

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Fiscal Year 2025 Statutory Review of Collection Due Process - Independent Office of Appeals

September 18, 2025

Report Number: 2025-300-051

**HIGHLIGHTS: Fiscal Year 2025 Statutory Review of Collection
Due Process - Independent Office of Appeals**

Final Audit Report issued on September 18, 2025

Report Number 2025-300-051

Why TIGTA Did This Audit

We are required to determine whether the IRS complied with select provisions of Internal Revenue Code §§ 6320 and 6330 when taxpayers exercised their right to a Collection Due Process (CDP) hearing appealing the filing of a Notice of Federal Tax Lien or the issuance of a Notice of Intent to Levy. We reviewed the IRS's Independent Office of Appeals' (hereafter referred to as Appeals) role in CDP hearing process. A previous review led us to focus on Appeal's role because we found that Appeals did not believe it was responsible for identifying prohibited levy actions during CDP hearings.

Impact on Tax Administration

CDP hearings are designed to give taxpayers an opportunity for an independent review of the proposed levy action to ensure all laws and regulations have been followed and that the proposed collection action is appropriate. A vital component of the CDP hearing process is the stay on collection, which prevents levies during the 30-day period to request a hearing and the hearing itself. If collection activity is not suspended, it is considered an unlawful levy. During its review, Appeals should detect and reverse the unlawful levy to ensure taxpayers are not harmed.

What TIGTA Found

An unlawful levy occurs when the IRS takes levy action on a taxpayer after the taxpayer has timely requested a CDP hearing. We previously identified 55 unlawful levies that occurred because the IRS did not timely input the required code that prevents a levy from occurring on a taxpayer's account. In this review, we analyzed these cases to assess whether Appeals had incorrectly certified that all laws and regulations had been met, despite the unlawful levy.

In nearly all of the 55 unlawful levy cases, the Appeals hearing officers did not identify that an unlawful levy occurred and incorrectly verified that all laws and procedures had been complied with for the proposed levy action to proceed.

When Appeals hearing officers do not independently review taxpayers' records for statutory violations, taxpayers can experience significant burden. For example, a taxpayer may cancel the CDP hearing once they realize the IRS took levy action despite their timely CDP hearing request. The verification that all laws and procedures have been met in a taxpayer's case is required by law and is a critical part of the Appeals hearing officer's roles and responsibilities. Since Appeals officers did not identify that there was an unlawful levy, they incorrectly determined all laws and procedures had been satisfied for collection action to proceed, and they took no further action, such as reversing the prohibited levy.

We reported a similar concern in September 2024 with the IRS's Automated Levy Program, and Appeals stated that it was not their responsibility as part of the verification process to address unlawful levies in a CDP hearing. In this review, Appeals agreed that identifying prohibited levies is part of its responsibility.

What TIGTA Recommended

We recommended that the IRS: 1) ensure Appeals employees identify unlawful levies in CDP hearings and revise procedures to direct hearing officers to take this action through appropriate account research; and 2) establish procedures requiring hearing officers to compare the posting date of the CDP hearing with the actual date of the taxpayer's written request for a CDP hearing.

Appeals management substantially agreed with both recommendations and will require hearing officers to: 1) conduct account research to identify, address, and document unlawful levies imposed during the collection stay, and 2) review the transcript of tax periods that are the subject of the CDP levy hearing to determine whether any levies were imposed during the collection stay.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

September 18, 2025

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Fiscal Year 2025 Statutory Review of Collection Due Process - Independent Office of Appeals (Audit No.: 2025300024)

This report presents the results of our review of whether the Internal Revenue Service complied with select provisions of Internal Revenue Code §§ 6320 and 6330 when taxpayers exercised their right to appeal the filing of an issuance of a Notice of Intent to Levy. This review is part of our Fiscal Year 2025 Annual Audit Plan and addresses the major management and performance challenge of *Taxpayer Service*.

Management's complete response to the draft report is included as Appendix III. If you have any questions, please contact me or Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations).

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Background

Each year we are required to determine whether the Internal Revenue Service (IRS) complied with the legal guidelines and requirements under Internal Revenue Code (I.R.C.) § 6330 for the filing a Notice of Intent to Levy and the Notice of Federal Tax Lien under I.R.C. § 6320.¹ These provisions allow taxpayers to appeal these proposed collection actions to the Independent Office of Appeals (hereafter referred to as Appeals). This audit reviewed the role Appeals plays in detecting unlawful levies.

When taxpayers do not pay delinquent taxes, the IRS has the authority to work directly with financial institutions and other third parties to seize their assets. This action is commonly referred to as a "levy" (see Appendix II for an example of Letter 1058, *Final Notice of Intent to Levy*). The I.R.C. requires the IRS to notify taxpayers of its intention to levy at least 30 calendar days before initiating a levy action.²

Taxpayers have a right to a Collection Due Process hearing

The IRS Restructuring and Reform Act of 1998 expanded upon this notice requirement by creating I.R.C. §§ 6330 and 6320, allowing taxpayers Collection Due Process (CDP) hearings on the first issuance of a Notice of Intent to Levy and of the first filing of a Notice of Federal Tax Lien, respectively. This audit is focused on I.R.C. § 6330 for levy-related CDP hearings because a vital aspect of these hearings is that collection activity is suspended (referred to as the "collection stay") from issuance of Letter 1058 until all judicial review of the hearings, if any, are exhausted.³ When a taxpayer timely requests a CDP hearing, Collection personnel are required to document the request no later than 10 calendar days from receipt by inputting a specific transaction code that identifies the beginning date of the collection statute suspension. This code prevents the proposed levy from being processed.

**All collection activity is
stayed in a levy-related
CDP hearing**

During the CDP hearing, taxpayers can raise various issues about the proposed levy. To appeal it, taxpayers must file a written request within 30 calendar days of the date of the levy notice and explain the specific reason they disagree with the IRS's actions. Taxpayers submit their written request to the IRS's Small Business/Self-Employed Division's Collection function (hereafter referred to as Collection) that initiated the compliance action. The Collection function then routes the request to Appeals to consider when resolving disputed tax issues.⁴ The mission

¹ See Appendix IV for Glossary of Terms.

² I.R.C. § 6331(d) provides that the taxpayer must be provided at least 30 days' notice prior to the levy. If a taxpayer does not elect a CDP hearing within the 30-day request period but makes the request and within the one-year period commencing the day after the date of the CDP levy notice are entitled to an equivalent hearing which generally follows the same procedures for a timely CDP hearing except that levies are not required to be suspended during an equivalent hearing and there is no judicial review from the Appeals determination. Treas. Reg. § 301-6330-1(i).

³ I.R.C. § 6330(e). Lien-related CDP hearings allow for collection activity during the CDP hearing. Treas. Reg. § 301-6320-1(g) Q-G3 & A-G3.

⁴ Appeals is an independent function within the IRS, completely separate from the compliance functions responsible for collecting and assessing taxes.

of Appeals is to resolve tax controversies without litigation, on a basis that is fair and impartial to both the taxpayer and the federal government. If the taxpayer disagrees with Appeals' decision, the taxpayer has the right to petition the United States Tax Court.

Figure 1 below provides context as to the volume of CDP hearing requests Appeals received from Fiscal Year (FY) 2020 through FY 2024.

**Figure 1: CDP Hearing Requests
Significantly Decreased in FY 2024**

Fiscal Year	CDP Cases Received	Percentage Change
2020	25,334	N/A
2021	27,420	8.2
2022	25,659	(-6.4)
2023	26,745	4.2
2024	14,825	(-44.6)
Totals	119,983	

Source: Review of IRS Data books for FYs 2020 through 2024.

From FY 2020 through 2023, the IRS received between 25,000 and 28,000 CDP hearing cases each year. However, there was a significant decrease in CDP hearing cases received in FY 2024, but the IRS did not know the cause.

In a CDP hearing, certain sections of I.R.C. 6320 and 6330 require Appeals to:⁵

- Provide the taxpayer with an impartial hearing or document that the taxpayer waived this requirement.
- Verify that the requirements of any applicable law or administrative procedures were met.
- Allow the taxpayer to raise issues at the hearing related to the unpaid tax or the proposed levy including appropriate spousal defenses, challenges to the appropriateness of collection activities, offers of collection alternatives, or the underlying liability.
- Make a determination based on the consideration of the above items and whether any proposed collection action balances efficient tax collection with the taxpayer's legitimate concern that any collection action be no more intrusive than necessary.

At the conclusion of a CDP hearing, Appeals will issue the taxpayer a determination letter for a timely filed CDP request or a decision letter for an equivalent hearing request. These letters present the hearing officer's findings and decisions, any agreements reached, any relief given, and any actions the taxpayer and the IRS are required to take. The determination letter for a CDP hearing also provides an explanation of the right to appeal the decision within 30 calendar days by filing a petition in the appropriate U.S. Tax Court.

⁵ I.R.C. § 6330(c)(3).

An unlawful levy occurs when the IRS takes levy action on a taxpayer after the taxpayer has timely requested a CDP hearing. Our prior reviews led us to focus on Appeals' role in the CDP process because we found that Appeals did not always identify prohibited levy actions.

We reviewed 55 unlawful levies (*i.e.*, levies that the IRS agreed were unlawful because they violated the stay on collection) identified in a 2024 TIGTA audit that required an independent legal and administrative review by Appeals.⁶ We followed these unlawful levies to assess whether Appeals had incorrectly certified that all laws and regulations had been met, despite the unlawful levy.

Results of Review

Incomplete Appeals Verifications Undermined Fairness and Taxpayer Rights

In nearly all of the CDP hearing cases, we determined the Appeals hearing officers did not verify whether an unlawful levy occurred because Appeals did not believe that looking for prohibited levies on the taxpayers' accounts was part of their responsibility. Therefore, the Appeals officers incorrectly determined all laws and procedures had been satisfied for collection action to proceed, and they took no further action, such as reversing the prohibited levy.

Appeals' procedures state that to effectively verify that all laws and procedures have been met, Appeals hearing officers must have a thorough knowledge of tax law, regulations, and the Collection function's administrative procedures. These procedures also require Appeals to verify whether Collection complied with the provisions of the collection stay required by I.R.C. § 6330(e), which prohibits the IRS from taking levy action after a taxpayer's timely request for a CDP hearing. However, these procedures did not have detailed instructions on how to identify that an unlawful levy occurred and how to reverse and correct it.

When Appeals hearing officers do not independently review taxpayers' records for statutory violations, taxpayers can experience significant burden. For example, a taxpayer may cancel the CDP hearing once they realize the IRS took levy action despite their timely CDP hearing request. The verification that all laws and procedures have been met in a taxpayer's case is required by law and is a critical part of the Appeals hearing officer's roles and responsibilities. Appeals procedures do not currently address the possibility of prohibited levies occurring during a CDP hearing or the requirement that Appeals officers should not verify that all laws and procedures have been complied with if a prohibited levy is identified. Since Appeals officers did not identify that there was an unlawful levy, there was no opportunity for them to consider whether it was appropriate to certify that all laws and procedures were complied with.

We reported a similar concern in September 2024 with the IRS's Automated Levy Program. In that audit, we identified that Appeals did not review the taxpayer's tax modules for prohibited collection activity unless the taxpayer explicitly raised this issue.⁷ We recommended that Appeals

⁶ TIGTA, Report No. 2024-300-056, [Fiscal Year 2024 Statutory Review of Compliance With Legal Guidelines When Issuing Levies](#), p. 5 (September 2024).

⁷ TIGTA, Report No. 2024-300-060, [Review of the IRS Independent Office of Appeals Collection Due Process Program](#), p.3 (September 2024).

establish procedures to verify and document whether any prohibited levy actions occurred for which a taxpayer requests a CDP hearing. Management agreed that prohibited levy actions should be prevented, but they disagreed that the statute requires Appeals to perform an extensive review to determine if one occurred.

Although IRS previously disagreed with our recommendation, during the course of this review, Appeals officials acknowledged that hearing officers should review the taxpayer's tax modules to ensure no serious violations of tax laws occurred prior to verifying and attesting there were no unlawful levies. Appeals also confirmed its plans to update the Internal Revenue Manual to provide specific instructions on reviewing a taxpayer's tax account. This will ensure that Appeals hearing officers can identify unlawful/prohibited collection actions and take steps to remediate them.

CDP hearing transaction codes are not timely posted to taxpayer accounts

The unlawful levies that we identified occurred because the IRS did not timely input the required transaction code on a taxpayer's account that prevents certain collection activity, such as a levy. IRS management attributes these delays to insufficient resources. In the 55 cases with unlawful levies, only 22 percent of the transaction codes preventing the processing of unlawful levies were timely. Over 62 percent of the transaction codes were input over 30 calendar days after the CDP hearing was requested (*i.e.*, after levy action is allowed to proceed), making it more likely that the delay will result in an unlawful levy.

We believe Appeals can proactively identify situations that result in unlawful levies. For example, if a taxpayer's CDP hearing request is timely but Appeals review of the taxpayer's account identifies a significant delay in the IRS inputting the request, an unlawful levy may inadvertently occur. However, we found that the Appeals procedures do not provide sufficient instruction for Appeals hearing officers to identify when an unlawful levy may have occurred.

The Chief, IRS Independent Office of Appeals, should:

Recommendation 1: Ensure that Appeals employees identify unlawful levies in CDP hearings and revise procedures to direct hearing officers through account research to identify, address and document unlawful levies as part of the verification process.

Management's Response: Appeals management partially agreed with this recommendation stating that Appeals has a role in identifying potentially unlawful levies; however, they do not believe that this role constitutes part of their obligation under I.R.C. § 6330(c)(1) to verify that all applicable laws or administrative procedures have been met. Rather, they believe the process of identifying potentially unlawful levies to be part of the CDP hearing. Appeals will require that hearing officers conduct account research to identify, address, and document levies imposed during the collection stay and request that Collection review the levy. Hearing officers will also be required to notify taxpayers if evidence of a prohibited levy is identified and discuss such levies with the taxpayer during the CDP hearing.

Office of Audit Comment: Appeals corrective action substantially meets the intent of our recommendation and will help ensure that any unlawful levies are

identified as part of the CDP hearing and discussed with the impacted taxpayers. Because a levy during a CDP hearing can be unlawful and Appeals is required to verify whether all laws and procedures have been satisfied, it remains unclear whether Appeals' corrective action is required as part of the verification process or as part of the CDP hearing.

Recommendation 2: Establish procedures requiring hearing officers to compare the posting date of the CDP hearing transaction code with the actual date of the taxpayer's written request for a CDP hearing. This will assist the hearing officers comply with Recommendation 1.

Management's Response: Appeals management partially agreed with this recommendation and will require hearing officers to review the transcript of tax periods that are the subject of the CDP levy hearing to determine whether any levies were imposed during the collection stay. Appeals agreed with our observation that a large lag between the hearing request received date and the posting date may increase the likelihood of such levies. As a result, Appeals' revised guidance specifically calls attention to this type of situation. However, because levies may be identified without comparing the posting date with the hearing request date, this step is not required in every case.

Office of Audit Comment: Appeals corrective action substantially meets the intent of our recommendation. Given that levy action after the taxpayer request of a CDP hearing may be identified without comparing the posting date with the hearing request date, we agree that this step is not required in every case.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to determine whether the IRS complied with select provisions of I.R.C. §§ 6320 and 6330 when taxpayers exercised their right to appeal the filing of an issuance of a Notice of Intent to Levy. To accomplish our objective, we:

- Held discussions with the Independent Office of Appeals on the applicable policies and procedures related to CDP hearings. We also:
 - Reviewed the Internal Revenue Manual for the collection and appeals processes for CDP procedures.
 - Reviewed the I.R.C. for CDP guidance and to identify Appeals' delegated authorities and responsibilities.
- Reviewed the 55 known exception levy cases found in the FY 2024 TIGTA levies audit.
- Determined whether Appeals complied with applicable provisions of I.R.C. § 6330 and the Internal Revenue Manual by confirming:
 - The levies posted to the taxpayer's account followed the provisions of I.R.C. § 6330 and the Internal Revenue Manual.
 - The Appeals officer obtained verification that the requirements of all applicable laws or administrative procedures were met in I.R.C. § 6330(c)(1).
 - The Appeals officer made a determination after considering any levy action taken after the taxpayers' timely request for a CDP hearing with provisions of I.R.C. § 6330(c)(3).

Performance of This Review

This review was performed with information obtained from the IRS Independent Office of Appeals located in Washington, D.C., during the period August 2024 through June 2025. We conducted this performance audit 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.

Data Validation Methodology


We performed tests to assess the reliability of data from the Integrated Data Retrieval System and the Appeals Centralized Database System Data maintained on TIGTA's Data Center Warehouse. We evaluated the data by: (1) matching a sample of taxpayer data with the FY 2024 Appeals Centralized Database System data in TIGTA's Data Center Warehouse, (2) matching the taxpayer data with the exception cases from the FY 2024 Levy Audit, and (3) evaluating transaction codes posted to taxpayers' tax accounts in the IRS's Integrated Data Retrieval System. We determined that the data were sufficiently reliable for the purposes of this report.

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: the Collection process for posting special transaction codes to taxpayers' accounts who request a CDP hearing, routing CDP cases for evaluation along with the type of documents Collection forwards to Appeals, Appeals' process for evaluating CDP cases, Appeals' Legal and Administrative review, the levy reversal process and documents used to document Appeals hearing officers' CDP reviews. We evaluated these controls by reviewing the CDP case files for the population of unlawful levies taken and identified by the FY 2024 levy audit team, taxpayer account data maintained in the Integrated Data Retrieval System and Account Management Services.

Appendix II

Letter 1058, *Notice of Intent to Levy and Your Right to a Collection Due Process Hearing*

 Department of the Treasury Internal Revenue Service [Business Operating Division] [Address line 1] [Address line 2] [Address line 3] [Taxpayer Name] [Address line 1] [Address line 2] [Address line 3]	IRS Letter 1058
[Month DD, YYYY]	
Certified Mail Return Receipt	
Final Notice Please Respond Immediately	
Notice of Intent to Levy and Your Right to a Collection Due Process Hearing	
Why we're sending you this letter	
Your federal tax is still unpaid. We asked you to pay the tax, but we still haven't received your payment. This letter is your notice of our intent to levy (under Internal Revenue Code (IRC) Section 6331) and your right to request a Collection Due Process (CDP) hearing or an Equivalent Hearing (EH) with IRS Independent Office of Appeals (Appeals) (under IRC Section 6330(a)).	
What you need to do	
Please pay in full today to prevent additional collection action. Make your check or money order payable to the "United States Treasury," include your taxpayer identification number on your payment. Send your payment along with a copy of this letter to the address above or pay online at IRS.gov/payments .	
The amount you owe through [DATE 1] is \$0.00. Additional penalty and interest will be charged if you pay after this date.	
How to request an Appeals hearing	
If you want to request an Appeals hearing, complete the enclosed Form 12153, Request for a Collection Due Process or Equivalent Hearing, or a written request with the same information as in the Form 12153 and send it to us by [DATE 2].	
If you don't request a CDP hearing by [DATE 3], your ability to contest an Appeals decision in the U.S. Tax Court will be limited. A request received by the IRS will generally be considered timely if the request is properly addressed with correct postage and postmarked by the United States Postal Service within the 30-days from the date of this letter.	
You can also fax your information to [FAX NUM] using either fax machine or an online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.	
If you send the letter after [DATE 4], you may still be entitled to a hearing; however, your right to contest an Appeals decision in Tax Court will be limited. Refer to the enclosed Publication 1680, Collection Appeals Rights, for more information and information on the Collection Appeals Program (CAP).	
What we're going to do	
We may file a Notice of Federal Tax Lien (NFTL) at any time to protect the government's interest. An NFTL is a public notice to your current or future creditors that the government has a right to your current assets, and any assets you acquire after we file the NFTL until your debt is paid. Note that we can file an NFTL even if you request a hearing.	
Letter 1058 (Rev. 1-2025) Catalog Number 404883	

Source: IRS Forms and Publications.

Appendix III

Management's Response to the Draft Report



CHIEF, INDEPENDENT OFFICE
OF APPEALS

**DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224**

September 5, 2025

MEMORANDUM FOR DIANA M. TENGESDAL
ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: John E. Hinding
Acting Chief of Appeals

Digitally signed by John
E. Hinding
Date: 2025.09.05
10:54:08 -04'00'

SUBJECT: Draft Report – Fiscal Year 2025 Statutory Review of Collection
Due Process – Independent Office of Appeals (Audit No.:
2025300024)

Thank you for the opportunity to review and respond to the draft report on the Collection Due Process (CDP) program in the Independent Office of Appeals (Appeals). Based on our recent discussion, this memorandum clarifies and replaces our prior response. We recognize the importance of a fair and impartial review of collection actions and are proud of our role in protecting taxpayer rights.

As part of the audit, TIGTA reviewed 55 levy CDP hearing requests selected from a population of cases with known errors identified during the Fiscal Year 2024 Statutory Review of IRS Compliance With Legal Guidelines When Issuing Levies. From that review, TIGTA identified levy action on certain taxpayer modules caused by the untimely input of certain freeze codes by Collection employees.

Appeals shares TIGTA's concern that levies imposed during the I.R.C. § 6330(e)(1) stay on enforcement action may violate taxpayer rights. Except for levies identified in I.R.C. § 6330(f), I.R.C. § 6330 requires enforced collection action to be suspended as of the date a taxpayer requests a CDP hearing. Although we disagree Appeals is statutorily required to determine, as part of the I.R.C. § 6330(c)(1) verification, the legality of levies imposed during the suspension period (i.e., whether such levies are permissible under I.R.C. § 6330(f)), Appeals agrees it should play a role in identifying levies that may have been made in contravention of IRC 6330(e). If such a levy is identified, Appeals will attempt to determine the cause and the appropriateness of the levy and will communicate the existence of the levy to the taxpayer. The levy will also be made a part of discussions at the CDP hearing.

Accordingly, Appeals has worked with Collection to develop an effective and efficient process to prevent, identify, and correct prohibited levies as part of a Settlement Officer's initial case review. This revision was issued in the form of Interim Guidance effective August 22, 2025, until IRM 8.22.5 is updated.

**Fiscal Year 2025 Statutory Review of
Collection Due Process - Independent Office of Appeals**

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We appreciate your recommendations on how Appeals can assist in ensuring taxpayer rights are protected. Our specific responses to your recommendations are attached.

If you have any questions, please have a member of your staff contact Steven M. Martin, Director, Operations Support, via email at Steven.M.Martin@irs.gov or by phone at 857-202-8548.

Attachment

Attachment

Recommendation 1:

The Chief, Appeals, IRS Independent Office of Appeals, should ensure that Appeals employees identify unlawful levies in CDP hearings and revise procedures to direct hearing officers through account research to identify, address and document unlawful levies as part of the verification process.

Proposed Corrective Action:

The IRS Independent Office of Appeals partially agrees with this recommendation. Appeals has revised initial case review procedures to require that hearing officers conduct account research to identify, address, and document levies imposed during the I.R.C. section 6330(e)(1) stay period. If a levy is identified, Appeals will notify Collection and request that the levy be reviewed. Under these revised procedures, hearing officers will also notify taxpayers in the initial contact letter if evidence of prohibited levies is identified and discuss such levies with the taxpayer during the CDP hearing.

Implementation Date:

August 22, 2025

Responsible Official:

Director, Operations Support, Independent Office of Appeals

Recommendation 2:

The Chief, Appeals, IRS Independent Office of Appeals, should establish procedures requiring hearing officers to compare the posting date of the CDP hearing transaction code with the actual date of the taxpayer's written request for a CDP hearing. This will assist the hearing officers comply with Recommendation 1.

Proposed Corrective Action:

The IRS Independent Office of Appeals partially agrees with this recommendation. Initial case review procedures require that hearing officers determine the correct hearing request received date. Under the revised procedures referred to in Recommendation 1, hearing officers are also required to review the transcript of tax periods that are the subject of the CDP levy hearing to determine whether any levies were imposed during the I.R.C. section 6330(e)(1) stay on enforcement action. Appeals agrees with TIGTA that a large lag between the hearing request received date and the posting date may increase the likelihood of such levies. As a result, the revised guidance specifically calls attention to the cycle posting date of the TC 520 and/or TC 971 AC 630 and cautions that a date more than 30 days after the transaction code date may increase the

**Fiscal Year 2025 Statutory Review of
Collection Due Process - Independent Office of Appeals**

Attachment

possibility of a prohibited levy. However, because levies may be identified without comparing the posting date with the hearing request date, performing such a comparison is not required in every case.

Implementation Date:

August 22, 2025

Responsible Official:

Director, Operations Support, Independent Office of Appeals

Appendix IV

Glossary of Terms

Term	Definition
Appeals Officer	Handles matters involving audit-related issues like penalties or additions to tax. For some complex matters, appeals officers may work as a team with other appeals officers.
Collection Due Process	I.R.C. § 6330 gives the taxpayer the right to appeal before a proposed levy action and after a jeopardy levy, a Disqualified Employment Tax Levy, a levy on a federal contractor, and a levy on state tax refunds. The IRS notifies taxpayers of their CDP rights by issuing a notice explaining their right to request a hearing.
Equivalent Hearing	An equivalent hearing is equivalent to a CDP hearing in all ways except that there is no statute suspension, no retained jurisdiction, and the taxpayer does not have the right to seek judicial review of Appeals' decision at the conclusion of an equivalent hearing. Following an equivalent hearing the appeals officer sends the taxpayer a Decision letter explaining the results of the hearing.
Fiscal Year	Any 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.
Integrated Data Retrieval System	An IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.
Internal Revenue Code	The body of law that codifies all federal tax laws. These laws constitute Title 26 of the United States Code, which is a consolidation and codification by subject matter of the general and permanent laws of the United States.
Internal Revenue Manual	The primary source of instructions to employees relating to the administration and operation of the IRS. The manual contains the directions employees need to carry out their operational responsibilities.
Master File	The IRS database that maintains transactions or records of individual and business tax accounts.
Module	Refers to one specific tax return filed by the taxpayer for one specific tax period (year or quarter) and type of tax.
Revenue Officer	An employee in the Collection function who provides customer service by explaining taxpayer rights and responsibilities, collects delinquent accounts, secures delinquent returns, counsels taxpayers on their tax filing and payment obligations, conducts tax investigations, files Notices of Federal Tax Lien, releases federal tax liens, and performs seizures and sales of delinquent taxpayer assets.
Tax Period	Refers to each tax return filed by the taxpayer for a specific period (year or quarter) during a calendar year for each type of tax.

**Fiscal Year 2025 Statutory Review of
Collection Due Process - Independent Office of Appeals**

Term	Definition
Tax Year	A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.

Appendix V

Abbreviations

CDP	Collection Due Process
FY	Fiscal Year
I.R.C.	Internal Revenue Code
TIGTA	Treasury Inspector General for Tax Administration



**To report fraud, waste, or abuse,
contact our hotline on the web at
<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.