Fiscal Year 2026 Statutory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property

August 12, 2026

Report Number: 2026-300-043

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HIGHLIGHTS: Fiscal Year 2026 Statutory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property

Final Audit Report issued on August 12, 2026 **Report Number 2026-300-043**

Why TIGTA Did This Audit

We are responsible for annually determining the IRS's compliance with the laws and procedures when seizing taxpayers' property. This review determined whether seizures were conducted in accordance with Internal Revenue Code (I.R.C.) and IRS procedures.

Impact on Tax Administration

Taking a taxpayer's property for unpaid tax is commonly referred to as a seizure. During the last 5 fiscal years, the IRS conducted an average of 75 seizures per year. The IRS generally resolves debts by less intrusive means. The seizure of personal property is rare, time consuming, and legally complex.

To ensure that taxpayers' rights are protected, the IRS Restructuring and Reform Act amended the seizure provisions in I.R.C. §§ 6330 through 6344. These provisions govern many aspects of the seizure process, from notification of the taxpayer through sale or redemption of the property.

The IRS Restructuring and Reform Act of 1998 amended the seizure provisions of several I.R.C. sections.

This includes the inability to seize a taxpayer's principal residence without a court order.

What TIGTA Found

We reviewed 44 taxpayer cases involving 49 seizures conducted by the IRS and found that Field Collection employees generally adhered to applicable laws, regulations, and procedures. However, of the 49 seizures that we reviewed, there were 8 real estate properties being used by someone other than the taxpayer (*e.g.*, tenants) as their principal residence.

Seizing and selling a home is one of the most significant enforcement actions the IRS may take to collect a tax debt. The revenue officers assigned to these cases did not take required actions to ensure that innocent tenants would not be financially harmed by the seizure of the taxpayers' property. While a revenue officer's group manager's approval is required before such seizures, the reviews by the group managers did not ensure that revenue officers took required action, such as ensuring all tenants received adequate notice of the seizure. Before October 2016, seizures of all personal residences owned by the taxpayer but used by a person, other than the taxpayer, as a principal residence, required Area Director, (*e.g.*, executive level), approval. Based on our review of these eight seizures, we believe the IRS should consider reinstituting a higher level of approval so that there is an added level of review to these types of seizures.

The IRS also conducted seizures in three cases without following proper procedures that caused unnecessary taxpayer burden. In these cases, the errors were not identified by the respective group managers or during the pre-seizure review process. As a result of these undetected errors, the properties seized in these three cases were released to the taxpayers. The properties seized in the three cases were valued at nearly $377,000.

What TIGTA Recommended

We made three recommendations to the IRS: revise the pre-seizure checklist to require revenue officers to consider and document the potential impact of seizure actions on innocent third parties (*e.g.*, tenants, customers), including potential financial injury and considerations related to safety and welfare; require Territory Manager approval for tenant-occupied personal residence seizures; and revise post seizure procedures to clarify that copies of seizure notices should be provided to tenants occupying the property.

IRS management agreed with all our recommendations and plans to implement corrective actions.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

August 12, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Fiscal Year 2026 Statutory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property (Audit No.: 2025300036)

This report presents the results of our review to determine whether seizures were conducted in accordance with legal guidelines and Internal Revenue Service procedures. This review is part of our Fiscal Year 2026 Annual Program Plan and addresses the major management and performance challenge of *Improving Taxpayer Service and Protecting Taxpayer Rights.*

Management's complete response to the draft report is included as Appendix II. 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

Collection notices generally start the process of collecting unpaid tax by the Internal Revenue Service (IRS). The case is usually assigned either to the IRS's Automated Collection System, Field Collection, or the Collection Queue.[1] The IRS considers a taxpayer's ability to pay and discusses alternative payment options such as an installment agreement or offer in compromise. If a taxpayer is able to pay but has not paid some or all of the tax and has had the opportunity to exercise available appeal rights, the IRS then has the authority to levy the taxpayer's funds or seize property for the payment of tax.[2] Taking a taxpayer's property for unpaid tax is referred to as a seizure. The seizure of personal property is rare, time consuming, and legally complex and the IRS generally resolves debts by less intrusive means. The IRS's Property Appraisal and Liquidation Specialists sell seized property at public auction or public sale under sealed bids. Once sold, the IRS applies the net proceeds to the taxpayer's liability.

To protect taxpayer rights, the IRS Restructuring and Reform Act of 1998 amended the seizure provisions in the Internal Revenue Code (I.R.C.).[3] These provisions, and the IRS's procedures, govern the seizure process, from notification of the taxpayer through the sale or redemption of the property. For example, a taxpayer's principal residence cannot be seized without a court order, and the IRS cannot levy or seize a taxpayer's property if the levy causes economic hardship.[4] Additionally, seizures are not permitted if estimated sale expenses exceed the property's fair market value when the seizure occurs. This requires the IRS to fully investigate the status of the property before seizure to ensure that there will be net proceeds from the sale.[5]

We are required under I.R.C. § 7803(d)(1)(A)(iv) to annually evaluate the IRS's compliance with the legal seizure provisions in I.R.C. §§ 6330 through 6344. During the last 5 Fiscal Years (FY), the IRS conducted an average of 75 seizures per year. Figure 1 shows that the number of seizures conducted by the IRS generally declined from FY 2021 through FY 2025.

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[1] See Appendix III for a glossary of terms.

[2] Taxpayers have a statutory right to a Collection Due Process hearing on the first issuance of a Notice of Intent to Levy on a delinquent account, pursuant to I.R.C. § 6330, as well as upon the first issuance of a Notice of Federal Tax Lien, pursuant to I.R.C. § 6320. Taxpayers also have additional administrative rights, such as an appeal through the IRS's Collection Appeal Program.

[3] Pub. L. No. 105-206, 112 Stat. 685.

[4] I.R.C. § 6334(e)(1)(A) requires judicial approval (*i.e.*, a court order), and I.R.C. § 6343(a)(1)(D) relates to economic hardship.

[5] I.R.C. § 6331(f) relates to uneconomical levies, and § 6331(j) requires investigation of the property.

Figure 1: Seizures Generally Declined Over the Last Five Fiscal Years

Fiscal Year	Number of Seizures
2021	96
2022	89
2023	68
2024	71
2025	50[6]
Total	**374**

Source: FY 2024 IRS Data Book and IRS Collection report data.

Legal and procedural requirements before seizure

Before levying or seizing taxpayers' property, the IRS must issue Letter 1058, *Notice of Intent to Levy and Notice of Your Right to a Collection Due Process Hearing*.[7] This letter informs taxpayers of the IRS's intent to levy, and their Collection Due Process (CDP) rights. The law requires that taxpayers be notified of the intent to levy and CDP hearing rights at least 30 days before taking levy action. The CDP hearing is with the IRS's Independent Office of Appeals (hereafter referred to as Appeals).

Taxpayers have 30 calendar days to request a CDP hearing in writing. If a CDP hearing is requested, the collection statute expiration date and levy action (with some exceptions) on the assessments subject to the CDP hearing are suspended. During the CDP hearing, the taxpayer may raise relevant issues such as spousal defenses, appropriateness of the levy, and alternative collection offers. Levy actions remain suspended during the appeal process, as well as any judicial review of the Appeals' determination, with some exceptions. The seizure cases we review as part of this audit rarely coincide with the taxpayers' exercise of CDP rights. Collection-related seizures are only made by revenue officers working in the field and their procedures require them to issue taxpayers their CDP rights on initial contact with the taxpayers. The IRS does not generally resort to seizure until all other options for collection have been considered with the taxpayer. Accordingly, CDP rights have typically expired by the time revenue officers initiate the procedures to seize property.

The law allows for seizure of a taxpayer's property if:

- Overdue taxes have not been paid.[8]
- No payment arrangement has been made.
- No hearing is requested 30 calendar days after the intent to levy notice date.

[6] The source for Figure 1 is the IRS Data Book which is by fiscal year while the scope of our review is the 12-month period ending June 2025 (Figure 2).

[7] I.R.C. § 6330(a).

[8] I.R.C. § 6331(a).

- The property is not exempt or if exempt, the conditions allowing for seizure have been satisfied.[9]

As a pre-seizure consideration, the IRS must estimate the expenses that would be incurred in connection with the seizure and sale of the property. The IRS also has additional procedural considerations before seizure of property is allowed. When seizure is the next appropriate enforcement action of a case, revenue officers prepare the seizure approval package. The approval package must contain the following information:

- Form 13719, *Pre-Seizure Checklist and Approval Request*.
- Form 668-B, *Levy*.
- Copies of the Notices of Federal Tax Lien.
- Form 2434-B, *Notice of Encumbrances Against or Interests in Property Offered for Sale*, (not applicable if only cash is to be seized).
- Form 2433, *Notice of Seizure*, and deed(s) (for real property seizures).

While all collection seizures require group manager approval, certain seizures may also require other approvals, such as judicial approval for the seizure of a principal residence. The group manager reviews the case file for accuracy. Once approved by the group manager, the Civil Enforcement Advice and Support Operations team (hereafter referred to as 'Advisory') reviews Form 13719 for legal sufficiency and accuracy. If a higher level of approval is required (*e.g.*, the seizure of a principal residence), Advisory provides the file to the next level of approval. Once the seizure is conducted, the revenue officer must provide all seizure documents to Advisory within five workdays for a post seizure review.

The law and regulations require that proceeds (sale or redemption) be applied in the following order:[10]

1. Expenses of the seizure and sale.
2. Unpaid federal taxes due on the specific property sold.
3. The liability for which the seizure was made, or the sale was conducted (*i.e.*, the liability shown on Form 668-B).
4. Intervening liens in the order of their priority when there are several outstanding liens.
5. To the taxpayer, unless another person establishes a superior claim to any surplus proceeds.

[9] I.R.C. § 6334.
[10] I.R.C. § 6342.

Results of Review

Most Seizures Involved Real Property

The IRS conducted 49 seizures involving 44 taxpayers from July 1, 2024, through June 30, 2025. The 49 seizures included [redacted] personal residences, [redacted], 37 other real properties, and [redacted].[11]

The total balance due from the 44 taxpayers at the time of the IRS's seizure activity was over $96 million and ranged from approximately $40,000 to over $25 million. The average balance due was nearly $2.2 million. Figure 2 shows the property type of the 49 seizures we reviewed.

Figure 2: The IRS Seized Mostly Real Estate From July 1, 2024, Through June 30, 2025

Source: Analysis of the IRS's Seizure Log for July 1, 2024, through June 30, 2025.

There are several important definitions with respect to real estate used as a residence. A taxpayer's principal residence is the primary or main residence used as their home and has special protection under the law requiring a court order before seizure.[12] Taxpayers may have other residences in addition to their principal residence, and IRS procedures refer to these as other real property. A taxpayer may also own property that tenants or others, (*e.g.*, family members), use as their primary residence. Taxpayers' real property used by any other individual as a residence (other than real property that is rented) is exempt from seizure in cases where the levy amount does not exceed $5,000.[13] When the levy exceeds $5,000, a first-line supervisor's (*i.e.*, group manager) approval is required to seize taxpayer owned property that a tenant resides in as a primary residence.

Procedures Pertaining to Seizures of Tenant-Occupied Principal Residences Can Be Improved

After obtaining approval to conduct a seizure, the revenue officer must coordinate with Property Appraisal and Liquidation Specialist personnel to facilitate the custodial transfer of the taxpayer's personal property. If tenants occupy the property to be seized, Internal Revenue

[11] The remaining four seizures involved other personal property and cash register proceeds.

[12] I.R.C. § 6334(e).

[13] Treas. Reg. § 301.6334-1(a)(13).

Manual procedure 5.10.3, *Conducting the Seizure*, requires the revenue officer to ensure that they are not financially harmed by seizure actions.

We identified 8 properties (of the 49 seizures) occupied by someone other than the taxpayer as their primary residence. This included at least 13 residents living in these 8 properties that would be potentially impacted by the IRS seizure of their personal residence. The occupants in [redacted] of the properties were paying rent, though some were family members and not paying rent. These 8 properties were seized to help satisfy tax liabilities totaling over $5 million and ranging from over $86,000 to nearly $1.1. million.

Based on our review of the case histories, the revenue officers left seizure-related documents at the property in 50 percent (4 of 8) of the cases.[14] However, the revenue officers did not comply with Internal Revenue Manual procedure 5.10.3.4 (7) in any of the eight seizures. Small Business/Self-Employed (SB/SE) Division management stated that expected actions to protect tenants occupying property have never been specifically articulated in IRS procedures. However, the IRS agreed that revenue officers should document the potential impact of seizure actions on innocent third parties (*e.g.*, tenants, customers). In addition, at a minimum, the IRS agreed that sufficient notice is required to be provided to tenants to ensure they can find alternative housing.

Seizing and selling a home is one of the most significant enforcement actions the IRS may take to collect a tax debt. As previously stated, the law provides significant and meaningful taxpayer protections, such as prior judicial approval, before the seizure of a principal residence. However, only managerial approval is required when seizing a taxpayer's personal residence that is occupied by other individuals. From a tenant's standpoint, this type of seizure can have the same impact as a seizure of a taxpayer's principal residence.

Prior to October 2016, the IRS required that an executive level employee (*i.e.*, Area Director) approve seizures of taxpayer property occupied by other individuals used as a principal residence. However, SB/SE Division management subsequently lowered the approval to a front-line supervisor (*i.e.*, group manager) to address delays in the pre-seizure approval process and to align with the approval levels outlined in the law.[15] While a revenue officer's group manager's approval is required before such seizures, the reviews by the group managers did not ensure that the revenue officers took any steps to ensure that innocent third parties were not financially injured by the seizure. Given that tenants can be financially harmed by the seizure of a taxpayer's property, we believe a higher level of approval should be required as an added level of review and protection.

The Director, Collection Policy, SB/SE Division, should:

Recommendation 1: Revise the pre-seizure checklist (Form 13719) to require revenue officers to document the potential impact of seizure actions on innocent third parties (*e.g.*, tenants, customers), including potential financial injury and considerations related to safety and welfare.

> **Management's Response:** IRS management agreed with this recommendation and will revise Form 13719 to require revenue officers to document the potential impact of

[14] For example, Form 2434, *Notice of Public Auction for Sale*.

[15] SB/SE Division Collection function's chain of command for the revenue officers responsible for conducting seizures: Group Manager, Territory Manager and Area Director.

seizure actions on third parties, including tenants and customers, and to address potential financial injury as well as safety and welfare considerations.

Recommendation 2: Require Territory Manager approval for tenant-occupied personal residence seizures.

Management's Response: IRS management agreed with this recommendation and will issue interim guidance to revise seizure approval procedures to require Territory Manager approval for seizures involving taxpayer-owned personal residences occupied by tenants.

Recommendation 3: Revise IRM 5.10.3 to require that copies of seizure notices are provided to tenants occupying a personal residence that was seized.

Management's Response: IRS management agreed with this recommendation and will revise IRM 5.10.3 to require that copies of seizure notices are provided to tenants occupying a personal residence that was seized.

Seizure Procedures Were Not Always Followed

We determined that revenue officers generally adhered to the IRS's procedures that help ensure compliance with the law. However, in our review of the 49 seizures we found that in 3 cases, revenue officers did not always follow procedures when performing pre-seizure investigations which resulted in the release of the seized property. These errors may have caused unnecessary taxpayer burden, such as the loss of use of the property that was seized and then returned.

Some revenue officers did not follow procedures which resulted in the release of the seized property

Revenue officers are required to follow laws and procedures regarding the status of the property before seizure, including correct identification of the property and the owners. Procedural errors made by revenue officers involving three taxpayers (for three seizures) resulted in the release of seized property.

In all three cases, the errors were not identified by the respective group managers or during the pre-seizure Advisory review process. As a result of these undetected errors, the properties seized in these three cases were released back to the taxpayers. The properties seized in the three cases were valued at nearly $377,000.

The law requires that no seizure is made on property until a thorough investigation of the property's status has been completed. IRS procedures require management approval and a pre-seizure Advisory review to ensure that seizures are properly executed, taxpayer rights are protected, and taxpayers are not burdened. It is the IRS's duty to adhere to the laws and the procedures set forth to protect taxpayers' rights and prevent erroneous taxes or levies. When the Advisory review process does not ensure that all statutory requirements related to a seizure action have been satisfied, there is a risk that any errors of legal sufficiency and procedural accuracy will not be identified.

In September 2025, we reported similar procedural errors and recommended SB/SE Division issue a memorandum to revenue officers emphasizing the importance of pre-seizure actions identified during our review.[16] In response, the IRS issued a memorandum to all Field Collection employees emphasizing the importance of pre-seizure actions. Since the planned corrective actions were implemented in January 2026 and still in progress at the time of our review, we are not making a recommendation in this report.

Seizure logs contained property type misclassifications

Seizure logs should be accurate and updated timely as seizure actions occur. Advisory is responsible for maintaining official seizure logs for each Field Collection Area.[17] We found that revenue officers misclassified eight seizures on the FY 2024 and FY 2025 seizure logs.

Revenue officers use Form 13719 to document that all required pre-seizure actions have been taken and to obtain management approval for the seizure action. When completing Form 13719 before a seizure, revenue officers must classify the property to be seized. Of the 8 misclassified seizures, 5 seizures should have been classified as personal residence seizures. We determined there was sufficient information on Form 13719 or in the case history notes to confirm that individuals were living in those homes. Case files for these five cases showed that revenue officers misclassified seized property by selecting the other residence category due to the absence of a personal residence option on Form 13719.

In September 2025, we reported a similar issue related to misclassification of seized property and recommended that the IRS establish seizure log reconciliation procedures and a uniform set of defined seized property classifications. IRS management partially agreed with the recommendation and stated that they will establish a uniform set of defined seized property classifications. In September 2025, the IRS implemented the corrective actions to include expanding seized property types stated in its procedures and in May 2026, updated Form 13719 to include personal residences. In addition, in October 2025, Advisory operations were restructured and a centralized team of senior advisors conducts all seizure reviews. These corrective actions were not implemented until after the scope of our seizure cases. Accordingly, we did not assess the impact of these changes and are not making a recommendation in this report.

[16] TIGTA, Report No. 2025-300-043, *Fiscal Year 2025 Mandatory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property,* p.7 (September 2025).

[17] The SB/SE Division has six Collection Area Offices: Central, Gulf States, North Atlantic, Northwest, South Atlantic, and Southwest.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to determine whether seizures were conducted in accordance with legal guidelines and IRS procedures. To accomplish our objective, we:

- Reviewed current IRS procedures and guidelines used by SB/SE Division employees during the audit period for achieving compliance with I.R.C. §§ 6330 through 6344.
- Evaluated the IRS's compliance with the seizure procedures of I.R.C. §§ 6330 through 6344 by reviewing all 49 seizures conducted from July 1, 2024, through June 30, 2025.

Performance of This Review

This review was performed with information obtained from the offices of the SB/SE Division Headquarters, located in Lanham, Maryland during the period July 2025 through March 2026. 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 spreadsheet-maintained seizure log. We evaluated the data by (1) reviewing existing information about the data, (2) interviewing agency officials knowledgeable about the data, (3) performing completeness testing against the IRS Data Book and Collection Activity Reports, (4) tracing a subset of data to the source record, and (5) reconciling the log to actual case files provided by the IRS. We determined that the data were sufficiently reliable for 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: SB/SE Division Collection function's policies, procedures, and practices for conducting seizures of taxpayers' property under the provisions of I.R.C. §§ 6330 through 6344. We evaluated these controls by reviewing appropriate internal procedures and guidelines and completed a review of seizure case files.

Appendix II

Management's Response to the Draft Report

COMMISSIONER
SMALL BUSINESS/SELF-EMPLOYED DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

July 27, 2026

MEMORANDUM FOR DIANA M. TENGESDAL
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Lia Colbert Amalia C. Colbert Digitally signed by Amalia C. Colbert Date: 2026.07.27 14:13:28 -04'00'

Commissioner, Small Business/Self-Employed Division

SUBJECT: Draft Audit Report – Fiscal Year 2026 Statutory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property (Audit No. 2025300036)

Thank you for the opportunity to respond to your draft audit report. The report's findings show that Field Collection employees conducted seizure actions in accordance with applicable legal requirements and the Internal Revenue Service (IRS) procedures. These results demonstrate the effectiveness of our internal controls and our continued commitment to administering the tax laws fairly while protecting taxpayer rights. The report also identified a very specific area of opportunity to further strengthen our process.

Building on this strong level of compliance, Collection has continually strengthened seizure administration through enhancements to policy, oversight, and procedural guidance. We have:

- Updated the pre-seizure checklist employees use to help ensure all required information is documented before a seizure is approved.
- Created a centralized review process to improve consistency and quality in seizure reviews.
- Reinforced key seizure procedures through guidance and employee communications to promote consistent application of legal and procedural requirements.

These improvements complement the additional actions we are taking in response to this review. We recognize Treasury Inspector General for Tax Administration's (TIGTA) concern that tenant-occupied properties require careful planning to minimize unnecessary impacts on tenants and other third parties. We agree that clearer guidance will help Revenue Officers consistently document these considerations during the pre-seizure process. At the same time, it is important to distinguish between the operational impacts of a seizure and the legal rights of tenants. An IRS seizure transfers ownership of the property, but it does not determine or alter a tenant's legal rights or occupancy protections, which are governed by applicable federal, state, and local law and the terms of the lease.

Accordingly, we will update our procedures to provide clearer guidance documenting tenant and other third-party considerations during seizure planning while continuing to ensure compliance with all applicable legal requirements.

Our response to your recommendations is enclosed. If you have any questions, please contact me or a member of your staff may contact Frederick W. Schindler, Director, Collection, Small Business/Self-Employed Division, [redacted].

Attachment

Attachment

Internal Revenue Service (IRS) Management Response to Treasury Inspector General for Tax Administration's (TIGTA) Draft Report

Fiscal Year 2026 Statutory Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property
Audit 2025300036

The Director, Collection Policy, Small Business/Self-Employed Division, should:

RECOMMENDATION 1:
Revise the pre-seizure checklist (Form 13719) to require revenue officers to document the potential impact of seizure actions on innocent third parties (*e.g.*, tenants, customers), including potential financial injury and considerations related to safety and welfare.

CORRECTIVE ACTION:
We agree. We will revise Form 13719, *Pre-Seizure Checklist and Approval Request*, to require revenue officers to document the potential impact of seizure actions on third parties, including tenants and customers, and to address potential financial injury as well as safety and welfare considerations.

IMPLEMENTATION DATE:
November 15, 2026

RESPONSIBLE OFFICIAL:
Director, Collection Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN:
The IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 2:
Require Territory Manager approval for tenant-occupied personal residence seizures.

CORRECTIVE ACTION:
We agree. We will issue interim guidance to revise seizure approval procedures to require Territory Manager approval for seizures involving taxpayer-owned personal residences occupied by tenants.

IMPLEMENTATION DATE:
November 15, 2026

RESPONSIBLE OFFICIAL:
Director, Collection Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN:
The IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 3:
Revise IRM 5.10.3 to require that copies of seizure notices are provided to tenants occupying a personal residence that was seized.

CORRECTIVE ACTION:
We agree. We will revise Internal Revenue Manual (IRM) 5.10.3 to require that copies of seizure notices are provided to tenants occupying a personal residence that was seized.

IMPLEMENTATION DATE:
January 15, 2027

RESPONSIBLE OFFICIAL:
Director, Collection Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN:
The IRS will monitor this corrective action as part of our internal management system of controls.

Appendix III

Glossary of Terms

Term	Definition
Advisory	Advisory gives technical guidance to revenue officers and other Collection function personnel about liens, levies, litigation, and more. It reviews proposed suits, seizures, summons enforcement, special condition Notices of Federal Tax Lien, and other technical items for the Collection function.
Area Director	Oversees compliance and enforcement processes in Field Collection, with emphasis on payment requirements, delinquent return compliance and delinquent prevention and investigation processing. Also ensures consistency in treatment of all taxpayers.
Area Office	A geographic organizational level used by IRS business units and offices to help their specific types of taxpayers understand and comply with tax laws and issues.
Automated Collection System	A system used to collect delinquent taxes and returns through taxpayer contact, which is accomplished through incoming and outgoing telephone calls and correspondence to taxpayers and third parties.
Collection Due Process Hearing	A CDP hearing is an opportunity to discuss alternatives to enforce collection and permits the taxpayer to dispute the amount owed if the taxpayer has not had a prior opportunity to do so.
Collection Queue	An automated holding file for unassigned inventory of delinquent cases that revenue officers are unable to be immediately assigned for contact due to limited resources.
Field Collection	An IRS function within the SB/SE Division that helps taxpayers understand and comply with all applicable tax laws and applies the tax laws with integrity and fairness. It is also responsible for protecting the revenue and the interests of the government through direct collection and enforcement activity with taxpayers or their representatives.
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.
Independent Office of Appeals	The role of Appeals is to make an independent review of a tax dispute and to consider the positions taken by both the taxpayer and the IRS. Appeals strive to resolve tax disputes in a fair way and remain impartial to both parties.
Installment Agreement	Arrangements where the IRS allows taxpayers to pay liabilities over time.
Levy	A method used by the IRS to collect outstanding taxes from sources, such as bank accounts and wages or a legal seizure of property to satisfy a tax debt.

Term	Definition
Notice of Federal Tax Lien	A notice filed with the appropriate local government office, protecting the federal government's interest in the taxpayer's assets by providing public notice of the amount of unpaid tax.
Offer in Compromise	An agreement between a taxpayer and the government that settles a tax liability for payment of less than the full amount owed.
Other Real Property	Real property other than a taxpayer's principal or personal residence.
Personal Property	Contents of a principal/personal residence.
Principal Residence	Primary or main dwelling of the taxpayer, the taxpayer's spouse, former spouse, and/or the taxpayer's minor children.
Property Appraisal and Liquidation Specialist	An IRS employee who specializes in the appraisal, marketing, and sale of both real and personal property.
Real Property	The principal residence, personal residence, mobile home determined to be real property, or real property used in a trade or business of an individual taxpayer.
Revenue Officer	An employee in the Collection function who provides customer service by explaining taxpayer rights and responsibilities, collecting delinquent accounts, securing delinquent returns, counseling taxpayers on their tax filing and payment obligations, conducting tax investigations, filing Notices of Federal Tax Lien, releasing federal tax liens, and performing seizures and sales of delinquent taxpayer assets.
Seizure	The taking of a taxpayer's property to satisfy their outstanding tax liability.
Seizure Log	The official record used to document seizure control information by fiscal year. Advisory maintains this log, which should be accurate and updated timely as actions occur on a seizure.
Small Business/Self-Employed Division	The IRS organization that services self-employed taxpayers and small businesses by educating and informing them of their tax obligations, developing educational products and services, and helping them understand and comply with applicable tax laws.
Territory Manager	Coordinates and controls territory collection activities. Develops and delivers mission-oriented services and strategies to improve customer service, consistency, and efficiency. Provides technical advice to Field Collection in all facets of Field Collection activities; provides clarity on policies of the IRS and provides clear interpretation of federal laws and regulations.

Appendix IV

Abbreviations

CDP	Collection Due Process
FY	Fiscal Year
I.R.C.	Internal Revenue Code
IRS	Internal Revenue Service
SB/SE	Small Business/Self-Employed Division
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
TIGTACommunications@tigta.treas.gov.

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