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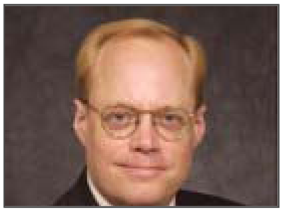

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IRS Brass Spent $100K Each On Travel

(Photo credit: Alan Light)

For the IRS, the hits just keep on coming. The no longer obscure watchdog known as the Treasury Inspector General for Tax Administration (TIGTA) has a new bestseller: Analysis of Executive Travel Within the Internal Revenue Service. Ever since the Tea Party scandal, this inspector's reports are pretty important.

Now, he takes on IRS travel. This report is only on travel by IRS executives. Did they travel too much or spend too much? The short answer is yes. In 2011 there were 351 IRS executives, and in 2012, there were 373. In 2011, the IRS spent approximately $4.8 million for executive travel. In 2012, it was about $4.7 million. See IRS Spent Nearly $5M a Year for Executive Travel.

Was IRS executive travel excessive? Overall, no, the report says. But a small number of execs had ***extremely high*** travel expenses compared to the rest. Plus, several execs frequently traveled to D.C. for day-to-day operations. Moreover, a handful were practically traveling all the time. That seems at least inefficient.

The report says that 7 IRS execs in 2011 and 5 IRS execs in 2012 were in travel status for over 200 days each year. Huh, do they really have to go that many places? The rules on this have changed.

In April 2013, the IRS instituted a new interim travel policy. It generally restricts executives from being in travel status for more than 75 nights in any year. But the report shows that for 2011 and 2012, some execs weren't living in places that made sense for their work.

The cost and frequency of travel for some execs indicated that they should perhaps move, or that they should be assigned to a different IRS office. Notably, the Federal Travel Regulation does not set any total monetary or duration limits on temporary duty travel. Even so, the report says that the IRS should consider a temporary or permanent change of station as an alternative to long-term temporary duty travel. See Watchdog Finds IRS Executives Racked Up Six-Figure Travel Bills.

The report also says this needs addressing. Currently, the IRS does not require decision makers to document whether a temporary or permanent change of station was considered as an alternative to long-term temporary duty travel. TIGTA recommended a comparison of the costs and benefits of long-term taxable travel to a change of station, either temporary or permanent. Someone should be required to document in writing that the more favorable alternative was selected. This should be documented before placing an employee on long-term travel or authorizing a temporary or permanent change of station. See IRS Executives Spent More Days on D.C. Travel Than at Home.

IRS officials generally agreed, saying that it would develop and implement guidance to require a business case before an employee is put on a long-term taxable travel. The business case will be used to evaluate and document the costs and benefits of placing the employee in long-term taxable travel status or temporarily or permanently changing the employee's official station.

Additionally, in June 2013, the IRS issued interim guidance that requires an approved post of duty for each executive that is based on the geographic location where most of the work activities are performed. In cases where the work activities can be performed in virtually any geographical location, the post of duty will be considered neutral.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.