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Tax Regs in Plain English

IRS Restructuring and Reform Act of 1998

1102(a) - Treasury Inspector General for Tax Administration

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Section 1102(a) and 1103

A. Provision covered: Sections 1102(a) and 1103 (Treasury Inspector General for Tax Administration)[adding I.R.C. §7803(d) and amending Inspector General Act of 1978, 5 U.S.C. Appendix]

B. Background: Explanation of Provision In general the law establishes a new, independent, Treasury Inspector General for Tax Administration (TIGTA) within the Department of Treasury. The IRS Office of the Chief Inspector and all of its powers and responsibilities are transferred to the TIGTA. The TIGTA has the powers and responsibilities generally granted to Inspectors General under the Act of 1978, without the limitations that currently apply to the Treasury IG under section D of the Act. The role of the existing Treasury IG is redefined to exclude responsibility for the IRS. The TIGTA is under the supervision of the Secretary of Treasury, with certain additional responsibilities to the Oversight Board and the Congress.

TIGTA is selected by the President, with the advice and consent of the Senate. The TIGTA, deputy, and assistant may not be employed by the IRS within the two years preceding and the five years following their appointments.

The TIGTA is charged with conducting audits, investigations, and evaluations of IRS programs and operations (including the Board) to promote the economic, efficient and

effective administration of the nation's tax laws and to detect and deter fraud and abuse in IRS programs and operations. In this regard, the TIGTA specifically is directed to evaluate the adequacy and security of IRS technology on an ongoing basis. In addition, the TIGTA is responsible for protecting the IRS against external attempts to corrupt or threaten its employees.

The TIGTA is directed to establish a toll free confidential telephone number for taxpayers to register complaints of misconduct by IRS employees and to publish the telephone number in an IRS Publication.

There are no restrictions on the TIGTA's ability to refer matters to the Department of Justice. Thus, the TIGTA is required to report to the Attorney General whenever the TIGTA has reasonable grounds to believe that there has been a violation of Federal criminal law.

Additional Duties for the New Treasury Inspector General for Tax Administration (IRC § 7803(d)(revised))

The section requires the new Treasury Inspector General for Tax Administration to include in one of his semiannual reports under section 5(d) of the Inspector General Act (which are furnished to the head of the agency, appropriate committees or subcommittees of the Congress, and the public), an evaluation of the Service's compliance with: restrictions regarding

1. the use of enforcement statistics to evaluate Service employees,
2. directly contacting taxpayers who have indicated that they prefer their representatives be contacted, and
3. designation of taxpayers; as well as with procedures for
4. the filing of a notice of a lien,
5. the seizure of property for collection of taxes, and for
6. levy.

The semiannual report must also contain:

- a review and certification of whether or not the Secretary is complying with the requirements to disclose information to an individual filing a joint return on collection activity involving the other individual filing the return;
- information regarding extensions of the statute of limitations for assessment and collection of tax and the provision of notice to taxpayers regarding requests for such extension;
- an evaluation of the adequacy and security of the technology of the Internal Revenue Service;
- information regarding any termination or mitigation under section 1203 of the Act (relating to termination of employment for misconduct);
- information regarding improper denial of requests for information from the Service based on IRC § 6103 or the FOIA exemption for records or information compiled

for law enforcement purposes; and

- information regarding any administrative or civil actions with respect to violations of the fair debt collection provisions of IRC § 6304.

The section requires the Treasury Inspector General for Tax Administration to include in each of his semiannual IG Reports: the number of taxpayer complaints during the reporting period; the number of employee misconduct and taxpayer abuse allegations received by the Service or the Inspector General during the period from taxpayers, Service employees, and other sources; a summary of the status of serious complaints and allegations; and a summary of the disposition of serious complaints and allegations, including the outcome of any Department of Justice action and any settlement amounts paid on account of such complaints and allegations.

Finally, the section requires the Treasury Inspector General for Tax Administration to conduct periodic audits of determinations made by the Service to deny written requests to disclose information to taxpayers on the basis of IRC § 6103 and the FOIA exemption for records or information compiled for law enforcement purposes. It requires that official to establish and maintain a toll-free telephone number for taxpayers to use to confidentially register complaints of misconduct by Service employees. The telephone number must be incorporated in the statement required by section 6227 of the Omnibus Taxpayer Bill of Rights (Internal Revenue Service Publication No. 1).

C. Changes: Amendments of IRC §7803 and the Inspector General Act of 1978. 5 U.S.C. Appendix.

D. Impact: Creates an independent Inspector General for Tax Administration in Treasury with increased authority to initiate and maintain investigations. Eliminates the Office of the Chief Inspector and transfers that function together with most staff to the TIGTA. IRS retains up to 300 staff from Inspection to establish an internal audit function for management. The IRS also retains responsibility for IRS employees background investigations and physical security.

E. Necessary Actions:

1. **Actions/Procedures:** Presidential appointment of the TIGTA with the advice and consent of the Senate. Appointment by the TIGTA of Assistants Inspector General for Tax Administration for Audit and for Inspection. Issuing new delegations of authority to ensure that the TIGTA has the necessary authority. Designation of the positions/persons/FTEs that will be retained by the IRS to establish its new internal audit function. Identification of the IRS resources to continue to conduct background investigations and to provide for IRS employees physical security.
2. **Actions Permitted:** N/A
3. **Actions Forbidden:** Continued existence of the IRS Office of Chief Inspector after the transfer of functions scheduled for 180 days after the enactment of the IRS Restructuring and Reform Act of 1998.

F. Comments: None.

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[Previous]

{Next}

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