



*Fiscal Year 2016 Statutory Review of
Disclosure of Collection Activities on
Joint Returns*

August 25, 2016

Reference Number: 2016-30-060

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

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HIGHLIGHTS

FISCAL YEAR 2016 STATUTORY REVIEW OF DISCLOSURE OF COLLECTION ACTIVITIES ON JOINT RETURNS

Highlights

Final Report issued on August 25, 2016

Highlights of Reference Number: 2016-30-060 to the Internal Revenue Service Deputy Commissioner for Services and Enforcement.

IMPACT ON TAXPAYERS

Internal Revenue Code (I.R.C.) Section (§) 6103(e)(8) gives joint filer taxpayers who are no longer married or no longer reside in the same household the right to request information regarding the IRS's efforts to collect delinquent taxes on their joint tax return liabilities. If the IRS does not provide employees sufficient guidance for handling those requests, taxpayer rights could potentially be violated.

WHY TIGTA DID THE AUDIT

This audit was initiated because the IRS Restructuring and Reform Act of 1998 added I.R.C. § 7803(d)(1)(B), which requires TIGTA to annually review and certify the IRS's compliance with I.R.C. § 6103(e)(8). The objective of this review was to determine whether the IRS is complying with the provisions of I.R.C. § 6103(e)(8) as related to the disclosure of collection activities with respect to joint filers.

WHAT TIGTA FOUND

IRS management information systems do not separately record or monitor joint filer requests, and there is no legal requirement for the IRS to do so. While TIGTA does not recommend the creation of a separate tracking system, it determined that improvements can be made when receiving disclosures of collection information requests pursuant to either I.R.C. § 6103(e)(8) or § 6103(e)(7).

IRS procedures require taxpayers to specifically cite I.R.C. § 6103(e)(8) authority in their written requests even though there is no such requirement in the statute. This additional

burden placed on taxpayers by the IRS may result in the denial of information guaranteed under I.R.C. § 6103(e)(8).

Other IRS procedures provide that taxpayers' requests can still be processed even if the taxpayers do not specifically cite I.R.C. § 6103(e)(8) by using the authority granted under I.R.C. § 6103(e)(7). TIGTA interviewed employees from three Automated Collection System call sites and found that IRS employees may not be providing information guaranteed under I.R.C. §§ 6103(e)(7) or (e)(8) because not all IRS Automated Collection System employees have been trained that taxpayers are entitled to this information.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS 1) update the Internal Revenue Manual (IRM) sections used by IRS call sites with detailed instructions regarding oral and written requests received under I.R.C. §§ 6103(e)(7) and (e)(8) and that all IRM sections pertaining to I.R.C. § 6103(e)(8) remove the requirement to specifically cite I.R.C. § 6103(e)(8) authority in written requests and 2) update training on how to handle oral and written requests received under I.R.C. §§ 6103(e)(7) and (e)(8) for all IRS employees who would receive these types of requests while interacting with taxpayers on the telephone, as appropriate.

The IRS agreed with both recommendations and plans to modify pertinent IRM sections by: 1) adding information about requests involving divorced or separated spouses, 2) adding a reference to the IRM section pertaining to disclosures, and 3) removing the requirement to specifically cite I.R.C. § 6103(e)(8) authority in written requests. The IRS also plans to provide training to all employees who could receive these requests in order to clarify the handling of written and verbal requests received under I.R.C. §§ 6103(e)(7) and (e)(8) and update training for its Accounts Management employees on how to handle oral and written requests received under I.R.C. § 6103.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 25, 2016

MEMORANDUM FOR DEPUTY COMMISSIONER FOR SERVICES AND ENFORCEMENT

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Fiscal Year 2016 Statutory Review of Disclosure
of Collection Activities on Joint Returns (Audit # 201630004)

This report presents the results of our review to determine whether the Internal Revenue Service is complying with the provisions of Internal Revenue Code Section 6103(e)(8) as related to the disclosure of collection activities with respect to joint filers. The Treasury Inspector General for Tax Administration is required by law to determine annually whether the Internal Revenue Service is complying with the legal requirements in Internal Revenue Code Section 6103(e)(8). This audit is included in our Fiscal Year 2016 Annual Audit Plan and addresses the major management challenge area of Taxpayer Protection and Rights.

Management's complete response to the draft report is included as Appendix V.

If you have any questions, please contact me or Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations).



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Abbreviations

ACS	Automated Collection System
I.R.C.	Internal Revenue Code
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
TIGTA	Treasury Inspector General for Tax Administration



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Background

The Taxpayer Bill of Rights 2¹ added Internal Revenue Code (I.R.C.) Section (§) 6103(e)(8), which provides that if any deficiency of tax with respect to a joint return is assessed and the individuals filing the return are no longer married or no longer reside in the same household, upon request in writing by either of the individuals, the Internal Revenue Service (IRS) shall disclose in writing to the individual making the request whether the IRS has attempted to collect the deficiency from the other individual, the general nature of the collection activities, and the amount collected. I.R.C. § 6103(e)(7) allows authorized representatives of the joint filers to also receive the same collection information requested under I.R.C. § 6103(e)(8). After passage of the Taxpayer Bill of Rights 2, the IRS Disclosure Office issued procedures for all IRS employees to follow regarding written requests, including those for joint filer tax return information. These procedures allow IRS employees to provide both oral and written responses to taxpayers. This is more permissive than the statutory requirements, which require the IRS to provide written responses to written requests.

***The Treasury Inspector General
for Tax Administration is
required to annually evaluate
the IRS's compliance with
I.R.C. § 6103(e)(8).***

The IRS Legislative Affairs Division contacted the staff of the Joint Committee on Taxation to determine whether the IRS is in compliance with the statutory requirements when it allows oral responses to written joint filer requests. In August 2000, the Legislative Affairs Division stated that the Joint Committee on Taxation staff was aware of the IRS's practice of providing oral responses to taxpayers and advised Legislative Affairs that this practice was permissible even though I.R.C. § 6103(e)(8) requires that the disclosure be in writing.

The IRS Restructuring and Reform Act of 1998² requires the Treasury Inspector General for Tax Administration (TIGTA) to review and certify annually whether or not the IRS is complying with the requirements of I.R.C. § 6103(e)(8) to disclose collection information to joint filers when they send in a written request. We cannot readily identify cases for review. To identify this issue, the IRS would have to conduct a manual review of every taxpayer case in the collection process with a jointly filed tax return, looking for a notation in the case file or a copy of the taxpayer's letter. However, discussions we held with Automated Collection System (ACS) employees indicate that there are compliance issues regarding requests for information available under I.R.C. § 6103(e)(8).

¹ Pub. L. No. 104-168, 110 Stat. 1452 (1996) (codified as amended in scattered sections of 26 U.S.C.).

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



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This review was performed at the offices of the IRS Commissioner, the National Taxpayer Advocate, and the Privacy, Governmental Liaison and Disclosure office located in Washington, D.C.; the Small Business/Self-Employed Division Headquarters located in New Carrollton, Maryland; and Field Collection offices in Los Angeles, California; Chicago, Illinois; and Boston, Massachusetts; and IRS Campuses in Fresno, California; Atlanta, Georgia; and Austin, Texas, during the period March 2016 through June 2016.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

**Compliance With Statutory Requirements for the Disclosure of
Collection Activity With Respect to Jointly Filed Tax Returns Cannot
Be Determined**

IRS management information systems do not record or monitor joint filer requests for information on collection activities. As such, we could not determine whether the IRS fully complied with I.R.C. § 6103(e)(8) requirements when responding to written requests from joint filers because IRS systems do not allow the identification of these requests. During this review, management from the Small Business/Self-Employed Division, the National Taxpayer Advocate, and the Privacy, Governmental Liaison, and Disclosure office commented that the IRS's position has not changed from the last fiscal year and that the IRS does not plan to implement a system to identify or track joint filer requests for collection activity. In addition, there is no legal requirement for the IRS to record or monitor cases involving these requests.

As part of this year's review, we queried IRS system history files in an attempt to independently identify the population of joint filer disclosure-related contacts during Fiscal Year 2016.³ We performed queries on the history files using specific key words associated with separated or divorced joint filer disclosures to determine whether these words would exclusively identify joint filer disclosure-related contacts. We determined that the population of I.R.C. § 6103(e)(8) disclosure contacts could not be determined based on key word searches.

This is the eighteenth year in which we have reported our inability to provide an opinion on the IRS's compliance with the provisions of I.R.C. § 6103(e)(8).⁴ While TIGTA does not recommend the creation of a separate tracking system, we determined that improvements can be made, including training of employees as to what the law requires when receiving requests for disclosure of collection information pursuant to either I.R.C. § 6103(e)(8) or § 6103(e)(7).

**Taxpayer Requests for Information Guaranteed Under Internal Revenue
Code Section 6103(e)(8) May Not Always Be Disclosed to Taxpayers**

The provision of the Taxpayer Bill of Rights 2 related to joint filers was enacted out of congressional concern about the treatment of separated or divorced taxpayers. When introducing the Bill, Representative Nancy L. Johnson (R-Connecticut) stated:

³ Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.

⁴ See Appendix IV for a list of the five most recent prior audit reports related to this statutory review.



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The subcommittee learned of many instances where divorced taxpayers who had previously signed a joint tax return during their marriage were treated harshly when the IRS later disputed the accuracy of their joint tax return. In many cases the IRS tried to collect the entire amount of taxes from the wife, even though the omitted income or erroneous deductions which caused the deficiency were attributable solely to her former husband. All too often, the woman, being pursued for payment of taxes due, was not aware that a tax return filed during the marriage had been audited or that a deficiency had been imposed on the return.

To address this concern, the IRS revised its Internal Revenue Manual (IRM) to include procedures for responding to taxpayers who file jointly and submit written requests for information on IRS collection activity.⁵ The IRM instructs employees to disclose whether any attempts have been made to collect the tax due from either of the joint filers, the current collection status, and the amount collected to date. The IRM lists the types of information to be disclosed, including:

- Whether the IRS has attempted to collect the deficiency from the other spouse.
- The amount collected, if any, and the current collection status (*e.g.*, notice, delinquent account, installment agreement, suspended).
- If suspended, the reason for suspension (*e.g.*, unable to locate, hardship).

After passage of the Taxpayer Bill of Rights 2, the IRS established procedures allowing employees to respond orally to requests under I.R.C. § 6103(e)(8).⁶ However, these procedures require the taxpayers to specifically cite I.R.C. § 6103(e)(8) authority when making these requests even though there is no such requirement in the statute. Because the IRS places this additional burden on taxpayers, the potential exists that taxpayers are denied information guaranteed under I.R.C. § 6103(e)(8) if they do not cite that section of the law.

On the other hand, different IRS procedures provide that the taxpayers' requests can still be processed even if the taxpayers do not specifically cite I.R.C. § 6103(e)(8) by using the authority granted under I.R.C. § 6103(e)(7), which states:⁷

Return information with respect to any taxpayer may be open to inspection by or disclosure to any person authorized by this subsection to inspect any return of such taxpayer if the Secretary determines that such disclosure would not seriously impair Federal tax administration.

The IRS believes that oral responses provide good customer service to taxpayers because the taxpayers receive an immediate answer. However, we found that IRS employees may not be

⁵ IRM 11.3.2.4.1.

⁶ IRM 5.1.22.3.

⁷ IRM 11.3.2.4.1.



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providing information guaranteed under I.R.C. §§ 6103(e)(7) or (e)(8) because not all IRS employees who interact with employees by telephone have been trained that taxpayers are entitled to this information.

Automated Collection System employees are not always disclosing collection activity information in response to oral requests

The ACS is a critical part of the IRS's overall Collection program. Contact representatives at ACS call sites are responsible for answering incoming taxpayer calls to resolve delinquent accounts. We interviewed a judgmental sample⁸ of 14 contact representatives working in three ACS call sites and determined that all 14 IRS employees were not aware of I.R.C. § 6103(e)(8) requirements.⁹

None of the contact representatives we interviewed had ever received a formal written request under I.R.C. § 6103(e)(8).¹⁰ However, these contact representatives frequently received oral requests from ex-spouses regarding collection activity on jointly filed returns. Oral requests are permitted under I.R.C. § 6103(e)(7). Furthermore, if the taxpayers do not specifically cite I.R.C. § 6103(e)(8) authority, I.R.C. § 6103(e)(7) authorizes the contact representatives to disclose the same collection-related information guaranteed under § 6103(e)(8). Eleven of the 14 contact representatives interviewed estimated that they receive an average of two or more of these kinds of oral requests each week.

Even though the information guaranteed under I.R.C. § 6103(e)(8) should be disclosed under I.R.C. § 6103(e)(7), contact representatives advised us that they did not provide the requested information. Contact representatives told us that they are permitted to tell an ex-spouse if a payment has been made on the account and the payment amount; however, they do not disclose who made the payment and what kind of collection activity was being enforced on the other party. In addition, four contact representatives provided examples of situations in which they did not disclose information to an ex-spouse regarding his or her jointly filed return. The types of information that were not disclosed included whether or not:¹¹

- The ex-spouse was entering into an installment agreement to pay for the joint liability.
- The ex-spouse's refund would be used to offset a joint liability.
- Collection activity occurred related to the ex-spouse on the joint liability.
- Enforcement action was being taken on the ex-spouse related to the joint liability.

⁸ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

⁹ The interviews were conducted in: Fresno, California; Atlanta, Georgia; and Austin, Texas.

¹⁰ We are unable to determine the number of formal I.R.C. § 6103(e)(8) requests the ACS receives because the IRS does not track this information.

¹¹ These examples were not taken from any specific tax return.



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Contact representatives receive training in disclosure laws; however, these employees may not have received sufficient training on I.R.C. §§ 6103(e)(7) and (e)(8) or what information should be disclosed to taxpayers when they inquire about a jointly filed return. Specifically:

- Three contact representatives stated that they did not remember I.R.C. § 6103(e)(8) ever being reviewed in training.
- Several contact representatives stated that they were not permitted to disclose collection information to an ex-spouse.
- Several contact representatives expressed that they were not aware they were able to disclose as much information as they could under I.R.C. § 6103(e)(7).
- Even after reviewing the procedures outlined in the IRM, some contact representatives were still confused about what information they could disclose to taxpayers. They believed that the IRM was not clear and provided only vague instructions. The pertinent IRM section used by ACS employees does not specifically address requests under I.R.C. §§ 6103(e)(7) and (e)(8), nor does it mention disclosure request scenarios involving an ex-spouse. In addition, the IRM section that provides the most detailed information on I.R.C. § 6103(e)(8) is not generally used by ACS employees, but it is used by Field Collection employees.¹²

We also interviewed a judgmental sample of 11 Field Collection revenue officers.¹³ All 11 revenue officers were familiar with the provisions of I.R.C. §§ 6103(e)(7) and (e)(8). Specifically, they knew these I.R.C. sections pertained to the jointly filed returns of divorced taxpayers and that they were permitted to disclose whether the IRS was pursuing enforcement action on an ex-spouse. The IRM section that they use provides specific instructions for revenue officers on how to address requests under I.R.C. §§ 6103(e)(7) and (e)(8).¹⁴

Without clear guidance and sufficient training on I.R.C. §§ 6103(e)(7) and (e)(8), contact representatives may not know how to appropriately handle these types of taxpayer requests. In fact, some contact representatives stated that they purposely do not disclose information out of caution and provide fewer details regarding joint accounts because they are concerned with disclosing too much to the taxpayer. As a result, taxpayers may not be receiving the information guaranteed under I.R.C. § 6103(e)(8).

Recommendations

Recommendation 1: The Deputy Commissioner for Services and Enforcement should direct that the IRM sections used by IRS call sites be updated with detailed instructions regarding oral

¹² IRM 5.1.22.3.

¹³ The interviews were conducted in: Los Angeles, California; Chicago, Illinois; and Boston, Massachusetts.

¹⁴ IRM 5.1.22.3.



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and written requests received under I.R.C. §§ 6103(e)(7) and (e)(8) and that all IRM sections pertaining to I.R.C. § 6103(e)(8) remove the requirement to specifically cite I.R.C. § 6103(e)(8) authority in written requests.

Management's Response: Management agreed with this recommendation and will modify the IRM section used by IRS call sites by adding information about requests involving divorced or separated spouses and adding a reference to the IRM section that pertains to disclosure issues. Management will also modify the disclosure IRM that pertains to I.R.C. § 6103(e)(8) by removing the requirement to specifically cite I.R.C. § 6103(e)(8) authority in written requests.

Recommendation 2: The Deputy Commissioner for Services and Enforcement should incorporate into existing training how to handle oral and written requests received under I.R.C. §§ 6103(e)(7) and (e)(8) for all IRS employees who would receive these types of requests while interacting with taxpayers on the telephone, as appropriate.

Management's Response: Management agreed with this recommendation. Accounts Management will update training for its employees on how to handle oral and written requests received under I.R.C. § 6103. Training will be provided to all employees who could receive these requests in order to clarify the handling of written and verbal requests received under I.R.C. §§ 6103(e)(7) and (e)(8).



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Appendix I

Detailed Objective, Scope, and Methodology

The objective of this review was to determine whether the IRS is complying with the provisions of I.R.C. § 6103(e)(8) as related to the disclosure of collection activities with respect to joint filers. To accomplish our objective, we:

- I. Reviewed IRS system history files to detect potential joint filer disclosure-related contacts with taxpayers to determine whether we could identify the population related to separated or divorced taxpayers during Fiscal Year 2016.
- II. Contacted IRS management personnel in the Small Business/Self-Employed Division to determine whether an IRS system or process that tracks joint filer requests and the IRS's responses for collection information relating to the requirements of I.R.C. § 6103(e)(8) has been implemented since our last review.
- III. Contacted the appropriate IRS and TIGTA Office of Investigations management personnel to determine whether any systems or processes have been modified since our last review to track taxpayer complaints relating to the requirements of I.R.C. § 6103(e)(8).
- IV. Contacted the appropriate National Taxpayer Advocate management personnel to determine whether the Taxpayer Advocate Management Information System has been modified since our last review to track taxpayer complaints relating to joint filer requests for collection information.
- V. Contacted the appropriate IRS management personnel responsible for the e-trak¹ system to determine whether it has been modified since our last review to track taxpayer complaints relating to joint filer requests for collection information.
- VI. Contacted the appropriate Privacy, Governmental Liaison, and Disclosure Office management personnel to determine whether the Automated Freedom of Information Act System has been modified since our last review to track taxpayer complaints relating to joint filer requests for collection information.
- VII. Selected a judgmental sample of 14 ACS contact representatives to discuss their experiences with I.R.C. § 6103(e)(8) requests.²

¹ The e-trak system is a web-based Service-wide document tracking application that assists the IRS leadership and business operating divisions with their ability to timely and effectively manage their responses to issues raised by taxpayers and to monitor internal correspondence.

² A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.



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- A. Determined whether these ACS employees have received requests under I.R.C. § 6103(e)(8) and how they documented the request (if they never had a request, then determined how they would document it). We also determined the volume of requests they received and information on the specific disclosure training they were provided.
- VIII. Selected a judgmental sample of 11 Field Collection revenue officers to discuss their experiences with I.R.C. § 6103(e)(8) requests.
 - A. Determined whether these Field Collection employees have received requests under I.R.C. § 6103(e)(8) and how they documented the request (if they never had a request, then determined how they would document it).
- IX. Gathered historical information to determine the congressional intent in passing I.R.C. § 6103(e)(8).

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: documented procedures pertaining to requests under I.R.C. § 6103(e)(8). To test these controls, we conducted interviews with Collection personnel who receive these requests.



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Appendix II

Major Contributors to This Report

Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations)
Carl L. Aley, Director
Timothy Greiner, Audit Manager
Bridgid Burkert, Lead Auditor
Richard Viscusi, Lead Auditor
Charles Nall, Senior Auditor
Marcus Sloan, Auditor



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Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Commissioner, Small Business/Self-Employed Division
Commissioner, Wage and Investment Division
Director, Collection, Small Business/Self-Employed Division
Director, Campus Collections, Small Business/Self-Employed Division
Director, Field Collection, Small Business / Self-Employed Division
Director, Headquarters Collection, Small Business/Self-Employed Division
Director, Collection Policy, Small Business/Self-Employed Division
Director, Office of Audit Coordination



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Appendix IV

*Recent Audit Reports Related
to This Statutory Review¹*

TIGTA, Ref. No. 2011-30-077, *Fiscal Year 2011 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns* (July 2011).

TIGTA, Ref. No. 2012-30-084, *Fiscal Year 2012 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns* (July 2012).

TIGTA, Ref. No. 2013-30-079, *Fiscal Year 2013 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns* (July 2013).

TIGTA, Ref. No. 2014-30-046, *Fiscal Year 2014 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns* (July 2014).

TIGTA, Ref. No. 2015-30-050, *Fiscal Year 2015 Mandatory Review of Disclosure of Collection Activities on Joint Returns* (May 2015).

¹ This list provides the most recent five of the 17 previous reports issued by TIGTA.



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Appendix V

Management's Response to the Draft Report



COMMISSIONER
SMALL BUSINESS/SELF-EMPLOYED DIVISION

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

AUG 9 2016

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Karen Schiller 
Commissioner Small Business/Self-Employed Division

SUBJECT: Draft Audit Report – Fiscal Year 2016 Statutory Review of
Disclosure of Collection Activities on Joint Returns (Audit
#201630004)

Thank you for the opportunity to review the subject draft report. TIGTA is required to annually review and certify the IRS's compliance with Internal Revenue Code (IRC) § 6103(e)(8), which gives joint filer taxpayers who are no longer married or no longer reside in the same household the right to request information regarding the IRS's efforts to collect delinquent taxes on their joint tax return liabilities.

We recognize that taxpayers who are divorced or separated but are still jointly liable for a tax debt can be in a difficult position, and we support giving them the information the statute allows in order to help them to resolve their tax liabilities. While IRC § 6103(e)(8) requires taxpayers to make requests for this information in writing, the IRS determined a number of years ago that IRC § 6103(e)(7) allowed IRS employees to accept verbal requests. Therefore we have had a practice of accepting verbal requests for this information in order to reduce burden on taxpayers and provide good customer service.

Because there is no tracking system to identify these requests, it is difficult to find data to use in measuring our performance. We can say that we have not seen a pattern of taxpayer or practitioner complaints that this information is not being provided. TIGTA interviewed Field Collection employees as part of this audit and found that they had a good understanding of the code section and the applicable procedures.

TIGTA did find that some of the 14 employees it interviewed at our Automated Collection System (ACS) sites had an incomplete or incorrect understanding of the procedures for handling these requests. TIGTA recommended that Internal Revenue Manual (IRM) sections addressing this topic be updated, that the requirement to cite IRC § 6103(e)(8) in these requests be removed, and that training material be revised for employees who could receive these requests from taxpayers by phone.



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2

We will modify IRM 11.3.2.4 to make it clear that these requests may be made verbally, and we will modify IRM 5.19 (used by our ACS employees) to more clearly link to that IRM section. We will provide training to our Collection employees and will incorporate into existing training for our Wage & Investment employees on the proper method of handling of written and verbal requests received under IRC 6103(e)(7) and (e)(8). Also, we are revising training material for Accounts Management employees with this information, and Wage & Investment Division is considering adding it to their Critical Filing Season Readiness Training.

We will continue our efforts to provide good customer service and appropriate information when responding to requests made under these sections of the IRC. Attached is a detailed response outlining our corrective actions. If you have any questions, please contact me, or a member of your staff may contact Scott Prentky, Director Collection at (954)991-4326.

Attachment



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Attachment

RECOMMENDATION 1:

The Deputy Commissioner for Services and Enforcement should direct that the IRM sections used by IRS call sites be updated with detailed instructions regarding oral and written requests received under IRC 6103(e)(7) and (e)(8), and that all IRMs pertaining to I.R.C. 6103(e)(8) remove the requirement to specifically cite IRC 6103(e)(8) authority in written requests.

CORRECTIVE ACTIONS:

We agree with this recommendation.

1. IRM 5.19.1.1.1(1) will be modified to add information about requests involving divorced or separated spouses and a link to IRM 11.3.2.4.
2. IRM 11.3.2.4.1(4) will be modified to remove the language saying these requests must be made in writing, and the requirement that taxpayers specifically cite IRC 6103(e)(8) authority in requests made pursuant to that code section.

IMPLEMENTATION DATE:

1. February 15, 2017
2. February 15, 2017

RESPONSIBLE OFFICIALS:

1. Director of Collection Policy, Small Business/Self-Employed Division
2. Director, Privacy, Governmental Liaison and Disclosure

CORRECTIVE ACTION MONITORING PLAN:

IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 2:

The Deputy Commissioner for Services and Enforcement should incorporate into existing training how to handle oral and written requests received under IRC 6103(e)(7) and (e)(8) for all IRS employees that would receive these types of requests while interacting with taxpayers on the phone.

CORRECTIVE ACTIONS:

We agree with this recommendation.

1. SB/SE Collection agrees to provide training to all employees who could receive these requests in order to clarify the handling of written and verbal requests received under IRC 6103(e)(7) and (e)(8).
2. Accounts Management will update training for its employees on how to handle oral and written requests received under IRC § 6103.



*Fiscal Year 2016 Statutory Review of Disclosure
of Collection Activities on Joint Returns*

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IMPLEMENTATION DATE:

1. July 15, 2017
2. October 15, 2016

RESPONSIBLE OFFICIALS:

1. Director, Collection Policy, Small Business/Self-Employed Division
2. Director, Accounts Management, Customer Account Services, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN:

IRS will monitor this corrective action as part of our internal management system of controls.