

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



The IRS Has Approved Potentially Ineligible Applicants to be Authorized e-File Providers

May 27, 2026

Report Number: 2026-IE-R006

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

TIGTACommunications@tigta.treas.gov | www.tigta.gov

Why TIGTA Did This Evaluation

The IRS's Electronic Filing (e-file) Program offers taxpayers an alternative to filing a paper tax return. E-file allows tax returns to be sent to the IRS electronically via an authorized IRS e-file Provider.

Authorized providers must meet certain eligibility criteria and pass a suitability check before receiving a unique Electronic Filing Identification Number (EFIN). The EFINs are required to electronically file tax returns.

Responsible Officials associated with an e-file application must: be a United States citizen or alien lawfully admitted for permanent residence; be at least 18 years of age; and meet state and local licensing and/or bonding requirements for preparing and collecting tax returns. Responsible Officials who are not certified or licensed professionals must be fingerprinted to ensure that no criminal activity exists that would render them ineligible to participate in the e-file Program.

We initiated this evaluation to determine whether the IRS has effective processes and procedures to assign an EFIN and to identify and prevent its unauthorized use.

Impact on Tax Administration

If the IRS does not ensure that e-file providers maintain their integrity and adhere to professional and ethical standards, it could negatively impact trust in the administration of the federal tax system.

What TIGTA Found

From January 2022 through March 2025, the IRS accepted approximately 116,000 e-file Provider applications. The IRS performs suitability checks on applicants for the e-file Program. However, we found that programming errors, procedural updates, and unaddressed suitability issues contributed to the approval of potentially ineligible applicants. We reviewed a statistical sample of 138 Responsible Officials associated with accepted applications and found that 14 had suitability issues that were not addressed:



8 had tax compliance issues (*i.e.*, they either did not file a tax return for one or more tax periods, did not pay a tax debt, or did not establish an installment agreement to pay a debt owed).



5 had a criminal history that the IRS had not researched and addressed, or their criminal history was not reviewed because there was no fingerprint data on file.



1 applicant's citizenship was not verified.

During this same period, the IRS accepted 138 individuals into the e-file Program, but their citizenship status records indicated they were not eligible. In addition, approximately 6,300 individuals had an unknown citizenship status in IRS records. We selected a judgmental sample and determined that the IRS did not verify the citizenship status on 47 percent of the cases sampled.

We also identified 67 IRS employees listed as Responsible Officials on e-file applications. IRS employees are prohibited from outside employment activities that involve preparing tax returns for compensation, gift, or favor.

What TIGTA Recommended

We made five recommendations to the Chief, Taxpayer Services, to improve the suitability reviews of e-file providers. Recommendations included reviewing programming specific to tax compliance to ensure that initial and continuous suitability reviews function as intended. The IRS should also ensure that individuals with an incomplete or ineligible citizenship status are verified, and a citizenship status check is included in continuous suitability reviews.

We also recommended that participants who are subject to fingerprinting requirements, and are not under continuous monitoring, submit their fingerprints and are enrolled in the Federal Bureau of Investigation's continuous monitoring service. Finally, we recommended that the IRS establishes a systemic method of identifying IRS employees during initial and continuous suitability checks. The IRS agreed with four recommendations and partially agreed with one recommendation.



TREASURY INSPECTOR GENERAL

for Tax Administration

DATE: May 27, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM:

Nancy A. LaManna

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

Deputy Inspector General for Inspections and Evaluations

SUBJECT:

Final Evaluation Report – The IRS Has Approved Potentially Ineligible Applicants to be Authorized e-File Providers (Evaluation No.: IE-25-033)

This report presents the results of our review to determine whether the Internal Revenue Service has effective processes and procedures in place to assign an Electronic Filing Identification Number and to identify and prevent its unauthorized use. This evaluation is part of our Fiscal Year 2026 Annual Program Plan and addresses the major management and performance challenge of *Improving Taxpayer Service and Protecting Taxpayer Rights*.

Management's complete response to the draft report is included as Appendix II. If you have any questions, please contact me or Frank O'Connor, Director, Inspections and Evaluations.

Table of Contents

<u>Background</u>	Page 1
<u>Results of Review</u>	Page 2
<u>Suitability Issues Were Not Always Addressed</u> <u>or Identified</u>	Page 3
<u>Recommendation 1:</u>	Page 4
<u>Recommendations 2 and 3:</u>	Page 5
<u>Recommendation 4:</u>	Page 7
<u>IRS Employees May Have Violated Ethical Standards</u>	Page 7
<u>Recommendation 5:</u>	Page 7
Appendices	
<u>Appendix I – Detailed Objective, Scope, and Methodology</u>	Page 8
<u>Appendix II - Management’s Response to the Draft Report</u>	Page 10
<u>Appendix III – Glossary of Terms</u>	Page 15
<u>Appendix IV – Abbreviations</u>	Page 16

Background

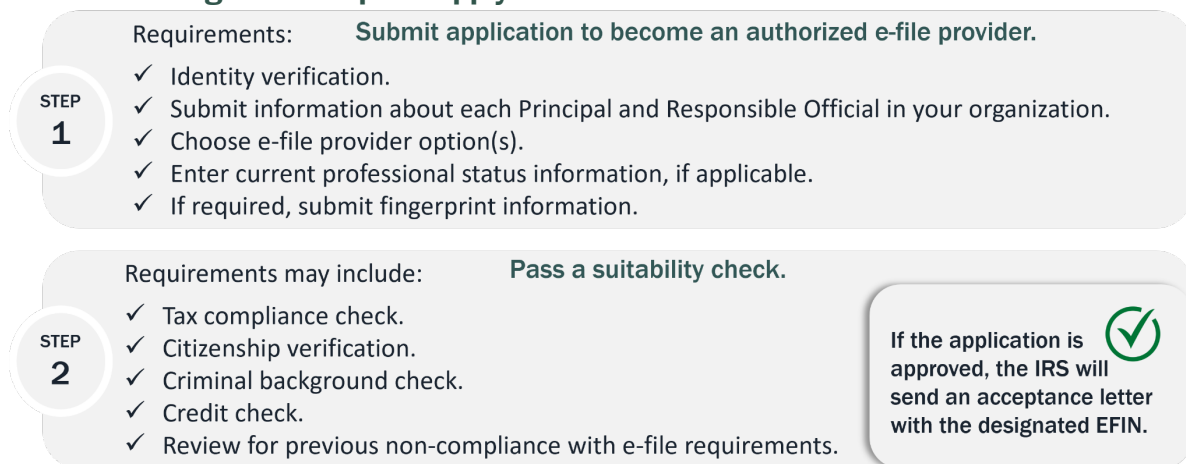
The Internal Revenue Service's (IRS) Electronic Filing (e-file) program offers taxpayers an alternative to filing a paper tax return. E-file allows tax returns to be sent electronically to the IRS via an authorized IRS e-file Provider (provider). Authorized providers can include Electronic Return Originators, Intermediate Service Providers, Transmitters, Software Developers, Reporting Agents, Online Providers, and Large Taxpayers.¹

To become an authorized provider, a business or organization must submit an e-file application to the IRS and select one or a combination of provider options. An e-file application must assign at least one Principal and Responsible Officials (henceforth Responsible Officials). These positions can be the same person. All Responsible Officials must:

- Be a United States citizen or alien lawfully admitted for permanent residence.
- Be at least 18 years old, as of the date of the application.
- Meet applicable state and local licensing and/or bonding requirements for preparing and collecting tax returns.

Responsible Officials must provide evidence of their professional certifications or licenses, which can include attorneys, certified public accountants, and enrolled agents. Other Responsible Official applicants that do not provide their professional status must provide fingerprints for a Federal Bureau of Investigation (FBI) criminal background check.² Figure 1 outlines the process for applying for the authorized provider status.

Figure 1: Steps to apply for the Authorized Provider status



Source: IRS.gov

The IRS's External Services Authorization Management (ESAM) system processes all e-file applications. If a suitability check is required, the Automated Suitability Analysis Program (ASAP) reviews an applicant's information to determine whether any compliance issues exist that would

¹ See the Glossary of Terms in Appendix II.

² The IRS has an electronic fingerprinting process for e-file applicants. Each new Responsible Official listed on a new e-file application or added to an existing application must be fingerprinted using the IRS Authorized Vendor unless they provide professional credentials.

potentially disqualify the applicant from being approved for an Electronic Filing Number (EFIN).³ If the applicant meets eligibility criteria and there are no suitability issues, the ESAM will systematically accept an applicant and assign an EFIN.⁴ Providers need an EFIN to electronically file tax returns. The EFINs are not transferable and must be protected from unauthorized use.⁵

However, if the ASAP identifies a suitability issue, the results are uploaded into the ESAM, and the ESAM generates a case for review. An IRS employee must research and review these cases to determine whether follow-up with the applicant is required. A Responsible Official with suitability issues may be denied participation in the program until all issues have been resolved. Compliance issues can include unfiled tax returns, outstanding tax liabilities, or details of a current and former criminal conviction.

After an EFIN has been assigned, Responsible Officials undergo continuous monitoring, which is a review of IRS records as well as criminal record monitoring, and must comply with the following e-file Program requirements:

- All business and personal tax returns must be filed.
- All tax liabilities must be paid or appropriately addressed (*e.g.*, installment agreement).
- There must be no fraud penalty assessments.
- There must be no open IRS criminal investigation.
- No charges have occurred related to FBI criminal records.

Suitability reviews help ensure that e-file providers have integrity and adhere to professional and ethical standards to protect the program from fraud and abuse. Ineffective procedures can compromise the integrity of the e-file Program.

In addition to suitability checks, according to federal regulation, IRS employees are prohibited from engaging in outside employment activities that involve the preparation of tax returns for compensation, gift, or favor.⁶

Results of Review

From January 2022 through March 2025, the IRS accepted approximately 116,000 e-file Provider applications. Of those, we identified 97,082 Responsible Officials associated with the applications.⁷ However, programming errors, procedural updates, and unaddressed suitability issues contributed to the approval of potentially ineligible applicants. We found that

³ During the application's initial suitability review, the ASAP uses predetermined criteria from IRS Master File to identify provider's potential eligibility and compliance issues.

⁴ E-file Providers that function solely as Software Developers are not subject to suitability checks. Additionally, "Not for Profit" applications do not go through suitability.

⁵ Unauthorized use can include accepting payment for the use of an EFIN, *e.g.*, renting, leasing, purchasing or transferring EFINs to another entity when transferring the business by sale, gift, or other disposition.

⁶ 5 CFR § 3101.106.

⁷ This number is less than the number of applications because one Responsible Official may be associated with multiple e-file applications. Due to data limitations, Principals cannot be associated with unique applications, as they are associated with parent organizations whose applications may predate the selected time frame.

Responsible Officials with potential tax compliance and citizenship issues, unaddressed criminal histories, and indications of IRS employment.

We reviewed a statistical sample of 138 Responsible Officials associated with accepted applications from January 2022 through March 2025. We found that 14 Responsible Officials (10 percent) had suitability issues that were not addressed by IRS employees, procedures or systems' programming (systems):



8 had tax compliance issues (*i.e.*, they did not file a tax return for one or more tax periods, did not pay a tax debt, or did not establish an installment agreement to pay a debt owed).



5 had a criminal history that the IRS had not researched and addressed, or their criminal history was not reviewed because there was no fingerprint data on file.



1 applicant's citizenship was not verified.

During this same period, there were approximately 140 individuals who were accepted into the e-file Program when their citizenship status records indicated they were not eligible.

Additionally, there were approximately 6,300 Responsible Officials who had an unknown citizenship status (*i.e.*, data provided by the Social Security Administration was incomplete).

Lastly, we found 67 IRS employees that were identified as Responsible Officials for providers that filed approximately 3,900 returns after they began working for the IRS. None of these employees had separated from the IRS before the returns were filed.

Suitability Issues Were Not Always Addressed or Identified

In our sample, we found that 14 applicants (10 percent) had potential suitability issues, *e.g.*, tax compliance, criminal background check, and citizenship, which were either not addressed by an IRS employee or not identified by IRS systems. This allowed individuals to continue participating in the e-file Program without remedying potential suitability issues or being sanctioned or removed. We estimate that approximately 9,700 Responsible Officials within the e-file Program may have suitability issues that the IRS has not addressed.⁸

Applicants should not be allowed to participate in the IRS e-file Program until they satisfactorily resolve all compliance issues. Additionally, after acceptance, Responsible Officials are subject to systemic continuous suitability checks. These checks include reviewing their IRS records and monitoring criminal records. If suitability issues are identified, IRS employees must research the matter until it is resolved.

The IRS also needs to update the controls used to evaluate suitability. This will ensure that applicants that do not meet eligibility criteria are either denied or their suitability issues are researched and addressed by an IRS employee.

⁸ The projection is based on 14 (10 percent) of 138 randomly sampled cases. The point estimate projection is based on a two-sided, 95 percent confidence interval. We are 95 percent confident that the range of applicants with unaddressed suitability issues is between 5,387 and 15,648 e-file provider applicants.

Tax compliance issues did not prevent participation in the e-file Program

Eight of the Responsible Officials had tax compliance issues. These individuals either did not file a tax return for one or more tax periods, did not pay a tax debt, or did not establish an installment agreement to pay a debt owed. In some cases, tax debts accumulated over several tax years without collection.

- 5 did not file all required returns and were in delinquency status.
- 3 owed balances [REDACTED] without having an installment agreement.

According to IRS internal guidelines, Responsible Officials are compliant with tax obligations if they:

- Do not have a balance due [REDACTED] without an installment agreement or offer in compromise.
- Do not have penalties [REDACTED].
- Do not have fraud penalties.
- Have filed all required returns.

IRS systems identify potential suitability issues and create cases in ESAM for IRS employees to review and attempt to resolve. According to the IRS, these issues should have been identified during continuous suitability. However, the systems did not always create a case where the Responsible Official was noncompliant. Additionally, when the system did create a case, tax compliance issues went unaddressed by an IRS employee.

Recommendation 1: The Chief, Taxpayer Services, should review procedures and system programming specific to tax compliance to ensure that initial and continuous suitability reviews function as intended.

Management's Response: IRS management agreed with this recommendation and plans to review procedures and programming specific to tax compliance for initial and continuous suitability reviews.

Some approved e-file applicants may not meet citizenship requirements

We found that the IRS may have approved some e-file applicants without properly verifying whether they were a United States citizen or lawful permanent resident. From January 2022 through March 2025:

- The IRS accepted 138 individuals into the e-file Program with a citizenship status that indicated they were not eligible, *e.g.*, the citizenship status of the applicant was recorded as other than a United States citizen or lawful permanent resident in IRS systems. According to the IRS, these applicants were approved due to programming errors within their systems.⁹
- Separately, in our statistical sample of Responsible Officials, we found that one applicant's citizenship was not verified. According to the IRS, the Responsible Official had passed initial suitability checks on a previously approved application. However, that

⁹ We identified 181 e-file applications with potential citizenship issues. However, according to the IRS, 43 applicants submitted documentation to substantiate their citizenship status and eligibility.

approval was made before system programming checked for citizenship status. While this Responsible Official is subject to continuous suitability checks, IRS internal guidelines state that a citizenship check is not completed on continuous suitability.

- Additionally, approximately 6,300 Responsible Officials (5 percent) had an unknown citizenship status in IRS records, *e.g.*, the citizenship data for the applicant was not available in IRS systems records. We selected a judgmental sample of 15 records and determined that the IRS did not verify the citizenship status of the Responsible Official in 7 applications (47 percent).¹⁰

All Responsible Officials must be United States citizens or lawful permanent residents. The IRS uses the citizenship codes contained in U.S. Social Security Administration data to verify an applicant's citizenship status. If an applicant's status is other than a United States citizen or lawful permanent resident, or cannot be determined, IRS employees must validate citizenship status. IRS employees can validate citizenship status using other available sources or by requesting additional documentation from the applicant.

While e-file providers are subject to continuous suitability monitoring, this review does not check for compliance with citizenship requirements. According to the IRS, the systems were never updated to check the citizenship status on previously approved applications. This resulted in individuals with unconfirmed citizenship status being allowed to continue participation in the e-file Program without proper verification.

Additionally, according to the U.S. Citizenship and Immigration Services and U.S. Department of State, citizens and lawful permanent residents may renounce, abandon, or have their citizenship status revoked. Without continuous monitoring, any changes to citizenship status could impact eligibility to participate in the e-file Program and go unaddressed.

As a result, applicants who may not meet requirements for participation gained access to the e-file system. The IRS indicated that they are following up with identified applicants to request supporting documentation to resolve issues with their citizenship status. According to the IRS, the programming error has been corrected.

The Chief, Taxpayer Services, should:

Recommendation 2: Identify individuals with either an incomplete or ineligible citizenship status and ensure that follow-up to verify their status has been completed.

Management's Response: IRS management agreed with this recommendation and will continue to verify eligibility status for individuals with either an incomplete or ineligible citizenship status.

Recommendation 3: Review programming specific to citizenship verification and consider including this check in continuous suitability reviews.

Management's Response: IRS management agreed that citizenship verification should be strengthened. However, they indicated that modifying programming to incorporate a continuous suitability check would not effectively address the issue. They alternatively

¹⁰ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

proposed instructing employees to manually review citizenship status during suitability checks.

Office of Inspections and Evaluations Comment: While manually reviewing citizenship status during a suitability check can improve verification, not adding a citizenship check to continuous suitability may result in individuals who passed under prior programming to continue participating in the e-file Program despite not meeting suitability requirements. Additionally, any changes to a person's citizenship status could impact eligibility to participate in the e-file Program and go unaddressed.

Some e-file providers are not subject to continuous monitoring for criminal history

We found that the IRS did not continuously monitor five individuals for criminal history:

- 3 had fingerprints that matched to a criminal history report, but the IRS did not address the matter after it was identified in ESAM.
- 2 individuals were not subject to continuous suitability checks for a criminal history because there was no fingerprint data on file.

Except for licensed professionals, *e.g.*, an attorney or certified public accountant, all Responsible Officials must be fingerprinted by an IRS approved provider. Fingerprints are sent to the FBI to review criminal history. Additionally, the e-file applicant is automatically enrolled in the FBI's Record of Arrest and Prosecution Background (Rap Back) Service and any subsequent criminal related activity reported to the FBI will be systematically reported back to ESAM.¹¹ When ESAM is notified, a case is systematically generated for adjudication by an IRS employee.

The IRS did not always send all fingerprint cards to the FBI for continuous monitoring. In October 2010, the IRS updated procedures to require all fingerprints be submitted for continuous monitoring. This policy change resulted in individuals who passed suitability checks before 2010 being allowed to continue participating in the e-file Program without having their fingerprints continuously monitored. According to the IRS, Responsible Officials that were approved before the procedural change can submit new applications for the e-file Program without submitting new fingerprints or being subject to continuous suitability review.

In November 2019, TIGTA's Office of Audit reported on the effectiveness of IRS processes to ensure the suitability of applicants seeking to participate in IRS programs. TIGTA made several fingerprint recommendations to include that the IRS develop procedures to ensure that all continuous criminal background checks are conducted on program participants through the FBI's Rap Back Service.¹² The IRS agreed to this recommendation.

In January 2026, IRS officials stated that there are more than 26,000 fingerprint cases being processed for enrollment in the Rap Back Service. However, according to the IRS, approximately 94,000 participants still do not have fingerprint images.

¹¹ Rap Back is responsible for the continuous monitoring of an individual's background based on a triggering event, *e.g.*, if a provider is subject to new criminal charges, after initial submission of fingerprints and EFIN assignment, the Rap Back will notify the ESAM of the event with details of the record of arrest.

¹² [TIGTA, Reference No. 2020-40-005, Improvements Are Needed to Ensure That Consistent Suitability Checks Are Performed for Participation in Internal Revenue Service Programs \(Nov. 2019\).](#)

We remain concerned about the outstanding number of providers that continue to participate in the e-file Program and have access to sensitive taxpayer information. The IRS should expedite contacting participants and ensure that fingerprints are requested, submitted, and reviewed to determine whether participants have a criminal history that would make them ineligible to participate.

Recommendation 4: The Chief, Taxpayer Services, should continue to identify and request that participants who are subject to fingerprinting requirements, and are not under continuous monitoring, submit their fingerprints and are enrolled in the FBI's Rap Back Service.

Management's Response: IRS management agreed with the recommendation and stated that they have been working on these efforts because of a prior TIGTA report recommendation.

IRS Employees May Have Violated Ethical Standards

There were 67 IRS employees listed as Responsible Officials on e-file applications who potentially filed nearly 4,000 tax returns under their corresponding EFINs while being employed at the IRS.¹³ Most of these employees, 49 out of 67 (73 percent), were revenue agents and contact representatives. According to the IRS, most of these employees (52 percent) were no longer employed with the IRS as of February 2026.

Current regulations prohibit IRS employees from engaging in outside employment activities that involve the preparation of tax returns for compensation, gift, or favor. However, IRS employees are allowed to volunteer in IRS-sanctioned nonprofit taxpayer assistance and preparation programs. We did not find any indication that the identified employees are affiliated with the IRS's Stakeholder Partnerships, Education and Communication program or the Volunteer Income Tax Assistance program.

Although the ESAM system processes and monitors e-file applications, it does not currently identify whether an applicant is an IRS employee during initial or continuous suitability checks. Without this check, IRS employees may be engaged in prohibited outside employment, and the potential violation may continue undetected because the employee's manager is not aware of the activity. Adding a method for the IRS to identify potential EFIN misuse can ensure that employees are compliant with regulations. We have referred the IRS employees listed as Responsible Officials to our Office of Investigations for further review.

Recommendation 5: The Chief, Taxpayer Services, should establish a systemic method of identifying IRS employees during initial and continuous suitability checks.

Management's Response: IRS management agreed with this recommendation and plans to determine an approach to identifying IRS employees during initial and continuous suitability checks.

¹³ The number of returns may include extensions to file.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this evaluation is to determine whether the IRS has effective processes and procedures in place to assign an EFIN and to identify and prevent its unauthorized use.

To accomplish our objective, we:

- Identified the process the IRS has established to review, approve, and deny e-file applications.
- Evaluated IRS procedures for determining whether applicants meet state and local licensing requirements for preparing and collecting tax returns.
- Reviewed a statistical sample of 138 e-file applications approved from January 1, 2022, through March 31, 2025, to evaluate whether the IRS can identify suitability check issues on e-file applications. We used a 95 percent confidence interval, 10 percent error rate, and ± 5 percent precision factor to select a sample.
- Evaluated whether the IRS was approving e-file applications where the applicant was not identified as a United States citizen or alien lawfully admitted for permanent residence. We reviewed 138 accepted-file applications between January 1, 2022, and March 31, 2025, where the applicant did not meet citizenship requirements, or the IRS did not confirm citizenship when the information was unavailable. Additionally, we found that 6,252 Responsible Officials (5 percent) had an unknown citizenship status in IRS records, *e.g.*, the citizenship data for the applicant was not available in IRS systems records. We selected a judgmental sample of 15 records and determined that the IRS did not verify the citizenship status of the applicant in 7 applications (47 percent).¹

Performance of This Review

This review was performed with information obtained from the Electronic Products and Services Support, Taxpayer Services Division, during the period of June 2025 through February 2026. We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and followed procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Data Validation Methodology

We performed tests to assess the reliability of data from TIGTA's Data Center Warehouse, the IRS's Integrated Data Retrieval System, and the IRS's ESAM system. To evaluate the data, we: (1) performed electronic testing of required data elements; (2) reviewed existing information about the data and the system that produced them; and (3) interviewed agency officials

¹ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Appendix II

Management's Response to the Draft Report



CHIEF
TAXPAYER SERVICES

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

April 29, 2026

MEMORANDUM FOR NANCY A. LAMANNA

Deputy Inspector General for Inspections and Evaluations

FROM:

Kenneth C. Corbin 
Chief, Taxpayer Services Division

Digitally signed by Kenneth C.
Corbin
Date: 2026.04.29 08:48:07 -04'00'

SUBJECT:

Draft Evaluation Report – IRS Has Approved Potentially
Ineligible Applicants to be Authorized e-File Providers
(Evaluation No.: IE-25-033)

Thank you for the opportunity to review and provide comments on the subject draft report. The Authorized Electronic Filing (e-file) Provider Program is an essential partnership with tax professionals and other entities to assist taxpayers in meeting their tax obligations. We are committed to protecting taxpayer information from fraud and abuse. We strive to ensure all applicants undergo rigorous suitability checks prior to being assigned an Electronic Filing Number, recognizing that this is crucial to maintaining the public's trust.

Our participation in the Federal Bureau of Investigation (FBI) Records of Arrests and Prosecutions (RAP) Back program is an integral component in maintaining the Authorized e-file Program's integrity. In response to a prior report¹ from the Treasury Inspector General for Tax Administration (TIGTA), we agreed with their recommendation to ensure all e-file providers (participants) are subject to continuous background checks and fingerprinting as a part of the FBI RAP Back program. Our implementation of the recommendation is contingent on funding and resources, but we have steadily advanced this effort by enrolling approximately 20,000 participants each year. We remain committed to accelerating progress where feasible. While we agree with TIGTA's recommendation in the subject report, pursuing additional actions in excess of the ongoing effort would be duplicative and not an efficient use of resources.

In accordance with the Code of Federal Regulations (C.F.R.), specifically 5 C.F.R. § 3101.106, the IRS maintains clear standards prohibiting IRS employees from engaging in outside employment involving the preparation of tax returns for compensation, gift, or

¹ TIGTA, 2020-40-005, *Improvements are Needed to Ensure That Consistent Suitability Checks are Performed for Participation in Internal Revenue Service Programs*, November 2019.

favor. We are constantly working to ensure these standards are understood and followed by IRS employees. In coordination with the TIGTA Office of Investigations, we review potential concerns, identify suspicious activity, and take appropriate action when warranted. Our goals remain to safeguard the integrity of the tax system and maintain public confidence.

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

Attachment

Attachment

Recommendations

The Chief, Taxpayer Services, should:

RECOMMENDATION 1

The Chief, Taxpayer Services, should review procedures and system programming specific to tax compliance to ensure that initial and continuous suitability reviews function as intended.

CORRECTIVE ACTION

We agree and will work with internal stakeholders to review procedures and system programming specific to tax compliance for initial and continuous suitability review.

IMPLEMENTATION DATE

May 15, 2027

RESPONSIBLE OFFICIAL

Director, Electronic Products and Services Support, Customer Account Services, Taxpayer Service Division

CORRECTIVE ACTION MONITORING PLAN

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

RECOMMENDATION 2

Identify individuals with either an incomplete or ineligible citizenship status and ensure that follow-up to verify their status has been completed.

CORRECTIVE ACTION

We agree with this recommendation. We will continue to verify the eligibility status of individuals with either an incomplete or ineligible citizenship status.

IMPLEMENTATION DATE

May 15, 2027

RESPONSIBLE OFFICIAL

Director, Electronic Products and Services Support, Customer Account Services, Taxpayer Service Division

CORRECTIVE ACTION MONITORING PLAN

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

RECOMMENDATION 3

Review programming specific to citizenship verification and consider including this check in continuous suitability reviews.

CORRECTIVE ACTION

While we agree with strengthening citizenship verification during suitability reviews, modifying IRS programming to incorporate this check would not effectively address the issue due to known limitations in the accuracy and timeliness of citizenship data. As a result, systemic programming changes would not reliably improve outcomes and may generate repetitive or duplicative reporting without a mechanism to distinguish previously reviewed cases. As an alternative, on April 7, 2026, we instructed employees to follow IRM 3.42.10.14.7.12.1, which require manual review of citizenship status during suitability checks.

IMPLEMENTATION DATE

Implemented

RESPONSIBLE OFFICIAL

Director, Electronic Products and Services Support, Customer Account Services, Taxpayer Service Division

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 4

The Chief, Taxpayer Services, should continue to identify and request that participants who are subject to fingerprinting requirements, and are not under continuous monitoring, submit their fingerprints and are enrolled in the FBI's Rap Back Service.

CORRECTIVE ACTION

We agree with the intent of this recommendation; however, we are already working towards implementing a prior TIGTA recommendation that will include both new and existing participants in the FBI Records of Arrests and Prosecutions (RAP) Back program process. Given this ongoing effort, additional action on this recommendation would be duplicative and not an efficient use of resources.

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIAL

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 5

The Chief, Taxpayer Services, should establish a systemic method of identifying IRS employees during initial and continuous suitability checks.

CORRECTIVE ACTION

We agree with this recommendation. We will work with internal stakeholders to assess the feasibility and determine an appropriate approach for identifying IRS employees who participate in the e-File Provider Program during initial and continuous suitability checks.

IMPLEMENTATION DATE

May 15, 2027

RESPONSIBLE OFFICIAL

Director, Electronic Products and Services Support, Customer Account Services,
Taxpayer Service Division

CORRECTIVE ACTION MONITORING PLAN

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

Appendix III

Glossary of Terms

Term	Definition
Authorized IRS e-file Providers	Third-party participants in IRS e-file. They offer clients specific services required for the electronic filing of federal returns.
e-file	Electronically submitting customer return data for both individual customers and businesses. Electronic filing and payment options for corporations, tax-exempt organizations, partnerships, estates, trusts, and employment and excise taxes are also available.
EFIN	Used to identify an authorized IRS e-file Provider. All e-file Providers need an EFIN to electronically file tax returns.
Electronic Return Originators	Originates the electronic submission of a return to the IRS. Usually, the first point of contact for most taxpayers filing a return via e-file.
Large Taxpayers	A business or entity (excluding partnerships) with assets of \$10 million or more, or a partnership with more than 100 partners (asset criteria does not apply to partnerships).
Master File	The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.
Online Providers	Allow taxpayers to self-prepare returns via commercially available software downloaded from an internet site and prepared offline, or through an online internet site.
Principal	An owner, partner, or president/vice president of a business authorized to act for the entity in legal and/or tax matters.
Reporting Agents	Originate the electronic submission of certain returns for clients, and/or transmit the returns to the IRS. Companies (not individuals) that perform payroll services for other businesses.
Responsible Official	An individual with authority over the provider's IRS e-file operations at a location. As the first point of contact, they may be authorized to sign revised IRS e-file applications.
Software Developers	Write either origination or transmission software according to IRS e-file specifications.
Transmitters	Send electronic return data directly to the IRS.

Appendix IV

Abbreviations

ASAP	Automated Suitability Analysis Program
e-file	Electronic Filing
e-file Provider	Provider
EFIN	Electric Filing Identification Number
ESAM	External Services Authorization Management
FBI	Federal Bureau of Investigation
IRS	Internal Revenue Service
Principal and Responsible Official	Responsible Officials
Rap Back	Record of Arrest and Prosecution Background
TIGTA	Treasury Inspector General for Tax Administration



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

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

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