open bank accounts to negotiate the checks. They then altered the “payee” line and forged the signature of a legitimate business owner to facilitate the check negotiation.

In one instance, Currie diverted an ERC check for \$1,504,164. Currie then obtained an Employer Identification Number (EIN) from the IRS via the IRS Modernized Internet EIN portal and used the EIN to open a business bank account in the name of the company on the diverted ERC check, where Currie deposited the diverted ERC check.

## Louisiana Man Pled Guilty to Conspiracy to Launder Money and Obstructing the Administration of the Internal Revenue Laws

In January 2025, Damian Raby, pled guilty to one count of conspiracy to launder money, and one count of obstructing the due administration of the internal revenue laws.

According to court documents, Raby was a business owner and purported to offer a variety of services, such as tax preparation assistance, and obtaining business financing and loans. From about August 2022 until about April 2023, Raby prepared and filed tax forms with the IRS, asking the IRS to assign EIN’s to fraudulent businesses, knowing that he would be required to provide EINs on the fraudulent ERC applications he intended to file. Raby filed tax forms fraudulently claiming the ERC on behalf of numerous businesses purportedly located in the Baton Rouge area, that either did not exist during the COVID-19 pandemic or that did not have any legitimate business activity prior to the pandemic.

By filing the fraudulent forms, Raby would cause the IRS to issue tax refund checks and mail the checks to addresses that Raby controlled. In total, Raby filed false and fraudulent applications on behalf of dozens of businesses. Based on these claims, the IRS issued and mailed approximately 33 checks, totaling approximately \$4.4 million.

## Missouri Woman Indicted for Her Role in U.S. Treasury Check Fraud

In November 2024, Briauna Adams was indicted on three counts of wire fraud, two counts of money laundering, one count of bank fraud, and one count of aggravated identity theft. Her indictment was related to a scheme to use stolen identities to deposit fraudulent U.S. Treasury checks.

According to court documents, Adams used a stolen identity to open a bank account. Approximately two hours after the account was open, Adams deposited a stolen U.S. Treasury check in the amount of \$10,590. A Louisiana woman told investigators she had been expecting a check from the IRS and had been a recent victim of identity theft.

Adams also deposited a fraudulent U.S. Treasury check in the amount of \$450,504 into an investment account she had opened. Adams transferred \$12,000 from the account to 2 personal bank accounts. Hours after both transfers were complete, the bank received notification that the U.S. Treasury check Adams deposited was fraudulent. Additionally, Adams deposited a U.S. Treasury check worth \$1,445,443 into another investment account. Over the next two days, Adams accessed the account online nine times.

# Investigations Statistical Reports

## Significant Investigative Achievements

Complaints/Allegations Received by TIGTA	
Complaints Against IRS Employees	1,298
Complaints Against Non-IRS Employees	1,213
Total Complaints/Allegations	2,511
Status of Complaints/Allegations Received by TIGTA	
Investigations Initiated	369
In Process Within TIGTA <sup>9</sup>	403
Referred to IRS for Action	678
Referred to IRS for Information Only	90
Referred to a Non-IRS Entity <sup>10</sup>	0
Closed With No Referral	462
Closed Associated With Prior Investigation	261
Closed With All Actions Completed	248
Total Complaints/Allegations	2,511
Investigations Opened and Closed	
Total Investigations Opened	737
Total Investigations Closed	718
Financial Accomplishments	
Embezzlement/Theft Funds Recovered	\$82,088,977
Contract Fraud and Overpayments Recovered	0
Court-Ordered Fines, Penalties, and Restitution	\$207,090,333
Out-of-Court Settlements	0
Potentially Compromised by Bribery	\$113,989
Tax Liability of Taxpayers Who Threaten and/or Assault IRS Employees	\$9,448,299
IRS Assets and Resources Protected Against Malicious Loss	\$120,883
Total Financial Accomplishments	\$298,862,482

<sup>9</sup> Complaints for which final determination had not been made at the end of the reporting period.

<sup>10</sup> A non-IRS entity includes other law enforcement entities or federal agencies.

## Summary of Investigative Reports and Criminal Referrals

Criminal Referral Breakdown	
Number of Investigative Reports Issued	
Referred to the Department of Justice for Criminal Prosecution	390
Referred to State/Local Prosecuting Authorities	32
Total Complaints/Allegations	
Indictments	79
Criminal Informations	28

Source: TIGTA Investigations Criminal Results Management System.

## Summary of Activity Relating to Complaints of Human Trafficking

Activity Relating to Complaints of Human Trafficking	
Number of Suspected Violations Reported	0
Number of Investigations	0
Status of Investigations	N/A
Outcome of Investigations	N/A

Source: TIGTA Investigations 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 of whistleblower retaliation.

## Suspension and Debarment

The following table represents the number of cases TIGTA has referred to Treasury's Office of Procurement Executive, who is the Department's Suspension and Debarment Official. Cases are referred for potential suspension or debarment action, including any subsequent action taken by the Treasury Department, between October 1, 2024, and March 31, 2025.

### Summary of Suspension and Debarment Referrals

	Referred	Pending	Suspended	Debarred	Activity
Office of Investigations	2	2	0	0	0



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## Closed Investigations Involving IRS Senior Government Employees<sup>16</sup>

Detailed Description of the Facts and Circumstances of the Investigation	Disposition	Criminal Status	Date Referred	If Declined, Date of Declination
A senior government employee allegedly submitted false documents and failed to submit expenses for an employee.	Closed Without Action Letter	N/A	N/A	N/A
A senior government employee allegedly participated in bribery.	Closed To File, Never Referred	N/A	N/A	N/A
A senior government employee allegedly abused government time, funds, and consumed alcohol during business hours.	Closed Without Action Letter	N/A	N/A	N/A
A senior government employee allegedly failed to file a Public Financial Disclosure Report.	Resigned Before Adjudication	N/A	N/A	N/A
A senior government employee allegedly engaged in favoritism related to hiring and promotion.	Resigned Before Adjudication	N/A	N/A	N/A
A senior government employee allegedly engaged in favoritism related to hiring.	Admonished / Reprimanded	Declined	March 22, 2024	March 22, 2024
A senior government employee allegedly failed to take action to correct agency records.	Closed Without Action Letter	N/A	N/A	N/A

16 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. 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. § 405(a)(6). This table does not include investigations whose existence is protected from disclosure by I.R.C. § 6103.

# Reports with Unimplemented Corrective Actions

The Inspector General Act requires that we identify any recommendations described in previous semiannual reports, including the potential cost savings of those recommendations for which corrective actions have not been completed. The following is a list of audit and evaluation reports with unimplemented corrective actions. The list is based on information from the Department of the Treasury's Joint Audit Management Enterprise System. Click the link in the report number to obtain more details about the recommendations.

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## **Revising Tax Debt Identification Programming and Correcting Procedural Errors Could Improve the Tax Refund Offset Program**

Recommendation 1

[Rep. No. 2016-40-028](#); March 2016

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## **Active Directory Oversight Needs Improvement and Criminal Investigation Computer Rooms Lack Minimum Security Controls**

Recommendation 3

[Rep. No. 2018-20-034](#); June 2018

---

## **Improvements Are Needed to Ensure That Tax Accounts on the Automated Non-Master File Are Accurately Processed**

Recommendation 1

Recommendation 2—Potential Increased

Revenue: \$354,153

[Rep. No. 2017-40-037](#); May 2017

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## **Improvements Are Needed in the Withholding Compliance Program**

Recommendation 5

[Rep. No. 2018-30-072](#); September 2018

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## **Further Actions Are Needed to Reduce the Risk of Employment Tax Fraud to Businesses That Use the Services of Professional Employer Organizations**

Recommendation 3

[Rep. No. 2017-40-085](#); September 2017

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## **Additional Actions Are Needed to Reduce Alimony Reporting Discrepancies on Income Tax Returns**

Recommendations 2 and 3

[Rep. No. 2019-40-048](#); August 2019

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## **Actions Are Needed to Reduce the Risk of Fraudulent Use of Employer Identification Numbers and to Improve the Effectiveness of the Application Process**

Recommendations 3 and 9

[Rep. No. 2018-40-013](#); February 2018

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## **Additional Actions Are Needed to Further Reduce Undeliverable Mail**

Recommendations 1 and 2

[Rep. No. 2019-40-074](#); September 2019

---

**Improvements Are Needed to Ensure That Consistent Suitability Checks Are Performed for Participation in Internal Revenue Service Programs**

Recommendation 9

[Rep. No. 2020-40-005](#); November 2019

---

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

Recommendation 1

[Rep. No. 2020-30-066](#); September 2020

---

**Security Controls Over Electronic Crimes Labs Need Improvement**

Recommendations 1 and 3

[Rep. No. 2021-20-003](#); December 2020

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**Expansion of Self-Correction for Electronic Filers and Other Improvements Could Reduce Taxpayer Burden And Costs Associated With Tax Return Error Resolution**

Recommendation 6

[Rep. No. 2021-40-008](#); December 2020

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**\*\*\*\*\*Platform Management Needs Improvement<sup>17</sup>**

Recommendation 5

[Rep. No. 2021-20-063](#); September 2021

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**Increased Availability of Tax Resources and Information for Limited English Proficient and Visually Impaired Taxpayers Has Enhanced Assistance, but Additional Improvements Are Needed**

Recommendations 4, 6, 7, and 8

[Rep. No. 2022-40-008](#); December 2021

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**Centralized Partnership Audit Regime Rules Have Been Implemented; However, Initial No-Change Rates Are High and Measurable Goals Have Not Been Established**

Recommendation 3

[Rep. No. 2022-30-020](#); March 2022

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**Program and Organizational Changes Are Needed to Address the Continued Inadequate Tax Account Assistance Provided to Taxpayers**

Recommendations 11 and 18

[Rep. No. 2022-46-027](#); March 2022

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**Processing of Recovery Rebate Credit Claims During the 2021 Filing Season**

Recommendation 1

[Rep. No. 2022-46-032](#); May 2022

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**Fiscal Year 2022 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns**

Recommendation 2

[Rep. No. 2022-30-058](#); September 2022

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17 Redaction due to subject matter that might create a risk of circumvention of the law if publicly released.



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**Fiscal Year 2022 Statutory Review of Compliance With Legal Guidelines When Issuing Levies**

Recommendation 4

[Rep. No. 2022-30-061](#); September 2022

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**Additional Actions Are Needed to Improve and Secure the Income Verification Express Service Program**

Recommendation 8

[Rep. No. 2023-45-014](#); March 2023

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**Physical Security Controls at the**

\*\*\*\*\*<sup>18</sup>

Recommendations 1, 5, and 6

[Rep. No. 2023-IE-R001](#); October 2022

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**Actions Are Being Taken to Reduce Risks to Employees Whose Names Are Required to Be Included on Internal Revenue Service Correspondence**

Recommendations 1 and 2

[Rep. No. 2023-IE-R004](#); May 2023

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**Fiscal Year 2023 Biannual Independent Assessment of Private Collection Agency Performance**

Recommendation 2

[Rep. No. 2023-30-005](#); December 2022

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**Assessment of the Internal Revenue Service's Active Shooter Readiness and Training**

Recommendation 5

[Rep. No. 2023-IE-R005](#); May 2023

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**Opportunities Exist for the IRS to Develop a More Coordinated Approach to Examination Workplan Development and Resource Allocation**

Recommendations 2 and 4

[Rep. No. 2023-30-008](#); February 2023

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**Additional Actions Are Needed to Reduce Accounts Management Function Inventories to Below Pre-Pandemic Levels**

Recommendations 6, 8, and 10

[Rep. No. 2023-46-026](#); May 2023

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**Actions Have Been Taken to Implement Taxpayer First Act Provisions Related to the IRS Independent Office of Appeals; However, Some Improvements Are Still Needed**

Recommendation 1

[Rep. No. 2023-15-010](#); February 2023

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**Services to Underserved Communities Have Been Ongoing; However, an Agencywide Strategy Has Not Been Developed**

Recommendation 1

[Rep. No. 2023-15-027](#); May 2023

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<sup>18</sup> Redaction due to subject matter that might create a security risk if publicly released.

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**Plans Were Made to Implement the Taxpayer Experience Strategy, but Progress Is Not Monitored**

Recommendations 1 and 2  
[Rep. No. 2023-15-028](#); May 2023

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**Recurring Identification Is Needed to Ensure That Employers Full Pay the Deferred Social Security Tax**

Recommendation 2  
[Rep. No. 2023-46-030](#); May 2023

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**Opportunities Exist to Improve the Accuracy of Information in the Centralized Authorization File and Increase the Use of the Tax Pro Account System**

Recommendation 1  
[Rep. No. 2023-40-033](#); May 2023

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**Additional Actions Are Needed to Improve Data Collection and Analysis of Whistleblower Claims and Ensure Full Compliance With the Taxpayer First Act**

Recommendation 1  
[Rep. No. 2023-35-031](#); June 2023

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**Actions Have Been Taken to Improve the Privacy Program; However, Some Privacy Controls Have Not Been Fully Implemented and Assessed**

Recommendation 4  
[Rep. No. 2023-20-034](#); June 2023

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**American Rescue Plan Act: Continued Review of Premium Tax Credit Provisions**

Recommendations 1, 2, and 3  
[Rep. No. 2023-47-036](#); June 2023

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**Actions Are Needed to Address Inaccurate, Incomplete, and Inconsistent Taxpayer Assistance Center Information Provided to Taxpayers**

Recommendations 4 and 7  
[Rep. No. 2023-IE-R006](#); July 2023

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**Review of the IRS Independent Office of Appeals Collection Due Process Program**

Recommendation 1  
[Rep. No. 2023-10-038](#); July 2023

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**Expanded Use of Special Payment Incentives Could Help Improve Recruitment and Retention Efforts**

Recommendation 1  
[Rep. No. 2023-10-043](#); August 2023

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**Fiscal Year 2023 Statutory Review of Restrictions on Directly Contacting Represented Taxpayers**

Recommendation 5  
[Rep. No. 2023-30-051](#); August 2023

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**Review of the IRS's Process to Perform Mandatory Annual Examinations of Presidential Returns for Tax Years 2000 Through 2021**

Recommendations 1, 2, 4, and 5  
[Rep. No. 2023-IE-R011](#); September 2023

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**The Internal Revenue Service Has Experienced Challenges in Transitioning to Electronic Records**

Recommendations 1 and 2  
[Rep. No. 2023-10-050](#); September 2023

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### **The Enterprise Physical Access Control System Implementation and Physical Security Controls Need Improvement**

Recommendations 3 and 6

[Rep. No. 2023-20-062](#); September 2023

---

### **Fiscal Year 2023 Statutory Review of Compliance With Legal Guidelines When Issuing Levies**

Recommendations 4 and 6

[Rep. No. 2023-30-066](#); September 2023

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### **The Internal Revenue Service Is Not Fully Complying With the No TikTok on Government Devices Implementation Guidance**

Recommendations 3 and 6

[Rep. No. 2024-IE-R003](#); December 2023

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### **Improvements Are Needed to Ensure the Health and Safety of Employees at the C-site**

Recommendations 1, 5, 6, 11, and 16

[Rep. No. 2024-IE-R006](#); December 2023

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### **Administration of the Individual Taxpayer Identification Number Program**

Recommendations 1, 4, and 8

Recommendation 7 – Potential Funds Put to Better Use: \$8,114,040

[Rep. No. 2024-400-012](#); December 2023

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### **Interim Evaluation – Assessment of the IRS’s Comprehensive Facilities Security Review and Employee Safety and Security Measures**

Recommendations 1, 9, 11, 12, and 13

[Rep. No. 2024-IE-R004](#); January 2024

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### **Assessment of Processes to Grant Access to Sensitive Systems and to Safeguard Federal Tax Information**

Recommendation 1

[Rep. No. 2024-IE-R008](#); February 2024

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### **Additional Actions Need to Be Taken to Identify and Address Noncompliant Biofuel Tax Credit Claims**

Recommendation 4

[Rep. No. 2024-300-021](#); April 2024

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### **Taxpayer Assistance Centers Generally Provided Quality Service, but Additional Actions Are Needed to Reduce Taxpayer Burden**

Recommendation 1

[Rep. No. 2024-100-022](#); May 2024

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### **A Comprehensive Strategy Is Needed to Address the Significant Backlog of Adjustment Source Documentation Inventory**

Recommendations 3 and 6

[Rep. No. 2024-IE-R013](#); June 2024

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**Opportunities Exist to Improve Taxpayer Service to Underserved, Underrepresented, and Rural Communities**

Recommendations 1, 2, 3, 4 and 5  
[Rep. No. 2024-IE-R014](#); June 2024

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**Some Corrective Actions to Address Reported Information Technology Weaknesses Were Not Adequately Documented and Effectively Implemented**

Recommendation 3  
[Rep. No. 2024-200-025](#); June 2024

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**Improvements Are Needed to Effectively Provide Oversight and Management of the Interagency Agreement With the National Archives and Records Administration**

Recommendations 2 and 3  
[Rep. No. 2024-300-029](#); July 2024

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**Virtual Currency Tax Compliance Enforcement Can Be Improved**

Recommendations 1, 2, and 3  
[Rep. No. 2024-300-030](#); July 2024

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**Actions Have Been Taken to Improve Security Controls for the Planned Expanded Use of Login.gov; However, Additional Security Improvements Are Needed**

Recommendations 2 and 5  
[Rep. No. 2024-200-032](#); July 2024

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**Fiscal Year 2024 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures**

Recommendation 4  
[Rep. No. 2024-300-037](#); August 2024

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**The IRS Does Not Have Specific Plans to Replace and Decommission Legacy Systems**

Recommendation 1  
[Rep. No. 2024-200-038](#); August 2024

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**Improvements to the Tax Exempt Compliance Unit Could Reduce Mistakes and Unproductive Examination Referrals**

Recommendations 1, 3, 4, and 5  
[Rep. No. 2024-100-040](#); August 2024

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**Efforts to Oversee State Agency Access to Federal Tax Information Were Generally Successful; However, Some Improvements Are Needed**

Recommendations 1, 2, 3, 4, and 5  
[Rep. No. 2024-100-041](#); August 2024

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**The IRS Has Made Limited Progress Developing the Methodology to Comply With the Treasury Directive to Not Increase the Audit Rate for Taxpayers With Incomes Below \$400,000 Due to Planning and Implementation Challenges**

Recommendation 4  
[Rep. No. 2024-308-043](#); August 2024



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### **The IRS Faces Challenges to Address Tax Avoidance Strategies of Large Multinational Corporations**

Recommendation 1

[Rep. No. 2024-400-045](#); August 2024

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### **Additional Actions Are Needed to Clearly Inform Taxpayers in Federally Declared Disaster Areas of Balance Due Payment Postponement Timeframes**

Recommendation 1

[Rep. No. 2024-IE-R019](#); September 2024

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### **Compliance Data Warehouse Security Needs Improvement**

Recommendations 1, 3, and 5

[Rep. No. 2024-200-042](#); September 2024

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### **The Vulnerability Disclosure Policy Has Been Implemented; However, Actions Are Needed to Improve the Program**

Recommendation 1

[Rep. No. 2024-200-046](#); September 2024

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### **Improvements Are Needed in the Cloud Security Assessment, Approval, and Monitoring Process**

Recommendations 1, 2, and 5

[Rep. No. 2024-200-047](#); September 2024

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### **Actions Need to Be Taken to Improve the Data Loss Prevention Solution and Reduce the Risk of Data Exfiltration**

Recommendations 1, 2, and 3

[Rep. No. 2024-200-048](#); September 2024

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### **The Direct File Pilot Deployed Successfully; However, Security and Testing Improvements Are Needed**

Recommendation 4

[Rep. No. 2024-200-050](#); September 2024

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### **Fiscal Year 2024 Mandatory Review of Disclosure of Collection Activity With Respect to Joint Returns**

Recommendation 3

[Rep. No. 2024-300-051](#); September 2024

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### **Customer Satisfaction Survey Results Are Not Used Effectively to Improve Taxpayer Service**

Recommendations 1, 2, 3, 4, 5, 6, and 7

[Rep. No. 2024-100-053](#); September 2024

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### **Fiscal Year 2024 Mandatory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property**

Recommendations 4, 5, and 7

[Rep. No. 2024-300-054](#); September 2024

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### **Fiscal Year 2024 Statutory Review of Compliance With Legal Guidelines When Issuing Levies**

Recommendations 1, 2, 4, 5, 6, 7, and 9

[Rep. No. 2024-300-056](#); September 2024

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### **Security Vulnerability Management and Configuration Compliance of a General Support System and Major Application Need Improvement**

Recommendations 1, 2, 3, 5, and 6

[Rep. No. 2024-200-057](#); September 2024

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### **Review of the IRS Independent Office of Appeals Collection Due Process Program**

Recommendations 1, 2, and 4

[Rep. No. 2024-300-060](#); September 2024

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### **Fiscal Year 2024 Statutory Audit of Compliance With Legal Guidelines Restricting the Use of Records of Tax Enforcement Results**

Recommendations 1, 3, 5, and 6

[Rep. No. 2024-300-061](#); September 2024

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### **The Information Collected by Online Providers and Shared With Third Parties Is Not Clearly Disclosed to Taxpayers and Is Unknown to the IRS**

Recommendations 1, 2, and 3

[Rep. No. 2024-400-062](#); September 2024

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### **Former Contractor Employees Retained Access to IRS Facilities, Systems, and Equipment**

Recommendation 2

[Rep. No. 2024-100-063](#); September 2024

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### **The IRS Could Collect Over a Billion Dollars in Taxes From Unreported Wagering Income**

Recommendation 1—Potential Increased

Revenue: \$1,378,183,554

Recommendations 2, 4, and 5

[Rep. No. 2024-300-064](#); September 2024

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### **Millions of Taxpayers Took Early Retirement Distributions but Some Did Not Pay the Additional Tax, Claim an Exemption, or Report the Income**

Recommendation 1—Potential Increased

Revenue: \$1,610,336,480

[Rep. No. 2024-100-065](#); September 2024

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### **Inflation Reduction Act: Implementation of the Elective Payment and Transfer of Credit Provision**

Recommendation 1

[Rep. No. 2024-408-066](#); September 2024

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### **Improvements Are Needed to Ensure Oversight of and Increase Participation in the Free File Program**

Recommendations 1, 2, 3, 4, and 7

[Rep. No. 2024-400-067](#); September 2024

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### **Management Took Actions to Address Erroneous Employee Retention Credit Claims; However, Some Questionable Claims Still Need to Be Addressed**

Recommendation 1—Potential Funds Put to Better Use: \$19,087,019

Recommendation 2—Potential Funds Put to Better Use: \$1,772,359,718

Recommendation 3—Potential Funds Put to Better Use: \$94,302,374

[Rep. No. 2024-400-068](#); September 2024

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# Appendix I

## Other Required Reporting

The Inspector General Act requires Inspectors General to address the following matter.

Topic	Results for the Reporting Period Ending March 31, 2025
Interference/Access to Information	There were no attempts to interfere with TIGTA's independence, including: <ul style="list-style-type: none"><li>• budget constraints;</li><li>• incidents of resistance or objection to oversight activities; and/or</li><li>• restricted or significantly delayed access to information.</li></ul>
Disputed Recommendations	There were no instances in which significant recommendations were disputed.
Revised Management Decisions	The IRS issued no significant revised management decisions.
Management Decisions for Reports Issued in a Prior Reporting Period	TIGTA received no management decisions during the current reporting period for reports issued in a prior reporting period.
Reports Issued in the Prior Reporting Period With No Management Response	There were no reports from a prior reporting period for which TIGTA failed to receive a management response within 60 days of issuance.
Disclosure	No reports were closed and not disclosed to the public.
Review of Legislation and Regulations	TIGTA's Office of Chief Counsel reviewed 144 proposed regulations and legislative requests during the reporting period.

# Appendix II

## Statutory Reviews

The following table reflects TIGTA's FY 2025 statutory reviews

Reference to Statutory Coverage	Explanation of the Provision
<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.
Fieldwork currently in process.	
<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.
Fieldwork currently in process.	
<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.
Fieldwork currently in process.	
<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.
Fieldwork currently in process.	
<b>Levies</b> I.R.C. § 7803(d)(1)(A)(iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6330 regarding levies.
Fieldwork currently in process.	
<b>Collection Due Process</b> I.R.C. §§ 7803(d)(1)(A)(iii) and (iv)	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.
Fieldwork currently in process.	
<b>Seizures</b> I.R.C. § 7803(d)(1)(A)(iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6330 through 6344 when conducting seizures.
Fieldwork currently in process.	



<b>Taxpayer Designations–Illegal Tax Protester Designation and Similar Designations</b> I.R.C. § 7803(d)(1)(A)(v) Fieldwork currently in process.	Requires TIGTA to evaluate the IRS’s compliance with restrictions under RRA 98 § 3707 on designation of taxpayers.
<b>Disclosure of Collection Activity With Respect to Joint Returns</b> I.R.C. § 7803(d)(1)(B) (TIGTA requirement) I.R.C. § 6103(e)(8) (IRS requirement) Fieldwork currently in process.	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.
<b>Taxpayer Complaints</b> I.R.C. § 7803(d)(2)(A) Statistical results on the number of taxpayer complaints received are shown on <a href="#">page 22</a> .	Requires TIGTA to include in each Semiannual Report to Congress 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.
<b>Administrative or Civil Actions With Respect to the Tax Collection Practices Act of 1996</b> I.R.C. § 7803(d)(1)(G) I.R.C. § 6304 RRA 98 § 3466 Fieldwork currently in process.	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.
<b>Denials of Requests for Information</b> I.R.C. § 7803(d)(1)(F) I.R.C. § 7803(d)(3)(A) Fieldwork currently in process.	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).
<b>Improper Payments Elimination and Recovery Act of 2010</b> 31 U.S.C. § 3321 Fieldwork currently in process.	Requires TIGTA to assess the IRS’s compliance with improper payment requirements.
<b>Government Charge Card Abuse Prevention Act of 2012</b> Pub. L. No. 112-194, 126 Stat. 1445 (codified as amended at 5 U.S.C. § 5701 note, 10 U.S.C. § 2784, and 41 § U.S.C. 1909) <a href="#">Rep. No. 2025-1S0-011</a> ; Jan 2025 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 Chief Financial Officer’s Credit Card Services Branch were minimal.	Requires TIGTA to report on the IRS’s progress in implementing purchase and travel card audit recommendations.

<b>Biannual Independent Assessment of Private Collection Agency Performance</b>	Requires TIGTA to independently evaluate the performance of private collection agencies.
<p><a href="#">Rep. No. 2025-300-004</a>; Dec 2024</p> <p>TIGTA found that 796 private collection agency employees were granted access to Personally Identifiable Information. Of those granted access, 11 employees received a Proposal to Deny Letter due to security concerns identified in their background investigation, and staff-like access should have been immediately suspended. However, the IRS does not readily track when interim staff-like access is suspended and whether it is immediate. A review of private collection agency incident logs identified 10 incidents that were improperly categorized and potentially violated the Fair Debt Collection Practices Act for disclosing tax debt information to unauthorized third parties.</p>	
<b>Individual Taxpayer Identification Number (ITIN) Program</b>	Requires TIGTA to assess that only individuals with a tax need are assigned an ITIN.
Fieldwork currently in process.	
<b>Adequacy and Security of the Technology of the IRS</b>	Requires TIGTA to evaluate the adequacy and security of the IRS's technology.
<p>I.R.C. § 7803(d)(1)(D)</p> <p>Information Technology Reviews:</p> <p><a href="#">Rep. No. 2025-IE-R003</a>; Nov 2024</p> <p><a href="#">Rep. No. 2025-400-002</a>; Dec 2024</p> <p><a href="#">Rep. No. 2025-IE-R008</a>; Feb 2025</p> <p><a href="#">Rep. No. 2025-408-010</a>; Feb 2025</p> <p><a href="#">Rep. No. 2025-405-013</a>; Feb 2025</p> <p><a href="#">Rep. No. 2025-408-014</a>; Mar 2025</p> <p><a href="#">Rep. No. 2025-208-008</a>; Mar 2025</p> <p><a href="#">Rep. No. 2025-IE-R012</a>; Mar 2025</p> <p><a href="#">Rep. No. 2025-408-015</a>; Mar 2025</p> <p>Security Reviews:</p> <p><a href="#">Rep. No. 2025-200-009</a>; Mar 2025</p>	

# Appendix III

## Audit, Evaluation, and Inspection Reports Issued

### October 2024

Actions Were Not Taken to Timely Strengthen Practitioner Priority Service Telephone Line Authentication Control

[2025-IE-R001](#)

### November 2024

Assessment of Tax Refund-Related Products

[2025-4S0-003](#)

Assessment of Efforts to Provide Tax Relief to Eligible Taxpayers Impacted by the Ongoing Conflict in the State of Israel, Gaza, and the West Bank

[2025-IE-R002](#)

Governance Efforts Should Be Accelerated To Ensure the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence

[2025-IE-R003](#)

Final Evaluation – Assessment of the IRS’s Comprehensive Facilities Security Review and Employee Safety and Security Measures

[2025-IE-R004](#)

### December 2024

The Tax Offset Program Continues to Allow Millions of Dollars to Be Erroneously Refunded to Taxpayers

[2025-400-002](#)

Administration of the Workers’ Compensation Program Claims Needs Improvement

[2025-100-001](#)

Fiscal Year 2025 Biannual Independent Assessment of Private Collection Agency Performance

[2025-300-004](#)

Improved Secure Document Safeguarding and Destruction Procedures Are Needed

[2025-IE-R005](#)

### January 2025

The IRS Lacks Authority to Independently Verify That Low Income Taxpayer Clinic Grant Recipients Are Meeting Eligibility Requirements

[2025-100-005](#)

Review of the Internal Revenue Service’s Purchase Card Violations Report and Status of Recommendations

[2025-1S0-011](#)

Actions Need to Be Taken to Improve Compliance With the Anti-Gag Provision Requirements

[2025-IE-R009](#)

Inflation Reduction Act: Assessment of the IRS’s 2024 Annual Update to Its Strategic Operating Plan

[2025-IE-R011](#)

### February 2025

Inflation Reduction Act: Progress Is Being Made to Improve Content of and Expand Digital Delivery and Response Options for Taxpayer Notices

[2025-408-010](#)

Internal Revenue Service Oversight of Tax-Exempt Organization Private Aircraft Usage  
[2025-1S0-012](#)

The Taxpayer Advocate Service Office of Systemic Advocacy Needs to Improve Program Oversight to Ensure Taxpayer Problems Are Effectively Identified and Resolved  
[2025-300-006](#)

Taxpayer First Act: The IRS Implemented the Information Returns Intake System, Although Users Experienced Some Slight Processing Delays During Peak Processing  
[2025-405-013](#)

A Computer Programming Change Is Needed to Delay the Erroneous Issuance of Refunds Based on Dishonored Checks  
[2025-IE-R008](#)

Limited Testing Showed Taxpayers May Not Receive the Service They Expect When Calling the IRS Toll-Free Telephone Lines  
[2025-IE-R007](#)

Improvements Are Needed to Ensure That Taxpayers Are Receiving a Quality Experience When Visiting a Taxpayer Assistance Center  
[2025-IE-R010](#)

## March 2025

Inflation Reduction Act: Implementation of the Clean Vehicle Tax Credits  
[2025-408-014](#)

Inflation Reduction Act: Contract Performance Oversight and Compliance With Expenditure Restrictions Need Improvement  
[2025-208-008](#)

Inflation Reduction Act: Results of the Direct File Pilot  
[2025-408-015](#)

Systems Hosting Sensitive Data Lack Consistent Inventory Standards  
[2025-200-009](#)

Fiscal Year 2025 Review of Assessment Statute Extension Dates  
[2025-1S0-018](#)

Improvements Are Required to Promptly Validate and Issue Manual Refunds Associated With Deceased Taxpayers  
[2025-IE-R012](#)

The Unanticipated Large Number of Taxpayers Created Safety and Security Challenges at Some Taxpayer Assistance Center Saturday Help Events  
[2025-IE-R013](#)

Quarterly Snapshot: The IRS's Inflation Reduction Act Spending Through September 30, 2024  
[2025-IE-R014](#)

# Appendix IV

## Inspector General Peer Review Activity

This appendix implements § 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>19</sup>

**For the period October 1, 2024 – March 31, 2025:**

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

None.

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

There are no outstanding recommendations from prior peer reviews of TIGTA.

### **Peer Reviews Conducted by TIGTA**

TIGTA performed a peer review of the Department of Transportation Office of Inspector General during the reporting period.

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

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

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<sup>19</sup> Codified in 5 U.S.C. § 405(b)(14)-(16).




# Appendix V

## Data Tables Provided by the IRS

The memorandum copied below is the IRS's transmittal to TIGTA. The IRS provided the tables that follow the memorandum. They consist of IRS employee misconduct reports from the IRS Automated Labor and Employee Relations Tracking System (ALERTS) for the period October 1, 2024, through March 31, 2025. Also, data concerning substantiated RRA 98 § 1203 allegations for the same period are included. See Appendix VI for § 1203 Standards. IRS management conducted inquiries into the cases reflected in these tables.

### IRS Memorandum

<div> HUMAN CAPITAL OFFICE</div> <div><p>DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, DC 20224</p></div> <div><p>April 5, 2025</p></div> <div><p>MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION</p><p>FROM: Gerald Larkins <small>Digitally signed by Gerald Larkins Date: 2025.04.05 10:00:00 -0400</small> Director, Labor/Employee Relations and Negotiations</p><p>SUBJECT: Input for the Treasury Inspector General for Tax Administration Semiannual Report to Congress</p><p>In response to your memorandum dated January 13, 2025, 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)(ii) for the period October 1, 2024, through March 31, 2025.</p><ul style="list-style-type: none"><li>• Report of Employee Misconduct by Disposition Groups</li><li>• Report of Employee Misconduct – National Summary</li><li>• Summary of Substantiated Section 1203 Inquiries Recorded in Automated Labor and Employee Relations Tracking Systems (ALERTS)</li></ul><p>The attached tables contain information about:</p><ul style="list-style-type: none"><li>• Alleged misconduct reported to IRS managers</li><li>• Disposition of the allegations resolved during the period</li><li>• Status of the inventory as of March 31, 2025</li></ul><p>The tables also contain information regarding alleged misconduct that both the Treasury Inspector General for Tax Administration and IRS management investigated. The IRS received these allegations from taxpayers, IRS employees, and other sources, and recorded them in ALERTS.</p><p>The Summary of Substantiated Section 1203 Inquiries contains information on the disposition of substantiated Section 1203 allegations. During this period, IRS managers substantiated 88 Section 1203 allegations. Of the 88 allegations, [REDACTED] employees were removed, and the penalty was mitigated for [REDACTED] employees. The remaining 80 substantiated allegations are still in the adjudication process.</p></div>	<div><p>2</p></div> <div><p>Should you have questions, please contact me or a member of your staff may contact <u>Aishadia Alexander</u>, Associate Director, Labor/Employee Relations and Negotiations, Program Execution Office.</p><p>Attachments (3)</p><p>cc: Melanie R. Krause, Ph.D., Acting Commissioner of Internal Revenue Teresa R. Hunter, Acting Chief Operating Officer Jodie M. Reynolds, Chief, Communications &amp; Liaison Mark S. Kaizen, Associate Chief Counsel Max R. Wyche, Acting IRS Human Capital Officer</p></div>
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## Report of Employee Misconduct by Disposition Groups

Disposition	Administrative Case	Employee Character Investigation	Employee Tax Compliance Case	TIGTA Report of Investigation	Totals
Alternative Discipline: In Lieu of Reprimand	0	ND	6	0	6
Alternative Discipline: In Lieu of Suspension	11	0	6	6	23
Admonishment	119	5	240	30	394
Case Suspended Pending Employee Return to Duty	ND	ND	ND	ND	ND
Clearance Letter	45	ND	22	19	86
Closed- Supplemental Requested	ND	ND	ND	ND	ND
Closed without Action Cautionary Letter	234	110	385	46	775
Closed without Action Letter	125	26	60	29	240
Forwarded to TIGTA	68	ND	ND	ND	68
Indefinite Suspension	0	ND	ND	0	0
Oral Counseling	50	ND	19	ND	69
Probation/Separation	7,628	10	0	7	7,645
Prosecution Pending for TIGTA's Report of Investigation	ND	ND	ND	ND	ND
Removal at Office of Personnel Management Direction	ND	6	ND	ND	6
Removal (Probation Period Complete)	35	ND	4	21	60
Reprimand	104	0	71	29	204
Resignation, Retirement, etc. (Reason Noted on SF50)	28	4	0	7	39
Resignation, Retirement, etc. (Reason Not Noted on SF50)	94	8	31	28	161
Separation of Temporary Employee	4	ND	ND	ND	4
Suspension, 14 Days or Less	67	0	39	41	147
Suspension, More Than 14 Days	9	ND	7	15	31
Termination For Abandonment of Position	7	ND	ND	ND	7
Written Counseling	207	22	353	25	607
<b>Totals</b>	<b>8,835</b>	<b>191</b>	<b>1,243</b>	<b>303</b>	<b>10,572</b>

Source: (ALERTS) (extract was pulled on April 1, 2025). Columns containing numbers of three or less and protected by I.R.C. § 6103 are annotated with a zero and are not reflected in the column and row totals. Columns containing no data are annotated with ND.

## Report of Employee Misconduct National Summary

Inventory Case Type	Open Inventory	Conduct Cases Received	Cases Closed			Ending Inventory
			Conduct Issues	Cases Merged With Other Cases	Non-Conduct Issues	
Administrative Case	848	9,908	9,243	112	10	1,391
Employee Character Investigation	159	130	223	7	ND	59
Employee Tax Compliance Case	1,560	1,346	1,337	58	ND	1,511
TIGTA Report of Investigation	458	336	378	7	ND	409
<b>Totals</b>	3,025	11,720	11,181	184	10	3,370

Source: ALERTS (extract was pulled on April 1, 2025). Columns containing numbers of three or less and protected by I.R.C. § 6103 are annotated with a zero and are not reflected in the column and row totals. Columns containing no data are annotated with ND.

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

**Background Investigations**—Any matter involving a National Background Investigation Center investigation into an employee's background that is referred to management for appropriate action.

**Employee Tax Compliance Case**—Any conduct matter identified by the Employee Tax Compliance program and becomes a matter of official interest.

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

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

§ 1203 Violation	Removals	Resigned/ Retired	Probation Separation	Removed on Other Grounds	Penalty Mitigated	In Personnel Process	Total
1203(b)(2): False Statement Under Oath	ND	ND	ND	0	ND	ND	0
1203(b)(3): Civil Rights/ Constructive Violation	ND	ND	ND	4	ND	ND	4
1203(b)(8): Willful Untimely Return	0	ND	ND	0	0	55	55
1203(b)(9): Willfull Understated Tax	4	0	ND	0	0	25	29
<b>Totals</b>	4	0	ND	4	0	80	88

Source: ALERTS (extract was pulled on April 1, 2025). Columns containing numbers of three or less and protected by I.R.C. § 6103 are annotated with a zero and are not reflected in the column and row totals. Columns containing no data are annotated with ND.

Cases reported as “Removals” and “Penalty Mitigated” do not reflect the results of any third-party appeal.

# Appendix VI

## 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 Constitution of the United States, 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 employee of the IRS, 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 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.



# Glossary

ALERTS	Automated Labor and Employee Relations Tracking System	SOP	Strategic Operating Plan (IRS)
AI	Artificial Intelligence	SSN	Social Security Number
BSM	Business Systems Modernization	TAC	Taxpayer Assistance Center
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	TIGTA	Treasury Inspector General for Tax Administration
CFAM	Cybersecurity Fraud and Analytics	TSO	Transformation and Strategy Office
EIDL	Economic Injury Disaster Loan	U.S.C.	United States Code
EIN	Employer Identification Number		
ERC	Employee Retention Credit		
FDA	Federal Drug Administration		
FY	Fiscal Year		
IRA	Inflation Reduction Act of 2022		
I.R.C.	Internal Revenue Code		
IRS	Internal Revenue Service		
ITIN	Individual Taxpayer Identification Number		
LITC	Low Income Taxpayer Clinics		
NTA	National Taxpayer Advocate		
OPM	Office of Personnel Management		
PCA	Private Collection Agency		
PPP	Paycheck Protection Program		
PPS	Practitioner Priority Service		
RAC	Refund Anticipation Checks		
RAL	Refund Anticipation Loan		
RRA 98	IRS Restructuring and Reform Act of 1998		



## **To Report Waste, Fraud, and Abuse:**

**Web:**

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## **DEPARTMENT OF THE TREASURY**

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