

# TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



## **Fiscal Year 2021 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns**

August 16, 2021

Report Number: 2021-30-050

**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**

**HIGHLIGHTS: Fiscal Year 2021 Statutory Review of  
Disclosure of Collection Activity With Respect to Joint Returns**

Final Audit Report issued on August 16, 2021

Report Number 2021-30-050

### Why TIGTA Did This Audit

The IRS Restructuring and Reform Act of 1998 requires TIGTA to review and certify annually whether or not the IRS is complying with the requirements of Internal Revenue Code (I.R.C.) § 6103(e)(8) to disclose collection information to joint filers as to efforts to collect delinquent taxes on joint tax liabilities when requested by taxpayers who are no longer married or no longer reside in the same household. I.R.C. § 6103(e)(6) allows authorized representatives of joint filers to also receive the same collection information requested under I.R.C. § 6103(e)(8).

### Impact on Taxpayers

If the IRS does not provide taxpayers the account information to which they are entitled, their taxpayer rights are violated and their ability to resolve their tax obligations may be negatively impacted.

### What TIGTA Found

TIGTA reviewed case files from the Account Management Services system to determine whether employees followed the joint return disclosure requirements on collection information requests. Reviews determined that disclosure requirements were not followed in 26 (21 percent) of 124 Accounts Management customer service representatives' history files and three (15 percent) of 20 Field Assistance individual taxpayer advisory specialists' history files in the Wage and Investment Division. TIGTA determined that 10 (38 percent) of the 26 cases in Accounts Management and all three of the cases in Field Assistance for which disclosure requirements were not followed had "mirrored accounts." Mirroring a joint account allows the IRS to administer and track collection activity unique to each taxpayer. The same collection information, when requested for mirrored accounts, should be disclosed to both taxpayers as would be disclosed for any other jointly filed return, except when the request is for unrelated personal information.

TIGTA also interviewed Accounts Management customer service representatives, Field Assistance individual taxpayer advisory specialists, and their respective managers to determine what collection activity information the employees would disclose from a jointly filed return, whether the taxpayers were currently married, separated, or divorced and when their accounts were mirrored or non-mirrored. Out of the 24 employees interviewed, 17 employees (71 percent) responded incorrectly to questions related to a taxpayer, who was currently divorced or separated, requesting information on a joint return.

On May 19, 2021, the IRS issued a revised Servicewide Electronic Research Program Alert stating that Accounts Management will transfer calls concerning certain balance due matters to the Automated Collection System. This new approach may increase the burden on some taxpayers because Accounts Management customer service representatives will continue to address some taxpayer balance due issues but will transfer their calls for other balance due matters to be addressed.

### What TIGTA Recommended

TIGTA recommended that the IRS: 1) update the Field Assistance procedures similar to Customer Account Services procedures on what collection activity must be disclosed to taxpayers who jointly filed returns, whether they are married, divorced, or separated and whether or not they have mirrored accounts; 2) update the Customer Account Services and Field Assistance procedures to provide commonly encountered scenarios for joint filer balance due inquiries; and 3) require I.R.C. §§ 6103(e)(7) and (e)(8) refresher training for all customer service representatives and individual taxpayer advisory specialists.

The IRS partially agreed with the first two recommendations and agreed with the third recommendation. The IRS plans to more clearly direct employees to appropriate guidance on what collection activities may and may not be disclosed to taxpayers who jointly filed returns, include references to related scenarios, and provide refresher training to its employees.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

## U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

August 16, 2021

### MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

**FROM:** Michael E. McKenney  
Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – Fiscal Year 2021 Statutory Review of Disclosure of  
Collection Activity With Respect to Joint Returns (Audit # 202130004)

This report presents the results of our review to determine whether the Internal Revenue Service is complying with the provisions of Internal Revenue Code § 6103(e)(8) as related to the disclosure of collection activities with respect to joint filers. This review is part of our Fiscal Year 2021 Annual Audit Plan and addresses the major management and performance challenge of *Protecting Taxpayer Rights*.

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

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendations. 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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## Background

The Taxpayer Bill of Rights 2 added Internal Revenue Code (I.R.C.) § 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 (hereafter referred to as divorced or separated), upon request in writing by either of the individuals, the Internal Revenue Service (IRS) shall disclose in writing to the individual making the request as to whether the IRS has attempted to collect the deficiency from the other individual, the general nature of the collection activities, and the amount collected.<sup>1</sup> I.R.C. § 6103(e)(6) allows authorized representatives of 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.<sup>2</sup> This is more permissive than the statutory requirements of I.R.C. § 6103(e)(8), which require the IRS to provide written responses to written requests. Additionally, in Calendar Year 2015, the Taxpayer Bill of Rights was codified in I.R.C. § 7803(a)(3), the first of which is *the right to be informed*.

**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 Restructuring and Reform Act of 1998 requires the Treasury Inspector General for Tax Administration (TIGTA) to annually review and certify 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.<sup>3</sup> We cannot readily identify the population of cases for which joint filers made such requests because the IRS does not have and does not plan to implement a system to identify or track joint filer requests for collection activity. To identify these requests, 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.

During last year's review, we interviewed a judgmental sample of revenue officers from the Small Business/Self-Employed Division's Field Collection function (hereafter referred to as Field Collection) and customer service representatives from the Automated Collection System function and found that IRS employees did not always provide the information guaranteed under I.R.C. § 6103(e)(8) that should be disclosed under I.R.C. § 6103(e)(7).<sup>4</sup> The Field Collection Internal Revenue Manual (IRM) provides that I.R.C. § 6103(e)(7) authorizes the IRS to disclose certain information to taxpayers who filed a joint return and are now divorced or separated and to their authorized representatives about the IRS's efforts to collect taxes owed. In addition, it

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

<sup>2</sup> IRM 5.1.22.4(2) (Aug. 1, 2019).

<sup>3</sup> 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.).

<sup>4</sup> A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. TIGTA, Report. No. 2020-30-048, *Fiscal Year 2020 Statutory Review of Disclosure of Collection Activities on Joint Returns* p. 4 (Aug. 2020).

specifically includes that this guidance also applies to mirrored accounts.<sup>5</sup> We also identified some cases for which taxpayers requested collection information for jointly filed returns and determined that employees did not always follow the disclosure requirements of I.R.C. §§ 6103(e)(7) and (e)(8) (hereafter referred to as joint return disclosure requirements).

In this year's review, we focused on the Wage and Investment (W&I) Division's Accounts Management and Field Assistance functional units. We queried case history files and interviewed employees and included the results in this report. The W&I Division supports all tax processing, toll-free customer service for individual and business taxpayers, face-to-face assistance, development and delivery of tax and non-tax products and correspondence services for the entire IRS, and identity theft victim assistance. The W&I Division has approximately 36,000 employees with seasonal and part-time employees situated in various U.S. offices during peak season. The W&I Division consists of six functional areas including Customer Account Services and Customer Assistance, Relationships, and Education.

The Customer Account Services function is the largest single entity within the IRS with approximately 32,000 employees during peak season and a team of 23 executives. Customer Account Services answers over 55 million telephone calls through a combination of enterprise automation and assistants at 25 Accounts Management contact centers. There are five primary functional units in Customer Account Services including Accounts Management. Accounts Management provides assistance to all taxpayers with tax law and account-related inquiries, including identity theft victim assistance, via telephone, correspondence, and web applications. Accounts Management has employees, known as customer service representatives, located in 10 campuses and 15 remote call sites throughout the country.

The Customer Assistance, Relationships, and Education function assists customers in satisfying their tax responsibilities by building and maintaining partnerships with key stakeholders to leverage resources designed to inform, educate, and communicate with customers; creating and improving tax products (*i.e.*, forms, instructions, publications, notices); facilitating tax administration; providing face-to-face assistance to taxpayers; and educating and providing compliance services to customers. There are three primary functional units in Customer Assistance, Relationships, and Education including Field Assistance. Field Assistance provides quality service to taxpayers requiring face-to-face assistance with tax account-related inquiries and educates taxpayers on services available to them through all channels, including self-service. Field Assistance employees, known as individual taxpayer advisory specialists, mainly work with taxpayers in the 358 Taxpayer Assistance Centers (hereafter referred to as walk in centers) located throughout the country.

The coronavirus pandemic has had a major impact on the operations in Accounts Management and Field Assistance. The IRS closed all 10 campuses and 15 remote call sites with Accounts Management employees between March 16, 2020, and April 6, 2020. During the closure, Accounts Management employees stopped accepting all balance due related calls from taxpayers. Accounts Management began accepting balance due calls again on May 18, 2020, at which time they had the necessary teleworking staff to resume accepting balance due calls. The IRS also closed all 358 Field Assistance walk in centers on March 19, 2020, and did not start

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<sup>5</sup> IRM 5.1.22.4.1(1) (Aug. 1, 2019). Mirroring a joint account sets up two accounts, one for each of the taxpayers. This provides the IRS a means to administer and track collection activity unique to each of the taxpayers. Each taxpayer remains jointly liable for the entire debt; *i.e.*, mirroring an account does not divide the liability in half.

reopening them to the public until around June or July 2020. While the walk in centers were closed, employees did not have any face-to-face communication with taxpayers related to their balance due account activity. By September 30, 2020, the IRS reopened 236 of the 358 walk in centers; however, it did not begin to accept balance due appointments until January 25, 2021. The IRS believed that balance due issues could be resolved using online options or telephone interaction, and thus it reserved walk-in appointments for issues that they believed to be more difficult for taxpayers to resolve on their own.

## **Results of Review**

### **Employees Are Not Consistently Disclosing Collection Activity on Jointly Filed Returns As Required**

Over the last five years, we have interviewed IRS employees about their response to collection information requests for jointly filed returns from taxpayers who are divorced or separated. We have also queried electronic history files in an attempt to identify the full population of these cases. Despite our efforts, we have been unable to identify the population of joint filer requests. However, beginning three years ago, our queries identified some cases for which taxpayers requested collection information related to their jointly filed returns. In reviewing these results, we identified potential violations to the joint return disclosure requirements and made recommendations in an effort to improve IRS employee awareness of the requirements to provide divorced or separated taxpayers with collection information on their jointly filed returns. Nevertheless, we continue to identify issues with employee understanding of these requirements.

**We continue to identify issues with employee understanding of the requirements to provide divorced or separated taxpayers with collection information on their jointly filed returns.**

### **History files showed that employees are not always aware of the disclosure requirements for joint filer taxpayer contacts**

As part of this year's review, we queried IRS computer system history files in an attempt to identify the population of joint filer disclosure contacts made during Fiscal Year 2020. We performed queries on the history files using specific combinations of key words associated with separated or divorced joint filers to determine whether these word combinations would identify all joint filer disclosure contacts. We were unable to identify the population of all disclosure contacts based on key word searches. However, we successfully identified some cases potentially related to these types of contacts in the Account Management Services history files for both the Accounts Management and Field Assistance functional units.<sup>6</sup>

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<sup>6</sup> The Account Management Services system provides a common user interface that allows users to update taxpayer accounts, view history and comments from other systems, and access a variety of case processing tools. Account Management Services histories are input by employees in the Small Business/Self-Employed Division's Automated Collection System function and the W&I Division's Accounts Management and Field Assistance functions; however, we reviewed histories input only by W&I Division's Accounts Management and Field Assistance.



We reviewed judgmental samples of 124 Accounts Management case histories and 20 Field Assistance case histories documented in the Account Management Services system related to joint filer collection information requests in the W&I Division.<sup>7</sup> Based on our review, we determined that employees did not follow the joint return disclosure requirements in 26 (21 percent) of the 124 Accounts Management customer service representatives' history files and three (15 percent) of the 20 Field Assistance individual taxpayer advisory specialists' history files. The 29 cases were errors because employees did not provide the requested collection activity to the divorced or separated spouse as required by law. In most cases, employees incorrectly stated that they could not provide any collection activity on the other joint taxpayer, such as whether the other taxpayer made a payment or the current collection status, because the taxpayers were no longer married nor living together. As a result, these 29 taxpayers or their representatives were potentially burdened with additional delays in resolving their respective tax matter. This has been a recurring issue for the last five years and we have made recommendations for the respective IRS business units we have reviewed to update the IRM as well as to provide additional training to their employees. The IRS should continue to address this issue in its respective business unit IRMs that provide guidance to employees who may respond to taxpayer inquiries about a joint return matter.

We also observed that 10 (38 percent) of the 26 cases with disclosure errors in Accounts Management and all three of the cases with disclosure errors in Field Assistance had "mirrored accounts." Mirroring a joint account sets up two accounts, one for each of the taxpayers. Establishing two separate accounts provides the IRS a means to administer and track collection activity unique to each of the taxpayers. Each taxpayer remains jointly liable for the entire debt; *i.e.*, mirroring an account does not divide the liability in half. Because joint filer taxpayers remain jointly liable, the same collection information, when requested, on mirrored accounts should be disclosed to both taxpayers as would be disclosed on any other jointly filed return, except when the request is for unrelated personal information.<sup>8</sup>

In addition to the 29 cases where employees did not follow the joint return disclosure requirements, we identified [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>7</sup> A joint filer request is a request made by an individual who filed a joint return and is no longer married or no longer resides in the same household as the other party on the jointly filed return. See Appendix I for more details on how samples were selected.

<sup>8</sup> IRM guidance also includes prohibited disclosures such as the other spouse's location, name change, telephone number, employment, income, assets, the income level at which a currently not collectible account would be reactivated, or the bankruptcy chapter filed by the other spouse.

[REDACTED]



IRS management concurred with the 31 total cases with disclosure errors that we identified in both Accounts Management and Field Assistance. According to IRS management, mirrored accounts are typically assigned to employees from the Automated Collection System function or revenue officers in Field Collection; therefore, customer service representatives in Accounts Management have limited experience with mirrored accounts.

The Customer Account Services' IRM on Split Spousal Assessments specifies that I.R.C. § 6103(e) authorizes the IRS to disclose certain limited collection information regarding one spouse to the other spouse, relative to tax deficiencies with respect to a jointly filed return where the individuals filing such return are no longer married or no longer reside in the same household.<sup>11</sup> In addition, it expressly states that this guidance also applies to mirrored accounts. While the Split Spousal Assessment IRM provides a list of the information that can be disclosed and the information that cannot be disclosed to the other spouse, it fails to provide a list of common case examples that a customer service representative or an individual taxpayer advisory specialist may encounter while communicating with taxpayers who filed joint returns but are divorced or separated.<sup>12</sup> This IRM should provide a list of common disclosure scenarios similar to the Field Collection IRM and the Automated Collection System function IRM to assist these employees when they are making determinations on what information can and cannot be disclosed.<sup>13</sup>

While the Split Spousal Assessment IRM (for Customer Account Services) provides some detailed guidance on I.R.C. § 6103(e), the Field Assistance IRM on disclosure merely states that I.R.C. § 6103 is one of the confidentiality statutes, and directs employees to contact the Disclosure Help Desk and to various other IRMs, such as the Disclosure of Official Information IRM, for further guidance.<sup>14</sup> The Field Assistance IRM fails to address I.R.C. § 6103(e) and the requirement that employees disclose certain collection information to taxpayers who are now divorced or separated and to their authorized representatives about the IRS's efforts to collect taxes owed. Additionally, the Field Assistance IRM fails to provide examples of what account information can and cannot be disclosed on mirrored accounts, including separated and divorced taxpayers, and fails to explain that certain collection information can be disclosed to both parties of a joint account whether the taxpayers are married, divorced, separated, or have mirrored accounts. Further, the IRM fails to provide a list of common case examples that a customer service representative or an individual taxpayer advisory specialist may encounter while communicating with taxpayers who filed joint returns but are divorced or separated. The Field Assistance IRM should be updated to include this information.

In our Fiscal Year 2019 report, we recommended that the IRS produce a detailed but simple-to-understand list of information to be attached to all pertinent IRMs as an Exhibit so that IRS employees understand the type of information that they must and must not provide to

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<sup>11</sup> IRM 21.6.8.3(1) (Sept. 15, 2020). The "audience" for IRM 21.6.8 are employees located in the business operating divisions such as Small Business/Self-Employed and W&I Divisions, as well as Customer Assistance, Relationships, and Education (a functional area of the W&I Division), who have contact with taxpayers by either telephone, correspondence, or personal contact.

<sup>12</sup> IRMs 21.6.8.3(2) and 21.6.8.3(3) (Sept. 15, 2020).

<sup>13</sup> Field Collection IRM 5.1.22.4.1(8) (Aug. 1, 2019). Automated Collection System function IRM 5.19.5.4.13(6) (Nov. 23, 2020).

<sup>14</sup> IRM 21.3.4.23(2) and IRM 21.3.4.23(3) (Aug. 28, 2020). The "audience" for IRM 21.3.4 are W&I Division Field Assistance and Accounts Management employees and managers.

joint filing taxpayers seeking collection information. The IRS partially agreed with this recommendation and responded that the Collection function would prepare a list of the most common scenarios its employees encounter with guidance from the Office of Chief Counsel and the Disclosure Office, but this list would be provided only to the Collection function employees who handle these requests and the Collection function would then provide the information to the other impacted organizations.<sup>15</sup> In our Fiscal Year 2020 report, we recommended that this communication be amended to include the information on mirrored accounts, which the IRS updated and issued on December 9, 2020.<sup>16</sup> Both the Customer Account Services Split Spousal Assessments and the Field Assistance disclosure IRMs do not include such a list.

### **Interviews showed that employees are not always aware of the disclosure requirements for joint filer taxpayer contacts**

This year we interviewed a judgmental sample of 24 employees: nine customer service representatives and three respective managers from the Accounts Management functional unit and nine individual taxpayer advisory specialists and three respective managers from the Field Assistance functional unit of the W&I Division. TIGTA conducted the interviews to determine what collection activity information the employees would disclose from a jointly filed return whether the taxpayers were currently married, separated, or divorced and when their accounts were mirrored and non-mirrored.

During the interviews, we asked employees three questions regarding whether they would provide collection activity information to a married taxpayer on a jointly filed return. In addition, we asked four questions about whether the employee would provide collection activity information on a jointly filed return to a taxpayer who is now divorced or separated when the account was mirrored and non-mirrored. We found that the majority of the 24 employees would accurately provide collection activity details on a jointly filed return to a married taxpayer when requested. However, when asked about inquiries from divorced or separated taxpayers (with and without mirrored accounts), 17 employees (71 percent) of 24 interviewed, responded incorrectly.<sup>17</sup>

When asked questions about a taxpayer who was divorced or separated (without a mirrored account), eight employees (33 percent) of 24 interviewed responded incorrectly that they would not disclose information. Specifically:

- 6 of the 8 employees responded they would not provide the inquiring spouse information related to the collection activity from the other spouse on their joint account.

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<sup>15</sup> TIGTA, Report No. 2019-30-059, *Fiscal Year 2019 Statutory Review of Disclosure of Collection Activities on Joint Returns* pp. 7 and 8 (Sept. 2019).

<sup>16</sup> TIGTA, Report No. 2020-30-048, *Fiscal Year 2020 Statutory Review of Disclosure of Collection Activities on Joint Returns* p. 6 (Aug. 2020). According to the Joint Audit Management Enterprise System report (reflecting the status of the corrective actions taken by the IRS), as of March 9, 2021, the IRS updated and issued the corrective communication on December 9, 2020.

<sup>17</sup> The overall number of employees (17 employees) reflects the unique counts of employees who provided one or more incorrect responses to our questions. Therefore, the subsequent breakdown by mirrored, non-mirrored, and disclosure violations, will not add up to 17 because some employees answered more than one question incorrectly.

- 3 of the 8 employees responded they would not tell the inquiring spouse why the module was deemed currently not collectible or suspended, if the module was in currently not collectible or suspended status.

When asked questions about a taxpayer who was divorced or separated (with a mirrored account), 15 employees (63 percent) of 24 interviewed responded incorrectly that they would not disclose information. Specifically:

- 13 of the 15 employees responded they would not provide the inquiring spouse information related to the collection activity from the other spouse on their joint account.
- 9 of the 15 employees responded they would not tell the inquiring spouse the current collection status of the account.
- 11 of the 15 employees responded they would not tell the inquiring spouse why the module was deemed currently not collectible or suspended, if the module was in currently not collectible or suspended status.

There are also disclosures that employees should not make to spouses on joint accounts. Prohibited disclosures include items, such as providing information about the other spouse's location, name change, or telephone number; information about the other spouse's employment, income, or assets; the income level of the other spouse at which a currently not collectible module would be reactivated; or the bankruptcy chapter filed by the other spouse.<sup>18</sup> When asked questions about a taxpayer who was divorced or separated, five employees (21 percent) of the 24 interviewed responded that they would disclose some of these prohibited items about the other spouse.

IRS management explained that during taxpayer contacts, employees have access to the IRM and other tools to determine what can and what cannot be disclosed. The employees are encouraged to perform research during taxpayer contacts and because they were not allowed to use the IRMs or other tools during TIGTA's interviews, they believe this may have caused some of the errors. Also, as previously stated, according to IRS management, customer service representatives in Accounts Management have limited experience with mirrored accounts. Further, IRS management commented that more education on mirrored accounts needs to be provided to the individual taxpayer advisory specialists in Field Assistance.

The IRS's corrective actions in response to our recommendations in prior reports have not sufficiently addressed disclosures to joint filer taxpayers with mirrored accounts. During our interviews this year, we found that IRS employees were unaware that they can disclose collection activity on jointly filed returns of divorced or separated taxpayers when an account is mirrored. Employees can disclose collection activity on a jointly filed return to either taxpayer, regardless whether the taxpayers are married or are now divorced or separated, or whether they have mirrored accounts. Without clear guidance, the IRS may violate taxpayers' rights to obtain collection activity information on their jointly filed returns. Additionally, the IRS may risk the inequitable treatment of taxpayers when employees differ in their responses to similar inquiries.

Based on our collective results from case histories and interviews, employees are providing inconsistent responses to taxpayer requests for collection information on their jointly filed

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<sup>18</sup> IRM 21.6.8.3(3) (Sept. 15, 2020).

returns when divorced or separated. The IRS should provide periodic and continued training for all customer service representatives in Accounts Management and all individual taxpayer advisory specialists in Field Assistance that address balance due inquires.

When employees are unsure of the appropriate disclosure, they might not want to risk inappropriate disclosure of I.R.C. § 6103 and potential discipline for the error. Employees need clear guidance and continued training on joint return disclosure requirements so they can provide the appropriate response when asked about collection activity on jointly filed returns of divorced or separated joint filers, including situations where the account is mirrored.

**Management Action:** IRS management informed us that Field Assistance took some corrective action as a result of this audit. On April 23, 2021, Field Assistance issued an e-mail to remind their employees what information can or cannot be disclosed upon request of either spouse relative to tax deficiencies on a jointly filed return where the individuals are no longer married or no longer reside in the same household and have a mirrored account.

### **Accounts management will now transfer calls on certain balance due matters to Automated Collection System staff**

On April 16, 2021, the IRS issued a Servicewide Electronic Research Program Alert (hereafter referred to as Alert) stating that Accounts Management will no longer be answering calls concerning balance due matters. After we questioned the IRS on this change, they issued a revised Alert on May 19, 2021, clarifying that Accounts Management will no longer answer certain types of taxpayer balance due calls. Specifically, calls from taxpayers who cannot pay, will not pay, or would like to pay off their balance due later (*e.g.*, taxpayer calls to setup an installment agreement or request for an extension to pay), will now be transferred to the Automated Collection System function. Accounts Management will still address balance due calls with issues such as math errors, penalty abatements, and requests for payoff information for accounts in limited statuses.

We believe this change in procedure is problematic because it will likely increase taxpayer burden for some taxpayers. For example, this new approach may burden some taxpayers who call in on multiple issues, because Accounts Management customer service representatives will continue to address non-balance due issues and certain balance due issues, but will transfer the call to the Automated Collection System if the taxpayer wishes to set up a payment plan or discuss payment options. Taxpayers, who already have concerns about their tax matters being resolved and having their calls answered, may spend more time than already required to reach the IRS.

The Commissioner, Wage and Investment Division, should:

**Recommendation 1:** Update the Field Assistance IRM to provide similar guidance to what is provided in the Customer Account Services' Split Spousal Assessment IRM on what collection activity must be disclosed and what collection activity must not be disclosed to taxpayers who jointly filed returns, whether they are married, divorced, or separated and whether or not they have mirrored accounts.

**Management's Response:** The IRS partially agreed with this recommendation and plans to more clearly direct employees to appropriate guidance on what collection activities may and may not be disclosed to taxpayers who jointly filed returns. The IRS

will update IRMs 21.3.4.13, *Balance Due Accounts*, and 21.3.4.23, *Disclosure*, to reference and link to IRM 5.19.5.4.13, *ACS and Disclosure*. The IRS believes that linking to source information, rather than duplicating, ensures consistency in published guidance.

**Office of Audit Comment:** As previously stated, the Automated Collection System function includes in its IRM 5.19.5.4.13, *ACS and Disclosure*, common disclosure scenarios to assist its employees. However, this IRM does not contain guidance on what collection activity must be disclosed and what collection activity must not be disclosed to taxpayers who jointly filed returns. While this IRM does provide a reference to IRM 11.3.2.4.1.1, *Disclosure of Collection Activities with Respect to Joint Returns*, containing the relevant guidance, we believe that the Field Assistance IRM should contain a direct reference to IRM 11.3.2.4.1.1, to avoid requiring employees to search through multiple IRMs to find this information.

**Recommendation 2:** Update the Customer Account Services' Split Spousal Assessment IRM and the Field Assistance Disclosure IRM to provide commonly encountered scenarios, similar to what is provided in the Field Collection and the Automated Collection System function IRMs, explaining what collection activity must be disclosed to taxpayers who jointly filed returns, whether they are married, divorced, or separated and whether or not they have mirrored accounts.

**Management's Response:** The IRS partially agreed with this recommendation and plans to update the applicable IRMs to directly reference and link to the scenarios provided in IRM 5.19.5.4.13, *ACS and Disclosure*.

**Office of Audit Comment:** Incorporating links to other IRS business unit scenarios may not sufficiently address situations encountered by Customer Account Services and Field Assistance employees when addressing collection matters pertaining to taxpayers who jointly filed returns. As recommended, Customer Account Services and Field Assistance should include in their respective IRMs commonly encountered scenarios relevant to their respective areas.

**Recommendation 3:** Require I.R.C. §§ 6103(e)(7) and (e)(8) refresher training for all customer service representatives in Accounts Management and all individual taxpayer advisory specialists in Field Assistance regarding employee requirements to disclose collection activity on jointly filed returns when requested from individuals who are no longer married or no longer reside in the same household, whether or not they have mirrored accounts and the non-disclosure of prohibited taxpayer information.

**Management's Response:** The IRS agreed with the recommendation and will provide disclosure training in the Fiscal Year 2022 Critical Filing Season Readiness Training.

## **Appendix I**

### **Detailed Objective, Scope, and Methodology**

The overall objective of this audit 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:

- Contacted IRS management in the Small Business/Self-Employed and W&I Divisions to determine if any IRS system or process has been implemented since our last review that tracks joint filer requests and the IRS's response for collection information related to the requirements of I.R.C. § 6103(e)(8).
- Contacted the appropriate IRS and TIGTA Office of Investigations management personnel to determine if any systems or processes have been modified since our last review to track taxpayer complaints related to the requirements of I.R.C. § 6103(e)(8).
- Evaluated the IRS's compliance with the joint return disclosure requirements by requesting assistance from TIGTA's Applied Research and Technology Data Analytics group to identify a potential population of separated or divorced taxpayers with disclosure-related contacts in Fiscal Year 2020. The group identified 673 Accounts Management history files in the Account Management Services system and 34 Field Assistance history files in the Account Management Services system that potentially related to taxpayer requests for collection activity information on jointly filed returns for which the taxpayers were now either divorced or separated. We reviewed 284 unique Accounts Management history files of the 673 history files provided and identified a judgmental sample of 124 history files directly related to joint filer requests.<sup>1</sup> We reviewed all 34 of the Field Assistance history files and determined that 30 of the 34 were unique narratives. Of the 30 unique Field Assistance history files, we identified 20 cases directly related to joint filer requests.
- Interviewed a judgmental sample of Accounts Management and Field Assistance employees to determine how they respond to questions about collection activity on accounts of taxpayers who jointly filed a return, but are no longer married or no longer reside in the same household of the other taxpayer on the return.

### **Performance of This Review**

This review was performed with information obtained from the offices of the IRS Commissioner; the Commissioner, W&I Division; the National Taxpayer Advocate; the Small Business/Self-Employed Division Headquarters; and various Accounts Management contact centers and Taxpayer Assistance Centers during the period of November 2020 through June 2021. We conducted this performance audit in accordance with generally accepted

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<sup>1</sup> We considered narratives that related to the same joint return(s) as a single unique history file; *i.e.*, we did not increase the unique count when duplicate narratives/histories were found in accounts related to the jointly filed return(s). A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. A joint filer request is a request made by an individual who filed a joint return and is no longer married or no longer resides in the same household as the other party on the jointly filed return.



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.

Major contributors to the report were Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations); Phyllis Heald London, Director; Javier Fernandez, Audit Manager; Stephanie Finlay, Lead Auditor; Carrie Mares, Senior Auditor; James Dovan, Auditor; and Kevin B. Nielsen, Information Technology Specialist (Data Analytics).

### **Validity and Reliability of Data From Computer-Based Systems**

The Applied Research and Technology Data Analyst performed data analytics using the following TIGTA Data Center Warehouse data sources to identify a potential population of separated or divorced taxpayers with disclosure-related contacts in Fiscal Year 2020: 1) the Collection Files: *Account Management Services, Narrative Table*, 2) the Collection Files: *Account Management Services, AMS User Table*, 3) the Employee Information Files: *SEID to Employee SSN Data Table*, and 4) and the Employee Information Files: *TIMIS Data, TIMIS Employees Table*. The Data Center Warehouse retains data for the Account Management Services system data on a calendar year basis. Therefore, two extractions were run for the *Account Management Services, Narrative Table* to obtain a fiscal year population (Calendar Year 2019 from October 1 through December 31, 2019, and Calendar Year 2020 from January 1 through September 30, 2020) and the *Account Management Services, User Table* was matched to these results.

We evaluated the results of the data analytics by performing electronic data testing for missing data, outliers, duplicates, or obvious errors. We verified the completeness of the data by reviewing the date fields of the narratives, which all fell within the requested time frame and met with IRS management to discuss the impact the coronavirus pandemic had on IRS operations to determine why there were gaps in the dates of the narratives. Additionally, we verified the accuracy of the data by selecting a random sample of 20 Accounts Management cases and 10 Field Assistance cases to reconcile against the case information found in the Account Management Services system. We determined that the data were sufficiently reliable for the purpose of this audit.

### **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). We evaluated these controls by reviewing Account Management Services system history files and conducting interviews with Accounts Management and Field Assistance personnel who receive these requests.



## Appendix II

### Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to Congress.

#### **Type and Value of Outcome Measure:**

- Taxpayer Burden – Potential; the IRS did not provide 29 taxpayers who were divorced or separated, information related to the collection activity on their joint returns (see Recommendations 1, 2, and 3).

#### **Methodology Used to Measure the Reported Benefit:**

TIGTA's Applied Research and Technology Data Analytics group identified a potential population of separated or divorced taxpayers with disclosure-related contacts in Fiscal Year 2020. The group identified 673 Accounts Management history files and 34 Field Assistance history files from the Account Management Services system that potentially related to taxpayer requests for collection activity information on jointly filed returns, in which the taxpayers were either divorced or separated. We reviewed 284 unique Accounts Management history files of the 673 history files provided and identified a judgmental sample of 124 history files directly related to joint filer requests.<sup>1</sup> We reviewed all 34 of the Field Assistance history files and identified 20 cases directly related to joint filer requests.

From our judgmental sample of 124 Accounts Management case histories and 20 Field Assistance case histories, we identified a total of 29 unique taxpayers whose allowable requests for collection information on their joint returns were denied. These taxpayers or their representatives were potentially burdened with additional delays in resolving their respective joint tax return matter.

#### **Type and Value of Outcome Measure:**

- Taxpayer Privacy and Security – Potential; the IRS [REDACTED] (see Recommendation 3).

#### **Methodology Used to Measure the Reported Benefit:**

TIGTA's Applied Research and Technology Data Analytics group identified a potential population of separated or divorced taxpayers with disclosure-related contacts in Fiscal Year 2020. The group identified 673 Accounts Management history files and 34 Field Assistance history files from the Account Management Services system that potentially related to taxpayer requests for collection activity information on jointly filed returns, in which the taxpayers were either

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<sup>1</sup> We considered narratives that related to the same joint return(s) as a single unique history file; *i.e.*, we did not increase the unique count when duplicate narratives/histories were found in accounts related to the jointly filed return(s). A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. A joint filer request is a request made by an individual who filed a joint return and is no longer married or no longer resides in the same household as the other party on the jointly filed return.

divorced or separated. We reviewed 284 unique Accounts Management history files of the 673 history files provided and identified a judgmental sample of 124 history files directly related to joint filer requests.<sup>2</sup> We reviewed all 34 of the Field Assistance history files and identified 20 cases directly related to joint filer requests.

From our judgmental sample of 124 Accounts Management case histories and 20 Field Assistance case histories, we [REDACTED]

[REDACTED]

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<sup>2</sup> We considered narratives that related to the same joint return(s) as a single unique history file; *i.e.*, we did not increase the unique count when duplicate narratives/histories were found in accounts related to the jointly filed return(s). A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. A joint filer request is a request made by an individual who filed a joint return and is no longer married or no longer resides in the same household as the other party on the jointly filed return.

## Appendix III

### Recent Audit Reports Related to This Statutory Review<sup>1</sup>

TIGTA, Report No. 2016-30-060, *Fiscal Year 2016 Statutory Review of Disclosure of Collection Activities on Joint Returns* (Aug. 2016).

TIGTA, Report No. 2017-30-058, *Fiscal Year 2017 Statutory Review of Disclosure of Collection Activities on Joint Returns* (Aug. 2017).

TIGTA, Report No. 2018-30-053, *Fiscal Year 2018 Statutory Review of Disclosure of Collection Activities on Joint Returns* (July 2018).

TIGTA, Report No. 2019-30-059, *Fiscal Year 2019 Statutory Review of Disclosure of Collection Activities on Joint Returns* (Sept. 2019).

TIGTA, Report No. 2020-30-048, *Fiscal Year 2020 Statutory Review of Disclosure of Collection Activities on Joint Returns* (Aug. 2020).

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<sup>1</sup> This list provides the most recent five of the 22 previous reports issued by TIGTA.

## Appendix IV

### Management's Response to the Draft Report



COMMISSIONER  
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

July 29, 2021

MEMORANDUM FOR MICHAEL E. MCKENNEY  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kenneth C. Corbin   
Commissioner, Wage and Investment Division

Digitally signed by  
Kenneth C. Corbin  
Date: 2021.07.29  
15:12:34 -04'00'

SUBJECT: Draft Audit Report – Fiscal Year 2021 Statutory Review of  
Disclosure of Collection Activity With Respect to Joint Returns  
(Audit # 202130004)

Thank you for the opportunity to review and provide comments on the subject draft report. Internal Revenue Code § 6103 provides that tax information shall remain confidential, and disclosure of such information to others shall be limited to those exceptions so authorized under § 6103. With respect to individuals filing joint tax returns, both have the right to be informed of any actions taken by the IRS regarding enforcement activities, including the collection of amounts due. When the individuals are no longer married or residing in the same household, their right to information regarding the joint tax return and any unpaid liability remains in effect. Collection activities may be taken to obtain payment from only one of the two individuals. In this circumstance, the other individual is entitled to general information on whether collection has been attempted, the nature of the activity taken to collect the amount owed, and the amount collected. We recognize the difficult position facing divorced or separated taxpayers with respect to joint tax debt. We remain committed to helping them resolve their tax liabilities, including providing any authorized information regarding our efforts to collect the delinquent tax.

During the course of this review, it was found that some employees were erring on the side of caution by not providing all information to which a non-impacted individual was entitled when collection activity had been pursued against the other individual on a joint return. After being briefed on the observations of the audit team, we acted on it by issuing a reminder to our public-facing employees of the information former spouses on a joint return are entitled to receive. We will also update the applicable Internal Revenue Manuals, which contain procedural guidance for employees, to more clearly direct them to the list of authorized disclosures for divorced or separated joint filers. Additionally, this topic will be addressed in the 2022 filing season readiness training for employees.

**Fiscal Year 2021 Statutory Review of Disclosure of  
Collection Activity With Respect to Joint Returns**

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The report also references the ongoing transfers of balance due calls from the Accounts Management function to the Automated Collection System (ACS) staff, stating a belief that the process will result in increased burden for some taxpayers. Although some taxpayers will experience a phone transfer, the transferred calls are moved to the front of the ACS queue to minimize any additional wait time. Further, taxpayer burden will be reduced in some instances by eliminating multiple transfers within Accounts Management, since a limited number of assistors are trained to address balance due situations. We began transferring calls needing assistance with balances due in 2014, to direct taxpayers to the assistors best qualified to respond to their needs. We will continue striving to provide good customer service and make appropriate disclosures of information, as authorized, when responding to taxpayer requests and while remaining mindful of our statutory obligation to protect the confidentiality of taxpayer information.

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

Attachment

## **Recommendations**

The Commissioner, Wage and Investment Division, should:

### **RECOMMENDATION 1**

Update the Field Assistance IRM to provide similar guidance to what is provided in the Customer Account Services' Split Spousal Assessment IRM on what collection activity must be disclosed and what collection activity must not be disclosed to taxpayers who jointly filed returns, whether they are married, divorced, or separated and whether or not they have mirrored accounts.

### **CORRECTIVE ACTION**

Internal Revenue Manual (IRM) 21.3.4.13, *Balance Due Accounts*, directs employees to follow the guidance in IRM 5.19.1, *Balance Due*. To more clearly direct employees to the appropriate guidance on what collection activities may and may not be disclosed to taxpayers who jointly filed returns, we will update IRMs 21.3.4.13 and 21.3.4.23, *Disclosure*, to reference and link to IRM 5.19.5.4.13, *ACS and Disclosure*, where the disclosure criteria is found. Linking to the source information, rather than duplicating it across multiple IRM sections complies with IRM standards and ensures consistency in published guidance.

### **IMPLEMENTATION DATE**

November 15, 2021

### **RESPONSIBLE OFFICIAL**

Director, Field Assistance, Customer Assistance, Relationships and Education, Wage and Investment Division

### **CORRECTIVE ACTION MONITORING PLAN**

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

### **RECOMMENDATION 2**

Update the Customer Account Services' Split Spousal Assessment IRM and the Field Assistance Disclosure IRM to provide commonly encountered scenarios, similar to what is provided in the Field Collection and the Automated Collection System function IRMs, explaining what collection activity must be disclosed to taxpayers who jointly filed returns, whether they are married, divorced, or separated and whether or not they have mirrored accounts.

### **CORRECTIVE ACTION**

We will update the applicable IRMs to directly reference and link to the scenarios provided in IRM 5.19.5.4.13, *ACS and Disclosure*.

**IMPLEMENTATION DATE**

November 15, 2021

**RESPONSIBLE OFFICIAL**

Director, Accounts Management, Customer Account Services, Wage and Investment Division

**CORRECTIVE ACTION MONITORING PLAN**

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

**RECOMMENDATION 3**

Require I.R.C. §§ 6103(e)(7) and (e)(8) refresher training for all customer service representatives in Accounts Management and all individual taxpayer advisory specialists in Field Assistance regarding employee requirements to disclose collection activity on jointly filed returns when requested from individuals who are no longer married or no longer reside in the same household, whether or not they have mirrored accounts and the non-disclosure of prohibited taxpayer information.

**CORRECTIVE ACTION**

Disclosure training will be provided in the 2022 Critical Filing Season Readiness Training.

**IMPLEMENTATION DATE**

January 15, 2022

**RESPONSIBLE OFFICIAL**

Director, Accounts Management, Customer Account Services, Wage and Investment Division

**CORRECTIVE ACTION MONITORING PLAN**

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



## Appendix V

### Abbreviations

I.R.C.	Internal Revenue Code
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
TIGTA	Treasury Inspector General for Tax Administration
W&I	Wage and Investment



**To report fraud, waste, or abuse,  
call our toll-free hotline at:**

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**By Web:**

[www.treasury.gov/tigta/](http://www.treasury.gov/tigta/)

**Or Write:**

Treasury Inspector General for Tax Administration

P.O. Box 589

Ben Franklin Station

Washington, D.C. 20044-0589

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