



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines  
Prohibiting the Use of Illegal Tax Protester  
and Similar Designations*

**August 22, 2018**

**Reference Number: 2018-30-056**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

**Redaction Legend:**

1 = Tax Return/Return Information

---

Phone Number / 202-622-6500

E-mail Address / [TIGTACommunications@tigta.treas.gov](mailto:TIGTACommunications@tigta.treas.gov)

Website / <http://www.treasury.gov/tigta>



**To report fraud, waste, or abuse, call our toll-free hotline at:**

**1-800-366-4484**

**By Web:**

**[www.treasury.gov/tigta/](http://www.treasury.gov/tigta/)**

**Or Write:**

Treasury Inspector General for Tax Administration  
P.O. Box 589  
Ben Franklin Station  
Washington, D.C. 20044-0589

Information you provide is confidential and you may remain anonymous.



## HIGHLIGHTS

### **FISCAL YEAR 2018 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES PROHIBITING THE USE OF ILLEGAL TAX PROTESTER AND SIMILAR DESIGNATIONS.**

## Highlights

### **Final Report issued on August 22, 2018**

Highlights of Reference Number: 2018-30-056 to the Commissioner of Internal Revenue.

### **IMPACT ON TAXPAYERS**

Congress enacted the IRS Restructuring and Reform Act of 1998 (RRA 98) Section 3707 to prohibit the IRS from labeling taxpayers as Illegal Tax Protesters or any similar designations. Using Illegal Tax Protester or other similar designations may stigmatize taxpayers and may cause employee bias in future contacts with these taxpayers.

### **WHY TIGTA DID THE AUDIT**

Congress enacted the prohibition against Illegal Tax Protester designations due to a concern that some taxpayers were being permanently labeled as Illegal Tax Protesters, even though they had subsequently become compliant with the tax laws. TIGTA is required to annually evaluate IRS compliance with the prohibition against using Illegal Tax Protester or similar designations.

The purpose of this audit was to determine whether the IRS complied with RRA 98 Section 3707 and its own internal guidelines that prohibit IRS officers and employees from referring to taxpayers as Illegal Tax Protesters or any similar designations.

### **WHAT TIGTA FOUND**

The IRS has not reintroduced past Illegal Tax Protester codes or similar designations on taxpayer accounts.

However, in reviewing the narrative data entered for approximately 65 million taxpayers in the Account Management Services system, TIGTA found that there were nine instances in which

nine employees referred to taxpayers as "Tax Protester/Protestor."

TIGTA also found, in reviewing the Taxpayer Advocate's Management Information System narrative data consisting of approximately 30,000 records, three instances of employees using Illegal Tax Protester or similar designations in referring to taxpayers.

TIGTA's review of the Appeals Centralized Data System did not reveal any use of Illegal Tax Protester or similar designations.

### **WHAT TIGTA RECOMMENDED**

Although TIGTA made no recommendations in this report, IRS officials were provided an opportunity to review the draft report and did not provide any comments.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 22, 2018

**MEMORANDUM FOR COMMISSIONER OF INTERNAL REVENUE**

**FROM:** Michael E. McKenney  
Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – Fiscal Year 2018 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations (Audit # 201830005)

This report presents the results of our review to determine whether the Internal Revenue Service (IRS) complied with the IRS Restructuring and Reform Act of 1998 (RRA 98) Section 3707 and internal IRS guidelines that prohibit IRS officers and employees from referring to taxpayers as “illegal tax protesters” (Illegal Tax Protesters) or any similar designations.<sup>1</sup> The Treasury Inspector General for Tax Administration is required under Internal Revenue Code Section 7803(d)(1)(A)(v) to annually evaluate the IRS’s compliance with the provisions of RRA 98 Section 3707. This audit is included in our Fiscal Year 2018 Annual Audit Plan and addresses the major management challenge of Taxpayer Protection and Rights.

Although we made no recommendations in this report, we provided IRS officials an opportunity to review the draft report. IRS management did not provide us with any report comments.

If you have any questions, please contact me or Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations).

---

<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685.



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

*Table of Contents*

[Background](#).....Page 1

[Results of Review](#) .....Page 3

[Illegal Tax Protester Codes Were Not Used on the Master File](#).....Page 3

[In a Few Instances, Employees Used Illegal Tax Protester or  
Similar Designations in Case Narratives](#) .....Page 3

[Alternative Methods Are in Place to Address Tax Compliance  
Issues With Taxpayers Who Protest the Legality of Income Taxes](#) .....Page 6

**Appendices**

[Appendix I – Detailed Objective, Scope, and Methodology](#) .....Page 7

[Appendix II – Major Contributors to This Report](#) .....Page 9

[Appendix III – Report Distribution List](#) .....Page 10

[Appendix IV – Breakdown of Account Management Services  
Users and Functions](#) .....Page 11

[Appendix V – Recent Audit Reports Related to This Statutory Review](#) .....Page 12

[Appendix VI – Glossary of Terms](#) .....Page 13



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

*Abbreviations*

|        |   |
|--------|---|
| ACDS   | Appeals Centralized Database System               |
| AMS    | Account Management Services                       |
| IRS    | Internal Revenue Service                          |
| RRA 98 | Restructuring and Reform Act of 1998              |
| TAMIS  | Taxpayer Advocate Management Information System   |
| TIGTA  | Treasury Inspector General for Tax Administration |



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

## *Background*

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98) Section (§) 3707 prohibits the IRS from using Illegal Tax Protester or any similar designations.<sup>1</sup> In addition, the law requires the removal of all existing Illegal Tax Protester codes from the Master File and instructs IRS employees to disregard any such designation located on databases other than the Individual Master File.<sup>2</sup>

***TIGTA is required to annually evaluate IRS compliance with the prohibition against using Illegal Tax Protester or any similar designations.***

Prior to enactment of the RRA 98, the IRS used the Illegal Tax Protester Program to identify individuals and businesses that were using methods that were not legally valid to protest the tax laws. IRS employees identified taxpayers for referral to the Program when their tax returns or correspondence contained specific indicators of noncompliance with the tax law, such as the use of arguments that had been repeatedly rejected by the courts. There were tax protester coordinators who were responsible for determining whether a taxpayer should be included in the Illegal Tax Protester Program. If a taxpayer was classified as an Illegal Tax Protester, the taxpayer's record was coded as such on the Master File. Once a taxpayer's account was coded, certain tax enforcement actions were accelerated. The designation was also intended to alert employees to be cautious so they would not be drawn into confrontations with taxpayers.

Congress was concerned that some taxpayers were being permanently labeled and stigmatized by the Illegal Tax Protester designation. The concern was that this label could bias IRS employees and result in unfair treatment of the taxpayer. Internal Revenue Code § 7803(d)(1)(A)(v) requires the Treasury Inspector General for Tax Administration (TIGTA) to annually evaluate IRS compliance with the prohibition against using the Illegal Tax Protester or any similar designations. This is our twentieth review since Fiscal Year 1999. These reviews have identified areas for improvement to help the IRS comply with the Illegal Tax Protester designation prohibition.

To conduct this audit, TIGTA reviews the Individual Master File and related systems annually, as required by the RRA 98, and each year TIGTA additionally selects other IRS systems for review on a periodic basis. This year we focused on the Appeals Centralized Database System (ACDS) and the Taxpayer Advocate Management Information System (TAMIS).

This review was performed with information obtained from electronic files accessed through the TIGTA network as well as with information obtained from the Small Business/Self-Employed

---

<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685.

<sup>2</sup> See Appendix VI for a glossary of terms.



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

Division in New Carrollton, Maryland, the Wage and Investment Division in Atlanta, Georgia, and the Taxpayer Advocate Service and the IRS Office of Appeals in Washington, D.C., during the period of November 2017 through June 2018. This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

## *Results of Review*

### ***Illegal Tax Protester Codes Were Not Used on the Master File***

Prior to enactment of the RRA 98, the IRS used Illegal Tax Protester indicators on the Master File to accelerate collection activity for taxpayers who were delinquent in filing tax returns or paying their taxes. These indicators were also intended to alert employees that they might encounter problems when dealing with nonfilers and delinquent taxpayers.

Congress was concerned about the use of the Illegal Tax Protester designation because:

- Taxpayers were labeled as Illegal Tax Protesters without regard to their filing obligations or compliance.
- Illegal Tax Protester indicators were not always reversed when taxpayers became compliant with their tax obligations.

Section 3707 of the RRA 98 required the IRS to remove the existing Illegal Tax Protester designations from taxpayers' accounts on the Master File beginning January 1, 1999.

In prior reviews, TIGTA reported the IRS had removed these designation codes from the Master File as required by the law. Based on our analysis of approximately 1.3 million taxpayer records that had been coded for accelerated collection activity, the IRS has not reintroduced Illegal Tax Protester codes on the Master File. The law also prohibits using any designation similar to Illegal Tax Protester.

### ***In a Few Instances, Employees Used Illegal Tax Protester or Similar Designations in Case Narratives***

Our review of IRS records included data from the ACDS, as well as the TAMIS. We also reviewed data from the Account Management Services (AMS), as it incorporates information from multiple IRS functions and may be accessed by more than 34,000 users from 19 different IRS functions.<sup>3</sup> Our review found no uses of Illegal Tax Protester or similar designations on the ACDS. However, we did identify the use of protester designations within the TAMIS or the AMS narratives.

---

<sup>3</sup> The number of users by function was provided by the IRS. The IRS also indicated that it did not have user counts in greater detail than this breakdown. We did not validate the number of users within each function and are providing this information to provide perspective that the AMS includes case notes and history from multiple functions and users. See Appendix IV for a breakdown of AMS users by business operating division and function.



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

In the past, TIGTA has reviewed the Automated Collection System for records associated with nonfiler contacts. However, employees using multiple systems, including the Automated Collection System, now incorporate narratives and case history into the AMS. A list of functions that have access to the AMS and the number of employees with access is provided in Appendix IV. In addition, the AMS uses several nonfiler issue codes to designate taxpayer contacts.

We accessed the AMS records through TIGTA’s Data Center Warehouse, and analyzed these records for use of Illegal Tax Protestor and other similar designations in case narratives. We identified nine specific instances, in which nine separate employees improperly labeled taxpayers as an Illegal Tax Protestor or other similar designation, as prohibited by law. Although the improper designations were identified as part of the AMS system, the narratives included references from employees in several different functions. See Figure 1 below detailing the functions for the identified exceptions.

**Figure 1: Source of Improper Designations in the AMS**

| Computer System | Total Designations | Originating Function of Improper Designation |                     |            |
|-----------------|--------------------|--|---------------------|------------|
|                 |                    | Field Assistance                             | Accounts Management | Collection |
| AMS             | 9                  | 5  | **1**               | **1**      |

*Source: Case narratives found on the AMS during this review.*

Our prior audit, which included a review of the AMS, during FY 2017, found nine employees had made 11 comments that were prohibited. TIGTA recommended that the IRS should emphasize the importance of complying with RRA 98 § 3707 when using the AMS. In response to this recommendation, IRS management stated that they had emphasized to all employees with access to the AMS system, the importance of compliance with § 3707, and reinforced that taxpayers are not to be referred to as Illegal Tax Protesters or any other similar designations.<sup>4</sup>

We also reviewed more than 30,000 case narrative records from the TAMIS and found three references to Illegal Tax Protester or other similar designations. These exceptions were, in some instances, the result of a Taxpayer Advocate Service employee copying case notes verbatim from a referral, or case notes from another function’s casework, and then including the prohibited language within the TAMIS. For example, \*\*\*\*\*1\*\*\*\*\*  
\*\*\*\*\*1\*\*\*\*\*  
\*\*\*\*\*1\*\*\*\*\*

<sup>4</sup> TIGTA, Ref. No. 2017-30-059, *Fiscal Year 2017 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Aug. 2017).



Fiscal Year 2018 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations

\*\*\*\*\*1\*\*\*\*\*. This exemplifies the importance of not characterizing a taxpayer improperly. \*\*\*\*\*1\*\*\*\*\*  
\*\*\*\*\*1\*\*\*\*\*.<sup>5</sup> Figure 2 below shows the number of instances of prohibited terminology found within the TAMIS and the number of employees involved.

Figure 2: Use of Illegal Tax Protester and Similar Designations in the TAMIS

| Computer System | Fiscal Year 2018 Review |   |
|-----------------|-------------------------|---|
|                 | Employees Involved      | Protester Designation Used <sup>6</sup> |
| TAMIS           | **1**                   | 3                                       |

Source: Result of TIGTA case reviews of TAMIS case notes.

We also reviewed the Remarks sections of the Automated Collection System for approximately 1.3 million records, between October 1, 2016, and September 30, 2017. Our review found no use of Illegal Tax Protester or other similar designations in any of the text narratives for these systems.

The statute states that “officers and employees of the Internal Revenue Service shall not designate taxpayers as Illegal Tax Protesters (or any similar designation).” It further specifies that existing designations in the Master File must be removed and any other designations made before the effective date of the statute, such as those on paper records that have been archived, must be disregarded. Senate Committee on Finance Report 105-174 (dated April 22, 1998), related to the RRA 98 § 3707 provision, stated the Committee was concerned that taxpayers might be stigmatized by a designation as an “Illegal Tax Protester.”

The IRS stated that it continues to disagree with TIGTA’s determination that including “tax protester” or a similar phrase in a case file constitutes an official “designation” that violates RRA 98 § 3707. However, it does agree that employees should refrain from the use of such terms when referring to taxpayers. Based upon the language of the statute and the Senate Committee Report, TIGTA believes IRS officers and employees should not label taxpayers as

<sup>5</sup> In August 2017, the IRS revised IRM 4.10.1, Examination of Returns, Overview of Examiner Responsibilities. Examination procedures now read, “Section 3707 - prohibits the Service from designating taxpayers as “illegal tax protesters” (or any similar designation). Examiners must not refer to the taxpayer as an “illegal tax protester” (or any similar designation) anywhere in the case file, including on the activity record (e.g., Form 9984, Examining Officer’s Activity Record), lead sheets, workpapers, reports, etc. Terms such as “frivolous argument” or “tax avoidance argument” are acceptable to use. See IRM 25.4, Employee Protection, for further information.”

<sup>6</sup> \*\*\*\*\*1\*\*\*\*\*  
\*\*\*\*\*1\*\*\*\*\*  
\*\*\*\*\*1\*\*\*\*\*  
\*\*\*\*\*1\*\*\*\*\*



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

Illegal Tax Protesters or other similar designations in any records, which include paper and electronic case files. Officers and employees should not designate taxpayers as such because a designation alone contains a negative connotation and appears to label the taxpayer.

In response to prior report findings, IRS management continues to reinforce its policy by issuing alerts to employees and ensuring that Internal Revenue Manual updates retain reminders to employees regarding the prohibition on the use of Illegal Tax Protester or other similar designations when accessing taxpayer accounts.<sup>7</sup> However, given the fact that case notes may be consolidated within one system and shared between functions, it is important that employees be made aware that in addition to using inappropriate designations, it is also important not to perpetuate such designations since this may result in the taxpayer being treated unfairly and may influence the objectivity of other employees.

**Alternative Methods Are in Place to Address Tax Compliance Issues With Taxpayers Who Protest the Legality of Income Taxes**

In limited circumstances, it may be appropriate for the IRS to label taxpayers or their actions as impeding the established IRS process to delay or obstruct the collection process. When this criterion presents itself, alternative programs exist to address issues previously handled by the Illegal Tax Protester Program. These include:

- The Frivolous Return Program that handles taxpayers who file tax returns based on some type of frivolous argument that justifies payment of little or no income tax. This includes filing a tax return claiming no income using the rationale that paying taxes is voluntary or claiming to be a citizen of a State but not a citizen of the United States.
- The Nonfiler Program that handles taxpayers who fail to file their required tax returns.
- The Potentially Dangerous Taxpayer/Caution Upon Contact Program that handles taxpayers who have assaulted and/or threatened IRS employees.

Unlike the former Illegal Tax Protester Program, each program addresses a specific taxpayer behavior. In addition, taxpayers are not assigned to these individual programs on a permanent basis, as was the case in the Illegal Tax Protester Program.

---

<sup>7</sup> TIGTA, Ref. No. 2017-30-059, *Fiscal Year 2017 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Aug. 2017).



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

The objective of this review was to determine whether the IRS complied with RRA 98 § 3707 and internal IRS guidelines that prohibit IRS officers and employees from referring to taxpayers as Illegal Tax Protesters or any similar designations.<sup>1</sup> To accomplish the objective, we:

- I. Determined if the Illegal Tax Protester coding on the Master File was removed by reviewing all tax accounts coded for accelerated collection activity as of September 30, 2017, on the Business Master File and Individual Master File.<sup>2</sup> We analyzed 1,230,311 Master File records that had been coded for accelerated collection activity.<sup>3</sup>

We also matched our historic computer extract of approximately 55,000 taxpayers designated as Illegal Tax Protesters before the RRA 98 was enacted to the records that had been coded for accelerated collection activity to determine if any new common codes were being used to classify the taxpayers as Illegal Tax Protesters.

- II. Determined if employees were using Illegal Tax Protester or any similar designations within the Activity Code field on the Taxpayer Information File by securing a copy of the database and analyzing 61,243 open records with activity between October 1, 2016, and September 30, 2017.
- III. Determined if the IRS is using any Frivolous Return Program codes as replacements for Illegal Tax Protester designations by reviewing guidance provided for the Frivolous Return Program and interviewing its Program Coordinator.
- IV. Determined if there is any relationship between Illegal Tax Protester designations and Potentially Dangerous Taxpayer/Caution Upon Contact indicator use on the Master File by reviewing guidance provided for the Potentially Dangerous Taxpayer/Caution Upon Contact Program and interviewing its Program Coordinator.
- V. Determined if the IRS Nonfiler Program is in compliance with the provisions established by RRA 98 § 3707(b) by reviewing guidance provided for the Nonfiler Program and interviewing its program coordinators.

---

<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685.

<sup>2</sup> See Appendix VI for a glossary of terms.

<sup>3</sup> A Transaction Code 148 causes the accelerated issuance of a Taxpayer Delinquency Investigation or Taxpayer Delinquent Account.



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

- VI. Determined if employees were using the Illegal Tax Protester or any similar designations within taxpayer case narratives on the ACDS by securing a copy of the database and analyzing 209,522 records as of September 30, 2017, with history action dates between October 1, 2016, and September 30, 2017.
- VII. Determined if employees were using the Illegal Tax Protester or any similar designations within taxpayer case narratives on the TAMIS by securing a copy of the database and analyzing 30,236 records as of September 30, 2016, with history action dates between October 1, 2015, and September 30, 2016.

**Validity and reliability of data from computer-based systems**

Unless otherwise noted, our limited tests of the reliability of data obtained from various IRS systems did not identify any errors. We tested the reliability of the data by scanning the data received for blank, incomplete, illogical, or improper data. In addition, we compared the information in a judgmental sample of records for the Business Master File, Individual Master File, Taxpayer Information File, and the AMS to IRS source data on the Integrated Data Retrieval System to ensure data accuracy. We validated a judgmental sample of electronic data files from the TAMIS to case report documents to ensure data accuracy. In addition, data from the ACDS is a backup of the IRS database used to support that application. It is transferred to TIGTA electronically where the number of records are compared to source data and a sample of records are compared to the Integrated Data Retrieval System to validate the taxpayer information for completeness and accuracy.

**Internal controls methodology**

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: controls that ensure the reliability of the data used for our analysis. During our review, we tested the validity of the data used for our analyses against selected IRS data, but we did not perform any specific testing of data input controls. However, it should be noted that data from these same systems were used during prior audits of Illegal Tax Protester designations, and no significant data issues were identified.



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

**Appendix II**

*Major Contributors to This Report*

Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations)  
Glen J. Rhoades, Director  
Curtis J. Kirschner, Audit Manager  
Daniel E. O'Keefe, Lead Audit Evaluator  
Kim I. McMenemy, Senior Audit Evaluator



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

**Appendix III**

*Report Distribution List*

Commissioner, Small Business/Self-Employed Division  
Commissioner, Wage and Investment Division  
Chief, Appeals  
National Taxpayer Advocate  
Chief Information Officer  
Director, Accounts Management, Wage and Investment Division  
Director, Office of Audit Coordination



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

**Appendix IV**

*Breakdown of Account Management  
Services Users and Functions*

| <b>Business Operating Division/Function</b> | <b>User Count</b> |
|---|-------------------|
| Wage and Investment                         | 20,192            |
| Small Business/Self-Employed                | 11,788            |
| Taxpayer Advocate Service                   | 1,170             |
| Appeals                                     | 540               |
| Criminal Investigation                      | 206               |
| Large Business and International            | 87                |
| Tax Exempt and Government Entities          | 50                |
| TIGTA                                       | 25                |
| Office of Professional Responsibility       | 6                 |
| Return Preparer Office                      | 4                 |

*Source: AMS users by business operating division or function as provided by the IRS.*



---

*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

---

**Appendix V**

*Recent Audit Reports Related  
to This Statutory Review<sup>1</sup>*

TIGTA, Ref. No. 2010-30-073, *Fiscal Year 2010 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (July 2010).

TIGTA, Ref. No. 2011-30-040, *Fiscal Year 2011 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Apr. 2011).

TIGTA, Ref. No. 2012-30-066, *Fiscal Year 2012 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (June 2012).

TIGTA, Ref. No. 2013-30-085, *Fiscal Year 2013 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Aug. 2013).

TIGTA, Ref. No. 2014-30-060, *Fiscal Year 2014 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Aug. 2014).

TIGTA, Ref. No. 2015-30-067, *Fiscal Year 2015 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Aug. 2015).

TIGTA, Ref. No. 2016-30-087, *Fiscal Year 2016 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Sept. 2016).

TIGTA, Ref. No. 2017-30-059, *Fiscal Year 2017 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations* (Aug. 2017).

---

<sup>1</sup> This list provides the most recent eight of the 19 previous reports issued by TIGTA.



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

**Appendix VI**

*Glossary of Terms*

| <b>Term</b>                                | <b>Definition</b>  |
|--|--|
| <b>Account Management Services</b>         | A web-based system that provides a common user interface that allows users to update taxpayer accounts, view history and comments from other systems, and access a variety of case processing tools.   |
| <b>Accounts Management</b>                 | Employees responsible for taxpayer relations by answering tax law/account inquiries, adjusting tax accounts, providing taxpayers with information on the status of their returns/refunds, and for resolving the majority of issues and questions to settle their accounts. |
| <b>Activity Code</b>                       | A code that identifies the type and condition of returns selected for audit.   |
| <b>Appeals Centralized Database System</b> | ACDS functionality encompasses all application programming to enable Appeals employees to create, maintain, and close an Appeals case inventory item throughout its life cycle.  |
| <b>Business Master File</b>                | The IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.  |
| <b>Data Center Warehouse</b>               | A collection of IRS databases containing various types of taxpayer account information that is maintained by TIGTA for the purpose of analyzing data for ongoing audits.   |
| <b>Fiscal Year</b>                         | A yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.  |
| <b>Individual Master File</b>              | The IRS database that maintains transactions or records of individual tax accounts.  |
| <b>Integrated Data Retrieval System</b>    | A computer system capable of retrieving or updating stored information; it works in conjunction with a taxpayer's account records.   |



*Fiscal Year 2018 Statutory Audit of  
Compliance With Legal Guidelines Prohibiting the  
Use of Illegal Tax Protester and Similar Designations*

| <b>Term</b>  | <b>Definition</b>   |
|--|---|
| <b>Internal Revenue Code</b>                       | Federal tax law enacted by Congress in Title 26 of the United States Code.  |
| <b>Master File</b>                                 | The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.  |
| <b>Taxpayer Advocate<br/>Service Case Advocate</b> | Employees who assist taxpayers with tax problems that may be causing financial difficulty, have encountered problems trying to resolve their issues directly, or who feel that the IRS's action or inaction has caused or may cause them to suffer a long-term adverse impact. Case advocates research IRS systems and advocate with the appropriate IRS function in order to determine the correct resolution with each issue. |
| <b>Taxpayer Delinquency<br/>Investigation</b>      | An unfiled tax return for a taxpayer. One Taxpayer Delinquency Investigation exists for all unfiled tax periods for a specific taxpayer.  |
| <b>Taxpayer Delinquent<br/>Account</b>             | A balance due account of a taxpayer. A separate Taxpayer Delinquent Account exists for each balance due tax period.   |
| <b>Taxpayer Information<br/>File</b>               | A file containing entity and tax data processed at a given campus for all Taxpayer Identification Numbers.  |
| <b>Transaction Code</b>                            | A three-digit code used to identify transactions being taken on a taxpayer's account.   |