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The Internal Revenue Service (IRS) needs to improve its compliance with procedures for conducting sales of property seized for unpaid taxes, according to a report publicly released today by the Treasury Inspector General for Tax Administration (TIGTA).

Over the past four fiscal years (2011 through 2014), the IRS has received approximately $114 million in proceeds from the sale of seized taxpayer assets. This audit was initiated to analyze the IRS's seizure and sale program to determine

varying amounts of detail for the actions to be performed on the day of the sale. More consistent and specific sale plans could improve managerial oversight and ensure consistent treatment of seized assets.

Personal items found in seized assets were not always properly documented when they were returned to taxpayers. Additionally, there is no requirement for removing taxpayer information from installed systems in vehicles. Such information could present a security risk if a third-party purchaser gained access to it.

The IRS Restructuring and Reform Act of 1998 (RRA 98) required the IRS to implement a consistent process for the sales of seized property. The process is intended to protect taxpayers whose property is being sold to satisfy delinquent debts. If procedures are not followed, there is an increased risk that the completed sales will not be in the taxpayers' or the IRS's best interest.

TIGTA also identified several strategies that the IRS should consider to potentially increase the number of bidders when selling seized assets.

"The IRS Restructuring and Reform Act of 1998 (RRA 98) requires the IRS to implement a consistent process for the sales of seized property," said J. Russell George, Treasury Inspector General for Tax Administration. "The IRS needs to fully comply with this provision of RRA 98."

TIGTA recommended that the IRS: 1) require the PALS to consistently prepare a detailed sale plan once custody of the seized property has been accepted; 2) ensure that the return of all personal items from seized vehicles is documented; and 3) require the PALS to follow Internal Revenue Manual (IRM) requirements for conducting a sale adjournment and recalculating the minimum bid, as well as ensure that any adjustments are supported by the facts of the situation and properly documented.

In their response to the report, IRS officials agreed with seven of the nine