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The [Internal Revenue Service](#) (IRS) may be missing opportunities to collect delinquent taxes because it is not always completely researching cases before closing them as uncollectible. That is the finding of a new report publicly released today by the Treasury Inspector General for Tax Administration (TIGTA).

If an IRS employee is unable to contact or unable to locate (UTC/UTL) a delinquent taxpayer, the collection case may be closed as currently not collectible (CNC). In Fiscal Year 2012, the IRS closed 482,611 tax modules involving approximately \$6.7 billion as CNC–UTC/UTL.

TIGTA initiated this audit to determine whether the IRS was adequately researching, documenting, and approving these cases to ensure that all actions were taken to collect outstanding taxpayer liabilities.

TIGTA found that IRS employees did not always complete required actions before closing cases as CNC–UTC/UTL. Of a stratified sample of 250 cases TIGTA reviewed, there was no evidence that employees completed all of the required research steps for 57 percent of the cases prior to their closure. Moreover, seven percent of the cases did not have a Notice of Federal Tax Lien (NFTL) filed on all delinquent tax periods as required.

Collection Field function (Field) employees did not complete all research in 165 of the 204 Field cases, while Automated Collection System (ACS) function employees did not complete all research in eight of the 38 ACS cases.

Field employees are required to complete more extensive research than ACS function

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required research and make NFTL determinations; require managers to document that all case actions have been completed before approving any CNC–UTC/UTL case closures; and, verify that all cases closed as CNC–UTC/UTL with aggregate unpaid assessed balances of more than \$10,000 beginning in Fiscal Year 2012 had an NFTL filed on all applicable tax periods. Additionally, TIGTA recommended that an analysis be conducted on the success of the additional research steps taken by Field employees prior to closing cases as CNC–UTC/UTL.

IRS officials agreed with TIGTA's recommendations and plan to take corrective actions. However, management's planned corrective actions for two of the recommendations did not fully address the recommendations. TIGTA believes management should completely address both recommendations to ensure that the Government's interest is protected.

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