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IRS Flubs 57% Of Tax Collections, Says Audit Of IRS

If you ever owed back taxes, did the IRS efficiently and aggressively collect from you? If so, you may be the exception. So says a new federal report by the Treasury Inspector General for Tax Administration, also called TIGTA. It's the watchdog that audits the IRS. Here is the [Press Release](#).

Turns out the IRS flubs collections, often calling tax debts uncollectible before that's appropriate. There's \$6.7 billion at stake, says the report. The study does not estimate exactly how much the IRS *might* collect if its workers followed all the rules. And the IRS disagrees with some of the report, which has this mouthful title: [Delinquent Taxes May Not Be Collected Because Required Research Was Not Always Completed Prior to Closing Some Cases As Currently Not Collectible](#).

Many steps must be followed before a debt is listed as "uncollectible." But 57% of the time, these steps aren't followed, says the report. IRS workers are supposed to trace mailing addresses, motor vehicles, court and other records, but don't always do it. Even worse, in 7% of the cases, a Notice of Federal Tax Lien hasn't even been filed as required.

If the IRS cracked down hard on you, you might be one of the 43%, since 57% of the time something slipped, suggests J. Russell George, Treasury Inspector General for Tax Administration. He says the report doesn't just raise collection efficiency questions, but fairness issues too. Every taxpayer should be treated the same.

The [report claims that \\$1.9 billion could be collected](#) if IRS managers made sure all required steps were taken. The report lists recommendations for the IRS to follow, and many are common sense. If you have rules, follow them. If there are steps to make sure someone *really* can't ever pay, take them. The IRS brass has already agreed with some of TIGTA's recommendations.

However, there is a kerfuffle over some of them. The IRS disagrees with some points, and TIGTA says not all of IRS management's planned corrective actions fully address what's needed. The IRS says the report overstates some of the dollars in question.

The IRS declared \$6.7 billion in unpaid taxes to be uncollectable because it couldn't find the taxpayers. The report says \$1.9 billion involved returns where the IRS failed to take all the steps to find the money. The study estimated that about \$53 million was at stake in cases where required notices had not been filed warning taxpayers the government was filing a lien against them.

In response, IRS officials said the unpaid taxes where lien notices were not issued were “significantly less” than \$53 million. They also said they believed that “the government’s interest is adequately protected” by the lien notices the IRS did file. That may be true, but at a time when the IRS has had a bad year, this is one more in a series of negative reports.

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.